NEW ISSUE—BOOK ENTRY ONLY **RATINGS: SEE "Ratings"**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Port ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series Twenty-Nine Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), except that no opinion is expressed as to the status of interest on any Series Twenty-Nine Bonds for any period that such Series Twenty-Nine Bond is held by a "substantial user" of the facilities financed or refinanced by the Series Twenty-Nine Bonds or by a "related person" within the meaning of Section 147(a) of the Code. Bond Counsel observes that interest on the Series Twenty-Nine Bonds is a specific preference item for purposes of the federal individual alternative minimum tax, and, for tax years beginning after December 31, 2022, interest on the Series Twenty-Nine Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the Series Twenty-Nine Bonds is exempt from State of Oregon personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series Twenty-Nine Bonds. See "Tax Matters."

PORT OF PORTLAND

$566,120,000
THE PORT OF PORTLAND (OREGON)

Portland International Airport Revenue Bonds
Series Twenty-Nine (AMT) (Green Bonds)

KESTREL VERIFIERS™

Dated: Date of initial delivery **Due:** July 1, as shown on inside cover

The Port of Portland (the "Port") is issuing its Portland International Airport Revenue Bonds, Series Twenty-Nine (AMT) (Green Bonds) (the "Series Twenty-Nine Bonds") to (i) pay, or to reimburse the Port for the payment of, costs of the design, construction, renovation, acquisition, equipping and installation of capital improvements (the "Series Twenty-Nine Projects") at the Portland International Airport (as more fully defined in the Airport Revenue Bond Ordinances, the "Airport"), (ii) repay certain Commercial Paper Notes (as defined herein) issued to finance a portion of the Series Twenty-Nine Projects, (iii) pay a portion of the interest to accrue on the Series Twenty-Nine Bonds during construction of the Series Twenty-Nine Projects, (iv) make a deposit to the SLB Reserve Account (as defined herein) and (v) pay certain costs of issuing the Series Twenty-Nine Bonds. U.S. Bank Trust Company, National Association serves as the trustee, registrar and paying agent for the Series Twenty-Nine Bonds. Capitalized terms used on this cover page and not otherwise defined will have the meanings set forth herein.

The Series Twenty-Nine Bonds are issuable in denominations of $5,000 and integral multiples thereof within a single maturity. Interest on the Series Twenty-Nine Bonds will be payable on each January 1 and July 1, commencing July 1, 2023, at the rates set forth on the inside cover pages of this Official Statement.

The Series Twenty-Nine Bonds are subject to redemption prior to their stated maturities as described herein.

When issued, the Series Twenty-Nine Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as initial securities depository for the Series Twenty-Nine Bonds. Purchases of beneficial interests in the Series Twenty-Nine Bonds will be made only in book-entry form. Purchasers will not receive certificates representing their interests in the Series Twenty-Nine Bonds, except as described herein. So long as DTC or its nominee is the registered owner of the Series Twenty-Nine Bonds, payments of principal of and interest on the Series Twenty-Nine Bonds will be made directly to DTC or to such nominee. Disbursements of such payments to DTC's Direct Participants are the responsibility of DTC, and disbursements of such payments to the Beneficial Owners are the responsibility of the Direct Participants and the Indirect Participants, all as described herein.

The Series Twenty-Nine Bonds are payable solely from Net Revenues of the Airport that are available for deposit in the General Account and from money held in certain funds and accounts established pursuant to the Airport Revenue Bond Ordinances, all as described herein. The Series Twenty-Nine Bonds shall not, in any manner, or to any extent, be a general obligation of the Port, nor a charge upon any other revenues or property of the Port not specifically pledged thereto by the Airport Revenue Bond Ordinances. The Series Twenty-Nine Bonds are not secured by any tax revenues or taxing power of the Port or the State of Oregon or its agencies, instrumentalities, or political subdivisions.

The Series Twenty-Nine Bonds have been designated as "Green Bonds." Kestrel Verifiers, a division of Kestrel 360, Inc., has provided an independent external review and opinion that the Series Twenty-Nine Bonds conform with the four core components of the International Capital Market Association's Green Bond Principles, and therefore qualify for Green Bonds designation. See "DESIGNATION OF SERIES TWENTY-NINE BONDS AS GREEN BONDS" herein and APPENDIX H attached for more information.

This cover page contains certain information for general reference only. Investors must read the entire Official Statement, including all appendices hereto, to obtain information necessary to making an informed decision. Additionally, an investment in the Series Twenty-Nine Bonds involves certain risks. The Port's ability to generate Net Revenues in an amount sufficient to pay debt service on the Series Twenty-Nine Bonds depends upon sufficient levels of aviation activity and passenger traffic at the Airport.

The Series Twenty-Nine Bonds are offered when, as and if issued, subject to the approval of the validity of the Series Twenty-Nine Bonds and certain other legal matters by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Port, and to certain other conditions. Certain legal matters will be passed upon for the Port by its General Counsel and for the Underwriters by their counsel, Kutak Rock LLP. Certain legal matters will be passed upon by Hawkins Delafield & Wood LLP as disclosure counsel to the Port. It is expected that delivery of the Series Twenty-Nine Bonds will be made through the facilities of DTC on or about March 21, 2023.

GOLDMAN SACHS & CO. LLC **CITIGROUP**

JEFFERIES **SIEBERT WILLIAMS SHANK & CO., LLC**

March 2, 2023

$566,120,000
THE PORT OF PORTLAND (OREGON)
Portland International Airport Revenue Bonds
Series Twenty-Nine
(AMT) (Green Bonds)

Due (July 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP No. † (735240)
2029	$11,525,000	5.000%	3.630%	107.623	2T9
2030	12,100,000	5.000	3.650	108.554	2U6
2031	12,710,000	5.000	3.670	109.415	2V4
2032	13,345,000	5.000	3.680	110.290	2W2
2033	14,010,000	5.000	3.740	110.664	2X0
2034	14,710,000	5.000	3.870	109.501 C	2Y8
2035	15,445,000	5.000	3.980	108.529 C	2Z5
2036	16,220,000	5.000	4.150	107.047 C	3A9
2037	17,030,000	5.000	4.280	105.930 C	3B7
2038	17,880,000	5.000	4.360	105.249 C	3C5
2039	18,775,000	5.250	4.370	107.216 C	3D3
2040	19,765,000	5.250	4.440	106.619 C	3E1
2041	20,800,000	5.250	4.470	106.364 C	3F8
2042	21,890,000	5.250	4.500	106.110 C	3G6
2043	23,040,000	5.250	4.530	105.857 C	3H4

$160,765,000 5.500% Term Bonds due July 1, 2048 priced at 107.212 C to yield 4.610%
CUSIP No.† 7352403J0

$156,110,000 5.500% Term Bonds due July 1, 2053 priced at 106.790 C to yield 4.660%
CUSIP No.† 7352403K7

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2023 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Port, the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series Twenty-Nine Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or the procurement of secondary market portfolio insurance or other similar enhancement by investors.

C Priced to the par call date of July 1, 2033.

THE PORT OF PORTLAND
7200 NE Airport Way
Post Office Box 3529
Portland, Oregon 97208

ADVISORS AND CONSULTANTS

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In association with AVK Consulting, Inc. and Partners for Economic Solutions
Airport Consultant

Moss Adams LLP
Independent Auditors

U.S. Bank Trust Company, National Association
Trustee, Registrar and Paying Agent

Kestrel Verifiers
Green Bonds External Reviewer

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(1) Position currently vacant; an appointment to be made by the Governor and approved by the State Senate.

No dealer, broker, salesperson or other person has been authorized by the Port or the Underwriters to give any information or to make any representations with respect to the Port, the Airport or the Series Twenty-Nine Bonds other than the information and representations contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any offer, solicitation or sale of the Series Twenty-Nine Bonds, by any person in any jurisdiction in which such offer, solicitation or sale is not authorized or in which the person making such offer, solicitation or sale is not qualified to do so or to any person to whom it is unlawful 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 set forth in this Official Statement in accordance with, and as 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.

Certain statements contained in this Official Statement, including the appendices, are not historical facts but are 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," "forecast," "project," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. All estimates, projections, forecasts, assumptions and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement. The Port specifically disclaims any obligation to update any forward-looking statements to reflect occurrences or unanticipated events or circumstances after the date of this Official Statement, except to the extent expressly required by the Port's continuing disclosure certificate described herein.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Port since the date of this Official Statement.

References to website addresses presented herein, including the website of the Port and the Airport and any other websites, are for informational purposes only for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

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OFFICIAL STATEMENT

$566,120,000
THE PORT OF PORTLAND (OREGON)

Portland International Airport Revenue Bonds
Series Twenty-Nine
(AMT) (Green Bonds)

INTRODUCTION

General

This Official Statement, including the cover page, inside cover pages, table of contents and appendices, is being provided by The Port of Portland (the "Port") to furnish information in connection with the issuance by the Port of its Portland International Airport Revenue Bonds, Series Twenty-Nine (AMT) (Green Bonds) (the "Series Twenty-Nine Bonds"). The Series Twenty-Nine Bonds are being issued to (i) pay, or reimburse the Port for the payment of, costs of the design, construction, renovation, acquisition, equipping and installation of capital improvements (the "Series Twenty-Nine Projects") at the Portland International Airport (as more fully defined in the Airport Revenue Bond Ordinances, the "Airport"), (ii) repay certain Commercial Paper Notes (as defined herein) issued to finance a portion of the Series Twenty-Nine Projects (iii) pay a portion of the interest to accrue on the Series Twenty-Nine Bonds during construction of the Series Twenty-Nine Projects, (iv) make a deposit to the SLB Reserve Account (as defined herein) and (v) pay certain costs of issuing the Series Twenty-Nine Bonds. See "PLAN OF FINANCE."

Unless otherwise defined in this Official Statement, capitalized terms have the meanings set forth in the Airport Revenue Bond Ordinances described below. The definitions of certain terms used in the Airport Revenue Bond Ordinances and in this Official Statement are included in APPENDIX C.

The Port, a port district of the State of Oregon (the "State"), owns and operates the Airport and two general aviation airports. In addition to its aviation operations, the Port owns, operates, develops and/or maintains public maritime terminals, the dredge *Oregon* and other navigation equipment that it uses as a contractor to the U.S. Army Corps of Engineers (the "USACE") to maintain the navigation channel on the lower Columbia and Willamette Rivers, and five business and industrial parks.

In connection with the Port's planned issuance of the Series Twenty-Nine Bonds, the Port engaged Landrum & Brown, Incorporated ("Landrum & Brown"), in association with AVK Consulting, Inc. and Partners for Economic Solutions (together, the "Airport Consultant"), to review the Port's budget for the Fiscal Year ending June 30, 2023, the Port's projection of aviation activity at the Airport for the Fiscal Years ending June 30, 2024 through 2030, and the Port's planned capital improvement program (the "CIP") for the Airport through Fiscal Year 2030, and to provide projections of revenues and expenses for the Fiscal Years ending June 30, 2024 through 2030. The Report of the Airport Consultant, dated February 22, 2023 (the "Report of the Airport Consultant" or the "Report"), is included in this Official Statement as APPENDIX A. The Report is part of this Official Statement and should be read in its entirety. See "REPORT OF THE AIRPORT CONSULTANT" below and the Report of the Airport Consultant in APPENDIX A. The Report of the Airport Consultant will not be revised to reflect the final terms of the Series Twenty-Nine Bonds.

The Series Twenty-Nine Bonds are limited obligations of the Port and will not be secured by revenues or property of the Port not specifically pledged thereto by the Airport Revenue Bond Ordinances (defined below). The Series Twenty-Nine Bonds are not secured by any tax revenues or taxing power of the Port or the State or its agencies, instrumentalities or political subdivisions. The Port's ability to generate Net

Revenues in an amount sufficient to pay debt service on the Bonds depends upon sufficient levels of aviation activity and passenger traffic at the Airport.

The Airport

The Airport provides the greater Portland metropolitan area and the surrounding region of Northwest Oregon and Southwest Washington with scheduled passenger, cargo and charter air services and also serves as a general aviation facility. The Airport is primarily an origin and destination ("O&D") airport and provides the only commercial air service in a seven-county air service area that includes five counties in Oregon and two counties in Southwest Washington.

The Series Twenty-Nine Bonds and SLBs

The Series Twenty-Nine Bonds are being issued pursuant to the provisions of Sections 778.145 through 778.175 and Chapter 287A of the Oregon Revised Statutes, as amended; Port Ordinance No. 155, enacted by the Board of Commissioners of the Port (the "Board") on November 10, 1971, as amended, restated and supplemented ("Ordinance No. 155"); Port Ordinance No. 323, enacted by the Board on October 9, 1985, as amended, restated and supplemented ("Ordinance No. 323"); and Port Ordinance No. 479-B, enacted by the Board on January 11, 2023 and effective on February 10, 2023 (the "Series Twenty-Nine Ordinance"). The terms and administrative provisions of the Series Twenty-Nine Bonds are to be described in a Certificate of the Executive Director to be dated the date of delivery of the Series Twenty-Nine Bonds (the "Series Twenty-Nine Bond Certificate").

Ordinance No. 155 and Ordinance No. 323 and the Series Twenty-Nine Ordinance are referred to collectively in this Official Statement as the "Airport Revenue Bond Ordinances." In the Airport Revenue Bond Ordinances, the Port has reserved the right to make a number of additional special amendments as described below. See "Security and Sources of Payment—*Special Amendments*" below.

The Series Twenty-Nine Ordinance authorizes the issuance of Series Twenty-Nine Bonds in an aggregate principal amount up to $950,000,000 for the purposes described therein. See "PLAN OF FINANCE."

The Series Twenty-Nine Bonds are being issued as "SLBs" under the Airport Revenue Bond Ordinances and are secured by a prior pledge of the Revenues of the Airport and of money in the SLB Fund (including the SLB Reserve Account) and the SLB Construction Account, on a parity with the pledge that secures payment of the Port's outstanding SLBs. See "SECURITY AND SOURCES OF PAYMENT FOR THE SLBS—Pledge of Revenues." As of January 1, 2023, $1,527,445,000 aggregate principal amount of the Port's SLBs were outstanding, of which, $28,465,000 of Series Eighteen SLBs bear interest at variable interest rates.

In the Airport Revenue Bond Ordinances, the term "SLBs" refers to "Subordinate Lien Bonds," but the Port no longer has any outstanding obligations secured by a pledge of Revenues prior to the pledge that secures the payment of SLBs and has covenanted in the Airport Revenue Bond Ordinances that it will not issue any obligations payable from Revenues or moneys in the General Account that have a claim prior to the claims of the SLBs and scheduled payments under Qualified Swaps ("Scheduled Swap Obligations"). As a result, "SLBs" are now effectively senior lien bonds and include the outstanding SLBs, Scheduled Swap Obligations, outstanding Parity Reimbursement Agreements, the Series Twenty-Nine Bonds, any Additional SLBs, including any additional Scheduled Swap Obligations and any new Parity Reimbursement Agreements that may be issued or entered into in accordance with the Airport Revenue Bond Ordinances. To avoid confusion, this Official Statement uses the term "SLB" in place of the term "Subordinate Lien Bonds" which is used in the Airport Revenue Bond Ordinances.

U.S. Bank Trust Company, National Association, Portland, Oregon (the "Trustee"), serves as the trustee, registrar and paying agent for the SLBs, including the Series Twenty-Nine Bonds.

Security and Sources of Payment

Net Revenues. SLBs, including the Series Twenty-Nine Bonds, are payable solely from Net Revenues that are available for deposit in the General Account and from money in the SLB Fund (which includes the SLB Principal and Interest Account and the SLB Reserve Account) and from money in the SLB Construction Account, as defined and provided in the Airport Revenue Bond Ordinances. See "SECURITY AND SOURCES OF PAYMENT FOR THE SLBS—Pledge of Revenues" and "—Funds Under the Airport Revenue Bond Ordinances." The Airport Revenue Bond Ordinances provide that the SLBs, including the Series Twenty-Nine Bonds, shall not, in any manner, or to any extent, be a general obligation of the Port, nor a charge upon any other revenues or property of the Port not specifically pledged thereto by the Airport Revenue Bond Ordinances. The Series Twenty-Nine Bonds are not secured by any tax revenues or taxing power of the Port or the State or its agencies, instrumentalities or political subdivisions.

Rate Covenant. Under the Airport Revenue Bond Ordinances, the Port has covenanted to impose rates, rentals, fees and other charges in connection with the Airport that produce Net Revenues in each Fiscal Year (the year ending June 30) at least equal to 130% of the SLB Debt Service Requirement for such Fiscal Year for all SLBs then Outstanding. See "SECURITY AND SOURCES OF PAYMENT FOR THE SLBS—Pledge of Revenues" and "—Rate Covenant."

Additional SLBs and Parity Reimbursement Agreements. The Airport Revenue Bond Ordinances permit the Port to issue additional bonds and other obligations, including Scheduled Swap Obligations (collectively, "Additional SLBs"), and to enter into certain reimbursement agreements ("Parity Reimbursement Agreements") that are secured by a pledge of Revenues and amounts in the SLB Fund and the SLB Construction Account that is on a parity with the pledge securing the Outstanding SLBs and the Series Twenty-Nine Bonds. Additional SLBs may be issued to pay Costs of Construction (as such term is defined in the Airport Revenue Bond Ordinances) of additions, expansions and improvements at the Airport and costs of acquisition and construction of General Aviation Airports and to refund SLBs. The Airport Revenue Bond Ordinances impose restrictions on issuing Additional SLBs and entering into Parity Reimbursement Agreements. See "SECURITY AND SOURCES OF PAYMENT FOR THE SLBS—Additional SLBs," "—Parity Reimbursement Agreements" and "OTHER AIRPORT OBLIGATIONS—Interest Rate Swaps."

Special Amendments. In the Series Twenty-Nine Ordinance and in the Airport Revenue Bond Ordinances that authorized the outstanding SLBs, the Port reserved the right to make certain amendments to the Airport Revenue Bond Ordinances. By purchasing the Series Twenty-Nine Bonds, the Owners thereof will be deemed to have consented to all of the amendments reserved in the Series Twenty-Nine Ordinance and in the other Airport Revenue Bond Ordinances. See "SECURITY AND SOURCES OF PAYMENT FOR THE SLBS—Special Amendments."

Continuing Disclosure

The Port has covenanted for the benefit of the holders of the Series Twenty-Nine Bonds to provide certain financial information and operating data and to give notices of certain events to assist the Underwriters in complying with the provisions of paragraph (b)(5) of Securities and Exchange Commission Rule 15c2-12. See "CONTINUING DISCLOSURE" below and the form of the Port's Continuing Disclosure Certificate in APPENDIX F.

Designation of Series Twenty-Nine Bonds as Green Bonds

Kestrel Verifiers has determined that the Series Twenty-Nine Bonds are in conformance with the four core components of the International Capital Market Association Green Bond Principles, as described in Kestrel Verifiers' "Second Party Opinion," which is attached hereto as APPENDIX H. See "DESIGNATION OF

SERIES TWENTY-NINE BONDS AS GREEN BONDS" and APPENDIX H – "GREEN BONDS SECOND PARTY OPINION" herein.

Additional Information

Brief descriptions of the Series Twenty-Nine Bonds, the Airport Revenue Bond Ordinances and certain other documents are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to such documents and agreements and to any other documents, statutes, reports or other instruments described herein are qualified in their entirety by reference to each such document, agreement, statute, report or other instrument. Section headings, table headings and captions are included for convenience only and should not be construed as modifying the text of this Official Statement. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder 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 between the Port or the Board and the purchasers or Owners of any of the Series Twenty-Nine Bonds.

PLAN OF FINANCE

The Series Twenty-Nine Projects are a part of the Port's CIP and are described below. The Port's current and future CIP includes the Port's Terminal Core Redevelopment project; improvements to existing Airport facilities; additional airfield, air cargo facility and Terminal improvements; and Airport access road improvements and other projects. See "PORTLAND INTERNATIONAL AIRPORT—Airport Facilities" and "—Airport Capital Improvement Program" below, and Chapter 3 of the Report of the Airport Consultant in APPENDIX A.

- Portions of Terminal Core Redevelopment Project ("TCore Project") – Western Expansion/Ticket Lobby. The Port is currently undertaking a major redevelopment of the Airport's terminal, the TCore Project, that is expected to provide sufficient ticketing, security screening and concessions to accommodate projected passenger growth through 2045 (approximately 35 million annual passengers). The redevelopment of the terminal will also include baggage handling and major seismic upgrades, as well as renewal of mechanical, electrical, and other systems. The TCore Project has a projected total budget of approximately $1.95 billion and consists of two major components: (1) the Western Expansion/Ticket Lobby (the "Western Expansion") and (2) the Rebuild Terminal Nodes/Ticket Lobby.

  Proceeds of the Series Twenty-Nine Bonds will be used to fund a portion of the total projected cost of the $1.61 billion Western Expansion component of the TCore Project. The Western Expansion includes the expansion of the main terminal into the alley between Concourses C and D; construction of a new, mass timber roof over the existing terminal; rehabilitation of the existing terminal core, including improvements to the existing ticket lobby; and major seismic upgrades and renewal of mechanical, electrical and other systems.

- Baggage Handling System ("BHS") Checked Baggage Resolution Area ("CBRA") Expansion and Control System Upgrade ("CSU", and collectively "BHS-CBRA-CSU Project"). This project consists of the relocation and complete replacement of the CBRA and replacement of the DeviceNet control system for the entire BHS with an ethernet control system, and will be constructed in concert with the Western Expansion project. The CBRA houses all Transportation Security Administration ("TSA") equipment and personnel required to screen baggage that fails Level 2 On-Screen Resolution screening. The new system is expected to allow for greater operational flexibility, and is expected to be able to meet expected growth in passenger demand through 2045. The current BHS includes about 4,000 devices operated by a DeviceNet control system that is reaching its end of life. The CSU will upgrade these devices and their wiring, and replace the control system with a new ethernet-based system throughout the baggage handling footprint. The projected cost for this project is $83.7 million, of which $36.9 million is planned to be funded with the proceeds of the Series Twenty-Nine Bonds, and $46.8 million is planned to be funded with future SLBs.

- New Kennedy Feeder. This project connects a new Pacific Power electrical feeder from the Port's point of service to the main electrical room within the Western Expansion project. This includes boring under the airfield between Concourse C and Taxiway J and installing new electrical infrastructure along this path. This project is expected to improve electrical redundancy and reliability and is expected to help the electrical infrastructure meet future demand at the Airport. The projected cost for the New Kennedy Feeder project is $12.1 million, which is planned to be funded with $8.5 million of the Series Twenty-Nine Bond proceeds, as well as $3.6 million from Airport and Port funds.

For a discussion of the Port's environment, sustainability and social equity goals, and the incorporation of those goals in the Series Twenty-Nine Projects, see "ENVIRONMENT, SUSTAINABILITY AND SOCIAL EQUITY INITIATIVES" herein.

Depending upon timing and availability of funds, the Port may substitute other capital improvement projects that would be Green Bond eligible for projects scheduled to be financed with proceeds of the Series Twenty-Nine Bonds. See "PORTLAND INTERNATIONAL AIRPORT—Airport Capital Improvement Program" and "—Sources of Funds for CIP Projects." As described below and in APPENDIX A, the Port expects to finance costs of future phases of its CIP projects with a combination of available Port funds and proceeds of federal grants, PFCs, (as defined below) CFCs (defined below), additional bonds and Commercial Paper Notes. See "PORTLAND INTERNATIONAL AIRPORT—Airport Master Plan and Resilience Planning," "—Airport Capital Improvement Program" and "—Sources of Funds for CIP Projects" below, and Chapters 3 and 4 in APPENDIX A.

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ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds from proceeds of the Series Twenty-Nine Bonds.

ESTIMATED APPLICATION OF SERIES TWENTY-NINE BOND PROCEEDS

Sources	Series Twenty-Nine Bonds
Principal Amount of Series Twenty-Nine Bonds	$566,120,000
Original Issue Premium	40,651,717
Total Sources	$606,771,717
Uses	
Series Twenty-Nine Projects [(1)]	$524,605,255
Deposit to SLB Capitalized Interest Account [(2)]	34,051,281
Deposit to SLB Reserve Account [(3)]	46,237,675
Costs of Issuance [(4)]	1,877,506
Total Uses	$606,771,717

[(1)] Includes the repayment of Commercial Paper Notes as well as interest on the Commercial Paper Notes issued to finance a portion of the Series Twenty-Nine Projects.
[(2)] Represents a portion of the interest to accrue on the Series Twenty-Nine Bonds through the respective substantial completion dates of the Series Twenty-Nine Projects as described in "THE PLAN OF FINANCE." The capitalized interest account is a separate subaccount within the SLB Construction Account. See "SECURITY AND SOURCES OF PAYMENT FOR THE SLBS—Funds Under the Airport Revenue Bond Ordinances—*SLB Construction Account*."
[(3)] See "SECURITY AND SOURCES OF PAYMENT FOR THE SLBS—Funds Under the Airport Revenue Bond Ordinances—*SLB Reserve Account*."
[(4)] Includes legal, municipal advisory, consulting, accounting, trustee and rating agency fees, printing, underwriters' discount and other costs of issuing the Series Twenty-Nine Bonds.
Source: PFM Financial Advisors LLC.

THE SERIES TWENTY-NINE BONDS

General

The Series Twenty-Nine Bonds will be dated the date of their delivery and, subject to prior redemption, will mature on July 1 in the years and principal amounts and bear interest at the rates set forth on the inside cover and immediately succeeding pages of this Official Statement. Interest on the Series Twenty-Nine Bonds will be payable on each January 1 and July 1 (or the next business day if January 1 or July 1 is not a business day), commencing July 1, 2023, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Airport Revenue Bond Ordinances provide that if the date for making any payment is not a business day, such payment may be made on the next succeeding business day and that no interest shall accrue on the payment so deferred.

The Series Twenty-Nine Bonds will be issuable only as fully-registered bonds, without coupons, in denominations of $5,000 or any integral multiple thereof within a single Series and maturity. The Series Twenty-Nine Bonds initially will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as initial securities depository for the Series Twenty-Nine Bonds. So long as the Series Twenty-Nine Bonds are in book-entry form, purchasers of Series Twenty-Nine Bonds will not receive certificates representing their interest in the Series Twenty-Nine Bonds purchased. See "DTC AND ITS BOOK-ENTRY ONLY SYSTEM" in APPENDIX E.

Neither the Port nor the Trustee has any responsibility or obligation to DTC Participants or to the persons for whom they act as nominee with respect to the Series Twenty-Nine Bonds regarding (1) the accuracy of any records maintained by DTC or any nominee or DTC Participants; (2) any notice which is permitted or required to be given to Owners of the Series Twenty-Nine Bonds under the Series Twenty-Nine

Ordinance, including any notice of redemption; (3) the payment by DTC or any DTC participant of any amount with respect to principal of, premium, if any, or interest on the Series Twenty-Nine Bonds; or (4) any consent given or other action taken by DTC as the Owner.

Payment of Series Twenty-Nine Bonds

So long as the Series Twenty-Nine Bonds are in book-entry only form, payment of the principal of the Series Twenty-Nine Bonds will be made by wire transfer to DTC or its successor on the applicable maturity date or date fixed for redemption. Payment of interest on the Series Twenty-Nine Bonds will be made by wire transfer to DTC or its successor on the interest payment date or on the next business day if the interest payment date is not a business day.

The Series Twenty-Nine Bond Certificate provides that if the Series Twenty-Nine Bonds cease to be in book-entry form, then the payment of interest on the Series Twenty-Nine Bonds of a Series will be made by check or draft mailed (or at the request of the registered owner of $1.0 million or more in aggregate principal amount of Series Twenty-Nine Bonds, by wire transfer to a U.S. bank) to the registered owner shown in the registration books of the Trustee at the close of business on the 15th day of the month preceding each interest payment date, and the principal of the Series Twenty-Nine Bonds shall be payable in lawful money of the United States of America upon surrender thereof at the principal office of the Trustee.

So long as the Series Twenty-Nine Bonds are in book-entry only form, all notices and payments required to be made or given to Owners of Series Twenty-Nine Bonds by the Trustee or the Port will be made and given only to DTC or its successor and not to participants or beneficial owners. Neither the Port nor the Trustee has any responsibility for notices and payments that are to be made or given by DTC or its successor to participants and beneficial owners. See "DTC AND ITS BOOK-ENTRY ONLY SYSTEM" in APPENDIX E.

Redemption of Series Twenty-Nine Bonds

Optional Redemption of Series Twenty-Nine Bonds. The Series Twenty-Nine Bonds that are stated to mature on or before July 1, 2033, are not subject to optional redemption prior to their stated maturity. The Series Twenty-Nine Bonds that are stated to mature on or after July 1, 2034, are subject to redemption prior to their stated maturities at the option of the Port, in whole or in part, on any date on or after July 1, 2033, at a redemption price equal to 100% of the principal amount of the Series Twenty-Nine Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption and without premium.

Mandatory Redemption of Series Twenty-Nine Term Bonds. The Series Twenty-Nine Bonds stated to mature on July 1, 2048 are term bonds (the "Series Twenty-Nine Term Bonds (2048)") and are subject to mandatory sinking fund redemption prior to their stated maturity at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 in the years and principal amounts set forth below:

Mandatory Redemption Date (July 1)	Mandatory Redemption Amount
2044	$28,805,000
2045	30,385,000
2046	32,065,000
2047	33,825,000
2048*	35,685,000

* Final Maturity

The Series Twenty-Nine Bonds stated to mature on July 1, 2053 (the "Series Twenty-Nine Term Bonds (2053)," and together with the Series Twenty-Nine Term Bonds (2048), the "Series Twenty-Nine Term Bonds") are term bonds and are subject to mandatory sinking fund redemption prior to their stated maturity at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 in the years and principal amounts set forth below:

Mandatory Redemption Date (July 1)	**Mandatory Redemption Amount**
2049	$27,970,000
2050	29,510,000
2051	31,135,000
2052	32,845,000
2053*	34,650,000

* Final Maturity

If requested to do so by the Port, not less than 60 days in advance of a date fixed for mandatory sinking fund redemption of the Series Twenty-Nine Term Bonds, the Trustee is to reduce the principal amount of such Series Twenty-Nine Term Bonds to be redeemed on the date fixed for mandatory sinking fund redemption by the amount of such Series Twenty-Nine Term Bonds previously redeemed at the option of the Port as described above under "—Optional Redemption of Series Twenty-Nine Bonds," or delivered to the Trustee for cancellation, and which have not previously formed the basis for such a reduction.

Selection of Series Twenty-Nine Bonds for Optional Redemption. The Series Twenty-Nine Bond Certificate provides that if fewer than all the Outstanding Series Twenty-Nine Bonds are to be redeemed at the option of the Port, the Trustee, upon written instruction from the Port, shall select the Series Twenty-Nine Bonds to be redeemed from the maturities selected by the Port and by lot within each such maturity; provided, that the portion of any Series Twenty-Nine Bond to be redeemed in part is to be in the principal amount of $5,000 or any integral multiple thereof. The Series Twenty-Nine Bond Certificate provides that so long as Series Twenty-Nine Bonds are registered in book-entry only form, DTC or its successor is to select the Series Twenty-Nine Bonds for redemption in accordance with the operational arrangements then in effect. See "DTC AND ITS BOOK-ENTRY ONLY SYSTEM" in APPENDIX E.

Notice of Redemption. The Series Twenty-Nine Bond Certificate provides that so long as the Series Twenty-Nine Bonds are in book-entry only form, notice of redemption is to be given in accordance with DTC's operational arrangements, not less than 20 days prior to the date fixed for redemption unless DTC consents to a shorter period. If the Series Twenty-Nine Bonds cease to be in book-entry only form, then notice of redemption is to be given by registered mail to all Owners of such Series Twenty-Nine Bonds to be redeemed, not less than 20 days prior to the date fixed for redemption. The Series Twenty-Nine Bond Certificate provides that failure to give any required notice of redemption as to any particular Series Twenty-Nine Bond or any defect therein will not affect the validity of the notice for redemption of any Series Twenty-Nine Bonds in respect of which no such failure or defect has occurred. The Series Twenty-Nine Bond Certificate also provides that any notice mailed as provided therein will be effective when sent and will be conclusively presumed to have been given whether or not actually received by any Owner.

Conditional Notice of Optional Redemption. Redemption notices in connection with optional redemption of any Series Twenty-Nine Bond may provide that unless money sufficient to pay the principal of and premium, if any, and interest to the date fixed for redemption on such Series Twenty-Nine Bond has been received by the Trustee prior to the giving of such notice of redemption, such notice may state that such redemption shall be conditional upon the receipt of such money by the Trustee on or prior to the date fixed for redemption. The Series Twenty-Nine Bond Certificate provides that if such money is not received, such optional redemption notice shall be of no force and effect, such Series Twenty-Nine Bond shall not be redeemed, the redemption price shall not be due and payable and that the Trustee will give notice, in the same manner in which the notice of redemption was given, that such money was not so received and that such Series Twenty-Nine Bond will not be redeemed.

Effect of Redemption. As provided in the Series Twenty-Nine Bond Certificate, interest on Series Twenty-Nine Bonds that have been called for optional redemption will cease to accrue on the date fixed for redemption so long as amounts sufficient to redeem those Series Twenty-Nine Bonds have been received by the Trustee on or before the date fixed for redemption. The Series Twenty-Nine Bond Certificate also provides that Series Twenty-Nine Term Bonds called for mandatory sinking fund redemption shall not bear interest after the date fixed for redemption, provided that funds are on hand with the Trustee or Paying Agent to redeem the same.

RECENT DEVELOPMENTS CONCERNING COVID PANDEMIC

The outbreak of COVID-19 ("COVID") resulted in a national and global focus on containing the disease by restricting non-essential travel and limiting person-to-person contact. Following the widespread availability of vaccinations beginning in the first quarter of 2021 in the United States and many countries worldwide, many of the governmental-imposed stay-at-home orders and restrictions on operations of schools and businesses were ended. On November 8, 2021, the United States ended its ban on nearly all international travelers after nearly 20 months, by allowing vaccinated, international travelers to enter the United States, and effective June 12, 2022, the CDC order requiring persons to show negative COVID test results or documentation of recovery for COVID before boarding a flight to the United States was rescinded.

Government Relief Efforts

The United States government has taken, and may continue to take further, legislative and regulatory actions and implemented various measures to mitigate the broad disruptive effects of the COVID pandemic on the U.S. economy. There have been three federal relief bills passed by Congress and signed into law by the President since the COVID pandemic began, each of which are discussed below.

CARES Act. The Port was allocated approximately $72.5 million of grant assistance under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which became law on March 27, 2020, of which approximately $72.3 million was allocated to the Airport. As of January 1, 2023, the Port has drawn all of its CARES Act allocation and applied it to the payment of costs of operation and maintenance at the Airport and to provide relief to the Airport, airlines, terminal concessionaires, and rental car companies, as well as for reimbursement of the payment of debt service on its outstanding Portland International Airport Customer Facility Charge Revenue Bonds, Series 2019 (the "2019 CFC Bonds").

CRRSAA. The Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA"), which became law on December 27, 2020, provides additional direct aid for airports in the form of the Airport Coronavirus Response Grant Program. In February 2021, the FAA announced that it had allocated approximately $19.0 million of CRRSAA grant funds to the Airport, of which approximately $2.1 million were to be used for concessionaire relief. As of January 1, 2023, the Port has drawn all of its CRRSAA grant funds and applied them to the reimbursement of operating and concessionaire relief expenses, as well as for reimbursement of the payment of debt service on the 2019 CFC Bonds.

ARPA. The American Rescue Plan Act ("ARPA"), which became law on March 11, 2021, provides additional direct aid for airports. On June 22, 2021, the FAA announced $8 billion in Airport Rescue Grants under ARPA to keep U.S. airport workers employed and construction projects going and to help U.S. airports recover from the impacts of the COVID pandemic, which amounts remain available until September 30, 2024. On June 22, 2021, the FAA also announced that it had allocated approximately $72.0 million of ARPA grant funds to the Airport, of which approximately $8.4 million must be used for concessionaire relief. In addition to the $8.4 million for concessionaire relief, the Port utilized approximately $25 million during Fiscal Year 2022, and plans to use approximately $4.8 million during Fiscal Year 2023, $24.8 million during Fiscal Year 2024, and its remaining $9.0 million during Fiscal Year 2025. These ARPA funds were applied, or are anticipated to be applied, to the payment of costs of operation and maintenance at the Airport and to provide relief to the Airport, airlines, and terminal concessionaires, as well as for reimbursement of the payment of debt service on its outstanding 2019 CFC Bonds.

For more information regarding federal relief received by the Airport see Table 4-3 in APPENDIX A.

Liquidity and Financial Position

The debt service coverage ratio for Fiscal Year 2022 exceeded the 1.30 required under the Airport Revenue Bond Ordinances. See "FINANCIAL INFORMATION— Historical Debt Service Coverage." At June 30, 2022, unrestricted cash and investment balances for the Airport were $249.9 million, an increase compared to approximately $201.0 million as of June 30, 2021 and approximately $139.0 million as of June 30, 2020. Based upon unaudited, internally prepared estimates, as of December 31, 2022, unrestricted cash and investment balances for the Airport were approximately $278.4 million.

At June 30, 2022, the days cash on hand for the Airport was 637 days, an increase compared to 589 days at June 30, 2021 and 384 days at June 30, 2020. Based upon unaudited, internally prepared estimates, at December 31, 2022, days cash on hand for the Airport was 606 days (unrestricted cash and investment balance divided by projected costs of operation and maintenance excluding depreciation).

In addition to the unrestricted cash and investments described above, the Port has access to other resources in the General Fund with which it may fund Airport operations and SLB debt service. At June 30, 2022, the unrestricted cash and investment balance for the Port's General Fund was $279.9 million and the days cash on hand for the General Fund was 714 days, which represents how many days cash the General Fund balance represents for the Airport, and which is a decrease compared to 752 days at June 30, 2021 and an increase as compared to 666 days at June 30, 2020. As of December 31, 2022, these other resources include approximately $297.6 million of other lawfully available resources from the Port's General Fund, based on unaudited, internally prepared amounts. Further, the Port is authorized to issue from time to time its Third Lien Commercial Paper Notes (the "Commercial Paper Notes") in an aggregate principal amount not to exceed $300 million outstanding at any one time. $95.1 million of Commercial Paper Notes were outstanding as of February 21, 2023. (See "OTHER AIRPORT OBLIGATIONS—Third Lien Obligations," "PLAN OF FINANCE," and "ESTIMATED SOURCES AND USES OF FUNDS").

In addition, the Port is required to maintain the SLB Reserve Account for the payment of debt service on SLB Bonds. Upon the issuance of the Series Twenty-Nine Bonds as described in "PLAN OF FINANCE," amounts in the SLB Reserve Account will satisfy the SLB Reserve Fund Requirement. See the table and other information under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE SLBS—Funds Under the Airport Revenue Bond Ordinances—*SLB Reserve Account*."

The Port also collects passenger facility charges ("PFC") from the airlines operating at the Airport, and customer facility charges ("CFC"), which can only be used for authorized PFC and CFC uses. As of June 30, 2022, the Port ended Fiscal Year 2022 with the following available balances:

- $94.6 million of PFC balances (excluding trustee-held funds for debt service payments on outstanding Portland International Airport Passenger Facility Charge Revenue Bonds, Series 2012A and Series 2022A); and

- $29.7 million of CFC balances (excluding trustee-held funds for debt service payments on outstanding 2019 CFC Bonds).

Reduced Airport Usage – Airline Activity

The Airport, along with all other airports in the U.S. and abroad, was acutely impacted by the broad-based economic shutdown resulting from efforts to stop the spread of COVID, including reduction in flights and declines in passenger volumes. The COVID pandemic adversely affected travel and travel-related industries. Starting in mid-March 2020, the airlines reported unprecedented downturns in passenger volumes and have experienced reduced levels of passenger volumes, which in turn, prompted them to significantly reduce, and in many cases eliminate, scheduled service. Air traffic has been recovering since the initial downturn. Information regarding air traffic is described further in "PORTLAND INTERNATIONAL AIRPORT" herein and Section 2.2.1 of the Report of the Airport Consultant in APPENDIX A.

The Port cannot predict (i) the ultimate duration or extent of the COVID pandemic or any other outbreak or pandemic or the impact of the COVID vaccines and other vaccines on domestic or international air travel; (ii) if stay-at-home orders or any other restrictions or warnings related to travel, gatherings or other activities will be re-imposed, and, if re-imposed, the duration or extent to which such orders or restrictions will remain in effect; (iii) what effect any COVID pandemic-related restrictions or warnings may have in the future on travel, commerce, the collection and receipt of Airport revenues and the operating expenses and capital costs of the Airport; (iv) whether and to what extent the COVID pandemic may disrupt local, State, national or global economies, construction, manufacturing or supply chains; (v) the extent to which the COVID pandemic, or the resultant disruption to the local, State, national or global economies, may result in changes in passenger volume and future domestic and international travel and travel-related industries, generally; or (vi) whether any of the foregoing may in the future have a material adverse effect on the finances and operations of the Airport.

For additional information regarding the COVID pandemic's impacts on Port finances and operations, including information pertaining to federal economic relief, see "FINANCIAL INFORMATION."

SECURITY AND SOURCES OF PAYMENT FOR THE SLBS

Pledge of Revenues

The Series Twenty-Nine Bonds are payable solely from the Net Revenues that are available for deposit in the General Account and from money in the SLB Fund and SLB Construction Account. Pursuant to the Airport Revenue Bond Ordinances, the Port has pledged to the payment of all Outstanding SLBs (including the Series Twenty-Nine Bonds) and to the payment of all Scheduled Swap Obligations: (1) all Revenues, (2) all money on deposit, from time to time, in the SLB Construction Account and (3) all money on deposit, from time to time, in the SLB Fund.

"Revenues" includes all income, receipts and moneys derived by the Port from its ownership or operation and management of the Airport or the furnishing and supplying of services, facilities and commodities thereof, including, among other things, all income, receipts and moneys derived from rates, rentals, fees and charges fixed, imposed and collected by the Port for the use and services of the Airport, but "Revenues" does not include (1) earnings or income from investments credited to the Airport Construction Fund; (2) proceeds from the sale of bonds or grants or gifts, the use of which is limited by the grantor or donor to the construction of capital improvements except to the extent that any such moneys shall be received as payments for the use of the Airport; (3) passenger facility charges or similar charges that are imposed under the authority of federal law and are limited by federal law to expenditure on specific projects or activities and/or on debt service and financing costs related to specific projects or activities; or (4) customer facility charges (or any portion thereof) imposed by the Port for use of Airport rental car facilities and charged to customers who rent vehicles from rental car companies operating at or from the Airport ("CFCs") that may be levied by the Port and collected by rental car companies from their customers; and in any event does not include tax revenues or tax-derived revenues. See "PORTLAND INTERNATIONAL AIRPORT—Sources of Funds for CIP Projects—*Customer Facility Charges*" below.

The term "Revenues" includes only revenues of the Airport and does not include any amounts received or to be received by the Port in connection with its other operations, including its maritime and industrial facilities and General Aviation Airports. See the definition of "Revenues" in APPENDIX C.

"Net Revenues" means for any past period the aggregate of the Revenues actually paid into the Airport Fund during such past period, and for any future period the aggregate of the Revenues estimated to be paid into the Airport Fund during such future period, minus for any such past period the aggregate of the Costs of Operation and Maintenance of the Airport actually paid or accrued during such past period, or minus for any such future period the aggregate of the Costs of Operation and Maintenance of the Airport estimated to be paid or accrued during such future period, as the case may be.

See the definitions of "Costs of Operation and Maintenance," "Revenues" and "Net Revenues" in APPENDIX C.

Limited Obligations

The Airport Revenue Bond Ordinances provide that the SLBs, including the Series Twenty-Nine Bonds, shall not, in any manner, or to any extent, be a general obligation of the Port, nor a charge upon any other revenues or property of the Port not specifically pledged thereto by the Airport Revenue Bond Ordinances. The Series Twenty-Nine Bonds are not secured by any tax revenues or taxing power of the Port or the State or its agencies, instrumentalities or political subdivisions.

Funds Under the Airport Revenue Bond Ordinances

Ordinance No. 155 and Ordinance No. 323 established certain funds and accounts and the priority for the flow of Revenues and certain other amounts to such funds and accounts, as illustrated by the following Flow of Funds Chart and further described below.

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FLOW OF FUNDS CHART

(1) The SLB Fund is held by the Trustee.

(2) The Airport Revenue Bond Ordinances provide that in the event of a shortfall in the combined SLB Principal and Interest Account, the Trustee first would apply available amounts to pay, on a pro rata basis, interest on SLBs and any amounts due in respect of Scheduled Swap Obligations.

(3) The Port currently has no outstanding stand-alone bonds that are Junior Lien Obligations, but certain obligations under outstanding Parity Reimbursement Agreements and Other Swap Obligations (including termination payments and collateralization) under the Series Eighteen Swaps are payable from the JLO Fund.

(4) The Board enacted Ordinance No. 463-CP on November 8, 2017, authorizing the issuance of up to $300 million of its Third Lien Commercial Paper Notes, which constitute TLOs. In addition, Other TLO Swap Obligations (including termination payments) under the PFC Bond Swaps are payable from the TLO Fund.

(5) Only amounts remaining in the General Account after giving effect to the disbursements to the SLB Fund, the JLO Fund, and the TLO Fund constitute Remaining Contingent Fee Payments. The Remaining Contingent Fee Payments are deposited into the Remaining Contingent Fee Payments Fund, as further described below. However, in no case will Remaining Contingent Fee Payments exceed the amount of Contingent Fee Payments received by the Port during the applicable period.

Source: Derived from Airport Revenue Bond Ordinances and the CFC Bond Ordinances.

Airport Fund. All Revenues of the Airport are required to be deposited into the Airport Fund, which is held and administered by the Port. Revenues credited to the Airport Fund must first be used and applied by the Port to the payment of the Costs of Operation and Maintenance of the Airport.

General Account; Flow of Funds. On the first business day of each month, after paying the Costs of Operation and Maintenance, the Port is required to credit the balance of the Revenues in the Airport Fund (which are the Net Revenues) to a separate account in the Airport Fund held by the Port (the "General Account"). The Port is required to credit Net Revenues in the General Account to the following Funds and Accounts in the following order of priority:

FIRST:	to the Trustee for deposit to the SLB Principal and Interest Account, until all required deposits to that account have been made;
SECOND:	to the Trustee for deposit to the SLB Reserve Account, until all required deposits to that account have been made;
THIRD:	to the Port for deposit in the Junior Lien Obligation Fund (the "JLO Fund") described below, until all required deposits to that fund have been made; and
FOURTH:	to the Port for deposit in the Third Lien Obligation Fund (the "TLO Fund") described below, until all required deposits to that fund have been made.

The Rental Car Concessionaires under the related Rental Car Concession Lease have agreed to make contingent fee payments ("Contingent Fee Payments") to the Port if certain events occur, including, among other events, the Port determining that there is a current or upcoming deficiency in CFCs needed to make payments pursuant to the CFC Bond Ordinances (as defined below). Amounts remaining in the General Account, if any, after the credits described in FIRST through FOURTH above have been made, constitute Remaining Contingent Fee Payments ("Remaining Contingent Fee Payments"); provided, that in no case will Remaining Contingent Fee Payments exceed the amount of Contingent Fee Payments received by the Port during the applicable period. See "AGREEMENTS FOR USE OF AIRPORT FACILITIES—Rental Car Agreements" for the definitions of Rental Car Concessionaires and Rental Car Concession Lease.

Pursuant to Port Ordinance No. 466-B, enacted by the Board on February 13, 2019 (the "Series 2019 CFC Ordinance"), the Port has pledged any Remaining Contingent Fee Payments to the payment of the 2019 CFC Bonds, issued on April 24, 2019. On or before the first day of each month, the Port is required to set aside and pay into the Remaining Contingent Fee Payments Fund (the "Remaining Contingent Fee Payments Fund") established pursuant to the Series 2019 CFC Ordinance any Remaining Contingent Fee Payments, and is required to immediately thereafter transfer all amounts in the Remaining Contingent Fee Payments Fund to the CFC Revenue Fund (as defined below) for application in accordance with the CFC Bond Ordinances. See "OTHER AIRPORT OBLIGATIONS—CFC Bonds" below.

Amounts remaining in the General Account (i) first, after the credits described in FIRST through FOURTH above have been made, and (ii) second, after the Remaining Contingent Fee Payments have been transferred to the Remaining Contingent Fee Payments Fund, may be used and applied by the Port for any other lawful use or purpose pertaining to the Airport or the aviation or air transport interests of the Port, including without limitation the General Aviation Airports and to pay or secure the payment of Special Obligation Bonds (as defined herein), if any, and for any other lawful use or purpose necessary to carry out the Airport Revenue Bond Ordinances, including making payments or credits to pay Costs of Operation and Maintenance of the Airport and making payments or credits to other funds or accounts.

Both General Aviation Airports are designated reliever airports for the Airport, and from time to time amounts remaining in the General Account are used to pay a portion of the capital and/or operating costs of the General Aviation Airports. See "—Special Amendments" below, "OTHER AIRPORT OBLIGATIONS—Special Obligation Bonds" and "—CFC Bonds" and "REGULATORY MATTERS—Airport Regulation."

SLB Construction Account. Pursuant to the Airport Revenue Bond Ordinances, the Port created the SLB Construction Account to hold certain proceeds of SLBs, including a portion of the proceeds of the Series Twenty-Nine Bonds. The SLB Construction Account is held by the Port. Money credited to the SLB Construction Account may be applied solely (1) to pay the Costs of Construction (as such term is defined in the Airport Revenue Bond Ordinances) of additions, expansions and improvements at the Airport (including capitalized interest), (2) to pay the costs of the acquisition and construction of General Aviation Airports or (3) to the payment of SLBs (including Scheduled Swap Obligations). The Port is required to transfer money from the SLB Construction Account to the Trustee for deposit in the SLB Principal and Interest Account in accordance with the schedule contained in each Capitalized Interest Certificate, if any, relating to the applicable SLBs. Other withdrawals of money credited to the SLB Construction Account may be made only in accordance with applicable law and upon a written requisition for such payment signed by an officer or employee of the Port.

SLB Fund. The SLB Fund, which is held by the Trustee, consists of the SLB Principal and Interest Account and the SLB Reserve Account. See "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT REVENUE BOND ORDINANCES—The SLB Fund" in APPENDIX C.

SLB Principal and Interest Account. The Port is required to set aside funds and pay such funds into the SLB Fund, from the first moneys available in the General Account, to the extent necessary to provide for the punctual payment of (1) the principal and interest and premium, if any, on the SLBs as and when the same become due, whether at maturity or by redemption or declaration as provided in the SLB Ordinance or otherwise; (2) any Scheduled Swap Obligations as and when the same become due; and (3) any Excess Principal as and when the same become due. The Airport Revenue Bond Ordinances provide that moneys in the SLB Fund shall be used solely for the payment of principal, interest and premium, if any, due on the SLBs, Scheduled Swap Obligations and Excess Principal, and provide that in the event of a shortfall in the SLB Principal and Interest Account, the Trustee is to apply available amounts first to pay, on a pro rata basis, interest on the SLBs and any amounts due in respect of Scheduled Swap Obligations.

In the case of SLBs, such as the Series Twenty-Nine Bonds, and any Qualified Swap for which interest or Scheduled Swap Obligations are due semi-annually or less frequently, the Port is required on the first business day of each month to transfer amounts in the General Account to the Trustee for deposit in the SLB Principal and Interest Account installments so that, together with other funds available or scheduled to be available therein, there will be sufficient money available to make such interest payments when due. In the case of SLBs and any Qualified Swap for which interest or Scheduled Swap Obligations are due more frequently than semi-annually, on the business day immediately preceding each interest payment date for such SLBs and each payment date for that Scheduled Swap Obligation, the Port is required to transfer amounts in the General Account to the Trustee for deposit in the SLB Principal and Interest Account so that, together with other funds available or scheduled to be available therein, there will be sufficient money available to make such payments when due. Payments received by the Port under an agreement to enter into a Qualified Swap and any regularly scheduled payment that is received by the Port (or the Trustee on behalf of the Port) from a Qualified Swap Provider under a Qualified Swap that exceeds the amount paid by the Port, are required be deposited in the SLB Principal and Interest Account. See "OTHER AIRPORT OBLIGATIONS" below.

The Port also is required, on the first business day of each month (commencing with the month that is 12 months prior to the first principal payment date of any SLB maturing serially or prior to the date on which SLBs are subject to mandatory redemption), to pay to the Trustee, from moneys in the General Account for deposit in the SLB Principal and Interest Account, an amount such that, if the same amount were so credited to the SLB Principal and Interest Account in each succeeding month thereafter, prior to the next date upon which principal, if any, on the SLBs maturing serially becomes due or the next date upon which Subordinate Lien Term Bonds are subject to scheduled mandatory redemption (excluding any principal due as Excess Principal), the aggregate of the amounts on deposit in the SLB Principal and Interest Account will equal the amount of principal due on such SLBs on such principal payment date and/or mandatory redemption date.

SLB Reserve Account. The Airport Revenue Bond Ordinances require the Port to maintain in the SLB Reserve Account an amount equal to the maximum SLB Debt Service Requirement for all SLBs outstanding in any future Fiscal Year (as further described below, the "SLB Reserve Fund Requirement"), except that (1) the SLB Reserve Fund Requirement in respect of the SLBs of any series may be funded initially in equal monthly installments over a period of not more than four years and (2) as described in the following paragraph, debt service reserve insurance may be substituted for any portion of the SLB Reserve Fund Requirement attributable to that series. The Airport Revenue Bond Ordinances provide that in the event that the balance in the SLB Reserve Account is reduced below the SLB Reserve Fund Requirement, on the first business day of each month, the Port will pay to the Trustee from Revenues in the General Account for deposit in the SLB Reserve Account, an amount equal to 20% of that month's other deposits to the SLB Fund until the amount on deposit in the SLB Reserve Account is equal to the SLB Reserve Fund Requirement. The Port has reserved the right to amend the definition of "SLB Reserve Fund Requirement." See "—Special Amendments."

The Airport Revenue Bond Ordinances permit the Port to substitute debt service reserve insurance for any portion of the SLB Reserve Fund Requirement, provided that the insurance is issued by a company rated, at the time the insurance is issued, in the highest category by S&P Global Ratings ("S&P"), Moody's Investors Service, Inc. ("Moody's"), or their successors, or any insurer who holds the highest policyholder rating accorded insurers by A.M. Best & Co. or any comparable service. As shown in the table below, as of the date the Series Twenty-Nine Bonds will be issued, the SLB Reserve Fund Requirement will be satisfied by a combination of cash, securities and existing surety bonds in the amounts and expiring on the dates, listed in the table below; and a portion of the proceeds received from the sale of the Series Twenty-Nine Bonds. The Airport Revenue Bond Ordinances do not require the Port to replace sureties issued by companies that later are no longer rated in the highest rating category.

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Upon the issuance of the Series Twenty-Nine Bonds, the SLB Reserve Fund Requirement will be $143,163,601.79, and including the deposit from proceeds of the Series Twenty-Nine Bonds, at least 101.5% of the SLB Reserve Fund Requirement will be funded from cash and securities.

TABLE 1
SLB RESERVE ACCOUNT

Provider	Expiration Date	Amount
Financial Guaranty Insurance Company	July 1, 2023	$ 9,670,775
Financial Guaranty Insurance Company [1]	July 1, 2025	1,180,750
Financial Guaranty Insurance Company [1]	July 1, 2026	13,423,219
Financial Guaranty Insurance Company [1]	July 1, 2028	10,770,756
Financial Guaranty Insurance Company [1]	July 1, 2028	3,490,190
Total Surety Bonds		38,535,690
Existing Cash and Securities [2]		99,008,259
Reserve Deposit from Series Twenty-Nine Bond Proceeds		46,237,675
Total Cash, Securities and Surety Bonds [3]		**$ 183,781,624**
SLB Reserve Fund Requirement		**$ 143,163,602**

[1] Reinsured by and then novated to National Public Finance Guarantee Corporation, a wholly-owned subsidiary of MBIA Inc.
[2] Market value as of February 2, 2023.
[3] To the extent total amounts available in the SLB Reserve Account exceed the SLB Reserve Fund Requirement, the Airport Revenue Bond Ordinances permit the Airport to withdraw such amounts that exceed the SLB Reserve Fund Requirement.
Source: The Port.

Junior Lien Obligation Fund. The JLO Fund is held by the Port. The Port is required to set aside and pay into the JLO Fund from the first money available in the General Account after required payments to the SLB Fund (1) an amount sufficient, with other amounts available in the JLO Fund, to pay Other Swap Obligations; and (2) any amounts the Port agrees to deposit into the JLO Fund for the benefit of bonds or other obligations that have a lien on the Revenues that is subordinate to the lien of the Subordinate Lien Bonds and Scheduled Swap Obligations, and are payable from amounts deposited in the JLO Fund ("Junior Lien Obligations"). See "OTHER AIRPORT OBLIGATIONS—Junior Lien Obligations" and "—Interest Rate Swaps" below and "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT REVENUE BOND ORDINANCES—The JLO Fund" in APPENDIX C.

Third Lien Obligation Fund. The TLO Fund is held by the Port. The Port is required to set aside and pay into the TLO Fund from the first money available in the General Account after required payments to the SLB Fund and the JLO Fund (1) an amount sufficient, with other amounts available in the TLO Fund, to pay any Other TLO Swap Obligations when due; and (2) any amounts the Port subsequently agrees to deposit into the TLO Fund for the benefit of Third Lien Obligations. See "OTHER AIRPORT OBLIGATIONS—Third Lien Obligations" and "—Interest Rate Swaps" below and "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT REVENUE BOND ORDINANCES—The TLO Fund" in APPENDIX C.

Remaining Contingent Fee Payments Fund. The Remaining Contingent Fee Payments Fund is held by the Port. On or before the first day of each month, the Port is required to set aside and pay into the Remaining Contingent Fee Payments Fund the Remaining Contingent Fee Payments, if any, and is required to immediately thereafter transfer all amounts in the Remaining Contingent Fee Payments Fund to the CFC Revenue Fund established under the CFC Bond Ordinances (the "CFC Revenue Fund"). The Remaining Contingent Fee Payments will be used by the Port to pay debt service on the 2019 CFC Bonds or to meet the requirements of the rate covenant under the CFC Bond Ordinances. See "OTHER AIRPORT OBLIGATIONS—CFC Bonds" below and "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT REVENUE BOND ORDINANCES—Flow of Funds" in APPENDIX C.

Other Authorized Purposes. The Airport Revenue Bond Ordinances permit any Revenues remaining in the General Account after the transfers described above are made to be used by the Port for (1) any lawful use or purpose pertaining to the Airport or to the aviation or air transport interests of the Port, including the General Aviation Airports and to pay or secure the payment of Special Obligation Bonds (as defined herein), if any; and (2) any other lawful use or purpose necessary to carry out the Airport Revenue Bond Ordinances, including making payments or credits to pay Costs of Operation and Maintenance of the Airport and making payments or credits to other funds or accounts.

Rate Covenant

In the Airport Revenue Bond Ordinances, the Port has covenanted to impose and prescribe a schedule of rates, rentals, fees and other charges for the use and services of the facilities and commodities furnished by the Airport, to revise the same from time to time whenever necessary and to collect the income, receipts and other money derived therefrom, so that (1) Revenues will be sufficient to discharge all claims, obligations and indebtedness payable from or secured by the Revenues, (2) the Net Revenues in each Fiscal Year will be at least equal to 130% of the SLB Debt Service Requirement for such Fiscal Year for all SLBs then Outstanding and (3) the Net Revenues, together with other amounts that are available to pay Other Swap Obligations, are sufficient to pay all Other Swap Obligations and any Junior Lien Obligations when due.

The Port also covenanted in the Airport Revenue Bond Ordinances to impose and prescribe such schedule of rates, rentals, fees, and other charges for the use and services of the facilities and commodities furnished by the Airport and to revise the same from time to time, whenever necessary and to collect the income, receipts and other moneys derived therefrom, so that the Net Revenues in each Fiscal Year will be at least equal to the sum of: (i) the amounts described in (2) of the paragraph above plus (ii) 100% of the Excess Principal coming due in such Fiscal Year. As defined in the Airport Revenue Bond Ordinances, "Excess Principal" means the principal amount of any Outstanding SLBs which, in accordance with any reimbursement agreement, or other agreement pursuant to which any Credit Facility is given in connection with such SLBs, is due and payable by the Port in a particular Fiscal Year (whether by virtue of scheduled maturity, mandatory redemption or any similar method), but only to the extent the principal amount of such SLBs, which is so due and payable in such Fiscal Year, exceeds the principal amount which in the absence of the provisions of such reimbursement agreement, or other agreement referred to above, would otherwise be due and payable in such Fiscal Year (whether by scheduled maturity or mandatory redemption). The Port has reserved the right, however, to delete provisions relating to "Excess Principal" and to amend the definition of "SLB Debt Service Requirement." See "—Special Amendments."

In determining the Port's compliance with the required coverage tests, non-cash, unrealized gains, losses, expenses and/or revenues, including the fair value of Qualified Swaps, Qualified TLO Swaps, other swap agreements or other derivative products are to be disregarded. See "FINANCIAL INFORMATION – Table 15 Historical Financial Performance" below and the definitions of "Revenues" and "SLB Debt Service Requirement" in APPENDIX C.

Additional SLBs

The Port has covenanted in the Airport Revenue Bond Ordinances not to issue any obligations payable from the Revenues or money in the General Account that have a claim prior to the claim of the SLBs. The Airport Revenue Bond Ordinances permit the Port to issue Additional SLBs to pay Costs of Construction of additions, expansions and improvements at the Airport and to pay costs of the acquisition and construction of General Aviation Airports. The Airport Revenue Bond Ordinances provide, however, that except in the case of certain refunding SLBs the Port may issue Additional SLBs only if, among other requirements, there is provided to the Trustee:

(1) a certificate of an Assistant Secretary of the Port to the effect that, for either the Port's most recent complete Fiscal Year or for any consecutive 12 out of the most recent 18 months, Net Revenues were equal to at least 130% of the SLB Debt Service Requirement on all then Outstanding SLBs for such period; and

(2) either:

(a) a written report of an Airport Consultant setting forth projections which indicate (i) the estimated Net Revenues for each of three consecutive Fiscal Years beginning in the earlier of (A) the first Fiscal Year following the estimated date of completion and initial use of all revenue-producing facilities to be financed with such series of SLBs, based upon a certified written estimated completion date by the consulting engineer for such facility or facilities, or (B) the first Fiscal Year in which the Port will have scheduled payments of interest on or principal of the series of SLBs to be issued for the payment of which provision has not been made as indicated in the report of such Airport Consultant from proceeds of such series of SLBs, investment income thereon or from other appropriated sources (other than Net Revenues) and (ii) that the estimated Net Revenues for each Fiscal Year are equal to at least 130% of the SLB Debt Service Requirements on all SLBs scheduled to occur during that Fiscal Year after taking into consideration the additional SLB Debt Service Requirements for the series of SLBs to be issued; or

(b) a certificate of an Assistant Secretary of the Port to the effect that, for either the Port's most recent complete Fiscal Year or for any consecutive 12 out of the most recent 18 months, Net Revenues were equal to at least 130% of the maximum SLB Debt Service Requirement on all Outstanding SLBs on any future Fiscal Year and the series of SLBs proposed to be issued.

The Port's compliance with the test for issuance of Additional SLBs under the Airport Revenue Bond Ordinances with respect to the Series Twenty-Nine Bonds will be evidenced by a report of the Airport Consultant described in 2(a) above.

The Airport Revenue Bond Ordinances provide that in determining the Port's compliance with the required coverage tests, non-cash, unrealized gains, losses, expenses and/or revenues, including the fair value of Qualified Swaps, Qualified TLO Swaps, other swap agreements or other derivative products are to be disregarded.

The Airport Revenue Bond Ordinances provide that if the series of Additional SLBs is being issued for the purpose of refunding previously issued SLBs, the certifications described above are not required unless the aggregate debt service payable on the refunding SLBs exceeds the aggregate debt service payable on the SLBs which are being refunded, but that if the Additional SLBs are being issued to refund Short Term-Demand Obligations, the certifications described in paragraph (1) above are required.

The Port also may issue Completion Bonds (as defined in the Airport Revenue Bond Ordinances) and certain refunding bonds without demonstrating compliance with debt service coverage tests. The Port expects to fund a portion of the costs of its CIP with approximately $512.3 million in additional bond proceeds, all or a portion of which will come from the issuance of Additional SLBs not including the Series Twenty-Nine Bonds, through Fiscal Year 2030. See "PORTLAND INTERNATIONAL AIRPORT—Airport Capital Improvement Program" below and "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT REVENUE BOND ORDINANCES—Additional SLBs" in APPENDIX C.

Parity Reimbursement Agreements

The Port may enter into a Parity Reimbursement Agreement, which constitutes an SLB, only if: (1) the agreement requires the Port to repay amounts paid by the provider under the related Liquidity Facility or Credit Facility in substantially equal annual amounts over a period of no less than five years; and (2) the obligations of the Port under the agreement are not subject to acceleration unless all SLBs are accelerated or subject to tender. The limitation described in clause (1) of the preceding sentence does not apply to the Port's obligation to pay the provider of the Liquidity Facility or Credit Facility for (a) amounts advanced by the provider to pay scheduled interest or principal payments on SLBs under a "direct-pay" Liquidity Facility or Credit Facility and that are required to be repaid by the Port within five business days; (b) interest required to be paid by the Port on amounts drawn under the Liquidity Facility or Credit Facility; or (c) fees and expenses of the provider of the Liquidity Facility or Credit Facility. Fees and expenses due under a Parity Reimbursement Agreement are to be treated as Costs of Operation and Maintenance of the Airport. Other amounts that may become payable under reimbursement agreements but that do not qualify as "Parity Reimbursement Agreement" obligations or (in the case of fees and expenses) as Costs of Operation and Maintenance may be Junior Lien Obligations or Third Lien Obligations. See "OTHER AIRPORT OBLIGATIONS—Parity Reimbursement Agreements," "—Junior Lien Obligations" and "—Third Lien Obligations" and "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT REVENUE BOND ORDINANCES—Parity Reimbursement Agreements" in APPENDIX C.

Special Amendments

The Port has reserved the right in the Airport Revenue Bond Ordinances, without additional consent of the Owners of the Series Twenty-Nine Bonds, to make the following changes to the Airport Revenue Bond Ordinances; provided that such amendments are then permitted by law and that any required consents from credit and liquidity facility providers, swap providers and surety bond providers are obtained. By purchasing the Series Twenty-Nine Bonds, the Owners of the Series Twenty-Nine Bonds are deemed to have consented to all of the amendments described below and in APPENDIX C.

(a) To amend the definition of "Airport" to add any facilities operated by the Port whether or not such facilities are related to aviation. Effecting this amendment would require, among other things, changes in federal laws and regulations regarding the use of airport revenues.

(b) To provide that the Airport Fund (other than the SLB Fund) may be invested in any securities that are legal investments for the Port under the laws of the State.

(c) To provide that the SLB Fund may be invested only in Investment Securities, and to define Investment Securities to include those securities that are then typically permitted for the investment of debt service and the reserve funds of revenue bonds that have credit ratings similar to the credit ratings then in effect for the SLBs.

(d) To permit the Port's obligations under derivative products (including interest rate swaps, collars, hedges, caps and similar transactions) to be treated as SLBs and to make other changes which are desirable in order to permit use of derivative products in connection with SLBs.

(e) To permit obligations that are subordinate to the SLBs to be issued for any lawful Port purpose.

(f) To provide that balloon obligations will be treated as if they were refinanced with long-term obligations for purposes of calculating the SLB Debt Service Requirement and making certain deposits to the SLB Fund.

(g) To provide that any "put" or other right of Owners to require the purchase of SLBs shall not be treated as a maturity or mandatory redemption and may be ignored when calculating the SLB Debt Service Requirement and the amounts to be deposited to the SLB Fund, but only if bond insurance, a line or letter of credit, a standby bond purchase agreement or other liquidity or credit enhancement is in effect which is expected to pay for the purchase of the SLBs when the Owners exercise that right, if the SLBs are not remarketed or refunded.

(h) To provide that certain amounts in the SLB Serial Bond Principal Account and SLB Term Bond Principal Account (now part of the combined SLB Principal and Interest Account) may be used for redemption or purchase for cancellation of SLBs.

(i) To reduce the SLB Reserve Fund Requirement to an amount equal to the maximum amount of proceeds of tax-exempt bonds which the Code permits to be deposited in a reserve account without yield restriction, and to specify either that separate reserve accounts will be held for each series of SLBs, or that a single reserve account will secure all series of SLBs.

(j) To modify the requirements for funding the Rebate Account or to eliminate the Rebate Account.

(k) To combine Ordinance No. 155 and Ordinance No. 323, to delete outdated provisions, to delete provisions that interfere with the business operations of the Port but that do not provide substantial security for owners of SLBs, to clarify and simplify the remaining provisions, to substitute modern, more flexible provisions, and to restate those amended ordinances as a single ordinance.

(l) To amend the definition of "SLB Debt Service Requirement" so that for purposes of calculating compliance with the Port's rate covenants, the amount of principal and/or interest on SLBs and/or the amount of Scheduled Swap Obligations paid or to be paid from moneys not then included in the definition of "Revenues" or "Net Revenues" shall be disregarded and not included in any calculation of "SLB Debt Service Requirement."

(m) To amend Ordinance No. 323 to provide that for purposes of determining compliance with the provisions of Ordinance No. 323 relating to Additional SLBs, the amount of passenger facility charges, customer facility charges, state and federal grants or other payments and/or other moneys that are not then included in the definition of "Revenues" or "Net Revenues" but that are committed irrevocably to the payment of debt service on SLBs and to the payment of Scheduled Swap Obligations or that are held by the Trustee for the sole purpose of paying debt service on SLBs and paying Scheduled Swap Obligations may be disregarded and not included in the calculation of SLB Debt Service Requirement for the period in which such amounts are irrevocably committed or are held by the Trustee.

(n) To permit all or a portion of the Remaining Balance to be taken into account as "Revenues" when determining compliance by the Port with its rate covenants. For this purpose, "Remaining Balance" means for any Fiscal Year the amount of unencumbered funds on deposit or anticipated to be on deposit on the first day of such Fiscal Year in the General Account (after all deposits and payments required to be made into the SLB Fund, the JLO Fund and the TLO Fund under Ordinance No. 323 have been made as of the last day of the immediately preceding Fiscal Year). The Port could, but would not be required to, limit the amount of Remaining Balance that is included for this purpose.

(o) To permit the application of proceeds received from the sale of SLBs or of Junior Lien Obligations to make termination payments incurred in connection with terminating swap agreements or other derivative products.

(p) To delete the provision in Ordinance No. 323 relating to the subordination of a Credit Facility Provider's right to receive payment of any Excess Principal to the payment of all principal coming due on all other Subordinate Lien Bonds, and to remove all other references in the Airport Revenue Bond Ordinances to "Excess Principal."

By purchasing the Series Twenty-Nine Bonds, the Owners of the Series Twenty-Nine Bonds are deemed to have consented to all of the amendments described in the preceding paragraphs, and the Port may subsequently make any of those amendments without the consent of the Owners of the Series Twenty-Nine Bonds. The Port cannot predict when or whether all of the remaining special amendments will become effective. See "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT REVENUE BOND ORDINANCES—Amendments of the Airport Revenue Bond Ordinances" in APPENDIX C.

DESIGNATION OF SERIES TWENTY-NINE BONDS AS GREEN BONDS

The information set forth below under the sub-sections entitled "Green Bond Designation" and "Independent Second Party Opinion and Green Bonds Designation Disclaimer" were provided by Kestrel Verifiers for inclusion herein, and neither the Port nor the Underwriters make any representation as to, or assume any responsibility for, the completeness or accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The term "Green Bonds" is neither defined in the Airport Revenue Bond Ordinances nor related to any provisions of the Airport Revenue Bond Ordinances. The term "Green Bonds" is solely for identification purposes and is not intended to provide or imply that the Series Twenty-Nine Bonds are entitled to any security other than as provided in the Airport Revenue Bond Ordinances and described herein under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SLBS," or to any covenants or agreements of the Port other than as provided in the Airport Revenue Bond Ordinances. Neither the Port nor the Underwriters have any obligation to ensure that the Series Twenty-Nine Bonds comply with any standards or principles that may be related to "Green Bonds," whether now existing or as may be developed in the future.

Green Bonds Designation

Per the International Capital Market Association ("ICMA"), Green Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Green Projects and which are aligned with the four core components of the Green Bond Principles. The four core components are: (1) Use of Proceeds; (2) Process for Project Evaluation and Selection; (3) Management of Proceeds; and (4) Reporting.

Kestrel Verifiers has determined that the Series Twenty-Nine Bonds are in conformance with the four core components of the ICMA Green Bond Principles, as described in Kestrel Verifiers' 'Second Party Opinion,' which is attached hereto as APPENDIX H.

See, also, "ENVIRONMENT, SUSTAINABILITY, AND SOCIAL EQUITY INITIATIVES – *Climate Change*" for a discussion of the impact of the Series Twenty-Nine Projects on the Port's environment, sustainability, and social equity initiatives.

Independent Second Party Opinion on Green Bonds Designation and Disclaimer

For over 20 years, Kestrel Verifiers has been consulting in sustainable finance. Kestrel Verifiers, a division of Kestrel 360, Inc. is an Approved Verifier accredited by the Climate Bonds Initiative (CBI) and an Observer for the ICMA Green Bond Principles and Social Bond Principles. Kestrel Verifiers reviews transactions in all asset classes worldwide for alignment with ICMA Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines and the Climate Bonds Initiative Standards and criteria.

The Second Party Opinion issued by Kestrel Verifiers does not and is not intended to make any representation or give any assurance with respect to any other matter relating to the bonds. Designations by Kestrel Verifiers are not a recommendation to any person to purchase, hold, or sell the bonds and such labeling does not address the market price or suitability of these bonds for a particular investor and does not and is not in any way intended to address the likelihood of timely payment of interest or principal when due.

In issuing the Second Party Opinion, Kestrel Verifiers has assumed and relied upon the accuracy and completeness of the information made publicly available by the Port or that was otherwise made available to Kestrel Verifiers.

Reporting

The Port intends to add a section to its Environmental Annual Report, which can be found at portofportland.com/environment, for updates on the Series Twenty-Nine Projects. The Port expects to provide annual updates for investors in the Environmental Annual Report until all LEED certifications are received for the TCore Project. Updates are expected to include status reports on Series Twenty-Nine Projects construction, LEED certification progress, and other project goals. Such annual reporting is voluntary and separate from the Port's continuing disclosure undertaking described under "CONTINUING DISCLOSURE," and in the form contained in Appendix F. Any delay or failure by the Port to provide such updates shall not be considered a failure to comply with the Continuing Disclosure Certificate.

OUTSTANDING SLB SERIES AND DEBT SERVICE

Outstanding SLB Series

The table below identifies the SLBs issued and currently outstanding as of the date of delivery of the Series Twenty-Nine Bonds, including the principal amount outstanding of each series.

TABLE 2
PORT OF PORTLAND
OUTSTANDING SLBS
(as of Date of Delivery, Series Twenty-Nine Bonds)

Series	Dated Date	Final Maturity	Principal Amount
Series Eighteen A (Refunding)	June 11, 2008	July 1, 2026	$14,230,000
Series Eighteen B (Refunding)	June 11, 2008	July 1, 2026	14,235,000
Series Twenty-One C (Refunding)	August 10, 2011	July 1, 2023	6,050,000
Series Twenty-Two	September 25, 2014	July 1, 2044	82,440,000
Series Twenty-Three (Refunding)	March 31, 2015	July 1, 2038	92,515,000
Series Twenty-Four A	January 25, 2017	July 1, 2047	21,965,000
Series Twenty-Four B	January 25, 2017	July 1, 2047	197,310,000
Series Twenty-Five A	April 24, 2019	July 1, 2049	21,825,000
Series Twenty-Five B	April 24, 2019	July 1, 2049	183,015,000
Series Twenty-Six A (Refunding)	April 24, 2020	July 1, 2040	11,030,000
Series Twenty-Six B (Refunding)	April 24, 2020	July 1, 2040	14,410,000
Series Twenty-Six C (Refunding)	April 24, 2020	July 1, 2040	34,605,000
Series Twenty-Seven A	September 30, 2020	July 1, 2050	289,535,000
Series Twenty-Seven B	September 30, 2020	July 1, 2025	17,275,000
Series Twenty-Eight	February 17, 2022	July 1, 2052	527,005,000
Series Twenty-Nine (1)	March 21, 2023	July 1, 2053	566,120,000
	Total SLBs Outstanding		**$2,093,565,000**

(1) The Series Twenty-Nine Bonds are being issued for the purposes described above under "THE PLAN OF FINANCE."
Source: The Port.

The Port has also issued or incurred Airport Parity Reimbursement Agreements, Junior Lien Obligations, Third Lien Obligations, CFC Bonds, PFC Bonds, interest rate swaps and one outstanding series of Special Obligation Bonds. See "OTHER AIRPORT OBLIGATIONS" below.

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Scheduled Debt Service Requirements

The scheduled annual debt service requirements for the SLBs, rounded to the nearest dollar, are set forth in the following table.

TABLE 3
SLB DEBT SERVICE SCHEDULE

		Series Twenty-Nine Bonds Debt Service			
Fiscal Year Ending June 30 [(1)]	Total Outstanding SLB Debt Service [(2)(3)]	Series Twenty-Nine Bonds Principal	Series Twenty-Nine Bonds Interest [(3)]	Total Series Twenty-Nine Bonds Debt Service [(3)]	Total SLB Debt Service [(2)(3)(4)]
2023	$84,674,110	-	$8,375,292	$8,375,292	$93,049,401
2024	93,734,936	-	30,151,050	30,151,050	123,885,986
2025	113,040,467	-	30,151,050	30,151,050	143,191,517
2026	112,130,259	-	30,151,050	30,151,050	142,281,309
2027	105,032,150	-	30,151,050	30,151,050	135,183,200
2028	107,166,900	-	30,151,050	30,151,050	137,317,950
2029	98,832,650	$11,525,000	30,151,050	41,676,050	140,508,700
2030	98,837,400	12,100,000	29,574,800	41,674,800	140,512,200
2031	98,839,400	12,710,000	28,969,800	41,679,800	140,519,200
2032	98,843,900	13,345,000	28,334,300	41,679,300	140,523,200
2033	98,835,650	14,010,000	27,667,050	41,677,050	140,512,700
2034	98,824,900	14,710,000	26,966,550	41,676,550	140,501,450
2035	98,836,500	15,445,000	26,231,050	41,676,050	140,512,550
2036	98,832,000	16,220,000	25,458,800	41,678,800	140,510,800
2037	98,836,350	17,030,000	24,647,800	41,677,800	140,514,150
2038	98,828,550	17,880,000	23,796,300	41,676,300	140,504,850
2039	90,293,350	18,775,000	22,902,300	41,677,300	131,970,650
2040	90,302,350	19,765,000	21,916,613	41,681,613	131,983,963
2041	88,312,450	20,800,000	20,878,950	41,678,950	129,991,400
2042	88,326,700	21,890,000	19,786,950	41,676,950	130,003,650
2043	88,321,050	23,040,000	18,637,725	41,677,725	129,998,775
2044	88,318,800	28,805,000	17,428,125	46,233,125	134,551,925
2045	82,048,550	30,385,000	15,843,850	46,228,850	128,277,400
2046	82,057,100	32,065,000	14,172,675	46,237,675	128,294,775
2047	82,060,750	33,825,000	12,409,100	46,234,100	128,294,850
2048	66,495,550	35,685,000	10,548,725	46,233,725	112,729,275
2049	66,501,200	27,970,000	8,586,050	36,556,050	103,057,250
2050	52,511,750	29,510,000	7,047,700	36,557,700	89,069,450
2051	32,920,750	31,135,000	5,424,650	36,559,650	69,480,400
2052	32,922,750	32,845,000	3,712,225	36,557,225	69,479,975
2053	-	34,650,000	1,905,750	36,555,750	36,555,750
Total [(4)]	**$2,635,519,221**	**$566,120,000**	**$632,129,429**	**$1,198,249,429**	**$3,833,768,651**

(1) Payments due on July 1 are shown as being made in the prior Fiscal Year.

(2) Approximately $25.2 million aggregate principal amount of the Series Eighteen Bonds is assumed to bear interest at 4.94% per annum and $3.2 million is assumed to bear interest at 5.13% per annum (in each case, the fixed rates payable by the Port under Series Eighteen Swaps corresponding to such notional amounts), and the remaining unhedged portion of $130,000 is assumed to bear interest at 6.00% per annum. See “OTHER AIRPORT OBLIGATIONS—Interest Rate Swaps.”

(3) Net of capitalized interest.

(4) Amounts may not add due to rounding.

Source: Port records.

OTHER AIRPORT OBLIGATIONS

Parity Reimbursement Agreements

In June 2008, the Port issued $138,890,000 aggregate principal amount of its variable-rate Portland International Airport Refunding Revenue Bonds, Series Eighteen, which as of January 1, 2023 were outstanding in the aggregate principal amount of $28,465,000 (the "Series Eighteen Bonds"). The Series Eighteen Bonds were issued in two subseries. Payment of the principal and interest and payment of the purchase price of the Series Eighteen Bonds that are tendered for purchase, and not remarketed, are secured by two irrevocable, direct-pay letters of credit (each, a "Series Eighteen Letter of Credit"). In connection with the issuance of the Series Eighteen Letters of Credit, the Port and the Industrial and Commercial Bank of China Limited, New York Branch (the "Series Eighteen Bank") entered into two Reimbursement Agreements, each dated as of August 1, 2016 (the "Original Reimbursement Agreements").

Prior to the expiration of the outstanding letters of credit issued by the Series Eighteen Bank, the Port and the Series Eighteen Bank executed two First Amendments to the Reimbursement Agreement dated August 5, 2021 (the "First Amendments" and together with Original Reimbursement Agreements, the "Series Eighteen Reimbursement Agreements"). The Series Eighteen Reimbursement Agreements provide that the Port's obligations to reimburse the Series Eighteen Bank for draws under the Series Eighteen Letters of Credit to pay scheduled principal and interest are payable from the Net Revenues deposited with the SLB Fund on a parity with the Series Eighteen Bonds and are SLBs for purposes of the Airport Revenue Bond Ordinances. Other payments required to be made under the Series Eighteen Reimbursement Agreements constitute Junior Lien Obligations. Unless extended, each current Series Eighteen Letter of Credit expires on August 2, 2024, subject to prior termination under certain conditions. See "—Interest Rate Swaps" and "CERTAIN INVESTMENT CONSIDERATIONS—Credit Risk of Financial Institutions Providing Credit Enhancement and Other Financial Products Relating to Airport Bonds."

Junior Lien Obligations

The Port may issue Junior Lien Obligations, including Other Swap Obligations, and pledge the amounts in the JLO Fund to pay Junior Lien Obligations and fund reserves for Junior Lien Obligations. Junior Lien Obligations may be issued for any lawful Airport purpose, including to pay Other Swap Obligations, to post collateral under any Qualified Swap and to pay termination payments in connection with Qualified Swaps, Qualified TLO Swaps or other derivative products. As of the date of this Official Statement, the Port has no outstanding stand-alone bonds that are Junior Lien Obligations, but certain obligations under outstanding Parity Reimbursement Agreements (including the Series Eighteen Reimbursement Agreements described in the paragraph below) and Other Swap Obligations (including termination payments and collateralization) under the Series Eighteen Swaps described below are payable from the JLO Fund. Some of the Port's existing Junior Lien Obligations have payment dates that are monthly or that are not scheduled. The Port may choose to issue Junior Lien Obligations in lieu of or in addition to SLBs to finance costs of capital projects.

The following amounts payable under each Series Eighteen Reimbursement Agreement constitute Junior Lien Obligations rather than SLBs: (1) amounts due upon acceleration of the obligations under the Series Eighteen Reimbursement Agreement upon the occurrence of an event of default under that Series Eighteen Reimbursement Agreement and (2) amounts due upon a liquidity drawing under the applicable Series Eighteen Letter of Credit if, at the time that liquidity drawing is made (a) the representations and warranties made by the Port under that Series Eighteen Reimbursement Agreement are not true and correct in all material respects, except, in each case, to the extent that those representations and warranties specifically refer to an earlier date, in which case, they are not true and correct as of that earlier date or (b) an event has occurred and is continuing, or would result from the payment of that liquidity drawing, that constitutes a default or an event of default under that Series Eighteen Reimbursement Agreement. Events of default under each Series Eighteen Reimbursement Agreement include, among other events, a downgrade by Moody's (if Moody's assigns a rating) below "A" (or its equivalent) or by S&P or Fitch Ratings, Inc. ("Fitch") (if Fitch assigns a rating) below "A-" (or its equivalent) of the long-term rating assigned to the SLBs or a withdrawal (other than as a result of debt maturity, redemption, non-application or defeasance) or suspension (other than as a result of debt maturity, redemption or defeasance) of such rating. See "—Interest Rate Swaps—*Series Eighteen Swaps*" and "CERTAIN INVESTMENT CONSIDERATIONS."

Other Swap Obligations under the Series Eighteen Swaps, including fees and any termination payments, charges and indemnifications, constitute Junior Lien Obligations and are payable from the JLO Fund. See "—Interest Rate Swaps—*Series Eighteen Swaps*" below.

Third Lien Obligations

Third Lien Obligations are bonds or other obligations that have a lien on the Net Revenues that is subordinate to the lien of the SLBs and Junior Lien Obligations and are payable from the TLO Fund. The following obligations of the Port are Third Lien Obligations payable from the TLO Fund: (1) the Commercial Paper Notes (as defined below); (2) amounts owed to Bank of America, N.A. (the "Commercial Paper Bank") under the Commercial Paper Reimbursement Agreement (defined herein); and (3) termination payments under the PFC Bond Swaps. The Port may choose to issue Third Lien Obligations in lieu of or in addition to SLBs to finance costs of capital projects.

The Board enacted Ordinance No. 463-CP on November 8, 2017, authorizing the issuance of up to $300 million of its Commercial Paper Notes. The Port issued its first tranche of Commercial Paper Notes on December 22, 2017. To support payment of the Commercial Paper Notes, the Port obtained an irrevocable direct-pay letter of credit in the initial stated amount of $315,000,000 (the "Commercial Paper Letter of Credit") from the Commercial Paper Bank. The Commercial Paper Letter of Credit expires on May 30, 2025, unless extended or terminated sooner in accordance with its terms.

In connection with the Commercial Paper Letter of Credit, the Port entered into a Reimbursement Agreement, dated as of December 1, 2019 (the "Commercial Paper Reimbursement Agreement"), with the Commercial Paper Bank, which obligates the Port to repay the Commercial Paper Bank for drawings under the Commercial Paper Letter of Credit. Such repayments also constitute Third Lien Obligations.

The Port has issued Commercial Paper Notes for various authorized purposes, including to finance a portion of the costs of the Series Twenty-Nine Projects. The Port expects to repay all outstanding Commercial Paper Notes and interest with proceeds of the Series Twenty-Nine Bonds. The Port expects to continue to issue Commercial Paper Notes from time to time in the future. As of February 21, 2023, the Port had $95.1 million of Commercial Paper Notes outstanding.

Other TLO SWAP Obligations are payments (other than regularly scheduled payments) that may be owed by the Port to the insurer or counterparty under the Port's outstanding PFC Bond Swaps and are Third Lien Obligations.

See "—Interest Rate Swaps—*PFC Bond Swaps*" and "SECURITY AND SOURCES OF PAYMENT FOR THE SLBS—Funds Under the Airport Revenue Bond Ordinances—*Third Lien Obligation Fund*."

Special Obligation Bonds

Pursuant to Ordinance No. 155, the Port may issue Special Obligation Bonds for the purpose of acquiring, renovating or constructing Special Facilities and the site thereof for lease to third parties pursuant to Net Rent Leases.

As of January 1, 2023, the only Special Obligation Bonds outstanding for the Airport are $17,300,000 of bonds issued in 1997 under separate financing documents to finance costs of an operations, training and aircraft maintenance facility for Horizon Air Industries ("Horizon"), referred to in this Official Statement as the "Horizon Special Obligation Bonds." The Horizon Special Obligation Bonds are payable only from payments made by Horizon under a facilities lease and from moneys drawn under the direct-pay letter of credit held by the trustee for the bonds and do not constitute a debt, liability or general obligation of the Port, the State or any political subdivision thereof. None of the Port, the State or any political subdivision thereof is obligated to levy any taxes or to expend any funds for the payment of the Horizon Special Obligation Bonds. Although the Port is permitted under the Airport Revenue Bond Ordinances to pay and/or to pledge to the payment of Special Obligation Bonds from Net Revenues remaining in the General Account after all other deposits are made, the Port has no current plans to issue additional Special Obligation Bonds or to agree to make payments in connection with any Special Obligation Bonds, including the Horizon Special Obligation Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SLBS—Funds Under the Airport Revenue Bond Ordinances" above and the definitions of "Net Rent Lease" and "Special Obligation Bonds" in APPENDIX C.

The table below identifies the Special Obligation Bonds issued and currently outstanding as of January 1, 2023, including the principal amount outstanding.

TABLE 4
PORT OF PORTLAND
OUTSTANDING SPECIAL OBLIGATION BONDS
(as of January 1, 2023)

Series	Dated Date	Final Maturity	Principal Amount
Horizon	August 7, 1997	June 15, 2027	$17,300,000

Source: The Port.

PFC Bonds

The table below identifies the PFC Bonds issued and currently outstanding as of January 1, 2023, including the principal amount outstanding of each series. The Series 2022A PFC Bonds and the Series 2012A PFC Bonds, are referred to collectively in this Official Statement as the "Outstanding PFC Bonds."

TABLE 5
PORT OF PORTLAND
OUTSTANDING PFC BONDS
(as of January 1, 2023)

Series	Dated Date	Final Maturity	Principal Amount
Series 2012A (Refunding)	August 15, 2012	July 1, 2024	$20,010,000
Series 2022A (Refunding)	February 17, 2022	June 30, 2031	51,620,000
	Total Outstanding PFC Bonds		$71,630,000

Source: The Port.

The Outstanding PFC Bonds are payable solely from and secured solely by PFC Revenue and related income and are not payable from or secured by Net Revenues. See "PORTLAND INTERNATIONAL AIRPORT—Sources of Funds for CIP Projects—*Passenger Facility Charges*" for the definition of PFC Revenue.

The Series 2012A PFC Bonds are variable-rate bonds that were purchased by a single buyer and provide for a purchase period ending on July 1, 2024, which is that date upon which the Series 2012A PFC Bonds are stated to mature. The Port is required to pay LIBOR-based variable rates of interest on the Series 2012A PFC Bonds through July 1, 2024. Prior to the cessation of one-month LIBOR (currently expected in 2023), the Port anticipates executing amendments to reference an industry-accepted replacement variable rate index. See "—Interest Rate Swaps—*PFC Bond Swaps*" and "CERTAIN INVESTMENT CONSIDERATIONS—Credit Risk of Financial Institutions Providing Credit Enhancement and Other Financial Products Relating to Airport Bonds—*Series Eighteen Swaps and PFC Bond Swaps*."

CFC Bonds

The table below identifies the CFC Bonds issued and currently outstanding as of January 1, 2023, including the principal amount outstanding. The CFC Bonds described below are referred to in this Official Statement as the "CFC Bonds."

TABLE 6
PORT OF PORTLAND
OUTSTANDING CFC BONDS
(as of January 1, 2023)

Series	Dated Date	Final Maturity	Principal Amount
Series 2019	April 24, 2019	July 1, 2049	$153,560,000

Source: The Port.

Port Ordinance No. 448, enacted by the Board on December 11, 2013 (the "CFC Levy Ordinance"); Port Ordinance No. 461-B, enacted by the Board on February 13, 2019 and effective on March 15, 2019 (as may be amended and supplemented from time to time, the "Master CFC Bond Ordinance"); Port Ordinance No. 478-R, enacted by the Board on October 12, 2022 and effective on November 11, 2022 (the "First CFC Levy Ordinance Amendment"); and the Series 2019 CFC Ordinance are collectively referred to herein as the "CFC Bond Ordinances." The CFC Bonds were the first series of bonds to be issued, and have been the only series of bonds to be issued, by the Port under the CFC Bond Ordinances.

The 2019 CFC Bonds are payable solely from and secured solely by CFCs to be collected on behalf of the Port by the rental car companies that use Airport facilities which are funded by CFCs and the Remaining Contingent Fee Payments, if any, as set forth in the CFC Bond Ordinances. The 2019 CFC Bonds are not secured by or payable from Net Revenues. See "SECURITY AND SOURCES OF PAYMENT FOR THE SLBS—Funds Under the Airport Revenue Bond Ordinances" for a description of the Remaining Contingent Fee Payments.

See "PORTLAND INTERNATIONAL AIRPORT—Sources of Funds for CIP Projects—*Customer Facility Charges*" below.

Interest Rate Swaps

Authority. The Port is authorized under State law to enter into interest rate swaps, and pursuant to the Airport Revenue Bond Ordinances, to pay Scheduled Swap Obligations out of the SLB Fund and to take Scheduled Swap Obligations into consideration for purposes of determining compliance with the Port's rate covenant and satisfying the requirements for issuing Additional SLBs. See the definition of "SLB Debt Service Requirement" in APPENDIX C. The Airport Revenue Bond Ordinances provide that Other Swap Obligations (including termination payments) are payable out of the JLO Fund and that Other TLO Swap Obligations (including termination payments) are payable out of the TLO Fund.

Swap Policy. The Board adopted a policy on Interest Rate Exchange Agreements (the "2004 Swap Policy") in 2004 and amended the 2004 Swap Policy in August 2013. Under the amended policy (the "Swap Policy"), the Port may use interest rate exchange agreements to manage payment, interest rate spread or similar exposure undertaken in connection with existing or anticipated obligations made in the exercise of the borrowing powers of the Port. Permitted interest rate exchange agreements are written contracts that provide for an exchange of payments based upon fixed and/or variable interest rates for payments based on levels of or changes in interest rates, or provisions to hedge payment, rate, spread or an interest rate swap floor, cap, collar or an option to enter into such a contract. Under the Swap Policy, the Executive Director or the Chief Financial Officer, in consultation with the Port's General Counsel, is required to ensure that the risks inherent in each agreement are evaluated, presented to the Board and understood before entering into the agreement and that strategies are formulated to minimize the risks, including counterparty risk, rollover risk, basis risk, tax event risk, amortization risk and termination risk.

Under the Swap Policy, the Port may enter into interest rate exchange agreements only with counterparties that have demonstrated experience in such financial instruments and are (1) rated in one of the top three rating categories without graduation by at least two nationally recognized rating agencies or (2) will collateralize the agreement in accordance with all statutory requirements. The statutory collateralization requirements included in the Swap Policy are listed as follows: cash or obligations rated in one of the top three rating categories, without graduation, by at least two nationally recognized rating agencies are deposited with the Port or the State Treasurer, on behalf of the Port, or an agent of the Port; the collateral has a market value to fully collateralize the agreement as determined at the discretion of the Port; and the collateral is marked to market no less frequently than monthly.

Series Eighteen Swaps. On May 28, 2004, the Port entered into interest rate swaps with Goldman Sachs Mitsui Marine Derivative Products, L.P., an affiliate of Goldman Sachs & Co. LLC, and JPMorgan Chase Bank, N.A., an affiliate of J.P. Morgan Securities LLC (together, the "Series Eighteen Swaps") in connection with the refunding of certain SLBs. Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC (as the successor in interest to Bear Stearns Capital Markets Inc.) are Remarketing Agents of the Series Eighteen Bonds. Those SLBs were refunded on June 11, 2008 with proceeds received from the sale of the Series Eighteen Bonds. The Series Eighteen Swaps require the Port to pay amounts based on fixed rates of interest averaging approximately 5% per annum on a notional amount (as of January 2, 2023) of $28,335,000 and to receive amounts based on variable rates of interest (68% of the one-month London Interbank Offered Rate or "LIBOR"). Prior to the cessation of one-month LIBOR (currently expected in 2023), the Port anticipates executing amendments to reference an industry-accepted replacement variable rate index. At the time the Series Eighteen Swaps were entered into, the fixed rates on the Series Eighteen Swaps were off-market and required the counterparties to make cash payments to the Port totaling $9,293,000. As of January 2, 2023, the Series Eighteen Swaps had an estimated negative fair value of approximately $1.08 million. For the Fiscal Year ending June 30, 2022, the Port adopted the provisions of Governmental Accounting Standards Board Statement No. 93, "Replacement of Interbank Offered Rates," which removed LIBOR as an appropriate benchmark interest rate in hedging derivatives. As a result, the Series Eighteen Swaps are accounted for in the Port's financial records as investment derivatives. See Note 7 in APPENDIX B. The scheduled termination dates of the Series Eighteen Swaps are coterminous with the maturity of the Series Eighteen Bonds (July 1, 2025 and July 1, 2026), although the Port may terminate the Series Eighteen Swaps prior to the scheduled termination dates, and periodically evaluates the costs and benefits of doing so. The aggregate notional amounts of the Series Eighteen Swaps decline each year in accordance with the scheduled mandatory redemption of the hedged portion of the Series Eighteen Bonds. The Port uses the variable interest rate payments it receives under the Series Eighteen Swaps to make the variable interest rate payments on the hedged portion of the Series Eighteen Bonds. The Port or a counterparty may terminate a Series Eighteen Swap if the other party fails to perform an obligation under the Series Eighteen Swap or if the Port's or the counterparty's rating drops below BBB-/Baa3. The Port would be required to post collateral if its rating drops below A-. Scheduled Swap Obligations under the Series Eighteen Swaps are payable from the SLB Fund, and the Port's payments of Scheduled Swap Obligations under the Series Eighteen Swaps are insured by XL Capital Assurance. Other Swap Obligations under the Series Eighteen Swaps (including termination payments and obligations to post collateral) are payable from the JLO Fund. See "CERTAIN INVESTMENT CONSIDERATIONS—Credit Risk of Financial Institutions Providing

Credit Enhancement and Other Financial Products Relating to Airport Bonds—*Series Eighteen Swaps and PFC Bond Swaps*."

PFC Bond Swaps. On February 6, 2007, the Port entered into interest rate swaps with Merrill Lynch Capital Services, Inc. and JPMorgan Chase Bank, N.A., an affiliate of J.P. Morgan Securities LLC, as the successor in interest to Bear Stearns Financial Products Inc. (together, the "PFC Bond Swaps") in connection with the refunding of the Port's Portland International Airport Passenger Facility Charge Revenue Bonds, Series 1999A (the "Series 1999A PFC Bonds"), which the Port refunded through the issuance of its Portland International Airport Passenger Facility Charge Revenue Refunding Bonds, Series 2009A (the "Series 2009A PFC Bonds") on June 24, 2009. The PFC Bond Swaps require the Port to pay amounts based on fixed rates of interest (4.975% and 4.955% per annum) on a total notional amount of $20,010,000 as of January 2, 2023 and to receive amounts based on variable rates of interest (68% of one-month LIBOR). Prior to the cessation of one-month LIBOR (currently expected in 2023), the Port anticipates executing amendments to reference an industry-accepted replacement variable rate index. The PFC Bond Swaps required the Port's counterparties to make cash payments to the Port totaling $5,453,000. As of January 2, 2023, the PFC Bond Swaps had an estimated, combined negative fair value of approximately $338,998. Because the Series 2009A PFC Bonds hedged by the PFC Bond Swaps were refunded by the Series 2012A PFC Bonds, the PFC Bond Swaps are accounted for in the Port's financial records as investment derivatives. See Note 7 in APPENDIX B. The PFC Bond Swaps are coterminous with the maturity of the Series 2012A PFC Bonds, although the Port may terminate the PFC Bond Swaps prior to their scheduled termination dates. The aggregate notional amounts of the PFC Bond Swaps decline each year approximately in accordance with the scheduled mandatory redemption of the Series 2009A PFC Bonds.

Scheduled payments under the PFC Bond Swaps are payable only from PFC Revenue and not from Net Revenues. Termination payments under the PFC Bond Swaps constitute Other TLO Swap Obligations, however, and are Third Lien Obligations payable from the TLO Fund, subject to the future ability and election of the Port to make such termination payments from the Subordinate Lien Obligations Account established under the Master PFC Ordinance established for the payment of PFC obligations. The Port periodically evaluates the costs and benefits of early termination. See "—Third Lien Obligations" above and Note 7 in APPENDIX B.

Under certain conditions, each counterparty to the PFC Bond Swaps (including the Port) is required to post collateral equivalent to the termination value of the applicable PFC Bond Swap. Such collateral may be realized by the other counterparty following certain events of default or a termination under the applicable PFC Bond Swap. The PFC Bond Swaps have and can be expected to continue to have a negative fair value, because the Port received cash payments in connection with entering into the PFC Bond Swaps. As of January 2, 2023, the Port has posted $350,000 in collateral with one counterparty pursuant to the terms of the PFC Bond Swap that requires the Port to post collateral in the event a negative fair value exists. That PFC Bond Swap would also require the Port to post collateral if its rating drops below BBB. The other PFC Bond Swap would require the Port to post collateral if the negative fair value exceeds $15 million or if the Port's rating drops below "A-". See Note 7 in APPENDIX B and "CERTAIN INVESTMENT CONSIDERATIONS—Credit Risk of Financial Institutions Providing Credit Enhancement and Other Financial Products Relating to Airport Bonds—*Series Eighteen Swaps and PFC Bond Swaps*" below.

THE PORT OF PORTLAND

General

The Port was established by an act of the Oregon Legislative Assembly in 1891 and is headquartered in Multnomah County, Oregon. The Port is charged with operating aviation, maritime, commercial and industrial facilities within Multnomah County (including the City of Portland, the "City"), Washington County and Clackamas County. Pursuant to this authority, the Port owns and operates three airports: the Airport ("PDX"), which provides a seven-county region with scheduled passenger, cargo and charter air services and also is a general aviation facility;

Troutdale ("TTD") general aviation airport; and Hillsboro ("HIO") general aviation airport (TTD and HIO together are referred to herein as the "General Aviation Airports"). The General Aviation Airports provide facilities for other air services, including recreational and private business uses. In addition to its aviation operations, the Port owns marine terminals, business and industrial parks and other properties. The Port also owns and operates the dredge *Oregon*, as a contractor to the USACE, to help maintain the navigation channel on the lower Columbia and Willamette rivers. The Port operates a container handling and breakbulk facility at Marine Terminal Six and leases portions of its marine and industrial properties, including facilities for the handling of automobiles, grain and other bulk cargo, to commercial tenants. The Port's headquarters are located at the Airport, and the Port has representation in Seoul, South Korea; Tokyo, Japan; Taipei, Taiwan; and Hong Kong, Shanghai and Tianjin, China.

The Airport is operated by the Port as an independent enterprise, separate from the General Aviation Airports and from the Port's marine and other enterprises. The portion of the Port's general administrative expense that is attributable to the Airport is charged to the Airport as a Cost of Operation and Maintenance. The Airport Fund, into which all of the Port's operating revenues from the Airport are deposited, is held by the Port as a separate enterprise fund. Revenues from the Airport are accounted for separately from revenues from the Port's other activities, including the Port's General Aviation Airports, although after all required deposits are made in connection with the SLBs and any Junior Lien Obligations and Third Lien Obligations and any transfers of Remaining Contingent Fee Payments to the CFC Revenue Fund, remaining Net Revenues may be applied to pay certain costs of the Port's other aviation interests, including costs at the General Aviation Airports that are not paid through general aviation revenues or federal grants. The Port has reserved the right (to the extent then permitted by law) to amend the Airport Revenue Bond Ordinances to add to the definition of "Airport" any facilities operated by the Port, whether or not such facilities are related to aviation, and thus to consolidate the revenues and expenses of the Airport with those of the Port's other operations. As of the date of this Official Statement, the use by the Port of aviation-related revenues for non-aviation purposes is not permitted under federal law. See "SECURITY AND SOURCES OF PAYMENT FOR THE SLBS—Funds Under the Airport Revenue Bond Ordinances," "—Pledge of Revenues" and "—Special Amendments" and "REGULATORY MATTERS—Airport Regulation."

Board of Commissioners

The Port is governed by a nine-member Board of Commissioners that establishes and controls policy for the Port. The Commissioners serve without compensation but are reimbursed for certain expenses. The Commissioners are appointed by the Governor of the State, and their appointments are confirmed by the State Senate. Commissioners serve for four-year terms (and may serve an additional four-year term if reappointed for a second term) or until their successors have been appointed, confirmed and qualified.

The Board is headed by a President who is appointed by the Governor. The President designates the other officers of the Board, including the Vice President, Treasurer and Secretary. The current Board members and their terms of office are listed in the table below.

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TABLE 7
THE PORT OF PORTLAND
BOARD OF COMMISSIONERS

Name and Office	Principal Occupation	Expiration of Term of Appointment [1]
Alice Cuprill-Comas President	Executive Vice President and General Counsel Oregon Health and Science University	September 2023
Michael Alexander Vice President	Retired, formerly Interim Vice President for Global Diversity and Inclusion Portland State University Formerly, President & CEO The Urban League of Portland	May 2024
Katy Coba Treasurer	Retired, formerly Chief Operating Officer and Director for Department of Administrative Services	June 2026
Ketan Sampat Secretary	Co-Founder, Chief Technology and Product Officer at The Provenance Chain Network, Faculty and Founding Academic Director, MS-Applied Data Science for Business at Portland State University	March 2025
Katherine Lam Commissioner	President and Co-Owner of Bambuza Hospitality Group	November 2023
Richelle Luther Commissioner	Senior Vice President Corporate Affairs and Chief Human Resources Officer at Columbia Sportswear	February 2024
Meg Niemi Commissioner	President of SEIU Local 49	November 2023
Stuart Strader Commissioner	President, International Longshore and Warehouse Union Local 8	March 2025
Vacant[2] Commissioner	N/A	N/A

[1] Commissioners serve until their successors have been appointed, confirmed and qualified.
[2] Position currently vacant; an appointment to be made by the Governor and approved by the State Senate.
Source: The Port.

Port Management

General. The Port employs an Executive Director and other officers, agents, employees and advisors. The Executive Director and his staff implement the policies established by the Board. In addition to the Executive Director, the senior management team of the Port is comprised of the Chief Operating Officer, the PDX Next Chief Project Officer, the General Counsel, the Chief Financial Officer, the Chief Trade and Equitable Development Officer, the Chief Diversity and Social Impact Officer, the Chief Administrative Officer, and the Chief Project Delivery and Safety Officer.

The following individuals are directly responsible for the executive administration of the Airport, its finances or its legal affairs:

Curtis Robinhold, Executive Director, joined the Port in 2014 as Deputy Executive Director, and assumed his current role in July 2017. Prior to joining the Port, Mr. Robinhold served as Chief of Staff to Governor Kitzhaber and before that served as Chief Executive Officer at EnergyRM, an energy efficiency finance company. Prior to that, Mr. Robinhold was Managing Director of BP Alternate Energy's global gas-fired power business in Europe and Asia.

Dan Pippenger, Chief Operating Officer, joined the Port in 2006 and was appointed to his current position in January 2020. Prior to that, Mr. Pippenger served as planning and development director beginning in 2014. From 2009 to 2014, he led the Port's marine operations and marketing functions. From 2006 to 2009, he was the marine security manager. Before joining the Port, Mr. Pippenger served as a commissioned officer for the U.S. Coast Guard for more than 20 years.

Vince Granato, PDX Next Chief Project Officer, joined the Port in 1987 and was appointed to his current position in November 2019. Prior to that, Mr. Granato served as Chief Operating Officer beginning in February 2012. From 2009 to 2012, he was Chief Financial Officer and Director of Financial & Administrative Services. From 2005 to 2009, Mr. Granato was General Manager, Financial Services, and from 2000 until 2005, he served as Senior Manager, Aviation Finance.

Daniel Blaufus, General Counsel, joined the Port in 2014 as General Counsel. Mr. Blaufus served as Interim Chief Financial Officer from December 2019 to July 2020. Prior to that, Mr. Blaufus also served as Interim Chief Financial Officer from September 2018 to June 2019. Before joining the Port, Mr. Blaufus served as Senior Vice President and General Counsel at Borden Dairy Company in Dallas, Texas and before that served in various legal capacities at NIKE Inc.

Antoinette Chandler, Chief Financial Officer, joined the Port in July 2020 in her current position. Ms. Chandler comes to the Port with more than 25 years of banking and investment experience in both the private sector (Morgan Stanley, Bank of America and JP Morgan) and public sector (County of San Diego and County of Los Angeles). Most recently, she served for nearly three years as the assistant treasurer for the County of Los Angeles, where she was responsible for managing the Public Finance, Investments and Deferred Income Plans Branch.

Keith Leavitt, Chief Trade and Equitable Development Officer, joined the Port in 1999 and was appointed to his current position in November 2014. From 2008 to 2014, he was the General Manager of Business Development and Properties. Mr. Leavitt has also served in a variety of other capacities at the Port, including Development Project Manager and State Governmental Affairs Manager. Prior to joining the Port, Mr. Leavitt served as Port Division Manager and Economic Development Representative for the Oregon Economic Development Department.

Mayra Arreola, Chief Diversity and Social Impact Officer, joined the Port in September 2022. Before joining the Port, Ms. Arreola was the Director of Resource Management and Operations for the Oregon Department of Education and previously served as the Director of Equity, Governance and Communications at Prosper Portland.

Bobbi Stedman, Chief Administrative Officer, joined the Port in 2013. Previously, Ms. Stedman was Senior Vice President, People and Culture, for Vestas Windsystems and before that was Director of Human Resources at Philips Medical Systems WA.

Stan Watters, Chief Project Delivery and Safety Officer, joined the Port in 2008. Before joining the Port, Mr. Watters was a Senior Vice President for PacifiCorp and President of Portland-based utility Pacific Power.

Labor Relations; Risk Management Programs; Aviation Business Line

Labor Relations. During Fiscal Year 2022, the Port employed approximately 725 of its 795 budgeted full-time-equivalent employees ("FTEs") in a variety of work categories and for Fiscal Year 2023 has budgeted for a total of 866 FTEs. An FTE represents 2,080 hours of work annually. Of the total number of FTEs budgeted at the Port for Fiscal Year 2023, approximately 426 are employed at the Airport. At the Airport, five unions collectively represent approximately 244 of the Port's Airport employees through four collective bargaining agreements ("CBAs"). Of the four CBAs, one expires on June 30, 2026, two expire on June 30, 2024, and one expires on

June 30, 2023. The parties to the CBA that expires on June 30, 2023 are currently in negotiations for a successor CBA. At the Airport, there have been no strikes or other labor-related disruptions directed against the Port.

Risk Management Programs. The Port maintains a comprehensive, professionally administered risk management program. As a part of this program, the Port has adopted various administrative policies addressing key risk management issues, including business continuity and cybersecurity. The risk management program's insurance component includes a combination of self-insurance and commercial insurance to provide protection from losses involving property, liability, injury, and business interruption. Property losses are currently insured up to a policy limit of $1.0 billion per occurrence, including earthquake and flood coverages each with annual aggregate sublimits of $150 million. Airport liability insurance is currently maintained at $500 million per occurrence, with a sublimit of $500 million for war risk. The Port has a stand-alone terrorism coverage policy with a $1.0 billion coverage limit. The Port also maintains cyber liability insurance.

The Port's loss exposure is mitigated through contractual risk transfer. Where possible, the Port's Airport agreements require contractors, lessees and other entities doing business with the Port or using Port property to defend, hold the Port harmless from, and indemnify the Port against any claims and damages arising out of the entity's activities, services and/or operations. Where appropriate, such agreements also require the contractor, lessee or other entity to carry insurance naming the Port as an additional insured. The Port's loss exposure is further mitigated by State law. The Oregon Tort Claims Act (the "OTCA"), which is set forth in Oregon Revised Statutes (ORS) Chapter 30, limits tort claim liability for public bodies such as the Port. The liability of the Port and its officers, employees and agents acting within the scope of their employment or for claims arising out of a single accident or occurrence the following amounts for causes of action arising on or after July 1, 2022 and before July 1, 2023:

- Personal injury or death: (a) $806,100 for any single claimant; and (b) $1,612,000 for all claimants.

- Damage and destruction of property, including consequential damages: (a) $132,200 for any single claimant; and (b) $661,000 for all claimants.

For causes of action arising on or after July 1, 2023, the State Court Administrator will adjust these the liability limits based on a determination of the percentage increase or decrease in the cost of living for the previous calendar year using a statutory formula. The adjustment may not exceed 3% for any year.

Under the OTCA, the Port must defend, save harmless, and indemnify its employees against any tort claim or demand arising out of an alleged act or omission occurring in the performance of duty. Accordingly, the Port may be subject to claims up to the levels described above when required to indemnify its employees. At this time, the Port believes that its airport liability insurance is sufficient to cover the Port adequately against tort claim liability given the current OTCA limits.

The Port maintains an Owner Controlled Insurance Program ("OCIP") for the TCore Project. The OCIP is a single insurance program that provides workers' compensation, employers' liability, commercial general liability, products/completed operations, excess liability, contractors' pollution liability, professional liability, and builders' risk insurance coverage for construction job site risks. All construction under the TCore Project is covered. Benefits of an OCIP can include greater stability of insurance coverage, and centralization of the project's insurance resources. All contractors at each level must enroll in the program, unless excluded from coverage.

Aviation Business Line

Airport operations, terminal leasing and concessions development and operations are managed by the Port's Operations Division, which is headed by the Chief Operating Officer. Commercial development and management of general aviation properties at the Airport and at the General Aviation Airports and air service development are managed by the Trade and Equitable Development Division.

At the Airport, the Directors of Environmental Operations, PDX Business and Properties, Airport Operations, and Public Safety and Security each report to the Chief Operating Officer. The Director of Environmental Operations is responsible for integrating environmental considerations into Port planning and operational decisions and for environmental compliance. The Director of PDX Business and Properties is responsible for the Port's contractual relationships with the various airlines, concessionaires, rental car operators and other tenants providing services at the Terminal, including ground transportation and parking. This position is also responsible for customer service, both inside and outside, of the terminal, and working with tenants and the general public who use the facility. The Director of Airport Operations is responsible for the daily operations and maintenance of the Airport, including airside and landside operations for the Airport and for the General Aviation Airports. The Director of Public Safety and Security is responsible for airport police, fire, security and emergency management, and the Airport Communications Center.

The Directors of Commercial Properties and Air Service Development each report to the Chief Trade and Equitable Development Officer. The Director of Commercial Properties is responsible for the commercial development and management of the general aviation, cargo, airline maintenance and commercial Airport properties. The Director of Air Service Development and his team are responsible for the recruitment and retention of strategic passenger and cargo service at the Airport.

PORTLAND INTERNATIONAL AIRPORT

General

The Port has owned and operated the Airport since 1940. The Airport is located approximately 12 miles northeast of the Portland city center. The Airport is the only commercial air service facility within the Air Service Area described below and is relatively isolated from competing commercial air service facilities. Seattle-Tacoma International Airport, which is the closest airport with comparable facilities, is approximately 160 miles (driving distance) away from downtown Portland. The only other commercial service airports in the State are much smaller than the Airport in terms of air service provided.

According to calendar year 2021 data provided by the FAA, the Airport was the 33rd largest airport in the United States in terms of enplaned passengers and has been classified a medium-hub airport (enplaning more than 0.25% but less than one percent of nationwide enplaned passengers). FAA data shows that during the calendar year 2021, 5.8 million enplaned passengers boarded aircraft at the Airport, which was an increase of 66.7% as compared to calendar year 2020; however, the calendar year 2021 enplaned passenger levels were still approximately 58.8% of the levels in calendar year 2019. During calendar year 2022, approximately 7.4 million enplaned passengers boarded aircraft at the Airport, which was a 25.2% increase compared to calendar year 2021.

For Fiscal Year 2022, the Airport handled 378,794 short tons of cargo (freight and mail), an increase of 2.9% compared to Fiscal Year 2021. For the current fiscal year-to-date through December 31, 2022, the Airport handled 188,193 short tons of cargo, a decrease compared to the same period for Fiscal Year 2022.

Airport Master Plan and Resilience Planning

Master Planning Process. Future project and facility needs at the Airport are evaluated as a part of the Port's master planning process. The Port's traditional approach to master planning begins with an inventory of existing conditions and an aviation demand forecast. The inventory and forecast serve as the basis for assessing the ability of the Airport to meet projected demand. Facility requirements triggered by various activity levels are evaluated, defined in the airport master plan report and then depicted on an Airport Layout Plan, a set of drawings that graphically represent the long-term development plan for the Airport. The final step of this process includes phasing the projects necessary and aligning with asset renewal needs, where applicable, to meet requirements at various activity levels tied loosely to a timeline, which are then incorporated into the CIP. The CIP is always subject to change, and projects are evaluated and adjusted (timing and/or scope and budget) consistent with variations in demand and project approach.

Airport Master Plan. The Port updated its master plan for the Airport in 2011 (the "PDX Master Plan"). Among the principal findings of the PDX Master Plan were that (1) a third parallel runway will not be required during the planning period (through 2035), and (2) the existing Terminal area has sufficient capacity for passenger growth in almost all key elements. The PDX Master Plan, however, emphasized that the adaptive reuse of the existing terminal to keep pace with the evolving needs of the industry and with new technologies is critical. Concurrently, the City developed a land use plan for the Airport that identified the Airport-occupied area as an airport plan district and included the airport plan district as part of the City's development code; this zoning designation for the Airport enables the Port to implement the PDX Master Plan and to have by right all facilities necessary for the operation of the Airport.

In an effort to keep the PDX Master Plan current, the Port conducts follow-on studies to monitor passenger and cargo activity, evaluate the impact of emerging industry trends, and refine project definitions. The follow-on studies, along with regular reviews of the aviation demand forecast, enable the Port to adjust expectations accordingly and adapt plans to reflect current issues and trends.

The Port will be updating the PDX Master Plan with efforts already underway. The process is expected to be completed in calendar year 2026. That effort will build upon the foundation established by prior planning and development and will continue to reflect the Port's commitment to shared prosperity, community engagement and sustainability. Based on the strength of prior planning and significance of the capital program of the past few years, the Port proposes a targeted study seeking to validate and update the direction from the PDX Master Plan based on current issues, trends, and opportunities. The Port does not anticipate the updated Master Plan to impact the scope or essentiality of the Series Twenty-Nine Projects.

Resilience Planning. In addition to the Port's master planning process and the PDX Master Plan, the Port has established a resilience program to reduce the impacts of disruptive events, such as earthquakes, floods, storms, high heat, and communicable disease on facilities, assets and operations. Investment in mitigation and adaptation is intended to improve the Port's ability to withstand natural disasters and the impacts of climate change, reduce the Port's vulnerability and shorten recovery times. The resilience program works in close coordination with the Port's emergency management program which assesses current vulnerabilities, maintains response plans and coordinates emergency response. Creating, updating and enhancing resilience program elements, including both infrastructure and operational mitigation and adaptation investments, augment the Airport Master Plan facility performance goals.

One focus of the resilience program is on seismic resilience as the Airport is the only major airport in Oregon and Southwest Washington and would be critical for efforts to restore water, fuel, power and other critical infrastructure and services if a major earthquake occurs. See "CERTAIN INVESTMENT CONSIDERATIONS—Seismic and Other Force Majeure Events." The Port's seismic resilience program is guided by the Oregon Resilience Plan (the "ORP"), adopted by the State in 2013. The ORP provides guidance on priority facilities for response and recovery. The Port's seismic resilience program is being designed to include additional risk assessment, training, and the development, funding, design and implementation of a 50-year capital investment program to enable the Port to resume operations and services quickly and to assist with regional recovery following a major seismic event. Understanding the severity of the impact that an earthquake may have on Port infrastructure will inform investment decisions as the Port maintains and expands its passenger and freight serving infrastructure.

The design of the TCore Project is also focused on operational resiliency. Targeting a Magnitude 9 event on the Cascadia Subduction Zone, the new structures for the Terminal Core are designed for structural immediate occupancy performance and non-structural elements are designed to be repairable in a short timeframe. Additionally, the uppermost 100 feet of soil on the site has been identified as liquefiable; to achieve resilience goals, the on-grade level of the Western Expansion portion of the TCore Project is designed to function as a pile-supported suspended reinforced concrete floor if the soil below settles.

Additionally, the Port participated in the update to the Multnomah County, Oregon (the "County") Natural Hazards Mitigation Plan ("NHMP"), which is required by the Federal Emergency Management Agency ("FEMA") to be updated every five years. This plan uses the best available information about natural hazards to come up with actions to protect life, property and the environment in future natural disasters. The current NHMP was completed in 2017 and an update is in process. In addition to the Port and the County, this NHMP update includes the Cities of Fairview, Gresham, Troutdale, and Wood Village, and Multnomah County Drainage Districts. The NHMP identifies the Airport and Marine Terminal Six as strategically important assets that would be needed for the region in the event of a catastrophic natural disaster. It also identifies the Port's mitigation core capabilities as: 1) planning and long-term vulnerability reduction, 2) operational coordination, administration and technical support, 3) education, and 4) financial. The NHMP covers specific actions that have been or will be undertaken by the Port to address identified risks in support of the NHMP.

Airport Facilities

General. The Airport occupies approximately 3,200 acres of land on the southern edge of the Columbia River. The existing airfield consists of two parallel east/west runways (a south runway and a north runway) and one northeast/southwest crosswind runway, all 150 feet-wide, two constructed of asphalt concrete, one of Portland cement concrete, and all fully lighted. The south runway (Runway 10R-28L, which is 11,000 feet long and was reconstructed in 2011) and the north runway (Runway 10L-28R, which in 2010 was reconstructed and extended to 9,825 feet long) are fully instrumented. Runway 3-21, the northeast/southwest crosswind runway, is 6,000 feet long and is instrumented with localizer/distance measuring equipment to Runway 3-21 only.

Passenger Terminal Complex. The passenger terminal complex (the "Terminal") includes a main terminal building with four attached concourses (Concourses B, C, D and E) and a federal inspection station (the "FIS") for international arrivals. In July 2020, the Port opened the 850-foot extension of Concourse E. This project was intended to allow the relocation of Southwest Airlines from Concourse C to Concourse E to provide for a more balanced flow of passengers between the north and south sides of the Airport. This project included the construction of approximately 157,000 square feet of space that provided six new aircraft gates, two ground loading parking positions, hold-rooms, restrooms and modifications to the ticket lobby. This project also included gate and apron configuration to accommodate Group III aircraft and 10 concession areas.

In December 2021, the redevelopment of Concourse B was completed. Completion of this project resulted in one additional contact gate, six new ground load positions, new restrooms, a new covered walkway, five RON parking positions to the East end of the Concourse B ground-loading positions, and two additional concessions.

With the improvements from the expansion of Concourses B and E as described above, the current aircraft parking configuration at PDX consists of 41 loading bridge-equipped positions and up to eight ground-loading positions. Six loading bridge-equipped gates provide accessibility to the FIS for international arrivals on Concourse D but are also used for domestic flight activity when required. Each loading bridge-equipped gate at PDX is served by a hold-room to accommodate airline passengers. Hold-rooms for ground loading positions are located in the lower level of Concourse B on the east end, and on the lower level of the new Concourse E extension on the east end.

The primary public areas in the Terminal are divided into a departure level and an arrival level. An elevated roadway provides vehicle access to the departure level, which provides direct access to all concourses. Ticket counters and concession areas, including a food court, cafes, pubs, full-service restaurants, quick-serve food and beverage, newsstands and retail shops, are located on the departure level on all concourses. The arrival level is accessible by vehicles via ground-level roadways and contains baggage claim facilities, coffee concessions and a TriMet MAX Light Rail station located near the baggage claim area at the southern end of the Terminal.

Terminal Core Redevelopment Project ("TCore Project"). The Port is undertaking a substantial improvement to the terminal with the TCore Project. When completed, this project is expected to provide sufficient ticketing, security screening and concessions to accommodate projected passenger growth that is expected to reach up to 35 million annual passengers in 2045. The TCore Project has a projected total budget of approximately $1.95 billion and consists of two major components: (1) the Western Expansion/Ticket Lobby (the "Western Expansion"), which has a projected budget of approximately $1.61 billion, a portion of which will be funded with proceeds of the Series Twenty-Nine Bonds as described above under "THE PLAN OF FINANCE" and (2) the Rebuild Terminal Nodes/Ticket Lobby, which has a projected budget of approximately $347.39 million.

The TCore Project includes a major redevelopment of the Airport's terminal, including the Western Expansion, which consists of construction of a western expansion of the main terminal into the alley between Concourses C and D; construction of a new, mass timber roof over the existing terminal and the Western Expansion; rehabilitation of the existing terminal core, including improvements to the existing ticket lobby and baggage handling systems; and major seismic upgrades and renewal of mechanical, electrical and other systems. The updated terminal is expected to provide flexibility to allow for simpler reconfigurations while possibly avoiding major reconstruction in the future to react to changes in passenger processing, security checkpoint equipment and operational changes, additional space for social distancing, and passenger health checks, for example. This is accomplished by minimizing the number of building structural elements that would be impediments to building functional rearrangements to the roof columns, mezzanine structure and baggage handling drops. The TCore Project is expected to provide expedited passenger and baggage processing including more touchless features and incorporates elements that will further the Port's environmental and sustainability efforts, including the designing of the TCore Project to the Leadership in Energy and Environmental Design ("LEED") gold level. See "ENVIRONMENT, SUSTAINABILITY AND SOCIAL EQUITY INITIATIVES—*Climate Change*" herein.

Design was completed in phases through September 2021 and construction started on the initial phase of work in February 2020. Some tenant improvement design activities (e.g. TSA checkpoint installation) may extend until the beginning of CY 2023).During the TCore Project, there will be intermittent closures of various gates. Construction of the Western Expansion component of the TCore Project is expected to be complete by the end of Fiscal Year 2024 and the entire TCore Project is expected to be complete at the end of Fiscal Year 2026. To date, subgrade piping, and electrical and structural components within the footprint of the Western Expansion have been completed. In addition, the Western Expansion roof structural supports have been installed and the roof has been moved into place.

The implementation of the TCore Project required significant overlap between the design development and construction activities phases of the work. As such, some early design development packages (building structural upgrades, interim facilities for phased installation, security and ticket lobby rearrangements to support phasing, roof fabrication, building envelope procurement, existing building demolition, a new building structure, baggage handling system upgrades, interior fit-up, finishes and building mechanical, electrical and plumbing systems) have already been procured through the Port's construction management team. These early packages equate to approximately 98% of total construction costs. The remaining 2% of the work consisting of the exterior pavement activities and final interior fit-up and finishes will take place in mid- to late calendar year 2023. See "—Airport Master Plan and Resilience Planning—*Resilience Planning*" above and "ENVIRONMENT, SUSTAINABILITY AND SOCIAL EQUITY INITIATIVES" for a description of the design elements relating to expedited processing and sustainability, respectively.

In 2022, the Port finalized the Guaranteed Maximum Price (the "GMP") of the construction contract for the TCore Project with the Port's general contractor. As part of this process, the cost of the TCore Project increased from $1.45 billion to $1.95 billion. The Port closely monitored developments related to the cost of the TCore Project and actively communicated with the Signatory Airlines about project costs.

At the request of the Signatory Airlines, the Port hired WSP USA, Inc. ("WSP") to perform an independent audit of the increase in costs associated with the budget increase. WSP worked with the Port and the TCore Project construction and design teams to understand and independently analyze the GMP from a cost and schedule perspective, focusing on the $500 million variance and confirming the six-month schedule impact. No significant concerns were noted. WSP found that the following items accounted for the majority of the cost increase:

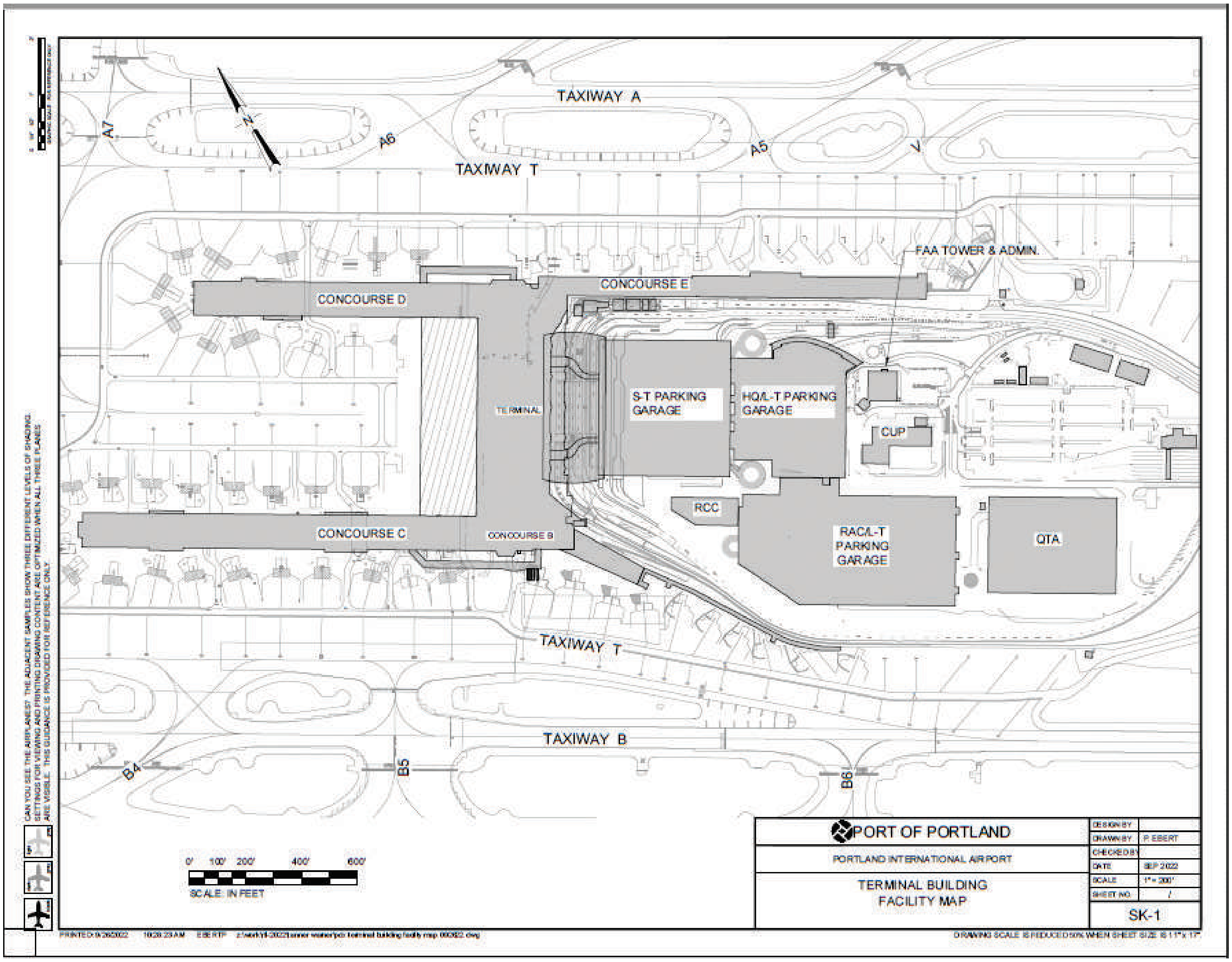
- Pricing (unit rates) for major commodities;
- Schedule impacts/unforeseen conditions (a mix of construction delays, schedule development as the scope of work was defined, and delay as a result of unforeseen conditions, including in the Oregon Market area demolition);
- Design fee;
- Contingency;
- Labor cost escalation; and
- Ongoing design development that added quantity and more definition to the design.

WSP found that Unit pricing estimates used in the GMP were less than 5% above WSP's independent estimates, which was considered an acceptable variance. Escalation of major commodity costs was considered fair and reasonable. While the design fee as a percentage of the GMP was higher than typical industry design fees, WSP noted that the design team is performing more tasks than a typical team may undertake due to design development over the years to meet current requirements. The 3% contingency was determined to meet the industry standard and to be lower than contingencies observed in representative airport projects elsewhere. Labor cost escalation was attributed to union labor rate negotiations.

The Port submitted the cost increase for majority-in-interest ("MII") review and did not receive disapproval for the portion of the TCore Project costs which are attributable to project cost escalations in excess of 110% of the initial cost estimate of $1.45 billion; as such, the full $1.95 billion cost of the TCore Project is fully approved, and the GMP is finalized for the full $1.95 billion. See "—Airport Capital Improvement Program—Majority in Interest Disapproval Process" below for further discussion.

See also "—Airport Capital Improvement Program" below and Chapter 3 of the Report of the Airport Consultant in APPENDIX A.

The following map illustrates the current layout and locations of the Terminal.



Source: The Port.

Parking. Currently, Port-owned parking facilities consist of a seven-story, short-term public parking garage, located adjacent to the Terminal (the "Short-Term Parking Garage"); a seven-story long-term parking garage (the "Long-Term Parking Garage"); a newly constructed six-story long-term public parking and consolidated rental car garage (the "Public Parking and ConRAC Garage"); economy surface parking lots; and two employee surface parking lots. The Public Parking and ConRAC Garage, the Long-Term Parking Garage, and the Short-Term Parking Garage are located adjacent to each other. Tunnels and moving sidewalks connect the Public Parking and ConRAC Garage and the Long-Term and Short-Term Parking Garages to the Terminal. The public floors of the Short-Term and Long-Term Parking Garages include automated parking guidance systems that include a sensor for each covered parking space and signage providing real-time information about available parking spaces. The parking lots and garages include an automated parking payment and revenue control system as well as electric charging stations.

Prior to the opening of the Public Parking and ConRAC Garage in November 2021, the first two floors of the Short-Term and first floor of the Long-Term Parking Garages had been utilized by rental car companies and are currently vacated. A project is underway to repurpose the second floor of the Short-Term Parking Garage to create additional short-term public parking. The first floor of the Short-Term Parking Garage will be repurposed for a new ground transportation hub for passenger pick-up. The first floor of the Long-Term Parking Garage will be converted to employee parking.

The top three levels of the Public Parking and ConRAC Garage are utilized for long-term public parking and the bottom three floors are utilized for the consolidated operations of all rental car brands operating at the Airport. Adjacent to the Public Parking and the ConRAC Garage is a rental car quick turnaround facility (the "QTA Facility"). The QTA Facility is for use by the rental car companies for the fueling, washing, and processing of returned rental cars. The two facilities are connected by a dedicated ramp. The construction of the QTA Facility was funded on a pay-as-you-go basis from CFC funds. For further discussion of ground transportation facilities at the Airport, see Chapter 4 in APPENDIX A.

In November 2021, the Port substantially completed the Public Parking and ConRAC Garage, resulting in 724,000 square feet of space for rental car ready/return and parking operations, approximately 2,070 parking spaces for rental cars, and more than 2,200 long-term parking spaces. The facility also includes a 30,000 square-foot rental car customer service space located on the first floor of the Rental Car Center building that is adjacent to the Public Parking and ConRAC garage. Pursuant to rental car concession lease and operating agreements, all rental car companies consisting of eleven rental car brands operating at the Airport, have now consolidated operations on the rental car floors in the Public Parking and ConRAC Garage and the adjacent Rental Car Center building. The floors utilized by the rental car companies in the garage and the first floor of the Rental Car Center building were funded with CFC-backed revenue bonds and CFCs on a pay-as-you-go basis. See "AGREEMENTS FOR USE OF AIRPORT FACILITIES—Rental Car Agreements" below.

The economy surface parking lot is located near Interstate 205 off NE Airport Way. Free parking shuttles operate between the economy lot and the Terminal. Two surface parking lots are provided for parking by Port, Airport, airline, concessionaire and tenant employees, however, one employee surface parking lot is currently repurposed for construction uses through Fiscal Year 2025.

Below is a summary of the approximate number of Port-owned parking spaces currently available and expected to be available upon completion of repurposing the garage floors that were vacated by rental car companies.

	Current		**Future**	
	Public	**Employee**	**Public**	**Employee**
Short-Term Garage	3,300		3,800	
Long-Term Garage	5,400		5,400	
Public Parking and ConRAC Garage	2,290		2,290	
Economy	7,800		7,800	
Employee (Alderwood)		2,400		2,400
Employee (HQ, Surface Lot)		400		400
Totals	**18,790**	**2,800**	**19,290**	**2,800**

Source: Port records.

For further discussion of parking facilities at the Airport see Chapter 3 in APPENDIX A.

Ground Transportation. A TriMet MAX Light Rail station located at the southern end of the Terminal connects the Airport by rail to the following cities in Oregon: City, Gresham, Clackamas, Beaverton, Milwaukie and Hillsboro. Ground transportation to and from the Airport is also provided by private passenger vehicles, taxis, private bus and shuttle services, limousine services and transportation network companies ("TNCs") such as Uber Technologies Inc. ("Uber") and Lyft, Inc. ("Lyft").

For Fiscal Year 2022, TNCs recorded 1,255,048 Airport pick-ups/drop-offs resulting in $3,994,980 in trip fee revenue for the Port, compared to 595,981 Airport pickups/drop-offs and $1,787,943 in trip fee revenue in Fiscal Year 2021. See "AGREEMENTS FOR USE OF AIRPORT FACILITIES—Parking; Ground Transportation/TNCs."

Cargo and Airline Maintenance Facilities. For Fiscal Year 2022, the Airport handled 378,794 short tons of cargo (freight and mail), an increase of 2.9% compared to Fiscal Year 2021. Air cargo and airline maintenance facilities are located in two main areas at the Airport: the PDX Cargo Center and the AirTrans Center.

The PDX Cargo Center consists of two buildings totaling approximately 130,000 square feet. The Port leases these buildings to various passenger airlines, for their belly cargo and ground support equipment ("GSE") maintenance operations. Other GSE operators and freight forwarders also lease space in these buildings.

In the AirTrans Center, third-party developers, including Aero Portland, LLC, Prologis, L.P., and PDACC1, lease land upon which they have constructed cargo facilities. Subtenants of these cargo facilities include Federal Express, DHL Worldwide Express, Summit NW, Hanjin Transportation Co., Matheson Flight Extenders, and Majestic Terminal Services, Inc. These buildings are currently fully occupied. The AirTrans Center is also home to United Parcel Service's northwest regional hub.

Maintenance facilities include Boeing Corporation's paint operation hangars, Triangle Aviation RD and LLC/Ameriflight, LLC facilities, United Airlines' hangar and maintenance facility, and Horizon Air's 150,000 square-foot regional headquarters and maintenance facility.

Military, Corporate and General Aviation Facilities. The United States, for the benefit of the Oregon Air National Guard (the "ORANG"), leases approximately 213 acres of land on the south side of the Airport, adjacent to the AirTrans Center. The ground lease with ORANG terminates in 2063, although portions of the total premises are subject to scheduled early terminations in 2030. Additionally, a third 75-acre parcel within the premises is subject to early termination, at the Port's sole option, if the parcel is needed for a third runway. The lease also is subject to early termination at any time at the option of the United States, with 180 days' prior notice to the Port. As with most U.S. military leases at joint-use airports, the United States is required to pay only nominal rent but is required to pay certain costs, including costs related to environmental and other regulatory requirements.

Corporate and general aviation facilities at the Airport are located on the north side of the Airport and include paved aircraft parking areas, aircraft hangars and fixed base operator facilities. In addition to its own facilities, Atlantic Aviation manages the general aviation ramp, pursuant to ramp management agreements. The Port receives rent under these agreements.

Other general aviation services are provided by the Port at the General Aviation Airports, both of which are located within 35 highway miles of the Airport. The FAA has designated both of the General Aviation Airports as "reliever airports." Reliever airports are intended to reduce congestion at larger commercial service airports primarily by providing an option to accommodate general aviation traffic. The General Aviation Airports are not currently part of the Airport, and their revenues and expenses of operation are accounted for separately from those of the Airport. The Port, from time to time, subsidizes the General Aviation Airports from Net Revenues available after required payments are made from the TLO Fund and any Remaining Contingent Fee Payments are transferred to the CFC Revenue Fund. See "SECURITY AND SOURCES OF PAYMENT FOR THE SLBS—Funds Under the Airport Revenue Bond Ordinances" above and "Flow of Funds" in APPENDIX C.

Commercial Facilities. On the eastern side of the Airport, adjacent to Interstate 205 and NE Airport Way, is the Port-owned Cascade Station/Portland International Center plan district (the "CS/PIC"), which consists of two distinct areas: Cascade Station and the Portland International Center ("PIC"), which are described below. The

CS/PIC development framework was negotiated as part of a development and financing package to extend the regional light rail system through the CS/PIC to the Terminal.

Cascade Station was master-planned and developed by an experienced retail developer. Of the 120 acres in Cascade Station, approximately 97 have been developed by private developers and tenants into a mixed-use commercial area that includes hotels, large and small retailers, and office developments, including the regional office for the Federal Bureau of Investigation. Prosper Portland, which is an economic and urban development agency for the City, via a master development agreement with the Port, has the development rights on the remaining approximately 23 acres and markets to office and hotel users.

The PIC is located south of Cascade Station and east of NE 82nd Avenue and consists of approximately 327 acres. Currently, developed areas in the PIC include 139 acres occupied by a hotel, warehouse/distribution/office buildings, manufacturing facilities, industrial development and a United States Customs headquarters building. Another 21 acres were developed into Airport employee parking. Future developable areas in the PIC include approximately 94 acres, which are reserved specifically for aviation use. Another 73 acres of land near Interstate 205 is designated as permanently open space.

Other development within CS/PIC (except for roads, which are owned by the City) were constructed and are operated by private parties on Airport land that is leased from the Port under prepaid leases typically with terms of up to 50 years.

Other commercial facilities located at the Airport include two hotels on the north side of Airport Way (the Sheraton Airport Hotel and Hampton Inn), which are located on land leased from the Port. The Travel Center near the PDX Cargo Center includes a gas station, a convenience store, a coffee shop and quick-serve restaurants.

Airport Capital Improvement Program

In addition to the Series Twenty-Nine Projects, the Airport CIP for Fiscal Year 2023 through Fiscal Year 2030 includes current and future projects in the Airline Cost Center and the Port Cost Center (collectively, the "Other Capital Improvement Projects" and, together with the Series Twenty-Nine Projects, the "Capital Improvement Projects"). The Port expects the costs (excluding financing costs) of its Other Capital Improvement Projects during Fiscal Year 2023 through Fiscal Year 2030 will total approximately $2.58 billion. Construction on certain of these Other Capital Improvement Projects may not be completed by Fiscal Year 2030 and may include additional costs beyond Fiscal Year 2030.

The projected cost of the Airport CIP is expected to total $3.33 billion. Of the total CIP, the Airline Cost Center projects total approximately $2.76 billion, the Port Cost Center projects total approximately $457.7 million and projects allocable to both the Airline Cost Center and the Port Cost Center total $107.0 million. For a discussion on the Airport's cost centers, see "PORTLAND INTERNATIONAL AIRPORT—Airport Cost Centers." A number of the projects in the Airport CIP are part of a campaign known as "PDX Next," which is a suite of Airport modernization projects branded under that moniker. The TCore Project is one of the PDX Next projects.

Airline Cost Center. Current and future Capital Improvement Projects in the Airline Cost Center, which are projected to total approximately $2.76 billion, include: all of the Series Twenty-Nine Projects as well as construction of the remaining portions of the TCore Project; Runway 10L-28R Reconstruction; BHS-CBRA-CSU project; Taxiway K Reconstruction; PDX Circulation and Capacity Improvements; Airfield Improvements; Taxiway A Rehabilitation; PDX Escalators; Runway 3-21 and Taxiway Rehabilitation; Airfield Regulator Building and Runway LED Upgrade; Basin 1 Subarea Stormwater System Improvements; Terminal Roof Replacements; and Passenger Boarding Bridge Replacement- Phase 3.

Port Cost Center. Projects to be undertaken in the Port Cost Center are projected to have a total cost of $457.7 million. The Public Parking and ConRAC Garage opened in November 2021 and project spending is nearing completion. In October 2021, the Port increased the project budget by approximately $17 million, or approximately 6%. This amount is anticipated to see the project to completion. A modified GMP for the facility construction contract was established in October 2022, which accounted for approved cost overruns. See "PORTLAND INTERNATIONAL AIRPORT—Airport Facilities—*Terminal Core Redevelopment Project ("TCore Project)*" herein for a discussion of the modified GMP.

Additional Capital Improvement Projects in the Port Cost Center include improvements to the interchange at NE Airport Way and NE 82nd Avenue, the North Service Center Redevelopment, and Portland International Center Rental Car Storage Improvements. Completed projects in the Port Cost Center that were part of the Airport CIP include the development and rehabilitation of additional cargo facilities; rehabilitation, reconstruction and major maintenance of Airport access roads; and design of a new interchange at NE Airport Way and NE 82nd Avenue. Of the total $457.7 million projected cost, $102.6 million is attributable to the NE Airport Way and NE 82nd Avenue interchange improvements, $44.9 million is attributable to the North Service Center Redevelopment, and $310.3 million is attributable to other Port Cost Center projects.

In addition, certain of the Other Capital Projects benefit both the Airline Cost Center and Port Cost Center including the PDX Maintenance Campus Redevelopment, the PDX New Kennedy Feeder, and the CUP HVAC and Roof Replacement.

See Section 3.3.3 of the Report of the Airport Consultant.

Asset Management Program. The Port maintains an asset management program that tracks the condition of existing Port assets and recommends projects to renew those assets as needed. These projects include some of the Series Twenty-Nine Projects and others that may be added to the CIP in the future and encompass the range of Airport assets from pavement to buildings to utilities. Projects that are driven by regulatory compliance range from environmental compliance to FAA requirements to new building codes.

Majority in Interest Disapproval Process. As described below and in the Report of the Airport Consultant in APPENDIX A, the Port and the Signatory Airlines have agreed to a Majority-in-Interest ("MII") disapproval process related to Airport capital improvement projects other than projects funded in a manner that does not directly impact the airline rate base or that otherwise are exempted under the Signatory Airline Agreements described below. The Port received MII ballot approval from the Signatory Airlines (as defined below) for the TCore Project. None of the Series Twenty-Nine Projects to be funded in whole or in part by the Series Twenty-Nine Bonds were disapproved by the Signatory Airlines. As provided in the Signatory Airline Agreement, any time an approved project exceeds 110% of the cost estimate provided by the Port to the Signatory Airlines as a part of the MII disapproval process, the Port will submit the project for MII review again to obtain approval for the project in light of the new construction cost estimate. See "PORTLAND INTERNATIONAL AIRPORT—Airport Capital Improvement Program—*Airline Cost Center*," "AGREEMENTS FOR USE OF AIRPORT FACILITIES—Passenger and Cargo Airline Agreements—*Signatory Airline MII Process for Disapproval of Capital Improvement Projects and for Approval of Agreement Amendments*" below and Chapter 4 in APPENDIX A.

Sources of Funds for CIP Projects

The Port expects to finance the costs of the: (1) Airline Cost Center Projects with a combination of federal grants, Airport funds, proceeds of the Series Twenty-Nine Bonds, PFC funds, previously-issued SLB Bond proceeds and future SLB Bond proceeds; (2) Port Cost Center Projects with a combination of federal grants, CFC funds, and Port funds; and (3) Shared Cost Center Projects with a combination of Airport and Port funds, proceeds of the Series Twenty-Nine Bonds, and future SLB Bond proceeds. For the Projection Period, the Port does not intend to issue any additional PFC Bonds to fund the CIP. PFCs will be used on a pay-as-you-go basis ("PFC PayGo") to fund portions of the TCore Project. The table below includes estimated project costs for the period of Fiscal Years 2023-2030 and the sources of funds for the projects. However, the Port cannot predict or guarantee the availability of the sources to fund the projects as shown. See "CERTAIN INVESTMENT CONSIDERATIONS—Implementation of CIP Projects."

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TABLE 8
CAPITAL IMPROVEMENT PROGRAM
FISCAL YEARS 2023-2030 (1)
(000s)

Capital Projects	Estimated Project Cost	Grants	PFC PayGo	CFC PayGo	Airport and Port Funds	Previously Issued SLB Bond Proceeds	Series Twenty-Nine Bond and Future SLB Bond Proceeds
Airline Cost Center Projects (2)	$2,761,158	$228,038	$225,000	$0	$539,372	$752,086	$1,016,662
Port Cost Center Projects	457,733	75,964	0	3,960	377,809	0	0
Shared Cost Center Projects	106,960	0	0	0	87,137	0	19,823
Total Capital Improvement Program	**$3,325,851**	**$304,002**	**$225,000**	**$3,960**	**$1,004,318**	**$752,086**	**$1,036,486**

(1) Includes project costs for the period of Fiscal Year 2023 through Fiscal Year 2030, and certain expenditures prior to Fiscal Year 2023 funded with previously issued SLB Bond proceeds or to be funded with future SLB Bond proceeds.
(2) The Series Twenty-Nine Bonds are planned to fund approximately $700 million of the approximately $1.95 billion remaining portions of the TCore Project.
Note: Amounts may not add due to rounding.
Source: Port of Portland airport management records, January 2023, and Exhibit A of the Report of the Airport Consultant.

Grants. The Port receives federal entitlement and discretionary grants for Airport-related capital projects under the Airport Improvement Program (the "AIP"). Entitlement grants are based upon (1) levels of funding authorized and appropriated by Congress for the program, and (2) the number of passengers and amount of cargo at the Airport and are reduced by 75% because the Port collects a $4.50 PFC. For the Federal Fiscal Year ("FFY") ending September 30, 2022, the Airport was appropriated $4,443,829 and received an AIP entitlement grant award totaling approximately $820,000. The remainder of the funds appropriated in FFY 2022 are carried over to the following FFY. In addition, the General Aviation Airports are appropriated a total of $300,000 in AIP non-primary entitlement funds each year. The Port also receives AIP discretionary grants for specific projects pursuant to grant applications for such funding. FAA discretionary grant awards are a function of the amounts authorized and appropriated by Congress and the FAA's prioritization of competing projects.

Generally, all grant funds are payable only on a reimbursement basis after the grant agreement is executed and after eligible expenditures are made. AIP grants received by the Port for capital projects are not included as Revenues under the Airport Revenue Bond Ordinances and do not secure the payment of the SLBs. The Port is subject to periodic compliance reviews and audits by the FAA to verify the Port's compliance with applicable federal laws, FAA grant assurances and FAA policies concerning the use of airport revenue. See "REGULATORY MATTERS—Airport Regulation" and "CERTAIN INVESTMENT CONSIDERATIONS—Regulation" and "—Federal Funding Considerations" below. In addition, as required by federal regulations, the Port has an independent single audit conducted on an annual basis.

On November 15, 2021, the President signed into law an approximately $1 trillion federal government investment into U.S. infrastructure (the "Bipartisan Infrastructure Law"). The Bipartisan Infrastructure Law contains an investment of approximately $25 billion into aviation, which includes $15 billion in Airport Infrastructure Grants ("AIG") to fund airport-related projects as defined under the existing AIG and PFC criteria, $5 billion of discretionary funding for a new Airport Terminal Program ("ATP") and $5 billion of funding to improve air traffic control facilities. On November 18, 2021, the U.S. Department of Transportation released information on how the AIG funding is expected to be distributed to each state. Under the Bipartisan Infrastructure Law, airports in the State (including the Airport) are expected to receive approximately $211 million of AIG funding for development at the airports in the State, including the Airport, over a five-year period. The Airport's total allocation for FFY 2022 was $20.1 million and for FFY 2023 is approximately $20.1 million. The Port intends to address airside and terminal development projects with the funding. In addition to these funds, the Airport was also awarded $18.4 million in ATP grants for the TCore Project to convert the heating system at the PDX terminal from boilers fueled by fossil fuels to an electric-powered heat pump.

Passenger Facility Charges. PFCs are charges authorized by the federal Aviation Safety and Capacity Act of 1990, as amended (the "PFC Act") and regulations promulgated thereunder by the FAA to finance approved, eligible airport-related projects. An airport must obtain the FAA's approval before imposing PFCs and before using the proceeds of PFCs and investment income thereon (together, "PFC Revenue"). PFC Revenue is used to pay the costs of certain FAA-approved, PFC-eligible projects, either by using PFC PayGo funds to pay for approved project costs or by pledging and assigning PFC Revenue to pay debt service associated with PFC Revenue bonds issued to fund costs of approved PFC projects when authorized by the FAA or by using available PFCs to pay debt service on other bonds.

The Port is currently authorized by the FAA, pursuant to 13 PFC application approvals, to impose and use approximately $1.2 billion of PFC Revenue (at a PFC of $4.50) for various projects, of which approximately $777.8 million has been collected and approximately $677.0 million has been spent on approved PFC Projects as of December 31, 2022. PFC Revenue is pledged to, and is required to be used first to pay, debt service on the Port's Outstanding PFC Bonds and scheduled payments on PFC Bond Swaps. The Port currently expects that during Fiscal Years 2024 through 2027 the Port will use PFC PayGo funds of approximately $225 million to pay costs of the TCore Project. See "REGULATORY MATTERS—Airport Regulation" below.

PFC Revenue is not part of "Revenues" under the Airport Revenue Bond Ordinances and does not secure the payment of the SLBs.

Customer Facility Charges. Since January 2014, rental car companies operating from the Airport have collected CFCs from their Airport customers and remitted the required amount of CFCs to the Port on a monthly basis. CFC collections received by the Port are required to be applied only to pay costs of rental car-related projects and programs. The CFCs are not part of "Revenues" under the Airport Revenue Bond Ordinances and are not pledged to the payment of SLBs.

The CFC Levy Ordinance authorizes the Port to levy a CFC and requires the rental car companies operating from the Airport to collect CFCs from their Airport customers solely to finance rental car facilities and related projects and program costs. The CFC Levy Ordinance also authorizes the Port to pledge CFCs to the repayment of bonds issued to finance rental car facilities. The Port sought and received a validation judgment from the Multnomah County Circuit Court dated September 1, 2017 (the "Validation Judgment") that confirmed, among other things, that the levy, pledge and use of CFCs to finance the ConRAC and related facilities did not violate certain provisions of the Oregon Constitution, and were within the authority of the Port. The Validation Judgment permanently enjoins all persons from instituting any action or proceeding challenging the validity of the bonds issued under the CFC Bond Ordinances or the CFC Levy Ordinance. The Port has pledged CFCs to the repayment of the CFC Bonds, a portion of the proceeds of which was used to finance the design and construction of the ConRAC.

Effective November 11, 2022, the First CFC Levy Ordinance Amendment enables the Port to enter into agreements with rental car companies authorizing them to use certain Airport facilities which are not adjacent to the Terminal, and which are not funded by CFCs, without collecting and remitting CFCs to the Port. These agreements are expected to result in incremental fee revenue to the Port, and enhanced regulatory authority over those rental car companies which seek this opportunity, which are expected to be exclusively peer-to-peer car sharing companies such as Turo and Avail. See "AGREEMENTS FOR USE OF AIRPORT FACILITIES—Rental Car Agreements" and "CERTAIN INVESTMENT CONSIDERATIONS."

Air Service Area

The Airport is the primary commercial air service facility serving the Portland metropolitan area and the surrounding region, and is essentially isolated from other airport competition. The Airport's general service area (the "Air Service Area") consists of Clackamas, Columbia, Multnomah, Washington and Yamhill Counties in the State, and Clark and Skamania Counties in the State of Washington.

The Airport principally services O&D passengers. As noted in the Report of the Airport Consultant, in Fiscal Year 2022, the Airport was the 29th largest O&D market in the U.S. The O&D traffic at the Airport accounted for about 94.5% of the total enplaned passengers in Fiscal Year 2022 and the remaining 5.5% of passengers connected through the Airport on their way to their final destination.

For a more detailed discussion of economic and demographic information about the Air Service Area, see Chapters 1 and 2 of the Report of the Airport Consultant and the map of the Air Service Area (Figure 1-1) in APPENDIX A.

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Airlines Serving the Airport

As shown in the table below, as of Fiscal Year end June 30, 2022, 14 domestic-passenger airlines and 6 foreign-flag passenger airlines provided scheduled passenger service at the Airport; and 11 airlines provided all-cargo service. For information related to airline activity since this date, see "—Other Airport Recent Developments" below.

TABLE 9
AIRLINES SERVING THE AIRPORT
(FISCAL YEAR END JUNE 30, 2022)

Scheduled Passenger Service

Signatory Airlines	Signatory Affiliate Airlines
Air Canada (AC)*	Horizon Air (AS) [4]
Alaska Airlines (AS)	SkyWest Airlines (AS, DL, UA) [5]
American Airlines (AA)	
Delta Air Lines (DL)	
Frontier Airlines	
Hawaiian Airlines	
JetBlue Airways	
MN Airlines (d/b/a Sun Country Airlines)	**Non-Signatory Airlines**
Southwest Airlines	Allegiant Air
Spirit Airlines Inc.[1]	Boutique Air [6]
United Airlines (UA)	British Airways*
Volaris*	Condor Air*
	Icelandair*
	West Jet*

All-Cargo Service

Signatory Airlines	Non-Signatory Airlines
ABX [2]	Airpac
Air Transport International	Kalitta Air
Ameriflight	
Atlas Air [3]	
Cathay Pacific Airways	
Empire	
FedEx	
United Parcel Service	
Western Air Express	

* *Denotes foreign-flag*
(1) In October 2022, Spirit Airlines shareholders approved a new merger agreement with JetBlue Airways, which will create the fifth largest airline in the U.S. This merger still awaits approval from the U.S. Department of Justice, and if approved, is likely many months way from consummation.
(2) ABX Air operates cargo flights for DHL Aviation.
(3) Atlas Air operates cargo flights for Cathay Cargo and some charter service.
(4) d/b/a Alaska Airlines pursuant to a capacity purchase agreement with Alaska Airlines. Alaska Airlines and Horizon Air Industries are separately certificated airlines owned by Alaska Air Group, Inc.
(5) d/b/a Alaska Airlines, American Eagle, Delta Connection and United Express.
(6) Boutique Air operates scheduled commercial service to Eastern Oregon Regional Airport from the fixed-base operator at the Airport. Therefore, all enplaned passengers, aircraft operations, and landed weight are included as general aviation.
Source: Port records.

Historical Traffic and Activity

The following table summarizes the Airport's top 25 O&D markets for Fiscal Year 2022, arranged by the airports with the highest O&D enplaned passengers per day to the lowest.

TABLE 10
TOP 25 O&D MARKETS

	FY 2022	
Region	**O&D Enplaned Passengers Per Day**	**Nonstop Scheduled Departing Seats Per Day**
Los Angeles Basin	2,099	2,144
San Francisco Bay Area	1,671	2,724
Las Vegas	820	1,361
Phoenix	739	1,238
Hawaii	692	972
Denver	629	1,573
San Diego	578	649
New York/Newark	564	810
Chicago	432	1,117
Sacramento	418	561
Dallas/Ft. Worth	377	921
Salt Lake City	343	974
Washington / Baltimore	336	274
Central Florida	314	177
Minneapolis/St. Paul	308	747
Seattle	300	2,306
Boston	261	170
Boise	233	267
Atlanta	210	606
Austin	194	158
Spokane	180	258
Houston	173	350
South Florida	172	46
Anchorage	155	278
Palm Springs	134	159
Top 25 Total	***12,333***	***20,840***
Others	3,469	1,309
Total	***15,802***	***22,150***

Source: Extracted from Table 2-3 of the Report of the Airport Consultant in APPENDIX A.

The numbers of enplaned passengers (passengers boarding flights) at the Airport during Fiscal Years ended June 30, 2013 through June 30, 2022 are set forth in the following table. In Fiscal Year 2022, approximately 97.5% of passengers enplaned on domestic flights at the Airport, and the remaining 2.5% enplaned on international flights. AIP entitlement grants and PFC Revenues are based upon enplanements.

TABLE 11
HISTORICAL ENPLANED PASSENGERS
FISCAL YEARS 2013–2022 AND
THE SIX MONTHS ENDED DECEMBER 31, 2021 AND 2022

Fiscal Year Ended June 30	Total Enplaned Passengers	Percent Increase (Decrease)
2013	7,335,638	5.6%
2014	7,762,027	5.8
2015	8,058,757	3.8
2016	8,792,286	9.1
2017	9,422,565	7.2
2018	9,733,011	3.3
2019	9,966,798	2.4
2020	7,273,434	(27.0)
2021	3,741,995	(48.6)
2022	7,055,333	88.5

	Compound annual growth rate	
FY 2013-2022	(0.97)%	
FY 2018-2022	(7.73)%	

Six Months Ended December 31	Total Enplaned Passengers	Percent Increase (Decrease)
2021	3,662,785	
2022	3,968,874	8.4%

Source: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2009-June 2022, accessed November 2022 and Table 2-5 of The Report of the Airport Consultant in APPENDIX A.

Airline traffic and total enplanements may be effected by various other external factors that are outside the control of the Airport as further described in the sections "CERTAIN INVESTMENT CONSIDERATIONS—Effect of COVID Pandemic and Other Worldwide Health Concerns," "—Demand for Air Travel," "— Financial Condition of the Airlines," "—Effect of Airline Industry Concentration; Effect of Airline Consolidation," "—Effect of Airline Bankruptcies," and "—Aviation Safety and Security Concerns."

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Enplaned passengers by airline at the Airport for Fiscal Year 2022 are listed in the following table.

TABLE 12
ENPLANED PASSENGERS BY AIRLINE

Airline	Fiscal Year 2022 Enplaned Passengers	Fiscal Year 2022 Share
Alaska Air Group	3,083,480	43.7%
Alaska Airlines (1)	2,482,352	35.2
Horizon Air	601,128	8.5
Delta Air Lines (1)	1,048,896	14.9
Southwest Airlines	905,287	12.8
United Airlines (1)	902,426	12.8
American Airlines	526,240	7.5
Spirit Airlines (2)	124,013	1.8
Hawaiian Airlines	122,384	1.7
Frontier Airlines	107,424	1.5
JetBlue Airways (2)	66,856	0.9
Air Canada (3)	40,579	0.6
Sun Country Airline	30,816	0.4
Other	96,932	1.4
Total	7,055,333	100.0%

(1) SkyWest Airlines passengers are included with the appropriate mainline partner (e.g., Alaska Airlines, Delta Air Lines, United Airlines).
(2) In October 2022, Spirit Airlines shareholders approved a merger proposal with JetBlue Airways. This merger still awaits approval from the U.S. Department of Justice.
(3) Includes enplaned passengers for Jazz Aviation doing business as Air Canada Express.
Source: Port of Portland, Aviation Statistics – Monthly Traffic Report June 2017-June 2022 and Table 2-2 of the Report of the Airport Consultant in APPENDIX A.

The Port from time to time receives notifications from airlines of cancellations or alterations of flights scheduled or to be scheduled at the Airport due to various factors, most of which are not within the Port's control. For a description of the various factors that affect individual airline decisions regarding levels of service at the Airport, see "—Other Airport Recent Developments" below and "CERTAIN INVESTMENT CONSIDERATIONS—Demand for Air Travel," "—Financial Condition of the Airlines," "—Effect of Airline Industry Concentration; Effect of Airline Consolidation," "—Effect of Airline Bankruptcies," "—Aviation Safety and Security Concerns" and "—Effect of COVID Pandemic and Other Worldwide Health Concerns."

Other Airport Recent Developments

Below are updates to certain routes and service at the Airport, which are subject to schedule adjustments, suspensions or cancellations by the airlines. On a national level, the ongoing effects of the COVID-19 pandemic on air travel have diminished when compared to the past two years. The Port cannot predict the timing or extent of such changes. See Chapter 2 of the Report of the Airport Consultant in APPENDIX A for more information regarding international and domestic air service at the Airport.

Allegiant Airlines began service at the Airport in April 2021. Their schedules and destinations fluctuate depending on demand and seasonality.

Delta Air Lines restarted non-stop trans-Atlantic service between PDX and Amsterdam in May 2022. The relaunch started with four scheduled flights per week and then quickly built to year-round daily service. The airline has filed schedules to operate service to Tokyo-Haneda. In addition, Delta Air Lines announced new year-round non-stop service from PDX to Seoul-Incheon with three flights per week, launching in spring 2023.

British Airways launched nonstop service to London Heathrow Airport from PDX in June 2022, with year round service operating five times per week during high season, and four times per week during the low season. British Airways has announced that beginning in the summer of 2023 it will operate one flight per day through the end of October 2023.

Condor Airlines suspended two seasons of operations at PDX due to the COVID pandemic. The airline was back with three times per week summer seasonal service in 2022, operating a Boeing 767 aircraft. The airline plans to add more seat capacity during its summer seasonal 2023 service, by operating an A330-200 aircraft on the route.

Icelandair operates seasonal flights to Keflavik, Iceland, with four times per week service. Due to the airline's strong performance at PDX, it recently decided to extend its season from October through early January 2023. In addition, Icelandair announced growing its frequencies next summer with six times per week service beginning May 2023.

Air Cargo Tonnage

Total cargo tonnage at the Airport since Fiscal Year 2013 is summarized in the following table. The movement of air cargo is an important part of the services provided at the Airport. At the Airport, it is possible for cargo service to influence numbers of enplaned passengers because, on some routes flown by the passenger airlines, revenue from carrying cargo in the belly compartment of passenger aircraft contributes to total airline profits and can improve the viability of otherwise financially marginal routes.

TABLE 13
HISTORICAL TOTAL CARGO TONNAGE
FISCAL YEARS 2013–2022 AND
THE SIX MONTHS ENDED DECEMBER 31, 2021 AND 2022

Fiscal Year Ended June 30	Volume [(1)] (short tons)	Percent Increase (Decrease)
2013	218,170	(0.2)%
2014	222,822	2.1
2015	232,385	4.3
2016	238,915	2.8
2017	247,574	3.6
2018	267,365	8.0
2019	291,379	9.0
2020	328,611	12.8
2021	368,248	12.1
2022	378,794	2.9

	Compound Annual Growth Rate
FY 2013-2022	14.79%
FY 2018-2022	9.10%

Six Months Ended December 31	Total Cargo Tonnage	Percent Increase (Decrease)
2021	199,696	
2022	188,193	(5.89)%

(1) Includes mail; total short tons in and out.
Source: Port records, from reports by the airlines.

Landed Weight

Aircraft landed weight at the Airport (expressed in 1,000-pound units), which is used to calculate landing fees, is recorded according to the aircraft's certificated maximum gross landed weight, as determined by the FAA. Historical landed weight at the Airport is summarized in the following table. Although changes in landed weight do have an effect on the Port's landing fee rates, under the Signatory Airline Agreements and Non-Signatory Ordinances described below, increased landed weight does not result in higher landing fee revenue to the Port; rather, it reduces the landing fee rate for the airlines. See "—Airport Cost Centers" and "AGREEMENTS FOR USE OF AIRPORT FACILITIES—Passenger and Cargo Airline Agreements" below.

TABLE 14
HISTORICAL LANDED WEIGHT
FISCAL YEARS 2013–2022 AND
THE SIX MONTHS ENDED DECEMBER 31, 2021 AND 2022
(1,000-pound units)

Fiscal Year Ended June 30	Passenger Airlines	All-Cargo Airlines	Total	Year-Over-Year Growth Rate
2013	8,123,435	1,140,494	9,263,929	1.8%
2014	8,699,074	1,126,771	9,825,845	6.1%
2015	8,644,185	1,139,176	9,783,361	(0.4)%
2016	9,482,191	1,215,683	10,697,874	9.3%
2017	10,122,815	1,342,179	11,464,994	7.2%
2018	10,662,824	1,599,687	12,262,511	7.0%
2019	10,855,334	1,856,750	12,712,084	3.7%
2020	8,674,826	2,111,420	10,786,246	(15.1)%
2021	5,569,346	2,248,200	7,817,546	(27.5)%
2022	7,791,682	2,445,124	10,236,806	30.9%
	Compound annual growth rate			
FY 2013-2022	1.04%	21.00%	2.53%	
FY 2018-2022	(7.54)%	11.19%	(4.41)%	

Six Months Ended December 31	Total Landed Weight (1,000-pound units)	Percent Increase (Decrease)
2021	5,349,807	
2022	5,412,643	1.2%

Source: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2009-June 2022, accessed November 2022 and Table 2-7 of the Report of the Airport Consultant in APPENDIX A.

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Airport Cost Centers

The Port uses a cost-center structure for the Airport. Of the Airport's 13 cost centers, six are direct, revenue-producing cost centers and seven are indirect cost centers allocated to the direct cost centers. The Airfield and Terminal direct cost centers, plus their allocated portions of expenses from the indirect cost centers, comprise the Airline Cost Center. Costs of Operation and Maintenance (including allocated expenses from the indirect costs centers), allocated debt service and debt service coverage, Terminal concession revenues and revenues from passenger and cargo carriers are included in the Airline Cost Center. The Port Cost Center includes the Ground Transportation (non-Terminal public access roadways, automobile parking facilities and rental car facilities), Non-Aviation (leased commercial and industrial properties such as the PIC and other hotel, warehousing and office facilities), Other Aviation and Air Cargo direct cost centers, plus their allocated portions of the expenses included in the indirect cost centers. Indirect cost centers include salaries, benefits, materials, equipment and supplies, of the Airport's operations, maintenance, environmental, systems and services, rescue and firefighting, security and public safety and administration staff and facilities, in each to the extent not attributable to a direct cost center. Some of the activities and facilities included in the cost centers are illustrated in the following chart.

AIRLINE COST CENTER

AIRFIELD [1]

Runways
Taxiways
Aircraft Parking

TERMINAL [1]

Main Terminal Building
Concourses
Terminal Aprons
Terminal Concessions
Enplaning Roadway
Deplaning Roadway
Commercial Roadway

PORT COST CENTER
Landside Operations
Airside/Landside Properties

Parking Facilities
Rental Cars
Cargo Facilities
Aircraft Maintenance
General Aviation
Ground Transportation
Roadway Systems
In-flight Kitchens
Hotels

INDIRECT EXPENSES [2]

Operations
Maintenance
Environmental
Systems and Services
Airport Rescue and Fire Fighting
Aviation Security and Public Safety
Administration

[1] Airfield and Terminal are Residual Cost Centers.
[2] Indirect Expenses are allocated to the Airline Cost Center and the Port Cost Center per the airline agreement.
Source: The Port.

See "AGREEMENTS FOR USE OF AIRPORT FACILITIES—Passenger and Cargo Airline Agreements—*Residual Rate-Setting Methodology for the Airline Cost Center*", "—*Revenue Sharing*", "—*Signatory Airline MII Process for Disapproval of Capital Improvement Projects and for Approval of Agreement Amendments*" and "—*Capital Improvements*" below.

AGREEMENTS FOR USE OF AIRPORT FACILITIES

Passenger and Cargo Airline Agreements

General. The Port is a party to two types of agreements with passenger airlines and all-cargo carriers: (i) the Second Amended and Restated Signatory Passenger Airline Lease and Operating Agreements entered into as of October 1, 2019 and the Affiliate Passenger Carrier Operating Agreements (together, the "Signatory Passenger Airline Agreements"); and (ii) the Second Amended and Restated Signatory Cargo Carrier Operating Agreements entered into as of October 1, 2019 (the "Signatory Cargo Airline Agreements" and together with the Signatory Passenger Airline Agreements, the "Signatory Airline Agreements").

Rate-setting at the Airport is "residual" in connection with the Airline Cost Center such that the airlines have primary responsibility and risk for costs and the benefit from non-airline revenues in the terminal and on the airfield, such as terminal concessions, TSA and FAA terminal rent, and others. The Port has the responsibility and risk for the Port Cost Center revenues and costs, although the Port also shares some Port Cost Center Revenues with the airlines.

The Signatory Airline Agreements establish, among other things, procedures for setting and adjusting rentals, rates, fees and charges to be collected for the use of Airport facilities. The Signatory Airline Agreements were amended and restated in 2019 to extend the term through June 30, 2030, unless terminated earlier by the Port because of an airline's uncured event of default, or in the event any State, federal or local government or agency takes possession of, or a substantial portion of, the Airport by condemnation or conveyance in lieu of condemnation or unless terminated by the Port or by the applicable airline if a court by a final decision prevents performance by the Port of any of its material obligations under the Agreement.

Twelve passenger airlines have signed the Signatory Passenger Airline Agreements, which, including their operating affiliates (together, the "Signatory Passenger Airlines"), accounted for more than 99% of enplaned passengers at the Airport in Fiscal Year 2022. Ten all-cargo carriers have signed the Signatory Cargo Airline Agreements (the "Signatory Cargo Carriers," and together with the Signatory Passenger Airlines, the "Signatory Airlines").

The Signatory Passenger Airline Agreements govern airline use of certain Airport facilities, including ramp, terminal, baggage claim, ticket counters and gate areas and certain cargo and other facilities, and permit the Signatory Passenger Airlines to lease Exclusive Space, Preferential Space and Shared Space. Exclusive space includes ticket counter space, office space, operations space, airline club lounges, baggage makeup space and baggage service area space ("Exclusive Space"); and preferential space is Airport space, including aircraft loading bridges and/or other aircraft support equipment leased to the Signatory Passenger Airline and to which the Signatory Passenger Airline has a higher and continuous priority of use over all other air carriers and concessionaires ("Preferential Space"). Shared space includes some baggage make-up areas, corridors and ticket offices, and leased areas of the Terminal shared by more than one air carrier, but excluding Baggage Claim Areas. Common Use Space includes Port-controlled ticket counters, ticket offices, equipment, kiosks and gates the Port has not leased but has reserved for the flexible and temporary use of any Air Carrier serving the Airport ("Shared Space").

Passenger airlines and cargo carriers operating at the Airport that are not Signatory Airlines or affiliates of Signatory Airlines (the "Non-Signatory Airlines") are subject to rates and charges established pursuant to Port Ordinance No. 433-R and Amended and Restated Ordinance No. 389-R (together, the "Non-Signatory Ordinances"). Rates and charges under the Non-Signatory Ordinances do not benefit from the revenue sharing described below and Non-Signatory Airlines pay a 25% premium over the rates and charges established in the Signatory Airline Agreements.

The Signatory Airlines have no right to terminate their Signatory Airline Agreements before their term ends in 2030 (except in the case of governmental action as described above). However, each Signatory Passenger Airline has the right as of July 1, 2025, with six months' written notice, to reduce its Exclusive Space, Preferential Space, or Shared Space in the Terminal so long as the Signatory Airline continues to lease at least 100 square feet of Exclusive Space for the entire term of the Signatory Airline Agreement. This provision recognizes that such space reduction would have been available to each Signatory Passenger Airline as of July 1, 2025 had the Signatory Airline Agreement not been amended to extend the term through June 30, 2030.

Residual Rate-Setting Methodology for the Airline Cost Center. Signatory Airline Agreements also provide that the Agreement is residual to the extent that the Signatory Airlines are obligated in connection with the Airline Cost Center to (a) discharge all claims, obligations and indebtedness payable from the Revenues allocated to the Airline Cost Center; and (b) produce Net Revenues in each Fiscal Year sufficient to comply with the minimum rate covenant in the Airport Revenue Bond Ordinances and to comply with the earnings test required under the Airport Revenue Bond Ordinances for the issuance of any additional bonds applicable to the Airfield Cost Center and Terminal Cost Center.

The Signatory Airline Agreements also provide that all Terminal Rents, Landing Fees, other rents, charges, fees, fines, costs, reimbursements, penalties, taxes, late charges, liquidated damages and interest of all types (in the Signatory Airline Agreements, collectively referred to as "Rent") are subject to adjustment to remain in compliance with the Airport Revenue Bond Ordinances. In addition, following the end of each Fiscal Year, Rents are to be reviewed and recalculated using audited financial information and adjusted if necessary, and any underpayments are to be payable by the Airlines within 30 days after an invoice is received and any overpayment refunded to the Airlines by the Port within 30 days after its determination.

Landing Fees. Landing fees are calculated by multiplying the then-current Landing Fees rate by the Revenue Landed Weight. The Landing Fees rate is calculated by allocating the Airfield Net Requirement (the annual sum of all expenses and fees, including Debt Service Coverage, allocated to the Airfield, minus all Offsetting Revenues, including all Revenues other than the Landing Fees of Signatory Airlines) between Signatory Airlines and Non-Signatory Airlines, based upon landed weight, with the Non-Signatory landed weight being increased by 25%. As described below, the allocated Signatory Net Requirement is then reduced by revenue sharing allocated to the Airfield. The Signatory Landing Fee rate is the reduced allocated Net Requirement divided by Signatory landed weight, and the Non-Signatory Landing Fee rate is the allocated Non-Signatory Net Requirement divided by Non-Signatory landed weight.

Terminal Rents. The Terminal includes the passenger Terminal building and concourse areas; the access roadways and associated sidewalks immediately adjacent to the Terminal; the public area (including the concourse corridors and connectors, the concession areas, ticket lobby and non-rentable areas); the Aircraft Apron; and the security screening areas. The Signatory Airline Agreements provide that when calculating Rents allocable to the access roadways that are part of the Terminal Cost Center, the Terminal Cost Center pays 100% of the capital costs of the roadways, the Port Cost Center pays 100% of the O&M Expenses and the Port Cost Center receives 100% of the concession revenues related to the access roadways.

Terminal Rents for Terminal Space are determined by allocating the Terminal Net Requirement to different categories of Signatory Space, Baggage Claim Areas, Common Use Ticket Offices and Non-Signatory Space. Except in the case of Terminal access roadways, the Terminal Net Requirement includes the sum of total annual Direct and Indirect O&M Expenses and Direct and Indirect Debt Service and Debt Service Coverage allocated to the Terminal Cost Center (collectively, the "Terminal Requirement"), less direct and indirect Non-Airline Revenues allocated to the Terminal Cost Center, interest income allocated to the Terminal from the Airport Fund, and loading bridge fees, baggage conveyor system fees, International Arrivals Facility ("IAF") fees, Common Use Space and other fees, aircraft apron fees, other fees and other Terminal Rents. The Terminal Net Requirement allocated to Signatory Space is then reduced by revenue sharing allocated to the Terminal as described below.

Revenue Sharing. The Signatory Airline Agreements include a formula for sharing Port Cost Center Revenues, subject to certain conditions, with the Signatory Airlines during the term of the Signatory Airline Agreements. The Port agreed in the Signatory Airline Agreements to share Port Cost Center Revenue with the Signatory Passenger Airlines and the Signatory Cargo Carriers in the amount of $6 million annually until the expiration date, subject to any adjustments, offsets or reductions, as set forth in the Signatory Airline Agreements. Under the Signatory Airline Agreements, revenue sharing is allocated between the Terminal and the Airfield in proportion to the net requirements of those cost centers before revenue sharing, and in the Terminal is allocated 50% to offset Terminal rental rates and 50% to offset baggage claim area rates. The Signatory Airline Agreements provide for revenue sharing to be discontinued if the Port Cost Center Coverage Ratio drops below 2.35% and provides for additional revenue sharing if the SLB debt service coverage ratio (Net Revenue divided by debt service on SLBs) exceeds 1.75, of up to 50% of Net Revenues above any Airport coverage ratio of less than 2.00. The Signatory Airline Agreements also permit reduced revenue sharing if the Port reduces actual Operation and Maintenance Costs (O&M Expenses in the Signatory Airline Agreements) below its Operation and Maintenance Cost targets.

Fee Waivers. In November 2020, pursuant to the MII disapproval process applicable to capital improvement projects, the signatory carriers approved revisions to the fee waiver program provided for in the Signatory Airline Agreements. In accordance with FAA policy, the Port is permitted to offer fee waivers and marketing and other incentives for up to two years to any air carrier that provides new scheduled, non-stop passenger or cargo service from the Airport to an unserved domestic or international market specified by the Port in the United States, Europe, Asia, Mexico or Canada.

Signatory Airline MII Process for Disapproval of Capital Improvement Projects and for Approval of Agreement Amendments. In the Signatory Airline Agreements, the Port and the Signatory Airlines agreed to a process in which a MII of more than 75% of eligible Signatory Airlines that account for more than 75% of total Airline Rents and more than 75% of Signatory Airline Landing Fees may disapprove Airport capital improvement projects in an airline supported area and additional fee waivers and, as described below, also agreed that an MII of more than 66% is required to approve certain amendments to the Signatory Airline Agreements. See, also, PORTLAND INTERNATIONAL AIRPORT—*Airport Improvement Program—Majority in Interest Disapproval Process*" for additional information on the MII disapproval process.

Capital Improvements. The Signatory Airline Agreements provide that if the capital improvement impacts only the Terminal Cost Center, the MII will be more than 75% in number of Signatory Passenger Airlines and more than 75% of the total of Terminal Rents paid for Signatory Airline Space and that if the capital improvement impacts only the Airfield Cost Center, the MII will be based upon more than 75% of the number of Signatory Airlines and more than 75% of the total Signatory Landing Fees.

Some projects are not subject to the MII disapproval process, including capital projects funded with Debt Service Coverage or in another manner that does not directly impact the Airline rate base; public safety projects required by federal, State or local law; costs to repair casualty damage for which insurance proceeds are not available or are insufficient; projects required to bring the Port into compliance with lawful federal or State law or that are required under the terms of federal or State grants or litigation settlements; improvements of an emergency nature or to cleanup property following a hazardous substance release; and facilities for a new or expanding carrier.

In general, other than the projects described above, any capital improvement with a total cost in excess of $1 million and funded in a manner that will directly impact the airline rate base is subject to the MII disapproval process. In the event of an MII disapproval, the Port has the option under the Signatory Airline Agreements to convene a meeting with the Airport and Airline Affairs Committee to address questions, ask that the disapproval be withdrawn or request that another disapproval vote be taken. If an MII of impacted Signatory Airlines agrees in writing to withdraw the disapproval, the Port may proceed with the capital improvement. The Signatory Airline Agreements also provide that the Port may not commence construction on any capital improvement project that received Signatory Airline approval under the MII process if the estimate later exceeds 110% of the initial, approved estimate. Instead, the Port is required to submit the project for MII review a second time to obtain approval for the project in light of the new construction cost estimate.

The Signatory Airline Agreements provide that in the event a capital improvement is not approved, the Port may make capital expenditures in the Terminal Cost Center or the Airfield Cost Center for which all costs to construct or operate the capital improvements are paid from funds legally available to the Port, including coverage, PFC dollars, grant funds and Port Cost Center or Non-Airport Revenues. The Port also may request another vote.

The Signatory Airline Agreements also require the Port to allocate 100% of the Debt Service Coverage generated by the Airlines to fund capital improvements in the Airline Cost Center or to fund the Airlines' allocated portions of capital improvements in the Indirect Cost Centers.

Agreement Amendments. The Signatory Airline Agreements require a 66% MII process to approve amendments to the Signatory Airline Agreements if the amendment will have a materially adverse impact on any of the Signatory Airlines (other than Signatory Airlines that at the time the ballot is mailed to the Signatory Airlines have no scheduled service at the Airport). The Signatory Airline Agreements provide that if the amendment affects only the Terminal Cost Center, the MII will be based on approval by more than 66% of the total number of Signatory Passenger Airlines, or approval by a group of Signatory Passenger Airlines whose combined Terminal Rents paid for Signatory Airline Exclusive, Preferential and Shared Space, and Common Use Gates used in association with the IAF total more than 66% of the total Terminal Rents paid for Signatory Airline Exclusive, Preferential and Shared Space, and Common Use Gates used in association with the IAF. If the amendment impacts only the Airfield Cost Center, the MII approval is to be by more than 66% of Signatory Passenger and Signatory Cargo Airlines or by those Signatory Airlines whose combined landed weights account for more than 66% of total Signatory Landed Weight over the preceding 12-month period. The Signatory Airline Agreements provide that if the amendment could impact both the Terminal Cost Center and the Airfield Cost Center, the MII would be based on approval by more than 66% of the number of Signatory Passenger and Cargo Airlines or approval by those Signatory Airlines whose combined Terminal Rents and Signatory Landing Fees total more than 66% of the combined Signatory Terminal Rents and Signatory Landing Fees.

Terminal Concession and Service Agreements

Concession Agreements. The Port has concession lease agreements with other entities that operate, provide services or occupy space in the Terminal, including food-court restaurants, quick-serve restaurants, casual dining bars and cafes, full-service restaurants, automatic teller machines, newsstands, retail shops, passenger services, such as Mail Safe and Smarte Carte, and display advertising. Concession revenues are taken into account in calculating terminal rents under the Signatory Airline Agreements. Parties to concession lease agreements pay concession rent of between 10% and 14% (between 8% and 18% in the case of agreements entered into before 2014) of monthly gross receipts with a minimum annual guarantee ("MAG") equal to 80% of the prior year's rent. The Port has agreed in each of the concession lease agreements that the MAG may be reduced temporarily because of construction impacts or because of a drop of 15% or more in enplanements at the Airport or at the applicable concourse. In September 2022, the Port issued a Request for Proposals seeking interest in 14 new concession locations, which will open at PDX in 2024 and 2025 as part of the TCore Project. These leases, as well as all future concession lease agreements, will not include a MAG. Instead, minimum performance standards will be set with each lease, and the Port will have greater flexibility to terminate contracts not meeting minimum sales requirements. Existing leases will not be amended. The Port charges the concessionaires for employee parking ($35/month for each employee for surface parking and $80/month for garage parking).

Beginning in December 2018 when concession space utilities were metered, the Port began recovering utility costs in each new concession lease agreement.

Service Agreements. In addition to Terminal concession agreements and leases, the Port has a number of month-to-month operating agreements with companies that provide ground handling, fueling, cabin cleanup and similar services on behalf of the Signatory Airlines.

See "RECENT DEVELOPMENTS CONCERNING COVID PANDEMIC" and "CERTAIN INVESTMENT CONSIDERATIONS—Effect of Other Tenant or Concessionaire Bankruptcies."

Rental Car Agreements

The Port collects concession fees for the right to operate a rental car concession at the Airport, pursuant to concession lease and operating agreements entered into by the Port and the rental car companies. Except as described above under PORTLAND INTERNATIONAL AIRPORT—Customer Facility Charges, all of the rental car companies are required to collect CFCs from their customers on behalf of the Port, to hold CFC moneys in trust and to remit CFCs to the Port (whether actually collected or not) on a monthly basis.

In November 2018, the Port completed a negotiated process to award rental car concession lease and operating agreements (the "Rental Car Concession Leases") to five separate companies, including Avis Budget Car Rental, LLC, EAN Holdings, LLC, Sixt Rent a Car, LLC, Hertz Corporation, and Todd Investment Co. dba Dollar Rent-A-Car (collectively, the "Rental Car Concessionaires") that represent 12 separate rental car brands for space in the Public Parking and ConRAC Garage. The term of each Rental Car Concession Lease began upon the opening of the Public Parking and ConRAC Garage, in November 2021. The term of each Rental Car Concession Lease is for 20 years, with an optional ten-year extension at the Port's sole discretion. The Rental Car Concession Leases also allow the Port, at its option, to rebid or renegotiate each Rental Car Concession Lease on the tenth anniversary of the opening of the Public Parking and ConRAC Garage. As of January 1, 2023, 11 of the 12 rental car brands were operating at the Airport.

Each Rental Car Concession Lease requires the related Rental Car Concessionaire to pay concession fees equal to the greater of (a) the sum of 10% of the Rental Car Concessionaire's annual gross receipts from any non-carsharing brand and 11% of the Rental Car Concessionaire's annual gross receipts from any carsharing brand; or (b) the minimum annual guarantee fee of 90% of the previous year's commission fee. Each Rental Car Concessionaire also pays a premises rent under its Rental Car Concession Lease based on the square-footage of the ConRAC, QTA Facility and related improvements that the Rental Car Concessionaire leases from the Port for administrative, vehicle maintenance and storage facilities. The Rental Car Concession Leases require each Rental Car Concessionaire to pay its share of Contingent Fee Payments if the Port determines that there is a current or upcoming deficiency of CFCs required to pay the debt service on the 2019 CFC Bonds or if the Port is not in compliance with the rate covenant under the CFC Bond Ordinances.

Parking; Ground Transportation/TNCs

Parking. The Port contracts with SP Plus Corporation, a parking management company, to operate the Port's on-Airport automobile parking facilities (other than the facilities used by rental car companies), including the automatic payment and revenue systems and valet and automobile detailing services; the shuttle bus system, including round-the-clock shuttle bus services; and the two-level, eight-lane commercial roadways, pursuant to a Landside Management Agreement that expires on June 30, 2027 unless earlier terminated by the Port. Under the Landside Management Agreement, the Port reimburses the operator monthly for direct costs and also pays a fixed, annual fee, subject to adjustment if reimbursable costs vary above or below the operating budget by 25% or more.

Ground Transportation/TNCs. The Port issues permits and charges permit fees and access fees for use of the Airport roadways by commercial transportation vehicles to transport Airport customers. Taxi and shuttle operators pay $3.50/trip, for pickup only. TNCs, such as Uber and Lyft, commenced operations at the Airport under ground transportation permits authorized in May 2015. Effective June 11, 2018, the Port collects from the TNCs per-trip fees of $3.00 for each pick-up and each drop-off and collected approximately $4.0 million in per-trip fees paid by the TNCs in Fiscal Year 2022. For Fiscal Years 2021, 2020 and 2019, the Port collected approximately $1.8 million, $5.6 million and $7.1 million, respectively, in per-trip fees paid by TNCs.

FINANCIAL INFORMATION

Historical Operating Results

The financial data for Fiscal Years ended June 30, 2018 through 2022 set forth in Table 17 and under the heading "Management's Discussion of Results" is derived from the Airport's financial records and comprises the Airport segment presented in the Port's audited financial statements.

The financial data is presented to inform investors of the Airport's historical financial performance that is applicable to the SLBs, including the Series Twenty-Nine Bonds. The presentation of Net Revenues in Table 17 is not in accordance with generally accepted accounting principles ("GAAP") but is made to calculate Net Revenues as required by certain covenants in the Airport Revenue Bond Ordinances. The presentation of non-GAAP Net Revenues is not a measure of operating performance or liquidity defined by GAAP and may not be comparable to similarly titled measures presented by other issuers. Items following the Net Revenues subtotal in Table 17 comprise the amounts required to reconcile from Net Revenues as defined by Section 2(r) of Ordinance 155 to GAAP net income per the Airport's audited financial statements for Fiscal Years ending June 30, 2018 through 2022.

The financial data set forth in Table 17 should be read in conjunction with "Management's Discussion of Results" immediately following Table 17 and for the Fiscal Year ended June 30, 2022, in conjunction with the Port's audited financial statements and related notes included in APPENDIX B of this Official Statement. For financial reporting purposes, the Port is considered to be an enterprise similar to a commercial entity. Accordingly, the financial statements included in APPENDIX B are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses when incurred. The accounting and reporting policies of the Port and the Airport conform to GAAP as applicable to proprietary funds of local governments.

Historic financial information about the Airport's finances and operations for the Fiscal Years ended June 30, 2018 and June 30, 2019, and for a portion of Fiscal Year 2020 through March 2020, predate the ongoing COVID pandemic and should be considered in light of the negative effects the COVID pandemic had or may have on current and future finances and operations of the Airport. See "RECENT DEVELOPMENTS CONCERNING COVID PANDEMIC."

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TABLE 15
HISTORICAL FINANCIAL PERFORMANCE
FISCAL YEARS 2018–2022
($000s)

OPERATING STATEMENT DATA:	2022 (1) (Audited)	2021 (1) as restated (Audited)	2020 (Audited)	2019 (Audited)	2018 (Audited)
Operating revenues:					
Airline revenues	$ 144,666	$ 124,209	$ 104,825	$ 100,446	$ 104,680
Terminal concessions	12,757	5,557	13,882	20,198	19,138
Parking	65,348	29,332	54,072	72,668	66,144
Rental cars	21,030	14,629	15,901	21,047	20,336
Other (2)	66,040	89,438	59,494	37,300	31,967
Total operating revenues	$ 309,842	$ 263,164	$ 248,174	$ 251,659	$ 242,264
Interest income - revenue fund and revenue bond fund	(5,217)	473	5,044	6,236	585
Total Revenues	304,625	263,637	253,217	257,896	242,849
Costs of Operation and Maintenance, excluding depreciation					
Salaries, wages and fringe benefits	56,596	54,480	56,079	54,425	48,714
Contract, professional and consulting services	37,627	26,729	33,869	35,003	34,260
Materials and supplies	4,934	6,933	4,775	5,567	6,006
Utilities	10,342	9,685	10,715	11,238	11,567
Equipment rents, repair and fuel	1,369	1,044	1,438	2,050	1,435
Insurance	3,732	3,505	2,663	2,114	1,842
Leases and rent	20	-	-	-	-
Travel and management expense	1,778	1,173	1,747	3,227	3,703
Allocation of general and administrative expense of the Port	24,077	19,626	18,501	20,079	18,662
Other	2,700	1,312	2,758	3,822	4,020
Total Costs of Operation and Maintenance	143,174	124,487	132,546	137,526	130,207
Net Revenues as defined by Section 2(r) of Ordinance 155 (3)	$ 161,451	$ 139,150	$ 120,671	$ 120,370	$ 112,642
Depreciation and Amortization	101,582	100,169	90,582	95,625	92,410
Other income (expense)					
Interest income - excluding revenue fund and revenue bond fund	6,269	6,692	15,835	11,862	4,272
Interest expense – net (4)	(59,736)	(53,749)	(47,679)	(37,973)	(18,864)
Passenger facility charges	27,540	16,627	26,780	38,564	38,141
Customer facility charges (5)	14,012	6,562	11,916	16,238	15,551
Other, net (6)	(7,442)	(4,482)	(2,102)	(6,437)	(3,792)
Total other income (expense)	(19,358)	(28,349)	4,750	22,253	35,308
Reconciling items (7):					
Airport allocation of pension bonds	4,375	4,196	4,017	3,852	3,689
GASB 87 lease accounting adjustment (8)	(4,329)	(1,958)	-	-	-
GASB 68 pension expense and GASB 75 OPEB adjustment (9)	806	(14,129)	(11,276)	(6,837)	(6,016)
Net income (loss)	$ 41,363	$ (1,260)	$ 27,581	$ 44,013	$ 53,213
BALANCE SHEET DATA:					
Airport net position	$ 1,059,592	$ 1,021,688	$ 1,022,477	$ 990,069	$ 947,788

(1) The Port's financial data for Fiscal Year 2022 includes the implementation of Governmental Accounting Standards Board ("GASB") Statement No. 87, "Leases," ("GASB 87") which establishes standards for accounting and financial reporting for lessees and lessors, and GASB Statement No. 93, "Replacement of Interbank Offered Rates," (GASB 93) which removes LIBOR as an appropriate benchmark interest rate in hedging derivative instruments. Accounting changes adopted to conform to the provisions of GASB 87 and GASB 93 have been applied retroactively, and Fiscal Year 2021 Financial Statements has been restated. The historical operating results presented in this table for periods prior to Fiscal Year 2021 are not retroactively restated for the implementation of GASB 87 and GASB 93, and accordingly are not comparable to all prior periods presented.

(2) Includes TNC revenues, as well as $25.1 million, $61.1 million and $25.3 million in Fiscal Years 2022, 2021 and 2020, respectively, for the CARES Act, CRRSAA, and ARPA grant monies.

(3) The restatement of Fiscal Year 2021 did not have an impact on Net Revenues as defined by 2(r) of Ordinance 155.

(4) The Port's financial data for Fiscal Year 2019 includes the implementation of GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period," ("GASB 89") which establishes accounting requirements for interest cost incurred before the end of a construction period. The historical operating results presented in this table for Fiscal Year 2018 are not retroactively restated for the implementation of GASB 89, and accordingly are not comparable to all prior periods presented.

(5) The CFC program began on January 14, 2014. CFCs are excluded from "Revenues" under the Airport Revenue Bond Ordinances.

(6) Reflects $2.6 million and $2.4 million in nonoperating grant revenue related to CARES Act and CRRSAA funds drawn for reimbursement of CFC debt service in the Fiscal Year 2021 and 2020 amount, respectively.

(Footnotes continued next page)

(Table 15 footnotes continued)

[7] Items treated differently under GAAP than under the Airport Revenue Bond Ordinances.
[8] For purposes of calculating Net Revenues as defined by Section 2(r) of Ordinance 155, the revenue and expense impacts of GASB 87 (Leases) are not included.
[9] For purposes of calculating Net Revenues as defined by Section 2(r) of Ordinance 155, the expense impacts of GASB 68 (Pensions) and GASB 75 (OPEB) are not included.
Source: Port's financial records.

Management's Discussion of Results

Revenues. Total operating revenues increased 17.7% from $263.2 million in Fiscal Year 2021 to $309.8 million in Fiscal Year 2022 due primarily to increased activity-based operating revenues resulting from passenger volume increases as the airline industry rebounds from the COVID pandemic, offset in part by decreased CARES Act and CRRSAA funding from the federal government in Fiscal Year 2021. Airline revenues increased approximately 16.5% from Fiscal Year 2021 to Fiscal Year 2022, primarily due to increased terminal rents resulting from higher bond debt service. In Fiscal Year 2022, terminal concessions revenues increased by approximately 129.6% compared to Fiscal Year 2021 as a result of significantly higher passenger volumes combine with Fiscal Year 2021 rent waivers granted by the Port in response to the pandemic, which were covered with CARES Act and CRRSAA funding. Fiscal Year 2022 results show that parking revenue increased approximately 122.8% from Fiscal Year 2021 as a result of the passenger volume increases resulting from the COVID pandemic recovery. Other revenues decreased 26.2% from Fiscal Year 2021 primarily due to $25.3 million in federal CRRSAA and ARPA funding for Fiscal Year 2022 versus $61.1 million in federal CARES Act and CRRSAA funding in Fiscal Year 2021.

From Fiscal Years 2018 through 2021, total operating revenues increased 8.6%, from $242.3 million to $263.2 million. It should be noted that during Fiscal Year 2021 the impacts of the COVID pandemic resulted in a significant decrease to all activity-based operating revenues at the Airport. Airline revenues increased 18.7% from Fiscal Year 2018 through 2021, largely due to increased bond debt service and lower terminal concessions revenue in Fiscal Year 2021. During the same period, terminal concessions, parking and rental car revenues decreased 71.0%, 55.7%, and 28.1%, respectively, as a result of significantly decreased passenger volumes in Fiscal Year 2021 as a result of the pandemic. Other revenues increased 179.8% from $32.0 million in Fiscal Year 2018 to $89.4 million in Fiscal Year 2021 primarily due to $61.1 million in federal CARES Act and CRRSAA funding in Fiscal Year 2021.

Expenses. Total Costs of Operation and Maintenance increased 15.0% from $124.5 million in Fiscal Year 2021 to $143.2 million in Fiscal Year 2022, largely driven by increases in salaries, wages, fringe benefits, outside services, and corporate overhead expenses as a result of increased costs of operation as the economy recovers from the pandemic and passenger volumes rebound. In Fiscal Years 2018 through 2021, total Costs of Operation and Maintenance decreased 4.4% from $130.2 million in Fiscal Year 2018 to $124.5 million in Fiscal Year 2021, primarily as a result of management's reduction of discretionary costs in Fiscal Year 2021 in response to dramatic declines in travel due to the COVID pandemic.

Net Revenues. Net Revenues increased 16.0% from $139.2 million in Fiscal Year 2021 to $161.5 million in Fiscal Year 2022, due to higher Airline revenues driven by increased bond debt service and Costs of Operation and Maintenance, combined with higher parking and rental car revenues driven by increased passenger volumes, offset in part by reduced funding from the federal government in Fiscal Year 2022. In Fiscal Years 2018 through 2021, Net Revenues increased from $112.6 million to $139.2 million, as a result of increased Airline revenues resulting from higher bond debt service, as well as federal CARES Act and CRRSAA funding received in Fiscal Year 2021 and decreased Costs of Operation and Maintenance, offset in part by decreased terminal concessions, parking, and rental car revenues during the COVID pandemic. Net Revenues exceeded 130% of the Debt Service

Requirement in each Fiscal Year. See Table 18 below and the audited financial statements of the Port for Fiscal Year 2022 in APPENDIX B.

Airport Net Position. Airport net position increased by $37.9 million in Fiscal Year 2022, reflecting net income and transfers to general aviation. Airport net position increased from $947.8 million at the end of Fiscal Year 2018 to $1,021.7 million at the end of restated Fiscal Year 2021, primarily as a result of net income, capital grants and CARES Act funding from the federal government.

Historical Debt Service Coverage

The table below provides a summary of the debt service coverage for Fiscal Years 2018 through 2022 is set forth in the following table.

TABLE 16
HISTORICAL DEBT SERVICE COVERAGE
FISCAL YEARS 2018–2022

Fiscal Year Ended June 30	**Net Revenue** [1] (000s)	**SLB Debt Service Requirement** (000s)	**Coverage Ratio**
2018	$111,951	$52,827	2.12
2019	119,059	49,099	2.42
2020 [2]	119,569	59,075	2.02
2021 [3]	139,150	66,213	2.10
2022 [4]	162,834	79,537	2.05

[1] Excludes Revenue Bond Fund interest income.
[2] Includes $25.3 million in CARES Act funds.
[3] Includes $61.1 million in CARES Act and CRRSAA funds.
[4] Includes $25.1 million in CRRSAA and ARPA funds.
Source: The Port.

Year-to-Date to Budget

Unaudited, internally-prepared fiscal year-to-date operating results for the six months ending December 31, 2022 compare positively to the Port's budget. Fiscal year-to-date operating revenues are $156.2 million as compared to the budgeted amount of $152.0 million, an improvement of $4.2 million over budget. This positive variance is primarily due to higher parking and airline revenues. Fiscal year-to-date operating expenses excluding depreciation are $76.3 million as compared to the budgeted amount of $83.6 million, an improvement of $7.3 million over budget. This positive variance is primarily due to lower outside services and wage expense.

Investment of Funds

The Port has adopted an investment policy (the "Investment Policy") that governs investment of funds including those that relate to the Airport. The Investment Policy may be changed as requested by the Board. Among other items, the Investment Policy establishes limits on maturity, investment types and diversification and generally establishes the parameters of investment practices so that the Port's investments are consistent with Oregon Revised Statutes and the Port's primary investment objective of preservation of capital.

The Port's current Investment Policy, which is reviewed annually by the Board and was readopted by the Board on October 12, 2022, permits investments in U.S. Treasury bills and notes, U.S. agency obligations, municipal debt obligations, corporate indebtedness, certain time certificates of deposit and bankers acceptances and certain repurchase agreements that have terms of 30 days or less. Port funds also may be invested in the Oregon

Short Term Fund, Local Government Investment Pool as allowed by State statute. Among other restrictions, the maximum maturity of any investment is five years and the weighted average maturity of the investment portfolio is limited to three years. Port staff is required to provide the Board with portfolio reports quarterly.

Pension and Other Post-Retirement Benefit Plans

The Port is a participating employer in the State-wide Oregon Public Employees' Retirement System ("PERS"). Information about PERS and about other post-retirement benefits is included in APPENDIX D and in Notes 9 and 10 and under "Required Supplementary Information" in APPENDIX B. As described in APPENDIX D, employer contribution rates for the various PERS pension programs are based upon actuarial valuation reports for PERS as of December 31 of odd-numbered years. For Fiscal Year 2022, the Port contributed approximately $10,418,000 to fund its PERS obligations of which approximately $5,231,000 was applicable to the Airport, and for Fiscal Year 2021, the Port contributed approximately $8,899,000 to fund its PERS obligations of which approximately $4,583,000 was applicable to the Airport.

Employer contribution rates for the period July 1, 2021 through June 30, 2023 were approved by the Public Employees Retirement Board (the "PERS Board") on October 2, 2020 based on the system valuation report for PERS as of December 31, 2019 and employer contribution rates for the period July 1, 2023 through June 30, 2025 were approved by the PERS Board on September 30, 2022 based on the system valuation report for PERS as of December 31, 2021. The Port expects that employer contribution rates will continue to increase. See APPENDIX D – "PENSION AND OTHER POST RETIREMENT BENEFIT PROGRAMS—Pensions—Contribution Rates."

During Fiscal Year 2022, the Port contributed approximately $329,000, of which approximately $221,000, was paid by the Airport, to fund the Port's other post-employment benefit obligations. See APPENDIX D, as well as Note 10 and "Required Supplementary Information" in APPENDIX B.

In addition to contributions to PERS, the Port pays the debt service on limited tax pension obligation bonds issued in 2002 and 2005 in an original principal amount of approximately $74.1 million, of which approximately $36.8 million was applicable to the Airport. Debt service principal payments allocable to the Airport in Fiscal Year 2022 totaled approximately $2,771,000. See Notes 7 and 9 in APPENDIX B.

REGULATORY MATTERS

Airport Regulation

The Port operates the Airport pursuant to an Airport Operating Certificate issued annually by the FAA following an on-site review. In addition to this Operating Certificate, the Airport is required to obtain approval, and/or to comply with, other regulatory requirements, including airport sponsor assurances made as a condition to receiving FAA funds. Long-term planning is subject to the FAA's approval, outside audits of the Airport's financial statements are subject to periodic audits by the FAA, the Port's use of Revenues generated at the Airport and any revenues generated from sales of aviation fuel and the Port's use of PFC Revenue and grant proceeds are subject to FAA regulation, review and audit. An airport's violation of any of the applicable statutes and regulations or of any assurances the Airport provides as a condition of receiving federal grants can result in, among other things, an obligation to return grant funds and/or a loss of grant eligibility and eligibility to impose a PFC and to use PFC Revenue.

Rates and Charges and Revenue Use Regulation. The Federal Aviation Administration Authorization Act of 1994, as amended (the "FAA Act"), and FAA regulations require that an airport maintain a rate structure that is as "self-sustaining" as possible and limit the use of all revenue generated by an airport receiving federal financial assistance to purposes related to the airport. The FAA Act and the Airport and Airway Improvement Act of 1982 (the "AAIA") and regulations provide that for all airports, with certain exceptions, the use of airport revenue (and taxes on aviation fuel) for purposes other than the capital or operating costs of the airport, the local airport system or other local facilities owned or operated by the airport owner or operator and directly and substantially related to the air transportation of passengers or property is unlawful revenue diversion and provide for monetary penalties and other remedies in the event of violations. The Airport is not a "grandfathered" airport to which the exceptions in the AAIA and the FAA Act apply.

The FAA Act, other federal statutes and FAA regulations also require that airline rates and charges set by airports receiving federal assistance be "reasonable," and the FAA Act authorizes the Secretary of Transportation to review rates and charges complaints brought by air carriers. During the pendency of a complaint, an airport is required to provide a surety bond or letter of credit or other form of security to ensure that the disputed portion of the fee is reimbursed to air carriers should the rates and charges be found to be unreasonable. The Secretary's order is subject to judicial review. Existing or new federal guidelines or standards promulgated by a court in connection with a dispute could limit the amounts and allocation of costs payable by airlines serving the Airport. The FAA Act excludes certain fees from the airport fee-challenge process, including a fee imposed pursuant to a written agreement with air carriers using the airport facilities. To date, no rate complaints have been filed against the Airport. It is the understanding of the Port that so long as the Signatory Airline Agreements are in effect, the fee-challenge provisions of the FAA Act under most circumstances will not affect the airline rates, fees and charges set by the Port. Airlines other than Signatory Airlines operating at the Airport are subject to the rates and charges established in Port Ordinance No. 433-R, which reflect a premium added to the rates and charges established in the Signatory Airline Agreements.

Federal and State Noise Regulation. State statutes and State Department of Environmental Quality ("DEQ") administrative regulations require all airports in the State to institute noise abatement programs in circumstances in which the Environmental Quality Commission has reasonable cause to believe that an abatement program is necessary to protect the health, safety or welfare of the public. The Port instituted a noise abatement program, which has been in effect for approximately 30 years. A Citizen Noise Advisory Committee made up of resident representatives from communities impacted by Airport operations acts in an advisory capacity recommending certain changes in aircraft and airport operations to comply with State law and administrative regulations as well as with federal aviation regulations. The Airport noise program was originally established under Federal Aviation Regulation Part 150 and has been updated four times with the latest update completed and approved by the FAA in July 2010. The program has proven effective at minimizing non-compatible land uses around the Airport and in establishing operating procedures that minimize the impacts of aircraft noise on the surrounding communities.

The United States Congress enacted the Airport Noise and Capacity Act of 1990 ("ANCA") to balance local needs for airport noise abatement with the needs of the national air transportation system. ANCA established criteria and standards that are intended to ensure an airport operator does not impose local restrictions that negatively affect the national air transportation system. The Port believes that it is in material compliance with ANCA, and there is no pending litigation known to the Port challenging noise levels of airborne aircraft.

In addition to complaints from the community concerning airborne aircraft, the Port has received complaints from neighbors of the Airport concerning engine run-ups conducted on the ground. Following a citizen complaint, FAA personnel in the Seattle regional office, which oversees Airport noise issues, took the position that engine run-up noise is not protected by the Interstate Commerce Clause of the U.S. Constitution and may be subject to local or State regulations governing noise levels for industrial uses. State laws enforced by the DEQ require the Airport to develop a comprehensive program to abate engine noise associated with ground maintenance activities (not associated with flight operations) at the Airport. A facility called a Ground Run-up Enclosure was constructed at the Airport and has been in operation since 2001. Based on feedback from the community, the Port believes it has adequately addressed the issue of aircraft engine testing. The Port also is studying and developing policies that will govern the use of unmanned aircraft (drones) on or in proximity to the Airport, the General Aviation Airports and the Port's marine terminals and industrial properties.

Airport Environmental Matters

The Airport is regulated by the Federal Environmental Protection Agency (the "EPA") and by the DEQ in connection with various environmental matters, including: handling of airline fuels and lubricants, air pollutants from commercial/industrial and transportation sources, stormwater discharges to surface waters from industrial activities associated with airport operations and construction runoff and overseeing noise abatement programs.

In the course of its normal business operations, the Port faces a variety of ongoing environmental matters. The following is a list of current matters under investigation or being remediated at the Airport that may, based on current information, require a payment from Revenues in excess of $500,000. GASB Statement No. 49 – "Accounting and Financial Reporting for Pollution Remediation Obligations" ("GASB 49"), which became effective for the Fiscal Year ended June 30, 2009 identifies the circumstances under which the Port is required to report a liability related to pollution remediation. Under GASB 49, liabilities and expenses are estimated using an "expected cash flows" measurement technique. GASB 49 also requires the Port to disclose information about its pollution obligations associated with cleanup efforts in the notes to its financial statements. See Notes 1 and 12 in APPENDIX B.

Columbia Slough. All non-deicing-related drainage from the Airport ultimately flows and has historically flowed to the Columbia Slough, which borders the Airport on the south. Investigations performed by the DEQ and others have identified contaminants in Columbia Slough sediments. The DEQ has identified Airport sites along the Columbia Slough that may have contributed to sediment contamination. The Port expects to be asked by the DEQ at some future time to investigate portions of the Columbia Slough adjacent to the Airport property or to participate in cleanup and/or long-term monitoring. It is unknown what the likely costs would be to respond to if the DEQ asserted that Port activities impacted the Columbia Slough or to perform an investigation and/or cleanup of any such impacts.

McBride Slough Clean-up. Stormwater from the Terminal and surrounding areas within a stormwater basin known as Basin 7 has historically drained to the McBride Slough, which is located at the southeast corner of the Airport. The McBride Slough ultimately drains to the Columbia Slough via a culvert. Contaminants carried in the stormwater have, over time, been deposited in McBride Slough sediments. Effective July 3, 2012, the Port entered into a consent order with the DEQ to conduct a remedial investigation, feasibility study and source control evaluation associated with McBride Slough. Historical impacts of stormwater from Basin 7 are believed to be the predominant source of contaminants to McBride Slough. The Port and the DEQ negotiated a consent judgment that committed the Port to perform sediment cleanup, which was completed in September 2020. The cost to perform the investigation and cleanup was $5.4 million. The Port's remaining liability to supplement and monitor source control measures to control future stormwater contamination, which the Port estimates to cost approximately an additional $800,000, is expected to be incurred between 2021 and 2036. The Port submitted a Source Control Measures and Performance Monitoring Report in June 2022 which detailed the proven effectiveness of previous actions taken by the Port to reduce/eliminate the source of this contamination. It is possible that DEQ will issue a determination that no further action is needed, in which case this expense will not be incurred.

Elrod Ditch Clean-up. The Port conducted a preliminary sediment investigation of Elrod Ditch, which is a drainage channel on the southwest portion of the Airport. The sediment quality of Elrod Ditch was evaluated using DEQ sediment cleanup levels established for the nearby McBride Slough cleanup site. The investigation showed exceedances of screening criteria for several chemicals including petroleum hydrocarbons and pesticides, prompting DEQ to require that it be cleaned up. The extent of shared cleanup cost obligations for this matter among the Port, airlines and Airport tenants is currently being evaluated. The total cleanup cost is currently estimated to be approximately $10 million.

Natural Resources Mitigation. Planned maintenance, development and redevelopment activities at the Airport occasionally impact protected natural resource features such as wetlands, upland grasslands and other sensitive ecosystems. Environmental and land use regulations sometimes require avoiding, minimizing or reducing the impacts, or by mitigating the impact by replacing the impacted resources and ecosystem functions in another location. The Port concluded a multi-year planning effort called "Airport Futures" that resulted in an update to the Airport master plan and land use zoning. See "PORTLAND INTERNATIONAL AIRPORT—Airport Master Plan and Resilience Planning." This process resulted in more flexibility for the Airport to manage and develop its land in exchange for enhancing and mitigating natural resource features. The obligations of the Airport are documented in a 25-year agreement dated March 2011 adopted by the Port and the City. Those obligations include zoning and mitigation of upland grasslands and watershed enhancement measures. The total estimated costs to the Airport over the 25-year period range from $2.6 million to $5.1 million. Separate from Airport Futures, the Port successfully obtained an Incidental Take Permit ("ITP") from the U.S. Fish and Wildlife Service in June 2017 that limits potential liabilities associated with the presence of the streaked horned lark, a bird listed as "threatened" under the Endangered Species Act. The ITP protects the Port from certain potential liabilities associated with the incidental "take" of these birds on airport and industrial properties, resulting from Port activities. While the ITP is relatively brief, permit compliance is described in detail in a separate Habitat Conservation Plan (the "HCP"), issued in January 2017. The mitigation associated with the ITP and the HCP will cost the Port approximately $1 million over the 30-year term of the ITP.

Columbia Corridor Flood Control and Levee System Re-Accreditation by the Federal Emergency Management Agency (FEMA). There are currently four independent drainage districts which provide flood control along the south shore of the Columbia River and the Columbia Slough in Multnomah County, Oregon. Of the four, Multnomah County Drainage District (the "MCDD") employs staff that service each of the four districts and manages the operations and maintenance of the critical infrastructure (levees, pumps, drainage conveyances). MCDD operates and maintains 27 miles of levees, 12 pump stations, and many miles of slough, pipes, culverts, and ditches that reduce the risk of flooding. The Port is the largest landowner in the levee system and owns over 4,000 acres of land behind the levees. Forty percent of the Port's facilities, including PDX and Troutdale Airport, are located behind levees. MCDD's operations ensure that the land behind the levees benefits from FEMA's National Flood Insurance Program ("NFIP"). To maintain standing in the NFIP, the system must be certified as meeting post-Hurricane Katrina standards administered by the USACE accredited by FEMA.

In 2019, the Oregon State Legislature passed Senate Bill 431 which created a new special district, Urban Flood Safety and Water Quality District, responsible for operating, maintaining, and improving the entire levee system along the Columbia River. The intent of the new district is to modernize the management of the levees, and ultimately, replace the four existing drainage districts. Under the bill, the Port designates a member of the Urban Flood Safety and Water Quality District's governing board, making it a functional multi-year process that will lead to a more broad-based revenue generating structure.

Port-wide Stormwater Master Plan. The Port has completed a stormwater master plan for all Port facilities except the General Aviation Airports. The objective of the master plan is to ensure that the stormwater infrastructure serving Port properties, including the Airport, has the capacity to meet future needs, has the structural integrity and useful life to meet those needs, and meets water quality requirements. One of the outputs of the plan is a stormwater capital improvement program that identifies various capital projects to meet master plan objectives over the next 20 years. Most of those improvements will be integrated into already-programmed capital projects. There will be some stand-alone regional stormwater features built under separate projects. For PDX, the estimated total cost of these stormwater improvements is $53.4 million through 2035. Since 2015, the Port has spent approximately $13.8 million in completing stand-alone stormwater management projects at PDX. Approximately $1.3 million in capital projects are currently being planned.

Fire Training Areas. In September 2016, the DEQ requested that the Port investigate suspected contaminant releases associated with the use by the Port, the ORANG and local municipal fire departments of historic and current fire training areas on the Airport's property. Per- and polyfluorinated compounds used in aviation firefighting foam, such as perfluorooctanoic acid and perfluorooctane sulfonic acid, are an emerging area of state and federal regulatory interest, as discussed in the EPA's strategic roadmap regarding perfluorinated compounds, released October 2021. There remains, however, significant scientific uncertainty about their health effects, their regulatory status is uncertain and there are no established federal or State cleanup standards. The Port has completed a series of investigations centered around the historic fire training area which have identified contamination in soil, surface water and groundwater. Data indicated that the contamination from these historical fire training areas is not impacting the Columbia South Shore Well Field within the deep groundwater aquifer. Contaminants in shallow groundwater, however, are entering the stormwater system and migrating to the Columbia Slough. The Port has sampled all stormwater outfalls to identify the levels of contamination entering the Columbia Slough and is developing a capital program to evaluate source control options. The absence of State and federal regulations for surface water makes it difficult to determine what additional action may be required by DEQ, though the Port anticipates being required in the future to perform remedial action to reduce the migration of perfluorinated compounds into stormwater.

Other Matters. Other less significant environmental matters exist at the Airport, and such conditions are expected to develop periodically or be discovered in the ordinary course of ongoing Airport and related operations. Taken individually, it is the opinion of the Port that none of these matters will have a material adverse effect on the financial condition of the Airport.

Non-Airport Environmental Matters

The following environmental matters affect the Port but are not expected to result in liabilities that are payable from Airport revenues. Federal law prohibits the Port from diverting airport revenue to non-airport purposes, including to the resolution of the potential environmental liabilities described below. Although none of these matters may affect the Airport directly, they may impact the Port's General Fund enterprises, many of which pay rent to the Airport and/or share expenses with the Airport.

The Port has been notified by federal and state environmental agencies of its potential liability for contamination at, from and to the Portland Harbor, both in-water and upland, in connection with the Portland Harbor Superfund Site (the "Site") listed on the National Priorities List. The current area of the Willamette River in Portland, Oregon to be remediated includes in-water sediments from just south of the Columbia Slough at approximately River Mile ("RM") 1.9 to north of the Broadway Bridge at approximately RM 11.8. In addition, the DEQ is overseeing uplands investigations and cleanups adjacent to the Site. The Port and multiple other potentially responsible parties (the "PRPs") performed a Remedial Investigation and Feasibility Study of the Site under an EPA Settlement and Administrative Order on Consent. The EPA released its Proposed Plan for cleanup at the Site on June 8, 2016. The EPA received approximately 5,300 comments (including from the Port) in response to its Proposed Plan and issued a final Record of Decision ("ROD") for the Site on January 6, 2017. The ROD contains the EPA's final remedy selection and the EPA's estimate of remedy cost (approximately $1.05 billion) but does not assign cleanup responsibility or divide liability among the more than 100 individual PRPs involved at the Site. The Port also is implementing a Settlement and Administrative Order on Consent for a Removal Action at Marine Terminal 4. In June 2018, the Port and the EPA amended the order to include 30% remedial design work to implement EPA's ROD for Terminal 4. See Note 12 in APPENDIX B. In December 2019, the Port, the City of Portland and the State agreed to perform and fund, and certain federal agencies agreed to fund, the Remedial Design for the Willamette Cove area of Portland Harbor. The parties signed an Administrative Settlement and Order on Consent, and the Port is funding 25% of the costs. In February 2020, the Port also agreed to fund a portion of the Remedial Design for the RM 10 West project area. In January 2021, the Port agreed to fund a portion of the Remedial Design for the Swan Island Basin project area, which is located upstream from Terminal 4 on the east side of the Willamette River.

Natural Resource Trustees representing Tribal, Federal and State governments also have notified the Port and others of their potential liability for natural resources damages associated with the Site. The Natural Resource Trustees have invited multiple Site PRPs, including the Port, to participate in funding certain future natural resource damages studies. The Port and certain other PRPs have funded the first and second phases of certain natural resource damages assessment activities in respect of the Site. The Port and certain other PRPs also are funding a portion of the second phase of natural resource damage assessment activities. In July 2012, the natural resource trustees released a draft Restoration Plan and Programmatic Environmental Impact Statement for the Site as part of the assessment activities. In 2013, the Port entered confidential settlement negotiations with the Trustee Council and reached a settlement in principle in September 2018. In 2019, the Port purchased credits from two restoration sites in fulfillment of its settlement obligations and is in the process of negotiating a consent decree with the natural resource trustees that will provide a full release of liability from their claims. In a separate natural resource damages case, the Confederated Tribes and Bands of the Yakama Nation served the Port on February 7, 2017 with a Summons and Complaint seeking unreimbursed response costs of approximately $283,000 and an unspecified amount of natural resource damages. The Port and other defendants filed a motion to dismiss, which the court denied. The case is now stayed pending resolution of a confidential allocation process regarding liability for the Site. The Port cannot predict the timing or outcome of these ongoing matters.

Upland contamination at current and former Port facilities adjacent to the Site is concurrently being investigated, and source control is being performed under the DEQ's oversight. The DEQ submitted an updated Portland Harbor Upland Source Control Summary Report to the EPA in March 2016, which includes the updated status of cleanup work at 171 sites in connection with the EPA's Proposed Plan. The Port expects ongoing investigation by DEQ, including some source control, such as riverbank stabilization, to be completed in coordination with the in-water cleanup.

Two of these Portland Harbor cleanup sites –Portland Ship Repair Yard and Willamette Cove – are also covered by settlement agreements with current property owners that require the Port to complete investigation of the uplands and adjacent sediments to the extent required by law and their respective settlement agreements. At the Portland Ship Repair Yard site, investigation and cleanup is being performed by the Port under a voluntary cleanup program ("VCP") agreement with DEQ pursuant to a 2000 purchase and sale agreement. At Willamette Cove, upland investigation and cleanup is being performed by the Port under a VCP agreement with the DEQ and a 2000 interim settlement with another public agency, METRO. Partial insurance recovery has been received.

The Port is pursuing other PRPs for contribution to and participation in the investigation, cleanup and natural resources damages assessment and restoration of Portland Harbor, primarily through alternative dispute resolution processes. See Note 12 in APPENDIX B.

Pursuant to a long-standing agreement with the USACE, the Port provides the dredge *Oregon* and crew as a contractor to the USACE on a cost reimbursement basis to assist with the maintenance of the navigation channels of the Columbia River and the Lower Willamette. In addition, the Port has historically provided the placement sites for the dredged material. In the Columbia River, dredged material is placed on various island and beach locations and is a shared responsibility with the other ports on the Columbia River. The Port currently has sole responsibility for providing placement sites for material dredged from the Willamette River. Since the Lower Willamette was declared a Superfund site, the Willamette channel has only been dredged in localized, discrete areas. When more extensive navigational dredging is resumed on the Willamette River in the future, the Port or the USACE may not be able to place any contaminated dredge material on nearby beaches or in water because the EPA may require disposal of the material in a landfill. The Port is working with other state and federal agencies to pursue alternative funding for maintaining the navigation channel. If alternative funding sources are not identified, the Port could be responsible for the extra costs of disposal. The amount of those costs and the timing of incurrence is not definable at this time.

ENVIRONMENT, SUSTAINABILITY AND SOCIAL EQUITY INITIATIVES

The Port builds shared prosperity for the region through travel, trade and economic development. These industries often generate environmental impacts which disproportionately burden Black, Indigenous, and people of color ("BIPOC") and low-income communities. The Port's environmental programs ensure that regulatory requirements are met and also champion proactive projects to demonstrate leadership in addressing environmental justice inequities. The Port's most significant sources of environmental impacts are quantified and then the EPA's environmental justice screening and mapping tool is used to help us prioritize initiatives that would reduce or eliminate impacts to BIPOC and low-income communities.

The Port takes a proactive approach to operationalizing environment, sustainability, and social equity initiatives. Port-wide strategic plans and environmental policies have been adopted over the past decade to provide a foundational framework for evaluating capital development and business transactions to advance environment, sustainability, and social equity. Cross-departmental teams have been convened to advance priority initiatives in a more streamlined manner, and to foster alignment when competing priorities are identified. The Executive Management team governs the Port's Environment, Sustainability and Social Equity Initiatives, guides key business decisions and provides regular oversight and accountability. Annual environmental performance reports document progress made toward goals, leveraging data as much as possible.

The Port maintains long-standing environmental programs focused on improving air quality and addressing climate change, water quality and conservation, waste minimization, natural resources stewardship, and aviation noise abatement. For example, the TCore Project's shift to higher efficiency plumbing fixtures (toilets and lavatory faucets) is expected to achieve an indoor water use reduction of 32%. The Port has also developed non-potable water rights which are currently used for irrigation, car washing and toilet/urinal flushing at PDX.

However, the Port's highest priorities are currently focused on air toxics and climate change due to associated magnitude of impacts in context of environmental justice. By narrowing its focus to a few priorities, the Port can deliver meaningful results more quickly. Over time, the Port will continually expand its focus to deepen investments in other important initiatives at the cross-section of environmental leadership and environmental justice.

Air Toxics. Air toxics are generated from a variety of sources including mobile sources (vehicles, diesel-powered construction equipment, locomotives, marine vessels, aircraft, etc.) as well as stationary sources (boilers, generators, manufacturing, etc.). Diesel emissions are one of the most significant air toxics in the region, impacting human health. These health impacts include asthma, respiratory illness, heart and lung disease, an increase in emergency room/hospital admissions, absences from work and/or school, and premature death. Children and seniors are most vulnerable to these impacts.

The State has taken action to reduce air toxics beyond what is required by the EPA. The Cleaner Air Oregon program was created to regulate emissions of toxic air contaminants from industrial and commercial facilities based on local risks to health. Cleaner Air Oregon requires facilities to report toxic air contaminant emissions, assess potential health risks, and reduce risk if the level of risk posed by toxic air contaminant exceed health risk action levels. Beginning in 2019, DEQ is prioritizing and calling-in existing facilities to go through the Cleaner Air Oregon risk assessment. The Airport is considered a low priority due to relatively low emissions and the Port expects to be called into the program in 2023 or later. In an effort to prepare for this new program, the TCore Project will eliminate the majority of stationary air toxic emissions at the Airport by reducing boiler emissions by over 90%. The New Kennedy Feeder Project will also provide sufficient power to electrify fossil fuel powered equipment including airlines' ground support equipment which currently represents approximately 75% of PDX's total diesel emissions. In addition, the Port has purchased cleaner equipment and switched all diesel generators, boilers and mobile equipment to renewable diesel which reduces harmful emissions by up to 30%.

In an effort to curb embodied and local emissions and other impacts from building materials, the TCore Project developed a custom Healthy Materials Framework. This allowed the design team to identify and address the material impacts from an airport-specific perspective. The Port is also a founding member in a regional Clean

Air Construction Program to reduce diesel emissions in construction projects via stringent contracting standards for idle reduction and cleaner diesel equipment requirements.

Climate Change. The most recent report issued by the Intergovernmental Panel on Climate Change indicated that stabilizing the climate will require strong, rapid, and sustained reductions in greenhouse gas ("GHG") emissions and reaching net zero carbon dioxide emissions. It could take 20-30 years for global temperatures to stabilize once significant reductions in GHG emissions are achieved. It is imperative that meaningful action be taken within the next decade. Climate change also poses the greatest threat to those least responsible for it, including low-income and disadvantaged populations, making it a social equity issue.

The Port is taking a strategic approach to reduce its GHG emissions prioritizing the Airport, as it generates the most GHG emissions out of all Port facilities. Completed in 2010, the Port's Headquarters building achieved LEED Platinum with 50% better energy efficiency and was listed as one of Forbes *Top Ten Most High-tech Buildings in the World*. In 2012, the Port completed an Energy and Carbon Management Master Plan which helped the Port reach its goal of reducing Port GHG emissions by over 60% in 2017, as compared to 1990 levels.

To reflect the urgency of the mitigating climate change, the Port recently set new targets for PDX GHG emission reductions as compared to 1990 levels, without relying on Renewable Energy Certificates ("RECs") or carbon offsets.

15% reduction by 2020

20% reduction by 2025

45% reduction by 2030

80% reduction by 2040

Net zero carbon by 2050

Although the 2020 reduction target was not achieved due to significant infrastructure projects occurring while these goals were being established in 2018, the 2020 target was included to signal the Port's understanding of the urgency involved in tackling climate change. The Port is on track to meet the 2025 reduction target and will continue to strive to meet these goals moving forward.

The Port is also committed to supporting broader regional and industry-wide solutions related to mitigating the effects of climate change. The Port was a founding member of Sustainable Aviation Fuels ("SAF") Northwest, a regional initiative to develop an aviation biofuels market in the Pacific Northwest. In September 2011, Airports Council International – North America awarded the Port an "Environmental Innovation" Award for groundbreaking analysis of aviation biofuel development related to a study produced by Sustainable Aviation Fuels Northwest that provided a regional roadmap for steps the industry can take to implement aviation biofuels. In 2020, the Port helped fund a Bioeconomic Development Opportunity Zone pilot in Oregon as an innovative strategy to attract investments in local SAF supply chain development that could supply flights out of PDX. The Port participates in the Energy Trust of Oregon's Strategic Energy Management program to improve energy management and monitoring. The Port was also a founding member of the Climate Registry in 2008. GHG emission inventories, including third-party verification, are reported through the Climate Registry to ensure reported emissions inventories are accurate and complete.

The TCore Project is pursuing LEED certification at the gold level under Building Design and Construction version 4.0 due to a range of sustainability investments. The BHS-CBRA-CSU Project is a sub-project located within the LEED boundary for the TCore Project. As such, it is accounted for in the energy model, subject to the LEED specifications developed for the project, and will be part of the LEED certification. A major component that will contribute to LEED scoring is the inclusion of an open loop ground source heat transfer system that is expected to allow the Airport to be 95% fossil fuel free for the supply of building heat.

In addition to LEED certification, deep investments in energy efficiency including LED lighting and a ground source heating and cooling system are projected to reduce the Energy Use Intensity (i.e., energy use per square foot) of the terminal by approximately 50%. The new terminal building is expected to be 55% more energy efficient than the current building with improvements in lighting efficiency, thermal energy transfer reduction, as well as reductions in embodied carbon and operational carbon, and lower water usage. The new, mass timber roof will help reduce the terminal's embodied carbon because it is less energy intense to cut and mill timber versus making steel beams or concrete. The Port procured the timber by combining a direct sourcing approach with a certification approach; this procurement process resulted in more than 95% of the 2,600,000 board feet coming from sustainability managed forests. The Port, along with its partners on the TCore Project, receiving a 2021 FSC Leadership Award from the Forest Stewardship Council

The New Kennedy Feeder project is a critical infrastructure project for PDX that will enhance the facility's resilience and provide for future electrification of fossil fuel-related energy use at PDX (e.g., the new terminal ground source heating and cooling system as well as planned electrification of ground support equipment).

Another example of the Port's efforts to address climate change through its capital projects is the recently completed Public Parking and ConRAC Garage. These facilities were the first in the region to use CarbonCure technology to sequester additional CO_2 and reduce the carbon footprint of the concrete. As a result, an extra 548.4 metric tons CO_2 equivalent (CO2e) was permanently sequestered through their construction. The Port's local investment in this technology is anticipated to pave the way for other projects in the area to cost-effectively implement similar technology. The Port is also pursuing certification for the Rental Car Center building under LEED Building Design and Construction version 4.0, targeting certification at the gold level. PDX Next, along with the Concourse E extension project, which is part of the PDX Next campaign, received a 2022 Airports Going Green® award for Outstanding Sustainability Infrastructure Development. Airports Going Green® is an aviation industry sustainability forum led by the Chicago Department of Aviation.

Social Equity. The Port is currently focused on its Shared Prosperity initiative, enabling historically excluded communities to help inform Port decision-making and gain access to prosperity generated by Port activities throughout the region. The Port's Shared Prosperity work is guided by three principles:

Maximize benefits to black, indigenous people of color, people with disabilities and low-income communities.

Identify new opportunities from the insights of and engagement with the community.

Create a financially sustainable path for the Port.

The Port has an established Equity in Contracting Program with an overall small business enterprise (SBE) utilization goal of 20% of the Port's total annual contract spend. Qualifying SBEs are any business that is certified as "small" by either the State of Oregon's Certification Office for Business Inclusion and Diversity, or the State of Washington's Office of Minority and Women's Business Enterprises.

The Port conducted a disparity study in 2018 which identified the Port's marketplace and the available small businesses by trade in the region to perform contract work. This data is used to set project-specific goals based on the scope of work and availability of small businesses for each relevant trade. The Port also designates a Small Business Specialist to support Port vendors in meeting SBE goals throughout the life of a contract.

The TCore Project has a goal of 20% SBE participation. The CBRA project work will be included as part of this goal. The project design is also addressing an important gender equity issue through the incorporation of six all-user restrooms. Before developing the design, the Port engaged a broad group of 13 stakeholders – including accessibility advocacy organizations, local, state, and federal government as well as academia – to introduce the project, discuss accessibility issues at PDX, and get their feedback. These outreach meetings resulted in valuable design ideas to increase integration of equitable access and shift to a targeted universal design approach, where possible. The discussion identified the general concepts of "choice" and "independence" as fundamentally important to the design.

The New Kennedy Feeder project established a 10% SBE participation goal but the selected contractor has committed to achieving over 13%. Pacific Power, the local electrical utility, will also work with the Port's Equity in Contracting Program to identify SBEs to perform the utility's portion of the work under a separate contract.

REPORT OF THE AIRPORT CONSULTANT

The Report of the Airport Consultant is included in this Official Statement as APPENDIX A. The Report is part of this Official Statement, and potential purchasers of the Series Twenty-Nine Bonds should read the Report, in its entirety.

The Report of the Airport Consultant provides an overview of the impact of the COVID pandemic on the aviation industry and the Airport, the economic base of the Air Service Area and of the primary economic and demographic variables (including population, personal income, gross regional and domestic product, employment, consumer prices and other economic conditions and events) nationally and in the Air Service Area that drive demand for passenger and cargo air transportation services and a projection of such variables for Fiscal Years 2023 through 2030, the "projection period." The Report describes air service at the Airport currently, identifies the primary factors that affect demand for air travel, including factors (such as costs and availability of jet fuel, other industry consolidation costs and national and Airport aviation security and capacity) that influence passenger and cargo airline profitability and decisions, and summarizes the Airport Consultant's projection, and the assumptions behind the projection, of air traffic, including passenger enplanements, aircraft operations and landed weights, at the Airport for the projection period.

The Report also includes the Airport Consultant's review of existing Airport facilities and a review of the Port's capital improvement program, strategic plan and adopted budget for Fiscal Year 2023 and existing Port agreements and obligations. The Airport Consultant's conclusion is that based upon the Airport Consultant's approach and assumptions described in the Report, the Net Revenues in each year from the Fiscal Year 2023 adopted budget and during the projection period of Fiscal Years 2023-2030 will be sufficient to satisfy the Port's rate covenant in the Airport Revenue Bond Ordinances and at the same time to maintain reasonable levels of passenger airline cost per enplaned passenger.

Table 19 summarizes the Airport Consultant's projection of Revenues, Costs of Operation and Maintenance, Debt Service Requirements and debt service coverage ratios for the projection period of Fiscal Years 2023-2030 and includes assumptions about capital costs, debt structures and sources of funding. See Chapters 3 and 4 of the Report in APPENDIX A.

The Airport Consultant notes that although it believes that its approach and assumptions are reasonable and provide an appropriate basis for the financial projections set forth in the Report, any projection is subject to uncertainties and some assumptions used as basis of the projections will not be realized, unanticipated events and circumstances may occur, there are likely to be differences between the financial projection and actual financial results and those variations could be material. The Report of the Airport Consultant should be read in its entirety for an understanding of the projections and the underlying assumptions contained therein. The Airport Consultant has no responsibility to update the Report of the Airport Consultant because of events and transactions occurring after the date of the Report.

This section and the Report of the Airport Consultant contains “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. The financial projections included in this Official Statement and the Report of the Airport Consultant represent the Port’s projection of future results, which the Airport Consultant has reviewed and incorporated into its Report, based on information then available to the Port and the Airport Consultant as well as estimates, trends and assumptions that are inherently subject to economic, political, regulatory, competitive and other uncertainties, all of which are difficult to predict and many of which will be beyond the control of the Port and the Airport Consultant. Prospective investors should assume that the restrictions and limitations related to the ongoing COVID pandemic, and the current state of the air travel industry and the national and global economies, could increase at least over the near term, recovery may be prolonged, and, therefore, have an adverse impact on Airport revenues. As a result, projected results may not be realized and actual results could be significantly higher or lower than projected. Neither the Port nor the Airport Consultant are obligated to update, or otherwise revise, the financial projections or the specific portions presented to reflect circumstances existing after the date when made or to reflect the occurrence of future events, even in the event that any or all of the assumptions are shown to be in error.

This Official Statement, including the Report of the Airport Consultant, contains prospective financial information and other forward-looking statements. The prospective financial information in the Report of the Airport Consultant was not prepared with a view toward compliance with the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. The Port and its management reviewed the prospective financial information and believe that the prospective financial information was prepared on a reasonable basis; however, this prospective information is subjective and should not be relied on as necessarily indicative of future results. Summaries of the prospective financial information from the Report included in the forepart of this Official Statement were prepared by Port management. Moss Adams LLP, independent accountants, which audited the Port’s financial statements included in this Official Statement as APPENDIX B, has neither examined nor compiled this prospective financial information or the summary and, accordingly, Moss Adams LLP does not express an opinion or offer any other form of assurance with respect thereto. The Moss Adams LLP report included in APPENDIX B of this Official Statement relates to the Port’s historical financial information. It does not extend to the prospective financial information and should not be read to do so.

TABLE 17
ACTUAL, BUDGETED AND PROJECTED
NET CASH FLOW AND DEBT SERVICE COVERAGE

($000s)

		Actual	Budget	Projected						
		FY 2022[1]	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Total Revenues:										
Landing Fee Revenue		$41,084	$44,627	$44,082	$49,356	$51,713	$52,742	$54,440	$53,133	$54,023
Signatory Airline Terminal Rental Revenue		89,840	107,518	119,742	194,283	213,737	215,355	218,320	240,894	238,958
Other Terminal Cost Center Airline Revenues		18,222	18,999	22,410	29,421	32,910	33,852	34,270	36,724	37,371
Non-Airline Revenues		136,176	139,744	160,050	171,573	179,379	187,289	195,427	203,818	212,225
Federal Relief Grants		25,000	4,800	24,800	9,000	-	-	-	-	-
Interest Income		(5,217)	3,450	3,450	3,450	3,450	3,450	3,450	3,450	3,450
Total Revenues	[A]	$305,105	$319,139	$374,534	$457,084	$481,189	$492,688	$505,906	$538,018	$546,027
Less:										
O&M Expenses	[B]	$143,026	$172,278	$174,993	$184,025	$196,899	$205,437	$211,458	$217,889	$227,603
Net Revenues	[C=A-B]	$162,080	$146,861	$199,541	$273,059	$284,290	$287,251	$294,448	$320,130	$318,424
Less:										
Total Debt Service [2] Requirement	[D]	$79,537	$84,459	$100,388	$156,417	$169,906	$166,239	$168,373	$183,374	$183,382
Net Surplus/(Deficit)	[E=C-D]	$82,542	$62,402	$99,154	$116,642	$114,384	$121,013	$126,075	$136,756	$135,042
SLB Debt Service Coverage:										
Net Revenues	[C]	$162,080	$146,861	$199,541	$273,059	$284,290	$287,251	$294,448	$320,130	$318,424
Total Debt Service [2] Requirement	[D]	$79,537	$84,459	$100,388	$156,417	$169,906	$166,239	$168,373	$183,374	$183,382
SLB Debt Service Coverage Ratio	[F=C/D]	2.04	1.74	1.99	1.75	1.67	1.73	1.75	1.75	1.74
SLB Debt Service Coverage Ratio - Requirement		1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30

Notes: This projection is based on current expectations and information and is not intended as a representation of facts or guarantee of results; amounts may not add due to rounding; actual amounts may differ from the Port's audited financial statements for various reasons, including the treatment of non-cash items

[1] Exhibit I of the Report of the Airport Consultant takes into account minor adjustments in Net Revenues for Fiscal Year 2022; accordingly the Net Revenues and the SLB Debt Service Coverage Ratio numbers differ from the numbers in Table 18 herein.

[2] Future SLB Debt Service includes costs associated with the TCore Project being initially placed in service in Fiscal Year 2024; assumes issuance of the Series Twenty-Nine Bonds in the principal amount of approximately $862.4 million and the issuance of one series of future SLBs to be issued during calendar year 2025, along with other assumptions described in Section 4.4 of the Report of the Airport Consultant; the Report of the Airport Consultant will not be revised to reflect the final terms of the Series Twenty-Nine Bonds.

Source: Port of Portland airport management records and Exhibit I of the Report of the Airport Consultant.

CERTAIN INVESTMENT CONSIDERATIONS

Investment in the Series Twenty-Nine Bonds involves risks, some of which are described below or elsewhere in this Official Statement. Prospective investors are advised to consider the following factors, among others, and other information in this Official Statement, including all of the Appendices, in evaluating whether to purchase Series Twenty-Nine Bonds. The factors discussed below are not meant to be a comprehensive or exhaustive list of all of the risks that should be considered, and the order in which these investment risks are presented does not necessarily reflect their relative importance. Any one or more of the risks and other considerations discussed below, among others, could lead to a decrease in the market value and/or in the marketability or liquidity of the Series Twenty-Nine Bonds, and no assurance can be given that other risk factors and investment considerations will not become material in the future.

Limited Obligations

SLBs, including the Series Twenty-Nine Bonds, are payable solely from Revenues available for deposit to the Port's General Account after payment of Costs of Operation and Maintenance, from moneys held by the Trustee in the SLB Fund and from moneys held by the Port in the SLB Construction Account. No other moneys or property of the Port is pledged to pay debt service on the SLBs, including the Series Twenty-Nine Bonds. SLBs are not a general obligation of the Port and are not secured by a pledge of and are not payable from any other revenues, including any tax revenues, of the Port or by the taxing power of the Port or the State or its agencies, instrumentalities or political subdivisions.

Effect of COVID Pandemic and Other Worldwide Health Concerns

The COVID pandemic has had and may continue to have material adverse effects on passenger traffic and Airport operations and financial performance. The dynamic nature of the COVID pandemic leads to many uncertainties and so, the Port cannot predict: (i) the duration or extent of the COVID pandemic, including the emergence and prevalence of COVID variants, or another outbreak or pandemic; (ii) the scope or duration of the current COVID pandemic and any additional restrictions or warnings related to air travel, gatherings or any other activities, and the duration or extent to which airlines will reduce services at the Airport, or whether airlines will cease operations at the Airport or shut down in response to such restrictions or warnings; (iii) what additional short or long-term effects the restrictions and warnings imposed as a result of the COVID pandemic may have on air travel (including to and from the Airport), the retail and services provided by Airport concessionaires, Airport costs or Port revenues; (iv) to what extent the COVID pandemic, another outbreak or pandemic may disrupt the local, State, national or global economy, manufacturing or supply chain, and if any such disruption may adversely impact Airport-related construction, the cost, sources of funds, schedule or implementation of the Port's CIP, or other Port operations; (v) the extent to which the COVID pandemic, or another outbreak or pandemic, or the resultant disruption to the local, State, national or global economy, may result in changes in demand for air travel, or have an impact on the airlines or concessionaires serving the Airport, or the airline and travel industry, generally; (vi) whether or to what extent the Port may provide additional deferrals, forbearances, adjustments or other changes to the Port's arrangements with its tenants and Airport concessionaires; or (vii) whether any of the foregoing may have a material adverse effect on the finances and operations of the Port and the Airport.

Future outbreaks, pandemics or events outside the Port's control may further reduce demand for travel, which in turn could cause a decrease in passenger activity at the Airport and declines in Port revenues.

The uncertainties, limitations and restrictions described in the preceding paragraphs are germane to other communicable diseases as well. Other previous travel alerts or advisories include the 2016 travel alert by the U.S. Centers for Disease Control and Prevention warning pregnant women to avoid travel to areas where outbreaks of the Zika virus, which has been linked to birth defects, were occurring. In 2009, WHO and the U.S. Department of Health and Human Services (through the Secretary of the Department of Homeland Security) declared public health emergencies as the result of outbreaks of a serious strain of H1N1 influenza or "flu." In spring 2003, there was an outbreak of a serious strain of bird flu in Asia and Canada called "Severe Acute Respiratory Syndrome" or SARS. Future outbreaks or pandemics, of greater severity or duration than the COVID pandemic, could occur, resulting in decrease in air traffic, disruption to the global supply chain, interruption in manufacturing and construction operations and other unexpected incidents, of a magnitude greater than what the Port has experienced during the COVID pandemic, that could materially interfere with the Port's implementation of its CIP and other operations, or the operations of the airlines operating at the Port.

See "RECENT DEVELOPMENTS CONCERNING COVID PANDEMIC."

Demand for Air Travel

The ability of the Port to generate Revenues sufficient to pay Costs of Operation and Maintenance, debt service on the SLBs (including the Series Twenty-Nine Bonds) and other obligations depends upon demand for Airport facilities and services. The principal determinants of passenger demand at the Airport include the population and economy of the Air Service Area; national and international economic conditions; political conditions, including wars; other hostilities and acts of terrorism; airfares and competition from surrounding airports; airline service and route networks; the capacity of the national air transportation system and the Airport; accidents involving commercial passenger aircraft; visa requirements and other limitations on the ability of foreign citizens to enter the United States; currency exchange rates; the occurrence of pandemics such as the COVID pandemic; and the occurrence of other natural and man-made disasters. Airfare and airline service are, in turn, affected by the financial condition of the airlines and regulatory requirements imposed on airlines, among other factors.

The Signatory Airlines assume most of the responsibility for costs, including debt service and debt service coverage, in connection with the Airfield and the Terminal and thus assume most of the risk of lower passenger and cargo traffic in connection with the Airline Cost Center, but lower passenger traffic would also mean lower parking and rental car concession revenues, which the Port depends upon to pay costs and debt service related to the Port Cost Center, for which the airlines have no responsibility. No assurance can be given that traffic at the Airport, despite a demonstrated level of airline service and operations and despite the Airport's being primarily an O&D airport, will continue to increase or that current traffic levels will continue. The continued presence of the airlines serving the Airport and the level of aviation activity and enplaned passenger and cargo traffic at the Airport depend upon a number of factors, most of which are not within the Port's control.

Factors not directly related to the health of the Air Service Area, including airline competition and demand in other markets, the financial strength and stability of airlines serving the Airport, including individual airline decisions regarding levels of service at the Airport, are among the determinants of future airline traffic and may affect total enplanements.

See also "—Effect of COVID Pandemic and Other Worldwide Health Concerns" above, and "RECENT DEVELOPMENTS CONCERNING COVID PANDEMIC."

Financial Condition of the Airlines

Although global health and the underlying economic conditions of the Air Service Area likely will continue to be the most important factor driving passenger demand at the Airport, the ability of the Airport to generate Revenues from operations depends largely upon the financial health of the airline industry as a whole. The financial results of the airline industry are subject to substantial volatility and, at times, many carriers have had overlapping, extended periods of unprofitability. In recent years the industry has undergone significant changes, including mergers, acquisitions, major restructuring, bankruptcies and closures. The COVID pandemic and its resultant economic impact is severely and negatively affecting demand for air travel and the airline industry. The COVID pandemic has resulted in substantial financial challenges for airlines serving the Airport, including substantial financial losses and reduction in workforce that has impacted service. Airlines operating at the Airport have filed for bankruptcy protection in the past and may do so in the future. See "—Effect of Airline Bankruptcies." Even absent an airline bankruptcy filing, the Port may encounter significant expenses, delays, and potentially nonpayment of amounts owed if it is required to pursue legal action to enforce agreements with the airlines. While the Airport has seen passenger traffic return after or grow through airline bankruptcies and consolidations and other events that have historically affected the airline industry, the COVID pandemic is an unprecedented event and its near-term and long-term effects on the airline industry cannot be predicted with any certainty. See also "—Effect of COVID Pandemic and Other Worldwide Health Concerns" above, and "RECENT DEVELOPMENTS CONCERNING COVID PANDEMIC."

The industry is cyclical and subject to intense competition and variable demand and is highly sensitive to a variety of factors, including (i) the cost and availability of labor, fuel, efficient aircraft and insurance, (ii) general economic conditions, (iii) international trade, (iv) currency values, (v) competitive considerations, including the effects of airline ticket pricing, (vi) traffic and airport capacity constraints, (vii) governmental regulation, including security regulations and taxes and fees imposed upon airlines and passengers, (viii) increases in maintenance and environmental requirements and costs, (ix) passenger demand for air travel, (x) disruptions caused by airline accidents, natural disasters, health crises, criminal incidents and acts of war or terrorism, (xi) strikes and other union activities and (xii) political risk, including regulatory issues and federal funding and/or staffing shortfalls resulting from actions, or inaction, of Congress.

The price of fuel is a significant factor impacting the passenger and cargo airline industry and continues to be an important and uncertain determinant of an air carrier's operating economics. Historically, aviation fuel prices have been particularly sensitive to worldwide political instability. Continued or new hostilities in petroleum-producing regions or affecting key shipping lanes could dramatically impact the price and availability of aviation fuel. Economic expansion in emerging markets also contributes to higher aviation fuel prices. Natural disasters affecting refineries may also result in higher aviation fuel prices. Although some airlines hedge fluctuations in fuel prices through the purchase of futures contracts and although fuel prices have declined significantly in the past several years, a substantial increase in fuel prices can have a material effect on profitability and airline aircraft and route decisions at the Airport. Future fuel price increases or sustained higher prices and volatility in supply have affected and likely will continue to affect the financial condition of airlines, their capacity and route decisions and the level of service the airlines provide at the Airport.

Effect of Airline Industry Concentration; Effect of Airline Consolidation

Alaska Air Group, which is comprised of Alaska Airlines and Horizon Air, was responsible for 43.7% of the Airport's total enplanements in Fiscal Year 2022. Although the Airport is largely an O&D airport and is much less dependent on hubbing activity than many other airports, the Airport serves as a local hubbing airport for the Alaska Air Group. If the airlines within Alaska Air Group were to reduce or cease connecting service at the Airport, such flights would not necessarily be replaced by other airlines. It is possible that if the Alaska Air Group airlines or another airline ceased or significantly cut back operations at the Airport, other airlines may not increase their operations at the Airport to fill that gap. The top four airlines at the Airport (Alaska Air Group, Delta Air Lines, Southwest Airlines, and United Airlines) accounted for 84.2% of the total enplaned passengers in Fiscal Year 2022.

Since 2010, Alaska Air Group and Virgin America Inc.; United Airlines and Continental Airlines; Southwest Airlines and AirTran Holdings, Inc.; and American Airlines and US Airways all have completed mergers or acquisitions. In response to competitive pressures, further airline consolidation is possible and could result in changes in airline service patterns, particularly at the connecting hub airports of the merged airlines. The Port cannot predict what effect, if any, such consolidation would have on airline traffic at the Airport.

Limitations on Enforceability

The rights of the owners of the Series Twenty-Nine Bonds and the enforceability of the Port's obligation to make payments on the Series Twenty-Nine Bonds may be subject to bankruptcy, insolvency, arrangement, fraudulent conveyances or transfer, reorganization, moratorium and other laws affecting creditors' rights under currently existing law or laws enacted in the future, and under certain circumstances also may be subject to the exercise of judicial discretion and to limitations on legal remedies against public entities in the State. The opinion of Bond Counsel as to the enforceability of the Port's obligations to make payment on the Series Twenty-Nine Bonds will be qualified as to bankruptcy and such other limitations. See "APPROVAL OF LEGAL MATTERS."

If the Port fails to comply with its covenants under the Airport Revenue Bond Ordinances, including its covenants to pay principal of or interest on the Series Twenty-Nine Bonds, there can be no assurance that available remedies will be adequate to fully protect the interests of the Owners of the Series Twenty-Nine Bonds. The ability of the Port to comply with its covenants under the Airport Bond Ordinances and to generate Revenues sufficient to pay principal of and interest on the Series Twenty-Nine Bonds may be adversely affected by actions and events outside of the control of the Port, or may be adversely affected by actions taken (or not taken) by voters or payers of fees and charges, among others. The ability of the Port to increase its rates, fees and charges and to reduce its expenses will be limited by, among other things, existing contracts and federal law.

Effect of Airline Bankruptcies

Airlines operating at the Airport have filed for bankruptcy in the past and may do so in the future. The COVID pandemic has severely and negatively affected domestic and international air travel. See also "—Effect of COVID Pandemic and Other Worldwide Health Concerns" above and "RECENT DEVELOPMENTS CONCERNING COVID PANDEMIC."

A bankruptcy of a Signatory Airline (or of any other airline, non-airline tenant or concessionaire at the Airport) can result in significant delays, significant additional expenses and/or significant reductions in payments, or even in non-payments, to the Port and consequently in a reduction in the amount of Net Revenues.

Although with an O&D airport (like the Airport) that has residual ratemaking for most of the costs of the airfield and the terminal, expectations would be that the amounts other airlines would be required to pay would be sufficient to make up any shortfalls attributable to an airline in bankruptcy. However, the other airlines likely would not be required to make up for unpaid post-bankruptcy usage and rental of terminal and concourse space and ramps, and no assurances can be given that the other airlines would be able to pay such additional amounts when needed, particularly if the bankruptcy occurred during a period in which many of the Signatory Airlines were struggling.

The automatic stay provisions of the Bankruptcy Code could prevent (unless approval of the bankruptcy court was obtained) any action to collect any amount owing by the airline to the Port, any action to remove the airline from possession of any premises or other space, any action to terminate any agreement with the airline, or any action to enforce any obligation of the airline to the Port. With the authorization of the bankruptcy court, the airline may be able to repudiate some or all of its agreements with the Port and stop performing its obligations (including payment obligations) under such agreements. Such a repudiation could also excuse the other parties to such agreements from performing any of their obligations. The airline may be able, without the consent and over the objection of the Port, the Trustee, and the holders of the Series Twenty-Nine Bonds, to alter the terms, including the payment terms, of its agreements with the Port, as long as the bankruptcy court determines that the alterations are fair and equitable. In addition, with the authorization of the bankruptcy court, the airline may be able to assign its rights and obligations under any of its agreements with the Port to another entity, despite any contractual provisions prohibiting such an assignment. The Trustee and the holders of the Series Twenty-Nine Bonds may be required to return to the airline as preferential transfers any money that was used to make payments on the Series Twenty-Nine Bonds and that was received by the Port or the Trustee from the airline during the 90 days immediately preceding the filing of the bankruptcy petition. Claims by the Port under any lease, or any agreement that is determined to be a lease, with the airline may be subject to limitations.

There may be delays in payments on the Series Twenty-Nine Bonds while a court considers any of these issues.

There may be other possible effects of a bankruptcy of an airline that could result in delays or reductions in payments on, or other losses with respect to, the Series Twenty-Nine Bonds.

In connection with bankruptcy or similar proceedings outside of the United States, the Port cannot predict what types of orders or relief could be issued by foreign tribunals or the extent of delays in connection with such proceedings or the extent to which such orders would be enforceable in the United States.

Regardless of any specific adverse determinations and delays in an airline bankruptcy proceeding, the fact of an airline bankruptcy proceeding, particularly a bankruptcy of a Signatory Airline, could have a material adverse effect on the liquidity and value of the Series Twenty-Nine Bonds and could cause a material reduction in Revenues.

Effect of Other Tenant or Concessionaire Bankruptcies

A bankruptcy of a non-airline tenant or concessionaire would raise challenges similar to those described above in connection with airline bankruptcies. Many of the major rental car companies operating at the Airport filed for bankruptcy in recent years, and it is possible that rental car companies or other non-airline tenants or concessionaires will file for bankruptcy in the future.

The COVID pandemic has severely and negatively affected demand for goods and services related to the travel industry. See also "—Effect of COVID Pandemic and Other Worldwide Health Concerns" above and "RECENT DEVELOPMENTS CONCERNING COVID PANDEMIC."

Effect of a Port Bankruptcy

Under existing federal and State law, the Port is not authorized to file a bankruptcy petition under Chapter 9 of the Bankruptcy Code. If federal or State law changes and if the Port becomes a debtor in a bankruptcy case, there may be delays or reductions in payments on the Series Twenty-Nine Bonds or other losses with respect to the Series Twenty-Nine Bonds.

Aviation Safety and Security Concerns

Concerns about the safety of airline travel and the effectiveness and inconvenience of security precautions influence passenger travel behavior and air travel demand. Intensified security precautions instituted by government agencies, airlines and airport operators have vastly increased costs, some of which have been or will be passed on to travelers and airlines. Despite the increased security measures, additional acts of terrorism resulting in disruption to the North American air traffic system, increased passenger and flight delays, damage to the Airport, reductions in Airport passenger traffic, decreased airline profitability and/or reductions in Revenues, remain possible. Terrorist attacks, civil disturbances, or any other events that undermine confidence in the safety of air travel or the travel industry as a whole likely would have an immediate and material effect on air travel demand.

Credit Risk of Financial Institutions Providing Credit Enhancement and Other Financial Products Relating to Airport Bonds

The Port has obtained a number of credit enhancement agreements from a variety of financial institutions relating to the SLB Reserve Account, its variable rate bonds and its Commercial Paper Notes, including letters of credit from commercial banks and surety bonds issued by surety providers. Additionally, in connection with its Series Eighteen Bonds and Outstanding PFC Bonds, the Port has entered into interest rate swap agreements with various financial institutions.

SLB Reserve Account Surety Bonds. The Port has satisfied a portion of the SLB Reserve Fund Requirement with surety bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SLBS—Funds Under the Airport Revenue Bond Ordinances—*SLB Reserve Account*." During and following the U.S. recession in 2007-2009 several rating agencies downgraded the claims-paying ability and financial strength ratings of most of the nation's monoline bond insurance companies, and rating agencies could announce downgrades of these entities in the future. Such adverse rating developments with respect to the surety providers could have an adverse effect on the Port, including significant increases in its debt service costs. If the provider of those surety bonds becomes insolvent as earlier providers did, the Port may not be able to draw on their surety bonds in the event Net Revenues are insufficient to pay SLBs, including the Series Twenty-Nine Bonds.

Series Eighteen Swaps and PFC Bond Swaps. The Port pays amounts calculated at fixed interest rates and receives amounts calculated at variable interest rates under the Series Eighteen Swaps and the PFC Bond Swaps. The Port generally expects that the variable rates it receives under the Series Eighteen Swaps and the PFC Bond Swaps will be roughly equal to the variable rates payable on the Series Eighteen Bonds and the Outstanding PFC Bonds, respectively. Disruptions in the bond or swap markets, however, or a deterioration in the rating or financial strength of the banks whose letters of credit secure payments on the related bonds may cause the variable rates the Port receives to be lower than the variable rates the Port pays, increasing debt service costs to the Port above the level the Port currently anticipates. In addition, the Series Eighteen Swaps and the PFC Bond Swaps have and are expected to continue to have a negative fair value, in part because the Port received cash payments in connection with entering into the Series Eighteen Swaps and the PFC Bond Swaps. As a result, the Port likely will be required to pay substantial amounts if the Series Eighteen Swaps or the PFC Bond Swaps are terminated prior to their respective scheduled termination dates. The Series Eighteen Swaps and the PFC Bond Swaps may be terminated for a variety of reasons including events that are beyond the Port's control, such as adverse changes in the credit quality of the Port's counterparties or of the Port, or because the Port chooses to or is required to refinance or change the interest rate mode of the Series Eighteen Bonds. Payments required under these agreements in the event of any termination could be substantial and could have an adverse effect on the liquidity position of the Port. See "OTHER AIRPORT OBLIGATIONS—Interest Rate Swaps" and Note 7 in APPENDIX B.

Implementation of CIP Projects

Although the Port uses a variety of strategies to mitigate risk associated with the implementation of its capital projects, the Port's ability to complete projects in its CIP on schedule and on budget is subject to a number of uncertainties. These uncertainties include (but are not limited to) economic conditions; worldwide health concerns such as pandemics including the COVID outbreak; events such as the September 11, 2001 terrorist attacks; new or ongoing military hostilities; adverse weather conditions, earthquakes or other casualty events; the inability to obtain, or delays in obtaining, regulatory or permitting approvals or grant funding; the inability to comply with the conditions of regulatory or permitting approvals or grant funding; unanticipated engineering, environmental or geological problems; litigation; labor, bidding or contracting requirements; strikes; cost overruns; shortages or increased costs of materials or labor; disruptions to the global supply chain; financial difficulties of, or defaults by, contractors; budget estimate, design or engineering errors; changes to the scope off the project; unanticipated levels of inflation; or delays caused by the airline review process. See "RECENT DEVELOPMENTS CONCERNING COVID PANDEMIC" and "PORTLAND INTERNATIONAL AIRPORT—Airport Capital Improvement Program."

Further, a bankruptcy filing by an airline or a rental car company that collects PFCs, CFCs or other transportation and facility fees, may also result in a reduction in the total amount collected by the Port for its CIP projects or a delay in collecting such amount. Furthermore, PFCs may not be available in the amounts and at the times currently forecasted if additional FAA approvals are not obtained or if there are fewer enplaned passengers than projected. In addition, certain projects are assumed to be funded in part with federal and state grants, but the Port cannot guarantee that such funds will be available or will be received in a timely manner. In most cases, grants are received only after the Port has paid the costs of a project and are subject to audit.

In the event one or more of these funding sources is not available to the Port in the amount or on the schedule contemplated by the Port, the implementation of certain CIP projects may be delayed. Any schedule delays or cost increases could result in the need to issue Additional SLBs, Junior Lien Obligations or Third Lien Obligations, and may result in increased costs that cannot be recovered from the airlines. Market conditions could adversely affect the ability of the Port to issue such additional obligations or to obtain funding from other sources, and the availability of Commercial Paper Note proceeds could also be reduced or eliminated if the letters of credit supporting such Commercial Paper Notes are terminated or expire and are not replaced.

The Airport is a capital-intensive facility. It is possible that the Port will undertake capital projects that are not included in the CIP. The Port updates its CIP continuously. If additional capital projects are undertaken, the Port may issue additional bonds or additional Commercial Paper Notes to finance such projects. Depending on the timing of such projects, it may also be necessary to add appropriate personnel or other resources to manage such projects, resulting in increased expenses for the Port.

As a result of the COVID pandemic and the resulting economic uncertainty, the Port deferred approximately $200 million in capital projects.

Additional Indebtedness

As described above, the CIP includes an aggregate of $3.33 billion of spending on Capital Improvement Projects, including the Series Twenty-Nine Projects, during the period from Fiscal Year 2023 to Fiscal Year 2030. The Port expects to fund its CIP project costs with a combination of PFCs, available Net Revenues, proceeds from the sale of Additional SLBs, Junior Lien Obligations and/or Third Lien Obligation, federal grants, CFCs and investment income. The Port expects that it will experience an aggregate increase in debt service costs when it issues additional bonds, which will increase landing fees and terminal rents at the Airport, thereby increasing the costs of the airlines serving the Airport, possibly making the Airport less competitive. On the other hand, if the Port is unable to undertake critical capital projects, then the condition of the Airport facilities may decline, which can impact customer experience, airline satisfaction, and operational efficiency and effectiveness. In addition, the Airport may be required to undertake certain capital projects to comply with regulatory requirements or to preserve the overall viability of the Airport. The Port continues to evaluate capital projects based on risk, passenger demand, asset condition, and the Port's financial position. For further discussion of planned capital projects, see "PORTLAND INTERNATIONAL AIRPORT—Airport Capital Improvement Program." The timing and amounts of additional bonds may change depending on passenger and cargo demand, the availability of other funding sources, the timing of capital expenditures and market conditions. The Port also may undertake additional capital projects during the period covered by the CIP that are not presently included in the CIP.

Technological Innovations

New technologies are currently being developed and are likely to continue to be developed in the future. The impact of these new technologies on current operations and practices at the Airport are not all known and may have an effect on airlines and operations at the Airport.

In connection with the expansion of wireless broadband operations into the 3.7-3.98 GHz frequency band service ("5G service") on January 19, 2022, the FAA issued certain guidelines for aircraft manufacturers, aircraft operators and airports because 5G service uses frequencies in a radio spectrum that the FAA has determined may interfere with those used by radar altimeters, which are important equipment in certain aircraft. \

The FAA continues to work with aircraft equipment manufacturers and airlines to clear aircraft models, versions and airlines to operate at airports nationally, including the Airport, in low visibility conditions. Throughout this process, visual approaches, standard Category I instrument approaches, and other instrument procedures, including GPS-based approaches, are unaffected by 5G service. The deployment of 5G technology has not impacted the Airport's operations or the Port's revenues.

New technologies (such as autonomous vehicles and connected vehicles) and innovative business strategies in established markets such as commercial ground transportation and car rental may continue to occur and may result in further changes in Airport passengers' choice of ground transportation mode. While the Port makes every effort to anticipate demand shifts, there may be times when the Port's expectations differ from actual outcomes. In such event, revenue from one or more ground transportation modes may be lower than expected. The Port cannot predict with certainty what impact these innovations in ground transportation will have over time on revenues from parking, other ground transportation services or rental cars. The Port also cannot predict with certainty whether or to what extent it will collect non-airline revenues in connection with such new technologies or innovative business strategies.

In addition, improved teleconferencing technologies and increased acceptance of these methods of communicating could reduce the demand for business travel, though the long-term impact of such technologies on the demand for business travel is not known.

Seismic and Other Force Majeure Events

The Airport's and the Port's ability to generate revenues also are at risk from various events of force majeure, such as pandemics, extreme weather events and other natural occurrences such as earthquakes, floods, eruptions of volcanos, fires and explosions, spills of hazardous substances, strikes and lockouts, sabotage, terrorist attacks, wars, blockades or riots. See "—Effect of COVID Pandemic and Other Worldwide Health Concerns," "—Aviation Safety and Security Concerns," and "—Environmental Matters and Climate Change," "REGULATORY MATTERS—Airport Environmental Matters—*Columbia Corridor Flood Control and Levee System Re-Accreditation by the Federal Emergency Management Agency (FEMA)*" and "RECENT DEVELOPMENTS CONCERNING COVID PANDEMIC."

The Airport is located in a seismically active region. Oregon and Washington are located in the Cascadia subduction zone and at risk of a magnitude 9.0 Cascadia subduction zone earthquake or an earthquake with an average recurrent period of once every 500 years. The authors of a study from 2012 have reported that such an earthquake could occur more frequently than once every 500 years and that there is a 37% chance of a magnitude 8.0 to 9.0 earthquake striking somewhere along the Cascadia subduction zone in the next 50 years. The Airport is the only major airport in Oregon and Southwest Washington and would be critical for efforts to restore water, fuel, power and other critical infrastructure and services.

The Port has made and continues to make upgrades to the seismic stability of some of its facilities. See "PORTLAND INTERNATIONAL AIRPORT—Airport Master Plan and Resiliency Planning." Nevertheless, the Airport could sustain extensive damage to its facilities in a major earthquake or volcanic eruption. Damage could include pavement displacement (which could, in the worst case, necessitate the closing of one or more runways for extended periods of time), distortions of pavement grades, breaks in utilities, loss of water supply, damage to drainage and sewage lines, displacement or collapse of buildings, and rupture of gas and fuel lines.

While the Port has attempted to address the risk of loss through the purchase of insurance, certain of these events may not be covered by insurance. See "—Aviation Safety and Security Concerns" above and "—Environmental Matters and Climate Change" below. Further, even for events that are covered by insurance, the Port cannot guarantee that coverage will be sufficient or that insurers will pay claims in a timely manner. From time to time, the Port may change the types of and limits and deductibles on the insurance coverage that it carries.

A major earthquake, eruption of volcanos, fire or other extreme weather event anywhere in the Pacific Northwest may cause significant temporary and possibly long-term harm to the economy of one or more cities in the Pacific Northwest or the entire region, which could in turn have a negative effect on passenger traffic and on Revenues, and such effect could be material.

Environmental Matters and Climate Change

General. The Port is required to comply with numerous federal, state and local laws and regulations designed to protect the environment, health and safety, and to inform the public of important environmental issues and potential impacts of Port activities. The Port is also directly or indirectly affected by certain laws, regulations and State orders, including, without limitation, air quality regulations and storm water regulations. See "REGULATORY MATTERS—Airport Environmental Matters."

The standards for required environmental impact review and for compliance under several state and federal laws and regulations are becoming more rigorous and complex. Permits issued to the Port under such laws and regulations may be frequently amended, often resulting in more stringent and more costly requirements and uncertainty about the scope of the Port's future obligations and associated costs.

These types of changes may result in increased compliance costs that, in turn, significantly delay or affect the Port's efforts to maintain and repair existing infrastructure or to construct additional revenue-generating infrastructure. Additionally, the costs to mitigate environmental impacts, such as impacts to jurisdictional wetlands, obtain regulatory approvals, and manage potential legal or procedural challenges for such projects may result in substantial increases to total project costs and delays in completing the projects. Air quality regulations that directly or indirectly impact the Port may result in the Port's having to, or desiring to, expend funds to assist the Port's business partners in complying with various regulations.

Costs associated with these compliance and related activities may consume an increasingly significant portion of the Port's capital and operating budgets, and the Port may have unanticipated capital or operating expenditures. In addition, for projects with forecasted costs, the Port cannot provide assurances that the actual cost of the required measures will not exceed the forecasted amount. The Port also cannot provide assurances that the cost of compliance and related activities required of the Port and/or its business partners will not negatively affect Port operations and, therefore, Port revenues and/or expenses.

Additional environmental laws and regulations may be enacted and adopted in the future that could apply to the Port or its business partners, which could result in an adverse impact on projected revenues or expenses. The Port is not able to predict with certainty what those laws and regulations may be or the impacts to the Port or its business partners of compliance with such laws and regulations.

Also, certain individuals, organizations and/or regulatory agencies may seek other legal remedies to compel the Port to take further actions to mitigate perceived or identified environmental impacts and/or health hazards or to seek damages in connection with the potential environmental impacts of the Port's Airport, and Commercial Real Estate activities. The Port has undertaken a number of initiatives over the years to address potential concerns. Nonetheless, there is a risk that, despite the Port's adopted environmental plans, mitigation programs, and policies, legal action challenging the Port could ensue. Such legal action could be costly to defend, could result in substantial damage awards against the Port, and could curtail certain Port developments or operations.

Climate Change. Projections of the impacts of global climate change on the Port and its tenants, and on the Port's operations are complex and depend on many factors that are outside the Port's control. The various scientific studies that forecast the amount and timing of the adverse impacts of global climate change are based on assumptions contained in such studies, but actual events are proving to be unpredictable and may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the Port is unable to forecast when adverse impacts of climate change (e.g., the occurrence and frequency of 100-year storm events) will occur. In particular, the Port cannot predict the timing or precise magnitude of adverse economic effects, including, without limitation, material adverse impacts on the business operations or financial condition of the Port and the local economy during the term of the bonds. While the impacts of climate change may be mitigated by the Port's past and future investment in adaptation strategies, the Port can give no assurance about the net effects of those strategies and whether the Port will be required to take additional adaptive mitigation measures.

Beyond the direct adverse material impact of global climate change itself, present, pending and possible regulations aimed at curbing the effects of climate change may directly or indirectly materially impact the operations or financial condition of the Port. Of particular importance are regulations pertaining to GHG emissions. According to the United States Environmental Protection Agency ("EPA"), aircraft account for 12% of all U.S. transportation GHG emissions and 3% of total U.S. GHG emissions. In 2016 the EPA finalized an "endangerment" finding that GHG emissions from aircraft cause or contribute to air pollution that endangers public health or welfare, triggering the Clean Air Act Section 231's requirement to regulate, aircraft GHG emissions. In March 2017, the International Civil Aviation Organization ("ICAO"), a specialized agency within the United Nations, adopted fuel-efficiency based GHG emission standards and GHG carbon neutral growth targets applicable to (i) new aircraft type designs as of 2020 and (ii) new deliveries of current in-production aircraft models from 2023. The global standard, which applies to aircraft over 5,700 kilograms that emit more than 10,000 metric tons CO_2, includes a cutoff date of 2028 for production of non-compliant aircraft. The ICAO also passed in October 2016 a market-based mechanism to curb emissions, the Carbon Offsetting and Reduction Scheme for International Aviation ("CORSIA"). CORSIA is designed to achieve carbon-neutral growth for international (but not domestic) civil aviation from 2020 onwards, via pilot, volunteer and mandatory phases. As of January 31, 2018, 73 nations representing 87.7% of international aviation activity, including the United States, have indicated that they will participate in the pilot and volunteer phases of CORSIA. Two means for airlines to comply with CORSIA are through: 1) the purchase of carbon offsets and 2) claiming emission reductions through CORSIA eligible fuels. Consequently, CORSIA is expected to drive airline demand for sustainable aviation fuels (SAF) and potentially the need for future SAF infrastructure at airports.

In December 2020, as a result of the endangerment finding, EPA established CO_2 emission standards for aircraft that match the standards adopted by ICAO in 2017. In March 2021, Airlines for America ("A4A"), the industry trade organization representing U.S. airlines, announced the commitment of its member carriers to achieve net-zero carbon emissions by 2050. As part of that commitment, A4A carriers pledged to work toward rapid expansion of the production and deployment of commercially viable SAF to make two billion gallons of SAF available to U.S. aircraft operators in 2030.

The Port is unable to predict what additional laws and regulations with respect to GHG emissions or other environmental issues (including but not limited to air, water, hazardous substances and waste regulations) will be adopted, or what effects such laws and regulations will have on the Port, airlines operating at the Airport, other Port tenants, or the local economy. The effects, however, could be material.

Cyber and Data Security

The Port, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations, and faces multiple cybersecurity threats, including but not limited to hacking, phishing, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, "Systems Technology"). As a recipient and provider of personal, private, or sensitive information (collectively, "Data") and as a part of the country's critical infrastructure services, the Port may be the target of cybersecurity incidents that could result in adverse consequences to the Port's Systems Technology and Data, requiring a response action to mitigate the consequences.

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Port's Systems Technology and Data in order to misappropriate assets or information or cause operational disruption and damage. To mitigate the risk of business operations impact and/or damage from cybersecurity incidents, the Port invests in multiple forms of cybersecurity and operational safeguards. Since 2013, the Port has adopted a cybersecurity framework supported by policies, procedures, and controls in line with industry best practices and applicable regulations (collectively, the "Cyber Security Program") to support, maintain, and secure Port Systems Technology and Data. The objectives of the Cyber Security Program also include managing risk, improving cybersecurity event detection and remediation, and facilitating cyber awareness across all Port departments. The Port has established an Information Security team to work across all Port departments to implement the Cyber Security Program. The Port reviews the Cyber Security Program periodically for continuous improvements.

While Port cybersecurity and operational safeguards are periodically tested, no assurances can be given by the Port that such measures will ensure against all cybersecurity incidents. Cybersecurity breaches could damage the Port's Systems Technology and Data, and cause material disruption to the Port's finances or operations. The costs of remedying any such damage or protecting against future incidents could be substantial. Further, cybersecurity incidents could expose the Port to material litigation and other legal risks, which could cause the Port to incur material costs related to such legal claims or proceedings.

The airlines serving the Airport and other Port tenants also face cybersecurity threats that could affect their operations and finances. Notwithstanding security measures, information technology and infrastructure at the Airport, any of the airlines serving the Airport or any other tenants at the Airport may be vulnerable to attacks by outside or internal hackers, or breached by employee error, negligence or malfeasance. Any such breach or attack could compromise systems and the information stored therein. Any such disruption or other loss of information could disrupt the operations of the Airport and/or the airlines serving the Airport and the services provided at the Airport, thereby adversely affecting the ability of the Airport to generate revenue.

Regulation

The Port is subject to various laws, rules and regulations adopted by local, State and federal governments and their agencies. The Airport is highly regulated by federal agencies, including the FAA, the TSA, Customs and Border Protection and the Department of Health.

Operations and capital improvement at the Airport and the ability of the Port to generate Net Revenues sufficient to pay debt service on SLBs, including the Series Twenty-Nine Bonds, and other obligations are subject to various federal, State and local government restrictions and regulations that can limit activities and development and increase costs at or to the Airport. Existing federal, State and local environmental regulations cover a wide variety of areas associated with the Airport and result in significant costs to the Port and to the airlines and other users of Airport facilities. Additional environmental regulations are being developed, some of which would add or expand existing limitations on aircraft operations, including but not limited to emissions and noise at and around the Airport.

FAA regulations govern a wide variety of activities at the Airport, including permitted uses of revenue and land at the Airport. Failure to comply with such regulations, even if unintentional, can result in loss of grant and/or PFC eligibility. State laws may be proposed by citizen initiative in addition to those enacted by the Oregon Legislature, and such laws could limit, prohibit or increase the cost of activities at the Airport.

Potential Limitation of Tax Exemption of Interest on the Series Twenty-Nine Bonds

From time to time, the President of the United States, the United States Congress and/or state legislatures have proposed and could propose in the future, legislation that, if enacted, could cause interest on the Series Twenty-Nine Bonds to be subject, directly or indirectly, to federal income taxation or could cause interest on the Series Twenty-Nine Bonds to be subject to or exempted from State income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Clarifications of the Internal Revenue Code of 1986 (the "Code"), or court decisions may also cause interest on the Series Twenty-Nine Bonds to be subject, directly or indirectly, to federal income taxation or may cause interest on the Series Twenty-Nine Bonds to be subject to or exempted from state income taxation. The introduction or enactment of any such legislative proposals or any clarification of the Code or court decisions may also affect the market price for, or marketability of, the Series Twenty-Nine Bonds. Prospective purchasers of the Series Twenty-Nine Bonds should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion. See "TAX MATTERS."

Federal Funding Considerations

Port depends on federal funding for the Airport in connection with grants and PFC authorizations, as well as for the funding that provides for TSA, FIS, air traffic control and other FAA staffing and facilities. Federal funding must be appropriated by Congress for these services. From time to time, there may be a gap in appropriation authority due to Congressional or Presidential inaction. When this occurs, federal agencies must discontinue all nonessential, discretionary functions until new funding legislation is enacted and signed into law, while essential services and mandatory spending programs continue to function. Air traffic controllers, TSA screeners and Customs and Border Protection ("CBP") agents providing services at U.S. airports are considered essential federal employees that are required to work without pay during any gaps in appropriation authority. It is possible that a future gap in federal appropriation authority could result in significant operational or financial effects on the Port.

Federal funding also is impacted by sequestration under the Budget Control Act of 2011. Except to the extent changed by Congress from time to time, sequestration is a multi-year process and could continue to affect FAA, TSA and CBP budgets and staffing, which results in staffing shortages and furloughs and traffic delays at the Airport and nationwide. Some of the TSA funding shortages are being addressed by increasing the amount (and removing the cap) on the security fees on tickets, but such fees have been controversial, and no assurance can be given that such fees will be sufficient or that the increased ticket costs will not result in lower passenger enplanements.

The FAA currently operates under the FAA Reauthorization Act of 2018, which authorizes its operations and programs and provides funding through September 30, 2023. If the FAA authorization were to expire without a long-term reauthorization or short-term extension, during such period FAA programs would be unauthorized, including FAA programs providing funding for the Airport.

The FAA may reduce discretionary grants in the future. The reduction in discretionary grants awarded to the Airport increases by a corresponding amount the capital expenditures that the Port needs to fund from other sources, including operating revenues, PFCs and Bond proceeds. Project costs are subject to audit by the funding agencies to ensure that the costs are allowable under the grant agreements. If any project costs are disallowed, amounts recorded as grants receivable will be reduced or refunded to the respective funding agencies.

The FAA currently disburses grant funds to the Airport through the AIP, however there are several proposals that would reduce or eliminate funding for the AIP. Additional proposals to reduce or eliminate AIP funding may be made in the future. Further, AIP grants to airports are subject to passage of annual congressional appropriation bills and funding may be reduced or eliminated in any year. See "PORTLAND INTERNATIONAL AIRPORT—Sources of Funds for CIP Projects."

It is difficult for the Port to predict the occurrence of the events or changes to the programs described in this section captioned "Federal Funding Considerations" or the potential effect of such events or changes on the finances and operations of the Port and its revenues until the extent and duration of such events or changes are known.

CONTINUING DISCLOSURE

The Port will undertake in a Continuing Disclosure Certificate for the benefit of registered and beneficial Owners of each the Series Twenty-Nine Bonds to provide to the Municipal Securities Rulemaking Board (the "MSRB"), on an annual basis not later than nine (9) months after the end of each Fiscal Year of the Port (which shall be April 1 of each year, so long as the Port's Fiscal Year ends on June 30), commencing with the Fiscal Year ending June 30, 2023, certain specified financial information and operating data. In addition, the Port will undertake for the benefit of registered and beneficial Owners of the Series Twenty-Nine Bonds, to provide to the MSRB in a timely manner notices of certain material events. This undertaking is to assist the Underwriters in complying with

Rule 15c2-12 of the Securities and Exchange Commission. The proposed form of Continuing Disclosure Certificate is contained in APPENDIX F.

In the previous five years, the Port believes it has complied, in all material respects, with any previous continuing disclosure undertakings executed in connection with the Rule.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Port ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series Twenty-Nine Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), except that no opinion is expressed as to the status of interest on any Series Twenty-Nine Bond for any period that such Series Twenty-Nine Bond is held by a "substantial user" of the facilities financed or refinanced by the Series Twenty-Nine Bonds or by a "related person" within the meaning of Section 147(a) of the Code. Bond Counsel observes, however, that interest on the Series Twenty-Nine Bonds is a specific preference item for purposes of the federal individual alternative minimum tax, and, for tax years beginning after December 31, 2022, interest on the Series Twenty-Nine Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the Series Twenty-Nine Bonds is exempt from State of Oregon personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Series Twenty-Nine Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix G hereto.

To the extent the issue price of any maturity of the Series Twenty-Nine Bonds is less than the amount to be paid at maturity of such Series Twenty-Nine Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series Twenty-Nine Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series Twenty-Nine Bonds which is excluded from gross income for federal income tax purposes and exempt from State of Oregon personal income taxes. For this purpose, the issue price of a particular maturity of the Series Twenty-Nine Bonds is the first price at which a substantial amount of such maturity of the Series Twenty-Nine Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series Twenty-Nine Bonds accrues daily over the term to maturity of such Series Twenty-Nine Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series Twenty-Nine Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series Twenty-Nine Bonds. Beneficial Owners of the Series Twenty-Nine Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series Twenty-Nine Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Series Twenty-Nine Bonds is sold to the public.

Series Twenty-Nine Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series Twenty-Nine Bonds. The Port has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series Twenty-Nine Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series Twenty-Nine Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series Twenty-Nine Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series Twenty-Nine Bonds may adversely affect the value of, or the tax status of interest on, the Series Twenty-Nine Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series Twenty-Nine Bonds is excluded from gross income for federal income tax purposes and is exempt from State of Oregon personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series Twenty-Nine Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, 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 status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series Twenty-Nine Bonds. Prospective purchasers of the Series Twenty-Nine Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

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 Series Twenty-Nine 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. The Port has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series Twenty-Nine Bonds ends with the issuance of the Series Twenty-Nine Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Port or the Beneficial Owners regarding the tax-exempt status of the Series Twenty-Nine Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial 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 Series Twenty-Nine 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 Series Twenty-Nine Bonds, and may cause the Port or the Beneficial Owners to incur significant expense.

Payments on the Series Twenty-Nine Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Series Twenty-Nine Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Series Twenty-Nine Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series Twenty-Nine Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

LITIGATION

No Litigation Relating to the Series Twenty-Nine Bonds

As of the date of this Official Statement, the Port has not been notified and is not aware of any litigation, filed or threatened, challenging the authority of the Port to issue the Series Twenty-Nine Bonds or seeking to enjoin the issuance of the Series Twenty-Nine Bonds.

Other Litigation

In addition to the litigation, potential litigation and environmental matters described in this Official Statement, the Port is a named defendant in various legal actions and claims that arise during the normal course of business. Some of these are covered by insurance and some are in amounts the Port does not consider to be material to the Airport. The Port does not expect an unfavorable outcome in these matters, taken individually or in the aggregate, to have a material adverse effect on the operations or financial position of the Airport. In addition, occasionally the Port is a named defendant in legal actions the Port believes to be frivolous.

APPROVAL OF LEGAL MATTERS

The validity of the Series Twenty-Nine Bonds and certain other legal matters are subject to the approving opinion of Orrick Herrington & Sutcliffe LLP, Bond Counsel to the Port. A complete copy of the proposed form of the opinion of Bond Counsel with respect to the Series Twenty-Nine Bonds is included in this Official Statement as APPENDIX G. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. From time to time Orrick Herrington & Sutcliffe LLP serves as counsel to the Underwriters on matters that do not relate to the Port or to the Series Twenty-Nine Bonds.

Certain legal matters will be passed upon for the Port by Daniel Blaufus, Esq., General Counsel to the Port. Certain legal matters will be passed upon by Hawkins Delafield & Wood LLP as Disclosure Counsel to the Port and for the Underwriters by their counsel, Kutak Rock LLP. Neither the Port's General Counsel nor Underwriter's Counsel is rendering an opinion as to the validity or tax status of the Series Twenty-Nine Bonds. Any opinion of Underwriter's Counsel will be rendered solely to the Underwriters, and any opinion of Underwriter's Counsel, Port Counsel or Disclosure Counsel will be limited in scope and cannot be relied upon by investors.

THE TRUSTEE

U.S. Bank Trust Company, National Association, having an office in Portland, Oregon, serves as trustee, registrar and paying agent for the SLBs, including the Series Twenty-Nine Bonds. The corporate trust office of the Trustee is currently located at 555 S.W. Oak Street, Portland, Oregon 97204. U.S. Bank Trust Company, National Association is successor trustee to The Bank of New York Mellon Trust Company, N.A., the Corporate Trust Business of Wells Fargo Bank National Association and First Interstate Bank of Oregon.

The Trustee has undertaken only those duties and obligations that are expressly set forth in the Airport Revenue Bond Ordinances and the Series Twenty-Nine Bond Certificate. The Trustee has not independently passed upon the validity of the Series Twenty-Nine Bonds, the security of payment therefor, the value or condition of any assets pledged to the payment thereof, the adequacy of the provisions for such payment, the status for federal or State income tax purposes of the interest on the Series Twenty-Nine Bonds or the investment quality of the Series Twenty-Nine Bonds. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and has assumed no responsibility for the nature, content, accuracy or completeness of the information included in this Official Statement.

INDEPENDENT AUDITORS

The financial statements for the Port, including information for the Airport, as of and for the year ended June 30, 2022, included as APPENDIX B, have been audited by Moss Adams LLP, independent auditors, as stated in their report appearing therein. Moss Adams LLP has not been engaged to perform and has not performed, since the date of its report included in APPENDIX B, any procedures on the financial statements addressed in that report. Moss Adams LLP also has not performed any procedures relating to this Official Statement.

MUNICIPAL ADVISOR

PFM Financial Advisors LLC is acting as municipal advisor (the "Municipal Advisor") to the Port with respect to the Series Twenty-Nine Bonds. The Municipal Advisor has assisted the Port in the preparation of this Official Statement and in other matters relating to the planning, structuring, execution and delivery of the Series Twenty-Nine Bonds. The Municipal Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the Port, and make no guaranty, warranty or other representation relating to the accuracy or completeness of this Official Statement or any of the information contained herein.

Compensation to be received by the Municipal Advisor from the Port for services provided in connection with the planning, structuring, execution and delivery of the Series Twenty-Nine Bonds is contingent upon the sale and delivery of the Series Twenty-Nine Bonds.

RATINGS

The Series Twenty-Nine Bonds have been assigned ratings of "AA-" (stable outlook) and "AA-" (stable outlook) by S&P and Fitch, respectively. Such ratings reflect only the views of that organization, and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same at the following addresses: S&P, 55 Water Street, New York, New York 10041; Fitch, 33 Whitehall Street, New York, New York 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. A securities rating is not a recommendation to buy, sell, or hold securities and there is no assurance that such rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agency furnishing the same if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal may have an adverse effect on the market price or the availability of a secondary market for the Series Twenty-Nine Bonds.

UNDERWRITING

The Series Twenty-Nine Bonds are to be purchased by Goldman Sachs & Co. LLC, Citigroup Global Markets Inc., Jefferies LLC, and Siebert Williams Shank & Co., LLC (collectively, the "Underwriters" and each an "Underwriter") at a price of $605,660,692.08 (representing the aggregate principal amount of the Series Twenty-Nine Bonds, plus an original issue premium of $40,651,716.85, less an underwriters' discount of $1,111,024.77). The Bond Purchase Agreement between the Port and the Underwriters provides that the Underwriters will purchase all of the Series Twenty-Nine Bonds if any Series Twenty-Nine Bonds are purchased and that the purchase of the Series Twenty-Nine Bonds is subject to the conditions set forth in the Bond Purchase Agreement.

The Underwriters may offer and sell the Series Twenty-Nine Bonds to certain dealers or unit investment trusts and money market or other funds and others at lower prices than the initial offering prices corresponding to the yields set forth on the inside cover, and such initial offering prices may be changed from time to time by the Underwriters without notice.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the Port and to persons and entities with relationships with 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, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Port (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Port. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Citigroup Global Markets Inc., an underwriter of the Series Twenty-Nine Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

MISCELLANEOUS

The descriptions herein and in the appendices of the Airport Revenue Bond Ordinances, the Series Twenty-Nine Bond Certificate, the Signatory Airline Agreements and other documents are brief summaries of certain provisions thereof. Such summaries do not purport to be complete, and reference is made to such documents and contracts, copies of which are on file with the Port, for full and complete statements of their provisions. Section headings, table headings and captions are included for convenience only and should not be construed as modifying the text of this Official Statement.

All estimates and other statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

This Official Statement should not be construed as a contract or agreement between the Port or the Board and the purchasers or holders of any of the Series Twenty-Nine Bonds.

The execution and delivery of this Official Statement have been duly authorized by the Port.

THE PORT OF PORTLAND

By: /s/Antoinette Chandler
Antoinette Chandler, Chief Financial Officer

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APPENDIX A

REPORT OF THE AIRPORT CONSULTANT

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Appendix A:

Report of the Airport Consultant

Portland International Airport Revenue Bonds, Series Twenty-Nine (AMT) (Green Bonds)

February 22, 2023

PREPARED FOR

The Port of Portland

PREPARED BY

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February 22, 2023

Mr. Curtis Robinhold
Executive Director
Port of Portland
7200 NE Airport Way
Portland, OR 97218

Re: Report of the Airport Consultant, The Port of Portland (Oregon), Portland International Airport Revenue Bonds, Series Twenty-Nine (AMT) (Green Bonds)

Dear Mr. Robinhold:

Landrum & Brown, Incorporated (L&B), in association with AVK Consulting, Inc. and Partners for Economic Solutions, is pleased to submit this Report of the Airport Consultant (Report) for the proposed issuance of The Port of Portland's, Portland International Airport Revenue Bonds, Series Twenty-Nine Bonds (AMT) (Green Bonds) (herein referred to as the Series Twenty-Nine Bonds). This independent Report has been prepared for The Port of Portland (Port) in support of its issuance of the Series Twenty-Nine Bonds pursuant to various provisions in Port Ordinance Nos. 155, 323, 455-B (amending 155 and 323), and 479-B (herein referred to as the Bond Ordinances), and is intended to be included in the Official Statement for the Series Twenty-Nine Bonds as Appendix A, Report of the Airport Consultant. All capitalized terms in this Report are used as defined in the Official Statement or Bond Ordinances, except as otherwise defined herein.

The Portland International Airport (Airport) is owned and operated by the Port. The Port was created by the Oregon Legislature in 1891 to dredge a shipping channel from Portland, Oregon, to the Pacific Ocean. Today, the Port is charged with promoting aviation, maritime, and industrial interests. In addition to the Airport, the Port owns several maritime terminals, two general aviation airports (Hillsboro and Troutdale Airports), and business parks. The Port also owns and operates the dredge Oregon, as a contractor to the U.S. Army Corps of Engineers, to help maintain the navigation channel on the lower Columbia and Willamette Rivers.

The Series Twenty-Nine Bonds

The Series Twenty-Nine Bonds are being issued pursuant to the provisions of the Bond Ordinances. The Port is planning to issue the Series Twenty-Nine Bonds to (1) fund a portion of the Port's capital improvement program (CIP), (2) fund capitalized interest, (3) fund a deposit to the debt service reserve account, , (4) repay certain Commercial Paper Notes issued to finance a portion of the Port's CIP, and (5) pay associated costs of issuance. The Series Twenty-Nine Bonds are being issued as "SLBs" under the Bond Ordinances, and are secured by a pledge of Revenues of the Airport on a parity with the pledge of Revenues securing payment of the Port's outstanding SLBs. In the Bond Ordinances, the term "SLBs" refers to "Subordinate Lien Bonds," but the Port no longer has any outstanding obligations secured by a pledge of Revenues that is prior to the pledge securing the SLBs, and as a result, effectively "SLBs" are senior lien bonds. To avoid confusion, this Report uses the term "SLBs" in place of Subordinate Lien Bonds referred to in the Bond Ordinances.

Bond Ordinances

In the Bond Ordinances, the Port has covenanted to impose and prescribe a schedule of rates, rentals, fees, and other charges for the use and services of the facilities and commodities furnished by the Airport, to revise the same from time to time whenever necessary and to collect the income, receipts, and other money derived therefrom so that (1) Revenues will be sufficient to discharge all claims, obligations, and indebtedness payable from or secured by Revenues, (2) the Net Revenues in each fiscal year (FY)[1] will be at least equal to 130% of the SLB Debt Service Requirement for such FY for all SLBs then outstanding, and (3) the Net Revenues, together with other amounts that are available to pay Other Swap Obligations, are sufficient to pay all Other Swap Obligations and any Junior Lien Obligations when due.

For more information on the Bond Ordinances and associated covenants of the Port, see Section 4.3.2 of the Report.

Airline Agreements

Approximately 49% of the Revenues for the Airport are projected in FY 2023 to be from passenger airlines, which is somewhat higher than the approximately 44% realized in FY 2022. In FY 2019, prior to the pandemic, passenger airline revenues comprised a smaller share of total Revenues of the Airport at approximately 35%; however, it is expected that passenger airline revenues will remain at these higher levels into the future. The Port is a party to two types of airline agreements, the Second Amended and Restated Signatory Passenger Airline Lease and Operating Agreements entered into as of October 1, 2019, and Affiliate Passenger Carrier Operating Agreements (together, the Signatory Passenger Airline Agreements) and the Second Amended and Restated Signatory Cargo Carrier Operating Agreements (the Signatory Cargo Airline Agreements and together with the Signatory Passenger Airline Agreements, the Signatory Airline Agreements). The Signatory Airline Agreements establish, among other things, procedures for setting and adjusting rentals, rates, fees, and charges to be collected for the use of Airport facilities. The Signatory Airline Agreements were amended and restated in 2019 to extend the term through June 30, 2030. Twelve passenger airlines have executed the Signatory Passenger Airline Agreements, which, including their operating affiliates, accounted for more than 99% of enplaned passengers at the Airport in FY 2022. Nine all-cargo carriers signed the Signatory Cargo Airline Agreements. The airlines that have executed the Signatory Airline Agreements are referred to as the “Signatory Airlines”.

Passenger airlines and cargo carriers operating at the Airport that are not Signatory Airlines or affiliates of Signatory Airlines (the Non-Signatory Airlines) are subject to rates and charges established pursuant to Port Ordinance No. 433-R and Amended and Restated Ordinance No. 389-R (together, the Non-Signatory Ordinances), which do not benefit from the revenue sharing described below and reflect a 25% premium over the rates and charges established in the Signatory Airline Agreements.

For more information on the Airline Agreements, see Section 4.3.3 of the Report.

Report of the Airport Consultant

In our preparation of this independent Report, we assisted the Port in identifying key factors that affect future financial results of the Airport and in formulating assumptions in regards to these factors. We also evaluated the ability of the Airport to generate Net Revenues sufficient to meet the funding requirements and obligations established by the Bond Ordinances during the projection period of FY 2023 through FY 2030 (Projection Period). The following provides an overview of the primary findings and conclusions contained in the Report; however, the Report should be read in its entirety for a full description of the assumptions and methodology used therein.

---

[1] The Port’s fiscal year is the 12-month period ended June 30.

Role of the Airport and Economic Base for Air Traffic

The Airport is the primary commercial air service facility serving the Portland metropolitan area and the surrounding region, and is essentially isolated from other airport competition. The geographical region that serves as an airport's primary air service catchment area is referred to as its "air service area." For the purposes of this Report, the Airport's Air Service Area (ASA) is defined as the Portland-Vancouver-Hillsboro, OR-WA Metropolitan Statistical Area (MSA), and includes the five counties of Clackamas, Columbia, Multnomah, Washington, and Yamhill in the State of Oregon; and the two counties of Clark and Skamania in the State of Washington. The ASA is relatively isolated from competing airport facilities and, hence, the Airport has limited competition for air service.

The Airport has historically been one of the busiest 30 commercial passenger airports in the U.S. Per data from the Federal Aviation Administration (FAA), in calendar year (CY) 2021, enplaned passengers at the Airport increased by 66.7% from CY 2020 to approximately 5.8 million; however, these levels were still approximately 58.8% of CY 2019 levels. In CY 2021, PDX was ranked as the 33rd largest airport in terms of enplaned passengers by the FAA. In CY 2022, based on data from the Port, the Airport had approximately 7.4 million enplaned passengers, which is a 25.2% increase from CY 2021 levels.

The Airport has historically had a diverse, stable base of air carriers. All of the primary U.S. network airlines, along with several low-cost carriers (LCCs) and ultra-low-cost carriers (ULCCs), operate at the Airport. Alaska Air Group serves the largest percentage of passenger traffic at the Airport. Alaska Air Group is the parent company to Alaska Airlines (Alaska) and Horizon Air (Horizon), and combined, the two carriers comprised approximately 43.7% of enplaned passengers at the Airport in FY 2022.

Historically, air travel demand at an airport is largely correlated with the demographic and economic characteristics of the surrounding region. Following the recovery of the aviation industry from the impacts of the COVID-19 pandemic, the demographic and economic strength of the Portland MSA is expected to once again drive growth at the Airport. The economic strength of the ASA has historically had a major impact on the aviation activity at the Airport since most of the Airport's passenger demand (94.5% in FY 2022) is origin and destination (O&D) activity. Chapter 1 reviews current economic trends and conditions of the Airport's ASA and presents data indicative of the ASA's capability to generate demand for air transportation through the next several years.

For more information on the role of the Airport and its economic base for air transportation, see Chapter 1 of the Report.

Air Service and Air Traffic Analysis

The Airport, along with all other airports in the U.S. and abroad, was acutely impacted by the broad-based economic shutdown resulting from efforts to stop the spread of Coronavirus disease 2019 (COVID-19), including reductions in flights and declines in passenger volumes. The COVID-19 pandemic adversely affected travel and travel-related industries. Starting in mid-March 2020, the Airlines reported unprecedented downturns in passenger volumes and have experienced reduced levels of passenger volumes, which in turn, prompted them to significantly reduce, and in many cases eliminate, scheduled service. Air traffic has been recovering since the initial downturn. The recovery of air traffic is described further in Chapter 2 of this Report.

Prior to the impacts associated with the COVID-19 pandemic, the Airport had been experiencing strong passenger growth. Total enplaned passengers at the Airport increased from approximately 6.5 million in FY 2010 to approximately 10.0 million in FY 2019, representing a compound annual growth rate (CAGR) of 4.9%. The majority of that growth, in terms of number of passengers, occurred in domestic traffic, which accounted for 95.8% of the Airport's enplaned passengers in FY 2019. International enplaned passengers have increased at a faster rate from FY 2010 to FY 2019, increasing at a CAGR of 7.7% versus 4.8% for domestic.

Starting in mid-March 2020, enplaned passengers at the Airport decreased dramatically because of the impacts associated with the COVID-19 pandemic. Overall, enplaned passengers in FY 2020 were approximately 7.3 million or about 73.0% of FY 2019 levels with the primary impacts occurring after mid-March 2020. The impacts associated with the COVID-19 pandemic had the most significant effect on the Port's air traffic during FY 2021 as enplaned passengers decreased to an annual low of approximately 3.7 million or 37.5% of FY 2019 levels. For FY 2022, enplaned passengers increased from FY 2021 levels as they were approximately 7.1 million or 70.8% of FY 2019 levels. Enplaned passengers have continued to recover during FY 2023. For FY 2023 year-to-date through December 2022, enplaned passengers were 8.4% higher than for the same period during FY 2022.

Projections of air traffic activity were developed based on an analysis of the underlying economic conditions of the ASA, airline traffic trends, and an assessment of Alaska Air Group's continued focus on the region. In general, it was assumed that in the long-term, growth in O&D passenger traffic at the Airport will occur as a function of growth in population and the economy of the ASA. In addition, several other assumptions are incorporated into the projections including the following:

- Over the long-term, the airlines will add capacity that is in line with demand and economic growth.
- Long-term nationwide growth in air travel will occur over the Projection Period consistent with forecast growth in the economy.
- After a brief period of near record prices, aviation fuel prices will retrack but remain higher relative to historical levels.
- There will be no major disruption of airline service or airline travel behavior over the Projection Period.

The recovery of passengers at the Airport has not been uniform. O&D passengers have recovered faster than connecting passengers. In FY 2022, O&D passengers were approximately 79% of FY 2019 levels while connecting passengers were approximately 24% of FY 2019. Based on these trends, it was assumed that O&D enplaned passengers would recover to FY 2019 levels, approximately 8.5 million, by FY 2025, up from approximately 6.7 million in FY 2022. Beyond FY 2025, an econometric regression model was used to project O&D enplaned passengers. For connecting passengers, it was assumed that recovery would take until FY 2029 for connecting passengers to return to its historical share of approximately 15% of total passengers at the Airport. Overall, enplaned passengers are projected to recover to FY 2019 levels during FY 2026 and exceed annual FY 2019 levels in FY 2027. By FY 2030, projected enplaned passengers are estimated to be approximately 11.5 million. More information on the passenger recovery trends is contained in Section 2.4.2 of this Report.

Given ongoing uncertainty as to the level and duration of the recovery from the impacts associated with the COVID-19 pandemic, L&B also prepared a pessimistic sensitivity projection of enplaned passengers at the Airport. This sensitivity projection is not necessarily a representation of a likely scenario but is intended to represent a downside scenario if certain conditions expected to negatively impact air traffic demand were to occur. The following summarizes the potential factors that could result in a more pessimistic projection of enplaned passengers at the Airport. **Table 1** presents the enplaned passenger projections scenarios.

- Recovery in O&D enplaned passengers would extend to FY 2027:
- Connecting enplaned passengers will only recover to about half, or 7.5%, of the historical share at the Airport by FY 2029.

It is important to note that many of the factors affecting air travel demand are not necessarily quantifiable. As a result, all projections are subject to uncertainty. The global COVID-19 pandemic remains ongoing, and additional economic disturbances could occur over the Projection Period. Therefore, these projection scenarios, as with any projection, should be viewed as a general indication of future aviation activity as opposed to a precise prediction. Actual future traffic is likely to vary from this projection, and such variances could be material.

For more information on the Airport's air service and air traffic, see Chapter 2 of the Report.

Table 1 Enplaned Passengers Projections

	Baseline Scenario		Pessimistic Scenario	
Fiscal Year	Enplaned Passengers (in thousands)	Percent of FY 2019	Enplaned Passengers (in thousands)	Percent of FY 2019
FY 2019 Actual	9,967	100.0%	9,967	100.0%
FY 2020 Actual	7,273	73.0%	7,273	73.0%
FY 2021 Actual	3,742	37.5%	3,742	37.5%
FY 2022 Actual	7,055	70.8%	7,055	70.8%
FY 2023 Budget	7,804	78.3%	7,804	78.3%
FY 2024	8,860	88.9%	8,372	84.0%
FY 2025	9,515	95.5%	8,708	87.4%
FY 2026	9,952	99.9%	8,948	89.8%
FY 2027	10,369	104.0%	9,135	91.7%
FY 2028	10,776	108.1%	9,415	94.5%
FY 2029	11,178	112.2%	9,697	97.3%
FY 2030	11,488	115.3%	9,966	100.0%
Range	Average Annual Growth Rate			
FY 2019-22	-10.9%	-10.9%	-10.9%	-10.9%
FY 2022-30	6.3%	6.3%	4.4%	4.4%
FY 2023-30	5.7%	5.7%	3.6%	3.6%

Sources: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2009-June 2022. Cirium, Diio Mi: US DOT Origin and Destination Survey Data, accessed September 2022. Landrum & Brown analysis.

Capital Improvement Program

Exhibit A at the end of this Report presents a summary of the projected $3.33 billion CIP for the Airport, including major project elements and the proposed plan of finance. Of the total CIP, the Airline Cost Center projects total approximately $2.76 billion, the Port Cost Center projects total approximately $457.7 million, and projects allocable to both Airline and Port Cost Centers total $107.0 million. The Terminal Core Redevelopment is the largest project in the Port's CIP for the Airport and is projected to cost approximately $1.95 billion. In 2022, the Port finalized the Guaranteed Maximum Price (the GMP) of the construction contract for the Terminal Core Redevelopment project with the Port's general contractor. As part of this process, the cost of the Terminal Core Redevelopment project increased from $1.45 billion to $1.95 billion. The Port continues to closely monitor all components of the Terminal Core Redevelopment project and received approval from the Signatory Airlines regarding the increased project costs in July 2022. For more information see Section 3.3.1 of this Report and the section in the Official Statement titled "Terminal Core Redevelopment Project" as part of the "PORTLAND INTERNATIONAL AIRPORT" section. Further details on this project and others in the CIP is contained in Chapter 3 of this Report.

Historically, the Port has funded capital development at the Airport from several sources. These have generally included grants-in aid, Passenger Facility Charge (PFC) revenues on a pay-as-you-go basis, Customer Facility Charge (CFC) revenues on a pay-as-you-go basis, Airport and Port funds, and bond proceeds (including commercial paper). As presented in Exhibit A, approximately $745.4 million of the CIP is projected to be funded with the Series Twenty-Nine Bonds. The remaining $2.58 billion of the CIP is projected to be funded with a combination of grants, pay-as-you-go PFC revenues, Port and Airport funds, previously issued bond proceeds, and future bond proceeds.

The projects to be funded in whole or in part by the Series Twenty-Nine Bonds, as projected per the assumptions in this Report, were not disapproved by the Signatory Airlines.

For more information on the Airport's CIP, see Chapter 3 of the Report and refer to Exhibit A.

Financial Analysis

L&B evaluated the ability of the Airport to generate Net Revenues sufficient to meet the funding requirements and obligations established by the Bond Ordinances during the Projection Period. Per our analyses, and as required pursuant to the Rate Covenant, (1) Net Revenues are projected to be sufficient to discharge all claims, obligations, and indebtedness payable from or secured by Revenues, and (2) Net Revenues in each Fiscal Year are projected to be at least equal to 130% of the SLB Debt Service Requirement for each FY for all outstanding and projected SLBs.

Table 2 presents projected airline cost per enplaned passenger (CPE) and debt service coverage for baseline projection and pessimistic projection sensitivity scenarios. As shown, under each scenario, the Port is projected to continue to satisfy its obligations pursuant to the Rate Covenant and its airline CPE is projected to remain comparable to other large and medium hub airports on the U.S. west coast with major capital programs. Also, as indicative of residual airline rates and charges methodologies, declines in debt service coverage ratios for the pessimistic sensitivity scenario are mitigated through increases in airline costs as airline CPE levels increase over the Projection Period.

For more information on the financial analysis and projections, see Chapter 4 of the Report.

Table 2 Financial Results Summary

Fiscal Year	Baseline			Pessimistic		
	Airline CPE	Airline CPE (FY23$)	Debt Service Coverage	Airline CPE	Airline CPE (FY23$)	Debt Service Coverage
2022	$18.91	$18.91	2.04x	$18.91	$18.91	2.04x
2023	$19.93	$19.93	1.74x	$19.93	$19.93	1.74x
2024	$19.11	$18.55	1.99x	$20.35	$19.76	1.94x
2025	$26.76	$25.22	1.75x	$29.43	$27.75	1.71x
2026	$27.94	$25.57	1.67x	$31.32	$28.66	1.66x
2027	$27.06	$24.04	1.73x	$31.02	$27.56	1.73x
2028	$26.47	$22.83	1.75x	$30.62	$26.41	1.75x
2029	$27.67	$23.17	1.75x	$32.31	$27.06	1.75x
2030	$26.85	$21.83	1.74x	$31.37	$25.50	1.74x

Notes: These projections are based on current expectations and information and is not intended as a representation of facts or guarantee of results.
Source: Prepared by Landrum & Brown, Inc., January 2023.

In preparing our findings and conclusions, L&B has relied upon the accuracy and completeness of financial and other data provided to it by the referenced sources, without independent verification. Certain statements contained in this Report, including the Exhibits that follow, are not historical facts but are projections 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 projections described herein. In this respect, the words “estimate,” “forecast,” “project,” “anticipate,” “expect,” “intend,” “believe” and similar expressions are intended to identify forward-looking statements. The forward-looking statements in this Report are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. All estimates, projections, forecasts, assumptions, and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Report and the Official Statement. L&B has no responsibility to update this Report for events and/or circumstances occurring after the date of this Report.

The historical financial information and operating data set forth in this Report for the dates as of and for the periods that occurred before the COVID-19 pandemic and the measures instituted to control such pandemic may not be indicative of future results or performance due to these and other factors. For a description of the Port’s ongoing response to COVID-19 and related financial and operating effects on the Port and the Airport, see the section in the Official Statement titled “RECENT DEVELOPMENTS CONCERNING COVID PANDEMIC” and “CERTAIN INVESTMENT CONSIDERATIONS – Effect of COVID Pandemic and other World Health Concerns.”

References to web site addresses presented herein, including the website of the Port and the Airport and any other websites, are for informational purposes only for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Report.

L&B is not registered with the U.S. Securities & Exchange Commission as a municipal advisor, is not acting as a municipal advisor, and does not assume any fiduciary duties or provide advisory services as described in Section 15B of the Securities Exchange Act of 1934 or otherwise. L&B does not make recommendations or advice regarding any action to be taken by our clients with respect to any prospective, new, or existing municipal financial products or issuance of municipal securities including with respect to the structure, timing, terms, or other similar matters concerning municipal financial products or the issuance of municipal securities.

L&B, in association with AVK Consulting, Inc. and Partners for Economic Solutions, appreciates this opportunity to serve as the Port's Airport Consultant for this proposed financing.

Sincerely,

Landrum & Brown, Incorporated

Landrum & Brown, Incorporated

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1 Role of the Airport and Economic Base for Air Traffic

This chapter introduces the Portland International Airport (Airport or PDX) and summarizes its role in accommodating air traffic for the region and the nation as well as the Airport's importance as a hub for the Alaska Air Group. This chapter also describes the Portland, Oregon, region's economic base and its ability to continue to support demand for air transportation.

1.1 Role of the Airport

The Airport is owned and operated by the Port. The Oregon Legislature created the Port in 1891 to dredge a shipping channel from Portland, Oregon to the Pacific Ocean. Today, the Port is charged with promoting aviation, maritime, and industrial interests within the Portland region. In addition to the Airport, the Port owns two general aviation airports (Hillsboro Airport and Troutdale Airport, collectively the General Aviation Airports), four marine terminals in Oregon's largest port, and five business and industrial parks. The Port also owns and operates the dredge *Oregon* to help maintain the shipping channel on the lower Columbia and Willamette Rivers as a contractor for the U.S. Army Corps of Engineers.

1.1.1 National Role

The Airport has historically been one of the busiest 30 commercial passenger airports in the U.S. In calendar year (CY) 2019, the Airport had nearly 10 million enplaned passengers, ranking it 30th in the U.S. In CY 2020, enplaned passengers at the Airport decreased by 64.7% to approximately 3.5 million, which was attributed to the impacts associated with the Coronavirus Disease 2019 (COVID-19) pandemic. Per data from the Federal Aviation Administration (FAA), in CY 2021, enplaned passengers at the Airport increased by 66.7% from CY 2020 to approximately 5.8 million; however, these levels were still approximately 58.8% of CY 2019 levels. In CY 2021, PDX was ranked as the 33rd largest airport in terms of enplaned passengers by the FAA. In CY 2022, based on data from the Port, the Airport had approximately 7.4 million enplaned passengers, which is a 25.2% increase from CY 2021 levels. **Table 1-1** provides the rankings of the top-35 U.S. airports in terms of total enplaned passengers per the FAA for CY 2021. From CY 2013 through CY 2019, the Airport was designated as a Large Hub airport as it enplaned more than 1.0% of passengers nationwide. The Airport is currently classified by the FAA as a Medium Hub airport[2] based upon its share of nationwide enplaned passengers.[3] The Airport is the 3rd largest Medium Hub airport, and as passengers continue to recover, the Port anticipates regaining its prior position as a Large Hub. Moving from a Large Hub airport to a Medium Hub does not have a material financial impact to the Airport.

In addition to passenger operations, there is also a significant amount of air cargo processed at the Airport. According to Airports Council International–North America (ACI-NA), 345,867 metric tons of air cargo, including both freight and mail, were loaded and unloaded at the Airport in CY 2021. Based on this data from ACI-NA, the Airport was ranked as the 23rd busiest cargo airport in the U.S. for that period. ACI-NA data indicated that the Airport had 170,597 aircraft operations[4] in CY 2021 (including all-cargo carrier operations), which ranked the Airport as the 48th busiest airport in the U.S.

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2 Federal Aviation Administration, Report to Congress: National Plan of Integrated Airport Systems (NPIAS) 2021-2025, September 30, 2021.
3 Medium Hub airports are defined as airports that account for between 0.25% and 1.0% of total U.S. passenger enplanements.
4 An aircraft operation includes the landing, takeoff, or touch-and-go procedure by an aircraft on the runway at an airport.

Table 1-1 U.S. Top-35 Airports Ranked by Enplaned Passengers (CY 2021)

Rank	City	Airport	Hub	Code	Enplaned Passengers (in 000s)		Percent
					CY 2021	CY 2019	Change
1	Atlanta	Hartsfield - Jackson Atlanta International	Large	ATL	36,676	53,506	-31.5%
2	Fort Worth	Dallas-Fort Worth International	Large	DFW	30,005	35,779	-16.1%
3	Denver	Denver International	Large	DEN	28,646	33,593	-14.7%
4	Chicago	Chicago O'Hare International	Large	ORD	26,351	40,871	-35.5%
5	Los Angeles	Los Angeles International	Large	LAX	23,663	42,939	-44.9%
6	Charlotte	Charlotte/Douglas International	Large	CLT	20,901	24,200	-13.6%
7	Orlando	Orlando International	Large	MCO	19,619	24,562	-20.1%
8	Las Vegas	Harry Reid International	Large	LAS	19,160	24,728	-22.5%
9	Phoenix	Phoenix Sky Harbor International	Large	PHX	18,940	22,434	-15.6%
10	Miami	Miami International	Large	MIA	17,500	21,421	-18.3%
11	Seattle	Seattle-Tacoma International	Large	SEA	17,430	25,002	-30.3%
12	Houston	George Bush Intercontinental/Houston	Large	IAH	16,243	21,905	-25.8%
13	New York	John F Kennedy International	Large	JFK	15,273	31,037	-50.8%
14	Newark	Newark Liberty International	Large	EWR	14,514	23,161	-37.3%
15	Fort Lauderdale	Fort Lauderdale/Hollywood International	Large	FLL	13,599	17,951	-24.2%
16	Minneapolis	Minneapolis-St Paul International	Large	MSP	12,211	19,193	-36.4%
17	San Francisco	San Francisco International	Large	SFO	11,725	27,779	-57.8%
18	Detroit	Detroit Metro Wayne County	Large	DTW	11,518	18,143	-36.5%
19	Boston	General Edward Lawrence Logan International	Large	BOS	10,910	20,699	-47.3%
20	Salt Lake City	Salt Lake City International	Large	SLC	10,796	12,841	-15.9%
21	Philadelphia	Philadelphia International	Large	PHL	9,820	16,006	-38.7%
22	Glen Burnie	Baltimore/Washington International	Large	BWI	9,254	13,285	-30.3%
23	Tampa	Tampa International	Large	TPA	8,847	10,979	-19.4%
24	San Diego	San Diego International	Large	SAN	7,836	12,649	-38.0%
25	New York	LaGuardia	Large	LGA	7,827	15,394	-49.2%
26	Chicago	Chicago Midway International	Large	MDW	7,681	10,082	-23.8%
27	Nashville	Nashville International	Large	BNA	7,594	8,936	-15.0%
28	Dulles	Washington Dulles International	Large	IAD	7,228	11,884	-39.2%
29	Arlington	Ronald Reagan Washington National Airport	Large	DCA	6,732	11,595	-41.9%
30	Austin	Austin-Bergstrom International Airport	Large	AUS	6,666	8,507	-21.6%
31	Dallas	Dallas Love Field	Medium	DAL	6,488	8,081	-19.7%
32	Honolulu	Daniel K Inouye International	Medium	HNL	5,831	9,989	-41.6%
33	**Portland**	**Portland International**	Medium	**PDX**	**5,760**	**9,797**	**-41.2%**
34	Houston	William P. Hobby	Medium	HOU	5,561	7,070	-21.3%
35	Fort Myers	Southwest Florida International	Medium	RSW	5,081	5,044	0.7%

Note: Amounts in this table may vary from Port traffic reports.
Source: Federal Aviation Administration, Air Carrier Activity Information System (ACAIS), September 2022

1.1.2 Regional Role

The Airport is the primary commercial air service facility servicing the Portland-Vancouver-Hillsboro, OR-WA Metropolitan Statistical Area (Portland MSA) and its surrounding region. For the purposes of this Report, the Airport's Air Service Area (ASA) is defined as the Portland MSA. The ASA is comprised of five counties in Oregon (Clackamas, Columbia, Multnomah, Washington, and Yamhill) and two counties in Washington (Clark and Skamania). Although not included as part of the Portland MSA, the counties of Marion, Oregon, and Cowlitz, Washington, have population areas relatively near the Airport and contribute to air traffic as well. In many cases, an air service area can extend beyond the primary MSA depending on the location of other population centers and availability of other commercial service airports. This is the case as competition from other commercial service airports is lacking, especially to the south and east of the Airport. Given these considerations and its relatively high number of destinations served compared to other commercial service airports in the State, the Airport is generally considered the primary commercial service airport in Oregon. However, it is generally the economic strength of the ASA that provides the principal demand for supporting origin and destination (O&D) air travel within it.

In Fiscal Year (FY)[5] 2022, the Airport was the 29th largest O&D market in the U.S. O&D traffic accounted for approximately 94.5% of the total enplaned passengers in FY 2022 and the remaining 5.5% of passengers connected through the Airport on their way to their final destination (connecting passengers). The share of O&D passengers at the Airport has increased since the onset of the COVID-19 pandemic. For example, in FY 2019 O&D passengers at the Airport accounted for approximately 85% of total traffic, which was generally the level for the Airport historically. At this time, it is unclear if connecting traffic will return to levels it experienced prior to the COVID-19 pandemic. The Alaska Air Group handles the vast majority of the connecting passengers (92.0% in FY 2022) at the Airport. More information on the Airport's O&D market is presented in Chapter 2.

The Airport is physically isolated from other competing airports in the region. Seattle-Tacoma International Airport (SEA) is the closest comparable airport, about 165 driving miles from the Airport. Additionally, the section of Interstate 5[6] near SEA has some of the most severe congestion and traffic delays[7] in the Seattle region, and as a result, the driving time from Portland to SEA varies considerably depending on the time of day and other factors. The ASA generates the majority of the passenger demand for the Airport, and this traffic congestion and the resultant erratic drive times further contribute to SEA not being a viable alternative for air passengers traveling from the Portland metro area.[8]

Figure 1-1 illustrates the ASA and other commercial service airports within 200 miles from the Airport. As shown, other commercial airports in the region are smaller facilities and are more than 100 driving miles from the Airport. There are no other comparable facilities to the Airport within the State of Oregon in terms of air service.

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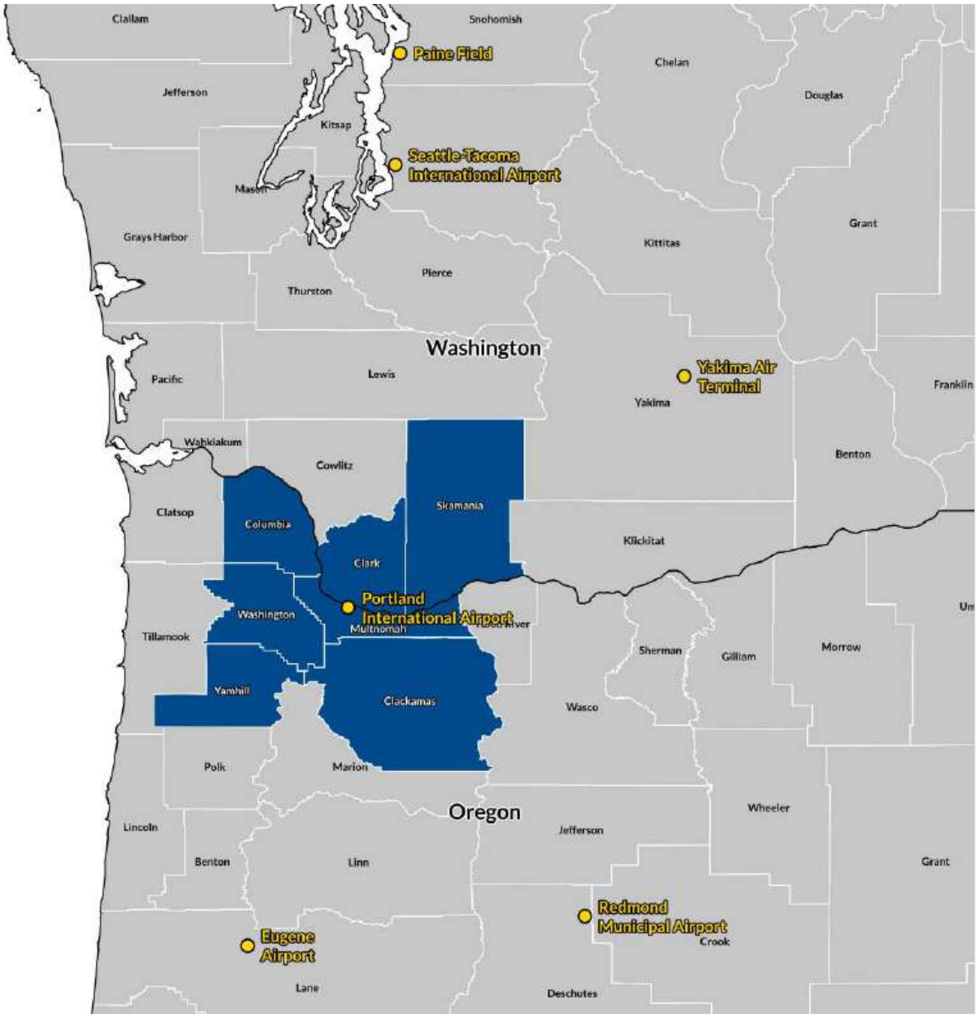
[5] The Port's Fiscal Year is the 12-month period ending June 30.

[6] Interstate 5 (I-5) is a key commuter and freight transportation corridor in the Seattle metro region.

[7] Traffic delay on Interstate 5, as measured in annual hours of vehicle delay (AHD), increased from 4,378 thousand in 2015 to 4,632 thousand in 2019, a rise of 5.4%; Washington State Department of Transportation, Central Puget Sound Interstate 5 Corridor – Dashboard, https://wsdot.wa.gov/about/data/multimodal-mobility-dashboard/dashboard/central-puget-sound/interstate5-cps/dashboard.htm, accessed September 2022.

[8] 2018 Corridor Capacity Report, Washington State Department of Transportation, November 2018, http://wsdot.wa.gov/publications/full text/graynotebook/corridor-capacity-report-18.pdf, accessed December 2018.

Figure 1-1 ASA and Proximity to Other Airports



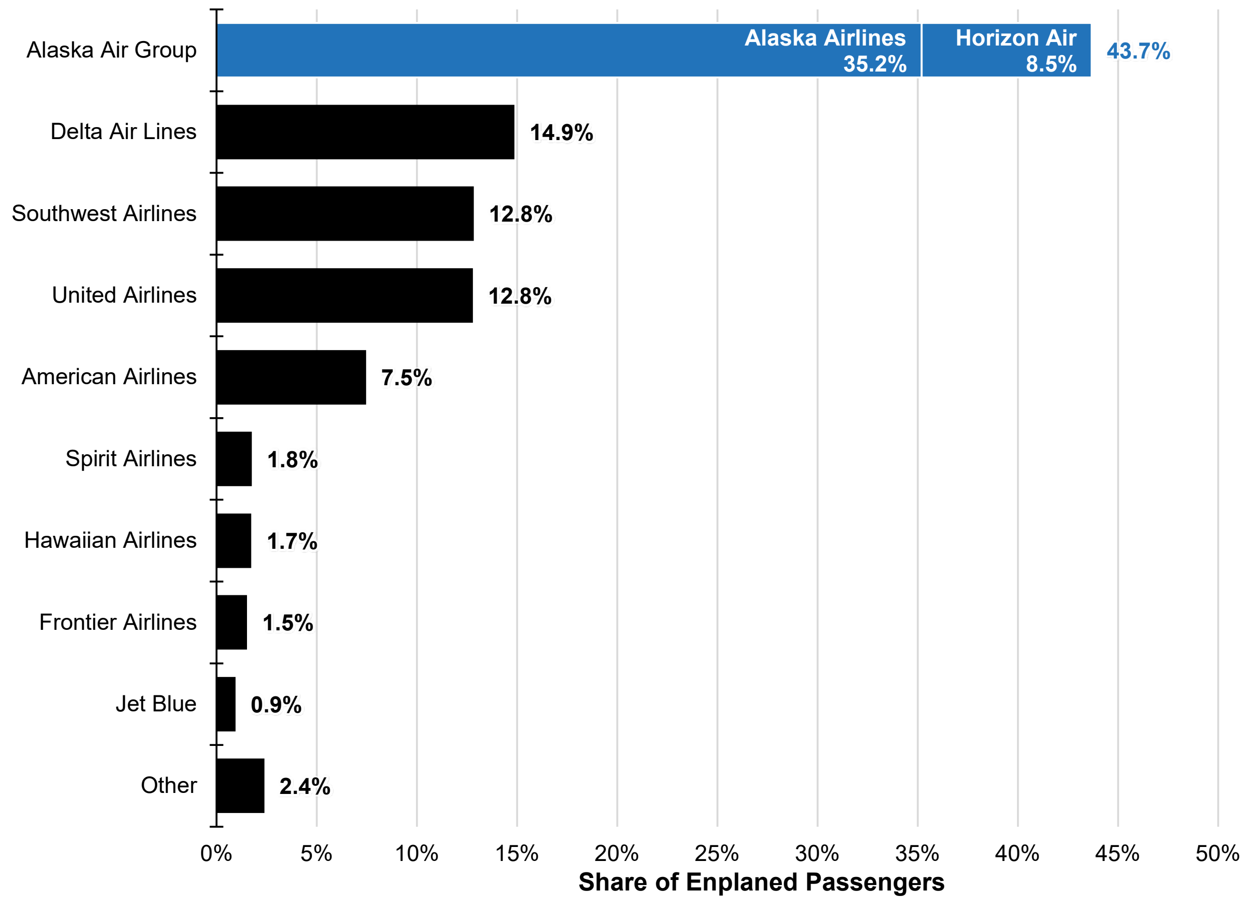
Airport	Code	FAA Airport Category	Driving Distance from the Airport	CY 2021 Enplaned Passengers (000s)
Portland International Airport	**PDX**	**Medium**	**-**	**5,687**
Seattle-Tacoma International Airport	SEA	Large	165 miles	17,273
Eugene Airport	EUG	Small	125 miles	552
Redmond Municipal Airport	RDM	Non	144 miles	417
Yakima Air Terminal	YKM	Non	181 miles	44
Paine Field	PAE	Non	195 miles	113

Source: US DOT Reports DB1A; US DOT T100 Report, accessed via Cirium, Diio Mi, accessed September 2022.

1.1.3 Role as a Hub for Alaska Air Group

Alaska Air Group (the parent company of Alaska Airlines and Horizon Air) is the Airport's largest carrier in terms of passenger market share and the Airport serves as one of its hubs. The Alaska Air Group has historically operated at the Airport somewhat differently than most other traditional airline hubs, as further described in this section. When combining the passenger market share for all of the airlines under the Alaska Air Group, the carriers accounted for approximately 43.7% of enplaned passengers at the Airport during FY 2022. **Figure 1-2** presents the Airport's enplaned passenger market share for all airlines for FY 2022.

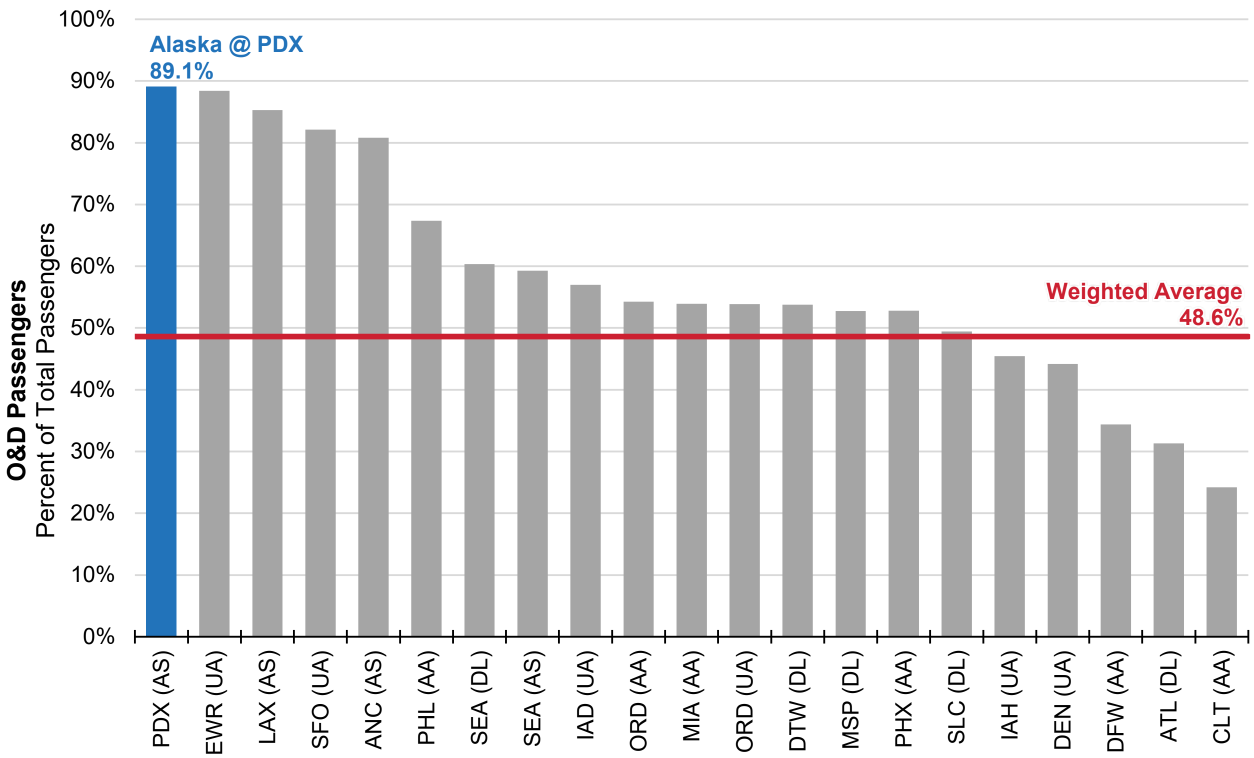
Figure 1-2 Enplaned Passengers Market Share at the Airport (FY 2022)



Notes: Regional affiliates, as applicable, have been included with their appropriate mainline partner. Amounts may not add because of rounding.
Source: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2022.

In FY 2022, O&D passengers accounted for 48.6% of passengers on average at certain hubs for Alaska Air Group, Delta Air Lines, American Airlines, and United Airlines as shown below on **Figure 1-3**. By comparison, 89.1% of Alaska Air Group's passengers at the Airport were O&D, which is the highest level of O&D among this group of airports. Therefore, Alaska Air Group's operation at the Airport is more O&D passenger focused as compared to other traditional airline hubs where passenger connectivity is more pronounced. Alaska Air Group's percent of O&D passengers at the Airport has been increasing in recent years since the COVID-19 pandemic. For example, in FY 2017, Alaska Air Group's percent of O&D passengers at the Airport was approximately 73%. Given the significant decreases in passenger traffic due to the COVID-19 pandemic, it may be possible that Alaska Air Group's percent of O&D passengers at the Airport is temporarily elevated; however, the Airport, in general, has continued its trend of being a more O&D focused hub for Alaska Air Group when compared to typical airline hubs.

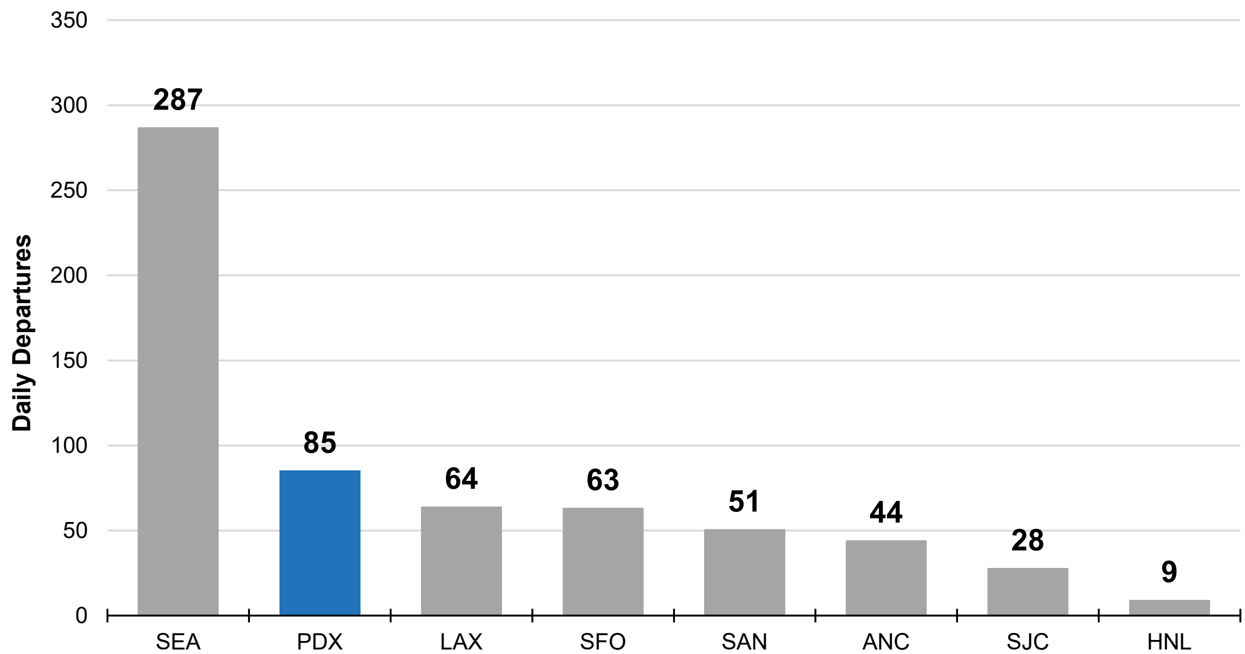
Figure 1-3 **Percent of O&D Passengers at Certain U.S. Airline Hubs (FY 2022)**



Source: US DOT Reports DB1A; US DOT T100 Report, accessed via Cirium, Diio Mi, accessed September 2022.

In FY 2022, Alaska Air Group had an average of 85 scheduled daily departures at the Airport, second only to SEA which had 287 average daily departures. The 85 average daily departures were 13.5% of all daily departures at Alaska Air Group's hub airports. **Figure 1-4** presents the average daily departures for each of Alaska Air Group's hub airports during FY 2022.

Figure 1-4 Average Daily Departures at Alaska Air Group Hub Airports (FY 2022)



Source: Cirium, Diio Mi, Schedule – Dynamic Table, accessed September 2022.

1.2 Economic Base for Air Traffic

Historically, air travel demand at an airport is largely correlated with the demographic and economic characteristics of the surrounding region. Following the full recovery of the aviation industry from the impacts of the COVID-19 pandemic, the demographic and economic strength of the ASA is expected to once again drive growth at the Airport. The economic strength of the ASA has a major impact on the aviation activity at the Airport since most of the Airport's passenger demand is O&D. The following sections review current economic trends and conditions in the ASA and present data indicative of its capability to generate demand for air transportation through the next several years.

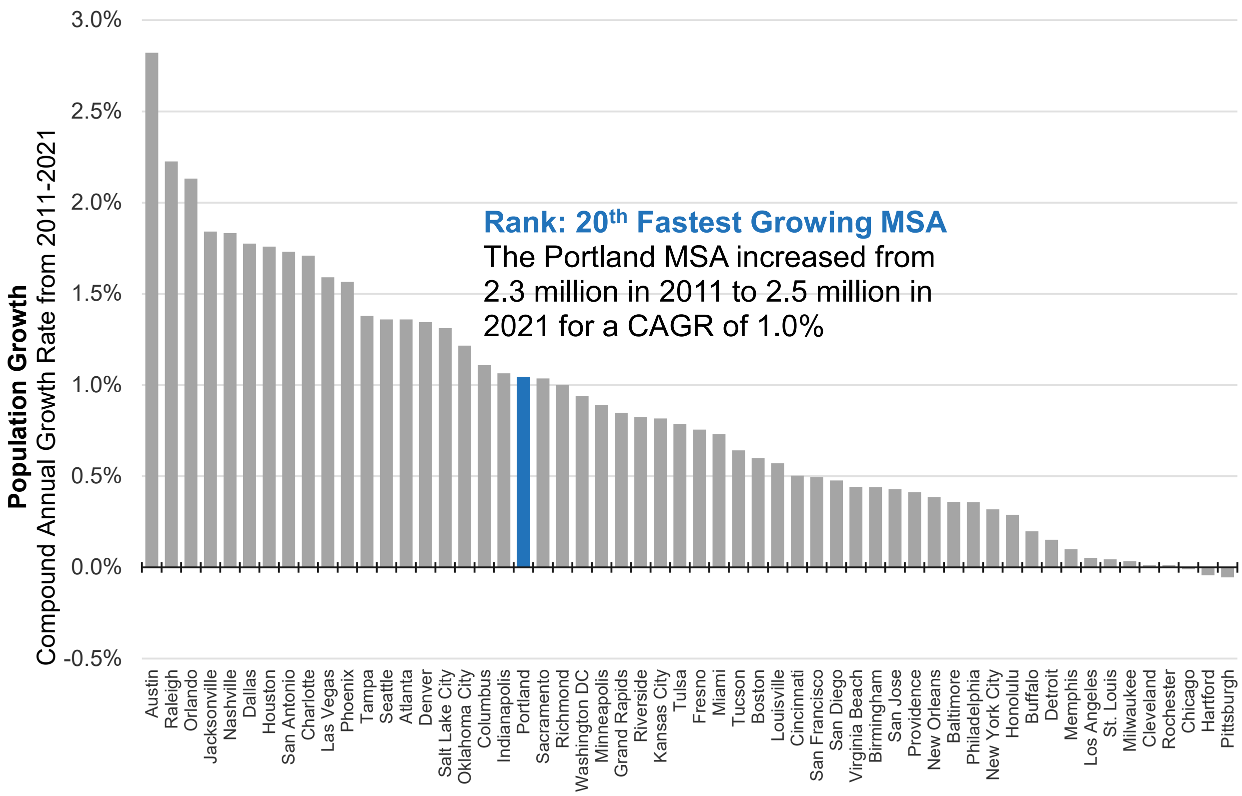
1.2.1 Socioeconomic Trends

Data for population, age distribution, educational attainment, income, and gross regional product for the ASA are discussed below. Parallel data for the State and the U.S. are also shown to provide a basis of comparison to trends in the ASA. Where available, historical data will be presented for the 2011-2021 period, which represents the most recent 10-year trend for historical data. Also, where available, data projections through 2030 are included to be consistent with air traffic and financial projections presented later in this Report.

1.2.1.1 Population Trends

A growing population is a significant source of demand for air travel. Fifty-six (56) of the 384 MSAs in the U.S. have a population in excess of one million people, including the Portland MSA. **Figure 1-5** presents the 2011-2021 compound annual growth rates (CAGR) for population in the nation's 56 largest MSAs. The Portland MSA's population growth rate ranks 20th among the nation's largest MSAs with a population greater than one million people.

Figure 1-5 Population Growth in MSAs with Population in Excess of One Million



Source: Woods & Poole Economics, Inc. 2022 Complete Economic and Demographic Data Source, June 2022. Compiled by Partners for Economic Solutions, September 2022

Table 1-2 provides 2011 and 2021 population data from Woods & Poole Economics, Inc. Between 2011 and 2021, the population in the ASA increased by 12.6% from approximately 2.3 million to 2.5 million. During the same period, Oregon's population increased by 10.6% and the U.S. population increased 6.7%. Since 2011, the ASA's population has increased at a CAGR of 1.0%, higher than the CAGR for both Oregon (0.9%) and the U.S. (0.6%).

Table 1-2 Population Trends (2011-2030)

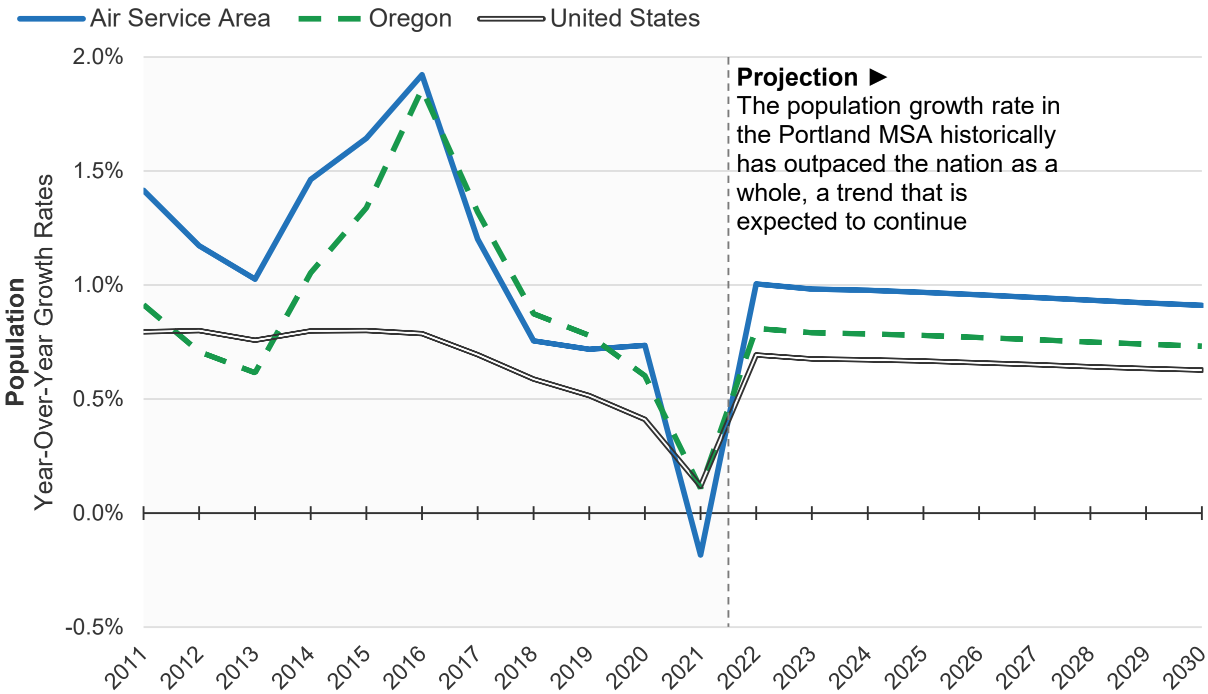
	Population			CAGR	
	Historical		Projection		
Region	2011	2021	2030	2011-2021	2021-2030
United States	311,785,264	331,893,745	352,070,273	0.6%	0.7%
Oregon	3,872,679	4,246,155	4,549,094	0.9%	0.8%
Air Service Area	2,263,865	2,511,612	2,736,091	1.0%	1.0%
Clackamas County, OR	379,696	422,537	452,799	1.1%	0.8%
Columbia County, OR	49,384	53,074	55,749	0.7%	0.5%
Multnomah County, OR	749,949	803,377	853,765	0.7%	0.7%
Washington County, OR	540,759	600,811	665,714	1.1%	1.1%
Yamhill County, OR	99,725	108,239	116,610	0.8%	0.8%
Clark County, WA	433,203	511,404	578,481	1.7%	1.4%
Skamania County, WA	11,149	12,170	12,973	0.9%	0.7%

Notes: CAGR = Compound annual growth rate.
Source: Woods & Poole Economics, Inc., 2022 Complete Economic and Demographic Data Source, June 2022. Compiled by Partners for Economic Solutions, September 2022

As shown in **Figure 1-6**, the growth rate of the population in the ASA between 2011 and 2016 was above those of both the State and the U.S. From 2017 through 2019, the ASA's population growth rate remained higher than the U.S. rate but was slightly below that of the State. In 2020, the population growth rate in the ASA again exceeded both the State and U.S. rates, but then dropped significantly in 2021. From 2022 through 2030, the growth rate of the population in the ASA is expected to be higher than those of both the State and the U.S.

From 2021 through 2030, a population increase of approximately 224,000 is projected in the ASA, or approximately 24,900 new residents per year. Population growth in the ASA between 2021 and 2030 is projected to account for approximately 74% of the State's increased population (approximately 303,000) during the same period. These new residents are expected to generate additional demand for airline service at the Airport.

Figure 1-6 Historical and Projected Population Trends (2011-2030)



Source: Woods & Poole Economics, Inc., 2022 Complete Economic and Demographic Data Source, June 2022. Compiled by Partners for Economic Solutions, September 2022

1.2.1.2 Age Distribution

In 2021, the median age in the ASA was 38.5 years, nearly equivalent to the U.S. median age of 38.2 years and younger than the State's median age of 39.6 years.[9] Demand for air travel varies by age group. According to Consumer Expenditure Survey data from the U.S. Bureau of Labor Statistics, persons between the ages of 35 and 54 account for 44% of expenditures on airline fares.[10] **Figure 1-7** presents the distribution of age groups among the population for the ASA and the U.S. In 2021, residents in the ASA aged 35 to 54 made up 28.0% of the population, compared with 25.0% in the U.S. This is the age group that generates the most expenditures on airline fares and it makes up a higher percentage of the population in the ASA as compared to the U.S.

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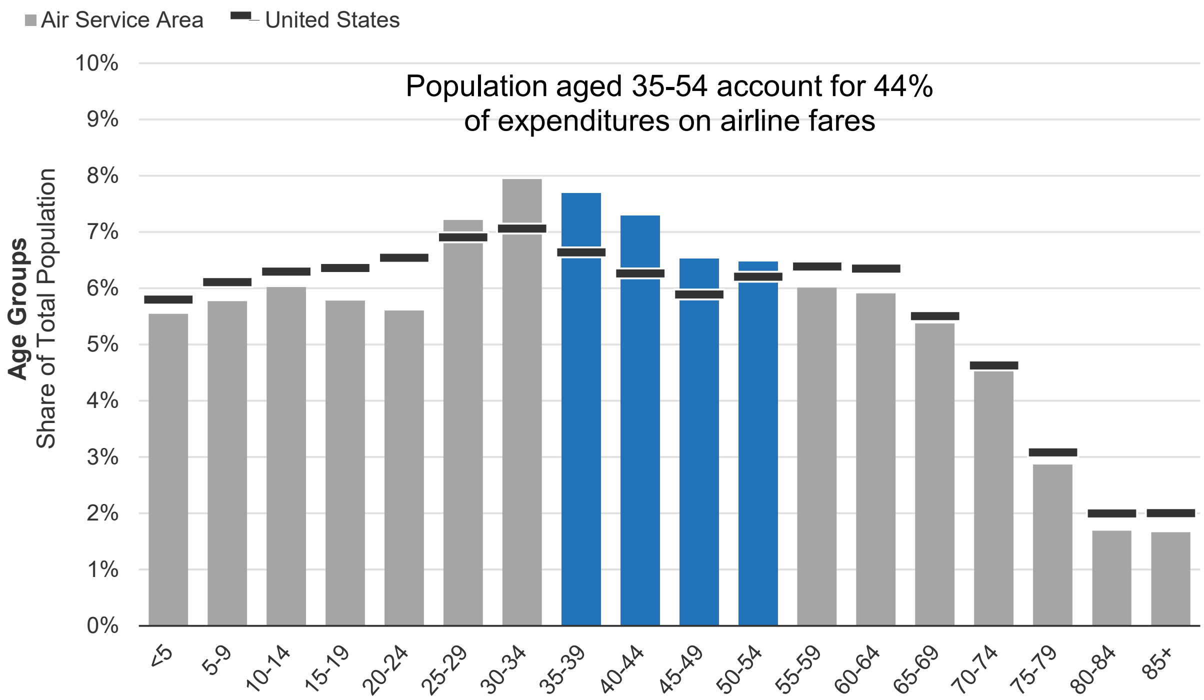
9 Woods & Poole Economics, Inc., 2022 Complete Economic and Demographic Data Source, June 2022.

10 *Who's Buying for Travel*, 12th Edition, New Strategist Publications, 2018.

Figure 1-7 Age Distribution (2021)



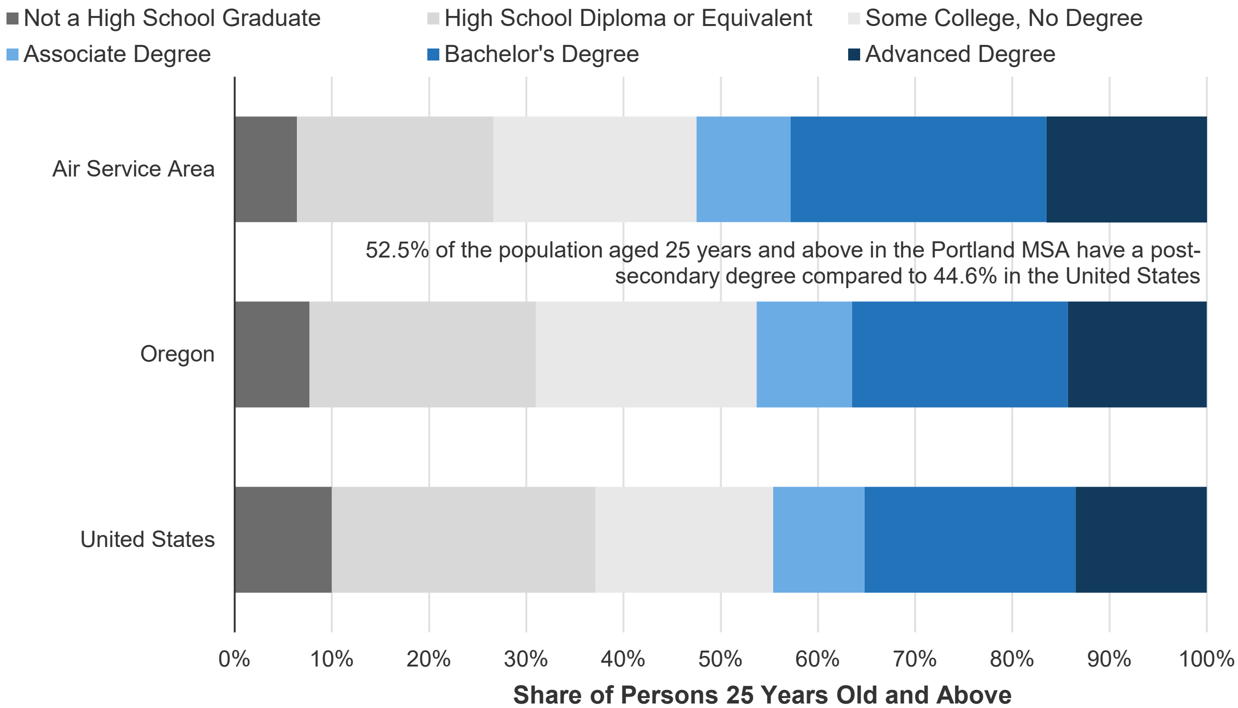
Source: Woods & Poole Economics, Inc., 2022 Complete Economic and Demographic Data Source, June 2022. Compiled by Partners for Economic Solutions, September 2022

1.2.1.3 Educational Attainment

Consumer Expenditure Survey data from the U.S. Bureau of Labor Statistics show that persons with a college degree generate a high percentage of expenditures on air travel. Data indicate that 74% of airline fares are purchased by college graduates, while 18% are purchased by consumers who have had some college or have earned an associate degree. Approximately 8% of airline fares are purchased by consumers who never attended college.[11] **Figure 1-8** presents the level of educational attainment for persons aged 25 years and above. Nearly 940,000 people, or 52.5% of the ASA's population over the age of 25, have a post-secondary degree (associate, bachelor's, graduate or professional). This percentage is significantly higher than that of both the State and the U.S. where, respectively, 44.6% and 46.3% of the population over the age of 25 have a post-secondary degree.

[11] *Who's Buying for Travel*, 12th Edition, New Strategist Publications, 2018.

Figure 1-8 Educational Attainment (2021)



Source: Esri Market Profiles for Portland MSA, Oregon, and United States, September 2022. Compiled by Partners for Economic Solutions, September 2022

In addition to having a highly educated population, there are approximately 26 colleges, universities, and technical institutions in the ASA with a total enrollment of approximately 100,000 students.[12] These institutions have historically generated demand for air travel through academic conferences, visiting professorships, study abroad programs, and individual student and faculty travel. Two large universities in the State located in the region, yet south of the ASA, are Oregon State University in Corvallis and the University of Oregon in Eugene. The Airport is the nearest Medium or Large hub near these universities and, thus, supports air travel needs associated with these institutions.

1.2.1.4 Household Income

In 2021, the ASA's estimated median household income of $78,432 was 20% above the State's ($65,472) and 21% higher than that of the U.S. ($64,730).[13] This trend is expected to continue through 2030 as median household income in the ASA is projected to be $110,913, compared to $95,422 for the State and $91,664 for the U.S.[14] The percentage of higher income households (defined as those earning $100,000 or more annually) within the ASA is a key indicator of potential demand for air travel services. In 2021, approximately 383,000 ASA households had an income of $100,000 or more. This is equal to approximately 38% of all ASA households.

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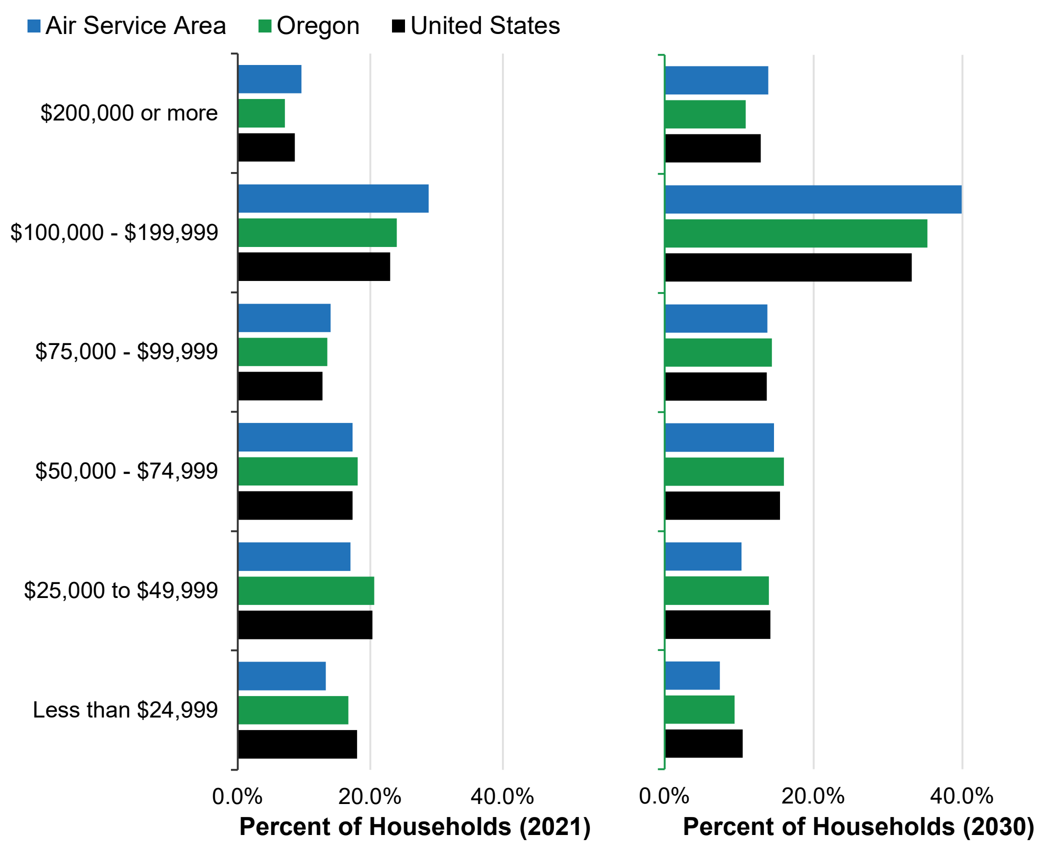
12 National Center for Education Statistics, https://nces.ed.gov, accessed September 2022.
13 In 2021 dollars, Esri Market Profiles for the Portland MSA, Oregon, and United States.
14 In 2030 dollars, Esri Market Profiles for the Portland MSA, Oregon, and United States.

According to Consumer Expenditure Survey data from the U.S. Bureau of Labor Statistics, 55% of airline fare expenditures are made by households with annual income of $100,000 or more.[15] **Figure 1-9** presents the household income distribution for the ASA, State, and U.S. The number of households with income greater than $100,000 in the ASA is projected to increase by approximately 172,000 between 2021 and 2030 and is projected to account for 54% of all ASA households. In both the State and the U.S., households earning $100,000 and above are projected to account for 46% of total households in 2030.

Figure 1-9 Household Income Distribution (2021 vs. 2030)



Notes: Amounts are shown in current dollars, i.e., 2021 data are shown in 2021 dollars and 2030 data are shown in 2030 dollars.
Calculations of 2021 and 2030 median household income and household income distribution are based on 2022 and 2027 estimates from Esri.

Source: Esri Market Profiles for Portland MSA, Oregon, and United States, September 2022.
Compiled by Partners for Economic Solutions, September 2022

15 *Who's Buying for Travel*, 12th Edition, New Strategist Publications, 2018.

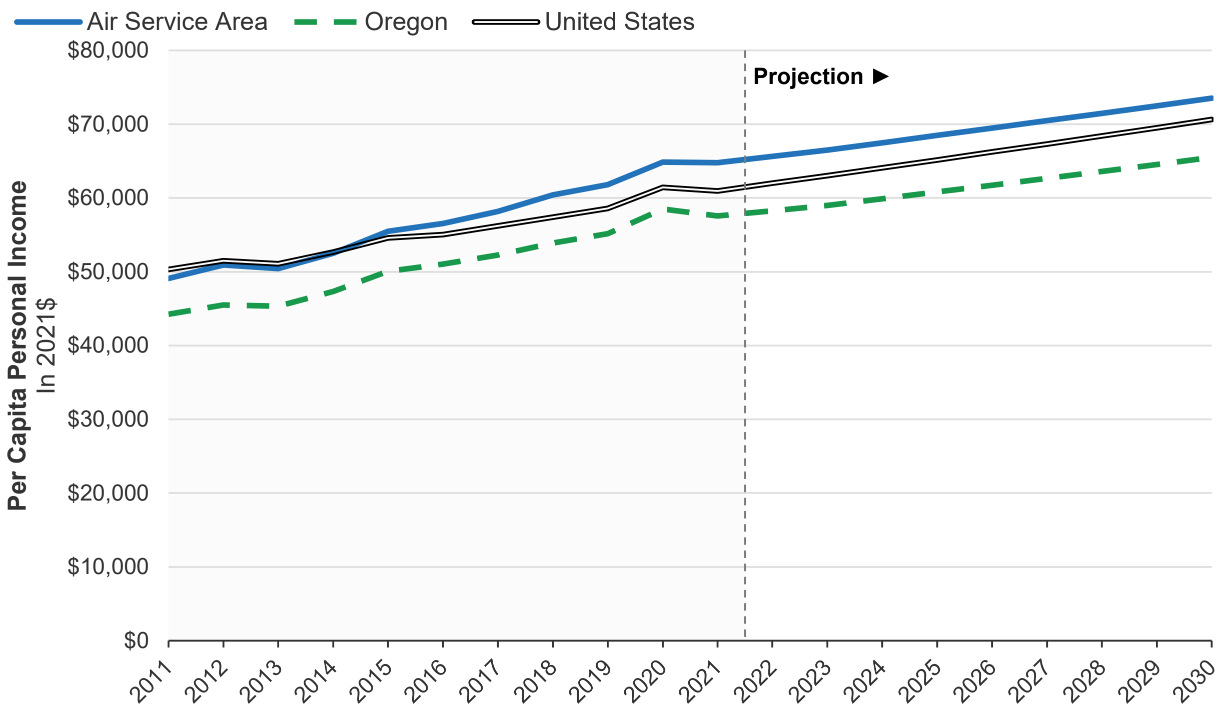
1.2.1.5 Per Capita Personal Income

Personal income is a key indicator of a region's demand for air travel and includes the sum of wages and salaries, other labor income, proprietors' income, rental income of persons, dividend income, personal interest income, and transfer payments less personal contributions for government social insurance. Per capita personal income (PCPI) is a measure of the relative affluence of a region's residents and, consequently, of their ability to afford air travel.

Figure 1-10 presents annual per capita income between 2011 and 2021. From 2011 through 2014, in the aftermath of the Great Recession, per capita personal income in the ASA fell below that of the U.S. by an average of 1.3% annually. However, from 2015 through 2021 this trend reversed, and the ASA's per capita personal income surpassed that of the U.S. by an average of 4.4% annually. Per capita personal income in the ASA increased at a CAGR of 2.6% between 2015 and 2021, higher than the CAGR for the State (2.3%) and the U.S. (1.9%).

Projections for 2030 in Figure 1-10 show that per capita income in the ASA is expected to increase from $64,760 in 2021 to $73,522 in 2030. This increase represents a CAGR of 1.4% for the ASA and is equal to the CAGR for the State and below that of the U.S. (1.6%) between 2021 and 2030.

Figure 1-10 Historical and Projected Per Capita Personal Income (2011-2030)



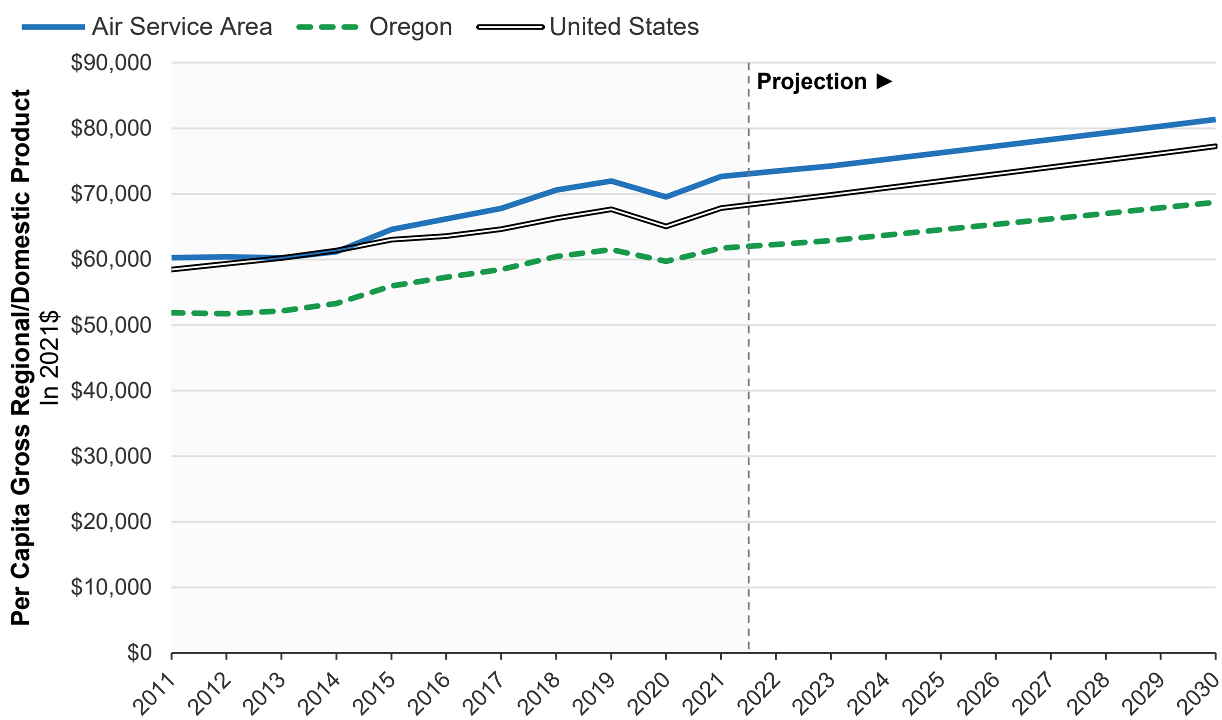
Source: Woods & Poole Economics, Inc., 2022 Complete Economic and Demographic Data Source, June 2022. Compiled by Partners for Economic Solutions, September 2022

1.2.1.6 Per Capita Gross Regional Product / Gross Domestic Product

Per capita gross domestic product (GDP) (national level) and per capita gross regional product (GRP) (state- and county-level) are measures of the value of all final goods and services produced within a geographic area, divided by the total population. These per capita measures are general indicators of the economic health of a geographic area and, consequently, of the area's potential demand for air transportation services.

Figure 1-11 presents annual per capita GRP for the ASA and the State, and annual U.S. per capita GDP. The ASA's per capita GRP increased from $60,256 in 2011 to $72,664 in 2021, reflecting a CAGR of 1.9% over that time period. Per capita GRP in the State increased at a CAGR of 1.8%, and per capita GDP in the U.S. had a CAGR of 1.5% from 2011 through 2021. Projections in Figure 1-11 show per capita GRP in the ASA increasing from $72,664 in 2021 to $81,342 in 2030. This increase represents a CAGR of 1.3% for the ASA and is generally equal to the CAGR for both Oregon and the U.S. between 2021 and 2030.

Figure 1-11 Historical and Projected Per Capita Gross Regional and Gross Domestic Product (2011-2030)



Source: Woods & Poole Economics, Inc., 2022 Complete Economic and Demographic Data Source, June 2022. Compiled by Partners for Economic Solutions, September 2022

1.2.2 Labor Market Trends

Civilian labor force data, unemployment rates, and employment by industry data are discussed below.

1.2.2.1 Labor Force and Unemployment Trends (2011-August 2022)

Figure 1-12 includes annual civilian labor force and unemployment data from 2011 through October 2022. Data in Figure 1-12 show that between 2011 and 2021, the ASA's labor force increased at a CAGR of 1.0%—a higher rate than the labor force CAGR in both the State (0.7%) and the U.S. (0.5%). In absolute terms, the labor force in the ASA increased by approximately 131,000 workers between 2011 and 2021.

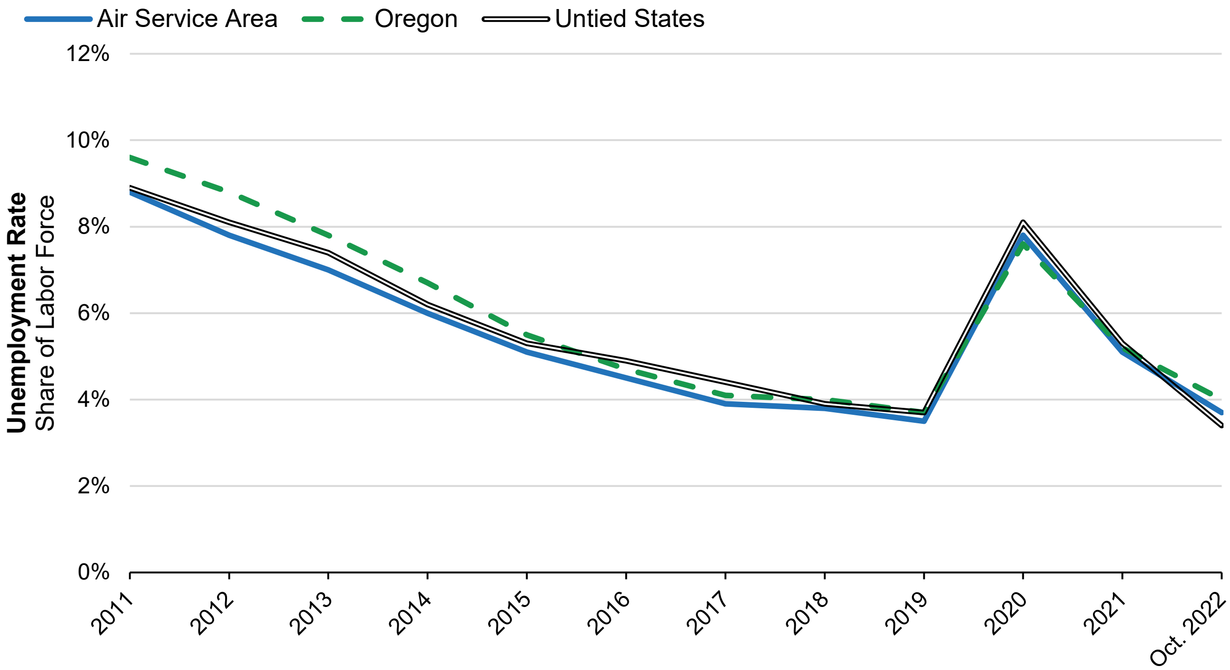
The ASA's annual unemployment rate was below those of the State and the U.S. in all years from 2011 through 2021, except in 2020 when the ASA's unemployment rate (7.8%) exceeded that of the State (7.6%). Figure 1-12 shows that in October 2022, the non-seasonally adjusted unemployment rate in the ASA was 3.7%; this was below the non-seasonally adjusted rate in Oregon (4.0%) and slightly higher than the non-seasonally adjusted unemployment rate in the U.S. (3.4%).[16]

1.2.2.2 Employment by Industry

The ASA economy provides employment across a diverse range of industries. **Table 1-3** shows the number of jobs by major industry sector in the ASA and the U.S. in 2011, 2021, and a projection for 2030. Between 2011 and 2021, the ASA gained approximately 291,000 jobs and experienced relatively stronger job growth in construction, transportation/utilities, services, and information compared to the U.S. The ASA's most significant job growth from 2011 to 2021 occurred in services (90,100 jobs), health care (41,500), transportation/utilities (39,800), construction (32,000), and leisure/hospitality (24,800). For the period of 2021 through 2030, the ASA's total employment is projected to increase at a similar CAGR to the U.S., at 1.7%. Key sectors where the ASA is projected to grow at a faster rate than the U.S. include leisure/hospitality, services, and health care. Jobs in the ASA are projected to grow at a slower rate than the U.S. in the construction, transportation/utilities, finance/real estate/insurance, and wholesale/retail trade sectors.

[16] In October 2022, the seasonally adjusted unemployment rate was 4.1% in Oregon and 3.7% in the U.S. Seasonally adjusted labor force data are not available for the Air Service Area.

Figure 1-12 Civilian Labor Force and Unemployment Rate (2011 – October 2022)



	Civilian Labor Force			Unemployment Rate		
Year	Air Service Area	Oregon	United States	Air Service Area	Oregon	United States
2011	1,213,033	1,995,931	153,617,000	8.8%	9.6%	8.9%
2012	1,203,502	1,964,662	154,975,000	7.8%	8.8%	8.1%
2013	1,187,578	1,924,692	155,389,000	7.0%	7.8%	7.4%
2014	1,206,011	1,950,128	155,922,000	6.0%	6.7%	6.2%
2015	1,230,122	1,979,475	157,130,000	5.1%	5.5%	5.3%
2016	1,270,456	2,042,929	159,187,000	4.5%	4.7%	4.9%
2017	1,297,114	2,075,682	160,320,000	3.9%	4.1%	4.4%
2018	1,303,397	2,080,199	162,075,000	3.8%	4.0%	3.9%
2019	1,325,187	2,094,977	163,539,000	3.5%	3.7%	3.7%
2020	1,322,532	2,104,558	160,742,000	7.8%	7.6%	8.1%
2021	1,343,737	2,148,333	161,204,000	5.1%	5.2%	5.3%
Oct. 2022	1,396,619	2,203,685	164,753,000	3.7%	4.0%	3.4%
Range	**Compound Annual Growth Rates**					
2011-2021	1.0%	0.7%	0.5%	NA	NA	NA

Notes: October 2022 data are not seasonally adjusted. In October 2022, the seasonally adjusted unemployment rate was 4.1% in the State and 3.7% in the U.S. Seasonally adjusted labor force data are not available for the ASA.

Source: U.S. Department of Labor, Bureau of Labor Statistics, December 2022.
Compiled by Partners for Economic Solutions, December 2022

Table 1-3 Historical and Projected Employment by Industry (In Thousands; 2011-2030)

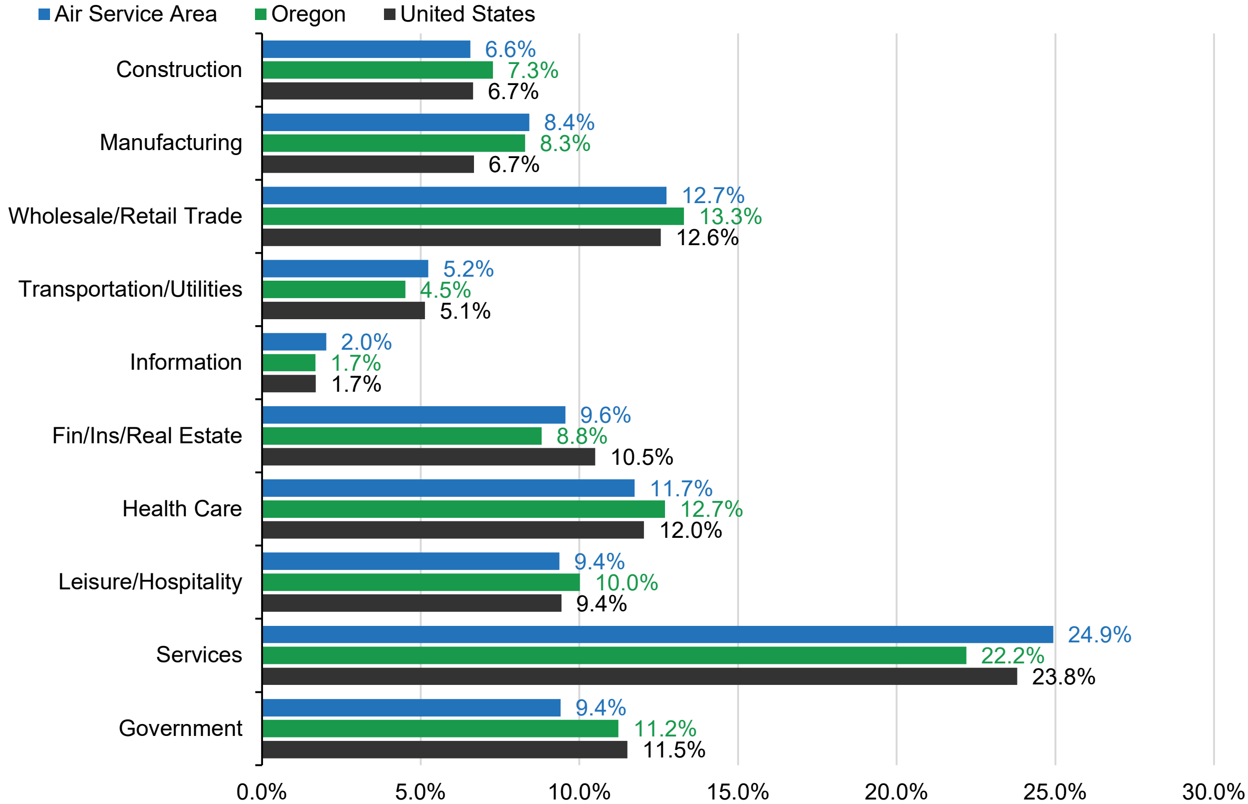
	Air Service Area				United States			
	Historical		Projection	CAGR	Historical		Projection	CAGR
Industry[1]	2011	2021	2030	2021-2030	2011	2021	2030	2021-2030
Construction[2]	73	105	109	0.4%	10,845	13,109	13,997	0.7%
Manufacturing	119	134	141	0.5%	12,377	13,160	13,430	0.2%
Wholesale/ Retail Trade	192	203	214	0.6%	24,082	24,759	26,370	0.7%
Transportation/ Utilities	44	84	97	1.7%	6,246	10,122	11,939	1.9%
Information	29	32	33	0.4%	3,229	3,338	3,498	0.5%
Fin/Ins/Real Estate	132	153	184	2.1%	17,676	20,696	25,501	2.3%
Health Care	146	187	229	2.3%	19,405	23,730	28,679	2.1%
Leisure/ Hospitality	125	150	206	3.6%	16,199	18,594	24,126	2.9%
Services	308	398	489	2.3%	39,104	46,918	56,201	2.0%
Government	138	150	160	0.7%	22,209	22,691	23,743	0.5%
Total	**1,305**	**1,597**	**1,862**	**1.7%**	**171,372**	**197,119**	**227,483**	**1.6%**

[1] Civilian nonagricultural employment only.
[2] Includes mining and forestry employment.
Source: Woods & Poole Economics, Inc., 2022 Complete Economic and Demographic Data Source, June 2022. Compiled by Partners for Economic Solutions, September 2022

Figure 1-13 shows the share of employment by industry in 2021. While overall, the ASA mirrors closely to the U.S, it had a somewhat higher percentage of jobs in manufacturing, information, and services compared to the U.S. In the construction, wholesale/retail trade, transportation/utilities, and leisure/hospitality industries, the ASA had, generally, a similar proportion of workers compared with the U.S. The ASA had a lower percentage of jobs in government, health care, and finance/insurance/real estate compared to the U.S. in 2021. The ASA's 2030 employment projection reflects the addition of approximately 266,000 jobs with the largest gains in services (90,500 jobs), leisure/hospitality (56,400), health care (41,800), and finance/insurance/real estate (31,500).

Data in Table 1-3 and Figure 1-13 indicate that the ASA has a diversified employment base that would be expected to generate additional demand for airline service at the Airport.

Figure 1-13 Employment by Industry (2021)

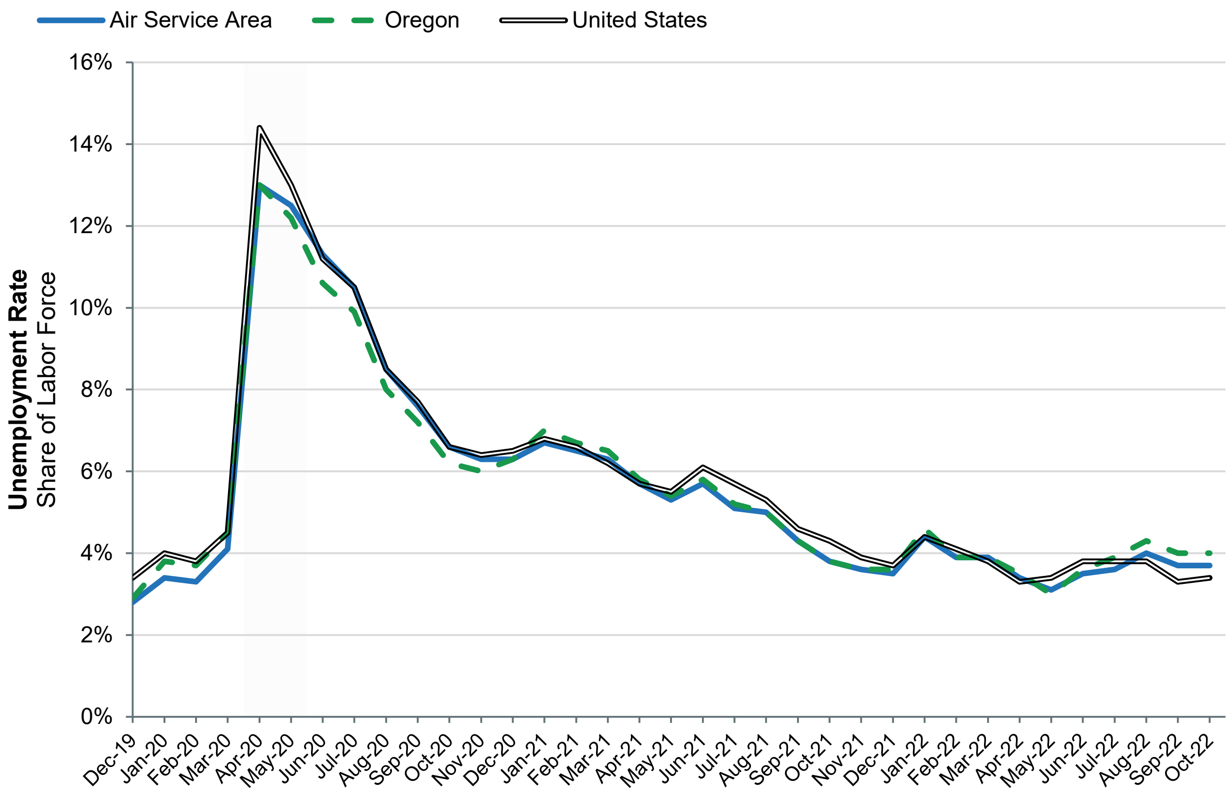


Notes: Civilian, nonagricultural employment only. Construction includes mining and forestry employment.
Source: Woods & Poole Economics, Inc., 2022 Complete Economic and Demographic Data Source, June 2022. Compiled by Partners for Economic Solutions, September 2022

1.2.2.3 Unemployment Recovery Following the Impacts of COVID-19

The 2020 unemployment rate peaked in April 2020 in response to the COVID-19 pandemic and the shutdown of most sectors of the U.S. economy. **Figure 1-14** shows that the ASA's unemployment rate decreased by 9.0 percentage points from a peak of 13.0% in April 2020 to 3.7% in October 2022 (non-seasonally adjusted). The State's non-seasonally adjusted unemployment rate of 4.0% in October 2022 was 9.0 percentage points below its peak non-seasonally adjusted unemployment rate of 13.0% in April 2020. Overall U.S. unemployment recovered by 11.0 percentage points from 14.4% in April 2020 to 3.4% in October 2022 (non-seasonally adjusted).

Figure 1-14 Unemployment Rates (December 2019 - October 2022)

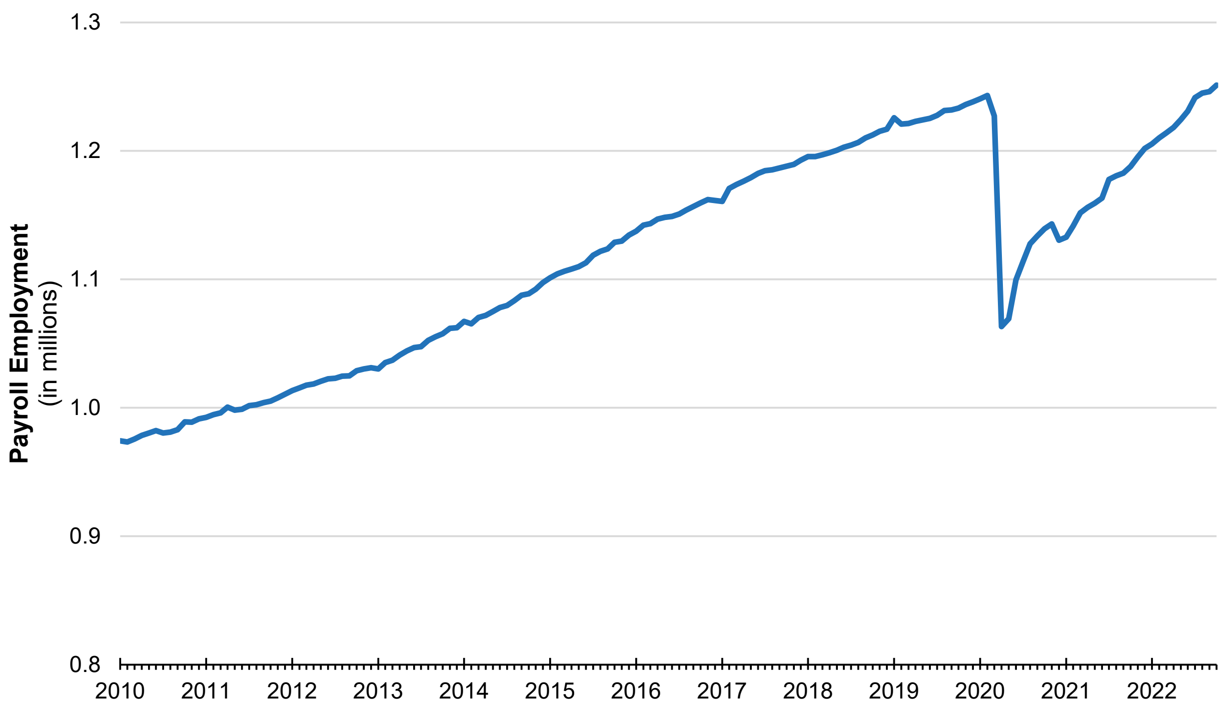


Note: Not seasonally adjusted.
Source: U.S. Department of Commerce, Bureau of Labor Statistics, December 2022.
Compiled by Partners for Economic Solutions, December 2022.

1.2.2.4 Payroll Employment Recovery

While ASA industries such as leisure/hospitality, education, health care, services, and retail trade experienced significant and rapid job loss in 2020, employment in the ASA recovered considerably between May 2020 and October 2022. **Figure 1-15** shows that total non-farm payroll employment in the ASA dropped from a 10-year peak in February 2020 to a record loss of approximately 180,000 jobs by April 2020. However, the ASA has recovered approximately 105% of this loss, regaining approximately 188,000 jobs between April 2020 and October 2022.

Figure 1-15 Total ASA Non-Farm Payroll Employment (January 2010 - October 2022)



Note: Total nonfarm employment of workers on payrolls, seasonally adjusted.
Source: U.S. Department of Commerce, Bureau of Labor Statistics, December 2022.
Compiled by Partners for Economic Solutions, December 2022

1.2.3 Regional Economic Profile

This section discusses the ASA's business climate, business attraction and retention initiatives, and major employers.

1.2.3.1 Major Employers

Fortune magazine publishes a yearly list of the top 1,000 publicly traded companies in the U.S., ranked by annual revenue. **Table 1-4** shows that five "Fortune 1000" corporations are headquartered in Oregon. Led by Nike (ranked 83rd), these five companies employ a worldwide total of approximately 109,000 workers. With combined annual revenue of approximately $76 billion, these companies operate globally, and their activities extend to a network of approximately 380 overseas offices, manufacturing plants and other facilities.[17]

[17] Uniworld Online, www.uniworldonline.com, accessed September 2022.

Table 1-4 Oregon Fortune 1000 Company Headquarters (2022)

Fortune Rank	Company	2021 Revenue ($M)	Total Employees Worldwide	Industry	HQ Location
83	Nike	$44,538.0	73,300	Apparel	Beaverton
158	Lithia Motors	$22,831.7	21,150	Automotive Retailing	Medford
813	Columbia Sportswear	$3,126.4	8,325	Apparel	Portland
890	Schnitzer Steel Industries	$2,758.6	3,167	Metals	Portland
942	Portland General Electric	$2,396.0	2,839	Utilities	Portland

Note: Based on 2021 revenue.
Source: Fortune.com, September 2022.
Compiled by Partners for Economic Solutions, September 2022

The top 25 employers in the ASA are shown in **Table 1-5**. These firms represent industries such as semiconductors (Intel), retail (Fred Meyer), athletic apparel and equipment (Nike), financial services (Wells Fargo, U.S. Bank), and industrial equipment (Precision Castparts). Other top employers include health care (Providence Health & Services, Kaiser Permanente), education (Oregon Health & Science University, Portland Public Schools, Portland State University), government (U.S. Department of Veterans Affairs, Multnomah County, City of Portland), and public transportation (TriMet). In addition to contributing to the region's diverse economic base, many of the ASA's top employers are an important source of demand for air passenger and freight service.

Table 1-5 ASA Largest 25 Employers (2021)

Rank	Name	City	Industry	Employees in Area Service Area
1	Intel	Hillsboro, OR	Semiconductors	21,000
2	Providence Health & Services	Portland, OR	Healthcare	21,000
3	Oregon Health & Science University	Portland, OR	Education	18,048
4	Nike Inc. (83)[1]	Beaverton, OR	Apparel	13,964
5	Legacy Health	Portland, OR	Health Care	13,120
6	Kaiser Permanente	Portland, OR	Health Care	11,163
7	Fred Meyer Stores	Portland, OR	Retailer	9,525
8	Portland Public Schools	Portland, OR	Education	6,847
9	City of Portland	Portland, OR	Government	6,635
10	Multnomah County	Portland, OR	Government	5,096
11	U.S. Department of Veterans Affairs	Portland, OR	Government	4,783
12	Beaverton School District	Beaverton, OR	Education	4,606
13	PeaceHealth	Vancouver, WA	Health Care	4,500
14	Walmart Inc.	Various[2]	Retailer	4,500
15	U.S. Postal Service	Portland, OR	Government	3,717
16	Portland State University	Portland, OR	Education	3,568
17	Wells Fargo	Portland, OR	Financial Services	3,500
18	Portland Community College	Portland, OR	Education	3,397
19	TriMet	Portland, OR	Public Transit	3,117
20	U.S. Bank	Portland, OR	Financial Services	3,104
21	Portland General Electric (926)	Portland, OR	Utilities	2,870
22	Vancouver Public Schools	Vancouver, WA	Education	2,839
23	Evergreen Public Schools	Vancouver, WA	Education	2,700
24	Precision Castparts Corp.	Portland, OR	Manufacturing	2,500
25	Oregon Department of Human Services	Portland, OR	Government	2,448

1 Indicates Fortune 1000 headquarters company ranking.
2 Has various locations in the ASA.

Sources: 2021-2022 Book of Lists & Leaders," Largest Employers in the Portland Metro Area" (December 2021), Portland Business Journal; Clark County Washington Annual Comprehensive Annual Financial Report FY Ended December 31, 2021, Clark County Auditor, https://clark.wa.gov/auditor/financial-reports, accessed September 2022.
Compiled by Partners for Economic Solutions, September 2022

1.2.3.2 Business Climate

The business climate in the ASA is supported by a highly educated and skilled workforce, competitive costs, access to foreign markets, and an attractive quality of life. The ASA also has business friendly tax policies with no taxes levied on sales or inventory (in Oregon), no corporate or personal income tax (in Washington), and tax incentive programs in both states to encourage investment.[18] Additionally, Business Oregon, the statewide economic development organization, reports that Oregon has lower costs for worker's compensation, employer health insurance, and natural gas for industrial users, compared to California, Colorado, and Washington.[19]

A region's high quality of life is an important factor in site selection by U.S. corporate executives because of the high priority placed on the well-being of employees. In Q1 2022, a high quality of life was considered "important" or "very important" by 82.1% of respondents to the 36th Annual Corporate Survey by *Area Development* magazine.[20] With light rail, street cars, and convenient transportation options, along with a temperate climate, urban amenities, and easy access to outdoor recreation, the ASA's quality of life is an important factor in recruiting both businesses and workers. Oregon is ranked as having one of the highest percentages of remote workers with 9.4% of all workers working remotely. The cities of Brookings, Hood River, and Bend all have more than 13% of workers working remotely.[21] The region is generally considered desirable for remote workers who enjoy outdoor activities. The long-term trend for remote working is still unclear; however, there has been a slight shift back to working from offices. Pre-pandemic, an estimated 60% of workers whose job could be done remotely were working on-site compared to just 8% working exclusively remote while the remaining 32% were hybrid workers. By May 2020, 70% of those workers were exclusively remote with only 12% working on-site. In the second quarter of 2022, it is estimated that 22% of workers were on-site and 29% working exclusively remote with most workers, 49%, working on a hybrid basis.[22] It is likely that these trends will continue for the foreseeable future.

Business attraction and retention initiatives by ASA economic development agencies include location services, property feasibility study assistance, Enterprise Zone property tax exemptions, start-up assistance, and other programs.[23] Combined efforts by local and state economic development agencies, coordinated by Business Oregon, the Columbia River Economic Development Council, and Greater Portland Inc. have resulted in numerous successful efforts to attract and retain employers in the ASA. Since 2021, prominent firms that have moved to or expanded in the ASA include 10Net (Vancouver, B.C.), Arc'Teryx (North Vancouver, B.C.), Element Six (Santa Clara), ePac Flexible Packaging (Austin), Genentech, NSI, Oros (Cincinnati), RealWear, SICDRONE (Boston), SIQ Basketball, and Twist Bioscience (San Francisco). [24]

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[18] Prosperity for all Oregonians, Business Oregon, https://www.oregon.gov/biz/programs/homeareas/byboregon/Pages/default.aspx; Operating Costs and Incentives, Columbia River Economic Development Council, https://credc.org/operating-costs-and-incentives, accessed September 2022.

[19] Affordable Business Costs, Business Oregon, https://www.oregon.gov/biz/programs/homeareas/byboregon/Pages/oregon-data.aspx, accessed September 2022.

[20] "36th Annual Corporate Survey: Executives Focus on Labor, Energy, Shipping Costs," Q1 2022, Area Development, https://www.areadevelopment.com/Corporate-Consultants-Survey-Results/q1-2022/36th-annual-corporate-survey.shtml, accessed September 2022.

[21] Portland Business Journal, Three Oregon cities with scads of remote workers, https://www.bizjournals.com/portland/news/2022/08/30/oregon-work-from-home-remote-study.html

[22] Gallup, Returning to the Office: The Current, Preferred and Future State of Remote Work, https://www.gallup.com/workplace/397751/returning-office-current-preferred-future-state-remote-work.aspx

[23] Programs, Business Oregon, https://www.oregon.gov/biz/programs/Pages/default.aspx, accessed September 2022.

[24] Newsroom, Columbia River Economic Development Council, https://credc.org/news; Sucess Stories, Greater Portland Inc., https://www.greaterportlandinc.com/site-selection/success-stories; News, Greater Portland Inc., https://www.greaterportlandinc.com/news-and-events/news/?archives=1, accessed September 2022.

Technology Industry

The ASA's Silicon Forest is home to an estimated 4,600 technology companies that employ approximately 75,000 workers. While the Silicon Forest hosts major firms in software, computer electronics, and cybersecurity, it is best known as the most technologically advanced center of semiconductor chip manufacturing in the world. Semiconductor chips are essential components in countless products ranging from mobile phones, laptops, and medical devices, to automobiles and airplanes; they account for nearly 50% of Oregon's exports. Led by Intel at its Ronler Acres Research Campus in Hillsboro, the ASA has one of the largest concentrations of semiconductor fabrication plants, known as fabs, in the U.S.[25] Wafer Tech, a subsidiary of Taiwan Semiconductor Manufacturing Company, has a one-million square foot fabrication complex in Camas, Washington which is located within the ASA.

Intel is the nation's most advanced semiconductor manufacturer and is Oregon's largest private-sector employer. Since 1974, the company has invested over $49 billion in its fabs and global R&D center in Hillsboro. Intel combines research and manufacturing at its ASA facilities to develop new classes of microprocessors. These advancements are then applied throughout the company's U.S. and international facilities.[26]

The U.S. share of global semiconductor manufacturing capacity fell from 37% in 1990 to 12% in 2021, mainly as a result of incentives and subsidies offered by governments in Asia and Europe. In response to the pandemic-related semiconductor chip shortages that highlighted U.S. reliance on overseas manufacturers, Congress passed the CHIPS Act in July 2022.[27] The bill includes $40 billion in subsidies, over a five-year period, to bolster domestic semiconductor chip production. Although Intel recently announced two new factories in Ohio, it is also continuing to invest in facilities in the ASA such as a recent $700-million, 200,000 square-foot data center research lab in Hillsboro.[28]

Bioscience Industry

Oregon Health & Science University, the University of Oregon's Genomics & Cell Characterization Core Facility, Portland State University's Institute on Aging, the Knight Cancer Institute, and other specialized university labs in the ASA are home to advanced medical research programs that also provide a pipeline of skilled workers for the region's bioscience firms. Major companies such as Genentech, Thermo Fisher Scientific, Acumed, and Absci, along with other bioscience employers, have created a concentration of life scientists and biological technicians in the ASA that is twice the national rate.

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25 *Greater Portland Comprehensive Economic Development Strategy (CEDS), Appendix D: Conditions Assessment*, August 2020, Greater Portland and Bridge Economic Development, https://www.oregonmetro.gov/news/public-notice-opportunity-comment-comprehensive-economic-development-strategy; "Biden Signs $280 Billion CHIPS Act; Intel Stands to be the Biggest Winner," 9 August 2022, *The Oregonian*, https://www.oregonlive.com/silicon-forest/2022/08/biden-signs-280-billion-chips-act-intel-stands-to-be-the-biggest-winner.html, accessed September 2022.

26 "Signed CHIPS Act a Boon to Greater Portland's Silicon Forest," 10 August 2022, Greater Portland Inc., https://www.greaterportlandinc.com/news-and-events/news/p/item/45088/signed-chips-act-a-boon-to-greater-portlands-silicon-forest; "As Intel's Hillsboro Expansion Tops $3B, New CEO Calls Oregon a Critical Site," 5 May 2021, *Portland Business Journal*, https://www.bizjournals.com/portland/news/ 2021/05/05/intel-ceo-oregon-is-a-critical-site.html; "Oregon Tech's Outpost Economy," 15 November 2015, *The Oregonian*, https://www.oregonlive.com/silicon-forest/2015/11/ oregon_techs_outpost_economy_f.html; accessed September 2022.

27 CHIPS is an acronym for Creating Helpful Incentives to Produce Semiconductors.

28 Congress Passes Investments in Domestic Semiconductor Manufacturing, Research & Design, July 2022, Semiconductor Industry Association, https://www.semiconductors.org/chips; "Will Oregon Get a Chunk of CHIPS Act Spending?," 3 August 2022, *Oregon Business*, https://www.oregonbusiness.com/article/tech/item/19621-will-oregon-get-a-chunk-of-chips-act-spending; "Intel (INTC) to Build Data Center Research Lab in Hillsboro," 23 May 2022, Nasdaq.com, https://www.nasdaq.com/articles/intel-intc-to-build-data-center-research-lab-in-hillsboro, accessed September 2022.

ASA businesses specializing in pharmaceutical research, medical and dental equipment, and cancer treatment have been joined by companies in the emerging fields of cellular and biological simulation services, cellular programming, human body simulation software, synthetic DNA manufacturing, and antibody libraries for drug discovery and development. As a global center for semiconductor R&D, the ASA has a competitive advantage in attracting bioscience companies which share the semiconductor industry's engineering talent pool and suppliers, as well as experts in developing cleanrooms that are required for product testing and development.[29]

Apparel and Outdoor Products Industry

The apparel and outdoor (A&O) industry employs an estimated 21,000 workers in the ASA and major companies include Nike, Columbia Sportswear, Adidas North America, Leatherman Tool Group, and LaCrosse Footwear. A&O firms in the ASA are leaders in product design, prototyping, 3D printing, manufacturing, distribution, and marketing. The region's numerous recreation options provide companies with a hands-on outdoor laboratory for product testing. The ASA's network of suppliers is highly regarded within the A&O industry for their design and engineering skills, and for their use of innovative materials.

In addition, educational institutions in the ASA offer six higher education programs that are focused on the apparel and outdoor industry, ranging from certificates to master's degrees. The University of Oregon's master's program in sports product management is the first of its kind in the U.S. The ASA's highly-skilled workforce, and unique level of expertise, have attracted prominent national and international brands set up operations in the region in order to tap into its talent pool. These companies include Under Armour, Merrell, Dr. Martens, Sorel, Keen, Lululemon, Yakima, Nautilus, Arc'Teryx, Prana, and others.[30]

1.2.4 Regional Tourism and Visitors

Approximately 11.3 million overnight visitors traveled to the Portland Region[31] in 2021, reaching nearly 89% of 2019's visitor volume of 12.7 million, and exceeding the number of 2020 overnight visitors by 66% (6.8 million). These visitors generated approximately $3.8 billion in direct spending in the Portland Region, and approximately $193 million in state and local tax revenue in 2021.[32] Travel Portland, along with the Oregon Health Authority, City of Portland, and Multnomah County, closely monitor the impact of COVID-19 on the community. The Travel Portland web site maintains up-to-date COVID-19 travel information and resources. Oregon has lifted nearly all COVID-19 restrictions, including its mask mandate in most indoor settings and on public transportation (buses, streetcars and MAX light rail, airports). The Travel Oregon web site also provides COVID-19 travel information including links to the Oregon Health Authority, Centers for Disease Control, and Oregon Office of Emergency Management.[33]

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[29] Greater Portland Companies Lead Bioscience R&D, Greater Portland, https://www.greaterportlandinc.com/industries/bioscience, accessed September 2022.

[30] The Largest Concentration of Apparel & Outdoor Companies is in Greater Portland, Greater Portland, https://www.greaterportlandinc.com/industries/apparel-and-outdoor, accessed September 2022.

[31] Travel Oregon's definition of the Portland Region includes Clackamas, Multnomah, Columbia, and Washington Counties.

[32] *Economic Impacts of Travel: 2021 Portland Region*, April 2022, Dean Runyan Associates, https://www.travelportland.com/about-us/market-research-and-statistics, accessed September 2022; includes visitor, direct spending and tax revenue data for Clackamas, Columbia, Multnomah, and Washington Counties (Oregon); data for Clark and Skamania Counties (Washington) are not available.

[33] COVID-19 Resources for Meeting Planners, Travel Portland, https://www.travelportland.com/meetings/covid-resources-planners; Visiting Portland Amid the Coronavirus, Travel Portland, https://www.travelportland.com/plan/covid-19; COVID-19 Travel Information, Travel Oregon, https://traveloregon.com/travel-alerts, accessed September 2022.

1.2.4.1 Oregon Convention Center

The Oregon Convention Center (OCC) is the nation's first LEED®-certified meeting facility and gained LEED Platinum certification in 2014.[34] As one of the largest convention centers in the Pacific Northwest, OCC provides delegates with 52 meeting rooms, two grand ballrooms with a total of 59,000 square feet, 255,000 square feet of contiguous exhibition space, a 16,000 square-foot lobby, and 30,000 square feet of multi-use outdoor space.[35]

In October 2019, the OCC completed a $40 million renovation project that included upgrades to its outdoor plaza, creating a Pacific Northwest-themed garden with water features and outdoor seating. The renovations also included improved accessibility, signage, the addition of multi-use gathering spaces, and state-of-the-art audiovisual, projection, and lighting equipment. The OCC's innovative design aspects include new carpets, wallpaper, furniture, three-dimensional ceiling installations, and 23 art installations.[36] In November 2019, Northwest Meetings + Events selected the OCC as Oregon's best convention and conference venue.[37] In 2019 (latest data available), OCC generated $655 million in local spending, 6,000 jobs and $23.2 million in tax revenue.[38]

In January 2021, OCC obtained accreditation as a Global Biorisk Advisory Council STAR facility, the highest level of health and safety standards in the venue industry. The accreditation verifies that OCC has proven systems to maintain a clean and healthy environment, has received third-party validation that it follows strict protocols for biorisk situations, and has demonstrated its preparedness and commitment to operate safely.[39]

In addition, OCC is regarded as one of the most sustainably-operated convention centers in the U.S. In 2014 OCC received green meetings certification by APEX/ASTM[40] which sets performance standards in the events industry for waste management, energy, air quality, water, procurement, staff management, communications, and community partnerships. OCC was re-certified in 2019 at Level 4, the highest level of APEX/ASTM certification. As the only convention center in the U.S. to achieve Level 4 status, OCC's success represents an impressive sustainability milestone for meeting planning in the ASA.[41]

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[34] LEED, or Leadership in Energy and Environmental Design, is the most widely used green building rating system in the world; U.S Green Building Council, How LEED Works, https://new.usgbc.org/leed; Planning Events in Portland, Oregon Convention Center, Travel Portland, https://www.travelportland.com/meetings/hotel-venue-finder/oregon-convention-center, accessed September 2022.

[35] About, Oregon Convention Center, https://www.oregoncc.org/en/about, accessed September 2022.

[36] OCC Renovation, Oregon Convention Center, https://www.oregoncc.org/en/improvements/occ-renovation-project, accessed September 2022.

[37] "Northwest Meetings + Events Chooses Oregon Convention Center as Oregon's Best Convention and Conference Venue," Oregon Convention Center, https://www.oregoncc.org/en/news/2019/11/01/northwest-meetings-events-chooses-oregon-convention-center-oregon-s-best-convention, accessed September 2022.

[38] "Portland's Economy to Get a Boost as Convention Center Host Largest Event Since Covid," 18 March 2022, Portland Business Journal, https://www.bizjournals.com/portland/news/2022/03/18/oregon-convention-center-economic-impact.html; "Oregon Convention Center: Global Biorisk Advisory Council (GBAC) Facility Accredited," 8 January 2021, In the News, Oregon Convention Center, https://www.oregoncc.org/en/news/2021/01/08/oregon-convention-center-global-biorisk-advisory-council-gbac-facility-accredited, accessed September 2022.

[39] "Oregon Convention Center: Global Biorisk Advisory Council (GBAC) Facility Accredited," 8 January 2021, In the News, Oregon Convention Center, https://www.oregoncc.org/en/news/2021/01/08/oregon-convention-center-global-biorisk-advisory-council-gbac-facility-accredited, accessed September 2022.

[40] The Convention Industry Council's Accepted Practices Exchange/American Society for Testing and Materials.

[41] "Oregon Convention Center Recertifies at the Highest Level of the APEX/ASTM Green Meetings Certification," 12 July 2019, In the News, Oregon Convention Center, https://www.oregoncc.org/en/news/2019/07/12/oregon-convention-center-recertifies-highest-level-apexastm-green-meetings, accessed September 2022.

Travel Portland, the ASA's primary tourism organization, works with OCC staff to provide exhibitor services for conventions, conferences, and events. The OCC is able to provide top quality service to groups ranging in size from 10 to 10,000.[42] Promotion efforts by Travel Portland and the OCC highlight the ASA's affordability, especially with respect to food and lodging, compared with alternative convention destinations throughout the U.S. and Canada.[43] Other features that make the ASA a delegate-friendly venue are tax-free shopping, convenient access to streetcar and bus service, as well as direct service from the OCC and downtown hotel core to the Airport via light rail.[44]

Numerous multi-day conventions and other events are scheduled at the OCC in 2023 including, but not limited to, conventions for the following: [45]

- 2023 Association for Student Conduct Administration's Annual Conference
- Association for Challenge Course Technology 2023 Conference
- American Craft Spirits Association
- National Association for Bilingual Education Annual International Education Conference
- Public Lands Alliance
- American Dental Education Association 2023 Annual Meeting
- American Association for Dental, Oral, and Craniofacial Research
- TESOL International Convention & English Language Expo
- Society for American Archaeology
- International Association of Venue Managers
- Specialty Coffee Expo 2023
- 2023 Urbanism Next Conference
- North American Society for Trenchless Technology
- Society of Cardiovascular Anesthesiologists Annual Meeting 2023
- EV Roadmap 2023
- USA Taekwondo: West Grand Prix 2023
- Society for Scholarly Publishing 2023 Annual Meeting
- National Association for the Education of Young Children
- America's Health Insurance Plans Institute & Expo 2023
- GeekCraft Expo
- Association of College and University Housing Officers International Annual Conference and Exposition 2023
- 2023 Annual Meeting of the Animal Behavior Society
- Association on Higher Education and Disability 2023 Annual Conference
- Graphics Pro Expo 2023
- Practice & Experience in Advanced Research Computing 2023 Conference
- IEEE International Symposium on Antennas and Propagation and North American Radio Science Meeting
- The Materials Show & Première Vision Sport 2023
- Ecological Society of America 2023 Annual Meeting

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42 *FY2022-23 OCC Client Services Guide*, Oregon Convention Center, https://www.oregoncc.org/sites/default/files/FY22-23%20OCC%20Client%20Services%20Guide.pdf, accessed September 2022.

43 Portland vs. Competitive Set in 2021, State of the Industry, May 2022, Travel Portland, https://travelportland.app.box.com/s/x1ui7tupe3wiwmp99zsmdv00bdgt12p, accessed September 2022.

44 Why Planners Love Portland, Travel Portland, https://www.travelportland.com/meetings/why-planners-love-portland; Why Delegates Love Portland, https://www.travelportland.com/meetings/why-delegates-love-portland; State of the Industry, May 2022, Travel Portland, https://travelportland.app.box.com/s/x1ui7tupe3wiwmp99zsmdv00bdgt12pt, accessed September 2022.

45 Calendar, Oregon Convention Center, https://www.oregoncc.org/en/events, accessed December 2022.

- Institute of Transportation Engineers 2023 Annual Meeting
- Land Trust Alliance 2023
- Government Finance Officers' Association 2023
- 2023 Department of Defense Intelligence Conference

Offering an attractive mix of boutique properties and leading hotel brands, the hotel room inventory in central Portland has increased by nearly 50% since 2016 to a total of approximately 10,000 rooms.[46] Thirteen properties have opened in central Portland since 2018, including the 600-room Hyatt Regency "headquarters hotel" adjacent to the OCC. Plans are under way for the development of five additional hotels such as a 225-room Ritz-Carlton in downtown Portland, and two new properties in the Pearl District, including a Hyatt Place hotel. Portland's abundant supply of hotel rooms supports tourism in the ASA and helps the OCC draw large conventions.[47]

1.2.4.2 Extensive Visitor Attractions

With a temperate climate, proximity to natural scenery, cosmopolitan urban zones, and a dynamic arts community, the ASA has historically offered visitors a variety of year-round attractions. These include live music venues, distilleries and micro-breweries, one-of-a-kind restaurants, distinctive shopping districts, and frequent festivals.

Willamette Valley wine country, with over 200 wineries, was recognized as the 2016 Wine Region of the Year by the *Wine Enthusiast* Wine Star Awards. In addition to internationally acclaimed wineries, the Willamette Valley offers historic communities, farmer's markets, restaurants, breweries, rivers, hot springs, scenic waterfalls, forests, covered bridges, bed-and-breakfast inns, boutique hotels, and farm stays.[48]

Tourists and business travelers may also explore outdoor attractions accessible from the ASA such as Columbia River Gorge National Scenic Area, Gifford Pinchot National Forest, Mount Hood National Forest, Willamette National Forest, Pacific Crest Trail, Tillamook State Forest, Clatsop State Forest, Fort Vancouver National Historic Site, Willamette River, Clackamas River, Hood River, Multnomah Falls, Willamette Falls, Columbia Gorge Discovery Center, Historic Columbia River Highway, Mount Hood National Scenic Byway, Historic Oregon City, Oregon Trail Interpretive Center, Tualatin River National Wildlife Refuge, Oaks Bottom Wildlife Refuge, Portland Audubon Society Nature Sanctuary, Hoyt Arboretum, and Vancouver's Waterfront Park. Outdoor recreation activities in the ASA include golf, cycling, skiing, hiking, birdwatching, fishing, river cruises on the Columbia and Willamette Rivers, whitewater rafting, kayaking, and rock climbing.[49]

In addition, Oregon's coast provides visitors with quaint villages, beach towns, and natural beauty. Its 363-mile public coastline is the site of numerous dunes and sandy beaches as well as scenic cliffs and forests. Highlights include Lewis and Clark National Historical Park and Cannon Beach, visited by the Lewis and Clark expedition in 1805-06. The Oregon Dunes National Recreation Area offers the largest expanse of coastal sand dunes in North America.[50]

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[46] State of the Industry, May 2022, Travel Portland, https://travelportland.app.box.com/s/x1ui7tupe3wiwmp99zsmdv00bdgt12pt, accessed September 2022.

[47] New Hotels in Portland, Portland Meetings, https://www.travelportland.com/meetings/new-hotels, accessed September 2022.

[48] Willamette Valley 2021 Travel Guide, https://maddendigitalbooks.com/orwvovg; "Oregon's Willamette Valley Wins Wine Enthusiast's Wine Star Award for 'Wine Region of the Year'," 10 November 2016, Visit McMinnville, https://visitmcminnville.com/about/tag/wine-star, accessed September 2022.

[49] Outdoors, Travel Portland, https://www.travelportland.com/culture/outdoors; National Park Service, https://www.nps.gov/state/or/index.htm; U.S. Forest Service, Pacific Northwest Region, https://www.fs.usda.gov/main/r6/home; accessed September 2022.

[50] Welcome to the People's Coast, Oregon Coast Visitors Association, https://visittheoregoncoast.com; Oregon Dunes National Recreation Area, https://www.fs.usda.gov/recarea/siuslaw/recreation/recarea/?recid=42465, accessed September 2022.

Sightseeing destinations in the ASA include the Portland Art Museum, Oregon Center for Contemporary Art, Oregon Museum of Science and Industry, Clark County Historical Museum, Oregon Zoo, Fort Vancouver National Historic Site, Portland Chinatown Museum, Portland Japanese Garden, Lan Su Chinese Garden, Historic Black Williams Project, the International Rose Test Garden, Pittock Mansion, Powell's Books store, and the Portland Saturday Market. The ASA's performing arts offerings include the Oregon Ballet Theatre, Vancouver Symphony Orchestra, Portland Opera, Artists Repertory Theatre, and Portland Center Stage.

Professional sports teams based in the ASA include the National Basketball Association's Portland Trail Blazers, Major League Soccer's Portland Timbers, and the National Women's Soccer League's Portland Thorns FC. In addition, the Hillsboro Hops is a Minor League Baseball team affiliated with the Arizona Diamondbacks, and the Portland Winterhawks is a major junior ice hockey team in the Western Hockey League (WHL).[51]

1.2.4.3 Awards and Accolades

Recently, *Time* magazine named Portland one of the "World's Greatest Places of 2022" on its list of 50 international destinations that are thriving as the COVID-19 pandemic subsides. The article highlights new infrastructure for cyclists and pedestrians (Earl Blumenauer Bicycle and Pedestrian Bridge, Ned Flanders Crossing pedestrian bridge, Tilikum Crossing), major renovations at the Airport, and new downtown hotels such as The Moxy Portland Downtown (featuring a lobby bar stocked with board games), and the dog-friendly Hotel Grand Stark.[52]

Other web sites, travel magazines, and newspapers have also named Portland a top destination such as *Afar*, *Black Enterprise Magazine*, *Budget Travel*, Buzzfeed, CNN Travel, *Condé Nest Traveler*, *Esquire*, *Essence Magazine*, *Evening Standard* (UK), *Financial Times* (UK), *Fodor's Travel*, *Food & Wine*, *Forbes*, Good Morning America, *Harper's Bazaar*, HGTV, Huffington Post, Lonely Planet, *Marie Claire*, MSN Travel, NBC News, *New York Daily News*, *Sunset*, *The New York Times*, *The Times* (UK), *The Washington Post*, *Time Out* (UK), *Town & Country*, *Travel + Leisure*, *USA Today*, and others. Portland has been recognized as a top location for its restaurants, wine and beer, outdoor recreation, cycling, sustainability, and vibrant arts community.[53]

In addition, Travel Portland, the ASA's primary convention and tourism organization, earned the Meetings & Convention Gold Service Award 17 years in a row. It has also been a Cvent Top Meetings Destination from 2016 through 2019.[54] In 2019, OCC received a Stella Award for Best Convention Center in the Far West (which includes Alaska, California, Hawaii, Idaho, Montana, Nevada, Oregon, Washington, and Wyoming). Overseen by the editors of *Meetings & Conventions* and *Successful Meetings* magazines, the Stella Awards recognize travel organizations and hospitality facilities that that consistently provide high quality service to meeting and events professionals.[55]

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[51] Portland's Sports Teams, Portland Relocation Guide, https://portlandreloguide.com/portlands-sports-teams, accessed September 2022.
[52] "Portland, Ore.," 12 July 2022, Time.com, https://time.com/collection/worlds-greatest-places-2022/6194446/portland-oregon, accessed September 2022.
[53] Portland in the News, Travel Portland, https://media.travelportland.com/newsroom/portland-in-the-news, accessed September 2022.
[54] Travel Portland, Cvent.com, https://www.cvent.com/venues/en-US/portland/cvb/travel-portland/venue-700d6058-1c5b-43bb-b807-3c6129bad9be, accessed September 2022.
[55] "Stella-Awards-Background: Oregon Convention Center Wins Its First Stella Award, One of the Hospitality Industry's Most Prestigious Honors," 1 November 2019, Oregon Convention Center, https://www.oregoncc.org/en/news/2019/11/01/oregon-convention-center-wins-its-first-stella-award-one-hospitality-industry-s-most, accessed September 2022.

For seven consecutive years, from 2013 through 2019, and then again in 2021, air travelers named Portland International Airport the best airport in the U.S.[56] Amenities cited by respondents to *Travel + Leisure* magazine's annual reader survey included the Airport's overall design, accessibility, cleanliness, movie theater, and its excellent variety of shops and restaurants that feature local businesses and artists. In addition, in 2015 the Airport was named "Airport of the Year" by the Air Line Pilots Association, and in 2015, 2016, and 2019, it ranked highest in satisfaction among large airports by J.D. Power.[57] The Airport was ranked the 5th best midsize Airport by the Wall Street Journal in 2022.[58] The Port also received two awards in 2022 from Airports Going Green® for 'Outstanding Sustainability Infrastructure Development': one for the Airport's Concourse E Extension project and one for the PDX Next. Airports Going Green® is an aviation industry sustainability forum led by the Chicago Department of Aviation.

The ASA's wide array of cultural choices and entertainment options are an important factor supporting repeat visitation. The ability to see attractions or undertake activities that were missed on a previous visit significantly influences a visitor's intent to return to a travel destination.[59]

1.2.5 Economic Outlook

The U.S. economy from FY 2022 through FY 2030 is expected, in the near term, to experience elevated inflation and wage growth, and supply constraints. Business investment is expected to moderate, reflecting expectations for monetary policy tightening and higher interest rates.[60] In the medium term, inflationary pressures are expected to decline as tightening financial conditions correct supply and demand imbalances in the economy.[61] In the longer run (six to ten years), forecasters surveyed by the Federal Reserve Bank of Philadelphia expect the annual-average rate of inflation in the U.S. to fall below 3.0%.[62]

The most recently published forecast (October 2022) by business economists from the National Association for Business Economics (NABE) indicates consensus for annual real U.S. GDP growth of 1.7% in 2022 and 1.1% in 2023. The NABE forecast also estimates an average annual U.S. unemployment rate of 3.7% in 2022 and 4.0% in 2023.[63]

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56 "PDX Receives America's Best Airport Award," 8 September 2021, Port of Portland, https://www.flypdx.com/Newsroom/PDX-Receives-Americas-Best-Airport-Award; "PDX Named Best Domestic Airport by Travel and Leisure," Port of Portland, https://www.portofportland.com/Newsroom/PDX-Named-Best-Domestic-Airport-2019-by-Travel-and-Leisure, accessed September 2022.

57 "ALPA Names Portland International Airport of the Year," 24 August 2016, Air Line Pilots Association, https://www.alpa.org/news-and-events/news-room/2016-08-24-air-safety-forum-award-airport; J.D. Power 2015, 2016, and 2019 North America Airport Satisfaction Studies, https://www.jdpower.com/business/pressroom, accessed September 2022.

58 "The Best and Worst Airports of 2022", Wall Street Journal, November 17, 2022, accessed November 2022.

59 "Active Research Directions for Studying Repeat Tourist Behavior," Manisha Agarwal et al., *Advances in Social Science, Education and Humanities Research*, June 2019, Volume 259, 3rd International Seminar on Tourism (ISOT 2018), https://www. atlantis-press.com/ proceedings/isot-18/125909381; Jeffrey M. Caneen, "Cultural Determinants of Tourist Intention to Return," *Tourism Analysis*, January 2003, Volume 8, Number 2-4, https://www.researchgate.net/publication/233503117_Cutural_determinants_of_tourist_intention_ to return, accessed September 2022.

60 Recent Economic and Financial Developments, Monetary Policy Report – June 2022, Board of Governors of the Federal Reserve System, https://www.federalreserve.gov/monetarypolicy/2022-06-mpr-part1.htm, accessed September 2022.

61 The 2022 Long-Term Budget Outlook, July 2022, Congressional Budget Office, https://www.cbo.gov/publication/58340, accessed September 2022.

62 Third Quarter 2022 Survey of Professional Forecasters, 12 August 2022, Federal Reserve Bank of Philadelphia, https://www.philadelphiafed.org/surveys-and-data/real-time-data-research/spf-q3-2022, accessed September 2022.

63 National Association for Business Economics, *NABE Outlook*, October 2022.

The September 2022 economic forecast from the Oregon Office of Economic Analysis (OEA) reports that the statewide annual unemployment rate could rise from 3.7% in 2022 to 4.6% in 2025 in a “soft landing” scenario for the labor market. This moderate increase in the unemployment rate may slow wage growth and thus help reduce the rate of inflation. Despite an increase in Oregon’s unemployment rate, the OEA forecast anticipates above-average employment growth in professional and business services, health services, and leisure/hospitality from 2023 to 2025.[64]

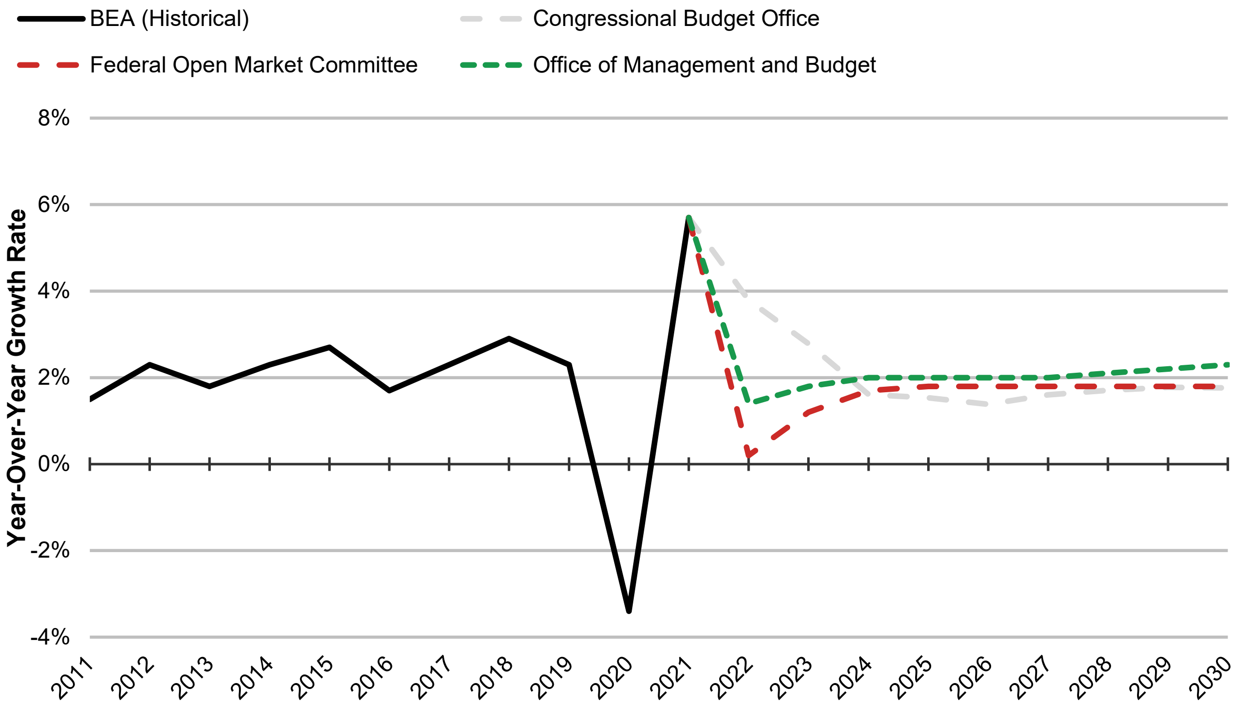
1.2.5.1 2022-2030 Real GDP Growth Rate Projections

Figure 1-16 shows historical real U.S. GDP growth from the Bureau of Economic Analysis (BEA) and growth projections for the U.S. between 2022-2030 from the Congressional Budget Office (CBO), Federal Reserve Open Market Committee (FOMC), and Office of Management and Budget (OMB). The lockdowns, business closures, and extensive unemployment caused by the COVID-19 pandemic resulted in the decline in real U.S. GDP in 2020 (-3.4%). U.S. GDP growth in 2021 (5.7%) reflected the impact of pent-up demand, business re-openings, and increased consumer spending.

The 2022 real GDP growth projections shown in Figure 1-16 range from 0.2% (FOMC) to 3.8% (CBO). Growth rate projections in 2023 range from 1.2% (FOMC) to 2.8% (CBO). For all of the projections, with the exception of the CBO, real GDP growth rates are higher from 2024-2026 compared to 2022. From 2027-2031, average real GDP growth rate projections range from 1.7% (CBO) to 2.2% (OMB).

[64] Economic and Revenue Forecast, September 2022, Office of Economic Analysis, State of Oregon, https://www.oregon.gov/das/OEA/Documents/forecast0922.pdf, accessed September 2022.

Figure 1-16 U.S. Real GDP Projections



Sources: Bureau of Economic Analysis, Annual Real Gross Domestic Product, Chained 2012 Dollars, January 2022; Congressional Budget Office, Real GDP, Long Term Economic Projections, July 2022; Board of Governors of the Federal Reserve System, Federal Open Market Committee, Summary of Economic Projections, September 2022; Office of Management and Budget, Mid-Session Review: Budget of the U.S. Government Fiscal Year 2023, 23 August 2022.
Compiled by Partners for Economic Solutions, September 2022

Data in **Table 1-6** show 2021 economic variables and projections for 2030 for the ASA and the U.S. including population, employment, personal income, and gross regional and domestic product. Growth expectations for these variables are generally higher in the ASA than in the U.S. While the growth rates for per capita income and per capita gross regional/domestic product (GRP) in the ASA are lower than the U.S. rates, the dollar amounts of the ASA's per capita income and per capita GRP are expected to remain above those of the U.S. between 2021 and 2030. Notably, population, employment, total personal income, and gross regional product are expected to have relatively stronger growth rates in the ASA, thus indicating the ongoing capacity of the ASA to continue to generate demand for air travel services during the period of 2021 through 2030.

Table 1-6 Passenger Demand Projection Variables (2021-2030)

Variable[1]	Region	2021	2030 Projection	CAGR[2] (2021-2030)
Population	ASA	2,511,612	2,736,091	1.0%
	United States	331,893,745	352,070,273	0.7%
Employment	ASA	1,596,523	1,862,467	1.7%
	United States	197,119,425	227,483,245	1.6%
Personal Income (in billions)	ASA	$162.7	$201.2	2.4%
	United States	$20,233.2	$24,868.5	2.3%
Per Capita Personal Income	ASA	$64,760	$73,522	1.4%
	United States	$60,963	$70,635	1.6%
Gross Regional/Domestic Product (in billions)	ASA	$182.50	$222.56	2.2%
	United States	$22,518.5	$27,198.2	2.1%
Per Capita Gross Regional/Domestic Product	ASA	$72,664	$81,342	1.3%
	United States	$67,849	$77,252	1.5%

1 All dollar amounts are in 2021 dollars.
2 CAGR = compound annual growth rate.
Source: Woods & Poole Economics, Inc., 2022 Complete Economic and Demographic Data Source, June 2022. Compiled by Partners for Economic Solutions, September 2022

2 Air Service and Air Traffic Analysis

This chapter describes and evaluates the state of air service at the Airport, analyzes historical trends in air traffic, identifies key factors that generally affect demand for air travel, and provides projections of air traffic activity.

2.1 Air Service at the Airport

The following sections evaluate current air service capacity and operating performance for the primary passenger airlines serving the Airport. The Airport's overall O&D market is also assessed at the market level, comparing performance with prior years. To the extent airline market data and related information is available, impacts associated with the COVID-19 pandemic are also identified.

Similar to the overall airport industry, enplaned passengers at the Airport experienced a significant decrease in FY 2020 and FY 2021 due to the impacts associated with the COVID-19 pandemic. Since April 2020, the low point of U.S. passenger traffic during the pandemic, passenger activity has been trending upwards towards pre-pandemic levels. It is important to understand the scope of traffic decreases and level of recovery as air service at the Airport is described in the following sections.

2.1.1 Airlines Operating at the Airport

The Airport has historically been served by the largest U.S. airlines in the industry. The current U.S. passenger airline industry generally consists of three primary business models: network carriers, low-cost carriers (LCCs), and ultra-low-cost carriers (ULCCs). Network carriers are generally considered the major airline brands that have existed, in one form or another, since the deregulation of the airline industry in the late 1970s. Network airlines have extensive route networks and operate with a "hub and spoke" system or maintain significant market share at focus cities. These airlines served all categories of travelers but have historically catered more toward the business traveler segment as compared to the other airline business models. LCCs are generally defined as passenger airlines that focus on lower operating costs to be able to provide customers with lower fares while still providing some amenities within the cost of the ticket. LCCs typically focus upon carrying point-to-point traffic while offering some connections. However, as compared to network airlines, LCCs typically have less extensive route networks. LCCs have historically catered to a mix of business and leisure traffic depending on the destination. ULCCs are somewhat similar to LCCs but typically offer lower air fares as they do not offer much in terms of amenities within the cost of the ticket. ULCCs typically 'unbundle' extra services and charge for everything outside of the ticket cost such as checked baggage, carry-on baggage, and seat selection among other things. Most of the traffic handled by ULCCs has historically been leisure travelers. It should also be noted that network carriers and certain LCCs also charge separately for some of these items; however, these carriers also operate customer loyalty programs that offer frequent travelers various benefits.

The Airport has historically experienced diverse air service from the primary U.S. airlines. As of January 2023, the Airport had scheduled passenger service by five (5) U.S. network airlines, two (2) LCCs, four (4) ULCC, and six (6) foreign flag airlines. **Table 2-1** provides a list of the scheduled passenger and all-cargo airlines that served the Airport as of January 2023. All domestic carriers have maintained service, albeit at lower traffic levels since the onset of the COVID-19 pandemic. The foreign flag carrier Icelandair resumed seasonal direct service to Reykjavik, Iceland in July 2021. WestJet began direct service to Calgary, Canada in September 2021. Condor began seasonal service to Frankfort in May 2022. Most recently, British Airways began service to London in June 2022.

Table 2-1 Airlines Serving the Airport (as of January 2023)

U.S. Network Passenger Carriers (5)

Alaska Airlines	American Airlines	Delta Air Lines	Hawaiian Airlines	United Airlines

Low-Cost Passenger Carriers (2)

Southwest Airlines	JetBlue Airways[1]			

Ultra-Low-Cost Passenger Carriers (4)

Allegiant Air	Frontier Airlines	Spirit Airlines Inc.[1]	Sun Country Airlines	

Regional/Commuter Passenger Airlines (3)

Horizon Air[2]	SkyWest Airlines[3]	Boutique Air[4]		

Foreign Flag Passenger Airlines (6)

Air Canada	Icelandair*	Volaris	WestJet*	British Airways
Condor*				

All-Cargo Airlines (11)

ABX[5]	Air Transport International	Airpac	Ameriflight	Atlas Air[6]
Cathay Pacific Airways	Empire	FedEx	United Parcel Service	Western Air Express
Kalitta Air				

Asterisk (*) denotes airline only provides seasonal service.

1 In October 2022, Spirit Airlines shareholders approved a new merger agreement with JetBlue Airways, which will create the fifth largest airline in the U.S. This merger still awaits approval from U.S. Department of Justice, and if approved, is likely many months away from consummation.

2 d/b/a Alaska Airlines. Alaska Airlines and Horizon Air are separately certified airlines owned by Alaska Air Group, Inc.

3 d/b/a as Alaska Airlines, American Eagle, Delta Connection, and United Express.

4 Boutique Air operates scheduled commercial service to Eastern Oregon Regional Airport from the fixed base operator at the Airport. Therefore, all enplaned passengers, aircraft operations, and landed weight are included as general aviation.

5 Operates cargo flights for DHL Aviation.

6 Operates cargo flights for Cathay Cargo and some charter service.

Sources: Port of Portland, Aviation Statistics – Monthly Traffic Report November 2022; FlyPDX, Airlines Serving PDX accessed January 2023; Cirium, Diio Mi, Schedule – Dynamic Table.

To illustrate specific trends in changes to the passenger market share, **Table 2-2** provides the enplaned passengers by airline with the associated market share from FY 2018 through FY 2022. Factoring in airline mergers, 11 of the top airlines currently serving the Airport have been operating at the Airport for at least the past five years with many operating at the Airport much longer. The top five airlines at the Airport (Alaska Air Group[65], Delta Air Lines, Southwest Airlines, United Airlines, and American Airlines) accounted for more than 91% of the total enplaned passengers in each year from FY 2018 to FY 2022. Other airlines that have a smaller presence at the Airport but have increased market share notably over this period were Frontier Airlines and Spirit Airlines. These airlines are ULCCs that primarily cater to leisure travel, which has been the fastest recovering segment of passenger traffic for the airlines since the pandemic. Frontier Airlines is the only airline at the Airport with more enplaned passengers in FY 2022 than FY 2019.

2.1.2 Current Nonstop Service

As of January 2023, there was scheduled nonstop service from the Airport to 72 destinations (61 year-round and 11 seasonal markets).[66] **Figure 2-1** provides a map of the scheduled nonstop destinations from the Airport. As shown, there are 62 domestic and 10 international nonstop destinations from the Airport. In comparison, in January 2020, there was nonstop service to 55 domestic markets and seven international markets. According to published airline schedules, service to Tokyo, Japan (HND) is expected to begin within the next six months:. British Airways has announced it will be increasing its number of nonstop flights to London (LHR) from the Airport per the following schedule: five per week in April 2023, six per week in May 2023, daily in July 2023, and then back to five per week by October 2023.

2.1.3 Origin and Destination Markets

Table 2-3 provides information regarding the Airport's top domestic O&D markets, including the number of daily O&D enplaned passengers for year-end (YE)[67] March 2020 and FY 2022 (the latest data available). The table also presents daily departing seats. For example, the Los Angeles Basin market (the largest O&D market served from the Airport) had an average of 2,099 daily O&D enplaned passengers with 2,144 total nonstop departing seats to the market during FY 2022.

The table helps to illustrate how the Airport's air travel demand has changed since the start of the COVID-19 pandemic. Overall, O&D enplaned passengers at the Airport were down 23.6% for FY 2022 as compared to YE March 2020 levels. As shown, many of the business-oriented markets, such as New York/Newark, Minneapolis, and Detroit experienced lower levels of O&D enplaned passengers during FY 2022 as compared to YE March 2020 (generally considered pre-pandemic levels). However, leisure markets during FY 2022, such as those in Florida, are up from YE March 2020 levels. Another important distinction for these destinations is that they are all served by LCCs and ULCCs. ULCC traffic has been the leading driver of growth in these leisure markets.

The Airport's top international market is San Jose del Cabo, Mexico, which has seasonal nonstop service. Other major international O&D markets include Cancun, Puerto Vallarta, and Guadalajara all in Mexico.

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65 Alaska Air Group is the parent company to Alaska Airlines and Horizon Air.

66 Nonstop service to certain destinations may not have operated in January 2023; however, these are destinations historically served are and are scheduled to operate in the coming months.

67 Year-end (YE) refers to the 12-month period ended during the month presented. For example, YE March 2020 refers to the period of April 2019 through March 2020.

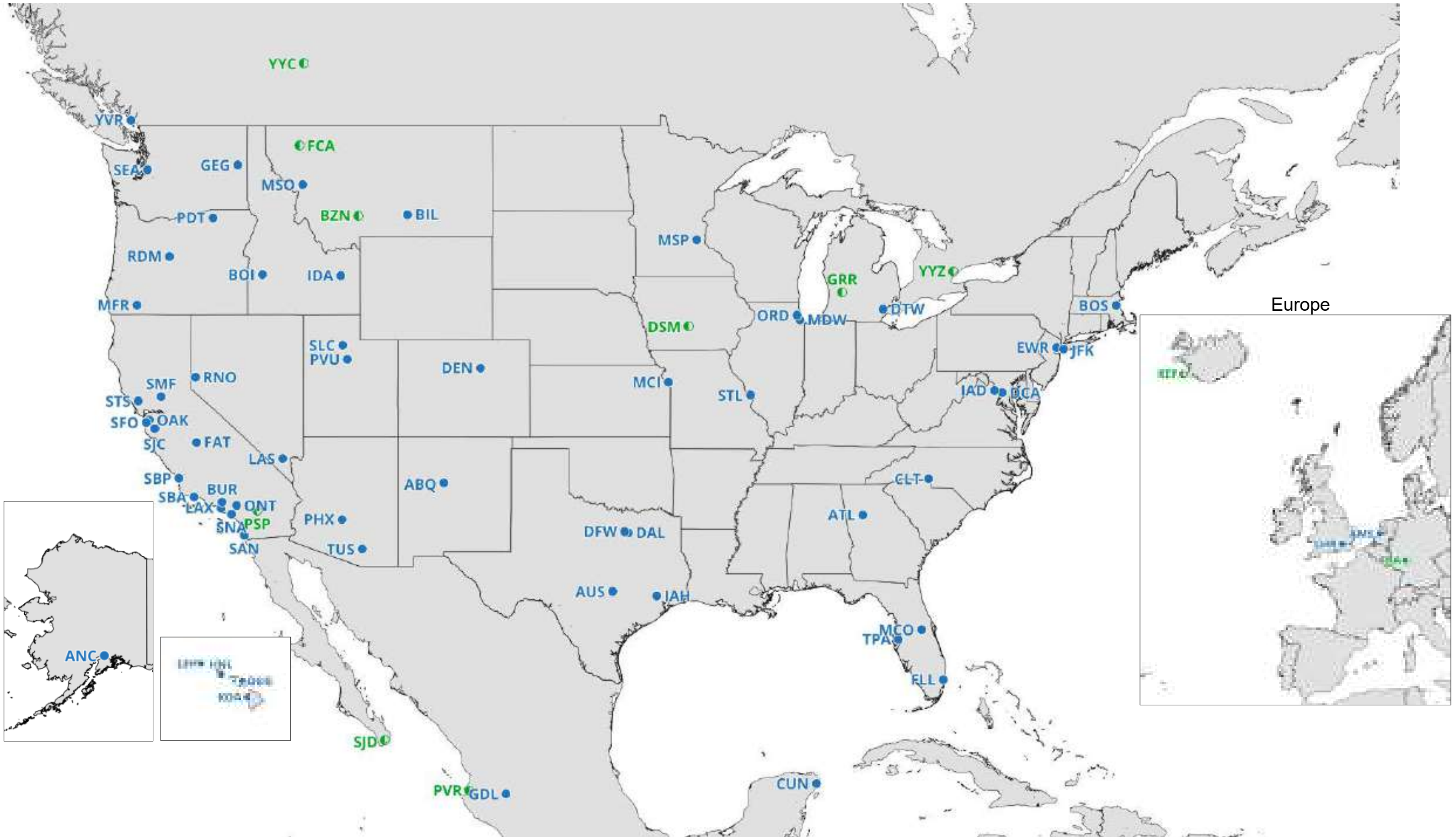
Table 2-2 Historical Airport Enplaned Passenger Market Share (FY 2018 – FY 2022)

	Enplaned Passengers (In Thousands)					Market Share				
Airline	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Alaska Air Group	4,200	4,253	3,197	1,583	3,083	43.1%	42.7%	44.0%	42.3%	43.7%
Alaska Airlines[1]	*2,891*	*2,971*	*2,299*	*1,042*	*2,482*	*29.7%*	*29.8%*	*31.6%*	*27.8%*	*35.2%*
Horizon Air	*1,194*	*1,283*	*897*	*542*	*601*	*12.3%*	*12.9%*	*12.3%*	*14.5%*	*8.5%*
Virgin America[2]	*114*	*0*	*0*	*0*	*0*	*1.2%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Delta Air Lines	1,300	1,404	1,061	510	1,049	13.4%	14.1%	14.6%	13.6%	14.9%
Southwest Airlines	1,715	1,749	1,217	609	905	17.6%	17.5%	16.7%	16.3%	12.8%
United Airlines	1,057	1,077	724	350	902	10.9%	10.8%	10.0%	9.4%	12.8%
American Airlines	684	669	467	382	526	7.0%	6.7%	6.4%	10.2%	7.5%
Spirit Airlines[3]	110	134	101	80	124	1.1%	1.3%	1.4%	2.1%	1.8%
Hawaiian Airlines	116	137	96	58	122	1.2%	1.4%	1.3%	1.5%	1.7%
Frontier Airlines	130	98	74	82	107	1.3%	1.0%	1.0%	2.2%	1.5%
JetBlue Airways[3]	181	124	92	24	67	1.9%	1.2%	1.3%	0.6%	0.9%
Volaris	62	77	28	38	44	0.6%	0.8%	0.4%	1.0%	0.6%
Air Canada[4]	107	105	66	2	41	1.1%	1.1%	0.9%	0.1%	0.6%
Other	69	139	151	22	84	0.7%	1.4%	2.1%	0.6%	1.2%
Total	**9,733**	**9,967**	**7,273**	**3,740**	**7,055**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

1 SkyWest Airlines passengers are included with the appropriate mainline partner (e.g., Alaska Airlines, Delta Air Lines, United Airlines).
2 Acquired by Alaska Airlines in December 2016 and operated under individual operating certificate until the end of FY 2018.
3 In October 2022, Spirit Airlines shareholders approved a merger proposal with JetBlue Airways. This merger still awaits approval from the U.S. Department of Justice.
4 Includes enplaned passengers for Jazz Aviation doing business as Air Canada Express.
Source: Port of Portland, Aviation Statistics – Monthly Traffic Report June 2017-June 2022.

Figure 2-1 Nonstop Destinations at the Airport

● Year-Round ◐ Seasonal



Source: Portland International Airport, FlyPDX – Nonstop Destinations, accessed at flypdx.com/NonstopDestinations accessed January 2023.

Table 2-3 Top-25 Domestic O&D Markets from the Airport (sorted based on FY 2022 O&D Enplaned Passengers)

		O&D Enplaned Passengers Per Day			Nonstop Scheduled Departing Seats Per Day		
Region	Airports	YE March 2020	FY 2022	Percent Change	YE March 2020	FY 2022	Percent Change
Los Angeles Basin	LAX, SNA, ONT, BUR, LGB	2,739	2,099	-23.4%	3,594	2,144	-40.3%
San Francisco Bay Area	SFO, SLC, OAK	2,250	1,671	-25.7%	4,628	2,724	-41.1%
Las Vegas	LAS	1,076	820	-23.8%	1,605	1,361	-15.2%
Phoenix	PHX, AZA	930	739	-20.6%	1,293	1,238	-4.2%
Hawaii	HNL, OGG, KOA, LIH, ITO	935	692	-26.1%	1,111	972	-12.5%
Denver	DEN	808	629	-22.1%	1,665	1,573	-5.5%
San Diego	SAN	739	578	-21.8%	903	649	-28.1%
New York / Newark	JFK, EWR, LGA	763	564	-26.1%	1,015	810	-20.2%
Chicago	ORD, MDW	569	432	-24.0%	1,152	1,117	-3.1%
Sacramento	SAC	530	418	-21.2%	966	561	-42.0%
Dallas / Ft. Worth	DFW, DAL	486	377	-22.3%	1,071	921	-14.0%
Salt Lake City	SLC	438	343	-21.8%	1,094	974	-10.9%
Washington / Baltimore	IAD, DCA, BWI	460	336	-27.0%	324	274	-15.5%
Central Florida	MCO, TPA, SRQ, DAB, MLB	398	314	-21.1%	186	177	-5.1%
Minneapolis / St. Paul	MSP	397	308	-22.5%	871	747	-14.3%
Seattle	SEA	394	300	-23.8%	2,460	2,306	-6.3%
Boston	BOS	346	261	-24.6%	357	170	-52.4%
Boise	BOI	303	233	-23.2%	561	267	-52.4%
Atlanta	ATL	269	210	-21.8%	642	606	-5.7%
Austin	AUS	249	194	-22.3%	151	158	4.3%
Spokane	GEG	235	180	-23.3%	605	258	-57.3%
Houston	IAH, HOU	228	173	-24.3%	392	350	-10.6%
South Florida	FLL, MIA, RSW, PBI, EYW	218	172	-21.1%	0	46	n.a.
Anchorage	ANC	199	155	-21.7%	490	278	-43.2%
Palm Springs	PSP	183	134	-26.6%	201	159	-21.2%
Top 25		***16,143***	***12,333***	***-23.6%***	***27,339***	***20,840***	***-23.8%***
Others		4,512	3,469	-23.1%	3,736	1,309	-65.0%
Total		**20,655**	**15,802**	**-23.5%**	**31,076**	**22,150**	**-28.7%**

Source: Cirium, Diio Mi: US DOT Origin and Destination Survey Data, accessed November 2022.

2.1.4 Airline Revenue Performance at the Airport

Airline performance at an airport can be measured primarily by four key airline revenue metrics: revenue per available seat mile, load factor, yield, and cost per available seat mile. Each of these airline metrics are summarized below.

- **Revenue per Available Seat Mile (RASM)** – RASM is the unit metric used by airlines, expressed in cents, to measure the amount of revenue received for each available seat mile (ASM). ASMs are measured by airlines for the purpose of determining capacity; one ASM unit equates to one seat flying one mile. For example, an aircraft with 100 seats operating on a route of 1,000 miles would equate to 100,000 ASMs. For the purposes of this analysis, RASM only measures passenger revenue derived from air fares and does not include other revenues received by airlines such as baggage fees.
- **Load Factor** – Load factor measures how an airline is performing on a specific route or in aggregate in terms of filling its available seat capacity. Load Factor is calculated as total revenue passenger miles (RPMs) divided by ASMs. RPMs are the general airline metric for measuring the number of miles traveled by paying passengers. For example, a revenue passenger flying one mile equates to one RPM.
- **Yield** – The last measure is airline yield or revenue per passenger mile (RPM). Yield (or RPM) is like RASM, however, yield measures revenue for each passenger-mile sold (RASM measures revenue for each passenger-mile available to be sold). Yield is the industry measurement for price, while load factor is a volume-related measurement. RASM factors in both and, thus, is considered the key airline revenue metric.

In general, the higher the RASM or yield the more profitable an airline is assuming that the number of ASMs remain constant over time. Since an airline's revenue does not necessarily increase proportionately with the distance they fly, both RASM and yield will typically decrease as the overall length of the trip or stage length increases. Therefore, if an airline increases its overall stage length, it should be expected that RASM and yield will decrease. To account for this, RASM and yields have been adjusted based on the airline's average stage length. For the purposes of this Report and to normalize for varying stage lengths, all stage length adjusted (SLA)[68] values are expressed in a base of 1,000 miles.

Table 2-4 compares key airline revenue metrics for all U.S airlines and the four largest network airlines serving the Airport in YE March 2020 versus FY 2022. Key airline revenue metrics exhibited some decreases during the COVID-19 pandemic. However, as shown for FY 2022, key airline revenue metrics for the Airport are better than the national average and better or the same as those for the Airport prior to the COVID-19 pandemic. Note that the data presented does not include airline ancillary fees for items such as ticket changes, checked bags, priority seating, etc., as this data is not available by airport. Over the years, U.S. airlines have realized significant revenues from these ancillary fees.

68 Stage length adjustments are a common practice used to normalize comparisons of passenger yields and revenue per available seat mile. Stage length adjustments for 1,000 miles are made using the formula:
SLA Value = Value * $(\text{observed length of haul}/1000)^{0.5}$.

Table 2-4 Key Airline Revenue Metrics at the Airport (YE March 2020 vs. FY 2022)

	SLA Passenger RASM		Load Factor		SLA Yield	
Airline	YE March 2020	FY 2022	YE March 2020	FY 2022	YE March 2020	FY 2022
Alaska Air Group	10.5¢	12.0¢	81%	81%	13.3¢	14.7¢
Delta Air Lines	13.7¢	12.2¢	86%	87%	15.9¢	15.0¢
Southwest Airlines	8.9¢	11.1¢	83%	88%	10.9¢	11.7¢
Airport Average	**10.8¢**	**11.6¢**	**84%**	**84%**	**13.1¢**	**14.0¢**
National Average	**11.8¢**	**10.7¢**	**82%**	**80%**	**14.6¢**	**13.6¢**

Notes: Data include regional affiliates, as applicable, and do not include airline ancillary fees such as charges for checked baggage, etc.
SLA Value = Value * (observed length of haul/1,000)$^{0.5}$
Source: Cirium, Diio Mi: US DOT Reports DB1A and T100, accessed November 2022.

The load factors at the Airport for all the airlines have nearly fully returned to pre-pandemic levels. However, SLA-RASM and SLA-Yield remain below pre-pandemic levels, apart from Southwest SLA-RASM and Alaska SLA-Yield. This is a trend seen at nearly every airport in the U.S. as indicated by the national average. Data for the Airport average generally remains at or above that of the nation.

2.1.5 Alaska Air Group Operations at the Airport

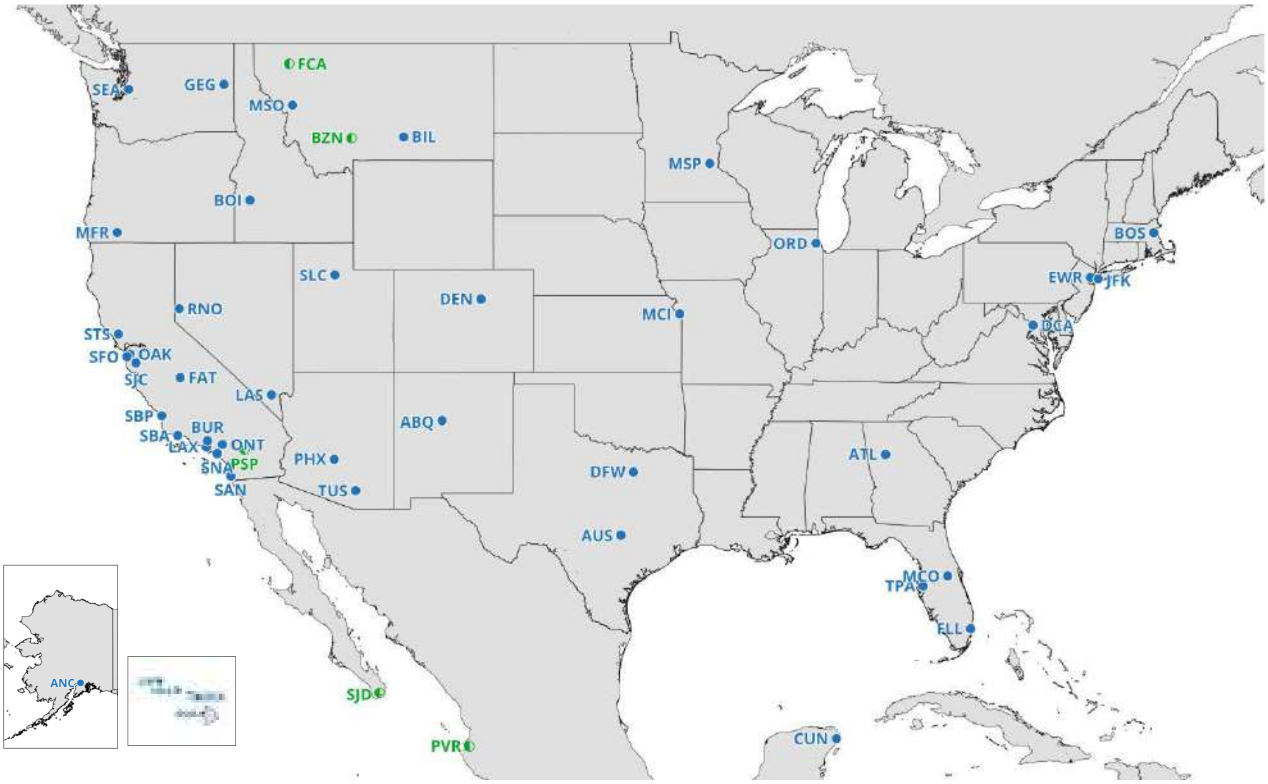
The Airport serves as a hub for the Alaska Air Group. In FY 2022, Alaska Air Group had a combined market share of 43.7% of the Airport's total enplaned passengers. In terms of departures and departing seats, the Airport was the second largest market in FY 2021, behind only SEA in both metrics. Alaska Airlines generally serves the longer-haul, larger markets from the Airport, whereas Horizon Air typically serves smaller markets or provides service to more short-haul markets with higher frequency, such as SEA.

July has historically been the peak month for the Alaska Air Group at the Airport. According to published schedules for July 2022, Alaska Air Group had service to 48 markets with an average of 78 daily departures from the Airport.[69] In comparison, the airline had service to 46 markets in July 2019 with an average of 144 daily departures. **Figure 2-2** presents Alaska Air Group route map from the Airport as of January 2023.

[69] Based on data from Cirium, Diio, accessed January 2023.

Figure 2-2 Alaska Air Group Map of Nonstop Destinations (January 2023)

● Year-Round ◐ Seasonal



Source: Cirium, Diio Mi, Schedule – Dynamic Table, Accessed January 2023.

The Alaska Air Group has approximately 337 aircraft in its current passenger fleet, including 40 Airbus aircraft (30 Airbus A320-200 and 10 Airbus A321neo). The Airbus A320-200 aircraft is expected to be retired by January 2023 and the Airbus A321neo is expected to be phased out by the end of 2023. The remaining fleet will be comprised of variants of the Boeing 737 aircraft. The airline has 15 Boeing 737 Max 8, 45 Boeing 737 Max 9, and 102 Boeing 737 Max 10 on order to replace the Airbus A320-200 aircraft.[70] Additionally, it is expected that Horizon Air and SkyWest Airlines will continue operate the regional aircraft from the Airport to mid-sized to smaller markets.

In the first quarter of 2020, Alaska Air Group had an operating margin of 8.4%. Alaska Air Group and Southwest were the only two network carriers to have a positive operating margin during the second quarter of 2020 as the industry was being severely impacted by the COVID-19 pandemic. During the first quarter of 2021, the operating margin for Alaska Air Group dropped to -59.2%, its lowest point during the COVID-19 pandemic. However, after four quarters of operating at a loss, the airline increased its operating margin to 1.0% in the third quarter of 2021. In the third quarter of 2022, Alaska Air Group had a positive operating margin for the fifth straight quarter at 1.0%.[71]In February 2020, Alaska Air Group and American Airlines announced an alliance with a goal of

[70] Information gathered from airline's website, Boeing's Orders & Deliveries, and Airbus' Orders and Deliveries, accessed September 2022.
[71] 2022 SEC 10-Q filing for Alaska Air Group accessed November 2022.

connecting Alaska Air Group's network concentrated on the U.S. west coast with longer-haul and international operations offered by American Airlines and other carriers in the 'oneworld' alliance'.[72]

As has been discussed in detail, the COVID-19 pandemic has had a significant impact on air transportation, and Alaska Air Group has been affected substantially. In addition to the above, the Alaska Air Group has experienced the following system-wide operational and financial impacts.[73]

- Seat capacity in April 2020 was 34% of its April 2019 levels, with approximately 15% load factor. May 2020 capacity was approximately 26% of May 2019 levels, with approximately 40% load factor. In January 2023, Alaska Air Group's scheduled seat capacity was approximately 74% of January 2020 levels.
- In the third quarter of 2022, Alaska Air Group reported a net income of $40 million, compared to a net loss of $214 million in the second quarter of 2020.
- Alaska Air Group reached an agreement with the U.S. Department of Treasury to receive support under the Coronavirus Aid, Relief, and Economic Security (CARES) Act Payroll Support Program (PSP) and received $1.0 billion in funding on April 23, 2020. In January 2021, Alaska Air Group received an additional $612 million as part of the PSP-2 and $571 million in April 2021 as part of the PSP-3.

2.1.6 Delta Air Lines Operations at the Airport

In FY 2019, Delta Air Lines, including its regional affiliates Compass and SkyWest Airlines, had 1.2 million enplaned passengers at the Airport accounting for 14.1% of the total enplaned passengers at the Airport. In FY 2022, Delta Air Lines had 1.0 million enplaned passengers at the Airport equating to 14.9% of the total enplaned passengers at the Airport. A majority of growth for Delta Air Lines prior to the COVID-19 pandemic was attributed to the addition of nonstop service to SEA, but was supplemented by increased service to Los Angeles, new service to London, and seasonal service to Honolulu and Las Vegas. SEA and Los Angeles are key international gateway markets for Delta Air Lines and grew considerably in recent years prior to the COVID-19 pandemic. In July 2019, Delta Air Lines operated nonstop service to ten markets from the Airport, accounting for 37 daily departures. In July 2022, Delta Air Lines operated nonstop service to eight markets from the Airport, accounting for 29 daily departures.

Delta Air Lines currently has 896 aircraft in its fleet. The airline has orders for 4 180-seat Boeing 737-900ER, 100 182-seat Boeing 737 Max 10, 49 130-seat Airbus A220-300, 140 194-seat Airbus A321neo, 20 306-seat Airbus A350-900, and 19 281-seat Airbus A330-900.[74] Delta Air Lines is expecting to fully retire the Boeing 717-200 aircraft by 2025.

In the first quarter of 2020, Delta Air Lines had an operating margin of 11.5%, the highest among the network carriers. However, Delta Air Lines has been hit particularly hard in the subsequent quarters with the lowest operating margin of any the network carriers through the pandemic thus far. In the first quarter of 2021, the operating margin for Delta Air Lines reached -106.4%, by far the worst margin among network carriers. However, strong recovery has been steady over the past five quarters and the airline reached an operating margin of 5.3% in the third quarter of 2022.[75]

[72] Alaska Airlines, American Airlines announce new West Coast International Alliance: Alaska's West Coast network to connect with American's long-haul flying to create more choice for travelers, Alaska Airlines Newsroom, https://newsroom.alaskaair.com/news-releases?item=123939, February 12, 2020, accessed December 2021.
[73] 2022 SEC 10-Q filing for Alaska Air Group accessed November 2022.
[74] Information gathered from airline's website, Boeing's Orders & Deliveries, and Airbus' Orders and Deliveries, accessed November 2022.
[75] 2022 SEC 10-Q filing for Delta Air Lines accessed November 2022.

As a result of the impacts of the COVID-19 pandemic, Delta Air Lines has experienced the following additional system-wide operational and financial impacts:[76]

- Seat capacity in April 2020 was approximately 27% of April 2019 levels; May 2020 capacity was approximately 18% of May 2019 levels. Since May 2020, Delta Air Line's scheduled seat capacity has continued to increase steadily, to approximately 89% of scheduled seat levels in January 2023 as compared to January 2020.
- For the third quarter of 2022, Delta reported a net income of $695 million, compared to a $4.8 billion loss for the second quarter of 2020.
- Delta Air Lines reached an agreement with the U.S. Department of Treasury to receive support under the CARES Act PSP and received $5.6 billion in funding on April 20, 2020. In January 2021, Delta Air Lines received an additional $3.3 billion as part of the PSP-2 and $3.1 billion in April 2021 as part of the PSP-3.

2.1.7 Southwest Airlines Operations at the Airport

In FY 2022, Southwest Airlines had 905,287 enplaned passengers, accounting for 12.8% of the total passenger traffic at the Airport. Southwest Airlines is the third largest airline at the Airport in terms of enplaned passengers. In July 2019, Southwest Airlines operated nonstop service to 16 markets from the Airport, accounting for 42 daily departures. In July 2022, Southwest Airlines operated nonstop service to just ten markets from the Airport, accounting for 26 daily departures.

Southwest Airlines has 749 aircraft in its fleet mostly comprised of 143-seat Boeing 737-700s and 175-seat Boeing 737-800s. Currently, Southwest Airlines has 110 175-seat Boeing 737 Max 8 in the fleet with orders for 246 more 175-seat Boeing 737 Max 8s to replace the older 737-700 aircraft. Southwest Airlines also has 192 orders for 150-seat Boeing 737 Max 7s.[77]

In the first quarter of 2020, Southwest Airlines had an operating margin of 8.4%, which was below only Delta Air Lines among U.S. network carriers. Alaska Air Group and Southwest Airlines were the only two network carriers to have a positive operating margin in the second quarter of 2020 during the COVID-19 pandemic. In the first quarter of 2021, the operating margin for Southwest Airlines decreased to -51.8% which was the smallest loss among network carriers. Strong recovery has led the airline to an operating margin of 7.0% in the third quarter of 2022.[78]

As a result of the impacts of the COVID-19 pandemic, Southwest Airlines had experienced the following additional system-wide operational and financial impacts:[79]

- Seat capacity in April 2020 was approximately 82% of its April 2019 levels and May 2020 capacity was approximately 38% of May 2019 levels. In January 2023, Southwest's scheduled seat capacity was approximately 69% of January 2020 levels.
- In the third quarter of 2022, Southwest Airlines reported a net income of $277 million, compared to a net loss of $1.1 billion in the second quarter of 2020.
- Southwest Airlines reached an agreement with the U.S. Department of Treasury to receive support under the CARES Act PSP and received $3.4 billion in funding on April 21, 2020. In January 2021, Southwest Airlines received an additional $2.0 billion as part of the PSP-2 and $1.9 billion in April 2021 as part of the PSP-3.

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[76] Ibid.
[77] Information gathered from airline's website, Boeing's Orders & Deliveries, and Airbus' Orders and Deliveries, accessed September 2022.
[78] 2022 SEC 10-Q filing for Southwest Airlines accessed November 2022.
[79] Ibid.

2.2 Air Traffic Activity and Trends

This section analyzes historical trends in air traffic activity at the Airport including enplaned passengers, aircraft operations, and landed weight. It also discusses the primary factors affecting these trends. This section identifies, to the extent data is available, air traffic trends at the Airport that have been impacted by the COVID-19 pandemic. Certain historical information about the Airport's air traffic activity predates the ongoing COVID-19 pandemic and should be considered in light of possible or probable negative effects the COVID-19 pandemic has had and may have on current and future Airport air traffic activity.

2.2.1 Enplaned Passengers

Passenger activity at an airport drives numerous revenues and financial measures including such items as non-airline revenues (e.g., parking, rental cars, terminal concessions, etc.), Passenger Facility Charge (PFC) revenues, rental car Customer Facility Charge (CFC) revenues, and FAA Airport Improvement Program (AIP) entitlement grant distributions. Enplaned passengers are also the denominator for airline cost per enplaned passenger (CPE). The relationship of the enplaned passengers to the Airport's financial performance is discussed in more detail in Chapter 4 of this Report. **Table 2-5** presents the historical enplaned passengers at the Airport categorized by domestic and international for the period of FY 2012 through FY 2023 year-to-date.

2.2.1.1 FY 2012 – FY 2019

From FY 2012 through FY 2019, total enplaned passenger traffic at the Airport experienced a consistent upward trend. Total enplaned passengers at the Airport increased from approximately 6.9 million in FY 2012 to approximately 10.0 million in FY 2019, representing a CAGR of 5.3%. The majority of that growth, in terms of number of passengers, occurred in domestic traffic, which accounted for 95.8% of the Airport's enplaned passengers in FY 2019. International enplaned passengers have increased at a faster rate from FY 2012 to FY 2019, increasing at a CAGR of 10.1% versus 5.1% for domestic. Much of the growth in total enplaned passengers can be attributed to the Alaska Air Group, which increased enplaned passengers at the Airport by 65.0% from FY 2012 to FY 2019. During this period, Alaska Air Group added new service to 25 markets, acquired Virgin America, and increased its average seats per aircraft serving the Airport.

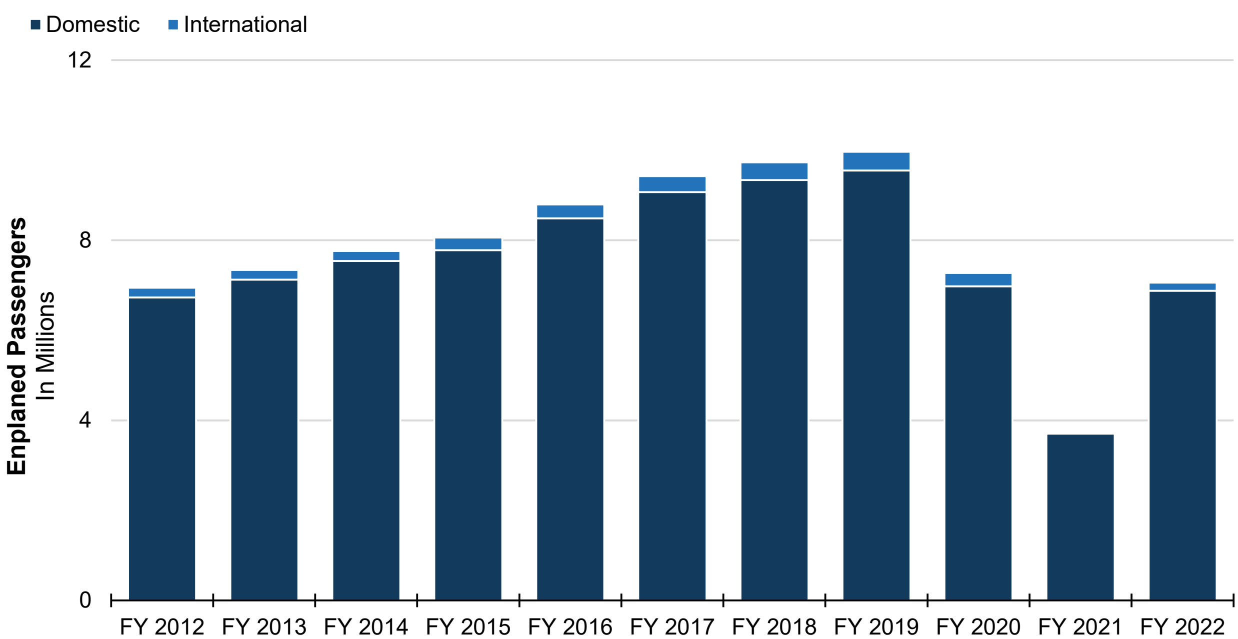
Every primary carrier operating at the Airport increased seat capacity from FY 2012 through FY 2019. From FY 2012 to FY 2019, enplaned passengers for Southwest Airlines increased by 33.4% despite seat capacity increasing only 19.0%. This indicates an increase in the airline's load factors, which was accomplished primarily through restructuring its flight schedule from the Airport, eliminating certain shorter length flights, and adding longer flights to markets where Southwest Airlines has a stronger market presence.

Delta Air Lines had limited growth from FY 2012 to FY 2013 in terms of enplaned passengers. However, starting in FY 2014, enplaned passengers increased by more than 15%. This growth was primarily driven by the addition of service to Los Angeles where the airline added 11 daily nonstop departures. In FY 2016, Delta Air Lines had another year of significant growth with an increase of 21.1% in enplaned passengers, which coincided with a significant increase in capacity to Salt Lake City, one of the airline's hubs, allowing for better connectivity for passengers from Portland. Overall, Delta's enplaned passengers at the Airport increased by 77.2% from FY 2012 to FY 2019.

Table 2-5 Historical Enplaned Passengers (FY 2012 – FY 2022 and FY 2023 year-to-date)

Fiscal Year	Domestic	International	Total	Year-Over-Year Growth Rate
FY 2012	6,732,262	214,038	**6,946,300**	
FY 2013	7,122,688	212,950	**7,335,638**	5.6%
FY 2014	7,535,257	226,770	**7,762,027**	5.8%
FY 2015	7,779,753	279,004	**8,058,757**	3.8%
FY 2016	8,489,185	303,101	**8,792,286**	9.1%
FY 2017	9,069,224	353,341	**9,422,565**	7.2%
FY 2018	9,337,800	395,211	**9,733,011**	3.3%
FY 2019	9,546,855	419,943	**9,966,798**	2.4%
FY 2020	6,978,385	295,049	**7,273,434**	-27.0%
FY 2021	3,702,597	39,398	**3,741,995**	-48.6%
FY 2022	6,877,239	178,094	**7,055,333**	88.5%
FY 2022 YTD[1]			**3,662.785**	
FY 2023 YTD[1]			**3,968,874**	8.4%

Range	Average Annual Growth Rate		
FY 2012-19	5.1%	10.1%	**5.3%**
FY 2019-22	-10.4%	-24.9%	**-10.9%**
FY 2012-22	0.2%	-1.8%	**0.2%**

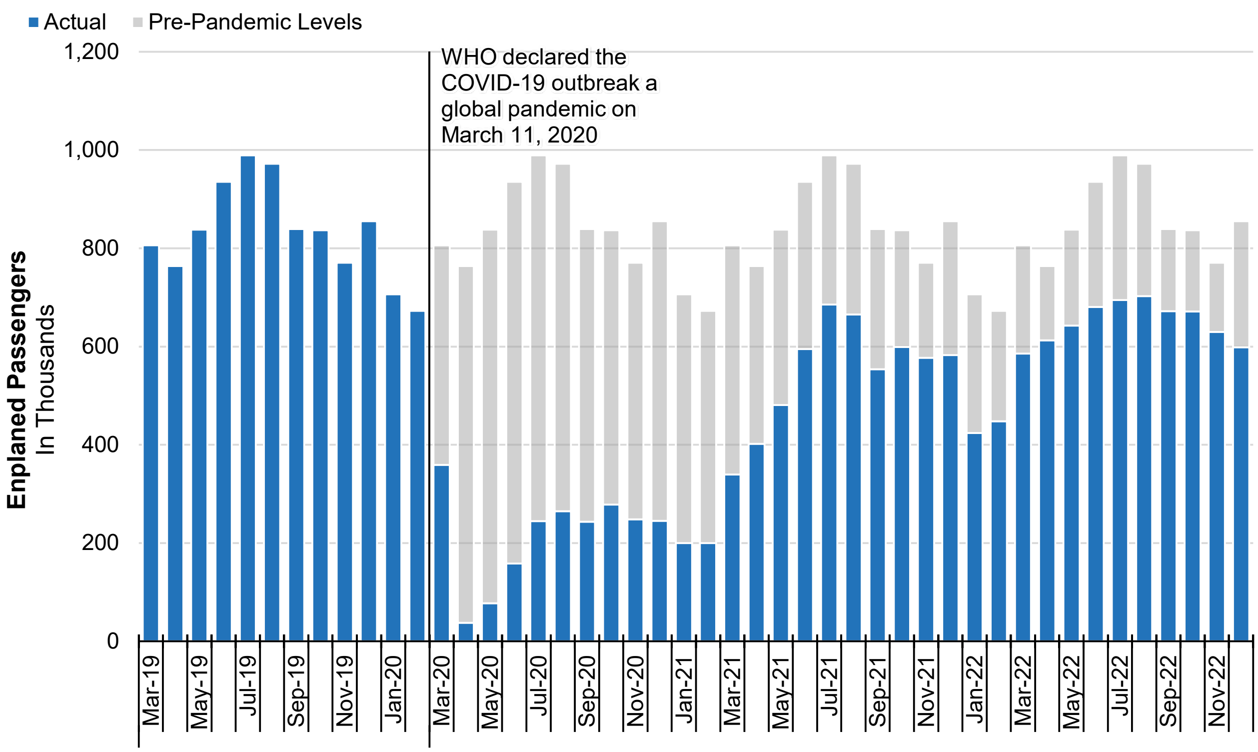


[1] FY 2022 year-to-date (YTD) data is through December 2021 and FY 2023 YTD data is through December 2022.
Source: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2009-June 2022, accessed November 2022.

2.2.1.2 COVID-19 Pandemic Impact: FY 2020 – FY 2023 (year-to-date)

Beginning in March 2020, enplaned passengers at the Airport decreased dramatically because of the impacts associated with the COVID-19 pandemic. These impacts included international travel restrictions and stay-at-home orders throughout the U.S. **Figure 2-3** presents the monthly enplaned passengers for the 12 months prior to the pandemic through year-to-date 2022. As shown, in March 2020, enplaned passengers were approximately 45% of March 2019 levels. The decrease continued into April when enplaned passengers were approximately 5% of April 2019 levels. Overall, enplaned passengers in FY 2020 were 73% of FY 2019 levels with most of the impact occurring after mid-March 2020 when the impacts from the COVID-19 pandemic generally took hold in the U.S. Since April 2020, enplaned passengers at the Airport have recovered nearly every month. For the entire FY 2022, enplaned passengers were approximately 71% of FY 2019 levels. In December 2022, enplaned passengers were 70% of December 2019. It is important to note that during the month of December 2022 certain operational challenges were experienced at the Airport. On December 23, 2022, there was a severe winter storm that resulted in the cancellation of most of the operations for that day. In addition, Southwest Airlines experienced system-wide operational issues that resulted in significant flight delays and cancelations across the U.S. in late December 2022. These operational issues were also experienced at the Airport.

Figure 2-3 Monthly Enplaned Passengers (March 2019 – December 2022)



Source: Port of Portland, Aviation Statistics – Monthly Traffic Report, accessed January 2023.

2.2.2 Aircraft Operations

Airlines' decisions on aircraft type and the number of operations to accommodate passenger demand ultimately determine overall aircraft landed weight. Airlines are constantly evaluating how to best serve passenger demand with their available aircraft fleet. In markets that exhibit strong business travel, an airline may decide to operate smaller aircraft on the route several times per day to offer customers more choice and redundancy. In other cases, an airline may choose to offer larger aircraft and less frequency. Airlines also make decisions to change aircraft capacity on particular routes in response to load factors and profitability. Aircraft fleet mix and operations are important considerations for airport operators when planning for the appropriately sized airport facilities and to ensure the airport has sufficient capacity to accommodate operations in the future. **Table 2-6** presents the aircraft operations at the Airport from FY 2012 through FY 2023 year-to-date.

2.2.2.1 FY 2012 – FY 2019

Commercial operations at the Airport refers to commercial passenger and all-cargo aircraft operations. The Great Recession[80] forced airlines to re-examine their operations in an effort to remain financially sound. As a result, many airlines implemented cost-saving measures and eliminated many poor performing routes with low load factors. Additionally, airlines opted to use larger aircraft where feasible. Small regional jets (aircraft with 50 or fewer seats) were retired at an accelerated rate. According to the U.S. Department of Transportation Air Carrier Statistics database (T-100), the average number of seats on departing aircraft at the Airport increased from an average of 100.3 seats in FY 2007 to 127.3 seats in FY 2016. This significant change in the aircraft fleet operating at the Airport, combined with higher load factors resulted in an increase in the average number of enplaned passengers from approximately 75.8 per departure in FY 2007 to 101.5 in FY 2016. This increase in passengers per operation has allowed airlines to operate fewer flights in order to handle a greater number of passengers. Between FY 2016 and FY 2019, the average number of seats per departure increased, albeit at a slower rate, from 127.3 seats in FY 2016 to 131.9 seats in FY 2019. As a result, scheduled commercial passenger aircraft operations increased from FY 2016 at a CAGR of 1.7% through FY 2019.

Non-commercial operations at the Airport refers to general aviation (GA) and military aircraft operations. From FY 2012 to FY 2019, GA aircraft operations have declined at a CAGR of 6.5%. The Port also operates two GA airports: Hillsboro Airport and Troutdale Airport. Both of these facilities are designated as reliever airports to the Airport pursuant to the FAA's National Plan of Integrated Airport Systems (NPIAS). From FY 2012 to FY 2019, military aircraft operations increased at a CAGR of 1.9%. The Oregon Air National Guard (ORANG) leases approximately 213 acres of property at the Airport and is home to the 142nd Fighter Wing, which safeguards the airspace and coastal waters from northern California to the Canadian border with F-15 Eagles on 24-hour alert. Much of the military traffic at the Airport is associated with ORANG operations.

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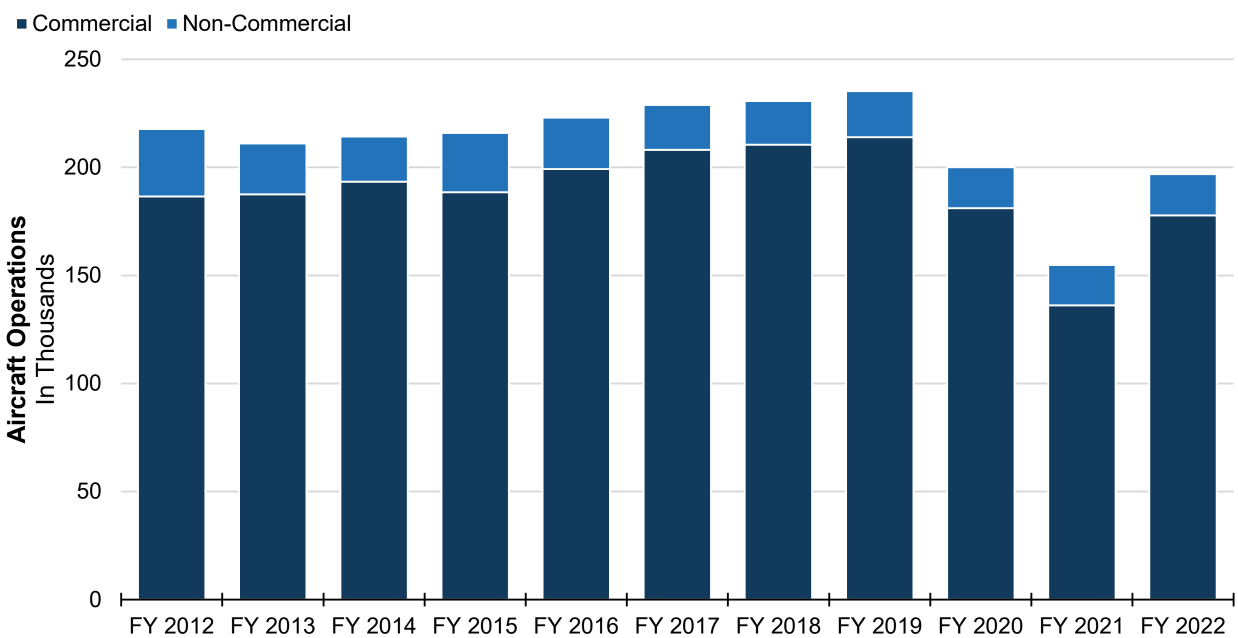
80 The Great Recession was a major U.S. economic recession that occurred between December 2007 and June 2009.

Table 2-6 Historical Aircraft Operations (FY 2012 – FY 2022 and FY 2023 year-to-date)

Fiscal Year	Commercial	General Aviation	Military	Total	Year-Over-Year Growth Rate
FY 2012	186,617	27,305	3,773	**217,695**	
FY 2013	187,574	18,853	4,673	**211,100**	-3.0%
FY 2014	193,368	16,904	4,007	**214,279**	1.5%
FY 2015	188,533	22,908	4,525	**215,966**	0.8%
FY 2016	199,285	20,539	3,155	**222,979**	3.2%
FY 2017	208,089	16,928	3,829	**228,846**	2.6%
FY 2018	210,440	16,535	3,682	**230,657**	0.8%
FY 2019	213,911	17,074	4,293	**235,278**	2.0%
FY 2020	181,097	16,036	2,866	**199,999**	-15.0%
FY 2021	136,116	15,837	2,817	**154,770**	-22.6%
FY 2022	177,742	16,038	3,011	**196,791**	27.2%
FY 2022 YTD[1]				**91,922**	
FY 2023 YTD[1]				**90,687**	-1.3%

Range	Average Annual Growth Rate				
FY 2012-19	2.0%	-6.5%	1.9%	**1.1%**	
FY 2019-22	-6.0%	-2.1%	-11.2%	**-5.8%**	
FY 2012-22	-0.5%	-5.2%	-2.2%	**-1.0%**	

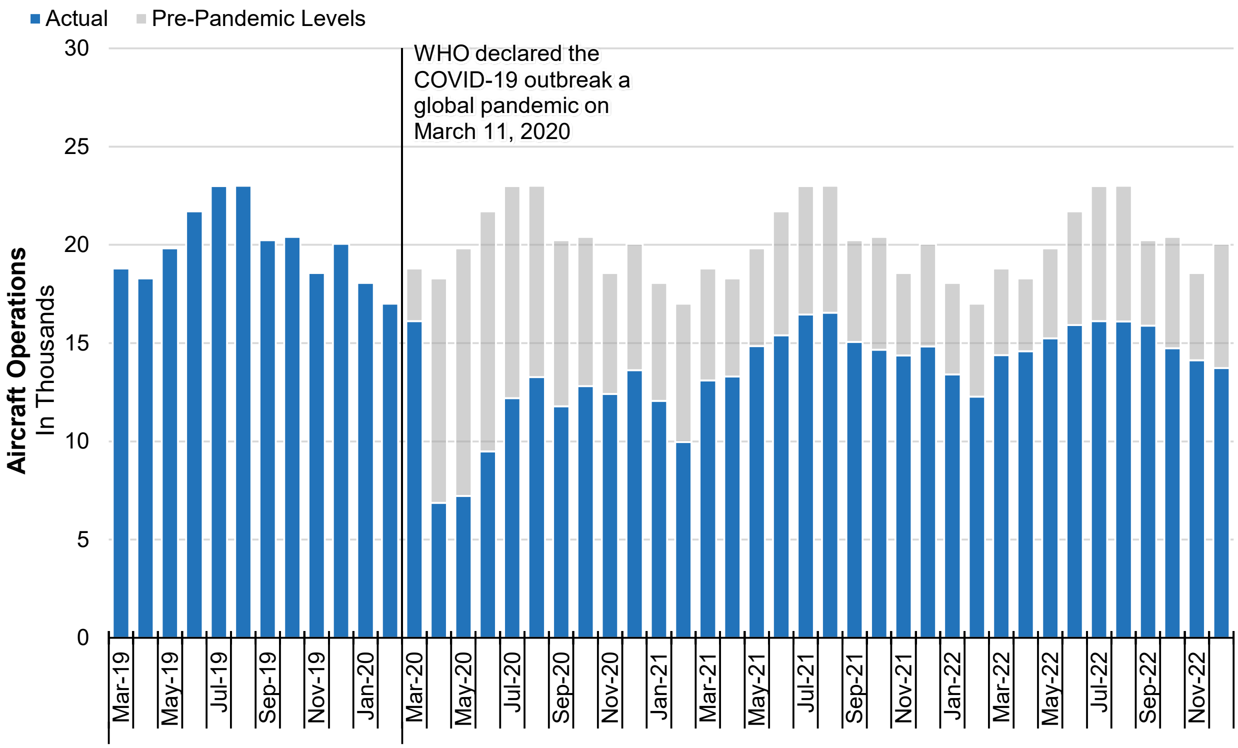


[1] FY 2022 year-to-date (YTD) data is through December 2021 and FY 2023 YTD data is through December 2022.
Source: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2009-June 2022, accessed January 2023.

2.2.2.2 *COVID-19 Pandemic Impact: FY 2020 – FY 2023 (year-to-date)*

In response to the significant decrease in enplaned passengers in the U.S. and at the Airport during the ongoing COVID-19 pandemic, the airlines reduced the number of daily flights. **Figure 2-4** depicts the monthly aircraft operations for the 12 months prior to the pandemic through year-to-date 2022. As shown, starting in March 2020, aircraft operations were approximately 86% of March 2019 levels, compared to approximately 45% for enplaned passengers. Normally, aircraft operations would be more directly related to enplaned passengers. However, there was an initial reluctance to remove flights from schedules because of the implementation of social distancing practices (i.e., restricting the use of middle seats in some cases) and, thus, aircraft operations decreases have been more stable as compared to enplaned passengers. The decrease continued into April 2020 and May 2020 when aircraft operations were approximately 38% and 37% of the same months in the prior year, respectively. For the entire year FY 2022, aircraft operations were approximately 84% of FY 2019 levels. In December 2022, aircraft operations were 68.5% of December 2019.

Figure 2-4 Monthly Aircraft Operations (March 2019 – December 2022)



Source: Port of Portland, Aviation Statistics – Monthly Traffic Report, accessed January 2023.

2.2.3 Aircraft Landed Weight

Aircraft landed weight, expressed in 1,000-pound units, is the sum of the maximum gross certificated landing weight as certified by the FAA for passenger and all-cargo aircraft landing at the Airport. Per the Airport Use and Lease Agreement with the Signatory Airlines that operate at the Airport, aircraft landed weight is used as the denominator in the calculation of activity fees (landing fees) that are used to recover the net cost of the Airport. Therefore, landed weight is an important measure for the Port as it provides a method to recover costs from each airline based on its share of landed weight. **Table 2-7** presents the landed weight at the Airport from FY 2012 through FY 2023 year-to-date.

2.2.3.1 FY 2012 – FY 2019

Aircraft landed weight at the Airport increased from 9.1 million units in FY 2012 to 12.7 million units in FY 2019, representing a CAGR of 4.9%. Both passenger airlines and all-cargo airlines contributed to landed weight growth, increasing at a CAGR of 4.5% and 7.2%, respectively. A significant portion of the all-cargo airlines landed weight growth can be attributed to increased e-commerce traffic at the Airport during this period, particularly due to the airlines operating on behalf of Amazon Prime.

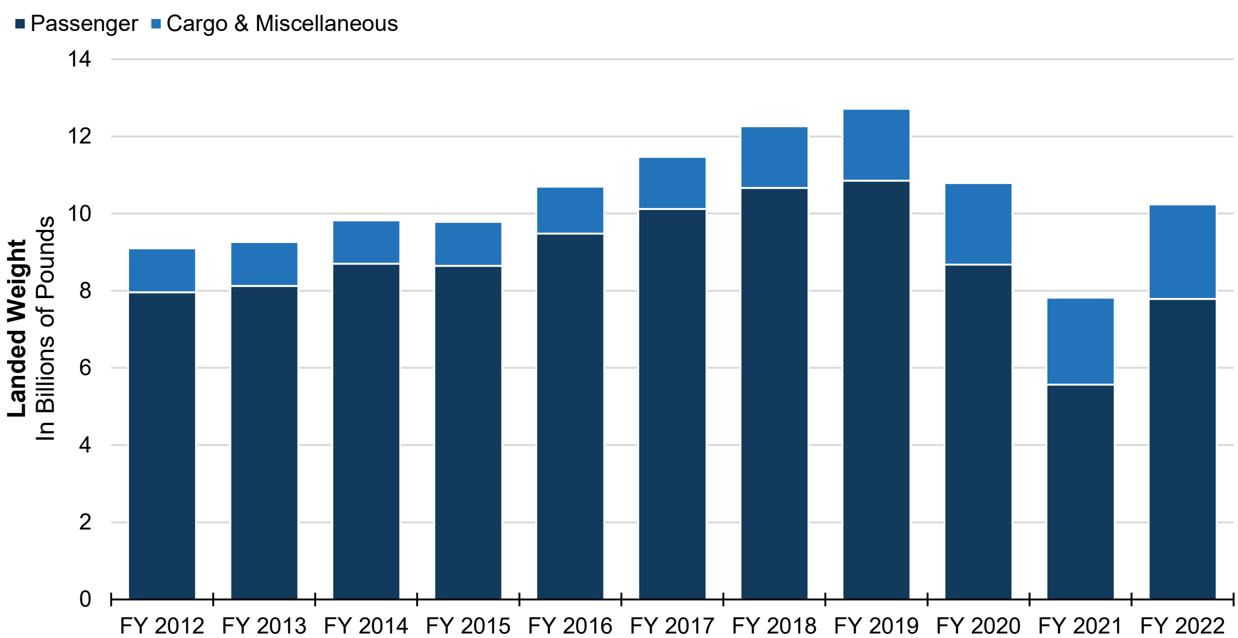
2.2.3.2 COVID-19 Pandemic Impact: FY 2020 – FY 2023 (year-to-date)

Figure 2-5 depicts the monthly aircraft landed weight for the 12 months prior to the outbreak through year-to-date FY 2022. As shown, starting in March 2020, aircraft landed weight was approximately 90% of March 2019 levels, compared to approximately 45% for enplaned passengers and 86% for aircraft operations. The decrease continued into May when aircraft landed weight was approximately 32% of May 2019 levels. Since May 2020, aircraft landed weight at the Airport has consistently recovered. In June 2022, aircraft landed weight was approximately 79% of June 2019 levels. For the entire FY 2022, aircraft landed weight was approximately 81% of FY 2019 levels. In December 2022, aircraft landed weight was 79.0% of December 2019.

Table 2-7 Historical Landed Weight (FY 2012 – FY 2022)

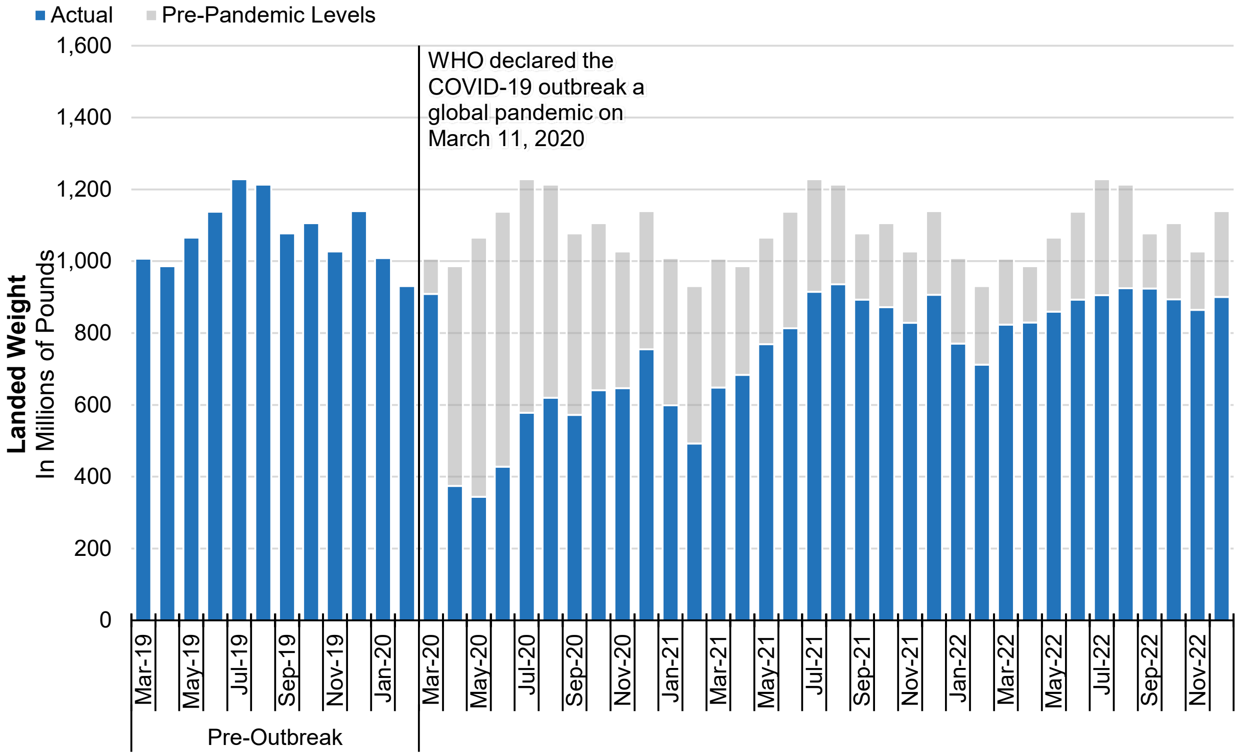
Fiscal Year	Passenger Airlines	All-Cargo	Total	Year-Over-Year Growth Rate
FY 2012	7,956,842	1,143,111	**9,099,953**	
FY 2013	8,123,435	1,140,494	**9,263,929**	1.8%
FY 2014	8,699,074	1,126,771	**9,825,845**	6.1%
FY 2015	8,644,185	1,139,176	**9,783,361**	-0.4%
FY 2016	9,482,191	1,215,683	**10,697,874**	9.3%
FY 2017	10,122,815	1,342,179	**11,464,994**	7.2%
FY 2018	10,662,824	1,599,687	**12,262,511**	7.0%
FY 2019	10,855,334	1,856,750	**12,712,084**	3.7%
FY 2020	8,674,826	2,111,420	**10,786,246**	-15.1%
FY 2021	5,569,346	2,248,200	**7,817,546**	-27.5%
FY 2022	7,791,682	2,445,124	**10,236,806**	30.9%
FY 2022 YTD[1]			**5,349.807**	
FY 2023 YTD[1]			**5,412.643**	1.2%

Range		Average Annual Growth Rate		
FY 2012-19	4.5%	7.2%	**4.9%**	
FY 2019-22	-10.5%	9.6%	**-7.0%**	
FY 2012-22	-0.2%	7.9%	**1.2%**	



[1] FY 2022 year-to-date (YTD) data is through December 2021 and FY 2023 YTD data is through December 2022.
Source: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2009-June 2022, accessed November 2022.

Figure 2-5 Monthly Landed Weight (March 2019 – December 2022)



Source: Port of Portland, Aviation Statistics – Monthly Traffic Report, accessed January 2023.

2.3 Key Factors Affecting Air Traffic Demand

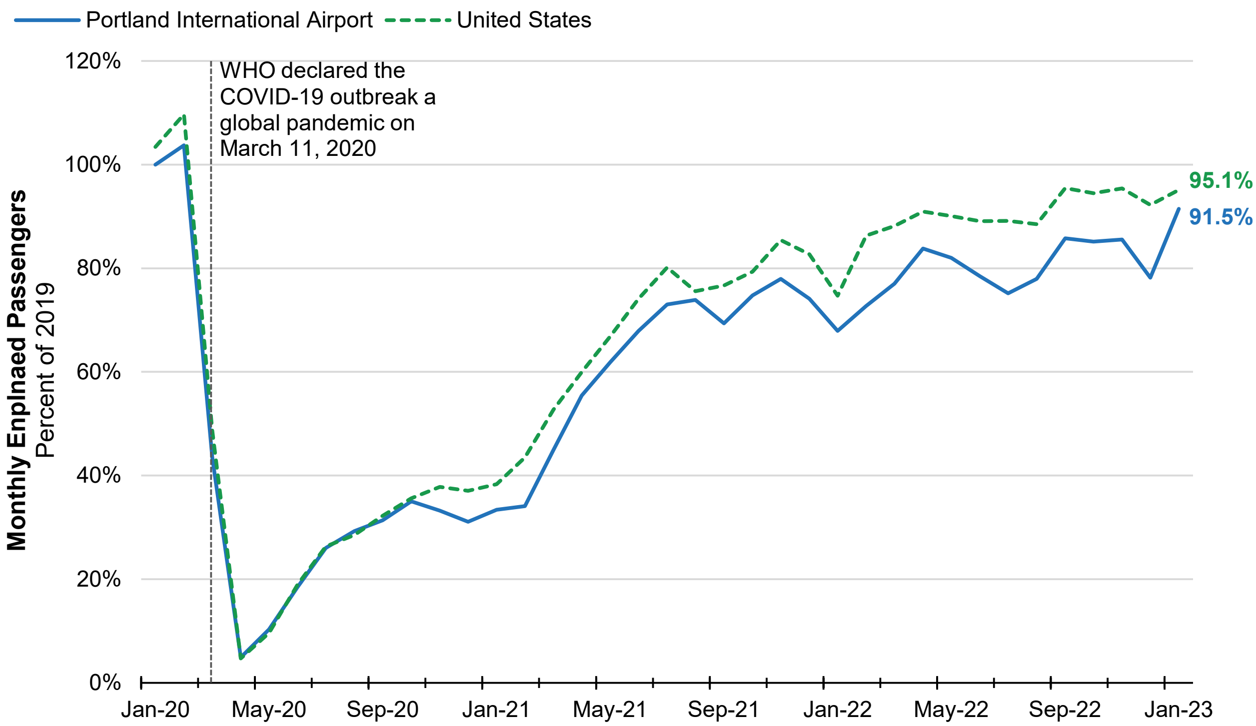
The following section addresses certain key factors that could impact air traffic activity, both nationwide and at the Airport.

2.3.1 The COVID-19 Pandemic

While passenger traffic, and to a lesser extent aircraft operations and landed weight, was dramatically affected by the impacts associated with the COVID-19 pandemic initially, it started to recover during the spring of 2020. However, during the fall of 2020, the recovery seemed to stall before more recovery during the holiday season in 2020. The recovery of air traffic nationwide slowed again during the early winter months in 2021 but had a more rapid recovery over the rest of 2021. Travel over the holiday season in 2021/2022 was strong; however, airline staffing issues caused in part by COVID-19 variants, along with winter weather, caused many flight cancelations and delays. Travel over the holiday season in 2022/2023 was also generally strong; however, weather impacts across the U.S. and operational issues experienced by Southwest Airlines also caused many flight delays and cancelations. On a national level, the ongoing effects of the COVID-19 pandemic on air travel have diminished when compared to the past two years.

Figure 2-6 depicts the impacts associated with the COVID-19 pandemic to passenger checkpoint throughput at both the Airport and for the overall U.S based on data from the TSA. This figure presents the recovery trend for passenger checkpoint throughput as a percent of 2019 levels. As shown, the impact to the Airport's passenger checkpoint throughput tracked closely with the nationwide trend early in the pandemic, decreasing to an unprecedented trough of around -95.1% of the prior year's levels in April 2020. Starting in May 2020, TSA checkpoint throughput for the Airport and the U.S. started to slowly recover. However, in the fall of 2020 recovery for the Airport fell below the rate of recovery for the U.S. In February 2021, the Airport's recovery began to recovery faster and has generally followed a similar trend as the overall U.S.; however, remains below the nation as a whole. Through January 2023, the Airport was 91.5% of 2019 TSA checkpoint throughput levels, while the overall U.S. was at 95.1%. It should be noted that as shown by the decrease on the figure, throughput in December 2022, specifically for December 23rd through 25th, was lower than expected due to a winter storm that cancelled a significant portion of the scheduled flights.

Figure 2-6 Comparison of Airport and U.S. Monthly TSA Checkpoint Throughput (March 2020 – January 2023)



Sources: Port of Portland, accessed January 2023. Transportation Security Administration, accessed January 2023.

2.3.2 Economic Conditions and Events

Historically, the U.S. economy, as measured by GDP, has generally grown at a relatively steady rate, averaging 3.1% per annum between 1960 and 2019. The rate of growth had been remarkably stable reflecting both the size and maturity of the U.S. economy. Individual years have fluctuated from the long-term trend for a variety of reasons including macroeconomic factors, fuel shocks, war, and terrorist attacks.

Prior to 2020, there were two official economic recessions in the U.S. in the 21st century. The first occurred between March 2001 and November 2001 and was compounded by the September 11, 2001 terrorist attacks. The negative impact of these events on the airline industry is well documented. The recession itself was short-lived by historical standards and the economy returned to positive growth quickly, fueled by a gradual but prolonged reduction in interest rates. The Great Recession occurred between December 2007 and June 2009.[81] As a result of the Great Recession, the nation's unemployment rate rose from 5.0% in December 2007 to a high of 10.0% in October 2009.[82]

The outbreak of COVID-19 in early 2020 and the declaration of a pandemic by the WHO on March 11, 2020, coupled with the subsequent travel restrictions led to disruptions of economies around the world, resulting in dramatic increases in unemployment and significant decreases in air traffic. Business failures, worker layoffs, and consumer business bankruptcies are occurring and are expected to continue into the near future as the COVID-19 global pandemic continues. According to the BEA, real GDP decreased at an annual rate of 31.4% in the second quarter of 2020 after decreasing by 5.0% in the first quarter of 2020. In comparison, the worst decrease in GDP during the Great Recession was 8.4% in the fourth quarter of 2008. There was significant recovery in GDP in the third quarter, increasing 33.4%. Growth was followed by increases of 4.3% in the fourth quarter of 2020, 6.3% in the first quarter of 2021, and 6.5% in the second and third quarters of 2021. In the second quarter of 2021, GDP exceeded the level experienced in the fourth quarter of 2019. **Figure 2-7** depicts the magnitude of the impact the COVID-19 pandemic has had on the U.S. economy when compared to other past recessions.

Current estimates for GDP show a contraction in the second quarter of 2022. Traditionally, two consecutive quarters of contraction is the benchmark used to determine if a country has entered a recession. The National Bureau of Economic Research defines a recession as a significant decline in economic activity that is spread across the economy and lasts more than a few months.[83] Economic markers such as unemployment (which fell to 3.5% in July), rising wages, and consumer spending indicate that the economy is stronger than what is indicated by the contraction in GDP. The third estimate for third quarter 2022 is showing a 3.2% growth in GDP.

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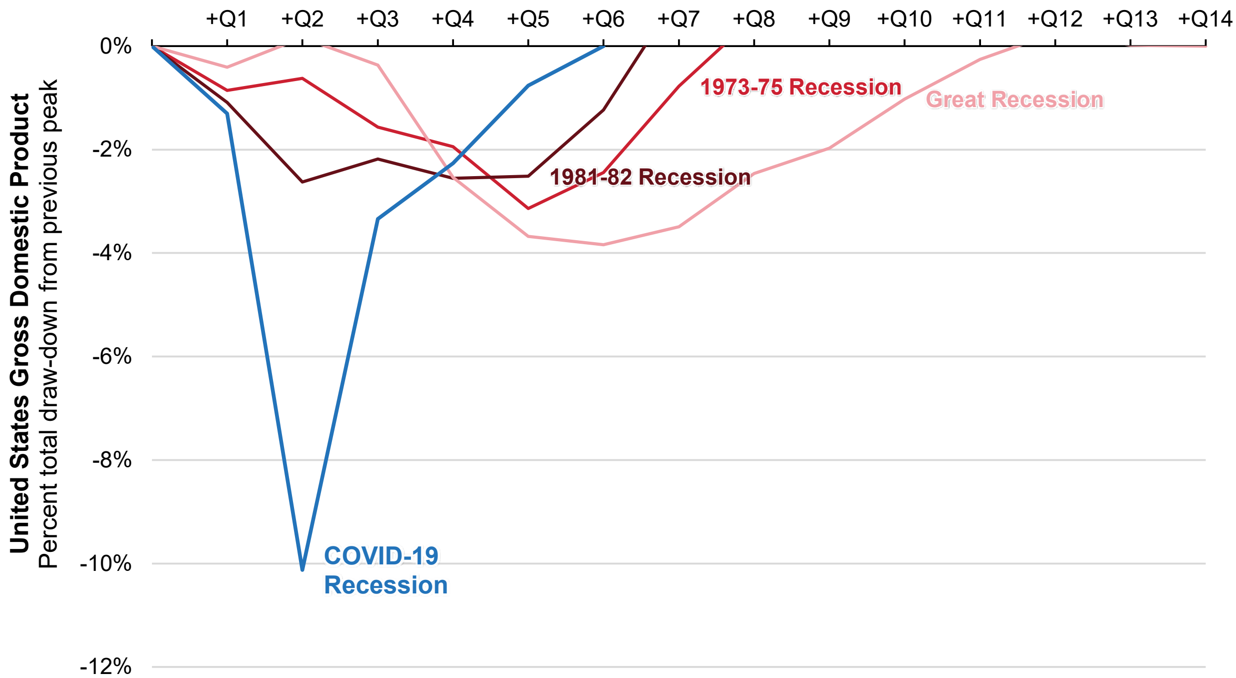
[81] National Bureau of Economic Research, U.S. Business Cycle Expansions and Contractions, September 20, 2010.
[82] Ibid.
[83] National Bureau of Economic Research, Business Cycle Dating

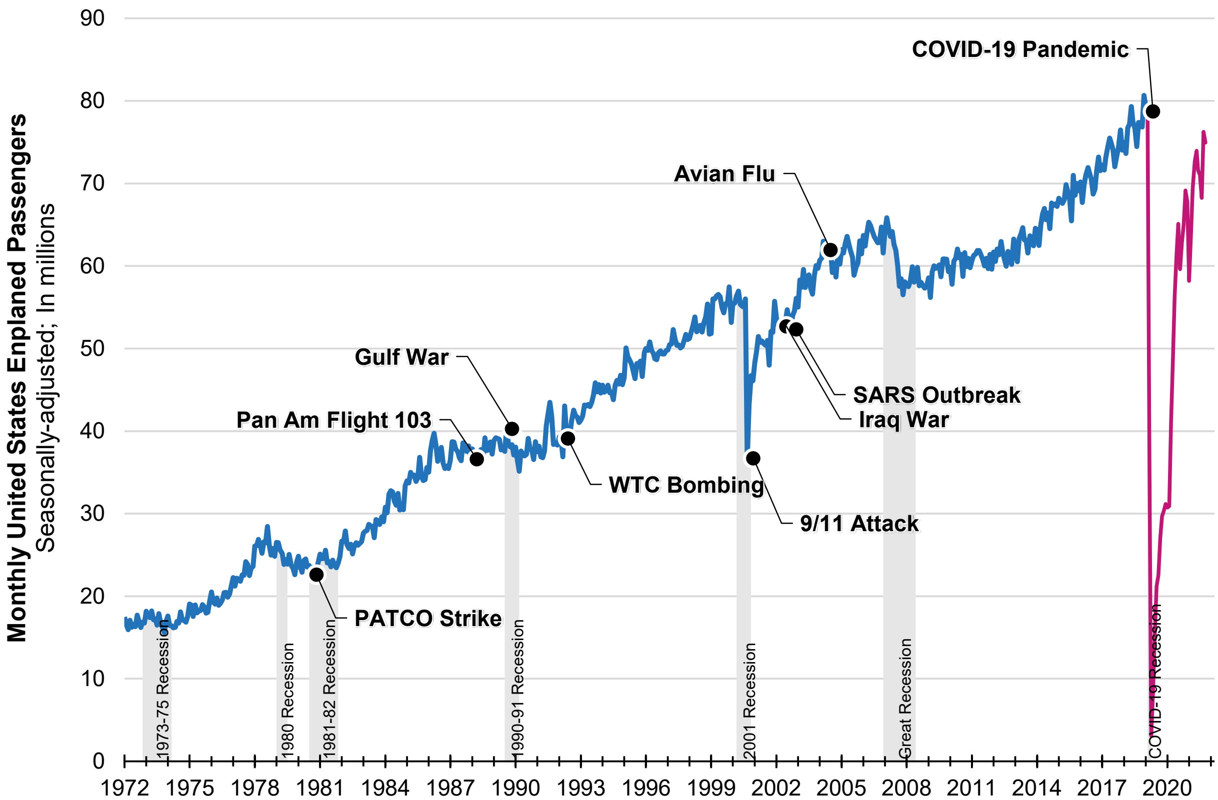
Figure 2-7 U.S. Economic Recessions with Recoveries Lasting at Least Six Months



Source: U.S. Bureau of Economic Analysis, National Income and Product Accounts, June 2022.

Figure 2-8 shows how enplaned passenger traffic in the U.S. has experienced long-term growth. During periods of economic contractions and exogenous events, there is a notable decline in passenger volumes, and during the subsequent economic expansions and recovery periods, there is significant growth in passenger volumes. Additionally, exogenous shocks such as terrorist attacks have generally had a short but significant impact on passenger volumes. As presented in this figure, the COVID-19 pandemic has been the most disruptive event to impact aviation in history. There is still much uncertainty around when air traffic on a national level will recover to “pre-COVID-19” levels. Additionally, in the short-term, certain factors such as the ability to add capacity given pilot shortages (discussed below) are impacting airline traffic.

Figure 2-8 U.S. Aviation System Shocks and Recoveries (through October 2022)



Note: Excludes non-revenue enplaned passengers.
Source: U.S. Bureau of Transportation Statistics, U.S. Air Carrier Traffic Statistics; National Bureau of Economic Research, U.S. Business Cycle Expansions and Contractions.

The war between Russia and Ukraine, which started in late February 2022, is expected to have further impacts to the global economy and, potentially, international passenger demand to the region. The conflict and related sanctions are expected to reduce global trade, investment, and overall economic activity and there is still uncertainty regarding the impacts of the war, its potential reach, and its duration. The International Air Transport Association (IATA) estimates up to roughly one percentage point of global GDP growth to be lost.[84] Though Russia and Ukraine are important to the world economy as large exporters of energy, precious metals, wheat, and other commodities, the two together account for less than 2% of global GDP. Most major economies have only limited trade exposure to Russia; only 0.5% of U.S. trade is with Russia. The economy of Russia, on the other hand, is likely to see a double-digit contraction this year, and for Ukraine the outcome will in all probability be worse still. Historically, the Airport has not had nonstop service to cities in Russia or Ukraine. However, as discussed below, the conflict's impact on fuel prices could indirectly have an effect on air service at the Airport.

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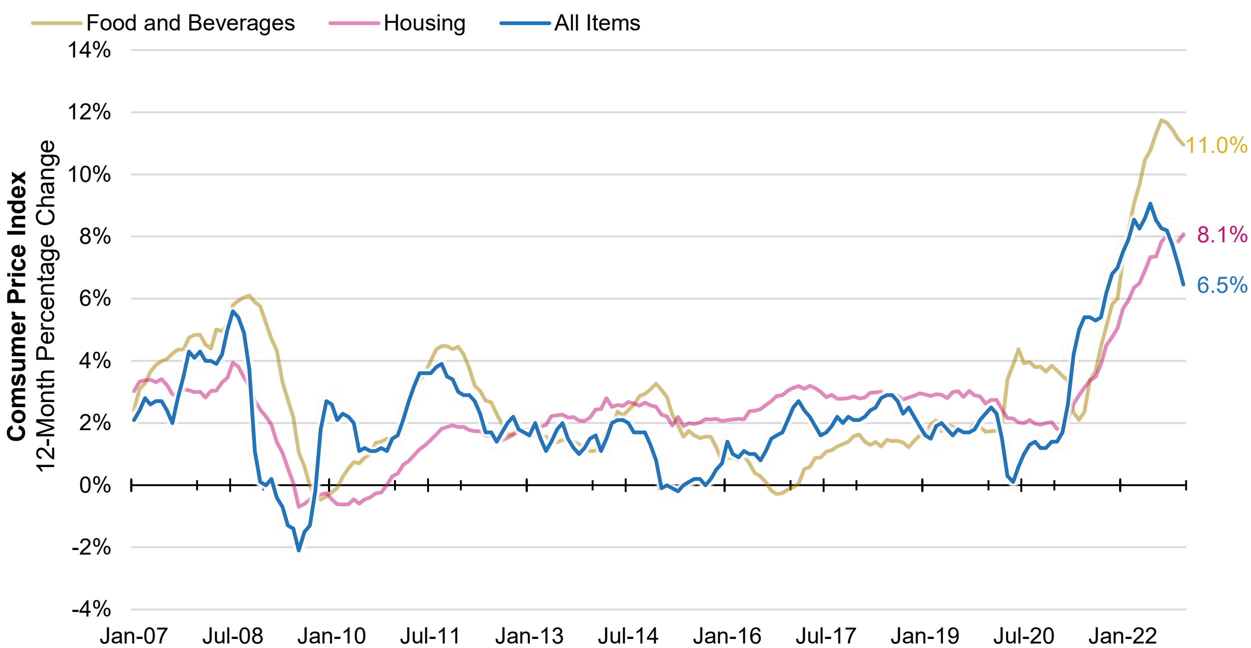
[84] https://www.iata.org/en/iata-repository/publications/economic-reports/the-impact-of-the-conflict-between-russia-and-ukraine-on-aviation/. Accessed March 23, 2022.

Increases in inflation can have a negative impact on passenger traffic if inflation increases at a faster rate than income. The consumer price index (CPI) is a measure of the average change over time in the prices paid by urban consumers for consumer goods and services. Consumer prices began to increase in April 2021 as the country continued to recover from the recession associated with the COVID-19 pandemic, driven in large part by rising fuel and food prices. Global supply chain issues also attributed to increases to the CPI. The average cost of goods and services began to climb at an accelerated rate beginning June 2021 with items like food, fuel, and housing being directly impacted. In June 2022 the CPI increased to 9.1% over June 2021. Since June 2022, the increase in CPI has slowed. In December 2022, the CPI increased to 6.5% over December 2021. **Figure 2-9** graphically depicts how CPI in the U.S. has changed since January 2007. Inflation has reached historically high levels that have not been experienced for approximately 40 years.

Figure 2-9 Consumer Price Index (January 2007 – December 2022)



Source: United States Bureau of Labor Statistics, Consumer Price Index (CPI) Databases.

How inflation is impacting air travel is somewhat difficult to assess at this time. According to a study from Bankrate, 43% of U.S. adults are planning to travel during the holiday season of 2022. However, a majority (79%) are changing their plans due to inflation and rising prices. In the study, holiday travelers have provided the following tactics in an effort to mitigating costs: traveling for fewer days, engaging in less expensive activities, opting for cheaper accommodations and destinations, taking fewer trips, and traveling shorter distances. Increasing fuel prices and airfares have resulted in 23% of travelers saying they will drive rather than fly. However, 12% are deciding on flying in place of driving.[85] Over time, it is anticipated that inflation will return to

85 Bankrate, Inflation, rising prices causing 79% of holiday travelers to change their plans, October 4, 2022.

rates historically experienced over the long term, and that demand for air travel will return to its historical relationship with inflation.

At present, there is much uncertainty around the global economy and the events currently unfolding with the COVID-19 pandemic, the war between Russia and Ukraine, a global recession, oil prices, and inflation. Future waves of COVID-19, a prolonged or expansion of the war beyond Russia and Ukraine, oil prices, other socioeconomic conditions, and their impacts to the global economy could have a further negative impact on national air passenger demand in the future.

2.3.3 The U.S. Airline Industry

2.3.3.1 Airline Profitability

In 2008 and 2009, the U.S. airline industry decreased capacity, particularly in short-haul markets with smaller, short range aircraft types. The result has been significant improvement in yields, RASM, and subsequent profitability prior to outbreak of the COVID-19 pandemic. In recent years prior to the COVID-19 pandemic, the U.S. airline industry had been at its most stable, profitable point in history. According to the Bureau of Transportation Statistics (BTS), the 23 U.S. scheduled passenger airlines reported a pre-tax net operating profit of $15.8 billion in CY 2019, which was a 19.7% increase from 2018 and marked the eleventh consecutive year of pre-tax operating profits. The scheduled passenger airlines reported an operating profit margin of 7.5% in 2019, which was up from 6.3% in 2018.[86] Profitability during this period can also be attributed to airlines unbundling services and increasing the use of ancillary fees such as charges for checked baggage.

As a result of the impacts of the COVID-19 pandemic, U.S. airlines incurred record losses in 2020 and into 2021. The U.S. DOT has reported that U.S. scheduled passenger airlines reported four straight quarter after-tax net loss beginning in the second quarter of 2020. For four quarters ending first quarter 2021, airlines experienced an after-tax net loss of $34.0 billion.[87] However, U.S. airlines had a $1.0 billion profit in the second quarter of 2021, the first profit since the beginning of the COVID-19 pandemic, followed by a $2.7 billion profit in the third quarter of 2021.[88] The International Air Transport Association (IATA) estimates that globally airlines lost $126.4 billion in 2020. In 2021, IATA projects losses to be cut to $47.7 billion as revenues rise to $458 billion.[89] To help support U.S. air carriers through this crisis, which is evident by the recent financial performance stated above, in March 2020, the U.S. Senate passed by unanimous vote the CARES Act. Under Title IV of the CARES Act, Congress approved $500 billion in federal assistance to severely distressed sectors of the economy as part of the larger $2 trillion stimulus package. The approved programs include $61 billion to the airline sector as follows:

i) $29 billion in loans and loan guarantees for air carriers, FAA Part 145 aircraft repair stations and ticket agents;

ii) $32 billion in payroll protection grants for air carriers and their contractors; and

iii) Relief to air carriers from federal excise taxes that apply to transporting passengers and cargo and the purchase of aviation jet fuel.

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86 Bureau of Transportation Statistics, 2019 Annual and 4th Quarter U.S. Airline Financial Data.
87 Bureau of Transportation Statistics, U.S. Airlines Narrow Net Loss in 1st Quarter 2021 from 4th Quarter 2020, https://www.bts.gov/newsroom/us-airlines-narrow-net-loss-1st-quarter-2021-4th-quarter-2020.
88 Bureau of Transportation Statistics, U.S. Airlines' Net Profit in 3rd Quarter 2021 Nearly Triples 2nd Quarter, https://www.bts.gov/newsroom/us-airlines-net-profit-3rd-quarter-2021-nearly-triples-2nd-quarter.
89 International Air Transport Association, Reduced Losses but Continued Pain in 2021, https://www.iata.org/en/pressroom/pr/2021-04-21-01/

The $25 billion to passenger air carriers, $4 billion to cargo air carriers, and $3 billion to contractors were allocated for support under CARES Act funds.[90] As a condition of accepting these funds, U.S. airlines were required to (1) refrain from imposing involuntary furloughs on U.S.-based employees or reducing employee pay or benefits through September 30, 2020; (2) maintain certain limitations on executive compensation through March 24, 2022; (3) suspend the payment of dividends or other distributions and cease stock buybacks through September 30, 2021; and (4) continue service as is reasonable and practicable under DOT regulations. Enacted on December 27, 2020, the Consolidated Appropriations Act (including CARES) created the Payroll Support Program Extension (PSP2) which allocated another $15 billion to passenger air carriers and $1 billion to contractors. On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) was signed and provided $2 billion in economic relief to airports. Most recently, the American Rescue Plan Act of 2021 extended assistance to passenger air carriers and contractors that received financial assistance under PSP2 for an additionally $14 billion and $1 billion respectively.

Jet fuel prices have risen sharply since the start of the Ukraine war, and upward pressures on fuel prices are expected to continue. Based on U.S. DOT Form 41 data for 2021, fuel costs represented just over 33% of airlines' operating expenses. All airlines will be directly impacted by the rising jet fuel prices and have two options in terms of managing the increased cost of fuel; they must either absorb the costs themselves, which will further impact airline profit margins, or pass the higher fuel costs on to passengers through higher air fares which could reduce demand for air travel.

As discussed above, it is expected that the airlines will continue to experience financial distress for the foreseeable future until air traffic is able to recover to reasonable levels. It is generally assumed that the airlines will continue to right-size capacity to meet demand and evolve business models in the near-term.

2.3.3.2 Airlines Bankruptcies and Mergers

Over the past two decades, the U.S. airline industry has undergone a significant transformation. Although it had been profitable in recent years prior to the impacts associated with the COVID-19 pandemic, the U.S. airline industry cumulatively experienced losses of approximately $62 billion from 2000 through 2009 on domestic operations. Many airlines filed for Chapter 11 bankruptcy protection and some ceased operations altogether. During this period, airlines suffered from excess capacity, which drove down yields. Yields adjusted for inflation had dropped by approximately 70%. With oil prices spiking to near $150 per barrel in 2008, industry changes were critical. As a result, all the major network airlines restructured their route networks and reached agreements with lenders, employees, vendors, and creditors to decrease their cost structure.

As discussed above, the airlines have experienced significant financial difficulty given the significant passenger decreases caused by the impacts associated with the COVID-19 pandemic. As of December 9, 2021, five U.S. airlines including three regional carriers and one charter airline ceased operating primarily as a result of the COVID-19 pandemic.[91] Since December 2021, no additional U.S. scheduled mainline passenger airline have filed for bankruptcy protection or ceased operations. However, given the ongoing financial struggles and the uncertain recovery of air traffic, it is possible that airlines may file for bankruptcy protection or potentially cease operations in the future primarily as a result of the COVID-19 pandemic.

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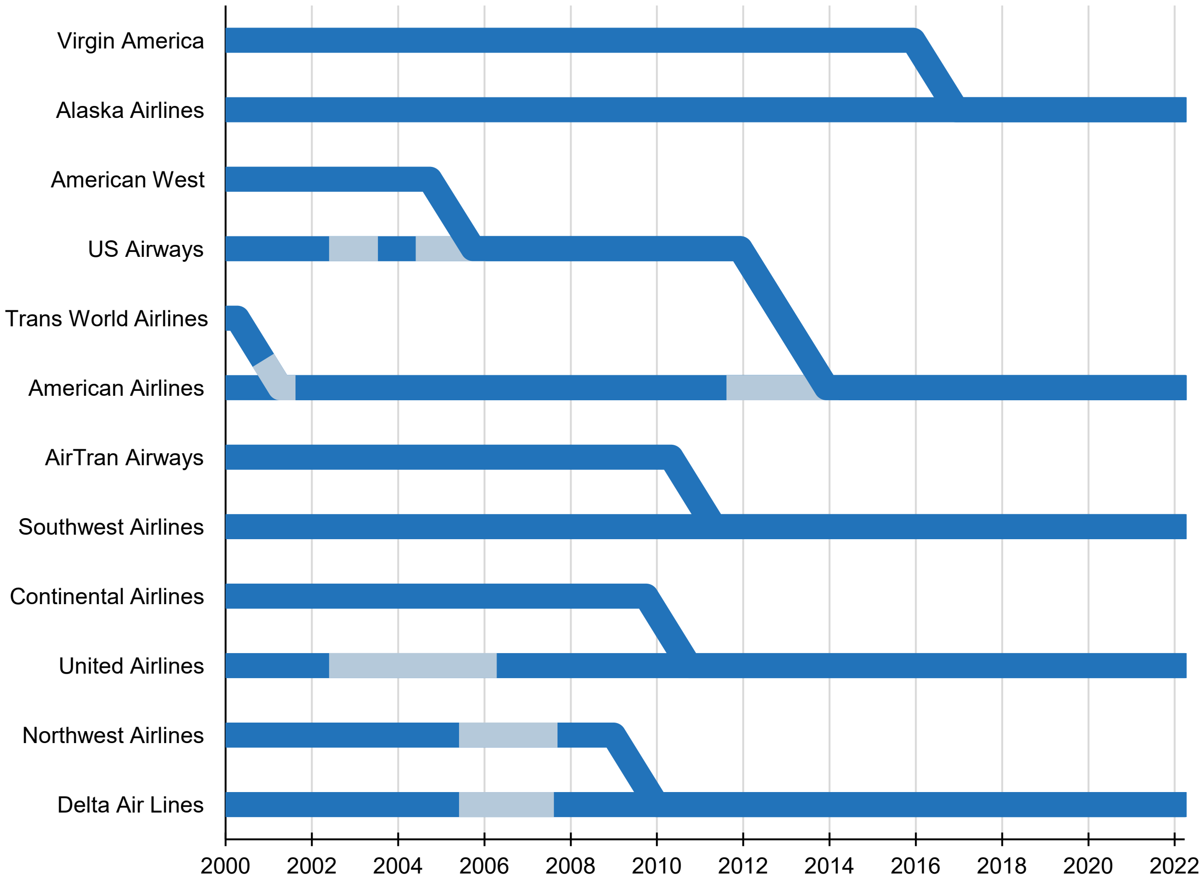
[90] Department of the Treasury, Payroll Support Program Payments, https://home.treasury.gov/policy-issues/cares/preserving-jobs-for-american-industry/payroll-support-program-payments

[91] The five U.S. airlines that have gone bankruptcy in 2020 are the regional carriers: ExpressJet (UA), Trans States Airlines (UA), and Compass Airlines (AA and DL), and the charter carriers: Miami Air International, and Shoreline Aviation. The major carriers served by the regional partner carriers contracted with other carriers to provide regional service.

Industry consolidation has taken place as a result of competitive pressures and economic conditions. Many airlines have merged or been acquired since the turn of the 21st century. **Figure 2-10** provides a graphical representation of the major U.S. airline mergers during this period. These mergers have resulted less competition among the airlines and increased pricing power. The potential impacts associated with consolidation include limited industry seats, limited capacity growth, and increases in fares.

Figure 2-10 Major U.S. Airline Mergers of the 21st Century[1]



Note: Lighter shading indicates bankruptcy.
Source: Airlines for America, U.S. Airline Mergers and Acquisitions.

It is expected that airlines will continue to enter into partnerships and code-share agreements in attempts to seek competitive advantages. For example, in early 2021, American entered into partnerships with both Alaska Airlines for markets in the western U.S. and JetBlue Airways for markets in the eastern U.S. In October 2022, Spirit Airlines shareholders approved a new merger agreement with JetBlue Airways, which will create the fifth largest airline in the U.S. This merger still awaits approval from U.S. Department of Justice, and if approved, is likely months away from consummation.

2.3.4 Aviation Fuel

The price of oil and the associated cost of jet fuel has historically been one of the largest operating costs affecting the airline industry. In 2000, jet fuel sold to end users averaged $0.89 per gallon. The average cost of jet fuel increased steadily through 2007. However, in 2008, crude oil prices and, consequently, jet fuel surged in price as a result of strong global demand, a weak U.S. dollar, commodity speculation, political unrest, and a reluctance to materially increase supply. In July 2008, jet fuel reached an average price of $4.01 per gallon, nearly double the price the year prior. Reduced demand in 2009 stemming from the global financial crisis and subsequent economic downturn resulted in a sharp decline in price. However, as the economic climate improved and political unrest continued in the Middle East, oil prices increased in the subsequent three years. The increase in the price of jet fuel put upwards pressure on airline operating costs. As a result, airlines cut capacity or increased fares, and sometimes both. The average price of jet fuel dropped significantly in 2015 and 2016, reaching a low of $1.03 per gallon in February 2016. Since then, jet fuel prices increased steadily to a peak of $2.25 in October 2018 before falling to $1.70 per gallon in December 2019 due to increased oil supplies. In 2019, jet fuel prices remained fairly stable, averaging approximately $1.90 per gallon from February 2019 through January 2020.

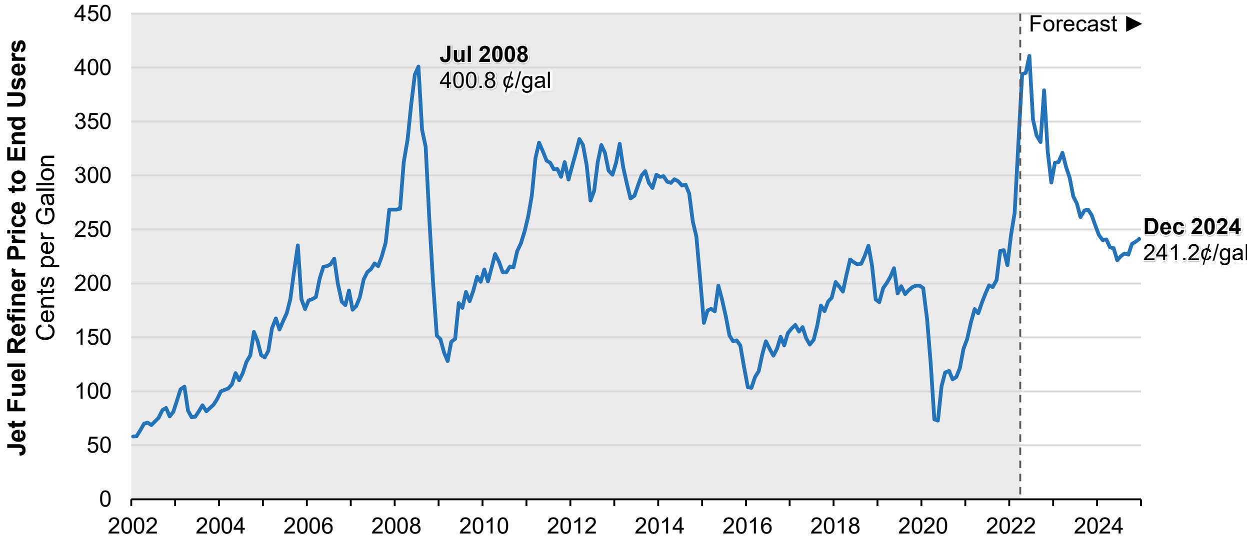
As a result of the COVID-19 pandemic, the global demand for crude oil and fuel decreased dramatically starting in January 2020. As a result, the price of crude oil dropped below $20 per barrel in April 2020. Since then, crude oil supply curtailments have caused oil prices to recover. Prices hovered near $40 per barrel from early June 2020 through December 2020, then increased to $92 per barrel in February 2022. Following the start of the war between Russia and Ukraine, crude oil prices reached nearly $109 per barrel in March 2022, receded to approximately $102 per barrel in April 2022 and increased again back to nearly $115 per barrel in June 2022.

Jet fuel prices have risen sharply since the start of the Ukraine war and upward pressures on prices will likely continue, particularly if more stringent sanctions are applied to the Russian energy sector and depending on potential increases in production elsewhere. The U.S. Energy Information Administration (EIA) provides forecasts of jet fuel refiner price to end users in a report entitled Short-Term Energy Outlook. In the January 2022 release, the EIA projects that jet fuel prices will reach 241.2 cents per gallon by December 2024. **Figure 2-11** presents the historical price for jet fuel refiner price to end users and the EIA's forecast of that price.

Future fuel prices and availability are uncertain and fluctuate based on numerous factors. These can include supply-and-demand expectations, geopolitical events, fuel inventory levels, monetary policies, and economic growth estimates. Historically, certain airlines have also employed fuel hedging as a practice to provide some protection against future fuel price increases.

Aviation fuel costs will continue to impact the airline industry in the future. If aviation fuel costs increase significantly over current levels, air traffic activity could be negatively affected as airlines attempt to pass costs on to consumers through higher airfares and fees in order to remain profitable. At this time, alternative fuels are not yet commercially cost effective.

Figure 2-11 Jet Fuel Prices (January 2002 – December 2024)



Source: U.S. Energy Information Administration, Short-Term Energy Outlook (January 2022).

2.3.5 Pilot Shortage

At the onset of the COVID-19 pandemic, airlines were faced with a surplus of personnel resulting from the sudden and dramatic decline in traffic. As a result, airlines offered their employees buyouts and early retirement packages. In total, it is estimated that approximately 10% of pilots took early retirement during the pandemic.[92] In addition, an aging pilot population is expected to continue to compound the issues arising from early retirements caused by the pandemic. FAA airman certification statistics shows that 28% of the 170,086 people with an airline transport pilot (ATP) certificate are 60 years of age or older and are due to retire over the next five years. In contrast, only 4.4% of people with an ATP certification were under the age of 30.

The recovery of air traffic demand in the U.S. was relatively modest from April 2020 through February 2021. However, starting in March 2021, passenger demand has increased more rapidly and has since recovered to more than 90% of the U.S. passenger levels experienced in 2019. As a result of this rapid recovery and the airlines' inability to quickly replace their retired pilots, airlines have experienced shortages of trained pilots to fly aircraft. The pilot shortage problem has been more amplified during peak travel periods throughout the year. In particular, regional airlines have been hit the hardest by the pilot shortage. Unable to provide the wages of the larger airlines, the regional airlines have been losing their pilots to the mainline carriers who are attempting to fill their needs. As a result, the regional airlines have had to scale back or in some cases eliminate service, to smaller markets including some subsidized through the FAA's Essential Air Service Program.

[92] CNN, A shortage of pilots could keep the airlines from making a real comeback.

In order to meet this demand, airlines are quickly attempting to backfill the positions left open by pilot retirements by hiring and training new pilots. However, in addition to offering early retirement to its pilots, the airlines also trimmed back their pilot training programs to cut costs during the pandemic. The Regional Airline Association estimated that 4,346 new pilots qualified for their ATP certificates in 2021 compared to 6,664 in 2019. The U.S. airline industry is hoping to add approximately 13,000 pilots in 2022, more than double the previous record in annual hiring.[93]

According to a report from Oliver Wyman, by 2029 the increased demand for pilots is expected to outpace the supply creating a pilot shortage of approximately 60,000 pilots worldwide and nearly 21,000 in North America.[94] In the U.S., there are currently several potential measures being explored to help alleviate the pilot shortage, including:

- Raising the federally mandated retirement age for airline pilots from 65 to 67
- Reducing flight-hour requirements before joining a U.S. carrier
- Lowering the barrier to entry for training programs such as dropping the requirement for a four-year degree
- Creating gateway programs such as Alaska's Ascend Pilot Academy and United's Aviate Academy which offer financial aid and scholarships to lessen the cost of becoming a pilot

If the pilot shortage continues to become more widespread in the industry, the passenger airlines may not be able to meet future passenger demand, and would be required to reduce their seat capacity, resulting in material impacts to future passenger traffic in the U.S and internationally.

2.3.6 Aviation Security

Since the September 11, 2001, terrorist attacks (9/11), government agencies, airlines, and airport operators have upgraded security measures to guard against threats and to maintain the public's confidence in the safety of air travel. Security measures have included cargo and baggage screening requirements, deployment of explosive detection devices, strengthening of aircraft cockpit doors, the increased presence of armed air marshals, awareness programs for personnel at airports, and new programs for flight crews. Aviation security is under the control of the federal government through the TSA.

The threat of terrorism poses risks to the continued growth of the aviation industry. Although terrorist events targeting aviation interests would likely have negative and immediate impacts on the demand for air travel, the industry and demand have historically recovered from such events. There have been terrorist attacks at airports internationally including at Brussels Airport in March 2016, the Istanbul Atatürk Airport in June 2016, and the Paris Orly Airport in March 2017. So long as government agencies continue to seek processes and procedures to mitigate potential risks and to maintain confidence in the safety of aircraft, without requiring unreasonable levels of costs or inconvenience to the passengers, economic influences are expected to be the primary driver for aviation demand as opposed to security and safety.

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93 Regional Airline Association, 2021 Regional Airline Association Annual Report.
94 Oliver Wyman, After COVID-19, Aviation Faces a Pilot Shortage.

2.3.7 National Air Traffic Capacity

The U.S. aviation system has a major impact on the national economy because it provides a means of transporting people and cargo over long distances in a relatively short period. As demand for air travel increases, the national aviation system must maintain enough capacity to allow for travel without unacceptable delays or congestion. It is generally assumed that the required infrastructure improvements needed to maintain capacity will keep pace with demand. Although not likely over the period of FY 2023 to FY 2030 (Projection Period) evaluated herein, the inability of the national aviation system to keep pace with demand could create congestion and delays on a national level that could adversely affect the passenger experience and impact future demand.

2.4 Air Traffic Activity Projections

This section presents the air traffic activity projections including the key assumptions used to develop those projections. This section contains “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. The air traffic activity projections included in this Report represent L&B’s opinion, based on information available to L&B as well as estimates, trends and assumptions that are inherently subject to economic, political, regulatory, competitive and other uncertainties, all of which are difficult to predict and many of which will be beyond the control of L&B. Prospective investors should assume that the restrictions and limitations related to the ongoing COVID-19 pandemic, and the current impacts to the air travel industry and the national and global economies, could increase at least over the near term, and, therefore, have an adverse impact on Airport revenues. As a result, projected results may not be realized, and actual results could be significantly higher or lower than projected. L&B is not obligated to update, or otherwise revise, the projections or the specific portions presented to reflect circumstances existing after the date when made or to reflect the occurrence of future events, even in the event that any or all of the assumptions are shown to be in error.

2.4.1 Projection Assumptions

Projections of air traffic activity were developed based on an analysis of the underlying economic conditions of the ASA, airline traffic trends, and an assessment of Alaska Air Group’s continued focus on the region. In general, it was assumed that in the long-term, growth in O&D passenger traffic at the Airport will occur as a function of growth in population and the economy of the ASA. In addition, several other assumptions are incorporated into the projections including the following:

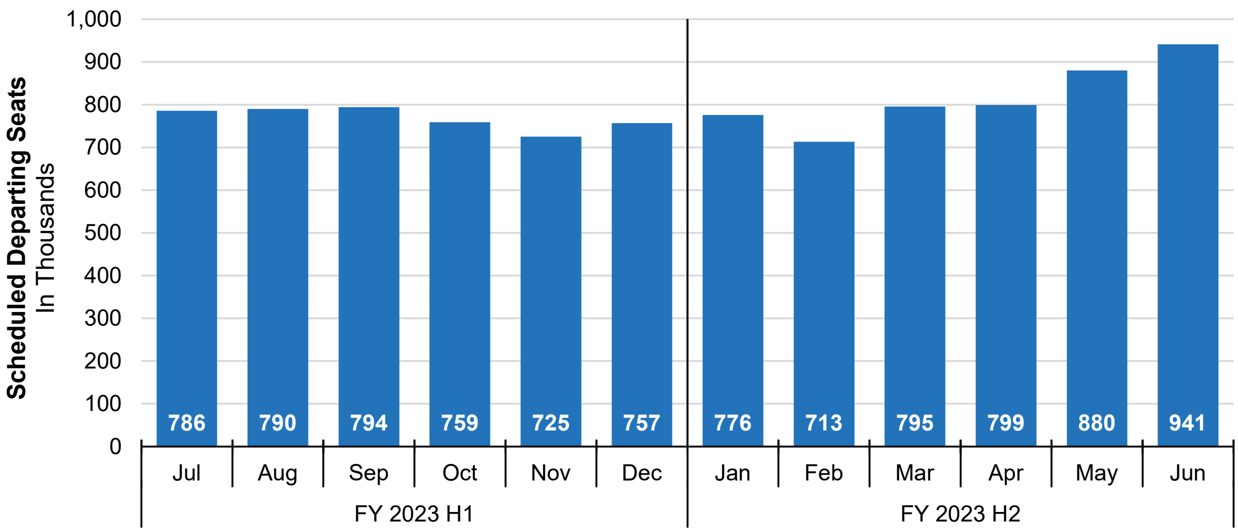
- Over the long-term, the airlines will continue to add capacity that is in line with demand and economic growth.
- Long-term nationwide growth in air travel will occur over the Projection Period consistent with forecast growth in the economy.
- After a brief period of near record prices, aviation fuel prices will decrease but remain higher relative to historical levels.
- There will be no major disruption of airline service or airline travel behavior over the Projection Period.

2.4.2 Enplaned Passengers Projection

2.4.2.1 Shorter-Term Projection

The Port produces forecasts for its budgetary purposes. A review of departing seats for CY 2022 was conducted to help determine the validity of the budget for enplaned passengers. **Figure 2-12** provides the monthly departing seats currently scheduled through June 2023. As shown, there are 4.9 million scheduled departing seats scheduled for the second half of FY 2023, compared to 4.6 for the first half of FY 2023. In the second half of FY 2022, the Airport had 3.4 million enplaned passengers, which resulted in an approximately 81.9% load factor. Through November 2022, FY 2023 has had a load factor 87.2%. If the airlines maintain at least an 80% load factor for the remainder of FY 2023, that would equate to approximately 4.5 million enplaned passengers, or 7.9 million total for FY 2023.

Figure 2-12 Scheduled Departing Seats at the Airport



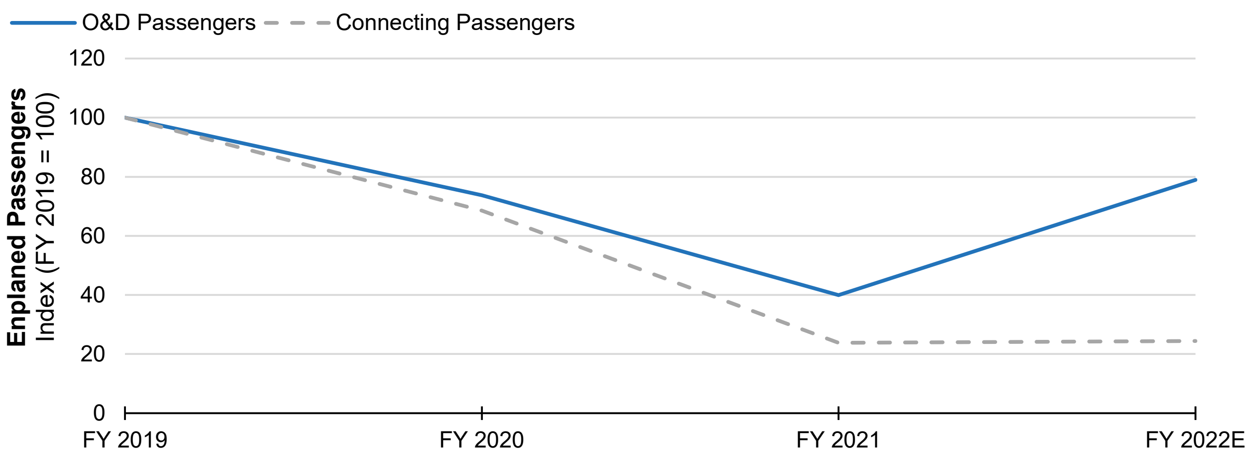
Sources: Cirium, Diio Mi: Schedule – Dynamic Table, Accessed January 2022; Landrum & Brown Analysis.

The Port budgeted approximately 7.8 million enplaned passengers for FY 2023. This would indicate that there would need to be approximately 4.4 million passengers for the remainder of FY 2023. As shown above, the airlines would only require a conservative load factor of 80% to exceed this total. Given the continued recovery from the effects of COVID-19, it is reasonable to assume that the Airport would reach approximately 7.8 million enplaned passengers for FY 2023. Therefore, the Port's budgeted enplaned passengers was assumed as the projection for FY 2023 in this Report.

2.4.2.2 *Longer-Term Projection*

The recovery of passengers at the Airport has not been uniform. O&D passengers have recovered faster than connecting passengers. In FY 2021, O&D passengers were approximately 40% of FY 2019 levels while connecting passengers were approximately 24%. Based on the latest available data (FY 2022), O&D passengers are approximately 79% of FY 2019 levels and connecting passengers are approximately 24%. **Figure 2-13** presents O&D passengers and connecting passengers at the Airport indexed to FY 2019 levels to demonstrate their respective recoveries. Due to the discrepancy of recovery, enplaned passengers projections herein were separately assessed for O&D passengers and connecting passengers at the Airport. Based on the pace of recovery and the assumption it will slow some in the near-term, it was assumed that O&D enplaned passengers would recover to FY 2019 levels by FY 2025.

Figure 2-13 Recovery of Enplaned Passengers from COVID-19 by Segment (FY 2019 – FY 2022)



Note: FY 2022 is an estimate based on YE March 2022.
Source: Cirium, Diio Mi: US DOT Origin and Destination Survey Data, accessed September 2022.

As shown on Figure 2-13, connecting passenger activity at the Airport, of which Alaska Air Group has historically carried the majority, has plateaued the past year after decreasing since FY 2019. In FY 2019, approximately 24.9% of Alaska Air Group's enplaned passengers at the Airport were connecting. However, in FY 2022, only 10.9% of Alaska Air Group's passengers were connecting at the Airport. In contrast, connecting traffic has increased for Alaska Air Group at its largest hub in SEA. In FY 2019 prior to the pandemic, approximately 39.5% of Alaska Air Group's enplaned passengers at SEA were connecting. In FY 2022, approximately 59.3% of Alaska Air Group's passengers were connecting at SEA. This trend appears to suggest that, during this period of air traffic declines primarily related to the impacts associated with the COVID-19 pandemic, Alaska Air Group has focused primarily on serving O&D passengers at the Airport and increased its share of connecting passengers at its largest hub SEA.

Beyond FY 2025, a number of standard industry forecasting techniques were considered in order to project enplaned O&D passengers such as econometric regression modeling, trend analysis, market share, and time series. It was determined that economic regression models were the most appropriate to project enplaned passengers at the Airport. Econometric regression modeling quantifies the relationship between enplaned passengers and key socioeconomic variables. This methodology recognizes that the key independent variables will change over time and assumes that their fundamental relationships with the dependent variables will remain.

The first step in developing the appropriate models was to test the independent, or explanatory, variables against the dependent variables, domestic and international enplaned passengers. For an econometric model to be considered appropriate, the following must be true:

- Adequate test statistics (i.e., high coefficient of determination (R^2) values and low p-value statistics), which indicate that the independent variables are good predictors of passengers at the Airport.
- The analysis does not result in theoretical contradictions (e.g., the model indicates that GDP growth is negatively correlated with traffic growth).
- The results are not overly aggressive or conservative or are incompatible with historical averages.

Through the testing of multiple sets of independent variables, a univariate linear model was selected to project enplaned passengers at the Airport. The model uses historical enplaned data from FY 2012 through FY 2019 and the Air Service Area’s PCPI. This model exhibits strong regression statistics when compared to models with other combinations of independent variables. The model was used to determine an estimated number of enplaned O&D passengers through 2030.

In FY 2019, approximately 14.9% of enplaned passengers were connecting. By FY 2022, only 5.1% were estimated to be connecting as discussed above. Given these changes in share of connecting passengers at PDX and SEA as described above, it was assumed that the recovery of connecting passenger traffic for the Airport would experience a longer recovery. For the purposes of this Report, it was assumed that connecting passenger traffic at the Airport would recover back towards historical levels of approximately 15% of the total enplaned passengers by FY 2029.

Based on models and the set of assumptions above, total enplaned passengers are projected to increase at a CAGR of 6.3% for the period of 2022 through 2030. The result is that enplaned passengers are forecast to increase from 7.1 million in FY 2022 to 11.5 million in 2030. **Table 2-8** provided the enplaned passenger projection by segment.

Table 2-8 Enplaned Passenger Projection (FY 2019 – FY 2030)

	Enplaned Passengers (in thousands)				
Fiscal Year	O&D	Connecting	Total	Year-Over-Year Growth	Percent of FY 2019
FY 2019 Actual	8,482	1,485	**9,967**		100.0%
FY 2020 Actual	6,256	1,017	**7,273**	-27.0%	73.0%
FY 2021 Actual	3,388	354	**3,742**	-48.5%	37.5%
FY 2022 Actual	6,692	363	**7,055**	88.5%	70.8%
FY 2023 Budget	7,375	429	**7,804**	10.6%	78.3%
FY 2024	8,073	787	**8,860**	13.5%	88.9%
FY 2025	8,482	1,034	**9,515**	7.4%	95.5%
FY 2026	8,731	1,221	**9,952**	4.6%	99.9%
FY 2027	8,984	1,385	**10,369**	4.2%	104.0%
FY 2028	9,241	1,535	**10,776**	3.9%	108.1%
FY 2029	9,501	1,677	**11,178**	3.7%	112.2%
FY 2030	9,765	1,723	**11,488**	2.8%	115.3%

Range	Average Annual Growth Rate		
FY 2019-22	-7.6%	-37.5%	**-10.9%**
FY 2022-30	4.8%	21.5%	**6.3%**
FY 2023-30	4.1%	22.0%	**5.7%**

Sources: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2009-June 2022. Cirium, Diio Mi: US DOT Origin and Destination Survey Data, accessed December 2022. Landrum & Brown analysis.

2.4.3 Aircraft Landed Weight Projection

During the height of the pandemic, passenger aircraft landed weight per enplaned passenger increased significantly as load factors dropped due to lower demand and the need to implement of social distancing practices. However, the passenger aircraft landed weight per enplaned passenger declined in FY 2022 and was within the normal range experienced over the previous eight years. Therefore, it was assumed that this factor would remain constant through the forecast period. The result is that passenger landed weight would increase from approximately 7.8 billion pounds in FY 2022 to 12.7 billion pounds in FY 2030, which represents a CAGR of 6.2% from FY 2022 through FY 2030. Prior to the pandemic, there was a significant upward trend in all-cargo landed weight since FY 2015. For future years, a linear trend model was used to project future landed weight for all-cargo. The result is that all-cargo landed weight will increase at a CAGR of 4.5%, increasing from 2.4 billion pounds in FY 2022 to 3.5 billion pounds in FY 2030. **Table 2-9** provided the landed weight projection by segment.

Table 2-9 Landed Weight Projection (FY 2019 – FY 2030)

Fiscal Year	Landed Weight (In Thousands of Pounds) Passenger	Cargo	Total	Year-Over-Year Growth	Percent of FY 2019
FY 2019 Actual	10,855	1,857	**12,712**		100.0%
FY 2020 Actual	8,675	2,111	**10,786**	-15.1%	84.9%
FY 2021 Actual	5,569	2,248	**7,818**	-27.5%	61.5%
FY 2022 Actual	7,792	2,445	**10,237**	30.9%	80.5%
FY 2023 Budget	8,927	2,612	**11,538**	12.7%	90.8%
FY 2024	9,785	2,734	**12,519**	8.5%	98.5%
FY 2025	10,509	2,857	**13,366**	6.8%	105.1%
FY 2026	10,991	2,979	**13,970**	4.5%	109.9%
FY 2027	11,452	3,101	**14,553**	4.2%	114.5%
FY 2028	11,901	3,224	**15,125**	3.9%	119.0%
FY 2029	12,345	3,346	**15,691**	3.7%	123.4%
FY 2030	12,687	3,469	**16,156**	3.0%	127.1%

Range	Average Annual Growth Rate		
FY 2019-22	-10.5%	9.6%	**-7.0%**
FY 2022-30	6.3%	4.5%	**5.9%**
FY 2023-30	5.2%	4.1%	**4.9%**

Sources: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2009-June 2022. Landrum & Brown analysis.

2.5 Pessimistic Enplaned Passenger Sensitivity Projection

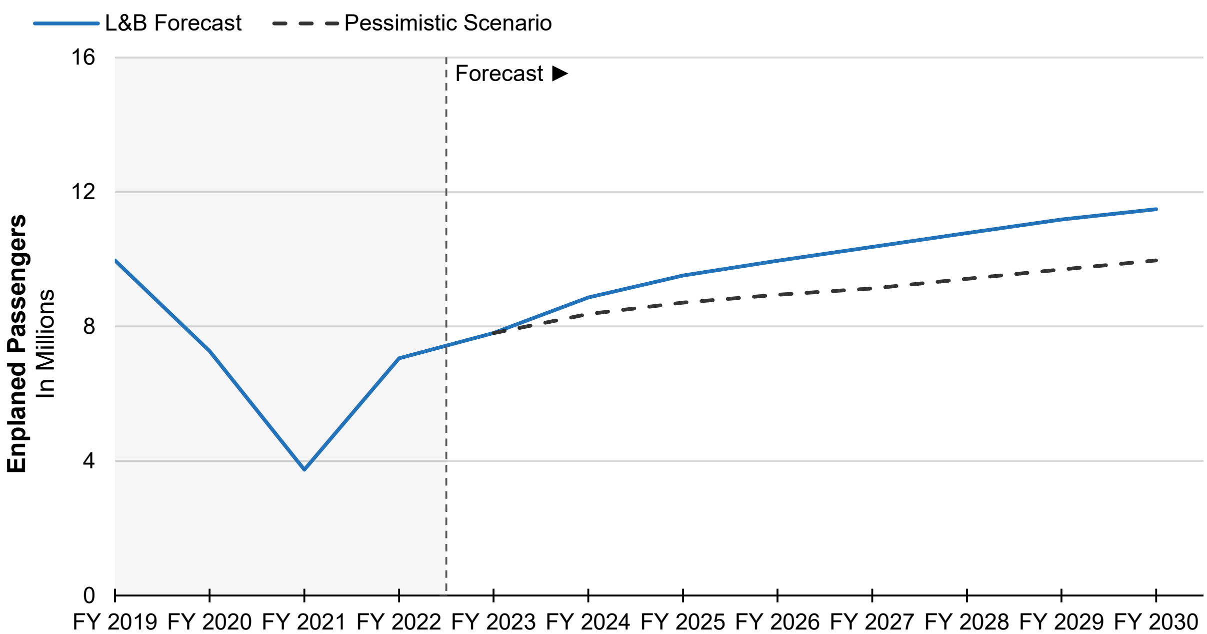
Given ongoing uncertainty as to the level and duration of the recovery from the impacts associated with the COVID-19 pandemic, L&B prepared a pessimistic sensitivity projection of enplaned passengers at the Airport as well. This sensitivity projection is not necessarily a representation of a likely scenario but is intended to represent a downside scenario if certain conditions that would be expected to negatively impact air traffic demand were to occur. The financial impacts associated with this pessimistic enplaned passenger scenario are presented in Chapter 4 of this Report. The following summarizes the potential factors that could result in a more pessimistic projection of enplaned passengers at the Airport.

- Recovery in originating enplaned passengers would extend to FY 2027:
- Connecting enplaned passengers will only recover to about half or 7.5% of the historical share at the Airport by FY 2029.

Table 2-14 presents the pessimistic sensitivity projection as compared to the baseline. Starting in FY 2024, the pessimistic scenario is 5.5% below the baseline projection and the gap between the two extends to 13.2% by FY 2030. Under the pessimistic scenario, enplaned passengers are projected to reach approximately 10.0 million (approximately FY 2019 levels) in FY 2030.

Table 2-10 Enplaned Passenger Projection Scenarios (FY 2019 – FY 2030)

	Baseline Scenario		Pessimistic Scenario	
Fiscal Year	Enplaned Passengers (in thousands)	Percent of FY 2019	Enplaned Passengers (in thousands)	Percent of FY 2019
FY 2019 Actual	9,967	100.0%	9,967	100.0%
FY 2020 Actual	7,273	73.0%	7,273	73.0%
FY 2021 Actual	3,742	37.5%	3,742	37.5%
FY 2022 Actual	7,055	70.8%	7,055	70.8%
FY 2023 Budget	7,804	78.3%	7,804	78.3%
FY 2024	8,860	88.9%	8,372	84.0%
FY 2025	9,515	95.5%	8,708	87.4%
FY 2026	9,952	99.9%	8,948	89.8%
FY 2027	10,369	104.0%	9,135	91.7%
FY 2028	10,776	108.1%	9,415	94.5%
FY 2029	11,178	112.2%	9,697	97.3%
FY 2030	11,488	115.3%	9,966	100.0%
Range	Average Annual Growth Rate			
FY 2019-22	-10.9%	-10.9%	-10.9%	-10.9%
FY 2022-30	6.3%	6.3%	4.4%	4.4%
FY 2023-30	5.7%	5.7%	3.6%	3.6%



Sources: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2009-June 2022. Cirium, Diio Mi: US DOT Origin and Destination Survey Data, accessed September 2022. Landrum & Brown analysis.

3 Airport Facilities and Capital Improvement Program

This chapter provides an overview of existing Airport facilities and describes the Series Twenty-Nine Projects and other planned capital improvements at the Airport, referred to as "Other Capital Projects" for the purposes of this Report.

3.1 Existing Airport Facilities

The Airport comprises approximately 3,200 acres of land on the southern edge of the Columbia River in Multnomah County. It is located approximately 12 miles northeast of downtown Portland. The Airport is the only commercial air passenger and cargo service facility in northwest Oregon and southwest Washington. Access to the Airport is primarily provided from Interstate 205 via Airport Way. Existing Airport facilities are described in sections below and are graphically illustrated on **Figure 3-1**.

3.1.1 Airfield Facilities

The existing airfield consists of two parallel air carrier runways, Runway 10R-28L and Runway 10L-28R, and a crosswind carrier runway, Runway 3-21. Runway 10R-28L is 11,000 feet in length and Runway 10L-28R is 9,825 feet in length. Both runways are 150 feet wide and are equipped with high intensity runway lighting systems, centerline lighting, and touchdown zone lights. Precision instrument landing systems were installed on both ends of each runway for approaches during instrument flight rules conditions. The crosswind runway, Runway 3-21, is 6,000 feet in length and has a width of 150 feet and is lighted and marked as a non-precision runway. Existing runways have adequate capacity to meet projected operations beyond 2035.[95]

3.1.2 Terminal Facilities

The passenger terminal complex consists of a main terminal building with four attached concourses (Concourses B, C, D, and E) and a federal inspection station (FIS) for international arrivals. Upon completion of the Terminal Core Redevelopment project in FY 2026, the Airport will have 51 gates and eight ground loading positions. Between now and that time, the number of gates will fluctuate based on the phasing of construction. The current aircraft parking configuration consists of 41 loading bridge-equipped positions and up to eight ground loading positions. Six loading bridge-equipped gates provide accessibility to the FIS but are also used for domestic flight activity when required. Each loading bridge-equipped gate is served by a holdroom to accommodate airline passengers. Holdrooms for ground loading positions are located on the lower levels of Concourse B and Concourse E on the east end. **Figure 3-2** presents a graphical layout of the passenger terminal complex.

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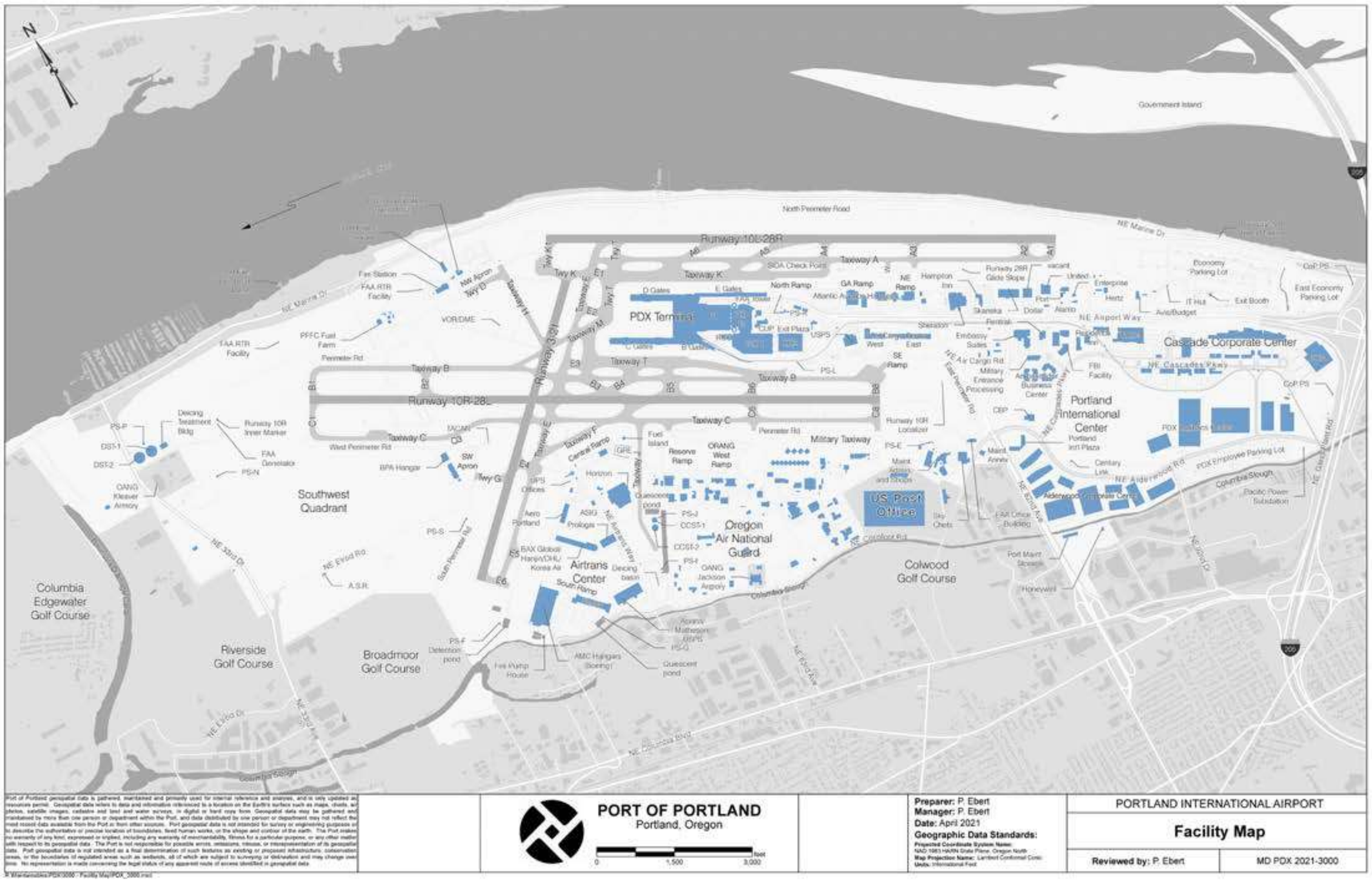
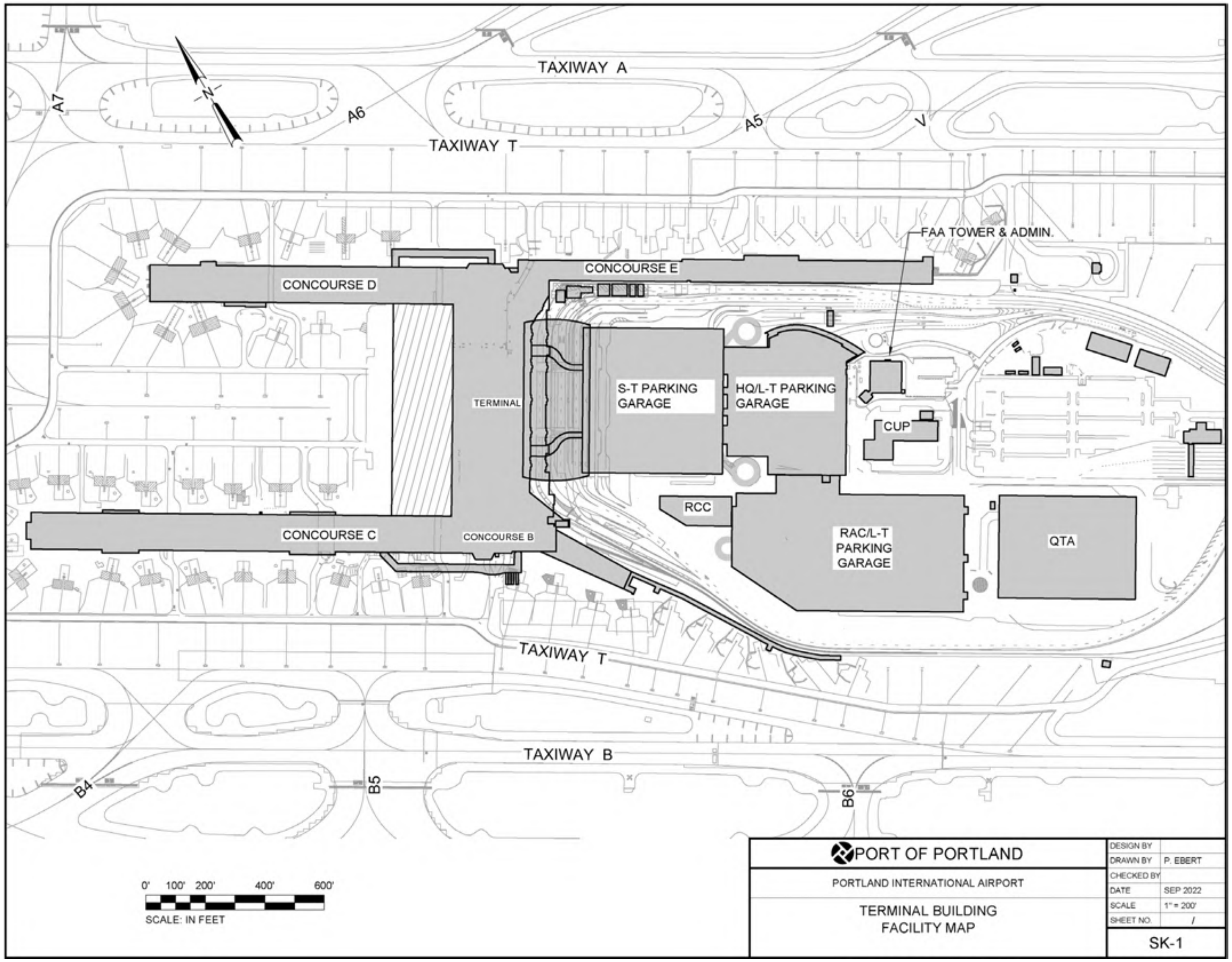
[95] Master Plan Update, Portland International Airport, April 2011.

Figure 3-1 Airport Layout



Source: The Port of Portland

Figure 3-2 Terminal Building Facility Map



Source: The Port of Portland

The primary public areas in the main terminal building are divided into a departure level and an arrival level. An elevated roadway provides vehicle access to the departure level, which provides direct access to the four concourses. Ticket counters and concessions areas, including a food court, cafes, pubs, full-service restaurants, quick-serve restaurants and beverage, newsstands, and retail shops, are located on the departure level on all concourses. The arrival level is accessible by vehicles via ground-level roadways and contains baggage claim facilities and coffee concessions.

A TriMet MAX Light Rail station is located near the baggage claim area on the arrival level at the Southern end of the main terminal building. TriMet's MAX Light Rail system connects the Airport to the City of Portland (the City), Gresham, Clackamas, Beaverton, Milwaukie, and Hillsboro.

In 2016, 2017, 2019, and 2022[96] the Signatory Airlines (defined herein) approved, in four ballots, the expansion of the terminal core area (Terminal Core Redevelopment project) totaling $2.15 billion, which included the reconfiguration and rehabilitation of Concourse B and the construction of Floors 2-4 of the Rental Car Center building. The Port completed the construction of Floors 2-4 of the Rental Car Center building in November 2021, which has allowed the Port to relocate offices located on the mezzanine level of the terminal building to enable the construction of the western expansion of the main terminal.

In July 2020, the Port opened the 850-foot extension of Concourse E. This project was intended to allow the relocation of Southwest Airlines from Concourse C to Concourse E to provide for a more balanced flow of passengers between the north and south sides of the Airport. This project included the construction of approximately 157,000 square feet of space that provided six new aircraft gates, two ground loading parking positions, hold-rooms, restrooms and modifications to the ticket lobby. This project also included gate and apron configuration to accommodate Group III aircraft and 10 concession areas. In December 2021, the Port completed the reconfiguration and rehabilitation of Concourse B, which included the construction of a 60,000-square foot extension of the building providing six ground load gates, one additional contact gate, and two additional food/beverage concession spaces.

The remaining $1.95 billion projected cost of the Terminal Core Redevelopment project is being constructed over several years. The initial portion of this construction will extend the existing terminal footprint approximately 180 feet to the west and will include relocation of the security checkpoints and construction of a new roof structure spanning the entire terminal building east to west. This portion of the project will also include the redesign and construction of the ticket lobby, infrastructure to increase baggage handling system capacity, the footprint of the security checkpoint, and the number of security checkpoint lanes. After the initial portion of the project is constructed, improvements will be made to the existing north and south concession nodes, the existing ticket lobby, and baggage claim areas. The Terminal Core Redevelopment project also provides a significant seismic upgrade to the terminal building and replacement of aging assets. These projects are described further in Sections 3.3 and 3.4 of this Report.

[96] In July 2022, the Signatory Airlines approved an additional $500 million for the Terminal Core Redevelopment project. The additional funding is needed primarily to fund increases mostly attributable to market factors, including material cost escalation, supply chain challenges, and labor cost escalation.

3.1.3 Public Parking Facilities

Port-owned public parking facilities consist of (1) a seven-story short-term public parking garage, (2) a seven-story long-term parking garage, (3) a newly constructed six-story Public Parking and ConRAC Garage, (4) economy surface parking lots, and (5) two employee surface parking lots. The short-term parking garage has 3,300 public parking spaces and is located adjacent to the passenger terminal. The long-term parking garage has approximately 3,000 public parking spaces and is located adjacent to the short-term parking garage. Upon completion of the repurposing of floors vacated by the rental car companies in the short-term and long-term parking garages, an additional 400 short-term and 400 employee parking spaces will be created. Tunnels and moving sidewalks connect the short- and long-term parking garages to the passenger terminal. Approximately 7,800 surface parking spaces are available in the economy lot which is located near Interstate 205 off Airport Way. Free parking shuttles operate regularly between the economy lots and the main passenger terminal.

In November 2021, the Port substantially completed the Public Parking and ConRAC Garage, resulting in 724,000 square feet of space for rental car ready/return and parking operations, approximately 2,070 parking spaces for rental cars, and more than 2,200 long-term parking spaces. The facility also includes a 30,000 square-foot rental car customer service space located on the first floor of the Rental Car Center building that is adjacent to the Public Parking and ConRAC Garage. It has certain designated spaces that are Americans with Disabilities Act accessible and electric vehicle charging capabilities. Pursuant to rental car concession lease and operating agreements, all rental car companies consisting of 11 rental car brands operating at the Airport, have now consolidated operations on the rental car floors in the Public Parking and ConRAC Garage and the adjacent Rental Car Center building. The floors utilized by the rental car companies in the garage and the first floor of the Rental Car Center building were funded with CFC-backed revenue bonds and CFCs on a pay-as-you-go basis. **Figure 3-3** depicts the Port's parking facilities at the Airport. Please note that the Public Parking and ConRAC Garage are referred to in Figure 3-3 as the "Long-Term Parking/RAC Garage."

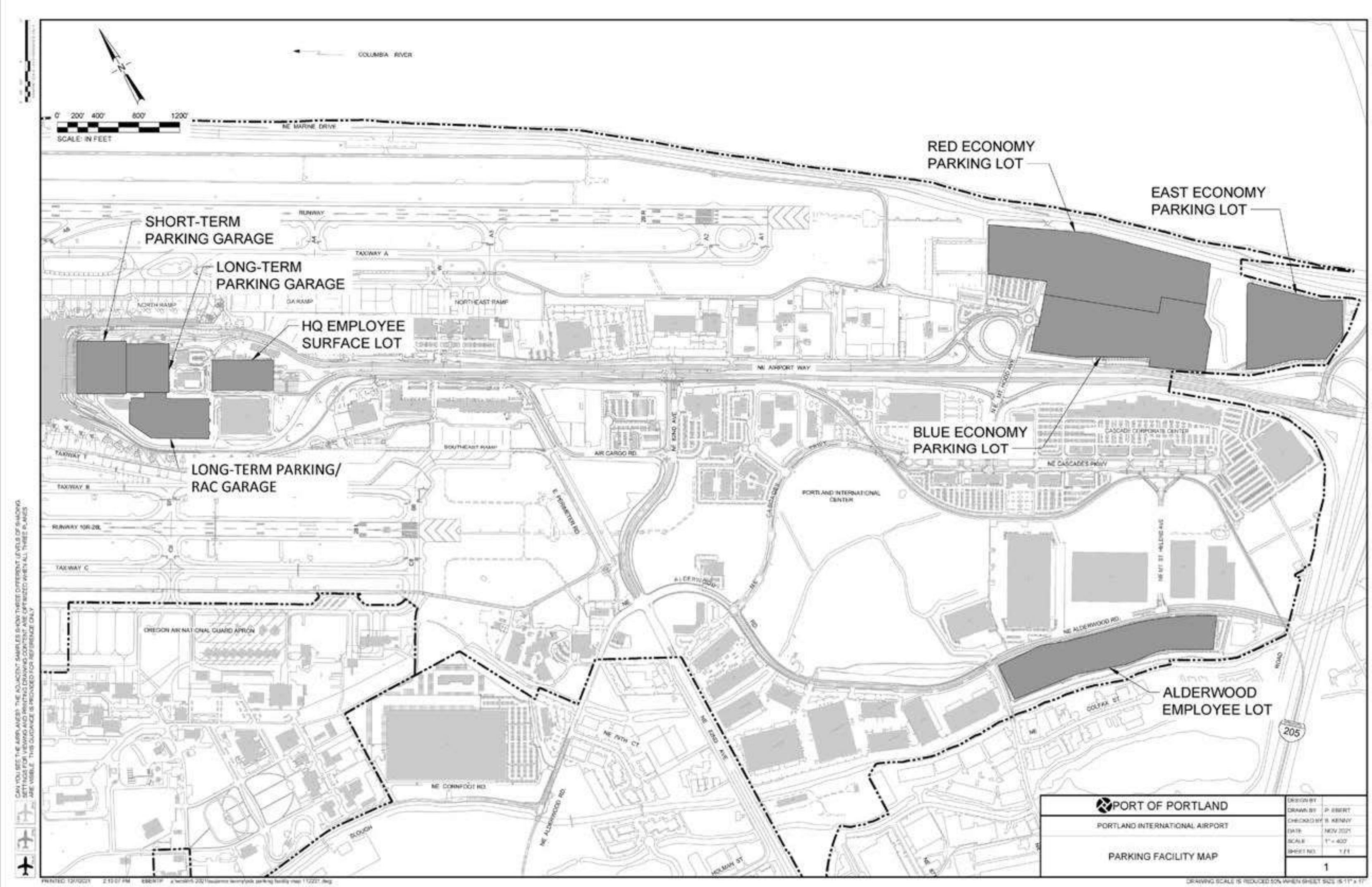
Off-Airport parking competition includes Thrifty Parking, located over three miles from the terminal, which has approximately 150 parking spaces; Park Shuttle and Fly, located three miles from the terminal, which has approximately 675 parking spaces; and Airpark, located one mile from the terminal, which has approximately 525 parking spaces. In addition, there are also hotels offering park, sleep, and fly services where passengers can leave vehicles overnight while using the Airport.

To help reduce vehicle traffic congestion in the terminal area, a 30-space cell phone waiting lot is available (located on N.E. Air Cargo Road off of N.E. 82nd Avenue, approximately three minutes away from the passenger terminal) where motorists meeting arriving passengers can wait for free until passengers call to indicate they are ready to be picked up along the terminal curbside.

3.1.4 Rental Car Facilities

In November 2018, the Port awarded rental car concession lease and operating agreements to five separate companies, including Avis Budget Group, Inc., Dollar Thrifty Automotive Group, Enterprise Holdings, Inc., Hertz Global Holdings, and Sixt Group representing 12 separate rental car brands. In December 2013, the Port Commission approved a customer facility charge (CFC) to be paid by rental car customers beginning January 15, 2014. The $6 per day fee (for up to ten days) applies to all rental car customers renting cars from rental car companies operating from the Airport; proceeds of the CFC were used initially to fund costs of a new quick-turnaround facility, which opened in March 2018, where returned rental cars can be readied for future rentals (see Section 4.3.4 for more details on the CFC). As described above, the Port completed the Public Parking and ConRAC Garage in November 2021. All rental car companies providing service at the Airport operate from the ConRAC Garage. The Port funded the majority of the rental car portion of the Public Parking and ConRAC Garage with the Series 2019 CFC Revenue Bonds. CFC revenues are not included in the definition of Revenues under the Bond Ordinance.

Figure 3-3 Parking Facilities Map



Source: The Port of Portland.

3.1.5 Cargo and Airline Maintenance Facilities

Air cargo facilities are located in two main areas on the Airport: the PDX Cargo Center and the AirTrans Center. The PDX Cargo Center consists of two buildings totaling approximately 130,000 square feet. The Port leases these buildings to various passenger airlines for their belly cargo and ground support equipment maintenance operations. Other ground support equipment operators and freight forwarders also lease space in these buildings.

In the AirTrans Center, third party developers, including Aero Portland, LLC, Prologis, L.P., PDACC1, lease land upon which they have constructed cargo facilities. Distribution Inc. dba FTL and United Parcel Service both ground lease property adjacent to the cargo facilities for truck, trailer, and employee parking. Subtenants of the cargo facilities include Federal Express, DHL Worldwide Express, Summit NW, Hanjin Transportation Co., Matheson Flight Extenders, and Majestic Terminal Services Inc. In addition, the AirTrans Center includes Boeing Corporation's paint operation hangars, United Parcel Service's northwest regional hub, Triangle Aviation RD and LLC/Ameriflight, LLC facilities and Horizon Air's 150,000 square foot regional headquarters and maintenance facility. United Airlines leases a Port-owned former National Guard hangar adjacent to the AirTrans Center to the west, which was converted into a maintenance facility for United Airlines' aircraft.

3.1.6 Port Headquarters

More than 350 Port staff work from the Port's headquarters, a 205,000- square foot facility, which was constructed in 2010, and is situated on three floors built atop the seven-story long-term parking garage at the Airport. The Port's headquarters project was awarded Leadership in Energy and Environmental Design (LEED) Platinum Certification and has received numerous local, national, and international awards for its environmental features. The building features energy efficient lighting, materials from renewable or recyclable sources, and water efficient fixtures. It also relies on innovations like ground-source heating and cooling, produced through a closed-loop system reaching 300 feet below the surface.

3.1.7 Ancillary Facilities

Ancillary facilities support the aviation-related activities at the Airport. The facilities identified as ancillary are categorized as military, general aviation, FAA, Port-owned support facilities, flight kitchens, and commercial facilities.

- **Military.** Pursuant to a ground lease, the United States, for the benefit of the ORANG, leases an approximately 213-acre, 60-building campus on the south side of the Airport, adjacent to the AirTrans Center. The ground lease with ORANG terminates in 2063, although portions of the total premises are subject to an early termination in 2030. An additional provision allows for the termination of 75 acres from ORANG's leasehold at the Port's sole option if the parcel is needed for a third runway. The lease is also subject to early termination at any time at the option of the United States, with 180 days' prior notice to the Port. Under its lease at the Airport, ORANG is required to pay nominal rent and to pay certain costs, including costs related to environmental and other regulatory requirements.
- **General Aviation.** Corporate and general aviation facilities are located on approximately 25 acres along the north side of the Airport. This area includes paved aircraft parking areas, aircraft hangars, and fixed base operator facilities. The Port owns a majority of the aircraft hangars and receives rent from the aircraft hangar tenants. The Port receives rent under these agreements as well as ground lease rent from corporate aircraft maintenance hangars. In early 2017, Atlantic Aviation completed construction on a new 72,000 square foot general aviation facility, which includes two 30,000 square foot hangars with office and shop space, a 90,000-gallon fuel farm, and a 5,000-square foot ground support building. In 2017, Mecham Aviation Center completed construction on a new 111,000 square foot facility, which includes

approximately 96,000 square feet of general aviation hangar space, 90,000 square feet of ramp, and approximately 15,000 square feet of office/support facilities east of the new Atlantic Aviation facility.

- **FAA.** The FAA occupies the Airport Traffic Control Tower (ATCT) and handles all flight arrivals and departures as well as ground movement. The ATCT is located adjacent to the long-term parking garage.
- **Port-Owned Support Facilities.** The Port provides aircraft rescue and firefighting and maintenance support facilities at the Airport.
- **Flight Kitchen.** Sky Chefs operates a 39,469 square foot flight kitchen facility located on the southeast side of the Airport that serves the passenger airlines.
- **Commercial Facilities.** On the eastern side of the Airport, adjacent to Interstate 205 and NE Airport Way, is the Port-owned Cascade Station/Portland International Center (CS/PIC) plan district. The plan district has two distinct areas, Subdistricts A and B. Cascade Station is the portion known as Subdistrict A. Of the 120 acres in Cascade Station, approximately 97 have been developed by private developers and tenants into a mixed-use commercial area, which includes hotels, large and small retailers, and office developments, including the regional offices of the Federal Bureau of Investigation. The remaining 23 acres are leased to Prosper Portland, an economic and urban development agency for the City, and are being marketed for additional office space and hotel development.

  Subdistrict B, known as the Portland International Center (PIC), is south of Cascade Station, and east of NE 82nd Avenue and consists of approximately 327 acres. Developed areas in the PIC include 139 acres for an Embassy Suites hotel, warehouse/distribution/office buildings, manufacturing facilities, industrial development, and a United States Customs headquarters building. Another 21 acres were developed into Airport employee parking. Future developable areas in the PIC include approximately 94 acres which are reserved specifically for aviation use. Another 73 acres of land near Interstate 205 is designated as permanent open space.

  The CS/PIC development framework was negotiated as part of a development and financing package to extend the regional light-rail system through the CS/PIC to the Terminal. Development of Cascade Station began in 2001, with a significant amount of construction beginning in 2005. The Cascade Station development agreement is with a master developer and has a 99-year term. Other development within CS/PIC (except for roads, which are owned by the City) were constructed and are operated by private parties on Airport land that is leased from the Port under prepaid leases with terms typically of up to 50 years.

  Other commercial facilities located at the Airport include two hotels on the north side of the Airport, including the Sheraton Airport Hotel and Hampton Inn on land leased from the Port. A travel center near the PDX Cargo Center, which opened in 2018, includes a gas station, a convenience store, quick-serve restaurants, and a coffee shop.

3.2 Airport Planning and Capital Improvement Program

As described in Chapter 2 of this Report, prior to the onset of the COVID-19 pandemic, the Airport had been experiencing relatively rapid passenger growth. For example, enplaned passengers increased from 6.8 million in FY 2011 to approximately 10.0 million in FY 2019. Prior to the onset of the COVID-19 pandemic, this growth in passenger traffic had an impact on existing Airport facilities and their ability to effectively accommodate demand, especially within the terminal and public parking facilities as described above. As described in Chapter 2, the Airport is projected to recover back to FY 2019 levels by FY 2026. To address this ongoing growth, the Port continues to plan for its future facility needs.

3.2.1 PDX Master Plan

Among the principal findings of the PDX Master Plan were that (1) a third parallel runway will not be required during the planning period (through 2035) and (2) the existing terminal area has sufficient capacity for passenger growth in almost all key elements. As described above, however, it also emphasized that the adaptive reuse of the existing terminal to keep pace with the evolving needs of the industry and with new technologies will be critical. Concurrently, the City developed a land-use plan for the Airport that includes the Airport plan district as part of the City’s development code. This zoning designation for the Airport enables the Port to implement the master plan and to have all facilities necessary for the operation of the Airport. In an effort to keep the PDX Master Plan current, the Port conducts follow-on studies to monitor passenger and cargo activity, evaluate the impact of emerging industry trends, and refine project definitions. The follow-on studies enable the Port to adjust expectations accordingly and adapt plans to reflect current issues and trends.

The Port will be updating the PDX Master Plan with efforts already underway. The process is expected to be completed in approximately CY 2026. The Port does not anticipate the updated PDX Master Plan to impact the scope or essentiality of the Series Twenty-Nine Projects.

3.2.2 Seismic Resiliency Program

In addition to the Port’s master planning process and PDX Master Plan, the Port has established a seismic resiliency program to assess and improve response-and-recovery plans to reduce the Port’s vulnerability to and shorten its recovery time following a major earthquake. Creating, updating, and enhancing seismic resiliency program elements, including both infrastructure and operational response measures, augment the PDX Master Plan facility performance goals.

Oregon and Washington are among the states located in the Cascadia subduction zone and are at risk of a magnitude 9.0 Cascadia subduction zone earthquake or an earthquake with an average recurrent period of once every 500 years. The authors of recent studies have reported that such an earthquake could occur more frequently than once every 500 years and that there is a 37% chance of a magnitude 8.0 to 9.0 earthquake striking somewhere along the Cascadia subduction zone in the next 50 years. The Airport is the only major airport in Oregon and southwest Washington and would be critical for efforts to restore water, fuel, power, and other critical infrastructure and services. The Port’s seismic resiliency program is being designed to include additional risk assessment, training, and the development, funding, design and implementation of a 50-year capital investment program to enable the Port to resume operations and services quickly and to assist with regional recovery following a seismic event. Most recently, the Port is developing a technical design for a seismically-resilient runway.

The Airport's recent growth in passengers combined with the PDX Master Plan findings have been critical in shaping its capital improvement program (CIP). As assets come up for renewal in the CIP, the Port will look for strategic opportunities to improve its seismic resiliency. The Airport's CIP to be undertaken from FY 2023 through FY 2030, which has been included in the financial analysis presented in Chapter 4 of this Report, totals $3.26 billion. The following section highlights some of the major elements of the CIP.

3.3 Capital Improvement Program Elements

Exhibit A presents a summary of the $3.33 billion CIP, including major project elements and the proposed plan of finance for the period of FY 2023 through FY 2030. Of the total CIP, the Airline Cost Center projects total $2.76 billion, the Port Cost Center projects total $457.7 million, and projects allocable to both Airline and Port Cost Centers total $107.0 million.

3.3.1 Airline Cost Center Capital Projects

Of the $2.76 billion of capital projects to be undertaken in the Airline Cost Center, $1.95 billion is projected for the Terminal Core Redevelopment – Western Expansion/Ticket Lobby and Rebuild Terminal Nodes. In 2022, the Port finalized the Guaranteed Maximum Price (GMP) of the construction contract for the Terminal Core Redevelopment project with the Port's general contractor. As part of this process, the cost of the Terminal Core Redevelopment project increased from $1.45 billion to $1.95 billion. The Port closely monitored developments related to the cost of the Terminal Core Redevelopment project and actively communicated with the Signatory Airlines about project costs.

At the request of the Signatory Airlines, the Port hired WSP USA, Inc. ("WSP") to perform an independent audit of the increase in costs associated with the budget increase. WSP worked with the Port and the Terminal Core Redevelopment project construction and design teams to understand and independently analyze the GMP from a cost and schedule perspective, focusing on the $500 million variance and confirming the six-month schedule impact. No significant concerns were noted. WSP found that the following items accounted for the majority of the cost increase:

- Pricing (unit rates) for major commodities;
- Schedule impacts/unforeseen conditions (a mix of construction delays, schedule development as the scope of work was defined, and delay as a result of unforeseen conditions, including in the Oregon Market area demolition);
- Design fee;
- Contingency;
- Labor cost escalation; and
- Ongoing design development that added quantity and more definition to the design.

WSP found that unit pricing estimates used in the GMP were less than 5% above WSP's independent estimates, which was considered an acceptable variance. Escalation of major commodity costs was considered fair and reasonable. While the design fee as a percentage of the GMP was higher than typical industry design fees, WSP noted that the design team is performing more tasks than a typical team may undertake due to design development over the years to meet current requirements. The 3% contingency was determined to meet the industry standard and to be lower than contingencies observed in representative airport projects elsewhere. Labor cost escalation was attributed to union labor rate negotiations.

The Port continues to closely monitor all components of the Terminal Core Redevelopment project and received approval from the Signatory Airlines regarding the increased project costs in July 2022. The Terminal Core Redevelopment – Western Expansion/Ticket Lobby and some of the other major Airline Cost Center projects are highlighted below.

- **Terminal Core Redevelopment – Western Expansion/Ticket Lobby and Rebuild Terminal Nodes/Ticket Lobby.** The Port is currently undertaking a major redevelopment of the Airport's terminal that is expected to provide sufficient ticketing, security screening, and concessions to accommodate projected passenger growth through 2045 (approximately 35 million annual passengers). The Terminal Core Redevelopment project has a projected cost of $1.95 billion and consists of two major components: the Western Expansion/Ticket Lobby, which is partially funded by the Series Twenty-Nine Bonds, and the Rebuild Terminal Nodes/Ticket Lobby. This project includes a major redevelopment of the Airport's terminal including construction of a western expansion of the main terminal into the alley between Concourses C and D; construction of a new, mass timber roof over the existing terminal and the planned western expansion of the main terminal; rehabilitation of the existing terminal core, including improvements to the existing ticket lobby and baggage handling systems; and major seismic upgrades and renewal of mechanical, electrical and other systems. Design for the entire Terminal Core Redevelopment project was completed in phases through September 2021 and construction started on the initial phase of work in February 2020. Construction of the Western Expansion component of the project, a portion of which is funded with the Series Twenty-Nine Bonds, is expected to be complete by the end of FY 2024, and the entire Terminal Core Redevelopment project is expected to be complete by the end of FY 2026. To date, subgrade piping, and electrical and structural components within the footprint of the Western Expansion have been completed. In addition, the Western Expansion roof structural supports have been installed and the roof has been moved into place.

  The Terminal Core Redevelopment project is pursuing third-party sustainability certification under version 4.0 of the LEED rating system, targeting the gold level of achievement. Areas of focus include reducing climate impacts, generating shared prosperity through contracting, addressing equity issues, and building a healthy environment for employees and passengers. Regarding operational climate impacts, the project will install a massive open loop ground source heat pump capable of electrifying approximately 95% of the heating and cooling load of the terminal. In conjunction with other energy efficiency efforts, this system will reduce the energy use intensity of the project area by 50% even with a 40% increase in size. A primary design feature of the project will be the terminal's cross laminated timber and wood lattice roof. This element is entirely constructed of wood from Oregon and Washington, of which 95% is sourced back to sustainably managed forests to reduce the embodied carbon of this structure.

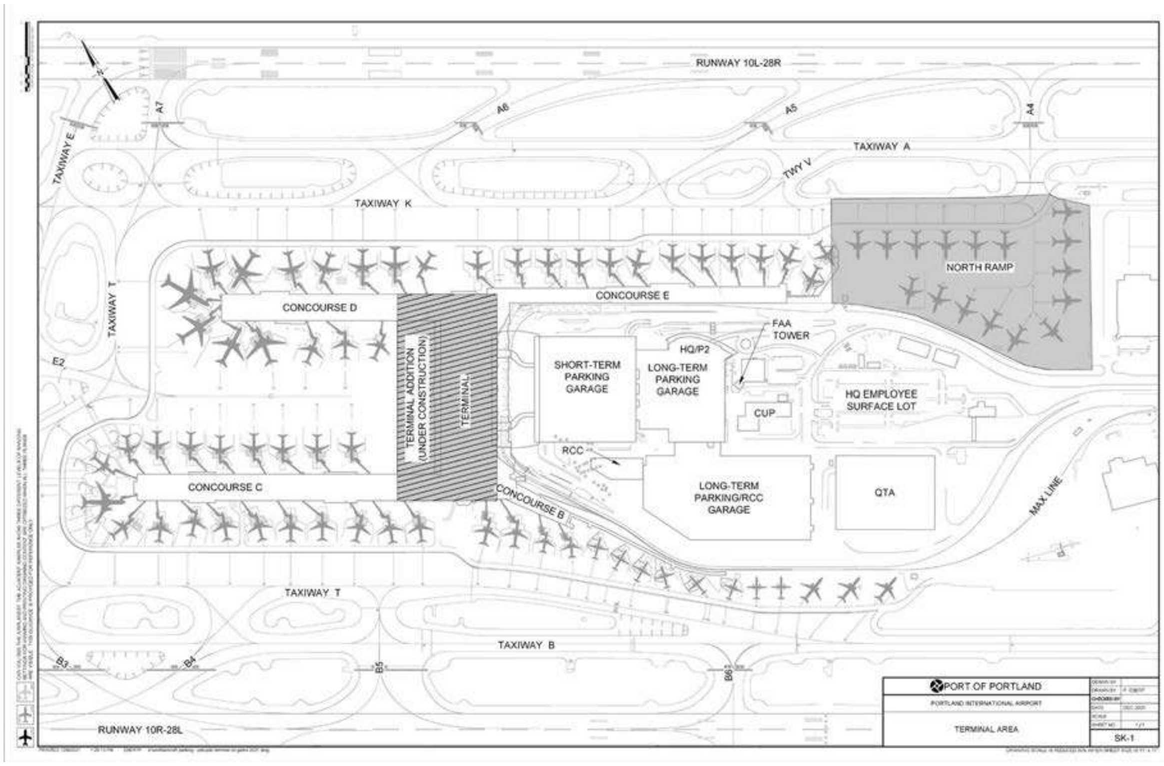
  The $1.95 billion projected cost for the project is being funded with $752.1 million of previously issued bond proceeds, $18.4 million of federal grants, $225.0 million of PFCs on a pay-as-you-go basis, approximately $24.9 million of Airport funds, approximately $700.0 million of Series Twenty-Nine Bonds proceeds, and $233.0 million of future bond proceeds. **Figure 3-4** depicts the location of the Terminal Core Redevelopment project.

- **Runway 10L-28R Reconstruction.** The projected cost for this project is $130.6 million, which will be funded with a combination of federal grants and Airport funds.

- **Baggage Handling System (BHS) Checked Baggage Resolution Area (CBRA) Expansion and Control System Upgrade (CSU, and collectively BHS-CBRA-CSU).** This project consists of the relocation and complete replacement of the CBRA and replacement of the DeviceNet control system for the entire BHS with an ethernet control system, and will be constructed in concert with the Terminal Core Western Expansion project. The CBRA houses all TSA equipment and personnel required to screen baggage that fails Level 2 On-Screen Resolution (OSR) screening. The new system will allow for greater operational flexibility, and will be able to meet expected growth in passenger demand through 2045. The current BHS includes about 4,000 devices operated by a DeviceNet control system that is reaching its end of life. The CSU will upgrade these devices and their wiring, and replace the control system with a new ethernet-based system throughout the baggage handling footprint. The BHS-CBRA-CSU project is a sub-project located within the LEED boundary for the Terminal Core Redevelopment Project. As such, it is accounted for in the energy model, subject to the LEED specifications developed for the project, and will be part of the LEED certification. The projected cost for this project is $83.7 million, of which $36.9 million is planned to be funded with the proceeds of the Series Twenty-Nine Bonds, and $46.8 million is planned to be funded with future SLBs.

- **Taxiway K Reconstruction.** The projected cost for this project is $52.5 million, which will be funded with a combination of federal grants and Airport funds.
- **PDX Circulation and Capacity Improvements.** The projected cost for this project is $46.3 million, which will be funded with a combination of federal grants and Airport funds.
- **Taxiway A Rehabilitation – A/E Intersection to A4 and A1 through A4.** The projected cost for these two portions of the rehabilitation is $42.4 million, which will be funded with a combination of federal grants and Airport funds.
- **Airfield Improvements.** The projected cost for this project is $35.6 million, which will be funded with a combination of federal grants and Airport funds.
- **PDX Escalators.** This multi-year escalator replacement and rehabilitation project is projected to cost $30.9 million and is planned to be funded with Airport funds.
- **Runway 3-21 and Taxiway C Rehabilitation.** The projected cost for this project is $30.1 million, which will be funded with a combination of federal grants and Airport funds.
- **Airfield Regulator Building and Runway LED Upgrade.** The projected cost for this project is $26.0 million, which is planned to be funded with Airport funds.
- **Basin 1 Subarea Stormwater System Improvements.** The projected cost for this project is $18.3 million, which is planned to be funded with Airport funds.
- **Terminal Roof Replacements.** The project cost for this project is $17.5 million, which is planned to be funded with Airport funds.
- **Passenger Boarding Bridge Replacement – Phase 3.** The project cost for this project is $16.0 million, which is planned to be funded with Airport funds.

Figure 3-4 Terminal Core Redevelopment



Source: The Port of Portland

3.3.2 Port Cost Center Projects

Projects to be undertaken in the Port Cost Center total $457.7 million. Of this amount, $102.6 million is attributable to the Airport Way and 82nd interchange improvements, $44.9 million is attributable to the North Service Center redevelopment, and $310.3 million is attributable to other Port Cost Center projects.

- **Airport Way and 82nd interchange improvements**. The total cost of this project is projected to be $102.6 million, of which $1.8 million has been funded with Port Funds prior to FY 2022. The remaining $100.8 million is projected to be funded with Port Funds between FY 2023 and FY 2030.
- **North Service Center Redevelopment.** The total $44.9 million cost of this project is projected to be funded with Port Funds.

3.3.3 Shared Cost Center Projects

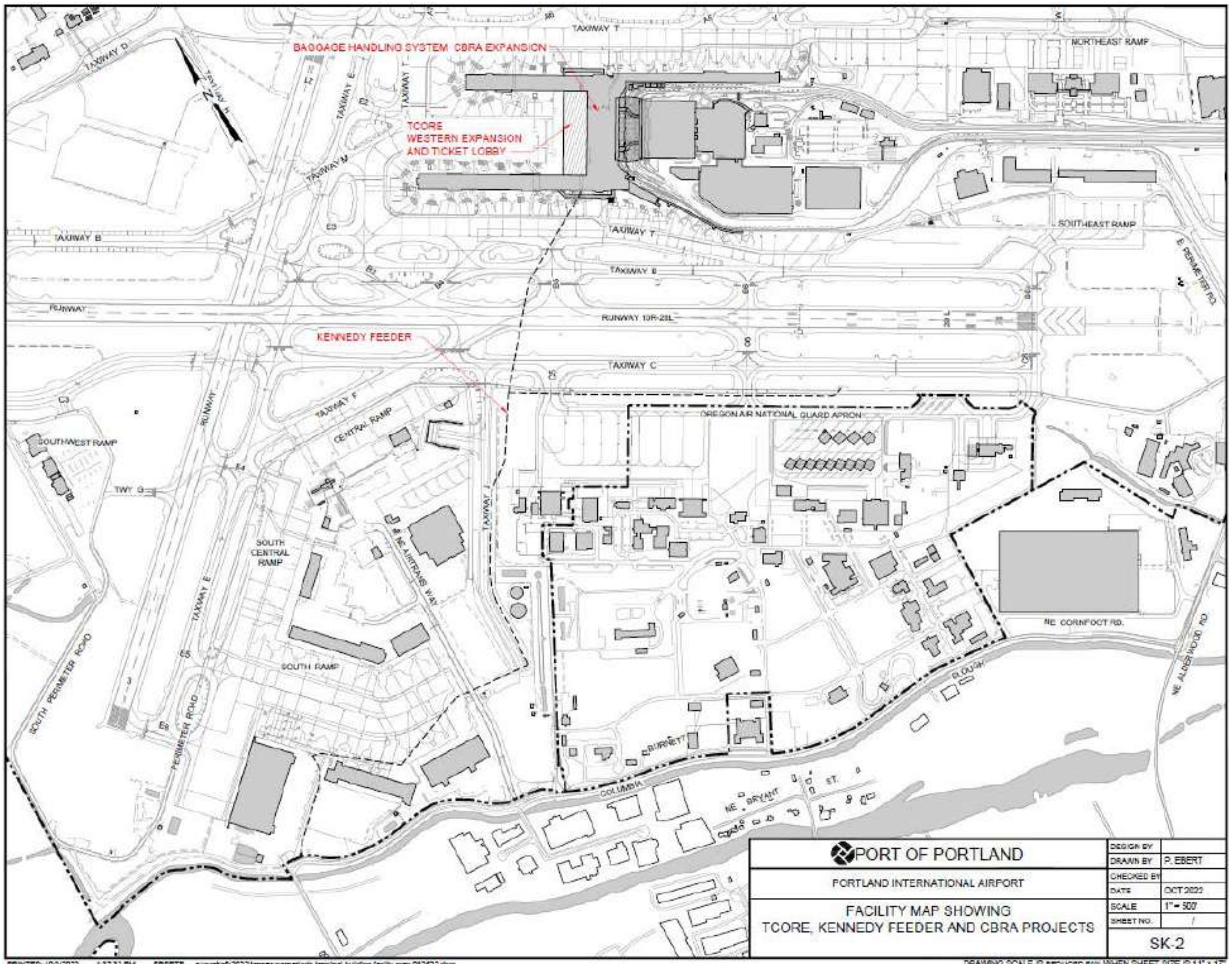
Other capital projects to be undertaken that benefit both the Airline and Port Cost Centers total $107.0 million and include the following major elements.

- **PDX Maintenance Campus Redevelopment.** The projected cost for this project is $83.1, which is planned to be funded with Airport and Port funds through FY 2030.
- **PDX New Kennedy Feeder**. This project connects a new Pacific Power electrical feeder from the Port's point of service all the way to the main electrical room of the new Terminal Core Redevelopment - Western Expansion. This includes boring under the airfield between Concourse C and Taxiway J and the installation of new electrical infrastructure along this path. This project will improve electrical redundancy and reliability and ensure the electrical infrastructure can meet future demand at the Airport. The Kennedy Feeder project brings a fourth main electrical utility service feeder to the Airport from the local electric utility. The additional electrical capacity will support the electrification of the heating system for the Airport by replacing fossil fueled boilers with an electrically driven heat pump system. The heat pump will significantly improve energy efficiency while making a major reduction in the carbon footprint for Airport operations. The projected cost for this project is $12.1 million, which is planned to be funded with $8.5 million of the Series Twenty-Nine Bonds proceeds, as well as $3.6 million of Airport and Port funds (as described below).
- **CUP HVAC & Roof Replacement.** The projected cost for this project is $11.8 million, which is planned to be funded with $444,000 of Airport and Port funds and $11.3 million of proceeds of future bonds.

3.4 CIP Plan of Finance

Historically, the Port has funded capital development at the Airport from several types of sources. These have generally included grants-in aid, PFC revenues on a pay-as-you-go basis, proceeds of bonds supported by CFC revenues, proceeds of bonds supported by PFC revenues, CFC revenues on a pay-as-you-go basis, Airport and Port funds, and proceeds of bonds (including commercial paper) backed by Airport Revenues. Exhibit A presents the total project costs along with assumed funding sources for the CIP. These funding assumptions are based on currently available information regarding the projected cost and timing of the CIP, and the assumed receipt of federal, state, and other grants and other funds. As presented in Exhibit A, approximately $745.4 million of the CIP is assumed to be funded with proceeds of the Series Twenty-Nine Bonds. **Figure 3-5** illustrates the capital projects planned to be funded in part by the Series Twenty-Nine Bonds. The remaining $2.58 billion of the CIP is assumed to be funded with a combination of grants, PFC revenues on a pay-as-you-go-basis, Port and Airport funds, and bond proceeds other than the Series Twenty-Nine Bonds. Additional detail regarding the assumed funding sources for the CIP is presented in this section.

Figure 3-5 Capital Projects Planned to be Funded with the Series Twenty-Nine Bonds



Source: The Port of Portland

3.4.1 Federal, State and Other Grants

The Port receives federal grants for Airport capital development under the FAA AIP that are used to fund eligible transportation infrastructure. The Port was appropriated $4,443,829 and received an FAA AIP entitlement grant of approximately $820,000 in Federal Fiscal Year (FFY) 2022 based on (1) levels of funding authorized and appropriated by Congress for the program, (2) the number of passengers and amount of cargo at the Airport, and (3) a 75% reduction in entitlement grants associated with the Port's $4.50 PFC level. The remainder of the funds appropriated in FFY 2022 are carried over to the following fiscal year. The two general aviation airports are appropriated a total of $300,000 in FAA AIP non-primary entitlement funds per year. The Port also receives FAA AIP discretionary grants for specific projects pursuant to grant applications for such funding, which are a function of the amounts authorized and appropriated by Congress and the FAA's prioritization of competing projects. . As a response to the COVID-19 pandemic, Congress passed several federal relief grant packages, further described in section 4.3.5.

On November 15, 2021, the President signed into law an approximately $1 trillion investment of the federal government into U.S. infrastructure (Bipartisan Infrastructure Law). The Bipartisan Infrastructure Law contains an investment of approximately $25 billion into aviation, which includes $15 billion of funding for airport infrastructure projects that increase safety and expand capacity, $5 billion of discretionary funding for new airport terminal facilities, and $5 billion of funding to improve air traffic control facilities. On November 18, 2021, the U.S. Department of Transportation released information on how this funding is expected to be distributed to each U.S. state. [97] Under the Bipartisan Infrastructure Law, the State is expected to receive approximately $211 million of funding for development at the airports in the state, including the Airport, over a five-year period. The FAA announced the first-year Airport funding amounts from the Bipartisan Infrastructure Law on December 16, 2021. The Airport's total allocation for FFY 2022 is $20.1 million and for FFY 2023 is approximately $20.1 million. The Port is intending to address airside and terminal development projects with the funding. In addition to these funds the Airport was also awarded $18.4 million in Airport Terminal Program (ATP) grants for the Terminal Core Redevelopment project to convert the heating system at the PDX terminal from boilers fueled by fossil fuels to an electric-powered heat pump.

Exhibit A presents projected funding based on the Port's FY, and it expects to be able to fund a portion of its capital development with FAA AIP grants. The expected grant funding for the CIP is approximately $304.0 million through FY 2030.

3.4.2 Passenger Facility Charge Revenues

PFC revenues are used to pay for certain FAA-approved, PFC-eligible projects, either by using certain PFC revenues to pay for approved project costs on a pay-as-you-go basis or by pledging and assigning certain PFC revenues to pay debt service associated with bonds used to fund approved projects. After payment of debt service on outstanding PFC Bonds secured solely by PFC revenues, the Port may use available PFC revenues to fund approved projects. As of January 1, 2023, the Port had outstanding approximately $20.0 million aggregate principal amount of its Series 2012A PFC Bonds and approximately $51.6 million aggregate principal amount of its Series 2022A PFC Refunding Bonds

The Port received its first approval from the FAA to impose a PFC in April 1992 and began collecting a $3.00 PFC per eligible enplaned passenger on July 1, 1992. The Port subsequently received FAA approval to increase its PFC level to $4.50 per eligible enplaned passenger and began collecting at the $4.50 level on October 1, 2001. Pursuant to FAA regulations, the current $4.50 PFC level collected by the Port results in a 75% reduction in AIP passenger entitlement grants. As of June 30, 2022, the Port is authorized by the FAA to impose and use approximately $1.2 billion of PFC revenues (at the $4.50 level) for various projects. Based on the FAA's most recent Final Agency Decision, the charge-expiration is July 1, 2036. As of September 30, 2022, the Port had collected approximately $771.8 million of its total approved collection authority and had spent approximately $673.6 million on approved projects.

As presented in Exhibit A, the Port plans to use a total of $225 million of PFC revenues on a pay-as-you-go basis to fund a portion of the Terminal Core Redevelopment project.

[97] USDOT Releases State by State Fact Sheets Highlighting Benefits of the Bipartisan Infrastructure Law, U.S. Department of Transportation, November 18, 2021, https://www.transportation.gov/briefing-room/usdot-releases-state-state-fact-sheets-highlighting-benefits-bipartisan, accessed December 2021.

3.4.3 Port and Airport Funds

The Port has historically used internal funds from the operation of the Airport to fund certain projects in the CIP. Per the Bond Ordinances, any Revenues remaining in the General Account after all obligations have been satisfied can be used by the Port for any lawful aviation-related use or purpose pertaining to the Airport or to aviation or air transport interests of the Port, including general aviation facilities (Port Funds). Also, the Airline Agreements require the Port to use 100% of the debt service coverage generated through airline rates and charges to fund capital improvements in the Airline Cost Center or to fund the airlines' allocated portions of capital improvements in the indirect cost centers (Airport Funds[98]). The Port is planning to use Port and Airport funds as available to fund approximately $1.0 billion of CIP project costs.

3.4.4 Bond Proceeds and Commercial Paper Proceeds

The remaining CIP is estimated to be funded with $1.79 billion in both previously issued and future Airport Revenue Bonds, including the Series Twenty-Nine Bonds. The Port will utilize up to $300 million of commercial paper[99], as an interim funding source, between the issuance of each series of bonds with the expectation of repaying the outstanding commercial paper when bonds are issued. Of the $1.79 billion, $752.1 million in project costs are being funded with proceeds of previously issued bonds and $745.4 million in project costs are expected to be funded with the Series Twenty-Nine Bonds.

The Port is planning to issue Additional Bonds through the Projection Period to fund $291.1 million of the CIP based on the future timing of project costs and cash flow needs. Of the $291.1 million in project costs assumed to be funded with future bond proceeds, approximately $233.0 million is currently planned to fund the remaining elements of the Terminal Core Redevelopment project, approximately $46.8 million is planned to fund the Baggage Handling System CBRA Expansion, and approximately $11.3 million is currently assumed to fund all or a portion of the Central Utility Plant HVAC and roof replacement.

3.5 Financial Impacts

The projected financial impacts of the CIP are incorporated in this Report. It is possible that during the Projection Period, the Port may consider other potential future Airport improvements not planned at this time or reconsider undertaking certain future CIP projects. However, the Port will only undertake construction on any other potential future projects when demand warrants, necessary environmental reviews have been completed, necessary approvals have been obtained, and associated project costs can be supported by a reasonable level of Airport user fees or other discrete funding sources such as state/federal grants, PFCs, Port funds, CFCs, and/or third-party funds.

[98] See Section 4.3.3.6 for a description of how Airport Funds are generated per the Airline Agreements.
[99] See Section 4.3.2.1 for a description of the Port's $315 million commercial paper program, of which $300 million is available to fund project costs.

4 Financial Framework and Analysis

This chapter discusses the financial framework for the Airport, including an overview of the governing body, management structure of the Port, financial structure including Airport cost centers, certain obligations of the Bond Ordinances, and certain provisions contained in the Airline Agreements (defined herein) and in other key agreements at the Airport. Additionally, the Port's CIP for the Airport including funding sources, the planned Series Twenty-Nine Bonds sources and uses, debt service projections, Operation and Maintenance (O&M) Expenses, Revenues projections, debt service coverage, and other key financial analyses are described in this chapter.

Exhibits contained at the end of this chapter present actual results for FY 2021, FY 2022, and projections for FY 2023 through FY 2030. For the purposes of this Report, the Projection Period is FY 2023 through FY 2030. The Port's budget for FY 2023 was primarily used as the basis for financial projections for FY 2023.

Historical financial information about the Airport's finances and operations predates the ongoing COVID pandemic and should be considered in light of the possible or probable negative effects the COVID pandemic may have on current and future finances and operations of the Airport.

This chapter also contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. The financial projections included in this Report represent the Port's projection of future results, which L&B has reviewed and incorporated herein, based on information then available to the Port and L&B as well as estimates, trends and assumptions that are inherently subject to economic, political, regulatory, competitive and other uncertainties, all of which are difficult to predict and many of which will be beyond the control of the Port and L&B. Prospective investors should assume that the restrictions and limitations related to the ongoing COVID-19 pandemic, and the current state of the air travel industry and the national and global economies, could increase at least over the near term, recovery may be prolonged, and, therefore, have an adverse impact on Airport revenues. As a result, projected results may not be realized and actual results could be significantly higher or lower than projected. Neither the Port nor L&B are obligated to update, or otherwise revise, the financial projections or the specific portions presented to reflect circumstances existing after the date when made or to reflect the occurrence of future events, even in the event that any or all of the assumptions are shown to be in error.

4.1 Airport Governing Body

The Airport is owned and operated by the Port, which provides the ASA with commercial airline passenger service, air cargo services, and general aviation services. The Port is governed by a nine-member Board of Commissioners that establishes and controls policies for the Port. Board members are appointed by the Governor of Oregon and are confirmed by the Oregon State Senate. Board members serve four-year terms and can be reappointed. The Board is headed by a President who is appointed by the Governor. The President designates the other officers of the Board.

The Airport is operated by the Port as an independent enterprise, separate from the general aviation airports and from the Port's other enterprises, although the general aviation airports serve as reliever airports for the Airport from an operational perspective and are subsidized from Revenue remaining after all other obligations are provided.

4.2 Management Structure

The Port employs an Executive Director and other officers, agents, employees and advisors. The Executive Director and the staff implement the policies established by the Board. In addition to the Executive Director, the senior management team of the Port is comprised of the Chief Operating Officer, Chief Trade and Equitable Development Officer, Chief Financial Officer, General Counsel, the Chief Project Delivery and Safety Officer, PDX Next Chief Project Officer, Chief Administration Officer, and Chief Diversity and Social Impact Officer.

Several departments at the Port are responsible for the planning, development, and operation of capital projects and facilities at the Airport. The Director of PDX Next Operations in the PDX Next Central Project's Office Division is responsible for the oversight of PDX Next projects. The Director of PDX Business and Properties is responsible for the Port's contractual relationships with the various airlines, concessionaires, rental car operators and other tenants providing services at the Terminal. The Director of Planning and Development is responsible for the planning, development, management and implementation of projects and long-term facilities planning. Airport operations, terminal leasing, and concessions development and operations are managed by the Port's Operations Division, which is headed by the Chief Operating Officer.

4.3 Financial Structure

The Port's airport system includes the Airport and the Port's two General Aviation Airports. For accounting purposes, the Airport is operated as an independent enterprise by the Port and is separate from other Port enterprises. As described in Section 4.3.2 below, fund amounts deposited into the Airport Revenue Fund are not commingled with any other funds of the Port and are used and applied only in the manner as specified in the Bond Ordinances. A discussion of the application of Airport Revenues is below.

The Port funds operations at the Airport with revenues generated from Airport rentals, fees, and charges. Capital improvements at the Airport are funded by the Port with: (1) revenues generated from Airport rentals, fees, and charges; (2) airport revenue bond proceeds; (3) federal, state, and other grants-in-aid; (4) PFC revenues, (5) PFC bond proceeds, (6) CFC revenues, and (7) CFC bond proceeds. There is no commingling of funds with the Port General Fund. The Port accounts for all of its marine terminals, business and industrial parks, and other properties, the dredge *Oregon*, and two General Aviation Airports in the General Fund.

From an operational perspective, the General Aviation Airports serve as reliever airports for the Airport. Under Port Ordinance No. 323, one of the Port's revenue bond ordinances described in more detail below, Revenues from the Airport can be used to fund projects at the General Aviation Airports. Any shortfalls associated with the operation of the General Aviation Airports can be funded with remaining amounts in the Airport's General Account, after paying O&M Expenses, funding required amounts in the SLB Fund, the Junior Lien Obligation Fund, the Third Lien Obligation Fund, and making any Remaining Contingent Fee Payments (as described below in Section 4.3.2.1).

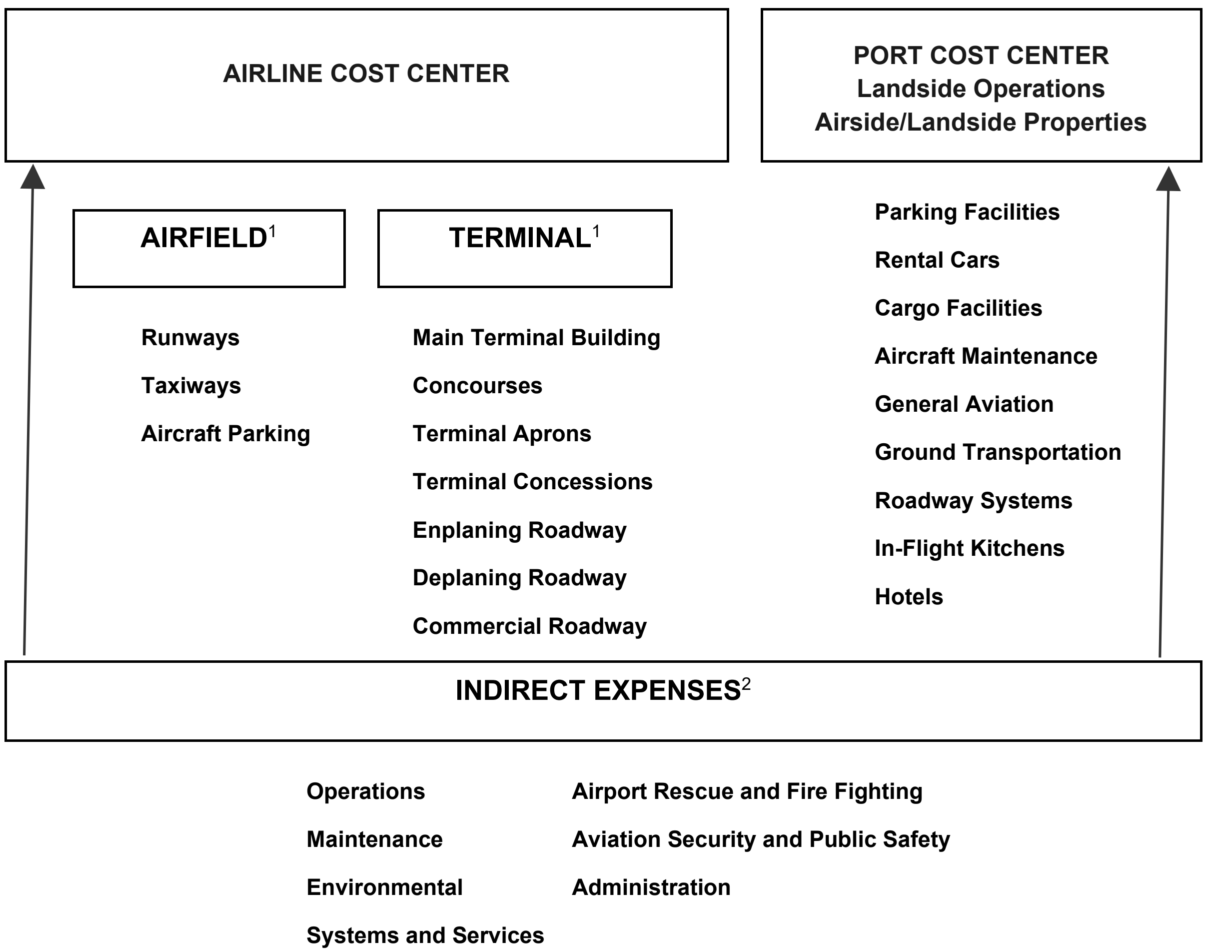
4.3.1 Accounting Structure

The Port has used a cost-center structure for the Airport since FY 1992. Of the Port's 13 cost centers, six are direct, revenue-producing cost centers and seven are indirect cost centers that are allocated to the direct cost centers. The Airfield and Terminal direct cost centers, plus their allocated portions of the indirect cost centers, comprise the Airline Cost Center. The Ground Transportation, Non-Aviation, Other Aviation and Air Cargo direct cost centers, plus their allocated portions of the indirect cost centers, comprise the Port Cost Center. As described below, rate-setting at the Airport is residual in connection with the Airline Cost Center (the airlines have primary responsibility and risk and benefit from Non-Airline Revenues). The Port has the responsibility and risk for the Port Cost Center revenues and costs, although the Port also shares some Port Cost Center revenues with the airlines.

The Airline Cost Center includes O&M expenses, debt service, debt service coverage, terminal concession revenues, and Revenues from both passenger and all-cargo airlines. The Series Twenty-Nine Bonds are payable from the Airport Net Revenues. Costs of the projects planned to be funded with Series Twenty-Nine Bonds proceeds are anticipated to be allocated completely to the Airline Cost Center.

The Port's cost center structure for the Airport is presented in **Figure 4-1** and is further described below.

Figure 4-1 Airport Cost Center Structure



[1] Airfield and Terminal are Residual Cost Centers.
[2] Indirect Expenses are allocated to the Airline Cost Center and the Port Cost Center per the airline agreement.
Source: The Port of Portland

4.3.1.1 Direct Cost Centers

Airline Cost Center

- **Airfield Cost Center.** The cost center to which Revenues and expenses associated with the areas and facilities provided for the landing, takeoff, and taxiing of aircraft, including approach and turning zones, avigation or other easements, runways, taxiways, runway and taxiway lighting systems, and other appurtenances in connection therewith (e.g., lighting, navigational aids, etc.). Aircraft apron areas for the loading and unloading of passengers and cargo from aircraft, servicing aircraft, and maneuvering of aircraft to and from active taxiways are not included as part of the Airfield Cost Center.
- **Terminal Cost Center.** The cost center to which Revenues and expenses associated with (a) the passenger terminal building and concourse areas; (b) the enplaning, deplaning, and commercial roadways immediately adjacent to the terminal; (c) public areas within the terminal; (d) the aircraft parking and maneuvering areas adjacent to the terminal; and (e) the areas of the terminal used for the screening of passengers and baggage.

Port Cost Center

- **Ground Transportation.** The cost center to which Revenues and expenses associated with areas and facilities accommodating ground transportation, including Airport public access roadways (other than those that are part of the Terminal), automobile parking facilities, and rental car operations.
- **Air Cargo.** The cost center to which Revenues and expenses associated with areas and facilities leased or provided for air cargo activities.
- **Other Aviation.** The cost center to which Revenues and expenses associated with areas and facilities provided for aviation activities that are not allocated to the Airfield, Terminal, or Air Cargo cost centers (e.g. general aviation).
- **Non-Aviation.** The cost center to which Revenues and expenses associated with areas and facilities provided for commercial and industrial property ground leases at the Airport. These include, but are not limited to, the Portland International Center, hotels, warehousing, and commercial office buildings.

4.3.1.2 Indirect Cost Centers

- **Operations.** Expenses associated with salaries, benefits, and supplies of the Airport’s operations staff and not attributable to any direct cost center.
- **Maintenance.** Expenses not attributable to any other direct cost centers, consisting of the salaries, benefits, and supplies associated with the maintenance staff, as well as the expenses of contracted maintenance services. Also included are the expenses of the Airport’s maintenance facility located on the south side of the Airport.
- **Environmental.** Expenses associated with salaries, benefits, and supplies for the Aviation Environmental Department. Also, included are expenses associated with environmental activities and facilities.
- **Systems and Services.** Expenses associated with the Central Utility Plant, which provides electrical power, heating, air conditioning, and steam for the Terminal and Airfield. Also included are sewer and water expenses for the Airport that are not attributable to any direct cost centers.

- **Airport Rescue and Fire Fighting (ARFF).** Expenses associated with salaries, benefits, and supplies of the ARFF department. Also, included is the cost of maintaining the ARFF facility and equipment, as required pursuant to FAA regulations.
- **Aviation Security and Public Safety.** Expenses associated with salaries, benefits, and supplies of the Airport police department as required pursuant to FAA regulations. The maintenance expenses of this department are also included in this cost center. Passenger security screening costs are paid directly by the airlines.
- **Administration.** The total costs of the Port departments responsible for Airport planning, properties, marketing, communications, and administrative staff. Also included are costs for a portion of Airport insurance and the Airport's share of services received from corporate overhead departments.

4.3.2 Bond Ordinances

Port Ordinance No. 155, enacted by the Board on November 10, 1971, as amended, restated, and supplemented (Ordinance No. 155); and Port Ordinance No. 323, enacted by the Board on October 9, 1985, as amended, restated, and supplemented (Ordinance No. 323), authorize the issuance of airport revenue bonds at the Airport to pay the costs of acquiring and constructing Airport improvements, among other items. The Series Twenty-Nine Bonds are being issued pursuant to various provisions in Ordinance No. 155, Ordinance No. 323, and Ordinance No. 479-B (the Series Twenty-Nine Bonds Ordinance) enacted by the Port on January 11, 2023 and effective on February 10, 2023. Ordinance No. 155, Ordinance No. 323, and the Series Twenty-Nine Bonds Ordinance are, collectively, referred to in this Report as the Bond Ordinances.

The Series Twenty-Nine Bonds are being issued as SLBs under the Bond Ordinances and secured by a pledge of Revenues of the Airport on parity with the pledge of Revenues securing payment of the Port's outstanding SLBs. As of January 1, 2023, the Port had approximately $1.53 billion in outstanding aggregate principal amount of SLBs. The Bond Ordinances define SLBs as "Subordinate Lien Bonds," but the Port no longer has obligations outstanding secured by a pledge of Revenues that is prior to the pledge securing the SLBs, and the Port has covenanted in the Bond Ordinances not to issue any obligations payable from the Revenues or money in the General Account that have a claim prior to the claim of the SLBs. As a result, SLBs are effectively senior lien bonds and include the outstanding SLBs, Scheduled Swap Obligations, outstanding Parity Reimbursement Agreements, the Series Twenty-Nine Bonds, any additional SLBs, including any additional Scheduled Swap Obligations and any Parity Reimbursement Agreements that may be issued or entered into in accordance with the Bond Ordinances. This Report uses the term "SLB" in place of "Subordinate Lien Bonds" to avoid confusion.

Pursuant to the Bond Ordinances, Net Revenues means for any past period, the aggregate of the Revenues actually paid into the Airport Fund during such past period, and for any future period, the aggregate of the Revenues estimated to be paid into the Airport Fund during such future period, minus for any such past period the aggregate of the Costs of O&M Expenses of the Airport actually paid or accrued during such past period, or minus for any such future period the aggregate of the Costs of O&M Expenses of the Airport estimated to be paid or accrued during such future period, as the case may be.

4.3.2.1 Flow of Funds

Section 13 of Port Ordinance No. 155 and Section 7 of Port Ordinance No. 323, as amended and restated, establish certain funds and accounts and the priority for the flow of Revenues and certain other amounts to such funds and accounts, as described below. **Figure 4-2** illustrates the flow of funds for the Airport.

- **Airport Fund.** All Revenues of the Airport are required to be deposited into the Airport Fund, which is administered by the Port. Revenues credited to the Airport Fund must first be used and applied by the Port to the payment of the Costs of O&M Expenses of the Airport.

- **General Account.** On the first business day of each month, after paying the Costs of O&M Expenses, the Port is required to credit the balance of Revenues in the Airport Fund to a separate account in the Airport Fund held by the Port (the General Account). The Port is required to credit Net Revenues in the General Account to the following Funds, as defined in the Bond Ordinances, in the following order of priority:

  – First: to the Trustee for deposit to the SLB Principal and Interest Account, until all required deposits to that account have been made;

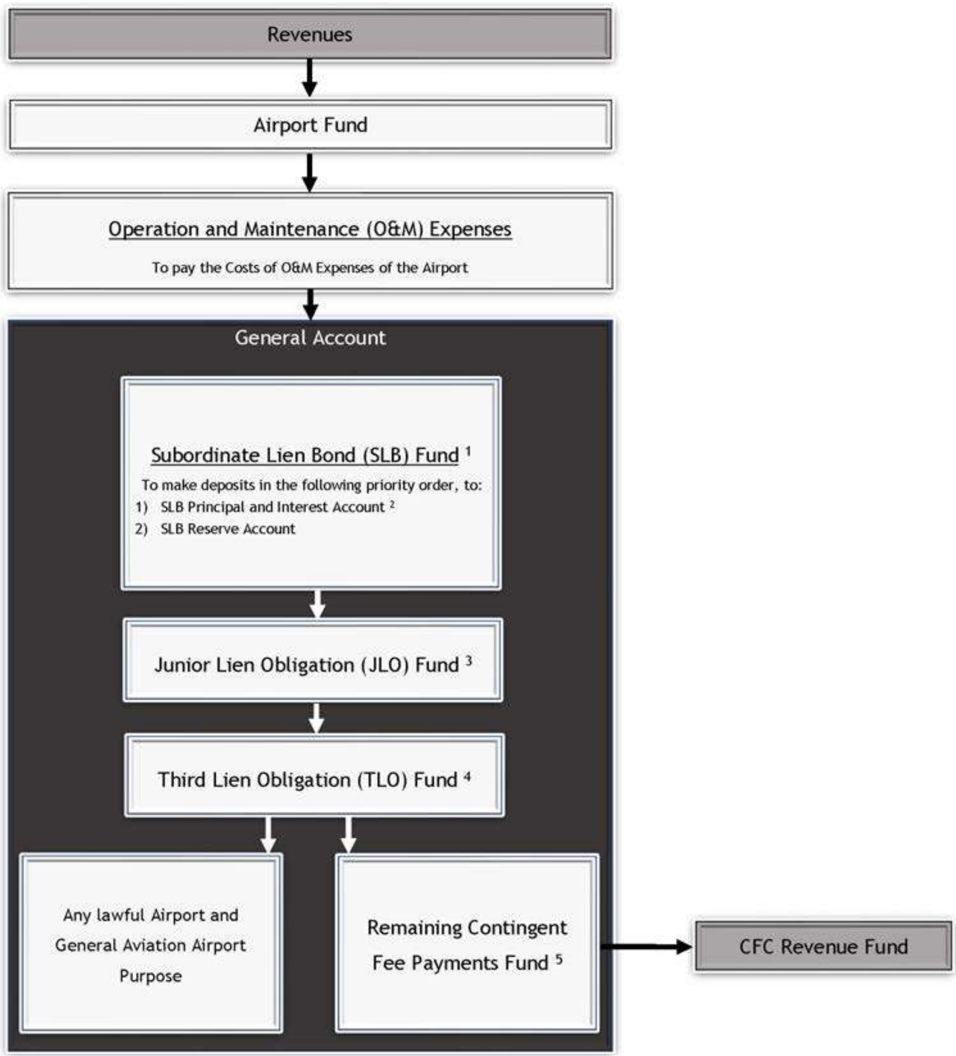
  – Second: to the Trustee for deposit to the SLB Reserve Account, until all required deposits to that account have been made;

  – Third: to the Port for deposit in the Junior Lien Obligation (JLO) Fund, until all required deposits to that fund have been made; and

  – Fourth: to the Port for deposit in the Third Lien Obligation (TLO) Fund, until all required deposits to that fund have been made.

In addition to the SLBs, the Port is authorized under the Bond Ordinances to issue subordinate obligations, including JLOs and TLOs. At this time, the Port currently has no outstanding stand-alone bonds that are JLOs, but certain obligations under outstanding Parity Reimbursement Agreements and Other Swap Obligations (including termination payments and collateralization) under the Series Eighteen Swaps are payable from the JLO Fund. The Port's Board enacted Ordinance No. 463-CP on November 8, 2017 (CP Bond Ordinance), authorizing the issuance of up to $300 million of its Third Lien Commercial Paper Notes, which constitute TLOs. The Port currently has one series of Commercial Paper Notes outstanding (Series B) totaling approximately $16.2 million as of January 1, 2023. The Port is planning to repay all outstanding Commercial Paper Notes and interest with proceeds of the Series Twenty-Nine Bonds. Commercial Paper Notes are an important source of liquidity to support the Port's CIP. To support payment of the Commercial Paper Notes, the Port obtained an irrevocable direct-pay letter of credit in the initial stated amount of $315 million (Commercial Paper Letter of Credit) from Bank of America, N.A. (Commercial Paper Bank). The Commercial Paper Letter of Credit expires on May 30, 2025, unless extended or terminated sooner in accordance with its terms. Amounts owed to the Commercial Paper Bank are payable from the TLO Fund. In addition, Other TLO Swap Obligations (including termination payments) under the PFC Bond Swaps are payable from the TLO Fund.

Figure 4-2 Flow of Funds



1 The SLB Fund is held by the Trustee.

2 The Airport Revenue Bond Ordinances provide that in the event of a shortfall in the combined SLB Principal and Interest Account, the Trustee first would apply available amounts to pay, on a pro rata basis, interest on SLBs and any amounts due in respect to Scheduled Swap Obligations.

3 The Port currently has no outstanding stand-alone bonds that are Junior Lien Obligations, but certain obligations under outstanding Parity Reimbursement Agreements and Other Swap Obligations (including termination payments and collateralization) under the Series Eighteen Swaps are payable from the JLO Fund.

4 The Port's Board enacted Ordinance No. 463-CP on November 8, 2017, authorizing the issuance of up to $300 million of its Third Lien Commercial Paper Notes, which constitute TLOs. In addition, Other TLO Swap Obligations (including termination payments) under the PFC Bond Swaps are payable from the TLO Fund.

5 Only amounts remaining in the General Account after giving effect to the disbursements to the SLB Fund, the JLO Fund, and the TLO Fund constitute Remaining Contingent Fee Payments. The Remaining Contingent Fee Payments are deposited into the Remaining Contingent Fee Payments Fund. However, in no case will Remaining Contingent Fee Payments exceed the amount of Contingent Fee Payments received by the Port during the applicable period.

Source: Derived from the Bond Ordinances and the CFC Bond Ordinance.

The Remaining Contingent Fee Payments Fund is held by the Port. On or before the first day of each month, the Port is required to set aside and pay into the Remaining Contingent Fee Payments Fund the Remaining Contingent Fee Payments, if any, and is required to immediately thereafter transfer all amounts in the Remaining Contingent Fee Payments Fund to the CFC Revenue Fund established under Ordinance No. 461-B (the CFC Bond Ordinance) to pay debt service on the Series 2019 CFC Revenue Bonds for application in accordance with the CFC Bond Ordinance. Amounts remaining in the General Account, if any, after the credits described above in "First" through "Fourth" above have been made, constitute Remaining Contingent Fee Payments; provided, that in no case will Remaining Contingent Fee Payments exceed the amount of Contingent Fee Payments received by the Port from each of the Rental Car Concessionaires under the related rental car concession agreement during the applicable period. Contingent Fee Payments are Revenues under the Bond Ordinances.

The Bond Ordinances permit any Revenues remaining in the General Account after the transfers described above, and after the Remaining Contingent Fee Payments have been transferred to the Remaining Contingent Fee Payments Fund to be used by the Port for any lawful aviation-related use or purpose pertaining to the Airport or to aviation or air transport interests of the Port, including general aviation facilities, as needed.

4.3.2.2 Rate Covenant

In the Bond Ordinances, the Port has covenanted to impose and prescribe a schedule of rates, rentals, fees, and other charges for the use and services of the facilities and commodities furnished by the Airport, to revise the same from time to time whenever necessary, and to collect the income, receipts, and other money derived therefrom so that (1) Revenues will be sufficient to discharge all claims, obligations, and indebtedness payable from or secured by Revenues, (2) the Net Revenues in each FY will be at least equal to 130% of the SLB Debt Service Requirement for such FY for all SLBs then outstanding, and (3) the Net Revenues, together with other amounts that are available to pay Other Swap Obligations, are sufficient to pay all Other Swap Obligations and any Junior Lien Obligations when due.

The Port also covenanted to impose and prescribe such schedule of rates, rentals, fees, and other charges for the use and services of the facilities and commodities furnished by the Airport and to revise the same from time to time, whenever necessary and to collect the income, receipts, and other moneys derived therefrom, so that the Net Revenues in each Fiscal Year will be at least equal to the sum of: (i) the amounts described under (2) in the paragraph above plus (ii) 100% of the Excess Principal coming due in such Fiscal Year. As defined in the Bond Ordinances, "Excess Principal" means the principal amount of any Outstanding SLBs which, in accordance with any reimbursement agreement, or other agreement pursuant to which any Credit Facility is given in connection with such SLBs, is due and payable by the Port in a particular FY (whether by virtue of scheduled maturity, mandatory redemption, or any similar method), but only to the extent the principal amount of such SLBs, which is so due and payable in such FY, exceeds the principal amount which in the absence of the provisions of such reimbursement agreement, or other agreement referred to above, would otherwise be due and payable in such FY (whether by scheduled maturity or mandatory redemption). The Port has reserved the right, however, to delete provisions relating to "Excess Principal" and to amend the definition of "SLB Debt Service Requirement." For the purposes of determining the Port's compliance with the rate covenants set forth in the Bond Ordinances, non-cash, unrealized gains, losses, expenses and/or revenues, including the fair value of Qualified Swaps, Qualified TLO Swaps, other swap agreements or other derivative products, shall be disregarded.

4.3.2.3 Additional SLBs

Pursuant to the Bond Ordinances, the Port is authorized to issue additional SLBs, subject to meeting certain conditions. As stated previously, the Port has covenanted not to issue any obligations payable from Revenues or moneys in the General Account which have a claim prior to the claim of SLBs and Scheduled Swap Obligations.

To issue such SLBs (such as the Port's proposed Series Twenty-Nine Bonds), the Port must provide certain documents to the Trustee pursuant to the Bond Ordinances including either:

a) An Airport Consultant's written report setting forth projections which indicate:
   (i) the estimated Net Revenues for each of three consecutive Fiscal Years beginning in the earlier of (A) the first Fiscal Year following the estimated date of completion and initial use of all revenue-producing facilities to be financed with such series of SLBs, based upon a certified written estimated completion date by the consulting engineer for such facility or facilities, or (B) the first Fiscal Year in which the Port will have scheduled payments of interest on or principal of the series of SLBs to be issued for payment of which provision has not been made as indicated in the report of such Airport Consultant from proceeds of such series of SLBs, investment income thereon or from other appropriated sources (other than Net Revenues); and,
   (ii) that the estimated Net Revenues for each Fiscal Year are equal to at least 130% of the SLB Debt Service Requirements on all SLBs schedule to occur during that Fiscal Year after taking into consideration the additional SLB Debt Service Requirements for the series of Bonds to be issued; or

b) An Assistant Secretary of the Port's certificate stating that, for either the Port's most recent complete FY or for any consecutive 12 out of the most recent 18 months, Net Revenues were equal to at least 130% of the maximum SLB Debt Service Requirement on all Outstanding SLBs in any future FY and the series of SLBs proposed to be issued.

4.3.3 Airline Agreements

The Port is a party to two types of airline agreements, the Second Amended and Restated Signatory Passenger Airline Lease and Operating Agreements entered into as of October 1, 2019, and Affiliate Passenger Carrier Operating Agreements (together, the Signatory Passenger Airline Agreements) and the Second Amended and Restated Signatory Cargo Carrier Operating Agreements (the Signatory Cargo Airline Agreements and together with the Signatory Passenger Airline Agreements, the Signatory Airline Agreements). The Signatory Airline Agreements establish, among other things, procedures for setting and adjusting rentals, rates, fees, and charges to be collected for the use of Airport facilities. The Signatory Airline Agreements were amended and restated in 2019 to extend the term through June 30, 2030, unless terminated earlier by the Port because of an airline's uncured event of default, or in the event any State, federal or local government or agency takes possession of, or a substantial portion of, the Airport by condemnation or conveyance in lieu of condemnation or may be terminated by the Port or by the applicable airline if a court by a final decision prevents performance by the Port of any of its material obligations under the Agreement. Twelve passenger airlines have executed the Signatory Passenger Airline Agreements, which, including their operating affiliates, accounted for more than 99% of enplaned passengers at the Airport in FY 2022. Ten all-cargo carriers have signed the Signatory Cargo Airline Agreements. The airlines that have executed the Signatory Airline Agreements are referred to as the "Signatory Airlines".

The Signatory Airline Agreements govern airline use of certain Airport facilities, including ramp, terminal, baggage claim, ticket counters and gate areas, and certain cargo and other facilities, and permit the Signatory Airlines to lease Exclusive Space, Preferential Space and Shared Space. Exclusive Space includes ticket counter space, office space, operations space, airline club lounges, baggage makeup space and baggage service area space; and Preferential Space is Airport space, including aircraft loading bridges and/or other aircraft support equipment leased to the Signatory Passenger Airline and to which the Signatory Passenger Airline has a higher and continuous priority of use over all other air carriers and concessionaires. Shared Space includes some baggage make-up areas, corridors and ticket offices, and leased areas of the Terminal shared by more than one air carrier, but excluding Baggage Claim Areas; and Common Use Space includes Port-controlled ticket counters, ticket offices, equipment, kiosks, and gates the Port has not leased but has reserved for the flexible and temporary use of any Air Carrier serving the Airport.

Passenger airlines and cargo carriers operating at the Airport that are not Signatory Airlines or affiliates of Signatory Airlines (the Non-Signatory Airlines) are subject to rates and charges established pursuant to Port Ordinance No. 433-R and Amended and Restated Ordinance No. 389-R (together, the Non-Signatory Ordinances), which do not benefit from the revenue sharing described below and reflect a 25% premium over the rates and charges established in the Signatory Airline Agreements.

The Signatory Airlines have no right to terminate their Signatory Airline Agreements, but each does have a right as of July 1, 2025, with six months' notice, to reduce its Exclusive Space, Preferential Space, and/or Shared Space in the Terminal (as defined in the Signatory Airline Agreements) so long as the Signatory Airline continues to lease at least 100 square feet of Exclusive Space for the entire term of the Signatory Airline Agreement. This provision recognizes that such space reduction would have been available to each Signatory Passenger Airline as of July 1, 2025 had the Signatory Airline Agreement not been amended to extend the term through June 30, 2030.

The key provisions of the Signatory Airline Agreements are summarized in the following sections and are used as the basis for projecting airline revenues for this Report.

4.3.3.1 Residual Rate-Setting Methodology in the Airline Cost Center

As described earlier in this chapter, the Airport has been segregated into two primary cost centers for the purposes of setting airline rates and charges: the Airline Cost Center and the Port Cost Center. The Airline Cost Center includes the Airfield and Terminal Cost Centers, each of which is a direct cost center, plus their allocated portions of indirect cost centers. The Port Cost Center includes four direct cost centers, including Ground Transportation, Air Cargo, Other Aviation, and Non-Aviation, plus their allocated portions of indirect cost centers.

A residual rate-setting methodology is applied to the Airline Cost Center. Airline rentals, fees, and charges are reviewed at least annually and adjusted as necessary to produce an amount such that Net Revenues equal the sum of (1) the O&M Requirement for the FY; (2) an amount equal to 130% of the annual deposit to the Interest, Principal, and Sinking Fund accounts of the SLB Fund for the FY allowed in connection with SLBs allocated to the Airline Cost Center; and (3) any required deposits to the Reserve Account. The Port typically adjusts landing fees and terminal rental rates so that any change is effective July 1 each FY, using budgeted O&M Expenses and Revenues for the coming FY. In addition, the Port may adjust rental rates to maintain compliance with the Bond Ordinances, as amended from time to time, with respect to the Airfield and Terminal Cost Centers. After the end of each FY, the Port will calculate a final adjustment of landing fees and terminal rental rates after the annual audit of Port records. In the cases where Signatory Airlines have overpaid landing fees and/or terminal rentals, the Port will refund such overpayment to the applicable Signatory Airlines within 30 days of the Port's determination. In the cases where Signatory Airlines have underpaid landing fees and/or terminal rentals, the Port will issue an invoice to the applicable Signatory Airlines for payment within 30 days. In summary, the Port settles terminal rental and landing fees for each FY and does not roll such variances into future FYs.

4.3.3.2 Port Cost Center

The Port Cost Center is not subject to the residual rate-setting methodology. Revenues generated in the Port Cost Center can be used by the Port to meet various obligations or be used for other authorized aviation-related purposes. The Port bears the responsibility and risk for the Port Cost Center, although it also shares with the airlines some of the revenues from the Port Cost Center.

4.3.3.3 Facilities Control

The Signatory Airline Agreements allow airlines to lease Exclusive, Preferential, and Shared Space. The airlines are obligated to lease this space through the term of the Airline Agreements except for the 2025 option as described below. Terminal space leased to airlines as Exclusive Space includes ticket counter space, office space, operations space, airline club lounges, baggage makeup space, and baggage service area space. Holdrooms and gate areas are leased on a preferential basis. The Signatory Airline Agreements allow more than one airline to lease and share space that would otherwise be Exclusive or Preferential Space. In addition to long-term leased space, the Port makes available common-use areas that may be rented in hourly increments (e.g. ticket counters and gates), or on a monthly basis.

During the term of the Signatory Airline Agreements, Signatory Airlines have the right to reduce their Exclusive Space, Preferential Space, or Shared Space by an amount not to exceed 25% of the aggregate square footage of its leased premises by providing the Port with written notice of its intent to do so not later than January 1, 2025. The Port, in its sole discretion, may elect to reject such space changes that result in uneconomic remnants of space. All approved reductions shall become effective as of July 1, 2025. Effective with the term of the Airline Agreements, each passenger Signatory Airline must lease a minimum of 100 square feet of Exclusive Space as a “Minimum Space Commitment” for the term of the Airline Agreements.

4.3.3.4 Revenue Sharing

The Signatory Airline Agreements include a formula for sharing Port Cost Center Revenues, subject to certain conditions, with the Signatory Airlines during the term of the Airline Agreements. Pursuant to the 10-year Signatory Airline Agreements, the Port has agreed to share $60 million of Port Cost Center Revenue, in annual installments of $6 million per FY, subject to any adjustments, offsets or reductions, including reductions if actual O&M Expenses are less than the targets set forth in the Signatory Airline Agreements and as described below. Revenue Sharing amounts for a given FY, if any, are allocated as a credit towards Signatory Airline Net Requirements (as described later in this Report) in the Airfield and Terminal Cost Centers in proportion to the Net Requirements in those Cost Centers prior to Revenue Sharing. With respect to the terminal, revenue sharing is allocated 50% to offset terminal rental rates, and 50% to offset baggage claim area rates.

The Airline Agreements allow for additional Revenue Sharing if the Airport SLB debt service coverage ratio (all cost centers) exceeds 1.75 times, after applicable transfers described below. To the extent that the Airport coverage ratio exceeds 1.75 times, the Port shall transfer incremental Net Revenues as additional Revenue Sharing per the schedule included in **Table 4-1**.

For example, if the Airport’s coverage ratio (prior to Revenue Sharing) were to be 1.93 times, Net Revenues available for additional Revenue Sharing would be those Net Revenues amounts in excess of the amounts required to achieve an Airport coverage ratio of 1.70 times. For additional information regarding this calculation for Revenue Sharing please refer to **Exhibit G** for actual FY 2022, budgeted FY 2023, and projections for FY 2024 through FY 2030 of additional Revenue Sharing amounts.

Revenue sharing is not guaranteed and may be reduced or eliminated as described below.

Table 4-1 Additional Revenue Sharing Schedule

Net Revenues Above This Airport Coverage Ratio	Net Revenues Up To and Including This Airport Coverage Ratio	Percentage of This Increment Paid As Additional Revenue Sharing
1.700	1.800	50%
1.800	1.900	25%
1.900	2.000	15%
2.000		0%

As a separate condition pursuant to Section 22.2 of the Airline Agreements, Revenue Sharing will only occur to the extent that the Port Cost Center debt service coverage remains above 2.35 times. The Revenue Sharing amount is reduced to a level that would maintain the debt service coverage ratio in the Port Cost Center at the 2.35 requirement, and the amount not paid by the Port would be eligible to be paid in the next FY.

If the Port is able to achieve actual O&M Expenses that are less than the prior FY O&M Expenses, revenue sharing is reduced according to a sliding scale summarized below in **Table 4-2**.

Table 4-2 Revenue Sharing Reductions Schedule

O&M Expenses Below this Percentage of Target	O&M Expenses Down to and including this Percentage of Target	Revenue Sharing Reduced by this Percentage of the Increment
100%	98%	10%
98%	96%	15%
96%	94%	20%
94%	92%	25%
92%		30%

4.3.3.5 Airline Disapproval of Capital Improvement Projects

The Signatory Airlines agreed in the Signatory Airline Agreements to a Majority-In-Interest (MII) disapproval process related to Airport capital improvement. Except as restricted by the Signatory Airline Agreements, the Port is able to incur indebtedness and make expenditures for capital improvements at the Airport and all costs associated with capital improvements in the Airline Cost Center, including finance charges, can be included in the calculations of airline rates.

Other than certain capital improvements identified in the Signatory Airline Agreements (and summarized below), any capital improvement with a total cost in excess of $1.0 million and funded in a manner that will directly impact the airline rate base is subject to the MII disapproval process. In general, Signatory Airlines can vote to disapprove a capital improvement with MII disapproval. MII disapproval is generally defined in the Signatory Airline Agreements as more than 75% of Signatory Airlines in number that also account for more than 75% of the Signatory Airline Terminal Rents paid in the Terminal Cost Center and more than 75% of the Signatory Airline Landing Fees paid in the Airfield Cost Center.

In the event of MII disapproval, the Port has the option to convene a meeting with the Airport and Airline Affairs Committee (AAAC) and address questions, ask that the disapproval be withdrawn, or request that another approval vote be taken. If an MII of impacted Signatory Airlines agree in writing to withdrawal of the disapproval, the Port may proceed with the capital improvement. Any capital improvement disapproved by a second vote cannot be submitted for an additional vote within 90 calendar days from the date of the second vote or any other subsequent vote. In addition, the Port may not commence construction on any capital improvement project that received Airline approval under the MII process if, at a later date, the established project cost exceeds 110% of the initial estimate. Instead, the Port is required to submit the project for MII consideration a second time to obtain approval for the project in light of the new construction cost estimate.

The Port may implement, at any time, certain types of capital improvements that are not subject to the MII process. These include the following:

- Projects required by a federal or State agency for public safety
- Projects not covered by insurance that repair casualty damage to Airport property which must be replaced to satisfy Port obligations or to maintain required Revenues
- Projects necessary to ensure compliance with lawful orders or requirements of other authorities with jurisdiction over Airport operations or that are required under the terms of federal or State grants
- Projects required to settle lawsuits, satisfy judgments, or comply with orders against the Port
- Projects which, if not completed, would substantially impair the current operation of the Airport or the airlines
- Projects required for the restoration or clean-up of Airport property due to any hazardous substance release
- Projects required to make additional terminal space or related facilities available for the expansion of an air carrier or a new entrant airline operation
- Projects requested by a Signatory Airline that are subject to a reimbursement agreement between such Signatory Airline and the Port

The projects to be funded in whole or in part by the Series Twenty-Nine Bonds, as projected per the assumptions in this Report, were not disapproved by the Signatory Airlines. As described earlier, in 2022, the Port finalized the GMP of the construction contract for the Terminal Core Redevelopment project with the Port’s general contractor. As part of this process, the cost of the Terminal Core Redevelopment project increased from $1.45 billion to $1.95 billion. The Port closely monitored developments related to the cost of the Terminal Core Redevelopment project and actively communicated with the Signatory Airlines about project costs prior to finalizing the GMP. The Port submitted the cost increase for MII review and obtained approval for the portion of the Terminal Core Redevelopment project costs which are attributable to project cost escalations in excess of 110% of the initial cost estimate of $1.45 billion.

4.3.3.6 Debt Service Coverage in the Airline Cost Center

Under the Signatory Airline Agreements for the calculation of landing fees and terminal rents, the Airfield and Terminal Net Requirements include 30% of the sum of direct and indirect debt service attributable to Airport revenue bonds issued to acquire capital improvements at the Airport, referred to as “debt service coverage.” The inclusion of debt service coverage in the Net Requirements for the Airfield and Terminal Cost Centers is in addition to allocated O&M Expenses, allocated overhead, allocated debt service, and other items, and is intended as a means of satisfying the Port's Rate Covenant obligation pursuant to the Bond Ordinances. The debt service coverage allocated to the Airline Cost Center is collected each FY by the Port. As shown in Exhibit B, in FY 2023, approximately 81% of the Port's annual SLB debt service is allocated to the Airline Cost Center. In FY 2030, approximately 93% of the Port's annual SLB debt service is projected to be allocated to the Airline Cost Center as the Airline Cost Center' share of overall SLB debt service is projected to increase in the future.

The Signatory Airline Agreements require the Port to allocate 100% of the debt service coverage generated by the airlines to fund capital improvements in the Airline Cost Center or to fund the airlines' allocated portions of capital improvements in the indirect cost centers. The Port may use debt service coverage to fund capital improvements at the Port's sole discretion. The Signatory Airlines have no disapproval rights for capital improvements funded in a manner that does not directly impact the airline rate base, such as with debt service coverage.

4.3.4 Other Agreements

The Port has agreements with other entities that operate, provide services, or occupy space at the Airport, including food court restaurants, cafes, pubs, full-service restaurants, quick-serve food and beverage, newsstands, retail shops, and display advertising, among other specialties. In addition, several Airport tenants have executed lease agreements with the Port governing their occupancy and use of space on Airport property. The Port has recently redeveloped its concession program through a comprehensive program. The program addressed the need to enhance the Airport's concessions program with offerings and environments that better reflect the values, tastes and lifestyles of current Airport customers and the Pacific Northwest. During this redevelopment effort, the Port has implemented metering of the concession spaces for utility usage and has begun recovering utility costs in each of the new concession lease agreements.

In addition to Terminal concession agreements and leases, the Port has a number of month-to-month operating agreements with companies that provide ground-handling, fueling, cabin-cleanup, and similar services on behalf of the Signatory Airlines.

The Port has a comprehensive Landside Management Agreement with SP Plus Corporation. This contract is for the operation of the Port's landside facilities including its parking system, shuttle bus system, and commercial roadway system. The Port pays the operator a fixed management fee in return for its management of these landside facilities. This practice is somewhat different than other airports, especially as it relates to parking, where the Port receives all revenues. It is common for airport operators of other airports to operate parking as a concession where the airport operator receives a percent of gross revenues. Additional details on this contract are contained below.

In November 2018, the Port signed new concession lease and operating agreements with five rental car companies (Avis Budget Car Rental, LLC; EAN Holdings, LLC; The Hertz Corporation; Sixt Rent a Car, LLC; and Todd Investment Company) to operate up to 12 rental car brands (Alamo Car Rental, Avis Car Rental, Budget Car Rental, Dollar Rent-A-Car, Enterprise Car Share, Enterprise Rent a Car, Hertz Car Rental, National Car Rental, Payless Car Rental, Sixt Rental Car, Thrifty Car Rental, and ZipCar Car Share) at the Airport. As of the date of this Report, only 11 of the 12 brands were operating at the Airport as Enterprise Car Share is not operating at the Airport. The rental car companies moved their operations to the new ConRAC Garage that opened in November 2021. The Port collects concession fees for the right to operate a rental car concession at the Airport, pursuant to a concession lease and operating agreement. Expect as described in the next paragraph, all of the rental car companies are required to collect CFCs on behalf of the Port, to hold CFC moneys in trust and to remit CFCs (whether actually collected or not) on a monthly basis. Additional details on the rental car concession agreement are contained below.

Effective November 11, 2022, the CFC levy ordinance was amended. The amendment enables the Port to enter into agreements with rental car companies authorizing them to use certain Airport facilities which are not adjacent to the Terminal, and which are not funded by CFCs, and not requiring such companies to collect and remit CFCs to the Port. This is expected to result in incremental fee revenue to the Port, and enhanced regulatory authority over those rental car companies which seek this opportunity, which are expected to be exclusively peer-to-peer car sharing companies such as Turo and Avail.

The Transportation Network Companies (TNCs) Uber and Lyft commenced operations at the Airport under a ground transportation permit on May 8, 2015. Effective June 11, 2018, the Port collects per-trip fees of $3.00 for each pick-up and each drop-off, which was increased from $2.00. The Port collected over $7.1 million in TNC per trip fees in FY 2019. TNC per trip fee revenue decreased in FY 2021 to $1.8 million primarily as a result of the impacts associated with the COVID-19 pandemic. In FY 2022, TNC revenue was $3,994,980, an increase of 123% compared to FY 2021 and representing approximately 56% of FY19 revenue. The Airport also continues to be served by taxis and shuttles, which pay a $3.50 per trip fee for pick-ups only, which was also increased on June 11, 2018, from $2.50.

4.3.4.1 Summary of Key Non-Airline Agreement Terms and Conditions

Airport non-airline agreements have various terms and conditions. In general, the business terms of the agreements are based on industry standards and practices. Additional summaries of key non-airline agreement terms are provided below.

- **Terminal Food and Beverage Agreements:**
  - Concession fees range between 10% and 14% of gross revenues (between 8% and 18% in the case of agreements entered into before 2014)
  - MAG equal to 80% of prior year concession fees
  - A temporary MAG reduction occurs under the following conditions:
    - Construction impacts - if adjacent Airport construction activity impacts concessionaire’s sales, MAG is reduced proportionately
    - Enplaned passenger decrease – if enplaned passengers decrease by more than 15% at the Airport, MAG is reduced proportionately
  - MAGs were reduced in FY 2020 and FY 2021 because of the reduction in enplaned passengers associated with the COVID-19 pandemic
  - Total MAG amounts for FY 2022 were approximately $2.8 million based on agreement terms
  - It is anticipated that MAG will be eliminated in future concession agreements, to be replaced by minimum sales performance requirements where the Port would be able to terminate contracts not meeting such requirements to allow for more financial flexibility
  - Agreement expiration dates vary with some through as late as June 30, 2031
  - Street pricing or requirements to offer merchandise and services at comparable quality to that offered outside the Airport and in the metropolitan area
  - The Port charges the concessionaires for employee parking ($35/month for each employee for surface parking and $80/month for garage parking) and utility costs in new contracts

- **Terminal Retail Agreements:**
  - Concession fees range between 10% and 14% of gross revenues (between 8% and 18% in the case of agreements entered into before 2014)
  - MAG equal to 80% of prior year concession fees

- – A temporary MAG reduction occurs under the following conditions:
  - Construction impacts - if adjacent Airport construction activity impacts concessionaire's sales, MAG is reduced proportionately
  - Enplaned passenger decrease – if enplaned passengers decrease by more than 15% at the Airport, MAG is reduced proportionately
- – MAGs were reduced in FY 2020 and FY 2021 because of the reduction in enplaned passengers associated with the COVID-19 pandemic
- – Total MAG amounts for FY 2022 were approximately $2.6 million based on agreement terms
- – It is anticipated MAG will be eliminated with future concession agreements, replaced by minimum sales performance requirements
- – Agreement expiration dates vary with some through as late as June 30, 2028
- – Street pricing or requirements to offer merchandise and services at comparable quality to that offered outside the Airport and in the metropolitan area
  The Port charges the concessionaires for employee parking ($35/month for each employee for surface parking and $80/month for garage parking) and utility costs in new contracts

- **Landside Management Agreement:**

  - – Includes automobile parking facilities, shuttle bus operations, and commercial roadway
  - – Term of agreement is through June 30, 2027.
  - – Port pays the operator a fixed management fee
  - – Limited off-airport parking competition by three operators, and Port collects 10% concession fee from off-airport parking operators

- **Rental Car Concession Agreement:**

  - – Concession fees equal to 10% of gross revenues
  - – MAG equal to greater of 85% of either prior year concession fees or initial year concession fees
  - – Total MAG amounts for FY 2022 were approximately $20.2 million
  - – MAG amounts for FY 2023 are estimated at approximately $22.4 million
  - – The Port and the five on-Airport companies completed negotiation in November 2018 on the terms of an amendment that extends the term of the concession agreements that allowed for the relocation of the on-Airport rental car company concessionaires to the new Port-owned quick-turn-around facility, and demolition by the rental car companies of the prior company-owned quick-turn-around facility. That concession agreement term continued until November 2021 when the current ConRAC Garage opened for operation. The term of the current agreement extends 20 years from November 2021 with the provision for an additional 10-year extension option at the Port's discretion.
  - – The Port has the right to rebid or renegotiate the new concession and lease agreement at year 10 of the lease.
  - – For use of the ConRAC Facility, each rental car company shall pay a concession fee, which is the greater of (a) 10% of annual gross receipts or 11% of gross receipts for any car sharing brand, or (b) the MAG as described below.
  - – In the new concession and lease agreement, the MAG is equal to 90% of either prior year concession fees or initial year concession fees. The MAG may be abated at the Port's discretion if deplaned passengers at the Airport decrease by more than 15% for three consecutive months as compared to the prior year.
  - – Each rental car company using the ConRAC Facility shall also be liable for its share of Contingent Fee Payments, as required, if the Port is not in compliance with the rate covenant in the Master CFC Revenue Bond Ordinance.

– For use of the ConRAC Facility, each rental car shall pay premises rent per square foot based on its proportionate share of the property.

4.3.5 Federal Relief Grant Assistance

4.3.5.1 CARES Act

The CARES Act was approved by the U.S. Congress and signed by the President on March 27, 2020. It is one of the legislative actions taken to address the crisis associated with the COVID-19 pandemic and includes among its relief measures direct aid in the form of grants for U.S. airports, as well as direct aid, loans and loan guarantees for passengers and cargo airlines. The CARES Act provides $10 billion of grant assistance to airports.

The FAA announced in April 2020 that it had allocated approximately $72.5 million to the Port for its airport system, and the Port has completely drawn and used these funds. The Port used approximately $27.7 million of CARES Act funds in FY 2020 and approximately $44.8 million of CARES Act funds in FY 2021.

4.3.5.2 Coronavirus Response and Relief Supplemental Appropriation Act

On December 27, 2020, the Consolidated Appropriations Act, 2021 was signed by the President. Division M of that Act is the CRRSAA. Title IV of CRRSAA provides approximately $2 billion in economic relief to airports to prevent, prepare for, and respond to the COVID-19 public health emergency, including relief from rent and MAGs for eligible airport concessions at primary airports.

The FAA announced on February 12, 2021 that it had allocated approximately $19 million to the Airport, and the Port has completely drawn and used these funds. Approximately $2.1 million of the allocated CRRSAA funding was required to be allocated and was used for concessionaire relief.

4.3.5.3 American Rescue Plan Act

On March 11, 2021, the President signed the American Rescue Plan Act of 2021 (ARPA), a $1.9 trillion economic stimulus package designed to help the United States' economy recover from the adverse impacts of the COVID-19 pandemic. In addition to other economic relief, ARPA includes financial relief for certain eligible airports. For eligible airports, ARPA appropriates $8 billion to assist such airports to prevent, prepare for, and respond to COVID-19, and such amounts remain available until September 30, 2024.

The FAA announced on June 22, 2021 that it had allocated approximately $72.0 million to the Airport. Of that amount, approximately $8.4 million must be used for concessionaire relief. In total, the Port has drawn on and plans to use approximately $25 million during FY 2022, $4.8 million during FY 2023, $24.8 million during FY 2024, and its remaining $9.0 million of ARPA funds for the Airport in FY 2025 (these amounts do not include the $8.4 million to be used for concessionaire relief).

4.3.5.4 Summary

A summary of the federal relief funds by federal program and by Port FY is presented in **Table 4-3**. Pursuant to the Bond Ordinances, the grants received through these federal relief programs are included as Revenues (non-operating Revenues for accounting purposes) and are used to provide assistance to airlines, concessionaires, and the Port. As a result, these funds help reduce airline costs at the Airport through credits to airline rates and charges and increasing amounts available to the Signatory Airlines through the Revenue Sharing provision under the Airline Agreements. The use of the relief funds also helps replace lost non-airline Revenues primarily driven by the reduction in passengers using the Airport as a result of the impacts associated with the COVID-19 pandemic. In addition to increasing Revenue Sharing, the use of these funds also improves net surplus Revenues to the Port to be used for any lawful Airport purpose after all other financial obligations are satisfied. Through FY 2022, the Port has used over $116 million of this grant assistance, which has helped to offset revenue losses experienced from the significant loss of passengers at the Airport caused by impacts associated with the COVID-19 pandemic. The Port intends to draw on and use the remaining grant funds during FY 2023 through FY 2025 as the recovery continues.

Table 4-3 Summary of Federal Relief Funds for the Airport (dollars in millions)

Federal Program	CARES Act	CRRSAA	ARPA	Total
FY 2020 Actual				
Airport	$27.7	$0.0	$0.0	$27.7
FY 2020 Total	***$27.7***	***$0.0***	***$0.0***	***$27.7***
FY 2021 Actual				
Airport	$44.8	$16.9	$0.0	$61.6
Concessions	0.0	2.1	0.0	2.1
FY 2021 Total	***$44.8***	***$19.0***	***$0.0***	***$63.7***
FY 2022 Actual				
Airport	$0.0	$0.0	$25.0	$25.0
Concessions	0.0	0.0	0.0	0.0
FY 2022 Total	***$0.0***	***$0.0***	***$25.0***	***$25.0***
FY 2023 Forecast				
Airport	$0.0	$0.0	$4.8	$4.8
Concessions	0.0	0.0	0.0	0.0
FY 2023 Total	***$0.0***	***$0.0***	***$4.8***	***$4.8***
FY 2024 Forecast				
Airport	$0.0	$0.0	$24.8	$24.8
Concessions	0.0	0.0	8.4	8.4
Total Remaining	***$0.0***	***$0.0***	***$33.2***	***$33.2***
FY 2025 Forecast				
Airport	$0.0	$0.0	$9.0	$9.0
Concessions	0.0	0.0	0.0	0.0
Total Remaining	***$0.0***	***$0.0***	***$9.0***	***$9.0***
Total Relief Funds				
Airport	$72.5	$16.9	$63.6	$153.0
Concessions	0.0	2.1	8.4	10.5
Total Relief Funds	**$72.5**	**$19.0**	**$72.0**	**$163.5**

Note: Amounts may not add because of rounding.
Source: The Port of Portland, January 2023.

4.4 The Series Twenty-Nine Bonds & Future Bonds

The Port plans to issue the Series Twenty-Nine Bonds to (1) fund a portion of the costs of its CIP, (2) fund capitalized interest, (3) fund a deposit to the SLB debt service reserve account, (4) repay certain Commercial Paper Notes issued to finance a portion of the costs of the Port's CIP, and (5) pay the costs of issuance of the Series Twenty-Nine Bonds. Kestrel Verifiers has determined that the Series Twenty-Nine Bonds are in conformance with the four core components of the International Capital Market Association Green Bond Principles, as described in Kestrel Verifiers' "Second Party Opinion," which is attached to the Official Statement as APPENDIX H. See "DESIGNATION OF SERIES TWENTY-NINE BONDS AS GREEN BONDS" and APPENDIX H – "GREEN BONDS SECOND PARTY OPINION" in the Official Statement. **Table 4-4** below presents the assumed sources and uses of funds for the proposed Series Twenty-Nine Bonds, which were prepared by the Port's financial advisor, PFM Financial Advisors LLC (PFM).

Table 4-4 Series Twenty-Nine Bonds Sources and Uses (Dollars in Thousands) [1]

Sources	Series Twenty-Nine Bonds
Par Amount of Bonds	$848,070
Premium	14,334
Total Sources	**$862,404**
Uses:	
SLB Construction Account [2]	$745,789
Capitalized Interest Account	51,237
SLB Reserve Account	61,231
Costs of Issuance	4,147
Total Uses	**$862,404**

Note: Amounts may not add because of rounding.

[1] This Report reflects an estimated amount of Series Twenty-Nine Bonds assumed to be issued. The actual amount of Series Twenty-Nine Bonds issued may vary from amounts presented herein; however, the combined total amount of future SLBs assumed in this Report and the total amount of the Series Twenty-Nine Bonds assumed in this Report, reflects the amount estimated by the Port, as of the date of this Report, required to complete the SLB-funded portion of the CIP.

[2] Also includes repayment of Commercial Paper Notes.

Source: PFM Financial Advisors LLC, January 2023.
Compiled by Landrum & Brown, Inc.

Exhibit B presents annual Debt Service Requirements for FY 2022, and for the Projection Period. As presented, annual Debt Service Requirements estimates for the Series Twenty-Nine Bonds, net of capitalized interest, are approximately $6.9 million in FY 2024, approximately $43.6 million in FY 2025 through FY 2028, and increases to approximately $61.2 million in FY 2029, and are projected to remain at that level thereafter. Debt Service Requirements estimates for the Series Twenty-Nine Bonds were provided by PFM and include the following assumptions:

- True interest cost (TIC) of approximately 5.06%
- The first principal payment is assumed to occur on July 1, 2029
- Final maturity is July 1, 2053
- A portion of the bond proceeds will refund the Port's Commercial Paper Notes
- A portion of the bond proceeds will fund capitalized interest during construction
- A portion of the bond proceeds will fund a SLB debt service reserve account deposit

In addition to the Series Twenty-Nine Bonds, the Port is planning to issue Additional Bonds to fund portions of its Other Capital Projects. As presented in Exhibit B, future SLB Debt Service is planned to increase to approximately $23.3 million by FY 2029. The primary increase in debt service for FY 2024 is associated with the Terminal Core Redevelopment project that includes the western expansion of the terminal, which is planned to be operational in FY 2024. Total debt service requirements are projected to increase from approximately $79.5 million in FY 2022 to approximately $183.4 million in FY 2030. Debt Service Requirements estimates for these future bonds were provided by PFM and include the following assumptions:

- One series of future SLBs planned to be issued during 2025
- Project fund deposits for the future SLBs are planned to be approximately $294.6 million
- TIC on future SLBs is 5.56%
- The first principal payment is assumed to occur on July 1, 2029
- Final maturity is July 1, 2055
- A portion of future bond proceeds will refund then outstanding Port Commercial Paper Notes
- A portion of future bond proceeds will fund capitalized interest during construction
- A portion of future bond proceeds will fund SLB debt service reserve account requirements

4.5 O&M Expenses

Table 4-5 presents annual historical O&M Expenses of the Port for the Airport for the period of FY 2018 through FY 2022. The table also presents the CAGR in O&M Expenses for the periods of FY 2018 through FY 2019 and FY 2019 through FY 2022. As shown, the CAGR for the Port's total O&M Expenses for FY 2018 through FY 2019 was approximately 5.6%. The Port took measures to control expenses during the latter part of FY 2020 when the COVID-19 pandemic impacts began and continued those efforts into FY 2021. As shown on Table 4-5, total O&M Expenses experienced a CAGR of 1.3% for the three-year period of FY 2019 through FY 2022. Total O&M Expenses for FY 2022 are approximately $143.0 million.

Total O&M Expenses increased from approximately $130.2 million in FY 2018 to approximately $137.5 million in FY 2019. The two primary categories of O&M Expenses that contributed to the majority of this increase included personnel services (i.e., personnel and benefits costs of the Port) and corporate support costs (overhead expenses), which increased at CAGRs of approximately 11.7% and 18.7%, respectively. Key items contributing to these increases included higher health insurance costs and public employee retirement system (PERS) rate increases. Total O&M Expenses increased from approximately $137.5 million in FY 2019 to approximately $143.0 million in FY 2022. The primary categories of O&M Expenses that contributed to the majority of this increase included personnel services; contract, professional and consulting services; insurance; and corporate overhead costs, which increased at CAGRs of approximately 1.3%, 2.4%, 20.9%, and 2.1%, respectively.

Table 4-5 Historical Airport O&M Expenses (Dollars in Thousands)

	2018	**2019**	**2020**	**2021**	**2022**	**2018-19 CAGR**	**2019-22 CAGR**
Personnel Services	$48,714	$54,425	$56,079	$54,480	$56,596	11.7%	1.3%
Contract, Professional & Consulting Services	34,260	35,003	33,869	26,729	37,627	2.2%	2.4%
Materials & Supplies	6,006	5,567	4,775	6,933	4,934	-7.3%	-3.9%
Utilities	11,567	11,238	10,715	9,685	10,342	-2.8%	-2.7%
Equipment, Fuel, & Lube	1,435	2,050	1,438	1,044	1,404	42.9%	-11.8%
Insurance	1,842	2,114	2,663	3,505	3,732	14.8%	20.9%
Rent	(3,792)	(3,766)	(3,605)	(2,949)	(3,210)	-0.7%	-5.2%
Travel & Other Management Expense	3,703	3,227	1,747	1,173	1,628	-12.9%	-20.4%
Other	5,151	2,355	2,779	1,587	3,038	-54.3%	8.9%
Corporate Support (Overhead Expense)	21,324	25,313	22,086	22,296	26,394	18.7%	2.1%
Total O&M Expenses	**$130,208**	**$137,526**	**$132,546**	**$124,483**	**$143,026**	**5.6%**	**1.3%**

Source: Port of Portland airport management records, November 2022.
Compiled by Landrum & Brown, Inc.

Key O&M Expense categories and assumptions in projecting future growth are summarized below. These categories account for more than 90% of the Airport's total O&M Expenses for budgeted FY 2023.

- **Personnel Services.** This expense category includes salaries, wages, and benefits associated with Port staff at the Airport. It is the largest single category of O&M Expenses at the Airport as it represents approximately 37.6% of total O&M Expenses at the Airport for budgeted FY 2023. As presented above, these expenses increased at a CAGR of approximately 11.7% for the period FY 2018 through FY 2019, remained essentially flat in FY 2021 as compared to FY 2019 levels, and are budgeted to increase by approximately 14.3% in FY 2023 to approximately $64.7 million. This reflects an increase of approximately 40 full-time equivalent positions. In March 2021, the Port implemented an early retirement and voluntary separation program to reduce operating costs. The positions eliminated through that program were intended to be held vacant for approximately 18 months; these positions have been added back in the FY 2023 budget to meet operational demands. Future Personnel Services expenses are projected to increase at a CAGR of approximately 5.0% through FY 2030.

- **Contract, Professional, and Consulting Services.** This expense category includes costs associated with the Port's outsourcing for contract maintenance, janitorial, professional services, and consulting services at the Airport. It is the second largest category of O&M Expenses at the Airport as it represents approximately 27.2% of total O&M Expenses at the Airport for budgeted FY 2023. This category of expenses increased at a CAGR of approximately 2.2% for the period FY 2018 through FY 2019, experienced a CAGR of 2.4% from FY 2019 to FY 2022, and is budgeted to increase by approximately 24.5% in FY 2023 to approximately $46.8 million. While these expenses decreased significantly in FY 2021 due to decreased activity, in FY 2022 they increased as traffic recovered and to cover increased contractual costs such as terminal cleaning and parking. For the period of FY 2023 through FY 2030, contract, professional, and consulting services expenses are projected to increase at a CAGR of 4.2%.

- **Corporate Support.** The Port allocates a portion of its corporate overhead expenses to the Airport. This category of O&M Expenses at the Airport represents approximately 19.4% of total O&M Expenses at the Airport for budgeted FY 2023. This category of expenses increased at a CAGR of approximately 18.7% for the period FY 2018 through FY 2019, experienced a CAGR of 2.1% from FY 2019 to FY 2022, and is budgeted to increase by 26.4% in FY 2023 to approximately $33.4 million. Primary factors contributing to this increase include the outsourcing of certain information technology functions and related personnel expenses as the Port's employee furlough program has ended. Corporate overhead expenses have also been impacted by the health care and PERS rate increases. For the period of FY 2023 through FY 2030, corporate support expenses are projected to increase at a CAGR of 1.3%.

- **Utilities.** Utilities expenses at the Airport comprise approximately 6.5% of total O&M Expenses at the Airport for budgeted FY 2023. This category of expenses decreased at a CAGR of approximately -2.8% for the period FY 2018 through FY 2019, experienced a CAGR of -2.7% from FY 2019 to FY 2022, and is budgeted to increase by approximately 8.7% in FY 2023 to approximately $11.2 million as utility cost are expected to increase as traffic recovers from the impacts associated with the COVID-19 pandemic. For the period of FY 2023 through FY 2030, utilities expenses are projected to increase at a CAGR of 5.9%.

Overall, the Port's projection of O&M Expenses is based on historical trend reviews, the anticipated impacts of inflation, projected activity levels, and impacts associated with the CIP. **Exhibit C** presents the O&M Expenses by category and cost center for actual FY 2022 and projections for FY 2023 through 2030. Total O&M Expenses are projected to increase at a CAGR of approximately 4.1% over the Projection Period.

4.5.1 Allocation of O&M Expenses to Cost Centers

For financial planning purposes and to implement the Airline Agreements' rate-setting methodologies, the Airport is divided into 13 cost centers as described earlier in this chapter. Six of the cost centers are revenue-generating direct cost centers and the remaining seven cost centers are indirect cost centers. The Port's approach to allocating O&M Expenses to cost centers allows the Airport to be financially organized using the residual rate-setting methodologies for the Airfield and Terminal Cost Centers, which comprise the Airline Cost Center, and for which the airlines assume the economic risk.

Other essential indirect functions allocated to direct cost centers include Administration, Operations, Maintenance, Systems and Services, Aviation Security and Public Safety, and Environmental. These expenses are allocated to direct cost centers as defined in the Airline Agreements. Indirect expenses are allocated to direct cost centers for the purposes of calculating landing fees and terminal rentals.

4.5.2 O&M Expense Rebate Program

The Airline Agreements allow the Port to reduce Revenue Sharing through controlling O&M Expense increases. Per Section 23 of the Airline Agreements, if the Port is able to spend less for O&M Expenses than it did for the prior FY, the Signatory Airlines have agreed to reduce Revenue Sharing pursuant to an agreed upon schedule presented earlier. For feasibility purposes, no reductions in O&M Expenses have been projected by the Port. Therefore, no reductions to the annual Revenue Sharing amounts are incorporated in the Port's current projections.

4.6 Non-Airline Revenues

Table 4-6 below presents historical Non-Airline Revenues for the Airport for the period FY 2018 to FY 2022. The table also presents the CAGR in Non-Airline Revenues for the periods of FY 2018 through FY 2019 and FY 2019 through FY 2022. As shown, the CAGR for the Port's total Non-Airline Revenues for the period of FY 2018 through FY 2019 was approximately 9.9%. Non-Airline Revenues decreased substantially in FY 2020 and again in FY 2021 as compared to FY 2019 levels primarily as a result of the significantly reduced air traffic at the Airport experienced during the latter part of FY 2020 when the COVID-19 pandemic impacts began. The Port's Non-Airline Revenues at the Airport had been experiencing strong growth prior to the impacts associated with COVID-19. The four primary categories of Non-Airline Revenues (e.g., parking, rental car/ground transportation, terminal concessions, and air cargo rent) historically accounted for more than 83% of the Airport's total Non-Airline Revenues are presented along with growth rates during this period. The four largest Non-Airline Revenue items at the Airport experienced relatively high levels of growth, as all had CAGRs of 3.1% or more for the period of FY 2018 to 2019. Additionally, Non-Airline Revenues grew faster than enplaned passengers for this period; these revenues grew from approximately $14.14 per enplaned passenger in FY 2018 to approximately $15.17 per enplaned passenger in FY 2019, an increase of 7.3%.

Table 4-6 Historical Airport Non-Airline Revenues (Dollars in Thousands)

Fiscal Year	2018	2019	2020	2021	2022	2018-19 CAGR	2019-22 CAGR
Parking Revenue	$66,144	$72,668	$54,072	$29,332	$65,347	9.9%	-3.5%
Rental Car/Ground Trans. Concessions	26,396	30,942	23,270	17,221	29,625	17.2%	-1.4%
Terminal Concessions	19,202	20,247	13,918	5,557	13,483	5.4%	-12.7%
Air Cargo Rent Revenue	7,290	7,514	7,493	8,139	8,616	3.1%	4.7%
Other [1]	18,553	19,843	19,253	17,608	19,106	7.0%	-1.3%
Total Non-Airline Revenues [1]	$137,584	$151,213	$118,006	$77,856	136,176	9.9%	-3.4%
Enplaned Passengers (000s)	9,733	9,967	7,273	3,742	7,053	2.4%	-10.9%
Non-Airline Revenues per Enplaned Passenger	$14.14	$15.17	$16.22	$20.81	$19.31	7.3%	8.4%
Percent of Total Revenue [1]	57%	59%	52%	38%	49%		

[1] Excludes approximately $25.3 million of CARES Act grants allocated as non-operating Revenues in FY 2020, approximately $61.1 million of both CARES Act and CRRSAA grants allocated as non-operating Revenues in FY 2021, and $25.0 million of ARPA grants allocated as non-operating Revenues in FY 2022.

Source: Port of Portland airport management records, November 2022.
Compiled by Landrum & Brown, Inc.

Non-Airline Revenues for the Airport in FY 2020, FY 2021, and FY 2022 decreased significantly from FY 2019 levels. Over this period total Non-Airline Revenues decreased from approximately $151.2 million to approximately $77.9 million in FY 2021 (not including federal relief grants) or at a CAGR of -28.2%. Non-Airline Revenues increased in FY 2022 from FY 2021 by approximately $58.3 million to $136.2 million. These decreases are primarily attributed to the reductions in air traffic associated with the COVID-19 pandemic. The three largest Non-Airline Revenues as presented on Table 4-6, which are primarily driven by passenger traffic, account for this decrease of over $15 million when comparing FY 2019 levels to FY 2022. As passenger traffic recovers, it is likely that these revenue categories will continue to recover.

Exhibit D presents Non-Airline Revenues at the Airport for actual FY 2022 and projections for FY 2023 through FY 2030. Total Non-Airline Revenues are projected at approximately $144.5 million in FY 2023 (including $4.8 million from ARPA relief grant funds) and are projected to increase to approximately $212.2 million by FY 2030 (not including any ARPA funds). This increase in Non-Airline Revenues between FY 2023 and FY 2030 represents a CAGR of approximately 5.6%. In general, the projection of Non-Airline Revenues is based on historical trend reviews, projected activity levels, and impacts associated with the CIP. The major categories of Non-Airline Revenues are further described in the following sections.

4.6.1 Ground Transportation

Ground transportation revenues represent the largest component of Non-Airline Revenues at the Airport, accounting for more than 72% of total Non-Airline Revenues for FY 2019; however, these revenues have been significantly impacted during the pandemic and are budgeted to be about 61% of total Non-Airline Revenues in FY 2023. Automobile parking revenues, rental car concession fees, and rental car space rentals in the parking garage are primary sources of ground transportation revenue and are discussed in more detail below.

4.6.1.1 Parking Revenues

As presented in Table 4-6, parking revenues increased at a CAGR of approximately 9.9% from FY 2018 to FY 2019, from approximately $66.1 million to $72.7 million. As expected, and primarily because of passenger declines associated with the COVID-19 pandemic, parking revenues decreased by almost 60%, as compared to FY 2019 levels, in FY 2021 to approximately $29.3 million. Because of the reduced demand for parking, the Port temporarily closed a portion of its economy parking lots and temporarily suspended its Gold Key Valet service during the pandemic. The Port reopened the Gold Key Valet Service in September 2021 and all of its economy parking lot in October 2021; therefore, all public parking facilities are currently open. In FY 2022, parking revenues increased to approximately $65.3 million, more than doubling FY 2021 levels. Parking revenues were still about 90% of FY 2019 levels, while enplaned passenger levels are about 71% of FY 2019 levels indicating the Port has been able to increase parking revenues on a per enplaned passenger basis. A portion of this increase can likely be explained by the Airport’s passenger traffic composition being more O&D as those users are more likely to park at the Airport, whereas, connecting passengers do not use parking facilities.

Contributing to increases in parking revenue prior to the COVID-19 pandemic, the Port implemented daily parking rate increases in June 2018 for three of its four parking products at the Airport. This includes a $5 per day increase for Gold Key Valet parking, a $3 per day increase in long term garage parking, and a $2 per day increase in the Economy Lot. The daily rate for short-term parking in the garage remained the same in June 2018; however, a $3 per day increase was implemented in April 2014. Daily maximum public parking rates were recently increased on February 1, 2023 in efforts to maintain sufficient return on its parking assets while keeping rates comparable with other airports and off-Airport parking options. These rate changes included a $10 per day increase for Gold Key Valet parking, a $3 per day increase in short term garage parking, and a $3 per day increase in the Economy Lot. No daily maximum rate increase was implemented for the long term garage; however, the hourly rate was increased from $3 to $4. **Table 4-7** below presents daily maximum public parking rates at the Airport since October 2012. As shown in the table, the Port continuously monitors public parking rates and implements rate changes periodically. Additionally, the Port offers a variety of parking options to address the differing needs of its customer base. The Port has historically been able to realize significant revenue gains resulting from these rate increases and the differing products as demand had continued to increase. In addition, its off-airport parking competitors are somewhat limited.

Table 4-7 Public Parking Rates at the Airport (Daily Maximum Rates)

Parking Facility	October 2012	April 2014	June 2018	February 2023
Gold Key Valet	$30	$30	$35	$45
Short Term Garage (3,300 spaces)	$24	$27	$27	$30
Long Term Garage (3,000 spaces)	$18	$21	$24	$24
Economy Lot (7,800 spaces)	$10	$10	$12	$15

Source: Port of Portland airport management records, December 2022.
Compiled by Landrum & Brown, Inc.

The Port has a management contract for its parking operation and receives gross revenues as opposed to net revenues from a concession agreement. As passenger activity recovers, parking revenues are projected to increase at a CAGR of approximately 7.1% for the period of FY 2023 through FY 2030. This projected increase does not assume any revenue increases over current budgeted levels in FY 2023 expected as a result of increasing parking rates. However, those increases have been assumed starting in FY 2024. Future parking revenue is assumed to grow in concert with O&D enplaned passengers along with some inflationary growth as periodic parking rate increases are anticipated over the Projection Period.

4.6.1.2 Rental Car and Ground Transportation Concessions

Rental car and ground transportation concessions increased at a CAGR of approximately 17.2% during FY 2018 to FY 2019. Increases in rental car revenues during this time are due in part to MAG provisions in their contracts, which were extended as described above. Rental car and ground transportation concessions decreased by approximately 44.3% in FY 2021 as compared to FY 2019 levels primarily as a result of decreased passengers at the Airport from the impacts related to the pandemic. In FY 2022, rental car and ground transportation concessions increased to approximately $29.6 million, which is about 96% of FY 2019 levels. As with parking revenues, a certain portion of this increase over passenger growth can likely be explained by the Airport’s higher proportion of O&D passengers in FY 2022 as compared to FY 2019. As passenger recovery is projected, rental car and ground transportation concessions are projected to increase at a CAGR of approximately 5.7%% for the period of FY 2023 through FY 2030 as O&D passengers are projected to continue increasing. This projected increase in revenue assumes rental car and ground transportation concessions will continue to grow in concert with O&D enplaned passengers along with some inflationary growth.

As presented in Exhibit D, total Ground Transportation revenues overall are budgeted to increase by approximately 0.9% in FY 2023 to $100.5 million primarily related to projected passenger increases. Over the period FY 2023 through FY 2030, total ground transportation revenues including parking are projected to experience a CAGR of approximately 6.5% as passenger traffic is projected to recover. This projected increase in revenue assumes revenues will continue to grow in concert with O&D enplaned passengers along with some inflationary growth including recent parking rate increases.

4.6.2 Terminal Concessions

As shown in Table 4-6, Terminal Concessions increased at a CAGR of approximately 5.4% from FY 2018 to FY 2019 from approximately $19.2 million to $20.2 million. Terminal concessions are the primary source of Terminal Non-Airline Revenues and are credited 100% to the airline rate base in the residual calculation of Terminal Rentals pursuant to the Signatory Passenger Airline Agreements. Terminal Concessions decreased to approximately $5.6 million in FY 2021 primarily as a result of the decreases in passenger traffic related to the COVID-19 pandemic. Terminal Concessions increased to $13.5 million in FY 2022. Budgeted Terminal Concessions for FY 2023 are expected to increase by 20.6% to a total of approximately $16.3 million as passenger activity recovers at the Airport. Over the Projection Period, Terminal Concessions are projected to experience a CAGR of approximately 7.3%, with much of this growth occurring during the projection recovery period in the next few years.

4.6.3 Air Cargo

Air cargo revenues, primarily attributable to the rental of air cargo facilities at the Airport, totaled approximately $8.6 million in FY 2022. The COVID-19 pandemic has not had much of an impact on these revenues. Air cargo revenues are projected to increase at a CAGR of approximately 3.4% between FY 2023 and FY 2030.

4.6.4 Other Aviation

Revenues in the Other Aviation Cost Center are projected to generally increase with inflation. At approximately $4.9 million budgeted in FY 2023, these revenues are projected to increase at a CAGR of approximately 5.9% through FY 2030.

4.6.5 Airfield

Airfield Non-Airline Revenues, comprised of landing fees from corporate and general aviation aircraft and rent revenues from the FAA air traffic control tower, totaled approximately $1.7 million in FY 2022. Airfield revenues are budgeted at approximately $1.5 million in FY 2023 and are projected to increase at a CAGR of approximately 1.9% through FY 2030.

4.6.6 Non-Aviation

Non-Airline Revenues in the Non-Aviation Cost Center (not including federal relief funds) are budgeted at approximately $2.3 million in FY 2023. Non-Aviation revenues are projected to increase at a CAGR of approximately 4.5% through FY 2030.

4.6.7 Indirect Cost Centers

The Airport also collects Non-Airline Revenues from activities in its indirect cost centers. Revenues from these cost centers include security badge fees, natural gas tenant usage fees, and film permit fees, and totaled approximately $0.9 million in FY 2022. For the purposes of these financial projections, revenue from indirect cost centers is projected to remain generally flat at approximately $1.2 million for FY 2024 through FY 2030.

4.7 Airline Revenues

Airline revenues at the Airport include landing fees, terminal rentals, International Arrivals Facility (IAF) fees, common use equipment and space fees, and aircraft parking fees. The rate-setting formulas for landing fees and terminal rentals are consistent with the residual rate-setting methodologies set forth in the Signatory Airline Agreements and described earlier in this chapter. **Exhibits E** and **F** further illustrate the rate-setting methodologies for the landing fee and terminal rentals, respectively. In addition, projected Revenue Sharing consistent with the Airline Agreements is presented in **Exhibit G**.

The business terms of the Signatory Airline Agreements are used as the basis for projecting airline revenues for the purposes of this Report.

4.7.1 Landing Fees

Exhibit E presents the calculation of landing fees for actual FY 2022, and projections for FY 2023 through FY 2030. Per the residual rate-setting methodology, the Port fully recovers direct and allocated indirect costs for airline use of the Airfield Cost Center. The Signatory Airline Airfield Net Requirement is reduced by estimated Revenue Sharing amounts in the current FY.

As presented in Exhibit E, the projected Signatory Airline landing fee rate per 1,000-pound unit of landed weight is $4.00 for FY 2022, which is higher than historical rates prior to the pandemic primarily as a result of the decrease in passenger aircraft landed weight at the Airport because of the COVID-19 pandemic. As traffic is projected to recover, the Signatory Airline landing fee rate is projected to decrease and trend back towards historical levels. In FY 2023, the Signatory Airline landing fee is projected at $3.86 and decreases further to $3.34 in FY 2030. Also, as shown in Exhibit E, the Non-Signatory Airline landing fee rate for FY 2023 is projected to be $5.13 and is projected to decrease to $4.36 by FY 2030.

Landing fee revenues, net of airline revenue sharing, are projected to increase from approximately $44.6 million in FY 2023 to approximately $54.0 million in FY 2030, a CAGR of approximately 2.8% over this period.

4.7.2 Terminal Rentals

Exhibit F presents the calculation of terminal rates and revenues for actual FY 2022 and projections for FY 2023 through FY 2030. Per the residual rate-setting methodology, the Port recovers direct and allocated indirect costs for airline use of the Terminal Cost Center and credits 100% of Terminal Concession revenues and other Revenues allocated to the Terminal Cost Center (other than Signatory Airline Terminal Rental Revenues) towards the Terminal Requirement to calculate the Terminal Net Requirement (approximately $20.6 million budgeted for FY 2023). The Terminal Net Requirement is reduced by estimated Revenue Sharing amounts in the current FY.[100] The Port recovers the Terminal Net Requirement through exclusive, preferential, and shared-use space rentals at rates per square foot set forth in the Airline Agreements that are specific to each type of space (e.g. maintenance space, holdroom space, ticket counter space, etc.).

[100] Per the Airline Agreements, Revenue Sharing in the Terminal Cost Center is allocated 50 percent to offset terminal rental rates and 50 percent to offset baggage claim rates.

As presented in Exhibit F, the Signatory Airline average terminal rental rate projected for FY 2023 is $340.22 per square foot, which is higher than prior years primarily because of increases in debt service related to recent terminal projects completed and reduced Terminal Concession revenues that are credited directly to offset rates. The Signatory Airline average terminal rental rate is projected to increase to a peak of $762.25 per square foot in FY 2029. This is a significant increase and reflects the projected operating expenses and debt service costs associated with terminal capital projects over the Projection Period.

Terminal rental revenues, net of airline revenue sharing, are projected to increase from approximately $107.5 million projected in FY 2023 to approximately $239.0 million in FY 2030. This represents a CAGR of approximately 12.1%.

4.7.3 Other Airline Revenues

In addition to landing fees and terminal rentals, the Port receives other airline revenues for the use of facilities and equipment including common use equipment, common use space, and aircraft parking fees. These other airline revenues are projected to increase throughout the Projection Period in concert with the overall terminal rental revenue. These revenues are projected to be approximately $19.0 million in FY 2023 and are projected to increase to approximately $37.4 million in FY 2030.

4.7.4 Airline Cost Per Enplaned Passenger

A key indicator for airline costs at an airport is the average airline CPE. **Exhibit H** presents the projected CPE for the airlines at the Airport, which equals passenger airline landing fee revenues, airline terminal rental revenues, and airline common use fees divided by total enplaned passengers. In recent years CPE has been impacted by significant passenger decreases as a result of the impacts associated with the COVID-19 pandemic. For example, in FY 2020, airline CPE was $12.83 as that year was partly affected by decreases in traffic resulting from the COVID-19 pandemic. CPE increased to $28.81 in FY 2021 as passenger traffic declined to a pandemic low of approximately 3.7 million enplaned passengers. This increase in CPE is significantly impacted by the decrease in enplaned passengers at the Airport resulting from the impacts of the COVID-19 pandemic, but also by increases in terminal costs primarily driven by increasing debt service. In FY 2022, CPE decreased from prior year levels to $18.91.

Over the Projection Period, airline CPE is projected to increase in current dollars from $19.93 projected for FY 2023 to a peak of $27.94 in FY 2026, then decrease to $26.85 by FY 2030. Airline CPE in FY 2023 dollars (assuming an annual inflation rate of 3.0%) is projected to be $19.93 in FY 2023 and increase to a peak of $25.57 in FY 2026, then decrease to $21.83 in FY 2030. Increases in the CPE over the Projection Period are primarily as a result of debt service associated with the Airport's CIP, especially the Terminal Core Redevelopment project, being included in airline Terminal Rentals. As described previously, the Port has been actively communicating with Signatory Airlines about the costs associated with the Terminal Core Redevelopment project and obtained MII approval for recent cost increases. Airline CPE for the Airport is projected to be comparable to that of other U.S. west coast large and medium hub airports, and many of which are also undergoing major capital development.

4.8 Net Cash Flow and Debt Service Coverage

Exhibit I presents net cash flow and SLB debt service coverage ratios for the Port at the Airport throughout the Projection Period. As presented, the Port is expected to experience a net surplus after the payment of O&M Expenses and Debt Service Requirements in each year of the Projection Period for the Airport. The net surplus projected for FY 2023 is approximately $62.4 million and is projected to increase to approximately $135.0 million by FY 2030. SLB debt service coverage ratios are projected to exceed requirements and range between 1.67x and 1.99x throughout the Projection Period.

As required pursuant to the Rate Covenant, (1) Revenues are projected to be sufficient to discharge all claims, obligations, and indebtedness payable from or secured by Revenues, and (2) Net Revenues in each Fiscal Year are projected to be at least equal to 130% of the SLB Debt Service Requirement for each FY for all outstanding and projected SLBs.

4.9 Financial Analysis of Pessimistic Sensitivity Scenario

As presented in Chapter 2, L&B prepared a pessimistic enplaned passenger sensitivity scenario in addition to the baseline projection. This scenario was prepared because of the ongoing uncertainty related to the level of impact and duration of the COVID-19 pandemic on air traffic recovery. The pessimistic scenario assumes recovery will be more gradual and to a lesser degree than as compared to the baseline projection. The assumptions for the sensitivity scenario are described in more detail in Section 2.5 of this Report. For the purposes of the financial analysis for the pessimistic enplaned passenger sensitivity scenario, key assumptions are as follows:

- O&M Expenses or debt service projections are the same as assumed in the baseline projection.
- Changes to enplaned passengers in the projections are assumed to have a commensurate impact on Non-Airline Revenues.
- The airline rates and charges methodology in the Signatory Airline Agreements is assumed.

Table 4-8 presents projected airline CPE and debt service coverage for the baseline projection and pessimistic sensitivity scenario. As shown under the baseline projection and pessimistic sensitivity scenario, the Port is projected to continue to satisfy its obligations pursuant to the Rate Covenant. For the pessimistic scenario, projected airline CPE for the Airport is within the upper range of airline CPE projections for large and medium hub airports in the U.S. Also, as indicative of residual airline rates and charges methodologies, increased airline CPE levels under this scenario moderate declines in debt service coverage ratios over the Projection Period.

Table 4-8 Financial Results for the Baseline Projection and Pessimistic Sensitivity Scenario

	Baseline			Pessimistic		
Fiscal Year	Airline CPE	Airline CPE (FY23$)	Debt Service Coverage	Airline CPE	Airline CPE (FY23$)	Debt Service Coverage
2022	$18.91	$18.91	2.04x	$18.91	$18.91	2.04x
2023	$19.93	$19.93	1.74x	$19.93	$19.93	1.74x
2024	$19.11	$18.55	1.99x	$20.35	$19.76	1.94x
2025	$26.76	$25.22	1.75x	$29.43	$27.75	1.71x
2026	$27.94	$25.57	1.67x	$31.32	$28.66	1.66x
2027	$27.06	$24.04	1.73x	$31.02	$27.56	1.73x
2028	$26.47	$22.83	1.75x	$30.62	$26.41	1.75x
2029	$27.67	$23.17	1.75x	$32.31	$27.06	1.75x
2030	$26.85	$21.83	1.74x	$31.37	$25.50	1.74x

Notes: These projections are based on current expectations and information and is not intended as a representation of facts or guarantee of results.
Source: Landrum & Brown, Inc., January 2023.

As previously indicated, many of the factors affecting air travel demand are not necessarily quantifiable. As a result, all projections are subject to uncertainty. While the global COVID-19 pandemic is currently ongoing, other economic disturbances could occur over the Projection Period. Therefore, these projected sensitivity scenarios and financial results, as with any projection, should be viewed as a general indication of future results as opposed to a precise prediction. Actual future results are likely to vary from this projection, and such variances could be material.

Exhibit A

CAPITAL IMPROVEMENT PROJECTS - PLAN OF FINANCE (dollars in thousands) [1] **PORT OF PORTLAND**

	Cost Center		Estimated Project Cost	Grants	PFC PAYGo	CFC PAYGo	Airport and Port Funds	Previously Issued Bond Proceeds	Series Twenty-Nine Bond Proceeds	Future Bond Proceeds
Airline Cost Center Projects:										
Terminal Core Redevelopment (balance of project) [2]	Terminal		$1,953,389	$18,400	$225,000	$0	$24,940	$752,086	$699,992	$232,971
Runway 10L-28R Reconstruction	Airfield		130,580	78,348	0	0	52,232	0	0	0
Baggage Handling System CBRA Expansion	Terminal		83,700	0	0	0	0	0	36,900	46,800
Taxiway K Reconstruction	Airfield		52,520	31,536	0	0	20,984	0	0	0
PDX Circulation and Capacity Improvements	Terminal		46,330	27,798	0	0	18,532	0	0	0
Taxiway A Rehabilitation	Airfield		42,360	29,832	0	0	12,528	0	0	0
Airfield Improvements	Airfield		35,560	11,811	0	0	23,749	0	0	0
PDX Escalators	Terminal		30,870	0	0	0	30,870	0	0	0
Rwy 3-21 & Twy C Rehab	Airfield		30,067	14,544	0	0	15,523	0	0	0
Airfield Regulator Building and Runway LED Upgrade	Airfield		26,000	0	0	0	26,000	0	0	0
Basin 1 Subarea Stormwater System Improvements	Airfield		18,250	0	0	0	18,250	0	0	0
Terminal Roof Replacements	Terminal		17,536	0	0	0	17,536	0	0	0
Passenger Boarding Bridge Replacement - Phase 3	Terminal		16,000	0	0	0	16,000	0	0	0
Other Airline Cost Center			277,997	15,769	0	0	262,228	0	0	0
			$2,761,158	**$228,038**	**$225,000**	**$0**	**$539,372**	**$752,086**	**$736,892**	**$279,771**
Port Cost Center Projects:										
Airport Way and 82nd interchange improvements			$102,572	$0	$0	$0	$102,572	$0	$0	$0
North Service Center Redevelopment			44,856	0	0	0	44,856	0	0	0
Other Port Cost Center			310,305	75,964	0	3,960	230,381	0	0	0
			$457,733	**$75,964**	**$0**	**$3,960**	**$377,809**	**$0**	**$0**	**$0**
Shared Cost Center Projects:										
PDX MX Campus Redevelopment	Allocated		$83,070	$0	$0	$0	$83,070	$0	$0	$0
PDX New Kennedy Feeder	Allocated		12,120	0	0	0	3,622	0	8,498	0
CUP HVAC & Roof Replacement	Allocated		11,770	0	0	0	444	0	0	11,326
			$106,960	**$0**	**$0**	**$0**	**$87,137**	**$0**	**$8,498**	**$11,326**
Total Capital Improvement Program		**[C=A+B]**	**$3,325,851**	**$304,002**	**$225,000**	**$3,960**	**$1,004,318**	**$752,086**	**$745,389**	**$291,096**

Note: Amounts may not add due to rounding.

[1] Includes project costs for the period of FY 2023 through FY 2030, and certain expenditures prior to FY 2023 funded with existing bond proceeds or to be funded with future bond proceeds.

[2] The Series Twenty-Nine Bonds are planned to fund approximately $700.0 million of the approximately $1.95 billion Western Expansion and Ticket Lobby element of the Terminal Core Redevelopment project.

Source: Port of Portland airport management records, January 2023.
Compiled by Landrum & Brown, Inc.

Exhibit B

SLB DEBT SERVICE REQUIREMENTS (dollars in thousands) **PORT OF PORTLAND**

(Fiscal Years Ending June 30)

		Actual	Budget	Projected						
		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Existing SLB Debt Service Requirements:										
Series 18A and 18B		$8,348	$8,169	$8,134	$8,117	$6,953	$0	$0	$0	$0
Series 21C		6,341	6,346	0	0	0	0	0	0	0
Series 22		6,264	6,262	6,265	6,263	6,265	6,266	6,265	6,264	6,265
Series 23		8,532	8,536	8,540	8,535	8,534	8,533	8,536	8,536	8,539
Series 24		15,558	15,559	15,559	15,563	15,554	15,559	15,559	15,556	15,563
Series 25		12,018	13,987	13,990	13,988	13,987	13,985	13,987	13,988	13,987
Series 26		9,775	9,820	10,287	8,139	8,148	8,173	10,316	1,980	1,978
Series 27		12,074	13,504	16,413	19,320	19,584	19,591	19,582	19,582	19,585
Series 28		628	2,276	14,342	32,922	32,921	32,927	32,922	32,927	32,919
Existing Debt Service Requirements	[A]	$79,537	$84,459	$93,530	$112,846	$111,946	$105,032	$107,167	$98,833	$98,837
Future SLB Debt Service Requirements:										
Series Twenty-Nine Bonds		$0	$0	$6,858	$43,571	$43,571	$43,571	$43,571	$61,226	$61,228
Future SLB Debt Service [1]		0	0	0	0	14,389	17,635	17,635	23,315	23,316
Future Debt Service Requirements	[B]	$0	$0	$6,858	$43,571	$57,960	$61,206	$61,206	$84,541	$84,545
Total Debt Service Requirements	[C=A+B]	$79,537	$84,459	$100,388	$156,417	$169,906	$166,239	$168,373	$183,374	$183,382
Debt Service Requirements - Cost Center Allocation:										
Airfield		$9,956	$9,435	$9,521	$10,064	$10,084	$9,544	$10,124	$8,210	$8,220
Terminal		56,074	59,607	75,438	131,170	144,642	144,539	145,824	163,758	163,759
Ground Transportation		7,523	9,424	9,429	9,178	9,175	6,161	6,423	5,413	5,412
Air Cargo / Airside		32	34	36	37	29	26	27	21	21
Other Aviation		12	14	16	18	20	19	20	18	18
Non-Aviation		5,941	5,945	5,948	5,950	5,955	5,949	5,956	5,953	5,950
Total Debt Service Requirements		$79,537	$84,459	$100,388	$156,417	$169,906	$166,239	$168,373	$183,374	$183,382

Notes: (a) This projection is based on current expectations and information and is not intended as a representation of facts or guarantee of results.
(b) Amounts may not add due to rounding.

[1] Future SLB Debt Service includes remaining costs associated with the Terminal Core Redevelopment project along with other planned capital projects based on the assumptions described in Section 4.4.

Source: Port of Portland airport management records (existing bonds); PFM Financial Advisors LLC (Series Twenty-Nine Bonds and future bonds), January 2023

Compiled by Landrum & Brown, Inc.

Exhibit C

OPERATION AND MAINTENANCE EXPENSES (dollars in thousands) **PORT OF PORTLAND**

(Fiscal Years Ending June 30)

		Actual	Budget	Projected						
		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
By Category:										
Personnel Services		$56,596	$64,706	$67,618	$70,661	$76,589	$80,036	$83,638	$87,401	$91,334
Contract, Professional & Consulting Services		37,627	46,841	47,872	50,336	52,150	54,553	57,078	59,733	62,518
Materials & Supplies		4,934	6,431	6,645	6,868	7,145	7,389	7,642	7,906	8,180
Utilities		10,342	11,240	11,937	12,531	13,809	14,489	15,208	15,969	16,774
Equipment, Fuel, & Lube		1,404	1,874	1,931	2,008	2,089	2,172	2,259	2,350	2,443
Insurance		3,732	4,669	5,066	5,450	6,479	6,813	7,171	7,557	7,974
Rent		(3,210)	(3,854)	(3,901)	(3,974)	(4,049)	(4,128)	(4,210)	(4,296)	(4,257)
Travel & Other Management Expenses		1,628	3,016	2,919	2,936	2,952	2,977	3,003	3,029	3,056
Other		3,038	3,998	4,430	5,817	7,401	7,833	5,368	2,909	3,189
Corporate Support (Overhead Expense)		26,934	33,356	30,477	31,391	32,333	33,303	34,302	35,331	36,391
Total Operation and Maintenance Expenses	[A]	$143,026	$172,278	$174,993	$184,025	$196,899	$205,437	$211,459	$217,889	$227,603
Operation and Maintenance Expenses - Cost Center Allocation:										
Airline Cost Center										
Airfield		$33,944	$36,842	$37,533	$39,259	$41,562	$43,328	$44,319	$45,395	$47,553
Terminal		61,133	76,945	78,929	83,681	90,568	94,664	97,759	101,050	106,439
Airline Cost Center	[B]	$95,078	$113,787	$116,462	$122,940	$132,130	$137,991	$142,078	$146,445	$153,991
Port Cost Center	[C]	$47,948	$58,491	$58,531	$61,085	$64,769	$67,445	$69,380	$71,443	$73,612
Total Operation and Maintenance Expenses	[D=B+C]	$143,026	$172,278	$174,993	$184,025	$196,899	$205,437	$211,458	$217,889	$227,603

Notes: (a) This forecast is based on current expectations and information and is not intended as a representation of facts or guarantee of results.
(b) Amounts may not add due to rounding.
(c) Actual amounts may differ from the Port's audited financial statements for various reasons, including the treatment of non-cash items.

Source: Port of Portland airport management records, January 2023

Compiled by Landrum & Brown, Inc.

Exhibit D

NON-AIRLINE REVENUES (dollars in thousands) **PORT OF PORTLAND**

(Fiscal Years Ending June 30)

	Actual	Projected							
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Airfield:									
Non-Airline Operating Revenues	$1,342	$1,420	$1,443	$1,466	$1,489	$1,513	$1,537	$1,562	$1,587
Rent Revenue	312	25	25	26	26	27	28	28	29
Other Revenue	78	51	83	85	87	88	90	91	93
Total Airfield Non-Airline Revenues	$1,732	$1,496	$1,552	$1,577	$1,602	$1,628	$1,655	$1,682	$1,709
Terminal:									
Terminal Concessions	$13,483	$16,265	$18,743	$20,431	$21,689	$22,938	$24,195	$25,473	$26,574
Rent Revenue	3,249	3,385	3,442	3,501	3,635	3,774	3,920	4,072	4,230
Service Revenue	(7)	0	0	0	0	0	0	0	0
Other Revenue	539	7	11	13	17	20	21	22	22
Total Terminal Non-Airline Revenues	$17,263	$19,656	$22,197	$23,945	$25,341	$26,732	$28,136	$29,567	$30,826
Ground Transportation:									
Rental Car/Ground Transportation Concessions	$29,625	$28,058	$31,176	$33,245	$34,736	$36,280	$37,875	$39,526	$41,234
Parking Revenue	65,347	67,556	81,118	87,779	91,718	95,792	100,006	104,365	108,873
Rent Revenue	4,151	4,267	4,389	4,514	4,643	4,775	4,912	5,052	5,196
Service Revenue	0	0	0	0	0	0	0	0	0
Other Revenue	478	599	617	635	654	674	694	715	737
Total Ground Transportation Non-Airline Revenues	$99,601	$100,479	$117,299	$126,173	$131,751	$137,521	$143,487	$149,659	$156,040
Air Cargo:									
Operations Revenue	$461	$413	$413	$413	$413	$413	$413	$413	$413
Non-Airline Operating Revenue	51	48	49	51	52	54	56	57	59
Rent Revenue	8,616	9,115	9,480	9,859	10,253	10,561	10,878	11,204	11,540
Service Revenue	5	1	1	1	1	1	1	1	1
Other Revenue	40	0	0	0	0	0	0	0	0
Total Air Cargo Non-Airline Revenues	$9,173	$9,577	$9,943	$10,324	$10,720	$11,029	$11,348	$11,676	$12,013
Other Aviation:									
Operations Revenue	$0	$0	$0	$0	$0	$0	$0	$0	$0
Non-Airline Operating Revenue	2,722	2,444	2,817	3,070	3,260	3,447	3,636	3,828	3,994
Rent Revenue	2,112	2,238	2,339	2,444	2,554	2,669	2,789	2,915	3,046
Service Revenue	1	0	0	0	0	0	0	0	0
Other Revenue	181	176	181	186	191	197	203	209	215
Total Other Aviation Non-Airline Revenues	$5,016	$4,858	$5,336	$5,700	$6,005	$6,313	$6,628	$6,951	$7,254
Non-Aviation:									
Non-Airline Operating Revenue	$897	$5,735	$25,878	$10,175	$1,247	$1,319	$1,391	$1,465	$1,528
Rent Revenue	1,361	1,286	1,314	1,343	1,373	1,403	1,434	1,465	1,498
Service Revenue	29	20	22	24	26	28	31	33	36
Other Revenue [1]	25,184	88	90	92	94	95	97	99	101
Total Non-Aviation Non-Airline Revenues	$27,471	$7,130	$27,304	$11,634	$2,739	$2,846	$2,953	$3,063	$3,163

Exhibit D

NON-AIRLINE REVENUES (dollars in thousands) **PORT OF PORTLAND**

(Fiscal Years Ending June 30)

	Actual	Projected							
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenue from Indirect Cost Centers:									
Operations	$0	$0	$0	$0	$0	$0	$0	$0	$0
Maintenance	2	0	0	0	0	0	0	0	0
Systems & Services	296	550	550	550	550	550	550	550	550
Aviation Rescue & Fire Fighting	0	0	0	0	0	0	0	0	0
Police	621	670	670	670	670	670	670	670	670
Administration	1	128	0	0	0	0	0	0	0
Total Revenue from Indirect Cost Centers	$920	$1,348	$1,220	$1,220	$1,220	$1,220	$1,220	$1,220	$1,220
Total Non-Airline Revenues	$161,176	$144,544	$184,850	$180,573	$179,379	$187,289	$195,427	$203,818	$212,225
Allocation to Direct Cost Centers:									
Airline Cost Center									
Airfield	$115	$147	$116	$78	$72	$70	$73	$55	$55
Terminal	649	957	917	1,023	1,039	1,061	1,057	1,089	1,089
Airline Cost Center	$764	$1,104	$1,033	$1,102	$1,111	$1,131	$1,130	$1,144	$1,144
Port Cost Center	$156	$244	$187	$118	$109	$89	$90	$76	$76
Total Revenue from Indirect Cost Centers	$920	$1,348	$1,220	$1,220	$1,220	$1,220	$1,220	$1,220	$1,220
Non-Airline Revenue - Cost Center Allocation:									
Airline Cost Center									
Airfield	$1,847	$1,643	$1,667	$1,655	$1,675	$1,698	$1,728	$1,736	$1,764
Terminal	17,912	20,613	23,113	24,968	26,380	27,792	29,193	30,657	31,915
Airline Cost Center	$19,759	$22,256	$24,781	$26,623	$28,054	$29,491	$30,921	$32,393	$33,679
Port Cost Center	$141,417	$122,288	$160,070	$153,950	$151,324	$157,798	$164,506	$171,424	$178,546
Total Non-Airline Revenues	$161,176	$144,544	$184,850	$180,573	$179,379	$187,289	$195,427	$203,818	$212,225

Notes: (a) This projection is based on current expectations and information and is not intended as a representation of facts or guarantee of results.
(b) Amounts may not add due to rounding.
(c) Actual amounts may differ from the Port's audited financial statements for various reasons, including the treatment of non-cash items.

[1] Federal relief grants are included in FY 2022, FY 2023, FY 2024, and FY2025 in the amounts of approximately $25.0 million, $4.8 million, $24.8 million, and $9.0 million, respectively.

Source: Port of Portland airport management records; Landrum & Brown, Inc., January 2023

Compiled by Landrum & Brown, Inc.

Exhibit E

LANDING FEE RATES AND REVENUES (dollars in thousands, except for rates) **PORT OF PORTLAND**

(Fiscal Years Ending June 30)

		Actual	Projected							
		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Airfield Requirement:										
O&M Expenses		$33,944	$36,842	$37,533	$39,259	$41,562	$43,328	$44,319	$45,395	$47,553
Debt Service [1]		9,956	9,435	9,521	10,064	10,084	9,544	10,124	8,210	8,220
Debt Service Coverage (30%)		2,987	2,830	2,856	3,019	3,025	2,863	3,037	2,463	2,466
Airfield Requirement	[A]	$46,887	$49,107	$49,910	$52,342	$54,671	$55,735	$57,480	$56,068	$58,239
Offsetting Revenues:										
Non-Airline Revenue		$1,847	$1,643	$1,667	$1,655	$1,675	$1,698	$1,728	$1,736	$1,764
Operational Credit Program (Debit)		0	0	0	0	0	0	0	0	0
Federal Relief Funds Credit		0	0	0	0	0	0	0	0	0
Interest Income		(173)	115	115	115	115	115	115	115	115
Total Offsetting Revenues	[B]	1,674	1,758	1,782	1,770	1,789	1,813	1,843	1,851	1,878
Airfield Net Requirement	[C=A-B]	$45,213	$47,349	$48,128	$50,572	$52,882	$53,922	$55,637	$54,217	$56,360
Landed Weight (million-pound units):										
Signatory Passenger Airline	[D]	7,718	8,666	9,403	10,039	10,493	10,931	11,360	11,786	12,134
Signatory Cargo Airline	[E]	2,403	2,607	2,828	3,020	3,156	3,288	3,417	3,545	3,650
Non-Signatory Passenger Airline	[F]	74	207	225	240	251	261	271	282	290
Non-Signatory Cargo Airline	[G]	42	5	5	6	6	6	6	7	7
Total Landed Weight (million-pound units)	[H=D+E+F+G]	10,237	11,485	12,462	13,304	13,906	14,487	15,055	15,619	16,081
Non-Signatory Landed Weight Premium (25%)	[I=(F+G)*25%]	29	53	58	61	64	67	69	72	74
Landed Weight Divisor for Net Requirement Allocatior	[J=H+I]	10,266	11,538	12,519	13,366	13,970	14,553	15,125	15,691	16,156
Signatory Airline Share of Net Requirement	[K]	98.59%	97.70%	97.70%	97.70%	97.70%	97.70%	97.70%	97.70%	97.70%
Non-Signatory Airline Share of Net Requirement	[L]	1.41%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%
Signatory Airline Airfield Net Requirement:										
Signatory Airline Airfield Net Requirement	[M=C*K]	$44,575	$46,262	$47,023	$49,410	$51,667	$52,684	$54,359	$52,972	$55,066
Less: Revenue Sharing	[N]	(4,129)	(2,722)	(4,046)	(1,215)	(1,169)	(1,180)	(1,198)	(1,084)	(2,337)
Plus: Other Adjustments	[O]	0	0	0	0	0	0	0	0	0
Reduced Signatory Airline Airfield Net Requirement	[P=M+N+O]	$40,446	$43,539	$42,977	$48,195	$50,498	$51,504	$53,162	$51,888	$52,729
Signatory Airline Landed Weight	[Q=D+E]	10,121	11,273	12,232	13,059	13,649	14,219	14,777	15,331	15,784
Less: Risk Mitigation	[R]	0	0	0	0	0	0	0	0	0
Signatory Airline Landing Fee Rate (per 1,000-lbs)	[S=P/(Q-R)]	$4.00	$3.86	$3.51	$3.69	$3.70	$3.62	$3.60	$3.38	$3.34

Exhibit E

LANDING FEE RATES AND REVENUES (dollars in thousands, except for rates) **PORT OF PORTLAND**

(Fiscal Years Ending June 30)

		Actual	Projected							
		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Non-Signatory Airline Airfield Net Requirement:										
Non-Signatory Airline Airfield Net Requirement	[T=C*L]	$638	$1,087	$1,105	$1,161	$1,215	$1,238	$1,278	$1,245	$1,294
Non-Signatory Airline Landed Weight	[U=F+G]	116	212	230	246	257	267	278	288	297
Non-Signatory Airline Landing Fee Rate (per 1,000-lbs)	[V=T/U]	$5.51	$5.13	$4.81	$4.73	$4.73	$4.63	$4.60	$4.32	$4.36
Landing Fee Revenue:										
Signatory Passenger Airline	[W=(D-R)*S]	$30,842	$33,471	$33,039	$37,050	$38,821	$39,594	$40,869	$39,889	$40,536
Signatory Cargo Airline	[X=E*S]	9,604	10,068	9,938	11,145	11,677	11,910	12,293	11,999	12,193
Non-Signatory Passenger Airline	[Y=F*V]	408	1,062	1,080	1,135	1,186	1,210	1,248	1,216	1,264
Non-Signatory Cargo Airline	[Z=G*V]	230	25	26	27	28	29	30	29	30
Total Landing Fee Revenue		$41,084	$44,627	$44,082	$49,356	$51,713	$52,742	$54,440	$53,133	$54,023

Notes: (a) This projection is based on current expectations and information and is not intended as a representation of facts or guarantee of results.
(b) Amounts may not add due to rounding.
(c) Actual amounts may differ from the Port's audited financial statements for various reasons, including the treatment of non-cash items.

[1] Includes issuance of future SLB Bonds based on the assumptions described in Section 4.4.

Source: Port of Portland airport management records; Landrum & Brown, Inc., January 2023

Compiled by Landrum & Brown, Inc.

Exhibit F

TERMINAL RENTAL RATE AND REVENUES (dollars in thousands, except for rates) **PORT OF PORTLAND**

(Fiscal Years Ending June 30)

		Actual	Projected							
		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Terminal Requirement:										
O&M Expenses		$61,133	$76,945	$78,929	$83,681	$90,568	$94,664	$97,759	$101,050	$106,439
Debt Service [1]		56,074	59,607	75,438	131,170	144,642	144,539	145,824	163,758	163,759
Debt Service Coverage (30%)		16,822	17,882	22,631	39,351	43,393	43,362	43,747	49,127	49,128
Terminal Requirement	[A]	$134,029	$154,435	$176,999	$254,202	$278,603	$282,564	$287,330	$313,936	$319,326
Offsetting Revenues:										
Other Terminal Cost Center Airline Revenues		$18,222	$18,999	$22,410	$29,421	$32,910	$33,852	$34,270	$36,724	$37,371
Non-Airline Revenue		17,912	20,613	23,113	24,968	26,380	27,792	29,193	30,657	31,915
Operational Credit Program (Debit)		0	0	0	0	0	0	0	0	0
Federal Relief Funds Credit		0	0	0	0	0	0	0	0	0
Interest Income		(975)	745	745	745	745	745	745	745	745
Total Offsetting Revenues	[B]	$35,160	$40,358	$46,268	$55,134	$60,035	$62,390	$64,208	$68,126	$70,031
Terminal Net Requirement	[C=A-B]	$98,869	$114,077	$130,731	$199,068	$218,568	$220,174	$223,122	$245,809	$249,295
Less: Revenue Sharing	[D]	(9,029)	(6,559)	(10,989)	(4,785)	(4,831)	(4,820)	(4,802)	(4,916)	(10,337)
Plus: Other Adjustments	[E]	0	0	0	0	0	0	0	0	0
Reduced Airline Terminal Net Requirement	[F=C+D+E]	$89,840	$107,518	$119,742	$194,283	$213,737	$215,355	$218,320	$240,894	$238,958
Total Airline Rented Terminal Space (s.f.)	[G]	314,862	316,028	316,028	316,028	316,028	316,028	316,028	316,028	316,028
Average Terminal Rental Rate (per s.f.)	[H=F/G]	$285.33	$340.22	$378.90	$614.77	$676.32	$681.44	$690.82	$762.25	$756.13
Terminal Rental Revenue	[I=G*H]	$89,840	$107,518	$119,742	$194,283	$213,737	$215,355	$218,320	$240,894	$238,958

Notes: (a) This projection is based on current expectations and information and is not intended as a representation of facts or guarantee of results.
(b) Amounts may not add due to rounding.
(c) Actual amounts may differ from the Port's audited financial statements for various reasons, including the treatment of non-cash items.

[1] Includes issuance of future SLB Bonds based on the assumptions described in Section 4.4.

Source: Port of Portland airport management records; Landrum & Brown, Inc., January 2023

Compiled by Landrum & Brown, Inc.

Exhibit G

REVENUE SHARING CALCULATION (dollars in thousands) **PORT OF PORTLAND**

(Fiscal Years Ending June 30)

		Actual	Projected							
		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Airfield Net Requirement		$45,213	$47,349	$48,128	$50,572	$52,882	$53,922	$55,637	$54,217	$56,360
Terminal Net Requirement		98,869	114,077	130,731	199,068	218,568	220,174	223,122	245,809	249,295
Other Terminal Cost Center Airline Revenues		18,222	18,999	22,410	29,421	32,910	33,852	34,270	36,724	37,371
Non-Airline Revenues [1]		161,176	144,544	184,850	180,573	179,379	187,289	195,427	203,818	212,225
Interest Income		(5,217)	3,450	3,450	3,450	3,450	3,450	3,450	3,450	3,450
Total Revenues (prior to Revenue Sharing)	[A]	$318,264	$328,420	$389,569	$463,084	$487,189	$498,688	$511,906	$544,018	$558,701
Less: O&M Expenses	[B]	(143,026)	(172,278)	(174,993)	(184,025)	(196,899)	(205,437)	(211,458)	(217,889)	(227,603)
Net Revenues (prior to Revenue Sharing)	[C=A+B]	$175,238	$156,142	$214,576	$279,059	$290,290	$293,251	$300,448	$326,130	$331,098
<u>Less:</u>										
Fixed Revenue Sharing	[D]	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000
Shortfall in Fixed Revenue Sharing from prior years	[E]	0	0	0	0	0	0	0	0	0
Adjusted Port Cost Center Net Revenue	[F=C-D-E]	$169,238	$150,142	$208,576	$273,059	$284,290	$287,251	$294,448	$320,130	$325,098
Total SLB Debt Service Requirement [2]	[G]	$79,537	$84,459	$100,388	$156,417	$169,906	$166,239	$168,373	$183,374	$183,382
Debt Service Coverage Ratio (prior to Revenue Sharing)	[H=G/F]	2.13	1.78	2.08	1.75	1.67	1.73	1.75	1.75	1.77
Baseline Coverage Ratio	[I]	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Net Revenues at 1.70 Coverage Ratio	[J=G*I]	$135,213	$143,580	$170,659	$265,909	$288,840	$282,605	$286,235	$311,736	$311,749
Net Revenues available for Additional Revenue Sharing [3]	[K=F-J]	$34,025	$6,563	$37,917	$0	$0	$0	$0	$0	$13,348
<u>Net Revenues available for Additional Revenue Sharing:</u>										
Net Revenues between 1.70 and 1.80 Coverage Ratio	[L]	$7,954	$6,563	$10,039	$0	$0	$0	$0	$0	$13,348
Net Revenues between 1.80 and 1.90 Coverage Ratio	[M]	7,954	0	10,039	0	0	0	0	0	0
Net Revenues between 1.90 and 2.00 Coverage Ratio	[N]	7,954	0	10,039	0	0	0	0	0	0
Net Revenues over 2.00 Coverage Ratio	[O]	10,163	0	7,801	0	0	0	0	0	0
Net Revenues available for Additional Revenue Sharing	[K]	$34,025	$6,563	$37,917	$0	$0	$0	$0	$0	$13,348
<u>% of Increment Paid as Additional Revenue Sharing:</u>										
Net Revenues between 1.70 and 1.80 Coverage Ratio	[P]	50%	50%	50%	50%	50%	50%	50%	50%	50%
Net Revenues between 1.80 and 1.90 Coverage Ratio	[Q]	25%	25%	25%	25%	25%	25%	25%	25%	25%
Net Revenues between 1.90 and 2.00 Coverage Ratio	[R]	15%	15%	15%	15%	15%	15%	15%	15%	15%
Net Revenues over 2.00 Coverage Ratio	[S]	0%	0%	0%	0%	0%	0%	0%	0%	0%
<u>Additional Revenue Sharing:</u>										
Net Revenues between 1.70 and 1.80 Coverage Ratio	[T=L*P]	$3,977	$3,281	$5,019	$0	$0	$0	$0	$0	$6,674
Net Revenues between 1.80 and 1.90 Coverage Ratio	[U=M*Q]	1,988	0	2,510	0	0	0	0	0	0
Net Revenues between 1.90 and 2.00 Coverage Ratio	[V=N*R]	1,193	0	1,506	0	0	0	0	0	0
Net Revenues over 2.00 Coverage Ratio	[W=O*S]	0	0	0	0	0	0	0	0	0
Additional Revenue Sharing	[X=T+U+V+W]	$7,158	$3,281	$9,035	$0	$0	$0	$0	$0	$6,674
<u>O&M Expense Rebate:</u>										
Prior Year O&M Expenses (Airline Cost Center)		$88,743	$95,078	$113,787	$116,462	$122,940	$132,130	$137,991	$142,078	$146,445
Current Year O&M Expenses (Airline Cost Center)		$95,078	$113,787	$116,462	$122,940	$132,130	$137,991	$142,078	$146,445	$153,991
Reduction in O&M Expenses	[Y]	$0	$0	$0	$0	$0	$0	$0	$0	$0

Exhibit G

REVENUE SHARING CALCULATION (dollars in thousands) **PORT OF PORTLAND**

(Fiscal Years Ending June 30)

		Actual	Projected							
		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Current Year O&M Expenses as a % of Prior Year:										
Baseline		100%	100%	100%	100%	100%	100%	100%	100%	100%
Decrease 1		98%	98%	98%	98%	98%	98%	98%	98%	98%
Decrease 2		96%	96%	96%	96%	96%	96%	96%	96%	96%
Decrease 3		94%	94%	94%	94%	94%	94%	94%	94%	94%
Decrease 4		92%	92%	92%	92%	92%	92%	92%	92%	92%
Decrease 5		0%	0%	0%	0%	0%	0%	0%	0%	0%
Revenue Sharing % Reduction:										
Baseline	[Z]	0%	0%	0%	0%	0%	0%	0%	0%	0%
Decrease 1	[AA]	10%	10%	10%	10%	10%	10%	10%	10%	10%
Decrease 2	[BB]	15%	15%	15%	15%	15%	15%	15%	15%	15%
Decrease 3	[CC]	20%	20%	20%	20%	20%	20%	20%	20%	20%
Decrease 4	[DD]	25%	25%	25%	25%	25%	25%	25%	25%	25%
Decrease 5	[EE]	30%	30%	30%	30%	30%	30%	30%	30%	30%
Reduction in O&M Expenses:										
Baseline	[FF]	$0	$0	$0	$0	$0	$0	$0	$0	$0
Decrease 1	[GG]	0	0	0	0	0	0	0	0	0
Decrease 2	[HH]	0	0	0	0	0	0	0	0	0
Decrease 3	[II]	0	0	0	0	0	0	0	0	0
Decrease 4	[JJ]	0	0	0	0	0	0	0	0	0
Decrease 5	[KK]	0	0	0	0	0	0	0	0	0
Reduction in Revenue Sharing:										
Baseline	[LL=Y*FF]	$0	$0	$0	$0	$0	$0	$0	$0	$0
Decrease 1	[MM=Y*GG]	0	0	0	0	0	0	0	0	0
Decrease 2	[NN=Y*HH]	0	0	0	0	0	0	0	0	0
Decrease 3	[OO=Y*II]	0	0	0	0	0	0	0	0	0
Decrease 4	[PP=Y*JJ]	0	0	0	0	0	0	0	0	0
Decrease 5	[QQ=Y*KK]	0	0	0	0	0	0	0	0	0
Reduction in Revenue Sharing	[RR]	$0	$0	$0	$0	$0	$0	$0	$0	$0
Fixed Revenue Sharing	[D]	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000
Total Amount for Revenue Sharing	[SS=X+RR+D]	$13,158	$9,281	$15,035	$6,000	$6,000	$6,000	$6,000	$6,000	$12,674
Airfield Requirement Share of Airline Cost Center	[TT]	31%	29%	27%	20%	19%	20%	20%	18%	18%
Terminal Requirement Share of Airline Cost Center	[UU]	69%	71%	73%	80%	81%	80%	80%	82%	82%
Airfield Revenue Sharing	[VV=SS*TT]	$4,129	$2,722	$4,046	$1,215	$1,169	$1,180	$1,198	$1,084	$2,337
Terminal Revenue Sharing	[WW=SS*UU]	9,029	6,559	10,989	4,785	4,831	4,820	4,802	4,916	10,337
Total Amount for Revenue Sharing	[SS]	$13,158	$9,281	$15,035	$6,000	$6,000	$6,000	$6,000	$6,000	$12,674

Notes: (a) This projection is based on current expectations and information and is not intended as a representation of facts or guarantee of results.
(b) Amounts may not add due to rounding.
(c) Actual amounts may differ from the Port's audited financial statements for various reasons, including the treatment of non-cash items.

[1] Federal relief grants are included in FY 2022, FY 2023, FY 2024, and FY2025 in the amounts of approximately $25.0 million, $4.8 million, $24.8 million, and $9.0 million, respectively.

[2] Includes issuance of future SLB Bonds based on the assumptions described in Section 4.4.

[3] Per the Signatory Airline Agreements, the Port shares additional Net Revenues with the Signatory Airlines when the Airport coverage ratio exceeds 1.75x.

Source: Port of Portland airport management records; Landrum & Brown, Inc., January 2023
Compiled by Landrum & Brown, Inc.

Exhibit H

AIRLINE COST PER ENPLANED PASSENGER (dollars in thousands, except for rates) **PORT OF PORTLAND**

(Fiscal Years Ending June 30)

		Actual	Projected							
		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Airline Revenue:										
Passenger Airline Landing Fee Revenue [1]		$31,249	$34,533	$34,119	$38,185	$40,007	$40,803	$42,117	$41,105	$41,800
Airline Terminal Rental Revenue		89,840	107,518	119,742	194,283	213,737	215,355	218,320	240,894	238,958
Common Use Fees		12,259	13,498	15,468	22,119	24,285	24,464	24,791	27,312	27,699
Total Airline Revenue	[A]	$133,349	$155,549	$169,329	$254,587	$278,029	$280,622	$285,228	$309,311	$308,457
Total Enplaned Passengers (000s)	[B]	7,053	7,804	8,860	9,515	9,952	10,369	10,776	11,178	11,488
Airline Cost per Enplaned Passenger [2]	[C=A/B]	$18.91	$19.93	$19.11	$26.76	$27.94	$27.06	$26.47	$27.67	$26.85
Airline Cost per Enplaned Passenger (FY23$)		$18.91	$19.93	$18.55	$25.22	$25.57	$24.04	$22.83	$23.17	$21.83

Notes: (a) This projection is based on current expectations and information and is not intended as a representation of facts or guarantee of results.
(b) Amounts may not add due to rounding.
(c) Actual amounts may differ from the Port's audited financial statements for various reasons, including the treatment of non-cash items.

[1] Excludes landing fee revenue from cargo airlines.

[2] Projected airline cost per enplaned passenger (CPE) includes debt service costs associated with the Terminal Core Redevelopment project. The initial portion of this project is planned to be placed in service in FY 2024.

Source: Port of Portland airport management records; Landrum & Brown, Inc., January 2023

Compiled by Landrum & Brown, Inc.

Exhibit I

NET CASH FLOW AND SLB DEBT SERVICE COVERAGE (dollars in thousands) **PORT OF PORTLAND**

(Fiscal Years Ending June 30)

		Actual	Projected							
		FY 2022 [1]	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Total Revenues:										
Landing Fee Revenue		$41,084	$44,627	$44,082	$49,356	$51,713	$52,742	$54,440	$53,133	$54,023
Signatory Airline Terminal Rental Revenue		89,840	107,518	119,742	194,283	213,737	215,355	218,320	240,894	238,958
Other Terminal Cost Center Airline Revenues		18,222	18,999	22,410	29,421	32,910	33,852	34,270	36,724	37,371
Non-Airline Revenues (excluding federal relief grants)		136,176	139,744	160,050	171,573	179,379	187,289	195,427	203,818	212,225
Federal Relief Grants		25,000	4,800	24,800	9,000	0	0	0	0	0
Interest Income		(5,217)	3,450	3,450	3,450	3,450	3,450	3,450	3,450	3,450
Total Revenues	[A]	$305,105	$319,139	$374,534	$457,084	$481,189	$492,688	$505,906	$538,018	$546,027
Less:										
O&M Expenses	[B]	$143,026	$172,278	$174,993	$184,025	$196,899	$205,437	$211,458	$217,889	$227,603
Net Revenues	[C=A-B]	$162,080	$146,861	$199,541	$273,059	$284,290	$287,251	$294,448	$320,130	$318,424
Less:										
Total Debt Service Requirement [2]	[D]	$79,537	$84,459	$100,388	$156,417	$169,906	$166,239	$168,373	$183,374	$183,382
Net Surplus/(Deficit)	[E=C-D]	$82,542	$62,402	$99,154	$116,642	$114,384	$121,013	$126,075	$136,756	$135,042
SLB Debt Service Coverage:										
Net Revenues	[C]	$162,080	$146,861	$199,541	$273,059	$284,290	$287,251	$294,448	$320,130	$318,424
Total Debt Service Requirement [2]	[D]	$79,537	$84,459	$100,388	$156,417	$169,906	$166,239	$168,373	$183,374	$183,382
SLB Debt Service Coverage Ratio	[F=C/D]	2.04	1.74	1.99	1.75	1.67	1.73	1.75	1.75	1.74
SLB Debt Service Coverage Ratio - Requirement		1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30

Notes: (a) This projection is based on current expectations and information and is not intended as a representation of facts or guarantee of results.
(b) Amounts may not add due to rounding.
(c) Actual amounts may differ from the Port's audited financial statements for various reasons, including the treatment of non-cash items.

[1] Net Revenue amounts for FY 2022 intentionally varies slightly from Tables 15 and 16 of the Official Statement due to the inclusion of minor adjustments.

[2] Future SLB Debt Service includes costs associated with the Terminal Core Redevelopment project being placed in service in FY 2024 along with other assumptions described in Section 4.4.

Source: Port of Portland airport management records; Landrum & Brown, Inc., January 2023
Compiled by Landrum & Brown, Inc.

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE PORT

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THE PORT OF PORTLAND

(A Municipal Corporation)

REPORT ON AUDITED FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

(Containing Audit Comments and Disclosures Required by State Regulations)

FOR THE YEAR ENDED JUNE 30, 2022

with restated comparative totals for the year ended June 30, 2021

THE PORT OF PORTLAND

(a municipal corporation)

THE PORT OF PORTLAND

COMMISSIONERS AS OF JUNE 30, 2022

Name	Term Expires
Alice Cuprill-Comas, President 3181 SW Sam Jackson Park Road Portland, Oregon 97239	September 30, 2023
Michael C. Alexander, Vice President 7200 NE Airport Way Portland, Oregon 97218	May 31, 2024
Ketan Sampat, Secretary 525 3rd Street, Suite 200 Lake Oswego, Oregon 97034	March 14, 2025
Sean O'Hollaren, Treasurer 7200 NE Airport Way Portland, Oregon 97218	May 22, 2026
Katy Coba 7200 NE Airport Way Portland, Oregon 97218	June 9, 2026
Katherine Lam 5921 NE 80th Avenue Portland, Oregon 97218	November 24, 2023
Richelle Luther 14375 NW Science Park Drive Portland, Oregon 97229	February 16, 2024
Meg Niemi 3536 SE 26th Avenue Portland, Oregon 97202	November 24, 2023
Stuart Strader 2435 NW Front Avenue Portland, Oregon 97209	March 14, 2025

Curtis Robinhold, Executive Director

REGISTERED AGENT AND OFFICE
Daniel Blaufus
7200 NE Airport Way
Portland, Oregon 97218

Telephone: 503-415-6000

THE PORT OF PORTLAND
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REPORT OF INDEPENDENT AUDITORS

Report of Independent Auditors

The Board of Commissioners
Port of Portland

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Airport and Marine & Other Activities of the Port of Portland (Port of Portland), which comprise the balance sheet as of June 30, 2022, and the related statements of revenues, expenses, and changes in net position and cash flows of the Airport and Marine & Other Activities of the Port of Portland for the year 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 Airport and Marine & Other Activities of the Port of Portland as of June 30, 2022, and the respective changes in financial position cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 of Portland 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 opinion.

Emphasis of Matter

As discussed in Note 1 of the financial statements, the Port of Portland adopted the provisions of GASB Statement No. 87, "Leases." The financial statements have been retroactively restated for these changes. Our opinion is not modified with respect to this matter.

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 the Port of Portland'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 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, 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 the Port of Portland'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 the Port of Portland'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 Matters

Report on Summarized Comparative Information

We have previously audited the Port of Portland's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 21, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port of Portland's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Minimum Standards for Audits of Oregon Municipal Corporations*

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated October 25, 2022, on our consideration of the Port of Portland's compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Ashley Osten

Ashley Osten, Partner
for Moss Adams LLP
Portland, Oregon
October 25, 2022

MANAGEMENT’S DISCUSSION AND ANALYSIS

(UNAUDITED)

The Port of Portland
Management's Discussion and Analysis

This discussion and analysis of the Port of Portland's (Port) financial performance provides an overview of the Port's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the Port's financial statements, which follow this section.

Overview of the Financial Statements:
These financial statements consist of four parts – management's discussion and analysis (this section), the basic financial statements (including notes), required supplementary information, and supplementary information. The report is guided by accounting and reporting principles established by the Governmental Accounting Standards Board (GASB), and also by the Oregon Secretary of State (OSS). The basic financial statements are prepared on the accrual basis, similar to a private business, whereby revenues are recognized when earned and expenses are recognized when incurred, regardless of when cash is received or paid. The basic financial statements consist of a balance sheet, which includes the Port's assets, including deferred outflows, liabilities, including deferred inflows, and net position at year end; statement of revenues, expenses, and changes in net position, which includes all revenues, expenses, and grants expended for construction for the year; and statement of cash flows, which presents the sources and uses of cash for the year. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. Following the financial statements is a section of supplementary information, nearly all of which is required by the GASB, the OSS, or bond ordinances. The Port's two activities are Airport (Portland International Airport) and Marine & Other (marine terminals, trade and equitable development, environmental, navigation, general aviation, engineering, and administration). These activities are described in Notes 1 and 2 to the financial statements. Of special significance to readers of the financial statements is that, with certain limited exceptions, Airport monies are restricted by bond ordinances and Federal Aviation Administration regulations for use at the Airport only. Airport net revenues (essentially operating revenues less operating expenses other than depreciation) are largely determined by bond ordinances and contracts with airlines, as more fully explained in Note 7 to the financial statements.

During fiscal 2022, the Port applied new lease reporting standards as required by GASB Statement No. 87, "Leases" (GASB 87). GASB 87 had a significant impact on both the Port's statement of revenues, expenses and changes in net position and balance sheet, and required retroactive application and restatement of fiscal 2021. Other significant impacts of GASB 87 included charges for services revenue, nonoperating interest revenue, current and noncurrent leases receivable, and deferred inflows of resources. Further discussion of the impacts of the implementation of GASB 87 can be found later in the Financial Results section of this discussion and analysis, and in Notes 1 and 6 to the financial statements.

Also during fiscal 2022, the Port applied the reporting standards as required by GASB Statement No. 93, "Replacement of Interbank Offered Rates" (GASB 93). GASB 93 required the Port to terminate hedge accounting for derivative instruments using LIBOR as a benchmark interest rate and had a material impact on both the Port's statement of revenues, expenses and changes in net position and balance sheet, and required retroactive application and a restatement of the beginning net position balance for fiscal 2021. Other impacts of GASB 93 included nonoperating interest revenue and deferred outflows of resources.

Financial Results:
The Port's total net position increased $96.8 million from the restated 2021 amount, or 6.8 percent. Unrestricted net position – the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants or legal requirements – increased by $114.8 million, or 53.7 percent during that same time. In comparison, last year total net position, as restated, increased by $17.3 million, or 1.2 percent. The analysis in Table 1 (below) focuses on the net position of the Airport and of the Port's Marine & Other activities separately.

The Port of Portland
Management's Discussion and Analysis, continued

Table 1
Net Position
($ millions)

	Airport		Marine & Other		Total Port		Total Percentage Change
	2022	2021**	2022	2021**	2022	2021**	2021-2022
Current and other assets	$ 1,128.4	$ 818.8	$ 596.5	$ 550.8	$ 1,702.9 *	$ 1,344.8 *	26.6%
Capital assets	2,422.1	2,117.9	274.9	274.4	2,697.0	2,392.3	12.7%
Deferred outflows	33.3	38.8	21.1	23.5	54.4	62.3	(12.7)%
Total assets	3,583.8	2,975.5	892.5	848.7	4,454.3 *	3,799.4 *	17.2%
Long-term debt outstanding	2,031.5	1,557.5	56.6	64.8	2,088.1	1,622.3	28.7%
Other liabilities	210.6	296.0	140.8	170.2	329.4 *	441.4 *	(25.4)%
Deferred inflows	282.2	100.3	226.6	204.1	508.8	304.4	67.1%
Total liabilities	2,524.3	1,953.8	424.0	439.1	2,926.3 *	2,368.1 *	23.6%
Net position:							
Net investment in capital assets	496.9	656.0	305.2	302.1	802.1	958.1	(16.3)%
Restricted	387.3	254.0	10.0	5.3	397.3	259.3	53.2%
Unrestricted	175.4	111.7	153.3	102.2	328.7	213.9	53.7%
Total net position	$ 1,059.6	$ 1,021.7	$ 468.5	$ 409.6	$ 1,528.1	$ 1,431.3	6.8%

* Receivables and payables between activities are eliminated in the Total Port column.

** Effective July 1, 2021, the Port adopted GASB 87 and GASB 93. The provisions of these statements were applied retroactively, and fiscal 2021 has been restated. Please see Note 1 to the financial statements for more detailed information.

Total net position of the Airport, as restated, increased by $37.9 million, or 3.7 percent, as a result of net income in fiscal 2022. Net investment in capital assets decreased $159.1 million, or 24.3 percent, as a result of the issuance of construction bonds, partially offset by increases in capital additions and construction spending. Restricted net position increased by $133.3 million, or 52.5 percent, primarily due to increased cash and income restricted for debt service and construction. Unrestricted net position increased by $63.7 million, or 57.0 percent, primarily as a result of net income for fiscal 2022, including federal stimulus funding drawn for fiscal 2022.

Total net position of Marine & Other increased from the restated 2021 balance by $58.9 million, or 14.4 percent, primarily the result of net income, capital grants and transfers from the Airport (mainly to fund construction at general aviation airports included in Marine & Other). Net investment in capital assets increased $3.1 million, or 1.3%, primarily as a result of capital additions and construction spending, offset by normal capital asset depreciation. Restricted net position increased $4.7 million, or 88.7%, versus the prior year as a result of receiving a restricted-purpose grant during fiscal 2022. Unrestricted net position increased by $51.1 million or 50.0 percent, primarily due to net income for the year.

Several factors caused changes in net position (Table 2, below) to increase $85.7 million from the restated 2021 amount.

Airport changes in net position increased $38.8 million when compared to the restated prior year due mainly to increased net income in 2022. Marine & Other changes in net position increased $46.9 million, also due to increased net income as compared to 2021.

Table 2
Changes in Net Position
($ millions)

	Airport 2022	Airport 2021**	Marine & Other 2022	Marine & Other 2021**	Total Port 2022	Total Port 2021**	Total Percentage Change 2021-2022
Revenues:							
Operating revenues							
Charges for services	$ 279.9	$ 200.5	$ 93.2	$ 72.7	$ 373.1	$ 273.2	36.6%
Land sales			18.0		18.0		
Other	0.4	0.5	0.7	0.1	1.1	0.6	83.3%
Nonoperating revenues							
Property tax revenue			14.3	13.7	14.3	13.7	4.4%
Interest revenue	1.1	7.0	3.8	8.2	4.9	15.2	(67.8)%
PFC revenue	27.5	16.6			27.5	16.6	65.7%
CFC revenue	14.0	6.6			14.0	6.6	112.1%
Other nonoperating revenue	17.7	63.7	38.3	6.6	56.0	70.3	(20.3)%
Total revenues	340.6	294.9	168.3	101.3	508.9	396.2	28.4%
Expenses:							
Operating expenses	239.5	235.5	113.6	89.7	353.1	325.2	8.6%
Nonoperating expenses	59.7	60.8	3.7	4.1	63.4	64.9	(2.3)%
Total expenses	299.2	296.3	117.3	93.8	416.5	390.1	6.8%
Income (loss) before contributions and transfers	41.4	(1.4)	51.0	7.5	92.4	6.1	1414.8%
Capital contributions and reversions	0.2	9.4	4.2	1.7	4.4	11.1	(60.4)%
Transfers (out) in	(3.7)	(2.8)	3.7	2.8			
GASB 93 restatement of beginning net position		(6.1)				(6.1)	
Increase (decrease) in net position	$ 37.9	$ (0.9)	$ 58.9	$ 12.0	$ 96.8	$ 11.1	772.1%

** Effective July 1, 2021, the Port adopted GASB 87 and GASB 93. The provisions of these statements were applied retroactively, and fiscal 2021 has been restated. Please see Note 1 to the financial statements for more detailed information.

Total revenues for the Port increased by approximately $112.7 million from the restated prior year. Total expenses increased approximately $26.4 million during the same timeframe.

At the Airport, charges for services operating revenues increased by $79.4 million, or nearly 39.6 percent, when compared to the restated prior year; this was primarily due to a resurgence in passengers traveling through the Airport as the airline industry recovers from the pandemic, which manifested in higher operating revenues in almost every category at the Airport. Nonoperating interest revenue decreased $5.9 million, or 84.3 percent, as a result of a fiscal 2022 year-end investment mark-to-market adjustment that reduced interest income. PFC revenues increased $10.9 million, or 65.7 percent as a result of significant increases in enplanements as the airline industry has emerged from the COVID pandemic. CFC revenues increased by $7.4 million, or 112.1 percent, also as a result of increased passengers at the Airport during fiscal 2022. Other nonoperating revenue decreased by $46.0 million in fiscal 2022 due to receiving less federal pandemic relief funding as compared to fiscal 2021. The increase of $4.0 million in operating expenses was up 1.6 percent as compared to the prior year and was generally attributable to higher operating expenses in nearly all categories driven by increased passenger activity, partially offset by one-time lease buyouts associated with construction in fiscal 2021. Nonoperating expenses in fiscal 2022 were flat as compared to 2021. Capital contributions and reversions decreased $9.2 million in 2022 as a result of incurring fewer grant-eligible costs as well as not receiving any asset reversions.

For Marine & Other, charges for services operating revenue increased $20.5 million, or 28.2 percent, from the restated prior year as a result of increased activity at the Terminal 6 container operation and higher dredging revenues. Land sales revenues increased $18.0 million in fiscal 2022 after a year with no land sales in fiscal 2021. Nonoperating interest revenue decreased $4.4 million versus prior year, primarily the result of year-end investment mark-to-market adjustment that reduced interest income. During 2022, operating expenses increased $23.9 million due to higher longshore labor expense associated with higher container activity, outside services costs, and cost of land sold expense, offset in part by lower pension expense. Capital contributions and reversions increased $2.5 million in 2022 as a result of incurring more grant-eligible costs than in 2021, as well as increased asset reversions in 2022.

Budgetary Highlights:
The Port's budget for fiscal 2022 was adopted by the Port Commission and certified by the Multnomah County Tax Supervising and Conservation Commission (TSCC) in June 2021. Budget appropriations at the Airport were adjusted during the year to increase the capital outlay appropriation to adjust for timing of capital expenditures, to increase transfers to Marine & Other for additional staff support of Airport capital projects, and to increase grant resources to provide for federal American Rescue Plan Act draws. For Marine & Other, resources in the budget were adjusted to reflect higher operating revenues resulting from increased container volumes at marine Terminal 6 and a land sale. Marine & Other resources were also adjusted to recognize increased State grant funding and to reflect higher service reimbursement resources for increased engineering support to Airport capital projects. Marine & Other appropriations for expenditures were increased for higher labor costs associated with increased container volumes at marine Terminal 6, to account for expenses associated with increased State grant funding and closing costs associated with a land sale, for higher General Aviation costs of aircraft hangar management and maintenance personnel costs, and to provide for non-cash budgetary impacts of accounting accruals for environmental liabilities. Marine & Other appropriations for expenditures were decreased for lower administrative personnel costs due to position vacancies, and for deferral of information technology outside services costs. While legally a local government subject to governmental budgeting requirements, the Port operates much like a business, with expenditure levels driven by business needs, and utilizes the accrual basis of accounting. Revisions to reflect expenditure patterns are, therefore, common for an entity like the Port. As explained in Note 1 to the financial statements, Oregon budget laws differ, in certain situations, from accounting principles generally accepted in the United States of America.

On a budgetary basis, Airport expenditures for the largest capital program ever at the Airport were $49.9 million, or 11.3 percent, under the $441.9 million budget due a slight delay to timing of construction costs into fiscal 2023. Construction fund interest income was negative $3.9 million for the year, $4.2 million below the $0.3 million budget as a result of a large year end mark-to-market adjustments required by accounting standards; the impacts of these adjustments can be seen across other funds as well. Operating revenues, PFC revenues, and CFC revenues were all significantly better than budget due to higher than budgeted passengers as the airline industry continues to recover from the pandemic. Airport operating revenues of $284.4 million were 4.6 percent above the $271.8 million budget. Passenger Facility Charges and Customer Facility Charges were 13.2 percent and 20.2 percent, respectively, above the fiscal 2022 budget. Operating expenditures of $117.1 million tracked well against budget at 1.3 percent below the $118.6 million budgeted amount. The Port's implementation of GASB 87 drove a significant positive variance in interest and other revenue due to noncash budgetary revenue recorded as a result of the accounting change. During the year an unbudgeted refunding bond issue refunded outstanding PFC revenue bonds to achieve significant cost savings. Other significant budgetary variances included bond proceeds and commercial paper issuance and redemptions as a result of funding strategy and issue sizing.

Fiscal 2022 budgetary capital expenditures for Marine & Other were $35.5 million, or 70.6 percent, below the budget of $50.3 million, largely due to timing delays and project deferrals. Capital grants for the year were $3.1 million, 71.0 percent less than the budget of $10.7 million due to incurring fewer grant eligible costs. Fixed asset sales and other revenues were $31.8 million as compared to the budget of $28.0 million due to the impacts of the GASB 87 accounting implementation. Budgetary operating revenues were $7.4 million over the $59.2 million budget for marine due primarily to higher than planned container activity at Terminal 6. Budgetary operating revenues for navigation of $19.3 million were $3.5 million under the budget due to less river dredging during the year than originally anticipated. Budgetary operating expenditures were $3.4 million below budget for administration, primarily due to lower than anticipated salary and fringe expenses as the result of vacant positions as well as lower materials and services costs. Budgetary operating expenditures for Marine were higher than budget by approximately $2.6 million primarily due to higher labor costs associated with the higher container activity which drove higher revenues. Navigation budgetary operating expenditures were $1.1 million under budget, primarily as a result of performing less dredging than originally anticipated during the year. Other environmental budgetary operating expenditures were $1.5 million over the budget of $6.9 million as a result of revision to an estimated environmental liability.

Capital Assets:
At the end of fiscal 2022, the Port had nearly $2.7 billion invested in a broad range of capital assets. This amount represents an increase (essentially additions offset by depreciation expense) of $304.7 million versus the restated prior year, as outlined in Table 3 (below).

Table 3
Capital Assets
($ millions)

	Airport		Marine & Other		Total Port		Total Percentage Change
	2022	2021	2022	2021	2022	2021	2021-2022
Land	$ 68.0	$ 68.0	$ 81.2	$ 83.4	$ 149.2	$ 151.4	
Construction in progress	1,003.2	835.7	51.3	41.0	1,054.5	876.7	
Total capital assets not being depreciated	1,071.2	903.7	132.5	124.4	1,203.7	1,028.1	17.1%
Land improvements	997.2	942.1	311.4	307.8	1,308.6	1,249.9	
Buildings, equipment and right-of-use assets	1,912.9	1,743.1	264.2	256.4	2,177.1	1,999.5	
Total capital assets being depreciated and amortized	2,910.1	2,685.2	575.6	564.2	3,485.7	3,249.4	7.3%
Less: accumulated depreciation and amortization	(1,559.2)	(1,471.0)	(433.2)	(414.2)	(1,992.4)	(1,885.2)	5.7%
Total capital assets being depreciated or amortized, net	1,350.9	1,214.2	142.4	150.0	1,493.3	1,364.2	9.5%
Total capital assets, net	$ 2,422.1	$ 2,117.9	$ 274.9	$ 274.4	$ 2,697.0	$ 2,392.3	12.7%

This year's major capital asset spending included:

Airport:
- Terminal improvements - $336.3 million
- Public parking and consolidated rental car facility - $49.2 million
- Taxiway, apron and ramp rehabilitation and improvements - $9.6 million
- New airport terminal electrical feeder - $6.4 million

Marine & Other:
- Hillsboro airport taxiway rehabilitation - $4.4 million
- Marine terminal stormwater improvements - $2.8 million
- Marine terminals 4 and 6 electrical and lighting replacements - $1.7 million
- Hillsboro airport runway safety area improvements - $1.1 million
- Marine terminal 6 pavement rehabilitation – $1.0 million

Please see Note 5 to the financial statements for more detailed information of capital asset activity.

The Port's 2023 capital budget estimates spending approximately $415.2 million on capital projects at the Airport and $53.3 million in Marine & Other. Spending at the Airport is primarily slated for terminal core redevelopment. Airport capital projects are budgeted to be funded by Airport operating revenues, debt proceeds, and CFC revenues. Capital spending for Marine & Other is budgeted principally for runway and runway safety area improvements at the Hillsboro airport, barge replacement to support the dredging operation, marine Terminal 6 electrical and lighting upgrades and replacements, and replacement of a pier at marine Terminal 4. Funding for these projects is budgeted from operating revenues, property taxes, and federal, state, and other grants.

Debt Administration:
At the end of 2022, the Port had over $1.85 billion in bonds, contracts and loans payable outstanding. This is an increase from the prior year, as seen in Table 4 (below).

Table 4
Outstanding Long-Term Debt
($ millions)

	Airport		Marine & Other		Total Port		Total Percentage Change
	2022	2021	2022	2021	2022	2021	2021-2022
Pension bonds			$ 45.7	$ 51.3	$ 45.7	$ 51.3	(10.9)%
Revenue bonds	$ 1,564.4	$ 1,069.7			1,564.4	1,069.7	46.2%
PFC revenue bonds	80.9	103.4			80.9	103.4	(21.8)%
CFC revenue bonds	156.9	160.1			156.9	160.1	(2.0)%
Contracts and loans payable			10.8	13.4	10.8	13.4	(19.4)%
Commercial Paper		80.6				80.6	(100.0)%
	$ 1,802.2	$ 1,413.8	$ 56.5	$ 64.7	$ 1,858.7	$ 1,478.5	25.7%

The outstanding amount of Airport long-term debt increased due to issuance of the Series Twenty-Eight airport revenue construction bonds, offset partially by scheduled bond payments. During fiscal 2022, Standard & Poor's improved its rating of the Airport revenue bonds from A+ to AA-, citing the Port's demonstrated financial resilience and rate-setting flexibility, coupled with management's prudent expense reductions. The balance of PFC and CFC revenue bonds decreased as a result of regularly scheduled bond payments. In fiscal 2022, the Port issued Series 2022A PFC refunding bonds to refund all of the outstanding PFC Series 2011A bonds and achieve $13.7 million in net present value savings. Commercial paper outstanding decreased due to payment of outstanding balances with Series Twenty-Eight airport revenue bond proceeds.

In Marine & Other, the amount of outstanding long-term debt decreased as a result of scheduled payments made on pension bonds, contracts and loans payable.

Please see Note 7 to the financial statements for more detailed information of long-term debt activity.

Economic Factors and Next Year's Budgets and Rates:
As part of the Port's strategic planning and business planning process, regional, national, and global economic trends and forecasts are reviewed and assumptions regarding passenger, cargo, and population growth are coupled with these trends and forecasts to produce the annual budget. The pandemic recovery is firmly underway, and national and regional economic indicators continue to point to a strong recovery with employment and household income on the rise. The impact of the COVID pandemic on the airline industry was dramatic, but there has been steady recovery in passengers traveling through the Airport. The forecast for fiscal 2023 airline passenger volumes is 15.6 million, which is 24 percent higher than our fiscal 2022 budget, but still roughly 22 percent below pre-pandemic passenger levels. It is anticipated that the Airport will recover to pre-pandemic passenger levels in fiscal 2025. In Marine & Other, Terminal 6 container operations continue to do well in spite of pandemic challenges, with fiscal 2023 container volumes forecast to double the fiscal 2022 budget. Results in other operations are expected to be mixed, with higher bulk volumes expected at Terminal 5, while auto volumes are forecast to decrease as the industry works to address supply chain issues. Port facilities have a diverse mix of marine tenants and business lines, with many fixed land leases which have provided a measure of protection during challenging times.

In the Port's 2023 adopted budget, total Port operating revenue is budgeted to increase about 2.8 percent over 2022 results to approximately $403.0 million largely as a result of increased airline, parking and concessions revenues at the Airport, as well as higher dredging and container revenues in Marine & Other, offset in part by lower land sales and lease revenue. Total operating expenses (excluding depreciation and non-cash pension expense) are budgeted to increase by 17.8 percent to approximately $274.4 million, reflecting increased costs as the Port moves forward in post-pandemic recovery across our business lines.

Operating revenues for the Airport are budgeted to increase 8.7 percent to $304.7 million in the fiscal 2023 budget due primarily to increased airline revenues as a result of the signatory airlines' contractual obligation to cover airport costs, as well as higher parking, concessions, and rental car revenues as passenger traffic increases. Airport operating expenses (excluding depreciation and non-cash pension expense) are budgeted to increase about 21.6 percent to $167.7 million as a result of increased outside service, salary, travel and management, materials and supplies, and internal central services costs.

In Marine & Other, operating revenues are budgeted to decrease by 12.2 percent to $98.3 million, primarily due to no land sales budgeted in fiscal 2023 as well as lower rent revenue, offset in part by increased Navigation division dredging revenue and marine container operation revenues. Operating expenses (excluding depreciation and non-cash pension expense) are budgeted to increase by 12.3 percent to $106.7 million primarily due to higher outside service, salary, and environmental costs in the fiscal 2023 budget. Property taxes are budgeted to comprise less than 1.0 percent of Port resources on a legal budget basis.

Contacting the Port's Financial Management:

This financial report is designed to provide users with a general overview of the Port's finances. If you have questions about this report or need additional financial information, contact the Port of Portland's Controller's Office, PO Box 3529, Portland, OR 97208.

BASIC FINANCIAL STATEMENTS

THE PORT OF PORTLAND
BALANCE SHEET
as of June 30, 2022
with restated comparative totals as of June 30, 2021

	2022			2021
	Airport	Marine & Other	Total	Total (As restated)
ASSETS				
Current assets:				
Cash and cash equivalents	$ 38,240	$ 107,973,485	$ 108,011,725	$ 152,111,417
Equity in pooled investments	249,858,392	171,930,791	421,789,183	305,448,189
Restricted cash and equity in pooled investments	114,247,519		114,247,519	165,174,855
Receivables, net of allowance for doubtful accounts of $507,000 in 2022 and $568,000 in 2021 for Airport and $446,000 in 2022 and $180,000 in 2021 for Marine & Other	25,788,967	28,301,396	54,090,363	25,412,280
Lease receivable	29,140,762	10,320,258	39,461,020	37,245,104
Prepaid insurance and other assets	4,905,431	2,576,402	7,481,833	7,164,916
Total current assets	423,979,311	321,102,332	745,081,643	692,556,761
Noncurrent assets:				
Restricted assets:				
Cash and equity in pooled investments	468,955,426	9,986,308	478,941,734	334,282,281
Receivables	5,282,402		5,282,402	8,110,392
Contract retainage deposits	357,897		357,897	564,214
Total restricted assets	474,595,725	9,986,308	484,582,033	342,956,887
Land held for sale		41,729,187	41,729,187	41,724,689
Depreciable properties, net of accumulated depreciation and amortization	1,350,867,271	142,438,198	1,493,305,469	1,364,175,526
Nondepreciable properties	1,071,197,097	132,495,429	1,203,692,526	1,028,133,340
Lease receivable	229,554,233	195,377,541	424,931,774	266,183,786
Due from Airport		21,985,841	*	
Unamortized bond issue costs and other noncurrent assets	253,380	6,317,427	6,570,807	1,324,612
Total noncurrent assets	3,126,467,706	550,329,931	3,654,811,796	3,044,498,840
Deferred outflows of resources:				
Deferred charges on refunding bonds	12,503,375		12,503,375	14,940,161
Deferred charges on pensions and OPEB	20,813,392	21,056,212	41,869,604	47,408,080
Total deferred outflows of resources	33,316,767	21,056,212	54,372,979	62,348,241
Total assets	$ 3,583,763,784	$ 892,488,475	$ 4,454,266,418	$ 3,799,403,842
LIABILITIES				
Current liabilities (payable from current assets):				
Current portion of long-term debt		$ 7,765,822	$ 7,765,822	$ 88,070,505
Accounts payable, lease and other accrued liabilities	$ 22,596,225	28,717,059	51,313,284	43,303,014
Accrued wages, vacation and sick leave pay	6,959,971	6,338,916	13,298,887	13,134,680
Workers' compensation and other accrued liabilities	1,992,653	6,457,245	8,449,898	7,622,289
Total current liabilities (payable from current assets)	31,548,849	49,279,042	80,827,891	152,130,488
Restricted liabilities (payable from restricted assets)				
Current portion of long-term debt and other	50,025,825		50,025,825	45,056,034
Accrued interest payable	37,312,965		37,312,965	29,770,725
Accounts payable	26,172,440		26,172,440	88,794,511
Contract retainage payable	736,289		736,289	1,553,585
Total restricted current liabilities (payable from restricted assets)	114,247,519		114,247,519	165,174,855
Total current liabilities	145,796,368	49,279,042	195,075,410	317,305,343
Noncurrent liabilities:				
Long-term environmental and other accruals	3,171,283	55,424,942	58,596,225	67,516,194
Long-term debt	1,981,440,034	48,787,791	2,030,227,825	1,489,171,575
Unearned revenue and other	41,774,970	24,502,203	66,277,173	67,360,468
Net pension and OPEB liability	47,851,730	19,384,425	67,236,155	122,471,511
Due to Marine & Other	21,985,841		*	
Total noncurrent liabilities	2,096,223,858	148,099,361	2,222,337,378	1,746,519,748
Deferred inflows of resources:				
Deferred lease inflows	255,566,320	198,557,068	454,123,388	298,210,526
Deferred pension inflows and other deferred inflows of resources	26,585,115	28,039,292	54,624,407	6,133,363
Total deferred inflows of resources	282,151,435	226,596,360	508,747,795	304,343,889
Total liabilities	2,524,171,661	423,974,763	2,926,160,583	2,368,168,980
NET POSITION				
Net investment in capital assets	496,915,998	305,188,556	802,104,554	958,085,556
Restricted for capital and debt service	387,250,846	9,986,308	397,237,154	259,274,070
Unrestricted	175,425,279	153,338,848	328,764,127	213,875,236
Total net position	1,059,592,123	468,513,712	1,528,105,835	1,431,234,862
Total liabilities and net position	$ 3,583,763,784	$ 892,488,475	$ 4,454,266,418	$ 3,799,403,842

* Receivables and payables between activities are eliminated in the Total columns.

The accompanying notes are an integral part of these financial statements.

THE PORT OF PORTLAND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
for the year ended June 30, 2022
with restated comparative totals for the year ended June 30, 2021

	2022			2021
	Airport	Marine & Other	Total	Total (As restated)
Operating revenues:				
Charges for services	$ 279,860,676	$ 93,200,543	$ 373,061,219	$ 273,160,747
Land sales		18,000,000	18,000,000	
Other	461,604	656,250	1,117,854	718,103
Total operating revenues	280,322,280	111,856,793	392,179,073	273,878,850
Operating expenses:				
Salaries, wages and fringe benefits	55,903,288	39,236,310	95,139,598	109,361,037
Longshore labor and fringe benefits		33,760,056	33,760,056	18,218,054
Contract, professional and consulting services	37,626,667	16,833,914	54,460,581	40,022,868
Materials and supplies	4,934,193	3,592,626	8,526,819	10,684,015
Utilities	10,342,110	4,116,728	14,458,838	13,367,645
Equipment rents, repair and fuel	1,235,375	3,650,862	4,886,237	3,106,925
Insurance	3,732,395	1,653,922	5,386,317	5,362,871
Lease and rent	41,185	2,055,984	2,097,169	1,906,513
Travel and management expense	1,778,221	450,847	2,229,068	1,468,091
Intra-Port charges and expense allocations	23,941,194		23,941,194	23,331,857
Cost of land sold		2,255,404	2,255,404	
Other	3,098,901	3,248,628	6,347,529	2,684,496
Less expenses for capital projects	(4,713,208)	(15,805,321)	(20,518,529)	(23,674,504)
Total operating expenses, excluding depreciation and amortization	137,920,321	95,049,960	232,970,281	205,839,868
Operating income before depreciation and amortization	142,401,959	16,806,833	159,208,792	68,038,982
Depreciation and amortization expense	101,582,402	18,572,036	120,154,438	119,385,565
Total operating expenses, including depreciation and amortization	239,502,723	113,621,996	353,124,719	325,225,433
Operating income (loss)	40,819,557	(1,765,203)	39,054,354	(51,346,583)
Nonoperating revenues (expenses):				
Property tax revenue		14,348,615	14,348,615	13,730,375
Passenger facility charge revenue	27,539,749		27,539,749	16,627,484
Customer facility charge revenue	14,011,848		14,011,848	6,562,452
Interest expense	(59,735,816)	(3,660,695)	(63,396,511)	(57,876,401)
Interest revenue	1,052,321	3,833,042	4,885,363	15,341,621
Other income, including loss on disposal of properties	17,675,774	38,363,614	56,039,388	63,177,456
Nonoperating revenues	543,876	52,884,576	53,428,452	57,562,987
Income before contributions and transfers	41,363,433	51,119,373	92,482,806	6,216,404
Capital contributions and reversions	237,799	4,150,368	4,388,167	11,114,422
Transfers (out) in	(3,697,116)	3,697,116		
Change in net position	37,904,116	58,966,857	96,870,973	17,330,826
Total net position - beginning of year, as restated	1,021,688,007	409,546,855	1,431,234,862	1,413,904,036
Total net position - end of year	$ 1,059,592,123	$ 468,513,712	$ 1,528,105,835	$ 1,431,234,862

The accompanying notes are an integral part of these financial statements.

THE PORT OF PORTLAND
STATEMENT OF CASH FLOWS
for the year ended June 30, 2022
with restated comparative totals for the year ended June 30, 2021

	2022			2021
	Airport	Marine & Other	Total	Total (As restated)
Cash flows from operating activities:				
Cash received from customers	$ 264,128,403	$ 93,296,152	$ 357,424,555	$ 281,037,898
Cash payments to employees	(56,446,279)	(39,519,872)	(95,966,151)	(90,028,036)
Cash payments to suppliers and vendors	(52,834,852)	(79,306,891)	(132,141,743)	(94,057,762)
Cash payments (to) from other funds	(27,259,802)	27,259,802		
Net cash provided by operating activities	127,587,470	1,729,191	129,316,661	96,952,100
Cash flows from noncapital financing activities:				
Property taxes		14,335,629	14,335,629	13,736,889
Grant proceeds not specifically restricted for capital	25,000,000	5,051,024	30,051,024	61,606,081
Net cash provided by noncapital financing activities	25,000,000	19,386,653	44,386,653	75,342,970
Cash flows from capital and related financing activities:				
Capital expenditures	(469,018,182)	(20,424,858)	(489,443,040)	(462,610,072)
Lease interest received	6,258,368	6,892,078	13,150,446	10,649,166
Sale of properties	44,503	434	44,937	170,711
Net proceeds from issuance of debt	595,734,569		595,734,569	358,273,940
Interest paid	(62,254,502)	(3,805,974)	(66,060,476)	(56,667,005)
Proceeds from insurance buyout agreements		26,000,000	26,000,000	
Proceeds from passenger facility charges	29,752,110		29,752,110	12,396,393
Proceeds from customer facility charges	13,858,884		13,858,884	5,596,860
Principal payments and redemptions on debt	(109,625,000)	(8,213,205)	(117,838,205)	(50,121,997)
Contributions from governmental agencies	1,124,308	4,899,744	6,024,052	15,275,553
Cash transfers (to) from other Port divisions, net	(3,697,116)	3,697,116		
Other, primarily nonoperating (expense) income	(7,472,545)	1,521,739	(5,950,806)	2,086,934
Net cash (used in) provided by capital and related financing activities	(5,294,603)	10,567,074	5,272,471	(164,949,517)
Cash flows from investing activities:				
Interest received	3,605,201	2,429,192	6,034,393	2,747,179
Investment activity:				
Purchases	(669,051,408)	(191,382,433)	(860,433,841)	(831,727,932)
Proceeds from sales or maturities	518,153,340	113,170,631	631,323,971	894,812,138
Net cash (used in) provided by investing activities	(147,292,867)	(75,782,610)	(223,075,477)	65,831,385
Net (decrease) increase in cash and cash equivalents		(44,099,692)	(44,099,692)	73,176,938
Cash and cash equivalents - beginning of year	38,240	152,073,177	152,111,417	78,934,479
Cash and cash equivalents - end of year	$ 38,240	$ 107,973,485	$ 108,011,725	$ 152,111,417
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Operating income (loss)	$ 40,819,557	$ (1,765,203)	$ 39,054,354	$ (51,346,583)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization expense	101,582,402	18,572,036	120,154,438	119,385,565
Cost of land sales		2,255,404	2,255,404	
Non cash pension and OPEB expense	(643,692)	(347,068)	(990,760)	19,110,388
Amortization of unearned revenue	(1,002,417)	(1,586,817)	(2,589,234)	(2,559,175)
Change in assets and liabilities:				
Receivables and other current assets	(15,014,198)	(14,760,257)	(29,774,455)	13,869,078
Lease receivable	(159,808,486)	(1,155,418)	(160,963,904)	40,138,381
Deferred lease inflows	158,025,355	(2,112,493)	155,912,862	(45,356,745)
Accounts payable and accruals	5,848,649	3,454,082	9,302,731	6,697,141
Lease payable	(323,213)	(297,890)	(621,103)	(767,073)
Long-term environmental and other accruals	(3,196,487)	(1,570,481)	(4,766,968)	(3,216,149)
Additions to unearned revenue	1,300,000	1,043,296	2,343,296	997,272
Net cash provided by operating activities	$ 127,587,470	$ 1,729,191	$ 129,316,661	$ 96,952,100

The accompanying notes are an integral part of these financial statements.

THE PORT OF PORTLAND
NOTES TO FINANCIAL STATEMENTS

1. Description of the Port and Summary of Significant Accounting Policies:

The Port

The Port of Portland (the Port) is a special municipal district created by the Oregon State Legislature. It is governed by a nine-member Board of Commissioners who are appointed by the Governor of the State; Commissioners serve four year terms without compensation. The Port facilitates aviation and marine trade within the Port District (Multnomah, Clackamas, and Washington Counties), and its influence spreads over a multi-state region. The Port owns and operates Portland International Airport (the Airport), which provides the metropolitan area with commercial airline passenger service, air cargo services, and general aviation service. The Port also owns two general aviation airports, four marine terminals, a dredge, six industrial and business parks, and develops land principally to support, enhance, and expand its core transportation operations. Principal funding sources are charges to users, revenue bonds, grants, interest earnings, passenger facility charges, customer facility charges, and, to a lesser extent, property tax levies. Its activities are carried out by a staff of approximately 725 full-time equivalent persons.

Basis of Accounting

The accounting and reporting policies of the Port conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to proprietary funds of local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Accordingly, the Port utilizes the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

Intra-Port Charges and Expense Allocations

Labor and associated costs for services performed by one functional area of the Port to another area, most commonly by administrative departments, are charged in the accounting records as an expense to the receiver of services and as a credit to expense to the provider of services. The amount charged includes labor, fringe benefits, and an allocated portion of other costs, including materials and supplies, utilities, contract services, insurance, rent and depreciation. All other administrative department costs not charged in this manner are allocated as overhead based on a formula involving full time equivalent positions, legal services rendered, and operating expenses.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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. Actual results could differ from those estimates.

Operating Revenues and Expenses

Revenues and expenses that are earned or incurred during the course of normal business operations are classified as operating. Revenues and expenses that are earned or incurred outside of the course of normal operations, including interest income and expense, property tax revenue, customer facility charges, and passenger facility charges, are classified as nonoperating.

Restricted Assets and Related Liabilities

Assets and related liabilities restricted to specific purposes by state statute, bond indenture or otherwise are segregated on the balance sheet. These assets and liabilities are primarily restricted for construction and debt service purposes. When both restricted and unrestricted resources are available for use, it is the Port’s policy to generally consider restricted assets to be used first over unrestricted assets.

1. Description of the Port and Summary of Significant Accounting Policies, continued:

Land Held for Sale

Land held for sale includes costs of land acquisition and development on property held for eventual sale. Land held for sale is stated at the lower of average cost or net realizable value. Costs that are capitalized consist of acquisition and development costs incurred to bring the land to salable condition. At closing, sales and related cost of land are recorded as operating revenues and expenses.

Properties and Depreciation

Properties, other than lease improvements acquired upon termination of operating leases, are stated at cost less accumulated depreciation. Properties with an individual purchase cost exceeding $5,000 with a useful life exceeding one year are capitalized, and depreciable properties are depreciated over their estimated useful lives on a straight-line basis. The useful lives generally range from 5 to 40 years for land improvements; 5 to 40 years for buildings, building components, and terminals; and 2 to 15 years for equipment. Normal maintenance and repairs are charged to operating expense as incurred; expenditures for major additions, improvements, infrastructure, and replacements are capitalized. The cost of assets retired or otherwise disposed of and related accumulated depreciation are eliminated from the accounts in the year of disposal with the resulting gain or loss credited or charged to nonoperating revenue or expense.

Amortization of Bond Issue Costs

Bond issue costs related to prepaid insurance costs are amortized over the life of the related debt and reported as a noncurrent asset on the balance sheet. The difference between the reacquisition price and the net carrying amount of old debt arising from defeasance and refunding transactions is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is reported as a deferred outflow of resources on the balance sheet. Amortization is included in interest expense. All other bond issuance costs are expensed as incurred.

Accrued Vacation and Sick Leave Pay

Vacation and sick leave pay are accrued as earned for most employees, based on length of past service, up to a maximum number of hours per employee. Vacation and sick leave liabilities are reduced when leave is taken, and unused portions are paid off upon termination to the extent allowed for in Port policy.

Unearned Revenue

Unearned revenue typically represents prepaid lease financing related to real property development projects and transactions and is generally amortized over the life of the related lease. Lease terms generally range from 5 to 55 years. Unearned revenue is reported as a noncurrent liability on the balance sheet.

Accounting for Contributions from Federal Government and Other

Capital grants and other contributions from governmental agencies are recorded as net position when earned. Operating grants are recorded as revenue when earned. Lease improvements acquired upon termination of leases are included in properties and credited to net position at estimated fair value at date of acquisition.

Property Taxes

Property taxes are used for capital and debt service purposes. Property taxes are recorded as nonoperating revenue in the year levied. Property taxes are levied and attached as an enforceable lien on property as of July 1. Taxes are payable in three installments on November 15, February 15, and May 15.

Cash and Cash Equivalents

Highly liquid investments (excluding restricted investments) with a maturity of three months or less when purchased are considered cash equivalents.

1. Description of the Port and Summary of Significant Accounting Policies, continued:

Environmental Remediation Liabilities

The Port records future pollution remediation costs that meet measurement criteria outlined in GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations." Those criteria require accrual of pollution remediation obligation amounts when a) one of certain obligating events occurs, and b) the amount can be reasonably estimated. Obligating events include imminent endangerment to public health or welfare or the environment; violation of a pollution prevention-related permit or license; evidence that the Port will be named as a responsible party, or potentially responsible party, for sharing costs; evidence that the Port will be named in a lawsuit to compel participation in remediation; and the Port commencing or legally obligating itself to commence pollution remediation. Costs for pollution remediation obligations are expensed unless expenditures meet specific criteria which allow them to be capitalized. Capitalization criteria include preparation of an asset for sale; preparation of property for use when the property was acquired with known or suspected pollution that was expected to be remediated; performing pollution remediation that restores a pollution-caused decline in service utility that was recognized as an asset impairment; and acquisition of property, plant and equipment that have a future alternative use.

Passenger Facility Charges

Passenger facility charges (PFCs) are imposed on enplaned passengers at the Airport. PFC revenue is recorded as nonoperating revenue and is required to be used to fund Federal Aviation Administration approved expenditures for capital projects or debt repayments eligible under federal legislation permitting the imposition of PFCs.

Customer Facility Charges

Customer facility charges (CFCs) are imposed on rental car transactions at the Airport. CFC revenue is recorded as nonoperating revenue and is required by Port ordinance to be used to fund rental car-related projects, programs and related expenses.

Cash and Investments

The Port pools the majority of its cash and investments and uses a controlled disbursement system in order to maximize earnings on available funds. Investments are stated at fair value based upon evaluated quotes from independent pricing vendors. Oregon Revised Statutes, Chapter 294 or Port ordinances, if more restrictive, authorize the Port to invest in obligations of the U.S. Treasury and U.S. Government agencies and instrumentalities, bankers' acceptances guaranteed by an Oregon financial institution, repurchase agreements, and certain corporate indebtedness. In addition, the Marine & Other activity is authorized to invest in a State of Oregon local government investment pool and various interest bearing municipal bonds.

Budgets

The Port budgets all funds in accordance with the requirements of State of Oregon (State) law. The Port Commission authorizes appropriations for each fund, setting the level by which expenditures cannot legally exceed appropriations. Total expenditures by department in the General Fund, operating expenditures in the Airport Revenue Fund, and capital outlay and debt service in the other funds are the levels of control for each fund. The detail budget document, however, is required to contain more specific, detailed information for the above-mentioned expenditure categories. Appropriations lapse at the end of each fiscal year.

With the approval of the Port Commission, unexpected additional resources may be appropriated through the use of a supplemental budget. The original and supplemental budgets require budget hearings before the public, publications in newspapers, and approval by the Commission for submittal to the Multnomah County Tax Supervising and Conservation Commission (TSCC). The TSCC conducts a review and certification of the original and certain supplemental budgets to comply with State law. After TSCC certification, such budgets are presented to the Port Commission for adoption. Original and supplemental budgets may be modified during the fiscal year by the use of appropriations transfers between the legal categories. Such transfers require approval by the Port Commission. The Port adopted one budget adjustment for the year ended June 30, 2022 and two supplemental budgets and one budget adjustment for the year ended June 30, 2021.

1. Description of the Port and Summary of Significant Accounting Policies, continued:

The Port budgets all funds on an accrual basis unless otherwise required by State law. For budgetary reporting purposes, State law requires that charges for services provided and certain expense allocations, from one fund to another fund, be reported as transfers to other funds, rather than as operating or capital expenditures.

Transfers Between Activities

The Port's policy is to fund certain general aviation (Marine & Other activity) requirements from the Airport activity. Amounts funded in this manner are shown as transfers on the statement of revenues, expenses, and changes in net position.

Internal Receivables and Payables

Intra-Port receivables and payables between activities are eliminated in the total column of the balance sheet.

Prior Year Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a complete presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Port's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Reclassifications

Certain 2021 amounts have been reclassified to conform to current year classification. These reclassifications have no effect on previously reported net income, net position, or cash flows.

New Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, "Fiduciary Activities," effective for the Port's fiscal year beginning July 1, 2020. The statement establishes standards of accounting and financial reporting for fiduciary activities. The adoption of this statement did not have a material effect on the Port's financial statements.

In June 2017, the GASB issued Statement No. 87, "Leases," (GASB 87) effective for the Port's fiscal year beginning July 1, 2021. The statement establishes standards of accounting and financial reporting for leases by lessees and lessors, and establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Accounting changes adopted to conform to the provisions of GASB 87 have been applied retroactively, and fiscal 2021 has been restated. The impacts of the restatement are summarized in the following table (in thousands):

1. <u>Description of the Port and Summary of Significant Accounting Policies</u>, continued:

	As previously reported	As restated
Balance Sheet		
Current assets		
Lease Receivable		$ 37,245
Noncurrent assets		
Lease receivable		266,184
Depreciable properties, net of accumulated depreciation and amortization	$ 1,363,542	1,364,176
Current liabilities		
Accounts payable, lease and other accrued liabilities	43,105	43,303
Noncurrent liabilities		
Unearned revenue and other	66,938	67,360
Deferred inflows of resources		
Deferred lease inflows		298,211
Net Position		
Unrestricted	208,645	213,875
Statement of Revenues, Expenses, and Changes in Net Position		
Operating Revenues		
Charges for services	277,986	273,161
Operating Expenses		
Lease and rent	2,068	1,907
Depreciation and amortization expense	119,252	119,386
Nonoperating revenues (expenses)		
Interest expense	(57,861)	(57,876)
Interest revenue	3,172	15,342

In June 2018, the GASB issued Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period," effective for the Port's fiscal year beginning July 1, 2021. The statement establishes accounting requirements for interest cost incurred before the end of a construction period. The Port early adopted the requirements of this statement for the Port's fiscal year beginning July 1, 2018. The adoption of this statement did not have a material effect on the Port's financial statements.

In August 2018, the GASB issued Statement No. 90, "Majority Equity Interests," effective for the Port's fiscal year beginning July 1, 2020. The statement provides guidance and clarification for the accounting and reporting requirements for a government's majority equity interest in legally separate organizations. The adoption of this statement did not have a material effect on the Port's financial statements.

In May 2019, the GASB issued Statement No. 91, "Conduit Debt Obligations," effective for the Port's fiscal year beginning July 1, 2022. The statement provides a single method of reporting conduit debt obligations by issuers. The Port is currently evaluating the effects this statement will have on its financial statements.

In January 2020, the GASB issued Statement No. 92, "Omnibus 2020," effective for the Port's fiscal year beginning July 1, 2021. The statement addresses a variety of topics including the effective date of new lease guidance in interim financial reports, reporting intra-entity transfers for defined benefit pension plans or other postemployment benefit plans, reporting assets accumulated for postemployment benefits, certain requirements for postemployment benefit arrangements, measurement of assets and liabilities associated with asset retirement obligations, public entity risk pool reporting, nonrecurring fair value measurements, and terminology used to refer to derivative instruments. The adoption of this statement did not have a material effect on the Port's financial statements.

In March 2020, the GASB issued Statement No. 93, "Replacement of Interbank Offered Rates," (GASB 93) effective for the Port's fiscal year beginning July 1, 2021. The statement removes the London interbank offered rate (LIBOR) as an appropriate benchmark interest rate in hedging derivative instruments and leases and addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate. The Port terminated hedge accounting of derivatives using LIBOR as a benchmark interest rate in fiscal 2022, accounting changes adopted to conform to the provisions of GASB 93 have been applied retroactively, and fiscal 2021 has been restated. The impacts of the restatement are summarized in the following table (in thousands):

1. Description of the Port and Summary of Significant Accounting Policies, continued:

	As previously reported	As restated
Balance Sheet		
Deferred outflows of resources:		
Cumulative decrease in fair value of hedging derivative	$ 3,998	
Net position:		
Net investment in capital assets	962,084	$ 958,086
Statement of Revenues, Expenses, and Changes in Net Position		
Nonoperating revenues (expenses):		
Interest revenue	3,172	15,342
Change in net position:		
Total net position - beginning of year (July 1, 2020)	1,420,028	1,413,904

In March 2020, the GASB issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements," effective for the Port's fiscal year beginning July 1, 2022. The statement addresses issues related to public-private and public-public partnership (PPP) arrangements and provides guidance for accounting and financial reporting for availability payment arrangements. The Port is currently evaluating the effects this statement will have on its financial statements.

In June 2020, the GASB issued Statement No. 96, "Subscription-Based Information Technology Arrangements," effective for the Port's fiscal year beginning July 1, 2022. The statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). The Port is currently evaluating the effects this statement will have on its financial statements.

In June 2020, the GASB issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," effective for the Port's fiscal year beginning July 1, 2021. The statement amends the criteria for reporting governmental fiduciary component units to improve consistency and comparability in reporting on fiduciary component units and IRS Section 457 plans. The adoption of this statement did not have a material effect on the Port's financial statements.

In October 2021, the GASB issued Statement No. 98, "The Annual Comprehensive Financial Report,", effective for the Port's fiscal year ending June 30, 2022. The statement established the term annual comprehensive financial report and its acronym, ACFR, to replace the term comprehensive annual financial report and its acronym. The adoption of this statement did not have a material effect on the Port's financial statements.

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 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 the Port's fiscal year beginning July 1, 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 the Port's fiscal year beginning July 1, 2023. The Port is currently evaluating the effects these provisions will have on its financial statements.

In June 2022, the GASB issued Statement No. 100, "Accounting Changes and Error Corrections," effective for the Port's fiscal year beginning July 1, 2023. The statement defines accounting changes and prescribes the accounting and financial reporting for each type of accounting change and error corrections. The Port is currently evaluating the effects this statement will have on its financial statements.

In June 2022, the GASB issued Statement No. 101, "Compensated Absences," effective for the Port's fiscal year beginning July 1, 2024. The statement updates the recognition and measurement guidance for compensated absences to better meet the information needs of financial statement users. The Port is currently evaluating the effects this statement will have on its financial statements.

2. Identifiable Activity Information:

The Airport is an identifiable activity in and of itself, providing commercial airline passenger service, air cargo services, and general aviation services. The activities comprising Marine & Other are the Port's marine terminals, which load, unload, and transfer commodities to and from trucks, railcars, barges, and ships; trade and equitable development, which is responsible for real estate development and related services; environmental, which includes costs and recoveries associated with environmental cleanup not directly attributable to specific Port facilities, or which pertain to facilities for which operations have been discontinued; navigation, which performs maintenance dredging for the Columbia River channel and maintains a river level reporting system; general aviation, which provides general aviation relief services; engineering, which provides drafting, environmental planning, permit coordination, and engineering support for the Port; and administrative departments (admin), which provide support and services to the Port's operating departments.

Balance sheet information for Marine & Other is not available at the identifiable activity level. Identifiable activity information available for Marine & Other for the year ended June 30, 2022 was as follows (in thousands):

	Marine Terminals	Trade & Equitable Development	Environmental	Navigation	General Aviation	Engineering & Admin	Total
Operating revenues	$ 64,700	$ 23,808		$ 19,285	$ 3,890	$ 174	$ 111,857
Operating expenses	59,182	11,711	$ 7,119	15,006	3,809	(1,777)	95,050
Depreciation expense	7,221	1,654		3,283	4,463	1,951	18,572
Operating income (loss)	$ (1,703)	$ 10,443	$ (7,119)	$ 996	$ (4,382)	$	$ (1,765)
Capital contributions and reversions		$ 1,056			$ 3,094		$ 4,150
Properties activity:							
Additions	$ 8,039	$ 278		$ 2,814	$ 5,988	$ 800	$ 17,919
Deletions		$ (100)					$ (100)

3. Cash and Investments:

Following are the Port's balance sheet classifications for cash and investments:

Balance sheet classification:	2022 Airport	2022 Marine & Other	2022 Total	2021 Total
Unrestricted cash and cash equivalents	$ 38,240	$ 107,973,485	$ 108,011,725	$ 152,111,417
Unrestricted equity in pooled investments	249,858,392	171,930,791	421,789,183	305,448,189
Restricted cash and equity in pooled investments	583,202,945	9,986,308	593,189,253	499,457,136
	$ 833,099,577	$ 289,890,584	$ 1,122,990,161	$ 957,016,742

At June 30, 2022, the Port had the following cash and investments and maturities for the Airport:

	Investment Maturities (in years) Less than 1	1 - 2	2 - 3	3 - 5	Value
U.S. Treasuries	$ 147,987,316	$ 62,783,954	$ 37,600,318	$ 13,473,747	$ 261,845,335
U.S. Agencies	165,651,349		73,315,231	81,489,886	320,456,466
Municipal debt	8,387,697		8,239,133	3,347,342	19,974,172
Corporate indebtedness	8,415,226		9,482,496	6,728,142	24,625,864
Certificates of deposit	367,970				367,970
	$ 330,809,558	$ 62,783,954	$ 128,637,178	$ 105,039,117	627,269,807
Cash and cash equivalents					38,240
Restricted deposits held in trust accounts					205,791,530
					$ 833,099,577

3. <u>Cash and Investments</u>, continued**:**

Following are the cash and investments and maturities for Marine & Other at June 30, 2022:

	Investment Maturities (in years)				
	Less than 1	1 - 2	2 - 3	3 - 5	Value
U.S. Treasuries	$ 56,202,230	$ 22,783,506	$ 13,644,682	$ 4,889,453	$ 97,519,871
U.S. Agencies	9,415,769		26,605,174	29,571,654	65,592,597
Municipal debt	3,043,789		2,989,877	1,214,708	7,248,374
Corporate indebtedness	3,053,779		3,441,079	2,441,558	8,936,416
Certificates of deposit	133,532				133,532
	$ 71,849,099	$ 22,783,506	$ 46,680,812	$ 38,117,373	179,430,790
State of Oregon local government investment pool					52,802,498
Cash and deposits with financial institutions					57,657,296
					$ 289,890,584

Deposits with financial institutions include bank demand deposits. The total bank balance as shown on the bank statements was $83,765,289. Of these deposits, $250,000 was covered by federal depository insurance and $83,515,289 was covered by collateral pledged by the Port's qualified depositories. In accordance with ORS 295, the collateral pledged is held by the agent of the qualified depositories; is designated as subject to the Pledge Agreement between the agent, the qualified depositories, and the Oregon Office of the State Treasurer (OST); and is held for the benefit of the OST on behalf of the Port.

Fair value is defined in accounting standards as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine fair value, as follows:

Level 1 – Unadjusted quoted prices in active markets for identical instruments.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

Not leveled – Cash and cash equivalents and the Oregon Short-Term Fund investment pool are not measured at fair value and, thus, are not subject to the fair value disclosure requirements.

The Port's investments are valued using evaluated quotes from independent pricing vendors. The third-party vendors use 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. All of the Port's investments at June 30, 2022 are considered level 2.

To address interest rate risk and limit its exposure to fair value losses arising from rising interest rates, the Port's investment policy places restrictions on the maturities of the Port's investment portfolio. Investment maturities are limited as follows:

Maturity	Minimum Investment
Two years and under	55% of par value
Three years and under	75% of par value
Five years and under	100% of par value

3. Cash and Investments, continued**:**

Oregon Revised Statutes (ORS) limit investments in corporate indebtedness to those rated P-1 or Aa or better by Moody's Investors Service or A-1 or AA or better by Standard and Poor's Corporation or equivalent rating by any nationally recognized statistical rating organization. Port investment policy on credit risk follows ORS requirements. All investments in corporate indebtedness made during fiscal 2022 met or exceeded these ratings requirements.

Oregon Revised Statutes (ORS) limit investments in municipal debt to those lawfully issued debt obligations of the agencies and instrumentalities of the State of Oregon and its political subdivisions that have a long-term rating of A or an equivalent rating or better or are rated on the settlement date in the highest category for short-term municipal debt by a nationally recognized statistical rating organization. In addition, lawfully issued debt obligations of the agencies and instrumentalities of the States of California, Idaho and Washington and political subdivisions of those states are authorized if the obligations have a long-term rating of AA or an equivalent rating or better or are rated on the settlement date in the highest category for short-term municipal debt by a nationally recognized statistical rating organization. Port investment policy on credit risk follows ORS requirements. All investments in municipal debt made during fiscal 2022 met or exceeded these ratings requirements.

A portion of the Port's investments are invested in an external investment pool, the Oregon Short-Term Fund (Fund). Numerous local governments in Oregon, as well as State agencies, participate in the Fund. The fair value of the Port's position in the pool is the same as the value of the pool shares. The Fund is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by Oregon Revised Statutes and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council. Investments in the Fund are further governed by portfolio guidelines issued by the Fund Board. While the Fund itself is not rated, the Fund's policies provide that the composite minimum weighted average credit quality rating for the Fund's holdings are the equivalent of AA for Standard and Poor's.

As required by federal law, the Port held investments (classified as restricted assets) with a par value of $2,500,000 at both June 30, 2022 and 2021, as collateral for certain accrued liabilities for workers' compensation (Note 11). Federal law requires these investments to be in only certain prescribed negotiable securities.

Certain investment earnings are paid to the Airport from the Port General Fund pooled investments when earned. At June 30, 2022 and 2021, approximately $487,565,000 and $414,190,000, respectively, of the Airport's investments represent an allocated share of the Port's total investments.

4. Receivables:

Port operations are concentrated within the aviation industry for the Airport and the industrial property market and marine shipping industry for Marine & Other. Principal customers in these industries are national airlines, tenants of large Port industrial properties, and international steamship lines/agents. Each of these principal customers is affected by changes in industry market and other economic conditions. The Port evaluates the financial capacity of prospective and current customers to determine their ability to pay amounts due on a timely basis. Various forms of collateral, including irrevocable standby letters of credit and pledges from other related industry customers under a joint agreement, are obtained from certain customers, mainly for the Airport, where these pledges encompass substantially all trade receivables. Accounts receivable are monitored on an ongoing basis, and allowances for doubtful accounts are established and maintained. Total trade receivables for the aviation industry were approximately $27,900,000 at June 30, 2022 and $14,900,000 at June 30, 2021. Total trade receivables for the marine shipping industry were approximately $14,900,000 at June 30, 2022 and $5,000,000 at June 30, 2021. Total grants receivable for the Airport were approximately $2,000,000 at June 30, 2022 and $4,300,000 at June 30, 2021. Total grant receivables for Marine and Other were approximately $1,400,000 at June 30, 2022 and $1,200,000 at June 30, 2021. Other significant receivables include interest on investments and a dredging contract.

5. Properties:

Properties activity for the year ended June 30, 2022 was as follows:

Airport:	Beginning Balances (As restated)	Additions	Disposals & Transfers	Completed Projects	Ending Balances
Assets being depreciated or amortized:					
Land improvements	$ 942,119,294		$ (57,578)	$ 55,164,594	$ 997,226,310
Buildings and equipment	1,742,750,556		(15,554,216)	185,037,460	1,912,233,800
Intangible right-of-use assets	348,728	$ 280,734			629,462
Total assets being depreciated or amortized	2,685,218,578	280,734	(15,611,794)	240,202,054	2,910,089,572
Less accumulated depreciation and amortization					
Land improvements	545,083,518	30,755,189	(57,578)		575,781,129
Buildings & equipment	925,929,296	70,720,790	(13,323,648)		983,326,438
Intangible right-of-use assets	8,311	106,423			114,734
Total accumulated depreciation and amortization	1,471,021,125	101,582,402	(13,381,226)		1,559,222,301
Total assets being depreciated or amortized, net	1,214,197,453	(101,301,668)	(2,230,568)	240,202,054	1,350,867,271
Assets not being depreciated or amortized:					
Land	68,042,167				68,042,167
Construction in progress	835,684,771	407,672,213		(240,202,054)	1,003,154,930
Total assets not being depreciated or amortized	903,726,938	407,672,213		(240,202,054)	1,071,197,097
Airport assets, net	$ 2,117,924,391	$ 306,370,545	$ (2,230,568)	$	$ 2,422,064,368
Marine & Other:					
Assets being depreciated or amortized:					
Land improvements	$ 307,823,464	$ 100,946		$ 3,470,485	$ 311,394,895
Buildings and equipment	256,066,978	966,875	$ 2,535,409	4,098,863	263,668,125
Intangible right-of-use assets	418,345	158,391			576,736
Total assets being depreciated or amortized	564,308,787	1,226,212	2,535,409	7,569,348	575,639,756
Less accumulated depreciation and amortization					
Land improvements	217,359,191	9,428,667			226,787,858
Buildings & equipment	196,846,019	8,994,106	298,809		206,138,934
Intangible right-of-use assets	125,504	149,262			274,766
Total accumulated depreciation and amortization	414,330,714	18,572,035	298,809		433,201,558
Total assets being depreciated or amortized, net	149,978,073	(17,345,823)	2,236,600	7,569,348	142,438,198
Assets not being depreciated or amortized:					
Land	83,417,483		(2,255,403)		81,162,080
Construction in progress	40,988,919	17,913,778		(7,569,348)	51,333,349
Total assets not being depreciated or amortized	124,406,402	17,913,778	(2,255,403)	(7,569,348)	132,495,429
Marine & Other assets, net	$ 274,384,475	$ 567,955	$ (18,803)	$	$ 274,933,627

The ordinances authorizing the issuance of Airport revenue and PFC revenue bonds do not convey title to or mortgage the Airport or any part thereof; however, the Port covenants not to encumber or dispose of Airport properties other than as specifically permitted in the ordinances and in certain grant agreements. In Marine & Other, the Port has granted a lender a first lien on a vessel used by its navigation activity as security for a related loan.

6. Leases:

The Port adopted GASB No. 87, "Leases," in fiscal 2022, effective July 1, 2020, as further discussed in Note 1. The Port leases nonfinancial assets to and from other entities as a lessor and lessee, respectively. In accordance with GASB 87, the Port as a lessor has recognized lease receivables and deferred inflows of resources, with exceptions for short-term leases and certain regulated leases. The Port as a lessee has recognized intangible right-of-use assets and corresponding lease liabilities.

The Port as a Lessor

The Port, as a lessor, leases to others certain land and buildings at various locations for terms generally ranging from 2 to 55 years. The leases typically include provisions for periodic consumer price index or fair market value escalations, as

6. Leases, continued:

well as volume or activity-based rents, resulting in additional variable revenues that are not included in the measurement of lease receivables.

For the year ended June 30, 2022 the Airport, as a lessor, recognized approximately $34,065,000 and $6,259,000 as charges for services operating revenue and nonoperating interest revenue, respectively. The Airport also recognized $11,676,000 in charges for services operating revenue for variable and other payments not previously included in the measurement of lease receivables. For the year ended June 30, 2022 Marine & Other, as a lessor, recognized approximately $17,938,000 and $6,892,000 as charges for services operating revenue and nonoperating interest revenue, respectively. Marine & Other also recognized $2,494,000 in charges for services operating revenue for variable and other payments not previously included in the measurement of lease receivables.

Following is a schedule showing the future payments that are included in the measurement of lease receivables for the five succeeding fiscal years and in five-year increments thereafter:

	Airport		Marine & Other		Total Port	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 29,140,762	$ 7,874,718	$ 10,320,258	$ 6,655,111	$ 39,461,020	$ 14,529,829
2024	27,576,739	6,964,269	10,348,413	6,521,334	37,925,152	13,485,603
2025	27,461,455	6,072,612	10,772,620	6,205,451	38,234,075	12,278,063
2026	25,969,478	5,217,974	11,003,742	5,865,019	36,973,220	11,082,993
2027	24,922,868	4,400,370	10,877,749	5,996,212	35,800,617	10,396,582
2028-2032	114,595,567	9,726,938	47,193,914	26,226,640	161,789,481	35,953,578
2033-2037	2,505,212	1,249,538	31,182,190	18,188,985	33,687,402	19,438,523
2038-2042	2,479,960	856,541	11,551,170	13,715,277	14,031,130	14,571,818
2043-2047	2,911,092	425,409	14,082,502	11,168,023	16,993,594	11,593,432
2048-2052	1,131,862	63,186	11,149,769	8,250,701	12,281,631	8,313,887
2053-2057			9,306,344	6,185,824	9,306,344	6,185,824
2058-2062			5,651,776	4,721,467	5,651,776	4,721,467
2063-2067			8,131,430	3,290,598	8,131,430	3,290,598
2068-2072			14,125,922	1,271,002	14,125,922	1,271,002
Total	$ 258,694,995	$ 42,851,555	$ 205,697,799	$ 124,261,644	$ 464,392,794	$ 167,113,199

The Port is the lessor for certain aviation leases with air carriers and other aeronautical users, which are subject to regulation by the U.S. Department of Transportation and the Federal Aviation Administration. In accordance with GASB 87, the Port does not recognize a lease receivable or deferred inflow of resources for these regulated leases. Inflows of resources from regulated leases are recognized in operating revenues as earned during the year.

Regulated leases at the Airport include lease and operating agreements with passenger and cargo airlines serving the Airport. These lease and operating agreements were effective on July 1, 2015 for a fifteen year term ending June 30, 2030, and govern the use of certain Airport facilities including ramp, terminal, baggage claim, ticket counters and gate areas and certain cargo and other facilities, and permit the signatory passenger airlines to lease exclusive space, preferential space and shared space in the airport terminal. Exclusive space includes ticket counter space, office space, operations space, airline club lounges, baggage makeup space and baggage service area space, which makes up approximately 314,000 square feet in the Airport terminal. Preferential space includes aircraft loading bridges and/or support equipment to which the airline has a higher and continuous priority over other air carriers and includes 26 of the 42 available loading bridges at the Airport. The Port has additional regulated leases for certain land and buildings with other aeronautical users at the Airport and at general aviation airports reported in Marine & Other.

Operating revenues earned under the lease and operating agreements with airlines are reported on the Statement of Revenues, Expenses, and Changes in Net position as charges for services, and were approximately $89,545,000 for the year ending June 30, 2022. Due to the variable nature of revenues from year-to-year under the lease and operating agreements with airlines serving the Airport, expected future minimum payments are not determinable. Operating revenues earned under regulated leases with other aeronautical users that are not short-term leases were $24,342,000 for fiscal 2022. Marine & Other operating revenues earned under regulated leases with aeronautical users that are not short-term leases were approximately $1,609,000 for fiscal 2022. Expected future minimum payments for regulated leases with other aeronautical users are as follows:

6. Leases, continued:

	Airport	Marine & Other	Total Port
2023	$ 10,011,000	$ 1,431,000	$ 11,442,000
2024	9,361,000	1,160,000	10,521,000
2025	8,668,000	1,096,000	9,764,000
2026	8,503,000	1,017,000	9,520,000
2027	7,817,000	820,000	8,637,000
2028-2032	48,703,000	12,023,000	60,726,000
Total	$ 93,063,000	$ 17,547,000	$ 110,610,000

The Port as a Lessee

The Port leases from others certain office and warehouse space as well as security and office equipment, with lease terms ranging from 1 to 5 years. The intangible right-of-use assets that the Port has recorded under these leases are included in depreciable properties, net of accumulated depreciation and amortization on the balance sheet. Following is a schedule of changes in the right-to-use assets with the accumulated amortization for the fiscal year ended June 30, 2022:

	Beginning Balances (As restated)	Additions	Reductions	Ending Balances
Airport:				
Right-of-use assets:				
Security equipment	$ 64,675			$ 64,675
Office equipment	284,053	$ 280,734		564,787
Total right-of-use assets	348,728	280,734		629,462
Less accumulated amortization:				
Security equipment	3,577	3,576		7,153
Office equipment	4,734	102,847		107,581
Total accumulated amortization	8,311	106,423		114,734
Total right-of-use assets, net	$ 340,417	$ 174,311	$	$ 514,728
Marine & Other:				
Right-of-use assets:				
Office and warehouse space	$ 418,345			$ 418,345
Office equipment		$ 158,391		158,391
Total right-of-use assets	418,345	158,391		576,736
Less accumulated amortization:				
Security equipment	125,504	125,503		251,007
Office equipment		23,759		23,759
Total accumulated amortization	125,504	149,262		274,766
Total right-of-use assets, net	$ 292,841	$ 9,129	$	$ 301,970

Minimum future lease payments for the leases for the five succeeding fiscal years and thereafter are as follows:

	Airport		Marine & Other		Total Port	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 130,534	$ 13,717	$ 159,430	$ 10,019	$ 289,964	$ 23,736
2024	114,347	9,737	75,657	4,283	190,004	14,020
2025	116,184	6,067	32,635	2,550	148,819	8,617
2026	114,852	2,282	34,036	1,149	148,888	3,431
2027	10,899	58	8,735	61	19,634	119
Total	$ 486,816	$ 31,861	$ 310,493	$ 18,062	$ 797,309	$ 49,923

7. Long-Term Debt:

At June 30, 2022, long-term debt consisted of the following:

	Pension	Airport Revenue	Passenger Facility Charge Revenue	Customer Facility Charge Revenue
Limited Tax Pension bonds:				
2002 Series (issued in fiscal 2002, original issue $54,952,959):				
6.85%, due serially from fiscal 2021 through fiscal 2028	$ 29,120,000			
6.6%, due fiscal 2025	6,205,000			
2005 Series (issued in fiscal 2006, original issue $20,230,000):				
5.004%, due fiscal 2028	10,400,000			
Portland International Airport revenue bonds:				
Series Eighteen (issued in fiscal 2008, original issue $138,890,000 variable interest rate):				
currently 1.21%, due fiscal 2027		$ 17,525,000		
currently 1.06%, due fiscal 2027		17,530,000		
Series Twenty-One C (issued in fiscal 2012, original issue $27,685,000):				
4.375% to 5.0%, due serially through fiscal 2024		11,835,000		
Series Twenty-Two (issued in fiscal 2015, original issue $90,050,000):				
5.0%, due serially through fiscal 2035		36,125,000		
5.0%, due fiscal 2040		21,245,000		
5.0%, due fiscal 2045		27,110,000		
Series Twenty-Three (issued in fiscal 2015, original issue $109,440,000):				
5.0%, due serially through fiscal 2036		72,985,000		
5.0%, due fiscal 2039		23,250,000		
Series Twenty-Four (issued in fiscal 2017, original issue $233,240,000):				
5.0%, due serially through fiscal 2038		103,520,000		
5.0%, due fiscal 2043		52,770,000		
5.0%, due fiscal 2048		67,360,000		
Series Twenty-Five (issued in fiscal 2019, original issue $208,255,000):				
5.0%, due serially through fiscal 2040		99,145,000		
5.0%, due fiscal 2045		47,455,000		
5.0%, due fiscal 2050		60,565,000		
Series Twenty-Six (issued in fiscal 2020, original issue $72,725,000):				
5.0%, due fiscal 2027		3,900,000		
5.0%, due serially through fiscal 2029		41,815,000		
5.0%, due fiscal 2030		4,110,000		
5.0%, due fiscal 2034		5,110,000		
4.0% to 5.0%, due fiscal 2038		6,170,000		
4.0% to 5.0%, due fiscal 2041		5,430,000		
Series Twenty-Seven (issued in fiscal 2021, original issue $312,460,000):				
0.8% to 5.0%, due serially through fiscal 2041		155,890,000		
5.0%, due fiscal 2046		69,510,000		
4.0% to 5.0%, due fiscal 2051		87,060,000		
Series Twenty-Eight (issued in fiscal 2022, original issue $527,005,000):				
4.0% to 5.0%, due serially through fiscal 2043		269,635,000		
4.0%, due fiscal 2048		114,835,000		
5.0%, due fiscal 2053		142,535,000		
Passenger Facility Charge revenue bonds:				
Series 2012A (issued and privately placed in fiscal 2013, original issue $57,725,000):				
variable interest rate, currently 1.908%, due fiscal 2025			$ 29,275,000	
Series 2022A (issued in fiscal 2022, original issue $51,620,000):				
5.00%, due serially through fiscal 2032			51,620,000	
Customer Facility Charge revenue bonds:				
Series 2019 (issued in fiscal 2019, original issue $163,290,000):				
2.769% to 3.865%, due serially through fiscal 2033				$ 42,880,000
3.915%, due serially through fiscal 2035				9,730,000
4.067%, due serially through fiscal 2040				27,940,000
4.237%, due serially through fiscal 2050				76,340,000
Totals, including $6,350,000, $36,975,000, $9,265,000, and $3,330,000 respectively, due within one year	$ 45,725,000	$ 1,564,420,000	$ 80,895,000	$ 156,890,000

7. Long-Term Debt, continued:

		Direct Borrowings - Contracts and Loans Payable at June 30, 2022
State of Oregon Business Development Department Special Public Works Fund loan (issued in fiscal 2009, original amount available $8,700,000), 5.00% in annual installments ranging from $331,627 due December 1, 2022 to $488,664 due December 1, 2030, including $331,627 due within one year	$	3,644,399
Banc of America Leasing & Capital, LLC, (issued in fiscal 2013, original amount $15,100,000, secured by a lien on the financed asset), 4.5%, payable in monthly installments ranging from $88,501 due August 1, 2022 to $115,011 due June 1, 2028, including $1,084,195 due within one year		7,184,214
Total, including $1,415,822 due within one year	$	10,828,613

Future debt service requirements on bonds, contracts and loans payable at June 30, 2022 are as follows:

	Airport							
	Revenue Bonds		PFC Revenue Bonds		Directly Placed 2012A PFC Revenue Bonds		CFC Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 36,975,000	$ 68,770,813		$ 2,251,206	$ 9,265,000	$ 558,544	$ 3,330,000	$ 6,147,556
2024	40,485,000	70,411,203		2,581,000	9,750,000	381,775	3,420,000	6,052,751
2025	44,730,000	68,781,914		2,581,000	10,260,000	195,753	3,520,000	5,952,165
2026	44,585,000	67,053,761		2,581,000			3,625,000	5,843,839
2027	45,705,000	65,177,156	$ 2,670,000	2,514,250			19,965,000	27,304,688
2028-2032	208,965,000	294,519,375	48,950,000	6,357,250			23,900,000	23,245,705
2033-2037	241,965,000	238,759,175					29,080,000	17,939,479
2038-2042	292,820,000	174,480,725					35,675,000	11,186,634
2043-2047	316,930,000	104,846,725					34,375,000	2,988,462
2048-2052	259,905,000	34,546,000						
2053-2057	31,355,000	783,875						
	$ 1,564,420,000	$ 1,188,130,722	$ 51,620,000	$ 18,865,706	$ 29,275,000	$ 1,136,072	$ 156,890,000	$ 106,661,279

	Marine & Other			
	Pension Bonds		Direct Borrowings	
	Principal	Interest	Principal	Interest
2023	$ 6,350,000	$ 2,924,666	$ 1,415,822	$ 483,329
2024	7,165,000	2,517,566	1,483,461	416,941
2025	8,040,000	2,057,592	1,548,530	347,371
2026	8,980,000	1,556,238	1,621,141	274,761
2027	10,015,000	978,305	1,701,410	198,740
2028-2032	5,175,000	332,982	3,058,249	260,750
	$ 45,725,000	$ 10,367,349	$ 10,828,613	$ 1,981,892

7. Long-Term Debt, continued:

Changes in long-term debt on the balance sheet for the year ended June 30, 2022 were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Airport:				
Long-term privately placed bonds outstanding	$ 38,080,000		$ (8,805,000)	$ 29,275,000
less: current portion	(8,805,000)	$ (9,265,000)	8,805,000	(9,265,000)
Long-term bonds outstanding	1,295,125,000	578,625,000	(100,820,000)	1,772,930,000
less: current portion	(35,640,000)	(40,305,000)	35,640,000	(40,305,000)
Unamortized bond issue premium	143,115,262	95,402,518	(9,712,746)	228,805,034
Long-term debt	$ 1,431,875,262	$ 624,457,518	$ (74,892,746)	$ 1,981,440,034
Marine & Other:				
Long-term direct borrowings outstanding	$ 13,436,818		$ (2,608,205)	$ 10,828,613
less: current portion	(1,865,505)	$ (1,415,822)	1,865,505	(1,415,822)
Long-term bond debt outstanding	51,330,000		(5,605,000)	45,725,000
less: current portion	(5,605,000)	(6,350,000)	5,605,000	(6,350,000)
Long-term portion outstanding	$ 57,296,313	$ (7,765,822)	$ (742,700)	$ 48,787,791

In addition, at June 30, 2022 and 2021, the Port has recorded $12,503,375 and $14,940,161 respectively, within the Airport activity, for the difference between the reacquisition price and the net carrying amount of refunded bonds, which is recorded as a deferred outflow of resources on the balance sheet.

CONTRACTS, LOANS AND PENSION BONDS

Contracts and loans in Marine & Other are direct borrowings payable from revenues of the Port, including existing property tax levies. The contracts and loans provide that in the event of default, outstanding amounts may be immediately due and payable. One of the loans also grants a lien under which the lender may choose to sell the secured property in the event of default.

In February 2021, the State refinanced a loan payable by the Port, resulting in a reduction in the principal balance of approximately $899,000 and an increase in the interest rate to 5 percent. The reduction in the principal balance is recorded as a deferred inflow of resources on the balance sheet, and is being amortized as a reduction of interest expense over the remaining term of the loan.

Limited Tax Pension Bonds were issued to fund the Port's estimated unfunded actuarial accrued liability as of April 1, 2002 (Note 9). These bonds are backed by a pledge of the full faith and credit of the Port's Marine & Other activity, and debt service is payable from Marine & Other revenues, including existing property tax levies. Additional property taxes may not be levied for debt service on these bonds. Bonds maturing on June 1, 2025 are redeemable at the option of the Port on or after June 1, 2007 at par, in whole or in part, by lot, on any date up to June 1, 2025. Bonds maturing on June 1, 2028 are subject to mandatory redemption, at par, prior to maturity, in part, by lot, beginning June 1, 2020, and on each June 1 thereafter.

Limited Tax Pension Bonds were also issued to fund the Port's estimated unfunded actuarial accrued liability as of October 1, 2005 (Note 9). These bonds are backed by a pledge of the full faith and credit of the Port's Marine & Other activity, and debt service is payable from Marine & Other revenues, including existing property tax levies. Additional property taxes may not be levied for debt service on these bonds. These bonds are subject to optional redemption by the Port, in whole or in part, on any date, at a price equal to the greater of par or a discounted value, as defined. Bonds maturing on June 1, 2028 are subject to mandatory redemption, beginning June 1, 2021, and on each June 1 thereafter.

7. Long-Term Debt, continued:

PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS

Port Ordinance No. 155, enacted November 10, 1971, and Ordinance No. 323, enacted October 9, 1985, both subsequently amended (Ordinances), authorize the issuance of Portland International Airport Revenue Bonds (Airport revenue bonds) to pay the costs of acquiring and constructing Airport and other Port improvements. Port Ordinance No. 323 further restricts sales of Airport revenue bonds except for the purpose of paying the costs of construction of additions, expansion, and improvements at the Airport and the costs of acquisition and construction of general aviation airports. Both Ordinances also allow for the issuance of refunding bonds. The revenue bonds are not in any manner or to any extent a general obligation, a lien on tax revenues of the Port, or a charge upon any revenues or property of the Port not specifically pledged thereto. The proceeds of all such revenue bonds issued to date have been deposited in funds (accounts) designated for, and have been used for, Airport purposes only.

These Ordinances require that Airport revenues and costs of operation and maintenance be accounted for in an Airport revenue fund. Any excess of revenues over costs other than depreciation is to be credited in the following order for uses specified in Ordinance No. 155:

- General account for payment to an Airport revenue bond fund to provide for the punctual payment of bond interest and principal.

- General account for all other permitted uses.

Proceeds from sales of bonds not expended for allowable acquisitions or construction shall be used for repayment of bonds.

These Ordinances established debt service reserve accounts in an Airport revenue bond fund to accumulate the maximum debt service requirements, as defined in the Ordinances, for any future fiscal year for all outstanding bonds. Debt service reserve insurance may be substituted for any portion of the bond reserve requirement. For all outstanding Airport revenue bonds, the bond reserve requirement has been met. The Ordinances state that upon the occurrence of a default, outstanding amounts may be declared immediately due and payable upon written request by a majority of bond holders based upon aggregate principal.

Section 16(ii) of Ordinance No. 155 and Section 5f of Ordinance No. 323 further stipulate that defined net revenues in each fiscal year must equal at least 130 percent of defined debt service requirements. The Airport has complied with this provision of the Ordinances for the years ended June 30, 2022 and 2021.

On July 1, 2015, ten year contracts with major airline customers became effective in which the airlines have provided financial guarantees sufficient to meet the net revenues requirement for airline supported activities, primarily airfield and terminal operations; effective January 1, 2019, the term of those contracts was extended to fifteen years. Net revenues of other activities, primarily parking, air cargo, and a portion of rental car operations are neither guaranteed nor limited to specified levels by these contracts. The contracts also contain an annual revenue sharing provision through June 30, 2030 in which fees to signatory airlines are discounted $6,000,000 annually. The annual discount is subject to certain 1) reductions, contingent on the Port managing operating expenses to a defined target level and 2) increases, contingent on Airport coverage ratio thresholds. The discount amount was increased by $7,158,355 for fiscal 2022 and by $5,959,197 for fiscal 2021.

In fiscal 2022, the Port issued Series Twenty-Eight bonds to pay, or to reimburse the Port for the payment of, costs of the design, construction, renovation, acquisition, equipping and installation of capital improvements at the Portland International Airport; repay certain Commercial Paper Notes issued to finance a portion of the Series Twenty-Eight Projects; pay a portion of the interest to accrue on the Series Twenty-Eight Bonds during construction of the Series Twenty-Eight Projects; to cash fund a debt service reserve; and pay certain costs of issuing the Series Twenty-Eight Bonds. The bonds have coupon rates ranging from 4 percent to 5 percent, with maturities ranging from 2023 to 2052. Series Twenty-Eight bonds maturing on or before July 1, 2032, are not subject to optional redemption prior to their stated maturity. Series Twenty-Eight bonds maturing on or after July 1, 2033, are redeemable at the option of the Port, on or after July 1, 2032, at 100 percent of the principal amount plus accrued interest.

7. Long-Term Debt, continued:

Series Twenty-Seven A bonds maturing on or before July 1, 2030, are not subject to optional redemption prior to their stated maturity. Series Twenty-Seven A Bonds maturing on or after July 1, 2031 are redeemable at the option of the Port on or after July 1, 2030 at 100 percent of the principal amount plus accrued interest. Series Twenty-Seven B Bonds are subject to redemption at the option of the Port, in whole or in part, on any date, at a redemption price equal to the greater of 100% of the principal amount of the redeemed bonds plus accrued interest; or the sum of the present values of the remaining scheduled payments of principal and interest to the maturity date of the redeemed bonds, discounted to the date of redemption on a semi-annual basis, at a rate for a US Treasury security with a maturity comparable to the average remaining life of the bonds being redeemed plus 10 basis points in maturity 2022, plus 15 basis points in maturities 2023-2024, and plus 20 basis points in maturity 2025, plus, accrued interest.

Series Twenty-Six bonds maturing on or before July 1, 2029 are not subject to optional redemption prior to maturity. Series Twenty-Six A and B bonds maturing on or after July 1, 2033 are redeemable at the option of the Port on or after July 1, 2030 at 100 percent of the principal amount plus accrued interest. Series Twenty-Six C bonds are not subject to optional redemption prior to their stated maturity.

Series Twenty-Five bonds maturing on or before July 1, 2029 are not subject to optional redemption prior to maturity. Series Twenty-Five bonds maturing on or after July 1, 2030 are redeemable at the option of the Port, on or after January 1, 2029 at 100 percent of the principal amount plus accrued interest.

Series Twenty-Four bonds maturing on or before July 1, 2027 are not subject to optional redemption prior to maturity. Series Twenty-Four bonds maturing on or after July 1, 2028 are redeemable at the option of the Port on or after July 1, 2027 at 100 percent of the principal amount plus accrued interest.

Series Twenty-Three bonds maturing on or before July 1, 2025 are not subject to optional redemption prior to maturity. Series Twenty-Three bonds maturing on or after July 1, 2026 are redeemable at the option of the Port on or after July 1, 2025 at 100 percent of the principal amount plus accrued interest.

Series Twenty-Two bonds maturing on or before July 1, 2024 are not subject to optional redemption prior to maturity. Series Twenty-Two bonds maturing on or after July 1, 2025 are redeemable at the option of the Port on or after July 1, 2024 at 100 percent of the principal amount plus accrued interest.

Series Twenty-One C bonds maturing on or after July 1, 2022 are redeemable at the option of the Port on or after July 1, 2021 at 100 percent of the principal amount plus accrued interest.

Series Eighteen variable rate demand bonds bear an interest rate that is generally reset weekly by remarketing agents, and cannot exceed 12.0 percent. Payments of principal and interest on the Series Eighteen bonds and the purchase price of Series Eighteen bonds that are subject to optional or mandatory purchase and not remarketed will be payable by draws on an irrevocable direct pay letter of credit. Series Eighteen bonds are redeemable at the option of the Port, at par, prior to maturity, in whole or in part, by lot, on any business day. In the event that Series Eighteen bonds are not remarketed and the irrevocable direct pay letter of credit is drawn upon, the draw will constitute a liquidity advance by the letter of credit bank. The Port must repay the liquidity advance over a term of three years at a variable rate of interest that increases over time, reaching a maximum rate of the greater of the federal funds rate plus 2.5 percent, or the bank's prime rate plus 2.0 percent. In the event of default, outstanding amounts become immediately due and payable.

All Airport revenue bonds principal and interest are payable solely from revenues derived from the operation and related services of the Airport.

PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REVENUE BONDS

Port Ordinance No. 395-B, enacted June 10, 1999, authorized the issuance of Portland International Airport Passenger Facility Charge Revenue Bonds (PFC revenue bonds) to pay the costs of construction of certain Federal Aviation Administration approved PFC projects. The PFC revenue bonds are backed by a pledge and assignment of PFC revenues. The PFC revenue bonds are not in any manner or to any extent a general obligation, a lien on tax revenues of the Port, or a charge upon any other revenues or property of the Port not specifically pledged thereto. The proceeds of all PFC revenue

7. Long Term Debt, continued:

bonds issued to date have been deposited in funds (accounts) designated for, and have been used for, prescribed purposes only.

Ordinance No. 395-B established a debt service reserve account in an amount equal to the maximum annual debt service. The reserve account was fully funded from PFC bond proceeds. Ordinance No. 395-B requires that PFC revenues be accounted for in a PFC fund and used for, in order of priority, payments into a PFC bond fund to provide for payment of PFC bond interest and principal, payments into the reserve account, any required payments into an obligations account, any required payments into an obligations reserve account, and then to a PFC capital account. The capital account may be used to pay costs of construction, additions, improvements, repairs to, or extensions of approved PFC projects or be used for any other lawful Port purpose to the extent permitted by PFC regulations. Until so applied, amounts in the capital account are pledged to payment of and subject to a lien and charge in favor of registered owners of the PFC revenue bonds.

In connection with the PFC revenue bonds, the Port has also covenanted to comply with PFC laws and regulations, noise regulations, and to manage the PFC program so that remaining PFC authority (as defined in Ordinance No. 395-B) less contractual commitments, shall exceed 105 percent of defined unpaid debt service.

In fiscal 2022, the Port issued Series 2022A Passenger Facility Charge Refunding Revenue bonds, the proceeds of which were used to refund all of the outstanding PFC Series 2011A bonds and to pay costs of issuing the Series 2022A bonds and refunding the Series 2011A bonds. Cash flows to pay debt service on the new Series 2022A bonds are $14.7 million less than the cash flows required to pay debt service on the refunded Series 2011A bonds, resulting in a net present value savings of $13.7 million. The Series 2022A bonds have a 5 percent coupon rate, with maturities ranging from 2026 to 2031. The Series 2022A bonds are not subject to optional redemption prior to their stated maturity.

The Series 2012A variable rate bonds were issued in the form of index bonds bearing an interest rate that is generally reset weekly based on an applicable spread of 55 basis points plus 80 percent of 1 month LIBOR, and cannot exceed 12.0 percent. The Series 2012A bonds have a maturity date of July 1, 2024 and are subject to mandatory sinking account payments prior to maturity. The Series 2012A bonds were directly purchased by a single buyer for an initial purchase period ending June 1, 2024. Series 2012A bonds are redeemable at the option of the Port, at par, prior to maturity, in whole or in part. In the event of default, outstanding amounts become immediately due and payable.

PFC revenue bonds principal and interest are payable solely from PFC revenues.

PORTLAND INTERNATIONAL AIRPORT CUSTOMER FACILITY CHARGE REVENUE BONDS

Port Ordinance 461-B, enacted February 13, 2019, authorized the issuance and sale of Portland International Airport Customer Facility Charge Revenue Bonds (CFC revenue bonds) to finance and refinance costs of rental car facilities and related projects at Portland International Airport. CFC revenue bonds are secured by and payable solely from customer facility charges (CFCs) collected from rental car customers who rent cars from rental car companies operating at the Airport, with the backstop of a contingent fee payment from the rental car companies operating at the Airport in the event that there is a deficiency in CFCs needed to make payments or meet covenants pursuant to the CFC bond ordinances. The CFC revenue bonds are not in any manner or to any extent a general obligation, nor a charge upon any other revenues or property of the Port not specifically pledged thereto. The proceeds of all CFC revenue bonds issued to date have been deposited in funds (accounts) designated for, and have been used for, prescribed purposes only.

Series 2019 CFC revenue bonds maturing on or after July 1, 2030, are redeemable at the option of the Port, on any date on or after July 1, 2029 at 100 percent of the principal amount plus interest. In addition, the Series 2019 CFC revenue bonds are subject to redemption prior to July 2029, at the option of the Port, on any date at a make-whole redemption price equal to either 1) the greater of 100 percent of the principal amount plus accrued interest, or 2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the bonds being redeemed plus a make-whole spread, plus accrued interest.

7. Long-Term Debt, continued:

PORTLAND INTERNATIONAL AIRPORT COMMERCIAL PAPER

Port Ordinance No. 463-CP, enacted November 8, 2017, authorized the issuance of Portland International Airport Third Lien Commercial Paper Notes (commercial paper) of up to $300 million aggregate principal amount outstanding at any one time to pay, refinance, or reimburse the Port for the payment of costs of constructing, renovating, acquiring, equipping and installing improvements at the Airport, to pay costs of issuing commercial paper, and for any other lawful purposes of the Port. Commercial paper is issued pursuant to Section 6B of Port Ordinance 323 and is payable solely from the defined net revenues of the Airport that are available in the Third Lien Obligation Fund.

In fiscal 2018, the Port first issued Series B and Series C commercial paper to fund the costs of constructing improvements at the Airport and to pay interest on maturing commercial paper. Commercial paper outstanding totaled $0 and $80,600,000 at June 30, 2022 and 2021, respectively. Commercial paper balances are included in current portion of long-term debt on the balance sheet. In the event of default, outstanding amounts become immediately due and payable.

DERIVATIVE INSTRUMENTS

At June 30, 2022, the Airport had the following investment derivative instruments outstanding:

Item	Type	Notional Amount	Effective Date	Maturity Date	Terms	Fair Value
A	Pay-fixed interest rate swap	$ 2,065,000	7/1/2005	7/1/2025	Pay 5.1292%, receive 68% 1 month LIBOR	$ (63,000)
B	Pay-fixed interest rate swap	$ 2,065,000	7/1/2005	7/1/2025	Pay 5.1339%, receive 68% 1 month LIBOR	$ (63,000)
C	Pay-fixed interest rate swap	$15,345,000	7/1/2006	7/1/2026	Pay 4.9356%, receive 68% 1 month LIBOR	$ (683,000)
D	Pay-fixed interest rate swap	$15,345,000	7/1/2006	7/1/2026	Pay 4.9403%, receive 68% 1 month LIBOR	$ (683,000)
E	Pay-fixed interest rate swap	$17,565,000	7/1/2009	7/1/2024	Pay 4.975%, receive 68% 1 month LIBOR	$ (329,000)
F	Pay-fixed interest rate swap	$11,710,000	7/1/2009	7/1/2024	Pay 4.955%, receive 68% 1 month LIBOR	$ (214,000)

At the inception of each interest rate swap agreement, the fixed rate on each of the swaps was off-market such that the Airport received an up-front payment. For derivative instruments A, B, C, and D, collectively, the Airport received three equal up-front payments totaling $9,293,538, and for derivative instruments E and F, the Airport received an up-front payment totaling $5,453,000. As such, each swap is comprised of a derivative instrument, an at-market swap, and a companion borrowing instrument represented by the upfront payment. The fair value of the derivatives was negative $2,035,000 at June 30, 2022 and is recorded on the Airport's balance sheet as a noncurrent liability; the unamortized balance of the borrowing is recorded on the Airport's balance sheet as a restricted current liability of $455,825 and a noncurrent liability of $427,161 at June 30, 2022. In fiscal 2022, the Port adopted GASB No. 93, "Replacement of Interbank Offered Rates" as further discussed in Note 1. GASB 93 removed LIBOR as an appropriate benchmark interest rate for hedging derivative instruments; therefore, for accounting and financial reporting purposes, derivative instruments A, B, C and D are considered investment derivative instruments. In fiscal 2013, the 2009A PFC variable rate bonds hedged by derivative instruments E and F were refunded; therefore, for accounting and financial reporting purposes, these derivatives are considered investment derivative instruments. Accordingly, the decrease in fair value of the swaps of

7. <u>Long-Term Debt</u>, continued:

$4,153,000 during fiscal 2022 was recorded in interest revenue on the statement of revenues, expenses, and changes in net position.

The fair values of the at-market interest rate swaps are estimated using the zero-coupon method. The method calculated the future net settlement payments required by the swaps, assuming that the current forward rates implied by the yield curves correctly anticipate future spot interest rates. These payments are discounted using the spot rates implied by the current yield curves for the hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Credit risk. The Airport has three separate counterparties for these interest rate swaps. To minimize its exposure to loss related to credit risk, it is the Port's policy to enter into interest rate swaps with counterparties which have demonstrated experience in these types of financial instruments and either 1) rated in one of the top three rating categories by at least two nationally recognized rating agencies, or 2) will collateralize in accordance with all statutory requirements. The June 30, 2022 credit rating for each of the counterparties is as follows:

Derivative Instrument	Counterparty Credit Rating
Derivative A, C, and E	A+ / Aa2
Derivative B and D	AA- / Aa2
Derivative F	A- / A2

Interest rate swaps with positive fair values are exposed to credit risk; interest rate swaps with negative fair values are not exposed to credit risk. At June 30, 2022, none of the Airport's interest rate swaps were exposed to credit risk.

Interest rate risk. The Airport is exposed to interest rate risk on its pay-fixed, receive 68% of 1 month LIBOR interest rate swaps. As 1 month LIBOR decreases, the Airport's net payment on the swaps increases; this is offset substantially by decreases in the Airport's interest payments on the bonds.

Basis risk. The variable rate debt hedged by the Airport's interest rate swaps A, B, C, and D are variable rate demand obligation (VRDO) bonds that are remarketed weekly. The Airport is exposed to basis risk on its pay-fixed interest rate swap derivative instruments that are hedging the VRDO bonds, because the variable rate payments received by the Airport on these derivative instruments are based on a rate or index other than the interest rates the Airport pays on the VRDO bonds. At June 30, the weighted-average interest rate on the Airport's VRDO bonds is 1.135 percent, while 68 percent of 1 month LIBOR is approximately 0.761 percent. The variable rate debt hedged by the Airport's interest rate swaps E and F are index rate bonds with rates that are reset weekly. The Airport is exposed to basis risk on its pay-fixed interest rate swap derivative instruments that are hedged to the index rate bonds, because the variable rate payments received by the Airport on these derivative instruments are based on a rate other than the interest rate the Airport pays on the index rate bonds. At June 30, the weighted–average interest rate on the Airport's index rate bonds is approximately 1.908 percent, while 68 percent of 1 month LIBOR is approximately 0.931 percent.

Termination risk. The Airport or its counterparty may terminate an interest rate swap if the other party fails to perform under the terms of the contract. In addition, the swap may be terminated if the Airport or a swap counterparty's rating drops below BBB- / Baa3. At termination, the Airport may owe a termination payment if there is a realized loss based on the fair value of the terminated interest rate swap.

Derivative instruments A, B, C and D require the Airport to post collateral in the event that its Standard & Poors credit rating drops below A-. The collateral posted is to be in the form of cash or U.S. Treasury securities in the amount of the negative fair value of the interest rate swap. The Airport's credit rating is AA- at June 30, 2022; therefore, no collateral has been posted for these derivative instruments. Derivative instrument E requires the Airport to post collateral in the event that its Standard & Poors credit rating drops below A- or if the negative fair value of that derivative instrument exceeds $15 million. The Airport's credit rating is AA- at June 30, 2022, and the negative fair value of derivative instrument E does not exceed $15 million; therefore, no collateral has been posted for this derivative instrument. Derivative instrument F requires the Airport to post collateral in the event that its Standard & Poors credit rating drops below BBB- or if there is a negative fair value of that derivative instrument. Derivative instrument F has a negative fair value at June 30, 2022; therefore, the Airport has posted $350,000 in collateral with the counterparty (included in restricted cash and equity in pooled investments on the Airport's balance sheet).

7. Long-Term Debt, continued:

As rates vary, variable rate bond interest payments and net swap payments will vary. Although not a prediction by the Port of future interest cost of the variable rate bonds or of the impact of interest rate swaps, following are debt service requirements of the Airport's hedged variable rate debt and related net swap payments, using rates as of June 30, 2022:

	Variable Rate Airport Revenue Bonds			
	Principal	Interest	Interest Rate Swaps, net	Total
2023	$ 6,590,000	$ 323,074	$ 1,046,059	$ 7,959,133
2024	6,900,000	244,759	751,605	7,896,364
2025	7,215,000	162,876	461,194	7,839,070
2026	7,565,000	77,006	282,954	7,924,960
2027	6,785,000			6,785,000
	$ 35,055,000	$ 807,715	$ 2,541,812	$ 38,404,527

	Variable Rate Passenger Facility			
	Principal	Interest	Interest Rate Swaps, net	Total
2023	$ 9,265,000	$ 381,775	$ 610,877	$ 10,257,652
2024	9,750,000	195,753	414,113	10,359,866
2025	10,260,000			10,260,000
	$ 29,275,000	$ 577,528	$ 1,024,990	$ 30,877,518

8. Industrial Revenue Bonds:

The Port facilitates the issuance of industrial revenue bonds by others to finance construction of industrial facilities within the Port district which it leases or sells on installment contracts to the industrial users. Such facilities and the related receipts from lease rentals and contract payments are pledged for payment of the bonds. The bonds are not a liability or contingent liability of the Port or a lien on any of its properties or revenues other than the industrial facilities for which they were issued. Accordingly, the bond liability and related receivables are not reflected in the Port’s financial statements.

Industrial revenue bonds for Airport industrial facilities were outstanding in the amount of $17,300,000 at both June 30, 2022 and 2021.

9. Pension Plans and Deferred Compensation Plan:

Most employees, after six months of employment, are participants in the State of Oregon Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan (Plan), administered by PERS, to which employees and employers both contribute. Benefits generally vest after five years of service. Retirement is allowed at age 58 with unreduced benefits, but retirement is generally available after age 55 with reduced benefits. Retirement benefits are generally based on salary and length of service or retiree account balance, are calculated using a formula, and are payable in a lump sum or monthly using several payment options. Monthly benefits are adjusted annually through cost-of-living adjustments (COLA). A prospective cap on the COLA which took effect in fiscal 2015 and beyond varies based upon the amount of the annual benefit. PERS also provides death and disability benefits. These benefit provisions and other requirements are established by state statutes.

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of PERS, and additions to/deductions from PERS’ fiduciary net position, have

9. Pension Plans and Deferred Compensation Plan, continued:

been determined on the same basis as they are reported by PERS. PERS uses accrual basis accounting for all funds, recognizing revenues when earned, contributions when due, benefits in the month they are earned, and withdrawals in the month they are due and payable. PERS issues a publicly available financial report, which may be obtained at www.oregon.gov/pers or by writing to PERS, PO Box 23700, Tigard, Oregon 97281. The rate of employee contributions (6 percent of annual covered salary) is established by state statute, and the rate of employer contributions to PERS is set periodically by PERS based on actuarial valuations. The Port's contribution rates were 12.84 percent and 12.81 percent of annual covered payroll for fiscal years 2022 and 2021, respectively. The Port also pays the required employee contribution. The Port, by electing to join the State and Local Government Rate Pool, effective January 1, 2002, is part of the cost-sharing multiple-employer segment of the pension plan. Limited tax pension bonds were issued to fund the Port's estimated unfunded actuarial accrued liability (UAL) of $54,068,039 as of April 1, 2002, and $20,012,029 as of October 1, 2005. The proceeds from these bond issues are held by PERS in side accounts specific to the Port, and are factors in the calculation of the Port's employer contribution rates and the Port's proportionate share of the collective Net Pension Liability (NPL) or Net Pension Asset (NPA). Of these bond issue amounts, $25,550,920 and $11,244,225 were applicable to the Airport, and were recorded on the Airport balance sheet as liabilities (due to Marine & Other). The Airport liability is reduced proportionately as the Marine & Other activity makes principal payments on the pension bonds. Principal payments on the pension bonds were made in the amounts of $5,605,000 and $4,925,000 in fiscal 2022 and 2021, respectively, of which $2,770,818 and $2,437,394 were applicable to the Airport.

In December 2019, the Port contributed $30 million to PERS in order to create two new Port-specific side accounts to provide future pension contribution rate relief for the Port. Both new accounts were funded by the Marine & Other activity. One side account in the amount of $20 million qualified for nearly $5 million in matching funds from the Oregon State Employer Incentive Fund; this account is being amortized to provide pension rate relief over 16 years beginning January 1, 2020. The second side account was established in the amount of $10 million and is being amortized to provide pension rate relief over 10 years, with rate relief deferred to commence on July 1, 2029. The intent of creating these side accounts was to effectively offset a portion of the Port's proportionate share of the collective NPL attributable to the Marine & Other activity and reduce future Port pension contributions for the Marine & Other activity over a total of 20 years. The matching funds were reported in other nonoperating income on the statement of revenues, expenses, and changes in net position. PERS does not recognize the Airport as a separate activity of the Port, so internal accounting adjustments are necessary for rate relief from the new side accounts to be credited only to the Marine & Other activity.

The 2003 Oregon legislature adopted a number of amendments to the benefit structure of PERS, later modified by the Oregon Supreme Court. In addition to adopting amendments to the benefit structure of PERS, the 2003 legislature passed HB 2020, which established a successor pension plan to PERS, the Oregon Public Service Retirement Plan (OPSRP). All public employees hired on or after August 29, 2003, unless membership was previously established in PERS, become participants in OPSRP, generally after six months of employment. OPSRP is a hybrid pension plan with two components, the Pension Program (a defined benefit program) and the Individual Account Program (IAP) (a defined contribution program), and is administered by PERS, the agency. The Pension Program is funded by employer contributions. For general service members, normal retirement age is 65 or age 58 with 30 years of service, and for police and fire members, normal retirement age is 60 or age 53 with 25 years of service. Retirement benefits under the Pension Program are calculated using a formula based on final average salary, as defined, and years of service. The IAP is funded by a 6 percent employee contribution (which may be paid by the employer for the employee). The Port pays the employee contribution. Employee contributions are placed in an employee account, accounts are adjusted for earnings or losses, and are paid at retirement, either as a lump sum or in installments. Effective January 1, 2004, required 6 percent employee contributions for PERS members were paid to the member's IAP account rather than the member's PERS account, as required by the 2003 legislation. In 2019, Oregon Legislature enacted Senate Bill 1049, which made a number of amendments to PERS, including redirecting 2.5 percent for PERS members and 0.75 percent for OPSRP members of the required employee 6 percent contributions from a member's IAP account to the member's employee pension stability account, effective July 1, 2020. The Port's employer contribution rate to OPSRP, set periodically by PERS based on actuarial valuations, was 7.94 percent of annual covered payroll for general service members and 12.30 percent for police and fire members for fiscal 2022, and 5.58 percent of annual covered payroll for general service members and 10.21 percent for police and fire members for fiscal 2021. The Port also pays the required employee contributions of 6 percent of annual covered salary.

9. <u>Pension Plans and Deferred Compensation Plan</u>, continued:

The Port's fiscal 2022 and 2021 regular pension contributions recognized by PERS were $10,418,292 and $8,898,568. Actuarial determinations are not made solely as to Airport employees. PERS contributions of $5,231,003 and $4,583,426 were applicable to the Airport for fiscal years 2022 and 2021, respectively, based upon Port payroll expense.

GASB Statement No. 68 (GASB 68) establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense. For defined benefit pensions, GASB 68 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. GASB 68 requires the liability of employers to employees for defined benefit plans (NPL or NPA) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (Total Pension Liability (TPL) or Total Pension Asset (TPA)), less the amount of the pension plan's fiduciary net position. Employers participating in cost-sharing plans recognize their proportionate share of the collective pension amounts for all benefits provided through the plan based on an allocation methodology.

The Port recognizes its proportion of the PERS NPL or NPA, Deferred Outflows of Resources, Deferred Inflows of Resources, and pension expense. The TPL at June 30, 2022, was determined based on an actuarial valuation as of December 31, 2019, and rolled forward to the measurement date of June 30, 2021; the TPL at June 30, 2021, was determined based on an actuarial valuation as of December 31, 2018, and rolled forward to the measurement date of June 30, 2020. The basis for the Port's proportion is actuarially determined by comparing the employer's projected long-term contribution effort to the Plan with the total projected long-term contribution effort of all employers.

For the year ended June 30, 2022, the Port's proportionate share of the collective NPL of PERS is $62,620,834, or 0.52330205 percent of the total, and the Port recognized pension expense of $9,892,668 as its proportionate share of PERS pension expense. For the year ended June 30, 2021, the Port's proportionate share of the collective NPL of PERS is $117,823,511, or 0.53989432 percent of the total, and the Port recognized pension expense of $28,871,742 as its proportionate share of PERS pension expense. Actuarial determinations are not made solely as to Airport employees. For the year ended June 30, 2022, $45,444,353 of the NPL, and $4,877,224 of pension expense, was applicable to the Airport. For the year ended June 30, 2021, $72,981,508 of the NPL, and $14,519,557 of pension expense, was applicable to the Airport.

Actuarial assumptions used in the 2019 valuation rolled forward to the measurement date of June 30, 2021, were as follows:

- Investment Rate of Return: 6.90 percent per annum
- Projected Salary Increases: 3.40 percent overall payroll growth
- Inflation Rate: 2.40 percent per annum

Actuarial assumptions used in the 2018 valuation rolled forward to the measurement date of June 30, 2020, were as follows:

- Investment Rate of Return: 7.20 percent per annum
- Projected Salary Increases: 3.50 percent overall payroll growth
- Inflation Rate: 2.50 percent per annum

For the 2019 valuation rolled forward to the measurement date of June 30, 2021, and for the 2018 valuation rolled forward to the measurement date of June 30, 2020, mortality assumptions for healthy retirees and beneficiaries are based on Pub-2010 generational Healthy Retiree mortality tables with group-specific job category and setback adjustments. Active members' mortality assumptions are based on Pub-2010 Employee, sex distinct, generational projection with Unisex Social Security Data Scale. Disabled retirees' mortality assumptions are based on Pub-2010 generational Disabled Retiree mortality tables with group-specified job category and setback adjustments.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2018 Experience Study, which reviewed experience for the four-year period ended on December 31, 2018.

9. Pension Plans and Deferred Compensation Plan, continued:

GASB 68 generally requires that a blended discount rate be used to measure the TPL (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100 percent funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is PERS' independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

The discount rate used to measure the TPL of PERS was 6.90 percent for the measurement date of June 30, 2021, and 7.20 percent for the measurement date of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, PERS' fiduciary net position was projected to be available to make all projected future benefit payments of current PERS members. Therefore, the long-term expected rate of return on PERS investments was applied to all periods of projected benefit payments to determine the TPL.

For fiscal 2022, the Port's $62,620,834 proportionate share of the NPL was calculated using the discount rate of 6.90 percent as of the measurement date of June 30, 2021. If a discount rate 1 percentage point lower (5.90 percent) were used in the calculation, it would result in an NPL for the Port of $122,972,339. If a discount rate 1 percentage point higher (7.90 percent) were used in the calculation, it would result in an NPL for the Port of $12,128,530. For fiscal 2021, the Port's $117,823,511 proportionate share of the NPL was calculated using the discount rate of 7.20 percent as of the measurement date of June 30, 2020. If a discount rate 1 percentage point lower (6.20 percent) were used in the calculation, it would result in an NPL for the Port of $174,958,182. If a discount rate 1 percentage point higher (8.20 percent) were used in the calculation, it would result in an NPL for the Port of $69,913,440.

To develop an analytical basis for the selection of the long-term expected rate of return assumption used in the calculation of the TPL at June 30, 2021 and 2020, the PERS Board reviewed long-term assumptions developed by both the actuary's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors in 2021 and 2019, respectively. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

9. Pension Plans and Deferred Compensation Plan, continued:

Asset class	Target allocation	20-year annualized geometric mean
Global equity	30.62%	5.85%
Private equity	25.50%	7.71%
Core fixed income	23.75%	2.73%
Real estate	12.25%	5.66%
Master limited partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge fund of funds - multistrategy	1.25%	5.11%
Hedge fund equity - hedge	0.63%	5.31%
Hedge fund - macro	5.62%	5.06%
US Cash	-2.50% *	1.76%
Assumed inflation - mean	n/a	2.50%

* Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adapted at the OIC meeting on June 2, 2021.

Deferred items are calculated at the PERS level and allocated to the Port based upon its proportionate share. For the measurement dates of June 30, 2021 and 2020, there were deferred outflows and inflows of resources related to the following sources:

	Deferred outflows of resources		Deferred inflows of resources	
Measurement date of June 30,	2021	2020	2021	2020
Differences between expected and actual experience	$ 3,918,474	$ 3,242,415		
Changes of assumptions	15,675,881	6,323,215	$ 164,803	$ 221,552
Net difference between projected and actual earnings on plan investments		13,854,514	46,357,719	
Differences between contributions and Port's proportionate share of system contributions	11,591,695	14,747,454	5,588,967	2,861,129
Total	$ 31,186,050	$ 38,167,598	$ 52,111,489	$ 3,082,681

Port employer contributions for PERS made after the measurement date are reported as deferred outflows on the balance sheet at June 30, 2022 and 2021 in the amount of $10,418,292 and $8,898,568, respectively; these contributions are recognized as a reduction in the Port's NPL in the ensuing year. $5,231,003 and $4,583,426 of the deferred outflows were applicable to the Airport at June 30, 2022 and 2021, respectively.

Cumulative deferred inflows and outflows related to PERS will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Deferred Outflows/ (Inflows) of Resources - Airport	Deferred Outflows/ (Inflows) of Resources - Marine & Other	Deferred Outflows/ (Inflows) of Resources - Total
2023	$ (1,349,414)	$ (1,445,339)	$ (2,794,753)
2024	(1,513,760)	(1,621,368)	(3,135,128)
2025	(2,291,946)	(2,454,872)	(4,746,818)
2026	(5,448,805)	(5,836,140)	(11,284,945)
2027	500,320	535,885	1,036,205
Total	$ (10,103,605)	$ (10,821,834)	$ (20,925,439)

9. Pension Plans and Deferred Compensation Plan, continued:

The Port sponsors an eligible deferred compensation plan under IRC Section 457(b) known as the Port of Portland Deferred Compensation Plan (the Plan) which is available to all Port employees. The Plan qualifies as a defined contribution pension plan under the criteria in GASB Statement No. 68, and permits eligible employees to defer a portion of their current salary until future years. The Port may at any time either prospectively or retroactively amend the Plan. The deferred compensation is not available to participating employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of an employee trust, held for the exclusive benefit of participants and their beneficiaries, and are not subject to the claims of the Port's general creditors. Employees in the Plan are able to direct their funds to any investment options available in the Plan, and the Port makes no contributions to, recognizes no expense and has no liability for, and has little administrative involvement with the Plan. The Port has concluded that the Plan does not meet the criteria to be reported as a fiduciary activity, and the Plan assets are not included in the Port's financial statements.

10. Postemployment Healthcare Benefits:

The Port administers a single-employer defined-benefit healthcare plan which provides certain qualifying employees retiring under PERS or OPSRP with Port-paid healthcare coverage for the qualifying retiree until age 65. This program is being phased out and is closed to any employees that did not meet age and length-of-service eligibility requirements by December 31, 2011. The Port does not issue a publicly available report on the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75, and contributions to the plan are made on a pay-as-you-go basis.

Under Oregon State law, employees retiring under PERS or OPSRP may make a one-time election at retirement to continue their health insurance coverage through the Port until eligible for Medicare (usually age 65). Coverage may be elected for the retiring employee, their spouse, and for qualifying dependents. Premiums are paid by the retiree at the Port's pooled rate, which is the same rate paid for active employees. Retirees, on average, are expected to have higher health care costs than active employees, primarily due to the older average age of retirees. Since the same premium applies to both groups, the premiums paid for active employees by the Port are subsidizing the premiums for retirees. As a result, there is an 'implicit subsidy' paid by the Port; the implicit subsidy associated with retiree health care costs paid during the year is also considered to be a contribution from the Port.

At June 30, 2021, the following employees were covered by the benefits terms of the plan:

Inactive employees currently receiving benefit payments	44
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	708
	752

For the year ended June 30, 2022, the Port's total other postemployment benefit (OPEB) liability of $4,615,323 was determined based upon a July 1, 2021 actuarial valuation, measured as of June 30, 2022, with a reporting date of June 30, 2022; $2,407,377 of this OPEB liability was attributable to the Airport. The Port recognized OPEB benefit of $(7,196) in fiscal 2022, with $(21,125) of OPEB benefit applicable to the Airport. For the year ended June 30, 2021, the Port's total OPEB liability of $4,648,002 was determined based upon a July 1, 2021 actuarial valuation, measured as of June 30, 2021, with a reporting date of June 30, 2021; $2,463,153 of this OPEB liability was attributable to the Airport. The Port recognized OPEB expense of $194,905 in fiscal 2021, with $92,438 of OPEB expense applicable to the Airport.

The OPEB liability in the July 1, 2021 actuarial valuation measured as of June 30, 2022 and June 30, 2021 was determined using the following actuarial assumptions:

- A discount rate of 2.18 percent based on the S&P Municipal Bond 20-Year High Grade Index as of June 30, 2021
- A healthcare cost trend rate of 6.25 percent grading uniformly to 5.75 percent over 2 years and following the Getzen model thereafter to an ultimate rate of 4.04 percent in the year 2075
- Mortality rates were based on the RP-2014 Mortality Table adjusted to 2006 with generational mortality improvement under Projection Scale MP-2020

10. Postemployment Healthcare Benefits, continued:

Changes in the OPEB liability during fiscal 2022 are shown in the following table:

	Airport	Marine & Other	Total Port
Balance at 6/30/2021	$ 2,463,153	$ 2,184,849	$ 4,648,002
Service cost	114,283	83,470	197,753
Interest	51,361	47,106	98,467
Benefit payments	(221,420)	(107,479)	(328,899)
Net change	(55,776)	23,097	(32,679)
Balance at 6/30/2022	$ 2,407,377	$ 2,207,946	$ 4,615,323

The following table presents the total OPEB liability of the Port, as well as what the Port's total OPEB liability would have been if it were calculated using a health care trend rate assumption that is 1-percentage-point lower or 1-percentage-point higher than the current health care trend rate assumption:

	1% Decrease	6.25% decreasing to 5.75% over 2 years, following the Getzen model thereafter	1% increase
Total OPEB liability, 6/30/2022	$ 4,088,152	$ 4,615,323	$ 5,236,054
Total OPEB liability, 6/30/2021	$ 4,165,646	$ 4,648,002	$ 5,213,829

The following table presents the total OPEB liability of the Port, as well as what the Port's total OPEB liability would have been if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (1.18%)	Discount Rate (2.18%)	1% increase (3.18%)
Total OPEB liability, 6/30/2022	$ 5,046,064	$ 4,615,323	$ 4,221,533
Total OPEB liability, 6/30/2021	$ 5,075,059	$ 4,648,002	$ 4,258,454

At June 30, 2022, there were deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience		$ 1,792,770
Changes of assumptions	$ 265,262	
Total	$ 265,262	$ 1,792,770

Cumulative deferred inflows and outflows related to OPEB will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Deferred Outflows/(Inflows) of Resources - Airport	Deferred Outflows/(Inflows) of Resources - Marine & Other	Deferred Outflows/(Inflows) of Resources - Total
2023	$ (186,770)	$ (116,646)	$ (303,416)
2024	(186,770)	(116,646)	(303,416)
2025	(186,770)	(116,645)	(303,415)
2026	(169,407)	(139,225)	(308,632)
2027	(169,403)	(139,226)	(308,629)
Total	$ (899,120)	$ (628,388)	$ (1,527,508)

11. Risk Management:

The Port has a comprehensive risk management program which primarily utilizes commercial insurance, with certain self-insurance, to provide protection from losses involving property, liability, injuries to personnel and errors and omissions, with various deductibles and self-insured retentions. Claims, litigation and other settlements have not exceeded the limits of available insurance coverage in any of the past three years, when insurance was applicable.

The Airport is a full participant in the Port's risk management program. The Airport's expenses related to this program are recorded when incurred, with cash being paid to the Port's General Fund for ease of administration.

The Port self-insures for certain workers' compensation losses for amounts up to $1,000,000 per accident. For amounts in excess of self-insured limits, insurance in the amount of the statutory limit per loss (unlimited) is maintained. Claim expenses and liabilities are recorded when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated.

Liabilities include an estimate for claims that have been incurred but not reported. Claims liabilities are based on the estimated ultimate cost of settling the claims, using past experience adjusted for current trends through a case-by-case review of all claims. Effective May 8, 1993, certain workers' compensation losses incurred after such date are the responsibility of an independent marine terminal management company.

Changes in the reported liability for workers' compensation resulted from the following:

	Fiscal Year Ended June 30, 2022	Fiscal Year Ended June 30, 2021
Beginning liability	$ 847,734	$ 733,083
Current year claims and changes in estimates	157,298	450,790
Claim payments	(342,546)	(336,139)
Ending liability	$ 662,486	$ 847,734

Approximately $428,858 and $533,950 of the liability was applicable to the Airport at June 30, 2022 and 2021, respectively.

12. Commitments and Contingencies:

At June 30, 2022, land acquisition and construction contract commitments aggregated approximately $319,300,000 for the Airport, $19,800,000 for Marine & Other, and $339,100,000 in total.

The Port is subject to federal, state, and local environmental laws and regulations. Pursuant to these laws and regulations, the Port has identified a number of contaminated sites on Port properties that will require remedial investigation and action. Some properties owned or operated by the Port may have unacceptable levels of contaminants in soil, sediments, or groundwater. In some cases, the Port has been designated by Federal or State government as a potentially responsible party (PRP) for the investigation and cleanup of properties owned by the Port or where the Port may have contributed to site contamination.

In December 2000, the Environmental Protection Agency (EPA) listed the Portland Harbor, including uplands portions, on the National Priorities List of Superfund sites pursuant to the Comprehensive Environmental Response Compensation and Liability Act. The EPA and the Oregon Department of Environmental Quality (DEQ) have identified the Port and other PRPs as potentially liable for cleanup of the site. The Port and other PRPs have signed an Administrative Settlement Agreement and Order on Consent (ASAOC) to perform remedial investigation and action activities for the site. Uplands activities are being conducted under the supervision of the DEQ. The Port has accrued approximately $1,900,000 for its estimated remaining share of the costs of these Portland Harbor investigative and remedial activities at June 30, 2022. In January 2017, the EPA released a Record of Decision (ROD) for the Portland Harbor. Cleanup costs for the Portland Harbor remain uncertain under the ROD and are not yet estimable and the Port's ultimate share of cleanup costs is not known. Within the Portland Harbor, there are certain Port-owned, or formerly owned facilities that require remedial investigation and/or cleanup. The Port has entered into separate ASAOCs with the EPA governing early action cleanup

12. <u>Commitments and Contingencies</u>, continued:

activities on two of these sites. The Port has accrued approximately $24,000,000 and $2,000,000 in estimated costs for these cleanups at June 30, 2022. At another site, the Port has accrued approximately $29,500,000 in estimated remaining costs at June 30, 2022. These sites are accounted for within the Marine & Other activity.

Operating expense and the corresponding liability measured at current value using the expected cash flow method have been recognized for certain pollution remediation obligations that may not have been previously required to be recognized. Certain other environmental contingencies may have limited measurable transactions and events at initial recognition, but estimates will increase over time as more components become reasonably estimable. Liabilities will also be remeasured when new information indicates increases or decreases in estimated outlays.

Changes in estimated long-term environmental liabilities were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Airport:				
Environmental liabilities	$ 673,504	$ 148,799	$ (27,303)	$ 795,000
less: current portion	121,496		(136,496)	(15,000)
Long-term liability	$ 795,000	$ 148,799	$ (163,799)	$ 780,000
Marine & Other:				
Environmental liabilities	$ 70,946,083	$ 5,665,859	$ (10,840,915)	$ 65,771,027
less: current portion	(11,716,470)	(8,455,385)	9,138,079	(11,033,776)
Long-term liability	$ 59,229,613	$ (2,789,526)	$ (1,702,836)	$ 54,737,251

13. <u>Tax Abatements</u>:

The Port is subject to property tax abatements granted by counties within the Port District pursuant to State statute. Tax abatements granted within the Port District reduce the amount of property taxes collected under the Port's property tax levy in each county. Port property tax revenues were reduced by approximately $199,000 under agreements entered into by Multnomah County, $454,000 under agreements entered into by Clackamas County, and $1,043,000 under agreements entered into by Washington County.

14. <u>Net Position Deficit and Budget Overexpenditures</u>:

The Port has net position deficits of $156,405,439 and $123,845,561 in the Airport Revenue Fund and CFC Fund (funds within the Airport activity) as of June 30, 2022. These deficits exist because bond proceeds are recorded in or reimbursed to construction funds and related long-term debt is recorded in these funds.

In the General Fund, the Port overexpended two budget appropriation items. An overexpenditure of $2,584,382 in the Marine division resulted from higher labor costs associated with increased container volumes at Terminal 6, and an overexpenditure of $1,515,716 resulted from the revision of estimated environmental liabilities after the final budget appropriations were made for the fiscal year. The estimated environmental liability overexpenditure does not represent a cash overexpenditure. In the Airport PFC Fund, the Port overexpended one budget appropriation item by $292,047 as a result of issuance costs incurred when refinancing a debt obligation to obtain a more favorable interest rate; in the Airport PFC Bond Fund, the Port overexpended the long-term debt payments appropriation by $64,515,170, also as a result of refinancing a debt obligation to obtain a more favorable interest rate. Such expenditures of bond proceeds issued to refund previously issued bonds are allowed for under ORS 294.338(4)c.

REQUIRED SUPPLEMENTARY INFORMATION

(UNAUDITED)

THE PORT OF PORTLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

	2022	2021	2020	2019	2018	2017
Total OPEB liability - beginning	$ 4,648,002	$ 6,619,654	$ 6,477,793	$ 6,283,870	$ 6,318,267	$ 6,332,670
Service cost	197,753	310,168	295,398	281,331	146,462	139,488
Interest	98,467	188,153	179,675	186,044	190,716	191,760
Differences between expected and actual experience		(2,283,987)		(376,487)		
Changes of assumptions		123,566		413,000		
Benefit payments	(328,899)	(309,552)	(333,212)	(309,965)	(371,575)	(345,651)
Net change	(32,679)	(1,971,652)	141,861	193,923	(34,397)	(14,403)
Total OPEB liability - ending	$ 4,615,323	$ 4,648,002	$ 6,619,654	$ 6,477,793	$ 6,283,870	$ 6,318,267
Covered-employee payroll	$ 54,531,536	$ 54,531,536	$ 57,832,773	$ 57,832,773	$ 62,444,085	$62,444,085
Total OPEB liability as a percentage of covered-employee payroll	8.5%	8.5%	11.4%	11.2%	10.1%	10.1%

Notes to Schedule:
No assets are accumulated in a trust that meets the criteria of paragraph 4 of Statement 75.

THE PORT OF PORTLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF PERS NET PENSION LIABILITY (ASSET)

Measurement date as-of June 30,	2021	2020	2019	2018	2017
Port share of Net Pension Liability (Asset) - percentage	0.523302%	0.539894%	0.656754%	0.659650%	0.643710%
Port share of Net Pension Liability (Asset) - amount [A]	$ 62,620,834	$ 117,823,511	$ 113,602,700	$ 99,928,241	$ 86,772,304
Port covered-employee payroll [B]	$ 72,503,000	$ 76,097,000	$ 72,101,000	$ 71,239,000	$ 70,942,000
Port share of Net Pension Liability (Asset) as a percentage of Port covered-employee payroll [A/B]	86.4%	154.8%	157.6%	140.3%	122.3%
PERS fiduciary net position as a percentage of TPL	87.6%	75.8%	80.2%	82.1%	83.1%

Measurement date as-of June 30,	2016	2015	2014	2013
Port share of Net Pension Liability (Asset) - percentage	0.687390%	0.627646%	0.636022%	0.636022%
Port share of Net Pension Liability (Asset) - amount [A]	$ 103,193,124	$ 36,036,033	$ (14,416,804)	$ 32,457,134
Port covered-employee payroll [B]	$ 66,585,000	$ 66,637,000	$ 61,267,000	$ 60,855,267
Port share of Net Pension Liability (Asset) as a percentage of Port covered-employee payroll [A/B]	155.0%	54.1%	-23.5%	53.3%
PERS fiduciary net position as a percentage of TPL	80.5%	91.9%	103.6%	92.0%

THE PORT OF PORTLAND

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS TO PERS ($000)

Fiscal Year:	2022	2021	2020	2019	2018	2017	2016 [1]	2015	2014	2013
Actuarially Determined Contribution	$ 10,418	$ 8,899	$ 10,871	$ 8,714	$ 8,143	$ 5,549	$ 5,549	$ 5,332	$ 4,831	$ 5,030
Contribution in relation to Actuarially Determined Contribution	$ 10,418	$ 8,899	$ 10,871	$ 8,714	$ 8,143	$ 5,549	$ 5,549	$ 5,332	$ 4,831	$ 5,030
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Employee Payroll	$ 73,197	$ 72,503	$ 76,097	$ 72,101	$ 71,239	$ 70,942	$ 66,585	$ 66,637	$ 61,267	$ 60,855
Contribution as a percentage of Covered Employee Payroll	14.2%	12.3%	14.3%	12.1%	11.4%	7.8%	8.3%	8.0%	7.9%	8.3%

[1] Effective in Port fiscal year 2016, the actuarial methodology utilized by PERS for determining employer contributions changed from projected unit credit to entry age normal.

SUPPLEMENTARY INFORMATION

(UNAUDITED)

THE PORT OF PORTLAND
ORGANIZATION AND INTERNAL FUND DIVISIONS

The Port of Portland is a municipal corporation created in its present form by the 1971 merger of The Port of Portland and the Commission of Public Docks. A nine-member commission establishes and maintains Port policy for a staff under the guidance of an executive director.

The original Port of Portland was created in 1891 by the Oregon Legislative Assembly with the objective of dredging and maintaining a channel between Portland and the Pacific Ocean. As its operations and responsibilities increased, the Port acquired its aviation and land development interests.

The City of Portland in 1910 created the Commission of Public Docks to promote and develop maritime commerce through Portland Harbor and, in 1970, the voters approved a merger of these two organizations. In 1973, the Port district was expanded to include all of Multnomah, Clackamas, and Washington Counties.

For financial reporting and operating purposes, management considers the activities of the Port to be that of a unitary enterprise operation. For budgetary and bond ordinance requirement purposes only, the primary divisions of the accounts of the Port consist of the following funds (accounts):

General Fund

Used to finance the general operations of the Port and, subject to restrictions of the local budget law, its assets may be transferred to another fund for any authorized purpose. Principal revenue sources are marine facilities operations, land sales, and leases.

Bond Construction Fund

This fund finances the acquisition, construction, expansion, and improvement of new and existing structures and facilities. Resources are from transfers from the General Fund, grants, interest on investments, and a property tax levy for Port improvements.

Airport Revenue Fund

This fund is to be held and administered by the Port as long as any Portland International Airport Revenue Bonds are outstanding. The monies deposited in this fund are not commingled with any other monies of the Port and are used and applied only in the manner as specified by Section 13, Ordinance No. 155 and Section 6, Ordinance No. 323. Airport operations are accounted for in this fund. Principal revenue sources are flight fees, rentals, parking, and concession income.

Airport Revenue Bond Fund

This fund is administered by a trustee appointed under Section 11, Ordinance No. 323. The monies in this fund are used solely for the payment of principal and interest due on Portland International Airport Revenue Bonds. Principal resources are revenue bond proceeds, interest, and transfers from the Airport Revenue Fund and the Airport Construction Fund.

Airport Construction Fund

The monies credited to this fund are used and applied solely to the payment of costs of additions, expansions, and improvements to the Airport in accordance with Section 12, Ordinance No. 155 and Section 8, Ordinance No. 323. Principal resources are interest, grants, and revenue bond proceeds.

PFC Fund

This fund is used to account for PFC revenue. Amounts credited to this fund are used to provide for debt service on Portland International Airport Passenger Facility Charge Revenue Bonds and to construct certain assets in accordance with Section 2, Ordinance No. 395-B. Principal resources are PFC revenue, bond proceeds, and interest.

PFC Bond Fund

This fund, created in accordance with Section 8, Ordinance No. 395-B, is administered by a trustee, for the payment of principal and interest on Portland International Airport Passenger Facility Charge Revenue Bonds. Principal resources are transfers from the PFC Fund, bond proceeds, and interest.

CFC Fund

This fund is used to account for CFC revenues. The monies credited to this fund are used and applied solely to the payment of costs of projects related to rental car facilities, related Port-approved enabling projects, and program costs at the Airport in accordance with Section 4, Ordinance No. 448. The principal resources for this fund are a customer facility charge imposed on rental car customers who rent automobiles from Airport facilities and interest.

CFC Bond Fund

This fund, created in accordance with Section 5, Ordinance 461-B, is administered by a trustee for the payment of principal and interest on Portland International Airport Customer Facility Charge Revenue Bonds. Principal resources are transfers from the CFC Fund, bond proceeds, and interest.

THE PORT OF PORTLAND
PORTLAND INTERNATIONAL AIRPORT
RECONCILIATION OF BUDGETARY REVENUES AND EXPENDITURES TO INCOME BEFORE CONTRIBUTIONS AND TRANSFERS
for the year ended June 30, 2022

	Budgetary Basis *		Excess Revenues
	Revenues	Expenditures	(Expenditures)
Port Funds:			
General Fund	$ 144,179,208	$ 153,155,683	$ (8,976,475)
Bond Construction Fund	17,399,395	14,823,094	2,576,301
Airport Revenue Fund	589,129,951	117,374,520	471,755,431
Airport Revenue Bond Fund	33,037,599	95,692,192	(62,654,593)
Airport Construction Fund	324,446,458	393,306,885	(68,860,427)
PFC Fund	26,745,413	342,047	26,403,366
PFC Bond Fund	62,894,612	79,160,383	(16,265,771)
CFC Fund	13,554,786	19,500	13,535,286
CFC Bond Fund	6,859	9,523,659	(9,516,800)
Totals - budgetary reporting basis	$ 1,211,394,281	$ 863,397,963	347,996,318
Add (deduct) adjustments to budgetary reporting basis which are necessary to reflect results of operations on financial reporting basis in accordance with generally accepted accounting principles:			
Capital outlay expenditures			403,886,583
Internal costs on capital projects			20,348,978
Depreciation and amortization expense			(120,154,438)
Expenses that will be expended in future years			5,274,314
Contributions from governmental agencies			1,668,678
Bond sale proceeds			(674,979,207)
Bond and contract payable principal expenditures			135,441,105
Change in unearned revenues and certain noncurrent receivables			(31,489,667)
Difference between income and proceeds from sales of land			(2,255,838)
Noncash pension and OPEB expense			1,048,138
Amortization of bond issuance costs and deferred charges on refunding bonds			(2,231,505)
Amortization of deferred lease inflows			5,063,666
Noncash derivative instrument interest			2,506,000
Other			359,681
Income before contributions and transfers per Statement of Revenues, Expenses, and Changes in Net Position			$ 92,482,806

* The Port budgets all funds on the accrual basis of accounting.

THE PORT OF PORTLAND

RECONCILIATION OF AIRPORT BUDGETARY REVENUES AND EXPENDITURES TO INCOME BEFORE CONTRIBUTIONS AND TRANSFERS

for the year ended June 30, 2022

	Budgetary Basis *		Excess
	Revenues	Expenditures	Revenues (Expenditures)
Airport Funds:			
Airport Revenue Fund	$ 589,129,951	$ 117,374,520	$ 471,755,431
Airport Revenue Bond Fund	33,037,599	95,692,192	(62,654,593)
Airport Construction Fund	324,446,458	393,306,885	(68,860,427)
PFC Fund	26,745,413	342,047	26,403,366
PFC Bond Fund	62,894,612	79,160,383	(16,265,771)
CFC Fund	13,554,786	19,500	13,535,286
CFC Bond Fund	6,859	9,523,659	(9,516,800)
Totals - budgetary reporting basis	$ 1,049,815,678	$ 695,419,186	354,396,492
Add (deduct) adjustments to budgetary reporting basis which are necessary to reflect results of operations on financial reporting basis in accordance with generally accepted accounting principles:			
Capital outlay expenditures			389,220,709
Internal costs on capital projects			4,713,208
Depreciation and amortization expense			(101,582,402)
Expenses that will be expended in future years			781,952
Bond sale proceeds			(674,979,207)
Bond principal expenditures			126,932,583
Amortization of bond issuance costs and deferred charges on refunding bonds			(2,376,785)
Amortization of deferred lease inflows			1,795,755
Allocation of pension debt service			(4,375,128)
Change in unearned revenues and certain noncurrent receivables			(27,063,303)
Intra-Port services received, provided, and overhead			(27,136,499)
Intra-Port asset transfer			(2,236,599)
Noncash derivative instrument interest			2,506,000
Other			766,657
Income before contributions and transfers per Statement of Revenues, Expenses, and Changes in Net Position			$ 41,363,433

* The Airport budgets all funds on the accrual basis of accounting.

THE PORT OF PORTLAND

SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS

GENERAL FUND

(BUDGETARY BASIS)

for the year ended June 30, 2022

	Resources				Over
	Original	Transfers In (Out)	Revised	Actual	(Under) Budget
REVENUES:					
Operating revenues:					
Administration	$ 260,000		$ 260,000	$ 174,663	$ (85,337)
Marine	46,173,920	$ 13,000,000	59,173,920	66,581,032	7,407,112
Trade and Equitable Development	7,138,848	18,000,000	25,138,848	25,114,969	(23,879)
Navigation	22,848,694		22,848,694	19,335,059	(3,513,635)
General Aviation	3,624,504		3,624,504	3,998,634	374,130
	80,045,966	31,000,000	111,045,966	115,204,357	4,158,391
Fixed asset sales and other	23,000,000	5,000,000	28,000,000	31,847,838	3,847,838
Interest	1,682,974		1,682,974	(2,872,987)	(4,555,961)
Total revenues	104,728,940	36,000,000	140,728,940	144,179,208	3,450,268
TRANSFERS FROM OTHER FUNDS:					
Bond Construction Fund	3,692,237		3,692,237	3,249,315	(442,922)
Airport Construction Fund	12,204,529	2,500,000	14,704,529	12,386,453	(2,318,076)
Airport Revenue Fund	37,300,582		37,300,582	35,247,196	(2,053,386)
Total transfers	53,197,348	2,500,000	55,697,348	50,882,964	(4,814,384)
Total revenues and transfers	157,926,288	38,500,000	196,426,288	195,062,172	(1,364,116)
BEGINNING WORKING CAPITAL	206,643,289		206,643,289	220,922,334	14,279,045
Total resources	$ 364,569,577	$ 38,500,000	$ 403,069,577	$ 415,984,506	$ 12,914,929

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
GENERAL FUND
(BUDGETARY BASIS), Continued
for the year ended June 30, 2022

	Appropriations Original	Appropriations Transfers In (Out)	Appropriations Revised	Actual	(Over) Under Budget
EXPENDITURES:					
Administration	$ 57,966,196	$ (3,300,000)	$ 54,666,196	$ 51,227,794	$ 3,438,402
Marine	42,202,998	12,000,000	54,202,998	56,787,380	(2,584,382)
Trade and Equitable Development	7,038,690	2,200,000	9,238,690	8,175,495	1,063,195
Navigation	14,412,239		14,412,239	13,273,551	1,138,688
General Aviation	2,752,954	300,000	3,052,954	2,968,740	84,214
Long-term debt payments	12,391,220		12,391,220	12,314,497	76,723
System development charges/other	2,885,000		2,885,000		2,885,000
Other environmental	5,292,510	1,600,000	6,892,510	8,408,226	(1,515,716)
Contingencies	191,426,564	25,700,000	217,126,564		217,126,564
Total expenditures	336,368,371	38,500,000	374,868,371	153,155,683	221,712,688
TRANSFERS TO OTHER FUNDS:					
Bond Construction Fund	27,794,984		27,794,984	5,000,000	22,794,984
Airport Revenue Fund	406,222		406,222	1,047,374	(641,152)
Total transfers	28,201,206		28,201,206	6,047,374	22,153,832
Total expenditures and transfers	$ 364,569,577	$ 38,500,000	$ 403,069,577	159,203,057	$ 243,866,520
ENDING WORKING CAPITAL				$ 256,781,449	

THE PORT OF PORTLAND

SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
BOND CONSTRUCTION FUND
(BUDGETARY BASIS)
for the year ended June 30, 2022

	Budget	Actual	Over (Under) Budget
REVENUES:			
Interest and other	$ 53,463	$ (18,932)	$ (72,395)
Grants	10,673,231	3,093,523	(7,579,708)
	10,726,694	3,074,591	(7,652,103)
Tax and tax items:			
Current property tax levy - net	13,484,340	14,348,615	864,275
Interest on taxes	10,000	(23,811)	(33,811)
	13,494,340	14,324,804	830,464
Total revenues	24,221,034	17,399,395	(6,821,639)
TRANSFERS FROM OTHER FUNDS:			
General Fund	27,794,984	5,000,000	(22,794,984)
Airport Revenue Fund	2,048,187	3,779,742	1,731,555
Total transfers	29,843,171	8,779,742	(21,063,429)
BEGINNING WORKING CAPITAL	10,000,000	6,938,635	(3,061,365)
Total resources	$ 64,064,205	33,117,772	$ (30,946,433)

	Budget	Actual	(Over) Under Budget
EXPENDITURES:			
Capital outlay	$ 50,348,615	14,823,094	$ 35,525,521
Contingencies	10,000,000		10,000,000
Total expenditures	60,348,615	14,823,094	45,525,521
TRANSFERS TO OTHER FUNDS:			
General Fund	3,715,590	3,249,315	466,275
Airport Revenue Fund		3,522	(3,522)
Total transfers	3,715,590	3,252,837	462,753
Total expenditures and transfers	$ 64,064,205	18,075,931	$ 45,988,274
ENDING WORKING CAPITAL		$ 15,041,841	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
AIRPORT REVENUE FUND
(BUDGETARY BASIS)
for the year ended June 30, 2022

	Resources Original	Resources Transfers In (Out)	Resources Revised	Actual	Over (Under) Budget
REVENUES:					
Operating revenue - Portland International Airport	$ 271,845,355		$ 271,845,355	$ 284,393,426	$ 12,548,071
Interest and other	1,986,900		1,986,900	27,600,380	25,613,480
Bond issuance	195,000,000		195,000,000	252,018,227	57,018,227
Grants		$ 25,000,000	25,000,000	25,117,918	117,918
Total revenues	468,832,255	25,000,000	493,832,255	589,129,951	95,297,696
TRANSFERS FROM OTHER FUNDS:					
General Fund	406,222		406,222	1,047,374	641,152
Bond Construction Fund	23,352		23,352	3,522	(19,830)
Airport Construction Fund	296,241,785		296,241,785	5,800,936	(290,440,849)
Total transfers	296,671,359		296,671,359	6,851,832	(289,819,527)
Total revenues and transfers	765,503,614	25,000,000	790,503,614	595,981,783	(194,521,831)
BEGINNING WORKING CAPITAL	129,855,000		129,855,000	110,343,557	(19,511,443)
Total resources	$ 895,358,614	$ 25,000,000	$ 920,358,614	706,325,340	$ (214,033,274)

	Appropriations Original	Appropriations Transfers In (Out)	Appropriations Revised	Actual	(Over) Under Budget
EXPENDITURES:					
Operating expenditures	$ 118,603,135		$ 118,603,135	117,135,201	$ 1,467,934
Commercial paper debt service payments	291,000,000		291,000,000	104,064	290,895,936
Other	209,776		209,776	135,255	74,521
Contingencies	129,855,000	$ 25,000,000	154,855,000		154,855,000
Total expenditures	539,667,911	25,000,000	564,667,911	117,374,520	447,293,391
TRANSFERS TO OTHER FUNDS:					
General Fund	37,300,582		37,300,582	35,247,196	2,053,386
Bond Construction Fund	2,048,187		2,048,187	3,779,742	(1,731,555)
Airport Construction Fund	235,371,565		235,371,565	191,163,733	44,207,832
Airport Revenue Bond Fund	80,970,369		80,970,369	80,577,206	393,163
Total transfers	355,690,703		355,690,703	310,767,877	44,922,826
Total expenditures and transfers	$ 895,358,614	$ 25,000,000	$ 920,358,614	428,142,397	$ 492,216,217
ENDING WORKING CAPITAL				$ 278,182,943	

THE PORT OF PORTLAND

SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
AIRPORT REVENUE BOND FUND
(BUDGETARY BASIS)
for the year ended June 30, 2022

	Budget	Actual	Over (Under) Budget
REVENUES:			
Interest and other	$ 46,243	$ 109,599	$ 63,356
Bond sale and other debt proceeds	37,000,000	32,928,000	(4,072,000)
Total revenues	37,046,243	33,037,599	(4,008,644)
TRANSFERS FROM OTHER FUNDS:			
Airport Revenue Fund	80,970,369	80,577,206	(393,163)
Airport Construction Fund	17,741,736	15,157,484	(2,584,252)
Total transfers	98,712,105	95,734,690	(2,977,415)
Total revenues and transfers	135,758,348	128,772,289	(6,986,059)
BEGINNING RESTRICTED ASSETS AVAILABLE FOR FUTURE DEBT SERVICE	63,710,550	63,247,326	(463,224)
Total resources	$ 199,468,898	192,019,615	$ (7,449,283)

	Budget	Actual	(Over) Under Budget
EXPENDITURES:			
Long-term debt payments	$ 98,758,348	95,692,192	$ 3,066,156
Total expenditures	98,758,348	95,692,192	$ 3,066,156
UNAPPROPRIATED BALANCE	100,710,550		
	$ 199,468,898		
ENDING RESTRICTED ASSETS AVAILABLE FOR FUTURE DEBT SERVICE		$ 96,327,423	

THE PORT OF PORTLAND

SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
AIRPORT CONSTRUCTION FUND
(BUDGETARY BASIS)
for the year ended June 30, 2022

	Resources Original	Resources Transfers In (Out)	Resources Revised	Actual	Over (Under) Budget
REVENUES:					
Grants				$ 237,799	$ 237,799
Interest and other	$ 346,425		$ 346,425	(3,944,308)	(4,290,733)
Bond and Other Debt Proceeds	588,000,000		588,000,000	328,152,967	(259,847,033)
Total revenues	588,346,425		588,346,425	324,446,458	(263,899,967)
TRANSFERS FROM OTHER FUNDS:					
Airport Revenue Fund	235,371,565		235,371,565	191,163,733	(44,207,832)
CFC Fund	17,600,000		17,600,000	18,070,858	470,858
Total transfers	252,971,565		252,971,565	209,234,591	(43,736,974)
BEGINNING RESTRICTED ASSETS AVAILABLE FOR APPROPRIATION	228,419,844		228,419,844	101,685,182	(126,734,662)
Total resources	$ 1,069,737,834		$ 1,069,737,834	635,366,231	$ (434,371,603)

	Appropriations Original	Appropriations Transfers In (Out)	Appropriations Revised	Actual	(Over) Under Budget
EXPENDITURES:					
Capital outlay	$ 429,872,620	$ 12,000,000	$ 441,872,620	391,951,523	$ 49,921,097
Bond issue costs/other	2,150,000		2,150,000	1,355,362	794,638
Contingencies	311,527,164	(14,500,000)	297,027,164		297,027,164
Total expenditures	743,549,784	(2,500,000)	741,049,784	393,306,885	347,742,899
TRANSFERS TO OTHER FUNDS:					
General Fund	12,204,529	2,500,000	14,704,529	12,386,453	2,318,076
Airport Revenue Fund	296,241,785		296,241,785	5,800,936	290,440,849
Airport Revenue Bond Fund	17,741,736		17,741,736	15,157,484	2,584,252
Total transfers	326,188,050	2,500,000	328,688,050	33,344,873	295,343,177
Total expenditures and transfers	$ 1,069,737,834	$	$ 1,069,737,834	426,651,758	$ 643,086,076
ENDING RESTRICTED ASSETS AVAILABLE FOR APPROPRIATION				$ 208,714,473	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
PFC FUND
(BUDGETARY BASIS)
for the year ended June 30, 2022

	Budget	Actual	Over (Under) Budget
REVENUES:			
Interest and other	$ 602,398	$ (1,154,702)	$ (1,757,100)
Bond sale and other debt proceeds		360,366	360,366
Passenger facility charges	24,338,160	27,539,749	3,201,589
Total revenues	24,940,558	26,745,413	1,804,855
BEGINNING RESTRICTED ASSETS AVAILABLE FOR APPROPRIATION	74,974,483	82,292,649	7,318,166
Total resources	$ 99,915,041	109,038,062	$ 9,123,021

	Budget	Actual	(Over) Under Budget
EXPENDITURES:			
Other	$ 50,000	342,047	$ (292,047)
Contingencies	85,249,910		85,249,910
Total expenditures	85,299,910	342,047	84,957,863
TRANSFERS TO OTHER FUNDS:			
PFC Bond Fund	14,615,131	14,087,397	527,734
Total transfers	14,615,131	14,087,397	527,734
Total expenditures and transfers	$ 99,915,041	14,429,444	$ 85,485,597
ENDING RESTRICTED ASSETS AVAILABLE FOR APPROPRIATION		$ 94,608,618	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
PFC BOND FUND
(BUDGETARY BASIS)
for the year ended June 30, 2022

	Budget	Actual	Over (Under) Budget
REVENUES:			
Bond sale proceeds		$ 62,875,009	$ 62,875,009
Interest and other	$ 10,082	19,603	9,521
Total revenues	10,082	62,894,612	62,884,530
TRANSFERS FROM OTHER FUNDS:			
PFC Fund	14,615,131	14,087,397	(527,734)
BEGINNING RESTRICTED ASSETS			
AVAILABLE FOR FUTURE DEBT SERVICE	14,625,602	14,302,801	(322,801)
Total resources	$ 29,250,815	91,284,810	$ 62,033,995

	Budget	Actual	(Over) Under Budget
EXPENDITURES:			
Long-term debt payments	$ 14,645,213	79,160,383	$ (64,515,170)
Total expenditures	14,645,213	79,160,383	$ (64,515,170)
UNAPPROPRIATED BALANCE	14,605,602		
	$ 29,250,815		
ENDING RESTRICTED ASSETS			
AVAILABLE FOR FUTURE DEBT SERVICE		$ 12,124,427	

THE PORT OF PORTLAND

SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS

CFC FUND

(BUDGETARY BASIS)

for the year ended June 30, 2022

	Budget	Actual	Over (Under) Budget
REVENUES:			
Interest and other	$ 191,174	$ (457,062)	$ (648,236)
Customer facility charges	11,656,434	14,011,848	2,355,414
Total revenues	11,847,608	13,554,786	1,707,178
BEGINNING RESTRICTED ASSETS AVAILABLE FOR APPROPRIATION	92,417,855	43,772,871	(48,644,984)
Total resources	104,265,463	57,327,657	$ (46,937,806)

	Budget	Actual	(Over) Under Budget
EXPENDITURES:			
Bank fees and other	$ 30,000	19,500	$ 10,500
Contingencies	77,118,286		77,118,286
Total expenditures	77,148,286	19,500	77,128,786
TRANSFERS TO OTHER FUNDS:			
Airport Construction Fund	17,600,000	18,070,858	(470,858)
CFC Bond Fund	9,517,177	9,522,860	(5,683)
Total transfers	27,117,177	27,593,718	(476,541)
UNAPPROPRIATED BALANCE			
Total expenditures and transfers	$ 104,265,463	27,613,218	$ 76,652,245
ENDING RESTRICTED ASSETS AVAILABLE FOR APPROPRIATION		$ 29,714,439	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
CFC BOND FUND
(BUDGETARY BASIS)
for the year ended June 30, 2022

	Budget	Actual	Over (Under) Budget
REVENUES:			
Interest and other	$ 6,483	$ 6,859	$ 376
Total revenues	6,483	6,859	376
TRANSFERS FROM OTHER FUNDS:			
CFC Fund	9,517,177	9,522,860	5,683
Total transfers	9,517,177	9,522,860	5,683
Total revenues and transfers	9,523,660	9,529,719	6,059
BEGINNING RESTRICTED ASSETS AVAILABLE FOR APPROPRIATION	9,783,499	9,755,605	(27,894)
Total resources	$ 19,307,159	19,285,324	$ (21,835)

	Budget	Actual	(Over) Under Budget
EXPENDITURES:			
Long-term debt payments	$ 9,523,660	9,523,659	$ 1
Total expenditures	9,523,660	9,523,659	$ 1
UNAPPROPRIATED BALANCE	9,783,499		
Total expenditures and transfers	$ 19,307,159		
ENDING RESTRICTED ASSETS AVAILABLE FOR APPROPRIATION		$ 9,761,665	

THE PORT OF PORTLAND
COMBINING BALANCE SHEET – ALL FUNDS
June 30, 2022

		Marine & Other			Airport							
ASSETS	Combined All Funds	Total Marine & Other	General Fund	Bond Construction Fund	Total Airport	Revenue Fund	Revenue Bond Fund	Construction Fund	PFC Fund	PFC Bond Fund	CFC Fund	CFC Bond Fund
Current assets:												
Cash and cash equivalents	$ 108,011,725	$ 107,973,485	$ 107,934,035	$ 39,450	$ 38,240	$ 38,240						
Equity in pooled investments	421,789,183	171,930,791	156,405,048	15,525,743	249,858,392	249,858,392						
Restricted cash and equity in pooled investments	114,247,519				114,247,519		$ 70,321,624	$ 26,907,479	$ 226,644	$ 10,364,942		$ 6,426,830
Receivables, net of allowance for doubtful accounts	54,090,363	28,301,396	27,001,122	1,300,274	25,788,967	25,788,967						
Lease receivable	39,461,020	10,320,258	10,320,258		29,140,762	29,140,762						
Prepaid insurance and other assets	7,481,833	2,576,402	2,373,061	203,341	4,905,431	4,905,431						
Total current assets	745,081,643	321,102,332	304,033,524	17,068,808	423,979,311	309,731,792	70,321,624	26,907,479	226,644	10,364,942		6,426,830
Noncurrent assets:												
Restricted assets:												
Cash and equity in pooled investments	478,941,734	9,986,308	9,986,308		468,955,426	23,344,680	96,327,423	207,111,335	92,134,314	12,124,427	$ 28,151,582	9,761,665
Receivables	5,282,402				5,282,402			1,245,241	2,474,304		1,562,857	
Contract retainage deposits	357,897				357,897			357,897				
Total restricted assets	484,582,033	9,986,308	9,986,308		474,595,725	23,344,680	96,327,423	208,714,473	94,608,618	12,124,427	29,714,439	9,761,665
Land held for sale	41,729,187	41,729,187	38,740,557	2,988,630								
Depreciable properties, net of accumulated depreciation and amortization	1,493,305,469	142,438,198	142,438,198		1,350,867,271	1,350,867,271						
Nondepreciable properties	1,203,692,526	132,495,429	81,162,080	51,333,349	1,071,197,097	68,042,167		1,003,154,930				
Lease receivable	424,931,774	195,377,541	195,377,541		229,554,233	229,554,233						
Due from other funds		21,985,841 *	21,985,841 *									
Unamortized bond issue costs and other noncurrent assets	6,570,807	6,317,427	6,317,427		253,380	214,070			39,310			
Total noncurrent assets	3,654,811,796	550,329,931	496,007,952	54,321,979	3,126,467,706	1,672,022,421	96,327,423	1,211,869,403	94,647,928	12,124,427	29,714,439	9,761,665
Deferred outflows of resources:												
Deferred charges on refunding bonds	12,503,375				12,503,375	10,050,401			2,452,974			
Deferred charges on pensions and OPEB	41,869,604	21,056,212	21,056,212		20,813,392	20,813,392						
Total deferred outflows of resources	54,372,979	21,056,212	21,056,212		33,316,767	30,863,793			2,452,974			
Total assets	$ 4,454,266,418	$ 892,488,475	$ 821,097,688	$ 71,390,787	$ 3,583,763,784	$ 2,012,618,006	$ 166,649,047	$ 1,238,776,882	$ 97,327,546	$ 22,489,369	$ 29,714,439	$ 16,188,495
LIABILITIES												
Current liabilities (payable from current assets):												
Current portion of long-term debt	$ 7,765,822	$ 7,765,822	$ 7,765,822									
Accounts payable, lease and other accrued liabilities	51,313,284	28,717,059	26,690,092	$ 2,026,967	$ 22,596,225	$ 22,596,225						
Accrued wages, vacation and sick leave pay	13,298,887	6,338,916	6,338,916		6,959,971	6,959,971						
Workers' compensation and other accrued liabilities	8,449,898	6,457,245	6,457,245		1,992,653	1,992,653						
Total current liabilities (payable from current assets)	80,827,891	49,279,042	47,252,075	2,026,967	31,548,849	31,548,849						
Restricted liabilities (payable from restricted assets):												
Current portion of long-term debt and other	50,025,825				50,025,825		$ 37,205,431		$ 225,394	$ 9,265,000		$ 3,330,000
Accrued interest payable	37,312,965				37,312,965		33,116,193			1,099,942		3,096,830
Accounts payable	26,172,440				26,172,440			$ 26,171,190	1,250			
Contract retainage payable	736,289				736,289			736,289				
Total restricted current liabilities (payable from restricted assets)	114,247,519				114,247,519		70,321,624	26,907,479	226,644	10,364,942		6,426,830
Total current liabilities	195,075,410	49,279,042	47,252,075	2,026,967	145,796,368	31,548,849	70,321,624	26,907,479	226,644	10,364,942		6,426,830
Noncurrent liabilities:												
Long-term environmental and other accruals	58,596,225	55,424,942	55,424,942		3,171,283	1,136,283	1,492,000		543,000			
Long-term debt	2,030,227,825	48,787,791	48,787,791		1,981,440,034	1,743,001,498			84,878,536		$ 153,560,000	
Unearned revenue and other	66,277,173	24,502,203	24,502,203		41,774,970	41,347,809	315,006		112,155			
Net pension and OPEB liability	67,236,155	19,384,425	19,384,425		47,851,730	47,851,730						
Due to other funds					21,985,841 *	21,985,841 *						
Total noncurrent liabilities	2,222,337,378	148,099,361	148,099,361		2,096,223,858	1,855,323,161	1,807,006		85,533,691		153,560,000	
Deferred inflows of resources:												
Deferred lease inflows	454,123,388	198,557,068	198,557,068		255,566,320	255,566,320						
Deferred pension inflows and other deferred inflows of resources	54,624,407	28,039,292	28,039,292		26,585,115	26,585,115						
Total deferred inflows of resources	508,747,795	226,596,360	226,596,360		282,151,435	282,151,435						
Total liabilities	2,926,160,583	423,974,763	421,947,796	2,026,967	2,524,171,661	2,169,023,445	72,128,630	26,907,479	85,760,335	10,364,942	153,560,000	6,426,830
NET POSITION												
Net investment in capital assets	802,104,554	305,188,556	250,866,577	54,321,979	496,915,998	(333,100,809)	(38,467,000)	1,117,568,059	(82,929,252)	(9,265,000)	(153,560,000)	(3,330,000)
Restricted for capital and debt service	397,237,154	9,986,308	9,986,308		387,250,846	1,270,091	132,987,417	94,301,344	94,496,463	21,389,427	29,714,439	13,091,665
Unrestricted	328,764,127	153,338,848	138,297,007	15,041,841	175,425,279	175,425,279						
Total net position	1,528,105,835	468,513,712	399,149,892	69,363,820	1,059,592,123	(156,405,439)	94,520,417	1,211,869,403	11,567,211	12,124,427	(123,845,561)	9,761,665
Total liabilities and net position	$ 4,454,266,418	$ 892,488,475	$ 821,097,688	$ 71,390,787	$ 3,583,763,784	$ 2,012,618,006	$ 166,649,047	$ 1,238,776,882	$ 97,327,546	$ 22,489,369	$ 29,714,439	$ 16,188,495

* Amount eliminated in the Combined All Funds column.

THE PORT OF PORTLAND
PORTLAND INTERNATIONAL AIRPORT
SCHEDULE OF NET REVENUES
for the year ended June 30, 2022

Operating revenues:	
Airline revenues	$ 148,666,178
Concessions and other rentals	133,149,188
Other	28,026,520
	309,841,886
Interest income - revenue fund and revenue bond fund	(5,216,509)
	304,625,377
Costs of operation and maintenance, excluding depreciation:	
Salaries, wages and fringe benefits	56,595,632
Contract, professional and consulting services	37,626,667
Materials and supplies	4,934,193
Utilities	10,342,110
Equipment rents, repair and fuel	1,368,668
Insurance	3,732,395
Lease and rent	19,970
Travel and management expense	1,778,221
Allocation of general and administration expense of the Port of Portland	24,076,523
Other	2,699,897
	143,174,276
Net revenues, as defined by Section 2(r) of Ordinance No. 155 *	$ 161,451,101

* Presented in accordance with provisions of Ordinance Nos. 155 and 323 (ordinances authorizing issuance of Airport revenue bonds), which are different from generally accepted accounting principles.

THE PORT OF PORTLAND
PORTLAND INTERNATIONAL AIRPORT
SCHEDULE OF COMPLIANCE WITH ORDINANCE NOS. 155 AND 323
DEBT SERVICE COVERAGE REQUIREMENTS
for the year ended June 30, 2022

Section 16(ii) of Ordinance No. 155 and Section 5f of Ordinance No. 323 authorizing the issuance of Portland International Airport revenue bonds require that net revenues, as defined by Ordinance No. 155, in each fiscal year must equal at least 130 percent of the prior lien bond (PLB) and subordinate lien bond (SLB) debt service requirements, as defined, for such fiscal year on all outstanding Portland International Airport revenue bonds. The Airport paid off the last of the PLBs in 1993, and has covenanted not to issue any further PLBs.

The Airport has complied with this provision computed in accordance with ordinance definitions as follows:

Net revenues, per accompanying schedule of net revenues		$ 161,451,101
SLB debt service requirement:		
Interest and principal amount	$ 79,537,282	
	x 130%	
Total net revenues required		103,398,467
Excess of net revenues over 130% of SLB debt service requirement		$ 58,052,634

Section 5f of Ordinance No. 323 also requires that in a fiscal year when there is excess principal due, as defined in Section 5f of Ordinance No. 323, the net revenues in excess of 130% of the SLB debt service requirement equal 100% of such excess principal amount.

Excess of net revenues over 130% of SLB debt service requirement		$ 58,052,634
Excess principal amount	$	
	x 100%	
Total additional net revenues required		
Excess of net revenues over 130% of SLB debt service requirement and 100% of excess principal requirement		$ 58,052,634

In addition, Section 5f of Ordinance No. 323 requires that the net nevenues, together with other amounts that are available to pay other swap obligations, as defined in Ordinance No. 323, are sufficient to pay all other swap obligations and junior lien obligations (Other Obligations) when due.

Excess of net revenues over 130% of SLB debt service requirement and 100% of excess principal requirement		$ 58,052,634
Other amounts available to pay other swap obligations		
Total available to pay Other Obligations		58,052,634
Other swap obligations	$	
Junior lien obligations		
Total Other Obligations		
Excess amount over 130% of SLB debt service requirement, 100% of excess principal requirement, and Other Obligations		$ 58,052,634

THE PORT OF PORTLAND
PORTLAND INTERNATIONAL AIRPORT
SCHEDULE OF REVENUE BOND
CONSTRUCTION ACCOUNT ACTIVITY
for the year ended June 30, 2022

	Bond Proceeds Portion	Capitalized Interest Portion
Construction account, June 30, 2021	$ 75,467,102	$ 15,973,048
Bond sale proceeds	200,285,698	49,171,428
Interest income	314,042	120,888
	276,066,842	65,265,364
Construction expenditures	210,957,905	
Issuance expenditures	420,983	
Transfers to revenue bond fund		15,540,189
Construction account, June 30, 2022	$ 64,687,954	$ 49,725,175

NOTE: This schedule is provided in compliance with Section 8(d) of Ordinance No. 323.

THE PORT OF PORTLAND
PORTLAND INTERNATIONAL AIRPORT
SCHEDULE OF GENERAL ACCOUNT AMOUNT AVAILABLE FOR PAYMENT TO AIRPORT REVENUE BOND FUND AND RATIO TO REVENUE BOND DEBT SERVICE REQUIREMENT
for the year ended June 30, 2022

Net revenues, per accompanying schedule of net revenues	$	161,451,101	
Less revenue bond fund interest income		1,382,401	
Applied to General Account, available to be applied to debt service of bonds	$	162,833,502	(1)
Bond debt service requirement, per accompanying schedule of compliance with Ordinance Nos. 155 and 323	$	79,537,282	(2)
Ratio (1)/(2)		2.05	
Required ratio		1.30	

NOTE: This schedule is provided in compliance with Section 5f of Ordinance No. 323.

THE PORT OF PORTLAND
PORTLAND INTERNATIONAL AIRPORT
SCHEDULE OF PASSENGER FACILITY CHARGE ACTIVITY
for the year ended June 30, 2022

	First Lien Bond Account	First Lien Reserve Account	Capital Account
Balances at June 30, 2021	$ 102,092	$ 14,200,709	$ 82,292,649
PFC revenues:			
PFC bond account	14,087,397		
Capital account			13,452,352
Interest earnings		19,604	(1,259,631)
Transfer from reserve account to bond account	2,124,276	(2,124,276)	
PFC Bond 2022A Issuance Proceeds	62,875,009		
Bond payments to trustee	(79,160,383)		
Other, net			123,248
Balances at June 30, 2022	$ 28,391	$ 12,096,037	$ 94,608,618

NOTE: This schedule is provided in compliance with Section 9(d) of Ordinance No. 395-B.

THE PORT OF PORTLAND
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
for the year ended June 30, 2022

Fiscal Year	Property Taxes Receivable June 30, 2021	Current Levy as Extended by Assessors	Deduct Cash Collections	Deduct Discounts Allowed	Cancellations and Adjustments	Property Taxes Receivable June 30, 2022	Interest Collected
2021-22		$ 14,792,001	$ (14,168,135)	$ (294,013)	$ (140,716)	$ 189,137	$ 4,343
2020-21	$ 178,617		(100,116)		(9,181)	69,320	4,948
2019-20	71,954		(32,896)		(606)	38,452	4,165
2018-19	33,711		(20,371)		(15)	13,325	4,158
2017-18	13,621		(10,132)		547	4,036	2,522
2016-17 and prior	22,399		(3,979)		598	19,017	950
	$ 320,302	$ 14,792,001	$ (14,335,629)	$ (294,013)	$ (149,373)	$ 333,288	$ 21,086

Reconciliation to income from property taxes:

Current levy	$ 14,792,001
Deduct discounts allowed	(294,013)
Cancellations and adjustments	(149,373)
	$ 14,348,615

THE PORT OF PORTLAND

SCHEDULE OF BOND AND OTHER LONG-TERM DEBT PRINCIPAL TRANSACTIONS – BY SERIES
FOR THE YEAR ENDED JUNE 30, 2022

	Maturity Date	Outstanding at June 30, 2021	2021-2022 Transactions: Issued	2021-2022 Transactions: Matured	2021-2022 Transactions: Redeemed	Outstanding June 30, 2022: Total	Outstanding June 30, 2022: Due Within One Year
LIMITED TAX PENSION BONDS:							
Series 2002B, 6.60% to 6.85%	06/01/28	$ 39,565,000		$ 4,240,000	$ 4,240,000	$ 35,325,000	$ 4,840,000
Series 2005, 4.00% to 5.50%	06/01/28	11,765,000		1,365,000	1,365,000	10,400,000	1,510,000
Total Limited Tax Pension Bonds		51,330,000		5,605,000	5,605,000	45,725,000	6,350,000
PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS:							
Series 18A, 1.21% *	07/01/26	22,680,000		5,155,000	5,155,000	17,525,000	3,295,000
Series 18B, 1.06% *	07/01/26	22,685,000		5,155,000	5,155,000	17,530,000	3,295,000
Series 21C, 4.375% to 5.00%	07/01/23	17,395,000		5,560,000	5,560,000	11,835,000	5,785,000
Series 22, 4.00% to 5.00%	07/01/44	86,420,000		1,940,000	1,940,000	84,480,000	2,040,000
Series 23, 5.00%	07/01/38	99,780,000		3,545,000	3,545,000	96,235,000	3,720,000
Series 24A, 5.00%	07/01/47	21,965,000				21,965,000	
Series 24B, 5.00%	07/01/47	205,855,000		4,170,000	4,170,000	201,685,000	4,375,000
Series 25A, 5.00%	07/01/49	21,825,000				21,825,000	
Series 25B, 5.00%	07/01/49	185,900,000		560,000	560,000	185,340,000	2,325,000
Series 26A, 4.00% to 5.00%	07/01/40	12,265,000		605,000	605,000	11,660,000	630,000
Series 26B, 5.00%	07/01/40	14,460,000		25,000	25,000	14,435,000	25,000
Series 26C, 5.00%	07/01/28	46,000,000		5,560,000	5,560,000	40,440,000	5,835,000
Series 27A, 4.00% to 5.00%	07/01/50	289,535,000				289,535,000	
Series 27B, 0.80% to 1.30%	07/01/25	22,925,000				22,925,000	5,650,000
Series 28, 4.00% to 5.00%	07/01/52		$ 527,005,000			527,005,000	
Total Portland Int'l Airport Revenue Bonds		1,069,690,000	527,005,000	32,275,000	32,275,000	1,564,420,000	36,975,000
PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REVENUE BONDS:							
Series 2011A, 2.50% to 5.50%	07/01/31	65,305,000		125,000	65,305,000		
Series 2012A, 1.908% *	07/01/24	38,080,000		8,805,000	8,805,000	29,275,000	9,265,000
Series 2022A, 5.00% *	07/01/31		51,620,000			51,620,000	
Total Portland Int'l Airport Passenger Facility Charge Revenue Bonds		103,385,000	51,620,000	8,930,000	74,110,000	80,895,000	9,265,000
PORTLAND INTERNATIONAL AIRPORT CUSTOMER FACILITY CHARGE REVENUE BONDS:							
Series 2019, 2.635% to 4.237%	07/01/49	160,130,000		3,240,000	3,240,000	156,890,000	3,330,000
Total Portland Int'l Airport Customer Facility Charge Revenue Bonds		160,130,000		3,240,000	3,240,000	156,890,000	3,330,000
Total Port Bonds		$ 1,384,535,000	$ 578,625,000	$ 50,050,000	$ 115,230,000	$ 1,847,930,000	$ 55,920,000
CONTRACTS & LOANS PAYABLE:							
Oregon Department of Transportation, MMTF-0003, 0%	07/01/22	$ 742,700		$ 742,700	$ 742,700		
Oregon Business Development Dept., B08005, 5.00%	12/01/30	3,973,329		328,930	328,930	$ 3,644,399	$ 331,627
Oregon Business Development Dept., Strategic Reserve Fund, 0%	03/31/22	500,000		500,000	500,000		
Banc of America Leasing & Capital, LLC, 4.5%	06/01/28	8,220,789		1,036,575	1,036,575	7,184,214	1,084,195
Total Contracts & Loans Payable		$ 13,436,818		$ 2,608,205	$ 2,608,205	$ 10,828,613	$ 1,415,822
TOTAL PORT LONG-TERM DEBT		$ 1,397,971,818	$ 578,625,000	$ 52,658,205	$ 117,838,205	$ 1,858,758,613	$ 57,335,822

Note: Interest rates relate to original issue. Certain coupons are no longer outstanding.
* Interest rate at June 30, 2022. Rate is variable, depending on weekly resets.

THE PORT OF PORTLAND

SCHEDULE OF BOND AND OTHER LONG-TERM DEBT INTEREST TRANSACTIONS – BY SERIES
FOR THE YEAR ENDED JUNE 30, 2022

	Outstanding at June 30, 2021	2021 - 22 Transactions: Issued	2021 - 22 Transactions: Interest Matured and Paid	2021 - 22 Transactions: Interest Fluctuations and Redemptions	Outstanding at June 30, 2022	Maturing Within One Year
LIMITED TAX PENSION BONDS:						
Series 2002B, 6.60% to 6.85%	$ 11,239,081		$ 2,694,690		$ 8,544,391	$ 2,404,250
Series 2005, 4.00% to 5.50%	2,411,679		588,721		1,822,958	520,416
Total Limited Tax Pension Bonds	13,650,760		3,283,411		10,367,349	2,924,666
PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS:						
Series 18A, 1.21% *	60,624		37,686	$ (619,573)	642,511	212,053
Series 18B, 1.06% *	53,066		36,714	(546,720)	563,072	185,818
Series 21C, 4.375% to 5.00%	1,255,432		681,363		574,069	426,100
Series 22, 4.00% to 5.00%	61,725,750		4,272,500		57,453,250	4,173,000
Series 23, 5.00%	51,373,750		4,900,375		46,473,375	4,718,750
Series 24A, 5.00%	27,013,875		1,098,250		25,915,625	1,098,250
Series 24B, 5.00%	159,537,875		10,188,500		149,349,375	9,974,875
Series 25A, 5.00%	29,024,625		1,091,250		27,933,375	1,091,250
Series 25B, 5.00%	159,394,750		9,281,000		150,113,750	9,208,875
Series 26A, 4.00% to 5.00%	5,244,200		556,075		4,688,125	525,200
Series 26B, 5.00%	9,121,750		722,375		8,399,375	721,125
Series 26C, 5.00%	9,301,500		2,161,000		7,140,500	1,876,125
Series 27A, 4.00% to 5.00%	260,517,725		13,418,950		247,098,775	13,418,950
Series 27B, 0.80% to 1.30%	792,648		246,935		545,713	224,335
Series 28, 4.00% to 5.00%		$ 461,239,832			461,239,832	20,916,107
Total Portland Int'l Airport Revenue Bonds	774,417,570	461,239,832	48,692,973	(1,166,293)	1,188,130,722	68,770,813
PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REVENUE BONDS:						
Series 2011A, 2.50% to 5.50%	26,113,075		3,377,244	22,735,831		
Series 2012A, 1.908% *	632,220		227,942	(731,794)	1,136,072	558,544
Series 2022A, 5.00%		18,865,706			18,865,706	2,251,206
Total Portland Int'l Airport Passenger Facility Charge Revenue Bonds	26,745,295	18,865,706	3,605,186	22,004,037	20,001,778	2,809,750
PORTLAND INTERNATIONAL AIRPORT CUSTOMER FACILITY CHARGE REVENUE BONDS:						
Series 2019, 2.635% to 4.237%	112,898,857		6,237,578		106,661,279	6,147,556
Total Portland Int'l Airport Customer Facility Charge Revenue Bonds	112,898,857		6,237,578		106,661,279	6,147,556
Total Port Bonds	$ 927,712,482	$ 480,105,538	$ 61,819,148	$ 20,837,744	$ 1,325,161,128	$ 80,652,785
CONTRACTS & LOANS PAYABLE:						
Oregon Business Development Dept., B08005, 5.00%	$ 1,125,896		$ 156,174		$ 969,722	$ 182,220
Banc of America Leasing & Capital, LLC, 4.5%	1,360,900		348,730		1,012,170	301,109
Total Contracts & Loans Payable	$ 2,486,796		$ 504,904		$ 1,981,892	$ 483,329
TOTAL PORT LONG-TERM DEBT	$ 930,199,278	$ 480,105,538	$ 62,324,052	$ 20,837,744	$ 1,327,143,020	$ 81,136,114

Note: Interest rates relate to original issue. Certain coupons are no longer outstanding.
* Interest rate at June 30, 2022. Rate is variable, depending on weekly resets.

THE PORT OF PORTLAND

SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF BONDED AND OTHER LONG-TERM DEBT – BY SERIES

AS OF JUNE 30, 2022

		Date of Issue	Total Requirements	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28 to 2031-32	2032-33 to 2036-37	2037-38 to 2041-42	2042-43 to 2046-47	2047-48 to 2051-52	2052-53 to 2056-57
LIMITED TAX PENSION BONDS:														
Series 2002B	-Principal	03/28/02	$ 35,325,000	$ 4,840,000	$ 5,495,000	$ 6,205,000	$ 6,965,000	$ 7,810,000	$ 4,010,000					
6.60% to 6.85%	-Interest		8,544,391	2,404,250	2,072,710	1,696,303	1,286,773	809,670	274,685					
Series 2005	-Principal	09/23/05	10,400,000	1,510,000	1,670,000	1,835,000	2,015,000	2,205,000	1,165,000					
5.004%	-Interest		1,822,958	520,416	444,856	361,289	269,465	168,635	58,297					
Total Limited Tax Pension Bonds	-Principal		$ 45,725,000	$ 6,350,000	$ 7,165,000	$ 8,040,000	$ 8,980,000	$ 10,015,000	$ 5,175,000					
Total Limited Tax Pension Bonds	-Interest		$ 10,367,349	$ 2,924,666	$ 2,517,566	$ 2,057,592	$ 1,556,238	$ 978,305	$ 332,982					
PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS:														
Series 18A	-Principal	06/11/08	$ 17,525,000	$ 3,295,000	$ 3,450,000	$ 3,605,000	$ 3,785,000	$ 3,390,000						
1.21%**	-Interest		642,511	212,053	172,183	130,438	86,818	41,019						
Series 18B	-Principal	06/11/08	17,530,000	3,295,000	3,450,000	3,610,000	3,780,000	3,395,000						
1.06%**	-Interest		563,072	185,818	150,891	114,321	76,055	35,987						
Series 21C	-Principal	08/10/11	11,835,000	5,785,000	6,050,000									
4.375% to 5.00%	-Interest		574,069	426,100	147,969									
Series 22	-Principal	09/25/14	84,480,000	2,040,000	2,140,000	2,250,000	2,360,000	2,480,000	$ 14,390,000	$ 18,345,000	$ 23,420,000	$ 17,055,000		
5.00%	-Interest		57,453,250	4,173,000	4,068,500	3,958,750	3,843,500	3,722,500	16,573,750	12,501,375	7,305,000	1,306,875		
Series 23	-Principal	03/31/15	96,235,000	3,720,000	3,910,000	4,110,000	4,310,000	4,525,000	26,265,000	26,145,000	23,250,000			
5.00%	-Interest		46,473,375	4,718,750	4,528,000	4,327,500	4,117,000	3,896,125	15,760,625	8,322,375	803,000			
Series 24A	-Principal	01/25/17	21,965,000									17,135,000	$ 4,830,000	
5.00%	-Interest		25,915,625	1,098,250	1,098,250	1,098,250	1,098,250	1,098,250	5,491,250	5,491,250	5,491,250	3,829,875	120,750	
Series 24B	-Principal	01/25/17	201,685,000	4,375,000	4,595,000	4,825,000	5,070,000	5,315,000	30,860,000	39,385,000	50,255,000	47,015,000	9,990,000	
5.00%	-Interest		149,349,375	9,974,875	9,750,625	9,515,125	9,267,750	9,008,125	40,669,000	31,929,625	20,778,125	8,206,375	249,750	
Series 25A	-Principal	04/24/19	21,825,000									8,095,000	13,730,000	
5.00%	-Interest		27,933,375	1,091,250	1,091,250	1,091,250	1,091,250	1,091,250	5,456,250	5,456,250	5,456,250	5,056,375	1,052,000	
Series 25B	-Principal	04/24/19	185,340,000	2,325,000	3,745,000	3,935,000	4,130,000	4,335,000	25,155,000	32,125,000	40,995,000	44,230,000	24,365,000	
5.00%	-Interest		150,113,750	9,208,875	9,057,125	8,865,125	8,663,500	8,451,875	38,696,125	31,569,375	22,471,875	11,262,750	1,867,125	
Series 26A	-Principal	04/24/20	11,660,000	630,000	670,000	695,000	735,000	770,000	2,970,000	2,650,000	2,540,000			
4.00% to 5.00%	-Interest		4,688,125	525,200	492,700	458,575	422,825	385,200	1,403,250	792,575	207,800			
Series 26B	-Principal	04/24/20	14,435,000	25,000	50,000	540,000	560,000	600,000	3,570,000	4,550,000	4,540,000			
5.00%	-Interest		8,399,375	721,125	719,250	704,500	677,000	648,000	2,736,000	1,725,000	468,500			
Series 26C	-Principal	04/24/20	40,440,000	5,835,000	6,140,000	6,435,000	4,610,000	4,840,000	12,580,000					
5.00%	-Interest		7,140,500	1,876,125	1,576,750	1,262,375	986,250	750,000	689,000					
Series 27A	-Principal	09/30/20	289,535,000					6,165,000	35,785,000	45,670,000	57,925,000	72,985,000	71,005,000	
4.00% to 5.00%	-Interest		247,098,775	13,418,950	13,418,950	13,418,950	13,418,950	13,264,825	61,255,375	51,120,250	38,675,175	23,201,825	5,905,525	
Series 27B	-Principal	09/30/20	22,925,000	5,650,000	5,695,000	5,755,000	5,825,000		-					
0.80% to 1.30%	-Interest		545,713	224,335	173,260	110,255	37,863		-					
Series 28	-Principal	02/17/22	527,005,000		590,000	8,970,000	9,420,000	9,890,000	57,390,000	73,095,000	89,895,000	110415000	135,985,000	$ 31,355,000
4.00% to 5.00%	-Interest		461,239,832	20,916,107	23,965,500	23,726,500	23,266,750	22,784,000	105,788,750	89,851,100	72,823,750	51,982,650.00	25,350,850	783,875
Total Portland Int'l Airport Revenue Bonds	-Principal		$1,564,420,000	$ 36,975,000	$ 40,485,000	$ 44,730,000	$ 44,585,000	$ 45,705,000	$ 208,965,000	$ 241,965,000	$ 292,820,000	$ 316,930,000	$ 259,905,000	$ 31,355,000
Total Portland Int'l Airport Revenue Bonds	-Interest		$1,188,130,722	$ 68,770,813	$ 70,411,203	$ 68,781,914	$ 67,053,761	$ 65,177,156	$ 294,519,375	$ 238,759,175	$ 174,480,725	$ 104,846,725	$ 34,546,000	$ 783,875
PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REVENUE BONDS:														
Series 2012A	-Principal	08/15/12	$ 29,275,000	$ 9,265,000	$ 9,750,000	$ 10,260,000								
1.908%**	-Interest		1,136,072	558,544	381,775	195,753								
Series 2022A	-Principal	11/10/11	51,620,000					$ 2,670,000	$ 48,950,000					
5.00%	-Interest		18,865,706	2,251,206	2,581,000	2,581,000	$ 2,581,000	2,514,250	6,357,250					
Total Portland Int'l Airport PFC Revenue Bonds	-Principal		$ 80,895,000	$ 9,265,000	$ 9,750,000	$ 10,260,000		$ 2,670,000	$ 48,950,000					
Total Portland Int'l Airport PFC Revenue Bonds	-Interest		$ 20,001,778	$ 2,809,750	$ 2,962,775	$ 2,776,753	$ 2,581,000	$ 2,514,250	$ 6,357,250					
PORTLAND INTERNATIONAL AIRPORT CUSTOMER FACILITY CHARGE REVENUE BONDS:														
Series 2019	-Principal	04/29/19	$ 156,890,000	$ 3,330,000	$ 3,420,000	$ 3,520,000	$ 3,625,000	$ 3,735,000	$ 20,655,000	$ 24,835,000	$ 30,275,000	$ 37,185,000	$ 26,310,000	
2.769% to 4.237%	-Interest		106,661,279	6,147,556	6,052,751	5,952,165	5,843,839	5,727,377	26,589,983	22,285,433	16,716,230	9,643,095	1,702,850	
Total Portland Int'l Airport CFC Revenue Bonds	-Principal		$ 156,890,000	$ 3,330,000	$ 3,420,000	$ 3,520,000	$ 3,625,000	$ 3,735,000	$ 20,655,000	$ 24,835,000	$ 30,275,000	$ 37,185,000	$ 26,310,000	
Total Portland Int'l Airport CFC Revenue Bonds	-Interest		$ 106,661,279	$ 6,147,556	$ 6,052,751	$ 5,952,165	$ 5,843,839	$ 5,727,377	$ 26,589,983	$ 22,285,433	$ 16,716,230	$ 9,643,095	$ 1,702,850	
Total Port Bonds	-Principal		$1,847,930,000	$ 55,920,000	$ 60,820,000	$ 66,550,000	$ 57,190,000	$ 62,125,000	$ 283,745,000	$ 266,800,000	$ 323,095,000	$ 354,115,000	$ 286,215,000	$ 31,355,000
Total Port Bonds	-Interest		$1,325,161,128	$ 80,652,785	$ 81,944,295	$ 79,568,424	$ 77,034,838	$ 74,397,088	$ 327,799,590	$ 261,044,608	$ 191,196,955	$ 114,489,820	$ 36,248,850	$ 783,875

THE PORT OF PORTLAND

SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF BONDED AND OTHER LONG-TERM DEBT – BY SERIES
AS OF JUNE 30, 2022, Continued

		Date of Issue	Total Requirements	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28 to 2031-32	2032-33 to 2036-37	2037-38 to 2041-42	2042-43 to 2046-47	2047-48 to 2051-52	2052-53 to 2056-57
CONTRACTS & LOANS PAYABLE:														
Oregon Business Development Dept. B08005	-Principal	08/31/10	$ 3,644,399	$ 331,627	$ 349,458	$ 362,431	$ 380,553	$ 403,830	$ 1,816,500					
5.00%	-Interest		969,722	182,220	165,639	148,166	130,044	111,017	232,636					
Banc of America Leasing & Capital, LLC	-Principal	06/06/13	7,184,214	1,084,195	1,134,003	1,186,099	1,240,588	1,297,580	1,241,749					
4.5%	-Interest		1,012,170	301,109	251,302	199,205	144,717	87,723	28,114					
Total Contracts & Loans Payable	-Principal		$ 10,828,613	$ 1,415,822	$ 1,483,461	$ 1,548,530	$ 1,621,141	$ 1,701,410	$ 3,058,249					
Total Contracts & Loans Payable	-Interest		$ 1,981,892	$ 483,329	$ 416,941	$ 347,371	$ 274,761	$ 198,740	$ 260,750					
TOTAL PORT LONG-TERM DEBT	-Principal		$1,858,758,613	$ 57,335,822	$ 62,303,461	$ 68,098,530	$ 58,811,141	$ 63,826,410	$ 286,803,249	$ 266,800,000	$ 323,095,000	$ 354,115,000	$ 286,215,000	$ 31,355,000
TOTAL PORT LONG-TERM DEBT	-Interest		$1,327,143,020	$ 81,136,114	$ 82,361,236	$ 79,915,795	$ 77,309,599	$ 74,595,828	$ 328,060,340	$ 261,044,608	$ 191,196,955	$ 114,489,820	$ 36,248,850	$ 783,875

Note: Interest rates relate to original issue. Certain coupons are no longer outstanding.

** Interest rate at June 30, 2022. Rate is variable, depending on weekly resets.

		Date of Issue	Total Requirements	2022-23	2023-24	2024-25	2025-26	2026-27
INDUSTRIAL DEVELOPMENT REVENUE BONDS:								
Horizon Air Project:	-Principal	08/07/97	$ 17,300,000					$ 17,300,000
1997 Series, 0.79%*	-Interest		671,961	$ 136,670	$ 136,670	$ 136,670	$ 136,670	125,281
TOTAL INDUSTRIAL REVENUE BONDS	-Principal		$ 17,300,000					$ 17,300,000
TOTAL INDUSTRIAL REVENUE BONDS	-Interest		$ 671,961	$ 136,670	$ 136,670	$ 136,670	$ 136,670	$ 125,281

* Interest rate at June 30, 2022. Rate is variable, depending on prime.

Note: Interest rates relate to original issue. Certain coupons are no longer outstanding. This schedule is provided for information purposes only. Industrial development revenue bonds are not a liability or contingent liability of the Port.

AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS

MOSSADAMS

Report of Independent Auditors Required by Oregon State Regulations

The Board of Commissioners
Port of Portland

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Airport and Marine & Other Activities of the Port of Portland, which comprise the balance sheet as of June 30, 2022, and the related statements of revenues, expenses, and changes in net position and cash flows of the Airport and Marine & Other Activities of the Port of Portland for the year then ended, and the related notes to the financial statements, which collectively comprise the Port of Portland's basic financial statements, and have issued our report thereon dated October 25, 2022.

Compliance

As part of obtaining reasonable assurance about whether the Port of Portland's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules (OAR) 162-010-0000 to 162-010-0330, of the Minimum Standards for Audits of Oregon Municipal Corporations, 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.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to, the following:

- Accounting records and internal control
- Public fund deposits
- Indebtedness
- Budget
- Insurance and fidelity bonds
- Investments
- Public contracts and purchasing

In connection with our testing, nothing came to our attention that caused us to believe the Port of Portland was not in substantial compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of ORS as specified in OAR 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations.

The results of our tests disclosed an instance of noncompliance that is required to be reported. The Port experienced two over-expenditures in one fund which are disclosed in the notes to the financial statements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Port of Portland'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 the Port of Portland's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port of Portland'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 have not been identified.

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. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Board of Commissioners and management of the Port of Portland and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Ashley Osten

Ashley Osten, Partner,
for Moss Adams LLP
Portland, Oregon
October 25, 2022

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT REVENUE BOND ORDINANCES

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT REVENUE BOND ORDINANCES

This appendix summarizes certain provisions of the Airport Revenue Bond Ordinances as of the date the Series Twenty-Nine Bonds are issued. The Official Statement, including this appendix, occasionally uses terms that differ from terms that are used in the Airport Revenue Bond Ordinances. For example, Ordinance No. 323 uses the term "Subordinate Lien Bonds" because the obligations secured by a pledge of the Revenues that is on a parity with the pledge securing the Series Twenty-Nine Bonds had a subordinate claim on the Revenues when Ordinance No. 323 originally was enacted by the Port. All senior lien obligations have been retired, and the "Subordinate Lien Bonds" are now secured by a prior pledge of the Net Revenues, so the Official Statement, including this appendix, uses the term "SLB" in place of "Subordinate Lien Bond" to avoid confusion. See "SECURITY AND SOURCES OF PAYMENT FOR THE SLBs" in the front portion of this Official Statement.

Definitions

Unless the context clearly requires otherwise, capitalized terms used in this appendix have the meanings assigned such terms in this "Definitions" section, and capitalized terms used in this appendix that are not defined in this "Definitions" section have the meanings assigned such terms in the front portion of this Official Statement or the Airport Revenue Bond Ordinances.

"Additional SLBs" means SLBs issued on parity with Outstanding SLBs and in compliance with the requirements of the SLB Ordinance. See "Additional SLBs."

"Airport" means the (1) the presently existing airport owned or operated by the Port known as the "Portland International Airport" and (2) the Portland International Airport as enlarged, expanded, changed and improved, pursuant to the Airport Capital Improvement Program, as amended from time to time. The term "Airport" does not include: (a) properties sold, leased or otherwise disposed of or transferred in compliance with the limitations of Ordinance No. 155; (b) except as otherwise provided in the Airport Revenue Bond Ordinances, properties subject to a Net Rent Lease; and (c) General Aviation Airports. The Port has reserved the right to amend the definition of "Airport." See "Amendments of the Airport Revenue Bond Ordinances—Special Amendments."

"Airport Consultant" means an independent firm or corporation not in the regular employ or under the control of the Port and who shall have a widely known and favorable reputation for special skill, knowledge, and experience in methods of the development, operation and management of airports of the approximate size and character as the properties constituting the Airport. The Airport Consultant shall be available to advise the Port upon request, and make such investigations, certifications and determinations as may be necessary or required from time to time under the provisions of Ordinance No. 155.

"Airport Fund" means the special fund of the Port created pursuant to Ordinance No. 155, designated "The Port of Portland Airport Revenue Fund."

"Commercial Airport" means any airport, a major portion of the revenues derived from which are realized (1) from the operations of certificated air carriers engaged in the public utility business of transporting passengers or freight, or both, by air, whether such operations be on a scheduled or non-scheduled basis, and (2) from the supplying by the owner or operator of such airport of goods and services to the customers, patrons and passengers of such carriers.

"Completion Bonds" means Additional SLBs issued to pay the cost of completing any project for which SLBs have been previously issued, and which are issued under the provisions of the SLB Ordinance.

"Contingent Fee Payments" means the contingent fee payments, if any, received by the Port from a rental car or car sharing entity that, at the time, is a signatory to a Rental Car Concession Lease and Operating Agreement, as further described in Ordinance No. 461-B.

"Costs of Construction" shall include any and all of the following pertaining to the construction of additions, expansion and improvements at the Airport as set forth in the Airport Capital Improvement Program, as amended from time to time: (a) the cost of acquiring by purchase or the exercise of the power of eminent domain of any building or facility and the site thereof; (b) the cost, if and as determined by the Port, of the payment to the Port of the lesser of the depreciated value of any building or facility and the site thereof, or the cost to the Port of such building or facility and the site thereof, owned by the Port and not then constituting part of the Airport, if such building or facility and the site thereof are thereafter to be used solely for purposes of the Airport and to constitute part of the Airport; (c) costs of acquiring by purchase or the exercise of the power of eminent domain such land rights, rights of way, leases, easements or other interest in land or other properties (real, personal or mixed) as may be deemed necessary or convenient by the Port for the construction or operation of the Airport, including costs of options and partial payments, escrow deposits, preliminary and final awards or judgments and settlements or compromises, with respect to the foregoing; costs of reclaiming land; costs of dredging or filling incurred in the creation of land; and site preparation, including the costs of demolishing, removing or relocating any building or facility and the costs of any lands to which such building or facility may be removed or relocated; (d) costs of acquiring by purchase or the exercise of the power of eminent domain any rights, interests or franchises deemed necessary or convenient by the Port for the construction or operation of the Airport; (e) costs of labor, services, material, supplies, machinery, equipment and apparatus, including payments to contractors, independent contractors, agents, employees, builders and materialmen in connection therewith, and of restoration of property damaged or destroyed in connection with construction work; (f) costs of installation of utility services or connections thereto or relocation thereof; (g) costs and expenses of all preliminary work necessary or incidental to construction; (h) costs and expenses of planning, engineering and other studies, architectural drawings, surveys, tests and specifications, whether preliminary or otherwise; and costs of other engineering and architectural services; (i) costs of supervision and inspection; (j) costs of builders risk insurance, liability insurance on operations in connection with said construction, or other insurance on the buildings and facilities being constructed, or a reasonably allocated share thereof; (k) costs of indemnity and fidelity bonds and expenses of administration properly chargeable to such construction; (l) costs of expenses of financing, including Trustee's acceptance fees; financial advisors fees; blue sky and legal investment survey expenses; Trustee's and Paying Agent's fees and expenses during such period, if any, as shall be determined by the Port, but not to exceed the actual period of construction and for such period thereafter as the Port may determine; and costs and expenses incurred in issuing and selling the Bonds, including but not limited to printing, engraving and advertising; and other similar costs; (m) costs of the initial furnishings of any building or structure; (n) costs of publication, advertising, filing and recording, including the publication of a summary of this Ordinance and a summary of each Series Ordinance and any Supplemental Ordinance pertaining to the issuance of Bonds; (o) taxes and assessments; (p) expenses incurred in enforcing any remedy against a contractor or subcontractor in respect of any default; (q) costs of estimates of costs and economic feasibility reports whether preliminary or otherwise; fees, costs and expenses of appraising, printing, advice, accounting and fiscal services, airport consultants and attorneys (including bond counsel); (r) the payment and discharge of the principal of and interest and premium, if any, on any term or temporary construction financing or loans, including the reimbursement to the Port of moneys advanced from its tax revenues, or any other funds not held hereunder, for such construction; (s) if and to the extent determined by the Port, interest on the Bonds issued to finance the construction of any project during the actual period of construction and for such period thereafter as the Port may determine; and (t) any and all other costs and expenses necessary or desirable and pertaining or incident to construction pertaining to the implementation of the Airport Capital Improvement Program, as amended from time to time, as estimated or otherwise ascertained by the Port.

"Costs of Operation and Maintenance" means the reasonable and necessary current expenses of the Port included as a Cost of Operation and Maintenance in the annual Airport budget for operating, maintaining and repairing the Airport, including among other expenses, costs of general administration of the Port reasonably and properly allocable to the Airport; costs of collecting Revenues and from making any refunds therefrom lawfully due to others; engineering, audit reports, legal and other overhead expenses directly related to the administration, operation, maintenance and repair of the Airport; costs of salaries, wages and other compensation of officers and employees and payments to pension, retirement, health and hospitalization funds and other insurance, including self-insurance for the foregoing; costs of routine repairs. replacements, renewals and alterations occurring in the usual course of business; taxes, assessments and other governmental charges, or payments in lieu thereof, imposed on the Airport or on the operation thereof or income therefrom or on any privilege in connection with the ownership or operation of the Airport otherwise imposed on the Airport or the operation thereof or income therefrom; costs of utility services; costs of materials and supplies used in the ordinary course of business; contractual and professional services; costs of insurance and fidelity bonds; costs of carrying out the provisions of the Airport Revenue Bond Ordinances; costs of lease payments due under capital leases for items customarily used in the operation or maintenance of airport facilities or equipment; and all other costs and expenses of operating, maintaining and repairing the Airport arising in the routine and normal course of business. The term "Costs of Operation and Maintenance" does not include: (1) any allowance for depreciation or any amounts for capital replacements, renewals, repairs and maintenance not recurring annually (or at shorter intervals) or reserves therefor; (2) costs of extensions, enlargements, betterments and improvements or reserves therefor, other than cost of preliminary planning; (3) reserves for operation, maintenance and repairs occurring in the normal course of business; (4) payment (including redemption) of bonds or other evidences of indebtedness or interest and premium thereof or reserves therefor; and (5) any operation and maintenance expenses pertaining to Special Facilities or expenses incurred by any lessee under a Net Rent Lease. See "Amendments of the Airport Revenue Bond Ordinances—Special Amendments."

"Credit Facility" means a letter of credit, a surety bond, a bond insurance policy or other credit facility that provides for the payment when due of principal of and interest on SLBs other than Parity Reimbursement Agreements.

"Fiscal Year" means the fiscal year for the Port as established from time to time by the Port; currently such period being from July 1 in any year to and including the following June 30.

"Fund" means a fund, account or other accounting category which the Port uses to account for funds relating to the Airport. A "Fund" does not need to appear in the Port's budgets as a separate fund. The Port may commingle amounts in different Funds for investment purposes.

"General Account" means the special account held by the Port established under the Airport Fund.

"General Aviation Airport" means an airport known in the air transport industry as a "general aviation airport," being an airport, the major portion of the revenues derived from which is not realized from the operations of aircraft operated by certificated air carriers (except possibly air taxi or air tour operations) and from the supplying of goods and services to the people utilizing such aircraft, but is realized from the activities of private, nonpublic aircraft, flying schools, the supplying of goods and services to the foregoing and similar operations not normally part of a public utility business (except possibly air tour or air taxi operations).

“Governmental Obligations” means any of the following which are non-callable and which at the time are legal investments for the moneys proposed to be invested therein: (1) direct general obligations of, or obligations the payment of the principal and interest of which are unconditionally guaranteed by, the United States of America; or (2) Public Housing Bonds, Temporary Notes, or Preliminary Loan Notes, fully secured by contracts with the United States.

“JLO Fund” means the Junior Lien Obligation Fund.

“Junior Lien Obligations” means bonds or other obligations that have a lien on the Net Revenues that is subordinate to the lien of the SLBs and Scheduled Swap Obligations and are payable from amounts deposited in the JLO Fund.

“Liquidity Facility” means a letter of credit, line or credit, standby purchase agreement, bond insurance, surety bond or other credit or liquidity facility that supports the payment of the purchase price of SLBs (other than Parity Reimbursement Agreements). A Credit Facility such as a direct-pay letter of credit may constitute a Liquidity Facility as well as a Credit Facility.

“Net Rent Lease” means a lease of property to be financed with Special Obligation Bonds, under and pursuant to which the lessee agrees to pay to the Port the rentals required by Ordinance No. 155, and to pay in addition all costs connected with the ownership, operation, maintenance, repair, renewals and rehabilitation of the leased property (including, without limitation, insurance, utilities, taxes or payments of taxes and assessments) under such conditions that the amount payable to the Port pursuant to said lease shall be certainly paid free and clear of all charges and whether the leased property is capable of being occupied and used by the lessee or not. A Net Rent Lease shall not be cancelable until provision has been made for the payment of the Special Obligation Bonds secured by the Net Rent Lease.

“Net Revenues” means for any past period the aggregate of the Revenues actually paid into the Airport Fund during such past period, and for any future period the aggregate of the Revenues estimated to be paid into the Airport Fund during such future period, minus for any such past period the aggregate of the Costs of Operation and Maintenance of the Airport actually paid or accrued during such past period, or minus for any such future period the aggregate of the Costs of Operation and Maintenance of the Airport estimated to be paid or accrued during such future period, as the case may be.

“Ordinance No. 155” means Port Ordinance No. 155, as amended, restated and supplemented. The SLB Ordinance requires the Port to comply with certain covenants in Ordinance No. 155 for the benefit of Owners.

“Ordinance No. 323” means Ordinance No. 323, as amended, restated and supplemented

“Ordinance No. 461-B” means Ordinance No. 461-B, enacted by the Board of Commissioners of the Port on February 13, 2019, establishing authorization for the issuance of the Port’s customer facility charge revenue bonds, as the same may be amended, restated and supplemented from time to time.

“Other Swap Obligations” means any payments owed by the Port to a Qualified Swap Provider which are not Scheduled Swap Obligations, including, without limitation, termination payments, fees, charges or indemnifications.

“Other TLO Swap Obligations” means any payments owed by the Port to a Qualified TLO Swap Provider (as defined in the SLB Ordinance) which are not Scheduled TLO Swap Obligations, including without limitation termination payments, fees, charges or indemnifications. See “Third Lien Obligations.”

"Owner" means the person listed in the SLB register on that date as the owner of an Outstanding SLB.

"Parity Reimbursement Agreement" means an agreement of the Port entered into in compliance with the SLB Ordinance to reimburse the provider of a Credit Facility and/or Liquidity Facility for amounts paid by the provider under a Credit Facility or Liquidity Facility.

"Project Certificate" means a certificate signed by an assistant Secretary of the Port and filed with the closing documents for a series of SLBs: (1) describing each project which is expected to be completed with the proceeds of that series of SLBs, and estimating the total cost of each project and the portion of that cost expected to be paid from proceeds of that series of SLBs; and (2) certifying that the foregoing cost estimates are reasonable.

"Qualified Swap" means: (a) any financial arrangement with respect to SLBs which; (i) is entered into by the Port with an entity that is a Qualified Swap Provider at the time such arrangement is entered into; (ii) is a cap, floor or collar, forward rate, future rate, swap (such swap may be based on an amount equal either to the principal amount of such SLBs as may be designated or a notional principal amount relating to all or a portion of the principal amount of such SLB), asset, index, price or market-linked transaction or agreement, other exchange or rate protection transaction agreement, other similar transaction (however designated), or any combination thereof, or any option with respect to any of the foregoing; and (iii) has been designated as a Qualified Swap with respect to such SLBs in a written determination of the Port filed with the SLB Trustee; and, (b) any letter of credit, line of credit, policy of insurance, surety bond, guarantee or similar instrument securing the obligations of the Port under any financial arrangement described in clause (a).

"Qualified Swap Provider" means an entity whose senior unsecured long term obligations, financial program rating, counterparty risk rating or claims paying ability, or whose payment obligations under a Qualified Swap are guaranteed by an entity whose senior unsecured long term obligations, financial program rating, counterparty risk rating or claims paying ability, are rated at the time of the execution of such Qualified Swap at least as high as the third highest Rating Category by at least two Rating Agencies then maintaining a rating for the Qualified Swap Provider or its guarantor, provided that each such Qualified Swap Provider executes an agreement with the Port to deposit collateral with the Port, or in trust for the Port, with a trustee acceptable to the Port, for the benefit of the Port, in the event such ratings are not maintained.

"Rating Agency" means each nationally recognized securities rating agency.

"Rating Category" means a generic rating category used by any Rating Agency, without regard to any "+" or "-" or other qualifier.

"Remaining Contingent Fee Payments" means amounts remaining in the General Account, if any, after giving effect to the disbursements from the General Account required pursuant to clauses FIRST through FOURTH (inclusive), as described below under the section "Flow of Funds;" provided, however, in no case will Remaining Contingent Fee Payments exceed the amount of Contingent Fee Payments received by the Port during the applicable period.

"Remaining Contingent Fee Payments Fund" means the fund created by that name pursuant to the SLB Ordinance.

"Revenues" means and includes all income, receipts and moneys derived by the Port from its ownership or operation and management of the Airport or the furnishing and supplying of the services, facilities and commodities thereof, including, among other things, (i) all income, receipts and moneys derived from the rates, rentals, fees and charges fixed, imposed and collected by the Port for the use and services of the Airport or otherwise derived from or arising through the ownership, operation and management of the Airport by the Port or derived from the rental by the Port of all or part of the Airport or from the sale or rental by the Port of any commodities or goods in connection with the Airport; (ii) earnings on and the income from the investment of moneys held under the Airport Revenue Bond Ordinances to the extent such earnings or income are deposited in the Airport Fund, but not including any such earnings or income credited to the Airport Construction Fund; and (iii) to the extent provided in the Airport Revenue Bond Ordinances, income derived by the Port from a Net Rent Lease. The term "Revenues" does not include (1) moneys received as proceeds from the sale of SLBs or as grants or gifts, the use of which is limited by the grantor or donor to the construction of capital improvements, except to the extent that any such moneys shall be received as payments for the use of the Airport, (2) passenger facility charges or similar charges that are imposed under authority of federal law and are limited by federal law to expenditure on specific projects or activities and/or on debt service and financing costs related to specific projects or activities or (3) customer facility charges (or any portion thereof) that may be levied by the Port and collected by rental car companies from their customers; and in no event does the term "Revenues" include tax revenues or tax-derived revenues. See "SECURITY AND SOURCES OF PAYMENT FOR THE SLBs—Pledge of Net Revenues" in the front portion of this Official Statement.

"Scheduled Swap Obligations" means, with respect to any Qualified Swap, the net regularly scheduled payments owed by the Port to the Qualified Swap Provider. The net regularly scheduled payments owed by the Port to the Qualified Swap Provider shall be calculated by subtracting the regularly scheduled payments owed to the Port by the Qualified Swap Provider from the regularly scheduled payments owed by the Port to the Qualified Swap Provider. The Term "Scheduled Swap Obligations" does not include any termination payments, fees, charges or indemnifications.

"Short Term/Demand Obligations" means each series of bonds, notes and other obligations issued as SLBs pursuant to the SLB Ordinance (a) the payment of principal of which is either (i) payable on demand by or at the option of the holder at a time sooner than a date on which such principal is deemed to be payable for purposes of computing SLB Debt Service Requirements, or (ii) scheduled to be payable within one year from the date of issuance of additional Short Term/Demand Obligations pursuant to a commercial paper or other similar financing program and (b) the purchase price, payment or refinancing of which is additionally supported by a Credit Facility and/or a Liquidity Facility.

"SLB Construction Account" means the Subordinate Lien Revenue Bond Construction Account in the Construction Fund created under the SLB Ordinance.

"SLB Debt Service Requirement" means, as of any date of calculation, an amount equal to the sum of the following for any period and with respect to all or any portion of the SLBs: (1) interest scheduled to accrue during such period on SLBs, except to the extent provision has been made for the payment of interest from SLB proceeds or earnings thereon according to a schedule contained in a Capitalized Interest Certificate; plus (2) that portion of the principal amount of such SLBs scheduled to be payable during such period (either at maturity or by reason of scheduled mandatory redemptions, but after taking into account all prior optional and mandatory SLB redemptions) which would accrue if such principal amount were deemed to accrue daily in equal amounts, during such period; less (3) earnings on the SLB Reserve Account for that period; and less, (4) any payments due to the Port under an agreement to enter into a Qualified Swap, if the payments are due before the Qualified Swap takes effect and the Port commits to use those payments to pay SLBs or Qualified Swaps.

Provided, however, that the following rules apply to the computation of SLB Debt Service Requirement for Short Term/Demand Obligations, for SLBs that bear interest a floating or variable rate, for Qualified Swaps and for Parity Reimbursement Agreements:

For any series of Short Term/Demand Obligations: future SLB Debt Service Requirements shall be computed on the assumption that the principal amount of such series of Short Term/Demand Obligations shall be refinanced in the first fiscal year for which interest on such Short Term/Demand Obligations has not been capitalized or otherwise funded or provided for, with a series of SLBs which shall be assumed to be amortized over a period not to exceed 30 years from the date of issue in such manner that the maximum Debt Service Requirement in any 12-month period shall not exceed 130% of the minimum Debt Service Requirement for any other 12-month period, and shall be assumed to bear interest at a fixed interest rate calculated as described in clause (b) of the following paragraph.

Except as otherwise specifically provided, Short Term/Demand Obligations and any series of SLBs which bear interest at a variable or adjustable rate shall be assumed to bear interest as follows: (a) for any series of SLBs then Outstanding, at the greater of: (1) the average interest rate derived from the variable or adjustable interest rate borne by, such series of SLBs during a 12- month period ending within 30 days prior to the date of computation; or (2) the actual interest rate derived from such variable or adjustable interest rate formula or computation, or actual interest rate derived from such variable or adjustable interest rate formula or computation, or actual interest rate payable on such series of SLBs, on the date of such calculation; (b) for any series of SLBs then proposed to be issued, at an interest rate estimated by the Port's underwriter to be the average rate of interest such series of SLBs will bear during the period, or periods, for which SLB Debt Service Requirements are being calculated, plus one percent (1%); (c) for the principal amount of any series of SLBs in connection with which the Port has entered into a Qualified Swap that provides that the Port is to pay to the Qualified Swap Provider an amount determined based upon a fixed rate of interest on the notional amount of such Qualified Swap corresponding to the principal amount of such SLBs, at the fixed rate of interest to be paid by the Port in accordance with such Qualified Swap; and, (d) for any series of SLBs in connection with which the Port has entered into a Qualified Swap, such as an interest rate cap, that provides that the Qualified Swap Provider is to pay to the Port an amount determined based upon the amount by which the rate at which such SLBs bear interest or a floating rate index exceeds a stated rate of interest on all or any portion of such SLBs, at the lesser of: (1) the rate calculated in accordance with clause (a) above; or (2) the rate of interest in excess of which the Qualified Swap Provider is to make payment to the Port in accordance with such Qualified Swap. In addition, solely for purposes of the rate covenant in the SLB Ordinance, SLBs that bear interest at a variable rate and that are not subject to a Qualified Swap, shall have an SLB Debt Service Requirement that is equal to the actual principal and interest that is required to be paid on those SLBs.

If the Port has entered into a Qualified Swap in connection with any SLBs which bear interest at a fixed rate, and the Qualified Swap provides that the Port is to pay to the Qualified Swap Provider an amount determined based on a variable rate of interest on the notional amount of such Qualified Swap, corresponding to the principal amount of such SLBs, then those SLBs shall be assumed to bear interest at a variable rate of interest that is equal to the rate the Port is required to pay under the Qualified Swap. In addition, the SLB Debt Service Requirements shall be calculated on the assumption that no SLBs Outstanding at the date of calculation will cease to be Outstanding, except by reason of the payment of scheduled principal maturities or scheduled mandatory redemptions of such SLBs, except as provided above for Short Term/Demand Obligations.

Only the principal and interest actually due under a Parity Reimbursement Agreement as a result of the purchase of SLBs by the provider of the Liquidity Facility that is secured by the Parity Reimbursement Agreement shall be included in SLB Debt Service Requirement; and the following shall not be included in the SLB Debt Service Requirement: repayments of amounts advanced by the provider to pay scheduled interest or principal payments on SLBs under a "direct-pay" Liquidity Facility or Credit Facility, and that are required to be repaid by the Port within five business days, and amounts the Port would have been required to pay on SLBs if those SLBs had not been purchased by the provider.

"SLB Fund" means The Port of Portland Subordinate Lien Airport Revenue Bond Fund.

"SLB Ordinance" means Ordinance No. 323, as amended, restated and supplemented.

"SLB Principal and Interest Account" means the SLB Principal and Interest Account in the SLB Fund.

"SLB Reserve Account" means the SLB Reserve Account in the SLB Fund.

"SLB Reserve Fund Requirement" means an amount equal to the maximum SLB Debt Service Requirement in any future fiscal year; provided that if the ordinance authorizing issuance of a series of SLBs so provides: the portion of the SLB Reserve Fund Requirement attributable to that series may be funded in equal monthly installments over a period of not more than four years, with the first installment due not more than 45 days after that series is issued; or, debt service reserve insurance from a company rated at the time the insurance is issued in the highest category by S&P or Moody's, or their successors, or any insurer who holds the highest policyholder rating accorded insurers by A. M. Best & Co. or any comparable service, may be substituted for any portion of the SLB Reserve Fund Requirement attributable to that series. The portion of the maximum SLB Debt Service Requirement that is calculated for Short Term/Demand Obligations and SLBs that bear interest at a variable rate shall be recalculated only when a series of Additional SLBs is issued. Changes in interest rates that occur at other times shall not affect the calculation of the SLB Reserve Fund Requirement.

"SLB Trustee" means the entity appointed to act as SLB Trustee under the SLB Ordinance.

"SLBs" means the Additional SLBs and Parity Reimbursement Agreements issued pursuant to the SLB Ordinance.

"Special Facilities" means facilities that are financed with Special Obligation Bonds and are subject to a Net Rent Lease.

"Special Obligation Bonds" means obligations that are issued to finance a Special Facility and that are payable from amounts due from the lessee under a Net Rent Lease and are not payable from Net Revenues. See "Special Facilities, Special Obligation Bonds and Net Rent Leases."

"Swap Obligations" means Scheduled Swap Obligations and Other Swap Obligations.

"Third Lien Obligations" means bonds or other obligations, including Other TLO Swap Obligations, that have a lien on the Net Revenues that is subordinate to the lien of the SLBs and Junior Lien Obligations and are payable from amounts deposited in the TLO Fund.

"TLO Fund" means the Third Lien Obligation Fund created under the SLB Ordinance and held and administered by the Port.

"Trustee" means the SLB Trustee.

Limitation on Purposes for with SLBs May Be Issued

The Port may issue Additional SLBs pursuant to the SLB Ordinance only to pay Costs of Construction of additions, expansions and improvements at the Airport and the costs of acquisition and construction of General Aviation Airports and to refund Outstanding SLBs. SLBs shall have principal and interest payments due only on July 1 or January 1 of any year, unless the SLBs are Short Term Demand Obligations or Parity Reimbursement Agreements. See "Additional SLBs."

Parity Reimbursement Agreements

The Port may enter into a Parity Reimbursement Agreement only if: (1) the agreement requires the Port to repay amounts paid by the provider under the related Liquidity Facility or Credit Facility in substantially equal annual amounts over a period of no less than five years; and, (2) the obligations of the Port under the agreement are not subject to acceleration unless all SLBs are accelerated or subject to tender. The limitation in clause (1) of the preceding sentence does not apply to the Port's obligation to pay the provider of the Liquidity Facility or Credit Facility for: (a) amounts advanced by the provider to pay scheduled interest or principal payments on SLBs under a "direct-pay" Liquidity Facility or Credit Facility, and that are required to be repaid by the Port within five business days; (b) interest required to be paid by the Port on amounts drawn under the Liquidity Facility or Credit Facility; or (c) fees and expenses of the provider of the Liquidity Facility or Credit Facility. Fees and expenses due under a Parity Reimbursement Agreement shall be treated as Costs of Operation and Maintenance of the Airport.

SLBs are Special, Limited Obligations of the Port

Principal, interest and premium, if any, on the SLBs, and any Scheduled Swap Obligations, shall be payable solely from the Net Revenues that are available for deposit in the General Account, and from moneys in the SLB Fund and SLB Construction Account, as provided in the SLB Ordinance. The SLBs and any Swap Obligations shall not, in any manner, or to any extent, be a general obligation of the Port, nor a charge upon any other revenues or property of the Port not specifically pledged thereto by the SLB Ordinance.

General Covenants

In the SLB Ordinance, the Port covenants and agrees with the SLB Trustee, the owners of the SLBs, and Qualified Swap Providers, that so long as any SLBs are Outstanding or the Port is obligated to make payments under a Qualified Swap:

1. The Port shall pay, when due, all principal, interest, and premium, if any, on the SLBs and any Scheduled Swap Obligations, but solely from the Net Revenues, as provided in the Airport Revenue Bond Ordinances.

2. The Port shall pay, when due, any Other Swap Obligations, but solely from the Net Revenues that are available for deposit in the JLO Fund and shall pay any Other TLO Swap Obligations, but solely from the Net Revenues that are available for deposit in the TLO Fund.

3. The Port will, for the benefit of the owners of the SLBs and Qualified Swap Providers, keep certain covenants made by it in Ordinance No. 155.

4. The Port shall not issue any obligations payable from the Revenues or moneys in the General Account which have a claim prior to the claim of the SLBs and Scheduled Swap Obligations.

5. The Port shall not issue obligations having a claim to payment from the Revenues or moneys in the General Account which are equal to, or on a parity with, the claim of the SLBs, except for Qualified Swaps and Additional SLBs.

6. The Port shall impose and prescribe such schedule of rates, rentals, fees, and other charges for the use and services of the facilities and commodities furnished by the Airport, shall revise the same from time to time, whenever necessary, and shall collect the income, receipts, and other moneys derived therefrom, so that:

(a) The Revenues shall be sufficient to discharge all claims, obligations and indebtedness payable from or secured by the Revenues;

(b) The Net Revenues in each fiscal year shall be at least equal to 130% of the SLB Debt Service Requirement for such fiscal year on all SLBs then Outstanding; and

(c) The Net Revenues, together with other amounts that are available to pay Other Swap Obligations, are sufficient to pay all Other Swap Obligations and any Junior Lien Obligations when due.

The Port also covenanted in the Airport Revenue Bond Ordinances to impose and prescribe such schedule of rates, rentals, fees, and other charges for the use and services of the facilities and commodities furnished by the Airport and to revise the same from time to time, whenever necessary and to collect the income, receipts and other moneys derived therefrom, so that the Net Revenues in each Fiscal Year will be at least equal to the sum of: (i) the amounts described in (b) of the paragraph above plus (ii) 100% of the Excess Principal coming due in such Fiscal Year. As defined in the Airport Revenue Bond Ordinances, "Excess Principal" means the principal amount of any Outstanding SLBs which, in accordance with any reimbursement agreement, or other agreement pursuant to which any Credit Facility is given in connection with such SLBs, is due and payable by the Port in a particular Fiscal Year (whether by virtue of scheduled maturity, mandatory redemption or any similar method), but only to the extent the principal amount of such SLBs, which is so due and payable in such Fiscal Year, exceeds the principal amount which in the absence of the provisions of such reimbursement agreement, or other agreement referred to above, would otherwise be due and payable in such Fiscal Year (whether by scheduled maturity or mandatory redemption). The Port has reserved the right, however, to delete provisions relating to "Excess Principal" and to amend the definition of "SLB Debt Service Requirement." See "Amendments of the Airport Revenue Bond Ordinances—Special Amendments."

For purposes of determining the Port's compliance with the rate covenants described above, non-cash, unrealized gains, losses, expenses and/or revenues, including fair value of Qualified Swaps, Qualified TLO Swaps, other swap agreements or other derivative products are to be disregarded.

7. Within 120 days after the close of each fiscal year, the Port shall file with the SLB Trustee and the Airport Consultant, a signed copy of the annual report of the Accountant for the preceding fiscal year showing, among other things, for such year (a) Revenues and Net Revenues; (b) the SLB Debt Service Requirement; and, (c) the aggregate amount of money which was deposited in the General Account and available for the payments into the SLB Fund due under the SLB Ordinance, and the ratio of such amount to the SLB Debt Service Requirement.

The SLB Ordinance provides that in the event that any such report so filed shows that the Revenues and Net Revenues for said preceding fiscal year did not equal at least the amounts covenanted to be produced by, and required for the purposes described in paragraph 6 above for said fiscal year, or that the Revenues were not sufficient to restore any deficiency in the amounts then required to be credited to the

SLB Reserve Account, and to pay or discharge all other claims, charges and liens whatsoever against the Revenues when due and payable, then the Port shall promptly thereafter cause the Airport Consultant to file with the Port and the SLB Trustee, a certificate stating, if deemed necessary by the SLB Trustee, specific changes in operating procedures which may be made, or suggested revisions in the schedule of rates, rentals, fees, and charges, and recommendations respecting any increases thereto, any other changes, or any combination of the foregoing, which will, in the aggregate, in the SLB Trustee's opinion, result in Revenues and Net Revenues estimated as sufficient to make up any existing deficiency and to produce the amounts covenanted to be produced as described in the preceding paragraphs of this section. For purposes of determining the Port's compliance with such rate covenants, non-cash, unrealized gains, losses, expenses and/or revenues, including the fair value of Qualified Swaps, Qualified TLO Swaps, other swap agreements or other derivative products are to be disregarded. The Port is required to send a copy of each such certificate to the SLB Trustee, each Qualified Swap Provider and to any owner of SLBs filing with the Port a request for the same.

Thereafter, if the Port, in its sole discretion, deems any changes in its operating fees and charges, any other changes, or any combination of the foregoing, are necessary to produce the Revenues and Net Revenues required to make up any deficiency and produce the amounts covenanted to be produced by the preceding paragraphs of this section, it shall, as soon as possible, effect such changes in its operating procedures, or such revisions in such schedule of rates, rentals, fees, and charges, or effect such other charges, or take any combination of the foregoing actions, which, in its opinion and sole discretion, are necessary for such purposes. When determining compliance with the Port's covenants, non-cash, unrealized gains, losses, expenses and/or revenues, including the fair value of swaps or other derivative products, shall be disregarded.

8. The Port shall prepare an estimated budget for each fiscal year of Revenues and of Costs of Operation and Maintenance; costs of renewals, repairs and replacements; and other expenditures for such fiscal year.

9. The Port covenants that it owns the Airport and will keep the Airport free from liens and encumbrances, except as permitted by the Airport Revenue Bond Ordinances, and that it will keep the Airport in good operating condition in conformity with standards customarily followed in the aviation industry for airports of like size and character.

10. The Port shall comply with the requirements of the federal government of grants-in-aid accepted by the Port and shall operate and maintain the Airport as a revenue-producing enterprise and shall manage the same in the most efficient manner consistent with sound economy and public advantage.

11. The Port shall maintain proper books, records and accounts for the Airport in accordance with generally accepted accounting principles applicable to enterprises such as the Port, and shall have the financial statements of the Airport audited by an independent certified public accountant.

12. The Port shall retain and appoint from time to time an Airport Consultant.

13. The Port shall not create or give, or cause to be created or given, or permit to be created or given, any mortgage, lien, pledge, charge or other encumbrance upon any real or personal property constituting the Airport or upon the Revenues and the money in the Airport Fund, other than the liens, pledges and charges specifically created in the Airport Revenue Bond Ordinances or specifically permitted thereby. The Port shall not sell, lease or dispose of all, or substantially all, of the properties constituting the Airport without simultaneously with such sale, lease or other disposition depositing with the SLB Trustee cash or governmental securities in an amount sufficient so that no SLBs are any longer deemed outstanding. The Port may, however, execute leases, licenses, easements and other agreements of or

pertaining to properties constituting the Airport in connection with the operation of the Airport and in the normal and customary course of business thereof for aviation or non-aviation purposes, according to the schedule of rates, rentals, fees and charges of the Port or according to commercially reasonable terms in light of the business of the Airport as a whole. All amounts due the Port under such agreements and that will be recognized as Revenues shall be deposited in the Airport Revenue Fund when and to the extent required by the Airport Revenue Bond Ordinances. The Port may also enter into Net Rent Leases as described below under "Special Facilities, Special Obligation Bonds and Net Rent Leases."

In the event any Airport properties shall be taken by the exercise of the power of eminent domain, the amount of the award received by the Port as a result of such taking shall be held by the Port under the Airport Revenue Bond Ordinances and either used for the acquisition or construction of revenue-producing properties to constitute part of the Airport or be applied to the redemption or purchase of SLBs.

14. The Port will carry insurance with generally recognized responsible insurers with policies payable to the Port against risks, accidents or casualties at least to the extent that similar insurance is usually carried by airport operators operating properties similar to the Airport.

15. The Port shall not construct Commercial Airports or General Aviation Airports that compete with the Revenues, except as permitted by Ordinance No. 155. Ordinance No. 155 generally permits the Port to construct and operate apart from Ordinance No. 155 a Commercial Airport or General Aviation Airport that the Port certifies to the SLB Trustee is substantially non-competitive with the Airport. The following facilities and structures shall be considered substantially non-competitive with the Airport and shall not be considered "competing for Revenues otherwise available for payment of the SLBs":

(a) Facilities and structures which are not part of a Commercial Airport or a General Aviation Airport and which, at the time they are approved by the Port, are reasonably expected to be used for purposes which do not benefit directly and substantially from close proximity to aircraft, passengers or cargo while traveling through the Airport; and

(b) Facilities and structures which are not part of a Commercial Airport or a General Aviation Airport and which, at the time they are approved by the Port, are reasonably expected to benefit directly and substantially from close proximity to aircraft, passengers or cargo while traveling through the Airport, if the Board reasonably determines that the construction and operation of the facilities or structures will not have a material, adverse effect on the Revenues.

For purposes the preceding clause (b): (1) "material, adverse effect" means a reduction in the Revenues: (A) which would otherwise be projected for the Airport during any of the five full fiscal years following the projected completion of the proposed facility or structure; and, (B) which is directly attributable to the proposed facility or structure; and, (C) which is greater than or equal to five percent of the Net Revenues for the fiscal year immediately preceding a determination of the Board, or which would reduce the Net Revenues below the level required by the rate covenant shown in paragraph 6(b) above.

A determination of the Board shall be conclusively presumed to be reasonable if it is made in reliance upon a projection of the Airport Consultant that the construction and operation of the proposed facilities or structures will not have a material, adverse effect on the Revenues.

The SLB Fund

The Port has created the SLB Fund as a special trust fund to be held by the SLB Trustee. The Port shall set aside and pay into the SLB Fund from the first moneys available in the General Account, to the extent necessary to provide for the punctual payment of: (1) the principal and interest and premium, if any, on the SLBs as and when the same become due, whether at maturity or by redemption or declaration as provided in the SLB Ordinance or otherwise; (2) any Scheduled Swap Obligations as and when the same become due; and (3) any Excess Principal as and when the same become due. The moneys in the SLB Fund shall be used solely for the payment of principal, interest, and premium, if any, due on the SLBs Scheduled Swap Obligations, and Excess Principal. As described below, the SLB Ordinance provides for the maintenance as separate accounts within the SLB Fund of, among other accounts, the SLB Principal and Interest Account and the SLB Reserve Account.

SLB Principal and Interest Account. The SLB Trustee shall maintain a separate account in the SLB Fund to be known as the "SLB Principal and Interest Account." So long as the Port remains obligated to make payments on SLBs or Qualified Swaps:

1. In the case of SLBs and any Qualified Swap for which interest or Scheduled Swap Obligations are due semi-annually, or less frequently, on the first business day of each month, the Port shall pay to the SLB Trustee from moneys in the General Account for deposit in the SLB Principal and Interest Account (a) an amount such that, if the same amount were so credited to this account in each succeeding month thereafter, prior to the next date upon which an installment of interest falls due on the SLBs, the aggregate of such amounts, plus other moneys previously deposited and available in the SLB Principal and Interest Account to pay interest on SLBs, or scheduled to be deposited therein pursuant to a Capitalized Interest Certificate, will equal the installment of interest falling due on the SLBs on such interest payment date; plus (b) an amount such that, if the same amount were so credited to this account in each succeeding month thereafter, prior to the next date upon which a Scheduled Swap Obligation is due, the aggregate of such amounts, plus other moneys previously deposited and available in the SLB Principal and Interest Account and available to pay Scheduled Swap Obligations, will equal those Scheduled Swap Obligations on that payment date.

2. In the case of all SLBs and any Qualified Swap for which interest or Scheduled Swap Obligations are due more frequently than semi-annually: on the business day immediately preceding each interest payment date for such SLBs and each payment date for that Scheduled Swap Obligation, the Port shall pay to the SLB Trustee from moneys in the General Account for deposit in the SLB Principal and Interest Account: (a) an amount that, together with any other moneys previously deposited and available in the SLB Principal and Interest Account to pay interest on SLBs, will equal the installment of interest falling due on the next succeeding interest payment date for those SLBs; plus (b) an amount that, together with moneys previously deposited and available in the SLB Principal and Interest Account to pay Scheduled Swap Obligations, will equal the Scheduled Swap Obligations due on the next succeeding payment date for such Scheduled Swap Obligations.

3. Accrued interest received on the sale of SLBs, payments received by the Port under an agreement to enter into a Qualified Swap, as described in clause (4) of the definition of "SLB Debt Service Requirement," and any regularly scheduled payment that is received by the Port (or the SLB Trustee on behalf of the Port) from a Qualified Swap Provider under a Qualified Swap that exceeds the amount paid by the Port, shall promptly be deposited in the SLB Principal and Interest Account.

4. If, at any time, the amounts in the SLB Principal and Interest Account are not sufficient to pay all interest payments on SLBs and Scheduled Swap Obligations that are then due, the SLB Trustee shall apply amounts in the SLB Principal and Interest Account to pay, on a pro rata basis, interest on SLBs and any amounts due in respect of Scheduled Swap Obligations.

On the first business day of each month, so long as any SLBs are Outstanding, commencing with the month which is 12 months prior to the first principal payment of any SLB maturing serially or the date on which SLBs are subject to scheduled mandatory redemption, the Port shall pay to the SLB Trustee, from moneys in the General Account for deposit in the SLB Principal and Interest Account, an amount that, if the same amount were so credited to this account in each succeeding month thereafter, prior to the next date upon which principal, if any, on the SLBs maturing serially becomes due and payable or the next date upon which SLBs are subject to scheduled mandatory redemption (excluding any principal due as Excess Principal), the aggregate of the amounts on deposit in this account will equal the amount of principal on such SLBs on such principal payment date.

SLB Reserve Account. The SLB Trustee shall maintain a separate account in the SLB Fund, to be known as the "SLB Reserve Account." The Port shall pay to the SLB Trustee, from Revenues in the General Account or from SLB proceeds, for deposit in the SLB Reserve Account, moneys sufficient to fund the SLB Reserve Fund Requirement, in accordance with the schedule provided in each ordinance authorizing issuance of a series of SLBs.

Except as described below in this paragraph, moneys in the SLB Reserve Account shall be used only to pay principal of, interest, and any premium on, SLBs and Scheduled Swap Obligations, and only when moneys in the SLB Principal and Interest Account are insufficient for such purposes. In the event that the balance in the SLB Reserve Account is reduced below the SLB Reserve Fund Requirement, then on the first business day of each month, the Port shall pay to the SLB Trustee from Revenues in the General Account for deposit in the SLB Reserve Account, an amount equal to twenty percent (20%) of the amounts required to be paid to the SLB Trustee on that day, pursuant to the preceding three paragraphs of this Section, until there is on deposit in the SLB Reserve Account an amount equal to the SLB Reserve Fund Requirement. If the amounts on deposit in the SLB Reserve Account exceed the SLB Reserve Fund Requirement, and there is no deficiency in any other account in the SLB Fund, the SLB Trustee shall, upon written request of the Port, disburse the excess to the Port for deposit in the General Account.

Investments. Moneys in the SLB Fund shall be invested and reinvested, to the extent reasonable and practicable by the SLB Trustee, and at the direction of the Port, in Investment Securities which are legal investments for the Port under the laws of the State. Such investments shall mature on, or prior to, the date on which moneys are required to be disbursed from the SLB Fund. All earnings on the SLB Fund that are not required to pay rebates on the SLB Fund that are due to the United States under Section 148 of the Internal Revenue Code of 1986, as amended, shall be credited to the SLB Reserve Account, unless and until there is on credit to said account, an amount equal to the SLB Reserve Fund Requirement on all SLBs then Outstanding, in which event such earnings shall be credited to the SLB Principal and Interest Account.

The JLO Fund

The Port has created the JLO Fund as a special trust fund to be held by the Port. The Port is required to set aside and pay into the JLO Fund from the first money available in the General Account after required payments to the SLB Fund: (1) an amount sufficient, with other amounts available in the JLO Fund, to pay any Other Swap Obligations when due; and, (2) any amounts the Port subsequently agrees to deposit into the JLO Fund for the benefit of Junior Lien Obligations. The Port has pledged the Net Revenues that are available for deposit into the JLO Fund under the Airport Revenue Bond Ordinances to pay Other Swap Obligations. On or before the date on which any of the following payments are due, and so long as the Port is obligated to make payments under a Qualified Swap or has Junior Lien Obligations outstanding, the Port is required to deposit into the JLO Fund money sufficient to: (i) pay any Other Swap Obligations that are then due; and (ii) to collateralize any Qualified Swap in accordance with its terms. The Port may covenant to make additional deposits into the JLO Fund to pay Junior Lien Obligations and fund reserves for Junior Lien Obligations.

The TLO Fund

The Port has created the TLO Fund as a special trust fund to be held by the Port and within the TLO Fund a Qualified Swap Termination Payment Fund. The SLB Ordinance permits the Port to create other funds and accounts within the TLO Fund for the payment of Third Lien Obligations and permits the Port to transfer to a qualified trustee the TLO Fund or any of its accounts and funds. The Port is required to set aside and to pay into the TLO Fund from the first money available in the General Account after required payments to the SLB Fund and the JLO Fund: (1) except as otherwise required in the SLB Ordinance, an amount sufficient, with other amounts available in the TLO Fund, to pay any Other TLO Swap Obligations when due; and, (2) any amounts the Port subsequently agrees to deposit into the TLO Fund for the benefit of Third Lien Obligations. The Port has pledged the Net Revenues that are available for deposit into the TLO Fund under the Airport Revenue Bond Ordinances to pay Other TLO Swap Obligations. On or before the date on which any of the following payments are due, and so long as the Port is obligated to make payments under a Qualified TLO Swap (and has not determined to make all payments with respect to a Qualified TLO Swap from the Subordinate Lien Obligations Account established under Ordinance No. 395-B, as amended, for the payment of Subordinate Lien PFC Obligations) or has Third Lien Obligations outstanding, the Port is required to deposit into the TLO Fund money sufficient to: (i) pay any Other TLO Swap Obligations that are then due; and (ii) to collateralize any Qualified TLO Swap in accordance with its terms. The Port may covenant to make additional deposits into the TLO Fund to pay Third Lien Obligations and fund reserves for Third Lien Obligations.

Flow of Funds

The Port shall deposit all Revenues in the Airport Fund, and shall, on the first day of each month, credit all Airport Revenues that remain after paying Costs of Operation and Maintenance to the General Account, a separate special account within the Airport Fund. The Airport Fund and the General Account are held and administered by the Port. The SLB Ordinance provides, however, that in the event amounts in the General Account are insufficient to pay the amounts due thereunder on the date such amounts are to be paid, all moneys then in the General Account and all moneys subsequently available for deposit in the General Account be immediately transferred to the SLB Trustee for deposit to the SLB Fund and provides that no moneys from the General Account shall be disbursed for any other purpose until all payments then due under the SLB Ordinance have been made. If such an insufficiency occurs, the SLB Trustee shall deposit the moneys it receives to the following accounts, in the following order of priority:

FIRST: to the Trustee for deposit to the SLB Principal and Interest Account, until all required deposits to that account have been made;

SECOND: to the Trustee for deposit to the SLB Reserve Account, until all required deposits to that account have been made;

THIRD: to the Port for deposit in the JLO Fund described above, until all required deposits to that fund have been made; and

FOURTH: to the Port for deposit in the TLO Fund described above, until all required deposits to that fund have been made.

Amounts remaining in the General Account after these credits have been made may be used and applied by the Port for any other lawful use or purpose pertaining to the Airport or the aviation or air transport interests of the Port, including without limitation the General Aviation Airports, to pay or secure the payment of Special Obligation Bonds and for any other lawful use or purpose necessary to carry out the

Airport Revenue Bond Ordinances, including making payments or credits to pay Costs of Operation and Maintenance of the Airport and making payments of credits to other funds or accounts.

On or before the first day of each month, the Port shall set aside and pay into the Remaining Contingent Fee Payment Fund the Remaining Contingent Fee Payments, if any, and shall immediately thereafter transfer all amounts in the Remaining Contingent Fee Payment Fund to the CFC Revenue Fund for application in accordance with Ordinance No. 461-B. For the avoidance of doubt, other than the Remaining Contingent Fee Payments, no other Revenues are required to be transferred into the Remaining Contingent Fee Payment Fund.

The SLB Construction Account

The Port has created the SLB Construction Account to hold certain proceeds of SLBs. The SLB Construction Account is held by the Port.

Pledge of Revenues

The Port pledges to the payment of all Outstanding SLBs, heretofore or hereafter issued, and to the payment of all Scheduled Swap Obligations, the following:

1. All Revenues,

2. All moneys on deposit, from time to time, in the SLB Construction Account; and

3. All moneys on deposit, from time to time, in the SLB Fund.

Additional Bonds

Additional SLBs. The Port may issue one or more series of Additional SLBs, provided that no Additional SLBs may be issued unless all of the following conditions are satisfied:

1. The SLB Trustee certifies that no default exists in the payment of principal of, or interest and premium on any SLBs;

2. The SLB Trustee certifies that, upon the issuance of such series of SLBs, the accounts in the SLB Fund for the SLBs will each contain the amounts required to be on deposit therein;

3. An Assistant Secretary of the Port certifies that, for either the Port's most recent complete fiscal year or for any consecutive 12 out of the most recent 18 months, Net Revenues were equal to at least 130% of the SLB Debt Service Requirement on all then Outstanding SLBs for such period;

4. Either:

(a) An Airport Consultant provides a written report setting forth projections which indicate:

(i) the estimated Net Revenues for each of three consecutive fiscal years beginning in the earlier of (A) the first fiscal year following the estimated date of completion and initial use of all revenue-producing facilities to be financed with such series of SLBs, based upon a certified written estimated completion date by the consulting engineer for such facility or facilities, or (B) the first fiscal year in which the Port will have scheduled payments of interest on or principal of the series of SLBs to be issued for the payment of which provision has not been made as indicated in the report of such Airport

Consultant from proceeds of such series of SLBs, investment income thereon or from other appropriated sources (other than Net Revenues); and,

(ii) that the estimated Net Revenues for each fiscal year are equal to at least 130% of the SLB Debt Service Requirements on all SLBs scheduled to occur during that fiscal year after taking into consideration the additional SLB Debt Service Requirements for the series of SLBs to be issued; or

(b) An Assistant Secretary of the Port certifies that, for either the Port's most recent complete fiscal year or for any consecutive 12 out of the most recent 18 months, Net Revenues were equal to at least 130% of the maximum SLB Debt Service Requirement on all Outstanding SLBs on any future fiscal year and the series of SLBs proposed to be issued;

5. In the ordinance authorizing a series of SLBs to be issued, provision is made for the satisfaction of the SLB Reserve Fund Requirement;

6. If interest is to be capitalized, the Port provides a Capitalized Interest Certificate; and,

7. The Port provides a Project Certificate.

The Airport Revenue Bond Ordinances provide that when determining compliance with the conditions to the issuance of Additional SLBs, non-cash, unrealized gains, losses, expenses and/or revenues, including the fair value of Qualified Swaps, Qualified TLO Swaps, other swap agreements or other derivative products, shall be disregarded.

Completion Bonds. The Port reserves the right to issue one or more series of Completion Bonds. Prior to the issuance of any series of Completion Bonds the Port must provide, in addition to all of the requirements described above in paragraphs 1, 2 and 5 under "Additional SLBs," (1) a certificate from the engineer or architect engaged by the Port to design the project for which the Completion Bonds are to be issued, stating that such project has not been materially changed in scope since its Project Certificate was filed and setting forth the aggregate cost of the project which, in the opinion of such consulting engineer, has been or will be incurred; and (2) a certificate of an Assistant Secretary stating (a) that all amounts allocated to pay the costs of the project from the most recent series of SLBs issued in connection with the project for which the Completion Bonds are being issued were used or are still available to be used to pay costs of such project, (b) that the aggregate cost of that project (furnished in the consulting engineer's certificate described above) exceeds the sum of the costs of the project paid to such date plus the moneys available at such date within any construction fund established therefor or other like account applicable to the project plus any other moneys which an Assistant Secretary, in his discretion, has determined are available to pay such costs in any other funds, and (c) that, in the opinion of an Assistant Secretary, the issuance of the Completion Bonds is necessary to provide funds for the completion of the project.

Refunding Bonds. If SLBs are being issued for the purpose of refunding previously issued SLBs, the certifications described in paragraphs 3 and 4 under "Additional SLBs" above are not required unless the aggregate debt service payable on the refunding bonds exceeds the aggregate debt service payable on the bonds which are being refunded. However, if SLBs are issued to refund Short Term/Demand Obligations, the certifications described in paragraph 3 under "Additional SLBs" above are required.

Junior Lien Obligations and Third Lien Obligations. The Port also reserves the right to issue or incur, for any lawful Airport purpose, Junior Lien Obligations and Third Lien Obligations, which may be further secured by any other source of payment lawfully available for such purposes.

Qualified Swaps

The Board may authorize Qualified Swaps by resolution and without amending or supplementing the terms of the Airport Revenue Bond Ordinances. The Port may enter into agreements with Qualified Swap Providers regarding the interpretation and application of the Airport Revenue Bond Ordinances and those agreements shall be binding on the Port unless they are inconsistent with the express provisions of the Airport Revenue Bond Ordinances. The SLB Ordinance provides that so long as the obligations of the Port to any Qualified Swap Provider have not been discharged and satisfied, such Qualified Swap Provider shall be a third-party beneficiary of every provision and covenant of the SLB Ordinance and that such provision and covenant shall be enforceable by such Qualified Swap Provider as provided in the SLB Ordinance. The SLB Ordinance also provides that the adjustments to the "SLB Debt Service Requirement" that result from execution of a Qualified Swap shall be allocated to Airport cost centers in the same manner as debt service for the SLBs for which the Qualified Swap was executed or in accordance with the terms of any new or amended Airline Agreement as negotiated between the parties in the future.

SLB Ordinance to Constitute Contract

The SLB Ordinance provides that so long as any of the SLBs are Outstanding, each of the obligations, duties, limitations and restraints imposed upon the Port by the SLB Ordinance shall be deemed to be a covenant between the Port and every Owner and that the SLB Ordinance and every provision and covenant thereof and the provisions of Sections 778.005 to 778.260 of the Oregon Revised Statutes shall constitute a contract with every Owner and shall be enforceable by any Owner by mandamus or other appropriate action or proceeding as provided in the SLB Ordinance.

Special Facilities, Special Obligation Bonds and Net Rent Leases

The Airport Revenue Bond Ordinances provide that the Port may acquire or construct a hangar, overhaul, maintenance or repair building or shop, or other aviation or airport or air navigation facility, including hotels, garages and other buildings and facilities incident or related to the Airport, or acquire and remodel, renovate or rehabilitate a building, structure, or other facility (including the site thereof) for aviation or airport or air navigation purposes (all said hangars, building, shops, or other structures and facilities being referred to as a "Special Facility") and lease such Special Facility under the following conditions:

1. No Special Facility will be constructed or acquired and leased for use or occupancy (a) if the Special Facility would provide services, facilities, commodities or supplies which then may be adequately made available through the Airport as then existing, and (b) if the use or occupancy of such Special Facility under the contract, lease or agreement therefor would result in a reduction of Revenues below the minimum amount of Revenues covenanted to be produced and maintained in accordance with Ordinance No. 155;

2. A Net Rent Lease shall be entered into between the Port, as lessor, and the user or occupier of such Special Facility, as lessee, pursuant to which the lessee shall agree to pay the Port in each year during the term thereof, (a) fixed rentals in periodic installments which will be sufficient to pay during such term as the same respectively matures the principal of and interest on all Special Obligation Bonds to be issued to pay the cost of construction or acquisition of the Special Facility, (b) such further rentals as shall be necessary or required to provide or maintain all reserves required for such Special Obligation Bonds and to pay all trustee's, fiscal agents' and paying agents' fees and expenses in connection therewith, and (c) unless a ground rental shall be provided for as described in paragraph 3 below, an additional rental payable in periodic installments and free and clear of all charges under said Net Rent Lease, in an amount

equal to a properly allocable share of the administrative costs of the Port arising out of such Net Rent Lease and the issuance and servicing of such Special Obligation Bonds;

3. If the land on which the Special Facility is to be constructed constitutes a part of the Airport, the Net Rent Lease referred to in paragraph 2 above shall provide for payment to the Port of a ground rental for the ground upon which such Special Facility is or is to be located. Such ground rental shall when said Net Rent Lease is executed be in amounts not less than required according to the rates, rentals, fees, and charges of the Port then in effect, shall be free and clear of all charges under said Net Rent Lease and shall be in addition to the rentals described in paragraph 2 above; and shall constitute Revenues and be paid into the Airport Fund, to be used and applied as are other moneys deposited therein; and

4. If located on land included in the Airport, the Net Rent Lease shall provide that all rentals payable thereunder as described in paragraph 2 above which are not required to pay the Special Obligation Bonds issued for the Special Facility leased thereby, including reserves for such Special Obligation Bonds, or required to pay trustee's, fiscal agents' and paying agents' fees and expenses in connection therewith, or required to pay the aforesaid administrative costs of the Port, shall be paid to the Port for its own use and purposes. To the extent permitted by law, such excess amounts shall constitute Revenues and be paid into the Airport Fund, to be used and applied as are other moneys deposited therein.

The Airport Revenue Bond Ordinances provide that the Port may issue Special Obligation Bonds to finance Special Facilities and to refund Special Obligation Bonds. Special Obligation Bonds may not be issued, however, unless, among other requirements, a certificate of the Airport Consultant has been filed with the Port certifying that the construction or acquisition and leasing for use or occupation of such Special Facility would not result in a reduction of Revenues below the minimum amount of Revenues the Port has covenanted to produce in Ordinance No. 155.

Special Obligation Bonds are to be payable solely from rentals payable by the lessee under the Net Rent Lease for the Special Facility being financed with the proceeds of such Special Obligation Bonds, provided that to the extent any Net Revenues remain after making all deposits and transfers described above under "Flow of Funds, the Port may apply such remaining Net Revenues toward the payment of such Special Obligations.

The SLB Trustee

The SLB Trustee shall, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertake to perform such duties and only such duties as are specifically set forth in the SLB Ordinance and no implied covenants or obligations shall be read into the SLB Ordinance against the SLB Trustee.

Except in case an Event of default under the SLB Ordinance has occurred and has not been cured, the SLB Trustee agrees to perform such trusts as an ordinarily prudent trustee. The SLB Trustee is entitled to rely upon a certificate of the Port as to the existence or non-existence of any fact and as to the sufficiency or authenticity of any instrument or proceeding and shall not be liable for any action it takes or omits to take in good faith, except that the SLB Trustee may not be relieved from liability for its own negligent action or negligent failure to act or for its willful misconduct.

Before taking any action under the SLB Ordinance regarding an Event of Default, the SLB Trustee may require that it be furnished an indemnity satisfactory to it for the reimbursement of all expenses to which it may be put and to protect it against all liability except liability which results from the negligent action of SLB Trustee, its negligent failure to act or its willful misconduct. However, the SLB Trustee shall not be entitled to any such indemnity as a condition precedent to its drawing upon any Letter of Credit or

Alternate Credit Facility given as security for the payment of any SLBs, but upon the occurrence of an Event of Default and an acceleration of the Outstanding SLBs, the SLB Trustee shall promptly draw upon such Letter of Credit or Alternate Credit Facility in accordance with its terms and use the amounts so drawn solely for the purpose of paying the SLBs secured by such Letter of Credit or Alternate Credit Facility.

Upon an Event of Default, but only upon an Event of Default and except as otherwise provided in the SLB Ordinance in connection with SLBs secured by certain Credit Facilities, the SLB Trustee shall have a first lien on the SLB Fund, with right of payment prior to payment of any SLB, for such fees, advances, counsel fees on trial or on appeal, costs and expenses incurred by it.

Provided a successor SLB Trustee is reasonably available, the SLB Trustee and any successor SLB Trustee may at any time resign from the trusts created by the SLB Ordinance by giving 30 days' written notice to the Port and by first class mail to each Owner; provided that no such resignation shall become effective until a successor SLB Trustee has been appointed and has agreed to act as such.

The SLB Trustee may be removed at any time by the Port, or by an instrument or concurrent instruments in writing delivered to the SLB Trustee and to the Port, signed by the owners of a majority in aggregate principal amount of SLBs then Outstanding; provided that no such removal shall become effective until a successor SLB Trustee has been appointed and has agreed to act as such.

In case the SLB Trustee shall resign or be removed, or be dissolved or shall be in course of dissolution or liquidation, or otherwise become incapable of acting under the SLB Ordinance, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Port, or by the owners of a majority in aggregate principal amount of SLBs then Outstanding. No such appointment shall be effective without the written consent of the Port, which consent shall not be withheld unreasonably. Nevertheless in case of such vacancy the Port by resolution of its governing body may appoint a temporary SLB Trustee to fill such vacancy until a successor SLB Trustee shall be so appointed by the Owners; and any such temporary SLB Trustee so appointed by the Port shall immediately and without further act be superseded by the SLB Trustee so appointed by the Owners. In the event the SLB Trustee resigns or is removed and a successor is not appointed or has not agreed to act as such within 30 days from the date of such resignation or removal, the existing SLB Trustee may petition a court of competent jurisdiction for the appointment of a successor SLB Trustee.

Amendments of the Airport Revenue Bond Ordinances

Amendments Without Owner Consent. The Port may amend the Airport Revenue Bond Ordinances without the consent of Owners (a) for the purpose of providing for the issuance of Additional SLBs, (b) to make any changes or modifications thereof or amendments or additions thereto or deletions therefrom which may be required to permit the Airport Revenue Bond Ordinances to be qualified under the Trust Indenture Act of 1939, as amended from time to time, and (c) if the provisions of such amendment shall not adversely affect the rights of the Owners, for any one or more of the following purposes:

1. To make any changes or corrections in the Airport Revenue Bond Ordinances as to which the Port shall have been advised by its counsel that the same are verbal corrections or changes or are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provision or omission or mistake or manifest error contained in the Airport Revenue Bond Ordinances, or to insert such provisions clarifying matters or questions arising under the Airport Revenue Bond Ordinances as are necessary or desirable;

2. To add additional covenants and agreements of the Port for the purpose of further securing the payment of the SLBs;

3. To surrender any right, power or privilege reserved to or conferred upon the Port by the terms of the Airport Revenue Bond Ordinances;

4. To confirm as further assurance any lien, pledge or charge, or the subjection to any lien, pledge or charge, created or to be created by the provision of any of the Airport Revenue Bond Ordinances;

5. To grant to or confer upon the holders of the SLBs any additional rights, remedies, powers, authority or security that lawfully may be granted to or conferred upon them, or to grant to or confer upon the SLB Trustee for the benefit of the holders of the SLBs any additional rights, duties, remedies, power or authority;

6. To prescribe further limitations and restrictions upon the issuance of the SLBs and the incurring of indebtedness by the Port payable from the Revenues; and

7. To modify in any other respect any of the provisions of the Airport Revenue Bond Ordinances; provided that such modifications shall have no adverse effect as to any SLB or SLBs which are then outstanding.

Special Amendments. The Port has reserved the right to amend the Airport Revenue Bond Ordinances without the consent of the Owners of SLBs to remove references to "Excess Principal" and (but only if the right to make such amendment is expressly reserved in the Supplemental Ordinance providing for the issuance of such SLBs) for, but not limited to, the following purposes.

(1) To amend the definition of "Airport" to add any facilities operated by the Port whether or not such facilities are related to aviation.

(2) To provide that the Airport Fund (other than the SLB Fund) may be invested in any securities that are legal investments for the Port under the laws of the State.

(3) To provide that the SLB Fund may be invested only in Investment Securities, and to define Investment Securities to include those securities that are then typically permitted for the investment of debt service and the reserve funds of revenue bonds that have credit ratings similar to the credit ratings then in effect for the SLBs.

(4) To permit the Port's obligations under derivative products (including interest rate swaps, collars, hedges, caps and similar transactions) to be treated as SLBs and to make other changes which are desirable in order to permit use of derivative products in connection with SLBs.

(5) To permit obligations that are subordinate to the SLBs to be issued for any lawful Port purpose.

(6) To provide that balloon obligations will be treated as if they were refinanced with long-term obligations for purposes of calculating the SLB Debt Service Requirement and making certain deposits to the SLB Fund.

(7) To provide that any "put" or other right of Owners to require the purchase of SLBs shall not be treated as a maturity or mandatory redemption and may be ignored when calculating the SLB Debt Service Requirement and the amounts to be deposited to the SLB Fund, but only if bond insurance, a line or letter of credit, a standby bond purchase agreement or other liquidity or credit enhancement is in effect which is expected to pay for the purchase of the SLBs when the Owners exercise that right, if the SLBs are not remarketed or refunded.

(8) To provide that certain amounts in the SLB Serial Bond Principal Account and the SLB Term Bond Principal Account (now part of the combined SLB Principal and Interest Account) may be used for redemption or purchase for cancellation of SLBs.

(9) To reduce the SLB Reserve Fund Requirement to an amount equal to the maximum amount of proceeds of tax-exempt bonds which the Code permits to be deposited in a reserve account without yield restriction, and to specify either that separate reserve accounts will be held for each series of SLBs, or that a single reserve account will secure all series of SLBs.

(10) To modify the requirements for funding the Rebate Account or to eliminate the Rebate Account.

(11) To combine Ordinance No. 155 and the SLB Ordinance, to delete outdated provisions, to delete provisions that interfere with the business operations of the Port but that do not provide substantial security for owners of SLBs, to clarify and simplify the remaining provisions, to substitute modern, more flexible provisions, and to restate those amended ordinances as a single ordinance.

(12) To amend the definition of "SLB Debt Service Requirement" so that for purposes of calculating compliance with the Port's rate covenants, the amount of principal and/or interest on SLBs and/or the amount of Scheduled Swap Obligations paid or to be paid from moneys not then included in the definition of "Revenues" or "Net Revenues" shall be disregarded and not included in any calculation of "SLB Debt Service Requirement."

(13) To amend the SLB Ordinance to provide that for purposes of determining compliance with the provisions of the SLB Ordinance relating to Additional SLBs, the amount of passenger facility charges, customer facility charges, state and federal grants or other payments and/or other moneys that are not then included in the definition of "Revenues" or "Net Revenues" but that are committed irrevocably to the payment of debt service on SLBs and to the payment of Scheduled Swap Obligations or that are held by the SLB Trustee for the sole purpose of paying debt service on SLBs and paying Scheduled Swap Obligations may be disregarded and not included in the calculation of SLB Debt Service Requirement for the period in which such amounts are irrevocably committed or are held by the SLB Trustee.

(14) To permit all or a portion of the Remaining Balance, as hereinafter defined, to be taken into account as "Revenues" when determining compliance by the Port with its rate covenants. For this purpose, "Remaining Balance" means for any fiscal year the amount of unencumbered funds on deposit or anticipated to be on deposit on the first day of such fiscal year in the General Account (after all deposits and payments required to be made into the SLB Fund, the JLO Fund or the TLO Fund under the SLB Ordinance have been made as of the last day of the immediately preceding fiscal year).

(15) To permit the application of proceeds received from the sale of SLBs or of Junior Lien Obligations to make termination payments incurred in connection with terminating swap agreements or other derivative products.

Amendments with Owner Consent. The consent of the Owners of not less than sixty-six and two-thirds per centum (66 ⅔%) of the principal amount of the SLBs then outstanding is required for any amendment not described in the preceding two sections. However, the consent of each affected Owner is required for any amendment to: (1) change the fixed maturity date for the payment of the principal of any SLB or the dates for the payment of interest thereon or the terms of the redemption thereof, or reduce the principal amount of any SLB or the rate of interest thereon or any premium payable upon the redemption or payment thereof; or (2) reduce the aforesaid percentage of SLBs, the Owners of which are required to consent to any such amendment, or (3) give to any SLB or SLBs any preference over any other SLB or

SLBs secured by the SLB Ordinance; or (4) authorize the creation of any pledge of the Revenues or any lien thereon prior or superior or equal to the pledge and lien created in the SLB Ordinance for the payment and security of the SLBs; or (5) deprive any Owner of the security afforded by the Airport Revenue Bond Ordinances.

Events of Default

Each of the following shall constitute an "Event of Default":

1. If payment of the principal and premium (if any) of any SLB, whether at maturity or by proceedings for redemption (whether by voluntary redemption or a mandatory redemption) or otherwise, shall not be made when the same shall become due and payable; or

2. If payment of any installment of interest on any SLB shall not be made when the same shall become due and payable; or

3. If the Port shall fail in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the SLBs or in the SLB Ordinance or in any ordinance supplemental thereto on the part of the Port to be performed, and such failure shall continue for 90 days after written notice specifying such failure and requiring the same to be remedied shall have been given to the Port by the SLB Trustee or by the owners of not less than twenty percent (20%) in principal amount of the SLBs then Outstanding or any committee therefor; provided that if any such failure shall be such that it cannot be cured or corrected within such 90-day period, it shall not constitute an Event of Default under the SLB Ordinance if curative or corrective action is instituted within said period and diligently pursued until the failure of performance is cured or corrected; or

4 If any proceedings shall be instituted with the consent or acquiescence of the Port for the purpose of effecting a composition between the Port and its creditors and if the claim of such creditors is in any circumstance payable from any of the Revenues or any other moneys pledged and charged in the SLB Ordinance or in any ordinance supplemental thereto or for the purpose of adjusting the claims of such creditors, pursuant to any federal or State statute now or hereafter enacted; or

5. If an order or decree shall be entered (a) with the consent or acquiescence of the Port, appointing a receiver or receivers of the Airport or any of the buildings and facilities thereof, or (b) without the consent or acquiescence of the Port, appointing a receiver or receivers of the Airport or any of the buildings and facilities thereof, and such order or decree having been entered, shall not be vacated or discharged or stayed on appeal within 60 days after the entry thereof; or

6. If, under the provisions of any applicable bankruptcy laws or any other law for the relief or aid of debtors, (a) any court of competent jurisdiction shall assume custody or control of the Airport or any of the buildings and facilities thereof, and such custody or control shall not be terminated within 90 days from the date of assumption or such custody or control; or (b) any court of competent jurisdiction shall approve of any petition for the reorganization of the Airport or rearrangement or readjustment of the obligations of the Port under the SLB Ordinance.

Notice to Owners of Events of Default

The SLB Trustee is required to give to Owners notice of all Events of Default known to the SLB Trustee, within 30 days after the occurrence of an Event of Default unless such Event of Default has been cured, provided that except in the case of a payment default, the SLB Trustee shall be protected in withholding such notice if and so long as the SLB Trustee in good faith determines that the withholding of such notice is in the interest of the Owners.

Remedies Upon Occurrence of Event of Default

1. Upon the occurrence of an Event of Default under the SLB Ordinance, the SLB Trustee (a) for and on behalf of the Owners, shall have the same rights under the SLB Ordinance which are possessed by any Owner; (b) shall be authorized to proceed, in its own name and as trustee of an express trust; (c) may, and upon the written request of the Owners of not less than a majority in aggregate principal amount of Outstanding SLBs shall, declare all Outstanding SLBs immediately due and payable; (d) may pursue any available remedy by action at law or suit in equity to enforce the payment of the principal of and interest on the SLBs; (e) may, and upon the written request of the Owners of twenty-five percent (25%) in aggregate principal amount of the SLBs then Outstanding shall, proceed to protect and enforce all rights of the Owners and the SLB Trustee under the SLB Ordinance; and (f) exercise other remedies provided in the Airport Revenue Bond Ordinances.

2. The owners of not less than a majority in principal amount of the SLBs at the time Outstanding shall be authorized and empowered (a) to direct the time, method, and place of conducting any proceeding for any remedy available to the SLB Trustee or to the holders of the SLBs, or exercising any trust or power conferred upon the SLB Trustee under the SLB Ordinance; or (b) on behalf of the owners of the SLBs then Outstanding, to consent to the waiver of any Event of Default or its consequences, and the SLB Trustee shall waive any Event of Default and its consequences and rescind any declaration of maturity upon the written request of the owners of such majority.

3. Notwithstanding any other provision of the SLB Ordinance the right of any owner of any SLB to receive payment of the principal of and interest on such SLB, on or after the respective due dates expressed in such SLB, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such owner.

4. All moneys received by the SLB Trustee following an Event of Default under the SLB Ordinance pursuant to any right given or action taken under the provisions of the SLB Ordinance shall, after payment to the SLB Trustee of its reasonable fees and expenses with respect thereto, be applied to the payment of the principal of and interest on the Outstanding SLBs then due and unpaid, ratably according to the amounts due and payable on the Outstanding SLBs, without preference or priority of any kind.

Discharge of Liens and Pledges; SLBs No Longer Outstanding Under the SLB Ordinance

The obligations of the Port under the SLB Ordinance and the liens, pledges, charges, trusts, assignments, covenants and agreements of the Port therein made or provided for, shall be fully discharged and satisfied as to any SLB and such SLB shall no longer be deemed to be Outstanding thereunder:

1. When such SLB shall have been cancelled, or shall have been purchased by the SLB Trustee from moneys in the SLB Fund, or

2. As to any SLB not cancelled or so purchased, when payment of the principal of and the applicable redemption premium, if any, on such SLB, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption or prepayment or otherwise), either

(a) shall have been made or caused to be made in accordance with the terms thereof, or

(b) shall have been provided by irrevocably depositing with the SLB Trustee or Paying Agent for such SLB, in trust and irrevocably appropriated and set aside exclusively for such payment,

(i) moneys sufficient to make such payment or

(ii) Governmental Obligations maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the SLB Trustee and said Paying Agents pertaining to the SLB with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the SLB Trustee and said Paying Agents.

At such time as an SLB shall be deemed to be no longer Outstanding under the SLB Ordinance, as aforesaid, such SLB shall cease to draw interest from the due date thereof (whether such due date be by reason of maturity, or upon redemption or prepayment or by declaration as aforesaid, or otherwise) and, except for the purposes of any such payment from such moneys or Governmental Obligations shall no longer be secured by or entitled to the benefits of the SLB Ordinance, including all Supplemental SLB Ordinances.

If any SLBs shall not be presented for payment when the principal thereof shall become due, whether at maturity or at the date fixed for the redemption thereof, or otherwise, and if moneys or Governmental Obligations shall at such due date be held by the SLB Trustee, or a Paying Agent therefor, in trust for that purpose and sufficient and available to pay the amounts due upon presentment of such SLBs on such due date, then interest shall cease to accrue on such SLBs, all liability of the Port for such payment shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the SLB Trustee or such Paying Agent, to hold said moneys or Governmental Obligations, without liability to such Owner for interest thereon, in trust for the benefit of the holder of such SLB, who thereafter shall be restricted exclusively to said moneys or Governmental Obligations for any claim of whatever nature on his part on or with respect to said SLB, including any claim for the payment thereof.

Notwithstanding any provision of any other section of the SLB Ordinance which may be contrary to the provisions of this section, all moneys or Governmental Obligations set aside and held in trust pursuant to the provisions described in this section for the payment of SLBs (including interest and premium thereon, if any) shall be applied to and used solely for the payment of the particular SLB (including interest and premium thereon, if any) with respect to which such moneys and Governmental Obligations have been so set aside in trust.

Notwithstanding anything in the SLB Ordinance to the contrary, the obligations of the Port under the SLB Ordinance and the liens, pledges, charges, trusts, assignments, covenants and agreements of the Port therein made or provided for, shall not be discharged and satisfied until the Port has paid all amounts it is obligated to pay under any Qualified Swap.

No Personal Liability

No Commissioner of the Port and no officer, director or employee thereof shall be individually or personally liable for the payment of the principal of or interest or premium on the SLBs; but nothing contained in the SLB Ordinance shall relieve any such Commissioner, officer, director or employee from the performance of any duty provided or required by law, including the SLB Ordinance.

Limitation of Rights

With the exception of rights or benefits expressly conferred in the SLB Ordinance, nothing expressed or mentioned in or to be implied from the SLB Ordinance or the SLBs is intended or shall be construed to give to any person other than the Port, the SLB Trustee and the Owners of the SLBs, any legal or equitable right, remedy or claim under or in respect to the SLB Ordinance or any covenants, conditions and provisions therein contained; the SLB Ordinance and all of the covenants, conditions and provisions thereof being intended to be and being for the sole and exclusive benefit of the Port, the SLB Trustee and the Owners of the SLBs as therein provided.

APPENDIX D

PENSION AND OTHER POST-RETIREMENT BENEFIT PROGRAMS

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APPENDIX D

PENSION AND OTHER POST-RETIREMENT BENEFIT PROGRAMS

Pension Plans – General. The Port is one of many employers in the statewide Oregon Public Employees' Retirement System, a multiple-employer, cost-sharing pension plan ("PERS" or the "System"). The Port participates in three retirement pension benefit programs and in a retirement healthcare benefit program (the Retirement Health Insurance Account program or "RHIA") sponsored by PERS. The three PERS pension programs are composed of two defined benefit programs and one program that has features similar to a defined contribution plan. In a defined benefit plan, the investment risk for the plan assets is borne by the employer. In a defined contribution plan, the investment risk for the plan assets is borne by the employee. A combination of employer contributions determined by the Public Employees Retirement Board (the "PERS Board") based upon the results of actuarial valuations, employee contributions and investment earnings fund the PERS pension programs. Employee contributions, which to date the Port has elected to pay, are determined by statute and currently are 6% of salaries.

Most Port employees, after six months of employment, are participants in PERS. Employees hired before January 1, 1996 are known as "Tier 1" participants. Retirement benefits applicable to Tier 1 participants are based primarily on a defined benefit model. Employees hired on or after January 1, 1996 and before August 29, 2003 are "Tier 2" participants. The Tier 2 program is a defined benefit program but with lower expected costs to employers than under the Tier 1 benefit program. Employees hired on or after August 29, 2003 are participants in a successor retirement program to the Tier 1 and Tier 2 retirement programs (the "T1/T2 Pension Programs"), known as the Oregon Public Service Retirement Plan (the "OPSRP").

PERS also offers an Individual Account Program (the "IAP") that has features similar to a defined contribution benefit. Effective January 1, 2004, active T1/T2 and OPSRP employees became members of the IAP.

Pensions – Valuations and Funded Status. State statutes require an actuarial valuation of the System at least once every two years. PERS' current practice is to obtain actuarial valuations annually, although only valuations as of the end of each odd-numbered year are used to determine annual required employer contribution rates. Valuations are performed for the entire System and for each participating employer, including the Port, and are released approximately one year after the valuation date. Milliman, Inc. ("Milliman") is the current PERS actuary.

Milliman's valuation for the Port as of December 31, 2019 (the "2019 Port Valuation") serves as the basis for the Port's employer contribution rates for the period July 1, 2021 through June 30, 2023 (the "2021-2023 Biennium") and the valuation report as of December 31, 2021 (the "2021 Port Valuation") serves as the basis for the Port's employer contribution rates for the period July 1, 2023 through June 30, 2025 (the "2023-2025 Biennium").

Milliman's valuation of the System as of December 31, 2021, was released in September 2022 (the "2021 System Valuation"). The 2021 Port Valuation was also released in September 2022, and reflects the Port's share of PERS' assets and liabilities as of December 31, 2021, based upon the 2021 System Valuation. The 2021 System Valuation provides system-wide average employer contribution rates calculated as of December 31, 2021 for the 2023-2025 Biennium. See "– Pensions – Contribution Rates." Both the 2021 System and 2021 Port valuations were adjusted to take into account actuarial assumption and method changes adopted by the PERS Board on October 1, 2021.

In connection with the T1/T2 Pension Programs, the Port is pooled with the State and with certain other local government and community college district public employers (the "State and Local Government

Rate Pool" or "SLGRP"), and the Port's share of assets, liabilities and the unfunded actuarial liability (the "UAL") of the SLGRP is based upon the Port's proportionate share of the SLGRP payroll as of the valuation date. In connection with the OPSRP program, the assets and liabilities are pooled on a program-wide basis, and the Port's allocated share is based upon the Port's proportionate share of total System payroll as of the valuation date. An employer's UAL is the excess of the actuarially determined present value of the employer's benefit obligations to employees over the existing actuarially determined assets available to pay those benefits.

Table D-1 summarizes the adopted methods and assumptions used as the basis for the System valuation as of December 31, 2019 (the "2019 System Valuation") and the 2019 Port Valuation, upon which employer contribution rates for the 2021-2023 Biennium are based, and for the 2021 System Valuation and the 2021 Port Valuation, upon which employer contribution rates for the 2023-2025 Biennium are based. See "– Pensions – Contribution Rates."

TABLE D-1
ACTUARIAL ASSUMPTIONS AND METHODS

Assumption/ Method	2019 System Valuation and 2019 Port Valuation	2021 System Valuation and 2021 Port Valuation
Actuarial Cost Method	Entry-Age Normal	Unchanged
T1/T2 Programs UAL Amortization Method	Level Percentage of Payroll over 22 years (fixed)[(1)]	Level Percentage of Payroll over 20 years (fixed)
OPSRP UAL Amortization Method	Level Percentage of Payroll over 16 years (fixed)	Unchanged
Asset Valuation Method	Market Value [(2)]	Unchanged
Investment Rate of Return	7.20%	6.90%
Payroll Growth Rate	3.50%	3.40%
Inflation Level	2.50%	2.40%
Contribution Rate Stabilization Method	Employer contribution rate may increase or decrease by 3% of payroll or by 20% of the previous rate; whichever is greater, when an employer's funded status is between 80% and 120%. At a funded status of 60% or less, or 140% or more, the limitation doubles to 6% of payroll or 40% of the previous rate, whichever is greater. At a funded status between 60% and 70% or 130% and 140%, the limitation increases on a graded scale between 3%-6% of payroll or 20%-40% of the previous rate, whichever is greater (the "Rate Collar").	The contribution rate stabilization method, also referred to as the rate collar (the "Rate Collar"), is applied separately to OPSRP and to each Tier 1/Tier 2 experience sharing pool (State and Local Government Rate Pool, School Districts) and independent employers. The Rate Collar will be applied as a fixed percentage of payroll, with a limit of 3 percent of payroll for the Tier 1/Tier 2 UAL rate and 1 percent of payroll for OPSRP UAL rate. Further, reductions in the UAL rate would be eliminated if the pool's funded status (excluding side accounts) is 87% or lower. If the funded status reaches 88%, the reduction would be allowed, gradually increasing until the funded status reaches 90 percent, at which point the full reduction would be permitted.

(1) SB 1049, signed into law in June 2019, required a one-time re-amortization of Tier 1/Tier 2 UAL over a closed 22-year period at the December 31, 2019 rate-setting actuarial valuation, which set actuarially determined contribution rates for the 2021-2023 Biennium.
(2) Market value of assets reduced by value of assets in statutory reserves (contingency, capital preservation and rate guarantee reserves).

Table D-2 summarizes the actuarial value of assets and liabilities, UALs and funded ratios for the PERS pension plans System-wide as of December 31, 2017 through 2021, and Table D-3 summarizes the Port's share of the System's UALs for the same years.

Side Accounts. The Port's allocated shares include credits for amounts on deposit in the Port's UAL side account (the "UAL Side Account"). The UAL Side Account was funded with net proceeds of approximately $55 million aggregate principal amount of limited tax pension obligations issued by the Port in 2002 and approximately $20 million aggregate principal amount of limited tax pension obligations issued by the Port in 2005, of which approximately $25.6 million and approximately $11.2 million, respectively, are allocable to the Airport. Proceeds received from the sale of the pension obligations, plus investment earnings thereon, were applied to finance a portion of the Port's estimated share of the T1/T2 UAL (approximately $54 million as of April 1, 2002 and approximately $20 million as of October 1, 2005). Those deposits to the Port's UAL Side Account reduce the Port's contribution rates to the T1/T2 Pension programs. See Note 9 in Appendix B.

Chapter 355 Oregon Laws 2019 ("Senate Bill 1049") adopted by the Oregon Legislative Assembly during the 2019 legislative session authorized funding for an Employer Incentive Fund ("EIF") which provided 25% matching funds (up to a cap) to incent employers to place new side accounts with PERS. Senate Bill 1049 also authorized changes to the timing options available for employers to receive rate offsets from new side accounts. In December 2019, the Port created two new side accounts with PERS. The first side account of $20 million qualified for EIF matching in the amount of $4,961,469. This side account is being amortized to provide the Port rate relief for 16 years, beginning January 1, 2020. The initial rate relief provided to the Port was (2.82%); the amount of rate relief provided is recalculated every two years in subsequent rate setting valuations. The second Port side account created in December 2019 was in the amount of $10 million and will be amortized to provide pension rate relief to the Port for 10 years, beginning in fiscal year 2030. The combined amortizations of these two accounts will provide the Port with pension rate relief over the next 20 years, with rate relief from both side accounts providing rate relief in the years in which the Port's pension rates were projected to be at their highest. The side accounts were funded by the Port's General Fund so the rate relief received from these side accounts will only benefit the Port's General Fund. Due to the long-term nature and up-front funding requirements of these new accounts, it was determined that it was not feasible to apply the transaction to the Airport.

TABLE D-2
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
SYSTEMWIDE PENSION HISTORICAL ACTUARIAL FUNDED RATIOS
(IN MILLIONS) [1]

Calendar Year Ending	Market Value of Assets ($)[2]	Actuarial Value of Liability ($)	Unfunded Actuarial Liability ($)	Funded Ratio (%)[3]
2017	67,326.2	84,056.0	16,730.0	80.1
2018*	64,802.3	86,574.7	21,772.4	74.9
2019	70,312.2	89,445.7	19,133.5	78.6
2020*	72,378.3	95,300.4	22,922.1	75.9
2021	85,001.3	98,401.4	13,400.1	86.4

Sources: Actuarial valuations of the System.

(1) System funding levels composed of Tier 1/Tier 2 and OPSRP pensions but excluding retiree healthcare subsidies of RHIA and RHIPA.
(2) Includes proceeds of pension bonds and other funds deposited in side accounts established for Oregon local governments and the State.
(3) Funded ratios are based on market to market accounting procedures.
* Data is advisory.

The 2021 System Valuation indicates that the system average collared net employer contribution for the 2023-2025 Biennium is projected to increase compared to the rate currently in effect for the 2021-2023 Biennium. This increase is due primarily to reduction in the assumed rate of investment return from 7.20% to 6.9%, along with certain other changes.

TABLE D-3
PORT SHARE OF THE SYSTEM'S UNFUNDED ACTUARIAL ACCRUED LIABILITY

	2017 Port Valuation	2018 Port Valuation*	2019 Port Valuation	2020 Port Valuation*	2021 Port Valuation
Net Port Pension UAAL	**$99,229,380**	**$132,572,317**	**$81,728,835**	**$91,715,037**	**$41,645,660**
Allocated pooled SLGRP T1/T2 UAL	130,671,012	156,868,475	$140,144,877	$144,645,155	$105,523,069
Allocated pre-SLGRP pooled liability/(surplus) (1)	(9,564,007)	(8,589,342)	(7,591,983)	(6,226,326)	(5,410,946)
Transition liability/(surplus) (2)	(735,927)	(690,332)	(632,759)	(579,824)	(524,481)
Allocated pooled OPSRP UAL	10,321,988	13,058,046	12,242,769	14,570,548	8,899,548
Port UAL Side Account	31,463,686	28,074,530	62,434,069	60,694,516	66,841,530
Combined valuation payroll	68,497,652	72,318,143	74,471,432	71,180,916	72,425,163
Net Pension UAL as % of payroll	145%	183%	110%	129%	58%
Allocated Pooled RHIA UAL	($784,859)	($1,060,024)	($1,551,256)	($1,634,915)	($2,249,873)

* Advisory valuation-rates are not set by these valuations.
(1) The Port allocated pre-SLGRP pooled surplus represents the allocation to the Port of the surplus that remained when the local government rate pool (the "LGRP") was disbanded and the SLGRP was created. The Port shares this liability or surplus with other former participants in the LGRP, and it is allocated based on the Port's proportionate share of the former participants' payroll.
(2) The transition liability or surplus represents the surplus that was created when the Port joined the SLGRP.
Source: Actuarial valuations of the Port for calendar years 2017, 2018 (advisory), 2019, 2020 (advisory) and 2021.

The funded status of the PERS pension plans will change depending in part upon market performance of investments of the System assets. Table D-4 summarizes annual Retirement Fund investment returns (after administrative expenses) for the five calendar years ended December 31, 2022.

TABLE D-4
OREGON PUBLIC EMPLOYEES
RETIREMENT FUND INVESTMENT RETURNS (1)

Calendar Year Ending	Net(1) Returns (%)
2018	0.5
2019	13.6
2020	7.7
2021	20.0
2022	(1.6)

Source: Office of the State Treasurer.
(1) Regular account, after investment management fees, but not consulting fees.

Pensions – Contribution Rates. Employer contribution rates are calculated by the actuary and approved by PERS Board as a percentage of actuarially determined, covered payroll, and are based upon the biennial actuarial valuations as of December 31 of odd-numbered years. The rates become effective 18 months later, at the start of the next odd-numbered fiscal year, resulting in an 18-month time lag. Employer contribution rates are subject to future adjustment as a result of subsequent actuarial valuations, changes in benefits and/or changes in methods resulting from legislative modifications or changes directed by the PERS Board. Employees are required to contribute 6% of their annual salary to the respective PERS programs; the Port has elected to make the employee contribution.

The Port's employer contribution rates expressed as percentages of actuarially determined payroll for PERS pension and PERS sponsored healthcare costs for the 2021-2023 Biennium (based upon the 2019 Port Valuation) and the 2023-2025 Biennium (based upon the 2021 Port Valuation) are set forth in Table D-5.

TABLE D-5
PORT CONTRIBUTION RATES

Payrolls	2021-2023	2023-2025
T1/T2	17.39%	16.67%
OPSRP General Service	12.49	11.80
OPSRP Police and Fire	16.85	16.59

Source: 2019 and 2021 Port Valuations.

Employer contribution rates consist of a normal cost rate, offset by any UAL Side Accounts and a rate to amortize the UAL of the System, and the Port is responsible for its allocable portion of these costs. Normal cost rates for T1/T2, OPSRP-General Service, OPSRP-Police and Fire, and the UAL rates, calculated in the 2021 System Valuation and 2021 Port Valuation and adopted by the PERS Board for the 2023-2025 Biennium, increased compared to those rates used to calculate the employer contribution rates for the 2021-2023 Biennium.

Other Post-Employment Benefits. The Port administers a single-employer defined-benefit healthcare plan (the "OPEB Plan") that provides certain qualifying employees retiring under PERS or OPSRP with Port-paid healthcare coverage for the qualifying retiree until age 65. The OPEB Plan was phased out and is not available to any employees who did not meet eligibility requirements by December 31, 2011. Contributions to the OPEB Plan are made on a pay-as-you-go basis.

Under State law, employees retiring under PERS or OPSRP may continue their health insurance coverage through the Port until eligible for Medicare (usually age 65). Coverage may be elected for the retiring employee, the employee's spouse and for qualifying dependents. Premiums are paid by the retiree at the Port's pooled rate, which is the same rate paid for active employees. Retirees, on average, are expected to have higher health costs than active employees, primarily due to the older average age of retirees. Since the same premium applies to both groups, the premiums paid for active employees by the Port are subsidizing the premiums for retirees. As a result, there is an "implicit subsidy" paid by the Port and under generally accepted accounting principles, the implicit subsidy associated with retiree health care costs paid during the last year is also considered to be a contribution from the Port. According to the most recent actuarial valuation, as of July 1, 2021, measured as of June 30, 2022 with a reporting date of June 30, 2022, the total UAL of the OPEB Plan and the Port's implicit subsidy was approximately $4,615,000, of which approximately $2,407,000 is allocable to the Airport.

PERS retirees who receive benefits through the T1/T2 Pension Programs and are enrolled in certain PERS-administered health insurance programs also may receive a subsidy of approximately $60/month towards the payment of health insurance premiums under the PERS-sponsored Retirement Health Insurance Account Plan (the "RHIA program"). The assets and liabilities of the RHIA program are pooled on a program-wide basis and are not calculated on an employer basis. The RHIA program UAL is a component of the System UAL described above. The Port's allocated share of the RHIA program UAL is based on the Port's proportionate share of the RHIA program payroll. The Port's allocated share of the RHIA program UAL was ($1,634,915) as of December 31, 2020 and ($2,249,873) as of December 31, 2021. Actuarial determinations are not made solely as to the Airport. The employer contribution rate attributable to the RHIA program is incorporated into the Port's T1/T2 Pension Programs and OPSRP employer contribution rates described above. As of December 31, 2020, the RHIA program had a UAL of approximately \$(276.6) million and as of December 31, 2021 a UAL of approximately \$(394.0) million, representing a funded status of approximately 172% and 207%, respectively.

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APPENDIX E

DTC AND ITS BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series Twenty-Nine Bonds. The Series Twenty-Nine 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 Twenty-Nine Bond certificate will be issued for each maturity of the Series Twenty-Nine Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("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 ("Indirect Participants"). DTC has a S&P 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.

Purchases of Series Twenty-Nine Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series Twenty-Nine Bonds on DTC's records. The ownership interest of each actual purchaser of each Series Twenty-Nine Bond ("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 Twenty-Nine 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 Twenty-Nine Bonds, except in the event that use of the book-entry system for the Series Twenty-Nine Bonds is discontinued.

To facilitate subsequent transfers, all Series Twenty-Nine 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 Twenty-Nine Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series Twenty-Nine Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series

Twenty-Nine 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.

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 Twenty-Nine Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series Twenty-Nine Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series Twenty-Nine Bond documents. For example, Beneficial Owners of Series Twenty-Nine Bonds may wish to ascertain that the nominee holding the Series Twenty-Nine 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 Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series Twenty-Nine Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series Twenty-Nine 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 Twenty-Nine Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Series Twenty-Nine 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 Trustee, 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 Trustee, or the Port, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Port or the Trustee, 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.

DTC may discontinue providing its services as depository with respect to the Series Twenty-Nine Bonds at any time by giving reasonable notice to the Port or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series Twenty-Nine Bond certificates are required to be printed and delivered.

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 Twenty-Nine Bond certificates will be printed and delivered to DTC.

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 F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "***Disclosure Certificate***") is executed and delivered by The Port of Portland (the "***Port***") in connection with the issuance of $566,120,000 aggregate principal amount of its Portland International Airport Revenue Bonds, Series Twenty-Nine Bonds (AMT) (the "Series Twenty-Nine Bonds"). The Series Twenty-Nine Bonds are being issued pursuant to (a) the provisions of Sections 778.145 through 778.175 and Chapter 287A of the Oregon Revised Statutes, as amended, (b) Port Ordinance No. 155, enacted by the Board of Commissioners of the Port (the "***Board***") on November 10, 1971, as amended, restated and supplemented ("***Ordinance No. 155***"), (c) Port Ordinance No. 323, enacted by the Board on October 9, 1985, as amended, restated and supplemented ("***Ordinance No. 323***"), and (d) Ordinance No. 479-B, enacted by the Board on January 11, 2023 and effective on February 10, 2023, ("***Ordinance 479-B***") as supplemented by the Certificate of the Executive Director Establishing and Determining Certain Terms and Other Matters Relating to the Series Twenty-Nine Bonds, dated the date hereof (the "***Series Twenty-Nine Ordinance***," and collectively with Ordinance No. 155 and Ordinance No. 323, the "***Airport Revenue Bond Ordinances***"). The Port covenants and agrees as follows:

Section 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Port for the benefit of the Owners and Beneficial Owners of the Series Twenty-Nine Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission (the "***Commission***") Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Airport Revenue Bond Ordinances, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Port pursuant to, and as described in, Sections 3 and 4 hereof.

"Beneficial Owner" shall mean any person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series Twenty-Nine Bonds (including persons holding Series Twenty-Nine Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series Twenty-Nine Bonds for federal income tax purposes.

"Dissemination Agent" shall mean the Port, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Port.

"Financial Obligation" shall mean, for purposes of the Listed Events set out in Section 5(a)(10) and Section (5)(b)(8) hereof, a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"EMMA" shall mean the MSRB's Electronic Municipal Market Access system, currently located at http://emma.msrb.org, or such other electronic system designated by the MSRB.

"Fiscal Year" shall mean the one-year period ending on June 30 of each year or such other period of 12 months designated by the Port as its Fiscal Year.

"GASB" shall mean the Governmental Accounting Standards Board.

"Listed Events" shall mean any of the events listed in Section 5(a) or (b) hereof.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Commission, filings with the MSRB are to be made through EMMA.

"Official Statement" shall mean the final official statement of the Port relating to the Series Twenty-Nine Bonds.

"Owner" shall mean a registered owner of the Series Twenty-Nine Bonds.

"Participating Underwriters" shall mean the original underwriters of the Series Twenty-Nine Bonds required to comply with the Rule in connection with offering of the Series Twenty-Nine Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Port shall, or shall cause the Dissemination Agent, if the Dissemination Agent is other than the Port, to, not later than nine (9) months after the end of each Fiscal Year (which shall be April 1 of each year, so long as the Port's Fiscal Year ends on June 30), commencing with the report for the Fiscal Year ending June 30, 2023, provide to the MSRB through EMMA, in an electronic format and accompanied by identifying information all as prescribed by the MSRB, an Annual Report relating to the immediately preceding Fiscal Year that is consistent with the requirements of Section 4 hereof, which Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 hereof; provided, that any audited financial statements may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Fiscal Year for the Port changes, the Port shall give notice of such change in the same manner as for a Listed Event under Section 5(e) hereof.

(b) If in any year the Port does not provide the Annual Report to the MSRB by the time specified above, the Port shall instead file a notice to the MSRB through EMMA stating that the Annual Report has not been timely completed and, if known, stating the date by which the Port expects to file the Annual Report.

(c) If the Dissemination Agent is not the Port, the Dissemination Agent shall:

1. file a report with the Port certifying that the Annual Report has been filed pursuant to this Disclosure Certificate and listing the date(s) of the filing(s); and

2. take any other actions mutually agreed to between the Dissemination Agent and the Port.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the Port for the preceding Fiscal Year, prepared in accordance with the laws of the State of Oregon and in accordance with generally accepted accounting principles as promulgated from time to time by GASB. If the Port's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements of the Port, the Annual Report also shall contain for the preceding Fiscal Year the following historical financial information and operating data of the type set forth in the Official Statement presented under the headings "OUTSTANDING SLB SERIES AND DEBT SERVICE," "PORTLAND INTERNATIONAL AIRPORT" and "FINANCIAL INFORMATION" (with table numbers to the Official Statement provided for cross-reference purposes only):

(i) The airlines serving the Airport (of the type shown in Table 9);

(ii) The number of origin and destination passengers at the Airport, but only to the extent that information is readily available to the Port;

(iii) The SLB Debt Service Schedule (of the type shown in Table 3);

(iv) The number of historical enplaned passengers (of the type shown in Table 11);

(v) The number of enplaned passengers by airline (of the type shown in Table 12);

(vi) The historical total cargo tonnage (of the type shown in Table 13);

(vii) The historical landed weight (of the type shown in Table 14);

(viii) The historical financial performance of the Port (of the type shown in Table 15);

(ix) Management's Discussion of Results;

(x) The historical debt service coverage (of the type shown in Table 16).

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Port or related public entities, that have been submitted to the MSRB through EMMA.

Section 5. Reporting of Significant Events.

(a) The Port shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series Twenty-Nine Bonds not later than ten (10) business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions with respect to the tax status of the Series Twenty-Nine Bonds or the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) with respect to the Series Twenty-Nine Bonds;

6. Tender offers;

7. Defeasances;

8. Rating changes;

9. Bankruptcy, insolvency, receivership or similar event of the obligated person; or

10. 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.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the 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 governmental 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.

(b) The Port shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series Twenty-Nine Bonds, ***if material***, not later than ten (10) business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5) above, adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Series Twenty-Nine Bonds or other material events affecting the tax status of the Series Twenty-Nine Bonds;

2. Modifications to rights of the Owners of the Series Twenty-Nine Bonds;

3. Optional, unscheduled or contingent Series Twenty-Nine Bond calls;

4. Release, substitution or sale of property securing repayment of the Series Twenty-Nine Bonds;

5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated

person, 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;

7. Appointment of a successor or additional trustee or the change of name of a trustee; or

8. Incurrence of a Financial Obligation of the Port, or agreement 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.

(c) The Port shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3(a) hereof, as provided in Section 3 hereof.

(d) Whenever the Port obtains knowledge of the occurrence of a Listed Event described in Section 5(b) hereof, the Port shall determine if such event would be material under applicable federal securities laws.

(e) If the Port learns of an occurrence of a Listed Event described in Section 5(a) hereof, or determines that knowledge of a Listed Event described in Section 5(b) hereof would be material under applicable federal securities laws, the Port shall within ten (10) business days of occurrence file a notice of such occurrence with the MSRB through EMMA in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Events described in Sections 5(a)(7) or 5(b)(3) hereof need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected Series Twenty-Nine Bonds pursuant to the Airport Revenue Bond Ordinances.

(f) The Port intends to comply with the Listed Events described in Section 5(a)(10) and Section 5(b)(8) hereof, and the definition of "Financial Obligation" in Section 1 hereof, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Commission in Release No. 34-83885, dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

Section 6. Termination of Obligation. The Port's obligations under this Disclosure Certificate shall terminate upon the maturity, legal defeasance, prior redemption or payment in full of all of the Series Twenty-Nine Bonds. In addition, in the event that the Rule shall be amended, modified or repealed such that compliance by the Port with its obligations under this Disclosure Certificate no longer shall be required in any or all respects, then the Port's obligations hereunder shall terminate to a like extent. If such termination occurs prior to the final maturity of the Series Twenty-Nine Bonds, the Port shall give notice of such termination in the same manner as for a Listed Event under Section 5(e) hereof.

Section 7. Dissemination Agent. The Port may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent. If at any time there is not any other designated dissemination agent, the Port shall be the dissemination agent. The initial dissemination agent shall be the Port.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Port may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of nationally-recognized bond counsel for the Port, such amendment or waiver is permitted by the Rule. The Port shall give notice of any amendment in the same manner as for a Listed Event under Section 5(e) hereof.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Port from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Port chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Port shall not thereby have any obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Port to comply with any provision of this Disclosure Certificate, any Owner or Beneficial Owner of the Series Twenty-Nine Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Port to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed a default under the Airport Revenue Bond Ordinances and the sole remedy under this Disclosure Certificate in the event of any failure of the Port to comply with this Disclosure Certificate shall be an action to compel performance. Under no circumstances shall any person or entity be entitled to recover monetary damages hereunder in the event of any failure of the Port to comply with this Disclosure Certificate.

No Owner or Beneficial Owner of the Series Twenty-Nine Bonds may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the Port satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the Port shall have refused to comply therewith within a reasonable time.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. Any Dissemination Agent appointed hereunder shall have only such duties as are specifically set forth in this Disclosure Certificate, and shall have such rights, immunities and liabilities as shall be set forth in the written agreement between the Port and such Dissemination Agent pursuant to which such Dissemination Agent agrees to perform the duties and obligations of Dissemination Agent under this Disclosure Certificate.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Port, the Dissemination Agent, if any, the Participating Underwriters and the Owners and Beneficial Owners from time to time of the Series Twenty-Nine Bonds, and shall create no rights in any other person or entity. This Disclosure Certificate is not intended to create any monetary rights on behalf of any person based upon the Rule.

Section 13. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Port shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof, and the Beneficial Owners of the Series Twenty-Nine Bonds shall retain all the benefits afforded to them hereunder. The Port hereby declares that it would have executed and delivered this Disclosure Certificate and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 14. Governing Law. This Disclosure Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed in accordance with such federal securities laws, and official interpretations thereof.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Port has executed this Continuing Disclosure Certificate this 21st day of March, 2023.

THE PORT OF PORTLAND

By: ____
Antoinette Chandler
Chief Financial Officer

APPENDIX G

PROPOSED FORM OF OPINION OF BOND COUNSEL

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March ___, 2023

The Port of Portland
Portland, Oregon

$566,120,000
The Port of Portland
Portland International Airport Revenue Bonds
Series Twenty-Nine (AMT)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to The Port of Portland (the "Port") in connection with the issuance of $566,120,000 aggregate principal amount of The Port of Portland, Portland International Airport Revenue Bonds, Series Twenty-Nine (AMT) (the "Bonds"), issued pursuant to the authority of Ordinance No. 479-B enacted on January 11, 2023, as supplemented by the Certificate of the Executive Director Establishing and Determining Certain Terms of and Other Matters Relating to the Series Twenty-Nine Bonds dated March 21, 2023 (collectively, the "Bond Ordinance"). The Bonds are issued in accordance with the provisions of the Port's Ordinance No. 155 enacted on November 10, 1971, as amended, restated and supplemented, and Ordinance No. 323 enacted on October 9, 1985, as amended, restated and supplemented (collectively, the "Prior Ordinances"). The Bond Ordinance and the Prior Ordinances are collectively referred to herein as the "Ordinances." Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Ordinances.

In such connection, we have reviewed the Ordinances, the Tax Certificate dated the date hereof, executed and delivered by the Port (the "Tax Certificate"), the opinion of counsel to the Port, certificates of the Port, U.S. Bank Trust Company, National Association, as bond trustee (the "Trustee"), and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the Port. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinion referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Ordinances and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Ordinances and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against port districts in the State of Oregon. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or to have the effect of a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Ordinances or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion or view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Port.

2. The Bonds are payable from the Net Revenues of the Airport (as more particularly defined in the Ordinances, the "Net Revenues").

3. The Bond Ordinance has been duly and legally enacted by the Port and constitutes the valid and binding obligation of the Port. The Ordinances create a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Net Revenues, all money on deposit from time to time in the SLB Construction Account and all money on deposit from time

to time in the SLB Fund, subject to the provisions of the Ordinances permitting the application thereof for the purposes and on the terms and conditions set forth therein.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), except that no opinion is expressed as to the status of interest on any Bond for any period that such Bond is held by a "substantial user" of the facilities financed or refinanced by the Bonds or by a "related person" within the meaning of Section 147(a) of the Code. Interest on the Bonds is a specific preference item for purposes of the federal individual alternative minimum tax. We observe that, for tax years beginning after December 31, 2022, interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Interest on the Bonds is exempt from State of Oregon personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

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APPENDIX H

GREEN BONDS SECOND PARTY OPINION

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Second Party Opinion

Issuer:	**The Port of Portland (Oregon)**
Issue Description:	Portland International Airport Revenue Bonds, Series Twenty-Nine (AMT) (Green Bonds)
Project:	Airport Improvement Projects
Green Standard:	Green Bond Principles
Green Category:	Green Buildings
Keywords:	Green buildings, LEED Gold, energy efficient, mass timber, electrification, airport, seismic retrofit, regional emergency response, climate resilience, net zero aligned, Portland, Oregon
Par:	$566,120,000
Evaluation Date:	February 20, 2023

GREEN BONDS DESIGNATION

Kestrel Verifiers, an Approved Verifier accredited by the Climate Bonds Initiative, conducted an independent external review of the Portland International Airport Revenue Bonds, Series Twenty-Nine (AMT) (Green Bonds) (the "Series Twenty-Nine Bonds") to evaluate conformance with the Green Bond Principles (June 2021) established by the International Capital Market Association. Our team for this engagement included analysts with backgrounds in environmental science and social science.

This Second Party Opinion reflects our review of the uses and allocation of proceeds, oversight, and conformance of the Series Twenty-Nine Bonds with the Green Bond Principles. In our opinion, the Series Twenty-Nine Bonds are impactful, net zero aligned, conform with the four core components of the Green Bond Principles, and qualify for Green Bonds designation.

ABOUT THE ISSUER

The Port of Portland (the "Port") operates aviation, maritime, commercial, and industrial facilities within Multnomah County, Oregon. The Port owns and operates three airports: Portland International Airport, Troutdale Airport, and Hillsboro Airport. Portland International Airport (the "Airport") spans 3,200 acres, provides jobs for 10,000 employees, and supports more than 80 businesses.

The Port has robust environmental commitments to reduce greenhouse gas emissions and improve energy efficiency, water conservation, wildlife management and regulatory compliance. The *2012 Energy and Carbon Management Plan* establishes targets to reduce the greenhouse gas emissions compared to 1990 levels, with an overall goal to reduce 80% of emissions by 2040. Notable programs that advance these commitments include:

- Air Quality Program: As of 2011, the Port has reduced diesel particulate matter by 76% from 2000 levels. As of 2020, Port-owned equipment and vehicles must use renewable fuels.
- Energy and Carbon Management Program: In 2022, the Port contracted to purchase solar power from community solar projects in Oregon to provide approximately 15% of the electricity used at the Airport for the next 20 years.

- Sustainable Aviation Fuels Northwest: The Port is an active participant in a partnership between commercial airlines, regional airports, and Washington State University to support development of biofuels for commercial flights made from biomass grown in the Northwest.
- Waste Management Program: The Port has an established Waste Minimization Program that includes recycling, composting, food donation and reuse of materials. As a result, the Port diverts an average of more than 75% of construction and demolition waste from landfills.
- Wildlife Hazard Management Program: Established in 1998, this program develops adaptive plans to mitigate risk to wildlife from aircraft collisions. Through the Raptor Translocation Program, the Port has relocated thirteen different raptor species and released 2,530 raptors between 1999 and 2016.[1]
- Mitigation Management Program: The Port manages over 900 acres of wetlands and natural areas, which includes improving connectivity between wildlife areas, restoring wetland functions, and increasing wildlife habitat.
- Small Business Programs: The Port promotes inclusion of small businesses in planning, construction, and participation in airport activities. As one example, the Port supports and prioritizes minority- and women-owned businesses in contracting selection and concession opportunities.

The Port has been recognized for its environmental initiatives by several organizations, including the American Association of Port Authorities.

ALIGNMENT TO GREEN STANDARDS[2]

Use of Proceeds

The Series Twenty-Nine Bonds finance a component of the Terminal Core Redevelopment Project that is on track and targeting LEED Gold certification. They also finance energy efficiency upgrades for baggage handling systems; and a new major underground electric line to add redundancy and accommodate increased electrification of all systems at the Airport (collectively, the "Series Twenty-Nine Projects" or "Projects"). The Projects incorporate innovative sustainable design features and are intended to accommodate projected passenger growth through 2045. The Projects are eligible activities as defined by the Green Bond Principles in the *Green Buildings* project category.

Green Standard
The Green Bond Principles
Eligible Project Category: ▪ Green Buildings

The Series Twenty-Nine Bonds finance the following projects [3]:

Terminal Core Redevelopment Project – Western Expansion: The Series Twenty-Nine Bonds finance the Western Expansion component of the Terminal Core Redevelopment Project, a $1.95 billion project that includes the Western Expansion and the Rebuild Terminal Nodes/Ticket Lobby. The Western Expansion includes an addition to the main terminal; construction of a mass timber roof; major seismic upgrades; and rehabilitation of the existing terminal core with improvements to the ticket lobby, electrical, and mechanical systems.

The entire Terminal Core Redevelopment Project is designed to achieve LEED Gold certification and incorporates the following sustainable design elements:

- *Mass timber roof:* The bond-financed Western Expansion includes construction and installation of a roof made from "mass timber," an engineered wood product that replaces energy intensive building materials such as steel and concrete.[4] The nine-acre roof is composed of 2.6 million board-feet of

[1] In Fiscal Year 2021-2022, 34 raptors were trapped (30 Red-tailed hawks, 1 Red-shouldered hawk, and 3 American kestrels).

[2] Green Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or refinance eligible Green Projects which are aligned with the four core components of ICMA's Green Bond Principles.

[3] While aviation is a significant source of global greenhouse gas emissions, Kestrel views construction of airport facilities that meet green building standards as eligible for financing with Green Bond proceeds. In Kestrel's opinion, the mechanisms for reducing the carbon footprint of airline travel may be viewed distinctly from the emissions associated with constructing and operating the supporting facilities.

[4] The mass timber roof has offset approximately 3,500,000 kgCO_2e (kilograms of carbon dioxide equivalent) compared to a conventional steel design.

Douglas fir that was locally sourced from 13 small landowners, community forests, and tribal lands in Oregon and Washington. Selected timber meets sustainable forest management best practices, and aligns with Forest Stewardship Council Certification criteria as well as state habitat conservation plans for ecological restoration and species diversity requirements. Forest managers include Hyla Woods, The Nature Conservancy, and the Skokomish Indian Tribe. In 2021, the Port received the Leadership Award from the Forest Stewardship Council in recognition of this project.

- *Biophilic design:* The bond-financed Western Expansion emphasizes elements of biophilic design to connect occupants with the natural environment. Designs were selected to maximize views of nature and incorporate features that mimic natural forms.
- *Open loop ground source heat pump:* The larger Terminal Core Redevelopment Project includes an open loop ground source heat pump capable of electrifying 95% of the heating load of the terminal. The open loop system takes water from an aquifer, pumps it through the heat pump system, then returns the water back to the aquifer. The new system will replace fossil fuel boilers, increase energy efficiency by 50%, and significantly reduce the carbon footprint of the larger Terminal Core Redevelopment Project.

In addition to an innovative green building design, the Western Expansion includes a large seismic upgrade to protect from potentially devastating earthquakes.[5] The roof includes seismic isolators which allow it to move up to 24 inches with motion of the earth. The terminal is equipped with 34 steel columns to provide increased stability for the terminal and lateral support for the roof. Additional columns extend beneath the soil and will act as a pile-supported structured concrete floor. The seismic resiliency infrastructure improvements will allow the Port will provide crucial emergency response to isolated areas in the Pacific Northwest in event of a major earthquake.

Baggage Handling System Expansion: The Series Twenty-Nine Bonds finance replacement of the current baggage handling system. The new system creates greater operational flexibility through automation. The project involves upgrades to 4,000 devices to improve energy efficiency and create a more reliable system to meet expected passenger demand through 2045. The expansion is included in the scope of the anticipated LEED Gold certification.

New Kennedy Feeder: The Series Twenty-Nine Bonds finance installation of new electrical infrastructure to add redundancy and accommodate increased electrical load at the Airport from the new ground source heat pump, gate electrification and future addition of EV chargers. The Kennedy Feeder will connect the Port's point of service to a local substation and to the main electrical room in the new terminal.

Status and additional details for the bond-financed projects are provided in Table 1.

Table 1. Project budgets and completion dates.

Project	Financed by Series 29 Bonds	Total Project Cost	Expected Completion Date
Western Expansion/Ticket Lobby	$479.0 million[6]	$1.95 billion	May 2024
Baggage Handling Systems Expansion	$36.6 million	$83.7 million	July 2024
New Kennedy Feeder	$8.5 million	$12.1 million	May 2024

Net Zero Alignment

Bonds are net zero aligned if bond-financed activities advance goals to reach net zero greenhouse gas emissions by 2050. Further, buildings account for 40% of greenhouse gas emissions in the United States and building decarbonization is critical in the transition to a low-carbon economy. The Series Twenty-Nine Projects will reduce building-related emissions through materials selection, electrification and energy efficiency improvements, and are expected to achieve robust green building certifications. The Projects align with the transition to a low-carbon economy and exemplify the commitment of the Port to low-carbon buildings, climate resilience, and reduction of greenhouse gas emissions.

[5] Geologic records indicate that the Cascadia Subduction Zone could produce a large earthquake (9.0+ magnitude) in the Pacific Northwest.

[6] Subject to final par amount.

Process for Project Evaluation and Selection

The Series Twenty-Nine Projects advance sustainability goals for the Airport, as defined in the *2022-2025 Port of Portland Strategic Plan*[7] and in the *Portland International Airport 2010 Master Plan*.[8] The Series Twenty-Nine Bonds also support the resiliency of the airport sector in Oregon, which is critical to achieving statewide goals to reduce emissions 45% below 1990 levels by 2035 and 80% by 2050.[9] Major capital projects are selected and designed to meet goals to minimize energy use and reduce greenhouse gas emissions.

Bond-financed projects fulfill airport facility needs as identified in the *Port of Portland Capital Improvement Program* and reflected in the *2022-23 Adopted Budget*.[10] Furthermore, seismic resilience projects at the Airport are included as investment priorities in the statewide seismic resilience plan: *Oregon Resilience Plan - Reducing Risk and Improving Recovery for the Next Cascadia Earthquake and Tsunami*. The plan identifies the Airport as vital site for rescue operations in the event of a major earthquake.

Management of Proceeds

Proceeds from the Series Twenty-Nine Bonds will finance the Projects, repay Commercial Paper Notes, make a deposit to the Subordinate Lien Bond ("SLB") Reserve Account, pay capitalized interest, and pay costs of issuance. Proceeds will be held in the SLB Construction Account overseen by the Port and may be placed in certain temporary investments in accordance with Oregon law.

Reporting

In connection with the Series Twenty-Nine Bonds, the Port intends to integrate updates into Environmental Annual Reports until proceeds have been fully spent and all project metrics have been achieved. These bond-related updates are expected to include Project construction status updates and impact metrics, such as confirmation of green building certifications. Additionally, Environmental Annual Reports provide comprehensive reporting on progress toward Port-wide sustainability goals including metrics such as greenhouse gas emissions, water use, and waste diverted from landfills and are available at: portofportland.com/environment.

The Port will submit continuing financial disclosures to the MSRB while the Series Twenty-Nine Bonds are outstanding, as well as reports in the event of material developments. This reporting will be done as necessary on EMMA.

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[7] "2022-2025 Port of Portland Strategic Plan," Port of Portland, accessed January 26, 2023, https://cdn.portofportland.com/pdfs/2018-2025-Strategic-Plan.pdf.

[8] "Master Plan Update Portland International Airport," Port of Portland, March 2010, https://popcdn.azureedge.net/pdfs/PDX_AF_Mstr_Pln_Updt.pdf. The Port intends to release in updated version of this Master Plan in 2023.

[9] "Oregon Greenhouse Gas Emissions," Oregon Department of Energy, accessed January 26, 2023, https://www.oregon.gov/energy/energy-oregon/Pages/Greenhouse-Gases.aspx.

[10] "22-23 Adopted Budget," Port of Portland, accessed January 26, 2023, https://cdn.portofportland.com/pdfs/FY%202022-23%20Adopted%20Budget.%20Final.pdf.

ALIGNMENT WITH UN SDGs

The Projects support and advance the vision of the United Nations Sustainable Development Goals ("UN SDGs"), including:

Affordable and Clean Energy (Target 7.3)

Increased energy efficiency design and incorporation of LEED Gold certification in projects.

Industry, Innovation and Infrastructure (Target 9.4)

Sustainable infrastructure for regional access and incorporated energy efficiency that will minimize greenhouse gas emissions.

Full text of the Targets for Goals 7 and 9 is available in Appendix A, with additional information available on the United Nations website: un.org/sustainabledevelopment

CONCLUSION

Based on our independent external review, the Portland International Airport Revenue Bonds, Series Twenty-Nine (AMT) (Green Bonds) are impactful, net zero aligned, conform, in all material respects, with the Green Bond Principles (2021) and are in complete alignment with the *Green Buildings* eligible project category. Financing for projects that meet robust green building standards, enable increased electrification, improve seismic resilience, and incorporate innovative and sustainable building materials advance climate action goals shared by the Port of Portland and the State of Oregon.

ABOUT KESTREL VERIFIERS

For over 20 years Kestrel has been a trusted consultant in sustainable finance. Kestrel Verifiers, a division of Kestrel 360, Inc. is a Climate Bonds Initiative Approved Verifier qualified to verify transactions in all asset classes worldwide. Kestrel is a US-based certified Women's Business Enterprise. For more information, visit kestrelverifiers.com.

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DISCLAIMER

This Opinion aims to explain how and why the discussed financing meets the ICMA Green Bond Principles based on the information that was provided by the Port or made publicly available by the Port and relied upon by Kestrel only during the time of this engagement (January - February 2023), and only for purposes of providing this Opinion.

We have relied on information obtained from sources believed to be reliable, and assumed the information to be accurate and complete. However, Kestrel Verifiers can make no warranty, express or implied, nor can we guarantee the accuracy, comprehensive nature, merchantability, or fitness for a particular purpose of the information we were provided or obtained.

By providing this Opinion, Kestrel Verifiers is neither addressing nor certifying the credit risk, liquidity risk, market value risk or price volatility of the projects financed by the Green Bonds. It was beyond Kestrel Verifiers' scope of work to review for regulatory compliance, and no surveys or site visits were conducted by us. Furthermore, we are not responsible for surveillance, monitoring, or implementation of the project, or use of proceeds.

The Opinion delivered by Kestrel Verifiers is for informational purposes only, is current as of the date of issuance, and does not address financial performance of the Green Bonds or the effectiveness of allocation of its proceeds. This Opinion does not make any assessment of the creditworthiness of the Port, nor its ability to pay principal and interest when due. This Opinion does not address the suitability of a Bond as an investment, and contains no offer, solicitation, endorsement of the Bonds nor any recommendation to buy, sell or hold the Bonds. Kestrel Verifiers accepts no liability for direct, indirect, special, punitive, consequential or any other damages (including lost profits), for any consequences when third parties use this Opinion either to make investment decisions or to undertake any other business transactions.

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Use of the United Nations Sustainable Development Goal (SDG) logo and icons does not imply United Nations endorsement of the products, services, or bond-financed activities. The logo and icons are not being used for promotion or financial gain. Rather, use of the logo and icons is primarily illustrative, to communicate SDG-related activities.

Appendix A.

UN SDG TARGET DEFINITIONS

Target 7.3

By 2030, double the global rate of improvement in energy efficiency

Target 9.4

By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

THE PORT OF PORTLAND (OREGON) • PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS, SERIES TWENTY-NINE (AMT) (GREEN BONDS)

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