NEW ISSUE—BOOK-ENTRY ONLY **RATING: See "RATING"**

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Port, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2022 PFC Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Series 2022 PFC Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In addition, in the opinion of Bond Counsel to the Port, under existing statutes, interest on the Series 2022 PFC Bonds is exempt from State of Oregon personal income tax. See "Tax Matters."

PORT OF PORTLAND

$51,620,000
THE PORT OF PORTLAND (OREGON)
Portland International Airport
Passenger Facility Charge Revenue Refunding Bonds
Series 2022A (Non-AMT)

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

The Port of Portland (the "Port") is issuing its Portland International Airport Passenger Facility Charge Revenue Refunding Bonds, Series 2022A (Non-AMT) (the "Series 2022 PFC Bonds") to (i) refund all of the Port's outstanding Portland International Airport Passenger Facility Charge Revenue Bonds, Series 2011A (Non-AMT) (the "Refunded Bonds") and (ii) pay costs of issuing the Series 2022 PFC Bonds and refunding the Refunded Bonds, all as described herein. U.S. Bank, National Association, Portland, Oregon, serves as the trustee, registrar and paying agent for the Series 2022 PFC Bonds. Capitalized terms used on this cover page and not otherwise defined will have the meanings set forth herein.

The Series 2022 PFC Bonds will be issued in denominations of $5,000 and integral multiples thereof within a single maturity. Interest on the Series 2022 PFC 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, with the same effect as if made on the day such payment was due), commencing July 1, 2022, at the rates set forth on the inside cover.

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

The Series 2022 PFC Bonds when issued 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 2022 PFC Bonds. Purchases of beneficial interests in the Series 2022 PFC Bonds will be made in book-entry only form. Purchasers will not receive certificates representing their interests in the Series 2022 PFC Bonds, except as described herein. So long as DTC or its nominee is the registered owner of the Series 2022 PFC Bonds, payments of principal of and interest on the Series 2022 PFC 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 2022 PFC Bonds are limited obligations of the Port, payable from, and secured by a pledge of, PFC Revenue, which generally comprises all revenue earned by the Port from certain passenger facility charges imposed by the Port at Portland International Airport, as more fully described herein. No other revenues of the Port are currently pledged or assigned to the payment of the Series 2022 PFC Bonds. Neither the full faith and credit of the Port nor the taxing power of the Port is pledged to the payment of the Series 2022 PFC Bonds. The Series 2022 PFC Bonds are not obligations of the State of Oregon or any political subdivision of the State of Oregon other than the Port.

This cover contains certain information for quick reference only and is not a complete summary. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2022 PFC Bonds are offered when, as and if issued, subject to receipt of the approving opinions of Hawkins Delafield & Wood LLP, Bond Counsel to the Port, and to certain other conditions. Certain legal matters will be passed upon for the Port by Orrick, Herrington & Sutcliffe LLP, Disclosure Counsel to the Port, and by its General Counsel and for the Underwriters by their counsel, Kutak Rock LLP. It is expected that delivery of the Series 2022 PFC Bonds will be made through the facilities of DTC in New York, New York on or about February 17, 2022.

BofA SECURITIES **JEFFERIES**

February 8, 2022.

$51,620,000
THE PORT OF PORTLAND (OREGON)
Portland International Airport
Passenger Facility Charge Revenue Refunding Bonds
Series 2022A (Non-AMT)

Due (July 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP No.† 735240
2026	$ 2,670,000	5.000%	1.380%	115.306	Y72
2027	8,860,000	5.000	1.510	117.942	Y80
2028	9,300,000	5.000	1.610	120.450	Y98
2029	9,765,000	5.000	1.690	122.850	Z22
2030	10,260,000	5.000	1.770	125.029	Z30
2031	10,765,000	5.000	1.840	127.087	Z48

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

Port Management

Curtis Robinhold	Executive Director
Dan Pippenger	Chief Operating Officer
Vince Granato	PDX Next Chief Project Officer
Daniel Blaufus	General Counsel
Antoinette Chandler	Chief Financial Officer
Keith Leavitt	Chief Trade and Equitable Development Officer
Kristen Leonard	Chief Public Affairs Officer
Bobbi Stedman	Chief Administrative and Equity Officer
Stan Watters	Chief Project Delivery and Safety Officer

ADVISORS AND CONSULTANTS

Hawkins Delafield & Wood LLP
Bond Counsel

Orrick, Herrington & Sutcliffe LLP
Disclosure Counsel

PFM Financial Advisors LLC
Municipal Advisor

Landrum & Brown, Incorporated
In association with AVK Consulting, Inc. and Partners for Economic Solutions
Airport Consultant

Moss Adams LLP
Independent Auditors

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

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 2022 PFC 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 2022 PFC 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 historical financial information and operating data set forth in this Official Statement for the dates as of and for the periods that occurred before the COVID 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 and related financial and operating effects on the Port and the Airport, see "RECENT DEVELOPMENTS CONCERNING COVID PANDEMIC" and "CERTAIN INVESTMENT CONSIDERATIONS—Effect of COVID Pandemic and Other Worldwide Health Concerns."

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 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 Official Statement.

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OFFICIAL STATEMENT

$51,620,000
THE PORT OF PORTLAND (OREGON)
Portland International Airport
Passenger Facility Charge Revenue Refunding Bonds
Series 2022A (Non-AMT)

INTRODUCTION

General

The purpose of this Official Statement, which includes the cover page, inside cover pages, table of contents and appendices, is to provide information concerning the issuance and sale by The Port of Portland (the "Port") of its Portland International Airport Passenger Facility Charge Revenue Refunding Bonds, Series 2022A (Non-AMT) (the "Series 2022 PFC Bonds"). The Series 2022 PFC Bonds are being issued to (i) refund all of the Port's outstanding Portland International Airport Passenger Facility Charge Revenue Bonds, Series 2011A (Non-AMT) (the "Refunded Bonds") and (ii) pay costs of issuing the Series 2022 PFC Bonds and refunding the Refunded Bonds, all as described herein. See "PLAN OF FINANCE" herein.

The Series 2022 PFC Bonds are being issued pursuant to the provisions of Section 778.145 through 778.175 and Chapter 287A of the Oregon Revised Statutes, as amended; Ordinance No. 395-B, enacted by the Board of Commissioners of the Port (the "Board") on June 10, 1999 and effective on July 10, 1999 (as amended and supplemented by Ordinance No. 422-B, enacted by the Board on November 8, 2006 and effective on December 8, 2006, the "Master Ordinance"); and Ordinance No. 473-B, enacted by the Board on December 8, 2021 and effective on January 7, 2022 (the "Series 2022 Bond Ordinance," and together with the Master Ordinance, the "Ordinances"). The terms and administrative provisions of the Series 2022 PFC Bonds are to be described in the Supplemental Action of the Executive Director Establishing and Determining Certain Terms of and Other Matters Relating to the Series 2022 PFC Bonds (the "Supplemental Action"), to be dated the date of initial delivery of the Series 2022 PFC Bonds. Unless otherwise defined in this Official Statement, capitalized terms have the same meanings set forth in the Ordinances or the Supplemental Action. The definitions of certain terms used in the Ordinances and the Supplemental Action, 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 Portland International Airport (as further defined herein, the "Airport") and two general aviation airports (the "General Aviation Airports"). The Port imposes passenger facility charges ("PFCs") authorized by the Federal Aviation Administration ("FAA") on enplaning passengers at the Airport. 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 six business and industrial parks.

In connection with the Port's planned issuance of the Portland International Airport Revenue Bonds, Series Twenty-Eight (AMT) (the "Series Twenty-Eight SLB 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 Fiscal Year ending June 30, 2022, the Port's projections of aviation activity at the Airport for Fiscal Years ending June 30, 2023 through 2028, and the Port's planned capital improvement program (the "CIP") for the Airport for Fiscal Years ending June 30, 2022 through 2028, and to provide projections of revenues and expenses for Fiscal Years ending June 30, 2023 through 2028. The Report of the Airport Consultant, dated January 26, 2022 (the "Report of the Airport Consultant" or the "Report"), does not provide an historic or projected analysis of PFC Revenue (as defined below), which secures the Series 2022 PFC Bonds. However, the ability of the Port to generate PFC Revenue sufficient to pay debt service on the Series 2022 PFC Bonds depends upon demand for Airport facilities and services. As such, the Report is included as APPENDIX A to this Official Statement for the benefit of the overview it provides about demand for Airport facilities and services which are directly tied to the generation of PFC Revenue. 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 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. See "PORTLAND INTERNATIONAL AIRPORT" for a description of the Airport.

The Series 2022 PFC Bonds and First Lien PFC Bonds

The Series 2022 PFC Bonds are being issued as "First Lien PFC Bonds." Payment of the First Lien PFC Bonds is payable from, and secured by a pledge of, PFC Revenue. "PFC Revenue" means all revenue earned by the Port from time to time from PFCs pursuant to its PFC Authority imposed by the Port at the Airport pursuant to the PFC Act and PFC Regulations (each as defined below), including any investment income with respect thereto. The Port has reserved the right to pledge to the payment of First Lien PFC Bonds, Parity Port Payments and/or Subordinate Lien PFC Obligations any income, receipt or revenue of the Port (other than PFC Revenue) legally available ("Additional Pledged Revenue"), but at the present time, the Port has no plans to do so.

First Lien PFC Bonds includes any additional bonds that may be payable from PFC Revenue on parity with the Series 2022 PFC Bonds. Upon the issuance of the Series 2022 PFC Bonds and the refunding of the Refunded Bonds, the Series 2022 PFC Bonds and the Portland International Airport Passenger Facility Charge Revenue Bonds, Series 2012A (Non-AMT) (the "Series 2012A PFC Bonds") will be the only First Lien PFC Bonds outstanding. While PFCs are not imposed on passengers at the General Aviation Airports, to the extent approved by the FAA in the future, PFCs may be used to finance the costs of improvements at the General Aviation Airports.

Security and Sources of Payment

Passenger Facility Charges. PFCs are fees authorized by the Aviation Safety and Capacity Expansion Act of 1990, as amended (the "PFC Act"), as implemented by the FAA pursuant to published regulations (the "PFC Regulations"). Pursuant to the PFC Act and to the Port's approvals from the FAA, the Port may, with certain exceptions, charge each paying passenger who enplanes at the Airport a PFC of \$4.50. The annual amount of PFC Revenue payable to the Port thus depends upon the number of eligible passenger enplanements at the Airport. See "PORTLAND INTERNATIONAL AIRPORT." The PFC Act requires air carriers and their agents to collect the PFCs and to remit to the Port once each month the proceeds of such collections, less a handling fee and less interest earned prior to such remittance.

The FAA may terminate or reduce the Port's authority to impose PFCs, subject to informal and formal procedural safeguards, if the FAA determines that (1) the Port is in violation of certain provisions of the federal Airport Noise and Capacity Act of 1990 ("ANCA"), (2) PFC collections and investment income thereon are not being used for Approved PFC Projects (as defined below) in accordance with the approvals theretofore granted by the FAA (the "PFC Approvals") or with the PFC Act and the PFC Regulations, (3) implementation of any Approved PFC Projects does not commence within the time periods specified in the PFC Act and PFC Regulations or (4) the Port is otherwise in violation of the PFC Act, the PFC Regulations or such PFC Approvals. The PFC Regulations provide for informal and formal procedures for resolution of possible violations of the PFC Act, the PFC Approvals and the PFC Regulations. The FAA has agreed to follow certain other steps prior to terminating or reducing the Port's authority to impose PFCs because of such violations. See "THE PFC PROGRAM" for a description of some of the events that could result in a termination or reduction of the Port's authority to impose PFCs and for a description of the FAA's agreements with the Port concerning termination of PFCs. To date, the FAA has not terminated any airport operator's authority to impose PFCs. Congressional amendment or repeal of the PFC Act could also result in a termination of the Port's authority to impose PFCs.

Limited Obligations. The Series 2022 PFC Bonds are limited obligations of the Port. Except as otherwise provided in the Ordinances, payment of the First Lien PFC Bonds, including the Series 2022 PFC Bonds, is payable from, and secured by a pledge of, PFC Revenue, and no other revenues of the Port are currently pledged or assigned to the payment of First Lien PFC Bonds, including the Series 2022 PFC Bonds. Upon the issuance of the Series 2022 PFC Bonds and the refunding of the Refunded Bonds, the Series 2022 PFC Bonds and the Series 2012A PFC Bonds will be the only First Lien PFC Bonds payable on a parity from PFC Revenue.

Neither the full faith and credit of the Port nor the taxing power of the Port is pledged to the payment of the principal of or interest on the Series 2022 PFC Bonds. The Series 2022 PFC Bonds are not obligations of the State or any political subdivision of the State other than the Port. The Approved PFC Projects are not security for the Series 2022 PFC Bonds, and the Series 2022 PFC Bonds are not secured by a lien on properties or improvements at the Airport or by a pledge of any revenues (other than PFC Revenue) derived by the Port from the operation of the Airport generally.

Additional Obligations

The Master Ordinance permits the Port to issue additional First Lien PFC Bonds, enter into additional Derivative Products and issue Subordinate Lien PFC Obligations. First Lien PFC Bonds and Subordinate Lien PFC Obligations are collectively referred to herein and in the Ordinances as "PFC Bonds." See "SECURITY AND SOURCES OF PAYMENT FOR THE FIRST LIEN PFC BONDS—Additional First Lien PFC Bonds," "—Derivative Products" and "—Subordinate Lien PFC Obligations" for a description of the conditions that the Port must satisfy before issuing additional First Lien PFC Bonds, entering into Derivative Products or issuing Subordinate Lien PFC Obligations. The Ordinances contain no provisions for acceleration of the maturity of the Series 2022 PFC Bonds after any payment default or after any other default by the Port, but under certain circumstances, other First Lien PFC Bonds or Subordinate Lien PFC Obligations could be, subject to mandatory tenders for purchase or to mandatory redemption at the direction of a credit or liquidity provider. In such cases, the Port could be required to reimburse the credit or liquidity provider and to retire all of such bonds or other obligations prior to the payment in full of the Series 2022 PFC Bonds. The Parity Port Payments under the PFC Bond Swaps described herein are secured by a pledge of PFC Revenue on a parity of lien with the pledge securing the First Lien PFC Bonds, including the Series 2022 PFC Bonds. See "OUTSTANDING PFC BONDS—PFC Bond Swaps and Credit Facility."

Certain Amendments

By purchasing the Series 2022 PFC Bonds, the Owners thereof will be deemed to have consented to certain amendments to the Master Ordinance. See "SECURITY AND SOURCES OF PAYMENT FOR THE FIRST LIEN PFC BONDS—Certain Amendments."

Continuing Disclosure

The Port has covenanted for the benefit of the holders of the Series 2022 PFC 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.

Additional Information

U.S. Bank, National Association, serves as trustee, paying agent and registrar under the Ordinances (the "Trustee").

U.S. Bank National Association ("U.S. Bank N.A.") has made a strategic decision to reposition its corporate trust business by transferring substantially all of its corporate trust business to its affiliate, U.S. Bank Trust Co. (U.S. Bank N.A. and U.S. Bank Trust Co. are collectively referred to herein as "U.S. Bank.") Upon U.S. Bank Trust Co.'s succession to the business of U.S. Bank N.A., it will become a wholly owned subsidiary of U.S. Bank N.A., and U.S. Bank Trust Co., as Trustee, will maintain the accounts of the Port in the name of the Trustee at U.S. Bank N.A. U.S. Bank N.A. will continue to act as Trustee until the conditions precedent pursuant to a contract between U.S. Bank N.A. and the Port to the transfer of U.S. Bank N.A.'s roles to U.S. Bank Trust Co. have been satisfied. Should such transfer occur, the Trustee will maintain the accounts of the Port in the name of the Trustee at U.S. Bank N.A., and the Trustee will administer the First Lien PFC Bonds from the same location and using the same systems and employees as U.S. Bank has for this transaction and prior transactions of the Port.

Brief descriptions of the Series 2022 PFC Bonds, the Ordinances, the Supplemental Action 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 of this Official Statement.

This Official Statement is not to be construed as a contract between the Port or the Board and purchasers or Owners of any of the Series 2022 PFC Bonds.

PLAN OF FINANCE

Refunding Plan

The Series 2022 PFC Bonds are being issued to (i) refund the Refunded Bonds and (ii) pay costs of issuing the Series 2022 PFC Bonds and refunding the Refunded Bonds, all as described herein.

On the date of initial delivery of the Series 2022 PFC Bonds, certain proceeds of the Series 2022 PFC Bonds will be deposited with the Trustee, as paying agent for the Refunded Bonds. As detailed in the table below, the Trustee will apply a portion of the proceeds of the Series 2022 Bonds, together with amounts set forth under the caption "ESTIMATED SOURCES AND USES OF FUNDS," to redeem the Refunded Bonds on the Date of Delivery at the redemption price, expressed as a percentage of the principal amount of the Refunded Bonds, plus accrued interest to the redemption date.

TABLE 1
REFUNDED BONDS FOR REDEMPTION ON
DATE OF DELIVERY OF THE SERIES 2022 PFC BONDS

Series	Maturity Date (July 1)	Principal Amount	Interest Rate	CUSIP No. 735240 [1]	Redemption Price
2011A	2022	$105,000	3.25%	B85	100%
2011A	2023	80,000	3.50	B93	100
2011A	2024	60,000	3.50	C27	100
2011A	2025	7,955,000	5.00	C35	100
2011A	2026	4,725,000	5.50	D26	100
2011A	2026	3,625,000	5.00	C43	100
2011A	2027	8,795,000	5.50	C50	100
2011A	2028	9,275,000	4.00	C68	100
2011A	2029	9,645,000	5.50	C76	100
2011A	2030	10,180,000	5.50	C84	100
2011A	2031	1,500,000	5.00	C92	100
2011A	2031	9,235,000	5.50	D34	100

[1] CUSIP® numbers are provided for convenience of reference only. None of the Port, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.
Source: The Port.

Series Twenty-Eight SLB Bonds

The Port is expecting to issue the Series Twenty-Eight SLB Bonds in the principal amount of $527,005,000 to finance a portion of the Port's Terminal Core Redevelopment project and the North Ramp Remain Overnight ("North Ramp RON") Parking project (the "Series Twenty-Eight Projects"). See the Report of the Airport Consultant in APPENDIX A and, also, see "PORTLAND INTERNATIONAL AIRPORT – Airport Capital Improvement Program" and "— Other Obligations of the Port." The Series Twenty-Eight SLB Bonds are secured by a pledge of Airport revenues that do not include PFC Revenue. The Series Twenty-Eight SLB Bonds, together with other Airport revenue bonds secured by the pledge of Airport revenues on a parity with the Series Twenty-Eight SLB Bonds, are also referred to herein as "SLBs." The sale, issuance and delivery of the Series 2022 PFC Bonds is not dependent upon the sale, issuance and delivery of the Series Twenty-Eight SLB Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds from proceeds of the Series 2022 PFC Bonds.

TABLE 2
ESTIMATED SOURCES AND USES OF SERIES 2022 PFC BOND PROCEEDS

Sources	
Principal Amount of Series 2022 PFC Bonds	$51,620,000
Existing First Lien Bond Account [1]	632,545
Withdrawal from First Lien Reserve Account[2]	2,103,723
Original Issue Premium (Discount)	11,615,375
Total Sources	$65,971,643
Uses	
Deposit to Refunding Account	$65,611,277
Costs of Issuance [3]	360,366
Total Uses	$65,971,643

(1) See "SECURITY AND SOURCES OF PAYMENT FOR THE FIRST LIEN PFC BONDS—Flow of Funds under the Master Ordinance."
(2) See "SECURITY AND SOURCES OF PAYMENT FOR THE FIRST LIEN PFC BONDS—First Lien Reserve Account."
(3) Includes legal, municipal advisory, consulting, accounting, trustee and rating agency fees, printing, underwriters' discount and other costs of issuing the Series 2022 PFC Bonds.
Source: PFM Financial Advisors LLC.

THE SERIES 2022 PFC BONDS

Payment of the Series 2022 PFC Bonds

The Series 2022 PFC Bonds will be dated the date they are issued and will mature on July 1 in the years and principal amounts, and bear interest at the rates, all as set forth on the inside cover of this Official Statement. Interest on the Series 2022 PFC 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, with the same effect as if made on the day such payment was due), commencing July 1, 2022, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Series 2022 PFC Bonds are being issued as fully registered bonds under a book-entry system, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as initial Securities Depository for the Series 2022 PFC Bonds. While the Series 2022 PFC Bonds are in book-entry form, payment of Series 2022 PFC Bond principal and interest will be made by wire transfer to the Securities Depository or its nominee on the payment date. Disbursement of payments to DTC participants is the responsibility of DTC and disbursement of payments to beneficial owners of the Series 2022 PFC Bonds is the responsibility of DTC participants, all as described in APPENDIX E—"DTC and its Book-Entry System."

If the Series 2022 PFC Bonds cease to be in book-entry form, the principal of the Series 2022 PFC Bonds will be payable by check at the Designated Corporate Trust Office of the Trustee. Interest on the Series 2022 PFC Bonds will be paid to the person whose name appears on the Bond Register as the Owner thereof as of the close of business on the Record Date for each Interest Payment Date by wire transfer in immediately available funds to an account within the United States of America designated by such Owner.

If any Series 2022 PFC Bond is duly presented for payment and funds have not been duly provided by the Port on such applicable date, then interest will continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Series 2022 PFC Bond until such Series 2022 PFC Bond is paid.

Registration and Transfer or Exchange of Series 2022 PFC Bonds

The Series 2022 PFC Bonds initially are to be registered in the name of Cede & Co., as the nominee of DTC, and held by DTC as Securities Depository, all as described in APPENDIX E—"DTC and its Book-Entry System." Individual purchases of Series 2022 PFC Bonds are to be made in book-entry form only in denominations of $5,000 or any integral multiple thereof within a single maturity. Purchasers will not receive certificates representing their interest in the Series 2022 PFC Bonds, except as described in APPENDIX E—"DTC and its Book-Entry System."

Neither the Port nor the Trustee will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Series 2022 PFC Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on Series 2022 PFC Bonds, any notice which is permitted or required to be given to Owners under the Ordinances or the Supplemental Action (except such notices as are required to be given by the Port to the Trustee or to DTC (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) as the Owner. For so long as any Series 2022 PFC Bonds are held by DTC, DTC or its successor depository (or their respective nominees) shall be deemed to be the Owner for all purposes under the Ordinances and the Supplemental Action, and all references to the Owners shall mean DTC or its successor depository (or their respective nominees) and shall not mean the owners of any beneficial interest in such Series 2022 PFC Bonds.

No Redemption of Series 2022 PFC Bonds

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

RECENT DEVELOPMENTS CONCERNING COVID PANDEMIC

The outbreak of COVID-19 ("COVID"), a respiratory disease caused by a new strain of coronavirus, was declared a pandemic by the World Health Organization ("WHO") on March 11, 2020 (the "COVID pandemic"), which 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. Additionally, 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. However, the emergence of COVID variants, which can have higher transmissibility rates and/or greater vaccine resistance, has impeded, and may continue to impede, efforts to lift restrictions implemented or re-implemented in response to the COVID pandemic. The ultimate impact of COVID variants on domestic and international travel remains uncertain. The impact of the COVID pandemic, including the emergence of variants of the virus, on air service, availability of labor, supplies and materials, passenger levels and revenue assumptions at the Airport for Fiscal Year ending June 30, 2022 ("Fiscal Year 2022") also remains uncertain.

The Airport, along with all other airports in the United States and abroad, has been acutely impacted by the broad-based economic shutdown resulting from efforts to stop the spread of COVID, including reductions in flights and declines in passenger volumes. The COVID pandemic has adversely affected domestic and international travel and travel-related industries. Airlines have reported unprecedented downturns in passenger volumes and have experienced reduced levels of passenger volumes which, in turn, have prompted them to significantly reduce and, in many cases, eliminate, scheduled services. Although recovery of domestic leisure travel in the United States is well underway, business and international travel are slow to recover. Additionally, airlines have experienced and may continue to experience staffing shortages as transmission of COVID variants rises and causes disruptions in the workforce.

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.

The discussion below provides certain financial and operating information that do not directly measure PFC Revenue that is pledged to the payment of the Series 2022 PFC Bonds. However, the ability of the Port to generate PFC Revenue sufficient to pay debt service on the Series 2022 PFC Bonds depends upon demand for Airport facilities and services. Such information is provided for the benefit of the overview it provides about demand for Airport facilities and services, and the impact on the overall operations of, and enplanements at, the Airport.

Government Relief Efforts

The United States government and the Federal Reserve Board have 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 and approximately $187,000 to the Port's two general aviation airports. The Port chose to pool general aviation CARES Act funds with the Airport CARES Act funds as permitted by the FAA. The CARES Act was the only federal relief bill that allowed the pooling of funds for primary and general aviation airports. The CARES Act, in part, provided aid in the form of grants for airports as well as direct aid, loans and loan guarantees for passenger and cargo airlines.

As of January 1, 2022, 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 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. This includes a total of $1.75 billion in federal funding for primary airports for costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at airports (including capital improvements related to combating the spread of pathogens), and debt service payments, a total of $45 million for general aviation airports for costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments, provided that not less than $5 million of such funds shall be available to sponsors of non-primary airports that participate in the FAA Contract Tower Program, as well as a total of $200 million for airports to provide relief from rent and minimum annual guarantees to on-airport car rental, on-airport parking, and in-terminal airport concessions located at "primary" airports, such as the Airport. The funding for concessions relief is distributed based on the eligible concession's proportionate share of total rent for all eligible concessions, with prioritization given to minority-owned businesses.

The Port Coronavirus Response Grant Program funds may be drawn from the FAA on a reimbursement basis for eligible expenditures as described above. The Port Coronavirus Response Grant Program funds may also be used to reimburse airports for rent and minimum annual guarantee relief programs for concessions as described above, and the Port may retain up to two percent of the allocation amount for relief program administration costs.

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. The Port also received $104,162 in total for the two other general aviation airports. As of January 1, 2022, the Port has completely drawn and used these funds for the reimbursement of operating and concessionaire relief expenses, as well as for reimbursement of the payment of debt service on its outstanding 2019 CFC Bonds, in the Fiscal Year ending June 30, 2021 ("Fiscal Year 2021").

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.

Closely paralleling the structure and requirements of the Airport Coronavirus Response Grant Program, American Rescue Grants may be drawn from the FAA on a reimbursement basis for eligible expenditures, such as costs for operations, personnel, cleaning, sanitization, combating the spread of pathogens at airports (including capital improvements related to combating the spread of pathogens) and debt service payments. The American Rescue Grants also allow for the reimbursement to airports of rent relief programs targeted to in-terminal airport concessions. Unlike CRRSAA, on-airport car rental and parking concessionaires are not eligible for concessions rent relief under ARPA unless the on-airport car rental concessionaire has a service desk located within the terminal.

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. The Port received $180,000 in total for the two other general aviation airports. As of the date of this Official Statement, the Port has drawn $25.0 million of the American Rescue Grants from the FAA. The Port expects to use approximately $63.6 million for costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments. The Port intends to utilize approximately $25 million during Fiscal Year 2022 and $30 million during Fiscal

Year ended June 30, 2023 ("Fiscal Year 2023"), and to determine in approximately June 2022 how to allocate the remaining $8.6 million of the ARPA funds.

The following table provides a summary of the federal relief funds allocated to the Port by federal program, the actual application of such funds by the Port during Fiscal Years 2020 through 2022, and the projected application of such funds by the Port during Fiscal Year 2023.

TABLE 3 [(1)]
FEDERAL RELIEF FUNDS (dollars in millions)

	CARES Act	CRRSAA	ARPA	Total
Total Award	**$72.5**	**$19.0**	**$72.0**	**$163.5**
Uses				
FY2020 Actual				
Airport	$27.7	$0.0	$0.0	$27.7
Total FY2020	$27.7	$0.0	$0.0	$27.7
FY2021 Actual				
Airport	$44.8	$16.9	$0	$61.6
Concessions	0.0	2.1	0.0	2.1
Total FY2021	$44.8	$19.0	$0.0	$63.7
FY2022 Actual				
Airport	$0	$0	$25.0	$25.0
Concessions	0.0	0.0	0.0	0.0
Total FY2022	$0.0	$0.0	$25.0	$25.0
FY2023 Forecast				
Airport	$0.0	$0.0	$30.0	$30.0
Concessions	0.0	0.0	0.0	0.0
Total FY2023	$0.0	$0.0	$30.0	$30.0
Remaining to be Applied				
Airport	$0.0	$0.0	$8.6	$8.7
Concessions	0.0	0.0	8.4	8.4
Total Remaining	0.0	0.0	17.0	17.0
FY2020-FY2023				
Airport	$72.5	$16.9	$63.6	$153.0
Concessions	$0.0	$2.1	$8.4	$10.5
Totals	**$72.5**	**$19.0**	**$72.0**	**$163.5**

(1) Amounts may not add due to rounding.
Source: Port records and Table 4-3 of The Report of the Airport Consultant in APPENDIX A.

Of the federal relief grant funds the Port applied in Fiscal Year 2020 and Fiscal Year 2021, $35.3 million went to the Airline Cost Center, $47.0 million to the Port Cost Center, and $9.1 million to the rental car companies operating at the Airport. See "PORTLAND INTERNATIONAL AIRPORT—Airport Capital Improvement Program" for a description of Airline Cost Center and Port Cost Center. The Port must draw down and spend its American Rescue Grants awarded pursuant to ARPA within four years. As described above, the Port has already drawn all of its CARES Act and CRRSAA grant funds to pay debt service on the 2019 CFC Bonds, fund Airport maintenance and operation expenses, and provide concessions relief.

Other Resources. The Port has received, and may receive additional, aid at the federal and State levels. For example, pursuant to the Presidential declaration in March 2020, that the ongoing COVID pandemic is of sufficient severity to warrant an emergency declaration for purposes of obtaining disaster assistance through FEMA's Request for Public Assistance ("RPA"), the Port submitted its application through the RPA process for disaster assistance. As of December 2021, the Port has submitted for an amount of approximately $194,363.70 with an expected recovery of approximately $145,772.77. This submission amount and expected recovery is based on evolving direction from FEMA and assumptions about what will likely be determined as reimbursable costs and expenses.

Additionally, prospective purchasers of the Series 2022 PFC Bonds should review the Securities and Exchange Commission ("SEC") filings of the Signatory Airlines (as defined in "AGREEMENTS FOR USE OF AIRPORT FACILITIES—Passenger and Cargo Airline Agreement—General") for additional information regarding the receipt by any Signatory Airline of CARES Act, CRRSAA or ARPA relief funding. This reference to a Signatory Airline's SEC filings is for informational purposes only, and such reports are not deemed to be incorporated in this Official Statement. **The Port undertakes no responsibility for and makes no representation as to the accuracy or completeness of any reports and statements relating to Signatory Airlines filed with the SEC**.

Impact of COVID Pandemic on Projections, Budget and Assumptions in Report of the Airport Consultant

In consultation with Campbell-Hill Aviation Group, LLC, the Port develops its projection of air traffic demand in order to estimate budgetary needs for the future. The projection, which includes projections of passenger enplanements (number of passengers boarding flights) and projections of aircraft landed weight (which is used to calculate landing fees), is incorporated into the Report of the Airport Consultant in APPENDIX A. As described above, the Report does not provide an historic or projected analysis of PFC Revenue, which secures the Series 2022 PFC Bonds, but provides an overview of the demand for Airport facilities and services that are directly tied to the generation of PFC Revenue.

The COVID pandemic has adversely affected operations at the Airport. Passenger enplanements at the Airport decreased from just under 10.0 million in the Fiscal Year ended June 30, 2019 ("Fiscal Year 2019") to 7.3 million in Fiscal Year ended June 30, 2020 ("Fiscal Year 2020"), representing a decrease of 27.0% from Fiscal Year 2019. In Fiscal Year 2021, enplaned passengers decreased to approximately 3.7 million, representing a decrease by 48.6% when compared to Fiscal Year 2020 and 62.5% when compared to Fiscal Year 2019. Passenger aircraft landed weight at the Airport decreased from approximately 10.9 million 1000-pound units to approximately 8.7 million 1000-pound units, representing a decrease of 20.2% from Fiscal Year 2019.

In developing its budget for Fiscal Year 2022, the enplaned passengers are projected to be 6.3 million, approximately 37% below Fiscal Year 2019. The projection has passenger enplanements increasing to above Fiscal Year 2019 levels, or approximately 10.7 million, by the Fiscal Year ending June 30, 2025 ("Fiscal Year 2025"). Thereafter, the projection has the number of enplaned passengers increasing by approximately 3.2% each year in the Fiscal Years ending June 30, 2026 ("Fiscal Year 2026"), June 30, 2027 (“Fiscal Year 2027”), and June 30, 2028 (“Fiscal Year 2028”). By Fiscal Year 2028, the projection estimates the number of enplaned passengers at the Airport to be approximately 11.8 million. The projection also estimates that passenger airlines’ average landed weights to generally follow the passenger enplanement trends described above.

The projection presented in the Report of the Airport Consultant is based on a number of assumptions. The most significant assumption the projection relies on is that the number of passenger enplanements at the Airport will return to Fiscal Year 2019 levels in Fiscal Year 2024 and exceed Fiscal Year 2019 levels by Fiscal Year 2025 and, thereafter, the underlying economic conditions of the general service areas served by the Airport are expected to be the primary driver for passenger demand at the Airport. Additional key assumptions are listed below:

- A continued resurgence of COVID cases for a few months in the fall and winter season of Fiscal Year 2022.

- Recovery back to pre-COVID pandemic levels requires a restoration of passenger confidence along with economic recovery.

- The Airport continues to primarily serve O&D passengers and continues to be a hub for Alaska Air Group.

- The other major carriers currently serving the Airport continue to provide air service to support local demand primarily through larger aircraft and to longer-haul markets.

- Trans-oceanic international service resumes during the recovery period. Additional international service would be provided as demand dictates, including seasonal service to leisure markets in Mexico.

- Low-cost carriers continue to operate at the Airport and demand for such services continues to increase.

- Long-term nationwide growth in air travel occurs by Fiscal Year 2026.

See Chapter 2 of the Report of the Airport Consultant.

Using the projection of air traffic activity and assumptions described above, the Airport Consultant, in collaboration with the Port, developed projections of revenues and expenses from Fiscal Year 2022 to Fiscal Year 2028. See “REPORT OF THE AIRPORT CONSULTANT” herein. For the Port’s projection of PFC Revenue and coverage of debt service on the PFC First Lien Bonds, see “THE PFC PROGRAM AT THE PORT—Historical PFC Revenue, PFC Debt Service and First Lien Sufficiency Covenant; PFC Forecast.”

In addition, the Port deferred approximately $200 million in capital projects, which is reflected in the discussion of the Port’s CIP Projects herein and in the Report of the Airport’s Consultant in APPENDIX A. See “PORTLAND INTERNATIONAL AIRPORT—Airport Capital Improvement Program” and Chapter 3 of the Report of the Airport Consultant.

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 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. Prospective investors should assume that the restrictions and limitations related to the ongoing COVID pandemic, and the current upheaval to the air travel industry and the national and global economies, may 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.*

Liquidity and Financial Position

The First Lien Sufficiency Covenant (which measures the sufficiency of PFC Authority to cover debt service on PFC Bonds and other authorized costs) for Fiscal Year 2021 was 5.06, which exceeded the 1.05 required under the Master Ordinance. See "THE PFC PROGRAM AT THE PORT— Historical PFC Revenue. PFC Debt Service and First Lien Sufficiency Covenant; PFC Forecast." As of June 30, 2021, the Airport ended Fiscal Year 2021 with $82.3 million of PFC balances (excluding trustee-held funds for debt service payments on outstanding First Lien PFC Bonds).

The Port is required to maintain a First Lien Reserve Account for the payment of debt service on PFC Bonds. Upon the issuance of the Series 2022 PFC Bonds as described in "PLAN OF FINANCE," amounts in the First Lien Reserve Account will satisfy the First Lien Reserve Account Requirement. See "SECURITY AND SOURCES OF PAYMENT FOR THE FIRST LIEN PFC BONDS—First Lien Reserve Account."

The following information provides certain financial and operating information that do not directly measure PFC Revenue that is pledged to the payment of the Series 2022 PFC Bonds but is provided for the benefit of the overview it provides about the impact on the overall financial position of the Port and operations of the Airport

At June 30, 2021, unrestricted cash and investment balances for the Airport were $201.0 million, an increase compared to approximately $139.0 million as of June 30, 2020 and approximately $135.0 million as of June 30, 2019. Based upon unaudited, internally prepared estimates, as of December 31, 2021, unrestricted cash and investment balances for the Airport were approximately $236.8 million.

At June 30, 2021, the days cash on hand for the Airport was 589 days, an increase compared to 384 days at June 30, 2020 and 358 days at June 30, 2019. Based upon unaudited, internally prepared estimates, at December 31, 2021, days cash on hand for the Airport was 580 days (unrestricted cash and investment balance divided by projected costs of operation and maintenance excluding depreciation).

The Port has access to other resources with which it may fund Airport operations. At June 30, 2021, the unrestricted cash and investment balance for the Port's General Fund was $256.6 million and the days cash on hand for the General Fund was 752 days, which represents how many days cash the general fund balance represents for the Airport, and which is an increase compared to 666 days at June 30, 2020 and 720 days at June 30, 2019. As of December 31, 2021, these other resources include approximately $257 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. $229.1 million of Commercial Paper Notes were outstanding as of January 1, 2022. See "PORTLAND INTERNATIONAL AIRPORT—Other Obligations of the Port."

In addition to PFCs that the Port collects from the airlines operating at the Airport, the Port also collects customer facility charges ("CFC"), which can only be used for authorized CFC uses. As of June 30, 2021, the Port ended Fiscal Year 2021 with $43.8 million of CFC balances (excluding trustee-held funds for debt service payments on outstanding 2019 CFC Bonds).

Reduced Airport Usage – Airline Activity

The Airport, similar to most other airports around the nation, has experienced steep declines in passenger volumes as a result of the COVID pandemic. Domestic air travel throughout the nation has been severely curtailed by the COVID pandemic. Airlines at the Airport are continually evaluating their flight schedules, resulting in flight cancellations on a daily basis and ongoing revisions to flight schedules. The Port anticipates the reduced level of scheduled airline service to continue and cannot predict the duration. The Port also cannot predict if there will be a nationwide order to restrict travel between states, which would lead to a cessation of operations at the Airport requiring significant cost-cutting measures.

The following table shows the change in the monthly enplanements (number of passengers boarding flights) at the Airport for the period from Fiscal Year 2019 through Fiscal Year 2021, and the period from July 2021 to November 2021 during Fiscal Year 2022, and compares those numbers to Fiscal Year 2019. The period commencing in mid-March during Fiscal Year 2020 reflects the effects of the COVID pandemic.

TABLE 4
CHANGE IN MONTHLY ENPLANEMENTS AT THE AIRPORT

	Monthly Enplanements				**Percent of FY 2019 (Same Month)**		
Month	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2020**	**FY 2021**	**FY 2022**
July	1,014,340	989,267	244,270	685,217	97.5%	24.1%	67.6%
August	993,152	971,981	264,970	665,243	97.9%	26.7%	67.0%
September	824,883	839,307	245,377	554,006	101.7%	29.7%	67.2%
October	839,412	836,625	277,999	598,851	99.7%	33.1%	71.3%
November	798,806	770,506	248,276	576,954	96.5%	31.1%	72.2%
December	812,544	855,075	244,899		105.2%	30.1%	
January	689,211	706,436	199,585		102.5%	29.0%	
February	651,775	672,482	200,078		103.2%	30.7%	
March	806,105	358,949	339,343		44.5%	42.1%	
April	763,624	37,263	401,713		4.9%	52.6%	
May	837,930	77,251	480,650		9.2%	57.4%	
June	935,016	158,292	594,835		16.9%	63.6%	
Total	**9,966,798**	**7,273,434**	**3,741,995**		**73.0%**	**37.5%**	

Source: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2019-June 2021, accessed January 2022, and Table 2-7 of the Report of the Airport Consultant in APPENDIX A.

The following table shows the change in monthly landed weight (1,000-pound) units at the Airport for the period from Fiscal Year 2019 through Fiscal Year 2021, and the period from July 2021 to November 2021 during Fiscal Year 2022, and compares those numbers to Fiscal Year 2019. The period commencing in mid-March during Fiscal Year 2020 reflects the effects of the COVID pandemic.

TABLE 5
CHANGE IN MONTHLY LANDED WEIGHT AT THE AIRPORT

	Monthly Landed Weight				Percent of FY 2019 (Same Month)		
Month	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2020**	**FY 2021**	**FY 2022**
July	1,211,392	1,228,573	578,101	914,867	101.4%	47.7%	75.5%
August	1,189,398	1,213,514	620,035	935,503	102.0%	52.1%	78.7%
September	1,049,936	1,077,659	571,717	892,783	102.6%	54.5%	85.0%
October	1,059,838	1,105,790	641,062	872,016	104.3%	60.5%	82.3%
November	1,032,572	1,027,146	646,625	828,418	99.5%	62.6%	80.2%
December	1,101,573	1,139,269	754,907		103.4%	68.5%	
January	989,223	1,008,372	598,416		101.9%	60.5%	
February	882,106	930,832	492,524		105.5%	55.8%	
March	1,006,629	909,309	648,469		90.3%	64.4%	
April	985,809	374,214	683,156		38.0%	69.3%	
May	1,065,647	344,035	769,293		32.3%	72.2%	
June	1,137,962	427,532	813,242		37.6%	71.5%	
Total	**12,712,084**	**10,786,246**	**7,817,546**		**84.9%**	**61.5%**	

Source: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2019-June 2021, accessed January 2022, and Table 2-11 of the Report of the Airport Consultant in APPENDIX A.

Reduced Airport Usage - Non-Airline Activities

The Airport has also experienced a significant decline in demand for food, beverage, retail items and other concession activities, rental cars, and parking and ground transportation services at the Airport. Non-airline revenues for the Airport in Fiscal Year 2020 and Fiscal Year 2021 are estimated to have decreased significantly from Fiscal Year 2019 levels. Over this period total non-airline revenues decreased from approximately $151.2 million to approximately $78.2 million (not including federal relief grants). These decreases are primarily driven by passenger traffic and as passenger traffic recovers, it is likely that this revenue would also recover.

Stakeholder Assistance

As a result of the COVID pandemic, the Port received requests for rate relief and other forms of financial accommodations from airlines, Airport concessionaires, RACs operating at the Airport and others. In response to such requests, the Port agreed to several measures, which are summarized below. As the response to the COVID pandemic continues to evolve, the Port continues to evaluate all requests for rate relief and other forms of financial accommodations taking into account the facts and circumstances at the time of such requests.

Airline Measures. As discussed above, to cover the deficit in airline revenues, the Port utilized CARES Act funds to cover the Fiscal Year 2020 deficit and CRRSAA funds to cover the Fiscal Year 2021 deficit. Additionally, certain rates and charges owed by the airlines to the Port for the period April 1, 2020 through May 31, 2020 were deferred. Such deferred rates and charges were paid by the airlines to the Port in four equal monthly payments beginning September 30, 2020, and continuing through December 31, 2020. The remittance terms of PFCs to the Port remain unchanged.

Terminal Concessionaire Measures. For terminal concessionaires at the Airport, including food and beverage, retail and services, the Port implemented a number of measures. As an initial response, monthly minimum annual guarantee ("MAG") payments for February 2020 through June 2020 owed by concessionaires to the Port were suspended (not deferred). Monthly billing for such period based on a percentage of the concessionaire's sales revenue was required instead. Additionally, through the period of

June 30, 2020, payment terms were extended from 30 to 60 days. Regular contractual MAG payments owed by the concessionaires to the Port were deferred from July 2020 through June 2021. Concessionaires were only expected to pay monthly billings based on their percent sales during that timeframe. During the annual reconciliation process for the lease year ended June 30, 2020, the Port waived amounts contractually required for Fiscal Year 2020 to true up MAG with actual rents paid during that period.

For the lease year that ended June 30, 2021, the Port utilized federal CRRSAA Concessions relief funding to provide terminal concessionaires approximately $2.1 million in rent relief and the Port waived MAG payment true-up amounts that had not been previously relieved with CRRSAA Concessions funding.

Further, the Port offered financial assistance for space development costs to certain new concessionaires at the Airport which are to be repaid over the life of the qualifying concessions' lease in the form of increased rent.

Rental Car Company Measures. For the rental car companies ("RAC") operating at the Airport, the Port implemented a number of measures. As an initial response, monthly MAG concession fee payments owed by the RACs to the Port for March 2020 through June 2020 were deferred. Monthly billing for such period shifted to a percentage sales structure. Monthly premises rent owed by the rental car companies to the Port for April 2020 through June 2020 were deferred. Such deferred amounts were due by September 30, 2020 and have been paid.

During the annual reconciliation process in September 2020, the Port determined a "Conditionally Reduced MAG Obligation" due from the RACs to the Port for Fiscal Year 2020 to reflect percentage sales in lieu of MAG for April through June 2020. The Port deferred the balance of any underpayment of annual MAG for Fiscal Year 2020, calculated as the difference between the Conditionally Reduced MAG Obligation and the annual MAG for Fiscal Year 2020 otherwise due under the terms of each RAC's Lease ("Deferred MAG Obligation"). Consistent with HB 4213 (Oregon Laws 2020, Chapter 13), which legally required landlords to defer rent till March 2021, this deferral lasted until April 1, 2021.

Provided a RAC continued to operate at the Airport, continued to timely remit payment of the greater of percentage rent or one-twelfth (1/12) of MAG, and was otherwise in good standing under its lease as of April 1, 2021, the Port waived the Deferred MAG Obligation in lieu of seeking to collect the Deferred MAG Obligation from each qualifying RAC, and funded the waived amount with CARES Act funds. All RACs at the airport qualified for the waiver.

The remittance terms of CFCs to the Port remain unchanged.

Port Operational Changes

In response to the COVID pandemic, the Port required remote working for employees that are not essential for operations as of March 16, 2020 and on April 2, 2020 the Port announced actions to implement a number of temporary measures intended to mitigate operational and financial impacts to the Port, including: (1) an employee unpaid furlough program, beginning April 9, 2020 which ended on June 16, 2021; (2) eliminating the annual merit compensation increase for administrative employees for Fiscal Year 2020; (3) a partial hiring freeze during Fiscal Year 2020; (4) eliminating non-critical travel; and (5) limiting overtime. Since that time the Port also took actions to reduce other operational and maintenance spending and closed certain parking facilities, eliminated related bussing operations, closed certain Terminal facilities and adjusted customer and facility services to reflect lower passenger counts. All parking facilities have since been reopened and related bussing operations have resumed. In addition to the deferral of approximately $200 million in capital projects, the Port is also looking for opportunities to further reduce the near-term costs of its CIP, defer or accelerate projects where necessary or appropriate, and scale ongoing and future projects appropriately in response to the rate of recovery of the air travel industry.

In March 2021, the Port offered an early retirement and voluntary separation program to further reduce operating costs. A total of 34 positions were vacated as part of this program. The estimated net savings is $4.2 million over eighteen months.

In October 2021, the Port announced that all employees must be vaccinated by December 8, 2021. This policy provides a safer work environment during the COVID pandemic, protecting the health and safety of employees, partners, and guests. This policy ensures compliance with all federal and state vaccine mandates, as well as other laws related to COVID. All vaccine mandates are subject to valid medical and religious exceptions to the extent the Port can accommodate them. As of January 1, 2022, at least 95% of the Port have completed either the Pfizer or Moderna vaccine series or the initial dose of the Johnson & Johnson vaccine.

The Port has taken measures to promote social distancing in public areas for health and safety purposes at the Airport. Additional measures implemented include more frequent and additional sanitation procedures, especially of the high-touch areas; requiring everyone to wear a mask or other face coverings while onsite at the Airport; installing more than 85 hand-sanitizing stations located throughout the Airport; installing "sneeze guards" to provide extra space between travelers and airport employees; limiting entry to the Terminals to only traveling passengers and requiring people to remain in vehicles used to drop off or pick-up passengers unless providing assistance to a traveler. The Port cannot guarantee that even strict adherence to these measures will be sufficient to prevent or limit the spread of COVID in the Airport. The Port estimates these safety measures to have an annual cost of approximately $776,000. The Port continues to assess and implement opportunities to reduce costs and adjust operations to keep the Airport safe and efficient in response to the ongoing changes. In addition, the design of the Terminal Core Redevelopment project, which comprise a series of current and future projects of which a portion will be financed by the Series Twenty-Eight Bonds, provides more features for expedited and touchless passenger processing, which will enhance the safety measures at the Airport in connection with an outbreak or pandemic, including the COVID pandemic. See "PORTLAND INTERNATIONAL AIRPORT—Airport Master Plan and Resilience Planning—*Resilience Planning*."

See "AGREEMENTS FOR USE OF AIRPORT FACILITIES," "CERTAIN INVESTMENT CONSIDERATIONS—Effect of COVID Pandemic and Other Worldwide Health Concerns," "—Demand for Air Travel," and "—Worldwide Health Concerns."

SECURITY AND SOURCES OF PAYMENT FOR THE FIRST LIEN PFC BONDS

Pledge of PFC Revenue

The First Lien PFC Bonds are payable from, and secured by a pledge of, revenues to be received by the Port from PFCs authorized by the FAA and imposed by the Port on enplaning passengers at the Airport. In the PFC Approvals, the FAA authorized the Port to charge PFCs until the dates on which the amount of PFCs and investment income thereon equals the allowable cost of the Approved PFC Projects. As of December 30, 2021, the FAA has authorized the Port to collect and use up to $1.201 billion in the aggregate of PFC Revenue. Upon the issuance of the Series 2022 PFC Bonds, the final stated maturity of the PFC Bonds, which will be the final stated maturity of the Series 2022 PFC Bonds, is July 1, 2031. The FAA estimates that the Port's authority to collect PFCs will expire in July 2036. See "THE PFC PROGRAM AT THE PORT."

The Master Ordinance provides for the creation of the PFC Fund and requires that the PFC Revenue and any Additional Pledged Revenue are to be credited to the PFC Fund as earned.

The PFC Fund and the accounts created under the Ordinances (other than the PFC Bond Fund described below, which is held by the Trustee) are to be held, administered and invested by the Port, unless and until the Port is required to transfer such funds and accounts to the Trustee as described in "Flow of Funds" under this heading.

Limited Obligations

The First Lien PFC Bonds, including the Series 2022 PFC Bonds, are limited obligations of the Port. Except as otherwise provided in the Ordinances, the Series 2022 PFC Bonds are payable from, and secured by a pledge of, PFC Revenue and Additional Pledged Revenue, if any, that may in the future be pledged and assigned. No other revenues of the Port are currently pledged or assigned to the payment of the Series 2022 PFC Bonds. Neither the full faith and credit of the Port nor the taxing power of the Port is pledged to the payment of the principal of or interest on the Series 2022 PFC Bonds. The Series 2022 PFC Bonds are not obligations of the State or any political subdivision of the State other than the Port. The Approved PFC Projects are not security for the Series 2022 PFC Bonds or any other PFC Bonds, and the Series 2022 PFC Bonds are not secured by a lien on properties or improvements at the Airport or by a pledge of any revenues (other than PFC Revenue) derived by the Port from the operation of the Airport generally.

Flow of Funds Under the Master Ordinance

In addition to the PFC Fund, which initially is held by the Port, the Master Ordinance creates the PFC Bond Fund, which is held by the Trustee. The PFC Bond Fund is comprised of the First Lien Bond Account, the First Lien Reserve Account, the Subordinate Lien Obligations Account and Subordinate Lien Obligations Reserve Account. The Master Ordinance also creates within the PFC Fund a PFC Capital Account. The PFC Fund is to be held by the Port unless and until the Port is required to transfer the PFC Fund to the Trustee following (1) a notice from the FAA of suspected violation(s) of PFC Regulations or the Noise Act or (2) a direction of the holders of a majority in aggregate principal amount of Outstanding PFC Bonds following a Default under the Ordinances. See "THE PFC PROGRAM—Termination of Authority to Impose PFCs" and "—FAA Agreement with the Port Regarding Termination."

Pursuant to the Master Ordinance, the Port is required to credit to the PFC Fund as earned all PFC Revenue received by the Port (and any Additional Pledged Revenue that may be pledged to the payment of First Lien PFC Bonds or the Parity Port Payments) and, on or before the first day of each month, to transfer from the PFC Fund the following amounts, in the following order, to the following accounts:

First: to make the Monthly First Lien Debt Service Deposit into the First Lien Bond Account (but only to the extent such Monthly First Lien Debt Service Deposit is not made from amounts held as capitalized interest);

Second: to make all payments required to be made into the First Lien Reserve Account or to replenish the First Lien Reserve Account, as described in "First Lien Reserve Account" under this heading;

Third: to make all payments required to be made into any Subordinate Lien Obligations Account in the amount and at the times required by the Master Ordinance, any Supplemental Ordinance or other written direction of the Executive Director (or his or her designee) which may include but are not limited to termination payments, fees, charges or indemnification, required to be made by or on behalf of the Port under a Derivative Product provided that the Port has determined that PFC Revenue may be lawfully used to make such payment;

Fourth: to make all payments required to be made into any Subordinate Lien Obligations Reserve Account; and

Fifth: the remainder to the PFC Capital Account. Amounts in the PFC Capital Account may be used to pay the Costs of Approved PFC Projects; make necessary additions, betterments, improvements and repairs to or extension and replacements of Approved PFC Projects, if permitted by PFC Regulations, or to the extent permitted by PFC Regulations, for any other lawful Port purposes; may be transferred to any fund or account for the purpose of paying the cost of improvements to the Airport to the extent such improvements constitute Approved PFC Projects; or may be used to pay debt service on any other obligation incurred by the Port to pay Costs of Approved PFC Projects. The Master Ordinance provides that until so applied, amounts on deposit in the PFC Capital Account shall be pledged to the payment of and subject to a lien and charge in favor of Owners of the PFC Bonds.

First Lien Reserve Account

The Port is required to maintain in the First Lien Reserve Account an amount equal to the following (the "First Lien Reserve Account Requirement"): the lesser of (1) Maximum Annual Debt Service with respect to Outstanding First Lien PFC Bonds and (2) with respect to a particular Series of PFC Bonds, the maximum amount permitted by Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"). The Master Ordinance requires that upon the issuance of any additional First Lien PFC Bonds the Port will assure that the amount on hand in the First Lien Reserve Account shall be sufficient to meet the First Lien Reserve Account Requirement taking into account the Outstanding PFC Bonds plus the Series proposed to be issued. The First Lien Reserve Account Requirement shall be maintained by deposits of cash (including investments of cash), a Qualified Letter of Credit or Qualified Insurance, or a combination thereof.

Moneys held in the First Lien Reserve Account are to be transferred to the First Lien Bond Account if and to the extent that amounts on deposit in the First Lien Bond Account are insufficient to pay the principal of or the interest on the First Lien PFC Bonds as the same become due. The Master Ordinance requires that any deficiency in the First Lien Reserve Account because of any withdrawal be made up from the next available PFC Revenue but in no event later than within one year after the withdrawal.

In computing the amount on hand in the First Lien Reserve Account, the market value of securities then credited to the First Lien Reserve Account is to be determined annually and any deficiency in the First Lien Reserve Account is to be made up in equal monthly installments within six months after the date of such valuation. Moneys on deposit in the First Lien Reserve Account in excess of the First Lien Reserve Account Requirement may be transferred to the First Lien Bond Account and applied to the payment of regularly scheduled debt service on the First Lien PFC Bonds as provided in the Master Ordinance.

In lieu of depositing moneys to the First Lien Reserve Account or in substitution for moneys and securities then on deposit in the First Lien Reserve Account, the Port may obtain one or more irrevocable letters of credit issued by a financial institution or non-cancellable surety bond policies issued by a bond insurance company with a credit rating in one of the two highest rating categories of each Rating Agency then maintaining an underlying rating on the First Lien PFC Bonds. The Master Ordinance requires that any such letter of credit or surety bond policy have a term of at least five years. Prior to the termination of a letter of credit, each such letter of credit must either (1) be replaced by the Port with cash or with a substitute irrevocable letter of credit meeting the requirements described above or (2) be drawn upon by the Trustee pursuant to its terms to fund the First Lien Reserve Account. In addition, each such letter of credit must be replaced by the Port with a substitute irrevocable letter of credit meeting the requirements described in this paragraph, or with cash, within six months after the date on which the issuer of such letter of credit or surety bond policy becomes insolvent. See APPENDIX C—"SUMMARY OF PRINCIPAL DOCUMENTS—Summary of Certain Provisions of the Ordinances—PFC Bond Fund—First Lien Reserve Account."

Upon issuance of the Series 2022 PFC Bonds, the Port expects the First Lien Reserve Account Requirement to decrease and to withdraw from the First Lien Reserve Account an amount equal to such decrease, which will be used to refund the Refunded Bonds. Upon the issuance of the Series 2022 PFC Bonds and the refunding of the Refunded Bonds, the balance in the First Lien Reserve Account will be $12,096,037.49, and will be held in cash and investments. See "ESTIMATED SOURCES AND USES OF FUNDS."

Additional First Lien PFC Bonds

The Master Ordinance permits the Port to issue additional First Lien PFC Bonds on a parity with the Series 2022 PFC Bonds for the purposes for which PFCs may be used or for refunding purposes.

Additional First Lien PFC Bonds Certificate. Before issuing any additional First Lien PFC Bonds (other than Refunding First Lien PFC Bonds that comply with the requirements described below under "Refunding First Lien PFC Bonds") and before issuing any Refunding First Lien PFC Bonds to refund Subordinate Lien PFC Obligations or to refund other bonds that are not First Lien PFC Bonds, the Port must deliver, among other things, either a certificate executed by the Executive Director (the "Executive Director's Certificate") or a certificate of an independent and nationally recognized aviation consultant (the "Independent Aviation Consultant's Certificate") as described below. For other requirements that must be met prior to the issuance of additional First Lien PFC Bonds, see APPENDIX C—"SUMMARY OF PRINCIPAL DOCUMENTS—Summary of Certain Provisions of the Ordinances—Authorization of Series of PFC Bonds," "—Future First Lien PFC Project Bonds" and "—Future First Lien PFC Refunding Bonds."

The Master Ordinance requires that an Executive Director's Certificate state that (1) the First Lien Sufficiency Covenant described below will be met upon the issuance of the additional First Lien PFC Bonds and (2) PFC Revenue (adjusted as described below), interest earnings on the First Lien Reserve Account to the extent such earnings are available for transfer to the First Lien Bond Account and Additional Pledged Revenue, if any has been pledged irrevocably to First Lien Bonds (collectively, "Pledged Revenue") earned for any consecutive twelve-whole-month period selected by the Port out of the eighteen-whole-month period next preceding the date of issuance of such additional First Lien PFC Bonds (the "Base Period"), as shown in the audited or unaudited financial statements of the Port, were not less than 150% of Maximum Annual Debt Service on all First Lien PFC Bonds that will be Outstanding upon the issuance of the proposed additional First Lien PFC Bonds. In preparing such certificate, the Executive Director is required to take into account any Forecast PFC Rate Adjustment as if such new rate had been in effect during the entire Base Period and may take into account any Additional Pledged Revenue only if each Rating Agency then maintaining an underlying rating on the First Lien PFC Bonds has confirmed, on or prior to the date of the Executive Director's Certificate, that such Additional Pledged Revenue will not in and of itself cause such Rating Agency to reduce or to withdraw its then-current underlying rating on the First Lien PFC Bonds then Outstanding. As defined in the Master Ordinance, "Forecast PFC Rate Adjustment" means (1) any change in PFC Regulations that would result in a change in the amount of PFC collections or (2) any increase in the rate of the levy of PFCs if legislation has been enacted to permit such increase in the rate of levy of PFCs and if the Port has taken all actions and has received all approvals required to impose such PFCs.

In lieu of an Executive Director's Certificate, an Independent Aviation Consultant's Certificate may be delivered, stating that (1) the First Lien Sufficiency Covenant is estimated to be met upon the issuance of the additional First Lien PFC Bonds and (2) in each of the five full fiscal years subsequent to the issuance of the additional First Lien PFC Bonds (commencing with the first such year following the date of issuance of the additional First Lien PFC Bonds), the amount of Pledged Revenue (adjusted as described below) in each such year is estimated to be not less than 150% of Maximum Annual Debt Service on all First Lien PFC Bonds to be Outstanding after the issuance of the proposed additional First Lien PFC Bonds. In preparing such forecasts of Pledged Revenue, the Independent Aviation Consultant is required to take into account any Forecast PFC Rate Adjustment, by assuming that such rate will be in effect during the full five-year period, and may take into account any Additional Pledged Revenue estimated to be earned during the full five-year period if each Rating Agency then maintaining an underlying rating on the First Lien PFC Bonds has confirmed, on or prior to the date of the Independent Aviation Consultant's Certificate, that such Additional Pledged Revenue will not in and of itself cause such Rating Agency to reduce or to withdraw its then-current underlying rating on the First Lien PFC Bonds then Outstanding. The Independent Aviation Consultant may also take into account reasonable projections of PFC Revenue based upon the methodology set forth in the certificate, taking into account any projected change in the number of enplanements during the five-year period following the issuance of the additional First Lien PFC Bonds.

Refunding First Lien PFC Bonds. The Port may issue refunding First Lien PFC Bonds without complying with the additional First Lien PFC Bond requirements described above if the Annual Debt Service on such Refunding First Lien PFC Bonds to be issued will not be more than the Annual Debt Service on the First Lien PFC Bonds to be refunded, were such refunding not to occur. The Master Ordinance provides, however, that such restriction shall not prevent the Port from issuing First Lien PFC Refunding Bonds that mature later than the First Lien PFC Bonds to be refunded.

Derivative Products

Pursuant to the Master Ordinance, the Port is authorized to enter into and make certain regularly scheduled payments (excluding termination payments, fees, charges or indemnifications) on Derivative Products ("Parity Port Payments") out of the First Lien Bond Account. The Master Ordinance permits the Port to take payments to be made and received by the Port under Derivative Products into consideration for purposes of determining compliance with the First Lien Sufficiency Covenant and calculating the First Lien Reserve Account Requirement. See "First Lien Sufficiency Covenant," "Additional First Lien PFC Bonds" and "First Lien Reserve Account" under this heading. As a condition precedent to the Port entering into any Derivative Product on a parity with the First Lien PFC Bonds, the Derivative Product must satisfy the requirements for the issuance of additional First Lien PFC Bonds. See "Additional First Lien PFC Bonds" under this heading.

In 2007, the Port entered into the PFC Bond Swaps described herein. See "OUTSTANDING PFC BONDS—PFC Bond Swaps and Credit Facility."

Subordinate Lien PFC Obligations

The Port may issue Subordinate Lien PFC Obligations for any purpose for which PFCs may be used or for refunding purposes, provided that the ordinance authorizing such Subordinate Lien PFC Obligations provides that so long as any First Lien PFC Bonds are Outstanding, the maturity date of such Subordinate Lien PFC Obligations may not be accelerated (except any indirect acceleration through reimbursement obligations to the provider of a credit facility as a result of a mandatory tender for purchase) and that following the occurrence of a Default under the Ordinances, neither PFC Revenue nor Additional Pledged Revenue, if any, may be used to pay the principal of or interest on the Subordinate Lien PFC Obligations unless all payments required to be made with respect to matured principal of and interest on First Lien PFC Bonds have been fully paid and discharged. See APPENDIX C—"SUMMARY OF PRINCIPAL DOCUMENTS—Summary of Certain Provisions of the Ordinances—Subordinate Lien PFC Obligations."

First Lien Sufficiency Covenant

The Port covenants in the Master Ordinance that the Port will comply at all times with the First Lien Sufficiency Covenant, unless the PFC Authority has been terminated. The Port also covenants that it will within 60 days after the close of each Fiscal Year confirm that the Port was in compliance with the First Lien Sufficiency Covenant as of the last day of such Fiscal Year.

"First Lien Sufficiency Covenant" means that the result of the following calculation shall exceed 1.05 at all times:

PFC Authority:

Less:	costs paid to date of PFC Pay-as-You-Go Improvements
Less:	PFC Pay-as-You-Go Contractual Commitments
Less:	debt service paid to date on all PFC Bonds
Less:	Projected Aggregate Subordinate Lien Debt Service
Plus:	funds on deposit in the Subordinate Lien Obligations Account and the Subordinate Lien Obligations Reserve Account and any Additional Pledged Revenue

Divided by:

Projected Aggregate First Lien Debt Service, less funds on deposit in the First Lien Bond Account and the First Lien Reserve Account.

As defined in the Master Ordinance, "PFC Authority" means the amount of PFCs imposed or to be imposed by the Port at the Airport, pursuant to the Records of Decision as the same may be amended from time to time, and any other records of decision (and amendments) relating to the amount of PFCs imposed or to be imposed by the Port at the Airport. For the purpose of the First Lien Sufficiency Covenant, the PFC Authority may be increased by 15% of the total of each approved Record of Decision to the extent the Port is authorized without FAA approval to effect such increase pursuant to the PFC Act and to the extent such authorization has not been used. As of June 30, 2021 the FAA authorized the Port to collect and use $1.2 billion.

"PFC Pay-as-You-Go Improvements" means Costs of Approved PFC Projects since the Record of Decision issued on April 8, 1992. "PFC Pay-as-You-Go Contractual Commitments" means contracts which have been duly authorized and executed for any capital costs of PFC-Pay-as-You-Go Improvements. "Projected Aggregate Subordinate Lien Debt Service" means the aggregate amount of Subordinate Lien Annual Debt Service through the scheduled maturities of one or more series of Outstanding Subordinate Lien PFC Obligations or through any optional redemption date, together with premium, if any, applicable to such Subordinate Lien PFC Obligations, in each case calculated with the goal of minimizing the aggregate dollar amount necessary to pay and redeem such series of Subordinate Lien PFC Obligations whether at maturity or redemption prior to stated maturity. "Projected Aggregate First Lien Debt Service" means the aggregate amount of First Lien Annual Debt Service through the scheduled maturity(ies) of one or more series of Outstanding First Lien PFC Bonds or through any optional redemption date, together with premium, if any, applicable to such First Lien PFC Bonds, in each case calculated with the goal of minimizing the aggregate dollar amount necessary to pay and redeem such series of First Lien PFC Bonds whether at maturity or redemption prior to stated maturity.

Based upon expected enplanements and the current PFC of $4.50, the FAA estimates that the Port's current PFC Authority will expire in July 2036. The Port expects to apply for additional PFC approvals. See "THE PFC PROGRAM AT THE PORT."

The Port covenants in the Master Ordinance that if the First Lien Sufficiency Covenant is not met, the Port shall (1) redeem or defease First Lien PFC Bonds and/or Subordinate Lien PFC Obligations in amounts sufficient to permit the Port to comply with the First Lien Sufficiency Covenant; and/or (2) identify Additional Pledged Revenue sufficient to permit a Consultant to certify compliance with the First Lien Sufficiency Covenant; and/or (3) obtain an amendment to existing PFC Authority or new PFC Authority; and/or (4) identify and agree to use other legally available funds of the Port to pay costs of PFC Pay-as-You-Go Improvements not already paid, in an amount sufficient (together with amounts realized as a result of the other options described above) to meet the First Lien Sufficiency Covenant. See APPENDIX C—"SUMMARY OF PRINCIPAL DOCUMENTS—Summary of Certain Provisions of the Ordinances—Specific Covenants—First Lien Sufficiency Covenant."

The Port covenants that if the First Lien Sufficiency Covenant is not met, and the steps described above have not been taken, the Port will not spend any money on deposit in the PFC Capital Account except to pay debt service on the First Lien PFC Bonds, to make deposits to the First Lien Reserve Account, to pay the debt service on Subordinate Lien PFC Obligations or to make deposits in a reserve account for Subordinate Lien PFC Obligations.

The Master Ordinance provides that any failure of the Port to meet the First Lien Sufficiency Covenant shall not constitute a Default unless, prior to curing such failure, the Port fails to take one of the actions described in (1) through (4) above and, while such failure continues, the Port disburses money from the PFC Capital Account for purposes other than the payment of debt service on PFC Bonds or required deposits to reserve accounts therefor.

Covenants as to PFCs

The Ordinances include a number of other covenants of the Port, including covenants that the Port will comply with all provisions of the PFC Act, ANCA, the PFC Authority and the PFC Regulations applicable to the Port and that the Port will not take any action or omit to take any action that would cause the termination or reduction of the Port's authority to impose PFCs or that would prevent the collection and application of PFC Revenue as contemplated by the Master Ordinance. In the Master Ordinance, the Port also covenants that it will impose PFCs to the full extent authorized by the FAA in its Records of Decisions and that the Port will not unilaterally decrease the level of the PFCs to be collected from any passenger unless prior to such decrease, the Executive Director (1) certifies that taking into account such decrease in PFCs, the Port reasonably projects that it will continue to meet the First Lien Sufficiency Covenant for as long as the First Lien PFC Bonds are outstanding and (2) Pledged Revenue earned during the Base Period was not less than 150% of Maximum Annual Debt Service on all outstanding First Lien PFC Bonds.

In preparing such certificate, the Port (1) is required to take into account such decrease in PFCs as if such decrease had been in effect during the entire Base Period and (2) may take into account any Additional Pledged Revenue only if each Rating Agency then maintaining a rating on First Lien PFC Bonds has confirmed, on or prior to the date of the Executive Director's Certificate, that such Additional Pledged

Revenue will not in and of itself cause such Rating Agency to reduce or to withdraw its then current underlying rating on the First Lien PFC Bonds then outstanding.

The Port also covenants that it will not impose any noise or access restriction at the Airport not in compliance with ANCA, that it will contest any attempt by the FAA to terminate, reduce or suspend the Port's authority to impose, receive or use PFCs at the Airport prior to the charge expiration date or the date total approved passenger facility charge revenue has been collected, that it will begin implementation of the Approved PFC Projects within the time periods set forth in the PFC Regulations and that it will use reasonable efforts to obtain in a timely manner all permits and approvals required to construct and operate the Approved PFC Projects.

Covenants as to Operations and Maintenance

The Port covenants in the Master Ordinance that it will not take any action or omit to take any action that would cause the FAA, the Department of Transportation or any other state or federal agency to suspend or to revoke the Port's operating certificates for the Airport, that it will at all times use reasonable efforts to keep the Airport open for take-offs and landings, that it will keep and maintain or cause to be maintained the Airport in good repair, working order and condition and that it will keep all operating facilities insured, if such insurance is available at reasonable rates and upon reasonable conditions, against such risks, in such amounts and with such deductibles as the Board or the Executive Director deems necessary.

Certain Amendments

By purchasing the Series 2022 PFC Bonds, the Owners of the Series 2022 PFC Bonds are deemed to have consented to all the amendments described below and in APPENDIX C.

(a) References in the Master Ordinance to outdated sections of the Oregon Revised Statutes shall be amended as follows:

(1) ORS 288.594 shall refer to ORS 287A.310; and

(2) ORS 288.677 shall refer to ORS 287A.195.

(b) The third paragraph of the definition of "Debt Service" shall be amended as follows (additions in <u>**bold underlined text**</u>):

> (3) with respect to First Lien PFC Bonds bearing variable rates of interest, an amount for any period equal to the amount which would have been payable for principal and interest on such First Lien PFC Bonds during such period computed on the assumption that the amount of First Lien PFC Bonds Outstanding as of the date of such computation would be amortized (i) in accordance with the mandatory redemption provisions, if any, set forth in the Series Ordinance authorizing the issuance of such First Lien PFC Bonds, or if mandatory redemption provisions are not provided, during a period commencing on the date of computation and ending on the date 30 years after the date of issuance; (ii) at an interest rate equal to the maximum rate payable by the Port with respect to such First Lien PFC Bonds, <u>**or, at the option of the Port, at an interest rate equal to the average SIFMA Rate for the last five years prior to the date of calculation, plus one and one-half percent (1.5%), provided however, if such First Lien PFC Bonds are hedged by a Derivative Product, the rate assumed pursuant to clause (ii) above shall in no case be less than the fixed rate payable by the Port pursuant to such Derivative Product**</u>

<u>("SIFMA Rate" shall mean the "SIFMA Municipal Swap Index" (such index previously known as the "BMA Municipal Swap Index") announced by Municipal Market Data from time to time and based upon the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meets specified criteria established by the Security Industry and Financial Markets Association, or its successor, or in the event that such index or its successor is not published or is otherwise unavailable, such other comparable index as selected by Port);</u> or (iii) to provide for essentially level annual debt service of principal and interest over such period;

OUTSTANDING PFC BONDS

Outstanding PFC Bonds

The table below identifies the PFC Bonds issued and outstanding as of January 1, 2022, including the principal amount outstanding of each series. The Series 2011A Bonds referred to below are also referred to herein as the Refunded Bonds to be refinanced with proceeds of the Series 2022 PFC Bonds.

TABLE 6
PORT OF PORTLAND
OUTSTANDING PFC BONDS
(as of January 1, 2022)

Series	Dated Date	Final Maturity	Principal Amount
Series 2011A [1]	November 10, 2011	July 1, 2031	$ 65,180,000
Series 2012A (Refunding)	August 15, 2012	July 1, 2024	29,275,000
	Total Outstanding PFC Bonds		$ 94,455,000

[1] The Series 2022 PFC Bonds are being issued to refund the Series 2011A PFC Bonds, also referred herein as the Refunded Bonds, as described in "REFUNDING PLAN."
Source: Port records

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.

Series 2012 PFC Bond Swaps and Credit Facility

Pursuant to the Master Ordinance, the Port is authorized to enter into Derivative Products and to make Parity Port Payments out of the First Lien Bond Account. See "SECURITY AND SOURCES OF PAYMENT FOR THE FIRST LIEN PFC BONDS—Derivative Products."

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 $29,275,000 as of November 30, 2021 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 3, 2022, the PFC Bond Swaps had an estimated, combined negative fair value of approximately $1.95 million. 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 6 in APPENDIX B. The PFC Bond Swaps are coterminous with the maturity of the Series 2012A PFC Bonds, and their aggregate notional amounts decline each year approximately in accordance with the scheduled mandatory redemption of the Series 2009A PFC Bonds.

The Parity Port Payments under the PFC Bond Swaps are payable out of the First Lien Bond Account. Termination payments under the PFC Bond Swaps, if any, are Third Lien Obligations payable from the TLO Fund established under the Airport Revenue Bond Ordinances, 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 Ordinance, and are not payable from PFC Revenue. See "PORTLAND INTERNATIONAL AIRPORT—Other Obligations of the Port."

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 1, 2022, the Port has posted $950,000 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 6 in APPENDIX B and "CERTAIN INVESTMENT CONSIDERATIONS—Credit Risk of Financial Institutions Providing Credit Enhancement and Other Financial Products Relating to Airport Bonds" below.

Pursuant to the Master Ordinance, the Port is authorized to enter into Credit Facilities such as a letter of credit that obligates a third party to make payment or provide funds for the payment of financial obligations of the Port, including but not limited to payment of the principal of, interest on or purchase price of PFC Bonds. The Master Ordinance provides that "PFC Bonds" may include reimbursement obligations of the Port to the issuer of a Credit Facility and that "Debt Service" includes outstanding reimbursement obligations to providers of Credit Facilities.

Under the Supplemental Action pursuant to which the Port issued the Series 2012A PFC Bonds and the Continuing Covenant Agreement dated as of August 1, 2012, as amended and restated in the First Amendment dated as of November 22, 2013, as amended and restated in the Second Amendment dated as of June 1, 2016, and as amended and restated in the Third Amendment dated as of July 1, 2019 (the "Series 2012A PFC Bonds Agreement"), with Wells Fargo Municipal Capital Strategies, LLC, the Port is required to pay variable rates of interest on the Series 2012A PFC Bonds through their final maturity date of July 1, 2024 based on a percentage of one-month LIBOR. The Series 2012A PFC Bonds Agreement constitutes a "Credit Facility" under the Master Ordinance.

PFC Bonds Debt Service

The table below sets forth the scheduled annual debt service on the PFC Bonds, rounded to the nearest dollar.

TABLE 7
PFC BONDS DEBT SERVICE SCHEDULE

Fiscal Year Ending	Outstanding PFC Bonds			Series 2022 PFC Bonds			Total (3)
June 30 (1)	Principal	Interest (2)	Total (3)	Principal	Interest	Total (3)	
2022	$9,265,000	$1,650,497	$10,915,497	0	$ 960,706	$ 960,706	$11,876,203
2023	9,750,000	1,128,145	10,878,145	-	2,581,000	2,581,000	13,459,145
2024	10,260,000	578,613	10,838,613	-	2,581,000	2,581,000	13,419,613
2025	-	-	-	-	2,581,000	2,581,000	2,581,000
2026	-	-	-	$2,670,000	2,581,000	5,251,000	5,251,000
2027	-	-	-	8,860,000	2,447,500	11,307,500	11,307,500
2028	-	-	-	9,300,000	2,004,500	11,304,500	11,304,500
2029	-	-	-	9,765,000	1,539,500	11,304,500	11,304,500
2030	-	-	-	10,260,000	1,051,250	11,311,250	11,311,250
2031	-	-	-	10,765,000	538,250	11,303,250	11,303,250
Total	**$29,275,000**	**$3,357,255**	**$32,632,255**	**$51,620,000**	**$18,865,706**	**$70,485,706**	**$103,117,961**

(1) Assumes payments made on July 1 are made in the previous Fiscal Year.
(2) Interest payments on the Series 2012A PFC Bonds are assumed based on the fixed swap payments (30/360 day basis), plus a spread of 0.66 percent per annum (ACT/360 day basis) representing the credit spread and basis mismatch associated with the underlying variable-rate bonds. See "Series 2012 PFC Bond Swaps and Credit Facility" under this heading.
(3) Totals may not add due to rounding.

Source: The Port.

THE PFC PROGRAM

General

The PFC Act, which was first enacted in 1990, originally permitted a public agency that controls a commercial service airport to charge each paying passenger enplaning at the airport, with certain limited exceptions, a PFC of $1.00, $2.00 or $3.00. The Port first began imposing PFCs, at the level of $3.00, in 1992. The proceeds from PFCs are to be used to finance approved eligible airport-related projects that preserve or enhance capacity, safety or security of the national air transportation system, reduce noise from an airport that is part of the system or provide an opportunity for enhanced competition between or among air carriers or foreign air carriers. "Eligible airport-related projects" include airport development or planning, terminal development, airport noise capability planning and compatibility measures, construction of gates and related areas (other than restaurants, rental car facilities, automobile parking or other concessions) for the movement of passengers and baggage and certain conversions or acquisitions of vehicles and ground support equipment to use low-emission technology or cleaner burning conventional fuels. The proceeds from PFCs may also be used to make payments for debt service for projects that are eligible airport-related projects when there is a financial need at the airport.

The public agency must obtain the FAA's approval before imposing PFCs and before using the proceeds of PFCs. The FAA cannot agree to a PFC approval if the public agency has spent its revenue illegally. FAA approval may be for "impose-only" authority, for "impose-and-use" authority or for "use" authority. Projects for which "impose-and-use" authority is granted must be "implemented" within two years after approval of the use of the PFCs. "Implementation" means that a notice to proceed has been issued to a contractor, in the case of a construction project; that a title search, surveyor appraisal has commenced for a significant part of the property in the case of property acquisition; or that a contractor or public agency has started work in the case of any other non-construction project. "Impose-only" authority permits the public agency to charge PFCs for approved projects but requires another application for authority to "use" such PFC revenue. Projects for which "impose-only" authority is granted must be "implemented" within five years after the effective date of such authority, and a use application (or, if the implementation schedule is delayed, a request for extension) must be submitted within three years after the effective date. The projects of the Port that have been approved by the FAA and any projects of the Port that may be approved by the FAA in the future are referred to in this Official Statement as the "Approved PFC Projects." The approvals of the past projects of the Port, as the same may be amended, together with any other Record of Decision ("ROD") or Final Agency Decision ("FAD") (and amendments) relating to PFCs imposed by the Port at the Airport, are referred to in this Official Statement as "PFC Authority." As described under "The PFC Program at the Port," the FAA has granted the Port "impose-and-use" authority for the Approved PFC Projects.

Amendments to the PFC Act enacted in 2000 permit eligible public agencies to impose PFCs of $4.00 or $4.50 to finance eligible PFC projects, including the payment of debt service or indebtedness incurred to finance such projects, that cannot be paid for from funds reasonably expected to be available through the federal Airport Improvement Program (the "AIP"). Funding of surface transportation or terminal projects at the $4.00 or $4.50 PFC level is conditioned on a finding that the public agency has made adequate provision for financing the airside needs of the airport, including runways, taxiways, aprons and aircraft gates. In addition, at medium and large hub airports, such as the Airport, projects eligible for the $4.00 or $4.50 PFC level are required to make significant contributions to improving air safety and security, increasing competition among air carriers, reducing current or anticipated congestion or reducing the impact of aviation on people living near the airport. The Port began imposing PFCs at the level of $4.50 in 2001.

Funds apportioned under the AIP to medium and large hub airports imposing a PFC are reduced for each fiscal year in which a PFC is imposed (1) for airports imposing a PFC of $3.00 or less, by 50% of the projected revenues from the PFC in such fiscal year and (2) for airports imposing a PFC of more than $3.00, by 75% of the projected revenues from the PFC in such fiscal year. Such reduction may not exceed more than 50% or 75%, respectively, of the AIP apportionment to which such airport would otherwise be entitled.

PFCs are collected on behalf of airports by air carriers, certain foreign air carriers and their agents ("Collecting Carriers"). PFCs may not be collected, however, from a passenger enplaning at the airport if the passenger did not pay for the ticket (for example, because the passenger obtained the ticket with a frequent flier award coupon without monetary payment or because payment was made or arranged by the Department of Defense) or from a passenger flying on an essential air-service route or on certain routes in Alaska and Hawaii. A PFC may be collected from a passenger (1) on a one-way trip, only for the first two enplaning airports on the travel itinerary where PFCs are imposed and (2) on a roundtrip, only for the first two enplaning airports on the outbound leg and the last two enplaning airports on the inbound leg where PFCs are imposed. Public agencies may request that a class of air carrier not be required to collect PFCs if that class constitutes 1% or less of the total number of passengers enplaned annually at the airport. In connection with approvals of its PFC Authority, the Port requested, and the FAA agreed, that the Port be permitted to continue its exclusion of air taxi and commercial operators from carriers required to collect

PFCs. The Port has calculated that these operators served a total of 3,782 revenue passengers during the calendar year ended December 31, 2020, which is less than 0.001% of total enplaned revenue passengers for that calendar year. To continue such exclusion, the Port is required to confirm on an annual basis, using prior year enplanement data, that the approved class does not exceed 1% of the total enplanements at the Airport.

Without approval of the FAA, but with written notice to the Collecting Carriers and to the FAA, the level of the PFCs imposed or the total amount of approved PFC revenue may be decreased or the total amount of PFC revenue authorized in any ROD or FAD to be collected may be increased by an amount not exceeding 15% of the amount of PFC revenue approved in such ROD or FAD. Increases in excess of 15% may not be instituted without the approval of the FAA. Any change will be effective as of the first day of a month that is at least 60 days after the date the Collecting Carriers are notified of the change.

Collection of PFCs

General. PFCs are collected by the Collecting Carriers on behalf of a public agency from each eligible passenger enplaning at such agency's airport. The Collecting Carriers are authorized to withhold, as a collection fee (1) 11 cents per enplaning passenger from whom a PFC is collected and (2) any investment income earned on the amount collected prior to the due date of the remittance. From time to time, the FAA may permit an increase in the amount the Collecting Carriers may retain as a collection fee. The collection fee was increased by three cents in 2004 to its current level of 11 cents.

The PFC Regulations require each Collecting Carrier to remit PFC collections (net of the collection fees and any investment earnings) to the public agency not later than the last day of the calendar month following the month in which the PFC collections are recorded in the carrier's accounting system.

Treatment of PFCs in Airline Bankruptcies. The PFC Act provides that PFC revenue that is held by a Collecting Carrier constitutes a trust fund that is held for the beneficial interest of the eligible public agency imposing the PFC and that the Collecting Carrier holds neither legal nor equitable interest in the PFC revenue, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, PFC Regulations require Collecting Carriers to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds in financial statements. The Collecting Carriers are generally permitted to commingle PFC collections with their other sources of revenue and are also entitled to retain interest earned on PFC collections until such PFCs must be remitted. The PFC Act provides certain statutory protections to eligible public agencies imposing PFCs with respect to PFC collections. It is unclear, however, whether an eligible public agency would be able to recover the full amount of PFC trust funds collected or accrued with respect to a Collecting Carrier in the event of an insolvency event, liquidation or cessation of business. The PFC Act requires an air carrier that files for bankruptcy protection, or that has an involuntary bankruptcy proceeding commenced against it, to segregate PFC revenue in a separate account for the benefit of the eligible public agencies entitled to such revenue. Prior to the addition of such statutory protections to the PFC Act in 2003, at least one bankruptcy court indicated that PFC revenue held by an air carrier in bankruptcy would not be treated as a trust fund and would instead be subject to general claims of the air carrier's unsecured creditors. There is no assurance that a similar finding would not be made by a bankruptcy court in the future. See "CERTAIN INVESTMENT CONSIDERATIONS—Effect of Airline Bankruptcies."

PFC Collections and Expenditures at the Port

The Port has instituted accounting and management procedures to maximize collections of PFCs. Under the Port's collection procedures for PFCs, the Collecting Carriers remit checks for their monthly PFC payments directly to the Port lock box. If a Collecting Carrier's PFC payment has not been received within 10 days after the date such Collecting Carrier's PFCs were due, the Port begins charging a late payment fee at a rate of 18% per annum, retroactive to the day the remittance was due. The Port does not charge a late payment fee based on an estimate of PFCs due. The Port does charge a late payment fee that is retroactive to the day the remittance was due after receiving a late payment from a Collecting Carrier. Late payment fees are not counted under the PFC Act as PFC revenue and are not "PFC Revenue" pledged to the payment of the First Lien PFC Bonds.

If a PFC payment has not been received within 30 days after the due date the Port will phone the Collecting Carrier to determine if a PFC payment is expected and when the Port can expect to receive the payment. If a payment is expected, the Port will also send out a letter to the Collecting Carrier stating the original due date and will include an estimate of the delinquency amount based on the Collecting Carrier's estimate of the PFCs due.

If a PFC payment has not been received within 60 days after the due date the Port will send out a second letter to the Collecting Carrier stating the original due date and will include an estimate of the delinquency amount based on the Collecting Carrier's estimate of the PFC payment due.

If the PFC payment has not been received within 90 days after the due date the Port will send a Notice of Default/Notice of Termination Letter by certified mail to the notice address in the Airline Operating and Lease Agreement and will also send a copy of that notification to the FAA. However, many of the Collecting Carriers do not have Airline Operating and Lease Agreements with the Port so the Port has little leverage over these Collecting Carriers.

The Port reserves the right to determine the extent to which a Collecting Carrier's outstanding PFCs are pursued. Each delinquency will be evaluated individually and the decision to pursue the PFC amount due will depend on the Collecting Carrier's remittance history, the amount of PFCs outstanding, and the duration of the delinquency.

The Port compiles and submits a PFC report to the FAA via the FAA website each quarter. As required by the FAA, the Port requests annual audit reports from Collecting Carriers carrying more than 50,000 PFC passengers. The Port has implemented an annual reconciliation procedure of the PFC amounts due from Collecting Carriers as stated in their audited annual reports against the actual PFC receipts for the same period. The Port's independent accountants prepare annually a report on federal grant compliance, along with a report on PFCs Collected, Held and Used, which are submitted to the FAA.

The Port has also implemented procedures to monitor expenditures designed to prevent the expenditures of PFC Revenue on costs that do not qualify under the PFC Act and the PFC Regulations. The Port works with the FAA's Seattle Airports District Office to determine in advance eligible and ineligible costs. Corresponding categories are then established within the Port's project accounting system so that only eligible expenditures receive a PFC funding designation. These expenditures are then reviewed periodically by Port staff for accuracy, and quarterly reports are published and provided to the FAA.

Termination of Authority to Impose and Use PFCs

General. The FAA may terminate the Port's authority to impose PFCs, subject to informal and formal procedural safeguards, if the FAA determines that (1) the Port is in violation of certain provisions of ANCA relating to airport noise and access restrictions, (2) PFC collections and investment income thereon are not being used for Approved PFC Projects in accordance with the FAA's approvals or with the PFC Act and the PFC Regulations, (3) implementation of the Approved PFC Projects does not commence within the time periods specified in the PFC Act and PFC Regulations or (4) the Port is otherwise in violation of the PFC Act, the PFC Regulations or the PFC Approvals.

Informal Resolution Process for PFC Act Violations. Pursuant to the provisions of the PFC Act, the PFC Regulations provide for an informal process for resolution of possible violations of the PFC Act, PFC Regulations or PFC Approvals. A public agency may also request that the FAA agree in the PFC approval to a specific, informal resolution process that the FAA will follow if it suspects the public agency has committed such a violation. In connection with the issuance of the Series 1999A PFC Bonds, the Port requested that the FAA agree to follow a specific informal resolution process in the event the FAA suspects that the Port has violated the PFC Act, the PFC Regulations or the PFC Approvals. The FAA agreed to the Port's request in a ROD issued on June 11, 1999 (the "1999 Supplemental ROD"), which applies only to the bond-financed projects the FAA approves for PFC-secured debt financing and only to alleged violations of the PFC Act, the PFC Regulations and the PFC Approvals. The agreement does not apply to alleged violations of ANCA. See "ANCA Violations" under this heading.

In the 1999 Supplemental ROD, the FAA agreed to notify the Port, the Trustee and the Collecting Carriers, among others, of suspected violations of the PFC Act, to specify corrective actions and to allow the Port 90 days to respond in writing. The FAA agreed that at the time it notifies the Port, the Trustee, the Collecting Carriers and other affected parties of suspected violations of the PFC Act and of the corrective actions to be taken, the FAA will instruct Collecting Carriers to remit PFC Revenue directly to the Trustee and will instruct the Trustee to continue debt service payments on any PFC Bonds then outstanding, using the PFC Revenue remitted by the Collecting Carriers. After such notice, all other payments from PFC Revenue may be made only at the direction of the FAA. The FAA's agreement with the Port provides that in no case will debt service payments be delayed or suspended during the informal resolution process.

If the Port's response to the FAA's notice of possible violations is not satisfactory to the FAA, the FAA is required to notify the Port that the matter remains unresolved, to explain why the Port's response was unsatisfactory and to allow the Port an additional 90 days to respond in writing. The FAA is also to notify the Port and the Collecting Carriers that if a satisfactory response is not received, the FAA will withhold Airport Improvement Program entitlement grants. If the Port's response to this second notification is not satisfactory, the FAA is to notify the Port and the Collecting Carriers of the FAA's intent to withhold current and future Airport Improvement Program entitlement grants. Should the violations not be resolved, the FAA is required to commence formal proceedings to terminate the Port's authority to impose PFCs. In the federal fiscal year ended September 30, 2021, the Port received approximately $600,000 in FAA entitlement grants. FAA entitlement grant funds could be withheld by the FAA during the informal resolution process until the suspected violation is resolved or as a corrective action. The informal resolution process would last at least 180 days.

Formal Termination Process for PFC Act Violations. Pursuant to the PFC Regulations, formal termination proceedings are authorized only if the FAA determines that efforts to achieve an informal resolution are not successful. The formal termination process prescribed in the PFC Regulations is to be initiated upon the FAA's filing of a notice, followed by a 60-day period during which the Port may submit further comments and take corrective action. The PFC Regulations provide that if corrective action is not taken as prescribed in the notice, the FAA is required to hold a public hearing at least 30 days after notifying the Port and publishing a notice of the hearing in the Federal Register. After the public hearing, the Port would have 10 days after receiving notice of the FAA's decision to advise the FAA in writing that it will complete any corrective action prescribed in the FAA's decision within 30 days or to provide the FAA with a list of Collecting Carriers, after which the FAA would notify the Collecting Carriers to terminate or to modify the PFC accordingly. The formal termination process would last at least 100 days. Although under the PFC Regulations, the FAA is not required to include corrective acts in any final notice to terminate or to reduce the Port's PFC Authority, the FAA agreed in the 1999 Supplemental ROD that if it issues a final notice, it will include in the notice corrective actions the Port could still take that would avoid such termination or reduction.

FAA Agreement with the Port Regarding Termination. The FAA also agreed in the 1999 Supplemental ROD to the following procedures for each "PFC Bond Project." As defined in the 1999 Supplemental ROD, a "PFC Bond Project" is a project (or usable unit thereof) for which the FAA has approved the use of PFCs to pay debt service and financing costs and each project (or usable unit thereof) for which the FAA later approves the use of PFCs to pay debt service and financing costs.

Upon receipt by the FAA of a certificate of the Port certifying that (1) such PFC Bond Project is complete and that proceeds of the PFC Bonds allocable to such PFC Bond Project have been used in accordance with the Ordinances, any supplemental ordinances or agreements, the PFC Act, the PFC Regulations and the 1999 Supplemental ROD to pay costs of such PFC Bond Project (or to pay costs of other Approved PFC Projects) and (2) all remaining proceeds, if any, of the PFC Bonds allocable to such PFC Bond Project have been transferred to an account to be held by the Trustee to be used to pay debt service on the PFC Bonds or, with the consent of the FAA, to pay costs of other Approved PFC Projects, and if such other Approved PFC Projects were completed prior to any termination or reduction of the Port's PFC Authority, then in the event of a suspected violation by the Port of the PFC Act, the PFC Regulations or any PFC Approval that has not been satisfactorily resolved in the informal resolution process or in any formal termination procedure, the FAA will not terminate the Port's authority to impose a PFC until after the fifth anniversary of the completion of formal termination proceedings, or, if earlier, the first date on which all debt service on the PFC-secured bonds allocable to such completed PFC Bond Project has been paid in full. The 1999 Supplemental ROD provides that the PFC Authority subject to termination under these terms includes all PFC authority, without exception and not considering any prior protected status, in effect at the time the violation is established and thereafter, regardless of the specific PFC approval that applies at any given time.

The 1999 Supplemental ROD provides that during the five-year (or shorter) period, the FAA will, in the worst case, reduce the total amount of the Port's remaining PFC Authority to impose and use a PFC to the amount necessary to pay debt service on any outstanding PFC Bonds to the earliest date on which the Port can redeem such PFC Bonds in accordance with the Ordinances, including the amount necessary to redeem the PFC Bonds on such date. In the event PFC collections during such five-year period exceed the amount required to pay scheduled debt service on the PFC-secured bonds during such five-year period, the FAA, in its notice to the Trustee of a reduction in the Port's PFC authority, is required to direct the Trustee to transfer on a monthly basis (after making provision for the payment of current debt service on all PFC-secured bonds then outstanding) to a separate escrow account held by the Trustee the remaining PFC Revenue received by the Port in that month. The FAA is required to direct the Trustee to invest such PFC Revenue in United States Treasury obligations until, and to redeem outstanding PFC Bonds on, the first date on which all of such PFC-secured bonds are subject to redemption at par, taking into account the required 30-day redemption notice provisions of the Ordinances. Earlier redemption of the PFC-secured bonds may be initiated by the Trustee if, in the opinion of a certified public accountant or another consultant, such earlier redemption would better serve the holders of all of the outstanding PFC-secured bonds.

The 1999 Supplemental ROD provides that if the FAA issues a final notice to terminate or reduce the Port's PFC Authority, the FAA will prescribe in such notice corrective actions that the Port could still take to avoid termination or reduction. If after this notice, the Port completes the prescribed corrective actions or otherwise cures the alleged violation to the satisfaction of the FAA, the FAA is required to rescind the termination or reduction of the Port's PFC authority and to give notice to the Port and the affected parties of the rescission, which is to be effective on the date of the FAA's notice of rescission.

The FAA approved the applicable provisions of the Master Ordinance on August 10, 1999 and provided an opinion to the effect that upon the issuance of the Series 1999 PFC Bonds, all preconditions to the FAA's covenants set forth in the 1999 Supplemental ROD had been satisfied. The procedures agreed to in the 1999 Supplemental ROD apply only to projects for which the FAA approves the use of PFCs to pay debt service and financing costs and only if such Approved PFC Project is completed.

ANCA Violations. The Port's authority to impose PFCs may be terminated as a whole if the Port violates the provisions of ANCA. Although the procedures described above do not apply to alleged violations of ANCA, ANCA and FAA regulations provide procedural safeguards to ensure that the Port's authority to impose PFCs at the Airport will not be summarily terminated because of violations of ANCA. In general, the Port can prevent termination of its PFC Authority by suspending the effectiveness of any noise or access restriction in question, until the legal sufficiency of the restriction, and its impact on the Port's authority to impose PFCs at the Airport, has been determined. The approval of Application #13 by the FAA in October 2015 found that the Port has not been found to be in violation of ANCA and that the FAA is not aware of any proposal at the Airport that would be found to be in violation of ANCA. The Port has covenanted in the Master Ordinance that the Port will not impose any noise or access restriction at the Airport not in compliance with ANCA. See "PORTLAND INTERNATIONAL AIRPORT—Noise Regulation."

THE PFC PROGRAM AT THE PORT

The Port has been receiving revenues from PFC collections since it first imposed PFCs in 1992, pursuant to "impose," "impose-and-use" and "use" authority granted by the FAA. As of June 30, 2021, the Port has been granted approvals to impose and use up to $1.201 billion of PFCs and investment income thereon through the FAA approved charge-expiration date of July 1, 2036. The PFC Revenue to be collected pursuant to these PFC Approvals and any PFC Revenue authorized pursuant to any approvals obtained in the future, are pledged and assigned to the payment of the PFC Bonds and Parity Port Payments pursuant to the Master Ordinance.

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PFC Authority

The table below sets forth the maximum amount of PFCs that the Port is authorized to impose and use.

TABLE 8
PFC AUTHORITY

	Date (1)	Total Approved Use (2)
Application #1(3)	4/08/1992	$ 22,000,000
Application #2(3)	7/01/1994	40,457,085
Application #8 (4)	7/20/2001	551,230,600
Application #9	12/07/2005	68,207,251
Application #10	2/05/2010	55,895,170
Application #11	4/28/2011	327,509,220
Application #12	02/21/2013	50,615,300
Application #13	10/28/2015	85,000,000
Total		**$1,200,914,626**

(1) Represents the date that the application was originally approved.
(2) Represents applications as amended. All applications except Applications #9 and #10 and #11 were amended from the original authority. Generally, applications are amended so that the application and the final project costs are aligned.
(3) Both Application #1 and Application #2 are closed with the FAA.
(4) Application #8 represents the commingling of Applications #3, #4, #5, #6 and #7. These applications were commingled to allow an increase in the PFC to $4.50 from $3.00.

Source: The Port.

As of June 30, 2021, approximately $733 million has been collected and approximately $656 million has been expended on Approved PFC Projects. The remaining $544 million of PFC Authority has been authorized to pay the costs of Approved PFC Projects, including debt service on PFC Bonds and other financing costs. The amount of PFCs collected each year depends, among other things, upon the number of annual enplanements at the Airport and the amount of the PFC charged. Currently, the final stated maturity of outstanding PFC Bonds is July 1, 2031. The FAA estimates that the Port's authority to collect PFCs will expire in July 2036. Upon issuance of the Series 2022 Bonds, the final maturity of outstanding PFC Bonds will remain on July 1, 2031.

The Port has covenanted in the Master Ordinance to take certain steps to ensure that the amounts of unspent PFC Revenue will be sufficient to pay all of the debt service on the outstanding PFC Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE FIRST LIEN PFC BONDS—First Lien Sufficiency Covenant."

Approved PFC Projects

The current Airport capital improvement program is summarized in APPENDIX A—"Report of the Airport Consultant—Section 3.2, Airport Planning and Capital Improvement Program" and "Portland International Airport—Airport Capital Improvement Program." The capital costs associated with the Airport capital improvement program and the anticipated use of PFC Revenue on a pay-as-you-go basis for certain costs of the Airport capital improvement program are included as part of the financial analysis included in the Report of the Airport Consultant. See "REPORT OF THE AIRPORT CONSULTANT."

The Port currently expects that it will use, on a pay-as-you-go basis, approximately $225 million of PFC Revenue to pay costs of the Terminal Core Redevelopment project, subject to availability of the PFC Revenue collected and eligibility of the Terminal Core Redevelopment project as an Approved PFC Project. The Port estimates that it will begin incurring costs of the Terminal Core Redevelopment project that will be paid with PFC Revenue in approximately June 2024, and plans to submit an application for additional PFC Authority to obtain the necessary approval as an Approved PFC Project prior to such estimated date. Other than paying for the costs of the Terminal Core Redevelopment project as described in this paragraph, the Port does not currently anticipate the use of PFC Revenue for other projects.

See also Table 11 for a projection of PFC Revenue for Fiscal Years 2022 through 2028 and the PFC Revenue that would be available for the CIP Terminal Core Redevelopment project.

Historical PFC Revenue, PFC Debt Service and First Lien Sufficiency Covenant; PFC Forecast

Table 9 sets forth (1) information regarding total enplanements at the Airport and total PFC enplanements (which are described below) for Fiscal Year 2012 through Fiscal Year 2021, (2) PFCs collected at the Airport in Fiscal Year 2012 through Fiscal Year 2021, (3) PFC interest income earned in Fiscal Year 2012 through Fiscal Year 2021, (4) debt service paid on the First Lien PFC Bonds in Fiscal Year 2012 through Fiscal Year 2021 and (5) debt service coverage for the First Lien PFC Bonds in Fiscal Year 2012 through Fiscal Year 2021.

Table 10 sets forth the calculation of the First Lien Sufficiency Covenant in Fiscal Year 2012 through Fiscal Year 2021. See "SECURITY AND SOURCES OF PAYMENT FOR THE FIRST LIEN PFC BONDS—First Lien Sufficiency Covenant."

Table 11 shows, during the forecast period of Fiscal Years 2022 to 2028, projections of PFC Revenue, based upon the forecast of air traffic activity and assumptions described in the Report of the Airport Consultant, the anticipated application of PFC Revenue on a pay-as-you-go basis for the Terminal Core Redevelopment project, and the corresponding debt service coverage for the First Lien PFC Bonds.

As shown in Table 9, total enplanements do not equal PFC enplanements in any given Fiscal Year. Total enplanements are based on actual passenger boarding data, while PFC enplanements are calculated by dividing (i) total PFC collections (recognized at the time of sale of an airline ticket) in a Fiscal Year by (ii) $4.39 (the PFC charge level ($4.50) less the administrative fee retained by the airlines ($0.11)). Airlines must remit PFCs to the Port within the timeframe required by the PFC Act, which may include PFCs collected prior to the performance of service. In addition, the FAA prohibits the collection of PFCs from passengers considered to be nonrevenue under existing DOT Regulations and from passengers who obtained their ticket with an award coupon issued under a frequent flyer or similar bonus award program. This regulation excludes passengers on any flight to an eligible point on an air carrier receiving Essential Air Service (EAS) compensation on that route under 49 USC 41731-41742, as well as passengers that obtained tickets they did not pay for, such as a frequent flyer award tickets per 49 USC 40117(e)(2)(C). As a result, the percentage of PFC enplanements to total Fiscal Year enplanements is closely monitored for forecasting purposes in Table 11. For Fiscal Year 2021, there was a mismatch between the timing of the collection of PFCs and the actual dates passengers flew resulting in PFC enplanements being higher than total enplanements. This mismatch occurred as a result of flights being cancelled or rescheduled and/or passengers cancelling or rescheduling their flights in response to the COVID pandemic.

The Port intends to use PFC Revenue and investment income thereon not required to pay debt service on the Series 2022 PFC Bonds and the Series 2012A PFC Bonds to pay or to finance the costs of Approved PFC Projects. The Port may also issue additional First Lien PFC Bonds, enter into additional Derivative Products and issue Subordinate Lien PFC Obligations and may incur indebtedness and costs payable from moneys on deposit from time to time in the PFC Capital Account. See "SECURITY AND SOURCES OF PAYMENT FOR THE FIRST LIEN PFC BONDS" and "THE PFC PROGRAM AT THE PORT."

For additional information regarding historical and recent developments in enplanement activity, see "PORTLAND INTERNATIONAL AIRPORT—Historical Traffic and Activity."

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TABLE 9
HISTORICAL PFC REVENUE AND PFC DEBT SERVICE

Fiscal Year Ended June 30	Total Enplanements [(1)]	PFC Collections [(2)]	PFC Enplanements [(3)]	Interest Income [(4)]	Total PFC Revenue	PFC Bonds Debt Service [(5)]	Debt Service Coverage [(5)] [(6)]
2012[(7)]	6,946,300	$27,686,267	6,306,667	$299,610	$27,985,877	$19,573,427	1.43x
2013	7,335,638	29,339,099	6,683,166	130,445	29,469,544	13,767,427	2.14
2014	7,762,027	30,906,655	7,040,240	227,876	31,134,531	13,758,412	2.26
2015	8,058,757	32,182,436	7,330,851	298,568	32,481,004	14,067,214	2.31
2016	8,792,286	34,890,161	7,947,645	707,083	35,597,244	14,380,754	2.48
2017	9,422,565	37,683,868	8,584,025	378,884	38,062,752	14,654,917	2.60
2018	9,733,011	38,140,595	8,688,063	314,619	38,455,214	14,814,257	2.60
2019	9,966,798	38,563,550	8,784,408	4,282,804	42,846,354	14,843,282	2.89
2020	7,273,434	26,780,083	6,100,247	2,729,304	29,509,387	14,540,155	2.03
2021	3,741,995[(8)]	16,627,484	3,787,582[(8)]	1,411,095	18,038,578	14,426,344	1.25

(1) Total enplanements are calculated based on passengers boarding flights in the Fiscal Year.
(2) Net of airline collection fees.
(3) PFC enplanements are calculated by dividing (i) PFC collections which consist of PFCs received by the Port from the airlines (which are recognized on the date of ticket sales), by (ii) $4.39 which represents the PFC charge level ($4.50) less the administrative fee retained by the airlines ($0.11).
(4) Includes interest income on the PFC Fund and the PFC Bond Fund, excluding certain year-end accounting adjustments in Fiscal Year 2021.
(5) Assumes payments made on July 1 are made in the previous Fiscal Year. Includes the Refunded Bonds and excludes the Series 2022 PFC Bonds.
(6) This ratio represents the amount of total PFC Revenue to PFC Bonds debt service, and does not take into account credit for interest income transferred to the First Lien Bond Account from the First Lien Reserve Account and used to pay debt service on the First Lien PFC Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE FIRST LIEN PFC BONDS—Flow of Funds" and "—Additional First Lien PFC Bonds."
(7) Fiscal Year 2012 PFC Bonds debt service included a $6 million early partial defeasance of Series 1999B PFC Bonds.
(8) For Fiscal Year 2021, there was a mismatch between the timing of the collection of PFCs and the actual dates passengers flew resulting in PFC enplanements being higher than total enplanements. This mismatch occurred as a result of flights being cancelled or rescheduled and/or passengers cancelling or rescheduling their flights in response to the COVID pandemic.

Source: The Port.

TABLE 10
HISTORICAL FIRST LIEN SUFFICIENCY COVENANT

Fiscal Year Ended June 30	PFC Authority	Less Costs Paid to Date and Contractual Commitments	Remaining PFC Authority (1)	Remaining Aggregate Debt Service (2)	First Lien Sufficiency Covenant (3)
2012	1,065,299,326	419,033,265	646,266,061	236,107,423	2.74
2013	1,114,914,626	452,905,951	662,008,675	237,802,222	2.78
2014	1,114,914,626	467,137,132	647,777,494	224,022,365	2.89
2015	1,115,914,626	482,263,259	633,651,367	193,777,345	3.27
2016	1,154,650,335	497,660,620	656,989,715	179,310,920	3.66
2017	1,154,650,335	512,348,070	642,302,265	167,921,704	3.83
2018	1,154,650,335	517,504,433	637,145,902	151,299,800	4.21
2019	1,200,914,626	532,226,779	668,687,847	140,021,209	4.78
2020	1,200,914,626	631,392,791	569,521,835	122,001,949	4.67
2021(4)	1,200,914,626	645,401,922	555,512,704	109,702,999	5.06

(1) The Port has not issued any Subordinate Lien PFC Obligations or authorized any Additional Pledged Revenue to be included in calculating the First Lien Sufficiency Covenant.
(2) Assumes payments made on July 1 are made in the previous Fiscal Year. Includes the Refunded Bonds and excludes the Series 2022 PFC Bonds.
(3) Minimum 1.05. See “SECURITY AND SOURCES OF PAYMENT FOR THE FIRST LIEN PFC BONDS—First Lien Sufficiency Covenant.”
(4) Totals may not add due to rounding.

Source: The Port.

TABLE 11
PFC FORECAST
(Fiscal Years Ending June 30)

		Budget [6]	Forecast					
		2022	2023	2024	2025	2026	2027	2028
PFC Collections:								
Enplaned Passengers [1]		6,300,000	8,156,987	9,869,536	10,690,855	11,037,239	11,390,431	11,751,507
% Enplaned Passengers paying PFCs[2]		88.0%	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%
PFC Enplaned Passengers	[A]	5,544,000	7,178,149	8,685,192	9,407,952	9,712,770	10,023,579	10,341,326
PFC Rate		$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50
Less: Admin. Fee		0.11	0.11	0.11	0.11	0.11	0.11	0.11
Collected PFC Rate	[B]	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39
PFC Collections	[C=A*B]	$ 24,338,160	$ 31,512,072	$ 38,127,991	$ 41,300,911	$ 42,639,062	$ 44,003,513	$ 45,398,422
PFC Fund:								
Beginning Balance	[D]	$ 82,292,649	$ 95,458,771	$ 114,331,694	$ 125,449,194	$ 12,000,000	$ 12,000,000	$ 25,156,276
PFC Collections		$ 24,338,160	$ 31,512,072	$ 38,127,991	$ 41,300,911	$ 42,639,062	$ 44,003,513	$ 45,398,422
Interest Earnings		704,164	819,996	1,009,121	1,228,682	67,490	6,925	138,518
PFC Revenue	[E]	$ 25,042,324	$ 32,332,068	$ 39,137,112	$ 42,529,593	$ 42,706,552	$ 44,010,438	$ 45,536,940
Interest Earnings Rate		1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
PFC Debt Service[3]								
Series 2022A		$ 960,706	$ 2,581,000	$ 2,581,000	$ 2,581,000	$ 5,251,000	$ 11,307,500	$ 11,304,500
Series 2012A		10,915,497	10,878,145	10,838,613	0	0	0	0
	[F]	$ 11,876,203	$ 13,459,145	$ 13,419,613	$ 2,581,000	$ 5,251,000	$ 11,307,500	$ 11,304,500
Less: PFC Pay-as-you-go Project Funding[4]	[G]	$ 0	$ 0	$ (14,600,000)	$ (153,397,787)	$ (37,455,551)	$ (19,546,662)	$ 0
Ending Balance[5]	[H=D+E-F-G]	$ 95,458,771	$ 114,331,694	$ 125,449,194	$ 12,000,000	$ 12,000,000	$ 25,156,276	$ 59,388,716
Coverage by PFC Revenue	[I=E/F]	2.11	2.40	2.92	16.48	8.13	3.89	4.03

(1) Forecast presented in the Report of the Airport Consultant. See Report of the Airport Consultant in Exhibit A.
(2) Enplaned passengers paying PFCs is based on a conservative approach to a rolling 5-year average.
(3) See Table 7 PFC Bonds Debt Service Schedule.
(4) Estimated funding for the Terminal Core Redevelopment project. The Port will prioritize the funding of debt service prior to funding pay-as-you-go project expenses.
(5) Forecast does not include the release of $950,000 in collateral the Port has posted with one counter party pursuant to the terms of the PFC Bond Swap. See "OUTSTANDING PFC BONDS—Series 2012 PFC Bond Swaps and Credit Facility." Forecast does not include anticipated release of amounts from the First Lien Reserve Account upon maturity of the 2012A PFC Bonds on July 1, 2024.

Note: Amounts may not add due to rounding.
Source: The Port.

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 (together, the "General Aviation Airports"), which 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 Terminal 6 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. 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.

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 following table.

TABLE 12
THE PORT OF PORTLAND
BOARD OF COMMISSIONERS

Name and Office	Principal Occupation	Expiration of Term of Appointment [1]
Alice M. Cuprill-Comas President	Executive Vice President and General Counsel Oregon Health and Science University	September 2023
Michael C. 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
Sean O'Hollaren Treasurer	Retired, Senior Vice President, Government and Public Affairs at NIKE, Inc.	May 2022
Robert L. Levy Secretary	Owner, L&L Farms, LLC; Member, Windy River Holdings	April 2021
Katherine Lam Commissioner	President and Co-Owner of Bambuza Hospitality Group	November 2023
Patricia A. McDonald Commissioner	Vice President, Non-Volatile Memory Solutions Group, High-Velocity Program Office at Intel Corporation	February 2024
Meg Niemi Commissioner	President of SEIU Local 49	November 2023
Ketan Sampat Commissioner	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
Stuart Strader Commissioner	Longshore Union Labor Relations Committee, International Longshore and Warehouse Union Local 8	March 2025

[1] Commissioners serve until their successors have been appointed, confirmed and qualified.
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 Chief Financial Officer, the General Counsel, the Chief Trade and Equitable Development Officer, the Chief Project Delivery and Safety Officer, the PDX Next Chief Project Officer, the Chief Administration and Equity Officer and the Chief Public Affairs 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 20 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.

Kristen Leonard, Chief Public Affairs Officer, joined the Port in July 2014. Before joining the Port, Ms. Leonard owned and operated C&E Systems, a Portland-based company specializing in government relations, financial services and software development.

Bobbi Stedman, Chief Administrative and Equity 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.

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. This position is responsible for customer service both inside and outside the terminal, and working with tenants and the general public who use the facility. The Director of Public Safety and Security is responsible for airport police, fire, security and emergency management communications.

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 is responsible for the Port's commercial air service development and implementation.

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 2020 data provided by the FAA, the Airport was the 31st busiest 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 2020, 3.5 million enplaned passengers boarded aircraft at the Airport, which was a decrease of 64.7% as compared to calendar year 2019. The decline in enplaned passengers at the Airport during calendar year 2020 was primarily a result of the effects of the COVID pandemic on air travel and, according to FAA data, was the 15th largest decline among the 64 large and medium hub airports in the U.S. Prior to the COVID pandemic, the Airport was designated as a large hub airport.

For Fiscal Year 2021, the Airport handled 368,248 short tons of cargo (freight and mail), an increase of 12.1% compared to Fiscal Year 2020.

This section provides certain operating information that do not directly measure PFC Revenue that is pledged to the payment of the Series 2022 PFC Bonds. However, the ability of the Port to generate PFC Revenue sufficient to pay debt service on the Series 2022 PFC Bonds depends upon demand for Airport facilities and services. Such information is provided for the benefit of the overview it provides about demand for Airport facilities and services, and the impact on the overall operations of, and enplanements at, the Airport.

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 "2011 Master Plan"). Among the principal findings of the 2011 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 good capacity for passenger growth in almost all key elements. The 2011 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; this zoning designation for the Airport enables the Port to implement the 2011 Master Plan and to have by right all facilities necessary for the operation of the Airport.

In an effort to keep the 2011 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.

Planning is a continuous process, and the Port intends to undertake an update of the 2011 Master Plan in 2023. That effort will build upon the foundation established by prior planning and development and will continue to reflect the Port's commitment to 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 2011 Master Plan based on current issues, trends, and opportunities.

Resilience Planning. In addition to the Port's master planning process and the 2011 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 will help 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 Terminal Core Redevelopment project is also focused on operational resiliency and environmental sustainability. The updated terminal will 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 new design also allows for touchless processing and self-bag drop at the airline ticket counters, expedited passenger processing and the potential for touchless document checking at the security checkpoints.

From an environmental perspective, the new building is 55% more energy efficient than the current building with improvements in lighting efficiency, thermal energy transfer reduction as well as reduction in embodied carbon, operational carbon and lower water usage. A major source of the energy efficiency gain is the inclusion of a ground source heat transfer system that will allow the airport to be 95% fossil fuel free for the supply of building heat. See also "REGULATORY MATTERS—Airport Environmental Matters—Sustainability Initiatives."

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 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 830-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 152,000 square feet of space that provided six new gates, two ground loading parking positions, holdrooms, 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 remain overnight ("RON") parking positions to the East end of the Concourse B ground-loading positions, and two additional concessions.

With the improvements from Concourses B and E expansion described above, the current aircraft parking configuration at PDX consists of 39 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.

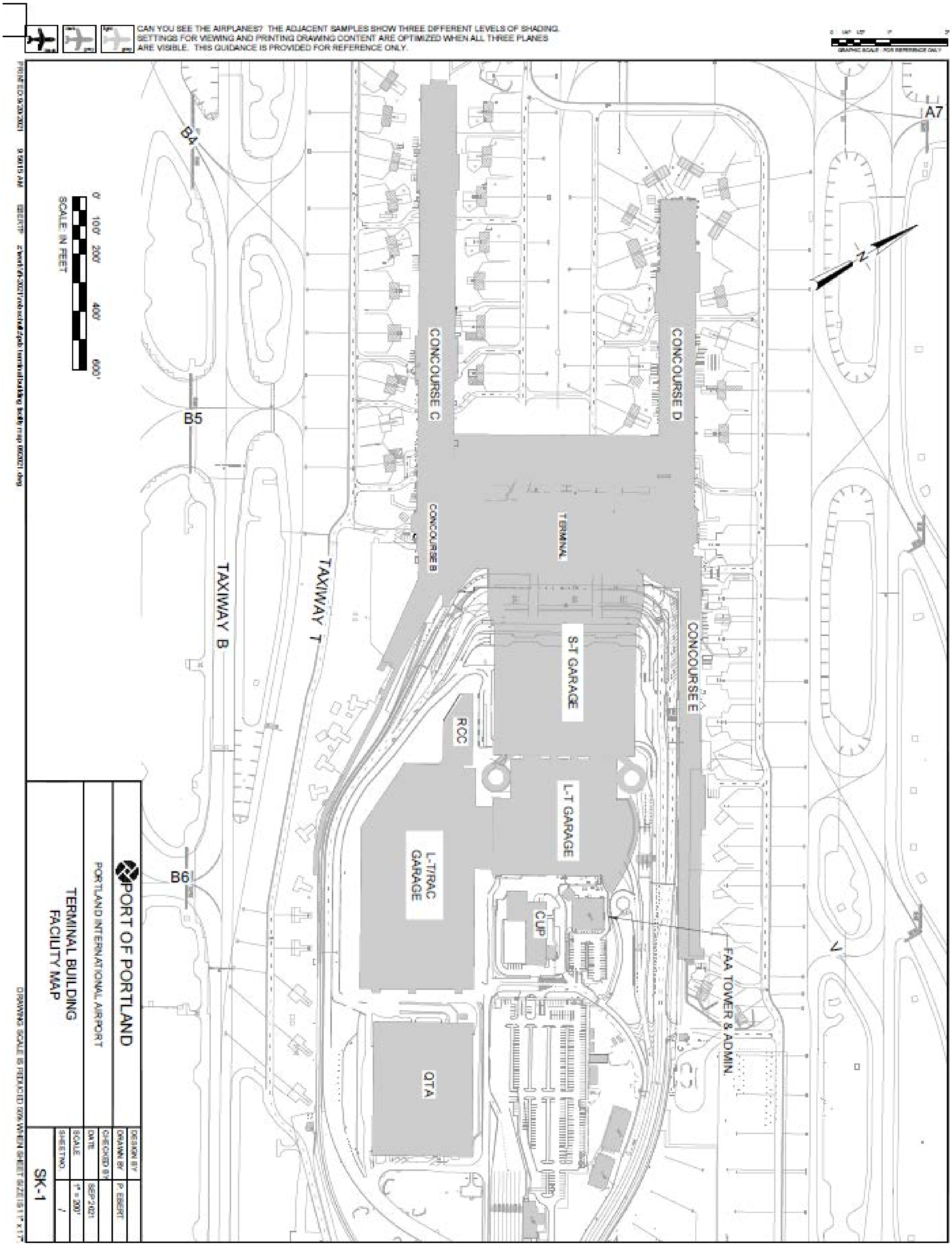
The primary public areas in the Terminal are divided into a departure level and an arrival level. An elevated roadway provides vehicle access to the departure level, which provides direct access to all concourses. Ticket counters and concession areas, including a food court, cafes, pubs, full-service 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. The Port is undertaking a substantial improvement to the Terminal with the Terminal Core Redevelopment 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. 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 roof over the existing terminal and the planned western expansion of the main terminal; rehabilitation of the existing terminal core and baggage handling; and major seismic upgrades, as well as renewal of mechanical, electrical and other systems. This project is designed to provide for expedited passenger and baggage processing including more touchless features and incorporates design elements that will further the Port's environmental and sustainability efforts.

Design was completed in phases through September 2021 and construction started on the initial phase of work in February 2020 and is expected to be complete at the end of Fiscal Year 2026. During the Terminal Core Redevelopment project, there will be intermittent closures of various gates.

The implementation of the Terminal Core Redevelopment 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, and new building structure) have already been procured through the Port's construction management team. These early packages equate to approximately 62% of total construction costs. The remaining 38% of the work consisting of the interior fit up and finishes, baggage handling systems, and building mechanical, electrical and plumbing systems will take place in the next two to four months. A portion of the Terminal Core Redevelopment project comprises an element of the Series Twenty-Eight Projects. It is anticipated that a portion of the Terminal Core Redevelopment project will also be funded with PFC Revenue on a pay-as-you-go basis. See "—Airport Master Plan and Resilience Planning—*Resilience Planning*" above and "REGULATORY MATTERS—Airport Environmental Matters—*Sustainability Initiatives*" for a description of the design elements relating to expedited processing and sustainability, respectively. 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-level long-term public parking and consolidated rental car garage (the "Public Parking and ConRAC Garage"), which opened in November 2021; an economy surface parking lot; and two employee surface parking lots. The three garage facilities, 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 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 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 CFCs. For further discussion of ground transportation facilities at the Airport, see Chapter 4 in APPENDIX A.

Completion of the Public Parking and ConRAC Garage has resulted in 724,000 square feet of space for rental car ready/return and parking operations and approximately 2,070 parking spaces for rental cars on the first three floors of the facility. The newly-opened 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 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. 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. See "RECENT DEVELOPMENTS CONCERNING COVID PANDEMIC—Port Operational Changes" for discussion of short-term parking changes in response to the COVID pandemic.

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	3,000		3,000	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	**16,390**	**2,800**	**16,890**	**3,200**

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 City, Gresham, Clackamas, Beaverton, Milwaukie and Hillsboro, Oregon. 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"), Lyft, Inc. ("Lyft"), and Tickengo, Inc. d/b/a/ Wingz ("Wingz").

For Fiscal Year 2021, TNCs recorded 595,981 Airport pick-ups/drop-offs resulting in $1,787,943 in trip fee revenue for the Port, compared to 1,868,052 Airport pickups/drop-offs and $5,604,156 in trip fee revenue in Fiscal Year 2020. See "AGREEMENTS FOR USE OF AIRPORT FACILITIES—Parking; Ground Transportation/TNCs."

Cargo and Airline Maintenance Facilities. For Fiscal Year 2021, the Airport handled 368,248 short tons of cargo (freight and mail), an increase of 12.1% compared to Fiscal Year 2020. 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. The United States Postal Service ground leases an existing facility to the west of the PDX Cargo Center.

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 almost 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 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 certain Port-owned hangars, as well as the general aviation ramp, pursuant to hangar and 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 Airport revenues that do not include PFC Revenue.

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 a quick-serve restaurant.

Airport Capital Improvement Program

The Airport CIP for Fiscal Year 2022 through Fiscal Year 2028 includes the Series Twenty-Eight Projects and other 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-Eight Projects, the "Capital Improvement Projects"). The Port expects the costs (excluding financing costs) of its Other Capital Improvement Projects during Fiscal Year 2022 through Fiscal Year 2028 will total approximately $1.08 billion. Construction on certain of these Other Capital Improvement Projects may not be completed by Fiscal Year 2028 and may include additional costs beyond Fiscal Year 2028.

The projected cost of the Airport CIP is expected to total $2.16 billion. Of the total CIP, the Airline Cost Center projects total approximately $1.78 billion, the Port Cost Center projects total approximately $314.2 million and projects allocable to both the Airline Cost Center and the Port Cost Center total $72.9 million.

Airline Cost Center. Current and future Capital Improvement Projects in the Airline Cost Center, which are projected to total approximately $1.78 billion, include: the Series Twenty-Eight Projects as well as construction of the remaining portions of the Terminal Core Redevelopment project; Taxiway A Rehabilitation; Taxiway K Reconstruction; PDX Escalators; Baggage Handling System Checked Baggage Resolution Area ("CBRA") Expansion; Kennedy Feeder; and Airfield Regulator Building and Runway LED Upgrade. The Concourse E Extension project, which is complete, is also included in the Airline Cost Center.

The Terminal Core Redevelopment project accounts for approximately $1.45 billion of the capital projects to be undertaken in the Airline Cost Center. The Port continues to carefully evaluate and refine the costs of the Terminal Core Redevelopment project, including evaluating market information related to construction cost escalation, both with respect to labor and materials, and COVID-related supply chain and labor market disruptions. The Port is engaged in finalizing the terms of a Guaranteed Maximum Price for the Terminal Core Redevelopment project, and currently anticipates that the costs of the Terminal Core Redevelopment project may increase in the range of 10 – 15% of the $1.45 billion within the Airline Cost Center, depending on a number of evolving factors in the market including inflationary pressures and COVID-related disruptions in construction supplies, materials and labor. The Port is closely monitoring all components of the Terminal Core Redevelopment project and is actively communicating with the Signatory Airlines about project costs. As a result of the Port's active construction and contingency management practices, at this time the Port cannot predict whether it may need to submit for MII review to obtain approval for the portion of the Terminal Core Redevelopment project costs attributable to project cost escalations in excess of 110% of the initial cost estimate of $1.45 billion for the project in light of the potential increase in construction cost estimates. See "—Majority in Interest Disapproval Process" below for further discussion.

Port Cost Center. Projects to be undertaken in the Port Cost Center are projected to have a total cost of $314.2 million. The Public Parking and ConRAC Garage opened in November 2021 and the project spending is nearing completion. Although a Guaranteed Maximum Price was established in December 2018 for the facility, the Port had previously identified potential cost overruns in the range of approximately four to six percent (4 – 6%) of project costs. 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. The Port is closely monitoring project delivery and implementing cost management strategies, including deferral of certain capital projects, as discussed herein.

Additional Capital Improvement Projects in the Port Cost Center include improvements to the interchange at NE Airport Way/NE 82nd Avenue and rehabilitation of Airport Way. 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/NE 82nd Avenue. Of the total $314.2 million projected cost, $87.9 million is attributable to the Airport Way and 82nd Avenue interchange improvements. $14.9 million is attributable to the rehabilitation of Airport Way.

In addition, certain of the Other Capital Projects benefit both the Airline Cost Center and Port Cost Center including the PDX Maintenance Campus Redevelopment and 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-Eight 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 Terminal Core Redevelopment and North Ramp RON Parking projects. None of the Series Twenty-Eight Projects to be funded in whole or in part by the Series Twenty-Eight Bonds were disapproved by the Signatory Airlines. As provided in the Signatory Airline Agreement, any time an approved project exceeds 110% of the initial 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 a second time to obtain approval for the project in light of the new construction cost estimate.

See "AGREEMENTS FOR USE OF AIRPORT FACILITIES" 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 and Port funds, proceeds of the Series Twenty-Eight Bonds, PFC pay-as-you-go funds, previously issued SLB Bond proceeds and future SLB Bond proceeds; (2) Port Cost Center Projects with a combination of federal grants and Airport and Port funds; and (3) Shared Cost Center Projects with a combination of Airport and Port funds and future bond proceeds. For the Projection Period, the Port does not intend to issue any additional PFC Bonds to fund the CIP. PFCs, including any debt service savings that will result from the issuance of the Series 2022 PFC Bonds and the refunding of the Refunded Bonds, will be used on a pay-as-you-go basis to fund portions of the Terminal Core Redevelopment project. The table below includes estimated project costs for the period of Fiscal Years 2022-2028 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 "RECENT DEVELOPMENTS CONCERNING COVID PANDEMIC" and "CERTAIN INVESTMENT CONSIDERATIONS—Implementation of CIP Projects."

TABLE 13(1)
CAPITAL IMPROVEMENT PROGRAM
FISCAL YEARS 2022-2028
(000s)(1)

Capital Projects	Estimated Project Cost	Grants	PFC PayGo	Airport and Port Funds	Previously Issued SLB Bond Proceeds	Series Twenty-Eight Bond Proceeds	Future SLB Bond Proceeds
Airline Cost Center Projects (2)	$1,776,728	$58,888	$225,000	$214,640	$242,705	$529,592	$505,903
Port Cost Center Projects	$314,199	$53,782	$0	$260,417	$0	$0	$0
Shared Cost Center Projects (3)	$72,901	$0	$0	$54,044	$0	$0	$18,858
Total Capital Improvement Program	**$2,163,827**	**$112,670**	**$225,000**	**$529,100**	**$242,705**	**$529,592**	**$524,761**

(1) Includes project costs for the period of Fiscal Year 2022 through Fiscal Year 2028, and certain expenditures prior to Fiscal Year 2022 funded with previously issued SLB Bond proceeds or to be funded with future SLB Bond proceeds.
(2) The Series Twenty-Eight Bonds are planned to fund approximately $515.6 million of the Western Expansion and Ticket Lobby element of the approximately $1.45 billion Terminal Core Redevelopment project.
(3) Includes the $49.0 million of the $83.1 million campus redevelopment project estimated to be funded through Fiscal Year 2028.
Note: Amounts may not add due to rounding.
Source: Port of Portland airport management records, January 2022 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. The Airport's AIP entitlement grant award totaled approximately $600,000 for the federal fiscal year ending September 30, 2021. In addition, the two 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.

As a response to the COVID pandemic, Congress passed several COVID pandemic relief packages. The Port was awarded funds under the ARPA to support 100% federal share of AIP grants. In the federal fiscal year ending September 30, 2021, the Airport's stimulus grant match award totaled approximately $200,000. See the discussion above under "RECENT DEVELOPMENTS CONCERNING COVID PANDEMIC—Government Relief Efforts" for details on the grants awarded to the airport under various federal COVID relief packages.

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 PFC Revenue and do not secure the payment of the First Lien PFC Bonds. 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 investment of the federal government 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 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 the funding is expected to be distributed to each state. Under the Bipartisan Infrastructure Law, the State is expected to receive approximately $211 million of funding for development at its airports, 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 Federal Fiscal Year 2022 is approximately $20.1 million. This funding is intended to address airside and landside needs, terminal development projects and noise reduction projects. Specific details regarding this funding for the Airport have not yet been released. The Port is in the process of evaluating and analyzing its approach to prioritize the different programs and decide how the Port intends to apply for funding under the various programs included in the legislation. The projections contained in the Report of the Airport Consultant and herein do not include any assumptions that the Port will receive funding under the Bipartisan Infrastructure Law.

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 2021, the Airport was the 29th largest O&D market in the U.S. The O&D traffic at the Airport accounted for about 91% of the total enplaned passengers in Fiscal Year 2021 and the remaining 9% of passengers connected through the Airport on their way to their final destination.

During the Fiscal Year 2021, approximately 3.74 million passengers were enplaned at the Airport, a 48.6% decrease compared to Fiscal Year 2020. Of the approximately 3.74 million enplaned passengers served by the Airport in Fiscal Year 2021, approximately 3.70 million enplaned passengers (98.9% of enplaned passenger traffic) were domestic passengers and approximately 0.04 million were international passengers (1.1% of enplaned passenger traffic).

Since April 2020, enplaned passengers at the Airport have recovered each month during the course of the COVID pandemic. In June 2021, enplaned passengers were up to 978.0% when compared to the low point during the pandemic in April 2020 but were still down 47.4% as compared to April 2019. In November 2021, enplaned passengers were 27.8% lower than in November 2019. In the first full year of impact from the COVID pandemic, Fiscal Year 2021, enplaned passengers decreased by 48.6% when compared to Fiscal Year 2020 and 62.5% when compared to Fiscal Year 2019.

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.

Airlines Serving the Airport

As shown in the table below, during Fiscal Year 2021, 14 domestic-passenger airlines and 4 foreign-flag passenger airlines provided scheduled passenger service at the Airport; and 10 airlines provided all-cargo service. See "—Historical Traffic and Activity" below.

TABLE 14
AIRLINES SERVING THE AIRPORT
(FISCAL YEAR 2021)

Scheduled Passenger Service

Signatory Airlines	Signatory Affiliate Airlines
Air Canada (AC)*	Horizon Air (AS) [3]
Alaska Airlines (AS)	SkyWest Airlines (AS, DL, UA) [4]
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	Boutique Air [5]
Spirit Airlines Inc.	Allegiant Air
United Airlines (UA)	Icelandair*
Volaris*	West Jet*

All-Cargo Service

Signatory Airlines	Non-Signatory Airlines
ABX[1]	Airpac
Air Transport International	
Ameriflight	
Atlas Air [2]	
Cathay Pacific Airways	
Empire	
FedEx	
United Parcel Service	
Western Air Express	

* *Denotes foreign-flag*

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[1] ABX Air operates cargo flights for DHL Aviation.
[2] Atlas Air operates cargo flights for Cathay Cargo and some charter service.
[3] 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.
[4] d/b/a Alaska Airlines, Delta Connection and United Express.
[5] 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; Table 2-1 of the Report of the Airport Consultant in APPENDIX A.

Historical Traffic and Activity

The following table summarizes the Airport's top 25 O&D markets for Fiscal Year 2021, arranged by the airports with the highest average daily O&D enplaned passengers to the lowest.

TABLE 15
TOP 25 O&D MARKETS

	FY 2021		
Region	**Average Daily O&D Enplaned Passengers**	**Average Daily Departures**	**Average Daily Departing Seats**
Los Angeles Basin	850	15	1,366
Las Vegas	640	7	1,133
Phoenix	589	7	1,012
San Francisco Bay Area	541	15	1,777
Hawaii	440	3	573
Denver	415	8	1,295
San Diego	320	4	463
Central Florida	272	1	118
Sacramento	261	5	530
Dallas / Ft. Worth	241	4	738
Salt Lake City	233	6	864
Minneapolis / St. Paul	216	4	642
Chicago	213	4	719
New York / Newark	179	1	157
Washington / Baltimore	153	0	52
Austin	133	1	82
Atlanta	131	3	585
Houston	119	1	185
Boise	113	3	253
Boston	100	0	52
Anchorage	91	1	159
Spokane	80	3	245
Detroit	71	1	130
Philadelphia	70	0	0
Seattle	65	21	2,074
Top 25 Total	***6,536***	***119***	***15,204***
Others	2778	3	57
Total	***9,314***	***122***	***15,261***

Source: Extracted from Table 2-5 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, 2012 through June 30, 2021 are set forth in the following table. In Fiscal Year 2021, approximately 98.9% of passengers enplaned on domestic flights at the Airport, and the remaining 1.1% enplaned on international flights. AIP entitlement grants and PFC Revenue are based upon enplanements. See "RECENT DEVELOPMENTS CONCERNING COVID PANDEMIC—Reduced Airport Usage" for discussion of the effects of COVID on passenger volume at the Airport.

TABLE 16[(1)]
HISTORICAL ENPLANED PASSENGERS
FISCAL YEARS 2012–2021

Fiscal Year Ended June 30	Total Enplaned Passengers	Percent Increase (Decrease)
2012	6,946,300	2.9
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)
	Compound annual growth rate	
FY 2012-2019	5.3%	
FY 2019-2020	(27.0)%	
FY 2020-2021	(48.6)%	

Source: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2009-June 2021, accessed August 2021 and Table 2-6 of The Report of the Airport Consultant in APPENDIX A

In addition to the discussion under the heading "RECENT DEVELOPMENTS CONCERNING COVID PANDEMIC," 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—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 "—Worldwide Health Concerns."

Enplaned passengers by airline at the Airport for Fiscal Year 2021 are listed in the following table.

TABLE 17
ENPLANED PASSENGERS BY AIRLINE

Airline	Fiscal Year 2021 Enplaned Passengers	Fiscal Year 2021 Share
Alaska Air Group	1,583,355	42.4%
Alaska Airlines [(1)]	1,041,612	27.8
Horizon Air	543,743	14.5
Southwest Airlines	608,505	16.3
Delta Air Lines [(1)]	510,311	13.6
American Airlines	381,636	10.2
United Airlines [(1)]	349,855	9.3
Frontier Airlines	82,257	2.2
Spirit Airlines	79,754	2.1
Hawaiian Airlines	57,933	1.5
JetBlue Airways	24,236	0.6
Sun Country Airline	17,425	0.5
Air Canada [(2)]	2,246	0.1
Other	42,482	1.1
Total	**3,741,995**	**100.0%**

(1) SkyWest Airlines passengers are included with the appropriate mainline partner (e.g., Alaska Airlines, Delta Air Lines, United Airlines).
(2) Includes enplaned passengers for Jazz Aviation doing business as Air Canada Express.
Source: Port of Portland, Aviation Statistics – Monthly Traffic Report June 2017-June 2021 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," "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 "—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. The ongoing effects of the COVID pandemic have resulted in and are expected to continue to result in fluctuations in certain routes and service at the Airport due to factors including seasonality, demand, public health, labor and staffing availability and other considerations. The Port cannot predict the timing or extent of such changes.

As of December 2021, Alaska Airlines began seasonal, non-stop service to Tampa, Florida four times per week. In November 2020, Alaska Airlines also started seasonal service, three times per week to Cancun, Mexico and commenced year-round service to Fort Lauderdale, Florida four times per week. Alaska Airlines also launched year-round, daily service to Denver, Colorado in September 2020. However, in January 2022, Alaska Airlines instituted certain service changes across its entire network in response to labor shortages as a result of the ongoing effects of the COVID pandemic. At the Airport, service to Denver, Boston and Minneapolis/St. Paul has been suspended for the first quarter of 2022, with service expected to resume as early as April 2022.

Allegiant Airlines began service at the Airport in April 2021, with year-round service to Santa Maria, California, Idaho Falls, Idaho, and Monterey, California. Additionally, Allegiant Airlines launched seasonal service to Billings, Montana, Grand Rapids, Michigan, Missoula, Montana, and Des Moines, Iowa. All routes were scheduled to operate twice per week.

Delta Airlines plans to restart non-stop trans-Atlantic and trans-Pacific international service from the Airport in spring 2022. It will offer year-round service to Amsterdam with four flights scheduled per week and has filed schedules to operate service to Tokyo-Haneda. In addition, Delta Airlines announced new year-round non-stop service from PDX to Seoul-Incheon with three flights per week, launching in spring 2022.

British Airways has announced it will start non-stop service to London-Heathrow Airport from PDX in June 2022. This flight will operate five times per week.

Condor Airlines suspended two seasons of operations at PDX due to the COVID pandemic. The airline has recently added service to Frankfurt back to their 2022 summer seasonal schedule. The airline plans to operate three times per week.

Air Cargo Tonnage

Total cargo tonnage at the Airport since Fiscal Year 2012 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 18
HISTORICAL TOTAL CARGO TONNAGE
FISCAL YEARS 2012–2021

Fiscal Year Ended June 30	Volume [1] (short tons)	Percent Increase (Decrease)
2012	218,727	2.7 %
2013	218,170	(0.2)
2014	222,822	2.1
2015	232,385	4.3
2016	238,915	1.7
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

	Compound Annual Growth Rate
FY 2012-2019	4.18%
FY 2012-2020	5.22%
FY 2012-2021	5.96%

[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.

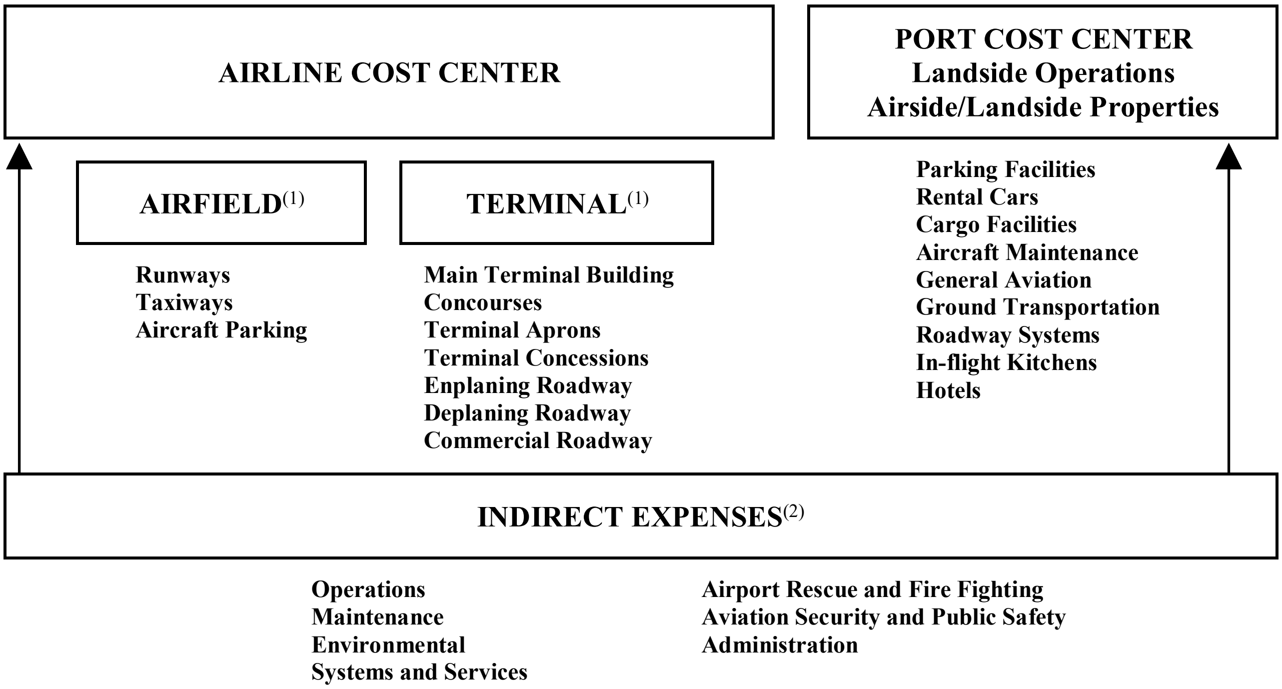
TABLE 19
HISTORICAL LANDED WEIGHT
FISCAL YEARS 2012–2021
(1,000-pound UNITS)

Fiscal Year Ended June 30	Passenger Airlines	All-Cargo Airlines	Total	Year-Over-Year Growth Rate
2012	7,956,842	1,143,111	9,099,953	(0.4)%
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)%
		Compound annual growth rate		
FY 2012-2019	4.5%	7.2%	4.9%	
FY 2019-2020	(20.1)%	13.7%	(15.1)%	
FY 2020-2021	(35.8)%	6.5%	(27.5)%	

Source: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2009-June 2021, accessed August 2021 and Table 2-10 of the Report of the Airport Consultant in APPENDIX A

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.



(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.

As described below, rate-setting at the Airport is "residual" in connection with the Airline Cost Center (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. 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.

Other Obligations of the Port

General Airport Revenue Bonds. Pursuant to Port Ordinance No. 155, enacted by the Board on November 10, 1971, as amended, restated and supplemented, and Port Ordinance No. 323, enacted by the Board on October 9, 1985, as amended, restated and supplemented (together, the "Airport Revenue Bond Ordinances"), as of January 1, 2022, the Port had outstanding $1,037 million in aggregate principal amount of Airport revenue bonds (or "SLBs"), to the payment of which the Revenues (as defined in the Airport Revenue Bond Ordinances) of the Airport have been pledged. Upon the issuance of the Series Twenty-Eight Bonds, approximately $1,564 million in aggregate principal amount of Airport revenue bonds will be outstanding. **Revenues of the Airport do not include PFC Revenue, and the Revenues of the Airport are not pledged to the payment of the PFC Bonds or the Parity Port Payments.**

Under the Airport Revenue Bond Ordinances, 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. On the first business day of each month, after paying the costs of operation and maintenance of the Airport, the Port is required to credit the balance of the Revenues in the Airport Fund to the General Account in the Airport Fund. The Port is required to credit net revenues in the General Account to the SLB Fund and the JLO Fund (which are both held by the trustee under the Airport Revenue Bond Ordinances) and the Third Lien Obligation Fund (the "TLO Fund") (which is held by the Port), in that order of priority. Amounts remaining in the General Account after these credits have been made may be used 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 General Aviation Airports.

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. 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 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 (the "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 December 2, 2022, 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-Eight Projects. The Port expects to repay all of the outstanding Commercial Paper Notes and interest with proceeds of the Series Twenty-Eight Bonds. The Port expects to continue to issue Commercial Paper Notes from time to time in the future.

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.

CFC Bonds. 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"); and the Series 2019 CFC Ordinance are collectively referred to herein as the "CFC Bond Ordinances." The 2019 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 by the rental car companies operating at the Airport and the Remaining Contingent Fee Payments, if any, as set forth in the CFC Bond Ordinances. As of January 1, 2022, $156.9 in principal amount of the 2019 CFC Bonds are outstanding. ***CFCs do not include PFC Revenue, and the CFCs are not pledged to the payment of the PFC Bonds or the Parity Port Payments.***

AGREEMENTS FOR USE OF AIRPORT FACILITIES

The discussion in this section provides certain information that do not directly pertain to PFC Revenue that is pledged to the payment of the Series 2022 PFC Bonds. However, the ability of the Port to generate PFC Revenue sufficient to pay debt service on the Series 2022 PFC Bonds depends upon demand for Airport facilities and services. Such information is provided for the benefit of the overview it provides about demand for Airport facilities and services, and the impact on the overall operations of, and enplanements at, the Airport.

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").

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.

Airlines that have executed the Signatory Passenger Airline Agreements and their operating affiliates (together, the "Signatory Passenger Airlines") accounted for more than 99% of enplaned passengers at the Airport in Fiscal Year 2021. All but one of the all-cargo carriers that served the Airport in Fiscal Year 2021 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, 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), but each Signatory Passenger Airline was given the right to give notice by January 1, 2020, to reduce its Exclusive Space, Preferential Space and/or Shared Space in the Terminal, as of July 1, 2020, by up to 25% of the aggregate square footage of its leased space. None of the Signatory Airlines provided such notice to reduce its Exclusive Space, Preferential Space and/or Shared Space in the Terminal as of July 1, 2020. In addition, 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. 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 (as defined in the Airport Revenue Bond Ordinances) 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.

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 Supported Areas 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 Signatory Passenger Airlines whose combined Terminal Rents for Signatory Airline Space and Common Use Gates used in connection with the IAF total more than 66% of the total such Rents. 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.

See "RECENT DEVELOPMENTS CONCERNING COVID PANDEMIC" and "CERTAIN INVESTMENT CONSIDERATIONS—Effect of Airline Bankruptcies."

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 Airport Terminal, including food-court restaurants, quick-serve restaurants, casual dining bars and cafes, full-service restaurants, ATMs, newsstands, retail shops, passenger services, such as Mail Safe and Smarte Carte, and display advertising. 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 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. The Port charges the concessionaires for employee parking ($35/month for each employee for surface parking and $80/month for garage parking) and as described below also charges for utility costs.

As part of a concession redevelopment program concluding in December 2018, the Port implemented utility metering for the concession spaces and began recovering utility costs in each of the new concession lease agreements. Concession revenues are taken into account in calculating terminal rents under the Signatory Airline Agreements.

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. 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 Group, Inc., Dollar Thrifty Automotive Group, Enterprise Holdings, Inc., Hertz Global Holdings, and Sixt Group (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.

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.

From May 23, 2020 to June 2021, Hertz and its affiliate DTG Operations dba Thrifty underwent a bankruptcy reorganization. Hertz and Thrifty accounted for approximately 22.1% of the market share at the Airport for Fiscal Year 2021. In Fiscal Year 2021, the Airport received $4.0 million in revenues generated by the operations of Hertz and Thrifty. During the bankruptcy proceedings and with court approval, Hertz and Thrifty paid all CFCs, assumed all agreements with the Port and made all required payments. Post-bankruptcy, Hertz and Thrifty continue to pay those same fees, charges and rent payments to the Port as they become due.

It is possible that bankruptcies or reductions in operations of concessionaires and other non-airline entities operating at the Airport, such as Hertz, could have an adverse impact on the Port.

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

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, 2022 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, Lyft and Wingz, 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 $1.8 million in per-trip fees paid by the TNCs in Fiscal Year 2021. For Fiscal Years 2020 and 2019, the Port collected $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 2021 set forth in Table 20 is derived from the Airport's financial records and comprise the Airport segment presented in the Port's audited financial statements.

The financial data is presented to inform investors of the Airport's overall historical financial performance, and include information on sources of Airport Revenues that are not pledged to the payment of the Series 2022 PFC Bonds. The Series 2022 PFC Bonds, and other First Lien PFC Bonds, are solely payable from, and secured by a pledge of, PFC Revenue.

The financial data set forth in Table 20 should be read 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 Fiscal Years ended June 30, 2018 through 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 possible or probable negative effects the COVID pandemic may have on current and future finances and operations of the Airport. See "RECENT DEVELOPMENTS CONCERNING COVID PANDEMIC."

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TABLE 20
HISTORICAL FINANCIAL PERFORMANCE
FISCAL YEARS 2018–2021
($000S)

OPERATING STATEMENT DATA:	**2021 (Audited)**	**2020 (Audited)**	**2019 (Audited)**	**2018 (Audited)**
Operating revenues:				
Airline revenues	$ 124,209	$ 104,825	$ 100,446	$ 104,680
Terminal concessions	5,557	13,882	20,198	19,138
Parking[(1)]	29,332	54,072	72,668	66,144
Rental cars	14,629	15,901	21,047	20,336
Other [(2)]	89,438	59,494	37,300	31,967
Total operating revenues	$ 263,164	$ 248,174	$ 251,659	$ 242,264
Interest income - revenue fund and revenue bond fund	473	5,044	6,236	585
Total Revenues	263,637	253,217	257,896	242,849
Costs of Operation and Maintenance, excluding depreciation				
Salaries, wages and fringe benefits	54,480	56,079	54,425	48,714
Contract, professional and consulting services	26,729	33,869	35,003	34,260
Materials and supplies	6,933	4,775	5,567	6,006
Utilities	9,685	10,715	11,238	11,567
Equipment rents, repair and fuel	1,044	1,438	2,050	1,435
Insurance	3,505	2,663	2,114	1,842
Travel and management expense	1,173	1,747	3,227	3,703
Allocation of general and administrative expense of the Port	19,626	18,501	20,079	18,662
Other	1,312	2,758	3,822	4,020
Total Costs of Operation and Maintenance	124,487	132,546	137,526	130,207
Net Revenues as defined by Section 2(r) of Ordinance 155	$ 139,150	$ 120,671	$ 120,370	$ 112,642
Depreciation				
Other income (expense)				
Interest income - excluding revenue fund and revenue bond fund	1,235	15,835	11,862	4,272
Interest expense - net[(3)]	(53,748)	(47,679)	(37,973)	(18,864)
Passenger facility charges	16,627	26,780	38,564	38,141
Customer facility charges[(4)]	6,562	11,916	16,238	15,551
Other, net [(5)]	(4,482)	(2,102)	(6,437)	(3,792)
Total other income (expense)	(33,804)	4,750	22,253	35,308
Reconciling items[(6)]:				
Airport allocation of pension bonds	4,196	4,017	3,852	3,689
GASB 68 pension expense adjustment[(7)]	(14,129)	(11,276)	(6,837)	(6,016)
Net income	$ (4,748)	$ 27,581	$ 44,013	$ 53,213
BALANCE SHEET DATA:				
Airport net position	$ 1,024,323	$ 1,022,477	$ 990,069	$ 947,788

[(1)] The Port increased long-term rates by $3.00/day in June 2018.
[(2)] Includes TNC revenues, as well as $61.1 million and $25.3 million in Fiscal Years 2021 and 2020, respectively, for CARES Act and CRRSAA grant monies.
[(3)] The Port's financial data for Fiscal Year 2019 includes the implementation of Governmental Accounting Standards Board ("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 Table 20 for periods prior to June 30, 2019 are not retroactively restated for the implementation of GASB 89, and accordingly are not comparable to all prior periods presented.
[(4)] The CFC program began on January 14, 2014. CFCs are excluded from "Revenues" under the Airport Revenue Bond Ordinances.
[(5)] Reflects $2.6 million and $2.4 million in nonoperating grant revenue related to CARES Act funds drawn for reimbursement of CFC debt service in the Fiscal Year 2021 and 2020 amount, respectively.
[(6)] Items treated differently under GAAP than under the Airport Revenue Bond Ordinances.
[(7)] 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.

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 13, 2021, 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, at least 55% of the par value of all of the Port's investments must mature within two years and 75% within 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 8 and 9 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 2021, the Port contributed approximately $8,899,000 to fund its PERS obligations of which approximately $4,583,000 was applicable to the Airport, and for Fiscal Year 2020, the Port contributed approximately $10,871,000 to fund its PERS obligations of which approximately $5,448,000 was applicable to the Airport.

Employer contribution rates for the period July 1, 2021 through June 30, 2023 (the "2021-2023 Biennium") 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 (the 2019 System Valuation"). The Port expects that employer contribution rates will continue to increase. See "APPENDIX D—PENSION AND OTHER POST RETIREMENT BENEFIT PROGRAMS—Pensions—Contribution Rates" and "—Changes to PERS."

During Fiscal Year 2021, the Port contributed approximately $310,000, of which approximately $208,000, was paid by the Airport, to fund the Port's other post-employment benefit obligations. See APPENDIX D, as well as Note 9 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 2021 totaled approximately $2,437,000. See Notes 6 and 8 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 AIP funds. All 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. See "THE PFC PROGRAM."

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 ANCA 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, and is working with other local governments and community groups to address noise, privacy and safety concerns.

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, disposing of stormwater and construction wastewater 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 11 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 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 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 the 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.

Elrod Ditch. 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 mitigating these impacts by avoiding, minimizing or reducing the impacts, or 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 permit 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. 40% 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 $44.8 million through 2035. Since 2015, the Port has spent approximately $8.8 million in completing stand-alone stormwater management projects. Approximately $1 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. Perfluorinated 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. Contaminants in 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 make 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.

Environment, Sustainability and Social Equity Initiatives

As a steward of the environment, the Port takes a proactive approach to environment, sustainability, and social equity initiatives. Port-wide policies have been adopted over the past decade to provide a foundational framework for these efforts. As the Port evaluates its capital development and business transactions, the Port looks for ways to advance environment, sustainability, and social equity. For example, the Port looks for ways to increase energy efficiency, to function as stewards of natural resources, engage community members in evaluating options for natural resource mitigation, and the Port sets small business utilization targets in an increasing number of its goods and service contracts. The Port maintains long-standing environmental programs focused on water conservation, waste minimization, natural resources stewardship, and noise abatement. The Port's highest priorities are currently focused on air toxics and climate change due to associated social equity considerations.

Air Toxics. Air toxics generate 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 lunch 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 emission and the Port expects to be called into the program in 2022 or 2023. In an effort to prepare for this new program, the Terminal Core Redevelopment project will eliminate the majority of stationary air toxic emissions at the Airport by reducing boiler emissions by over 90%. In addition, the Port is evaluating cleaner emergency diesel generators as it expands facilities to meet regional growth demand.

The Port voluntarily participates in a regional Clean Air Construction Program to reduce diesel emissions in construction projects via stringent 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. 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. However, in order to achieve this goal, the Port has had to offset annual electricity consumption through the purchase of Renewable Energy Certificates ("RECs").

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 RECs or carbon offsets.

- 15% reduction by 2020
- 20% reduction by 2025
- 45% reduction by 2030
- 80% reduction by 2040

The Port is also committed to supporting broader regional and industry-wide solutions related to mitigating the effects of climate change. The Port participates in 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 provides 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 PDX Terminal Core Redevelopment project is pursuing Leadership in Energy and Environmental Design ("LEED") certification at the gold level under Building Design and Construction version 4.0 due to a range of sustainability investments. 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 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 service equipment).

The North Ramp RON Parking project will expand overnight aircraft parking capacity at PDX. The addition of energy efficient LED lighting will reduce lighting operating costs by 75%.

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 (CO_2e) was permanently locked up 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.

Social Equity. The Port is currently focused on enabling historically excluded communities to help inform Port decision-making and gain access to prosperity generated by Port activities throughout the region. This 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 Small Business Development Program with an aspirational small business enterprise (SBE) utilization goal of 20% of 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 Terminal Core Redevelopment project has a goal of 20% SBE participation. 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 Kennedy Feeder project was assigned 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 Small Business Development Program to identify SBEs to perform the utility's portion of the work under a separate contract.

The North Ramp RON Parking project was assigned a 9% SBE participation goal. It also required consultation with the Oregon State Historic Preservation Office and the local indigenous tribes which resulted in archeological monitoring for work in native soils and mitigation for the demolition of a historic hangar. Consulting parties were invited to help define mitigation for the loss of the historic building, at which time a tribal representative suggested that the proposed interpretive display reflect the history of the people who are native to the area. The Port acknowledges that its facilities are located on lands that have been occupied and stewarded by indigenous persons since time immemorial. The Port is committed to honoring these people who were forcibly removed from their lands. The Port's consultants are conducting tribal outreach to ensure that the interpretive display is respectful, culturally and historically accurate, and aligned with the manner in which the tribes wish their ancestral groups to be portrayed.

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 11 in APPENDIX B. In December 2019, the Port, the City of Portland and the State of Oregon 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 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 tribal, federal and state 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 – Cascade General 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 Cascade General 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' 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 11 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 provides 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 has sole responsibility for providing placement sites for material dredged from the Willamette River. The Willamette channel has not been dredged since the Lower Willamette was declared a Superfund site. When 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 the State of Oregon to pursue alternative funding for maintaining the navigation channel. If the claim does not move forward or is unsuccessful, 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.

Labor Relations; Risk Management

Labor Relations. During Fiscal Year 2021, the Port employed approximately 755 full-time-equivalent employees ("FTEs") in a variety of work categories and for Fiscal Year 2022 has budgeted for a total of 795 FTEs. An FTE represents 2,080 hours of work annually. Of the total number of FTEs budgeted at the Port, approximately 382 are employed at the Airport. At the Airport, five unions collectively represent approximately 220 of the Port's Airport employees through four collective bargaining agreements. The four collective bargaining agreements with the five unions representing Airport employees expire during the period June 30, 2023 to June 30, 2024. 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 $400 million per occurrence, with a sublimit of $250 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, 2021 and before July 1, 2022.

- Personal injury or death: (a) $782,600 for any single claimant; and (b) $1,565,100 for all claimants;
- Damage and destruction of property, including consequential damages: (a) $128,400 for any single claimant; and (b) $641,800 for all claimants.

For causes of action arising on or after July 1, 2022, the State Court Administrator will adjust these 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.

REPORT OF THE AIRPORT CONSULTANT

As discussed herein, the ability of the Port to generate PFC Revenue sufficient to pay debt service on the PFC Bonds (including the Series 2022 PFC Bonds) and other obligations depends upon demand for Airport facilities and services. As such, the Report of the Airport Consultant, which was prepared for the benefit of and in connection with the simultaneous issuance of the Port's Series Twenty-Eight SLB Bonds, is included as APPENDIX A to this Official Statement for the benefit of the overview it provides about demand for Airport facilities and services which are directly tied to the generation of PFC Revenue.

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 2022 PFC 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 2022 through 2028, 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 2022 and existing Port agreements and obligations, which are secured by revenues of the Airport other than PFC Revenue. **The Report does not provide an historic or projected analysis of PFC Revenue which secures the Series 2022 PFC Bonds.**

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 represent the Port's forecast 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. Prospective investors should assume that the restrictions and limitations related to the ongoing COVID pandemic, and the current upheaval to the air travel industry and the national and global economies, may 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.

CERTAIN INVESTMENT CONSIDERATIONS

Investment in the Series 2022 PFC 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 2022 PFC 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 2022 PFC Bonds, and no assurance can be given that other risk factors and investment considerations will not become material in the future.

Limited Obligations

The Series 2022 PFC Bonds are limited obligations of the Port. Except as otherwise provided in the Ordinances, the Series 2022 PFC Bonds are payable from, and are secured by a pledge of, PFC Revenue, and no other revenues of the Port are currently pledged or assigned to the payment of the Series 2022 PFC Bonds.

Termination of PFCs

The Port's authority to impose and use PFCs is subject to certain terms and conditions provided in the PFC Act, the PFC Regulations and the PFC Approvals. If the Port fails to comply with these requirements, the FAA may take action to terminate or to reduce the Port's authority to impose or to use PFCs. Some of the events that could cause the Port to violate these provisions are not within the Port's control. In addition, failure to comply with the provisions of ANCA may lead to termination of the Port's authority to impose PFCs. The FAA's agreement not to terminate the Port's rights to collect PFCs for up to five years after unremedied violations is applicable only for violations of the PFC Act, PFC Regulations and PFC Approvals, not for violations of ANCA. In addition, the FAA agreement is applicable only for a limited period of time, not to exceed five years. The five-year period applies for all PFC Bonds, including any PFC Bonds that may be issued in the future. There can be no assurance that PFC Revenue collected during such limited period would be sufficient to pay the Series 2022 PFC Bonds in such event. If the FAA terminates the Port's authority to impose and use PFCs, the Port's ability to pay when due the principal of and interest on the Series 2022 PFC Bonds may be materially and adversely affected.

Amendments to the PFC Act

There is no assurance that the PFC Act will not be repealed or amended or that the PFC Regulations or the PFC Approvals will not be amended in a manner that would adversely affect the Port's ability to collect and use PFC Revenue in amounts sufficient to make timely payments of principal and interest on the Series 2022 PFC Bonds. From time to time, legislation is introduced in the United States Congress that would permit the Port to charge a higher rate of PFCs. A higher PFC charge would result in the Port's collecting PFC Revenue faster than initially forecast. In such event, the Port would have to manage its PFC expenditures carefully to meet its First Lien Sufficiency Covenant and have sufficient PFC Revenue to pay debt service on the PFC Bonds in the later years.

Collection of the PFCs

The ability of the Port to collect annually sufficient PFCs depends upon a number of factors, including general economic conditions, the operation of the Airport by the Port, the number of enplanements at the Airport, the use of the Airport by Collecting Carriers, and the efficiency and ability of the Collecting Carriers to collect and remit PFC moneys to the Port. The Port relies upon the Collecting Carriers' collection and remittance of PFCs, and both the Port and the FAA rely upon the airlines' reports of enplanements and collections.

If the numbers of enplaned passengers at the Airport are significantly below the numbers forecasted by the Port in projecting annual PFC Revenue, if the collection fees retained by the Collecting Carriers are increased or if the PFC Act is amended, the amount of PFC Revenue actually collected by the Port each year may be less than the amount projected and may be less than the amount required to enable the Port to pay the principal of and interest on the Series 2022 PFC Bonds. On the other hand, if the number of annual enplanements is higher than initially projected or if the rate of PFCs is increased above $4.50, the Port may collect PFC Revenue faster than initially forecast. In any event, the FAA estimates that based upon the Port's current PFC Authority, the Port's authority to collect PFCs will expire in July 2036, prior to the final stated maturity of the currently outstanding PFC Bonds of July 1, 2031. Although the Port expects that it will obtain new PFC approvals before its current authority expires, no assurance can be given that the Port will be able to do so. The Master Ordinance requires the Port to take steps to ensure that sufficient moneys will be available in later years to pay debt service on the PFC Bonds and that the First Lien Sufficiency Covenant will be met in each of such years.

Effect of COVID Pandemic and Other Worldwide Health Concerns

The COVID pandemic has had and likely will 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.

Prospective investors should assume that the restrictions and limitations related to COVID, and the current upheaval to the air travel industry and the national and global economies, will continue at least over the near term, and that recovery may be prolonged, adversely impacting Port revenues. 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 PFC Revenue sufficient to pay debt service on the PFC Bonds (including the Series 2022 PFC 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 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 announcements warning of layoffs or reduction in workforce. 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 42.4% of the Airport's total enplanements in Fiscal Year 2021. 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, Southwest Airlines, Delta Air Lines and American Airlines) accounted for 82.4% of the total enplaned passengers in Fiscal Year 2021.

Alaska Air Group acquired Virgin America Inc. effective December 2016. In addition, since 2010, 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 2022 PFC Bonds and the enforceability of the Port's obligation to make payments on the Series 2022 PFC 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 2022 PFC 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 Ordinances, including its covenants to pay principal of or interest on the Series 2022 PFC Bonds, there can be no assurance that available remedies will be adequate to fully protect the interests of the Owners of the Series 2022 PFC Bonds. The ability of the Port to comply with its covenants under the Ordinances and to generate PFC Revenue sufficient to pay principal of and interest on the Series 2022 PFC 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 expense and/or significant reductions in payments, or even in non-payments, to the Port.

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 2022 PFC 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 2022 PFC Bonds may be required to return to the airline as preferential transfers any money that was used to make payments on the Series 2022 PFC 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 2022 PFC 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 2022 PFC 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 financial condition of the Port.

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 2022 PFC Bonds or other losses with respect to the Series 2022 PFC 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.

In March 2019, the FAA ordered the temporary grounding of the Boeing 737 MAX aircraft ("737 MAX Grounding") operated by U.S. airlines or in U.S. territory. The Boeing 737 MAX aircraft was grounded in March 2019 after fatal crashes of that aircraft that were suspected to have been caused by malfunctions of the automated flight control system, causing airlines to cancel flights and adjust flight schedules, including airlines operating at the Airport. Since then, after substantial work between Boeing and the FAA, the 737 MAX has been returned to service and is currently operating on a regular basis by Alaska Airlines, Southwest Airlines, and United Airlines. The Port gives no assurance about what may occur with the service and operation of the 737 MAX in the future.

Worldwide Health Concerns

Travel restrictions, as well as other public health measures, may be imposed to limit the spread of communicable diseases which may arise. The COVID pandemic has had an adverse effect on domestic and international travel and a number of travel-related industries, and has severely and broadly disrupted local and global economies.

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 may lead to a further decrease in air traffic, at least for a temporary period, which in turn could cause a further decrease in passenger activity at the Airport and a corresponding decline in revenues. A disruption to the global supply chain due to a pandemic can also stall manufacturing and construction operations, which in turn could interfere with the Port's implementation of its CIP and other operations, or the operations of the airlines operating at the Port. The Port currently has adopted temporary measures that are intended to mitigate the impacts on the Airport of the COVID outbreak. However, the Port is unable to predict if these measures are sufficient, or the extent and duration of the impact that the COVID outbreak will have in the long-term on air travel to and from the Airport and on operations of the Port. Prospective investors should assume that the restrictions and limitations related to COVID, and the current upheaval to the air travel industry and the national and global economies, will increase at least over the near term and, therefore, have an adverse impact on Port revenues.

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

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.

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 "OUTSTANDING PFC BONDS—Series 2012 PFC Bond Swaps and Credit Facility" and Note 6 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 First Lien PFC Bonds, 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. The Port is also looking for opportunities to further reduce the near-term costs of its capital improvement program, defer or accelerate projects where necessary or appropriate, and scale ongoing and future projects appropriately in response to the rate of recovery of the air travel industry. The Port continues to monitor passenger traffic and operations to inform its decisions to restart deferred projects, if at all. See "RECENT DEVELOPMENTS CONCERNING COVID PANDEMIC."

Additional Indebtedness

As described above, the CIP includes an aggregate of $2.16 billion of spending on Capital Improvement Projects, including the Series Twenty-Eight Projects, during the period from Fiscal Year 2022 to Fiscal Year 2028. The Port expects to fund its CIP project costs with a combination of PFCs, Airport 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 for the SLB Bonds 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 has 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. On January 13, 2022, the FAA issued multiple Notices to Air Missions (NOTAMs) to restrict the use of specific radar altimeter-dependent instrument landing procedures under certain low visibility conditions at certain U.S. airports, including the Airport.

These low visibility conditions could occur occasionally at the Airport. During such weather conditions, it is possible that flight cancellations and/or diversions may occur. The FAA is working with wireless carriers on a permanent solution that would allow 5G service and radar altimeters to coexist at airports long-term. The FAA has been working with and continues to work with aircraft equipment manufacturers and airlines to develop short-term "Alternate Methods of Compliance (AMOC)," 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 Port does not expect these developments to materially impact the Airport's operations or the Port's revenues.

One significant category of non-airline revenues collected by the Port is from ground transportation activity, including fees collected for use of on-Airport parking garages; trip fees paid by taxi, limousine and TNCs (such as Uber, Lyft and Wingz); and rental car transactions by Airport passengers. The popularity of TNCs has increased as a result of factors including, among other things, increased availability, technological innovations in ground transportation, convenience of requesting a ride through a mobile application, the ability to pay for service without providing cash or other payment to the hired driver, and competitive pricing.

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 "—Worldwide Health Concerns," "—Aviation Safety and Security Concerns," and "—Environmental Matters and Climate Change" and "REGULATORY MATTERS—Airport Environment Matters—Columbia Corridor Flood Control and Levee System Re-Accreditations by FEMA" above 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 Airport revenues, and such effect could be material.

Social Unrest in Portland

The City of Portland (the "City") has experienced periods of social justice demonstrations and unrest, including significant activity in the spring of 2020 and continuing into calendar year 2021. In some cases, peaceful demonstrations were accompanied by incidents of looting, vandalism and arson that resulted in damage to and loss of public and private property. While it is possible that these events had an impact on the region and, by extension, the Port, the Port is not able to quantify what, if any, impacts these events have had on passenger traffic or general tourist interest in visiting the City or the region served by the Airport. The Port cannot predict whether demonstrations, related to social justice causes or otherwise, will resume in the City, and what, if any effect such demonstrations might have on the Port.

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 CO2, 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 CO2 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"), 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 for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the Port invests in multiple forms of cybersecurity and operational safeguards. Since 2013, the Port has adopted various cyber security-related policies and procedures (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 cyber security 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.

While Port cybersecurity and operational safeguards are periodically tested, no assurances can be given by the Port that such measures will ensure against other cybersecurity threats and attacks. 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 attacks could be substantial. Further, cybersecurity breaches 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 Airports, 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 result in disruption to the operations of the Airport and/or the airlines serving the Airport and to 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 PFC Revenue sufficient to pay debt service on the PFC Bonds, including the Series 2022 PFC Bonds, and other obligations are subject to a number of 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 City environmental regulations cover a wide variety of areas attributed to the Airport and result in significant costs to the Port and to the airlines and other users of Airport facilities, and additional environmental regulations are being developed, some of which would add or expand 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. In the State, State laws may be enacted by citizen initiative as well as by the Oregon Legislative Assembly, 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 2022 PFC 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 2022 PFC Bonds to be subject, directly or indirectly, to federal income taxation or could cause interest on the Series 2022 PFC 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 2022 PFC Bonds to be subject, directly or indirectly, to federal income taxation or may cause interest on the Series 2022 PFC 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 2022 PFC Bonds. Prospective purchasers of the Series 2022 PFC 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 2022 PFC 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, 2022, certain specified financial information and operating data. In addition, the Port will undertake for the benefit of registered and beneficial Owners of the Series 2022 PFC 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.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Port, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2022 PFC Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Series 2022 PFC Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Issuer with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2022 PFC Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the Port, under existing statutes, interest on the Series 2022 PFC Bonds is exempt from State of Oregon personal income tax.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Series 2022 PFC Bonds, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Series 2022 PFC Bonds.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series 2022 PFC Bonds in order that interest on the Series 2022 PFC Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series 2022 PFC Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Series 2022 PFC Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Issuer has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Series 2022 PFC Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Series 2022 PFC Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Series 2022 PFC Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2022 PFC Bonds.

Prospective owners of the Series 2022 PFC Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Series 2022 PFC Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Series 2022 PFC Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Series 2022 PFC Bonds. In general, the issue price for each maturity of Series 2022 PFC Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Bond Counsel further is of the opinion that, for any Series 2022 PFC Bonds having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Series 2022 PFC Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a Series 2022 PFC Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Series 2022 PFC Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Series 2022 PFC Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Series 2022 PFC Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2022 PFC Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2022 PFC Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series 2022 PFC Bonds under federal or state law or otherwise prevent beneficial owners of the Series 2022 PFC Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Series 2022 PFC Bonds.

Prospective purchasers of the Series 2022 PFC Bonds should consult their own tax advisors regarding the foregoing matters.

LITIGATION

No Litigation Relating to the Series 2022 PFC 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 2022 PFC Bonds or seeking to enjoin the issuance of the Series 2022 PFC 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 2022 PFC Bonds and certain other legal matters are subject to the approving opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Port. A complete copy of the proposed form of the opinion of Bond Counsel with respect to the Series 2022 PFC 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 Hawkins Delafield & Wood LLP serves as counsel to the Underwriters on matters that do not relate to the Port or to the Series 2022 PFC 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 Orrick, Herrington & Sutcliffe 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 2022 PFC 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 National Association, having an office in Portland, Oregon, serves as trustee, registrar and paying agent for Series 2022 PFC Bonds. The corporate trust office of the Trustee is currently located at 555 S.W. Oak Street, Portland, Oregon 97204.

The Trustee has undertaken only those duties and obligations that are expressly set forth in the Ordinances. The Trustee has not independently passed upon the validity of the Series 2022 PFC 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 2022 PFC Bonds or the investment quality of the Series 2022 PFC 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, 2021, 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 2022 PFC 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 2022 PFC 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 2022 PFC Bonds is contingent upon the sale and delivery of the Series 2022 PFC Bonds.

RATING

S&P Global Ratings ("S&P") has assigned its rating of "A+" (stable outlook) to the Series 2022 PFC Bonds. Such rating reflects only the views of the rating agency, and any desired explanation of the significance of such rating should be obtained from S&P at the following address: 55 Water Street, New York, New York 10041. 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 2022 PFC Bonds.

UNDERWRITING

The Series 2022 PFC Bonds are to be purchased by BofA Securities, Inc., acting on its own behalf and as representative of Jefferies LLC (collectively, the "Underwriters"), at a price of $63,094,574.75 (representing the aggregate principal amount of the Series 2022 PFC Bonds, plus an original issue premium of $11,615,374.85, less an underwriters' discount of $140,800.10). The Bond Purchase Agreement between the Port and the Underwriters provides that the Underwriters will purchase all of the Series 2022 PFC Bonds if any are purchased and that the purchase of the Series 2022 PFC Bonds is subject to the conditions set forth in that Bond Purchase Agreement.

The Underwriters may offer and sell the Series 2022 PFC 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 affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the Port, for which they received or will receive customary fees and expenses.

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

BofA Securities, Inc., one of the Underwriters of the Series 2022 PFC Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2022 PFC Bonds.

Jefferies LLC ("Jefferies"), one of the Underwriters of the Series 22 PFC Bonds, has entered into a distribution agreement with InspereX LLC ("InspereX") for the retail distribution of municipal securities. Pursuant to the agreement, if Jefferies sells the Series 22 PFC Bonds to InspereX, it will share a portion of its selling concession compensation with InspereX.

RELATED PARTIES

Merrill Lynch Capital Services, Inc. is a counterparty to an interest rate swap agreement with the Port. Bank of America, N.A. is the Commercial Paper Bank. BofA Securities, Inc., one of the Underwriters of the Series 2022 PFC Bonds, Bank of America, N.A. and Merrill Lynch Capital Services, Inc. are affiliated and are subsidiaries of Bank of America Corporation.

MISCELLANEOUS

The descriptions herein and in the appendices of the Ordinances, the Supplemental Action 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 2022 PFC 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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PORT OF PORTLAND

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Appendix A:

Report of the Airport Consultant

Portland International Airport Revenue Bonds, Series Twenty-Eight

January 26, 2022

PREPARED FOR

The Port of Portland

PREPARED BY

Landrum & Brown, Incorporated

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January 26, 2022

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-Eight

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-Eight Bonds (herein referred to as the Series Twenty-Eight Bonds). This independent Report has been prepared for The Port of Portland (Port) in support of its issuance of the Series Twenty-Eight Bonds pursuant to various provisions in Port Ordinance Nos. 155, 323, 455-B (amending 155 and 323), and 471-B (herein referred to as the Bond Ordinances), and is intended to be included in the Official Statement for the Series Twenty-Eight 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 Port is also issuing its Portland International Airport Passenger Facility Charge Revenue Refunding Bonds, Series 2022A (Non-AMT) (the "Series 2022 PFC Bonds") to (1) refund the Port's outstanding Portland International Airport Passenger Facility Charge Revenue Bonds, Series 2011A (Non-AMT) (the "Refunded Bonds") and (2) pay costs of issuing the Series 2022 PFC Bonds and refunding the Refunded Bonds. This Report is also planned to be included in the Official Statement for the Series 2022 PFC Bonds as the timing for the issuance of these bonds is expected to be near or at the same time as the issuance of the Series Twenty-Eight Bonds.

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-Eight Bonds

The Series Twenty-Eight Bonds are being issued pursuant to the provisions of the Bond Ordinances. The Port is planning to issue the Series Twenty-Eight Bonds to (1) fund a portion of the Port's capital improvement program (CIP) defined herein as the "Series Twenty-Eight Projects," (2) fund capitalized interest, (3) fund a deposit to the debt service reserve account, if needed, (4) repay certain Commercial Paper Notes issued to finance a portion of the costs of the Series Twenty-Eight Projects, and (5) pay associated costs of issuance. The Series Twenty-Eight 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 52% of the Revenues for the Airport are budgeted in FY 2022 to be from passenger airlines. 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 Airline Agreements, which, including their operating affiliates, accounted for more than 99% of enplaned passengers at the Airport in FY 2021. Ten 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".

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

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 2022 through FY 2028 (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.

COVID-19 Impacts on the Aviation Industry and the Airport

The Airport, along with all other airports in the U.S. and abroad, has been 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 has 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. However, air traffic has been recovering, and as of the end of December 2021, the Airport has recovered to approximately 73% of 2019 TSA checkpoint throughput as compared to the end of December 2019, while the overall U.S. has recovered to approximately 83%. The recovery of air traffic is described further in Chapter 2 of the Report.

The Port has been allocated over $160 million of federal relief grant assistance from the three programs implemented by the federal government to help U.S. airports recover from the impacts associated with the COVID-19 pandemic. Through FY 2021, the Port has used over $91 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 in FY 2022 and FY 2023 as the recovery continues. More information on these federal relief grant programs is contained in Section 4.3.5 of the Report.

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 "COVID PANDEMIC RESPONSE AND DEVELOPMENTS" and "CERTAIN INVESTMENT CONSIDERATIONS – Effect of COVID Pandemic."

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 Counties 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. In calendar year (CY) 2019, the Airport had nearly 10 million enplaned passengers. In CY 2020, the Airport was ranked 31st in the U.S. with 3.5 million enplaned passengers, which was a decrease of 64.7% as compared to CY 2019. The significant decline in passengers was primarily as a result of the impacts associated with the COVID-19 pandemic.

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 42.3% of enplaned passengers at the Airport in FY 2021.

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 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

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 primarily because of the impacts associated with the COVID-19 pandemic. Overall, enplaned passengers in FY 2020 decreased by 27.0% as compared to FY 2019 levels with the primary impacts occurring after mid-March 2020. Since April 2020, enplaned passengers at the Airport have recovered each month. In June 2021, enplaned passengers were 36.4% lower than in June 2019. In the first full year of impact from the COVID-19 pandemic, FY 2021, enplaned passengers decreased by 48.6% when compared to FY 2020 and 62.5% when compared to FY 2019.

In consultation with Campbell-Hill Aviation Group, LLC, the Port develops its air traffic demand projection to estimate budgetary needs for the future. The projection includes an enplaned passenger projection and a landed weight projection. The projection of enplaned passengers and landed weight for its FY 2022 budget has been assumed for the purposes of the baseline projection used in this Report, and, at this time, is assumed to be a somewhat conservative estimate based on actual year-to-date traffic. For the period of FY 2023 through FY 2028, Campbell-Hill Aviation Group, LLC has prepared a projection of air traffic for the Airport on behalf of the Port. The baseline projection of air traffic activity in this Report, as prepared by Campbell-Hill Aviation Group, LLC, is based on the following key assumptions.

- A full recovery of leisure traffic to FY 2019 levels by FY 2023
- Business traffic is slower to rebound, but begins to recover strongly in FY 2023 and fully returns during FY 2024[2]
- Passenger traffic in total is projected to recover to FY 2019 levels during FY 2024 and exceed FY 2019 levels by FY 2025
- Long-term demographic regressions are used to project air traffic beyond FY 2025

Enplaned passengers are projected to recover to FY 2019 levels, or approximately 10.0 million, during FY 2025. By FY 2028, projected enplaned passengers are estimated to be approximately 11.8 million.

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 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.

- **Shorter-Term Factors:**
  - Additional COVID-19 variants and related factors that result in major disruptions to air travel
  - An economic slow-down resulting in higher unemployment and other negative economic impacts
  - International travel restrictions remain in place for an extended period of time
  - Further delay in the recovery of business travel
- **Longer-Term Factors:**
  - Permanent loss of some business travel due to technology and other work-from-home options without a correlating increase in leisure traffic
  - The loss of some of the Airport's connecting traffic (primarily by Alaska Air Group) resulting from changes to airline business models

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. While the global COVID-19 pandemic is currently ongoing, other 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.

2 Based on survey results from the Port, business travel at the Airport ranged between 25.6% to 28.2% during the years of 2015 through 2019.

Table 1 Enplaned Passengers Projections

Fiscal Year		Baseline		Pessimistic	
		Enplaned Passengers (in thousands)	Percent of FY 2019	Enplaned Passengers (in thousands)	Percent of FY 2019
Actual	2019	9,967	100.0%	9,967	100.0%
	2020	7,273	73.0%	7,273	73.0%
	2021	3,742	37.5%	3,742	37.5%
Budget/Projection	2022	6,300	63.2%	5,955	59.7%
Projection	2023	8,157	81.8%	7,341	73.7%
	2024	9,870	99.0%	8,883	89.1%
	2025	10,691	107.3%	9,622	96.5%
	2026	11,037	110.7%	9,934	99.7%
	2027	11,390	114.3%	10,251	102.9%
	2028	11,752	117.9%	10,576	106.1%
Compound Annual Growth Rates					
2021-22		68.4%		59.1%	
2022-28		11.0%		10.0%	

Note: These projections are based on current expectations and information and is not intended as a representation of facts or guarantee of results.

Source: Port of Portland, Airport management records (actual and budget); Campbell-Hill Aviation Group, LLC, August 5, 2021 (projection for FY 2022 for pessimistic scenario); Landrum & Brown, Inc. (projection for FY 2023 to FY 2028 for pessimistic scenario).
Compiled by Landrum & Brown, Inc., September 2021

Capital Improvement Program

Exhibit A at the end of the Report presents a summary of the projected $2.16 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 $1.78 billion, the Port Cost Center projects total approximately $314.2 million, and projects allocable to both Airline and Port Cost Centers total $72.9 million. The Terminal Core Redevelopment is the largest project in the Port's CIP for the Airport and is projected to cost approximately $1.45 billion. The Port is engaged in finalizing the terms of a Guaranteed Maximum Price for the Terminal Core Redevelopment project, and currently anticipates that the costs of the Terminal Core Redevelopment project may increase in the range of 10% – 15% of the $1.45 billion within the Airline Cost Center, depending on a number of evolving factors in the market including inflationary pressures and COVID-19-related disruptions in construction supplies, materials, and labor. For more information see Section 3.3.1 of this Report and the section in the Official Statement titled "Airport Capital Improvement Program" 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 $529.6 million of the CIP is projected to be funded with the Series Twenty-Eight Bonds. The remaining $1.63 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-Eight 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 period of FY 2022 through FY 2028. 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 CPE is projected to remain comparable to other major airports on the U.S. west coast. Also, as indicative of residual airline rates and charges methodologies, increased airline CPE levels under the pessimistic sensitivity scenario moderate declines in debt service coverage ratios 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	Debt Service Coverage	Airline CPE	Debt Service Coverage
2019 (act.)	$9.13	2.45	$9.13	2.45
2020 (act.)	$12.83	2.04	$12.83	2.04
2021 (act.)	$28.81	2.10	$28.81	2.10
2022	$22.33	1.84	$23.77	1.83
2023	$17.84	1.97	$20.06	1.91
2024	$17.06	1.74	$19.58	1.71
2025	$20.77	1.67	$23.33	1.62
2026	$20.91	1.66	$23.49	1.61
2027	$20.16	1.72	$22.67	1.66
2028	$19.84	1.72	$22.32	1.67

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., December 2021.

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 “COVID PANDEMIC RESPONSE AND DEVELOPMENTS” and “CERTAIN INVESTMENT CONSIDERATIONS – Effect of COVID Pandemic.”

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) 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. Given the significant impacts coronavirus disease 2019 (COVID-19) has had on the aviation industry and the Airport, applicable data and information to the extent available is also presented. 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 "COVID PANDEMIC RESPONSE AND DEVELOPMENTS" and "CERTAIN INVESTMENT CONSIDERATIONS – Effect of COVID Pandemic."

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 six 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 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) 2021, the Airport was the 29th largest O&D market in the U.S.[3] O&D traffic accounted for about 91% of the total enplaned passengers in FY 2021 and the remaining 9% of passengers connected through the Airport on their way to their final destination (connecting passengers). The percent of O&D passengers at the Airport has been increasing in recent years. In FY 2019 O&D passengers at the Airport accounted for

3 The Airport's fiscal year is defined as the 12-month period ended June 30.

approximately 85% of total traffic. The Alaska Air Group handles the vast majority of the connecting passengers (81% in FY 2021) 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 160 driving miles from the Airport. However, the section of Interstate 5[4] near SEA has some of the most severe congestion and traffic delays [5] 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. This congestion and the resultant erratic drive times contribute to preventing SEA from serving as a viable alternative for air passengers traveling from the Portland metro area.[6]

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.

1.1.2 National Role

The Airport has historically been one of the busiest 30 commercial passenger airports in the U.S. In CY 2019, the Airport had nearly 10 million enplaned passengers. In CY 2020, the airport was ranked 31st in the U.S. with 3.5 million enplaned passengers who boarded aircraft at the Airport, which was a decrease of 64.7% as compared to CY 2019. The decline was primarily as a result of the impacts associated with the COVID-19 pandemic and was the 15th largest decline among the 64 Large and Medium Hub airports in the U.S. Chapter 2 of this Report presents details on these enplaned passenger reductions.

The Airport, along with all other airports in the U.S. and abroad, has been acutely impacted by the broad-based economic shutdown resulting from efforts to stop the spread of COVID-19, including reductions in flights and declines in passenger volumes. The COVID-19 pandemic has adversely affected travel and travel-related industries. Airlines have reported unprecedented downturns in passenger volumes and have experienced reduced levels of passenger volumes, which in turn, have prompted them to significantly reduce, and in many cases eliminate, scheduled service.

Figure 1-2 presents the relative effect of the COVID-19 pandemic on annual U.S. passenger volumes. As presented, the associated impacts of the COVID-19 pandemic have resulted in the largest passenger declines in aviation history. As presented on this figure, the COVID-19 pandemic has been the most disruptive event to negatively impact aviation in history. While there is currently an ongoing recovery in air traffic, there is still much uncertainty on when it will recover to "pre-COVID-19" levels. However, it is generally assumed that as society continues to adapt to the virus and the spread of COVID-19 becomes more manageable (such as it is with viruses like seasonal influenza) through a combination of effective treatments, vaccines, and natural immunity, passenger confidence in air travel will be restored and the potential for air traffic to return to pre-COVID-19 levels would be likely.

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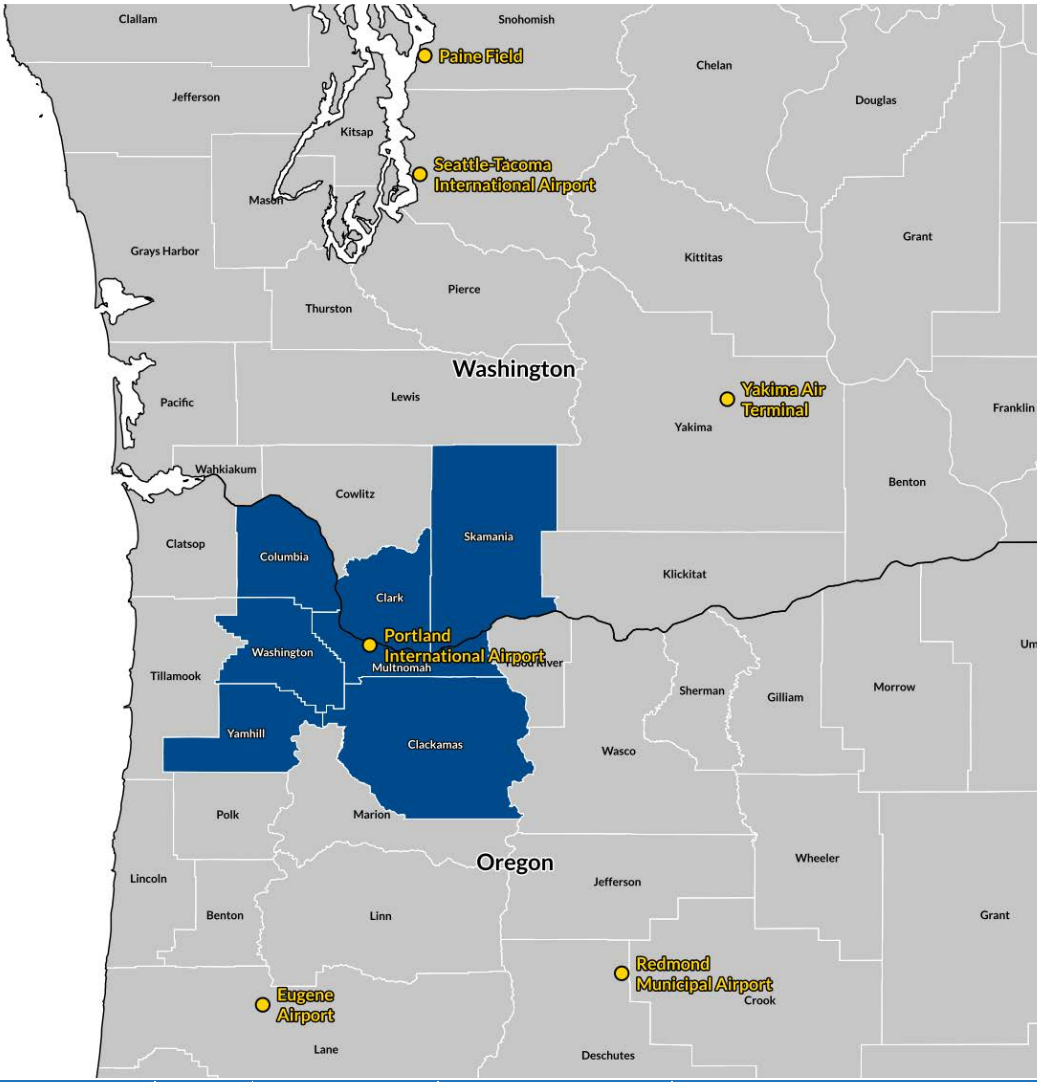
4 Interstate 5 (I-5) is a key commuter and freight transportation corridor in the Seattle metro region.

5 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 August 2021.

6 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

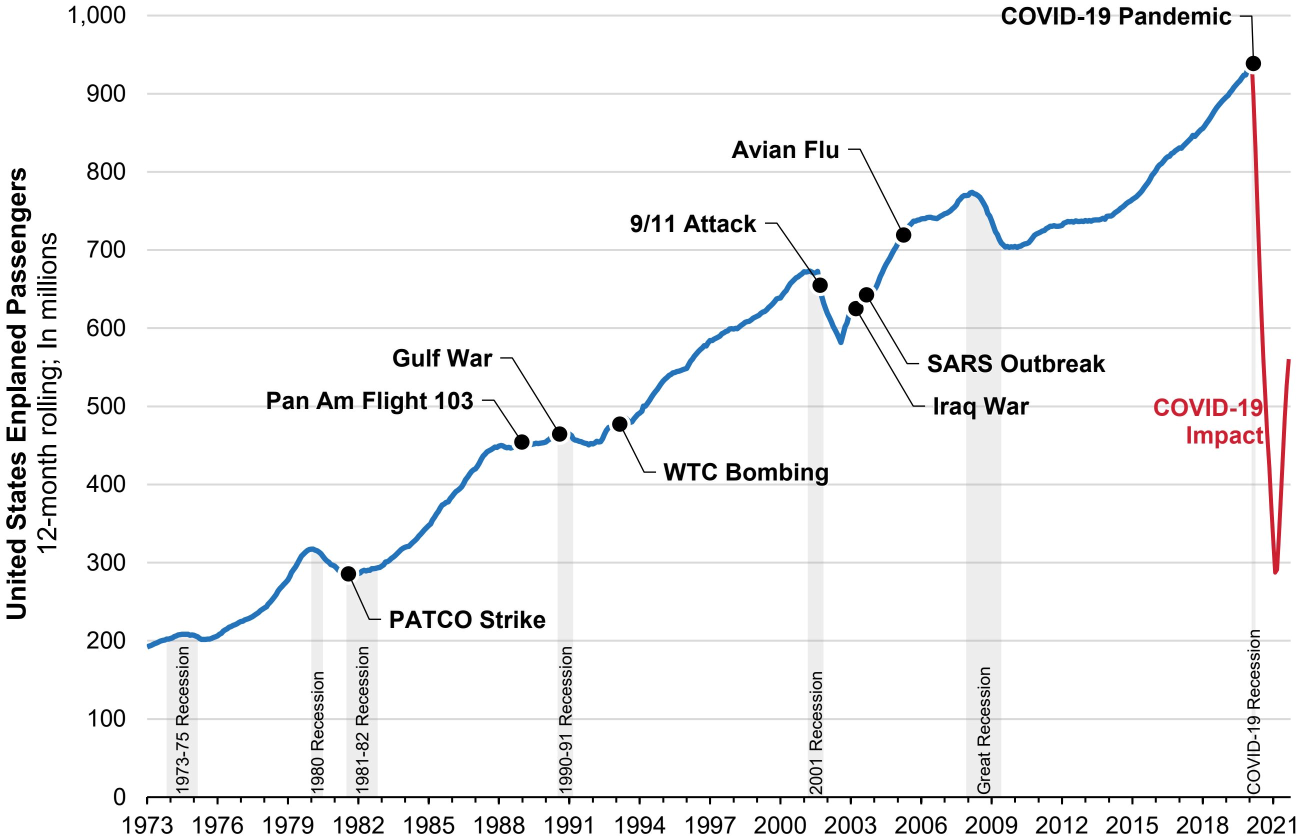


Airport	Code	FAA Airport Category	Driving Distance from the Airport	CY 2020 Enplaned Passengers (000s)
Portland International Airport	PDX	Medium Hub	-	3,439
Seattle-Tacoma International Airport	SEA	Large Hub	165 miles	9,386
Eugene Airport	EUG	Small Hub	125 miles	261
Redmond Municipal Airport	RDM	Non-Hub	144 miles	222
Yakima Air Terminal	YKM	Non-Hub	181 miles	28
Paine Field (see note)	PAE	Non-Hub	195 miles	117

Note: Scheduled commercial service at Paine Field, including service to the Airport, began in March 2019. Passenger service was suspended from May 22, 2020 to August 1, 2020 for repairs and maintenance while nationwide travel was impacted by COVID-19. Paine Field was re-opened with limited service on August 1, 2020.

Source: US DOT Reports DB1A; US DOT T100 Report, accessed via Diio Mi, accessed August 2021.

Figure 1-2 U.S. Aviation System Shocks and Recoveries (through September 2021)



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, December 2021.

In CY 2020, the Airport enplaned at least 0.25% but less than 1.0% of nationwide enplaned passengers and was, consequently, designated as a Medium Hub airport by the Federal Aviation Administration (FAA). 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. **Table 1-1** presents the rankings of the top 35 airports in terms of total enplaned passengers per the FAA for CY 2020. Overall, the Airport dropped one position in these rankings in CY 2020 from number 30 to 31. As shown, the Airport is the 3rd largest Medium Hub airport, and as passengers continue to recover, the Airport could potentially regain 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.

The Airport has historically had a diverse, stable base of air carriers. The primary network airlines along with several low-cost carriers (LCCs) operate at the Airport. When combining the passenger market share for all of the airlines under the Alaska Air Group, the carriers accounted for approximately 42.4% of enplaned passengers at the Airport during FY 2021. Alaska Air Group is the parent company to Alaska Airlines and Horizon Air. **Figure 1-3** presents the Airport's enplaned passenger market share for all airlines for FY 2021. Additional details on the Airport's air service and air traffic composition is contained in Chapter 2 of this Report.

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), 312,713 metric tons of air cargo, including both freight and mail, were loaded and unloaded at the Airport in CY 2020. Based on this data from ACI-NA, the Airport was ranked as the 22nd busiest cargo airport in the U.S. for that period. ACI-NA data indicated that the Airport had 135,329 aircraft operations[7] in CY 2020 (including all-cargo carrier operations), which ranked the Airport as the 45th busiest airport in the U.S.

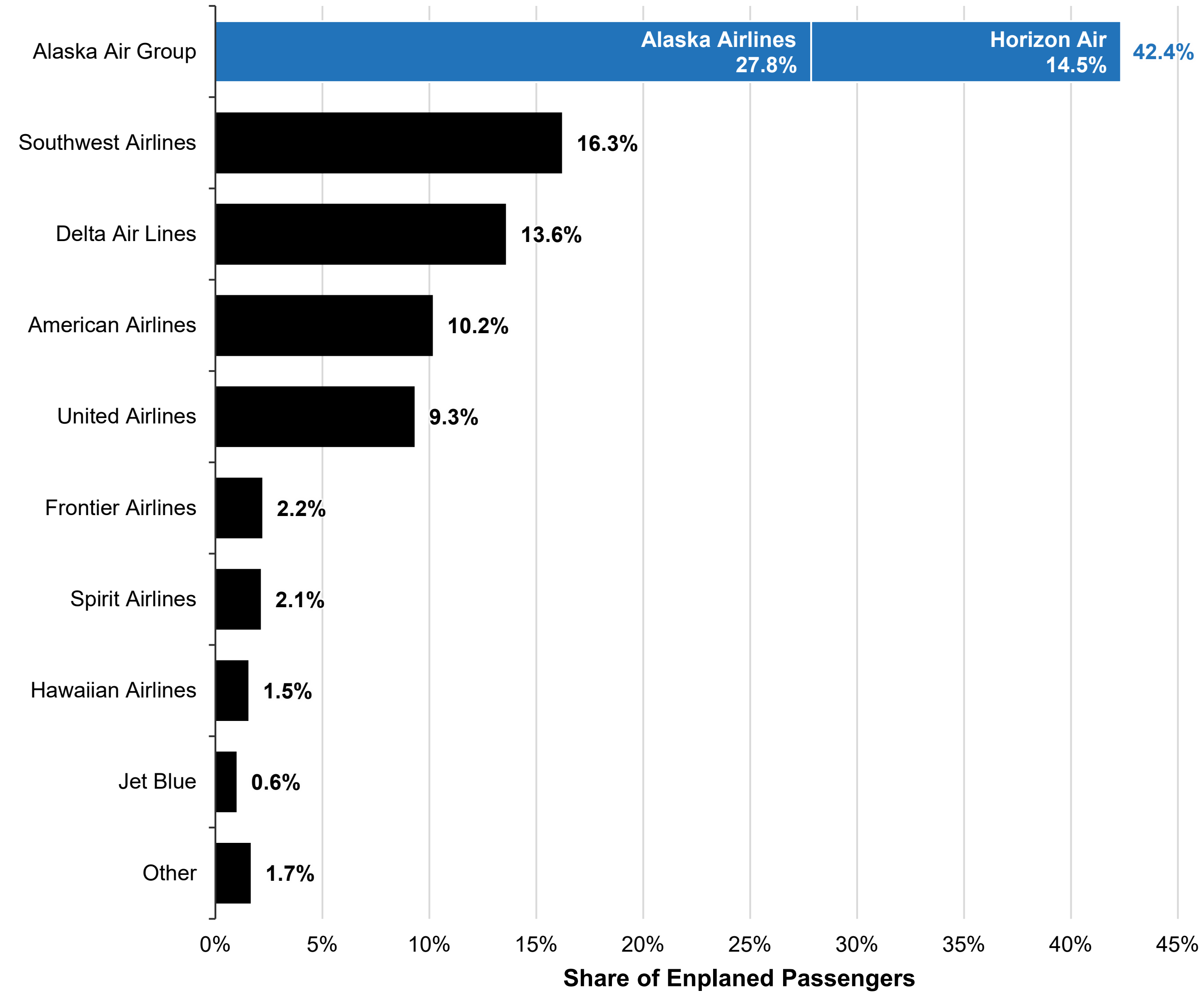
[7] An aircraft operation includes the landing, takeoff, or touch-and-go procedure by an aircraft on the runway at an airport.

Table 1-1 U.S. Airport Enplaned Passenger Rankings – Top 35 (CY 2020)

Rank	Airport Name	Airport Code	Airport Category	Enplanements (in thousands)		Percent Change
				CY 2020	CY 2019	
1	Hartsfield-Jackson Atlanta International	ATL	Large	20,560	53,506	-61.6%
2	Dallas-Fort Worth International	DFW	Large	18,593	35,779	-48.0%
3	Denver International	DEN	Large	16,243	33,593	-51.7%
4	Chicago O'Hare International	ORD	Large	14,606	40,871	-64.3%
5	Los Angeles International	LAX	Large	14,056	42,939	-67.3%
6	Charlotte/Douglas International	CLT	Large	12,953	24,200	-46.5%
7	Harry Reid International (Las Vegas)	LAS	Large	10,584	24,728	-57.2%
8	Phoenix Sky Harbor International	PHX	Large	10,531	22,434	-53.1%
9	Orlando International	MCO	Large	10,468	24,562	-57.4%
10	Seattle-Tacoma International	SEA	Large	9,462	25,002	-62.2%
11	Miami International	MIA	Large	8,786	21,421	-59.0%
12	George Bush Intercontinental/Houston	IAH	Large	8,683	21,905	-60.4%
13	John F. Kennedy International (New York)	JFK	Large	8,270	31,037	-73.4%
14	Fort Lauderdale/Hollywood International	FLL	Large	8,016	17,951	-55.4%
15	Newark Liberty International	EWR	Large	7,985	23,161	-65.5%
16	San Francisco International	SFO	Large	7,745	27,779	-72.1%
17	Minneapolis-St Paul International/Wold-Chamberlain	MSP	Large	7,070	19,193	-63.2%
18	Detroit Metropolitan Wayne County	DTW	Large	6,822	18,143	-62.4%
19	General Edward Lawrence Logan International (Boston)	BOS	Large	6,035	20,699	-70.8%
20	Salt Lake City International	SLC	Large	5,981	12,841	-53.4%
21	Philadelphia International	PHL	Large	5,753	16,006	-64.1%
22	Baltimore/Washington International Thurgood Marshall	BWI	Large	5,451	13,285	-59.0%
23	Tampa International	TPA	Large	4,967	10,979	-54.8%
24	San Diego International	SAN	Large	4,638	12,649	-63.3%
25	Chicago Midway International	MDW	Large	4,237	10,082	-58.0%
26	LaGuardia (New York)	LGA	Large	4,147	15,394	-73.1%
27	Nashville International	BNA	Large	4,014	8,936	-55.1%
28	Washington Dulles International	IAD	Large	3,863	11,884	-67.5%
29	Dallas Love Field	DAL	Medium	3,670	8,081	-54.6%
30	Ronald Reagan Washington National	DCA	Medium	3,574	11,595	-69.2%
31	**Portland International**	**PDX**	**Medium**	**3,456**	**9,797**	**-64.7%**
32	Austin-Bergstrom International	AUS	Medium	3,142	8,507	-63.1%
33	William P. Hobby (Houston)	HOU	Medium	3,127	7,070	-55.8%
34	Daniel K Inouye International (Honolulu)	HNL	Medium	3,126	9,989	-68.7%
35	St. Louis Lambert International	STL	Medium	3,042	7,774	-60.9%

Source: Federal Aviation Administration, Air Carrier Activity Information System (ACAIS), September 3, 2021.

Figure 1-3 **Enplaned Passengers Market Share at the Airport (FY 2021)**



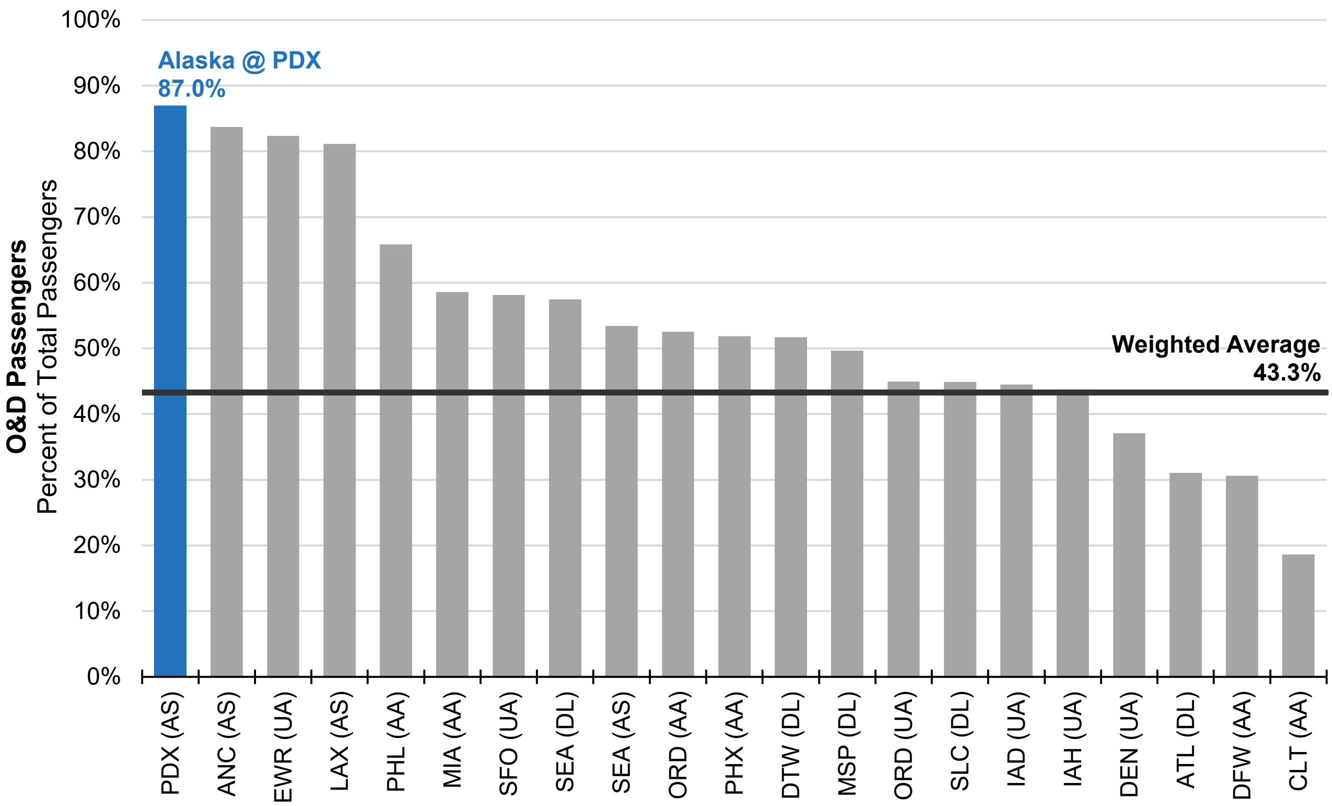
Notes: Regional affiliates, as applicable, have been included with their appropriate mainline partner. Amounts may not add because of rounding.

Source: Port of Portland, Aviation Statistics – Monthly Traffic Report August 2021.

1.1.3 Role as a Hub for Alaska Air Group

Alaska Air Group 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. In FY 2021, O&D passengers accounted for 43.3% of passengers on average at certain hubs for Alaska Air Group, Delta Air Lines, American Airlines, and United Airlines as shown below on **Figure 1-4**. By comparison, 87.0% 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 emphasized. Alaska Air Group's percent of O&D passengers at the Airport has been increasing in recent years. 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 during FY 2021, 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 1-4 presents a graphical depiction of the percent of O&D passengers for each hubbing airline at their respective hub airports.

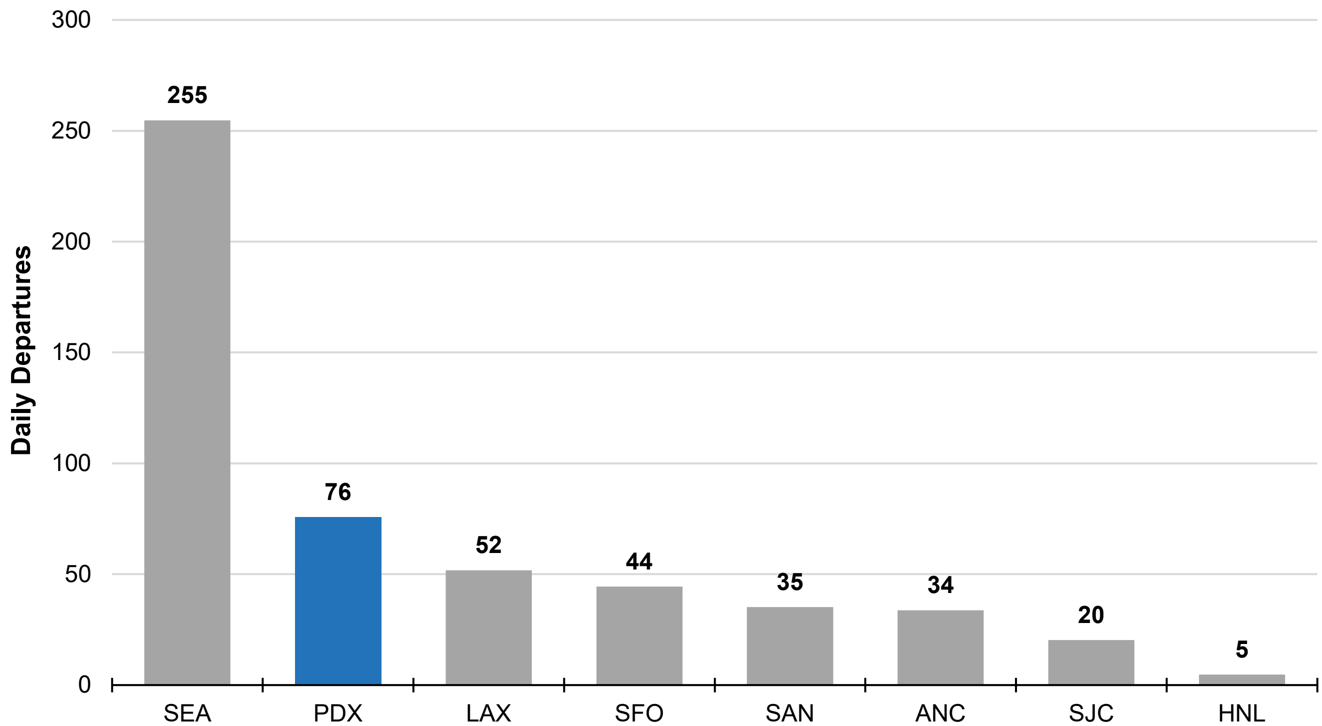
Figure 1-4 Percent of O&D Passengers at Certain U.S. Airline Hubs (FY 2021)



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

In FY 2021, Alaska Air Group had an average of 76 scheduled daily departures at the Airport, second only to SEA which had 255 average daily departures. The 76 average daily departures were 14.6% of all daily departures at Alaska Air Group's hub airports. **Figure 1-5** presents the average daily departures for each of Alaska Air Group's hub airports during FY 2021.

Figure 1-5 Average Daily Departures at Alaska Air Group Hub Airports (FY 2021)



Source: Diio Mi, Schedule – Dynamic Table, accessed December 2021, accessed January 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 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 of the ASA and present data indicative of its capability to generate demand for air transportation through the next several years.

This section also addresses the estimated impacts associated with the COVID-19 pandemic using data and information available to date. It should be noted, however, that impacts are still emerging and L&B is unable to fully quantify the effect and length of time that the COVID-19 pandemic will have on the region's economic base at this time. 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.

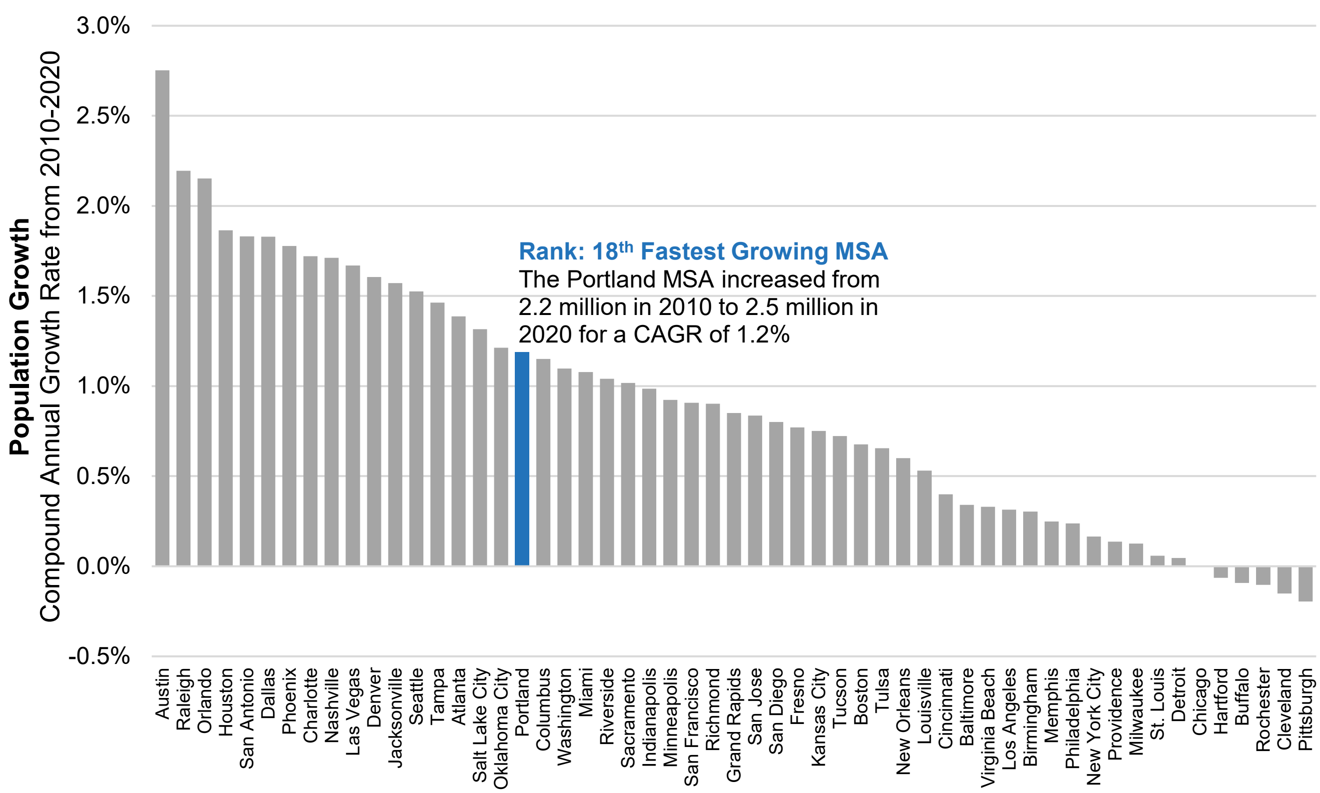
1.2.1 Socio-Economic Trends

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. is also shown to provide a basis of comparison to trends in the ASA. Where available, historical data will be presented for the 2010-2020 period, which represents the most recent 10-year trend for historical data. Also, where available, data projections through 2028 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-five (55) of the 384 MSAs in the U.S. have a population in excess of one million people, including the Portland MSA. **Figure 1-6** presents the 2010-2020 compound annual growth rates (CAGR) for population for the nation's 55 largest MSAs. The Portland MSA's rapid population growth rate ranks 18th among the nation's largest MSAs with a population greater than one million people.

Figure 1-6 Population Growth in MSAs with Population in Excess of One Million



Source: Woods & Poole Economics, Inc. 2021 Complete Economic and Demographic Data Source, June 2021. Compiled by Partners for Economic Solutions, August 2021

Table 1-2 provides 2010 and 2020 population data from Woods & Poole Economics, Inc. Between 2010 and 2020, the population in the ASA increased by 12.6% from approximately 2.2 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 2010, the ASA's population has increased at a CAGR of 1.2%, higher than the CAGR for both Oregon (1.0%) and the U.S. (0.6%).

Table 1-2 Population Trends (2010 - 2028)

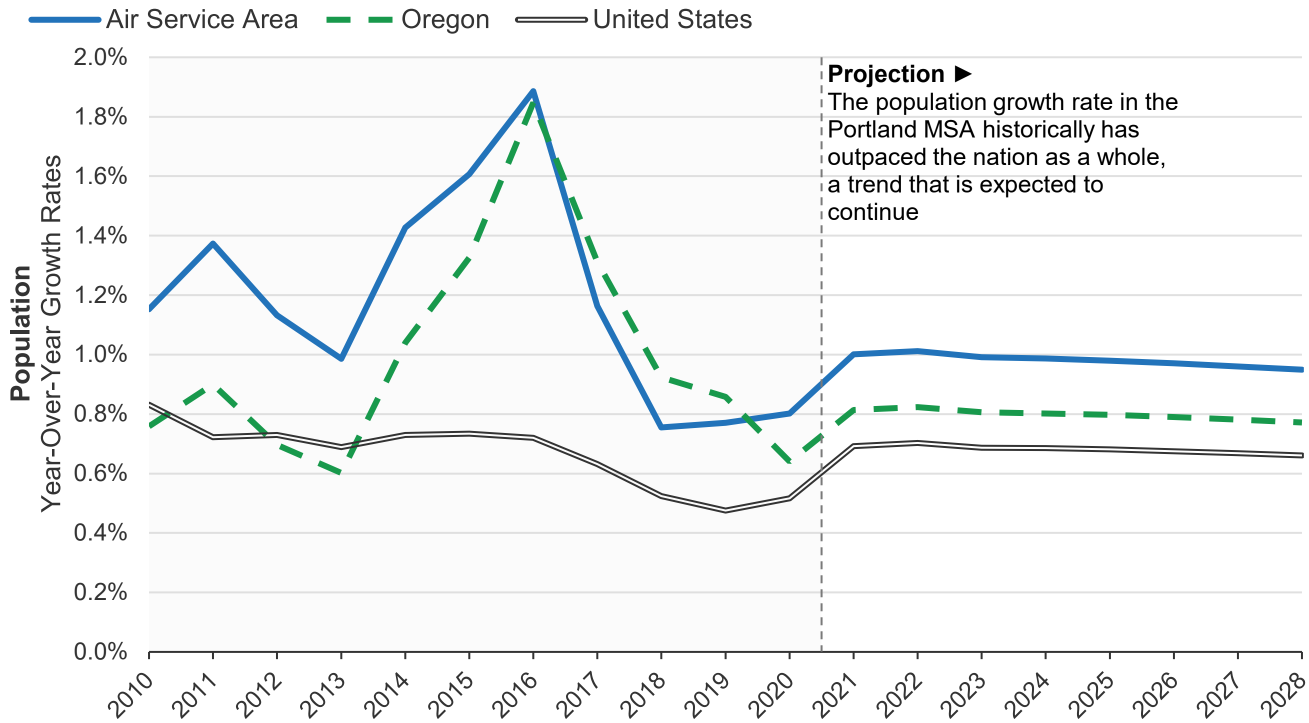
Region	Population			CAGR	
	Historical		Projection		
	2010	2020	2028	2010-20	2020-28
United States	309,321,604	329,937,588	348,359,992	0.6%	0.7%
Oregon	3,837,491	4,244,736	4,523,398	1.0%	0.8%
Air Service Area	**2,232,181**	**2,512,383**	**2,716,491**	**1.2%**	**1.0%**
Clackamas County, OR	376,788	420,784	448,838	1.1%	0.8%
Columbia County, OR	49,355	52,645	55,031	0.6%	0.6%
Multnomah County, OR	737,276	817,000	863,800	1.0%	0.7%
Washington County, OR	531,638	607,646	668,275	1.3%	1.2%
Yamhill County, OR	99,304	107,985	115,336	0.8%	0.8%
Clark County, WA	426,704	494,146	552,256	1.5%	1.4%
Skamania County, WA	11,116	12,177	12,955	0.9%	0.8%

Notes: CAGR = Compound annual growth rate.
Source: Woods & Poole Economics, Inc., 2021 Complete Economic and Demographic Data Source, June 2021. Compiled by Partners for Economic Solutions, August 2021

As shown in **Figure 1-7**, the growth rate of the population in the ASA between 2010 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, a trend that is projected to continue through 2028.

From 2020 through 2028, a population increase of approximately 204,000 is projected in the ASA, or approximately 25,500 new residents per year. Population growth in the ASA between 2020 and 2028 is projected to account for approximately 73% of the State's increased population (approximately 278,000) during the same period. These new residents are expected to generate additional demand for airline service at the Airport.

Figure 1-7 Historical and Projected Population Trends (2010 - 2028)



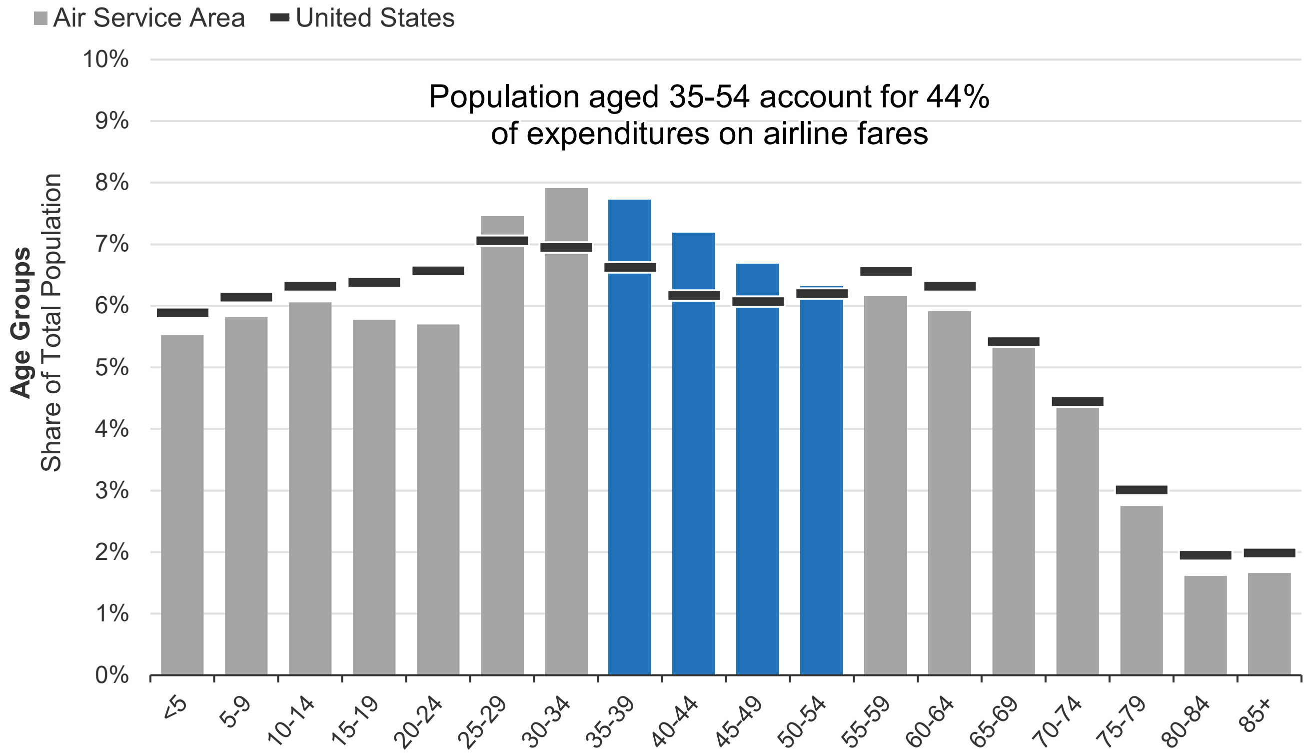
Source: Woods & Poole Economics, Inc., 2021 Complete Economic and Demographic Data Source, June 2021. Compiled by Partners for Economic Solutions, August 2021

1.2.1.2 Age Distribution

In 2020, the median age in the ASA was 38.2 years, nearly equivalent to the U.S. median age of 38.1 years and younger than the State's median age of 39.3 years.[8] 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. **Figure 1-8** presents the distribution of age groups among the population for the ASA and the U.S. In 2020, residents in the ASA aged 35 to 54 made up 27.9% of the population, compared with 25.1% 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.

8 Woods & Poole Economics, Inc., 2020 Complete Economic and Demographic Data Source, April 2020.

Figure 1-8 **Age Distribution (2020)**



Source: Woods & Poole Economics, Inc., 2021 Complete Economic and Demographic Data Source, June 2021. Compiled by Partners for Economic Solutions, August 2021

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.[9] **Figure 1-9** presents the level of educational attainment for persons aged 25 years and above. Nearly 1.3 million people, or 50.2% of the ASA's population over the age of 25, have a post-secondary degree. This percentage is significantly higher than that of both the State and the U.S. where, respectively, 44.1% and 42.3% of the population over the age of 25 have a post-secondary degree.

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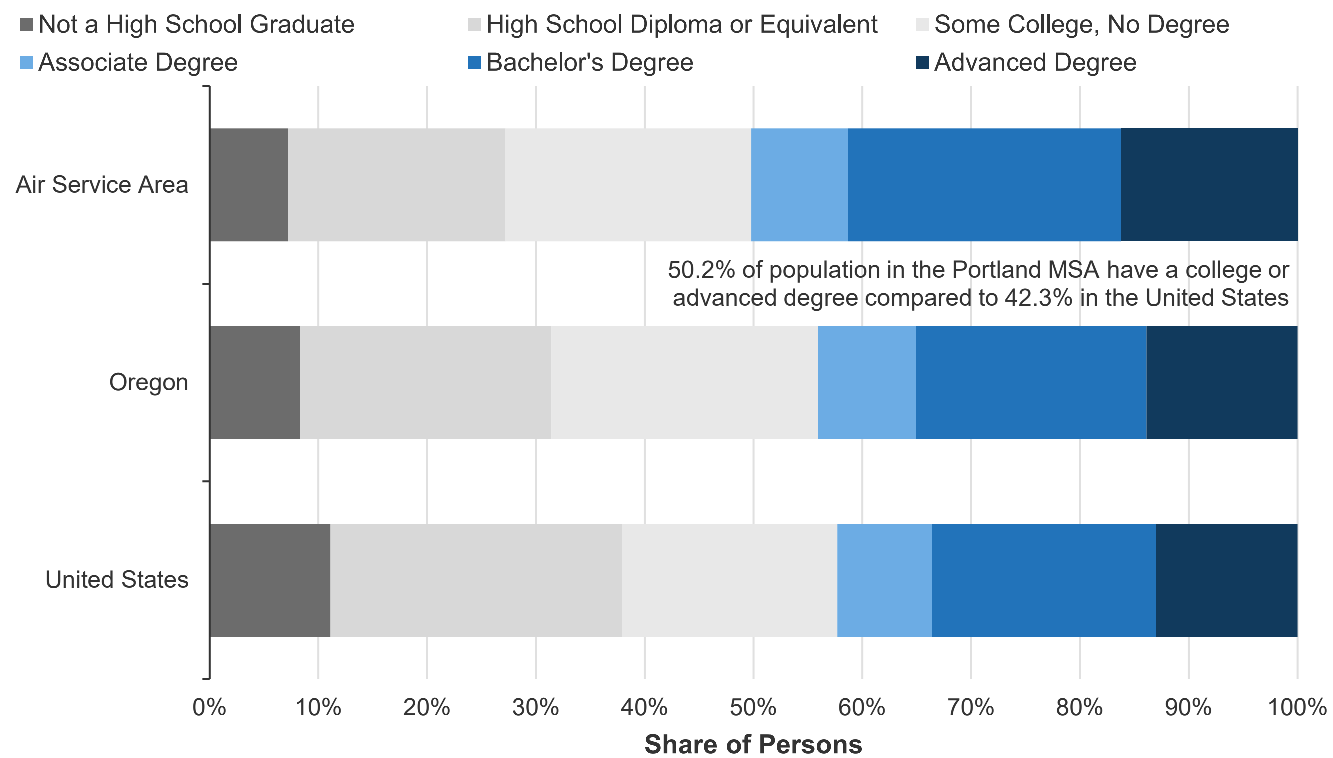
9 *Who's Buying for Travel*, 12th Edition, New Strategist Publications, 2018.

In addition to having a highly educated population, there are approximately 25 colleges, universities, and technical institutions in the ASA with a total enrollment of approximately 132,000 students.[10] 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.

Figure 1-9 Educational Attainment (2020)



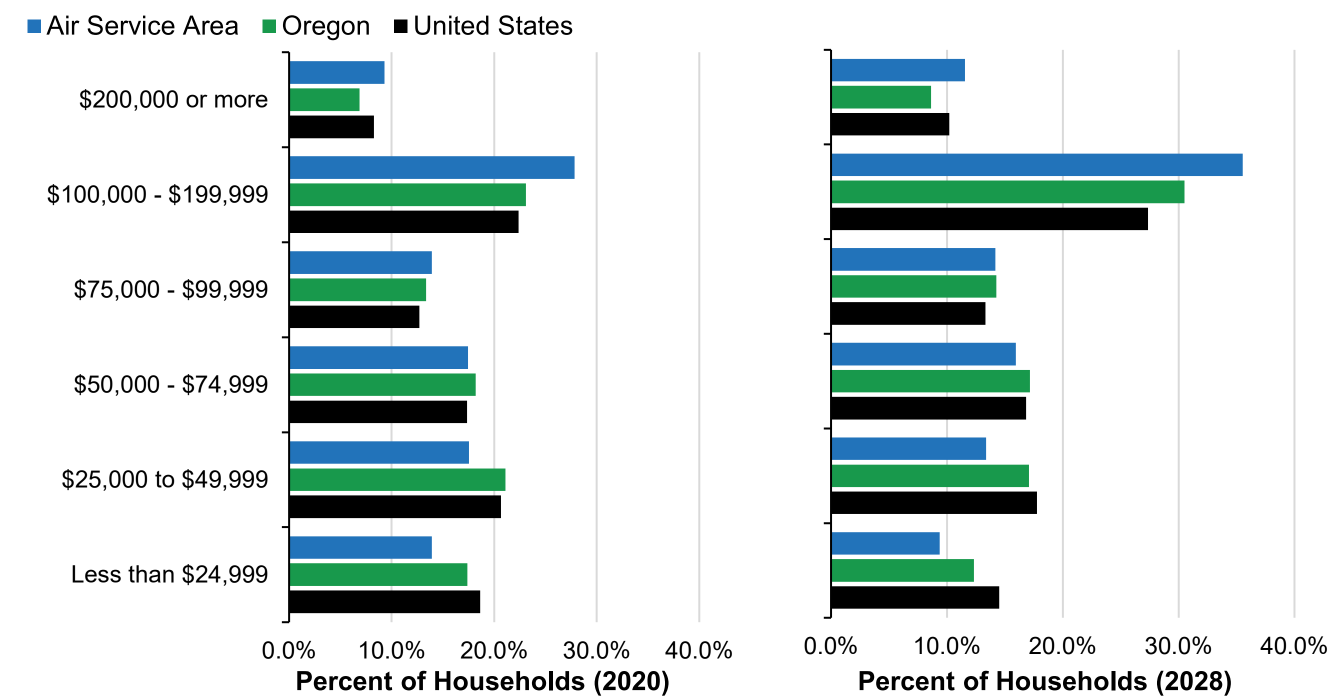
Source: Esri Market Profiles for Portland MSA, Oregon, and United States, June 2021.
Compiled by Partners for Economic Solutions, August 2021

[10] National Center for Education Statistics, https://nces.ed.gov, accessed August 2021.

1.2.1.4 Household Income

In 2020, the ASA's estimated median household income of $76,447 was 20% above the State's ($63,485) and 21% higher than that of the U.S. ($63,167).[11] This trend is expected to continue through 2028 as median household income in the ASA is projected to be $93,426, compared to $80,714 for the State and $76,497 for the U.S.[12] 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 2020, approximately 362,000 ASA households had an income of $100,000 or more. This is equal to approximately 37% of all ASA households. 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.[13] **Figure 1-10** presents the household income distribution. The number of households with income greater than $100,000 in the ASA is projected to increase by approximately 145,000 between 2020 and 2028 and is projected to account for 47% of all ASA households. In the State and the U.S., households earning $100,000 and above are projected to account for 39% and 38%, respectively, of total households in 2028.

Figure 1-10 Household Income Distribution (2020 vs. 2028)



Notes: Amounts are shown in current dollars, i.e., 2020 data are shown in 2020 dollars and 2028 data are shown in 2028 dollars.
Calculations of 2020 and 2028 median household income and household income distribution are based on 2021 and 2028 estimates from Esri.

Source: Esri Market Profiles for Portland MSA, Oregon, and United States, June 2021.
Compiled by Partners for Economic Solutions, August 2021

11 In 2020 dollars, Esri Market Profiles for the Portland MSA, Oregon, and United States.
12 In 2028 dollars, Esri Market Profiles for the Portland MSA, Oregon, and United States.
13 *Who's Buying for Travel*, 12th Edition, New Strategist Publications, 2018.

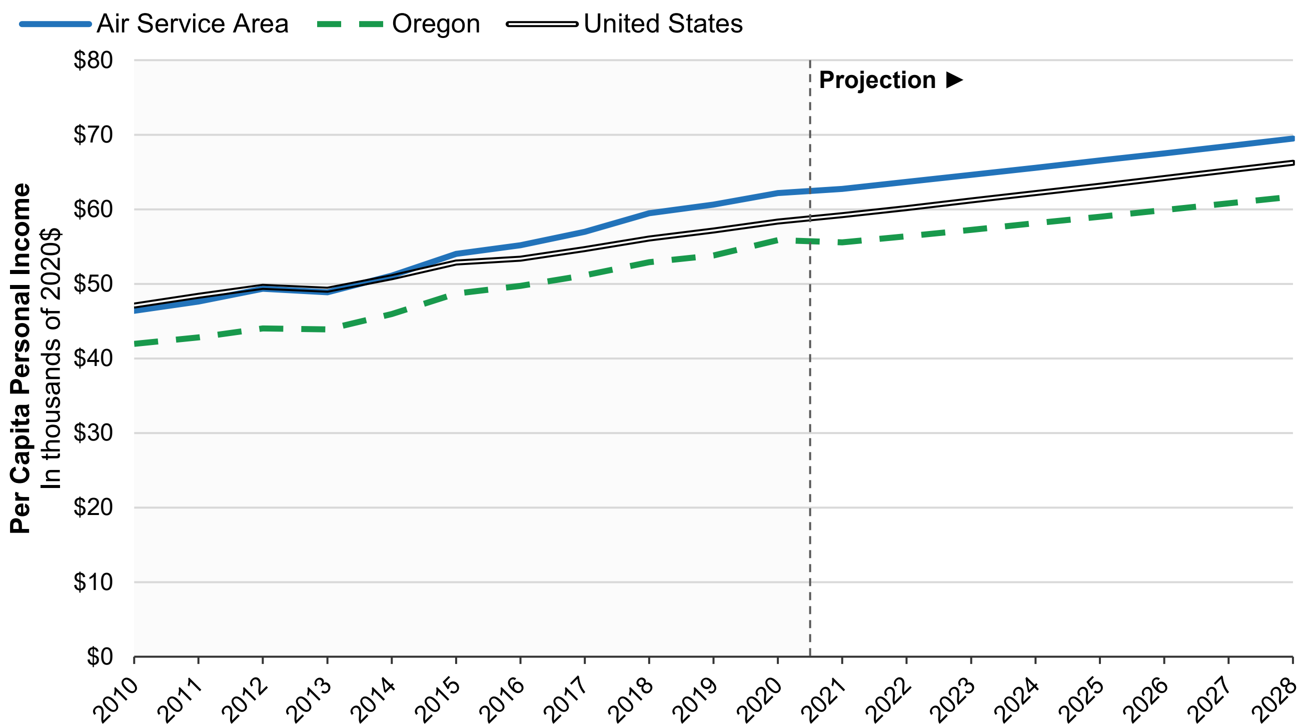
1.2.1.5 *Per Capita Personal Income*

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 1-11 presents annual per capita income between 2010 and 2020. From 2010 through 2013, in the aftermath of the Great Recession, per capita personal income in the ASA dipped below that of the U.S. by an average of 1.0% annually. However, from 2014 through 2020 this trend reversed, and the ASA's per capita personal income surpassed that of the U.S. by an average of 4.1% annually. Per capita personal income in the ASA increased at a CAGR of 3.3% between 2014 and 2020, equal to the CAGR for the State and higher than the U.S. rate (2.3%).

Projections for 2028 in Figure 1-10 show that per capita income in the ASA is expected to increase from $62,166 in 2020 to $69,482 in 2028. This increase represents a CAGR of 1.4% for the ASA and is above the CAGR for the State (1.3%) and below that of the U.S. (1.6%) between 2020 and 2028.

Figure 1-11 Historical and Projected Per Capita Personal Income (2010 - 2028)



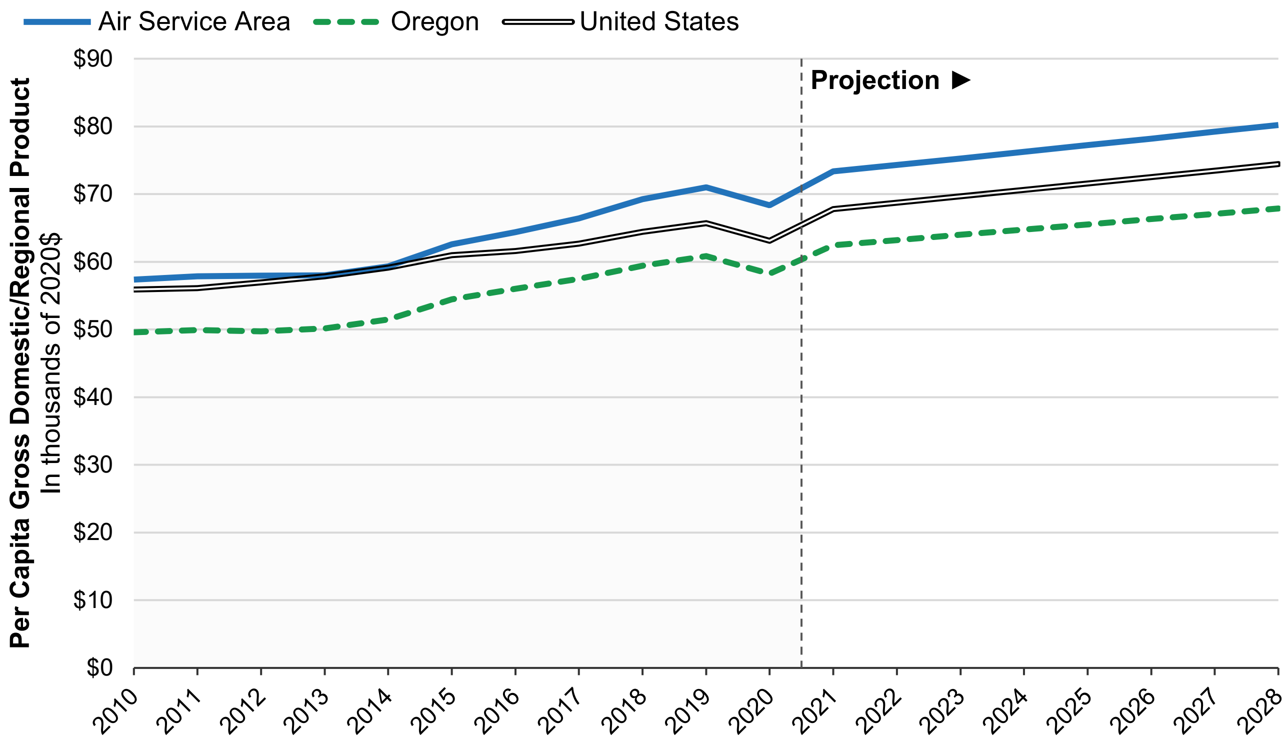
Source: Woods & Poole Economics, Inc., 2021 Complete Economic and Demographic Data Source, June 2021. Compiled by Partners for Economic Solutions, August 2021

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 1-12 presents annual per capita GRP and annual U.S. per capita GDP. The ASA's per capita GRP increased from $57,368 in 2010 to $68,344 in 2020, reflecting a CAGR of 1.8% over that time period. Per capita GRP in the State increased at a CAGR of 1.6%, and per capita GDP in the U.S. had a CAGR of 1.2% from 2010 through 2020. Projections in Figure 1-11 show per capita GRP in the ASA increasing from $68,344 in 2020 to $80,202 in 2028. This increase represents a CAGR of 2.0% for the ASA and is generally equal to the CAGR for both Oregon and the U.S. between 2020 and 2028.

Figure 1-12 Historical and Projected Per Capita Gross Regional and Gross Domestic Product (2010 - 2028)



Source: Woods & Poole Economics, Inc., 2021 Complete Economic and Demographic Data Source, June 2021. Compiled by Partners for Economic Solutions, August 2021

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 (2010-November 2021)

Figure 1-13 includes annual civilian labor force and unemployment data from 2010 through November 2021. Data in Figure 1-13 show that between 2010 and 2020, the ASA's labor force increased at a CAGR of 0.9%—a higher rate than the labor force CAGR in both the State and the U.S. (0.6%). In absolute terms, the labor force in the ASA increased by approximately 117,000 workers between 2010 and 2020.

The ASA's annual unemployment rate was below the State's in all years from 2010 through 2020. Similarly, the annual unemployment rate in the ASA was lower than that of the U.S. from 2011 through 2020; in 2010, the Air Service's annual unemployment rate was 0.5 percentage points above the U.S. rate.

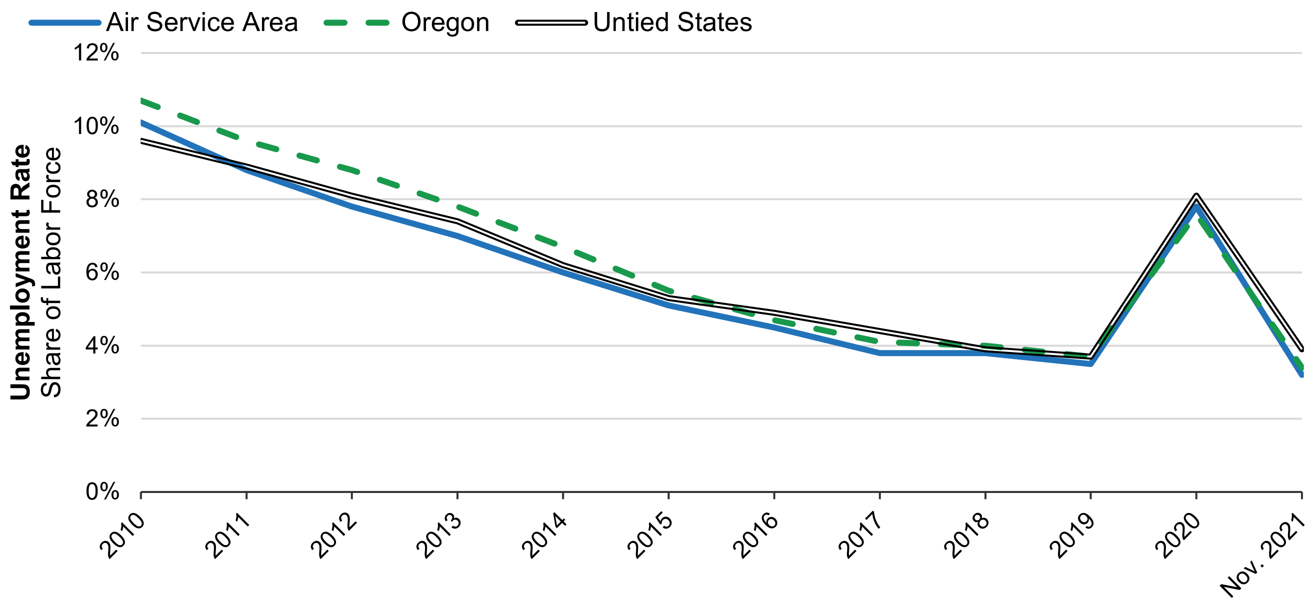
The global pandemic has had a major impact on employment throughout the nation starting in March 2020. Details about these impacts are described below. In terms of recent unemployment rates, Figure 1-13 shows that in November 2021, the non-seasonally adjusted unemployment rate in the ASA was 3.2%. This figure is far below the ASA's 7.8% annual unemployment rate in 2020 and it reflects the region's ongoing economic recovery. The ASA's November 2021 non-seasonally adjusted unemployment rate of 3.2% was below the non-seasonally adjusted rate in both Oregon (3.4%) and the U.S. (3.9%).[14]

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 2010, 2020, and a projection for 2028. Between 2010 and 2020, the ASA gained approximately 260,000 jobs and experienced relatively stronger job growth in construction, transportation/utilities, and information compared to the U.S. The ASA's most significant job growth from 2010 to 2020 occurred in services (79,000), transportation/utilities (35,000), construction (32,000), and health care (31,000). For the period of 2020 through 2028, the ASA's total employment is projected to increase at a similar CAGR to the U.S. at 2.3%. Key sectors where the ASA is projected to grow at a faster rate than the U.S. include manufacturing, health care, leisure/hospitality, and services. The ASA is projected to grow at a slower rate than the U.S. in the construction sector.

[14] In November 2021, the seasonally adjusted unemployment rate was 4.2% in both Oregon and the U.S. Seasonally adjusted labor force data are not available for the Air Service Area.

Figure 1-13 Civilian Labor Force and Unemployment Rate (2010 - November 2021)



Year	Civilian Labor Force			Unemployment Rate		
	ASA	Oregon	United States	ASA	Oregon	United States
2010	1,206,546	1,991,749	139,064,000	10.1%	10.7%	9.6%
2011	1,213,033	1,995,931	139,869,000	8.8%	9.6%	8.9%
2012	1,203,502	1,964,662	142,469,000	7.8%	8.8%	8.1%
2013	1,187,578	1,924,692	143,929,000	7.0%	7.8%	7.4%
2014	1,206,011	1,950,128	146,305,000	6.0%	6.7%	6.2%
2015	1,230,122	1,979,475	148,834,000	5.1%	5.5%	5.3%
2016	1,270,456	2,042,929	151,436,000	4.5%	4.7%	4.9%
2017	1,298,648	2,080,801	153,337,000	3.8%	4.1%	4.4%
2018	1,305,704	2,087,262	155,761,000	3.8%	4.0%	3.9%
2019	1,328,129	2,106,948	157,538,000	3.5%	3.7%	3.7%
2020	1,323,363	2,104,657	147,795,000	7.8%	7.6%	8.1%
Nov. 2021	1,370,065	2,169,316	162,099,000	3.2%	3.4%	3.9%
Compound Annual Growth Rates						
2010-2020	0.9%	0.6%	0.6%	NA	NA	NA

Notes: November 2021 data are not seasonally adjusted. In November 2021, the seasonally adjusted unemployment rate was 4.2% in the State and 4.2% 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, January 2022.
Compiled by Partners for Economic Solutions, January 2022

Table 1-3 Historical and Projected Employment by Industry (2010 - 2028)

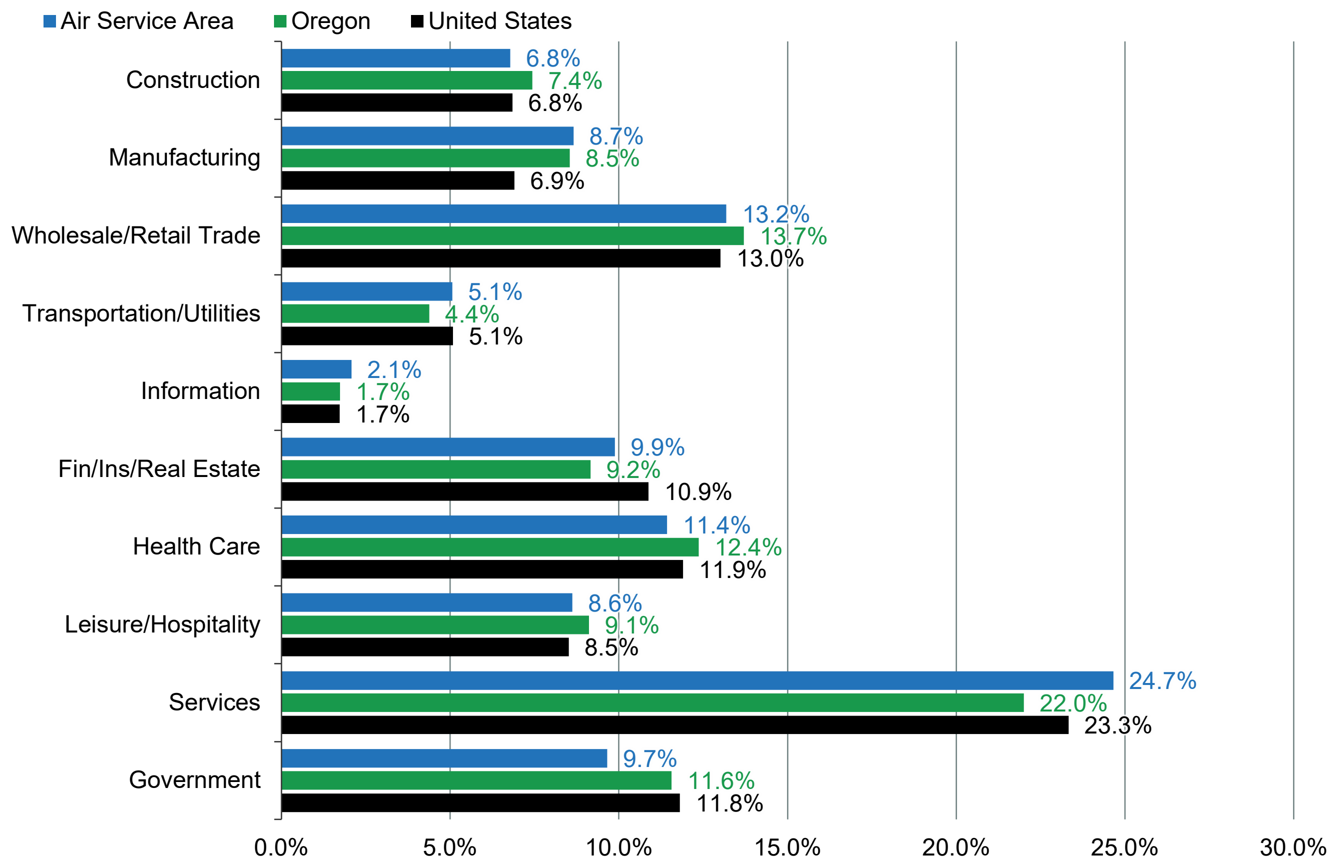
Industry[1]	Air Service Area				United States			
	Historical		Projection	CAGR 2020-28	Historical		Projection	CAGR 2020-28
	2010	2020	2028		2010	2020	2028	
Construction[2]	72,013	104,381	111,417	0.8%	10,892,130	12,806,002	14,108,051	1.2%
Manufacturing	113,571	133,155	141,375	0.8%	12,092,903	12,921,572	13,487,901	0.5%
Wholesale/ Retail Trade	187,248	202,864	218,461	0.9%	23,591,613	24,348,060	26,463,087	1.0%
Transportation/ Utilities	42,878	77,931	92,215	2.1%	6,048,575	9,507,480	11,348,282	2.2%
Information	28,668	31,954	34,694	1.0%	3,222,604	3,226,514	3,557,584	1.2%
Fin/Ins/Real Estate	128,621	152,070	182,313	2.3%	16,891,398	20,352,030	25,382,554	2.8%
Health Care	144,727	175,872	220,913	2.9%	19,081,843	22,260,961	27,628,022	2.7%
Leisure/ Hospitality	121,216	132,636	203,162	5.5%	15,761,711	15,922,696	23,774,700	5.1%
Services	299,774	379,371	481,401	3.0%	38,010,999	43,636,940	54,472,610	2.8%
Government	139,633	148,503	159,727	0.9%	22,572,000	22,092,502	23,612,728	0.8%
Total	**1,280,359**	**1,540,757**	**1,847,706**	**2.3%**	**168,167,786**	**187,076,777**	**223,837,547**	**2.3%**

1 Civilian nonagricultural employment only.
2 Includes mining and forestry employment.
Source: Woods & Poole Economics, Inc., 2021 Complete Economic and Demographic Data Source, June 2021. Compiled by Partners for Economic Solutions, August 2021

Figure 1-14 graphically presents the share of employment by industry. As shown, the ASA had a 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 2020. The ASA's 2028 employment projection reflects the addition of approximately 307,000 jobs with the largest gains in services (102,000), leisure/hospitality (70,000), health care (45,000), and finance/insurance/real estate (30,000).

Data in Table 1-3 and Figure 1-14 indicate that the ASA has a diversified employment base that would be expected to generate additional demand for airline service at the Airport.

Figure 1-14 Employment by Industry (2020)

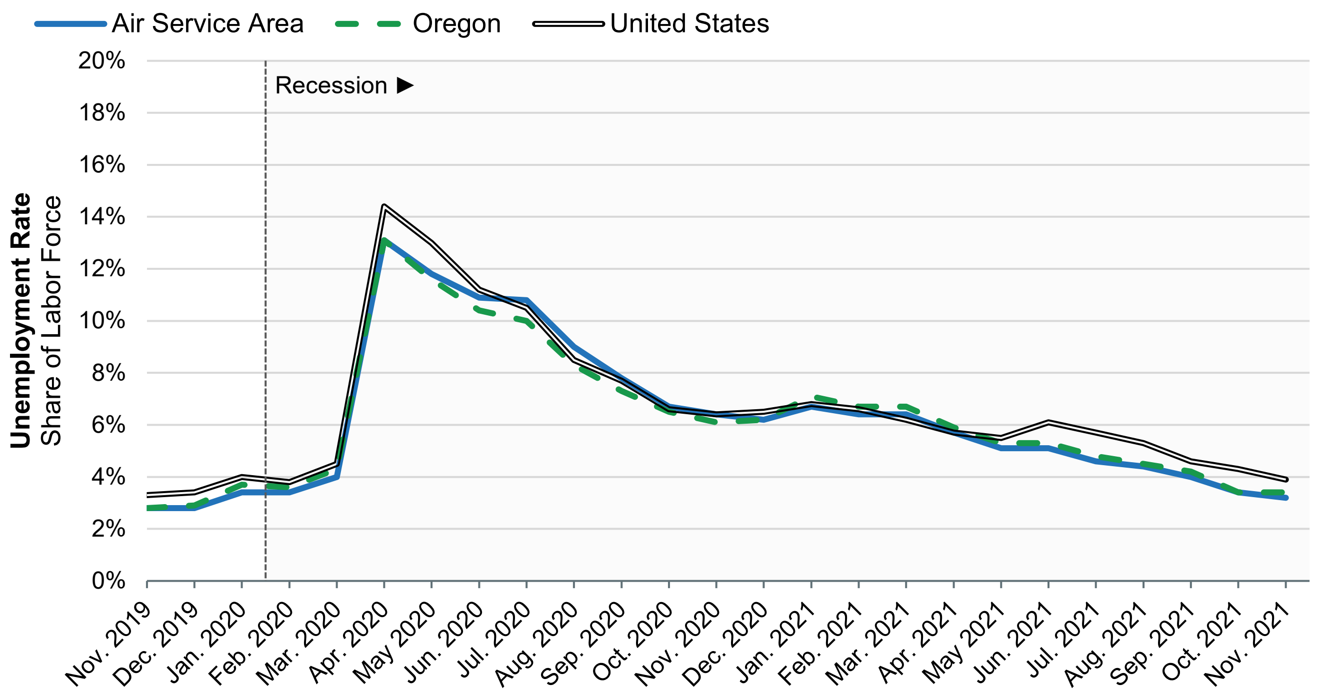


Notes: Civilian, nonagricultural employment only. Construction includes mining and forestry employment.
Source: Woods & Poole Economics, Inc., 2021 Complete Economic and Demographic Data Source, June 2021.
Compiled by Partners for Economic Solutions, August 2021

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 1-15** shows that the ASA's unemployment rate decreased by 9.9 percentage points from a peak of 13.1% in April 2020 to 3.2% in November 2021 (non-seasonally adjusted) as the economy has been recovering from the impacts associated with the COVID-19 pandemic. The State's non-seasonally adjusted unemployment rate of 3.4% in November 2021 was 9.7 percentage points below its peak non-seasonally adjusted unemployment rate of 13.1% in April 2020. Overall U.S. unemployment recovered by 10.5 percentage points from 14.4% in April 2020 to 3.9% in November 2021 (non-seasonally adjusted).

Figure 1-15 Unemployment Rates (November 2019 - November 2021)

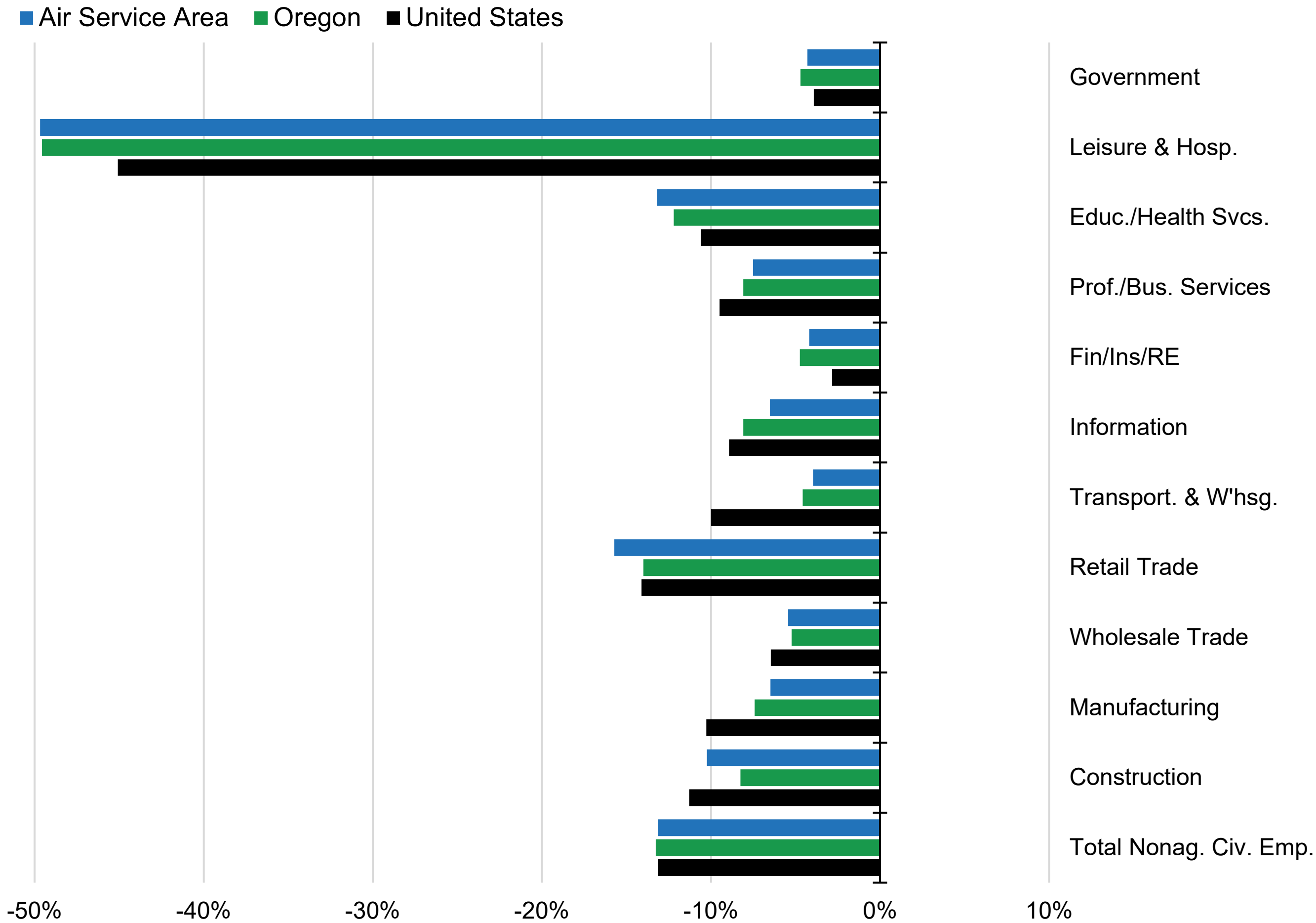


Note: Not seasonally adjusted.
Source: U.S. Department of Commerce, Bureau of Labor Statistics, January 2022.
Compiled by Partners for Economic Solutions, January 2022.

1.2.2.4 Change in Industry Employment Following the Impacts of COVID-19

Figure 1-16 shows percent changes in total nonagricultural employment and in employment in selected industries between March and April 2020, the period when the ASA's unemployment rate peaked. The most significant job losses in the ASA occurred in leisure/hospitality, retail trade, education/health care, and finance/insurance/real estate. Compared to the U.S. overall, declines in ASA employment were less severe in transportation/warehousing, manufacturing, information, and professional/business services between March 2020 and April 2020.

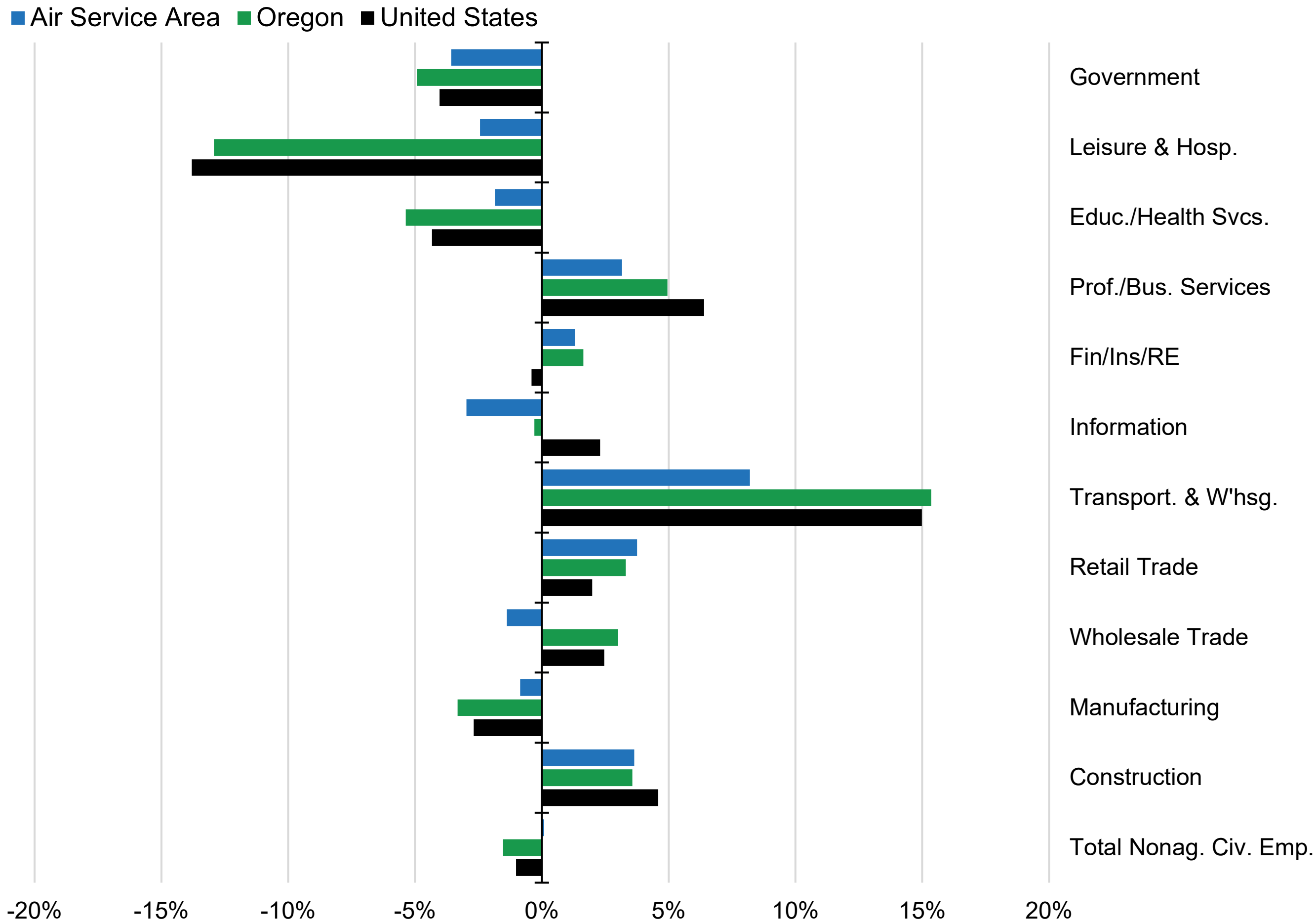
Figure 1-16 **March 2020 - April 2020 Percent Change in Industry Employment**



Note: Not seasonally adjusted.
Source: U.S. Department of Commerce, Bureau of Labor Statistics; Oregon Employment Department, Labor Market Information Division, December 2021.
Compiled by Partners for Economic Solutions, December 2021.

Figure 1-17 shows that in November 2021 jobs in leisure/hospitality, government, education/health care, manufacturing, and finance/insurance/real estate remained below their March 2020 levels. However, comparing Figure 1-17 to Figure 1-16, shows that employment in many ASA industries has improved significantly since the initial wave of job losses between March and April 2020. In November 2021 the ASA had a greater number of jobs in construction, wholesale trade, retail trade, transportation/warehousing, information, and professional/business services than it did in March 2020.

Figure 1-17 March 2020 - November 2021 Percent Change in Industry Employment

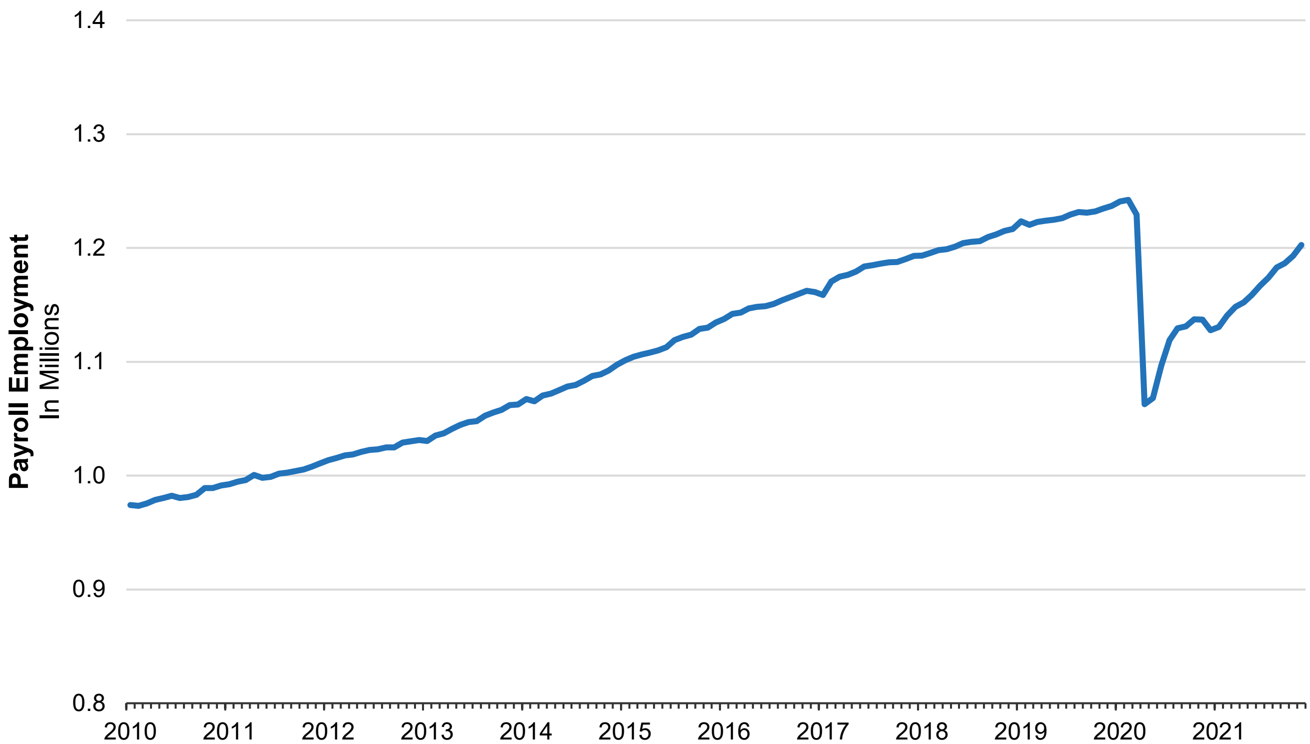


Note: Not seasonally adjusted.
Source: U.S. Department of Commerce, Bureau of Labor Statistics; Oregon Employment Department, Labor Market Information Division, January 2022.
Compiled by Partners for Economic Solutions, January 2022.

1.2.2.5 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 November 2021. **Figure 1-18** shows that total non-farm payroll employment in the ASA dropped from a 10-year annual high in 2019 to a record loss of approximately 166,000 jobs by April 2020. However, the ASA has recovered approximately 84% of this loss, regaining approximately 140,000 jobs between April 2020 and November 2021.

Figure 1-18 Total ASA Non-Farm Payroll Employment (January 2010 - November 2021)



Note: Total nonfarm employment of workers on payrolls, seasonally adjusted.
Source: U.S. Department of Commerce, Bureau of Labor Statistics, January 2022.
Compiled by Partners for Economic Solutions, January 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 six "Fortune 1000" corporations are headquartered in Oregon. Led by Nike (ranked 85th), these six companies employ a worldwide total of approximately 115,000 workers. With combined annual revenue of approximately $51 billion, these companies operate globally, and their activities extend to a network of approximately 400 overseas offices, manufacturing plants and other facilities.[15]

[15] Uniworld Online, www.uniworldonline.com, accessed August 2021.

Table 1-4 Oregon Fortune 1000 Company Headquarters (2021)

Fortune Rank	Company	2020 Revenue ($M)	Total Employees Worldwide	Industry	HQ Location
85	Nike	$34,403.0	75,400	Apparel	Beaverton
231	Lithia Motors	$13,124.3	14,538	Automotive	Medford
785	Greenbrier	$2,792.2	10,600	Transportation	Lake Oswego
841	Columbia Sportswear	$2,501.6	7,275	Apparel	Portland
926	Portland General Electric	$2,145.0	3,639	Utilities	Portland
978	Teledyne FLIR	$1,923.7	4,179	Electronics	Wilsonville

Note: Based on 2020 revenue.
Source: Fortune.com, August 2021.
Compiled by Partners for Economic Solutions, August 2021

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 (2020)

Rank	Name	City	Industry	Employees in Area Service Area
1	Intel	Hillsboro, OR	Semiconductors	21,394
2	Providence Health & Services	Portland, OR	Health Care	19,326
3	Oregon Health & Science University	Portland, OR	Education	17,741
4	Legacy Health	Portland, OR	Health Care	12,896
5	Kaiser Permanente	Portland, OR	Health Care	12,074
6	Nike Inc. (85)[1]	Beaverton, OR	Apparel	12,000
7	Fred Meyer Stores	Portland, OR	Retailer	8,163
8	City of Portland	Portland, OR	Government	7,409
9	Portland Public Schools	Portland, OR	Education	7,005
10	Beaverton School District	Beaverton, OR	Education	5,646
11	Multnomah County	Portland, OR	Government	5,070
12	Vancouver Public Schools	Vancouver, WA	Education	4,609
13	PeaceHealth	Vancouver, WA	Health Care	4,482
14	Walmart Inc.	Various[2]	Retailer	4,425
15	Wells Fargo	Portland, OR	Financial Services	3,900
16	U.S. Bank	Portland, OR	Financial Services	3,820
17	U.S. Postal Service	Portland, OR	Government	3,818
18	U.S. Department of Veterans Affairs	Portland, OR	Government	3,698
19	Portland Community College	Portland, OR	Education	3,628
20	TriMet	Portland, OR	Public Transit	3,304
21	Precision Castparts Corp.	Portland, OR	Manufacturing	3,300
22	Portland State University	Portland, OR	Education	3,229
23	Evergreen Public Schools	Vancouver, WA	Education	2,716
24	Portland General Electric (926)[1]	Portland, OR	Utilities	2,500
25	Oregon Department of Human Services	Portland, OR	Government	2,427

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

Sources: 2021 Book of Lists," Largest Employers in the Portland Metro Area" (June 2020), *Portland Business Journal*; *Clark County Washington Annual Comprehensive Annual Financial Report*, FY Ended 31 December 2020, Clark County Auditor, https://clark.wa.gov/auditor/financial-reports, accessed August 2021.
Compiled by Partners for Economic Solutions, August 2021

1.2.3.2 Business Climate

The business climate in the ASA is supported by a highly educated, skilled workforce, nationally recognized K-12 public schools, and a community college system with specialized workforce training. The ASA also has a favorable tax structure with no taxes levied on sales or inventory (in the State), no corporate or personal income tax (in Washington), and tax incentive programs in both states to encourage investment.[16]

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 addition, a region with a high quality of life encourages voluntary relocation by existing employees who will be a critical driver of the success of a new facility location.[17] 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.[18]

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. 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 2018, prominent firms that have moved to or expanded in the ASA include 10net, AbSci, Adidas, Apple (Cupertino, CA), Black Yak (Seoul, Korea), Coinbase (San Francisco, CA), Columbia Distributing, Columbia Sportswear, designaffairs (Munich, Germany), Diamond WTG Engineering & Services Inc. (Newport Beach, CA), DWFritz Automation, Edwards Vacuum (Burgess Hill, UK), Element Six (Oxford, UK), Genentech (South San Francisco), GrowthPlug (San Jose, CA), JSR Micro (Sunnyvale, CA), KoMiCo (Austin, TX), Microsoft (Redmond, WA), nLight, On (Clearwater, FL), OROS Apparel (Cincinnati, OH), PeaceHealth (Bellevue, WA), RealWear (Milpitas, CA), Twist Bioscience (San Francisco, CA), Verto Education (Berkeley, CA), and ZoomInfo.[19]

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[16] Columbia River Economic Development Council, https://www.credc.org/relocate, accessed August 2021.

[17] Oregon's Tax Structure, Business Oregon, https://www.oregon4biz.com/Oregon-Business/Climate/Tax-Structure; Oregon's Incentives, Business Oregon, https://www.oregon4biz.com/Oregon-Business/Tax-Incentives, accessed August 2021.

[18] 35th Annual Survey of Corporate Executives Commentary: Labor Costs, Taxes/Incentives, Quality of Life Taking Priority," Q1 2021, *Area Development*, https://www.areadevelopment.com/Corporate-Consultants-Survey-Results/Q1-2021/labor-costs-taxes-incentives-quality-of-life-chris-volney.shtml, accessed August 2021.

[19] News, Greater Portland Inc., https://www.greaterportlandinc.com/news-events/news.html; "Greater Portland: Transforming the Local Economy," Q1 2019, *Area Development*, https://www.areadevelop ment.com/ContributedContent/Q1-2019/greater-portland-transforming-the-local-economy.shtml; "Columbia Distributing Plans Warehouse Hub in Canby, Oregon," 6 May 2019, *Area Development*, https://www.areadevelopment.com/newsitems/5-6-2019/columbia-distributing-meritage-trammell-crow-company-canby-oregon.shtml; "GPI Brought 3 New HQs to Greater Portland in 2019," 19 December 2019, Greater Portland Inc., https://www.greaterportlandinc.com/news-events/news/business-tribune-column--gpi-brought-3-new-hqs-to-greater-portland-in-2019; "Oregon Insight: Clark County's Economy has been Roaring," 26 January 2020, *The Oregonian*, https://www.oregonlive.com/business/2020/01/oregon-insight-clark-countys-economy-has-been-roaring.html; "Genentech Doubles Down on Greater Portland with $175M Hillsboro Investment," 12 February 2021, Greater Portland Inc., https://www.greaterportlandinc.com/news-events/news/genentech-doubles-down-on-greater-portland-with-175m-hillsboro-investment; "Microsoft Announces Plans to Open Hillsboro Engineering Hub, Hire Staff," 19 May 2021, *Portland Business Journal*, https://www.bizjournals.com/portland/news/2021/05/19/microsoft-opens-engineering-hub-in-hillsboro.html; "Twist Bioscience Doubles Wilsonville Lease, Qualifies for New Tax Incentive Program," 17 June 2021, Greater Portland Inc., https://www.greaterportlandinc.com/news-events/news/twist-bioscience-doubles-wilsonville-lease-qualifies-for-new-tax-incentive-program, accessed August 2021.

Intel is the ASA's largest employer and is one of the world's largest semiconductor chip manufacturers and a developer of microprocessors found in personal computers. Intel is increasing its R&D and manufacturing capacity in the ASA to develop its next generation of semiconductor chips. The $3 billion expansion of Intel's D1X chip factory at its Hillsboro campus is expected to be completed in 2022. Intel combines research and manufacturing at its Oregon facilities to develop new classes of microprocessors. These advancements are then applied throughout the company's U.S. and international facilities. Intel recently announced plans to expand into contract manufacturing to help boost domestic chip supplies and provide a U.S.-based alternative for companies that design their own chips but outsource production to semiconductor foundries in Asia. With 21,000 workers in Oregon, Intel is the state's largest private employer.[20]

1.2.4 Regional Tourism and Visitors

Approximately 12.39 million overnight visitors traveled to the ASA in 2019, representing a 1.5% increase in the number of overnight visitors in 2018 (12.20 million). These visitors generated approximately $6.1 billion in direct spending in the ASA and approximately $279.1 million in state and local tax revenue in 2019.[21] In 2020, travel restrictions resulting from the COVID-19 pandemic had a significant impact on the number of visitors to the ASA.[22] Between 2019 and 2020, there was a -41.8% change in overnight visitors from approximately 12.39 million in 2019 to 7.21 million in 2020. Similarly, state and local tax revenue generated by ASA visitors fell 42.5% between 2019 and 2020, from approximately $279.1 million to approximately $160.4 million. Direct spending by ASA visitors fell 56.8%, from approximately $6.1 billion in 2019 to approximately $2.6 billion in 2020.[23]

Decreased COVID-19 transmission rates are expected to have a favorable influence on the tourism industry's recovery. In response to increased COVID-19 transmission and a rise in hospitalizations, Governor Brown and the Oregon Health Authority (OHA) reinstated a statewide mask mandate in August 2021, which was revised to indoor spaces only in November 2021. All State workers were required to be vaccinated against COVID-19 by October 18, 2021. In addition, Travel Portland and Travel Oregon (the state tourism office) provide visitors and travel planners with the most up-to-date information about the State's COVID-19 guidelines. These measures are important to the tourism industry as they reflect the State's commitment to preventing the spread of COVID-19 and protecting citizens and visitors alike.[24]

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20 "Intel to Spend $20 Billion on U.S. Chip Plants as CEO Challenges Asia Dominance," 23 March 2021, *Reuters*, https://www.reuters.com/world/asia-pacific/intel-doubles-down-chip-manufacturing-plans-20-billion-new-arizona-sites-2021-03-23; "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; "Taller than the Statue of Liberty: 'Big Blue' Helps Intel Expand D1X," 3 August 2020, Intel Newsroom, https://www.intel.com/content/www/us/en/newsroom/news/big-blue-helps-intel-expand-d1x.html#gs.9i812s; "Intel Nears Completion of $3 Billion Hillsboro Factory Expansion," 9 August 2021, *The Oregonian*, https://www.oregonlive.com/silicon-forest/2021/08/intel-nears-completion-of-3-billion-hillsboro-factory-expansion.html, accessed August 2021.

21 Includes visitor, direct spending and tax revenue data for Clackamas, Columbia, Multnomah, Washington, and Yamhill counties (Oregon); data for Clark and Skamania counties (Washington) are not available.

22 Oregon Travel Impacts: 1991 – 2019, Dean Runyan Associates, Travel Oregon, 22 April 2020, https://industry.traveloregon.com/resources/research/oregon-travel-impacts-1991-2019-dean-runyan-associates, accessed August 2021.

23 Oregon Travel Impacts: 2003 – 2020, Dean Runyan Associates, Travel Oregon, https://industry.traveloregon.com/resources/research/oregon-travel-impacts-1991-2020-dean-runyan-associates, accessed August 2021.

24 Governor Brown Reinstates Statewide Masking Mandate, Oregon Health Authority, 11 August 2021, https:/oregon.gov/governor-brown-reinstates-statewide-masking-mandate; FAQ: COVID-19 in Oregon, Travel Oregon, https://traveloregon.com/things-to-do/faq-covid-19-oregon; COVID-19 FAQ, Travel Portland, https://www.travelportland.com/plan/coronavirus-faq, accessed August 2021.

1.2.4.1 Oregon Convention Center

Prior to the COVID-19 pandemic, many travelers visited the ASA to attend conventions and other events. The Oregon Convention Center (OCC) is the nation's first LEED®-certified meeting facility and gained LEED Platinum certification in 2014.[25] 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.[26]

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.[27] In November 2019, Northwest Meetings + Events selected the OCC as Oregon's best convention and conference venue.[28] In 2018 (latest data available), OCC generated $528.5 million in local spending, 4,940 jobs and $20.6 million in tax revenue.[29]

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.[30] 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 such as San Jose, Seattle, San Diego, Long Beach, and Denver. 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.[31]

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25 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, https://new.usgbc.org/leed; Planning Events in Portland, Top 5 Reasons to Meet in Portland, https://www.travel portland.com/meetings/top-5-reasons-to-meet-in-portland, accessed August 2021.

26 About, Oregon Convention Center, https://www.oregoncc.org/en/about, accessed August 2021.

27 OCC Renovation, Oregon Convention Center, https://www.oregoncc.org/en/improvements/occ-renovation-project, accessed August 2021.

28 "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 August 2021.

29 *FY 2017-18 Oregon Convention Center Annual Report*, https://www.oregoncc.org/en/about, OCC-Annual-Report-2017-2018.pdf, accessed August 2021.

30 Client Services Guide, Oregon Convention Center, https://www.oregoncc.org/en/plan/client-services-guide, accessed August 2021.

31 Top 5 Reasons to Meet in Portland, Travel Portland, https://www.travelportland.com/meetings/top-5-reasons-to-meet-in-portland, TP-5Reasons-3.16.2020.pdf, accessed August 2021.

Numerous multi-day conventions and other events are scheduled at the OCC for the remainder of 2021 and in 2022 including conventions for the National Science Teachers Association, National Association of Insurance Commissioners, Rose City Comic Con 2021, Coffee Fest 2021, Intel Design and Test Technology Conference 2022, Digital Summit Portland, Latino Health Equity Conference, Immunology 2022, Mass Timber Conference, Starpower Talent Competition 2022, Western Winter Sports Reps Association, Oregon Health Care Association, Society of Environmental Toxicology and Chemistry, Oregon Association of Minority Entrepreneurs, Pacific Society of Orthodontists, Northwest Facilities Expo, House and Outdoor Living Show, Northwest Human Resources Management Association, and others.[32] It should be noted that while these events are scheduled, they could potentially be canceled based on various factors including conditions and restrictions related to the COVID-19 pandemic.

Offering an attractive mix of boutique properties and leading hotel brands, hotel room inventory in central Portland has increased by nearly 50% since 2016 to a total of approximately 10,000 rooms. Thirteen properties have opened in central Portland since 2018, including the 600-room Hyatt Regency "headquarters hotel" adjacent to the OCC. Plans are underway for the development of five additional hotels such as a 225-room Ritz-Carlton in downtown Portland and two new Hyatt properties in the Pearl District. Portland's abundant supply of hotel rooms supports tourism in the ASA and helps the OCC draw large conventions.[33]

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.[34]

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.[35]

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32 Calendar, Oregon Convention Center, https://www.oregoncc.org/en/events/2022/August, accessed August 2021.
33 New Hotels in Portland, 14 July 2021, Travel Portland, https://www.travelportland.com/meetings/new-hotels, accessed August 2021.
34 Willamette Valley Visitors Association, https://willamettevalley.org/articles/willamette-valley-wins-wine-region-of-the-year; https://willamettevalley.org/attractions; https://willamettevalley.org/outdoors-and-recreation; https://willamettevalley.org/shopping, accessed August 2021.
35 2020 Travel Portland Visitors Guide, https://issuu.com/travelportland/docs/travel_portland_visitors_guide_2019-20; 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 August 2021.

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.[36]

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 and the Portland Winterhawks is a major junior ice hockey team in the Western Hockey League.

1.2.4.3 Awards and Accolades

Numerous web sites, travel magazines, and newspapers such as Lonely Planet, Robb Report, Forbes.com, *Travel + Leisure*, *USA Today*, *The New York Times*, *Fortune*, *Vogue*, CNN, and others have named Portland a top destination. Portland has also been recognized as a top location for its restaurants, wine and beer, outdoor recreation, cycling, sustainability, and vibrant arts community.[37] In addition, Travel Portland, the ASA's primary convention and tourism organization, has been an 18-time winner of the Pinnacle Award from *Successful Meetings* magazine in recognition of its meeting planning services. It is also a 16-time recipient of *Meetings & Conventions* magazine's Gold Service Award.

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.[38] Amenities cited by respondents to *Travel + Leisure* magazine's annual reader survey include the Airport's easy access to downtown Portland via light rail service, free Wi-Fi, and outstanding local food and beverage selections. The survey also cited the Airport's "user friendly" features such as efficient security checkpoints, art exhibits, and tax-free shopping. 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.[39]

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[36] Oregon Dunes National Recreation Area, https://www.fs.usda.gov/recarea/siuslaw/recreation/recarea/?recid=42465, accessed August 2021.

[37] Portland in the News, Travel Portland, https://media.travelportland.com/newsroom/portland-in-the-news, accessed August 2021.

[38] "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 August 2021.

[39] "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 August 2021.

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.[40]

1.2.5 Comparison of the State's Post-Reopening Economy to Other States

The outbreak of the COVID-19 pandemic in the U.S. in the Spring of 2020 was met with various responses from the 50 states in the U.S. ranging from stay-at-home (SAH) orders, school closures, and mandatory mask requirements, to more lenient restrictions that were adopted by states with a rapid timetable for reopening. The State's March 2020 SAH order was followed in May 2020 by a three-phase reopening process based on county COVID-19 case rates, test positivity, and other health metrics. In mid-November 2020, in response to a surge in COVID-19 cases, the State adopted a "Two Week Freeze" in its reopening process. In December 2020 the Governor extended the expiration of the COVID-19 Declaration of a State of Emergency from January 2, 2021 to March 3, 2021.[41] These policies, implemented to reduce the spread of infection and safeguard the State's population, resulted in Oregon's position as the last state to reopen its economy.

Figure 1-19 shows that in spite of its delayed reopening, the State's third quarter of 2021 GRP growth rate compares favorably with states that reopened earlier. In the third quarter of 2021, the State's GRP growth rate (3.5%, annualized) exceeded the growth rates of 43 states that reopened earlier.

Similarly, **Figure 1-20** shows that in November 2021, the State's unemployment rate (4.2%, seasonally adjusted) was lower than that of 24 states that reopened earlier. The unemployment rate in the State was equal to the U.S. rate (4.2%, seasonally adjusted) in November 2021.

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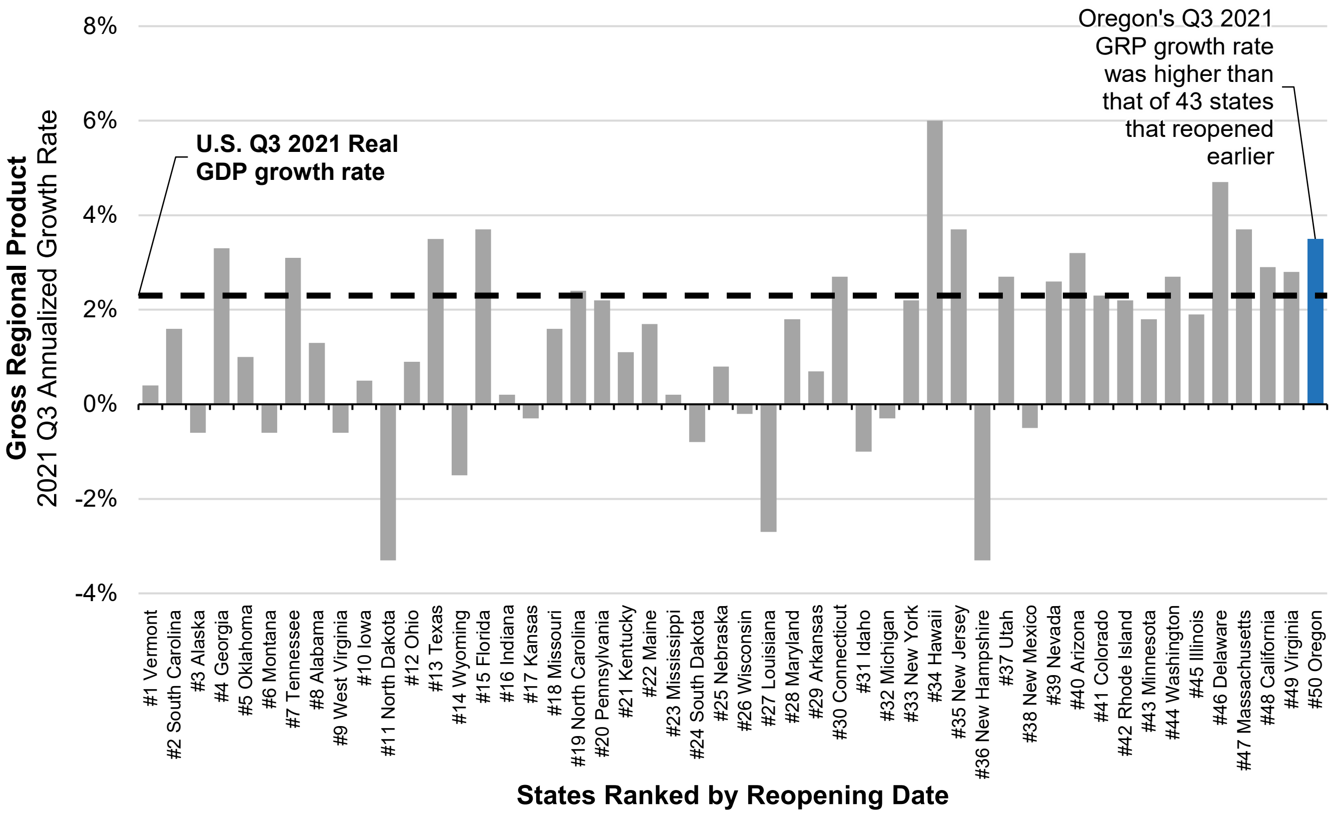
40 "Active Research Directions for Studying Repeat Tourist Behaviour," Manisha Agarwal et al., *Advances in Social Science, Education and Humanities Research*, June 2019, Volume 259, 3rd International Seminar on Tourism (ISOT 2018), https://www. atlantis-press.com/ proceedings/isot-18/125909381; Jeffrey 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 August 2021.

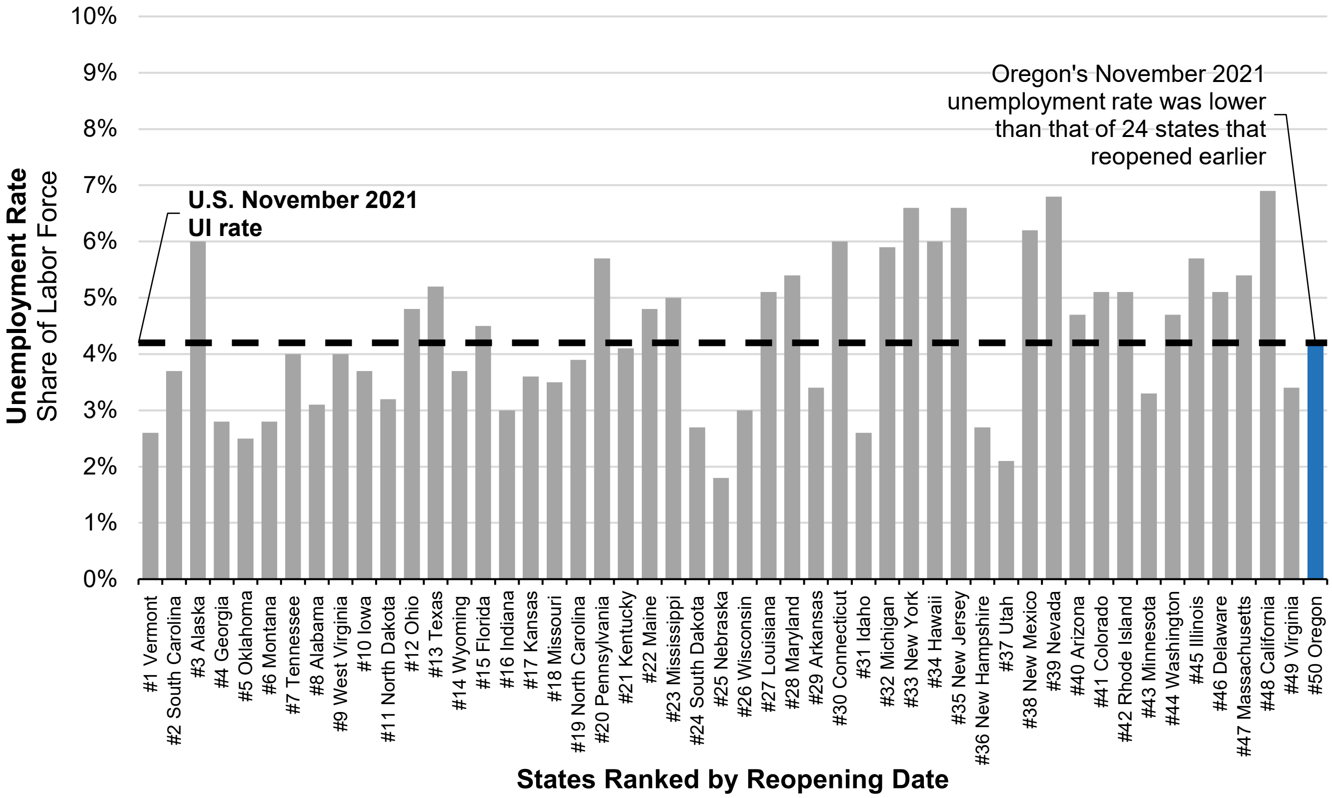
41 State of Oregon, Executive Orders, https://www.oregon.gov/gov/admin/pages/executive-orders.aspx, accessed September 2021.

Figure 1-19 Q3 2021 Real Gross Regional Product Growth Rates (Annualized)



Sources: State executive orders and health directives; Gross Domestic Product by State, 3rd Quarter 2021, Bureau of Economic Analysis, 23 December 2021, accessed January 2022.
Compiled by Partners for Economic Solutions, January 2022

Figure 1-20 November 2021 Unemployment Rate (Seasonally Adjusted)



Sources: State executive orders and health directives; U.S. Department of Commerce, Bureau of Labor Statistics, accessed January 2022.
Compiled by Partners for Economic Solutions, January 2022.

1.2.6 Economic Outlook

Prior to the COVID-19 pandemic, economic growth in the U.S., Oregon, and the ASA was supported by low unemployment, low inflation, and modest gains in per capita personal income. Unfortunately, the outbreak of COVID-19 in the U.S. in early 2020 caused significant and ongoing disruptions to the economy and job market at the national, State, and local level.

Real GDP growth in the U.S. is expected to be positive for the foreseeable future, and the U.S. unemployment rate is expected to gradually decline, as the economy continues to reopen during the COVID-19 pandemic. The ongoing recovery of virus-sensitive sectors such as leisure/hospitality, as well as increased employment in transportation/warehousing, professional/business services, education, and health care are likely to contribute to economic growth. Higher pay, combined with federal aid and accumulated household savings, will likely support consumer spending in the nearer term. However, supply chain bottlenecks and low inventories are expected to place upward pressure on core price inflation. In addition, concerns about higher inflation, labor shortages, and rising energy and oil prices could result in declining business confidence. More transmissible COVID-19 variants, retirements, and childcare or school disruption issues may result in a slower rebound in labor force participation. This in turn may create labor market pressures that could push wages and prices higher.[42]

The most recently published forecast (December 2021) by business economists from the National Association for Business Economics (NABE) indicates consensus for annual real U.S. GDP growth of 5.5% in 2021 and 3.9% in 2022. The NABE forecast also estimates an average annual U.S. unemployment rate of 5.4% in 2021 and 4.0% in 2022.[43] Similarly, the Oregon Economic Forum recently noted continued growth in the State's economy resulting from higher employment, reduced job layoffs, low initial unemployment claims, and an increase in orders for capital goods (an indicator of business expansion activity).[44]

1.2.6.1 2021-2031 Real GDP Growth Rate Projections

Figure 1-21 shows historical real U.S. GDP growth from the Bureau of Economic Analysis (BEA) and growth projections for the U.S. between 2021-2031 from the Congressional Budget Office (CBO), Federal Reserve Open Market Committee (FOMC), Office of Management and Budget (OMB), and Moody's Analytics. The decline in real U.S. GDP in 2020 (-3.4%) was a result of the lockdowns, business closures, and extensive unemployment caused by the impacts associated with the COVID-19 pandemic.

The 2021 real GDP growth projections shown in Figure 1-20 range from 5.5% (FOMC) to 7.1% (OMB). Growth rate projections in 2022 range from 3.3% (OMB) to 5.0% (CBO). For all of the projections, real GDP growth rates are lower from 2023-2025 compared to 2022. From 2026-2031, average real GDP growth rate projections range from 1.6% (CBO) to 2.0% (OMB).

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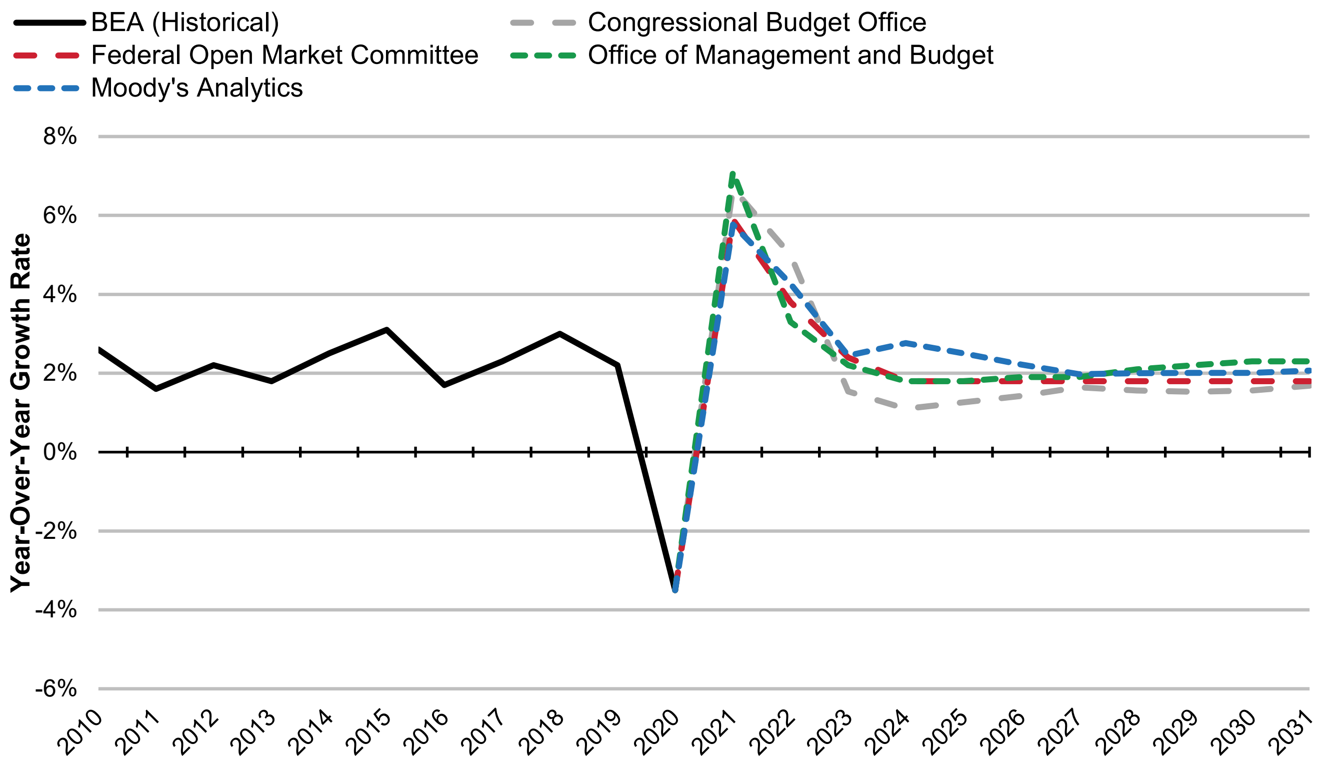
42 Beige Book, 1 December 2021, Board of Governors of the Federal Reserve System https://www.federalreserve.gov/monetarypolicy/beigebook202112.htm; "Projections overview and highlights, 2020–30," Monthly Labor Review, U.S. Bureau of Labor Statistics, October 2021, https://www.bls.gov/opub/mlr/2021/article/projections-overview-and-highlights-2020-30.htm; Short-Term Energy Outlook, U.S. Energy Information Administration, U.S. Department of Energy, 11 January 2022, https://www.eia.gov/outlooks/steo; U.S. CEO Confidence, The Conference Board, 9 December 2021, https://www.conference-board.org/topics/CEO-Confidence/#, accessed January 2022.

43 National Association for Business Economics, *NABE Outlook*, December 2021.

44 October 2021 Oregon Statewide Indicators, Oregon Economic Forum, University of Oregon, https://econforum.uoregon.edu/2021/12/03/october-2021-oregon-statewide-economic-indicators, accessed December 2021.

Figure 1-21 **U.S. Real GDP Projections**



Sources: Bureau of Economic Analysis, Annual Real Gross Domestic Product, Chained 2012 Dollars, December 2021; Congressional Budget Office, CBO Economic Projections, An Update to the Budget and Economic Outlook: 2021-2031, July 2021; Board of Governors of the Federal Reserve System, Federal Open Market Committee, Summary of Economic Projections, December 2021; Office of Management and Budget, Economic Projections, Mid-Session Review: Budget of the U.S. Government Fiscal Year 2022, August 2021; Moody's Analytics, U.S. Real Gross Domestic Product Forecast, October 2021.
Compiled by Partners for Economic Solutions, January 2022

Data in **Table 1-6** show 2020 economic variables and projections for 2028 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 2020 and 2028. 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 Projection Period.

Table 1-6 Passenger Demand Projection Variables (2020-2028)

Variable[1]	2020	2028 Projection	CAGR[2] (2020-2028)
Population			
ASA	2,512,383	2,716,491	1.0%
United States	329,937,588	348,359,992	0.7%
Employment			
ASA	1,540,757	1,847,706	2.3%
United States	187,076,777	223,837,547	2.3%
Personal Income (in billions)			
ASA	$156.2	$188.7	2.4%
United States	$19,255.3	$23,073.4	2.3%
Per Capita Personal Income			
ASA	$62,166	$69,482	1.4%
United States	$58,360	$66,234	1.6%
Gross Regional/Domestic Product (in billions)			
ASA	$171.71	$217.87	3.0%
United States	$20,818.0	$25,929.6	2.8%
Per Capita Gross Regional/Domestic Product			
ASA	$68,344	$80,202	2.0%
United States	$63,097	$74,433	2.1%

1 All dollar amounts are in 2020 dollars.
2 CAGR = compound annual growth rate.
Source: Woods & Poole Economics, Inc., 2021 Complete Economic and Demographic Data Source, June 2021. Compiled by Partners for Economic Solutions, December 2021

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. This chapter also addresses the impacts on air traffic associated with the COVID-19 pandemic using data and information available to date. It should be noted however, that impacts are still emerging, and at this time L&B is unable to fully quantify the effect that the COVID-19 pandemic will have on air service and air traffic and the length of time over which this effect will occur. Please refer to Section 1.3 regarding additional disclaimers regarding the future results presented in this chapter.

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.

Enplaned passengers at the Airport have experienced significant decreases in FY 2020 and FY 2021 primarily as a result of the impacts associated with the COVID-19 pandemic. In FY 2020, enplaned passengers decreased to approximately 7.3 million from approximately 10.0 million in FY 2019 – a 27.0% decrease. While the impacts associated with COVID-19 in FY 2020 were significant, those impacts took place generally for about 3.5 months. FY 2021 was impacted by the COVID-19 pandemic for the full year. In FY 2021, enplaned passengers were approximately 3.7 million, which is a decrease of 48.6% from FY 2020 and a decrease of 62.5% from FY 2019 levels. In recent months, passenger activity has been trending upwards towards pre-pandemic levels, which will be described later in this chapter. 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 December 2021, the Airport had scheduled passenger service by five U.S. network airlines, two LCCs, four ULCC, and four foreign flag airlines. **Table 2-1** provides a list of the scheduled passenger and all-cargo airlines that served the Airport as of December 2021. All domestic carriers have maintained service, albeit at lower traffic levels, since the onset of the COVID-19 pandemic. The foreign flag carrier of Icelandair resumed seasonal direct service to Reykjavik, Iceland in July 2021 and WestJet began direct service to Calgary, Canada in September 2021.

Table 2-1 Airlines Serving the Airport (as of December 2021)

Passenger Airlines				
United States Network Carriers (5)				
Alaska Airlines	American Airlines	Delta Air Lines	Hawaiian Airlines	United Airlines
Low-Cost Carriers (2)				
Southwest Airlines	JetBlue Airways			
Ultra-Low-Cost Carriers (4)				
Allegiant Air	Frontier Airlines	Spirit Airlines Inc.	Sun Country Airlines	
Regional/Commuter Airlines (3)				
Horizon Air[1]	SkyWest Airlines[2]	Boutique Air[3]		
Foreign Flag Airlines (4)				
Air Canada	Icelandair	Volaris	WestJet	
All-Cargo Airlines (10)				
ABX[4]	Air Transport International	Airpac	Ameriflight	Atlas Air[5]
Cathay Pacific Airways	Empire	FedEx	United Parcel Service	Western Air Express

1 Doing business as Alaska Airlines. Alaska Airlines and Horizon Air are separately certified airlines owned by Alaska Air Group, Inc.
2 Doing business as Alaska Airlines, Delta Connection, and United Express.
3 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.
4 Operates cargo flights for DHL Aviation.
5 Operates cargo flights for Cathay Cargo and some charter service.
Sources: Port of Portland, Aviation Statistics – Monthly Traffic Report December 2021; 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 2017 through FY 2021. 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[45], Southwest Airlines, Delta Air Lines, American Airlines, and United Airlines) accounted for more than 91% of the total enplaned passengers in each year from FY 2017 to FY 2021. Of this group, American Airlines has increased its market share the most at the Airport as it increased from 6.9% of enplaned passengers in FY 2017 to 10.2% in FY 2021. The other four airlines in this group have maintained relatively consistent market share at the Airport. 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 and Spirit Airlines enplaned passengers in FY 2021 were 84.2% and 59.5%, respectively, of each airlines' enplaned passenger levels for FY 2019 at the Airport. Frontier Airlines was the only airline at the Airport that experienced an increase in enplaned passengers in FY 2021 as compared to FY 2020.

To provide additional context as to the recovery of the airlines at the Airport since the beginning of the COVID-19 pandemic, **Table 2-3** compares departing seats at the Airport from January 2020 through December 2021. Over this 18-month period, the table presents departing seats for the peak month, the trough month, and for December 2021 for each airline at the Airport. There have been three basic trends from the airlines with regards to how the pandemic has impacted departing seats capacity at the Airport as follows.

- The first trend is generally representative of Alaska Air Group and most of the other network airlines at the Airport, except for American Airlines. This trend had the peak of monthly departing seats pre-pandemic with a steep decline reaching a trough in the very early stages of the pandemic followed by a slow but steady increase in capacity.
- The second type of trend generally consisted of a sharp decline in departing seats early in the pandemic, but a more rapid recovery such that peaks in departing seats (above pre-pandemic levels) have been occurring in recent months. American Airlines and most of the ULCCs generally followed this trend.
- Southwest Airlines exhibited a unique trend of monthly departing seats at the Airport over this period. Southwest Airlines' peak in departing seats at the Airport was prior to the pandemic; however, its trough in departing seats did not occur until early in CY 2021. While Southwest Airlines decreased its capacity at the Airport early in the pandemic, it did not decrease as rapidly as other airlines. This can be partly attributed to the airline's policy of blocking middle seats to allow for social distancing, which resulted in a decline in passenger load factors. In recent months, Southwest Airlines has been increasing its seat capacity at the Airport.

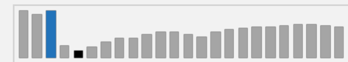
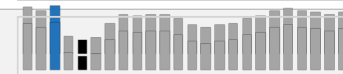
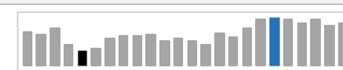
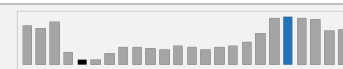
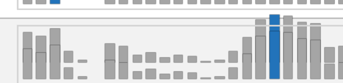
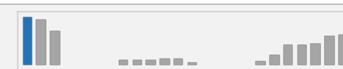
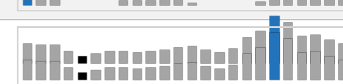
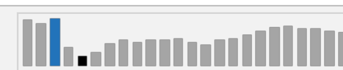
[45] Alaska Air Group is the parent company to Alaska Airlines and Horizon Air.

Table 2-2 Historical Airport Enplaned Passenger Market Share (FY 2017 – FY 2021)

Airline	Enplaned Passengers					Market Share				
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Alaska Air Group	4,022,719	4,199,674	4,253,240	3,196,737	1,585,355	42.7%	43.1%	42.7%	44.0%	42.4%
Alaska Airlines[1]	*2,522,301*	*2,890,917*	*2,970,598*	*2,299,498*	*1,041,612*	*26.8%*	*29.7%*	*29.8%*	*31.6%*	*27.8%*
Horizon Air	*1,384,696*	*1,194,422*	*1,282,642*	*897,239*	*543,743*	*14.7%*	*12.3%*	*12.9%*	*12.3%*	*14.5%*
Virgin America[2]	*115,722*	*114,335*	*0*	*0*	*0*	*1.2%*	*1.2%*	*0.0%*	*0.0%*	*0.0%*
Southwest Airlines	1,703,206	1,715,412	1,748,785	1,217,045	608,505	18.1%	17.6%	17.5%	16.7%	16.3%
Delta Air Lines[1]	1,267,963	1,300,422	1,404,346	1,061,353	510,311	13.5%	13.4%	14.1%	14.6%	13.6%
American Airlines	654,326	683,936	669,028	466,752	381,636	6.9%	7.0%	6.7%	6.4%	10.2%
United Airlines[1]	954,983	1,056,809	1,076,812	724,391	349,855	10.1%	10.9%	10.8%	10.0%	9.3%
Frontier Airlines	150,780	130,141	97,663	74,438	82,257	1.6%	1.3%	1.0%	1.0%	2.2%
Spirit Airlines	142,665	110,255	134,136	100,551	79,754	1.5%	1.1%	1.3%	1.4%	2.1%
Hawaiian Airlines	102,543	116,453	136,649	95,640	57,933	1.1%	1.2%	1.4%	1.3%	1.5%
JetBlue Airways	193,621	181,106	124,206	91,705	24,236	2.1%	1.9%	1.2%	1.3%	0.6%
Sun Country	22,239	29,850	110,436	99,663	17,425	0.2%	0.3%	1.1%	1.4%	0.5%
Air Canada[3]	104,244	107,360	105,441	65,708	2,246	1.1%	1.1%	1.1%	0.9%	0.1%
Other	103,276	101,593	106,056	79,451	42,482	1.1%	1.0%	1.1%	1.1%	1.1%
Total	9,422,565	9,733,011	9,966,798	7,273,434	3,741,995	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 Includes enplaned passengers for Jazz Aviation doing business as Air Canada Express.
Source: Port of Portland, Aviation Statistics – Monthly Traffic Report June 2017-June 2021.

Table 2-3 Monthly Departing Seats at the Airport by Airline (January 2020 – December 2021)

Airline	Monthly Scheduled Departing Seats			
	Peak	Trough	December 2021	Trend
Alaska Air Group	464,308	68,445	303,199	
Southwest Airlines	151,610	50,616	77,988	
Delta Air Lines	119,416	33,530	104,483	
American Airlines	61,774	19,484	56,927	
United Airlines	89,901	9,467	75,099	
Frontier Airlines	12,204	3,162	11,230	
Spirit Airlines	12,012	2,215	9,646	
Hawaiian Airlines	13,543	0	11,896	
JetBlue Airways	11,372	0	4,374	
Sun Country	12,384	0	4,836	
Air Canada	11,400	0	7,254	
Other	13,398	3,132	7,926	
Total	**941,976**	**207,511**	**674,858**	

Notes: Data includes regional affiliates, as applicable.
Trend lines: Blue indicates maximum; Black indicates minimum.

Source: Diio Mi, Schedule – Dynamic Table, accessed December 2021.

The Airport's largest three passenger airlines are Alaska Air Group, Southwest Airlines, and Delta Air Lines, which historically have accounted for over 72% of enplaned passengers. Given the significant market share at the Airport, additional operational and financial information on each is provided in the following sections.

2.1.1.1 Alaska Air Group

The Airport serves as a hub for the Alaska Air Group. In FY 2021, Alaska Air Group had a combined market share of 42.4% 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 2021, Alaska Air Group had service to 44 markets with an average of 88 daily departures from the Airport.[46] In comparison, the airline had service to 46 markets in July 2019 with an average of 144 daily departures. As of July 2021, the Alaska Air Group had not resumed service to six[47] markets that were served prior to the COVID-19 pandemic but added service to four[48] new markets. However, in January 2022, Alaska Air Group instituted certain service changes across its entire network in response to labor shortages as a result of the ongoing effects of the COVID-19 pandemic. At the Airport, service to Denver, Boston, and Minneapolis/St. Paul has been suspended for the first quarter of 2022, with service expected to resume as early as April 2022.

The Alaska Air Group has approximately 319 aircraft in its current fleet, including 54 Airbus aircraft (44 Airbus A320-200 and 10 Airbus A321neo). The Airbus A320-200 aircraft is expected to be retired by 2023 and the Airbus A321neo is expected to be phased out in 2029. The remaining fleet will be comprised of variants of the Boeing 737 aircraft. The airline has 88 Boeing 737 Max 9 on order to replace the Airbus A320-200 aircraft.[49] Additionally, it is expected that Horizon Air and SkyWest Airlines will continue operate the regional aircraft from the Airport to mid-sized cities.

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 thus far. However, financial recovery has begun, and after four quarters of operating at a loss, the airline increased its operating margin to 1.0% in the third quarter of 2021.[50]

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[46] Based on data from Diio, accessed August 2021.

[47] Alaska Air Group has not resumed nonstop service to Everett, WA (PAE); Eugene, OR (EUG); Vancouver, BC, CA (YVR); Baltimore, MD (BWI); Omaha, NE (OMA); and Philadelphia, PA (PHL) from the Airport.

[48] Alaska Air Group has started nonstop service to Denver, CO (DEN); Kona, HI (KOA); San Luis Obispo, CA (SBP); and San Jose de Cabo, MX (SJD) from the Airport.

[49] Information gathered from airline's website, Boeing's Orders & Deliveries, and Airbus' Orders and Deliveries, accessed August 2021.

[50] 2021 SEC 10-Q filing for Alaska Air Group accessed December 2021.

Alaska Air Group began new service from the Airport to Tampa in December 2021. This flight represent a growing trend within the airline industry of focusing on leisure traffic during the recovery. However, this market was already part of the airline's pre-pandemic strategy of adding service from the Airport to unserved medium-to-large markets. Alaska Air Group also plans to add increased frequencies to larger markets from the Airport. As a result, the airline is hoping to offload some north-south connecting traffic from SEA to the Airport.[51] To further describe its plans for the Airport, Alaska Air Group's vice president of network and alliances stated the following in an interview in June 2021:

> *"We're really bullish on Portland, but we also want to be thoughtful in how we build it relative to other network objectives, but our play is certainly to be at 50%+ market share player in Portland, to serve the top 30 markets, and to offer a really competitive product."* [52]

In February 2020, Alaska Air Group and American Airlines announced an alliance with a goal of 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'.[53]

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. [54]

- Seat capacity in April 2020 was 66.0% below its April 2019 levels, with approximately 15% load factor. May 2020 capacity was 74.3% below May 2019 levels, with approximately 40% load factor. Since May 2020, Alaska Air Group's scheduled seat capacity has increased to 20.1% below scheduled seat levels in December 2019 for December 2021.
- In the third quarter of 2021, Alaska Air Group reported a net income of $194 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.

2.1.1.2 Southwest Airlines

In FY 2021, Southwest Airlines had 608,505 enplaned passengers, accounting for 16.3% of the total passenger traffic at the Airport. Southwest Airlines is the second 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 2021, Southwest Airlines operated nonstop service to just ten markets from the Airport, accounting for 22 daily departures.

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51 Simple Flying, Portland: A City Of Opportunities For Alaska Airlines, June 21, 2021, https://simpleflying.com/portland-opportunities-alaska-airlines/, accessed November 2021.

52 Ibid.

53 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.

54 2021 SEC 10-Q filing for Alaska Air Group accessed December 2021.

Southwest Airlines has 736 aircraft in its fleet mostly comprised of 143-seat Boeing 737-700s and 175-seat Boeing 737-800s. Currently, Southwest Airlines has 68 175-seat Boeing 737 Max 8 in the fleet with orders for 138 more 175-seat Boeing 737 Max 8s to replace the older 737-700 aircraft. Southwest Airlines also has 234 orders for 150-seat Boeing 737 Max 7s.[55]

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 begun, and the airline improved its operating margin to 2.8% in the third quarter of 2021.[56]

As a result of the impacts of the COVID-19 pandemic, Southwest Airlines had experienced the following additional system-wide operational and financial impacts:[57]

- Seat capacity in April 2020 was approximately 18.5% below its April 2019 levels and May 2020 capacity was approximately 61.8% below May 2019 levels. Through December 2021, Southwest's scheduled seat capacity increased to approximately 12.9% below the December 2019 level.
- In the third quarter of 2021, Southwest Airlines reported a net income of $446 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.

2.1.1.3 Delta Air Lines

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. However, in FY 2021, Delta Air Lines had 510,311 enplaned passengers at the Airport equating to 16.3% 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 2021, Delta Air Lines operated nonstop service to six markets from the Airport, accounting for 23 daily departures.

Delta Air Lines currently has 806 aircraft in its fleet. The airline has orders for 29 180-seat Boeing 737-900ER, 23 306-seat Airbus A350-900, 26 281-seat Airbus A330-900, 155 194-seat Airbus A321neo, 6 191 Airbus A321-200, 41 130-seat Airbus A220-300, and 4 109-seat Airbus A220-100 aircraft. [58] Delta Air Lines is expecting to fully retire the Boeing 717-200 aircraft by 2025.

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[55] Information gathered from airline's website, Boeing's Orders & Deliveries, and Airbus' Orders and Deliveries, accessed August 2021.
[56] 2021 SEC 10-Q filing for Southwest Airlines accessed December 2021.
[57] Ibid.
[58] Information gathered from airline's website, Boeing's Orders & Deliveries, and Airbus' Orders and Deliveries, accessed August 2021.

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 begun, and the airline reached an operating margin of 3.1% in the third quarter of 2021, the best of the large U.S. carriers.[59]

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:[60]

- Seat capacity in April 2020 was 72.6% below its April 2019 levels; May 2020 capacity was 82.5% below May 2019 levels. Since May 2020, Delta Air Line's scheduled seat capacity has continued to increase steadily, to 16.3% below scheduled seat levels in December 2021 as compared to December 2019.
- For the third quarter of 2021, Delta reported a net income of $1.2 billion, 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.

2.1.2 Current Nonstop Service

In March 2020, there was nonstop service to 54 domestic markets and seven international markets. Nonstop service to 38 markets was suspended in CY 2020 and CY 2021 primarily because of the COVID-19 pandemic. As of December 2021, the Airport had scheduled service to 58 markets (52 domestic and six international), four of which were new destinations. Service to seven destinations were still suspended as of December 2021. **Table 2-4** provides a breakdown of the changes to the scheduled nonstop markets at the Airport. As of December 2021, new service to Seoul, South Korea (Incheon International Airport - ICN) and Tokyo, Japan (Haneda Airport – HND) is anticipated to begin during the second quarter of 2022 by Delta Air Lines. This is also the same timeframe for Delta Air Lines' planned resumption of nonstop service to Amsterdam, Netherlands (Amsterdam Airport Schiphol – AMS). In addition, British Airways has announced it will start nonstop service to London-Heathrow Airport from the Airport in June 2022. This flight will operate five times per week on a year-round basis with the Boeing 787-800 (Dreamliner) aircraft.

2.1.3 Origin and Destination Markets

Table 2-5 provides information regarding the Airport's top O&D markets, including the number of daily O&D enplaned passengers for FY 2019 and FY 2021. The table also presents daily departures, and daily departing seats. 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 passengers were down 60% as compared to FY 2019 levels at the Airport. While all markets experienced a downturn, it is noted that more traditional leisure markets such as those in Florida (down 34%) and Las Vegas (down 41%) have fared somewhat better than other markets that are not as leisure focused.

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59 2021 SEC 10-Q filing for Delta Air Lines accessed December 2021.
60 Ibid.

Table 2-4 Airport Nonstop Markets (December 2021 vs. March 2020 presented in descending order by scheduled departing seats)

City	Airports	Airlines	Maintained	Resumed	Added	Suspended
Seattle	SEA	AS, B6, DL	●			
San Francisco	SFO	AS, SY, UA	●			
Los Angeles	LAX	AA, AS, DL, WN	●			
Denver [1]	DEN	AS, F9, UA, WN	●			
Las Vegas	LAS	AS, DL, F9, NK, SY, WN	●			
San Jose	SLC	AS, WN	●			
Phoenix	PHX	AA, AS, SY, WN	●			
Salt Lake City	SLC	AS, DL	●			
Oakland	OAK	AS, WN	●			
Sacramento	SMF	AS, WN	●			
San Diego	SAN	AS, WN	●			
Minneapolis/St. Paul [1]	MSP	AS, DL, SY	●			
Atlanta	ATL	DL	●			
Spokane	GEG	AS	●			
New York	JFK	AS, B6, DL	●			
Orange County	SNA	AS	●			
Boise	BOI	AS	●			
Anchorage	ANC	AS		●		
Kahului	OGG	AS, HA		●		
Newark	EWR	AS, UA		●		
Honolulu	HNL	AS, HA, SY		●		
Burbank	BUR	AS, WN	●			
Vancouver	YVR	AC, AS		●		
Medford	MFR	AS		●		
Houston	IAH	UA		●		
Boston [1]	BOS	AS, B6		●		
Ontario	ONT	AS, WN	●			
Redmond/Bend	RDM	4B, AS		●		
Dallas/Fort Worth	DFW, DAL	AA, AS, WN	●			
Everett	PAE	AS, UA				●
Reno	RNO	AS		●		
Amsterdam	AMS	DL				●
Detroit	DTW	DL		●		
Palm Springs	PSP	AS		●		
Eugene	EUG	4B, AS				●

Table 2-4 Airport Nonstop Markets (December 2021 vs. March 2020) (continued)

City	Airports	Airlines	Maintained	Resumed	Added	Suspended
Orlando	MCO	AS		●		
Chicago	MDW, ORD	AA, AS, UA, WN	●			
Tokyo	NRT	DL				●
Charlotte	CLT	AA		●		
St. Louis	STL	WN		●		
Washington DC	IAD, DCA	AS, UA		●		
Austin	AUS	AS		●		
Long Beach	LGB	B6				●
Guadalajara	GDL	Y4	●			
Fresno	FAT	AS		●		
Calgary	YYC	AC, WS		●		
Kansas City	MCI	AS, WN		●		
Santa Rosa	STS	AS		●		
Kona	KOA	AS		●		
Lihue	LIH	AS		●		
Bozeman	BZN	AS		●		
Missoula	MSO	AS, G4		●		
Albuquerque	ABQ	AS		●		
Santa Barbara	SBA	AS, G4		●		
Billings	BIL	AS, G4		●		
Tucson	TUS	AS				●
San Jose del Cabo	SJD	AS, SY		●		
Reykjavik	KEF	FI		●		
Puerto Vallarta	PVR	AS		●		
Frankfort	FRA	DE				●
Pendleton	PDT	4B	●			
Glacier Park	FCA	AS			●	
Fort Lauderdale	FLL	AS, B6			●	
Idaho Falls	IDA	G4			●	
Monterey	MRY	G4			●	

[1] In January 2022, Alaska Air Group suspended nonstop service from the Airport to Denver, Boston, and Minneapolis/St. Paul. Nonstop service is expected to resume as early as April 2022.

Notes: Data is sorted in descending order by scheduled departing seats for the 12-month period ending March 2020. AS = Alaska Airlines (includes Horizon Air); DL = Delta Air Lines; AA = American Airlines; WN = Southwest Airlines; NK = Spirit Airlines; B6 = JetBlue; SY = Sun Country Airlines; F9 = Frontier Airlines; UA = United Airlines; HA = Hawaiian Airlines; G4 = Allegiant Air; 4B = Boutique Air; AC = Air Canada; DE = Condor; FI = Icelandair; WS = WestJet; Y4 = Volaris.

Source: Diio Mi, Schedule – Dynamic Table, accessed December 2021.

Table 2-5 **Top 25 Origin and Destination Markets at the Airport (FY 2019 vs. FY 2021)**

Region	FY 2019			FY 2021			Percent Decline in Average Daily O&D Enplaned Passengers
	Average Daily O&D Enplaned Passengers	Average Daily Departures	Average Daily Departing Seats	Average Daily O&D Enplaned Passengers	Average Daily Departures	Average Daily Departing Seats	
Los Angeles Basin	2,807	29	3,635	850	15	1,366	-70%
San Francisco Bay Area	2,419	34	4,806	541	15	1,777	-78%
Las Vegas	1,081	9	1,514	640	7	1,133	-41%
Phoenix	970	9	1,410	589	7	1,012	-39%
Hawaii	973	6	1,139	440	3	573	-55%
Denver	819	10	1,586	415	8	1,295	-49%
New York/Newark	790	6	1,033	179	1	157	-77%
San Diego	758	6	923	320	4	463	-58%
Chicago	628	9	1,420	213	4	719	-66%
Sacramento	541	8	939	261	5	530	-52%
Washington/Baltimore	488	2	344	153	0	52	-69%
Dallas/Ft. Worth	488	7	1,121	241	4	738	-51%
Salt Lake City	444	8	1,101	233	6	864	-48%
Central Florida	414	1	182	272	1	118	-34%
Seattle	410	27	2,436	65	21	2,074	-84%
Minneapolis/St. Paul	406	5	867	216	4	642	-47%
Boston	351	2	335	100	0	52	-72%
Atlanta	295	4	669	131	3	585	-56%
Boise	307	7	540	113	3	253	-63%
Austin	269	1	189	133	1	82	-50%
Spokane	247	8	595	80	3	245	-68%
Houston	240	3	408	119	1	185	-50%
Anchorage	199	3	485	91	1	159	-54%
Detroit	195	1	254	71	1	130	-64%
Philadelphia	161	0	74	70	0	0	-56%
Top 25 Total	***16,700***	***205***	***28,005***	***6,536***	***119***	***15,204***	***-61%***
Others	6,538	8	452	2,778	3	57	-58%
Total	***23,238***	***213***	***28,458***	***9,314***	***122***	***15,261***	***-60%***

Source: Diio Mi, Schedule – Dynamic Table, December 2021.

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 2-6** presents the historical enplaned passengers at the Airport categorized by domestic and international for the period of FY 2012 through FY 2021.

2.2.1.1 FY 2012 – FY 2019

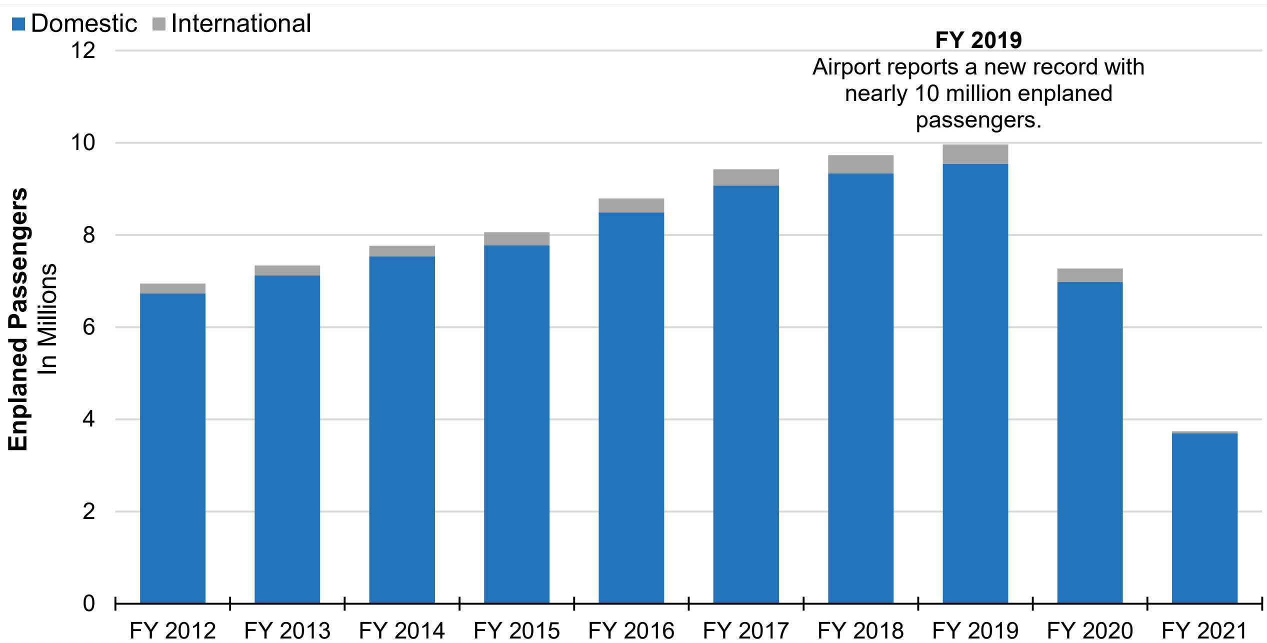
From FY 2012 through FY 2019, total enplaned passenger traffic at the Airport experienced a consistent upward trend. Total enplaned passengers at the Airport increased from approximately 6.9 million in FY 2012 to approximately 10.0 million in FY 2019, representing a CAGR of 5.3%. The majority of that 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 2-6 Historical Enplaned Passengers (FY 2012 – FY 2021)

Fiscal Year	Domestic	International	Total	Year-Over-Year Growth Rate
2012	6,732,262	214,038	**6,946,300**	2.9%
2013	7,122,688	212,950	**7,335,638**	5.6%
2014	7,535,257	226,770	**7,762,027**	5.8%
2015	7,779,753	279,004	**8,058,757**	3.8%
2016	8,489,185	303,101	**8,792,286**	9.1%
2017	9,069,224	353,341	**9,422,565**	7.2%
2018	9,337,800	395,211	**9,733,011**	3.3%
2019	9,546,855	419,943	**9,966,798**	2.4%
2020	6,978,385	295,049	**7,273,434**	-27.0%
2021	3,702,597	39,398	**3,741,995**	-48.6%
Compound Annual Growth Rate				
2012-19	5.1%	10.1%	**5.3%**	
2019-20	-26.9%	-29.7%	**-27.0%**	
2020-21	-46.9%	-86.6%	**-48.6%**	



Source: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2009-June 2021, accessed August 2021.

2.2.1.2 COVID-19 Pandemic Impact: FY 2020 – FY 2022

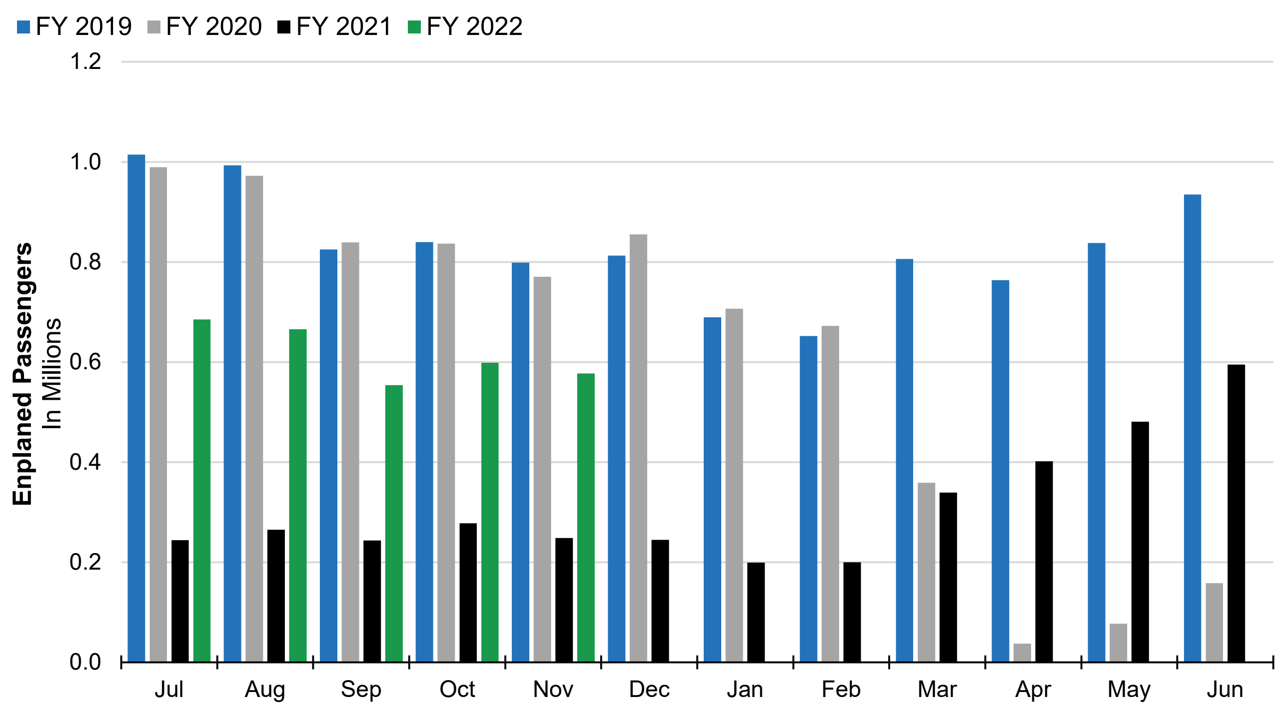
In March 2020, the enplaned passengers at the Airport decreased dramatically primarily as a result of the impacts associated with the COVID-19 pandemic. These impacts included international travel restrictions and stay-at-home orders throughout the U.S. **Table 2-7** presents the monthly enplaned passengers for FY 2020, FY 2021, and FY 2022 compared to FY 2019. As shown, in March 2020, enplaned passengers decreased by approximately 55.5% from March 2019. The decline continued into April when enplaned passengers were 95.1% lower than April 2019. Overall, enplaned passengers decreased by 27.0% in FY 2020 as compared to 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 each month. In June 2021, enplaned passengers were up 978.0% when compared to the low point during the pandemic in April 2020 but were still down 47.4% as compared to April 2019. In November 2021, enplaned passengers were 27.8% lower than in November 2019. In the first full year of impact from the COVID-19 pandemic, FY 2021, enplaned passengers decreased by 48.6% when compared to FY 2020 and 62.5% when compared to FY 2019.

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 2-8** presents the aircraft operations at the Airport from FY 2012 through FY 2021. Aircraft operations at the Airport remained relatively flat between FY 2012 and FY 2016. Aircraft operations then increased from just under 216,000 annual operations in FY 2016 to over 235,000 in FY 2019, representing a CAGR of 2.9% during that period.

Table 2-7 Monthly Enplaned Passengers (FY 2019 – FY 2022)

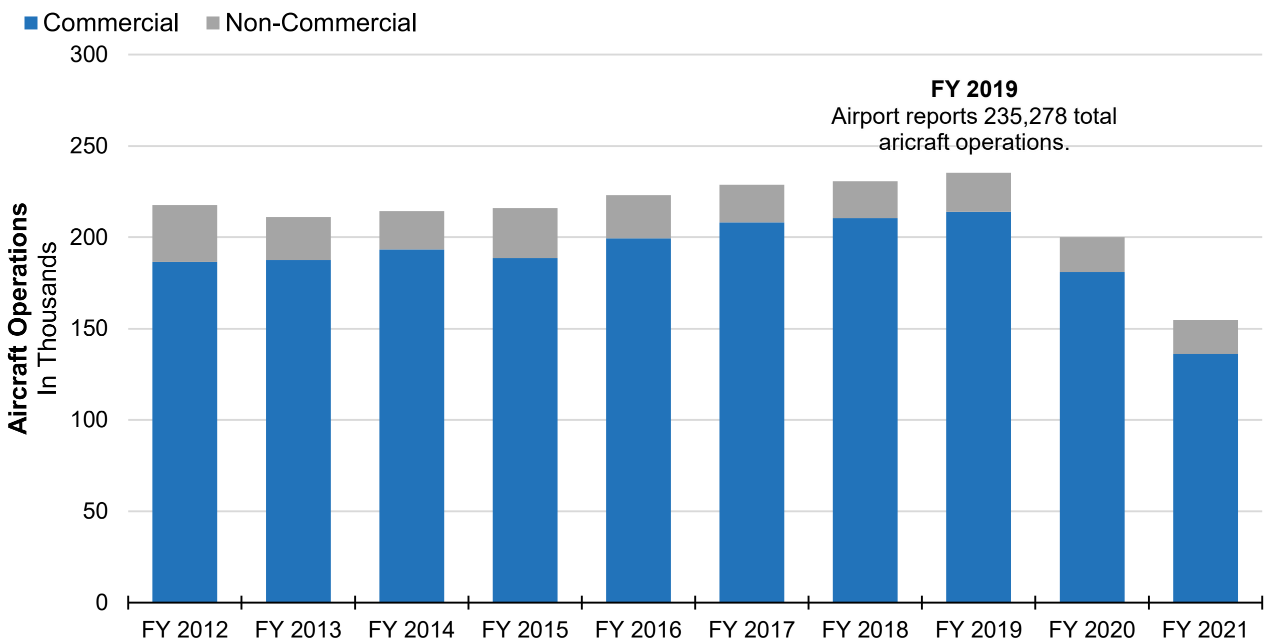
Month	Enplaned Passengers				Percent of FY 2019 (same month)		
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2020	FY 2021	FY 2022
July	1,014,340	989,267	244,270	685,217	97.5%	24.1%	67.6%
August	993,152	971,981	264,970	665,243	97.9%	26.7%	67.0%
September	824,883	839,307	245,377	554,006	101.7%	29.7%	67.2%
October	839,412	836,625	277,999	598,851	99.7%	33.1%	71.3%
November	798,806	770,506	248,276	576,954	96.5%	31.1%	72.2%
December	812,544	855,075	244,899		105.2%	30.1%	
January	689,211	706,436	199,585		102.5%	29.0%	
February	651,775	672,482	200,078		103.2%	30.7%	
March	806,105	358,949	339,343		44.5%	42.1%	
April	763,624	37,263	401,713		4.9%	52.6%	
May	837,930	77,251	480,650		9.2%	57.4%	
June	935,016	158,292	594,835		16.9%	63.6%	
Total	**9,966,798**	**7,273,434**	**3,741,995**		**73.0%**	**37.5%**	



Source: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2009-June 2021, accessed January 2022.

Table 2-8 Historical Aircraft Operations (FY 2012 – FY 2021)

Fiscal Year	Commercial Operations	General Aviation	Military	Total	Year-Over-Year Growth
2012	186,617	27,305	3,773	**217,695**	-1.0%
2013	187,574	18,853	4,673	**211,100**	-3.0%
2014	193,368	16,904	4,007	**214,279**	1.5%
2015	188,533	22,908	4,525	**215,966**	0.8%
2016	199,285	20,539	3,155	**222,979**	3.2%
2017	208,089	16,928	3,829	**228,846**	2.6%
2018	210,440	16,535	3,682	**230,657**	0.8%
2019	213,911	17,074	4,293	**235,278**	2.0%
2020	181,097	16,036	2,866	**199,999**	-15.0%
2021	136,116	15,837	2,817	**154,770**	-22.6%
Compound Annual Growth Rate					
2012-19	2.0%	-6.5%	1.9%	**1.1%**	
2019-20	-15.3%	-6.1%	-33.2%	**-15.0%**	
2020-21	-24.8%	-1.2%	-1.7%	**-22.6%**	



Source: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2009-June 2021, accessed August 2021.

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[61] 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 comparable 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.

2.2.2.2 COVID-19 Pandemic Impact: FY 2020 – FY 2022

In response to the significant decline 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 and air service in kind. Overall, commercial operations decreased by 15.3% in FY 2020 as compared to FY 2019 levels with the primary impacts occurring after mid-March 2020 and declined by 24.8% in FY 2021 as compared to FY 2020. **Table 2-9** depicts the monthly aircraft operations for FY 2020, FY 2021, and FY 2022 compared to 2019. As shown, starting in March 2020, aircraft operations decreased by approximately 14.2% from March 2019, compared to 55.5% for enplaned passengers. Normally, aircraft operations would be more directly related to enplaned passengers. However, there was an initial reluctance to remove flights from flight schedules because of the implementation of social distancing practices (i.e. restricting the use of middle seats). The decline continued into April 2020 and May 2020 when aircraft operations were 62.4% and 63.5% lower than the same months in the prior year, respectively. In April 2021, aircraft operations were 93.8% greater than in April 2020, which was the low point of the pandemic but still 27.2% lower than April 2019 levels. Aircraft operations in November 2021 were down 23.6% from November 2019.

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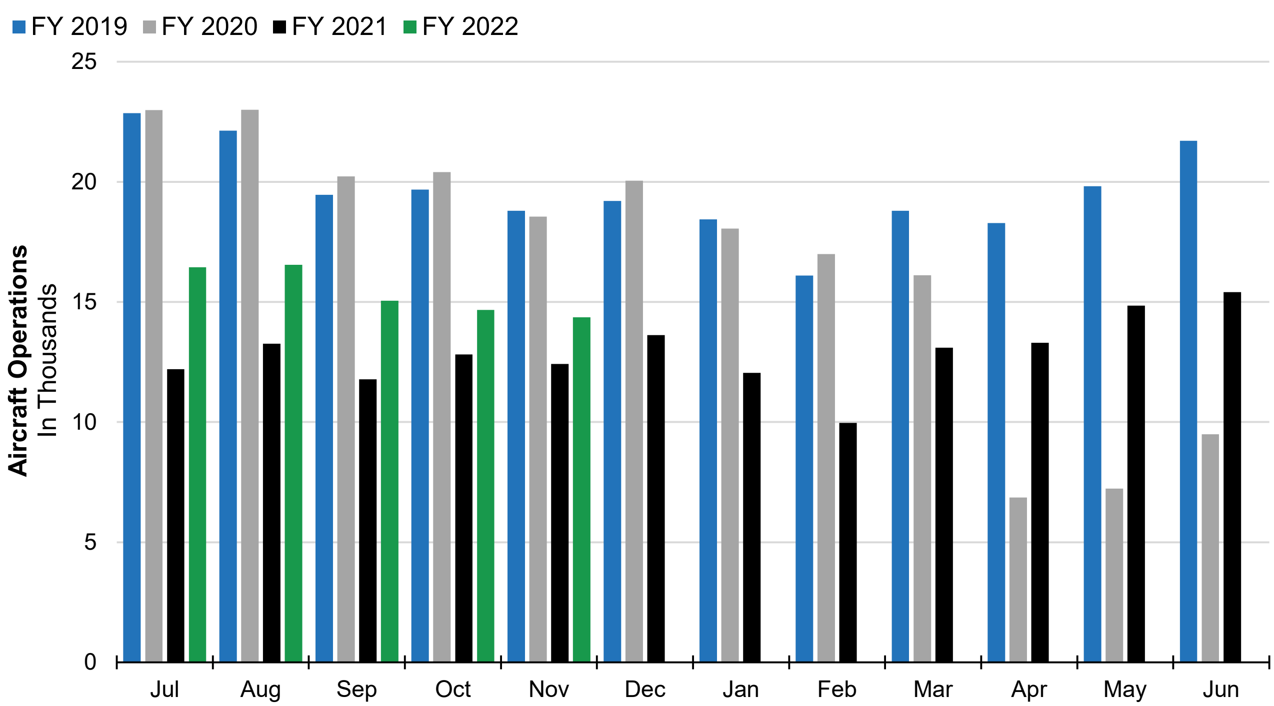
[61] The Great Recession was a major U.S. economic recession that occurred between December 2007 and June 2009.

Table 2-9 Monthly Aircraft Operations (FY 2019 – FY 2022)

Month	Aircraft Operations				Percent of FY 2019 (same month)		
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2020	FY 2021	FY 2022
July	22,860	22,989	12,198	16,449	100.6%	53.4%	72.0%
August	22,131	23,004	13,264	16,552	103.9%	59.9%	74.8%
September	19,459	20,230	11,779	15,056	104.0%	60.5%	77.4%
October	19,677	20,409	12,816	14,666	103.7%	65.1%	74.5%
November	18,796	18,559	12,415	14,366	98.7%	66.1%	76.4%
December	19,211	20,049	13,623		104.4%	70.9%	
January	18,435	18,059	12,052		98.0%	65.4%	
February	16,104	16,997	9,964		105.5%	61.9%	
March	18,796	16,119	13,102		85.8%	69.7%	
April	18,283	6,866	13,304		37.6%	72.8%	
May	19,815	7,227	14,849		36.5%	74.9%	
June	21,711	9,491	15,404		43.7%	71.0%	
Total	**235,278**	**199,999**	**154,770**		**85.0%**	**65.8%**	



Source: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2009-June 2021, accessed January 2022.

2.2.3 Aircraft Landing 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 2-10** presents the landed weight at the Airport from FY 2012 through FY 2021.

2.2.3.1 FY 2012 – FY 2019

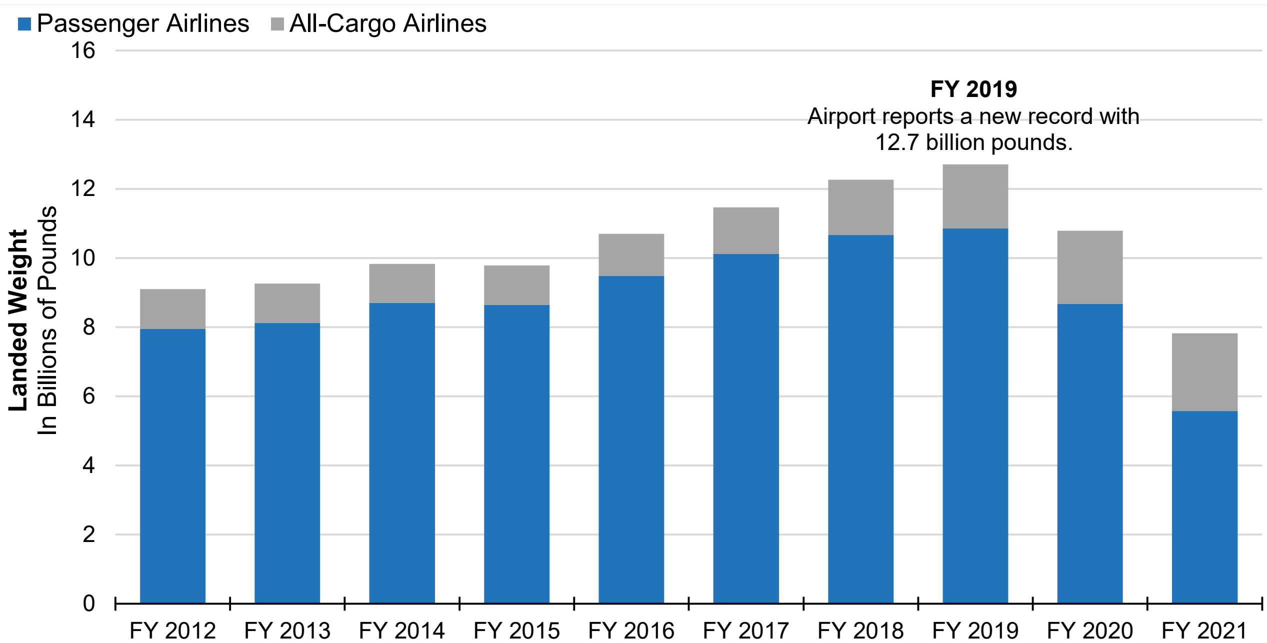
Aircraft landed weight at the Airport increased from 9.1 million units in FY 2012 to 12.7 million units in FY 2019, representing a CAGR of 4.9%. Both passenger airlines and all-cargo airlines contributed to landed weight growth, increasing at a CAGR of 4.5% and 7.2%, respectively. A significant portion 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 2022

Table 2-11 depicts the monthly aircraft landed weight for FY 2020, FY 2021, and FY 2022 as compared to FY 2019. As shown, starting in March 2020, aircraft landed weight decreased by approximately 9.7% from March 2019, compared to 55.5% for enplaned passengers and 14.2% for aircraft operations. The decline continued into May when aircraft landed weight was 62.0% lower than May 2019. Since May 2020, aircraft landed weight at the Airport has started to recover with aircraft landed weight being down 33.7% in December 2020. The recovery in aircraft landed weight stalled somewhat in January 2021 through February 2021. In April 2021, aircraft landed weight was 82.6% greater than in April 2020, which was the low point of the pandemic. Aircraft landed weight in November 2021 was lower than November 2019 levels by 19.8%. In the first full year of impact from the COVID-19 pandemic, landed weight decreased by an additional 27.5%, compared to a decline of 15.1% in FY 2020.

Table 2-10 Historical Landed Weight (FY 2012 – FY 2021)

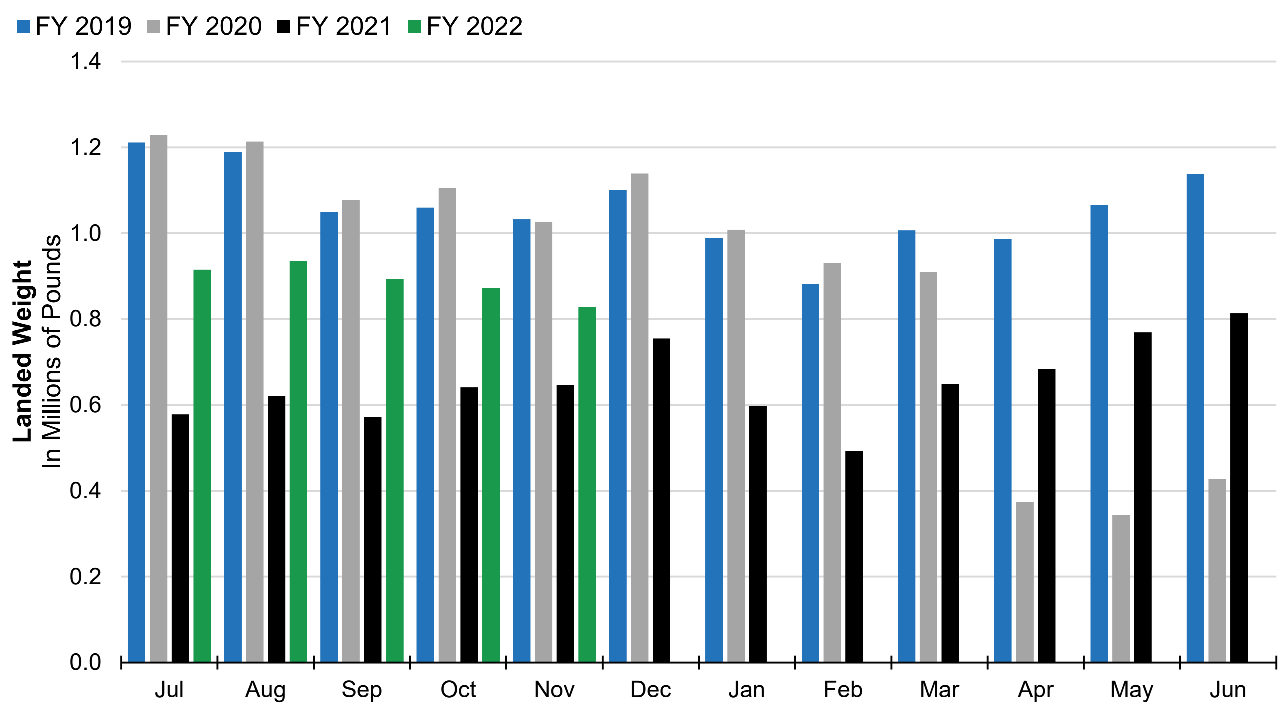
Fiscal Year	Passenger Airlines	All-Cargo Airlines	Total	Year-Over-Year Growth Rate
2012	7,956,842	1,143,111	**9,099,953**	-0.4%
2013	8,123,435	1,140,494	**9,263,929**	1.8%
2014	8,699,074	1,126,771	**9,825,845**	6.1%
2015	8,644,185	1,139,176	**9,783,361**	-0.4%
2016	9,482,191	1,215,683	**10,697,874**	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%
Compound Annual Growth Rate				
2012-19	4.5%	7.2%	**4.9%**	
2019-20	-20.1%	13.7%	**-15.1%**	
2020-21	-35.8%	6.5%	**-27.5%**	



Source: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2009-June 2021, accessed August 2021.

Table 2-11 Monthly Landed Weight (FY 2019 – FY 2022)

Month	Landed Weight				Percent of FY 2019		
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2020	FY 2021	FY 2022
July	1,211,392	1,228,573	578,101	914,867	101.4%	47.7%	75.5%
August	1,189,398	1,213,514	620,035	935,503	102.0%	52.1%	78.7%
September	1,049,936	1,077,659	571,717	892,783	102.6%	54.5%	85.0%
October	1,059,838	1,105,790	641,062	872,016	104.3%	60.5%	82.3%
November	1,032,572	1,027,146	646,625	828,418	99.5%	62.6%	80.2%
December	1,101,573	1,139,269	754,907		103.4%	68.5%	
January	989,223	1,008,372	598,416		101.9%	60.5%	
February	882,106	930,832	492,524		105.5%	55.8%	
March	1,006,629	909,309	648,469		90.3%	64.4%	
April	985,809	374,214	683,156		38.0%	69.3%	
May	1,065,647	344,035	769,293		32.3%	72.2%	
June	1,137,962	427,532	813,242		37.6%	71.5%	
Total	**12,712,084**	**10,786,246**	**7,817,546**		**84.9%**	**61.5%**	



Source: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2009-June 2021, accessed January 2022.

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

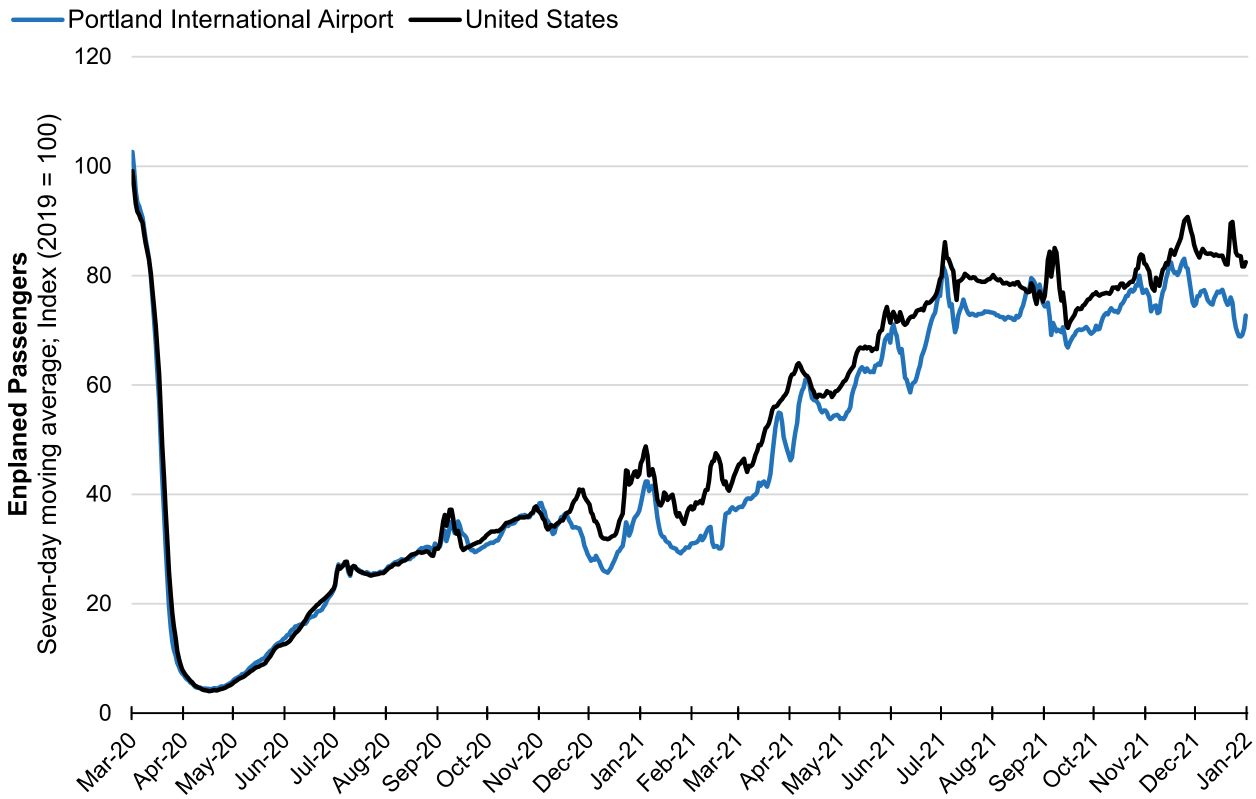
Since the first reported U.S. cases in January 2020, there has been a focus on containing COVID-19 by prohibiting non-essential travel, limiting person-to-person contact, and restricting travel into the U.S. of certain foreign nationals.[62] Across the U.S., states and local governments, including the State, have imposed restrictions on movement and travel, including state-level restrictions requiring travelers to self-isolate for up to 14 days upon arrival, which substantially reduced activities such as travel. Additionally, other countries have effectively closed their borders by restricting entry and exit to only essential travel during the initial period of the COVID-19 pandemic, and while these restrictions are gradually being lifted, many countries around the world have continued to restrict entry to U.S. citizens, including the European Union and China. In December 2021, new requirements were issued for air travelers to the U.S. Those aged two and older traveling by air, regardless of nationality or vaccination status, are required to show documentation of a negative COVID-19 test result taken within one day of the flight's departure to the U.S. before boarding.

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 summer 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. The ongoing effects of the COVID-19 pandemic have resulted in and are expected to continue to result in fluctuations in certain routes and service at the Airport due to factors including seasonality, demand, public health, labor and staffing availability, and other considerations. The Port and L&B cannot predict the timing or extent of such changes.

Figure 2-1 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 indexed to 2019 levels (i.e., 2019 levels equal 100). As shown, the impact to the Airport's checkpoint throughput tracked closely with the nationwide trend early in the pandemic, decreasing to an unprecedented trough of around -95% 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. Around the middle of November 2020, the Airport's checkpoint throughput trend started to drop below that of the overall U.S. suggesting a slower recovery for the Airport as compared to the overall U.S. As of the end of December 2021, the Airport has recovered to approximately 73% of 2019 TSA checkpoint throughput as compared to the end of December 2019, while the overall U.S. has recovered to approximately 83%.

[62] President of the U.S. Executive Proclamation, January 31, 2020

Figure 2-1 Comparison of Airport and U.S. TSA Checkpoint Throughput (March 2020 - December 2021)



Sources: Port of Portland, Management records, accessed August 2020. Transportation Security Administration, accessed January 2022.

Three factors are assumed to be necessary for air traffic to recover back to levels experienced prior to the COVID-19 pandemic. First, confidence needs to be restored such that passengers feel that traveling on aircraft and using airport facilities, both at the airport and at their final destinations, is safe from a health standpoint. Second, we must achieve manageable infection rates such that our travel origins and destinations are generally deemed safe. Finally, travelers must feel comfortable from a financial standpoint with spending money on air travel, which will be dependent on the recovery of the economy.

Airlines and airports appear to have generally shown that air transportation is safe during this pandemic. Despite the CDC concluding “that the risk for on-board transmission of SARS-CoV-2 during long flights is real and has the potential to cause COVID-19 clusters of substantial size”[63], another study suggests that on-board transmission is a rare event.[64] Airlines and airports, including the Airport, have taken further steps to reduce risks through enhanced cleaning, contactless boarding, use of physical barriers, physical distancing, temperature screening of employees, and requiring use of face coverings. According to a report from the Harvard’s Aviation Public Health Initiative, airports have made “consistent and impressive commitments to reduce the risks of disease transmission in their facilities” between passengers, employees, concessionaires, contractors, and visitors through layered, interlinked, risk-mitigation strategies that, when used together, effectively can control the risk of exposure. The report concluded that, overall, the probability of being infected in an airport is very low.[65]

It is generally considered that in order to return to life prior to the pandemic, we must achieve some level of manageable infection rates on a national and global scale. The U.S. government has been focused on the development of vaccines since the start of the pandemic. To-date, three vaccines have been approved for full use, Pfizer’s Comirnaty, Moderna’s mRNA-1273, and Johnson & Johnson’s Ad26.COV2.S. The Pfizer and Moderna vaccines require two doses to be effective, while the Johnson & Johnson vaccine requires a single dose. The first COVID-19 vaccination in the U.S. administered to the public occurred on December 14, 2020. As of December 9, 2021, 475.7 million doses have been administered with 237.1 million people receiving the first dose, more than 200.4 million people fully vaccinated, and 48.9 million people receiving a booster dose.[66] It is generally assumed that as society continues to adapt to the virus and the spread of COVID-19 becomes more manageable (such as it is with viruses such as seasonal influenza) through a combination of effective treatments, vaccines, and natural immunity, passenger confidence in air travel would be restored and the potential for air traffic to return to pre-COVID-19 levels would be possible.

Figure 2-2 provides a comparison of vaccination rates for the U.S., Oregon, and Washington in comparison to the TSA checkpoint throughput at the Airport. As shown, the recovery of checkpoint throughput at the Airport generally started in March 2021, which is generally at the same time as the vaccines became more available. At this time, it is difficult to determine if a direct relationship exists between the recovery of traffic and percentage of people vaccinated; however based on data available at this time, this direct relationship currently suggests that as the infections from the virus become more manageable, people are becoming more comfortable with air travel.

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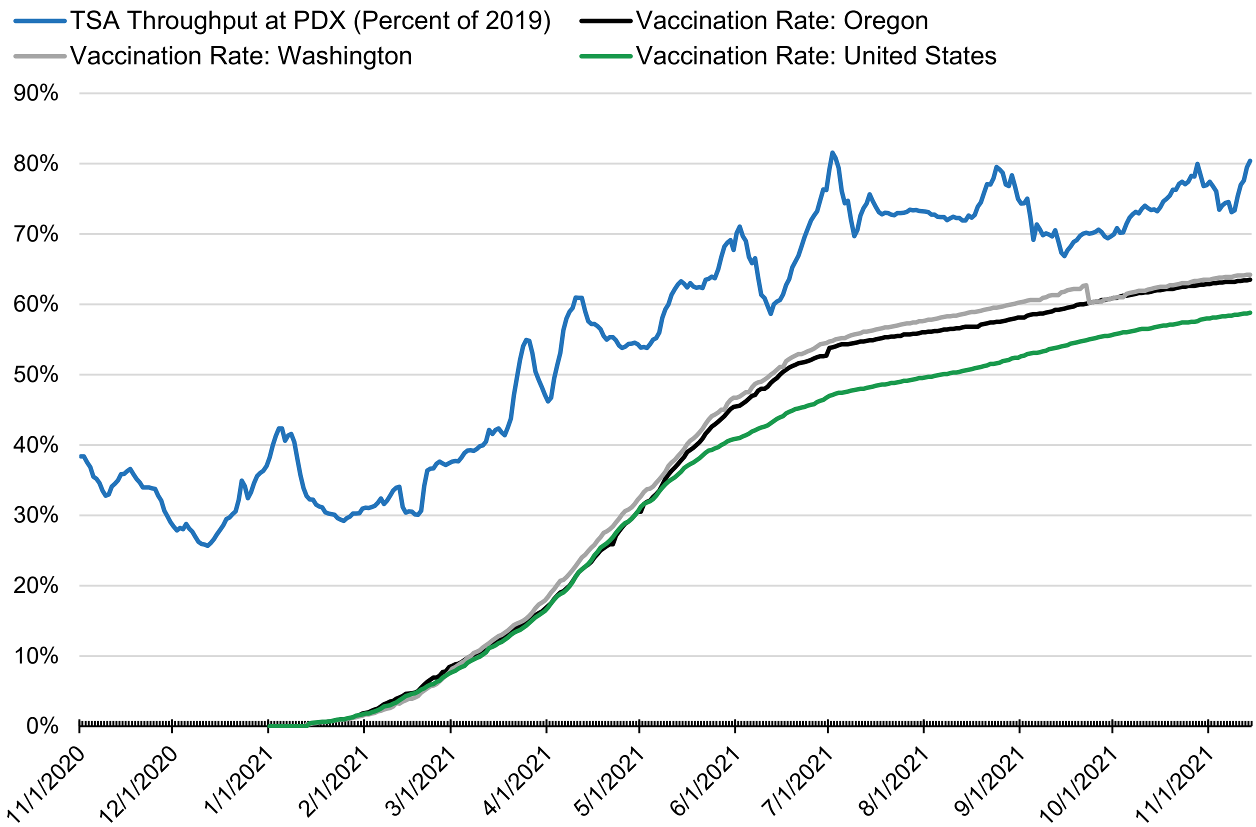
63 Transmission of SARS-CoV 2 During Long-Haul Flight, Nguygen Cong Khanh et al, EID Journal Volume 26, Number 11, accessed via CDC website https://wwwnc.cdc.gov/eid/article/26/11/20-3299_article accessed February 10, 2021

64 Risk of COVID-19 During Air Travel, Rui Pombal, MD et al, Journal of the American Medical Association, October 1, 2020, accessed via https://jamanetwork.com/journals/jama/fullarticle/2771435, accessed on February 10, 2021

65 AAAE, Top Stories for Thursday, February 11, 2021: Harvard: Risk of Virus Infection ‘Low’ In Airports.

66 CDC COVID Data Tracker accessed at https://covid.cdc.gov/covid-data-tracker/#vaccinations

Figure 2-2 Airport Recovery Comparison to Vaccination Rates



Note: On September 23, 2021, data review and reporting adjustments resulted in a decrease in the number of vaccine doses administered for Washington State of 473,191 doses. The adjustments are the result of updates to how pharmacies report data to CDC and/or other jurisdictions.

Sources: Port of Portland, Management records, accessed December 2021. Center for Disease Control, COVID Data Tracker: COVID-19 Vaccinations in the United States, accessed December 2021.

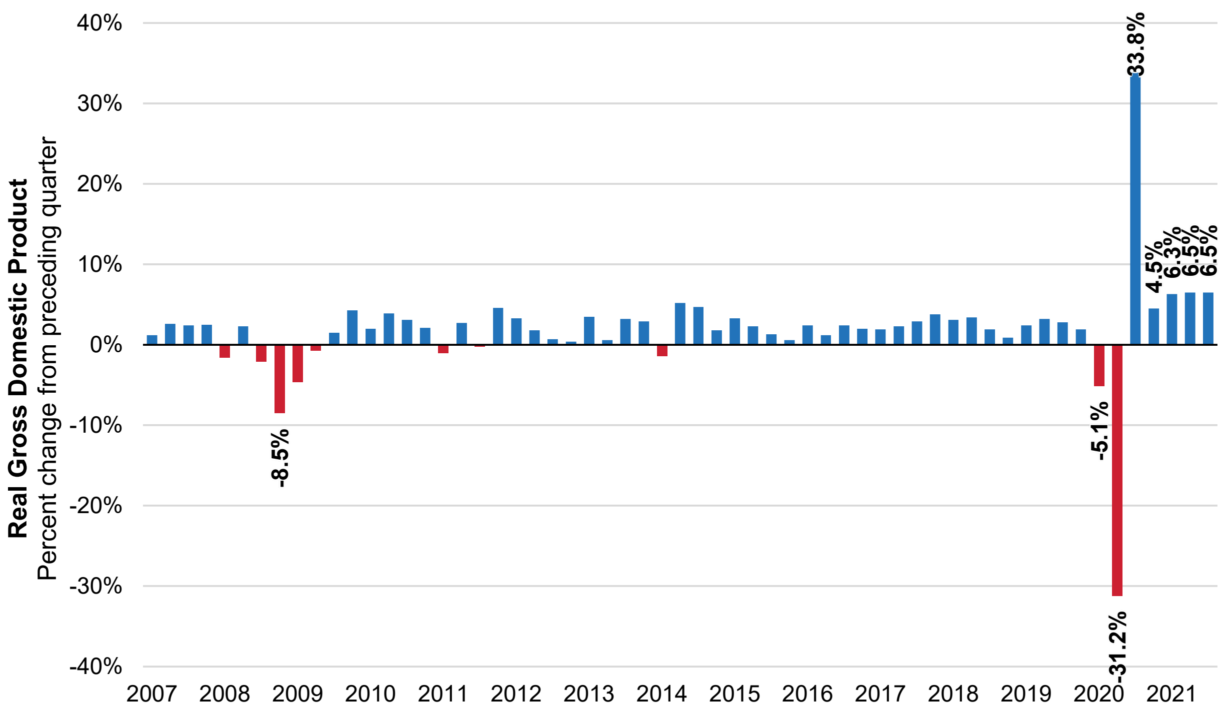
2.3.2 Economic Conditions and Events

Historically, the U.S. economy, as measured by GDP, grew at a relatively steady rate, averaging 3.1% per annum between CY 1960 and CY 2019. The rate of growth had been remarkably stable reflecting both the size and maturity of the U.S. economy. Individual years have fluctuated around 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 rates quickly, fueled by a gradual but prolonged reduction in interest rates. The Great Recession occurred between December 2007 and June 2009.[67] As a result of the Great Recession, the nation's unemployment rate rose from 5.0% in December 2007 to a previous high of 10.0% in October 2009.[68]

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 have 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 decline 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 2-3** depicts the magnitude of the impact the COVID-19 pandemic has had on the U.S. economy, thus far, when compared to the Great Recession.

Figure 2-3 U.S. Economic Impact of the COVID-19 Pandemic



Note: Rates are seasonally adjusted at annual rates.
Source: U.S. Bureau of Economic Analysis, National Income and Product Accounts, November 2021.

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67 National Bureau of Economic Research, U.S. Business Cycle Expansions and Contractions, September 20, 2010.
68 Ibid.

Presented previously, Figure 1-2 shows the strong correlation between enplaned passenger traffic in the U.S. and the nation's economy in addition to significant shocks/events. 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 negatively impact aviation in history. There is still much uncertainty around when air traffic will recover to "pre-COVID-19" levels. However, it is assumed that the ultimate ability to reach manageable infection rates of COVID-19 throughout the world will play a significant role in restoring passenger confidence in air travel and airlines being able to return to pre-COVID-19 levels. Future waves and/or threats of future waves of COVID-19 or another pandemic including associated travel restrictions could have a further negative impact on air travel in the future.

2.3.3 The U.S. Airline Industry

2.3.3.1 Airlines Profitability

Since 2008, the U.S. airline industry has decreased capacity, particularly in short-haul markets with smaller, short range aircraft types. The result has been significant improvement in yields, revenue per available seat mile (RASM), and subsequently, profitability prior to the outbreak of the COVID-19 pandemic. In recent years, 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.[69] 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 quarters of 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.[70] 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. [71] 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.[72] To help support U.S. air carriers through this crisis, which is evident by the recent financial performance stated above, on March 25, 2020 the U.S. Senate passed the CARES Act by unanimous vote. 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:

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[69] Bureau of Transportation Statistics, 2019 Annual and 4th Quarter U.S. Airline Financial Data.

[70] 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.

[71] 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.

[72] International Air Transport Association, Reduced Losses but Continued Pain in 2021, https://www.iata.org/en/pressroom/pr/2021-04-21-01/

- $29 billion in loans and loan guarantees for air carriers;
- FAA Part 145 aircraft repair stations and ticket agents;
- $32 billion in payroll protection grants for air carriers and their contractors; and
- Relief to air carriers from federal excise taxes that apply to transporting passengers and cargo and the purchase of aviation jet fuel.

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.[73] 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 created the Payroll Support Program Extension (PSP2) which allocated another $15 billion to passenger air carriers and $1 billion to contractors. The American Rescue Plan Act of 2021 extended assistance to passenger air carriers and contractors that received financial assistance under PSP2 to the turn of $14 billion and $1 billion respectively. Most recently, in March under the PSP3, the government provided another $14 billion to airlines and up to $1 billion to contractors.

It is generally assumed that the airlines will continue to right-size capacity to meet suppressed demand and evolve business models in the near-term to emerge in a better financial position as the recovery from the pandemic continues.

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 of the major network airlines restructured their route networks and reached agreements with lenders, employees, vendors, and creditors to decrease their cost structure.

Currently, airlines are experiencing 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 have ceased operations primarily as a result of the COVID-19 pandemic.[74] Compass Airlines is the only carrier from this group that previously operated at the Airport. As of December 9, 2021, no U.S. scheduled mainline passenger airline has filed for Chapter 11 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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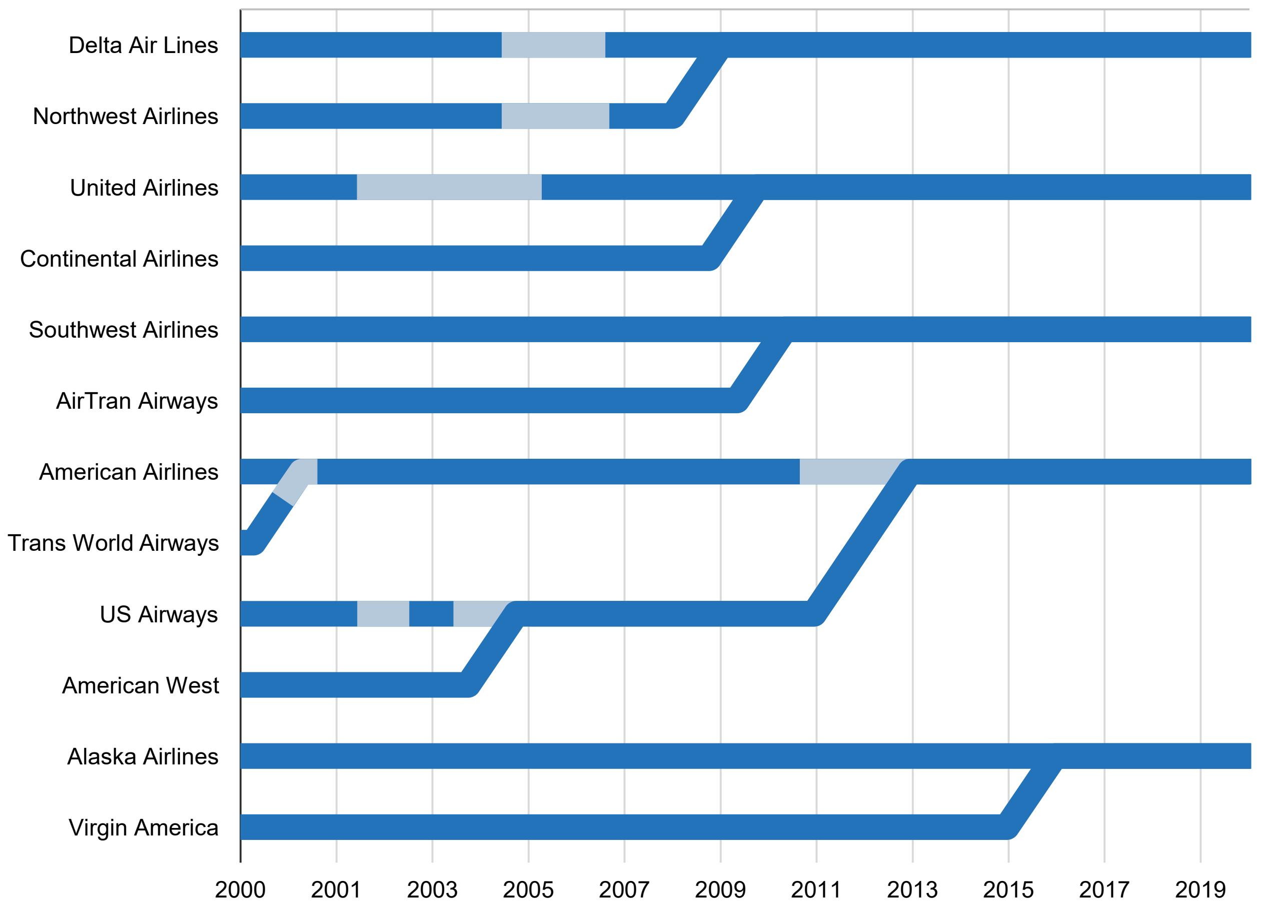
[73] Department of the Treasury, Payroll Support Program Payments, https://home.treasury.gov/policy-issues/cares/preserving-jobs-for-american-industry/payroll-support-program-payments

[74] 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 2-4** provides a graphical representation of the major U.S. airline mergers during this period. These mergers have resulted in significant economic control of passenger ridership. For FY 2021, the four largest U.S. airlines (American, Delta, Southwest, and United) account for 78.5% of the domestic seating capacity. The potential impacts associated with consolidation include limited industry seats, limited capacity growth, and increases in fares.

Figure 2-4 Major U.S. Airline Mergers of the 21st Century



Note: Shading indicates bankruptcy.
Source: Airlines for America, U.S. Airline Mergers and Acquisitions.

As of December 9, 2021, there has been no announcement of a U.S. scheduled mainline passenger airline seeking to acquire or merge with another U.S. scheduled mainline passenger airline. However, given the ongoing financial struggles and the uncertain recovery of air traffic, it is possible that airlines may seek further industry consolidation in the future primarily as a result of the financial difficulties experienced during the COVID-19 pandemic. 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 has entered into partnerships with both Alaska Airlines for markets in the western U.S. and JetBlue Airways for markets in the eastern U.S.[75]

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 climbed 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 were faced with cutting capacity or increasing 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 but have increased to over $79 per barrel in November 2021.

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 December 2021 release, the EIA projects that jet fuel prices will reach $1.95 per gallon by December 2022. **Figure 2-5** presents the historical price for jet fuel refiner price to end users and the EIA's forecast of that price.

Although fuel cost is of major importance to the airline industry, future 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.

It is expected that 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.

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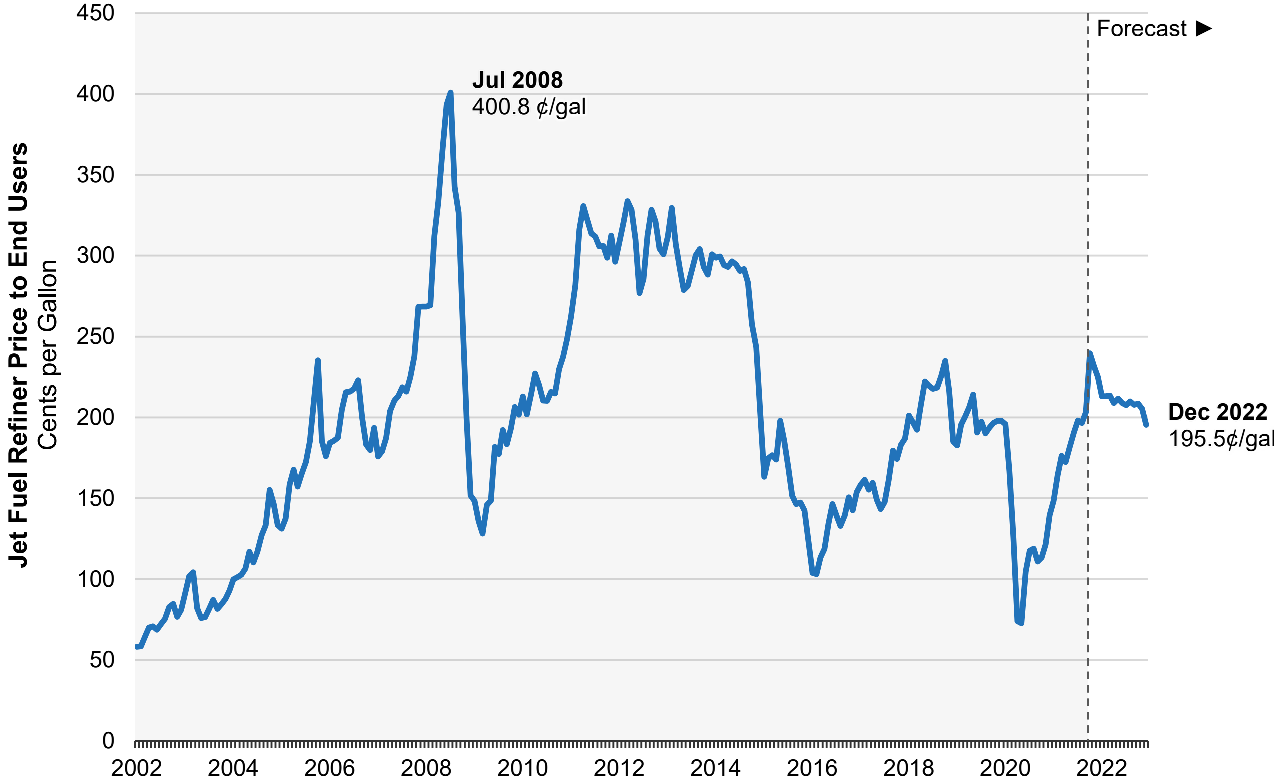
75 In September 2021, the U.S. Justice Department filed an antitrust lawsuit challenging the partnership between American Airlines and Jet Blue Airways alleging the alliance will suppress competition and lead to higher fares.

Figure 2-5 Jet Fuel Prices



Source: U.S. Energy Information Administration, Short-Term Energy Outlook (December 2021).

2.3.5 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 Transportation Security Administration (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 the Brussels Airport in March 2016, the Istanbul Atatürk Airport in June 2016, and the Orly International 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.

2.3.6 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 sufficient 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 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 industry research on various forecast recovery scenarios from the impacts of the COVID-19 pandemic, as well as a presentation of the air traffic 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 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 upheaval to the air travel industry and the national and global economies, may prolong recovery, and, therefore, have an adverse impact on Airport revenues. As a consequence, 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 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 Industry Recovery Scenarios

Several industry sources have made predictions as to the length of recovery of air traffic to levels prior to the COVID-19 pandemic. **Table 2-12** presents summaries of various scenarios. As shown, the general consensus of those cited below is that passenger traffic will not recover to CY 2019 levels until sometime around CY 2023 to CY 2024, however, some industry sources indicate that recovery may not occur until CY 2025 in more pessimistic projections. It is important to note that these projections reflect the recovery at a national level and are not necessarily reflective of the recovery at the Airport.

Table 2-12 Industry Recovery Scenario Forecasts

Source Company / Agency	Expected Recovery Period	Citation	Source
International Air Transport Association (IATA)	CY 2024	*"The air cargo business is performing well, and domestic travel will near pre-crisis levels in 2022. The challenge is international markets which remain severely depressed as government-imposed restrictions continue.* • *In 2022 domestic demand is expected to reach 93% of pre-crisis (2019) levels.* • *In 2022 international demand is expected to reach 44% of pre-crisis (2019) levels.* *...the global demand for air travel (RPKs) is not expected to recover to pre-crisis levels before 2024."*	*" Losses Reduce but Challenges Continue - Cumulative $201 Billion Losses for 2020-2022", https://www.iata.org/en/pressroom/2021-releases/2021-10-04-01//*
Airports Council International	CY 2024	*"Under the current projection and taking into account the slower than expected fourth quarter of 2021, global passenger traffic is expected to recover to 2019 levels in early 2024. The overall recovery will mainly be driven by the recovery of domestic passenger traffic but will be hampered by a slower recovery in international travel (globally, domestic traffic accounted for 58% of total passenger traffic in 2019). The WATF 2020–2040 remains the most likely scenario as of 2024 if new variants of the virus are contained effectively and the vaccination rate increases rapidly—especially in emerging and developing countries—so that a significant proportion of the world's population is vaccinated by the end of 2022.* *The pessimistic scenario calls for a delayed recovery, resulting from the appearance of additional waves of infections and new variants of the virus. These will result in governments introducing more restrictive measures, creating new lockdowns, and travel restrictions. Under this scenario, passenger volume will remain weak, the industry only achieving 44.8% of its 2019 level in 2021 and 60.9% of the 2019 level in 2022. Global recovery to the 2019 level will occur in late 2024."*	*"The impact of COVID-19 on the airport business and the path to recovery", November 1, 2021.* https://aci.aero/2021/11/01/the-impact-of-covid-19-on-the-airport-business-and-the-path-to-recovery-3/
Airlines for America (A4A)	CY 2022-25	*"The Timing of a Return to 2019 Passenger Volumes Depends in Large Part on Business Travel"*	*"Tracking the Impacts of COVID-19", June 23, 2021* https://docs.google.com/viewerng/viewer?url=https://www.airlines.org/wp-content/uploads/2021/06/A4A-COVID-Impact-Updates-31.pdf&hl=en (Slide 5)

Table 2-12 Industry Recovery Scenario Forecasts (continued)

Source Company / Agency	Expected Recovery Period	Citation	Source
Fitch Ratings	CY 2024	*“Fitch Ratings has revised its 2021 and 2022 forecasts for global airline traffic downward. The revision is due to a slow rebound in international traffic and still constrained business travel. However, increasing rates of vaccination, a growing number of treatment options and easing of border restrictions across more countries should support an accelerating pace of recovery through 2022 and into 2023. Fitch expects global air traffic to return to pre-pandemic levels in 2024.”*	*“Global Air Traffic Will Accelerate in 2022, but Remain Below Pre-Pandemic Levels”, November 30, 2021.* https://www.fitchratings.com/research/corporate-finance/global-air-traffic-will-accelerate-in-2022-but-remain-below-pre-pandemic-levels-a-full-recovery-is-still-expected-for-2024-but-trajectory-will-vary-by-region-30-11-2021
Moody’s Investor Service	CY 2024	*"We expect that the strength of domestic travel will hold and international and business travel will resume growth once recently renewed travel restrictions relating to the latest virus variants are eased. New international testing requirements in the US are still less restrictive than those in place for most of 2021, while business travel has been returning as vaccinations have increased. We forecast US enplanements, or the number of people that depart from an airport, will increase to 95% of 2019 levels by the end of 2022 from around 85% today, despite bumps along the way.”*	*“Moody's – 2022 outlook remains positive as domestic travel recovery continues*”, December 8, 2021.
Standard & Poor’s (S&P)	CY 2024	*“- The combination of federal stimulus aid, vaccine progress, easing mobility restrictions, strong economic growth, and pent-up demand is improving the recovery curves for our activity estimates among certain asset classes like air travel, while the prospect of a continued or permanent shift to remote or hybrid work and the growth of online shopping will limit the recovery in public transit ridership for the foreseeable future.* *- The U.S. public transit and airport sectors still face the longest recovery relative to other U.S. transportation subsectors, with our current baseline activity estimates for 2021 showing public transit recapturing 45% and airports 70% of pre-pandemic activity levels.* *- We see public transit ridership recovering to only 80% of pre-pandemic levels by the end of 2023 and full U.S. systemwide enplanements not returning to near pre-pandemic levels until late 2023 or early 2024, with the international component lagging the broader domestic rebound.”*	*“Updated Activity Estimates for U.S. Transportation Infrastructure Show Recovery for Air Travel Demand Accelerating and Public Transit Lagging”. July 29, 2021.*

Sources: Cited in table above. Accessed December 2021.

2.4.2 Baseline Air Traffic Projections

The Port develops its own projection of air traffic demand in order to estimate budgetary needs for the future. The projection includes an enplaned passenger projection and a landed weight projection. The projection of enplaned passengers and landed weight for its FY 2022 budget has been assumed for the purposes of the baseline projection used in this Report. For the period of FY 2023 through FY 2028, Campbell-Hill Aviation Group, LLC has prepared a projection of air traffic for the Airport on behalf of the Port. The baseline projection of air traffic activity in this Report, as prepared by Campbell-Hill Aviation Group, LLC, is based on the following key assumptions.

- A full recovery of leisure traffic to FY 2019 levels by FY 2023
- Business traffic is slow to rebound, but begins to recover strongly in FY 2023 and fully returns in FY 2024[76]
- Total passenger traffic is projected to return to FY 2019 levels during FY 2024 and exceed FY 2019 levels by FY 2025
- Long-term demographic regressions were used to project air traffic beyond FY 2025

L&B conducted an independent review and analysis of these projections based on our professional experience. In addition, L&B reviewed and compared the baseline projection to various industry projections that have been prepared by other industry sources (presented in the previous section). Based on L&B's independent review and analysis of the projection, we believe it is a conservative, yet reasonable, projection to be used for financial feasibility purposes in this Report.

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. While the global COVID-19 pandemic is currently ongoing, other economic disturbances could occur over the period of FY 2022 through FY 2028 (Projection Period). Therefore, this projection, as with any projection, should be viewed as a general indication of future air traffic activity as opposed to a precise prediction. Actual future traffic is likely to vary from this projection, and such variances could be material.

In developing its FY 2022 budget, the Port has estimated that enplaned passengers will increase from 3.7 million in FY 2021 to 6.3 million in FY 2022, representing an increase of 68.4%. The Port has estimated that landed weight will increase from 7.8 billion-pound units in FY 2021 to 10.1 billion-pound units in FY 2022, representing an increase of 29.3%.

Enplaned passengers are projected to recover to FY 2019 levels, or approximately 10.0 million, during FY 2025. Following the recovery of enplaned passengers in FY 2025, long-term demographic regressions were used to project beyond FY 2025. By FY 2028, projected enplaned passengers are estimated to be approximately 11.8 million.

The baseline projection generally assumes that passenger airlines' average landed weights will generally follow the enplaned passenger trends described above. Cargo airlines' landed weights have not experienced as deep of a downturn from COVID-19 and are projected to grow at a CAGR of approximately 3.6% from FY 2022 to FY 2028.

Table 2-13 presents the baseline projection of enplaned passengers and landed weight.

[76] Based on survey results from the Port, business travel at the Airport ranged between 25.6% to 28.2% during the years of 2015 through 2019.

Table 2-13 Baseline Air Traffic Projections

Fiscal Year		Enplaned Passengers (in thousands)	Percent of FY 2019	Landed Weight (in million-pound units)	Percent of FY 2019
Actual	2019	9,967	100.0%	12,712	100.0%
	2020	7,273	73.0%	10,786	84.9%
	2021	3,742	37.5%	7,818	61.5%
Budget	2022	6,300	63.2%	10,106	79.5%
Projection	2023	8,157	81.8%	11,876	93.4%
	2024	9,870	99.0%	13,189	103.8%
	2025	10,691	107.3%	13,971	109.9%
	2026	11,037	110.7%	14,392	113.2%
	2027	11,390	114.3%	14,821	116.6%
	2028	11,752	117.9%	15,260	120.0%
Compound Annual Growth Rates					
2019-21		-38.7%		-21.6%	
2021-22		68.4%		29.3%	
2022-25		19.3%		11.4%	
2025-28		3.2%		3.0%	

Note: This projection is based on current expectations and information and is not intended as a representation of facts or guarantee of results.
Source: Port of Portland, Airport management records (actual and budget); Campbell-Hill Aviation Group, LLC, August 5, 2021 (projection).
Compiled by Landrum & Brown, Inc.

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.

- **Shorter-Term Factors:**
  - Additional COVID-19 variants and related factors that result in major disruptions to air travel
  - An economic slow-down resulting in higher unemployment and GDP/GRP impacts
  - International travel restrictions remain in place for an extended period of time
  - Further delay in the recovery of business travel

- **Longer-Term Factors:**
  - Permanent loss of some business travel due to technology and other work-from-home options without a correlating increase in leisure traffic
  - The loss of some of the Airport's connecting traffic (primarily by Alaska Air Group) resulting from changes to airline business models

Table 2-14 presents the pessimistic sensitivity projection as compared to the baseline. **Figure 2-6** presents the comparison of these projections graphically. As shown, the pessimistic scenario assumes an additional decrease in FY 2022 from the Port's budget by approximately 5.5% for a total of approximately 5.96 million enplaned passengers. The projection for FY 2022 is consistent with a more pessimistic scenario from Campbell-Hill Aviation Group, LLC that primarily reflects a slower recovery of business travel in that year. L&B assumes additional negative factors impact air traffic demand as presented above for the remainder of the Project Period. In general, the pessimistic scenario assumes enplaned passengers are about 10% below those of the baseline projection. Under the pessimistic scenario, enplaned passengers are projected to reach approximately 10.6 million in FY 2028 and do not recover to 2019 levels until FY 2027.

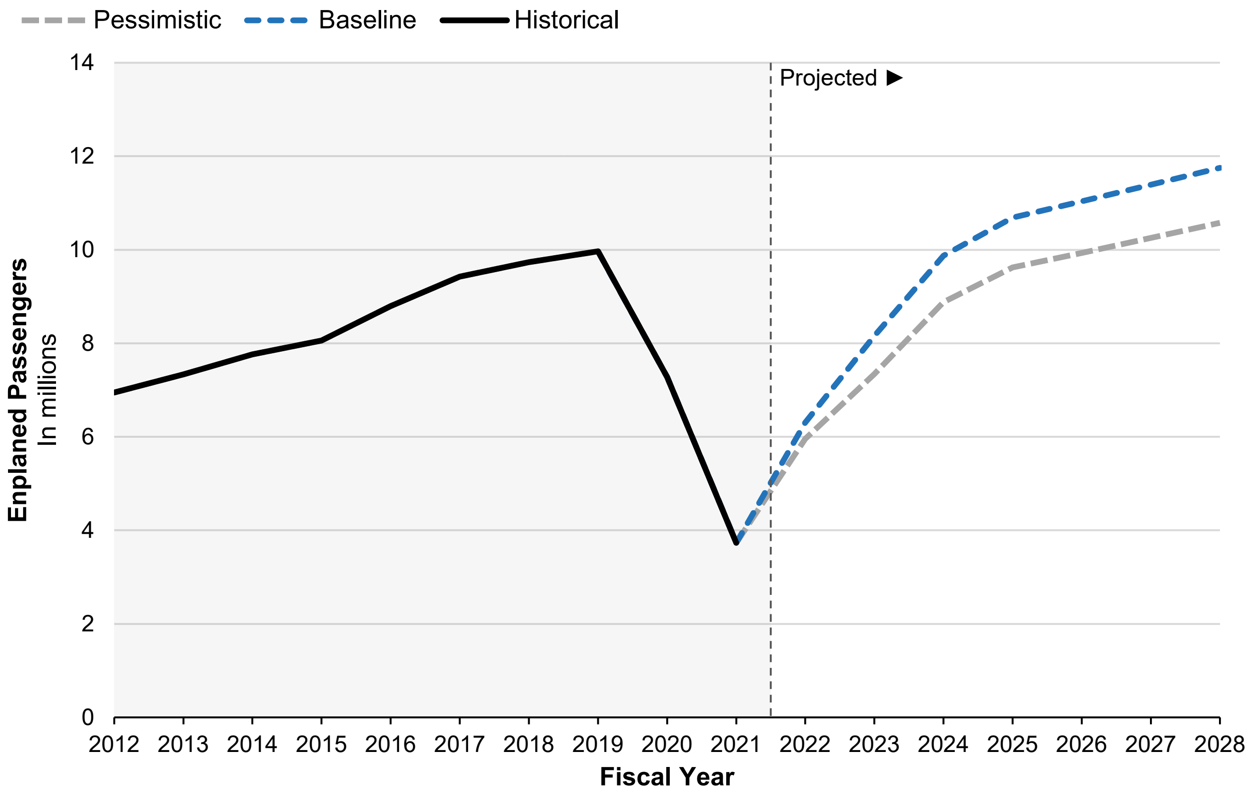
Table 2-14 Enplaned Passenger Projections – Pessimistic and Baseline Scenarios

Fiscal Year		Baseline		Pessimistic	
		Enplaned Passengers (in thousands)	Percent of FY 2019	Enplaned Passengers (in thousands)	Percent of FY 2019
Actual	2019	9,967	100.0%	9,967	100.0%
	2020	7,273	73.0%	7,273	73.0%
	2021	3,742	37.5%	3,742	37.5%
Budget/Projection	2022	6,300	63.2%	5,955	59.7%
Projection	2023	8,157	81.8%	7,341	73.7%
	2024	9,870	99.0%	8,883	89.1%
	2025	10,691	107.3%	9,622	96.5%
	2026	11,037	110.7%	9,934	99.7%
	2027	11,390	114.3%	10,251	102.9%
	2028	11,752	117.9%	10,576	106.1%
Compound Annual Growth Rates					
2021-22		68.4%		59.1%	
2022-28		11.0%		10.0%	

Note: These projections are based on current expectations and information and is not intended as a representation of facts or guarantee of results.

Source: Port of Portland, Airport management records (actual and budget); Campbell-Hill Aviation Group, LLC, August 5, 2021 (projection for FY 2022 for pessimistic scenario); Landrum & Brown, Inc. (projection for FY 2023 to FY 2028 for pessimistic scenario).

Figure 2-6 Comparison of Enplaned Passenger Projections



Note: These projections are based on current expectations and information and is not intended as a representation of facts or guarantee of results.

Source: Port of Portland, Airport management records (actual and budget); Campbell-Hill Aviation Group, LLC, August 5, 2021 (baseline projection and projection for FY 2022 for pessimistic scenario); Landrum & Brown, Inc. (projection for FY 2023 to FY 2028 for pessimistic scenario).
Compiled by Landrum & Brown, Inc., September 2021

3 Airport Facilities and Capital Program

This chapter provides an overview of existing Airport facilities and describes the Series Twenty-Eight 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.[77]

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 39 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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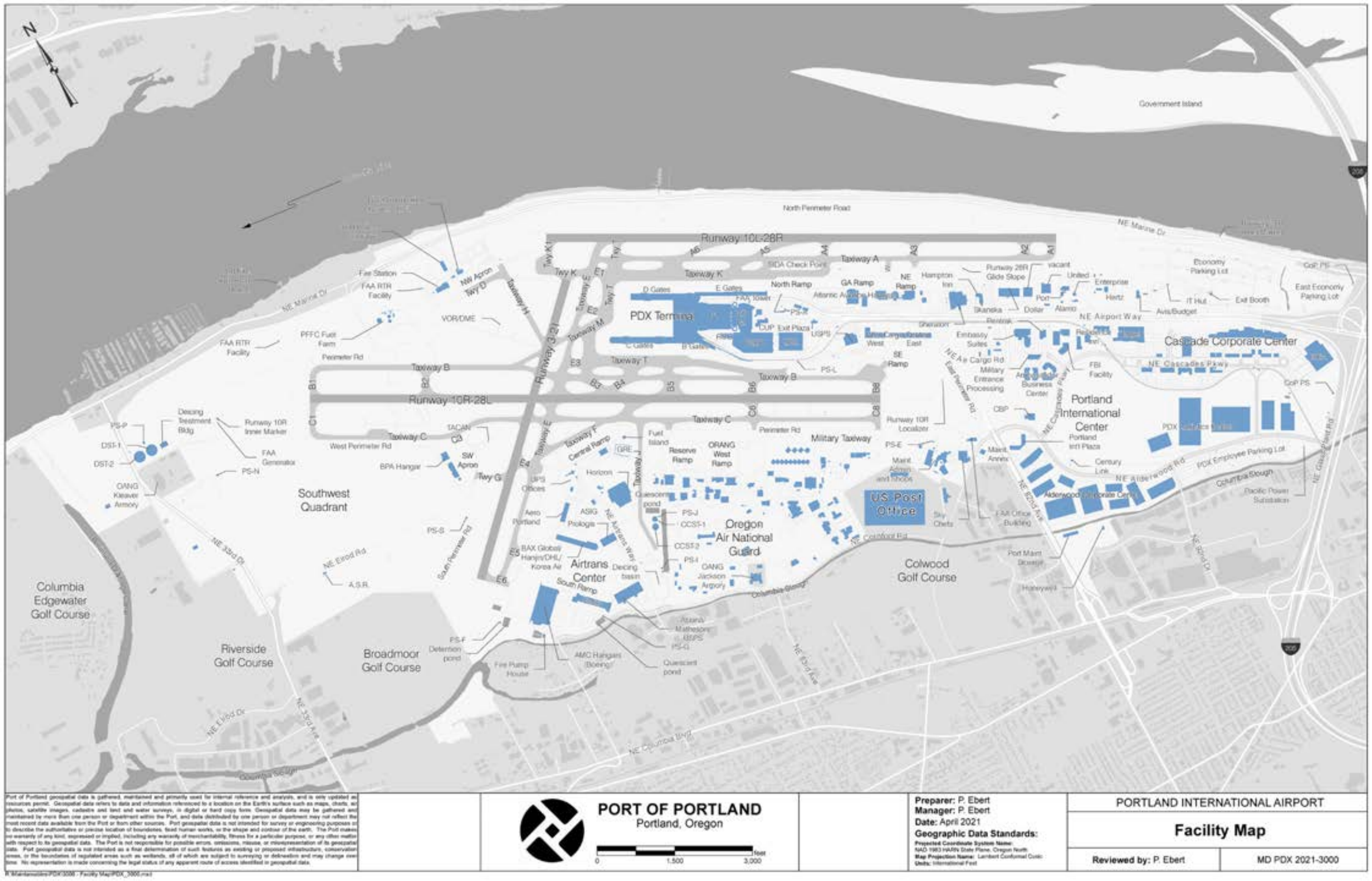
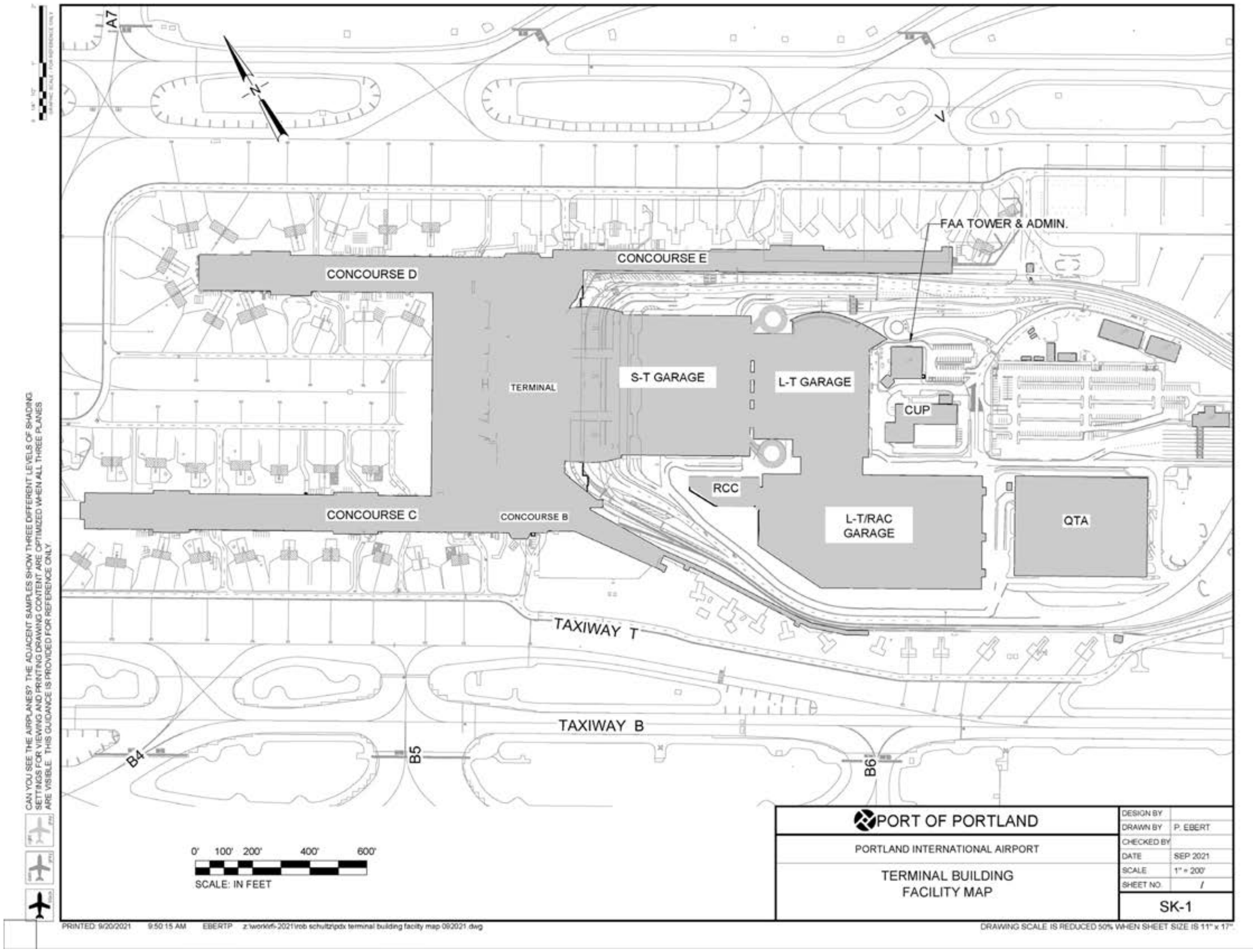
[77] Master Plan Update, Portland International Airport, April 2011.

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. In 2011, the Port completed a new in-line baggage screening system that provides for the screening of all checked bags in an area beyond public space.

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, and 2019, the Signatory Airlines (defined herein) approved, in three ballots, the expansion of the terminal core area (Terminal Core Redevelopment project) totaling $1.65 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 completed the Expansion of Concourse E, which included the construction of six contact aircraft gates, circulation (with additional capability of accommodating two ground loading parking positions), public restrooms, concessions, and support spaces.

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 $1.45 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.

3.1.3 Public Parking Facilities

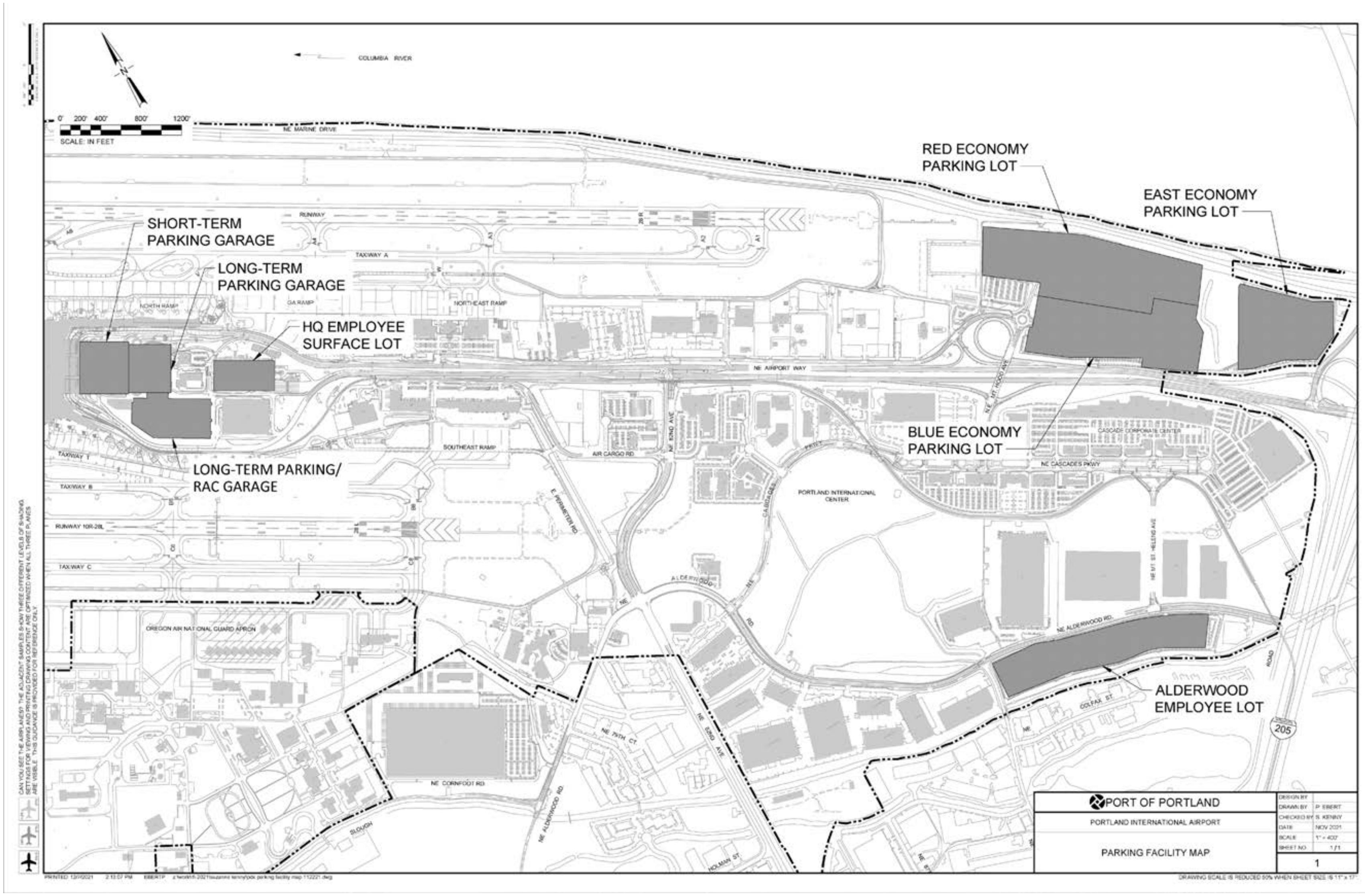
Port-owned public parking facilities consist of (1) a seven-story short-term public parking garage, (2) a seven-story long-term parking garage, (3) a newly constructed six-story Public Parking and ConRAC Garage, (4) economy surface parking lots, and (5) two employee surface parking lots. The short-term 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; a six-floor structure that includes a 724,000-square foot rental car ready/return and parking, and long-term public parking. The newly opened facility also includes a 30,000-square foot rental car customer service area located on the first floor of the Rental Car Center building that is adjacent to the garage. This structure currently provides 2,290 long-term parking spaces, including certain designated spaces that are Americans with Disabilities Act accessible and electric vehicle charging capable. **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.

Figure 3-3 Parking Facilities Map



Source: The Port of Portland.

3.1.4 Rental Car Facilities

Eight rental car brands operate at the Airport, under four separate companies: Avis Budget Group, Inc., Dollar Thrifty Automotive Group, Enterprise Holdings, Inc., and Hertz Global Holdings. 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 as of July 2021[78]) 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. 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 all 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.

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. The United States Postal Service leases an existing facility to the west of the PDX Cargo Center.

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 UPS 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 is expected to be converted into a maintenance facility for United Airlines’ aircraft.

[78] Prior to July 2021, the maximum number of transaction days per rental car contract was limited to four days.

3.1.6 Port Headquarters

More than 450 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, a quick-serve restaurant, 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 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. To address this, the Port continues to plan for its future facility needs.

3.2.1 2011 Master Plan

Among the principal findings of the 2011 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 July 2014, the Port completed a Phase 1 Terminal area master plan for future development and expansion of the existing terminal space. In an effort to keep the 2011 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.

3.2.2 Seismic Resiliency Program

In addition to the Port's master planning process and Airport 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 Airport 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 2011 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 2022 through FY 2028, which has been included in the financial analysis presented in Chapter 4 of this Report, totals $2.16 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 $2.16 billion CIP, including major project elements and the proposed plan of finance for the period of FY 2022 through FY 2028. Of the total CIP, the Airline Cost Center projects total $1.78 billion, the Port Cost Center projects total $314.2 million, and projects allocable to both Airline and Port Cost Centers total $72.9 million.

3.3.1 Airline Cost Center Capital Projects

Of the $1.78 billion of capital projects to be undertaken in the Airline Cost Center, $1.45 billion is projected for the Terminal Core Redevelopment – Western Expansion/Ticket Lobby and Rebuild Terminal Nodes. The Port is engaged in finalizing the terms of a Guaranteed Maximum Price for the Terminal Core Redevelopment project, and currently anticipates that the costs of the Terminal Core Redevelopment project may increase in the range of 10% – 15% of the $1.45 billion within the Airline Cost Center, depending on a number of evolving factors in the market including inflationary pressures and COVID-19-related disruptions in construction supplies, materials, and labor. The Port is closely monitoring all components of the Terminal Core Redevelopment project and is actively communicating with the Signatory Airlines about project costs. As a result of the Port's active construction and contingency management practices, at this time the Port cannot predict whether it may need to submit for Signatory Airline review to obtain approval for potential project cost escalations in excess of 110% of the $1.45 billion project construction cost estimates (see Section 4.3.3.5).

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 redevelopment of the terminal will also include baggage handling and major seismic upgrades, as well as renewal of mechanical, electrical, and other systems. The Terminal Core Redevelopment project has a projected cost of $1.45 billion and consists of two major components: the Western Expansion/Ticket Lobby, which is partially funded by the Series Twenty-Eight 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 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 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. Some tenant improvement design activities (e.g., TSA checkpoint installation) may extend until the end of CY 2022. Construction of the Western Expansion component of the project, a portion of which is funded with the Series Twenty-Eight 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. The $1.45 billion projected cost for the project is being funded with $236.5 million of previously issued bond proceeds, $225.0 million of PFCs on a pay-as-you-go basis, approximately $515.6 million of Series Twenty-Eight Bonds proceeds, and $476.3 million of future bond proceeds. **Figure 3-4** depicts the location of the Terminal Core Redevelopment project.
- **North Ramp Remain Overnight (RON) Parking**. This project will create additional remain overnight (RON) aircraft parking to address critical airline operation needs. The scope of this project includes: removal of existing asphalt pavement; abatement and demolition of buildings 7527 and 7505 (Hangar A); reconstruction with concrete pavement for use by Group III commercial aircraft (up to 16 parking spaces); reconstruction of a portion of the area with asphalt pavement for use by ground service equipment parking; reconfiguration of utilities and electrical systems; installation of lighting and CCTV equipment; extension and installation of perimeter security fencing; and replacement of stormwater drainage infrastructure. The total budget for this project is $14.0 million and it was placed into operation in December 2021. The North Ramp RON Parking project is planned to be funded with proceeds of the Series Twenty-Eight Bonds.
- **Taxiway A Rehabilitation – A/E Intersection to A4 and A1 through A4.** The projected cost for these two portions of the rehabilitation is $36.0 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.
- **Taxiway K Reconstruction.** The projected cost for this project is $29.7 million, which will be funded with a combination of federal grants and Airport funds.
- **Baggage Handling System Checked Baggage Resolution Area (CBRA) Expansion.** The projected cost for this project is $29.6 million, which is planned to be funded with the proceeds of future bonds.
- **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.

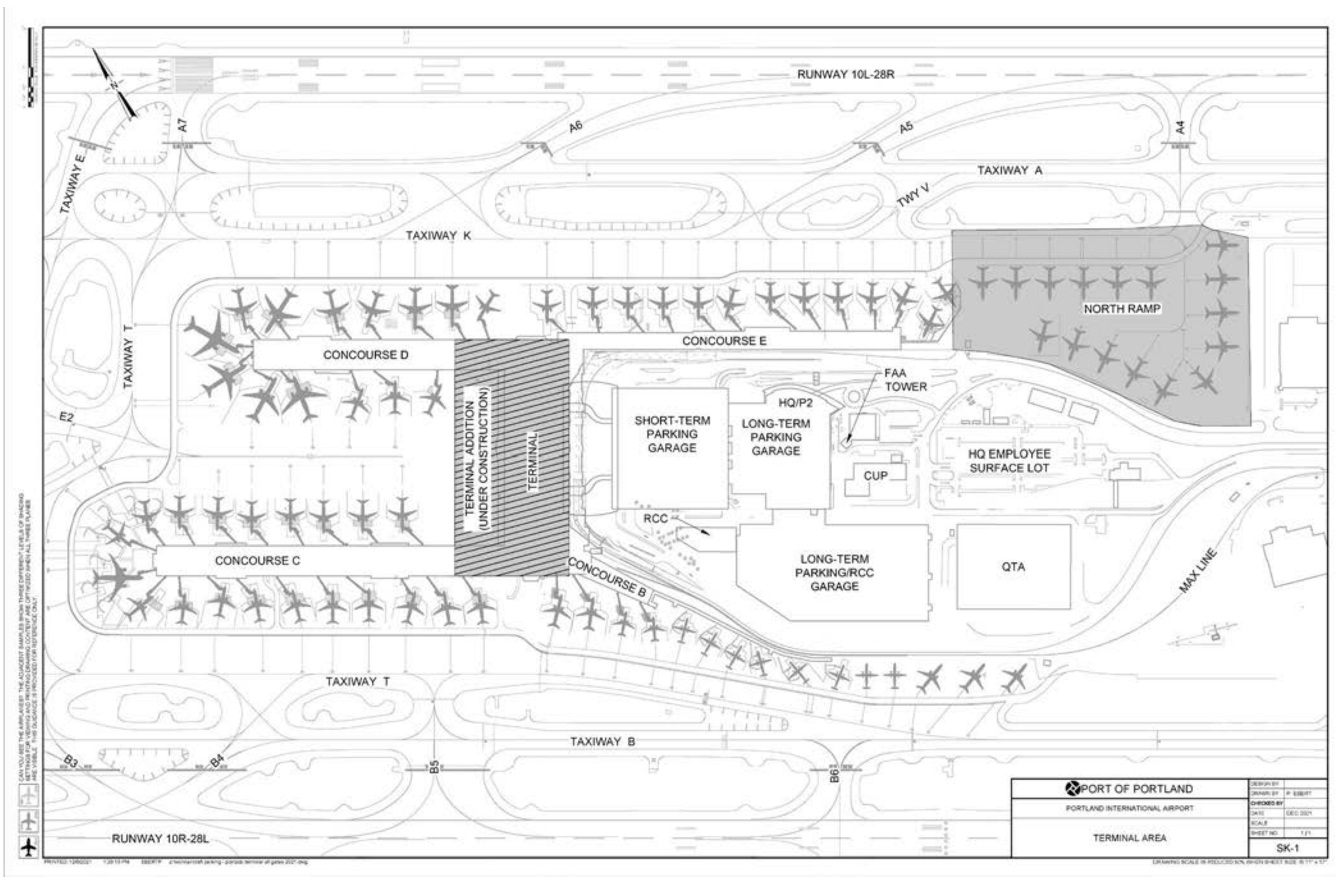
- **Taxiway T Reconstruction.** The projected cost for this project is $15.1 million, which is planned to be funded with a combination of federal grants and Airport funds.

3.3.2 Port Cost Center Projects

Projects to be undertaken in the Port Cost Center total $314.2 million. Of this amount, $87.9 million is attributable to the Airport Way and 82nd interchange improvements and $14.9 is attributable to the rehabilitation of Airport Way.

- **Airport Way and 82nd interchange improvements**. The total cost of this project is projected to be $94.7 million, of which $1.8 million has been funded with Port Funds prior to FY 2022 and $5.0 million is estimated to be funded with Port Funds beyond FY 2028. The remaining $87.9 million is projected to be funded with Port Funds between FY 2022 and FY 2028.
- **Airport Way Rehabilitation**. This element includes both the east and west rehabilitation of Airport Way. The total $14.9 million cost of this project is projected to be funded with Port Funds.

Figure 3-4 Terminal Core Redevelopment



Source: The Port of Portland

3.3.3 Shared Cost Center Projects

Other capital projects to be undertaken that benefit both the Airline and Port Cost Centers total $75.6 million and include the following major elements.

- **PDX Maintenance Campus Redevelopment.** The projected cost for this project is $83.1 million of which $49.0 million is projected to be funded with Airport and Port funds through FY 2028. The remaining $34.1 million portion of this project to be funded after FY 2028 is currently estimated to be funded with Airport and Port funds.
- **CUP HVAC & Roof Replacement.** The projected cost for this project is $11.8 million, which is planned to be funded with a combination of approximately $1.4 million of Port funds and the remainder from the proceeds of future bonds.
- **PDX New Kennedy Feeder**. The projected cost for this project is $12.1 million, which is planned to be funded with the proceeds of future bonds, as well as Port and Airport funds.

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 bond proceeds (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 $529.6 million of the CIP is assumed to be funded with proceeds of the Series Twenty-Eight Bonds. The remaining $1.63 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-Eight Bonds. Additional detail regarding the assumed funding sources for the CIP is presented in this section.

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 received FAA AIP entitlement grants of approximately $600,000 in Federal Fiscal Year (FFY) 2021 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 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. The Airport did not receive a discretionary grant in FFY 2021. 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. [79] Under the Bipartisan Infrastructure Law, the State is expected to receive approximately $211 million of funding for development at its airports, 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 approximately $20.1 million. This funding is intended to address airside and landside needs, terminal development projects, and noise reduction projects. Specific details regarding this funding for the Airport have not yet been released. Therefore, while it is expected that the Port will be able to access this funding for the Airport over the Projection Period, it has not been assumed in the projections contained in this Report.

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 Port does not anticipate receiving any grant funding for the Series Twenty-Eight Projects. The expected grant funding for the CIP is approximately $112.7 million through FY 2028.

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, 2022, the Port had outstanding approximately $65.2 million aggregate principal amount of its Series 2011A PFC Bonds and approximately $29.3 million aggregate principal amount of its Series 2012A PFC Bonds. The Port intends to issue the Series 2022A PFC Refunding Bonds at or around the same time as the Series Twenty-Eight Bonds. The Series 2022A PFC Refunding Bonds will refund the outstanding Series 2011A PFC 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, 2021, 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 June 30, 2021, the Port had collected approximately $733 million of its total approved collection authority and had spent approximately $656 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.

79 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[80]). The Port is planning to use Port and Airport funds as available to fund approximately $529.1 million of CIP project costs.

3.4.4 Bond Proceeds and Commercial Paper Proceeds

The remaining CIP is estimated to be funded with $1.30 billion in Airport Revenue Bonds. The Port will utilize up to $300 million of commercial paper[81], 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 $1.30 billion, $242.7 million in project costs are being funded with proceeds of previously issued bonds and $529.6 million in project costs are expected to be funded with the Series Twenty-Eight Bonds. The Port is planning to issue Additional Bonds through the Projection Period to fund $524.8 million of the CIP based on the future timing of project costs and cash flow needs.

Of the $524.8 million in project costs assumed to be funded with future bond proceeds, approximately $476.3 million is currently planned to fund the remaining elements of the Terminal Core Redevelopment project and approximately $48.5 million is currently assumed to fund all or a portion of other projects in the CIP.

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. 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.

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80 See Section 4.3.3.6 for a description of how Airport Funds are generated per the Airline Agreements.

81 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-Eight 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 2020, FY 2021, the Port's budget for FY 2022, and projections for FY 2023 through FY 2028. For the purposes of this Report, the Projection Period is FY 2022 through FY 2028.

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 and Equity Officer, and Chief Public Affairs 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, including the Series Twenty-Eight 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, planning and development, 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-Eight Bonds are payable from the Airport Net Revenues. Costs of the Series Twenty-Eight Projects funded with Series Twenty-Eight 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

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 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-Eight Bonds are being issued pursuant to various provisions in Ordinance No. 155, Ordinance No. 323, and Ordinance No. 474-B (the Series Twenty-Eight Bonds Ordinance) enacted by the Port on December 8, 2021, and effective on January 7, 2022. Ordinance No. 155, Ordinance No. 323, and the Series Twenty-Eight Bonds Ordinance are, collectively, referred to in this Report as the Bond Ordinances.

The Series Twenty-Eight 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 July 2, 2021, the Port had approximately $1.037 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-Eight 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.

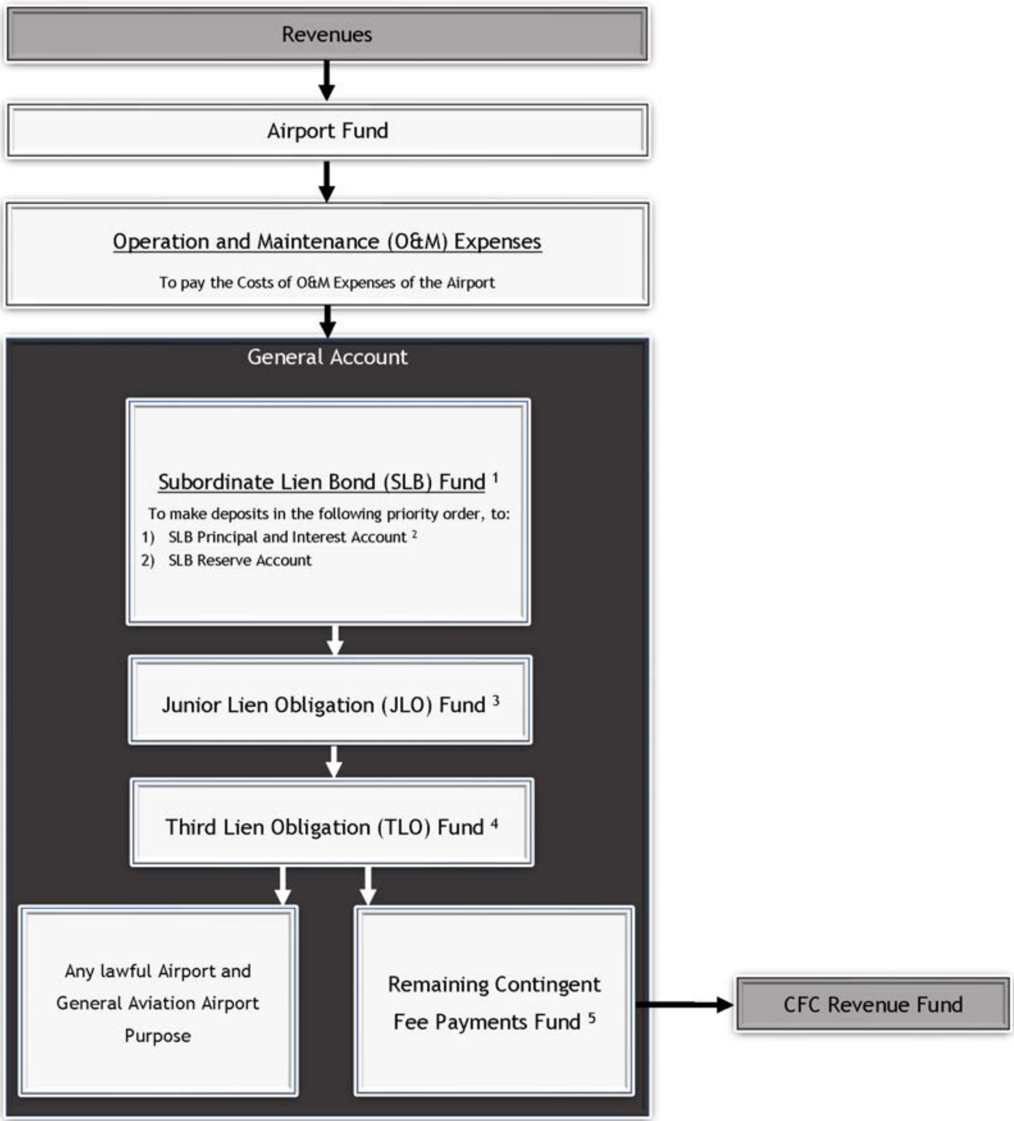
- **General Account.** On the first business day of each month, after paying the Costs of O&M Expenses, the Port is required to credit the balance of Revenues in the Airport Fund to a separate account in the Airport Fund held by the Port (the General Account). The Port is required to credit Net Revenues 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 $229.1 million as of January 1, 2022. The Port is planning to repay all outstanding Commercial Paper Notes and interest with proceeds of the Series Twenty-Eight Bonds. Commercial Paper Notes are an important source of liquidity to support the Port's capital program. 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 December 2, 2022, 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.

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.

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.

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-Eight 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 Airline Agreements, which, including their operating affiliates, accounted for more than 99% of enplaned passengers at the Airport in FY 2021. 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 Common Use Space includes Port-controlled ticket counter, ticket office, equipment, kiosks, and gates the Port has not leased.

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 2019 and FY 2020, preliminary FY 2021, budgeted FY 2022, and projections for FY 2023 through FY 2028 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-Eight Bonds, as projected per the assumptions in this Report, were not disapproved by the Signatory Airlines.

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 2022, approximately 83.1% of the Port’s annual SLB debt service is allocated to the Airline Cost Center. In FY 2028, approximately 91.4% 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 10 rental car brands (Alamo Rent A Car, Avis, Budget, Dollar, Enterprise Rent-A-Car, Hertz, National Car Rental, Payless, Sixt rent a car, and Thrifty Car Rental) 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. 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.

The Transportation Network Companies (TNCs) Uber, Lyft, and Wingz 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. 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 2021 were approximately $3.6 million based on agreement terms and associated with the reduction in enplaned passengers
  - Budgeted MAG amounts for FY 2022 are estimated at approximately $4.6 million
  - Agreement expiration dates vary with some through as late as May 31, 2027
  - 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 2021 were approximately $2.5 million based on agreement terms and associated with the reduction in enplaned passengers
  - Budgeted MAG amounts for FY 2022 are estimated at approximately $3.4 million
  - Agreement expiration dates vary with some through as late as December 31, 2024
  - 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 was through June 30, 2020. The Port exercised a two-year extension of the agreement through June 30, 2022
  - 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 2021 were approximately $16.6 million
  - Budgeted MAG amounts for FY 2022 are estimated at approximately $20.7 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 Coronavirus Response and Relief Supplemental Appropriation Act, 2021 (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 and $30 million during FY 2023. It will determine at a later time how to use and allocate its remaining $8.7 million of ARPA funds for the Airport (these amounts do not include the $8.4 million to be used for concessionaire relief). For the purposes of this Report, the remaining ARPA funding amounts have not been assumed in the financial projections.

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 2021, the Port has used approximately 39% of its CARES Act and CRRSAA funding to reduce airline costs, approximately 51% to improve its net surplus Revenues, and approximately 10% for concessionaire assistance.

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	$30.0	$30.0
Concessions	0.0	0.0	0.0	0.0
FY 2023 Total	$0.0	$0.0	$30.0	$30.0
Remaining to be Applied				
Airport	$0.0	$0.0	$8.6	$8.6
Concessions	0.0	0.0	8.4	8.4
Total Remaining	$0.0	$0.0	$17.0	$17.0
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, December 2021.

4.4 The Series Twenty-Eight Bonds & Future Bonds

The Port plans to issue the Series Twenty-Eight Bonds to (1) fund a portion of the costs of the Series Twenty-Eight Projects, (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 costs of the Series Twenty-Eight Projects, and (5) pay the costs of issuance of the Series Twenty-Eight Bonds. **Table 4-4** below presents the projected sources and uses of funds for the proposed Series Twenty-Eight Bonds, which were prepared by the Port's financial advisor, PFM Financial Advisors LLC (PFM).

Table 4-4 Series Twenty-Eight Bonds Sources and Uses (Dollars in Thousands)

Sources	Series Twenty-Eight Bonds
Par Amount of Bonds	$498,695
Premium	116,573
Total Sources	**$615,268**
Uses:	
SLB Construction Account [1]	$530,246
Capitalized Interest Account	51,148
SLB Reserve Account	32,906
Costs of Issuance	967
Total Uses	**$615,268**

Note: Amounts may not add because of rounding.
1 Also includes Commercial Paper Notes reimbursement and repayment of interest on Commercial Paper Notes.
Source: PFM Financial Advisors LLC, December 2021.
Compiled by Landrum & Brown, Inc.

Exhibit B presents annual Debt Service Requirements for FY 2021, and for the Projection Period. As presented, annual Debt Service Requirements estimates for the Series Twenty-Eight Bonds, net of capitalized interest, are approximately $2.3 million in FY 2023, $13.6 million in FY 2024, and increase to approximately $32.9 million in FY 2025, and are projected to remain at that level thereafter. Debt Service Requirements estimates for the Series Twenty-Eight Bonds were provided by PFM and include the following assumptions:

- True interest cost (TIC) of approximately 3.62%
- The first principal payment is assumed to occur on July 1, 2023
- Final maturity is July 1, 2052
- 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 debt service reserve account deposit

In addition to the Series Twenty-Eight 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 $41.7 million by FY 2028. 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 $66.2 million in FY 2021 to approximately $138.9 million in FY 2028. Debt Service Requirements estimates for these future bonds were provided by PFM and include the following assumptions:

- Two series of future SLBs planned to be issued during 2023 and 2024
- Project fund deposits for future SLBs are planned to be approximately $287.6 million and $238.3 million, respectively
- TIC on future SLBs is 3.67%
- The first principal payment is assumed to occur on July 1, 2024
- Final maturity is July 1, 2054
- 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 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 2017 through FY 2021. The table also presents the CAGR in O&M Expenses for the periods of FY 2017 through FY 2019 and FY 2019 through FY 2021. As shown, the CAGR for the Port’s total O&M Expenses for FY 2017 through FY 2019 was approximately 4.6%. 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 4-4, total O&M Expenses experienced a CAGR of -4.9% for the two-year period of FY 2019 through FY 2021. Total O&M Expenses for FY 2021 are at levels below that of FY 2017 at approximately $124.5 million.

Total O&M Expenses increased from approximately $125.8 million in FY 2017 to approximately $137.5 million in FY 2019. The primary categories of O&M Expenses that contributed to this increase included personnel services (i.e., personnel and benefits costs of the Port); contract, professional and consultant services; and corporate support costs (overhead expenses), which increased at CAGRs of approximately 8.3%, 8.5%, and 4.5%, respectively. Key items contributing to these increases included higher health insurance costs, outsourcing contract services, and public employee retirement system (PERS) rate increases.

Table 4-5 Historical Airport O&M Expenses (Dollars in Thousands)

Fiscal Year	2017	2018	2019	2020	2021	2017-19 CAGR	2019-21 CAGR
Personnel Services	$46,389	$48,714	$54,425	$56,079	$54,480	8.3%	0.1%
Contract, Professional & Consulting Services	29,736	34,260	35,003	33,869	26,729	8.5%	(12.6%)
Materials & Supplies	6,704	6,006	5,567	4,775	6,933	(8.9%)	11.6%
Utilities	11,082	11,567	11,238	10,715	9,685	0.7%	(7.2%)
Equipment, Fuel, & Lube	1,079	1,435	2,050	1,438	1,044	37.8%	(28.6%)
Insurance	2,160	1,842	2,114	2,663	3,505	(1.1%)	28.8%
Rent	(3,524)	(3,792)	(3,766)	(3,605)	(2,949)	3.4%	(11.5%)
Travel & Other Management Expense	3,310	3,703	3,227	1,747	1,173	(1.3%)	(39.7%)
Other	5,661	5,151	2,355	2,779	1,587	(35.5%)	(17.9%)
Corporate Support (Overhead Expense)	23,198	21,324	25,313	22,086	22,296	4.5%	(6.1%)
Total O&M Expenses	**$125,796**	**$130,208**	**$137,526**	**$132,546**	**$124,483**	**4.6%**	**(4.9%)**

Source: Port of Portland airport management records, December 2021.
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 2022.

- **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 37.5% of total O&M Expenses at the Airport for budgeted FY 2022. As presented above, these expenses increased at a CAGR of approximately 8.3% for the period FY 2017 through FY 2019, remained essentially flat in FY 2021 as compared to FY 2019 levels, and are budgeted to increase by approximately 2.6% in FY 2022 to approximately $55.9 million representing a modest increase; however, still reflects certain temporary measures the Port has taken in response to the COVID-19 pandemic to mitigate financial impacts. Some of these temporary measures included a partial hiring freeze, limited overtime, an employee unpaid furlough program, and the elimination of the annual merit compensation program for administrative personnel. The Port has since removed these temporary measures, however, in March 2021, the Port offered an early retirement and voluntary separation program to further reduce operating costs. Future Personnel Services expenses are projected to increase at a CAGR of approximately 4.7% through FY 2025 during the recovery and then increase at a slower rate of 3.4%, thereafter. For the period of FY 2022 through FY 2028, Personnel Services expenses are projected to increase at a CAGR of 4.1%.

- **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 25.3% of total O&M Expenses at the Airport for budgeted FY 2022. This category of expenses increased at a CAGR of approximately 8.5% for the period FY 2017 through FY 2019, experienced a CAGR of -12.6% from FY 2019 to FY 2021, and is budgeted to increase by approximately 40.9% in FY 2022 to approximately $37.7 million. While these expenses were decreased significantly in FY 2021 due to decreased activity, in FY 2022 they have been budgeted to increase as traffic recovers and to cover increased contractual costs such as terminal cleaning and parking. As traffic recovers, future contract, professional, and consulting services O&M Expenses are projected to increase at a CAGR of approximately 8.1% through FY 2025, and then increase at a slower rate of 5.1%, thereafter. For the period of FY 2022 through FY 2028, contract, professional, and consulting services expenses are projected to increase at a CAGR of 6.6%.
- **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 21.2% of total O&M Expenses at the Airport for budgeted FY 2022. This category of expenses increased at a CAGR of approximately 4.5% for the period FY 2017 through FY 2019, experienced a CAGR of -6.1% from FY 2019 to FY 2021, and is budgeted to increase by approximately 36.8% in FY 2022 to approximately $30.5 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 2022 through FY 2028, corporate support expenses are projected to increase at a CAGR of 3.6%.
- **Utilities.** Utilities expenses at the Airport comprise approximately 7.0% of total O&M Expenses at the Airport for budgeted FY 2022. This category of expenses increased at a CAGR of approximately 0.7% for the period FY 2017 through FY 2019, experienced a CAGR of -7.2% from FY 2019 to FY 2021, and is budgeted to increase by approximately 8.2% in FY 2022 to approximately $10.5 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 2022 through FY 2028, utilities expenses are projected to increase at a CAGR of 5.1%.

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 2020, actual FY 2021, budgeted FY 2022, and projections for FY 2023 through 2028. Total O&M Expenses are projected to increase at a CAGR of approximately 5.1% over the Projection Period. This includes increased growth as the Airport traffic recovers back to pre-COVID-19 levels during FY 2022 through FY 2025 where total O&M Expenses have a projected CAGR of 6.1%. From FY 2025 through FY 2028, total O&M Expenses are projected to return closer to historical trends at a CAGR of 4.0%.

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 after FY 2021 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 2017 to FY 2021. The table also presents the CAGR in Non-Airline Revenues for the periods of FY 2017 through FY 2019 and FY 2019 through FY 2021. As shown, the CAGR for the Port's total Non-Airline Revenues for the period of FY 2017 through FY 2019 was approximately 7.0%. 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 5.4% or more for the period of FY 2017 through 2019. Additionally, Non-Airline Revenues grew faster than enplaned passengers for this period; these revenues grew from approximately $14.01 per enplaned passenger in FY 2017 to approximately $15.17 per enplaned passenger in FY 2019.

Table 4-6 Historical Airport Non-Airline Revenues (Dollars in Thousands)

Fiscal Year	2017	2018	2019	2020	2021	2017-19 CAGR	2019-21 CAGR
Parking Revenue	$65,434	$66,144	$72,668	$54,072	$29,332	5.4%	(36.5%)
Rental Car/Ground Trans. Concessions	25,597	26,396	30,942	23,270	17,221	9.9%	(25.4%)
Terminal Concessions	17,150	19,202	20,247	13,918	5,557	8.7%	(47.6%)
Air Cargo Rent Revenue	6,317	7,290	7,514	7,493	8,139	9.1%	4.1%
Other [1]	17,483	18,553	19,843	19,253	17,608	6.5%	(5.8%)
Total Non-Airline Revenues [1]	$131,981	$137,584	$151,213	$118,006	$77,856	7.0%	(28.2%)
Enplaned Passengers (000s)	9,423	9,733	9,967	7,273	3,742	2.8%	(38.7%)
Non-Airline Revenues per Enplaned Passenger	$14.01	$14.14	$15.17	$16.22	$20.81		
Percent of Total Revenue [1]	57%	57%	59%	52%	38%		

[1] Excludes approximately $25.3 million of CARES Act grants allocated as non-operating Revenues in FY 2020 and approximately $61.1 million of both CARES Act and CRRSAA grants allocated as non-operating Revenues in FY 2021.

Source: Port of Portland airport management records, December 2021.
Compiled by Landrum & Brown, Inc.

Non-Airline Revenues for the Airport in FY 2020 and FY 2021 decreased significantly from FY 2019 levels. Over this period total Non-Airline Revenues decreased from approximately $151.2 million to approximately $77.9 million (not including federal relief grants) or at a CAGR of -28.2%. This decrease is 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 the vast majority of this decrease or approximately $71.7 million of the total decrease of $73.4 million. As passenger traffic recovers, it is likely that these revenue categories would also recover.

Exhibit D presents Non-Airline Revenues at the Airport for actual FY 2020, actual FY 2021, budgeted FY 2022, and projections for FY 2023 through FY 2028. Total Non-Airline Revenues are budgeted at approximately $136.3 million in FY 2022 (including $25 million from ARPA funds) and are projected to increase to approximately $166.4 million by FY 2025 (not including any ARPA funds) when enplaned passengers are projected to recover to FY 2019 levels. For the period of FY 2022 through FY 2025, total Non-Airline Revenues have a projected CAGR of approximately 6.9%. Upon the projected passenger recovery to pre-COVID-19 levels, Non-Airline Revenues are projected to increase somewhat slower at a CAGR 3.5%. Overall, total Non-Airline Revenues are projected to increase from approximately $136.3 million in FY 2022 to $184.3 million in FY 2028. This increase in Non-Airline Revenues between FY 2022 and FY 2028 represents a CAGR of approximately 5.2%. 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 43% of total Non-Airline Revenues in FY 2022. Automobile parking revenues, rental car concession fees, and rental car space rentals in the parking garage are primary sources of ground transportation revenue.

4.6.1.1 Parking Revenues

As presented in Table 4-6, parking revenues increased at a CAGR of approximately 5.4% from FY 2017 to FY 2019, from approximately $65.4 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.

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. Public parking rates as of December 2021 remain the same as those as of June 2018. **Table 4-7** below presents public parking rates at the Airport since October 20112. 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. As passenger activity recovers from the impacts associated with the COVID-19 pandemic, it is expected that public parking demand and associated revenues will recover as well.

Table 4-7 Public Parking Rates at the Airport (Daily Maximum Rates)

Parking Facility	October 2012	April 2014	June 2018	November 2021
Gold Key Valet	$30	$30	$35	$35
Short Term Garage (3,300 spaces)	$24	$27	$27	$27
Long Term Garage (3,000 spaces)	$18	$21	$24	$24
Economy Lot (7,800 spaces)	$10	$10	$12	$12

Source: Port of Portland airport management records, November 2021.
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 10.5% for the period of FY 2022 through FY 2028.

4.6.1.2 Rental Car and Ground Transportation Concessions

Rental car and ground transportation concessions increased at a CAGR of approximately 9.9% during FY 2017 through 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 revenues 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. As passenger recovery is projected, rental car and ground transportation revenues are projected to increase at a CAGR of approximately 10.8% for the period of FY 2022 through FY 2025 as passengers are projected to recover to FY 2019 levels. Thereafter, these revenues are projected to grow at closer to historical levels at a CAGR of 3.1% for FY 2025 through FY 2028.

As presented in Exhibit D, Ground Transportation revenues overall are budgeted to increase by approximately 50% in FY 2022 to $78.4 million primarily related to projected passenger increases. Over the period FY 2022 through FY 2028, total ground transportation revenues including parking are projected to experience a CAGR of approximately 8.9% as passenger traffic is projected to recover.

4.6.2 Terminal Concessions

As shown in Table 4-6, Terminal Concessions increased at a CAGR of approximately 8.7% from FY 2017 to FY 2019 from approximately $17.2 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 Rates 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. Budgeted Terminal Concessions for FY 2022 are expected to increase by 135% to a total of approximately $13.1 million to near FY 2020 levels as passenger activity recovers at the Airport. Over the Projection Period, Terminal Concessions are projected to experience a CAGR of approximately 14.1%, with much of this growth occurring during the projection recovery period through FY 2025.

4.6.3 Air Cargo

Air cargo revenues, primarily attributable to the rental of air cargo facilities at the Airport, totaled approximately $8.5 million in FY 2021. 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 2.1% between FY 2022 and FY 2028.

4.6.4 Other Aviation

Revenues in the Other Aviation Cost Center are projected to generally increase with inflation. At approximately $3.8 million budgeted in FY 2022, these revenues are projected to increase at a CAGR of approximately 2.3% through FY 2028.

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 $1.4 million in FY 2021. Airfield revenues are budgeted at approximately $1.2 million in FY 2022 and are projected to increase at a CAGR of approximately 1.6% through FY 2028.

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 2022. Non-Aviation revenues are projected to increase at a CAGR of approximately 2.2% through FY 2028.

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 $1.3 million in FY 2021. For the purposes of these financial projections, revenue from indirect cost centers is projected to increase to approximately $1.5 million by FY 2028.

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 2020, actual FY 2021, and projections for FY 2022 through FY 2028. 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 $4.10 for FY 2022, which is significantly higher than historical rates prior to the pandemic primarily as a result of the expected decrease in 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 $3.59 and decreases further to $3.43 in FY 2028. Also, as shown in Exhibit E, the Non-Signatory Airline landing fee rate for FY 2022 is projected to be $5.56 and is projected to decrease to $4.41 by FY 2028.

Landing fee revenues, net of airline revenue sharing, are projected to increase from approximately $41.7 million in FY 2022 to approximately $52.6 million in FY 2028, a CAGR of approximately 4.0% over this period.

4.7.2 Terminal Rentals

Exhibit F presents the calculation of terminal rates and revenues for actual FY 2020, actual FY 2021, and projections for FY 2022 through FY 2028. 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 $26.0 million projected for FY 2022). The Terminal Net Requirement is reduced by estimated Revenue Sharing amounts in the current FY.[82] 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.).

As presented in Exhibit F, the Signatory Airline average terminal rental rate projection for FY 2022 is $333.46, 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 $538.85 in FY 2028. 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 $105.7 million in FY 2022 to approximately $170.3 million in FY 2028. This represents a CAGR of approximately 8.3%.

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 $8.4 million in FY 2022 and are projected to increase to approximately $29.4 million in FY 2028.

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[82] 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.

4.7.4 Airline Cost Per Enplaned Passenger

A key performance indicator for airline costs at an airport is the average airline cost per enplaned passenger (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 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. Total aggregate airline costs at the Airport increased by approximately $14.5 million in FY 2021 as compared to FY 2020 and are projected to increase by approximately $32.9 million in FY 2022 compared to the prior year. While CPE increases are greater than prior projections, the aggregate level of airline fees are relatively consistent with prior projections.

Over the Projection Period, airline CPE is projected to decrease in current dollars from a peak in FY 2022 of $22.33 to $19.84 in FY 2028. Airline CPE in FY 2021 dollars (assuming an annual inflation rate of 3.0%) is also projected to be at a peak in FY 2022 of $22.33 and decrease to $16.62 in FY 2028. Airline CPE is projected to be near the average of other U.S. large hub airports CPE projections and within the upper quartile of other U.S. medium hub airports CPE projections.

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 2022 is approximately $66.9 million and is projected to increase to approximately $100.6 million by FY 2028. SLB debt service coverage ratios are projected to exceed requirements and range between 1.66 and 1.97 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 third of airline CPE projections for large hub airports in the U.S, and the upper 10% of U.S. medium hub airports. 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

Fiscal Year	Baseline		Pessimistic	
	Airline CPE	Debt Service Coverage	Airline CPE	Debt Service Coverage
2019 (act.)	$9.13	2.45	$9.13	2.45
2020 (act.)	$12.83	2.04	$12.83	2.04
2021 (act.)	$28.81	2.10	$28.81	2.10
2022	$22.33	1.84	$23.77	1.83
2023	$17.84	1.97	$20.06	1.91
2024	$17.06	1.74	$19.58	1.71
2025	$20.77	1.67	$23.33	1.62
2026	$20.91	1.66	$23.49	1.61
2027	$20.16	1.72	$22.67	1.66
2028	$19.84	1.72	$22.32	1.67

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., December 2021.

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	Airport and Port Funds	Previously Issued Bond Proceeds	Series Twenty-Eight Bond Proceeds	Future Bond Proceeds
Airline Cost Center Projects:									
Terminal Core Redevelopment (balance of project) [2,3]	Terminal		$1,453,389	$0	$225,000	$0	$236,493	$515,593	$476,303
Taxiway A Rehabilitation	Airfield		36,006	23,520	0	12,485	0	0	0
PDX Escalators	Terminal		30,870	0	0	30,870	0	0	0
Taxiway K Reconstruction - West K/E-A5	Airfield		29,670	22,098	0	7,572	0	0	0
Baggage Handling System CBRA Expansion	Terminal		29,600	0	0	0	0	0	29,600
Airfield Regulator Building and Runway LED Upgrade	Airfield		26,000	0	0	26,000	0	0	0
Taxiway T Reconstruction	Airfield		15,060	9,840	0	5,220	0	0	0
North Ramp RON Parking Reconstruction	Airfield		13,999	0	0	0	0	13,999	0
Other Airline Cost Center			142,134	3,429	0	132,493	6,212	0	0
			$1,776,728	**$58,888**	**$225,000**	**$214,640**	**$242,705**	**$529,592**	**$505,903**
Port Cost Center Projects:									
Airport Way and 82nd interchange improvements			$87,944	$0	$0	$87,944	$0	$0	$0
Airport Way Rehabilitation			14,850	0	0	14,850	0	0	0
Other Port Cost Center			211,405	53,782	0	157,623	0	0	0
			$314,199	**$53,782**	**$0**	**$260,417**	**$0**	**$0**	**$0**
Shared Cost Center Projects:									
PDX MX Campus Redevelopment [4]	Allocated		$49,011	$0	$0	$49,011	$0	$0	$0
PDX New Kennedy Feeder	Allocated		12,120	0	0	3,620	0	0	8,500
CUP HVAC & Roof Replacement	Allocated		11,770	0	0	1,412	0	0	10,358
			$72,901	**$0**	**$0**	**$54,044**	**$0**	**$0**	**$18,858**
Total Capital Improvement Program		**[C=A+B]**	**$2,163,827**	**$112,670**	**$225,000**	**$529,100**	**$242,705**	**$529,592**	**$524,761**

Note: Amounts may not add due to rounding.

[1] Includes project costs for the period of FY 2022 through FY 2028, and certain expenditures prior to FY 2022 funded with existing bond proceeds or to be funded with future bond proceeds.

[2] The Series Twenty-Eight Bonds are planned to fund approximately $515.6 million of the approximately $1.45 billion Western Expansion and Ticket Lobby element of the Terminal Core Redevelopment project.

[3] The Port is engaged in finalizing the terms of a Guaranteed Maximum Price for the Terminal Core Redevelopment project, and currently anticipates that the costs of the Terminal Core Redevelopment project may increase in the range of 10% – 15% of the $1.45 billion within the Airline Cost Center, depending on a number of evolving factors in the market including inflationary pressures and COVID-19-related disruptions in construction supplies, materials, and labor. For more information see Section 3.3.1 of this Report and the section in the Official Statement titled "Airport Capital Improvement Program" as part of the "PORTLAND INTERNATIONAL AIRPORT" section.

[4] Includes the $49.0 million of the $83.1 million campus redevelopment project estimated to be funded through FY 2028.

Source: Port of Portland airport management records, January 2022.
Compiled by Landrum & Brown, Inc.

Exhibit B

SLB DEBT SERVICE REQUIREMENTS (dollars in thousands) **PORT OF PORTLAND**

(Fiscal Years Ending June 30)

		Actual	Actual	Projected						
		FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Existing SLB Debt Service Requirements:										
Series 18A and 18B		$12,732	$12,559	$8,423	$8,169	$8,134	$8,117	$6,953	$0	$0
Series 20A		1,181	0	0	0	0	0	0	0	0
Series 20B		1,171	0	0	0	0	0	0	0	0
Series 20C		7,463	0	0	0	0	0	0	0	0
Series 21C		6,319	6,366	6,341	6,346	0	0	0	0	0
Series 22		6,264	6,261	6,264	6,262	6,265	6,263	6,265	6,266	6,265
Series 23		8,538	8,534	8,532	8,536	8,540	8,535	8,534	8,533	8,536
Series 24		9,535	15,561	15,558	15,559	15,559	15,563	15,554	15,559	15,559
Series 25		6,013	6,846	12,018	13,987	13,990	13,988	13,987	13,985	13,987
Series 26		669	9,784	9,775	9,820	10,287	8,139	8,148	8,173	10,316
Series 27		0	302	12,074	13,504	16,413	19,320	19,584	19,591	19,582
Reserves Credits		(808)	0	0	0	0	0	0	0	0
Existing Debt Service Requirements	[A]	$59,075	$66,213	$78,985	$82,183	$79,188	$79,923	$79,025	$72,105	$74,245
Future SLB Debt Service Requirements:										
Series Twenty-Eight Bonds		$0	$0	$649	$2,269	$13,573	$32,904	$32,904	$32,904	$32,901
Future SLB Debt Service [1]		0	0	0	0	6,520	25,907	31,185	31,820	31,818
Future Debt Service Requirements	[B]	$0	$0	$649	$2,269	$20,093	$58,811	$64,089	$64,724	$64,719
Total Debt Service Requirements	[D=A+B+C	$59,075	$66,213	$79,634	$84,452	$99,281	$138,735	$143,114	$136,829	$138,963
Debt Service Requirements - Cost Center Allocation:										
Airfield		$9,484	$9,650	$9,416	$9,439	$9,492	$9,763	$9,634	$9,041	$9,624
Terminal		34,032	41,055	56,766	60,094	74,852	114,280	118,799	116,122	117,406
Ground Transportation		9,610	9,542	7,465	8,930	8,934	8,685	8,682	5,668	5,931
Air Cargo / Airside		11	27	34	34	36	37	29	26	27
Other Aviation		2	7	13	14	16	18	21	20	20
Non-Aviation		5,937	5,932	5,941	5,942	5,951	5,951	5,950	5,953	5,955
Total Debt Service Requirements	[D]	$59,075	$66,213	$79,634	$84,452	$99,281	$138,735	$143,114	$136,829	$138,963

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-Eight Bonds and future bonds), December 2021
Compiled by Landrum & Brown, Inc.

Exhibit C

OPERATION AND MAINTENANCE EXPENSES (dollars in thousands) **PORT OF PORTLAND**

(Fiscal Years Ending June 30)

		Actual	Actual	Projected						
		FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
By Category:										
Personnel Services		$56,079	$54,480	$55,888	$59,794	$61,928	$64,228	$66,193	$68,645	$70,936
Contract, Professional & Consulting Services		33,869	26,729	37,665	43,511	46,033	47,639	49,976	52,475	55,257
Materials & Supplies		4,775	6,933	5,344	5,759	5,998	6,247	6,555	6,827	7,111
Utilities		10,715	9,685	10,480	11,003	11,555	12,138	12,754	13,405	14,093
Equipment, Fuel, & Lube		1,438	1,044	1,629	1,694	1,761	1,832	1,905	1,981	2,061
Insurance		2,663	3,505	4,637	5,348	5,798	6,185	7,362	7,606	7,855
Rent		(3,605)	(2,949)	(3,573)	(3,573)	(3,616)	(3,684)	(3,754)	(3,827)	(3,903)
Travel & Other Management Expenses		1,747	1,173	2,529	2,868	3,321	3,510	3,248	3,345	3,444
Other		2,779	1,587	3,946	4,374	4,723	6,187	7,797	8,263	5,836
Corporate Support (Overhead Expense)		22,086	22,296	30,490	31,669	32,189	33,883	35,416	36,762	37,664
Total Operation and Maintenance Expenses	[A]	$132,546	$124,483	$ 149,036	$162,446	$169,691	$178,166	$187,453	$195,483	$200,354

		FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Operation and Maintenance Expenses - Cost Center Allocation:										
Airline Cost Center										
Airfield		$31,135	$32,218	$34,401	$36,036	$37,372	$39,231	$40,982	$42,527	$43,118
Terminal		56,530	56,525	66,627	71,402	74,899	77,785	81,866	85,416	87,733
Airline Cost Center	[B]	$87,665	$88,743	$101,028	$107,439	$112,270	$117,017	$122,848	$127,944	$130,851
Port Cost Center	[C]	$44,881	$35,739	$48,008	$55,008	$57,421	$61,149	$64,605	$67,539	$69,503
Total Operation and Maintenance Expenses	[D=B+C]	$132,546	$124,483	$149,036	$162,446	$169,691	$178,166	$187,453	$195,483	$200,354

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 2022

Compiled by Landrum & Brown, Inc.

Exhibit D

NON-AIRLINE REVENUES (dollars in thousands) **PORT OF PORTLAND**

(Fiscal Years Ending June 30)

	Actual	Actual	Projected						
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Airfield:									
Non-Airline Operating Revenues	$1,423	$1,294	$1,145	$1,163	$1,182	$1,201	$1,220	$1,239	$1,259
Rent Revenue	24	24	25	25	26	26	27	27	28
Other Revenue	156	50	51	52	53	54	55	56	57
Total Airfield Non-Airline Revenues	$1,603	$1,368	$1,221	$1,241	$1,261	$1,281	$1,301	$1,322	$1,344
Terminal:									
Terminal Concessions	$13,918	$5,557	$13,060	$17,248	$21,286	$24,695	$26,005	$27,374	$28,806
Rent Revenue	3,397	3,225	3,085	3,195	3,390	3,512	3,639	3,771	3,908
Service Revenue	15	2	0	0	0	1,030	1,291	1,509	1,614
Other Revenue	30	54	7	13	20	24	29	34	37
Total Terminal Non-Airline Revenues	$17,360	$8,837	$16,152	$20,455	$24,696	$29,260	$30,964	$32,687	$34,365
Ground Transportation:									
Rental Car/Ground Transportation Concessions	$23,270	$17,221	$23,698	$29,569	$31,233	$32,252	$33,248	$34,262	$35,300
Parking Revenue	54,072	29,332	48,311	61,044	73,861	80,007	82,599	85,242	87,945
Rent Revenue	5,198	5,142	5,756	5,919	6,087	6,260	6,438	6,620	6,808
Service Revenue	0	0	0	0	0	0	0	0	0
Other Revenue	727	553	599	617	635	654	674	694	715
Total Ground Transportation Non-Airline Revenues	$83,268	$52,248	$78,365	$97,149	$111,816	$119,174	$122,958	$126,819	$130,768
Air Cargo:									
Operations Revenue	$385	$364	$388	$388	$388	$388	$388	$388	$388
Non-Airline Operating Revenue	69	16	67	69	71	73	75	78	80
Rent Revenue	7,493	8,139	7,859	8,032	8,208	8,389	8,574	8,762	8,955
Service Revenue	2	3	1	1	1	1	1	1	1
Other Revenue	31	26	0	0	0	0	0	0	0
Total Air Cargo Non-Airline Revenues	$7,980	$8,548	$8,315	$8,489	$8,668	$8,851	$9,038	$9,229	$9,424
Other Aviation:									
Operations Revenue	$5	$0	$0	$0	$0	$0	$0	$0	$0
Non-Airline Operating Revenue	2,105	1,286	1,613	1,653	1,693	1,735	1,778	1,821	1,866
Rent Revenue	1,856	1,837	2,017	2,062	2,107	2,153	2,201	2,249	2,298
Service Revenue	1	1	0	0	0	0	0	0	0
Other Revenue	162	204	176	181	186	191	197	203	209
Total Other Aviation Non-Airline Revenues	$4,129	$3,328	$3,806	$3,895	$3,986	$4,080	$4,175	$4,273	$4,373
Non-Aviation:									
Non-Airline Operating Revenue	$1,013	$739	$763	$779	$794	$810	$826	$843	$860
Rent Revenue	1,359	1,426	1,409	1,440	1,471	1,504	1,537	1,570	1,605
Service Revenue	39	22	20	22	24	26	28	31	33
Other Revenue [1]	25,386	61,190	25,088	30,090	92	94	95	97	99
Total Non-Aviation Non-Airline Revenues	$27,798	$63,377	$27,280	$32,330	$2,381	$2,433	$2,486	$2,541	$2,597

Exhibit D

NON-AIRLINE REVENUES (dollars in thousands) **PORT OF PORTLAND**

(Fiscal Years Ending June 30)

	Actual	Actual	Projected						
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenue from Indirect Cost Centers:									
Operations	$0	$0	$0	$0	$0	$0	$0	$0	$0
Maintenance	40	1	0	0	0	0	0	0	0
Systems & Services	466	381	550	571	595	618	640	665	688
Aviation Rescue & Fire Fighting	1	0	0	0	0	0	0	0	0
Police	703	868	540	561	585	607	629	653	675
Administration	2	0	97	97	97	97	97	97	97
Total Revenue from Indirect Cost Centers	$1,212	$1,250	$1,187	$1,228	$1,277	$1,322	$1,366	$1,414	$1,460
Total Non-Airline Revenues	$143,349	$138,956	$136,325	$164,788	$154,084	$166,400	$172,289	$178,286	$184,331
Allocation to Direct Cost Centers:									
Airline Cost Center									
Airfield	$195	$182	$140	$137	$122	$93	$92	$93	$101
Terminal	698	775	846	874	963	1,089	1,134	1,200	1,234
Airline Cost Center	$893	$957	$986	$1,011	$1,085	$1,182	$1,226	$1,294	$1,335
Port Cost Center	$319	$293	$201	$217	$192	$140	$140	$121	$125
Total Revenue from Indirect Cost Centers	$1,212	$1,250	$1,187	$1,228	$1,277	$1,322	$1,366	$1,414	$1,460
Non-Airline Revenue - Cost Center Allocation:									
Airline Cost Center									
Airfield	$1,797	$1,550	$1,361	$1,378	$1,383	$1,374	$1,393	$1,416	$1,445
Terminal	18,058	9,612	16,998	21,330	25,659	30,349	32,098	33,888	35,599
Airline Cost Center	$19,855	$11,163	$18,359	$22,707	$27,041	$31,723	$33,491	$35,303	$37,044
Port Cost Center	$123,494	$127,793	$117,966	$142,080	$127,043	$134,677	$138,798	$142,983	$147,287
Total Non-Airline Revenues	$143,349	$138,956	$136,325	$164,788	$154,084	$166,400	$172,289	$178,286	$184,331

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 2020, FY 2021, FY 2022, and FY 2023 in the amounts of approximately $25.3 million, approximately $61.1 million, $25.0 million, and $30.0 million, respectively.

Source: Port of Portland airport management records, January 2022

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	Actual	Projected						
		FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Airfield Requirement:										
O&M Expenses		$31,135	$32,218	$34,401	$36,036	$37,372	$39,231	$40,982	$42,527	$43,118
Debt Service [1]		9,484	9,650	9,416	9,439	9,492	9,763	9,634	9,041	9,624
Debt Service Coverage (30%)		2,845	2,895	2,825	2,832	2,848	2,929	2,890	2,712	2,887
Airfield Requirement	[A]	$43,465	$44,763	$46,641	$48,306	$49,712	$51,923	$53,506	$54,281	$55,630
Offsetting Revenues:										
Non-Airline Revenue		$1,797	$1,550	$1,361	$1,378	$1,383	$1,374	$1,393	$1,416	$1,445
Operational Credit Program (Debit)		0	0	0	0	0	0	0	0	0
Federal Relief Funds Credit		0	1,083	0	0	0	0	0	0	0
Interest Income		177	9	167	167	167	167	167	167	167
Total Offsetting Revenues	[B]	1,974	2,642	1,529	1,545	1,550	1,541	1,561	1,583	1,612
Airfield Net Requirement	[C=A-B]	$41,491	$42,121	$45,113	$46,761	$48,162	$50,382	$51,945	$52,697	$54,018
Landed Weight (million-pound units):										
Signatory Passenger Airline	[D]	8,623	5,558	7,587	9,220	10,431	11,144	11,502	11,868	12,241
Signatory Cargo Airline	[E]	2,083	2,243	2,368	2,475	2,554	2,609	2,665	2,722	2,779
Non-Signatory Passenger Airline	[F]	55	11	144	175	198	211	218	225	232
Non-Signatory Cargo Airline	[G]	29	5	6	6	7	7	7	7	7
Total Landed Weight (million-pound units)	[H=D+E+F+G]	10,789	7,818	10,105	11,876	13,189	13,971	14,392	14,821	15,260
Non-Signatory Landed Weight Premium (25%)	[I=(F+G)*25%]	21	4	37	45	51	55	56	58	60
Landed Weight Divisor for Net Requirement Allocation	[J=H+I]	10,810	7,821	10,143	11,921	13,240	14,025	14,448	14,879	15,319
Signatory Airline Share of Net Requirement	[K]	99.03%	99.75%	98.15%	98.10%	98.07%	98.06%	98.05%	98.05%	98.05%
Non-Signatory Airline Share of Net Requirement	[L]	0.97%	0.25%	1.85%	1.90%	1.93%	1.94%	1.95%	1.95%	1.95%
Signatory Airline Airfield Net Requirement:										
Signatory Airline Airfield Net Requirement	[M=C*K]	$41,089	$42,015	$44,279	$45,873	$47,233	$49,403	$50,934	$51,670	$52,963
Less: Revenue Sharing	[N]	(4,112)	(3,972)	(3,443)	(3,857)	(2,673)	(1,386)	(1,377)	(1,402)	(1,416)
Plus: Other Adjustments	[O]	(3,674)	(2,113)	0	0	0	0	0	0	0
Reduced Signatory Airline Airfield Net Requirement	[P=M+N+O]	$33,303	$35,930	$40,836	$42,016	$44,560	$48,017	$49,557	$50,268	$51,547
Signatory Airline Landed Weight	[Q=D+E]	10,706	7,802	9,955	11,695	12,985	13,753	14,167	14,589	15,020
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)]	$3.11	$4.61	$4.10	$3.59	$3.43	$3.49	$3.50	$3.45	$3.43
Non-Signatory Airline Airfield Net Requirement:										
Non-Signatory Airline Airfield Net Requirement	[T=C*L]	$401	$106	$834	$888	$929	$979	$1,011	$1,027	$1,054
Non-Signatory Airline Landed Weight	[U=F+G]	84	16	150	181	204	218	225	232	239
Non-Signatory Airline Landing Fee Rate (per 1,000-lbs)	[V=T/U]	$4.80	$6.73	$5.56	$4.90	$4.55	$4.49	$4.49	$4.43	$4.41
Landing Fee Revenue:										
Signatory Passenger Airline	[W=(D-R)*S]	$26,822	$25,598	$31,122	$33,123	$35,796	$38,908	$40,235	$40,890	$42,009
Signatory Cargo Airline	[X=E*S]	6,480	10,332	9,714	8,893	8,764	9,109	9,322	9,378	9,538
Non-Signatory Passenger Airline	[Y=F*V]	263	74	799	857	899	948	980	996	1,023
Non-Signatory Cargo Airline	[Z=G*V]	138	32	34	32	30	31	31	31	32
Total Landing Fee Revenue		$33,704	$36,036	$41,670	$42,904	$45,489	$48,996	$50,568	$51,295	$52,602

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, January 2022

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	Actual	Projected						
		FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Terminal Requirement:										
O&M Expenses		$56,530	$56,525	$66,627	$71,402	$74,899	$77,785	$81,866	$85,416	$87,733
Debt Service [1]		34,032	41,055	56,766	60,094	74,852	114,280	118,799	116,122	117,406
Debt Service Coverage (30%)		10,209	12,316	17,030	18,028	22,456	34,284	35,640	34,836	35,222
Terminal Requirement	[A]	$100,771	$109,897	$140,423	$149,525	$172,207	$226,350	$236,304	$236,374	$240,360
Offsetting Revenues:										
Other Terminal Cost Center Airline Revenues		$12,593	$11,655	$8,382	$9,463	$21,443	$27,675	$29,198	$29,103	$29,275
Non-Airline Revenue		18,058	9,612	16,998	21,330	25,659	30,349	32,098	33,888	35,599
Operational Credit Program (Debit)		0	0	0	0	0	0	0	0	0
Federal Relief Funds Credit		0	3,894	0	0	0	0	0	0	0
Interest Income		635	38	610	610	610	610	610	610	610
Total Offsetting Revenues	[B]	$31,286	$25,200	$25,991	$31,403	$47,712	$58,635	$61,906	$63,601	$65,485
Terminal Net Requirement	[C=A-B]	$69,485	$84,697	$114,432	$118,122	$124,494	$167,715	$174,398	$172,773	$174,875
Less: Revenue Sharing	[D]	(6,887)	(7,987)	(8,734)	(9,743)	(6,909)	(4,614)	(4,623)	(4,598)	(4,584)
Plus: Other Adjustments	[E]	(4,070)	(167)	0	0	0	0	0	0	0
Reduced Airline Terminal Net Requirement	[F=C+D+E]	$58,527	$76,543	$105,699	$108,378	$117,585	$163,101	$169,775	$168,176	$170,291
Total Airline Rented Terminal Space (s.f.)	[G]	314,035	314,587	316,028	316,028	316,028	316,028	316,028	316,028	316,028
Average Terminal Rental Rate (per s.f.)	[H=F/G]	$186.37	$243.31	$334.46	$342.94	$372.07	$516.10	$537.22	$532.15	$538.85
Terminal Rental Revenue	[I=G*H]	$58,527	$76,543	$105,699	$108,378	$117,585	$163,101	$169,775	$168,176	$170,291

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, January 2022

Compiled by Landrum & Brown, Inc.

Exhibit G

REVENUE SHARING CALCULATION (dollars in thousands) **PORT OF PORTLAND**

(Fiscal Years Ending June 30)

		Actual	Actual	Projected						
		FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Airfield Net Requirement		$41,491	$42,121	$45,113	$46,761	$48,162	$50,382	$51,945	$52,697	$54,018
Terminal Net Requirement		69,485	84,697	114,432	118,122	124,494	167,715	174,398	172,773	174,875
Other Terminal Cost Center Airline Revenues		12,593	11,655	8,382	9,463	21,443	27,675	29,198	29,103	29,275
Non-Airline Revenues [1]		143,349	138,956	136,325	164,788	154,084	166,400	172,289	178,286	184,331
Interest Income		5,044	473	3,450	3,450	3,450	3,450	3,450	3,450	3,450
Total Revenues (prior to Revenue Sharing)	[A]	$271,961	$277,902	$307,702	$342,584	$351,634	$415,622	$431,280	$436,310	$445,950
Less: O&M Expenses	[B]	(132,546)	(124,483)	(149,036)	(162,446)	(169,691)	(178,166)	(187,453)	(195,483)	(200,354)
Net Revenues (prior to Revenue Sharing)	[C=A+B]	$139,415	$153,419	$158,666	$180,137	$181,943	$237,456	$243,827	$240,827	$245,596
Less:										
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]	$133,415	$147,419	$152,666	$174,137	$175,943	$231,456	$237,827	$234,827	$239,596
Total SLB Debt Service Requirement [2]	[G]	$59,075	$66,213	$79,634	$84,452	$99,281	$138,735	$143,114	$136,829	$138,963
Debt Service Coverage Ratio (prior to Revenue Sharing)	[H=G/F]	2.26	2.23	1.92	2.06	1.77	1.67	1.66	1.72	1.72
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]	$100,427	$112,563	$135,378	$143,568	$168,778	$235,849	$243,294	$232,609	$236,237
Net Revenues available for Additional Revenue Sharing [3]	[K=F-J]	$32,988	$34,856	$17,288	$30,569	$7,165	$0	$0	$0	$0
Net Revenues available for Additional Revenue Sharing:										
Net Revenues between 1.70 and 1.80 Coverage Ratio	[L]	$5,907	$6,621	$7,963	$8,445	$7,165	$0	$0	$0	$0
Net Revenues between 1.80 and 1.90 Coverage Ratio	[M]	5,907	6,621	7,963	8,445	0	0	0	0	0
Net Revenues between 1.90 and 2.00 Coverage Ratio	[N]	5,907	6,621	1,361	8,445	0	0	0	0	0
Net Revenues over 2.00 Coverage Ratio	[O]	15,266	14,992	0	5,234	0	0	0	0	0
Net Revenues available for Additional Revenue Sharing	[K]	$32,988	$34,856	$17,288	$30,569	$7,165	$0	$0	$0	$0
% of Increment Paid as Additional Revenue Sharing:										
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%
Additional Revenue Sharing:										
Net Revenues between 1.70 and 1.80 Coverage Ratio	[T=L*P]	$2,954	$3,311	$3,982	$4,223	$3,582	$0	$0	$0	$0
Net Revenues between 1.80 and 1.90 Coverage Ratio	[U=M*Q]	1,477	1,655	1,991	2,111	0	0	0	0	0
Net Revenues between 1.90 and 2.00 Coverage Ratio	[V=N*R]	886	993	204	1,267	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]	$5,317	$5,959	$6,177	$7,601	$3,582	$0	$0	$0	$0
O&M Expense Rebate:										
Prior Year O&M Expenses (Airline Cost Center)		$90,383	$87,665	$88,743	$101,028	$107,439	$112,270	$117,017	$122,848	$127,944
Current Year O&M Expenses (Airline Cost Center)		$87,665	$88,743	$101,028	$107,439	$112,270	$117,017	$122,848	$127,944	$130,851
Reduction in O&M Expenses	[Y]	($2,718)	$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	Actual	Projected						
		FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
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]	(1,808)	0	0	0	0	0	0	0	0
Decrease 2	[HH]	(910)	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]	(181)	0	0	0	0	0	0	0	0
Decrease 2	[NN=Y*HH]	(137)	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]	($317)	$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]	$10,999	$11,959	$12,177	$13,601	$9,582	$6,000	$6,000	$6,000	$6,000
Airfield Requirement Share of Airline Cost Center	[TT]	37%	33%	28%	28%	28%	23%	23%	23%	24%
Terminal Requirement Share of Airline Cost Center	[UU]	63%	67%	72%	72%	72%	77%	77%	77%	76%
Airfield Revenue Sharing	[VV=SS*TT]	$4,112	$3,972	$3,443	$3,857	$2,673	$1,386	$1,377	$1,402	$1,416
Terminal Revenue Sharing	[WW=SS*UU]	6,887	7,987	8,734	9,743	6,909	4,614	4,623	4,598	4,584
Total Amount for Revenue Sharing	[SS]	$10,999	$11,959	$12,177	$13,601	$9,582	$6,000	$6,000	$6,000	$6,000

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 2020, FY 2021, FY 2022, and FY 2023 in the amounts of approximately $25.3 million, approximately $61.1 million, $25.0 million, and $30.0 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, January 2022

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	Actual	Projected						
		FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Airline Revenue:										
Passenger Airline Landing Fee Revenue		$27,085	$25,672	$31,921	$33,980	$36,695	$39,856	$41,215	$41,886	$43,031
Airline Terminal Rental Revenue		58,527	76,543	105,699	108,378	117,585	163,101	169,775	168,176	170,291
Common Use Fees		7,685	5,600	3,080	3,179	14,141	19,050	19,809	19,625	19,863
Total Airline Revenue	[A]	$93,298	$107,815	$140,699	$145,537	$168,420	$222,007	$230,799	$229,686	$233,186
Total Enplaned Passengers (000s)	[B]	7,273	3,742	6,300	8,157	9,870	10,691	11,037	11,390	11,752
Airline Cost per Enplaned Passenger [1]	[C=A/B]	$12.83	$28.81	$22.33	$17.84	$17.06	$20.77	$20.91	$20.16	$19.84
Airline Cost per Enplaned Passenger (FY22$)				$22.33	$17.32	$16.09	$19.00	$18.58	$17.39	$16.62

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] 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, January 2022

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	Actual	Projected						
		FY 2020 [1]	FY 2021 [1]	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Total Revenues:										
Landing Fee Revenue		$33,704	$36,036	$41,670	$42,904	$45,489	$48,996	$50,568	$51,295	$52,602
Signatory Airline Terminal Rental Revenue		58,527	76,543	105,699	108,378	117,585	163,101	169,775	168,176	170,291
Other Terminal Cost Center Airline Revenues		12,593	11,655	8,382	9,463	21,443	27,675	29,198	29,103	29,275
Non-Airline Revenues (excluding federal relief grants)		118,006	77,856	111,325	134,788	154,084	166,400	172,289	178,286	184,331
Federal Relief Grants		25,343	61,100	25,000	30,000	0	0	0	0	0
Interest Income		5,044	473	3,450	3,450	3,450	3,450	3,450	3,450	3,450
Total Revenues	[A]	$253,217	$263,663	$295,525	$328,983	$342,051	$409,622	$425,280	$430,310	$439,950
Less:										
O&M Expenses	[B]	$132,546	$124,483	$149,036	$162,446	$169,691	$178,166	$187,453	$195,483	$200,354
Net Revenues	[C=A+B]	$120,671	$139,180	$146,489	$166,537	$172,360	$231,456	$237,827	$234,827	$239,596
Less:										
Total Debt Service Requirement [2]	[D]	$59,075	$66,213	$79,634	$84,452	$99,281	$138,735	$143,114	$136,829	$138,963
Net Surplus/(Deficit)	[E=C-D]	$61,596	$72,966	$66,855	$82,085	$73,079	$92,721	$94,713	$97,999	$100,633
SLB Debt Service Coverage:										
Net Revenues	[C]	$120,671	$139,180	$146,489	$166,537	$172,360	$231,456	$237,827	$234,827	$239,596
Total Debt Service Requirement [2]	[D]	$59,075	$66,213	$79,634	$84,452	$99,281	$138,735	$143,114	$136,829	$138,963
SLB Debt Service Coverage Ratio	[F=C/D]	2.04	2.10	1.84	1.97	1.74	1.67	1.66	1.72	1.72
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 2020 and FY 2021 intentionally varies slightly from Table 21 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, January 2022
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, 2021

with comparative totals for the year ended June 30, 2020

THE PORT OF PORTLAND

(a municipal corporation)

THE PORT OF PORTLAND

COMMISSIONERS AS OF JUNE 30, 2021

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
Robert L. Levy, Secretary 1000 Hwy 395 South, No. 423 Hermiston, Oregon 97838	April 30, 2021*
Sean O'Hollaren, Treasurer 7200 NE Airport Way Portland, Oregon 97218	May 22, 2022
Katherine Lam 5921 NE 80th Avenue Portland, Oregon 97218	November 24, 2023
Meg Niemi 3536 SE 26th Avenue Portland, Oregon 97202	November 24, 2023
Pat McDonald 3100 NE Shute Road Hillsboro, Oregon 97229	February 16, 2024
Ketan Sampat 525 3rd Street, Suite 200 Lake Oswego, OR 97034	March 14, 2025
Stuart Strader 2435 NW Front Ave Portland, OR 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

* Serves until reappointed or a successor is appointed and confirmed.

THE PORT OF PORTLAND
TABLE OF CONTENTS

REPORT OF INDEPENDENT AUDITORS

Report of Independent Auditors

The Board of Commissioners
Port of Portland

Report on the Financial Statements

We have audited the accompanying balance sheets 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 as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Port of Portland's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the 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, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Port of Portland's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 21, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 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.

Other Information

Our audit was conducted for the purpose of forming opinions 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. The supplementary 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. Such 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.

Report on Other Legal and Regulatory Requirements

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have issued our report dated October 21, 2021, on our consideration of the Port's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. 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 21, 2021

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, 2021. 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 6 to the financial statements.

The outbreak of COVID-19 (COVID), a respiratory disease caused by a new strain of coronavirus, was declared a pandemic by the World Health Organization on March 11, 2020 (the COVID pandemic), which resulted in a national and global focus on containing the disease by restricting non-essential travel and limiting person-to-person contact. Across the country, states and local governments issued "stay at home" or "shelter in place" orders designed to restrict movement and limit businesses and activities to essential functions, which substantially reduced activities that normally engaged or facilitated air travel. Various state and local governments and agencies also imposed restrictions on travel, including state-level restrictions such as requiring travelers to self-isolate for up to 14 days upon arrival. Additionally, many countries effectively closed their borders by restricting entry and exit to only essential travel during the initial period of the COVID pandemic and while these restrictions have gradually been lifted, many countries around the world have restricted entry to United States citizens, including the European Union. The rollout of vaccinations around the world has been hindered by supply issues, reluctance of individuals to receive the vaccine, and new variants of the virus. While the pandemic has had impacts across the Port's activities, the Airport, along with all other airports in the United States and abroad, was acutely impacted by the broad-based economic shutdown resulting from efforts to stop the spread of COVID, including reductions in flights and declines in passenger volumes. The COVID pandemic adversely affected domestic and international travel and travel-related industries. Airlines have experienced unprecedented downturns in passenger volumes which, in turn, have prompted them to significantly reduce and, in many cases, eliminate, scheduled services.

In response to the COVID pandemic, the Port implemented a number of measures to mitigate financial and operational impacts, including unpaid employee furloughs, eliminating the annual merit compensation increase for administrative employees in fiscal year 2021, elimination of positions in fiscal 2021, a partial hiring freeze, elimination of non-critical travel, limiting overtime, and deferral of non-essential projects. Additionally, actions were taken at the Airport during calendar 2020 to reduce other operational and maintenance spending, close certain facilities and eliminate related bussing operations, and adjust customer and facility services to reflect lower passenger counts. As passenger travel has recovered, these operational and service reductions have been curtailed. The federal government took legislative action to establish relief measures to curb the effect of the COVID pandemic. The Coronavirus Aid, Relief, and Economic

Security Act (CARES Act), was approved by the United States Congress and signed by the President on March 27, 2020. The CARES Act, in part, provided aid in the form of grants for airports as well as direct aid, loans and loan guarantees for passenger and cargo airlines. The Federal Aviation Administration (FAA) awarded $72.5 million of grant assistance under the CARES Act to the Port, of which approximately $72.3 million was allocated to the Airport and approximately $187,000 to the Port's two general aviation airports. The Port drew $27.7 million of these funds in fiscal 2020 and the balance in fiscal 2021 to help mitigate the negative financial impacts of the COVID pandemic on the Airport. In fiscal 2021, the Port was also awarded $18.9 million in assistance under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act), with $2.1 million designated to support airport concessionaires. Additionally, in fiscal 2021, the Port received notice that it was allocated approximately $72.0 million under the American Rescue Plan Act (ARPA); the Port intends to draw and utilize this funding in fiscal years 2022 and 2023 to further mitigate negative impacts of the COVID pandemic. The duration of the COVID pandemic, timing of economic recovery, availability of future federal aid, or future financial impacts cannot be reliably forecast at this time.

Financial Results:
The Port's total net position increased $9.9 million from the 2020 amount, or 0.7 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 $38.1 million, or 22.3 percent during that same time. In comparison, last year total net position increased by $39.1 million, or 2.8 percent. The analysis in Table 1 (below) focuses on the net position of the Airport and of the Port's Marine & Other activities separately.

Table 1
Net Position
($ millions)

	Airport		Marine & Other		Total Port		Total Percentage Change
	2021	2020	2021	2020	2021	2020	2020-2021
Current and other assets	$ 719.9	$ 738.7	$ 346.2	$ 335.4	$ 1,041.3 *	$ 1,046.9 *	(0.5)%
Capital assets	2,117.6	1,753.5	274.1	269.7	2,391.7	2,023.2	18.2%
Deferred outflows	42.8	39.8	23.5	52.6	66.3	92.4	(28.2)%
Total assets	2,880.3	2,532.0	643.8	657.7	3,499.3 *	3,162.5 *	10.7%
Long-term debt outstanding	1,557.5	1,250.3	64.8	72.9	1,622.3	1,323.2	22.6%
Other liabilities	295.7	255.3	169.9	183.2	440.8 *	411.3 *	7.2%
Deferred inflows	2.8	3.9	3.4	4.0	6.2	7.9	(21.5)%
Total liabilities	1,856.0	1,509.5	238.1	260.1	2,069.3 *	1,742.4 *	18.8%
Net position:							
Net investment in capital assets	660.0	654.2	302.1	295.4	962.1	949.6	1.3%
Restricted	254.0	294.2	5.3	5.8	259.3	300.0	(13.6)%
Unrestricted	110.3	74.1	98.3	96.4	208.6	170.5	22.3%
Total net position	$ 1,024.3	$ 1,022.5	$ 405.7	$ 397.6	$ 1,430.0	$ 1,420.1	0.7%

* Receivables and payables between activities are eliminated in the Total Port column.

Total net position of the Airport increased by $1.8 million, or 0.2 percent, as a result of capital grants, partially offset by a net loss in fiscal 2021. Net investment in capital assets increased $5.8 million, or 0.9 percent, as a result of increases in capital additions and construction spending, partially offset by normal capital asset depreciation. Restricted net position decreased by $40.2 million, or 13.7 percent, primarily due to construction spending. Unrestricted net position increased by $36.2 million, or 48.9 percent, primarily as a result of federal stimulus funding drawn for fiscal 2021.

Total net position of Marine & Other increased from the 2020 balance by $8.1 million, or 2.0 percent, primarily the result of net income and transfers from the Airport (primarily to fund construction at general aviation airports included in Marine & Other). Net investment in capital assets increased $6.7 million, or 2.3 percent, primarily as a result of capital additions and construction spending, offset by normal capital asset depreciation. Unrestricted net position increased by $1.9 million or 2.0 percent, primarily due to a modest net income for the year.

Several factors caused changes in net position (Table 2, below) to decrease $29.2 million from 2020.

Airport changes in net position decreased $30.6 million when compared to the prior year due mainly to decreased net income in 2021. Marine & Other changes in net position increased $1.4 million primarily due to increased net income, partially offset by decreased capital grants versus the prior year.

Table 2
Changes in Net Position
($ millions)

	Airport		Marine & Other		Total Port		Total Percentage Change
	2021	2020	2021	2020	2021	2020	2020-2021
Revenues:							
Operating revenues							
Charges for services	$ 202.5	$ 221.5	$ 75.5	$ 63.7	$ 278.0	$ 285.2	(2.5)%
Other	0.5	0.3	0.1	0.1	0.6	0.4	50.0%
Nonoperating revenues							
Property tax revenue			13.7	13.1	13.7	13.1	4.6%
Interest revenue	1.6	20.9	1.5	6.2	3.1	27.1	(88.6)%
PFC revenue	16.6	26.8			16.6	26.8	(38.1)%
CFC revenue	6.6	11.9			6.6	11.9	(44.5)%
Other nonoperating revenue	63.7	27.7	6.6	9.8	70.3	37.5	87.5%
Total revenues	291.5	309.1	97.4	92.9	388.9	402.0	(3.3)%
Expenses:							
Operating expenses	235.5	229.4	89.7	97.6	325.2	327.0	(0.6)%
Nonoperating expenses	60.8	52.1	4.1	4.5	64.9	56.6	14.7%
Total expenses	296.3	281.5	93.8	102.1	390.1	383.6	1.7%
Income (loss) before contributions and transfers	(4.8)	27.6	3.6	(9.2)	(1.2)	18.4	(106.5)%
Capital contributions and reversions	9.4	10.8	1.7	9.9	11.1	20.7	(46.4)%
Transfers (out) in	(2.8)	(6.0)	2.8	6.0			
Increase (decrease) in net position	$ 1.8	$ 32.4	$ 8.1	$ 6.7	$ 9.9	$ 39.1	(74.7)%

Total revenues for the Port decreased by approximately $13.1 million from the prior year. Total expenses increased approximately $6.5 million during the same timeframe.

At the Airport, charges for services operating revenues decreased by $19.0 million, or 8.6 percent, when compared to the prior year; this was primarily due to COVID-related decreases in parking, terminal concessions, and transportation network company revenues, offset partially by higher airline revenues. Nonoperating interest revenue decreased $19.3 million, or 92.3 percent, as a result of lower cash balances earning interest during the year, combined with lower interest rates and a fiscal 2021 year-end investment mark-to-market adjustment that reduced interest income. PFC revenues decreased $10.2 million, or 38.1 percent as a result of significant decreases in enplanements resulting from the COVID pandemic. CFC revenues decreased by $5.3 million, or 44.5 percent, also as a result of fewer passengers at the Airport during the COVID pandemic. Other nonoperating revenue increased by $36.0 million due to federal pandemic relief funding received by the Airport under the CARES and CRRSA Acts. The increase of $6.1 million in operating expenses was up 2.7 percent as compared to the prior year and was attributable to higher depreciation expense and materials and supplies costs, partially offset by lower outside service and utility expenses. Nonoperating expenses increased $8.7 million, or 16.7 percent, mainly as a result of revenue bond interest expense from a new construction bond issue during 2021.

For Marine & Other, charges for services operating revenue increased $11.8 million, or 18.5 percent, from the prior year as a result of higher throughput at the Terminal 6 container operation and higher dockage revenues. Nonoperating interest revenue decreased $4.7 million versus prior year, primarily the result of year-end investment mark-to-market adjustment that reduced interest income. During 2021, operating expenses decreased $7.9 million due to lower environmental accrual expenses partially offset by higher longshore labor expense. Capital contributions decreased $8.2 million in 2021 as a result of incurring fewer grant-eligible costs than in 2020.

Budgetary Highlights:
The Port's budget for fiscal 2021 was adopted by the Port Commission and certified by the Multnomah County Tax Supervising and Conservation Commission (TSCC) in June 2020. During fiscal 2021, two supplemental budgets were approved by the Port Commission to establish appropriations to provide for an earlier issuance and potentially higher issue amount for Airport revenue bonds as well as associated issuance and debt service reserve costs, to allow for increased Airport Customer Facility Charge bond surveillance fees, and in Marine & Other to provide for the settlement of Portland Harbor superfund insurance cost recovery claims. Also during the year, Airport budget appropriations were adjusted for transfers to Marine & Other for increased staff support of Airport capital projects, transfers from Marine & Other for Airport support of a COVID vaccine site operation and to general aviation capital projects. The Airport capital outlay appropriation was increased for Marine & Other staff support and accelerated timing of capital expenditures. Additionally, Airport appropriations were adjusted for the transfer of bond proceeds to fund a capital project from the Airport customer facility charge fund. For Marine & Other, appropriations in the budget were adjusted to reflect higher service reimbursement resources for increased engineering support to Airport capital projects. Marine & Other appropriations for expenditures were also increased to provide for Airport support of a COVID vaccine site operation, increased Airport support for general aviation capital projects, and to provide for non-cash budgetary impacts of accounting accruals for environmental liabilities. 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 $28.1 million, or 6.8 percent, over the $415.1 million budget due to fiscal year-end accruals of construction costs into fiscal 2021. Construction fund interest income was $2.7 million below the $2.9 million budget as a result of a year end mark-to-market adjustments required by accounting standards; the impacts of these adjustments can be seen across other funds as well. Both revenues and operating expenditures varied significantly from the budget due to COVID pandemic impacts and a slower than budgeted enplanement recovery. Airport operating revenues of $201.7 million were 10.0 percent below the $224.1 million budget. Operating expenditures of $102.5 million were 6.3 percent below the $109.4 million budgeted amount due largely to cost cutting measures and lower than budgeted activity during the COVID pandemic. Passenger Facility Charges and Customer Facility Charges were 16.5 percent and 20.9 percent, respectively, below the fiscal 2021 budget as the result of significantly fewer passengers flying during to the COVID pandemic. CARES and CRRSA Act funding bolstered interest and other revenues at the Airport by $19.1 million more than the $42.0 million budget for fiscal 2021 to help mitigate some of the negative financial impacts of COVID. Other significant budgetary variances included bond proceeds and commercial paper issuance and redemptions as a result of funding strategy and issue sizing.

Fiscal 2021 budgetary capital expenditures for Marine & Other were $22.5 million, or 51.9 percent, below the budget of $43.4 million, largely due to timing delays and project deferrals. Capital grants for the year were $1.7 million, 52.6 percent less than the budget of $3.7 million due to incurring fewer grant eligible costs. Budgetary operating revenues were $4.5 million over the $44.0 million budget for marine due primarily to higher than planned container activity at Terminal 6. Budgetary operating revenues for navigation of $16.1 million were $4.9 million under the budget due to less river dredging during the year than originally anticipated. Budgetary operating expenditures were $5.4 million below budget for administration, primarily due to lower than anticipated salary and fringe expenses as the result of the impacts of a hiring freeze and employee furloughs implemented in response to COVID. Budgetary operating expenditures for Marine were also below budget by approximately $3.6 million primarily due to delays in the timing of costs associated with environmental liabilities at marine terminals in the Portland Harbor superfund site. Navigation budgetary operating expenditures were $2.8 million under budget, primarily as a result of performing less dredging than originally anticipated during the year.

Capital Assets:
At the end of fiscal 2021, the Port had nearly $2.4 billion invested in a broad range of capital assets. This amount represents an increase (essentially additions offset by depreciation expense) of $368.5 million versus last year, as outlined in Table 3 (below).

Table 3
Capital Assets
($ millions)

	Airport		Marine & Other		Total Port		Total Percentage Change
	2021	2020	2021	2020	2021	2020	2020-2021
Land	$ 68.0	$ 68.0	$ 83.4	$ 83.4	$ 151.4	$ 151.4	
Construction in progress	835.7	634.9	41.0	27.5	876.7	662.4	
Total capital assets not being depreciated	903.7	702.9	124.4	110.9	1,028.1	813.8	26.3%
Land improvements	942.1	910.5	307.8	304.0	1,249.9	1,214.5	
Buildings and equipment	1,742.8	1,525.9	256.1	262.3	1,998.9	1,788.2	
Total capital assets being depreciated	2,684.9	2,436.4	563.9	566.3	3,248.8	3,002.7	8.2%
Less: accumulated depreciation	(1,471.0)	(1,385.8)	(414.2)	(407.5)	(1,885.2)	(1,793.3)	5.1%
Total capital assets being depreciated, net	1,213.9	1,050.6	149.7	158.8	1,363.6	1,209.4	12.8%
Total capital assets, net	$ 2,117.6	$ 1,753.5	$ 274.1	$ 269.7	$ 2,391.7	$ 2,023.2	18.2%

This year's major capital asset spending included:

Airport:
- Terminal improvements - $259.0 million
- Public parking and consolidated rental car facility - $132.2 million
- Taxiway, apron and ramp rehabilitation and improvements - $52.8 million
- Terminal fire system replacement - $2.0 million

Marine & Other:
- Terminal 6 stormwater improvements - $4.8 million
- Drydocking and rehabilitation of the dredge Oregon - $4.8 million
- Marine terminal lighting replacement - $2.6 million
- Hillsboro airport taxiway rehabilitation - $2.0 million
- Marine terminal roof rehabilitation - $1.2 million

Please see Note 5 to the financial statements for more detailed information of capital asset activity.

The Port's 2022 capital budget estimates spending approximately $481.4 million on capital projects at the Airport and $54.1 million in Marine & Other. Spending at the Airport is primarily slated for terminal improvements, the expansion of Concourse B, and reconstruction of an aircraft parking area. These projects are budgeted to be funded by Airport operating revenues, debt proceeds, and PFC revenues. Capital spending for Marine & Other is budgeted principally for demolition of a grain elevator at marine Terminal 4, taxiway improvements at the Hillsboro airport, marine terminal electrical and lighting upgrades and replacements, barge replacements to support the dredging operation, and stormwater improvements at marine Terminals 4 and 6. Funding for these projects is budgeted from operating revenues, property taxes, and federal, state, and other grants.

Debt Administration:
At the end of 2021, the Port had nearly $1.5 billion in bonds, commercial paper, 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
	2021	2020	2021	2020	2021	2020	2020-2021
Pension bonds			$ 51.3	$ 56.3	$ 51.3	$ 56.3	(8.9)%
Revenue bonds	$ 1,069.7	$ 788.4			1,069.7	788.4	35.7%
PFC revenue bonds	103.4	111.9			103.4	111.9	(7.6)%
CFC revenue bonds	160.1	163.3			160.1	163.3	(2.0)%
Contracts and loans payable			13.4	16.7	13.4	16.7	(19.8)%
Commercial Paper	80.6	90.1			80.6	90.1	(10.5)%
	$ 1,413.8	$ 1,153.7	$ 64.7	$ 73.0	$ 1,478.5	$ 1,226.7	20.5%

The outstanding amount of Airport long-term debt increased due to issuance of the Series Twenty-Seven airport revenue construction bonds, offset partially by scheduled bond payments. During fiscal 2021, Standard & Poor's lowered its ratings of many U.S. airports because of the material negative impact of the pandemic on traffic levels, expected financial performance metrics, and overall credit quality; the Airport revenue bonds were downgraded to an A+ rating by Standard & Poor's. The balance of PFC and CFC revenue bonds decreased as a result of regularly scheduled bond payments. Commercial paper outstanding decreased due to payment of outstanding balances with Series Twenty-Seven airport revenue bond proceeds, offset in part by new issuances to fund additional construction at the Airport.

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, as well as a decrease in the principal balance of a loan payable as the result of the State refunding the underlying debt at a lower rate.

Please see Note 6 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. There is still significant uncertainty around the continuing economic implications of the COVID pandemic and what a recovery looks like. The impact on the airline industry has been dramatic. The forecast for fiscal 2022 airline passenger volumes is 12.6 million, which is still roughly 35 percent below pre-COVID passenger levels. At the Port's Marine & Other facilities, operations continue to do well in spite of pandemic challenges, and modest growth is forecast across nearly all marine business lines in fiscal 2022. Port facilities have a diverse mix of marine tenants and business lines, with many fixed land leases which provide a measure of protection during challenging times.

In the Port's 2022 adopted budget, total Port operating revenue is budgeted to increase about 26.2 percent over 2021 results to approximately $351.8 million largely as a result of increased airline, parking, concessions and rental car revenues at the Airport, as well as higher dredging revenues in Marine & Other. Total operating expenses (excluding depreciation and GASB 68 non-cash pension expense) are budgeted to increase by 23.7 percent to approximately $228.8 million, reflecting increased costs as we move away from pandemic cost containment towards recovery across our business lines.

Operating revenues for the Airport are budgeted to increase 33.9 percent to $271.8 million in the fiscal 2022 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 GASB 68 non-cash pension expense) are budgeted to increase about 19.4 percent to $144.7 million as a result of increased outside service, salary, travel and management, internal central services costs.

In Marine & Other, operating revenues are budgeted to increase by 5.7 percent to $80.0 million, primarily due to increased Navigation division dredging revenue anticipated in fiscal 2022, offset in part by lower rent revenues. Operating expenses (excluding depreciation and GASB 68 non-cash pension expense) are budgeted to increase by 32.0 percent to $84.1 million due to higher salary, outside service, and environmental costs in the fiscal 2022 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, 2021
with comparative totals as of June 30, 2020

	2021			2020
	Airport	Marine & Other	Total	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 38,240	$ 152,073,177	$ 152,111,417	$ 78,934,479
Equity in pooled investments	200,937,942	104,510,247	305,448,189	301,377,814
Restricted cash and equity in pooled investments	165,174,855		165,174,855	135,135,902
Receivables, net of allowance for doubtful accounts of $568,000 in 2021 and $1,491,000 in 2020 for Airport and $180,000 in 2021 and $192,000 in 2020 for Marine & Other	11,068,014	14,344,266	25,412,280	43,335,781
Prepaid insurance and other assets	4,599,562	2,565,354	7,164,916	7,094,679
Total current assets	381,818,613	273,493,044	655,311,657	565,878,655
Noncurrent assets:				
Restricted assets:				
Cash and equity in pooled investments	329,027,344	5,254,937	334,282,281	431,475,815
Receivables	8,110,392		8,110,392	5,013,473
Contract retainage deposits	564,214		564,214	34,936
Total restricted assets	337,701,950	5,254,937	342,956,887	436,524,224
Land held for sale		41,724,689	41,724,689	41,719,657
Depreciable properties, net of accumulated depreciation	1,213,857,036	149,685,232	1,363,542,268	1,209,411,961
Nondepreciable properties	903,726,938	124,406,402	1,028,133,340	813,847,915
Unamortized bond issue costs	345,140	86,917	432,057	536,235
Due from Airport		24,756,659	*	
Other noncurrent assets		892,555	892,555	2,077,801
Total noncurrent assets	2,455,631,064	346,807,391	2,777,681,796	2,504,117,793
Deferred outflows of resources:				
Deferred charges on refunding bonds	14,940,161		14,940,161	17,418,509
Deferred charges on pensions and OPEB	23,891,773	23,516,307	47,408,080	68,832,201
Cumulative decrease in fair value of hedging derivative	3,998,000		3,998,000	6,124,000
Total deferred outflows of resources	42,829,934	23,516,307	66,346,241	92,374,710
Total assets	$ 2,880,279,611	$ 643,816,742	$ 3,499,339,694	$ 3,162,371,158
LIABILITIES				
Current liabilities (payable from current assets):				
Current portion of long-term debt	$ 80,600,000	$ 7,470,505	$ 88,070,505	$ 96,614,297
Accounts payable and other accrued liabilities	17,256,868	25,847,934	43,104,802	37,445,349
Accrued wages, vacation and sick leave pay	6,859,270	6,275,410	13,134,680	12,912,067
Workers' compensation and other accrued liabilities	1,584,063	6,038,226	7,622,289	5,823,275
Total current liabilities (payable from current assets)	106,300,201	45,632,075	151,932,276	152,794,988
Restricted liabilities (payable from restricted assets)				
Current portion of long-term debt and other	45,056,034		45,056,034	43,649,430
Accrued interest payable	29,770,725		29,770,725	22,474,653
Accounts payable	88,794,511		88,794,511	59,841,343
Contract retainage payable	1,553,585		1,553,585	9,170,476
Total restricted current liabilities (payable from restricted assets)	165,174,855		165,174,855	135,135,902
Total current liabilities	271,475,056	45,632,075	317,107,131	287,930,890
Noncurrent liabilities:				
Long-term environmental and other accruals	7,749,952	59,766,242	67,516,194	74,358,342
Long-term debt	1,431,875,262	57,296,313	1,489,171,575	1,182,917,365
Unearned revenue and other	41,891,853	25,045,724	66,937,577	69,048,260
Net pension and OPEB liability	75,444,661	47,026,850	122,471,511	120,197,512
Due to Marine & Other	24,756,659		*	
Total noncurrent liabilities	1,581,718,387	189,135,129	1,746,096,857	1,446,521,479
Deferred inflows of resources:				
Deferred pension inflows	2,762,909	2,492,611	5,255,520	7,890,753
Other deferred inflows of resources		877,843	877,843	
Total deferred inflows of resources	2,762,909	3,370,454	6,133,363	7,890,753
Total liabilities	1,855,956,352	238,137,658	2,069,337,351	1,742,343,122
NET POSITION				
Net investment in capital assets	659,994,977	302,088,579	962,083,556	949,533,423
Restricted for capital and debt service	254,019,133	5,254,937	259,274,070	300,052,697
Unrestricted	110,309,149	98,335,568	208,644,717	170,441,916
Total net position	1,024,323,259	405,679,084	1,430,002,343	1,420,028,036
Total liabilities and net position	$ 2,880,279,611	$ 643,816,742	$ 3,499,339,694	$ 3,162,371,158

* 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, 2021
with comparative totals for the year ended June 30, 2020

	2021			2020
	Airport	Marine & Other	Total	Total
Operating revenues:				
Charges for services	$ 202,465,599	$ 75,520,258	$ 277,985,857	$ 285,284,989
Other	520,757	197,346	718,103	415,301
Total operating revenues	202,986,356	75,717,604	278,703,960	285,700,290
Operating expenses:				
Salaries, wages and fringe benefits	64,903,841	44,457,196	109,361,037	109,533,910
Longshore labor and fringe benefits		18,218,054	18,218,054	12,036,214
Contract, professional and consulting services	26,728,515	13,294,353	40,022,868	59,480,552
Materials and supplies	6,932,803	3,751,212	10,684,015	7,624,969
Utilities	9,685,122	3,682,523	13,367,645	14,189,367
Equipment rents, repair and fuel	1,044,198	2,062,727	3,106,925	3,443,368
Insurance	3,505,248	1,857,623	5,362,871	4,551,616
Rent		2,067,894	2,067,894	2,568,878
Travel and management expense	1,173,497	294,594	1,468,091	2,626,912
Intra-Port charges and expense allocations	23,331,857		23,331,857	21,472,453
Other	2,512,858	171,638	2,684,496	3,464,383
Less expenses for capital projects	(4,475,475)	(19,199,029)	(23,674,504)	(23,350,515)
Total operating expenses, excluding depreciation	135,342,464	70,658,785	206,001,249	217,642,107
Operating income before depreciation	67,643,892	5,058,819	72,702,711	68,058,183
Depreciation expense	100,160,625	19,091,125	119,251,750	109,311,980
Total operating expenses, including depreciation	235,503,089	89,749,910	325,252,999	326,954,087
Operating loss	(32,516,733)	(14,032,306)	(46,549,039)	(41,253,797)
Nonoperating revenues (expenses):				
Property tax revenue		13,730,375	13,730,375	13,125,017
Passenger facility charge revenue	16,627,484		16,627,484	26,780,083
Customer facility charge revenue	6,562,452		6,562,452	11,915,832
Interest expense	(53,747,859)	(4,113,131)	(57,860,990)	(52,208,126)
Interest revenue	1,708,113	1,464,034	3,172,147	27,002,915
Other income, including loss on disposal of properties	56,618,112	6,559,344	63,177,456	33,080,722
Nonoperating revenues	27,768,302	17,640,622	45,408,924	59,696,443
(Loss) income before contributions and transfers	(4,748,431)	3,608,316	(1,140,115)	18,442,646
Capital contributions and reversions	9,381,361	1,733,061	11,114,422	20,661,867
Transfers (out) in	(2,786,617)	2,786,617		
Change in net position	1,846,313	8,127,994	9,974,307	39,104,513
Total net position - beginning of year	1,022,476,946	397,551,090	1,420,028,036	1,380,923,523
Total net position - end of year	$ 1,024,323,259	$ 405,679,084	$ 1,430,002,343	$ 1,420,028,036

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, 2021
with comparative totals for the year ended June 30, 2020

	2021			2020
	Airport	Marine & Other	Total	Total
Cash flows from operating activities:				
Cash received from customers	$ 219,328,004	$ 71,753,368	$ 291,081,372	$ 275,927,446
Cash payments to employees	(56,196,064)	(33,831,972)	(90,028,036)	(97,253,917)
Cash payments to suppliers and vendors	(49,802,681)	(43,649,389)	(93,452,070)	(125,364,909)
Cash payments (to) from other funds	(22,653,647)	22,653,647		
Net cash provided by operating activities	90,675,612	16,925,654	107,601,266	53,308,620
Cash flows from noncapital financing activities:				
Property taxes		13,736,889	13,736,889	13,114,875
Grant proceeds not specifically restricted for capital	61,606,081		61,606,081	23,480,434
Net cash provided by noncapital financing activities	61,606,081	13,736,889	75,342,970	36,595,309
Cash flows from capital and related financing activities:				
Capital expenditures	(440,318,851)	(22,291,221)	(462,610,072)	(373,359,414)
Sale of properties	74,329	96,382	170,711	268,140
Net proceeds from issuance of debt	358,273,940		358,273,940	172,116,425
Interest paid	(52,566,291)	(4,100,714)	(56,667,005)	(53,695,048)
Proceeds from passenger facility charges	12,396,393		12,396,393	32,294,766
Proceeds from customer facility charges	5,596,860		5,596,860	13,658,322
Principal payments and redemptions on debt	(42,865,000)	(7,256,997)	(50,121,997)	(123,805,481)
Contributions from governmental agencies	10,216,668	5,058,885	15,275,553	22,773,042
Cash transfers (to) from other Port divisions, net	(2,786,617)	2,786,617		
Other, primarily nonoperating (expense) income	(5,163,465)	7,250,399	2,086,934	918,206
Net cash used in capital and related financing activities	(157,142,034)	(18,456,649)	(175,598,683)	(308,831,042)
Cash flows from investing activities:				
Interest received	208,113	2,539,066	2,747,179	27,282,697
Investment activity:				
Purchases	(692,473,155)	(139,254,777)	(831,727,932)	(812,052,420)
Proceeds from sales or maturities	697,125,383	197,686,755	894,812,138	1,031,622,887
Net cash provided by investing activities	4,860,341	60,971,044	65,831,385	246,853,164
Net increase in cash and cash equivalents		73,176,938	73,176,938	27,926,051
Cash and cash equivalents - beginning of year	38,240	78,896,239	78,934,479	51,008,428
Cash and cash equivalents - end of year	$ 38,240	$ 152,073,177	$ 152,111,417	$ 78,934,479
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Operating loss	$ (32,516,733)	$ (14,032,306)	$ (46,549,039)	$ (41,253,797)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation expense	100,160,625	19,091,125	119,251,750	109,311,980
Non cash pension and OPEB expense	8,701,926	10,408,462	19,110,388	15,499,217
Amortization of unearned revenue	(965,086)	(1,594,089)	(2,559,175)	(2,711,263)
Change in assets and liabilities:				
Receivables and other current assets	17,568,708	(3,699,630)	13,869,078	(9,540,803)
Accounts payable and accruals	73,129	6,624,012	6,697,141	(3,192,558)
Deferred pension outflows				(30,000,000)
Long-term environmental and other accruals	(2,346,957)	(869,192)	(3,216,149)	12,871,506
Additions to unearned revenue		997,272	997,272	2,324,338
Net cash provided by operating activities	$ 90,675,612	$ 16,925,654	$ 107,601,266	$ 53,308,620

The accompanying notes are an integral part of these 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 755 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 two supplemental budgets

1. Description of the Port and Summary of Significant Accounting Policies, continued:

and one budget adjustment for the year ended June 30, 2021 and one supplemental budget and one budget adjustment for the year ended June 30, 2020.

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, 2020, from which the summarized information was derived.

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," 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. The Port is currently evaluating the effects this statement will have on its financial statements.

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 Port is currently evaluating the effects this statement will have on its financial statements.

1. Description of the Port and Summary of Significant Accounting Policies, continued:

In March 2020, the GASB issued Statement No. 93, "Replacement of Interbank Offered Rates," 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 is currently evaluating the effects this statement will have on its financial statements.

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 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 May 2020, the GASB issued Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance," which postponed the effective dates of certain provisions in statements and implementation guides that first became effective or were scheduled to become effective for periods beginning after June 15, 2018. The objective of the statement was to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The Port has delayed implementation dates as allowed by Statement No. 95 for all guidance not already implemented prior to the release of the Statement.

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. 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 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, 2021 was as follows (in thousands):

2. Identifiable Activity Information, continued:

	Marine Terminals	Trade & Equitable Development	Environmental	Navigation	General Aviation	Engineering & Admin	Total
Operating revenues	$ 48,503	$ 7,251		$ 16,176	$ 3,558	$ 230	$ 75,718
Operating expenses	42,778	5,723	$ 6,159	13,868	3,670	(1,539)	70,659
Depreciation expense	7,893	1,599		3,277	4,553	1,769	19,091
Operating loss	$ (2,168)	$ (71)	$ (6,159)	$ (969)	$ (4,665)	$	$ (14,032)
Capital contributions	$ 572	$ 49			$ 1,112		$ 1,733
Properties activity:							
Additions	$ 11,946	$ 4		$ 7,179	$ 3,124	$ 1,307	$ 23,560
Deletions	$ (689)	(176)		$ (71)		$ (11,563)	$ (12,499)

3. Cash and Investments:

Following are the Port's balance sheet classifications for cash and investments:

Balance sheet classification:	2021 Airport	2021 Marine & Other	2021 Total	2020 Total
Unrestricted cash and cash equivalents	$ 38,240	$ 152,073,177	$ 152,111,417	$ 78,934,479
Unrestricted equity in pooled investments	200,937,942	104,510,247	305,448,189	301,377,814
Restricted cash and equity in pooled investments	494,202,199	5,254,937	499,457,136	566,611,717
	$ 695,178,381	$ 261,838,361	$ 957,016,742	$ 946,924,010

At June 30, 2021, 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	$ 159,838,482	$ 34,439,943	$ 19,842,035		$ 214,120,460
U.S. Agencies	84,015,065	8,587,689	37,009,384	$ 94,644,816	224,256,954
Municipal debt	8,534,711	1,542,294	3,088,077	10,417,709	23,582,791
Corporate indebtedness	41,626,027	9,471,088	7,959,891	10,714,096	69,771,102
Certificates of deposit	399,256				399,256
	$ 294,413,541	$ 54,041,014	$ 67,899,387	$ 115,776,621	532,130,563
Cash and cash equivalents					38,240
Restricted deposits held in trust accounts					163,009,578
					$ 695,178,381

3. Cash and Investments, continued**:**

Following are the cash and investments and maturities for Marine & Other at June 30, 2021:

	Investment Maturities (in years)				
	Less than 1	1 - 2	2 - 3	3 - 5	Value
U.S. Treasuries	$ 15,617,759	$ 11,189,009	$ 5,006,715		$ 31,813,483
U.S. Agencies	16,153,093	2,166,921	9,338,531	$ 23,881,606	51,540,151
Municipal debt	2,153,553	389,165	779,211	2,628,687	5,950,616
Corporate indebtedness	10,503,442	2,389,827	2,008,509	2,703,474	17,605,252
Certificates of deposit	100,744				100,744
	$ 44,528,591	$ 16,134,922	$ 17,132,966	$ 29,213,767	107,010,246
State of Oregon local government investment pool					51,115,152
Cash and deposits with financial institutions					103,712,963
					$ 261,838,361

Deposits with financial institutions include bank demand deposits. The total bank balance as shown on the bank statements was $102,017,880. Of these deposits, $250,000 was covered by federal depository insurance and $101,767,880 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, 2021 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:

3. Cash and Investments, continued**:**

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

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 2021 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 2021 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 and $2,550,000 at June 30, 2021 and 2020, as collateral for certain accrued liabilities for workers' compensation (Note 10). 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, 2021 and 2020, approximately $414,190,00 and $381,335,000, 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 $14,900,000 at June 30, 2021 and $24,500,000 at June 30, 2020. Total trade receivables for the marine shipping industry were approximately $5,000,000 at June 30, 2021 and $4,600,000 at June 30, 2020. Total grants receivable for the Airport were approximately $4,300,000 at June 30, 2021 and $8,600,000 at June 30, 2020. Total grant receivables for Marine and Other were approximately $1,200,000 at June 30, 2021 and $2,200,000 at June 30, 2020. Other significant receivables include interest on investments and a dredging contract.

5. Properties:

Properties activity for the year ended June 30, 2021 was as follows:

Airport:	Beginning Balances	Additions	Disposals & Transfers	Completed Projects	Ending Balances
Capital Assets being depreciated:					
Land improvements	$ 910,507,772		$ (8,043,943)	$ 39,655,465	$ 942,119,294
Buildings and equipment	1,525,940,424		(5,493,216)	222,303,348	1,742,750,556
Total capital assets being depreciated	2,436,448,196		(13,537,159)	261,958,813	2,684,869,850
Less accumulated depreciation:					
Land improvements	517,767,226	$ 30,104,218	(2,787,926)		545,083,518
Buildings & equipment	868,074,582	70,056,407	(12,201,693)		925,929,296
Total accumulated depreciation	1,385,841,808	100,160,625	(14,989,619)		1,471,012,814
Total capital assets being depreciated, net	1,050,606,388	(100,160,625)	1,452,460	261,958,813	1,213,857,036
Capital assets not being depreciated:					
Land	68,042,167				68,042,167
Construction in progress	634,882,718	462,760,866		(261,958,813)	835,684,771
Total capital assets not being depreciated	702,924,885	462,760,866		(261,958,813)	903,726,938
Airport capital assets,net	$ 1,753,531,273	$ 362,600,241	$ 1,452,460	$	$ 2,117,583,974
Marine & Other:					
Capital Assets being depreciated:					
Land improvements	$ 303,973,237		$ (117,121)	$ 3,967,348	$ 307,823,464
Buildings and equipment	262,343,037		(12,379,870)	6,103,811	256,066,978
Total capital assets being depreciated	566,316,274		(12,496,991)	10,071,159	563,890,442
Less accumulated depreciation:					
Land improvements	207,571,342	$ 9,829,970	(42,121)		217,359,191
Buildings & equipment	199,939,359	9,261,155	(12,354,495)		196,846,019
Total accumulated depreciation	407,510,701	19,091,125	(12,396,616)		414,205,210
Total capital assets being depreciated, net	158,805,573	(19,091,125)	(100,375)	10,071,159	149,685,232
Capital assets not being depreciated:					
Land	83,417,483				83,417,483
Construction in progress	27,505,547	23,559,563	(5,032)	(10,071,159)	40,988,919
Total capital assets not being depreciated	110,923,030	23,559,563	(5,032)	(10,071,159)	124,406,402
Marine & Other capital assets,net	$ 269,728,603	$ 4,468,438	$ (105,407)	$	$ 274,091,634

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.

The Port leases to others certain land, buildings, and equipment at various locations for terms ranging from 2 to 92 years. All leases are accounted for as operating leases. Costs of properties leased at June 30, 2021 included above are:

	Airport	Marine & Other	Total Port
Land and improvements	$ 7,823,512	$ 31,420,645	$ 39,244,157
Buildings and equipment	745,966,070	43,184,182	789,150,252
	753,789,582	74,604,827	828,394,409
Accumulated depreciation	(511,911,686)	(36,052,501)	(547,964,187)
	$ 241,877,896	$ 38,552,326	$ 280,430,222

5. Properties, continued:

Minimum future rentals receivable on noncancelable operating leases for the five succeeding fiscal years and thereafter are:

	Airport	Marine & Other	Total Port
2022	$ 43,183,000	$ 14,851,000	$ 58,034,000
2023	38,567,000	14,218,000	52,785,000
2024	25,275,000	13,378,000	38,653,000
2025	12,853,000	10,048,000	22,901,000
2026	8,763,000	9,772,000	18,535,000
Thereafter	55,738,000	116,037,000	171,775,000
Total	$ 184,379,000	$ 178,304,000	$ 362,683,000

Contingent rental revenues are included in operating revenues, primarily for Airport terminal area space, and were as follows in 2021 and 2020:

	Airport	Marine & Other	Total Port
2021	$ 95,400,000	$ 4,300,000	$ 99,700,000
2020	$ 78,000,000	$ 3,500,000	$ 81,500,000

6. Long-Term Debt:

At June 30, 2021, long-term debt consisted of the following:

Limited Tax Pension bonds:	Pension	Airport Revenue	Passenger Facility Charge Revenue	Customer Facility Charge Revenue	Commercial Paper
2002 Series (issued in fiscal 2002, original issue $54,952,959):					
6.85%, due serially from fiscal 2021 through fiscal 2028	$ 33,360,000				
6.6%, due fiscal 2025	6,205,000				
2005 Series (issued in fiscal 2006, original issue $20,230,000):					
5.004%, due fiscal 2028	11,765,000				
Portland International Airport revenue bonds:					
Series Eighteen (issued in fiscal 2008, original issue $138,890,000 variable interest rate):					
currently 0.08%, due fiscal 2027		$ 22,680,000			
currently 0.07%, due fiscal 2027		22,685,000			
Series Twenty-One C (issued in fiscal 2012, original issue $27,685,000):					
4.375% to 5.0%, due serially through fiscal 2024		17,395,000			
Series Twenty-Two (issued in fiscal 2015, original issue $90,050,000):					
5.0%, due serially through fiscal 2035		38,065,000			
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		76,530,000			
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		107,690,000			
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		99,705,000			
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		48,005,000			
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			
Passenger Facility Charge revenue bonds:					
Series 2011A (issued in fiscal 2012, original issue $75,670,000):					
3.25% to 5.5%, due serially through fiscal 2032			$ 65,305,000		
Series 2012A (issued and privately placed in fiscal 2013, original issue $57,725,000):					
variable interest rate, currently 0.6476%, due fiscal 2025			38,080,000		
Customer Facility Charge revenue bonds:					
Series 2019 (issued in fiscal 2019, original issue $163,290,000):					
2.711% to 3.865%, due serially through fiscal 2033				$ 46,120,000	
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	
Portland International Airport commercial paper:					
Series B (issued in fiscal 2021)					$ 80,600,000
0.09%, due fiscal 2022					
Totals, including $5,605,000, $32,275,000, $8,930,000, $3,240,000, and $80,600,000 respectively, due within one year	$ 51,330,000	$ 1,069,690,000	$ 103,385,000	$ 160,130,000	$ 80,600,000

6. **Long-Term Debt**, continued:

	Direct Borrowings - Contracts and Loans Payable at June 30, 2021
State of Oregon Department of Transportation, Multimodal Transportation Funds loan (issued in fiscal 2011, original amount available $7,427,000), 0.0%, payable in annual installments of $742,700 due July 1, 2022	$ 742,700
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 $328,930 due December 1, 2021 to $488,664 due December 1, 2030, including $328,930 due within one year	3,973,329
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 $84,614 due August 1, 2021 to $115,011 due June 1, 2028, including $1,036,575 due within one year	8,220,789
State of Oregon Business Development Department Strategic Reserve Fund loan (issued in fiscal 2020, original amount available $500,000), 0.0%, outstanding principal due on March 31, 2022, if not sooner paid or forgiven by the State	500,000
Total, including $1,865,505 due within one year	$ 13,436,818

Future debt service requirements on bonds, contracts and loans payable at June 30, 2021 are as follows:

	Airport									
	Revenue Bonds		PFC Revenue Bonds		Directly Placed 2012A PFC Revenue Bonds		CFC Revenue Bonds		Commercial Paper	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	$ 32,275,000	$ 48,652,597	$ 125,000	$ 3,377,244	$ 8,805,000	$ 246,606	$ 3,240,000	$ 6,237,578	$ 80,600,000	$ 8,615
2023	36,975,000	47,483,126	105,000	3,373,506	9,265,000	189,585	3,330,000	6,147,556		
2024	39,895,000	46,143,978	80,000	3,370,400	9,750,000	129,585	3,420,000	6,052,751		
2025	35,760,000	44,826,829	60,000	3,367,950	10,260,000	66,444	3,520,000	5,952,165		
2026	35,165,000	43,634,901	7,955,000	3,168,025			3,625,000	5,843,839		
2027-2031	157,000,000	196,280,464	46,245,000	9,164,487			19,965,000	27,304,688		
2032-2036	167,880,000	157,497,550	10,735,000	291,463			23,900,000	23,245,705		
2037-2041	196,510,000	111,192,875					29,080,000	17,939,479		
2042-2046	202,635,000	63,017,125					35,675,000	11,186,634		
2047-2051	165,595,000	15,688,125					34,375,000	2,988,462		
	$ 1,069,690,000	$ 774,417,570	$ 65,305,000	$ 26,113,075	$ 38,080,000	$ 632,220	$ 160,130,000	$ 112,898,857	$ 80,600,000	$ 8,615

	Marine & Other			
	Pension Bonds		Direct Borrowings	
	Principal	Interest	Principal	Interest
2022	$ 5,605,000	$ 3,283,411	$ 1,865,505	$ 504,904
2023	6,350,000	2,924,666	2,158,522	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
2027-2031	15,190,000	1,311,287	4,759,659	459,490
	$ 51,330,000	$ 13,650,760	$ 13,436,818	$ 2,486,796

6. Long-Term Debt, continued:

Changes in long-term debt on the balance sheet for the year ended June 30, 2021 were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Airport:				
Long-term privately placed bonds outstanding	$ 46,450,000		$ (8,370,000)	$ 38,080,000
less: current portion	(8,370,000)	$ (8,805,000)	8,370,000	(8,805,000)
Long-term bonds outstanding	1,017,160,000	312,460,000	(34,495,000)	1,295,125,000
less: current portion	(34,495,000)	(35,640,000)	34,495,000	(35,640,000)
Unamortized bond issue premium	95,763,757	55,313,940	(7,962,435)	143,115,262
Long-term debt	$ 1,116,508,757	$ 323,328,940	$ (7,962,435)	$ 1,431,875,262
Marine & Other:				
Long-term direct borrowings outstanding	$ 16,667,905		$ (3,231,087)	$ 13,436,818
less: current portion	(1,589,297)	$ (1,865,505)	1,589,297	(1,865,505)
Long-term bond debt outstanding	56,255,000		(4,925,000)	51,330,000
less: current portion	(4,925,000)	(5,605,000)	4,925,000	(5,605,000)
Long-term portion outstanding	$ 66,408,608	$ (7,470,505)	$ (1,641,790)	$ 57,296,313

In addition, at June 30, 2021 and 2020, the Port has recorded $14,940,161 and $17,418,509 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 8). 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 8). 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 like mandatory redemption, beginning June 1, 2021, and on each June 1 thereafter.

6. 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, 2021 and 2020.

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. 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, 2025 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 $5,959,197 for fiscal 2021 and by $4,998,937 for fiscal 2020.

In fiscal 2021, the Port issued Series Twenty-Seven 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-Seven Projects and pay a portion of interest on the Port's previously issued Series Twenty-Five Airport Revenue Bonds, prior to completion of a project financed by such Series Twenty-Five Bonds; pay a portion of the interest to accrue on the Series Twenty-Seven Bonds during construction of the Series Twenty-Seven Projects; to pay a portion of the interest on the Series Twenty-Five Bonds; to cash fund a debt service reserve; and pay certain costs of issuing the Series Twenty-Seven Bonds. The bonds have coupon rates ranging from 0.8 percent to 5 percent, with maturities ranging from 2022 to 2050. 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

6. Long-Term Debt, continued:

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, the proceeds of which were deposited in an irrevocable trust with an escrow agent to advance refund $82,055,000 of Series Twenty bonds and used to pay costs of issuing the Series Twenty-Six bonds. The $82,055,000 of Series Twenty bonds were redeemed by the escrow agent on July 1, 2020. 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 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 before July 1, 2021 are not subject to optional redemption prior to maturity. 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.

6. Long Term Debt, continued:

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 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.

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.

Series 2011A bonds maturing on or before July 1, 2021 are not subject to optional redemption prior to maturity. Series 2011A 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.

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.

6. 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 $80,600,000 and $90,100,000 at June 30, 2021 and 2020, respectively. Commercial paper is 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, 2021, the Airport had the following hedging derivative instruments outstanding:

Item	Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Fair Value
A	Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2008 Series 18 bonds	$ 2,517,500	7/1/2005	7/1/2025	Pay 5.1292%, receive 68% 1 month LIBOR	$ (196,000)
B	Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2008 Series 18 bonds	$ 2,517,500	7/1/2005	7/1/2025	Pay 5.1339%, receive 68% 1 month LIBOR	$ (196,000)
C	Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2008 Series 18 bonds	$19,985,000	7/1/2006	7/1/2026	Pay 4.9356%, receive 68% 1 month LIBOR	$ (1,803,000)
D	Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2008 Series 18 bonds	$19,985,000	7/1/2006	7/1/2026	Pay 4.9403%, receive 68% 1 month LIBOR	$ (1,803,000)

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. 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 $3,998,000 at June 30, 2021 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 $280,710 and a noncurrent liability of $519,853 at June 30, 2021. Hedge accounting is applied to the derivatives, and accordingly, the cumulative change in fair value of the derivatives (at-market interest rate swaps) were recorded as deferred outflows of $3,998,000, which is a decrease of $2,126,000 from the June 30, 2020 amount.

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 two 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, 2021 credit rating for each of the counterparties is as follows:

6. Long-Term Debt, continued:

Derivative Instrument	Counterparty Credit Rating
Derivative A and C	A+ / Aa2
Derivative B and D	AA- / Aa2

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, 2021, 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 0.07 percent, while 68 percent of 1 month LIBOR is approximately 0.058 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 A+ at June 30, 2021; therefore, no collateral has been posted for these derivative instruments.

At June 30, 2021, the Airport had the following investment derivative instruments outstanding:

Item	Type	Notional Amount	Effective Date	Maturity Date	Terms	Fair Value
E	Pay-fixed interest rate swap	$ 22,848,000	7/1/2009	7/1/2024	Pay 4.975%, receive 68% 1 month LIBOR	$ (1,320,000)
F	Pay-fixed interest rate swap	$ 15,232,000	7/1/2009	7/1/2024	Pay 4.955%, receive 68% 1 month LIBOR	$ (870,000)

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 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 $2,190,000 at June 30, 2021 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 $330,324 and a noncurrent liability of $321,774 at June 30, 2021. 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 $1,500,000 during fiscal 2021 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

6. Long-Term Debt, continued:

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 two 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, 2021 credit rating for each of the counterparties is as follows:

Derivative Instrument	Counterparty Credit Rating
Derivative E	A+ / 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, 2021, none of the Airport's interest rate swaps were exposed to credit risk.

Basis risk. 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 0.648 percent, while 68 percent of 1 month LIBOR is approximately 0.057 percent.

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 A+ at June 30, 2021, 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, 2021; therefore, the Airport has posted $1,200,000 in collateral with the counterparty (included in restricted cash and equity in pooled investments on the Airport's balance sheet).

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, 2021:

	Variable Rate Airport Revenue Bonds			
	Principal	Interest	Interest Rate Swaps, net	Total
2022	$ 10,310,000	$ 26,291	$ 1,471,298	$ 11,807,589
2023	6,590,000	21,349	1,163,986	7,775,335
2024	6,900,000	16,174	840,681	7,756,855
2025	7,215,000	10,762	519,933	7,745,695
2026	7,565,000	5,088	326,138	7,896,226
2027	6,785,000			6,785,000
	$ 45,365,000	$ 79,664	$ 4,322,036	$ 49,766,700

6. Long-Term Debt, continued:

	Variable Rate Passenger Facility Charge Bonds			
	Principal	Interest	Interest Rate Swaps, net	Total
2022	$ 8,805,000	$ 189,585	$ 1,209,895	$ 10,204,480
2023	9,265,000	129,585	743,097	10,137,682
2024	9,750,000	66,444	503,744	10,320,188
2025	10,260,000			10,260,000
	$ 38,080,000	$ 385,614	$ 2,456,736	$ 40,922,350

7. 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, 2021 and 2020.

8. 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 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 12.81 percent and 15.63 percent of annual covered payroll for fiscal years 2021 and 2020, respectively. Beginning January 1, 2020, the Port's fiscal 2020 contribution rate was reduced to 12.81 percent due to the creation of a new Port side-specific account. 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

8. <u>Pension Plans and Deferred Compensation Plan</u>, continued:

$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 $4,925,000 and $2,197,780 in fiscal 2021 and 2020, respectively, of which $2,437,394 and $1,136,901 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. Effective January 1, 2020, PERS reduced the Port's contribution rates for PERS and OPSRP by 2.82 percent. 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 5.58 percent of annual covered payroll for general service members and 10.21 percent for police and fire members for fiscal 2021, and 8.40 percent of annual covered payroll for general service members and 13.03 percent for police and fire members for fiscal 2020. Beginning January 1, 2020, the Port's fiscal 2020 contribution rate was reduced to 5.58 percent of annual covered payroll for general service members and 10.21 percent for police and fire members due to the creation of a new Port side-specific account. The Port also pays the required employee contributions of 6 percent of annual covered salary.

The Port's fiscal 2021 and 2020 regular pension contributions recognized by PERS were $8,898,568 and $10,870,643. Actuarial determinations are not made solely as to Airport employees. PERS contributions of $4,583,426 and $5,448,156 were applicable to the Airport for fiscal years 2021 and 2020, 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

8. <u>Pension Plans and Deferred Compensation Plan</u>, continued:

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, 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 TPL at June 30, 2020 was determined based on an actuarial valuation as of December 31, 2017 and rolled forward to the measurement date of June 30, 2019. 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, 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. For the year ended June 30, 2020, the Port's proportionate share of the collective NPL of PERS is $113,602,700, or 0.65675392 percent of the total, and the Port recognized pension expense of $27,851,263 as its proportionate share of PERS pension expense. Actuarial determinations are not made solely as to Airport employees. 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. For the year ended June 30, 2020, $52,736,594 of the NPL, and $13,730,246 of pension expense, was applicable to the Airport.

Actuarial assumptions used in the 2018 valuation rolled forward to the measurement date of June 30, 2020, and in the 2017 valuation rolled forward to the measurement date of June 30, 2019, 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 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.

For the 2017 valuation rolled forward to the measurement date of June 30, 2019, mortality assumptions for healthy retirees and beneficiaries are based on RP-2014 Healthy annuitant, sex-distinct, generational with Unisex Social Security Data Scale, with collar adjustments and set-backs. Active members' mortality assumptions are based on RP-2014 Employees, sex distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and setbacks. Disabled retirees' mortality assumptions are based on RP-2014 Disabled retirees, sex distinct, generational with Unisex Social Security Data Scale.

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 for the 2018 valuation rolled forward to the measurement date of June 30, 2020 are based on the 2018 Experience Study, which reviewed experience for the four-year period ended on December 31, 2018. The methods and assumptions shown above for the 2017 valuation rolled forward to a measurement date of June 30, 2019 are based on the 2016 Experience Study, which reviewed experience for the four-year period ended on December 31, 2016.

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

8. Pension Plans and Deferred Compensation Plan, continued:

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 7.20 percent for the measurement dates of June 30, 2020 and 2019. 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 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. For fiscal 2020, the Port's $113,602,700 proportionate share of the NPL was calculated using the discount rate of 7.20 percent as of the measurement date of June 30, 2019. 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 $181,924,644. 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 $56,426,645.

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, 2020 and 2019, 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 2019 and 2017, 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.

8. Pension Plans and Deferred Compensation Plan, continued:

Asset class	Target allocation*	20-year annualized geometric mean
Core fixed income	9.60%	4.07%
Short-term bonds	9.60%	3.68%
Bank/leveraged loans	3.60%	5.19%
High yield bonds	1.20%	5.74%
Large/mid cap U.S. equities	16.17%	6.30%
Small cap U.S. equities	1.35%	6.68%
Micro cap U.S. equities	1.35%	6.79%
Developed foreign equities	13.48%	6.91%
Emerging market equities	4.24%	7.69%
Non-U.S. small cap equities	1.93%	7.25%
Private equity	17.50%	8.33%
Real estate (property)	10.00%	5.55%
Real estate (REITs)	2.50%	6.69%
Hedge fund of funds - diversified	1.50%	4.06%
Hedge fund - event driven	0.38%	5.59%
Timber	1.13%	5.61%
Farmland	1.13%	6.12%
Infrastructure	2.25%	6.67%
Commodities	1.13%	3.79%
Assumed inflation - mean	n/a	2.50%

* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of April 24, 2019.

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, 2020 and 2019, 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,	2020	2019	2020	2019
Differences between expected and actual experience	$ 3,242,415	$ 4,321,609		
Changes of assumptions	6,323,215	15,411,502	$ 221,552	
Net difference between projected and actual earnings on plan investments	13,854,514			$ 3,220,521
Differences between contributions and Port's proportionate share of system contributions	14,747,454	2,996,819	2,861,129	4,401,312
Total	$ 38,167,598	$ 22,729,930	$ 3,082,681	$ 7,621,833

Port employer contributions for PERS made after the measurement date are reported as deferred outflows on the balance sheet at June 30, 2021 and 2020 in the amount of $8,898,568 and $10,870,643, respectively; these contributions are recognized as a reduction in the Port’s NPL in the ensuing year. $4,583,426 and $5,448,156 of the deferred outflows were applicable to the Airport at June 30, 2021 and 2020, respectively. Additionally, $34,961,469 in contributions and

8. Pension Plans and Deferred Compensation Plan, continued:

matching funds for new side accounts were made after the measurement date and reported as deferred outflows on the balance sheet for Marine & Other at June 30, 2020.

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
2022	$ 4,080,633	$ 3,345,170	$ 7,425,803
2023	5,325,622	4,365,771	9,691,393
2024	5,129,657	4,205,126	9,334,783
2025	4,208,725	3,450,176	7,658,901
2026	535,254	438,783	974,037
Total	$ 19,279,891	$ 15,805,026	$ 35,084,917

In 2019, Oregon Legislature enacted Senate Bill 1049, which made a number of amendments to PERS, including extending the UAL actuarial amortization period, capping certain member salaries for benefit calculations, redirecting a portion of the required employee contributions from the defined contribution IAP to the defined benefit Plan, and changing rules around Plan members working after retirement. These changes have the effect of reducing employer rates prospectively. Certain provisions of Senate Bill 1049 were challenged with the Oregon Supreme Court. In August 2020, the Oregon Supreme Court rejected the challenge to Senate Bill 1049 and upheld the amendments enacted by the Oregon Legislature.

The Port offers all its employees a deferred compensation plan created in accordance with IRC Section 457. The plan permits eligible employees to defer a portion of their current salary until future years. The deferred compensation is not available to the 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 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.

9. 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 last year is also considered to be a contribution from the Port.

9. Postemployment Healthcare Benefits, continued:

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, 2021, the Port's total other postemployment benefit (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. For the year ended June 30, 2020, the Port's total other postemployment benefit (OPEB) liability of $6,619,654 was determined based upon a July 1, 2019 actuarial valuation, measured as of June 30, 2020, with a reporting date of June 30, 2020; $3,578,186 of this OPEB liability was attributable to the Airport. The Port recognized OPEB expense of $480,289 in fiscal 2020, with $249,470 of OPEB expense applicable to the Airport.

The OPEB liability in the July 1, 2021 actuarial valuation measured as of 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

The OPEB liability in the July 1, 2019 actuarial valuation measured as of June 30, 2020 was determined using the following actuarial assumptions:

- A discount rate of 2.79 percent based on the S&P Municipal Bond 20-Year High Grade Index as of June 30, 2019
- A healthcare cost trend rate of 7.5 percent graded uniformly to 6.75 percent over 3 years and following the Getzen model thereafter to an ultimate rate of 3.94 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-2018

Changes in the OPEB liability during fiscal 2021 are shown in the following table:

	Airport	Marine & Other	Total Port
Balance at 6/30/2020	$ 3,578,186	$ 3,041,468	$ 6,619,654
Service cost	178,198	131,970	310,168
Interest	101,009	87,144	188,153
Differences between expected and actual experience	(1,258,239)	(1,025,748)	(2,283,987)
Changes of assumptions	72,394	51,172	123,566
Benefit payments	(208,395)	(101,157)	(309,552)
Net change	(1,115,033)	(856,619)	(1,971,652)
Balance at 6/30/2021	$ 2,463,153	$ 2,184,849	$ 4,648,002

The most significant difference between expected and actual experience in the table above is that due to a repeal of the law an excise tax is no longer included in the plan liability. Changes of assumptions in the table reflect a change in the discount rate from 2.79 percent in the 2019 valuation to 2.18 percent in the 2021 valuation, changes in the retirement and termination assumptions to be consistent with PERS actuarial valuation assumptions based on their most recent valuation report, update of the mortality improvement to projection scale MP-2020, and a change in the assumed trend rate for medical claims from 7.5 percent graded uniformly to 6.75 percent over 3 years and following the Getzen model thereafter to an ultimate rate of 3.94 percent in the year 2075 to 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.

9. <u>Postemployment Healthcare Benefits</u>, continued:

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 health care trend rate assumption in the July 1, 2021 actuarial valuation, measured as of June 30, 2021:

	1% Decrease	6.25% decreasing to 5.75% over 2 years, following the Getzen model thereafter	1% increase
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 health care trend rate assumption that is 1-percentage-point lower or 1-percentage-point higher than the health care trend rate assumption in the July 1, 2019 actuarial valuation, measured as of June 30, 2020:

	1% Decrease	7.5% decreasing to 6.75% over 3 years, following the Getzen model thereafter	1% increase
Total OPEB liability, 6/30/2020	$ 5,888,500	$ 6,619,654	$ 7,482,248

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 discount rate in the July 1, 2021 actuarial valuation, measured as of June 30, 2021:

	1% Decrease (1.18%)	Discount Rate (2.18%)	1% increase (3.18%)
Total OPEB liability, 6/30/2021	$ 5,075,059	$ 4,648,002	$ 4,258,454

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 discount rate in the July 1, 2019 actuarial valuation, measured as of June 30, 2020:

	1% Decrease (1.79%)	Discount Rate (2.79%)	1% increase (3.79%)
Total OPEB liability, 6/30/2020	$ 7,232,494	$ 6,619,654	$ 6,064,643

At June 30, 2021, 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		$ 2,172,838
Changes of assumptions	$ 341,914	
Total	$ 341,914	$ 2,172,838

9. Postemployment Healthcare Benefits, continued:

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
2022	$ (186,770)	$ (116,646)	$ (303,416)
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)
Thereafter	(169,403)	(139,226)	(308,629)
Total	$ (1,085,890)	$ (745,034)	$ (1,830,924)

10. 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, 2021	Fiscal Year Ended June 30, 2020
Beginning liability	$ 733,083	$ 908,218
Current year claims and changes in estimates	450,790	396,712
Claim payments	(336,139)	(571,847)
Ending liability	$ 847,734	$ 733,083

Approximately $533,950 and $420,575 of the liability was applicable to the Airport at June 30, 2021 and 2020, respectively.

11. Commitments and Contingencies:

At June 30, 2021, land acquisition and construction contract commitments aggregated approximately $395,900,000 for the Airport, $24,600,000 for Marine & Other, and $420,500,000 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 $2,200,000 for its estimated remaining share of the costs of these Portland Harbor investigative and remedial activities at June 30, 2021. 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 activities on two of these sites. The Port has accrued approximately $26,000,000 and $1,600,000 in estimated costs for these cleanups at June 30, 2021. At another site, the Port has accrued approximately $32,100,000 in estimated remaining costs at June 30, 2021. 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	$ 1,866,885	$ 595,000	$ (1,788,381)	$ 673,504
less: current portion	(1,666,885)		1,788,381	121,496
Long-term liability	$ 200,000	$ 595,000	$	$ 795,000
Marine & Other:				
Environmental liabilities	$ 71,420,176	$ 6,540,977	$ (7,015,070)	$ 70,946,083
less: current portion	(8,583,977)	(9,821,390)	6,688,897	(11,716,470)
Long-term liability	$ 62,836,199	$ (3,280,413)	$ (326,173)	$ 59,229,613

The Port leases from others, under operating leases, warehouse and office space, office equipment, and submerged lands. These leases expire at varying times through fiscal 2026. Total rental expense (all minimum rentals) for operating leases approximated $390,000 and $310,000 for Marine & Other in 2021 and 2020, respectively, and $11,000 and $206,000 for the Airport in 2021 and 2020, respectively. Future minimum rental payments on noncancelable operating leases for the five succeeding fiscal years and five year increments thereafter are:

11. Commitments and Contingencies, continued**:**

Fiscal Year Ending June 30,	Airport	Marine & Other	Total Port
2022	$ 7,934	$ 389,512	$ 397,446
2023		382,320	382,320
2024		177,550	177,550
2025		97,089	97,089
2026		14,312	14,312
Total	$ 7,934	$ 1,060,783	$ 1,068,717

In early 2020, an outbreak of the novel strain of coronavirus (COVID-19) emerged globally, and the global pandemic continues as of the end of fiscal 2021. As a result, there have been mandates from federal, state and local authorities resulting in an overall decline in economic activity. The ultimate impact of COVID-19 on the operational and financial performance of the Port is not reasonably estimable at this time.

12. Tax Abatements:

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 $211,000 under agreements entered into by Multnomah County, $412,000 under agreements entered into by Clackamas County, and $915,000 under agreements entered into by Washington County.

13. Net Position Deficit and Budget Overexpenditures:

The Port has net position deficits of $13,509,565 and $113,117,129 in the Airport PFC Fund and CFC Fund (funds within the Airport activity) as of June 30, 2021. The 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 $371,241 resulted from the noncash, budgetary impact of an unbudgeted forgivable loan from the State which will be due in fiscal 2022 if it is not forgiven, and an overexpenditure of $171,043 resulted from the revision of estimated accrued environmental liabilities after final budget appropriations were made for the fiscal year. Neither of these represent a cash overexpenditure. In the Airport Construction Fund, the Port overexpended a budget appropriation for capital outlay by $28,120,053, resulting from the non-cash budgetary impact of accounting expense accruals that took place after final appropriations were made for the fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

(UNAUDITED)

THE PORT OF PORTLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

	2021	2020	2019	2018	2017
Total OPEB liability - beginning	$ 6,619,654	$ 6,477,793	$ 6,283,870	$ 6,318,267	$ 6,332,670
Service cost	310,168	295,398	281,331	146,462	139,488
Interest	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	(309,552)	(333,212)	(309,965)	(371,575)	(345,651)
Net change	(1,971,652)	141,861	193,923	(34,397)	(14,403)
Total OPEB liability - ending	$ 4,648,002	$ 6,619,654	$ 6,477,793	$ 6,283,870	$ 6,318,267
Covered-employee payroll	$ 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%	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,	2020	2019	2018	2017	2016	2015	2014	2013
Port share of Net Pension Liability (Asset) - percentage	0.539894%	0.656754%	0.659650%	0.643710%	0.687390%	0.627646%	0.636022%	0.636022%
Port share of Net Pension Liability (Asset) - amount [A]	$ 117,823,511	$ 113,602,700	$ 99,928,241	$ 86,772,304	$ 103,193,124	$ 36,036,033	$ (14,416,804)	$ 32,457,134
Port covered-employee payroll [B]	$ 76,097,000	$ 72,101,000	$ 71,239,000	$ 70,942,000	$ 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]	154.8%	157.6%	140.3%	122.3%	155.0%	54.1%	-23.5%	53.3%
PERS fiduciary net position as a percentage of TPL	75.8%	80.2%	82.1%	83.1%	80.5%	91.9%	103.6%	92.0%

THE PORT OF PORTLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO PERS ($000)

Fiscal Year:	2021	2020	2019	2018	2017	2016 [1]	2015	2014	2013	2012
Actuarially Determined Contribution	$ 8,899	$ 10,871	$ 8,714	$ 8,143	$ 5,549	$ 5,549	$ 5,332	$ 4,831	$ 5,030	$ 4,966
Contribution in relation to Actuarially Determined Contribution	$ 8,899	$ 10,871	$ 8,714	$ 8,143	$ 5,549	$ 5,549	$ 5,332	$ 4,831	$ 5,030	$ 4,966
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Employee Payroll	$ 72,503	$ 76,097	$ 72,101	$ 71,239	$ 70,942	$ 66,585	$ 66,637	$ 61,267	$ 60,855	$ 60,447
Contribution as a percentage of Covered Employee Payroll	12.3%	14.3%	12.1%	11.4%	7.8%	8.3%	8.0%	7.9%	8.3%	8.2%

[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
RECONCILIATION OF BUDGETARY REVENUES AND EXPENDITURES TO INCOME BEFORE CONTRIBUTIONS AND TRANSFERS
for the year ended June 30, 2021

	Budgetary Basis *		Excess
	Revenues	Expenditures	Revenues (Expenditures)
Port Funds:			
General Fund	$ 81,462,002	$ 120,944,346	$ (39,482,344)
Bond Construction Fund	15,650,038	20,862,604	(5,212,566)
Airport Revenue Fund	501,054,932	221,369,742	279,685,190
Airport Revenue Bond Fund	19,637,784	80,222,590	(60,584,806)
Airport Construction Fund	235,628,887	444,104,141	(208,475,254)
PFC Fund	16,628,255	6,588	16,621,667
PFC Bond Fund	7,187	14,426,344	(14,419,157)
CFC Fund	8,851,205	19,500	8,831,705
CFC Bond Fund	4,448	9,521,496	(9,517,048)
Totals - budgetary reporting basis	$ 878,924,738	$ 911,477,351	(32,552,613)
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			462,244,628
Internal costs on capital projects			23,184,438
Depreciation and amortization expense			(119,251,750)
Expenses that will be expended in future years			3,516,149
Contributions from governmental agencies			(7,737,476)
Bond sale proceeds			(366,882,579)
Bond and contract payable principal expenditures			60,551,272
Change in unearned revenues and certain noncurrent receivables			1,395,751
Noncash pension and OPEB expense			(21,062,887)
Amortization of bond issuance costs and deferred charges on refunding bonds			(2,451,940)
Other			(2,093,108)
Loss before contributions and transfers per Statement of Revenues, Expenses, and Changes in Net Assets			$ (1,140,115)

* 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, 2021

	Budgetary Basis *		Excess Revenues
	Revenues	Expenditures	(Expenditures)
Airport Funds:			
Airport Revenue Fund	$ 501,054,932	$ 221,369,742	$ 279,685,190
Airport Revenue Bond Fund	19,637,784	80,222,590	(60,584,806)
Airport Construction Fund	235,628,887	444,104,141	(208,475,254)
PFC Fund	16,628,255	6,588	16,621,667
PFC Bond Fund	7,187	14,426,344	(14,419,157)
CFC Fund	8,851,205	19,500	8,831,705
CFC Bond Fund	4,448	9,521,496	(9,517,048)
Totals - budgetary reporting basis	$ 781,812,698	$ 769,670,401	12,142,297
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			442,270,991
Internal costs on capital projects			4,474,208
Depreciation and amortization expense			(100,160,625)
Contributions from governmental agencies			(6,004,415)
Bond sale proceeds			(366,882,579)
Bond principal expenditures			52,338,067
Amortization of bond issuance costs and deferred charges on refunding bonds			(2,500,740)
Allocation of pension debt service			(4,195,908)
Change in unearned revenues and certain noncurrent receivables			1,669,596
Noncash pension and OPEB expense			(10,423,775)
Intra-Port services received, provided, and overhead			(26,285,248)
Other			(1,190,300)
Loss before contributions and transfers per Statement of Revenues, Expenses, and Changes in Net Assets			$ (4,748,431)

* 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, 2021

	Resources Original	Resources Transfers In (Out)	Resources Revised	Actual	Over (Under) Budget
REVENUES:					
Operating revenues:					
Administration	$ 193,000		$ 193,000	$ 230,038	$ 37,038
Marine	44,036,009		44,036,009	48,508,929	4,472,920
Industrial Development	7,131,938		7,131,938	6,810,138	(321,800)
Navigation	21,038,232		21,038,232	16,134,161	(4,904,071)
General Aviation	3,631,055		3,631,055	3,424,963	(206,092)
	76,030,234		76,030,234	75,108,229	(922,005)
Grants				108,599	108,599
Interest	1,689,725		1,689,725	1,418,068	(271,657)
Fixed asset sales and other		$ 3,000,000	3,000,000	4,827,106	1,827,106
Total revenues	77,719,959	3,000,000	80,719,959	81,462,002	742,043
TRANSFERS FROM OTHER FUNDS:					
Bond Construction Fund	4,070,000		4,070,000	3,522,689	(547,311)
Airport Construction Fund	10,983,623	3,000,000	13,983,623	15,187,543	1,203,920
Airport Revenue Fund	32,234,635		32,234,635	33,620,198	1,385,563
Total transfers	47,288,258	3,000,000	50,288,258	52,330,430	2,042,172
Total revenues and transfers	125,008,217	6,000,000	131,008,217	133,792,432	2,784,215
BEGINNING WORKING CAPITAL	189,845,344		189,845,344	208,664,341	18,818,997
Total resources	$ 314,853,561	$ 6,000,000	$ 320,853,561	$ 342,456,773	$ 21,603,212

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
GENERAL FUND
(BUDGETARY BASIS), Continued
for the year ended June 30, 2021

	Appropriations Original	Appropriations Transfers In (Out)	Appropriations Revised	Actual	(Over) Under Budget
EXPENDITURES:					
Administration	$ 51,857,583		$ 51,857,583	$ 46,434,604	$ 5,422,979
Marine	42,567,249		42,567,249	38,944,656	3,622,593
Trade and Equitable Development	4,552,832		4,552,832	3,806,032	746,800
Navigation	13,542,920		13,542,920	10,730,370	2,812,550
General Aviation	2,803,961		2,803,961	2,485,737	318,224
Long-term debt payments	11,963,926		11,963,926	12,335,167	(371,241)
System development charges/other	10,000	$ 375,000	385,000		385,000
Other environmental	3,536,737	2,500,000	6,036,737	6,207,780	(171,043)
Contingencies	162,053,015	2,625,000	164,678,015		164,678,015
Total expenditures	292,888,223	5,500,000	298,388,223	120,944,346	177,443,877
TRANSFERS TO OTHER FUNDS:					
Bond Construction Fund	21,451,821		21,451,821		21,451,821
Airport Revenue Fund	513,517	500,000	1,013,517	590,093	423,424
Total transfers	21,965,338	500,000	22,465,338	590,093	21,875,245
Total expenditures and transfers	$ 314,853,561	$ 6,000,000	$ 320,853,561	121,534,439	$ 199,319,122
ENDING WORKING CAPITAL				$ 220,922,334	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
BOND CONSTRUCTION FUND
(BUDGETARY BASIS)
for the year ended June 30, 2021

	Resources				Over
		Transfers			(Under)
	Original	In (Out)	Revised	Actual	Budget
REVENUES:					
Interest and other	$ 201,549		$ 201,549	$ 212,193	$ 10,644
Grants	3,656,528		3,656,528	1,733,061	(1,923,467)
	3,858,077		3,858,077	1,945,254	(1,912,823)
Tax and tax items:					
Current property tax levy - net	13,593,228		13,593,228	13,730,375	137,147
Interest on taxes				(25,591)	(25,591)
	13,593,228		13,593,228	13,704,784	111,556
Total revenues	17,451,305		17,451,305	15,650,038	(1,801,267)
TRANSFERS FROM OTHER FUNDS:					
General Fund	21,451,821		21,451,821		(21,451,821)
Airport Revenue Fund	8,618,557		8,618,557	2,675,061	(5,943,496)
Total transfers	30,070,378		30,070,378	2,675,061	(27,395,317)
BEGINNING WORKING CAPITAL	10,000,000		10,000,000	13,062,066	3,062,066
Total resources	$ 57,521,683		$ 57,521,683	31,387,165	$ (26,134,518)

					(Over)
					Under
	Revised		Revised	Actual	Budget
EXPENDITURES:					
Capital outlay	$ 43,386,419	$ (15,000)	$ 43,371,419	20,862,604	$ 22,508,815
Contingencies	10,000,000		10,000,000		10,000,000
Total expenditures	53,386,419	(15,000)	53,371,419	20,862,604	32,508,815
TRANSFERS TO OTHER FUNDS:					
General Fund	4,070,000		4,070,000	3,522,689	547,311
Airport Revenue Fund	65,264	15,000	80,264	63,237	17,027
Total transfers	4,135,264	15,000	4,150,264	3,585,926	564,338
Total expenditures and transfers	$ 57,521,683		$ 57,521,683	24,448,530	$ 33,073,153
ENDING WORKING CAPITAL				$ 6,938,635	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
AIRPORT REVENUE FUND
(BUDGETARY BASIS)
for the year ended June 30, 2021

	Resources Original	Resources Transfers In (Out)	Resources Revised	Actual	Over (Under) Budget
REVENUES:					
Operating revenue - Portland International Airport	$ 224,108,581		$ 224,108,581	$ 201,734,039	$ (22,374,542)
Interest and other	1,661,103		1,661,103	813,418	(847,685)
Commercial paper issuance	225,000,000		225,000,000	237,407,715	12,407,715
Grants	42,000,000		42,000,000	61,099,760	19,099,760
Total revenues	492,769,684		492,769,684	501,054,932	8,285,248
TRANSFERS FROM OTHER FUNDS:					
General Fund	513,517	$ 515,000	1,028,517	590,093	(438,424)
Bond Construction Fund	65,264		65,264	63,237	(2,027)
Airport Construction Fund	304,641,500		304,641,500	4,452,976	(300,188,524)
Total transfers	305,220,281	515,000	305,735,281	5,106,306	(300,628,975)
Total revenues and transfers	797,989,965	515,000	798,504,965	506,161,238	(292,343,727)
BEGINNING WORKING CAPITAL	119,533,000		119,533,000	56,221,358	(63,311,642)
Total resources	$ 917,522,965	$ 515,000	$ 918,037,965	562,382,596	$ (355,655,369)

	Appropriations Original	Appropriations Transfers In (Out)	Appropriations Revised	Actual	(Over) Under Budget
EXPENDITURES:					
Operating expenditures	$ 109,436,595		$ 109,436,595	102,518,972	$ 6,917,623
Commercial paper debt service payments	301,000,000		301,000,000	118,764,258	182,235,742
Other	783,150		783,150	86,512	696,638
Contingencies	129,855,000		129,855,000		129,855,000
Total expenditures	541,074,745		541,074,745	221,369,742	319,705,003
TRANSFERS TO OTHER FUNDS:					
General Fund	32,234,635		32,234,635	33,620,198	(1,385,563)
Bond Construction Fund	8,618,557		8,618,557	2,675,061	5,943,496
Airport Construction Fund	265,196,469	$ 515,000	265,711,469	124,349,015	141,362,454
Airport Revenue Bond Fund	70,398,559		70,398,559	70,025,023	373,536
Total transfers	376,448,220	515,000	376,963,220	230,669,297	146,293,923
Total expenditures and transfers	$ 917,522,965	$ 515,000	$ 918,037,965	452,039,039	$ 465,998,926
ENDING WORKING CAPITAL				$ 110,343,557	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
AIRPORT REVENUE BOND FUND
(BUDGETARY BASIS)
for the year ended June 30, 2021

	Resources Original	Resources Transfers In (Out)	Resources Revised	Actual	Over (Under) Budget
REVENUES:					
Interest and other	$ 253,784		$ 253,784	$ 42,334	$ (211,450)
Bond sale and other debt proceeds	27,000,000	$ 19,000,000	46,000,000	19,595,450	(26,404,550)
Total revenues	27,253,784	19,000,000	46,253,784	19,637,784	(26,616,000)
TRANSFERS FROM OTHER FUNDS:					
Airport Revenue Fund	70,398,559		70,398,559	70,025,023	(373,536)
Airport Construction Fund	1,110,570	24,520,000	25,630,570	10,096,559	(15,534,011)
Total transfers	71,509,129	24,520,000	96,029,129	80,121,582	(15,907,547)
Total revenues and transfers	98,762,913	43,520,000	142,282,913	99,759,366	(42,523,547)
BEGINNING RESTRICTED NET ASSETS AVAILABLE FOR FUTURE DEBT SERVICE	44,392,347		44,392,347	43,710,550	(681,797)
Total resources	$ 143,155,260	$ 43,520,000	$ 186,675,260	143,469,916	$ (43,205,344)

	Appropriations Original	Appropriations Transfers In (Out)	Appropriations Revised	Actual	(Over) Under Budget
EXPENDITURES:					
Long-term debt payments	$ 71,762,913	$ 24,520,000	$ 96,282,913	80,222,590	$ 16,060,323
Total expenditures	71,762,913	24,520,000	96,282,913	80,222,590	$ 16,060,323
UNAPPROPRIATED BALANCE	71,392,347	19,000,000	90,392,347		
	$ 143,155,260	$ 43,520,000	$ 186,675,260		
ENDING RESTRICTED NET ASSETS AVAILABLE FOR FUTURE DEBT SERVICE				$ 63,247,326	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
AIRPORT CONSTRUCTION FUND
(BUDGETARY BASIS)
for the year ended June 30, 2021

	Resources Original	Resources Transfers In (Out)	Resources Revised	Actual	Over (Under) Budget
REVENUES:					
Grants	$ 6,488,257		$ 6,488,257	$ 6,004,415	$ (483,842)
Interest and other	2,884,459		2,884,459	149,842	(2,734,617)
Bond and Other Debt Proceeds	460,000,000	$ 285,000,000	745,000,000	229,474,630	(515,525,370)
Total revenues	469,372,716	285,000,000	754,372,716	235,628,887	(518,743,829)
TRANSFERS FROM OTHER FUNDS:					
Airport Revenue Fund	265,196,470	515,000	265,711,470	124,349,015	(141,362,455)
CFC Fund	1,600,000	21,810,600	23,410,600	44,808,816	21,398,216
PFC Fund	12,500,000		12,500,000	4,127,937	(8,372,063)
Total transfers	279,296,470	22,325,600	301,622,070	173,285,768	(128,336,302)
BEGINNING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION	176,537,547		176,537,547	166,611,746	(9,925,801)
Total resources	$ 925,206,733	$ 307,325,600	$ 1,232,532,333	575,526,401	$ (657,005,932)

	Appropriations Original	Appropriations Transfers In (Out)	Appropriations Revised	Actual	(Over) Under Budget
EXPENDITURES:					
Capital outlay	$ 408,092,728	$ 7,000,000	$ 415,092,728	443,212,781	$ (28,120,053)
Bond issue costs/other	1,750,000		1,750,000	891,360	858,640
Contingencies	198,628,312	272,805,600	471,433,912		471,433,912
Total expenditures	608,471,040	279,805,600	888,276,640	444,104,141	444,172,499
TRANSFERS TO OTHER FUNDS:					
General Fund	10,983,623	3,000,000	13,983,623	15,187,543	(1,203,920)
Airport Revenue Fund	304,641,500		304,641,500	4,452,976	300,188,524
Airport Revenue Bond Fund	1,110,570	24,520,000	25,630,570	10,096,559	15,534,011
Total transfers	316,735,693	27,520,000	344,255,693	29,737,078	314,518,615
Total expenditures and transfers	$ 925,206,733	$ 307,325,600	$ 1,232,532,333	473,841,219	$ 758,691,114
ENDING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION				$ 101,685,182	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
PFC FUND
(BUDGETARY BASIS)
for the year ended June 30, 2021

	Budget	Actual	Over (Under) Budget
REVENUES:			
Interest and other	$ 836,984	$ 771	$ (836,213)
Passenger facility charges	19,904,713	16,627,484	(3,277,229)
Total revenues	20,741,697	16,628,255	(4,113,442)
BEGINNING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION	103,347,457	83,895,275	(19,452,182)
Total resources	$ 124,089,154	100,523,530	$ (23,565,624)

	Budget	Actual	(Over) Under Budget
EXPENDITURES:			
Other	$ 526,250	6,588	$ 519,662
Contingencies	96,359,404		96,359,404
Total expenditures	96,885,654	6,588	96,879,066
TRANSFERS TO OTHER FUNDS:			
PFC Bond Fund	14,703,500	14,096,356	607,144
Airport Construction Fund	12,500,000	4,127,937	8,372,063
Total transfers	27,203,500	18,224,293	8,979,207
Total expenditures and transfers	$ 124,089,154	18,230,881	$ 105,858,273
ENDING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION		$ 82,292,649	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
PFC BOND FUND
(BUDGETARY BASIS)
for the year ended June 30, 2021

	Budget	Actual	Over (Under) Budget
REVENUES:			
Interest and other	$ 305,775	$ 7,187	$ (298,588)
Total revenues	305,775	7,187	(298,588)
TRANSFERS FROM OTHER FUNDS:			
PFC Fund	14,703,500	14,096,356	(607,144)
BEGINNING RESTRICTED NET ASSETS AVAILABLE FOR FUTURE DEBT SERVICE	14,200,709	14,625,602	424,893
Total resources	$ 29,209,984	28,729,145	$ (480,839)

	Budget	Actual	(Over) Under Budget
EXPENDITURES:			
Long-term debt payments	$ 15,009,275	14,426,344	$ 582,931
Total expenditures	15,009,275	14,426,344	$ 582,931
UNAPPROPRIATED BALANCE	14,200,709		
	$ 29,209,984		
ENDING RESTRICTED NET ASSETS AVAILABLE FOR FUTURE DEBT SERVICE		$ 14,302,801	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
CFC FUND
(BUDGETARY BASIS)
for the year ended June 30, 2021

	Resources				Over
	Original	Transfers In (Out)	Revised	Actual	(Under) Budget
REVENUES:					
Interest and other	$ 4,082,180		$ 4,082,180	$ 2,288,753	$ (1,793,427)
Customer facility charges	8,294,106		8,294,106	6,562,452	(1,731,654)
Total revenues	12,376,286		12,376,286	8,851,205	(3,525,081)
BEGINNING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION	133,028,078		133,028,078	89,239,136	(43,788,942)
Total resources	$ 145,404,364		145,404,364	98,090,341	$ (47,314,023)

	Appropriations				(Over)
	Original	Transfers In (Out)	Revised	Actual	Under Budget
EXPENDITURES:					
Bank fees and other	$ 17,500	$ 5,000	22,500	19,500	$ 3,000
Contingencies	134,297,162	(21,815,600)	112,481,562		112,481,562
Total expenditures	134,314,662	(21,810,600)	112,504,062	19,500	112,484,562
TRANSFERS TO OTHER FUNDS:					
Airport Construction Fund	1,600,000	21,810,600	23,410,600	44,808,816	(21,398,216)
CFC Bond Fund	9,489,702		9,489,702	9,489,154	548
Total transfers	11,089,702	21,810,600	32,900,302	54,297,970	(21,397,668)
UNAPPROPRIATED BALANCE					
Total expenditures and transfers	$ 145,404,364		145,404,364	54,317,470	$ 91,086,894
ENDING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION				$ 43,772,871	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
CFC BOND FUND
(BUDGETARY BASIS)
for the year ended June 30, 2021

	Budget	Actual	Over (Under) Budget
REVENUES:			
Interest and other	$ 31,794	$ 4,448	$ (27,346)
Total revenues	31,794	4,448	(27,346)
TRANSFERS FROM OTHER FUNDS:			
CFC Fund	9,489,702	9,489,154	(548)
Total transfers	9,489,702	9,489,154	(548)
Total revenues and transfers	9,521,496	9,493,602	(27,894)
BEGINNING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION	9,565,736	9,783,499	217,763
Total resources	$ 19,087,232	19,277,101	$ 189,869

	Budget	Actual	(Over) Under Budget
EXPENDITURES:			
Long-term debt payments	$ 9,521,496	9,521,496	$
Total expenditures	9,521,496	9,521,496	
UNAPPROPRIATED BALANCE	9,565,736		
Total expenditures and transfers	$ 19,087,232		
ENDING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION		$ 9,755,605	

THE PORT OF PORTLAND
COMBINING BALANCE SHEET – ALL FUNDS
June 30, 2021

		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	$ 152,111,417	$ 152,073,177	$ 152,028,580	$ 44,597	$ 38,240	$ 38,240						
Equity in pooled investments	305,448,189	104,510,247	97,142,860	7,367,387	200,937,942	200,937,942						
Restricted cash and equity in pooled investments	165,174,855				165,174,855		$ 57,319,843	$ 90,346,510	$ 331,910	$ 10,795,844		$ 6,380,748
Receivables, net of allowance for doubtful accounts	25,412,280	14,344,266	12,852,735	1,491,531	11,068,014	11,068,014						
Prepaid insurance and other assets	7,164,916	2,565,354	2,400,835	164,519	4,599,562	4,599,562						
Total current assets	655,311,657	273,493,044	264,425,010	9,068,034	381,818,613	216,643,758	57,319,843	90,346,510	331,910	10,795,844		6,380,748
Noncurrent assets:												
Restricted assets:												
Cash and equity in pooled investments	334,282,281	5,254,937	5,254,937		329,027,344	22,645,516	63,247,326	99,107,134	77,605,984	14,302,801	$ 42,362,978	9,755,605
Receivables	8,110,392				8,110,392			2,013,834	4,686,665		1,409,893	
Contract retainage deposits	564,214				564,214			564,214				
Total restricted assets	342,956,887	5,254,937	5,254,937		337,701,950	22,645,516	63,247,326	101,685,182	82,292,649	14,302,801	43,772,871	9,755,605
Land held for sale	41,724,689	41,724,689	38,740,991	2,983,698								
Depreciable properties, net of accumulated depreciatic	1,363,542,268	149,685,232	149,685,232		1,213,857,036	1,213,857,036						
Nondepreciable properties	1,028,133,340	124,406,402	83,417,483	40,988,919	903,726,938	68,042,167		835,684,771				
Unamortized bond issue costs	432,057	86,917	86,917		345,140	287,081			58,059			
Due from other funds		24,756,659 *	24,756,659 *									
Other noncurrent assets	892,555	892,555	892,555									
Total noncurrent assets	2,777,681,796	346,807,391	302,834,774	43,972,617	2,455,631,064	1,304,831,800	63,247,326	937,369,953	82,350,708	14,302,801	43,772,871	9,755,605
Deferred outflows of resources:												
Deferred charges on refunding bonds	14,940,161				14,940,161	11,292,490			3,647,671			
Deferred charges on pensions and OPEB	47,408,080	23,516,307	23,516,307		23,891,773	23,891,773						
Cumulative decrease in fair value of hedging derivativ	3,998,000				3,998,000		3,998,000					
Total deferred outflows of resources	66,346,241	23,516,307	23,516,307		42,829,934	35,184,263	3,998,000		3,647,671			
Total assets	$ 3,499,339,694	$ 643,816,742	$ 590,776,091	$ 53,040,651	$ 2,880,279,611	$ 1,556,659,821	$ 124,565,169	$ 1,027,716,463	$ 86,330,289	$ 25,098,645	$ 43,772,871	$ 16,136,353
LIABILITIES												
Current liabilities (payable from current assets):												
Current portion of long-term debt	$ 88,070,505	$ 7,470,505	$ 7,470,505		$ 80,600,000	$ 80,600,000						
Accounts payable	43,104,802	25,847,934	23,718,535	$ 2,129,399	17,256,868	17,256,868						
Accrued wages, vacation and sick leave pay	13,134,680	6,275,410	6,275,410		6,859,270	6,859,270						
Workers' compensation and other accrued liabilities	7,622,289	6,038,226	6,038,226		1,584,063	1,584,063						
Total current liabilities (payable from current assets)	151,932,276	45,632,075	43,502,676	2,129,399	106,300,201	106,300,201						
Restricted liabilities (payable from restricted assets):												
Current portion of long-term debt and other	45,056,034				45,056,034		$ 32,555,710		$ 330,324	$ 8,930,000		$ 3,240,000
Accrued interest payable	29,770,725				29,770,725		24,764,133			1,865,844		3,140,748
Accounts payable	88,794,511				88,794,511			$ 88,792,925	1,586			
Contract retainage payable	1,553,585				1,553,585			1,553,585				
Total restricted current liabilities (payable from re:	165,174,855				165,174,855		57,319,843	90,346,510	331,910	10,795,844		6,380,748
Total current liabilities	317,107,131	45,632,075	43,502,676	2,129,399	271,475,056	106,300,201	57,319,843	90,346,510	331,910	10,795,844		6,380,748
Noncurrent liabilities:												
Long-term environmental and other accruals	67,516,194	59,766,242	59,766,242		7,749,952	1,561,952	3,998,000		2,190,000			
Long-term debt	1,489,171,575	57,296,313	57,296,313		1,431,875,262	1,177,989,092			96,996,170		$ 156,890,000	
Unearned revenue and other	66,937,577	25,045,724	25,045,724		41,891,853	41,050,226	519,853		321,774			
Net pension and OPEB liability	122,471,511	47,026,850	47,026,850		75,444,661	75,444,661						
Due to other funds					24,756,659 *	24,756,659 *						
Total noncurrent liabilities	1,746,096,857	189,135,129	189,135,129		1,581,718,387	1,320,802,590	4,517,853		99,507,944		156,890,000	
Deferred inflows of resources:												
Deferred pension inflows	5,255,520	2,492,611	2,492,611		2,762,909	2,762,909						
Other deferred inflows	877,843	877,843	877,843									
Total deferred inflows of resources	6,133,363	3,370,454	3,370,454		2,762,909	2,762,909						
Total liabilities	2,069,337,351	238,137,658	236,008,259	2,129,399	1,855,956,352	1,429,865,700	61,837,696	90,346,510	99,839,854	10,795,844	156,890,000	6,380,748
NET POSITION												
Net investment in capital assets	962,083,556	302,088,579	258,115,962	43,972,617	659,994,977	15,285,920	(32,275,000)	927,124,921	(95,480,440)	(8,930,000)	(142,490,424)	(3,240,000)
Restricted for capital and debt service	259,274,070	5,254,937	5,254,937		254,019,133	1,199,052	95,002,473	10,245,032	81,970,875	23,232,801	29,373,295	12,995,605
Unrestricted	208,644,717	98,335,568	91,396,933	6,938,635	110,309,149	110,309,149						
Total net position	1,430,002,343	405,679,084	354,767,832	50,911,252	1,024,323,259	126,794,121	62,727,473	937,369,953	(13,509,565)	14,302,801	(113,117,129)	9,755,605
Total liabilities and net position	$ 3,499,339,694	$ 643,816,742	$ 590,776,091	$ 53,040,651	$ 2,880,279,611	$ 1,556,659,821	$ 124,565,169	$ 1,027,716,463	$ 86,330,289	$ 25,098,645	$ 43,772,871	$ 16,136,353

* 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, 2021

Operating revenues:	
Airline revenues	$ 124,208,573
Concessions and other rentals	75,238,359
Other	63,717,408
	263,164,340
Interest income - revenue fund and revenue bond fund	472,784
	263,637,124
Costs of operation and maintenance, excluding depreciation:	
Salaries, wages and fringe benefits	54,480,066
Contract, professional and consulting services	26,728,515
Materials and supplies	6,932,803
Utilities	9,685,122
Equipment rents, repair and fuel	1,044,198
Insurance	3,505,248
Travel and management expense	1,173,497
Allocation of general and administration expense of the Port of Portland	19,626,188
Other	1,311,517
	124,487,154
Net revenues, as defined by Section 2(r) of Ordinance No. 155 *	$ 139,149,970

* 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, 2021

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		$ 139,149,970
SLB debt service requirement:		
Interest and principal amount	$ 66,213,306	
	x 130%	
Total net revenues required		86,077,298
Excess of net revenues over 130% of SLB debt service requirement		$ 53,072,672

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		$ 53,072,672
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		$ 53,072,672

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		$ 53,072,672
Other amounts available to pay other swap obligations		
Total available to pay Other Obligations		53,072,672
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		$ 53,072,672

THE PORT OF PORTLAND
PORTLAND INTERNATIONAL AIRPORT
SCHEDULE OF REVENUE BOND
CONSTRUCTION ACCOUNT ACTIVITY
for the year ended June 30, 2021

	Bond Proceeds Portion	Capitalized Interest Portion
Construction account, June 30, 2020	$ 93,673,017	$ 123,852
Bond sale proceeds	203,233,319	25,944,083
Excess earnings on capitalized interest funds	13,750	(13,750)
Interest income	665,118	14,680
	297,585,204	26,068,865
Construction expenditures	221,503,078	
Issuance expenditures	615,024	
Transfers to revenue bond fund		10,095,817
Construction account, June 30, 2021	$ 75,467,102	$ 15,973,048

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, 2021

Net revenues, per accompanying schedule of net revenues	$ 139,186,945	
Less revenue bond fund interest income	(42,334)	
Applied to General Account, available to be applied to debt service of bonds	$ 139,144,611	(1)
Bond debt service requirement, per accompanying schedule of compliance with Ordinance Nos. 155 and 323	$ 66,213,306	(2)
Ratio (1)/(2)	2.10	
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, 2021

	First Lien Bond Account	First Lien Reserve Account	Capital Account
Balances at June 30, 2020	$ 314,901	$ 14,310,701	$ 83,895,275
PFC revenues:			
PFC bond account	14,096,356		
Capital account			2,531,128
Interest earnings		7,187	(96,093)
Transfer from reserve account to bond account	117,179	(117,179)	
Bond payments to trustee	(14,426,344)		
Costs of approved PFC projects			(4,127,938)
Other, net			90,277
Balances at June 30, 2021	$ 102,092	$ 14,200,709	$ 82,292,649

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, 2021

Fiscal Year	Property Taxes Receivable June 30, 2020	Current Levy as Extended by Assessors	Deduct Cash Collections	Deduct Discounts Allowed	Cancellations and Adjustments	Property Taxes Receivable June 30, 2021	Interest Collected
2020-21		$ 14,157,180	$ (13,565,214)	$ (277,039)	$ (136,310)	$ 178,617	$ (9,844)
2019-20	$ 186,201		(104,918)		(9,329)	71,954	4,880
2018-19	69,315		(33,605)		(1,999)	33,711	4,166
2017-18	35,764		(20,923)		(1,220)	13,621	4,211
2016-17	13,844		(9,823)		(307)	3,714	2,458
2015-16 and prior	21,692		(2,406)		(601)	18,685	527
	$ 326,816	$ 14,157,180	$ (13,736,889)	$ (277,039)	$ (149,766)	$ 320,302	$ 6,398

Reconciliation to income from property taxes:

Current levy	$ 14,157,180
Deduct discounts allowed	(277,039)
Cancellations and adjustments	(149,766)
	$ 13,730,375

THE PORT OF PORTLAND

SCHEDULE OF BOND AND OTHER LONG-TERM DEBT PRINCIPAL TRANSACTIONS – BY SERIES

FOR THE YEAR ENDED JUNE 30, 2021

	Maturity Date	Outstanding at June 30, 2020	2020-2021 Transactions: Issued	2020-2021 Transactions: Matured	2020-2021 Transactions: Redeemed	Outstanding June 30, 2021: Total	Outstanding June 30, 2021: Due Within One Year
LIMITED TAX PENSION BONDS:							
Series 2002B, 6.60% to 6.85%	06/01/28	$ 43,260,000		$ 3,695,000	$ 3,695,000	$ 39,565,000	$ 4,240,000
Series 2005, 4.00% to 5.50%	06/01/28	12,995,000		1,230,000	1,230,000	11,765,000	1,365,000
Total Limited Tax Pension Bonds		56,255,000		4,925,000	4,925,000	51,330,000	5,605,000
PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS:							
Series 18A, 0.08% *	07/01/26	27,615,000		4,935,000	4,935,000	22,680,000	5,155,000
Series 18B, 0.07% *	07/01/26	27,615,000		4,930,000	4,930,000	22,685,000	5,155,000
Series 20A, 3.00% to 5.00%	07/01/40	705,000		705,000	705,000		
Series 20B, 2.00% to 4.50%	07/01/40	570,000		570,000	570,000		
Series 20C, 4.00% to 5.00%	07/01/28	5,085,000		5,085,000	5,085,000		
Series 21C, 4.375% to 5.00%	07/01/23	22,645,000		5,250,000	5,250,000	17,395,000	5,560,000
Series 22, 4.00% to 5.00%	07/01/44	88,270,000		1,850,000	1,850,000	86,420,000	1,940,000
Series 23, 5.00%	07/01/38	103,160,000		3,380,000	3,380,000	99,780,000	3,545,000
Series 24A, 5.00%	07/01/47	21,965,000				21,965,000	
Series 24B, 5.00%	07/01/47	209,820,000		3,965,000	3,965,000	205,855,000	4,170,000
Series 25A, 5.00%	07/01/49	21,825,000				21,825,000	
Series 25B, 5.00%	07/01/49	186,430,000		530,000	530,000	185,900,000	560,000
Series 26A, 4.00% to 5.00%	07/01/40	12,265,000				12,265,000	605,000
Series 26B, 5.00%	07/01/40	14,460,000				14,460,000	25,000
Series 26C, 5.00%	07/01/28	46,000,000				46,000,000	5,560,000
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	
Total Portland Int'l Airport Revenue Bonds		788,430,000	312,460,000	31,200,000	31,200,000	1,069,690,000	32,275,000
PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REVENUE BONDS:							
Series 2011A, 2.50% to 5.50%	07/01/31	65,440,000		135,000	135,000	65,305,000	125,000
Series 2012A, 0.6476% *	07/01/24	46,450,000		8,370,000	8,370,000	38,080,000	8,805,000
Total Portland Int'l Airport Passenger Facility Charge Revenue Bonds		111,890,000		8,505,000	8,505,000	103,385,000	8,930,000
PORTLAND INTERNATIONAL AIRPORT CUSTOMER FACILITY CHARGE REVENUE BONDS:							
Series 2019, 2.635% to 4.237%	07/01/49	163,290,000		3,160,000	3,160,000	160,130,000	3,240,000
Total Portland Int'l Airport Customer Facility Charge Revenue Bonds		163,290,000		3,160,000	3,160,000	160,130,000	3,240,000
Total Port Bonds		$ 1,119,865,000	$ 312,460,000	$ 47,790,000	$ 47,790,000	$ 1,384,535,000	$ 50,050,000
CONTRACTS & LOANS PAYABLE:							
Oregon Department of Transportation, MMTF-0001, 0%	03/31/21	$ 200,000		$ 200,000	$ 200,000		
Oregon Department of Transportation, MMTF-0003, 0%	07/01/22	1,485,400		742,700	742,700	$ 742,700	
Oregon Business Development Dept., B08005, 5.00%	12/01/30	5,270,669		398,250	1,297,340	3,973,329	$ 328,930
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	9,211,836		991,047	991,047	8,220,789	1,036,575
Total Contracts & Loans Payable		$ 16,667,905		$ 2,331,997	$ 3,231,087	$ 13,436,818	$ 1,865,505
TOTAL PORT LONG-TERM DEBT		$ 1,136,532,905	$ 312,460,000	$ 50,121,997	$ 51,021,087	$ 1,397,971,818	$ 51,915,505

Note: Interest rates relate to original issue. Certain coupons are no longer outstanding.

* Interest rate at June 30, 2021. 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, 2021

		2020 - 21 Transactions				
	Outstanding at June 30, 2020	Issued	Interest Matured and Paid	Interest Fluctuations and Redemptions	Outstanding at June 30, 2021	Maturing Within One Year
LIMITED TAX PENSION BONDS:						
Series 2002B, 6.60% to 6.85%	$ 14,186,878		$ 2,947,797		$ 11,239,081	$ 2,694,690
Series 2005, 4.00% to 5.50%	3,061,949		650,270		2,411,679	588,721
Total Limited Tax Pension Bonds	17,248,827		3,598,067		13,650,760	3,283,411
PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS:						
Series 18A, 0.08% *	330,864		38,159	$ 232,081	60,624	18,144
Series 18B, 0.07% *	330,944		38,170	239,708	53,066	15,880
Series 20A, 3.00% to 5.00%	10,575		10,575			
Series 20B, 2.00% to 4.50%	12,825		12,825			
Series 20C, 4.00% to 5.00%	127,125		127,125			
Series 21C, 4.375% to 5.00%	2,193,144		937,712		1,255,432	681,363
Series 22, 4.00% to 5.00%	66,093,000		4,367,250		61,725,750	4,272,500
Series 23, 5.00%	56,447,250		5,073,500		51,373,750	4,900,375
Series 24A, 5.00%	28,112,125		1,098,250		27,013,875	1,098,250
Series 24B, 5.00%	169,929,750		10,391,875		159,537,875	10,188,500
Series 25A, 5.00%	30,115,875		1,091,250		29,024,625	1,091,250
Series 25B, 5.00%	168,703,000		9,308,250		159,394,750	9,281,000
Series 26A, 4.00% to 5.00%	5,636,107		391,907		5,244,200	556,075
Series 26B, 5.00%	9,617,808		496,058		9,121,750	722,375
Series 26C, 5.00%	10,879,556		1,578,056		9,301,500	2,161,000
Series 27A, 4.00% to 5.00%		$ 263,909,737	3,392,012		260,517,725	13,418,950
Series 27B, 0.80% to 1.30%		855,067	62,419		792,648	246,935
Total Portland Int'l Airport Revenue Bonds	548,539,948	264,764,804	38,415,393	471,789	774,417,570	48,652,597
PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REVENUE BONDS:						
Series 2011A, 2.50% to 5.50%	29,494,375		3,381,300		26,113,075	3,377,244
Series 2012A, 0.6476% *	1,005,067		266,856	105,991	632,220	246,606
Total Portland Int'l Airport Passenger Facility Charge Revenue Bonds	30,499,442		3,648,156	105,991	26,745,295	3,623,850
PORTLAND INTERNATIONAL AIRPORT CUSTOMER FACILITY CHARGE REVENUE BONDS:						
Series 2019, 2.635% to 4.237%	119,221,986		6,323,129		112,898,857	6,237,578
Total Portland Int'l Airport Customer Facility Charge Revenue Bonds	119,221,986		6,323,129		112,898,857	6,237,578
Total Port Bonds	$ 715,510,203	$ 264,764,804	$ 51,984,745	$ 577,780	$ 927,712,482	$ 61,797,436
CONTRACTS & LOANS PAYABLE:						
Oregon Business Development Dept., B08005, 5.00%	$ 1,299,639		$ 197,907	$ (24,164)	$ 1,125,896	$ 156,174
Banc of America Leasing & Capital, LLC, 4.5%	1,755,158		394,258		1,360,900	348,730
Total Contracts & Loans Payable	$ 3,054,797		$ 592,165	$ (24,164)	$ 2,486,796	$ 504,904
TOTAL PORT LONG-TERM DEBT	$ 718,565,000	$ 264,764,804	$ 52,576,910	$ 553,616	$ 930,199,278	$ 62,302,340

Note: Interest rates relate to original issue. Certain coupons are no longer outstanding.
* Interest rate at June 30, 2021. 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, 2021

		Date of Issue	Total Requirements	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27 to 2030-31	2031-32 to 2035-36	2036-37 to 2040-41	2041-42 to 2045-46	2046-47 to 2050-51
LIMITED TAX PENSION BONDS:													
Series 2002B	-Principal	03/28/02	$ 39,565,000	$ 4,240,000	$ 4,840,000	$ 5,495,000	$ 6,205,000	$ 6,965,000	$ 11,820,000				
6.60% to 6.85%	-Interest		11,239,081	2,694,690	2,404,250	2,072,710	1,696,303	1,286,773	1,084,355				
Series 2005	-Principal	09/23/05	11,765,000	1,365,000	1,510,000	1,670,000	1,835,000	2,015,000	3,370,000				
5.004%	-Interest		2,411,679	588,721	520,416	444,856	361,289	269,465	226,932				
Total Limited Tax Pension Bonds	-Principal		$ 51,330,000	$ 5,605,000	$ 6,350,000	$ 7,165,000	$ 8,040,000	$ 8,980,000	$ 15,190,000				
Total Limited Tax Pension Bonds	-Interest		$ 13,650,760	$ 3,283,411	$ 2,924,666	$ 2,517,566	$ 2,057,592	$ 1,556,238	$ 1,311,287				
PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS:													
Series 18A	-Principal	06/11/08	$ 22,680,000	$ 5,155,000	$ 3,295,000	$ 3,450,000	$ 3,605,000	$ 3,785,000	$ 3,390,000				
0.08%**	-Interest		60,624	18,144	14,020	11,384	8,624	5,740	2,712				
Series 18B	-Principal	06/11/08	22,685,000	5,155,000	3,295,000	3,450,000	3,610,000	3,780,000	3,395,000				
0.07%**	-Interest		53,066	15,880	12,271	9,965	7,550	5,023	2,377				
Series 21C	-Principal	08/10/11	17,395,000	5,560,000	5,785,000	6,050,000							
4.375% to 5.00%	-Interest		1,255,432	681,363	426,100	147,969							
Series 22	-Principal	09/25/14	86,420,000	1,940,000	2,040,000	2,140,000	2,250,000	2,360,000	13,705,000	$ 17,475,000	$ 22,305,000	$ 22,205,000	
5.00%	-Interest		61,725,750	4,272,500	4,173,000	4,068,500	3,958,750	3,843,500	17,276,125	13,396,875	8,448,125	2,288,375	
Series 23	-Principal	03/31/15	99,780,000	3,545,000	3,720,000	3,910,000	4,110,000	4,310,000	25,010,000	31,925,000	23,250,000		
5.00%	-Interest		51,373,750	4,900,375	4,718,750	4,528,000	4,327,500	4,117,000	17,042,500	9,958,625	1,781,000		
Series 24A	-Principal	01/25/17	21,965,000									12,535,000	$ 9,430,000
5.00%	-Interest		27,013,875	1,098,250	1,098,250	1,098,250	1,098,250	1,098,250	5,491,250	5,491,250	5,491,250	4,571,625	477,250
Series 24B	-Principal	01/25/17	205,855,000	4,170,000	4,375,000	4,595,000	4,825,000	5,070,000	29,390,000	37,510,000	47,860,000	48,560,000	19,500,000
5.00%	-Interest		159,537,875	10,188,500	9,974,875	9,750,625	9,515,125	9,267,750	42,175,250	33,852,000	23,231,000	10,595,750	987,000
Series 25A	-Principal	04/24/19	21,825,000									3,950,000	17,875,000
5.00%	-Interest		29,024,625	1,091,250	1,091,250	1,091,250	1,091,250	1,091,250	5,456,250	5,456,250	5,456,250	5,357,500	1,842,125
Series 25B	-Principal	04/24/19	185,900,000	560,000	2,325,000	3,745,000	3,935,000	4,130,000	23,955,000	30,595,000	39,050,000	45,875,000	31,730,000
5.00%	-Interest		159,394,750	9,281,000	9,208,875	9,057,125	8,865,125	8,663,500	39,923,875	33,137,375	24,473,000	13,515,375	3,269,500
Series 26A	-Principal	04/24/20	12,265,000	605,000	630,000	670,000	695,000	735,000	3,280,000	2,535,000	3,115,000		
4.00% to 5.00%	-Interest		5,244,200	556,075	525,200	492,700	458,575	422,825	1,559,500	908,425	320,900		
Series 26B	-Principal	04/24/20	14,460,000	25,000	25,000	50,000	540,000	560,000	3,385,000	4,335,000	5,540,000		
5.00%	-Interest		9,121,750	722,375	721,125	719,250	704,500	677,000	2,909,875	1,947,125	720,500		
Series 26C	-Principal	04/24/20	46,000,000	5,560,000	5,835,000	6,140,000	6,435,000	4,610,000	17,420,000				
5.00%	-Interest		9,301,500	2,161,000	1,876,125	1,576,750	1,262,375	986,250	1,439,000				
Series 27A	-Principal	09/30/20	289,535,000						34,070,000	43,505,000	55,390,000	69,510,000	87,060,000
4.00% to 5.00%	-Interest		260,517,725	13,418,950	13,418,950	13,418,950	13,418,950	13,418,950	63,001,750	53,349,625	41,270,850	26,688,500	9,112,250
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		792,648	246,935	224,335	173,260	110,255	37,863					
Total Portland Int'l Airport Revenue Bonds	-Principal		$1,069,690,000	$ 32,275,000	$ 36,975,000	$ 39,895,000	$ 35,760,000	$ 35,165,000	$ 157,000,000	$ 167,880,000	$ 196,510,000	$ 202,635,000	$ 165,595,000
Total Portland Int'l Airport Revenue Bonds	-Interest		$ 774,417,570	$ 48,652,597	$ 47,483,126	$ 46,143,978	$ 44,826,829	$ 43,634,901	$ 196,280,464	$ 157,497,550	$ 111,192,875	$ 63,017,125	$ 15,688,125
PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REVENUE BONDS:													
Series 2011A	-Principal	11/10/11	$ 65,305,000	$ 125,000	$ 105,000	$ 80,000	$ 60,000	$ 7,955,000	$ 46,245,000	$ 10,735,000			
3.25% to 5.50%	-Interest		26,113,075	3,377,244	3,373,506	3,370,400	3,367,950	3,168,025	9,164,487	291,463			
Series 2012A	-Principal	08/15/12	38,080,000	8,805,000	9,265,000	9,750,000	10,260,000						
0.6476%**	-Interest		632,220	246,606	189,585	129,585	66,444						
Total Portland Int'l Airport PFC Revenue Bonds	-Principal		$ 103,385,000	$ 8,930,000	$ 9,370,000	$ 9,830,000	$ 10,320,000	$ 7,955,000	$ 46,245,000	$ 10,735,000			
Total Portland Int'l Airport PFC Revenue Bonds	-Interest		$ 26,745,295	$ 3,623,850	$ 3,563,091	$ 3,499,985	$ 3,434,394	$ 3,168,025	$ 9,164,487	$ 291,463			
PORTLAND INTERNATIONAL AIRPORT CUSTOMER FACILITY CHARGE REVENUE BONDS:													
Series 2019	-Principal	04/29/19	$ 160,130,000	$ 3,240,000	$ 3,330,000	$ 3,420,000	$ 3,520,000	$ 3,625,000	$ 19,965,000	$ 23,900,000	$ 29,080,000	$ 35,675,000	$ 34,375,000
2.711% to 4.237%	-Interest		112,898,857	$ 6,237,578	6,147,556	6,052,751	5,952,165	5,843,839	27,304,688	23,245,705	17,939,479	11,186,634	2,988,462
Total Portland Int'l Airport CFC Revenue Bonds	-Principal		$ 160,130,000	$ 3,240,000	$ 3,330,000	$ 3,420,000	$ 3,520,000	$ 3,625,000	$ 19,965,000	$ 23,900,000	$ 29,080,000	$ 35,675,000	$ 34,375,000
Total Portland Int'l Airport CFC Revenue Bonds	-Interest		$ 112,898,857	$ 6,237,578	$ 6,147,556	$ 6,052,751	$ 5,952,165	$ 5,843,839	$ 27,304,688	$ 23,245,705	$ 17,939,479	$ 11,186,634	$ 2,988,462
Total Port Bonds	-Principal		$1,384,535,000	$ 50,050,000	$ 56,025,000	$ 60,310,000	$ 57,640,000	$ 55,725,000	$ 238,400,000	$ 202,515,000	$ 225,590,000	$ 238,310,000	$ 199,970,000
Total Port Bonds	-Interest		$ 927,712,482	$ 61,797,436	$ 60,118,439	$ 58,214,280	$ 56,270,980	$ 54,203,003	$ 234,060,926	$ 181,034,718	$ 129,132,354	$ 74,203,759	$ 18,676,587

THE PORT OF PORTLAND

SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF BONDED AND OTHER LONG-TERM DEBT – BY SERIES
AS OF JUNE 30, 2021, Continued

		Date of Issue	Total Requirements	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27 to 2030-31	2031-32 to 2035-36	2036-37 to 2040-41	2041-42 to 2045-46	2046-47 to 2050-51
CONTRACTS & LOANS PAYABLE:													
Oregon Department of Transportation MMTF-0003	-Principal	07/06/10	$ 742,700		$ 742,700								
Oregon Business Development Dept. B08005	-Principal	08/31/10	3,973,329	$ 328,930	331,627	$ 349,458	$ 362,431	$ 380,553	$ 2,220,330				
5.00%	-Interest		1,125,896	156,174	182,220	165,639	148,166	130,044	343,653				
Banc of America Leasing & Capital, LLC	-Principal	06/06/13	8,220,789	1,036,575	1,084,195	1,134,003	1,186,099	1,240,588	2,539,329				
4.5%	-Interest		1,360,900	348,730	301,109	251,302	199,205	144,717	115,837				
Oregon Business Development Dept. Strategic Resv Fund, 0%	-Principal	01/22/20	500,000	500,000									
Total Contracts & Loans Payable	-Principal		$ 13,436,818	$ 1,865,505	$ 2,158,522	$ 1,483,461	$ 1,548,530	$ 1,621,141	$ 4,759,659				
Total Contracts & Loans Payable	-Interest		$ 2,486,796	$ 504,904	$ 483,329	$ 416,941	$ 347,371	$ 274,761	$ 459,490				
TOTAL PORT LONG-TERM DEBT	-Principal		$1,397,971,818	$ 51,915,505	$ 58,183,522	$ 61,793,461	$ 59,188,530	$ 57,346,141	$ 243,159,659	$ 202,515,000	$ 225,590,000	$ 238,310,000	$ 199,970,000
TOTAL PORT LONG-TERM DEBT	-Interest		$ 930,199,278	$ 62,302,340	$ 60,601,768	$ 58,631,221	$ 56,618,351	$ 54,477,764	$ 234,520,416	$ 181,034,718	$ 129,132,354	$ 74,203,759	$ 18,676,587

Note: Interest rates relate to original issue. Certain coupons are no longer outstanding.

** Interest rate at June 30, 2021. Rate is variable, depending on weekly resets.

		Date of Issue	Total Requirements	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27 to 2030-31
INDUSTRIAL DEVELOPMENT REVENUE BONDS:									
Horizon Air Project:	-Principal	08/07/97	$ 17,300,000						$ 17,300,000
1997 Series, 0.06%*	-Interest		61,415	$ 10,380	$ 10,380	$ 10,380	$ 10,380	$ 10,380	9,515
TOTAL INDUSTRIAL REVENUE BONDS	-Principal		$ 17,300,000						$ 17,300,000
TOTAL INDUSTRIAL REVENUE BONDS	-Interest		$ 61,415	$ 10,380	$ 10,380	$ 10,380	$ 10,380	$ 10,380	$ 9,515

* Interest rate at June 30, 2021. 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 on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Oregon Municipal Auditing Standards*

The Board of Commissioners
Port of Portland

We have audited the basic financial statements of the Port of Portland (the Port), as of and for the year ended June 30, 2021, and have issued our report thereon dated October 21, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the Port'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 as specified in Oregon Administrative Rules OAR 162-10-0000 to 162-10-0330, as set forth below, noncompliance with which could have a direct and material effect on the financial statements:

OAR	Section	Instances of Non-Compliance Identified?
162-010-0000	Preface	None Noted
162-010-0010	Definitions	None Noted
162-010-0020	Introduction	None Noted
162-010-0030	General Requirements	None Noted
162-010-0050	Financial Statements	None Noted
162-010-0115	Required Supplementary Information (RSI)	None Noted
162-010-0120	Other Supplementary Information	None Noted
162-010-0130	Schedule of Revenues, Expenditures / Expenses, and Changes in Fund Balances, / Net Position, Budget and Actual (Each Fund)	None Noted
162-010-0140	Schedule of Accountability for Independently Elected Officials	Not applicable
162-010-0150	Schedule of Property Tax Transactions or Acreage Assessments	None Noted
162-010-0160	Schedule of Bonded or Long-Term Debt Transactions	None Noted
162-010-0170	Schedule of Future Requirements for Retirement of Bonded or Long-Term Debt	None Noted
162-010-0190	Other Financial or Statistical Information	None Noted
162-010-0200	Required Disclosures and Independent Auditors Comments	None Noted
162-010-0230	Accounting Records and Internal Control	None Noted
162-010-0240	Public Fund Deposits	None Noted
162-010-0250	Indebtedness	None Noted
162-010-0260	Budget	Yes
162-010-0270	Insurance and Fidelity Bonds	None Noted
162-010-0280	Programs Funded from Outside Sources	None Noted
162-010-0295	Highway Funds	Not applicable
162-010-0300	Investments	None Noted
162-010-0310	Public Contracts and Purchasing	None Noted
162-010-0315	State School Fund	Not applicable
162-010-0316	Public Charter Schools	Not applicable
162-010-0320	Other Comments and Disclosures	None Noted
162-010-0330	Extensions of Time to Deliver Audit Reports	Not applicable

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State. The Port experienced budgetary over-expenditures in two funds 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'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port'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 may exist that have not been identified.

This report is intended solely for the information of the Board of Commissioners, management, and the State of Oregon, and is not intended to be and should not be used by anyone other than those specified parties.

Ashley Osten

Ashley Osten, Partner
for Moss Adams LLP
Portland, Oregon
October 21, 2021

APPENDIX C

SUMMARY OF PRINCIPAL DOCUMENTS

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APPENDIX C

SUMMARY OF PRINCIPAL DOCUMENTS

This Appendix C to the Official Statement summarizes certain provisions of Ordinance No. 395-B (as amended and supplemented by Ordinance No. 422-B, the "Master Ordinance"), Ordinance No. 473-B (the "Series 2022 Bond Ordinance" and, together with the Master Ordinance, the "Ordinances") and the Supplemental Action of the Executive Director (the "Supplemental Action"), each as of the date of the Series 2022A PFC Bonds.

SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCES

The following is a summary of certain provisions of the Ordinances. The following summary is not a complete statement of all terms of the Ordinances and the language used in this summary may not be identical to the language used in the Ordinances. Owners and investors who are interested in the complete or precise language of the Ordinances should obtain and carefully review complete copies of the Ordinances which are on file and available for examination at the Port.

Definitions

Capitalized terms used in this summary of the Ordinances have the meanings assigned such terms in this "Definitions" section, and capitalized terms used in this summary that are not defined in this "Definitions" section have the meanings assigned such terms in the Master Ordinance or the Series 2022 Bond Ordinance.

"Accreted Value" means (1) with respect to any Capital Appreciation Bonds, as of any date of calculation, the sum of the amount set forth in the Series Ordinance as the amount representing the initial principal amount of such PFC Bonds plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, or (2) with respect to Original Issue Discount Bonds, as of the date of calculation, the amount representing the initial public offering price of such PFC Bonds plus the amount of discounted principal which has accreted since the date of issue. In each case the Accreted Value shall be determined in accordance with the provisions of the Series Ordinance authorizing the issuance of such PFC Bonds.

"Additional Pledged Revenue" means any income, receipt or revenue of the Port (other than PFC Revenue) legally available and pledged irrevocably by an ordinance of the Board to the payment of the principal of and interest on First Lien PFC Bonds and/or Subordinate Lien PFC Obligations.

"Aggregate Annual Debt Service" means Annual Debt Service for all Outstanding First Lien PFC Bonds and all First Lien PFC Bonds authorized but unissued under a Series Ordinance.

"Airport" means Portland International Airport.

"ANCA" means the Airport Noise and Capacity Act of 1990, as amended.

"Annual Debt Service" means the total amount of Debt Service for any PFC Bond or Series of PFC Bonds in any fiscal year or Base Period.

"Approved PFC Project" means any additions, betterments, extensions, other improvements of or related to the Airport or other costs incurred for any purpose at or related to the Airport from time to time (whether or not located at the Airport), including, without limitation, the acquisition of land, all of which shall have been authorized by the FAA and shall constitute an "Approved Project," as such term is defined in PFC Regulations Section 158.3.

"Average Annual Debt Service" means the aggregate dollar amount of Debt Service with respect to PFC Bonds through the scheduled maturities thereof (stated maturity dates or mandatory redemption dates with respect to term debt), divided by the number of years remaining during which PFC Bonds are scheduled to mature or be subject to mandatory redemption (commencing with the year following the year of calculation).

"Balloon Maturity Bonds" means any PFC Bonds which are so designated in the Series Ordinance pursuant to which such PFC Bonds are issued. Commercial paper (obligations with a maturity of not more than 270 days from the date of issuance) shall be deemed to be Balloon Maturity Bonds.

"Base Period" means any consecutive 12-whole month period selected by the Port out of the 18 whole month period next preceding the date of issuance of an additional Series of PFC Bonds.

"Board" means the Board of Commissioners of the Port, or any successor thereto as provided by law.

"Bond Counsel" means Hawkins Delafield & Wood LLP or such other firm of lawyers nationally recognized and accepted as bond counsel and so employed by the Port for any purpose under the Master Ordinance applicable to the use of that term.

"Capital Appreciation Bonds" means PFC Bonds all or a portion of the interest on which is compounded, accumulated and payable only upon redemption or on the maturity date of such PFC Bonds; provided that if so provided in the Series Ordinance authorizing their issuance, PFC Bonds may be deemed to be Capital Appreciation Bonds for only a portion of their term. On the date on which PFC Bonds no longer are Capital Appreciation Bonds, they shall be deemed Outstanding in a principal amount equal to their Accreted Value.

"Code" means the Internal Revenue Code of 1986, as amended, and shall include all applicable regulations and rulings relating thereto.

"Collecting Carriers" means air carriers and their agents who are required by the PFC Act to collect PFCs.

"Consultant" means at any time an independent consultant or consultant firm nationally recognized in aviation matters or other expert appointed by the Port to perform the duties of the Consultant as required by the Master Ordinance. The term Consultant shall also include an independent certified public accountant or public accounting firm appointed by the Port to make such calculation or to provide such certificate or an independent nationally recognized financial advisor or firm of financial advisors appointed by the Port for purposes of making calculations required by the Master Ordinance.

"Costs of Approved PFC Projects" means all costs paid or legally obligated to be paid by the Port in connection with the acquisition and construction of Approved PFC Projects, and the placing of the same in operation, including, but without limiting the generality of the foregoing, paying all or a portion of the principal of and/or interest on PFC Bonds or any portion thereof issued to finance the costs of such Approved PFC Projects to the extent permitted by the PFC Act and the PFC Regulations; paying amounts required to meet any reserve requirement for such Series of PFC Bonds; paying or reimbursing the Port or any fund thereof or any other person for expenses incident and properly allocable to the acquisition and construction of said Approved PFC Projects and the placing of the same in operation; and all other items of expense incident and properly allocable to the acquisition and construction of said additions and improvements, the financing of the same and the placing of the same in operation if and to the extent permitted by the PFC Act, the PFC Regulation and State law.

"Costs of Issuance Account-2022A" means the subaccount of the PFC Fund by that name maintained by the Port for the purposed of holding certain proceeds of the Series 2022A PFC Bonds.

“Credit Facility” means a policy of municipal bond insurance, a letter of credit, surety bond, line of credit, guarantee, standby purchase agreement or other financial instrument which obligates a third party to make payment or provide funds for the payment of financial obligations of the Port, including but not limited to payment of the principal of, interest on or purchase price of PFC Bonds or meeting reserve requirements therefor.

“Debt Service” means, for any period of time,

(1) with respect to any Outstanding Original Issue Discount Bonds or Capital Appreciation Bonds which are not designated as Balloon Maturity Bonds in the Series Ordinance authorizing their issuance, the principal amount thereof shall be equal to the Accreted Value thereof maturing or scheduled for redemption in such period, and the interest, if any, payable during such period;

(2) with respect to any Outstanding Fixed Rate Bonds, an amount equal to (A) the principal amount of such PFC Bonds due or subject to mandatory redemption during such period and for which no sinking fund installments have been established, (B) the amount of any payments required to be made during such period into any sinking fund established for the payment of any such PFC Bonds, plus (C) all interest payable during such period on any such PFC Bonds Outstanding and with respect to PFC Bonds with mandatory sinking fund requirements, calculated on the assumption that mandatory sinking fund installments will be applied to the redemption or retirement of such PFC Bonds on the date(s) specified in the Series Ordinance authorizing such PFC Bonds;

(3) with respect to First Lien PFC Bonds bearing variable rates of interest, an amount for any period equal to the amount which would have been payable for principal and interest on such First Lien PFC Bonds during such period computed on the assumption that the amount of First Lien PFC Bonds Outstanding as of the date of such computation would be amortized (i) in accordance with the mandatory redemption provisions, if any, set forth in the Series Ordinance authorizing the issuance of such First Lien PFC Bonds, or if mandatory redemption provisions are not provided, during a period commencing on the date of computation and ending on the date 30 years after the date of issuance; (ii) at an interest rate equal to the maximum rate payable by the Port with respect to such First Lien PFC Bonds; (iii) to provide for essentially level annual debt service of principal and interest over such period;

(4) with respect to all other Series of PFC Bonds Outstanding, other than Fixed Rate Bonds, Original Issue Discount Bonds or Capital Appreciation Bonds, specifically including but not limited to Balloon Maturity Bonds and PFC Bonds bearing variable rates of interest, an amount for any period equal to the amount which would have been payable for principal and interest on such PFC Bonds during such period computed on the assumption that the amount of PFC Bonds Outstanding as of the date of such computation would be amortized (i) in accordance with the mandatory redemption provisions, if any, set forth in the Series Ordinance authorizing the issuance of such PFC Bonds, or if mandatory redemption provisions are not provided, during a period commencing on the date of computation and ending on the date 30 years after the date of issuance (ii) at an interest rate equal to the yield to maturity set forth in the 40 Bond Index published in the edition of The Bond Buyer (or comparable publication or such other similar index selected by the Port with the approval of the Consultant, if applicable) selected by the Port and published within ten days prior to the date of calculation or, if such calculation is being made in connection with the Executive Director's Certificate or the Independent Aviation Consultant's Certificate then within ten days prior to the date of such certificate, (iii) to provide for essentially level annual debt service of principal and interest over such period; and

(5) with respect to Derivative Products, the Port Payments required by contract to be paid to a Reciprocal Payor under any existing Derivative Product, offset by the Reciprocal Payments during the same period during the relevant period, on the assumption that if any such payment is not fixed at the time of execution and delivery of the Derivative Product, the amount of such payment will be calculated at the Estimated Average Derivative Rate prevailing during the remaining term of the Derivative Product.

With respect to any PFC Bonds payable in other than U.S. Dollars, Debt Service shall be calculated as provided in the Series Ordinance authorizing the issuance of such PFC Bonds. Debt Service shall be net of any interest and principal funded out of PFC Bond proceeds or the proceeds of other funds or indebtedness.

Debt Service shall include reimbursement obligations to providers of Credit Facilities to the extent such reimbursement obligations are outstanding or as otherwise authorized in a Series Ordinance.

"Default" means any of the events specified in the Master Ordinance.

"Derivative Facility" means a letter of credit, an insurance policy, a surety bond or other credit enhancement device, given, issued or posted as security for obligations under one or more Derivative Products.

"Derivative Payment Date" means any date specified in the Derivative Product on which a Port Payment is due and payable under the Derivative Product.

"Derivative Product" means a written contract or agreement between the Port and a Reciprocal Payor, which provides that the Port's obligations thereunder will be conditioned on the absence of: (i) a failure by the Reciprocal Payor to make any payment required thereunder when due and payable, and (ii) a default thereunder with respect to the financial status of the Reciprocal Payor; and

(a) under which the Port is obligated to pay, on one or more scheduled and specified Derivative Payment Dates, the Port Payments in exchange for the Reciprocal Payor's obligation to pay or to cause to be paid to the Port, on the same scheduled and specified Derivative Payment Dates, the Reciprocal Payments; i.e., the contract must provide for net payments;

(b) for which the Port's obligations to make all or any portion of Port Payments may be secured by a pledge of and lien on Revenues on an equal and ratable basis with the Outstanding PFC Bonds;

(c) under which Reciprocal Payments are to be made directly into a bond fund for Outstanding PFC Bonds;

(d) for which the Port Payments are either specified to be one or more fixed amounts or are determined according to a formula set forth in the Derivative Product; and

(e) for which the Reciprocal Payments are either specified to be one or more fixed amounts or are determined according to a formula set forth in the Derivative Product.

"Derivative Product Account" means the Derivative Product Account, if any, created and established under the Master Ordinance.

"Estimated Average Derivative Rate" means:

(a) for the variable rate payments to be made by either party at a First Lien level of security,

(i) if the Port is the variable rate payor, the maximum contractual rate specified in the Derivative Product contract, or

(ii) if the Reciprocal Payor is the variable rate payor, the lesser of the maximum contractual rate specified in such contract or the then-prevailing value of the variable rate formula, subject to provisions of subsection (c) hereof; and

(b) for the variable rate payments made by either party at a Subordinate Lien level of security,

(i) if the Port is the variable rate payor, the greater of the then-prevailing value of the variable rate formula or the average of the variable rate formula during the immediately preceding 12 months, or

(ii) if the Reciprocal Payor is the variable rate payor, the lesser of the then-prevailing value of the variable rate formula or the average of the variable rate formula during the immediately preceding 12 months; and

(c) when the variable rate to be used in a Derivative Product is a designated hedge of one or more specified maturities of the variable rate PFC Bonds, the variable rate or rates under the Derivative Product will be deemed to be the same rate or rates estimated for the specified maturity or maturities of the specified PFC Bonds; and

(d) if two or more Derivative Products each specify the same index and formula for determining and setting their respective variable rates, on the same dates, and for the same periods of time, and with respect to identical derivative principal amounts, all such Derivative Products shall be deemed to have the same Estimated Average Derivative Rate, calculated in accordance with paragraphs (a)(i) and (a)(ii) of this definition and, where applicable, with respect to the first of such Derivative Products to become effective.

“Executive Director” means the Executive Director or the Chief Financial Officer of the Port and any designee of the Executive Director or the Chief Financial Officer of the Port.

“Executive Director's Certificate” means a certificate dated no earlier than 30 days prior to the delivery of the Future First Lien PFC Project Bonds, executed by the Executive Director and stating that:

(i) the First Lien Sufficiency Covenant will be met upon the issuance of the Future First Lien PFC Project Bonds; and

(ii) Pledged Revenue earned during the Base Period (as shown in the audited or unaudited financial statements of the Port) was not less than 150% of Maximum Annual Debt Service on all First Lien PFC Bonds that will be Outstanding upon the issuance of such Future First Lien PFC Project Bonds; *provided*, *however*, that in preparing such certificate, the Executive Director:

(1) shall take into account any Forecast PFC Rate Adjustment as if such new rate had been in effect during the entire Base Period and

(2) may take into account any Additional Pledged Revenue only if each Rating Agency then maintaining a rating on First Lien PFC Bonds has confirmed, on or prior to the date of the Executive Director's Certificate that such Additional Pledged Revenue will not in and of itself cause such Rating Agency to reduce or to withdraw its then current underlying rating on the First Lien PFC Bonds then Outstanding.

“FAA” means the Federal Aviation Administration, or the successor to its powers and authority.

“FAA Final Notice” means a final notice from the FAA by certified mail to the Port and the Trustee pursuant to Section 158.85(d) of the PFC Regulations to terminate or reduce the Port's PFC Authority.

“FAA Notice” means a notice from the FAA by certified mail to the Port and the Trustee of suspected violation(s) of PFC Regulations or the Noise Act.

“Favorable Opinion of Bond Counsel” means, with respect to any action, a written legal opinion of Bond Counsel, to the effect that such action is permitted under the laws of the State and under applicable Ordinances of the Board, including the Master Ordinance and will not impair the exclusion of interest on a

PFC Bond from gross income for federal income tax purposes (subject to the inclusion of any exceptions contained in the opinion delivered upon original issuance of such PFC Bond).

"First Lien Bond Account" means the special account of the Port authorized to be created by the Master Ordinance for the purpose of paying the principal of, interest on and redemption price, if any, on First Lien PFC Bonds.

"First Lien Payment Date" means each date on which the principal of and/or interest on First Lien PFC Bonds is scheduled to mature or to become due and payable.

"First Lien PFC Bonds" means the obligations of any Series identified as "First Lien PFC Bonds" in the Series Ordinance with respect to such Series.

"First Lien Reserve Account" means the special account authorized to be created pursuant to the Master Ordinance.

"First Lien Reserve Account Requirement" means the lesser of (i) Maximum Annual Debt Service with respect to Outstanding First Lien PFC Bonds; and (ii) with respect to each Series of PFC Bonds the maximum amount permitted by Section 148 of the Code.

"First Lien Sufficiency Covenant" means the continuous covenant of the Port to comply at all times with the First Lien Sufficiency Test unless the PFC Authority has been terminated.

"Fixed Rate Bonds" means those PFC Bonds other than Capital Appreciation Bonds, Original Issue Discount Bonds or Balloon Maturity Bonds issued under a Series Ordinance in which the rate of interest on such PFC Bonds is fixed and determinable through their final maturity or for a specified period of time. If so provided in the Series Ordinance authorizing their issuance, PFC Bonds may be deemed to be Fixed Rate Bonds for only a portion of their term.

"Forecast PFC Rate Adjustment" means (i) any change in PFC Regulations that would result in a change in the amount of PFC collections or (ii) any increase in the rate of the levy of PFCs if legislation has been enacted to permit such increase in the rate of levy of PFCs and if the Port has taken all actions and has received all approvals required to impose such PFCs.

"Future First Lien PFC Project Bonds" means PFC Project Bonds issued in the future (after the issuance of the first two Series) as First Lien PFC Bonds pursuant to a Series Ordinance.

"Future First Lien PFC Refunding Bonds" means PFC Refunding Bonds (i.e., PFC Bonds that refund previously issued First Lien PFC Bonds) issued in the future as First Lien PFC Bonds pursuant to a Series Ordinance.

"Government Obligations" means general obligations of the United States, the agencies and instrumentalities of the United States or enterprises sponsored by the United States government.

"Independent Aviation Consultant" means a Consultant who is an independent consultant nationally recognized in aviation matters.

"Independent Aviation Consultant's Certificate" means a certificate dated no earlier than 30 days earlier than the delivery of the Future First Lien PFC Project Bonds, executed by an Independent Aviation Consultant and stating that:

(i) the First Lien Sufficiency Covenant is estimated to be met upon the issuance of the Future First Lien PFC Project Bonds; and

(ii) in each of the first five full fiscal years (commencing with the first such year following the date of issuance of the Future First Lien PFC Project Bonds) following the date of issuance of the Future First Lien PFC Project Bonds, the amount of Pledged Revenue in each such year is estimated to be not less than 150% of Maximum Annual Debt Service on all First Lien PFC Bonds to be Outstanding after the issuance of the proposed Future First Lien PFC Project Bonds; provided, however, that in computing the amount of Pledged Revenue, the Independent Aviation Consultant:

(1) shall take into account any Forecast PFC Rate Adjustment on the assumption that such Forecast PFC Rate Adjustment will be in effect during the full five-year period;

(2) may take into account any Additional Pledged Revenue estimated to be earned during the full five-year period only if each Rating Agency then maintaining a rating on First Lien PFC Bonds has confirmed, on or prior to the date of the Independent Aviation Consultant's Certificate that such Additional Pledged Revenue will not in and of itself cause such Rating Agency to reduce or withdraw its then confirmation of rating on the First Lien PFC Bonds then Outstanding; and

(3) reasonable projections of PFC Revenue, based upon the methodology set forth in the certificate taking into account any projected change in the number of enplanements during the five-year period following the issuance of the Future First Lien PFC Project Bonds.

"Maximum Annual Debt Service" means the highest Annual Debt Service with respect to all First Lien PFC Bonds; including the Future First Lien PFC Project Bonds, if such calculation is made with respect to the delivery of an Executive Director's Certificate or an Independent Aviation Consultant's Certificate.

"Monthly First Lien Debt Service Deposit" means an approximately equal amount to be deposited monthly in the First Lien Bond Account, such that the amount projected to be on hand in the First Lien Bond Account (i) on the next succeeding First Lien Payment Date shall be sufficient to pay the principal of and interest on First Lien PFC Bonds then coming due, on the assumption that the deposit with respect to interest and with respect to principal shall be made in each month commencing with the month following the date of issuance of First Lien PFC Bonds or the date following which capitalized debt service is no longer available for deposit in the First Lien Bond Account, and (ii) on the next succeeding date Parity Port Payments are due and payable shall be sufficient to pay Parity Port Payments.

"Original Issue Discount Bonds" means PFC Bonds which are sold at an initial public offering price of less than 90% of their face value and which are specifically designated as Original Issue Discount Bonds in the Series Ordinance authorizing their issuance.

"Outstanding" in connection with PFC Bonds means, as of the time in question, all PFC Bonds authenticated and delivered under a Series Ordinance, except:

(a) PFC Bonds theretofore cancelled or required to be cancelled under a Series Ordinance;

(b) PFC Bonds which are deemed to have been paid in accordance with a Series Ordinance; and

(c) PFC Bonds in substitution for which other PFC Bonds have been authenticated and delivered pursuant to a Series Ordinance.

"Parity Port Payments" means Port Payments that are payable pursuant to a Derivative Product on a parity with First Lien PFC Bonds in accordance with the Master Ordinance.

“Parity Reciprocal Payor” means a Reciprocal Payor entitled to Parity Port Payments pursuant to a Derivative Product.

“Paying Agent” shall mean any person, firm, association, corporation or public body as designated and appointed from time to time by Ordinance of the Board or by a Series Ordinance to act as paying agent for one or more Series of PFC Bonds.

“PFC” means passenger facility charges authorized from time to time under the PFC Act.

“PFC Act” means the Aviation Safety and Capacity Expansion Act of 1990, Pub. L. 101-508, Title IX, Subtitle B, §§ 9110 and 9111, recodified as 49 U.S. § 40117, as amended or replaced from time to time.

“PFC Authority” means the amount of PFCs imposed or to be imposed by the Port at the Airport, pursuant to the Records of Decision as the same may be amended from time to time, and any other records of decision (and amendments) relating to the amount of PFCs imposed or to be imposed by the Port at the Airport. For the purpose of the First Lien Sufficiency Covenant, the PFC Authority may be increased by 15% of the total of each approved Record of Decision to the extent the Port is authorized without FAA approval to do so pursuant to the PFC Act and to the extent such authorization has not been used.

“PFC Bonds” means the bonds, notes or other evidences of indebtedness issued from time to time in Series pursuant to and under authority of the Master Ordinance. The term “PFC Bonds” may include reimbursement obligations of the Port to the issuer of a Credit Facility.

“PFC Bond Fund” means the fund of that name created pursuant to the Master Ordinance.

“PFC Bond Improvements” means Costs of Approved PFC Projects paid with proceeds of PFC Bonds.

“PFC Capital Account” means the account of that name created pursuant to the Master Ordinance.

“PFC Fund” means, collectively, all special accounts of the Port separately designated and maintained by the Port into which all PFC Revenue shall be recorded and created pursuant to the Master Ordinance.

“PFC Pay-as-You-Go Contractual Commitments” means contracts which have been duly authorized and executed for any capital costs of PFC Pay-as-You-Go Improvements.

“PFC Pay-as-You-Go Improvements” means Costs of Approved PFC Projects (since the Record of Decision issued in April 8, 1992).

“PFC Project Bonds” means PFC Bonds, the proceeds of which will be used in whole or in part to pay Costs of Approved PFC Projects or to refund PFC Bonds or other indebtedness of the Port not previously issued as First Lien PFC Bonds.

“PFC Refunding Bonds” means PFC Bonds, the proceeds of which will be used to refund other obligations constituting First Lien PFC Bonds.

“PFC Regulations” means Part 158 of the Federal Aviation Regulations (14 CFR Part 158), as amended from time to time, and any other regulation issued with respect to the PFC Act.

“PFC Revenue” means all revenue earned by the Port from time to time from PFCs pursuant to PFC Authority imposed by the Port at the Airport pursuant to the PFC Act and PFC Regulations including any investment income with respect thereto including proceeds thereof and gains and losses from sales of investments after such revenue has been remitted to the Port as provided in the PFC Regulations, all of which are pledged to PFC Bonds.

"Pledged Revenue" means PFC Revenue, Additional Pledged Revenue, if any has been pledged to First Lien PFC Bonds, and interest earnings on the First Lien Reserve Account to the extent that such earnings are available for transfer to the First Lien Bond Account.

"Port" means The Port of Portland, an Oregon port district and political subdivision of the State, as now or hereafter constituted, or the corporation, authority, board, body, commission, department or officer succeeding to the principal functions of the Port or to whom the powers vested in the Port shall be given by law.

"Port Payments" means regularly scheduled payments required to be made by or on behalf of the Port under a Derivative Product and which are determined according to a formula set forth in a Derivative Product. However, "Port Payments" shall not include any termination payments, fees, charges or indemnifications.

"Projected Additional Pledged Revenue" means anticipated Additional Pledged Revenue provided that each Rating Agency then maintaining a rating on First Lien PFC Bonds has confirmed that such Additional Pledged Revenue will not in and of itself cause such Rating Agency to reduce or to withdraw its then current underlying rating on the First Lien PFC Bonds then Outstanding; unless such rating confirmation has previously been provided.

"Projected Aggregate First Lien Debt Service" means the aggregate amount of First Lien Annual Debt Service through the scheduled maturity(ies) of one or more Series of Outstanding First Lien PFC Bonds or through any optional redemption date together with premium, if any, applicable to such one or more Series of First Lien PFC Bonds, in each case calculated with the goal of minimizing the aggregate dollar amount necessary to pay and redeem such Series of First Lien PFC Bonds whether at maturity or redemption prior to stated maturity.

"Projected Aggregate Subordinate Lien Debt Service" means the aggregate amount of Subordinate Lien Annual Debt Service through the scheduled maturity(ies) of one or more Series of Outstanding Subordinate Lien PFC Bonds or through any optional redemption date together with premium, if any, applicable to such one or more Series of Subordinate Lien PFC Bonds, in each case calculated with the goal of minimizing the aggregate dollar amount necessary to pay and redeem such Series of Subordinate Lien PFC Bonds whether at maturity or redemption prior to stated maturity.

"Qualified Insurance" means any non-cancellable municipal bond insurance policy or surety bond with an initial term prior to the final maturity date of the First Lien PFC Bonds of at least five years, issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies) (i) which insurance company or companies, as of the time of issuance of such policy or surety bond, are rated in one of the two highest Rating Categories by one or more of the Rating Agencies for unsecured debt or insurance underwriting or claims paying ability or (ii) by issuing its policies causes such insured obligations to be rated in one of the two highest Rating Categories by one or more of the Rating Agencies; provided, however, that the issuer of any Qualified Insurance is required to be rated in one of the two highest Rating Categories by each Rating Agency then maintaining an underlying rating with respect to the Series of PFC Bonds being secured thereby.

"Qualified Letter of Credit" means any irrevocable letter of credit with a minimum term prior to the final maturity date of First Lien PFC Bonds of five years issued by a financial institution, which institution maintains an office, agency or branch in the United States and as of the time of issuance of such letter of credit, is rated in one of the two highest Rating Categories by one or more of the Rating Agencies. If a Qualified Letter of Credit may expire in accordance with its terms prior to the stated maturity of such PFC

Bonds to be secured thereby, the letter of credit shall require that (unless the Qualified Letter of Credit is replaced with cash, Qualified Insurance or another Qualified Letter of Credit) it be drawn upon in full prior to its expiration for deposit into the First Lien Reserve Account; provided, however, that the issuer of any Qualified Letter of Credit is required to be rated in one of the two highest Rating Categories by each Rating Agency then maintaining an underlying rating with respect to the Series of PFC Bonds being secured.

"Rating Agencies" means Moody's Investors Service or its successors and assigns and Standard & Poor's Ratings Service or its successors and assigns, such other securities rating agency selected by the Port to provide a rating with respect to a Series of PFC Bonds, or any portion thereof, which Rating Agency, as of the applicable date, shall have assigned a rating to any Series of PFC Bonds or any portion of a Series thereof.

"Reciprocal Payment" means any payment to be made to, or for the benefit of, the Port under a Derivative Product by the Reciprocal Payor.

"Reciprocal Payor" means any bank or corporation, partnership or other entity whose guarantor maintains or who maintains for itself at least one of two highest Rating Categories from a Rating Agency and which is a party to a Derivative Product and which is obligated to make one or more Reciprocal Payments thereunder.

"Records of Decision" means the Records of Decision of the FAA relating to Approved PFC Projects as may be issued, modified or amended from time to time.

"Registrar" means any person, firm, association, corporation or public body as designated and appointed from time to time by Ordinance of the Board or by a Series Ordinance, to act as registrar for one or more Series of PFC Bonds.

"Series" means any separate Series of PFC Bonds issued pursuant to the Master Ordinance. A Series of Bonds may be First Lien PFC Bonds or Subordinate Lien PFC Obligations.

"Series Ordinance" means an Ordinance authorizing the issuance of a Series of PFC Bonds, as such Ordinance may thereafter be amended or supplemented.

"State" means the State of Oregon.

"Subordinate Lien Obligations Account" means the special account of the Port authorized to be created pursuant to the Master Ordinance.

"Subordinate Lien Obligations Reserve Account" means the special account of the Port authorized to be created pursuant to the Master Ordinance.

"Subordinate Lien PFC Obligations" means the obligations of any Series identified as "Subordinate Lien PFC Bonds" in the Series Ordinance with respect to such Series.

"Term Bonds" means the Bonds of any Series identified as "Term Bonds" in the Series Ordinance with respect thereto.

"Trustee" means the Trustee appointed by the Executive Director pursuant to Supplemental Action and its successors and assigns any replacement thereof appointed pursuant to the Master Ordinance.

Purpose of PFC Bonds

PFC Bonds may be issued, in one or more series, to provide funds to finance a portion of the Costs of Approved PFC Projects, including without limitation, additions, expansions and improvements to the

Airport, the funding of PFC Bond reserves, to capitalize all or a portion of the PFC Bond interest during construction, to pay costs of issuance and for any other lawful purposes of the Port.

Priority of Use of PFC Fund

Flow of Funds. The Port's PFC Revenue and Additional Pledged Revenue, if pledged to First Lien PFC Bonds or the obligation of the Port to make Parity Port Payments, shall be credited to the PFC Fund as earned. The PFC Fund is to be held separate and apart from all other funds and accounts of the Port. PFC Revenue shall be used only for the following purposes and in the following order of priority on or before the first day of each month and until so applied shall be pledged to the payment of and subject to a lien and charge in favor of Registered Owners of the PFC Bonds and Parity Reciprocal Payors:

First, to make the Monthly First Lien Debt Service Deposit into the First Lien Bond Account (but only to the extent that such Monthly First Lien Debt Service Deposit is not made from amounts held as capitalized interest);

Second, to make all payments required to be made into the First Lien Reserve Account and to replenish the First Lien Reserve Account in the amounts and at the times required by the Master Ordinance;

Third, to make all payments required to be made into any Subordinate Lien Obligations Account which may include but are not limited to termination payments, fees, charges or indemnification, required to be made by or on behalf of the Port under a Derivative Product provided that the Port has determined that PFC Revenue may be lawfully used to make such payment;

Fourth, to make all payments required to be made into any Subordinate Lien Obligations Reserve Account; and

Fifth, the remainder to the PFC Capital Account.

PFC Capital Account. The PFC Capital Account is a separate account of the Port. Money in the PFC Capital Account may be used and disbursed (i) to pay the Costs of Approved PFC Projects; or (ii) to make necessary additions, betterments, improvements and repairs to or extensions and replacements of the Approved PFC Projects if permitted by PFC Regulations, or to the extent permitted by PFC Regulations, for any other lawful Port purposes; (iii) for transfer to any fund or account for the purpose of paying the cost of improvements to the Airport to the extent such improvements constitute Approved PFC Projects, or (iv) to pay debt service on any other obligation incurred by the Port to pay Costs of Approved PFC Projects and, until so applied, shall be pledged to the payment of and subject to a lien and charge in favor of Registered Owners of the PFC Bonds.

Investment of PFC Funds. Money on hand in the PFC Fund may be invested in any legal investment for funds of the Port.

Authorization and Lien of PFC Bonds

The Port may issue PFC Bonds pursuant to the Master Ordinance for any purposes of the Port permitted by law. The PFC Bonds, Parity Port Payments and the lien thereof created and established in the Master Ordinance are obligations only of the special accounts established under the Master Ordinance or in the Series Ordinance or Supplemental Ordinance authorizing such PFC Bonds or Parity Port Payments. The PFC Bonds and Parity Port Payments are payable solely from and secured solely by PFC Revenue and Additional Pledged Revenue, if any; provided, however, that any Series of PFC Bonds or Parity Port Payments also may be payable from and secured by a Credit Facility pledged specifically to or provided for such Series of PFC Bonds or Parity Port Payments.

So long as any PFC Bonds remain Outstanding or Parity Port Payments remain due, the Port irrevocably obligates and binds itself to set aside and pay into the special funds created for the payment of each Series of PFC Bonds and Parity Port Payments out of PFC Revenue and Additional Pledged Revenue, if any, on or before the date on which Parity Port Payments or the interest on or principal of and interest on the PFC Bonds become due, the amount necessary to pay such Parity Port Payments and interest or principal and interest coming due on the PFC Bonds of such Series. The foregoing sentence constitutes a pledge of PFC Revenue and Additional Pledged Revenue, if any, to the payment of PFC Bonds and Parity Port Payments. The amounts pledged to be paid into the First Lien Bond Account are a prior lien and charge upon the PFC Revenue superior to all other charges of any kind or nature whatsoever except for charges equal in rank that may be made to pay and secure the payment of the principal of and interest on First Lien PFC Bonds issued under authority of a Series Ordinance in accordance with the provisions of the Master Ordinance and Parity Port Payments. Neither the PFC Bonds nor the Parity Port Payments shall in any manner or to any extent constitute general obligations of the Port or of the State, or of any political subdivision of the State.

Authorization of Series of PFC Bonds

The Port may issue one or more Series of PFC Bonds by means of a Series Ordinance for any purpose of the Port for which PFC's may be used or for refunding purposes. All PFC Bonds issued shall be First Lien PFC Bonds or Subordinate Lien PFC Obligations upon fulfillment of the conditions of the Master Ordinance, and conditions, if any, established in future Series Ordinances, at the time of authorization of such issuance of PFC Bonds.

Future First Lien PFC Project Bonds

The Port may issue one or more Series of Future First Lien PFC Project Bonds, provided that no Future First Lien PFC Project Bonds may be issued unless an Executive Director's Certificate or an Independent Aviation Consultant's Certificate is delivered on or before the date of issuance of any Future First Lien PFC Project Bonds.

Future First Lien PFC Refunding Bonds

The Port may issue Future First Lien PFC Refunding Bonds as follows:

Future First Lien PFC Refunding Bonds may be issued at any time for the purpose of refunding (including by purchase) First Lien PFC Bonds upon delivery of an Executive Director's Certificate or Independent Aviation Consultant's Certificate. Future First Lien PFC Refunding Bonds also may be issued without an Executive Director's Certificate or Independent Aviation Consultant's Certificate if the Annual Debt Service on such Future First Lien PFC Refunding Bonds is not more than the Annual Debt Service on the First Lien PFC Bonds to be refunded were such refunding not to occur. This provision does not prevent the Port from issuing Future First Lien PFC Refunding Bonds that mature later than the First Lien PFC Bonds to be refunded.

Future First Lien PFC Refunding Bonds may be issued at any time for the purpose of refunding (including by purchase) any other bonds of the Port the proceeds of which were used to pay the Costs of Approved PFC Projects, including Subordinate Lien PFC Obligations; provided, however, that prior to the issuance of such Future First Lien PFC Refunding Bonds, the Port must provide an Executive Director's Certificate or Independent Aviation Consultant's Certificate.

Future First Lien PFC Refunding Bonds may be issued for the purpose of refunding (including by purchase) at any time within one year prior to maturity, any First Lien PFC Bonds for the payment of which sufficient PFC Revenue, or Additional Pledged Revenues, if any, are not available without the requirement of an Executive Director's Certificate or Independent Aviation Consultant's Certificate.

Subordinate Lien PFC Obligations

The Port may issue one or more Series of Subordinate Lien PFC Obligations for any purpose of the Port for which PFCs may be used or for refunding purposes, provided that:

(a) The maturity date of Subordinate Lien PFC Obligations may not be accelerated (not including any indirect acceleration through reimbursement obligations to the provider of a credit facility occurring as a result of the mandatory tender for purchase of Subordinate Lien PFC Obligations); and

(b) Following the occurrence of a Default, neither PFC Revenue nor Additional Pledged Revenue, if any, may be used to pay the principal of or interest on Subordinate Lien PFC Obligations unless all payments required to be made with respect to matured principal of and interest on First Lien PFC Bonds have been fully paid and discharged.

PFC Bond Fund

The Port has created the PFC Bond Fund as a special fund comprised of the First Lien Bond Account, the First Lien Reserve Account, the Subordinate Lien Obligations Account, and the Subordinate Lien Obligations Reserve Account.

First Lien Bond Account. The First Lien Bond Account is a special account created in the PFC Bond Fund for the purpose of paying and securing the payment of First Lien PFC Bonds and Parity Port Payments. The First Lien Bond Account is pledged to the payment of First Lien PFC Bonds and Parity Port Payments and to be held separate and apart from all other funds and accounts of the Port as a trust fund for the owners of the First Lien PFC Bonds and Parity Reciprocal Payors.

The Port irrevocably obligates itself for so long as any First Lien PFC Bonds remain Outstanding and for so long as any Parity Port Payments remain due to set aside and pay into the First Lien Bond Account from PFC Revenue or money in the PFC Fund including Additional Pledged Revenue, if pledged to be deposited therein, on or prior to the respective dates on which the same become due:

(a) amounts required to pay the interest scheduled to become due and redemption premium, if any, on Outstanding First Lien PFC Bonds;

(b) amounts required to pay maturing principal or principal being redeemed of Outstanding First Lien PFC Bonds; and

(c) amounts required to pay Parity Port Payments.

The foregoing constitutes a pledge by the Port of PFC Revenue to the First Lien Bond Account. To the extent amounts in the First Lien Bond Account are insufficient to make the payments required by subsections (a), (b) and (c) above, such amounts shall be applied pro rata between payments on Outstanding First Lien PFC Bonds (as required by subsections (a) and (b) above) and Parity Port Payments (as required by subsection (c) above).

First Lien Reserve Account. The First Lien Reserve Account is a special account in the PFC Fund created for the purpose of securing the payment of the principal of, premium, if any, and interest on the First Lien PFC Bonds. The Port covenants and agrees that on the date of issuance of each Series of First Lien PFC Bonds, the Port will assure that the amount on hand in the First Lien Reserve Account shall be sufficient to meet the First Lien Reserve Account Requirement taking into account the Outstanding PFC Bonds plus the Series proposed to be issued.

The First Lien Reserve Account Requirement shall be maintained by deposits of cash, a Qualified Letter of Credit or Qualified Insurance, or a combination of the foregoing. If the Port obtains a Qualified

Letter of Credit or Qualified Insurance in substitution for cash or securities in the First Lien Reserve Account, all or a portion of the money on hand in the First Lien Reserve Account shall be transferred to the First Lien Bond Account. In computing the amount on hand in the First Lien Reserve Account, Qualified Insurance and/or a Qualified Letter of Credit shall be valued at the face amount thereof, and all other obligations purchased as an investment of moneys therein shall be valued at market at least annually. The market value of securities then credited to the First Lien Reserve Account shall be determined and any deficiency in the First Lien Reserve Account shall be made up in equal installments within six months after the date of such valuation. As used herein, the term "cash" shall include U.S. currency, cash equivalents and evidences thereof, including demand deposits, certified or cashier's check; and the deposit to the First Lien Reserve Account may be satisfied by the transfer of qualified investments to such account.

If the balance on hand in the First Lien Reserve Account is sufficient to satisfy the First Lien Reserve Account Requirement, interest earnings shall be applied as provided in the following sentences. Whenever there is a sufficient amount in the First Lien Bond Account and the First Lien Reserve Account to pay the principal of, premium, if any, and interest on all Outstanding First Lien PFC Bonds, the amounts in the First Lien Reserve Account may be used to pay such principal, premium, if any, and interest. So long as the amounts left remaining on deposit in the First Lien Reserve Account is equal to the First Lien Reserve Account Requirement, excess amounts in the First Lien Reserve Account shall be transferred to the First Lien Bond Account. The Port also may transfer out of the First Lien Reserve Account any amounts required to prevent any First Lien PFC Bonds from becoming "arbitrage bonds" under the Code.

If a deficiency in the First Lien Bond Account shall occur immediately prior to a First Lien Payment Date, such deficiency shall be made up from the cash or sale of investments in the First Lien Reserve Account. If a deficiency still exists immediately prior to a First Lien Payment Date and after the withdrawal of cash, the Port shall then draw from any Qualified Letter of Credit or Qualified Insurance for the First Lien PFC Bonds in sufficient amount to make up the deficiency. Such draw shall be made at such times and under such conditions as such Qualified Letter of Credit or such Qualified Insurance shall provide. Reimbursement shall be made over a twelve month period to the issuer of any Qualified Letter of Credit or Qualified Insurance in accordance with the reimbursement agreement related thereto, and after making necessary provision for the payments of the Monthly First Lien Debt Service Deposit required to be made into the First Lien Bond Account pursuant to the Master Ordinance. If the Port shall have failed to make any payment required to be made under such reimbursement agreement for the First Lien PFC Bonds, the issuer of such Qualified Letter of Credit or Qualified Insurance shall be entitled to exercise all remedies available at law or under the Master Ordinance; provided, however, that no acceleration of the First Lien PFC Bonds shall be permitted, and no remedies which adversely affect Registered Owners of the First Lien PFC Bonds shall be permitted. Any deficiency created in the First Lien Reserve Account by reason of any withdrawal therefrom shall be made up from the next available PFC Revenue but in no event later than within one year from Qualified Insurance or a Qualified Letter of Credit or out of Pledged Revenue after making necessary provision for the payments required to be made into the First Lien Bond Account within such year.

Pledge and Lien. The Port pledges to the timely payment of the PFC Bonds all its right, title and interest in and to the PFC Revenue, any Additional Pledged Revenue and any other moneys or revenues expressly pledged by the Port for such purpose.

Amounts pledged to be paid into the First Lien Bond Account and the First Lien Reserve Account are an equal and prior lien and charge upon the PFC Revenue and Additional Pledged Revenue, if any, superior to all other charges of any kind or nature whatsoever, except that the amounts so pledged are of equal lien to the lien and charge thereon of any lien and charge thereon which may hereafter be made to pay and secure the payment of the principal of, premium, if any, and interest on any Future First Lien PFC Bonds.

Use of Excess Money. Amounts in the First Lien Bond Account not needed to pay the interest or principal and interest next coming due on any Outstanding First Lien PFC Bonds may be used to purchase or redeem and retire First Lien PFC Bonds.

Amounts in the First Lien Bond Account shall be used solely to pay principal of, interest on and premium, if any, on First Lien PFC Bonds, whether at maturity or redemption or purchase in advance of maturity of such First Lien PFC Bonds.

Amounts on hand in the First Lien Reserve Account in excess of the First Lien Reserve Account Requirement shall be transferred to the First Lien Bond Account.

Credit Facilities. To the extent that the Port shall have satisfied the First Lien Reserve Requirement with a Credit Facility, the Series Ordinance may provide additional covenants and prescribe additional procedures with respect to such Credit Facility not inconsistent with the Master Ordinance.

Subordinate Lien PFC Obligations. In connection with the issuance of Subordinate Lien PFC Obligations, the Port is authorized to set up a Subordinate Lien Obligations Account and a Subordinate Lien Reserve Account.

Specific Covenants

The Port makes the following covenants and agreements with the owners and holders of each of the First Lien PFC Bonds and Parity Reciprocal Payors for as long as any First Lien PFC Bonds remain Outstanding or the Port is obligated to make Parity Port Payments.

(a) First Lien Sufficiency Covenant. The Port shall comply at all times with the First Lien Sufficiency Covenant, unless the PFC Authority has been terminated. The Port shall within 60 days after the close of each Fiscal Year confirm that it was in compliance with the First Lien Sufficiency Covenant as of the last day of such Fiscal Year. First Lien Sufficiency Covenant as of the last day means that the results of the following calculation shall exceed 1.05 at all times:

PFC Authority:

Less: costs paid to date of PFC Pay-As-You-Go Improvements
Less: PFC Pay-as-You-Go Contractual Commitments
Less: debt service paid to date on all PFC Bonds
Less: Projected Aggregate Subordinate Lien Debt Service
Plus: funds on deposit in the Subordinate Lien Obligations Account and the Subordinate Lien Obligations Reserve Account and Additional Pledged Revenue

Divided by:

Projected Aggregate First Lien Debt Service, less funds on deposit in the First Lien Bond Account and the First Lien Reserve Account.

If the First Lien Sufficiency Covenant is not met, the Port shall:

(i) redeem or defease First Lien PFC Bonds and/or Subordinate Lien PFC Obligations in amounts sufficient to permit the Port to comply with the First Lien Sufficiency Covenant; and/or

(ii) identify Additional Pledged Revenue sufficient to permit a Consultant to certify compliance with the First Lien Sufficiency Covenant; and/or

(iii) obtain an amendment to existing PFC Authority or new PFC Authority and/or

(iv) identify and use other legally available funds of the Port to pay PFC Pay-as-You-Go Improvements not already paid, in an amount sufficient (together with amounts realized as a result of the other options identified above) to meet the First Lien Sufficiency Covenant.

If the First Lien Sufficiency Covenant is not met, and the steps in (i) through (iv) above have not been taken, the Port shall not spend any money on deposit in the PFC Capital Account except to pay debt service on the First Lien PFC Bonds, to make deposits to the First Lien Reserve Account, to pay debt service on Subordinate Lien PFC Obligations or to make deposits in a reserve account for Subordinate Lien PFC Obligations.

The failure of the Port to meet the First Lien Sufficiency Covenant shall not constitute a Default unless, prior to curing such failure, the Port fails to take one of the actions described in (i) through (iv) above and, while such failure continues, the Port disburses money from the PFC Capital Account for purposes other than the payment of debt service on PFC Bonds or required deposits to reserve accounts therefor.

(b) Maintenance of the Airport. The Port will at all times keep and maintain or cause to be maintained the Airport in good repair, working order and condition, and will at all times operate the same and the business or businesses in connection therewith in an efficient manner and at a reasonable cost.

(b) Property and Liability Insurance. The Port will keep all operating facilities insured, if such insurance is obtainable at reasonable rates and upon reasonable conditions, against such risks, in such amounts, and with such deductibles as the Board or the Executive Director shall deem necessary for the protection of the Port and of the owners of PFC Bonds then Outstanding.

(c) Books and Records; Audits. The Port will keep and maintain proper books of account and records for the Airport in accordance with generally accepted accounting principles applicable to enterprises such as the Airport. In accordance with Port Ordinance No. 155, the Port shall cause the financial statements of the Airport to be audited annually by a qualified certified public accountant or a qualified firm of certified public accountants. Such audit shall contain (1) a schedule of PFC activity, including PFC Revenue, proceeds of PFC Bonds, interest earnings on the proceeds of PFC Bonds, the amount of PFC Revenue transferred to the PFC Bond Fund for debt service on the PFC Bonds, and Costs of Approved PFC Projects incurred; and (2) a schedule showing the status of all funds and accounts created by the Master Ordinance.

(d) Compliance with Law. The Port will comply with all provisions of the PFC Act, ANCA, the PFC Authority and the PFC Regulations applicable to the Port and all provisions thereof, and will not take any action or omit to take any action with respect to PFC Revenue, the Approved PFC Projects, the Airport or otherwise if such action or omission would, pursuant to the PFC Regulations, cause the termination or reduction of the Port's authority to impose passenger facility charges or prevent the collection and use of the PFC Revenue as contemplated by the Master Ordinance. The Port covenants that all amounts in the PFC Fund will be used in compliance with all provisions of the PFC Act and the PFC Regulations applicable to the Port and all provisions of the PFC Authority. Without limiting the generality of the foregoing, the Port covenants that, to the extent necessary to comply with the foregoing covenant:

(i) The Port will begin implementation of the Approved PFC Projects within the time periods set forth in the PFC Regulations;

(ii) The Port (A) will impose PFCs to the full extent such impositions have been authorized and approved by the FAA in Records of Decision, (B) will not unilaterally decrease the level of the passenger facility charge to be collected from any passenger unless prior to such decrease, the Executive Director (A) certifies that taking into account such decrease in passenger facility charges, the Port reasonably projects that it will continue to meet the First Lien Sufficiency Covenant for as long as First Lien PFC Bonds are outstanding; and (B) Pledged Revenue earned during the Base Period (as shown in the audited or unaudited financial statements of the Port) was not less than 150% of Maximum Annual Debt Service on all outstanding First Lien PFC Bonds; *provided*, *however*, that in preparing such certificate, the Executive Director:

(1) shall take into account such decrease in passenger facility charges as if such decrease had been in effect during the entire Base Period and

(2) may take into account any Additional Pledged Revenue only if each Rating Agency then maintaining a rating on First Lien PFC Bonds has confirmed, on or prior to the date of the Executive Director's Certificate that such Additional Pledged Revenue will not in and of itself cause such Rating Agency to reduce or to withdraw its then current underlying rating on the First Lien PFC Bonds then Outstanding.

(iii) The Port will not impose any noise or access restriction at the Airport not in compliance with ANCA;

(iv) The Port will take all action reasonably necessary to cause all Collecting Carriers to collect and remit to the Port all PFCs at the Airport required by the PFC Regulations to be so collected and remitted; and

(v) The Port will contest any attempt by the FAA to terminate, reduce or suspend the Port's authority to impose, receive or use PFC at the Airport prior to the charge expiration date or the date total approved passenger facility charge revenue has been collected.

(f) Operation and Maintenance. The Port covenants that it will not take any action or omit to take any action that would cause the FAA, the Department of Transportation or any other state or federal agency to suspend or to revoke the Port's operating certificates for the Airport, that it will at all times use reasonable efforts to keep the Airport open for take-offs and landings and that it will use reasonable efforts to obtain in a timely manner all permits and approvals required to construct and operate the Approved PFC Projects.

Derivative Products

The following shall be conditions precedent to the use of any Derivative Product on a parity with any Series of PFC Bonds:

(a) General Parity Tests. The Derivative Product must satisfy the requirements for First Lien PFC Bonds, as described in the Master Ordinance or the applicable Series Ordinance authorizing a series of Subordinate Lien PFC Obligations.

(b) Opinion of Bond Counsel. The Port shall obtain an opinion of Bond Counsel on the due authorization and execution and delivery of such Derivative Product opining that the action proposed to be taken by the Port is authorized or permitted State law and by the Ordinances or the applicable provisions of any Series Ordinance and is not prohibited by the Ordinances that authorized the issuance of the Outstanding PFC Bonds, as such Ordinances may be amended or supplemented from time to time and will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on any PFC Bonds issued on a tax-exempt basis.

(c) Payments. Each Derivative Product shall set forth the manner in which the Port Payments and Reciprocal Payments are to be calculated and a schedule of Derivative Payment Dates.

(d) Supplemental Agreements to Govern Derivative Products. Prior to entering into a Derivative Product, the Board shall adopt an Ordinance, which shall:

(1) create and establish a Derivative Product Account or provide for some other way to account for the use of a Derivative Product; establish general provisions for the retention of PFC Revenue in amounts sufficient to make, when due, Port Payments;

(2) establish general provisions for the rights of providers of Derivative Products or Derivative Facilities; and

(3) set forth such other matters as the Port deems necessary or desirable in connection with the management of Derivative Products as are not clearly inconsistent with the provisions of the Master Ordinance.

Except as may be otherwise provided in the Ordinance establishing a Derivative Product Account, additional PFC Bonds may be delivered in connection with any Derivative Product. The Master Ordinance may be amended in the future to reflect the lien position and priority of any payments made in connection with a Derivative Product and, provided, further, that termination payments under Derivative Products may not attain a parity lien with any First Lien PFC Bonds.

Adoption of Supplemental Ordinances Without Consent

The Port may enact an Ordinance or Ordinances to amend or supplement the Master Ordinance for any one or more of the following purposes, without the consent or concurrence of the owner of any PFC Bond:

(a) To provide for the issuance of a Series of PFC Bonds pursuant to the Master Ordinance and to prescribe the terms and conditions of issuance, payment or redemption of such PFC Bonds including provisions relating to defaults with respect to Subordinate Lien PFC Obligations;

(b) To add covenants and agreements of the Port to further securing the payment of the PFC Bonds; provided that such additional covenants and agreements are not contrary to or inconsistent with the Master Ordinance;

(c) To prescribe further limitations and restrictions upon the issuance of PFC Bonds and/or Derivative Products and the incurring of indebtedness by the Port payable from the PFC Revenue not contrary to or inconsistent with the limitations and restrictions then in effect;

(d) To surrender any right, power or privilege reserved to or conferred upon the Port by the terms of the Master Ordinance;

(e) To confirm as further assurance any pledge or provision for payment of the PFC Bonds under and the subjection to any lien, claim or pledge created or to be created by the provisions of the Master Ordinance of the PFC Revenue or of any other moneys, securities or funds;

(f) To cure any ambiguity or defect or inconsistent provision in the Master Ordinance or to insert provisions clarifying matters or questions arising under the Master Ordinance; provided that such modifications will not materially and adversely affect the security for the payment of any PFC Bonds;

(g) To qualify the Master Ordinance under the Trust Indenture Act of 1939, as amended as long as there is no material adverse effect on the security for the payment of PFC Bonds;

(h) To obtain or maintain a rating with respect to any Series of PFC Bonds;

(i) To modify the provisions of the Master Ordinance to obtain from any Rating Agency a rating on any Series of PFC Bonds or any portion thereof which is higher than the rating which would be assigned without such modification;

(j) To modify the provisions of the Master Ordinance as necessary to conform the Master Ordinance to the Records of Decision; or

(k) To modify any of the provisions of the Master Ordinance in any other respects; provided that such modifications shall not materially and adversely affect the security for the payment of any PFC Bond. Without the specific consent of the owner of each PFC Bond, no Ordinance amending or supplementing the provisions of the Master Ordinance or of any Series Ordinance shall (1) permit the creation of a lien or charge on the PFC Revenue superior or prior to the payment of the First Lien PFC Bonds; (2) reduce the percentage of PFC Bondowners of which are required to consent to any such Ordinance amending or supplementing the provisions of the Master Ordinance; (3) give to any PFC Bond or PFC Bonds any preference over any other PFC Bond or PFC Bonds secured by the Master Ordinance; or (4) violate the PFC Act or any PFC Authority or PFC Regulation. No Ordinance amending or supplementing the Master Ordinance or any Series Ordinance shall change the date of payment of the principal of any PFC Bond, or reduce the principal amount or Accreted Value of any PFC Bond, or change the rate or extend the time of payment of interest thereof, or reduce any premium payable upon the redemption or prepayment thereof, or advance the date upon which any PFC Bond may first be called for redemption prior to its fixed maturity date (except as provided in the Series Ordinance authorizing the issuance of such PFC Bond) without the specific consent of the owner of that PFC Bond; and no such amendment shall change or modify any of the rights or obligations of any Paying Agent or other agent for a Series of PFC Bonds without its written assent thereto.

Amendment of Master Ordinance and Adoption of Supplemental Ordinances With Consent

(a) Amendments With Registered Owners Consent. The Master Ordinance may be amended from time to time by a Supplemental Ordinance approved by the Registered Owners of a majority in aggregate principal amount of the First Lien PFC Bonds or Subordinate Lien PFC Obligations, as the case may be, then Outstanding; provided, that (A) no amendment shall be made which affects the security of some but fewer than all of the Registered Owners of the Outstanding First Lien PFC Bonds or a lien of Subordinate Lien PFC Obligations, as the case may be, without the consent of the Registered Owners of a majority in aggregate principal amount of the PFC Bonds so affected, and (B) except as expressly authorized, no amendment which alters the interest rates on any Outstanding First Lien PFC Bonds or a lien of Subordinate Lien PFC Obligations, as the case may be, the maturity dates or interest payment dates of any Outstanding First Lien PFC Bonds or a lien of Subordinate Lien PFC Obligations, as the case may be, without the consent of the Registered Owners of all Outstanding PFC Bonds affected.

(b) Amendments With Consent of Issuers of Credit Facilities. Any amendment to the Master Ordinance shall require the prior written consent of the issuer(s) of Credit Facilities with respect to First Lien PFC Bonds so long as such issuer has not failed to honor a claim for payment. A Series Ordinance shall not be considered as an amendment to the Master Ordinance. In addition, to the extent that any Series of PFC Bonds is secured by a Credit Facility, the issuer of the Credit Facility shall be considered to be the sole Registered Owner for purposes of granting consents, waivers or approvals required or permitted to be obtained under the Master Ordinance so long as the provider of such Credit Facility is not then in default of its obligations under such Credit Facility.

(c) Approval of FAA. The approval of the FAA of any supplement or amendment to the Master Ordinance shall be required only to the extent that such amendment or supplement conflicts or is inconsistent with the then currently effective PFC Authority.

Master Ordinance Constitutes a Contract with Registered Owner

The Master Ordinance is adopted under the authority of and in full compliance with the Constitution and laws of the State, including particularly ORS 778.005 to ORS 778.990, as amended and supplemented. The FAA is a third party beneficiary under the Master Ordinance with respect to its rights under the Master Ordinance. The Master Ordinance shall be deemed to be and shall constitute a contract between the Port and the Registered Owners. The covenants, pledges, representations and warranties contained in the Master Ordinance or in closing documents executed in connection with the PFC Bonds, other covenants and agreements set forth in the Master Ordinance to be performed by or on behalf of the Port shall be contracts for the equal benefit, protection and security of the Registered Owners, all of which shall be of equal rank without preference, priority or distinction of any of such PFC Bonds over any other thereof, except as expressly provided in or pursuant to the Master Ordinance. So long as the obligations of the Port to any Parity Reciprocal Payor have not been discharged and satisfied, such Parity Reciprocal Payor is a third party beneficiary of the Master Ordinance.

Defaults

Any one or more of the following events shall constitute a "Default" under the Master Ordinance and each Series Ordinance:

(a) The Port shall fail to make payment of the principal of any First Lien PFC Bonds when the same shall become due and payable whether by maturity or scheduled redemption prior to maturity;

(b) The Port shall fail to make payments of any installment of interest on any First Lien PFC Bonds when the same shall become due and payable;

(c) The Port shall default in the observance or performance of any other covenants, or agreements on the part of the Port contained in the Master Ordinance, and such default shall have continued for a period of 60 days after the Port shall have received notice of the same from the Trustee; provided, however, that a breach of a covenant that results in a violation of the PFC Act, ANCA, PFC Authority or the PFC Regulations shall not be a Default under the Master Ordinance unless and until such violation results in a termination or reduction in the Port's authority to impose or to impose and use PFCs.

(d) An admission of insolvency by the Port or a filing by the Port of a petition under Chapter 9 of the United States Bankruptcy Code.

A future Series Ordinance authorizing Subordinate Lien PFC Obligations may provide for additional events constituting defaults with respect thereto; provided that such defaults shall not result in a Default under the Master Ordinance.

Remedies and Other FAA Provisions

Upon the occurrence of a Default under the Master Ordinance, the Port will notify the Trustee of such Default. Upon receipt of an FAA Notice (a "Notice Event"), the Port immediately shall notify the Trustee of the occurrence of such Notice Event. In addition, (i) upon the receipt of an FAA Notice or (ii) following a Default and receipt of a request from the Registered Owners of a majority in principal amount of the Outstanding PFC Bonds, the Port shall immediately transfer the balance on hand in the PFC Fund, to the Trustee. Within 60 days after FAA Final Notice, the Port shall cause to be delivered to the FAA, a projection based upon reasonable estimates of future enplanements at the Airport, of future PFC collections and future Debt Service on PFC Bonds. Within 60 days after any FAA Final Notice, the Trustee shall create and begin to fund an escrow account to be known as the "Termination Redemption Account." Notwithstanding anything in the Master Ordinance to the contrary, in the event PFC collections during the five-year termination period specified in the FAA Final Notice, exceed the amount necessary to pay scheduled Debt Service on the PFC Bonds during such five-year period, the FAA will direct the Trustee to transfer and deposit in the Termination Redemption Account on a monthly basis (after making provision for the payment of current Debt Service on the Outstanding PFC Bonds, the remaining PFC Revenue received by the Port or the Trustee in that month. As directed by the FAA, the Trustee shall invest such PFC Revenue in United States Treasury obligations until, and redeem PFC Bonds on the first date on which all of such PFC Bonds are subject to redemption at par taking into account the required 30-day redemption notice of any Supplemental Ordinance. The Trustee shall take such actions as are required of the Trustee in the Records of Decision. The Trustee may initiate earlier redemption of PFC Bonds if the Trustee receives an opinion of certified public accountant or another consultant that such earlier redemption would better serve the holders of all of the Outstanding PFC Bonds. Upon receipt of indemnity and assurances to its satisfaction that its expenses shall be paid, the Trustee:

(i) upon receipt of an FAA Notice, to the extent permitted by law, shall act upon the direction of the FAA with respect to PFC Revenue after PFC Bonds have been paid, and/or

(ii) following the occurrence of a Default, the Trustee in its own name and as the trustee of an express trust, may take any or all of the following actions:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Registered Owners and require the Port to carry out any agreements with or for the benefit of the Registered Owners of PFC Bonds and to perform its or their duties under the Master Ordinance and any Series Ordinance;

(b) bring suit upon the PFC Bonds;

(c) by action or suit in equity require the Port to account as if it were the trustee of an express trust for the Registered Owners of PFC Bonds; or

(d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Registered Owners of PFC Bonds.

The FAA shall have only those rights or remedies set forth in the then currently effective PFC Authority.

The Trustee shall give notice of all Defaults known to the Trustee, to the Registered Owners no later than 90 days after the occurrence thereof. The Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors and/or responsible officers, of the Trustee in good faith determine that the withholding of such notice is in the interest of the Registered Owners.

Application of PFC Revenue and Other Funds After Default

If a Default shall occur and be continuing, all PFC Revenue and any other funds then held or thereafter received by the Trustee under the Master Ordinance shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Registered Owners of the PFC Bonds and payment of reasonable fees and charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and in connection with the performance of its powers and duties under the Master Ordinance;

(b) To the payment of the principal of and interest then due on the PFC Bonds subject to the Master Ordinance, as follows:

<u>First</u>: On a pro rata basis, to (i) the payment to the persons entitled thereto of all installments of interest then due to First Lien PFC Bonds, and (ii) the payment of Parity Port Payments; and

<u>Second</u>: To the payment to the persons entitled thereto of the unpaid principal of any First Lien PFC Bonds which shall have become due, whether at maturity or by call for redemption; and

Third: To the payment to the persons entitled thereto of all installments of interest then due on any Subordinate Lien PFC Obligations; and

Fourth: To the payment to the persons entitled thereto of all installments of unpaid principal of any Subordinate Lien PFC Obligations which shall have been due, whether at maturity or by calling for redemption.

(c) To the Port.

Trustee to Represent Registered Owners

The Trustee is irrevocably appointed (and the successive respective Registered Owners of the PFC Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as Trustee and true and lawful attorney-in-fact of the Registered Owners of the PFC Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Registered Owners under the PFC Bonds, the Master Ordinance, any Series Ordinance and applicable provisions of any law.

Upon the occurrence and continuance of a Default or other occasion giving rise to a right in the Trustee to represent the Registered Owners, the Trustee in its discretion may, and upon the written request of the Registered Owners of not less than 51% in aggregate principal amount of the PFC Bonds then Outstanding, and upon being indemnified against anticipated expenses and liabilities to its satisfaction therefor (which indemnity is a condition precedent to its duties under the Master Ordinance), shall, proceed to protect or enforce its rights or the rights of such Registered Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement, or in aid of the execution of any power granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Registered Owners under the Master Ordinance, each Series Ordinance or any law. Upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the PFC Revenue and other assets pledged under the Master Ordinance, pending such proceedings. All rights of action under the Master Ordinance or the PFC Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the PFC Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Registered Owners of such PFC Bonds, subject to the Master Ordinance.

Registered Owners' Direction of Proceedings

The Registered Owners of a majority in aggregate principal amount of the PFC Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings taken by the Trustee under the Master Ordinance, upon indemnification satisfactory to the Trustee in accordance with law and the Master Ordinance, and that the Trustee shall have the right to decline to follow any such direction which in the sole discretion of the Trustee would be unjustly prejudicial to Registered Owners not parties to such direction. The Trustee shall not be responsible for the propriety of or liable for the consequences of following such a direction given by the Registered Owners of a majority in aggregate principal amount of the PFC Bonds Outstanding.

Limitation on PFC Bond Registered Owners' Right to Sue

No Registered Owner of any PFC Bond shall have the right to institute any suit, action or proceeding at law or in equity for the protection or enforcement of any right or remedy under the Master Ordinance, any Series Ordinance or any other applicable law unless the Registered Owners of not less than 51% in aggregate principal amount of the PFC Bonds then Outstanding shall have made written request upon the

Trustee to exercise the powers granted or to institute such suit, action or proceeding in its own name; and such Registered Owner or Owners have tendered to the Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in complying with such request; and the Trustee has refused or omitted to comply with such request for a period of 60 days after such written request has been received by, and said tender of indemnity has been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are to be conditions precedent to the exercise by any Registered Owner of PFC Bonds of any remedy under the Master Ordinance or under law; it being understood and intended that no one or more Registered Owners of PFC Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Master Ordinance or the rights of any other Registered Owners, or to enforce any right under the Master Ordinance, or any Series Ordinance or other applicable law with respect to the PFC Bonds, except as provided in the Master Ordinance, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner provided in the Master Ordinance for the benefit and protection of all Registered Owners of the Outstanding PFC Bonds.

Duties, Immunities and Liabilities of Trustee

The Trustee shall, before the receipt of an FAA Notice or a Default, and after the curing of all Defaults which may have occurred or withdrawal or Ordinance of an FAA Notice, perform such duties specifically imposed upon it as set forth in the Master Ordinance and no implied duties or responsibilities shall be read into the Master Ordinance against the Trustee. The Trustee shall, during the existence of any Default (which has not been cured) or following receipt of an FAA Notice and before Ordinance, exercise such of the rights and powers vested in it by the Master Ordinance, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs; provided that, if in the reasonable opinion of the Trustee any such action may tend to invoke expense or liability to the Trustee, it shall not be obligated to take such action unless it is first furnished with funds for payment of such expense or with indemnity satisfactory to it.

The Trustee may be removed by the Port upon 30 days' advance written notice to the Trustee, unless a Default has occurred and is continuing, and upon written request of the issuers of all Credit Facilities then in effect with respect to PFC Bonds (so long as such issuer(s) is/are not in default of its/their obligations) shall, remove the Trustee at any time and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Registered Owners of not less than a majority in aggregate principal amount of the PFC Bonds then Outstanding (or their attorneys duly authorized in writing) or, without the necessity of advance written notice, if at any time the Trustee shall cease to be eligible in accordance with the Master Ordinance, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee and thereupon shall appoint a successor Trustee by an instrument in writing.

The Trustee may at any time resign by giving 30 days' advance written notice of such resignation to the Port and the FAA and by giving the Registered Owners notice of such resignation by first class mail at the addresses shown on the Bond Register. To discharge this obligation, the Trustee shall deliver a form of such notice to the Registrar with a request to distribute the same to Registered Owners. Upon receiving such notice of resignation, the Port shall promptly appoint a successor Trustee by an instrument in writing. The Trustee shall not be relieved of its duties until such successor Trustee has accepted appointment.

Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Registered Owner (on behalf of himself and all other Registered Owners) may petition any court of competent jurisdiction for the appointment of a successor

Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Master Ordinance shall signify its acceptance of such appointment by executing and delivering to the Port and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the money, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee. At the request of the Port or the request of the successor Trustee, the predecessor Trustee shall, at the expense of the Port, execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the rights, title and interest of such predecessor Trustee in and to any property held by it under the Master Ordinance and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to such trusts and conditions and other provisions of the Master Ordinance. Upon request of the successor Trustee, the Port shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such money, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, such successor Trustee shall mail a notice of the succession of such Trustee to the trusts under the Master Ordinance to the FAA and to the Registered Owners at the addresses shown on the Bond Register. The successor Trustee shall effect this notice by giving a form of notice to the Registrar with a request to mail such notice to the Registered Owners.

The Trustee shall have no responsibility with respect to any information, statement or recital in the official statement or other disclosure material prepared or distributed with respect to the PFC Bonds.

The Trustee's rights to immunities, indemnity, and protection from liability under the Master Ordinance and its rights to payment of fees and expenses shall survive its resignation or removal and the final payment or defeasance of the PFC Bonds or the discharge of the Master Ordinance.

Supplemental Action

The Executive Director may by supplemental action appoint the Trustee, enter into covenants or agreements necessary to obtain ratings on the PFC Bonds, to obtain Qualified Insurance, to obtain any other Credit Facility or as may be necessary to comply with the requirements of the Records of Decision, which covenants or agreements shall be considered covenants made pursuant to and incorporated in the Master Ordinance.

Defeasance

In the event that money and/or noncallable Government Obligations maturing or having guaranteed redemption prices at the option of the owner at such time or times and bearing interest to be earned thereon in amounts (together with such money, if any) sufficient to redeem and retire part or all of any PFC Bonds in accordance with their terms, are hereafter irrevocably set aside in a special account and pledged to effect such redemption and retirement, and, if such PFC Bonds are to be redeemed prior to maturity, irrevocable notice, or instructions to give notice of such redemption has been delivered to the Registrar, then no further payments need be made into the First Lien Bond Account or any account therein for the payment of the principal of, premium, if any, and interest on the PFC Bonds and such PFC Bonds shall then cease to be entitled to any lien, benefit or security of the Master Ordinance, except the right to receive the funds so set aside and pledged and notices of early redemption, if any, and such PFC Bonds shall no longer be deemed to be Outstanding.

An opinion of bond counsel shall be given reliance upon (i) a verification report of certified public accountants engaged for such purpose to the effect that the escrow deposit will produce amounts sufficient to pay the principal of and interest on the defeased PFC Bonds when due as provided in the authorizing series Ordinance or resolution and the escrow agreement, and (ii) a certificate of the escrow agent, to the effect that it has received the escrow deposit and acquired the Government Obligations in accordance with escrow agreement, the Port has met the requirements of ORS 287A.195 and OAR 170-55-005 and the amount of money and investments credited to or deposited with the escrow agent with respect to the defeased PFC Bonds shall be deducted from the amount of the Port's outstanding indebtedness for any constitutional or statutory debt limitation, if any.

Within 45 days of any defeasance of PFC Bonds, the Port shall provide notice of defeasance of PFC Bonds to Registered Owners of PFC Bonds being defeased, to the Municipal Bond Insurer and to the MSRB.

Series 2022 Bond Ordinance

Purchase. The Port reserves the right to purchase any of the Series 2022A PFC Bonds offered to the Port at any price deemed reasonable to the Executive Director.

Disposition of the Proceeds of Sale of Series 2022A PFC Bonds. Pursuant to the Series Ordinance, the Port will create a special subaccount of the Port called "The Port of Portland Costs of Issuance Account-2022A" (the "Costs of Issuance Account-2022A"). The amount on deposit in the Costs of Issuance Account-2022A shall be utilized to pay costs incurred in connection with the issuance and sale of the Series 2022A PFC Bonds, to the extent designated by the Port.

All or part of the proceeds of the Series 2022A PFC Bonds may be temporarily invested in or with such institutions or in such obligations as may now or hereafter be permitted to port districts of the State of Oregon by law which will mature prior to the date on which such money shall be needed provided, however, such proceeds shall not be invested in the obligations of any municipality with a credit rating lower than that of the Port. Interest earnings on the Costs of Issuance Account-2022A shall be retained in Costs of Issuance Account-2022A.

Any part of the proceeds of the Series 2022A PFC Bonds remaining in the Costs of Issuance Account-2022A shall be transferred to the First Lien Bond Account for the uses and purposes therein provided.

Amendment of Master Ordinance. Pursuant to the Series Ordinance, the Board has authorized the Master Ordinance to be amended pursuant to the Master Ordinance to update certain outdated section references to portions of the Oregon Revised Statutes. In such connection, the Supplemental Action executed and delivered pursuant to the Series Ordinance may set forth such amendments to applicable portions of the Master Ordinance, all as may be necessary or desirable in the judgment of the Executive Director executing the same. Such amendments shall become effective only upon the Port obtaining the consent of the issuers of all Credit Facilities with respect to First Lien PFC Bonds, all as required by the Master Ordinance.

Supplemental Action. The Executive Director is authorized, on behalf of the Port to execute and deliver a supplemental action certificate specifying the actions taken by the Executive Director pursuant to the Series Ordinance, and execute and deliver any other certificates, documents or agreements which the Executive Director determines are desirable to issue, sell, deliver, manage or administer the Series 2022A PFC Bonds in accordance with the Series Ordinance.

SUMMARY OF CERTAIN PROVISIONS OF THE SUPPLEMENTAL ACTION

The following is a summary of certain provisions of the Supplemental Action. This summary is not a complete statement of all terms of the Supplemental Action and the language used in this summary may not be identical to the language used in the Supplemental Action. Owners and investors who are interested in the complete or precise language of the Supplemental Action should obtain and study complete copies of the Supplemental Action which are on file and available for examination at the Port.

Definitions

Unless the context clearly requires otherwise, capitalized terms used in this summary of the Supplemental Action have the meanings assigned such terms in this "Definitions" section, and capitalized terms used in this summary of the Supplemental Action that are not defined in this "Definitions" section have the meanings assigned such terms in the body of the Official Statement, the Supplemental Action or the "Definitions" section under the heading "Summary of Certain Provisions of the Ordinances."

"Business Day" means a day that is not a Saturday, Sunday or legal holiday on which banking institutions in the States in which the Trustee is performing its functions under the Series 2022A Bond Documents, the State of New York or in any State in which the office of the Trustee is located are authorized to remain closed or a day on which the New York Stock Exchange is closed.

"Interest Payment Date" means each January 1 and July 1 (or the next Business Day if January 1 or July 1 is not a Business Day of each year, commencing on the date set forth in the Supplemental Action.

"Maturity Date" means July 1, 2031.

"Owner," when used with respect to a Series 2022A PFC Bond, means the Person in whose name such Series 2022A PFC Bond is registered.

"Person" means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"PFC Ordinances" means the Master Ordinance and the Series 2022A Bond Ordinance.

"Redemption Price" means, with respect to any Series 2022A PFC Bond (or portion thereof), the principal amount of such Series 2022A PFC Bond (or portion) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Series 2022A PFC Bond and the Series 2022A Bond Documents.

"Series 2022A Bond Documents" means the Supplemental Action, as it may be amended in accordance with its terms and the PFC Ordinances, including the Series 2022A Bond Ordinance.

"Series 2022A Bond Ordinance" means Ordinance No. 473-B of the Port, as amended and supplemented.

Purchase in Lieu of Redemption

Whenever Series 2022A PFC Bonds are subject to redemption, they may instead be purchased at the option of the Port at a purchase price equal to the Redemption Price. The Port shall give written notice thereof and of the Series 2022A PFC Bonds of the subseries and maturity to be so purchased to the Trustee. The Trustee shall select the particular Series 2022A PFC Bonds of such subseries and maturity to be so purchased in the manner as provided in Supplemental Action for the selection of Series 2022A PFC Bonds to be redeemed in part. Promptly thereafter, the Trustee shall give notice of the purchase of such Series 2022A PFC Bonds at the times and in the manner provided in the Supplemental Action for notice of redemption. All such purchases may be subject to conditions to the Port's obligation to purchase such Series 2022A PFC Bonds and shall be subject to the condition that money for the payment of the purchase price therefor is available on the date set for such purchase. Notice of purchase having been given in the manner required above, then, if sufficient money to pay the purchase price of such Series 2022A PFC Bonds is held by the Trustee, the purchase price of the Series 2022A PFC Bonds or portions thereof so called for purchase shall become due and payable on the date set for purchase, upon presentation and surrender of such Series 2022A PFC Bonds (other than Series 2022A PFC Bonds held by the Securities Depository) to be purchased at the office or offices specified in such notice, and, in the case of Series 2022A PFC Bonds presented by other than the Owner, together with a written instrument of transfer duly executed by the Owner or the Owner's duly authorized attorney. Payment of the purchase price of such Series 2022A PFC Bonds shall be made, upon the request of the Owner of $1,000,000 or more in principal amount of Series 2022A PFC Bonds to be so purchased, by wire transfer to such Owner at the wire transfer address in the continental United States to which such Owner has prior to the purchase date directed in writing the Trustee to wire such purchase price. No purchased Series 2022A PFC Bond shall be considered to be no longer outstanding by virtue of its purchase and each such purchased Series 2022A PFC Bond that is not held by the Securities Depository shall be registered in the name or at the direction of the Port.

Establishment of Accounts

The Supplemental Action creates and establishes with the Trustee, special trust subaccounts within the First Lien Bond Account, as follows, the Series 2022A Bonds Interest Account and the Series 2022A Bonds Principal Account.

Series 2022A Bonds Interest Account. Whenever the Port, pursuant to the Master Ordinance, is required to make deposits from the PFC Bond Fund into the First Lien Bond Account for the purpose of paying interest on the Series 2022A PFC Bonds, such deposits shall be made into the Series 2022A Bonds Interest Account.

The Port shall deposit into the Series 2022A Bonds Interest Account:

(i) an amount that, together with any other moneys previously deposited and available in the Series 2022A Bonds Interest Account to pay interest on Series 2022A PFC Bonds, will equal the installment of interest falling due on the next succeeding Series 2022A PFC Bond Interest Payment Date; plus

(ii) the interest and any premium due in connection with the redemption of Series 2022A PFC Bonds called for redemption prior to maturity.

All moneys on deposit, from time to time, in the Series 2022A Bonds Interest Account shall be used, invested (such investments to be rated at least as high as the then-current short term ratings on the Series 2022A PFC Bonds), and applied in the same manner as, and shall otherwise be subject to all terms and conditions, provided in the Master Ordinance with respect to moneys on deposit in the First Lien Bond Account. For purposes of investment, moneys on deposit in the Series 2022A Bonds Interest Account may be commingled with other moneys on deposit in the First Lien Bond Account.

Series 2022A Bonds Principal Account. The Port shall cause to be deposited into the Series 2022A Bonds Principal Account on the first Business Day of each month to and including the first Business Day of the month next preceding the final Maturity Date of the Series 2022A PFC Bonds, in approximately equal installments, an amount so that there shall be on deposit in said Series 2022A Bonds Principal Account funds sufficient to pay the Series 2022A PFC Bonds as described in the maturity schedule on the inside cover page of the Official Statement, and to pay the amount remaining due on the Series 2022A PFC Bonds on their final Maturity Date.

The Port shall also deposit into the Series 2022A Bonds Principal Account an amount sufficient to pay when due the principal of Series 2022A PFC Bonds called for redemption prior to maturity.

The moneys on deposit from time to time in the Series 2022A Bonds Principal Account shall be used, invested (such investments to be rated at least as high as the then-current short term ratings on the Series 2022A PFC Bonds), and applied, and shall otherwise be subject to all terms and conditions, provided in the Master Ordinance with respect to moneys on deposit in the First Lien Bond Account. For purposes of investment, moneys on deposit in the Series 2022A Bonds Principal Account may be commingled with other moneys on deposit in the First Lien Bond Account.

Amendments

Except as otherwise specifically provided in the Supplemental Action, any amendments to the Supplemental Action shall be made in the same manner as amendments of Master Ordinance. If the Series 2022A PFC Bonds are not held by the Securities Depository, the Port shall amend the Supplemental Action, which amendment shall not require the consent of the Owners, to the extent required to conform the notices, payment provisions and other administrative provisions of the Series 2022A PFC Bonds to the then current practices and procedures in the municipal bond market for securities that are similar to the Series 2022A PFC Bonds.

Springing Amendment to Master Ordinance

Upon the Port obtaining the consent of the Registered Owners of a majority in aggregate principal amount of the First Lien PFC Bonds or the Port obtaining the consent of the issuers of all Credit Facilities with respect to the First Lien PFC Bonds, all as required by the Master Ordinance, the following shall be amended:

(a) References in the PFC Ordinances to outdated sections of the Oregon Revised Statutes ("ORS") shall be amended as follows:

(1) ORS 288.594 shall refer to ORS 287A.310 and

(2) ORS 288.677 shall refer to ORS 287A.195.

(b) The definition of "Debt Service" contained in the Master Ordinance shall be amended in its entirety to read as follows:

"Debt Service" means, for any period of time,

(1) with respect to any Outstanding Original Issue Discount Bonds or Capital Appreciation Bonds which are not designated as Balloon Maturity Bonds in the Series Ordinance authorizing their issuance, the principal amount thereof shall be equal to the Accreted Value thereof maturing or scheduled for redemption in such period, and the interest, if any, payable during such period

(2) with respect to any Outstanding Fixed Rate Bonds, an amount equal to (A) the principal amount of such PFC Bonds due or subject to mandatory redemption during such period and for which no sinking fund installments have been established, (B) the amount of any payments required to be made during such period into any sinking fund established for the payment of any such PFC Bonds, plus (C) all interest payable during such period on any such PFC Bonds Outstanding and with respect to PFC Bonds with mandatory sinking fund requirements, calculated on the assumption that mandatory sinking fund installments will be applied to the redemption or retirement of such PFC Bonds on the date(s) specified in the Series Ordinance authorizing such PFC Bonds;

(3) with respect to First Lien PFC Bonds bearing variable rates of interest, an amount for any period equal to the amount which would have been payable for principal and interest on such First Lien PFC Bonds during such period computed on the assumption that the amount of First Lien PFC Bonds Outstanding as of the date of such computation would be amortized (i) in accordance with the mandatory redemption provisions, if any, set forth in the Series Ordinance authorizing the issuance of such First Lien PFC Bonds, or if mandatory redemption provisions are not provided, during a period commencing on the date of computation and ending on the date 30 years after the date of issuance; (ii) at an interest rate equal to the maximum rate payable by the Port with respect to such First Lien PFC Bonds, or, at the option of the Port, at an interest rate equal to the average SIFMA Rate for the last five years prior to the date of calculation, plus one and one-half percent (1.5%), provided however, if such First Lien PFC Bonds are hedged by a Derivative Product, the rate assumed pursuant to clause (ii) above shall in no case be less than the fixed rate

payable by the Port pursuant to such Derivative Product ("SIFMA Rate" shall mean the "SIFMA Municipal Swap Index" (such index previously known as the "BMA Municipal Swap Index") announced by Municipal Market Data from time to time and based upon the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meets specified criteria established by the Security Industry and Financial Markets Association, or its successor, or in the event that such index or its successor is not published or is otherwise unavailable, such other comparable index as selected by Port); (iii) to provide for essentially level annual debt service of principal and interest over such period;

(4) with respect to all other Series of PFC Bonds Outstanding, other than Fixed Rate Bonds, Original Issue Discount Bonds or Capital Appreciation Bonds, specifically including but not limited to Balloon Maturity Bonds and PFC Bonds bearing variable rates of interest, an amount for any period equal to the amount which would have been payable for principal and interest on such PFC Bonds during such period computed on the assumption that the amount of PFC Bonds Outstanding as of the date of such computation would be amortized (i) in accordance with the mandatory redemption provisions, if any, set forth in the Series Ordinance authorizing the issuance of such PFC Bonds, or if mandatory redemption provisions are not provided, during a period commencing on the date of computation and ending on the date 30 years after the date of issuance (ii) at an interest rate equal to the yield to maturity set forth in the 40-Bond Index published in the edition of *The Bond Buyer* (or comparable publication or such other similar index selected by the Port with the approval of the Consultant, if applicable) selected by the Port and published within ten days prior to the date of calculation or, if such calculation is being made in connection with the Executive Director's Certificate or the Independent Aviation Consultant's Certificate then within ten days prior to the date of such certificate, (iii) to provide for essentially level annual debt service of principal and interest over such period; and

(5) with respect to Derivative Products, the Port Payments required by contract to be paid to a Reciprocal Payor under any existing Derivative Product, offset by the Reciprocal Payments during the same period during the relevant period, on the assumption that if any such payment is not fixed at the time of execution and delivery of the Derivative Product, the amount of such payment will be calculated at the Estimated Average Derivative Rate prevailing during the remaining term of the Derivative Product.

With respect to any PFC Bonds payable in other than U.S. Dollars, Debt Service shall be calculated as provided in the Series Ordinance authorizing the issuance of such PFC Bonds. Debt Service shall be net of any interest and principal funded out of PFC Bonds proceeds of other funds or indebtedness.

Debt Service shall include reimbursement obligations to providers of Credit Facilities to the extent such reimbursement obligations are outstanding or as otherwise authorized in a Series Ordinance.

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, and the IAP Account receives all employee contributions after that date.

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 2021-2023 Biennium.

Milliman's advisory valuation of the System as of December 31, 2020, was released in December, 2021 (the "2020 System Valuation"). Milliman's advisory valuation for the Port (the "2020 Port Valuation") was released in December, 2021, and reflects the Port's share of PERS' assets and liabilities as of December 31, 2020, based upon the 2020 System Valuation. The 2020 System Valuation provides advisory system wide average employer contribution rates calculated as of December 31, 2020 for the period July 1, 2023 through June 30, 2025 (the "2023-2025 Biennium"). See "– Pensions – Contribution Rates." Both the 2020 System and 2020 Port valuations were adjusted to take into account actuarial assumption and method changes adopted by the PERS Board on October 1, 2021. See "– Changes to PERS" below.

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. Table D-1 also shows certain adopted methods and assumptions, including certain changes to the assumptions reflected in the 2020 System Valuation (advisory) and the 2020 Port Valuation (advisory). See "– Pensions – Contribution Rates" and "– Changes to PERS."

TABLE D-1
ACTUARIAL ASSUMPTIONS AND METHODS

Assumption/ Method	Previous (2019 Valuation)	Current (2020 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%	3.4%
Inflation Level	2.50%	2.4%
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 pay for the Tier 1/Tier 2 UAL rate and 1 percent of pay 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, requires 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 will 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 Systemwide as of December 31, 2016 through 2020, 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 8 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 is (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 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)
2016*	61,059.0	80,970.3	19,911.3	75.4
2017	67,326.2	84,056.0	16,729.8	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

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 issued by Oregon local governments and the State.
(3) Funded ratios are based on market to market accounting procedures.
* Data is advisory.

The 2020 System Valuation indicates that the system average collared net employer contribution for the 2023-2025 Biennium is projected to increase compare 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. See "Changes to PERS" below.

TABLE D-3
PORT SHARE OF THE SYSTEM'S UNFUNDED ACTUARIAL ACCRUED LIABILITY

	2016 Port Valuation*	2017 Port Valuation	2018 Port Valuation*	2019 Port Valuation	2020 Port Valuation*
Net Port Pension UAAL	**$119,966,263**	**$99,229,380**	**$132,572,317**	**$81,728,835**	**$91,715,037**
Allocated pooled SLGRP T1/T2 UAL	149,819,025	130,671,012	156,868,475	$140,144,877	$144,645,155
Allocated pre-SLGRP pooled liability/(surplus) (1)	(10,513,509)	(9,564,007)	(8,589,342)	(7,591,983)	(6,226,326)
Transition liability/(surplus) (2)	(781,427)	(735,927)	(690,332)	(632,759)	(579,824)
Allocated pooled OPSRP UAL	11,964,140	10,321,988	13,058,046	12,242,769	14,570,548
Port UAL Side Account	30,521,966	31,463,686	28,074,530	62,434,069	60,694,516
Combined valuation payroll	69,493,422	68,497,652	72,318,143	74,471,432	71,180,916
Net Pension UAL as % of payroll	173%	145%	183%	110%	129%
Allocated Pooled RHIA UAL	($9,462)	($784,859)	($1,060,024)	($1,551,256)	($1,634,915)

* 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 2016 (advisory), 2017, 2018 (advisory), 2019 and 2020 (advisory).

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, 2020.

TABLE D-4
OREGON PUBLIC EMPLOYEES
RETIREMENT FUND INVESTMENT RETURNS (1)

Calendar Year Ending	Net(1) Returns (%)
2016	6.9
2017	15.4
2018	0.5
2019	13.6
2020	7.7

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 advisory rates for the 2023-2025 Biennium (based upon the 2020 Port Valuation) are set forth in Table D-5.

TABLE D-5
PORT CONTRIBUTION RATES

Payrolls	2021-2023	2023-2025 (Advisory)
T1/T2	17.39%	20.07%
OPSRP General Service	12.49	14.99
OPSRP Police and Fire	16.85	19.74

Source: 2019 and 2020 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 and OPSRP-Police and Fire, calculated in the 2019 System Valuation and 2019 Port Valuation and adopted by the PERS Board for the 2021-2023 Biennium, decreased compared to those rates used to calculate the employer contribution rates for the 2019-2021 Biennium. Normal cost rates for OPSRP-General Service and the UAL rates, calculated in the 2019 System Valuation and 2019 Port Valuation and adopted by the PERS Board for the 2021-2023 Biennium, increased compared to those rates used to calculate the employer contribution rates for the 2019-2021 Biennium

Changes to PERS. At its meeting on October 1, 2021, the PERS Board gave its final approval to revisions to assumptions and rate-setting methodologies that will be used for actuarial valuations as of December 31, 2020 (advisory only) and December 31, 2021 (rate setting for the 2023-2025 Biennium), including a reduction to the assumed rate of investment return by 0.30 percent to 6.90%. According to the 2020 System Valuation, the change in assumed rate, along with certain other changes, is estimated to increase the System-wide unfunded actuarial liability by approximately $3.4 billion and to increase the average collared net employer contribution rates, on a systemwide basis, by approximately 3.5% during the 2023-2025 Biennium. The PERS Board at its October 2021 meeting also approved changes to the assumed rate of payroll growth and the rate collar methodology. The changes approved by the PERS Board will not affect rates until the 2023-2025 Biennium.

The PERS Board also adopted administrative rule modifications at its October 1, 2021 meeting, finalizing the reduction to the assumed rate of investment return.

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 is being phased out and will not be offered 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, 2021 with a reporting date of June 30, 2021, the total UAL of the OPEB Plan and the Port's implicit subsidy was approximately $4,648,000, of which approximately $2,463,000 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 ($1,551,256) as of December 31, 2019 and ($1,634,915) as of December 31, 2020. 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, 2019, the RHIA program had a UAL of approximately $(240.3) million and as of December 31, 2020 a UAL of approximately $(276.6) million, representing a funded status of approximately 126% and 139%, respectively.

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APPENDIX E

DTC AND ITS BOOK-ENTRY ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2022 PFC Bonds. The Series 2022 PFC 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 2022 PFC Bond certificate will be issued for each maturity of the Series 2022 PFC Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("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 Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Series 2022 PFC Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2022 PFC Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2022 PFC 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 2022 PFC 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 2022 PFC Bonds, except in the event that use of the book-entry system for the Series 2022 PFC Bonds is discontinued.

4. To facilitate subsequent transfers, all Series 2022 PFC 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 2022 PFC 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 2022 PFC Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series

2022 PFC Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2022 PFC Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2022 PFC Bonds, such as tenders, defaults, and proposed amendments to the Series 2022 PFC Bond documents. For example, Beneficial Owners of Series 2022 PFC Bonds may wish to ascertain that the nominee holding the Series 2022 PFC 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 the notices be provided directly to them.

6. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2022 PFC 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 2022 PFC Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

7. Payments on the Series 2022 PFC 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.

8. DTC may discontinue providing its services as depository with respect to the Series 2022 PFC 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 2022 PFC Bond certificates are required to be printed and delivered.

9. 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 2022 PFC Bond certificates will be printed and delivered to DTC.

10. 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

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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 $51,620,000 aggregate principal amount of its Portland International Airport Passenger Facility Charge Revenue Refunding Bonds, Series 2022A (Non-AMT) (the "***Series 2022 PFC Bonds***"). The Bonds are being issued pursuant to (a) the provisions of Section 778.145 through 778.175 and Chapter 287A of the Oregon Revised Statutes, as amended, (b) Ordinance No. 395-B, enacted by the Board of Commissioners of the Port (the "***Board***") on June 10, 1999 and effective on July 10, 1999 (as amended and supplemented by Ordinance No. 422-B, enacted by the Board on November 8, 2006 and effective on December 8, 2006, the "***Master Ordinance***"), and (c) Ordinance No. 473-B, enacted by the Board on December 8, 2021 and effective on January 7, 2022 (the "***Series 2022 Bond Ordinance***"), as supplemented by the Supplemental Action of the Executive Director Establishing and Determining Certain Terms of and Other Matters Relating to the Series 2022 PFC Bonds (the "***Supplemental Action***" and together with the Master Ordinance and the Series 2022 Bond Ordinance, collectively, the "***Ordinances***"), dated the date hereof. 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 2022 PFC Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission ("***Commission***") Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the 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 2022 PFC Bonds (including persons holding Series 2022 PFC Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2022 PFC 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 2022 PFC Bonds.

"Owner" shall mean a registered owner of the Series 2022 PFC Bonds.

"Participating Underwriter" shall mean the original underwriters of the Series 2022 PFC Bonds required to comply with the Rule in connection with offering of the Series 2022 PFC 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, 2022, 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 (with table numbers to the Official Statement provided for cross-reference purposes only):

(i) Under the heading "THE PFC PROGRAM AT THE PORT":

1. Any change in the expiration date, in the rate or in the total amount of PFCs the Port is authorized to impose or use, including any updates to Table 8 entitled "PFC Authority" and any change in exemptions;

2. The historical PFC Revenue and PFC Debt Service (of the type shown in Table 9);

3. The historical First Lien Sufficiency Covenant (of the type shown in Table 10); and

(ii) Under the heading "PORTLAND INTERNATIONAL AIRPORT":

1. The airlines serving the Airport (of the type shown in Table 14);

2. The number of origin and destination passengers at the Airport, but only to the extent that information is readily available to the Port;

3. The number of historical enplaned passengers (of the type shown in Table 16);

4. The number of enplaned passengers by airline (of the type shown in Table 17); and

5. The historical total cargo tonnage (of the type shown in Table 18).

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 2022 PFC 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 2022 PFC 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 2022 PFC 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 2022 PFC 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 2022 PFC Bonds or other material events affecting the tax status of the Series 2022 PFC Bonds;

2. Modifications to rights of the Owners of the Series 2022 PFC Bonds;

3. Optional, unscheduled or contingent Series 2022 PFC Bonds;

4. Release, substitution or sale of property securing repayment of the Series 2022 PFC 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 2022 PFC Bonds pursuant to the 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 2022 PFC 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 2022 PFC 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 2022 PFC 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 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 2022 PFC 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 Underwriter and the Owners and Beneficial Owners from time to time of the Series 2022 PFC 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 2022 PFC 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 17th day of February 2022.

THE PORT OF PORTLAND

By: ______________________________

Antoinette Chandler
Chief Financial Officer

APPENDIX G

PROPOSED FORM OF OPINION OF BOND COUNSEL

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On the date of issuance of the Series 2022 PFC Bonds, Hawkins Delafield & Wood LLP, Bond Counsel, proposes to issue its approving opinion in substantially the following form:

February 17, 2022

The Port of Portland
7200 N.E. Airport Way
Portland, Oregon 97218

Subject: $51,620,000 The Port of Portland (Oregon) Portland International Airport Passenger Facility Charge Revenue Refunding Bonds, Series 2022A (Non-AMT)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Port of Portland, Oregon (the "Port") of its $51,620,000 Portland International Airport Passenger Facility Charge Revenue Refunding Bonds, Series 2022A (Non-AMT) (the "Series 2022 PFC Bonds"), which are dated as of their date of delivery. The Series 2022 PFC Bonds are issued pursuant to Oregon Revised Statutes ("ORS") 778.145 to 778.175, applicable provisions of ORS Chapter 287A, and Ordinance No. 473-B enacted by the Board of Commissioners of the Port on December 8, 2021 as supplemented by the Supplemental Action of the Executive Director Establishing and Determining Certain Terms of and Other Matters Relating to the Series 2022 PFC Bonds dated as of February 17, 2022 (together, the "Bond Ordinance"). The Series 2022 PFC Bonds are issued in accordance with the provisions of the Port's Ordinance No. 395-B enacted on June 10, 1999, as amended, restated and supplemented (the "Prior Ordinance" and together with the Bond Ordinance, the "Ordinances"). Capitalized terms used but not defined in this opinion have the respective meanings assigned to such terms in the Ordinances.

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on representations of the Port in the Ordinances and in the certified proceedings and on other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Port has the legal authority and power to issue the Series 2022 PFC Bonds. The Series 2022 PFC Bonds have been legally and validly authorized, sold, executed and issued under and pursuant to the Constitution and Statutes of the State of Oregon, and the Ordinances. The Series 2022 PFC Bonds constitute valid and legally binding special obligations of the Port that are enforceable in accordance with their terms.

2. The Series 2022 PFC Bonds are payable and secured by a pledge of and lien on the PFC Revenues, as provided in the Ordinances.

3. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the Series 2022 PFC Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the Series 2022 PFC Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In rendering our opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Port and others in connection with the Series 2022 PFC Bonds, and we have assumed compliance by the Port and others with certain ongoing covenants to

comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2022 PFC Bonds from gross income under Section 103 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Series 2022 PFC Bonds in order that, for federal income tax purposes, interest on the Series 2022 PFC Bonds not be included in gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Series 2022 PFC Bonds, restrictions on the investment of proceeds of the Series 2022 PFC Bonds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause interest on the Series 2022 PFC Bonds to become subject to federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the Series 2022 PFC Bonds, the Port will execute a Tax Certificate (the "Tax Certificate") containing provisions and procedures pursuant to which such requirements can be satisfied. By executing the Tax Certificate, the Port covenants that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things required by the Code to assure that interest paid on the Series 2022 PFC Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in paragraph 3 hereof we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of interest paid on the Series 2022 PFC Bonds, and (ii) compliance by the Port with the procedures and covenants set forth in the Tax Certificate.

4. Interest on the Series 2022 PFC Bonds is exempt from Oregon personal income tax.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Series 2022 PFC Bonds or the ownership or disposition thereof, except as stated in paragraphs 3 and 4 above. We render our opinion under existing statutes and court decisions as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Series 2022 PFC Bonds.

The portion of this opinion that is set forth in paragraph 1, above, is qualified only to the extent that enforceability of the Series 2022 PFC Bonds may be limited by or rendered ineffective by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally; (ii) the application of equitable principles and the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; and (iv) principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the Port.

This opinion is limited to matters of Oregon law and applicable federal law, and we assume no responsibility as to the applicability of laws of other jurisdictions.

This opinion is provided to you as a legal opinion only, and not as a guaranty or warranty of the matters discussed herein. No opinions may be inferred or implied beyond the matters expressly stated herein. No qualification, limitation or exception contained herein shall be construed in any way to limit the scope of the other qualifications, limitations and exceptions. For purposes of this opinion, the terms "law" and "laws" do not include unpublished judicial decisions, and we disclaim the effect of any such decision on this opinion.

We have served as bond counsel only to the Port in connection with the Series 2022 PFC Bonds and have not represented and are not representing any other party in connection with the Series 2022 PFC Bonds. This opinion is given solely for the benefit of the Port in connection with the Series 2022 PFC Bonds and may not be relied on in any manner or for any purpose by any person or entity other than the Port and any person to whom we may send a formal reliance letter indicating that the recipient is entitled to rely on this opinion.

Very truly yours,

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THE PORT OF PORTLAND (OREGON) • PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REVENUE REFUNDING BONDS, SERIES 2022A (NON-AMT)

PORT OF PORTLAND

Mixed Sources
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