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

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 Thirty 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"), except that no opinion is expressed as to such exclusion of interest on any Series Thirty Bond for any period during which such Series Thirty Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed or refinanced with the proceeds of the Series Thirty Bonds or a "related person," and (ii) interest on the Series Thirty Bonds, however, is treated as a preference item in calculating the alternative minimum tax under the Code and interest on the Series Thirty Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel to the Port, under existing statutes, interest on the Series Thirty Bonds is exempt from State of Oregon personal income tax. See "Tax Matters."

Port of Portland

kestrel

$589,905,000
THE PORT OF PORTLAND (OREGON)

$518,260,000
Portland International Airport Revenue Bonds
Series Thirty A (AMT) (Green Bonds)

$71,645,000
Portland International Airport Revenue Refunding Bonds
Series Thirty B (AMT)

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

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

The Series Thirty Bonds are issuable in denominations of $5,000 and integral multiples thereof within a single maturity. Interest on the Series Thirty Bonds will be payable on each January 1 and July 1, commencing January 1, 2025, at the rates set forth on the inside cover pages of this Official Statement.

The Series Thirty Bonds are subject to redemption prior to their stated maturities as described herein.

When issued, the Series Thirty Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as initial securities depository for the Series Thirty Bonds. Purchases of beneficial interests in the Series Thirty Bonds will be made only in book-entry form. Purchasers will not receive certificates representing their interests in the Series Thirty Bonds, except as described herein. So long as DTC or its nominee is the registered owner of the Series Thirty Bonds, payments of principal of and interest on the Series Thirty 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 Thirty Bonds are payable solely from Net Revenues of the Airport that are available for deposit in the General Account and from money held in certain funds and accounts established pursuant to the Airport Revenue Bond Ordinances, all as described herein. The Series Thirty Bonds shall not, in any manner, or to any extent, be a general obligation of the Port, nor a charge upon any other revenues or property of the Port not specifically pledged thereto by the Airport Revenue Bond Ordinances. The Series Thirty Bonds are not secured by any tax revenues or taxing power of the Port or the State of Oregon or its agencies, instrumentalities, or political subdivisions.

The Series Thirty A Bonds have been designated as "Green Bonds." Kestrel 360, Inc. ("Kestrel") has provided an independent external review and opinion that the Series Thirty A Bonds conform with the four core components of the International Capital Market Association Green Bond Principles, and therefore qualify for Green Bonds designation. See "DESIGNATION OF SERIES THIRTY A BONDS AS GREEN BONDS" herein and APPENDIX H attached for more information.

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

The Series Thirty Bonds are offered when, as and if issued, subject to the approval of the validity of the Series Thirty Bonds and certain other legal matters by 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 its General Counsel and for the Underwriters by their counsel, Kutak Rock LLP. Certain legal matters will be passed upon by Orrick, Herrington & Sutcliffe LLP as disclosure counsel to the Port. It is expected that delivery of the Series Thirty Bonds will be made through the facilities of DTC on or about August 15, 2024.

BofA Securities **Siebert Williams Shank & Co., LLC**

Goldman Sachs & Co. LLC **Jefferies**

July 30, 2024

$518,260,000
THE PORT OF PORTLAND (OREGON)
Portland International Airport Revenue Bonds
Series Thirty A (AMT) (Green Bonds)

Due (July 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP No. † (735240)
2029	$10,005,000	5.000%	3.490%	106.715	3P6
2030	10,500,000	5.000	3.580	107.462	3Q4
2031	11,030,000	5.000	3.640	108.205	3R2
2032	11,585,000	5.000	3.670	109.023	3S0
2033	12,155,000	5.000	3.700	109.756	3T8
2034	12,770,000	5.000	3.740	110.321	3U5
2035	13,405,000	5.000	3.770	110.061*	3V3
2036	14,075,000	5.000	3.790	109.888*	3W1
2037	14,775,000	5.000	3.820	109.629*	3X9
2038	15,520,000	5.000	3.840	109.456*	3Y7
2039	16,290,000	5.000	3.880	109.113*	3Z4
2040	17,105,000	5.250	3.940	110.628*	4A8
2041	18,005,000	5.250	4.020	109.941*	4B6
2042	18,950,000	5.250	4.060	109.599*	4C4
2043	19,945,000	5.250	4.080	109.429*	4D2
2044	20,990,000	5.250	4.130	109.004*	4E0
2045	22,095,000	5.250	4.160	108.750*	4F7

$100,600,000 5.250% Series Thirty A Term Bonds due July 1, 2049 priced at 107.658* to yield 4.290%
CUSIP No.† 7352404G5

$158,460,000 5.250% Series Thirty A Term Bonds due July 1, 2054 priced at 107.159* to yield 4.350%
CUSIP No.† 7352404H3

* Priced to the par call date of July 1, 2034.

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$71,645,000
THE PORT OF PORTLAND (OREGON)
Portland International Airport Revenue Refunding Bonds
Series Thirty B (AMT)

Due (July 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP No.[†] (735240)
2025	$ 475,000	5.000%	3.490%	101.290	4J9
2026	1,105,000	5.000	3.480	102.735	4K6
2027	1,165,000	5.000	3.490	104.096	4L4
2028	1,220,000	5.000	3.510	105.354	4M2
2029	2,860,000	5.000	3.490	106.715	4N0
2030	3,005,000	5.000	3.580	107.462	4P5
2031	3,155,000	5.000	3.640	108.205	4Q3
2032	3,310,000	5.000	3.670	109.023	4R1
2033	3,475,000	5.000	3.700	109.756	4S9
2034	3,650,000	5.000	3.740	110.321	4T7
2035	3,835,000	5.000	3.770	110.061[*]	4U4
2036	4,025,000	5.000	3.790	109.888[*]	4V2
2037	4,230,000	5.000	3.820	109.629[*]	4W0
2038	4,440,000	5.000	3.840	109.456[*]	4X8
2039	4,660,000	5.000	3.880	109.113[*]	4Y6
2040	4,890,000	5.000	4.000	108.089[*]	4Z3
2041	5,135,000	5.000	4.070	107.497[*]	5A7
2042	5,395,000	5.000	4.110	107.161[*]	5B5
2043	5,665,000	5.000	4.130	106.993[*]	5C3
2044	5,950,000	5.250	4.130	109.004[*]	5D1

[*] Priced to the par call date of July 1, 2034.

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THE PORT OF PORTLAND
7200 NE Airport Way
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Vince Granato	PDX Next Chief Projects Officer
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Keith Leavitt	Chief Trade & Economic Development Officer
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Dave Robertson	Chief Public Affairs Officer
Kristina Kelchner	Chief Development Services Officer

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PFM Financial Advisors LLC
Municipal Advisor

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Airport Consultant

Moss Adams LLP
Independent Auditors

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

Kestrel 360, Inc.
Green Bonds External Reviewer

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 Thirty 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 Thirty Bonds, by any person in any jurisdiction in which such offer, solicitation or sale is not authorized or in which the person making such offer, solicitation or sale is not qualified to do so or to any person to whom it is unlawful to make such offer, solicitation or sale.

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

Certain statements contained in this Official Statement, including the appendices, are not historical facts but are forecasts and "forward-looking statements." No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. In this respect, the words "estimate," "forecast," "project," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. All estimates, projections, forecasts, assumptions and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement. The Port specifically disclaims any obligation to update any forward-looking statements to reflect occurrences or unanticipated events or circumstances after the date of this Official Statement, except to the extent expressly required by the Port's continuing disclosure certificate described herein.

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

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

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OFFICIAL STATEMENT

\$589,905,000
THE PORT OF PORTLAND (OREGON)

\$518,260,000 **Portland International Airport** **Revenue Bonds** **Series Thirty A (AMT) (Green Bonds)**	**\$71,645,000** **Portland International Airport** **Revenue Refunding Bonds** **Series Thirty B (AMT)**

INTRODUCTION

General

This Official Statement, including the cover page, inside cover pages, table of contents and appendices, is being provided by The Port of Portland (the "Port") to furnish information in connection with the issuance by the Port of its \$518,260,000 Portland International Airport Revenue Bonds, Series Thirty A (AMT) (Green Bonds) (the "Series Thirty A Bonds"), and its \$71,645,000 Portland International Airport Revenue Refunding Bonds, Series Thirty B (AMT) (the "Series Thirty B Bonds," and together with the Series Thirty A Bonds, the "Series Thirty Bonds").

The Series Thirty A Bonds are being issued to (i) pay, or reimburse the Port for the payment of, costs of the design, construction, renovation, acquisition, equipping and installation of capital improvements (the "Series Thirty Projects") at the Portland International Airport (as more fully defined in the Airport Revenue Bond Ordinances, the "Airport"), (ii) repay certain Commercial Paper Notes (as defined herein) issued to finance a portion of the Series Thirty Projects, (iii) pay a portion of the interest to accrue on the Series Thirty Bonds during construction of the Series Thirty Projects, (iv) make a deposit to the SLB Reserve Account (as defined herein) and (v) pay certain costs of issuing the Series Thirty A Bonds. See "PLAN OF FINANCE—Series Thirty Projects" and "—Repayment of Commercial Paper Notes."

The Series Thirty B Bonds are being issued to (i) refund all of the outstanding Portland International Airport Revenue Bonds, Series Twenty-Two (AMT) (the "Series Twenty-Two Bonds") and (ii) pay certain costs of issuing the Series Thirty B Bonds. See "PLAN OF FINANCE—Refunding Plan."

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

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

In connection with the Port's planned issuance of the Series Thirty Bonds, the Port engaged Landrum & Brown, Incorporated (the "Airport Consultant"), to review the Port's budget for the Fiscal Year ending June 30, 2024, the Port's projection of aviation activity at the Airport for the Fiscal Years ending June 30, 2025 through 2031, and the Port's planned capital improvement program (the "CIP") for the Airport, and to provide projections of revenues and expenses for the Fiscal Years ending June 30, 2025 through 2031. The Report of the Airport Consultant, dated July 22, 2024 (the "Report of the Airport Consultant" or the "Report"), is included in this Official Statement as APPENDIX A. The Report is part of this Official Statement and should be read in its entirety. See

"REPORT OF THE AIRPORT CONSULTANT" below and the Report of the Airport Consultant in APPENDIX A. The Report of the Airport Consultant will not be revised to reflect the final terms of the Series Thirty Bonds.

The Series Thirty Bonds are limited obligations of the Port and will not be secured by revenues or property of the Port not specifically pledged thereto by the Airport Revenue Bond Ordinances (defined below). The Series Thirty Bonds are not secured by any tax revenues or taxing power of the Port or the State or its agencies, instrumentalities or political subdivisions. The Port's ability to generate Net Revenues in an amount sufficient to pay debt service on the Bonds depends upon sufficient levels of aviation activity and passenger traffic at the Airport.

The Airport

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

The Series Thirty Bonds and SLBs

The Series Thirty Bonds are being issued pursuant to the provisions of Sections 778.145 through 778.175 and Chapter 287A of the Oregon Revised Statutes, as amended; Port Ordinance No. 155, enacted by the Board of Commissioners of the Port (the "Board") on November 10, 1971, as amended, restated and supplemented ("Ordinance No. 155"); Port Ordinance No. 323, enacted by the Board on October 9, 1985, as amended, restated and supplemented ("Ordinance No. 323"); and Port Ordinance No. 482-B, enacted by the Board on June 12, 2024 and effective on July 12, 2024 (the "Series Thirty Ordinance"). The terms and administrative provisions of the Series Thirty Bonds are to be described in a Certificate of the Executive Director to be dated the date of delivery of the Series Thirty Bonds (the "Series Thirty Bond Certificate").

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

The Series Thirty Ordinance authorizes the issuance of Series Thirty Bonds in an aggregate principal amount up to $750,000,000 for the purposes described therein. See "PLAN OF FINANCE."

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

The Series Thirty Bonds are being issued as "SLBs" under the Airport Revenue Bond Ordinances and are secured by a prior pledge of the Revenues of the Airport and of money in the SLB Fund (including the SLB Reserve Account) and the SLB Construction Account, on a parity with the pledge that secures payment of the Port's outstanding SLBs. See "SECURITY AND SOURCES OF PAYMENT FOR THE SLBS—Pledge of Revenues." As of July 15, 2024, $2,008,350,000 aggregate principal amount of the Port's SLBs were outstanding, of which, $14,350,000 of Series Eighteen SLBs bear interest at variable interest rates.

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

Security and Sources of Payment

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

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

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

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

Continuing Disclosure

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

Designation of Series Thirty A Bonds as Green Bonds

Kestrel 360, Inc. ("Kestrel") has determined that the Series Thirty A Bonds are in conformance with the four core components of the International Capital Market Association Green Bond Principles, as described in Kestrel's "Second Party Opinion," which is attached hereto as APPENDIX H. See "DESIGNATION OF SERIES THIRTY A BONDS AS GREEN BONDS" and APPENDIX H—"GREEN BONDS SECOND PARTY OPINION" herein.

The Series Thirty B Bonds are not being designated as "Green Bonds."

Additional Information

Brief descriptions of the Series Thirty Bonds, the Airport Revenue Bond Ordinances and certain other documents are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to such documents and agreements and to any other documents, statutes, reports or other instruments described herein are qualified in their entirety by reference to each such document, agreement, statute, report or other instrument. Section headings, table headings and captions are included for convenience only and should not be construed as modifying the text of this Official Statement. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Port since the date hereof.

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

PLAN OF FINANCE

Series Thirty Projects

The Series Thirty Projects are a part of the Port's CIP and are described below. The Port's current and future CIP includes the Port's Terminal Core Redevelopment project; improvements to existing Airport facilities; additional airfield, air cargo facility and Terminal improvements; and Airport access road improvements and other projects. The Port expects the Series Thirty A Bonds to be the last issuance of revenue bonds or notes to be issued for the purpose of financing the Series Thirty Projects. See "PORTLAND INTERNATIONAL AIRPORT—Airport Facilities" and "—Airport Capital Improvement Program" below, and Chapter 3 of the Report of the Airport Consultant in APPENDIX A.

- <u>Portions of Terminal Core Redevelopment Project ("TCore Project") – Western Expansion/Ticket Lobby</u>. The Port is currently undertaking a major redevelopment of the Airport's terminal, the TCore Project, that is expected to provide sufficient ticketing, security screening and concessions to accommodate projected passenger growth through 2045 (approximately 35 million annual passengers). The redevelopment of the terminal will also include baggage handling and major seismic upgrades, as well as renewal of mechanical, electrical, and other systems. The TCore Project has a projected total budget of approximately $1.916 billion and consists of two major components: (1) the Western Expansion/Ticket Lobby (the "Western Expansion") and (2) the Rebuild Terminal Nodes/Ticket Lobby (the "Nodes").

  Approximately $431.2 million of proceeds of the Series Thirty A Bonds are expected to be used to fund a portion of the total projected cost of the $1.51 billion Western Expansion component of the TCore Project, as well as a portion of the total projected cost of the $402 million Nodes component of the TCore Project. The Western Expansion includes the expansion of the main terminal into the alley between Concourses C and D; construction of a new, mass timber roof over the existing terminal; rehabilitation of the existing terminal core, including improvements to the existing ticket lobby; and major seismic upgrades and renewal of mechanical, electrical and other systems. The Nodes include demolition of the existing concessions nodes; construction of a new mass timber roof over the existing nodes; and construction of new restrooms, concession spaces, airline lounges and exiting and vertical connections to the baggage hall. Construction of the Western Expansion component of the TCore Project is expected to be complete by the end of the first quarter of Fiscal Year 2025 and the entire TCore Project is expected to be complete by the end of Fiscal Year 2026.

- Ground Source Heating System. In conjunction with the TCore Project, the Port will be upgrading the current terminal heating system from a hydrocarbon fuel based (natural gas or fuel oil) steam boiler system to an electrical based heat pump system. This project will remove about 2,000 gallons per minute (gpm) of water from the an underground aquifer utilizing two 1,000 gpm extraction wells, send it through the heat pump which provide hot water for the terminal heating system and then return the water to the aquifer through four 750 gpm injection wells. This project will allow the Port to reduce the Airport heating plant's use of fossil fuels by 90-95%. As a part of the TCore Project this will allow overall energy utilization to be reduced by about 50%. The projected cost for this project is $50.0 million, of which $24.4 million is planned to be funded with FAA infrastructure grants, $22.3 million is planned to be funded with the proceeds of the Series Thirty A Bonds with the balance funded by prior SLBs. Substantial completion is expected in February 2026.

- Baggage Handling System ("BHS") Checked Baggage Resolution Area ("CBRA") Expansion and Control System Upgrade ("CSU", and collectively "BHS-CBRA-CSU Project"). This project consists of the relocation and complete replacement of the CBRA and replacement of the DeviceNet control system for the entire BHS with an ethernet control system, and will be constructed in concert with the Western Expansion project. The CBRA houses all Transportation Security Administration ("TSA") equipment and personnel required to screen baggage that fails Level 2 On-Screen Resolution screening. The new system is expected to allow for greater operational flexibility, and is expected to be able to meet expected growth in passenger demand through 2045. The current BHS includes about 4,000 devices operated by a DeviceNet control system that is reaching its end of life. The CSU will upgrade these devices and their wiring, and replace the control system with a new ethernet-based system throughout the baggage handling footprint. The projected cost for this project is $83.7 million, of which $43.2 million is planned to be funded with the proceeds of the Series Thirty A Bonds, with the balance funded by prior SLBs. Substantial completion is expected by the end of Fiscal Year 2026.

- CUP HVAC & Roof Replacement. This project consists of the replacement of the heating, ventilation, and air conditioning ("HVAC") system and roof for the Airport's Central Utility Plant (the "CUP"). The CUP houses critical equipment that serves the Airport. The replacement HVAC system will improve reliability, comfort, and energy efficiency; the replacement roof will provide additional insulation to improve energy efficiency. The current budget for the project is $14.6 million. This project is funded partly by the Airline Cost Center and partly by the Port Cost Center. $12.9 million of the project's costs are attributable to the Airline Cost Center and will be funded with the proceeds of the Series Thirty A Bonds. The remaining $1.8 million of project costs will be funded with Port Cost Center cash. The work will be phased with substantial completion of the HVAC system scheduled for March 2026, and completion of the roof in October 2026.

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

Depending upon timing and availability of funds, the Port may substitute other capital improvement projects that would be Green Bond eligible for projects scheduled to be financed with proceeds of the Series Thirty A Bonds. See "PORTLAND INTERNATIONAL AIRPORT—Airport Capital Improvement Program" and "—Sources of

Funds for CIP Projects." As described below and in APPENDIX A, the Port expects to finance costs of future phases of its CIP projects with a combination of available Port funds and proceeds of federal grants, PFCs (as defined below) and CFCs (as defined below). See "PORTLAND INTERNATIONAL AIRPORT—Airport Master Plan and Resilience Planning," "—Airport Capital Improvement Program" and "—Sources of Funds for CIP Projects" below, and Chapters 3 and 4 in APPENDIX A.

Repayment of Commercial Paper Notes

A portion of the proceeds of the Series Thirty A Bonds are expected to be used to repay Commercial Paper Notes issued to finance a portion of the Series Thirty Projects, in the principal amount of approximately $105.2 million, on or about November 12, 2024 (the "CP Repayment Date"). The Port expects to set up an 89-day escrow on the date of closing of the Series Thirty A Bonds for the repayment of such outstanding Commercial Paper Notes, which escrow is expected to be funded with United States Treasury Obligations – State and Local Government Series securities, which will mature on or before the CP Repayment Date.

Refunding Plan

Subject to market conditions, on the date of closing of the Series Thirty B Bonds, the Port expects to apply a portion of the proceeds of the Series Thirty B Bonds, together with Trustee-held funds, to currently refund all of the outstanding Series Twenty-Two Bonds, as shown in the following table (the "Refunded Bonds").

TABLE 1
SERIES TWENTY-TWO REFUNDED BONDS

Maturity Date (July 1)	Interest Rate	Redemption Date	Principal Amount to be Redeemed	CUSIP No. (735240)[1]
2025	5.00%	November 12, 2024	$ 2,360,000	E90
2026	5.00	November 12, 2024	2,480,000	F24
2027	5.00	November 12, 2024	2,605,000	F32
2028	5.00	November 12, 2024	2,735,000	F40
2029	5.00	November 12, 2024	2,870,000	F57
2030	5.00	November 12, 2024	3,015,000	F65
2031	5.00	November 12, 2024	3,165,000	F73
2032	5.00	November 12, 2024	3,320,000	F81
2033	5.00	November 12, 2024	3,485,000	F99
2034	5.00	November 12, 2024	3,660,000	G23
2039	5.00	November 12, 2024	21,245,000	G31
2044	5.00	November 12, 2024	27,110,000	G49

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

On the date of delivery of the Series Thirty B Bonds, a portion of the proceeds of the Series Thirty B Bonds, together with any Trustee-held funds related to the Refunded Bonds, is to be deposited into an escrow account to be held by the Trustee, as escrow agent (the "Escrow Agent"), pursuant to an escrow deposit agreement in amounts sufficient to redeem, on November 12, 2024 (the "Redemption Date"), the Refunded Bonds at a redemption price equal to 100% of the principal amount of such Refunded Bonds, without premium, plus accrued interest thereon to the Redemption Date.

The Ordinances under which the Series Twenty-Two Bonds were issued provide that upon the irrevocable deposit to the escrow account of cash or non-callable direct obligations of, or non-callable obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America and that qualify as "Government Obligations" under the Airport Revenue Bond Ordinances or a combination thereof in an amount sufficient to pay the principal of and interest on the Refunded Bonds when due (either at maturity or upon redemption), such Refunded Bonds will cease to be entitled to any lien, benefit or security under the Airport Revenue Bond Ordinances and the Refunded Bonds will no longer be outstanding.

Verification

Robert Thomas CPA, LLC (the "Verification Agent") is expected to deliver to the Port, on or before the date the Series Thirty Bonds are issued, its reports indicating that it has verified the mathematical accuracy of (i) the mathematical computations relating to the sufficiency of the cash, if any, and maturing principal of and interest on the escrow investments to pay, when due, the principal of and interest on the Refunded Bonds and the Commercial Paper Notes, respectively, being refunded or repaid, and (ii) any mathematical computations required by Bond Counsel related to the yield on the Series Thirty Bonds and certain escrow investments purchased with the proceeds of the Series Thirty Bonds, if applicable.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds from proceeds of the Series Thirty Bonds and Trustee-held funds related to the Refunded Bonds.

Sources	**Series Thirty A Bonds**	**Series Thirty B Bonds**	**Total**[1]
Principal Amount of Series Thirty Bonds	$518,260,000	$71,645,000	$589,905,000
Original Issue Premium	43,203,455	5,973,336	49,176,790
Trustee-held Funds for Refunded Bonds	--	1,043,768	1,043,768
Total Sources[1]	$561,463,455	$78,662,103	$640,125,558
Uses			
Series Thirty Projects	$404,856,152	--	$404,856,152
Deposit to SLB Capitalized Interest Account [2]	26,117,747	--	26,117,747
Deposit to Escrow Fund for Refunded Bonds	--	$78,422,185	78,422,185
Deposit to Escrow Fund for Repayment of Commercial Paper Notes[3]	104,946,266	--	104,946,266
Deposit to SLB Reserve Account [4]	23,830,630	--	23,830,630
Costs of Issuance [5]	1,712,659	239,918	1,952,577
Total Uses[1]	$561,463,455	$78,662,103	$640,125,558

[1] Numbers may not foot due to rounding.

[2] Represents a portion of the interest to accrue on the Series Thirty Bonds through the respective substantial completion dates of the Series Thirty Projects as described in "PLAN OF FINANCE—Series Thirty Projects." The capitalized interest account is a separate subaccount within the SLB Construction Account. See "SECURITY AND SOURCES OF PAYMENT FOR THE SLBS—Funds Under the Airport Revenue Bond Ordinances—*SLB Construction Account*."

[3] Proceeds of the Series Thirty A Bonds to be deposited to an escrow account with the Escrow Agent for the purposes of repaying outstanding Commercial Paper Notes, will be used, together with investment earnings thereon, to pay $105.2 million of outstanding Commercial Paper Notes, including interest due at maturity, on the CP Repayment Date.

[4] See "SECURITY AND SOURCES OF PAYMENT FOR THE SLBS—Funds Under the Airport Revenue Bond Ordinances—*SLB Reserve Account*."

[5] Includes legal, municipal advisory, consulting, accounting, trustee and rating agency fees, printing, underwriters' discount, additional proceeds and other costs of issuing the Series Thirty Bonds.

Source: PFM Financial Advisors LLC.

THE SERIES THIRTY BONDS

General

The Series Thirty Bonds will be dated the date of their delivery and, subject to prior redemption, will mature on July 1 in the years and principal amounts and bear interest at the rates set forth on the inside cover and immediately succeeding pages of this Official Statement. Interest on the Series Thirty Bonds will be payable on each January 1 and July 1 (or the next business day if January 1 or July 1 is not a business day), commencing January 1, 2025, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Airport Revenue Bond Ordinances provide that if the date for making any payment is not a business day, such payment may be made on the next succeeding business day and that no interest shall accrue on the payment so deferred.

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

Neither the Port nor the Trustee has any responsibility or obligation to DTC Participants or to the persons for whom they act as nominee with respect to the Series Thirty Bonds regarding (1) the accuracy of any records maintained by DTC or any nominee or DTC Participants; (2) any notice which is permitted or required to be given to Owners of the Series Thirty Bonds under the Series Thirty Ordinance, including any notice of redemption; (3) the payment by DTC or any DTC participant of any amount with respect to principal of, premium, if any, or interest on the Series Thirty Bonds; or (4) any consent given or other action taken by DTC as the Owner.

Payment of Series Thirty Bonds

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

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

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

Redemption of Series Thirty Bonds

Optional Redemption of Series Thirty Bonds. The Series Thirty Bonds that are stated to mature on or before July 1, 2034, are not subject to optional redemption prior to their stated maturity. The Series Thirty Bonds that are stated to mature on or after July 1, 2035, are subject to redemption prior to their stated maturities at the option of the Port, in whole or in part, on any date on or after July 1, 2034, at a redemption price equal to 100% of the principal amount of the Series Thirty Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption and without premium.

Mandatory Redemption of Series Thirty A Term Bonds. The Series Thirty A Bonds stated to mature on July 1, 2049 are term bonds (the "Series Thirty A Term Bonds (2049)") and are subject to mandatory sinking fund redemption prior to their stated maturity at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 in the years and principal amounts set forth below:

Mandatory Redemption Date (July 1)	Mandatory Redemption Amount
2046	$23,255,000
2047	24,475,000
2048	25,760,000
2049*	27,110,000

* Final Maturity

The Series Thirty A Bonds stated to mature on July 1, 2054 (the "Series Thirty A Term Bonds (2054)," and together with the Series Thirty A Term Bonds (2049), the "Series Thirty A Term Bonds") are term bonds and are subject to mandatory sinking fund redemption prior to their stated maturity at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 in the years and principal amounts set forth below:

Mandatory Redemption Date (July 1)	Mandatory Redemption Amount
2050	$28,540,000
2051	30,030,000
2052	31,610,000
2053	33,270,000
2054*	35,010,000

* Final Maturity

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

Selection of Series Thirty Bonds for Optional Redemption. The Series Thirty Bond Certificate provides that if fewer than all the Outstanding Series Thirty Bonds of any series are to be redeemed at the option of the Port, the Trustee, upon written instruction from the Port, shall select the Series Thirty Bonds to be redeemed from the maturities selected by the Port and by lot within each such maturity; provided, that the portion of any Series Thirty

Bond to be redeemed in part is to be in the principal amount of $5,000 or any integral multiple thereof. The Series Thirty Bond Certificate provides that so long as Series Thirty Bonds are registered in book-entry only form, DTC or its successor is to select the Series Thirty Bonds for redemption in accordance with the operational arrangements then in effect. See "DTC AND ITS BOOK-ENTRY ONLY SYSTEM" in APPENDIX E.

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

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

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

SECURITY AND SOURCES OF PAYMENT FOR THE SLBS

Pledge of Revenues

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

"Revenues" includes all income, receipts and moneys derived by the Port from its ownership or operation and management of the Airport or the furnishing and supplying of services, facilities and commodities thereof, including, among other things, all income, receipts and moneys derived from rates, rentals, fees and charges fixed, imposed and collected by the Port for the use and services of the Airport, but "Revenues" does not include (1) earnings or income from investments credited to the Airport Construction Fund; (2) proceeds from the sale of bonds or grants or gifts, the use of which is limited by the grantor or donor to the construction of capital improvements except to the extent that any such moneys shall be received as payments for the use of the Airport;

(3) passenger facility charges or similar charges that are imposed under the authority of federal law and are limited by federal law to expenditure on specific projects or activities and/or on debt service and financing costs related to specific projects or activities ("PFCs"); or (4) customer facility charges (or any portion thereof) imposed by the Port for use of Airport rental car facilities and charged to customers who rent vehicles from rental car companies operating at or from the Airport ("CFCs") that may be levied by the Port and collected by rental car companies from their customers; and in any event does not include tax revenues or tax-derived revenues. See "PORTLAND INTERNATIONAL AIRPORT—Sources of Funds for CIP Projects—*Customer Facility Charges*" below.

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

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

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

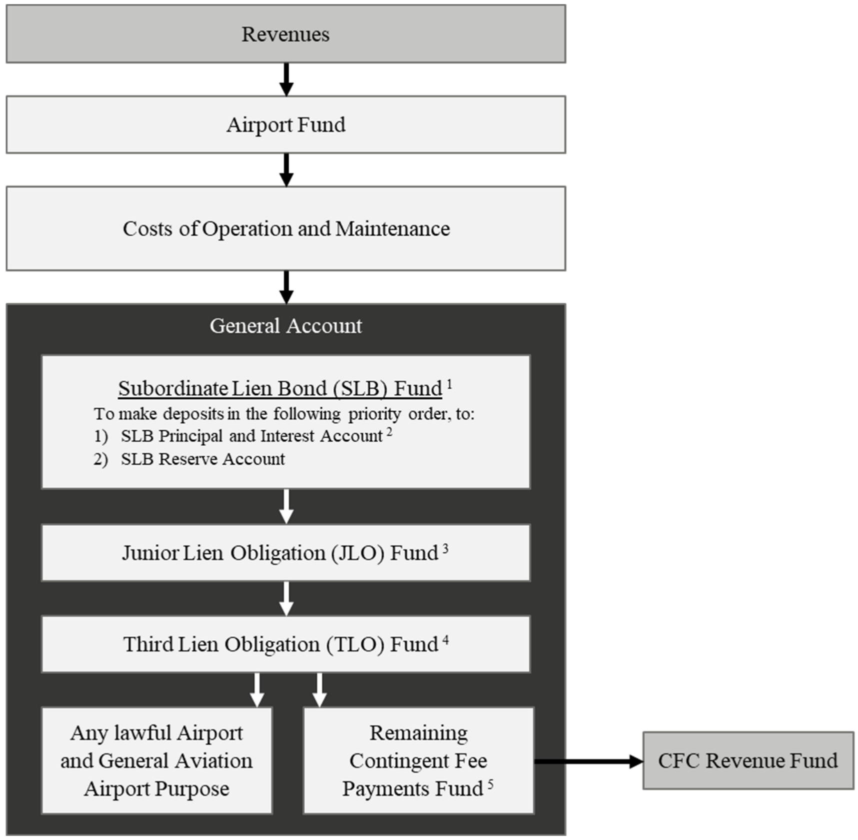
Limited Obligations

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

Funds Under the Airport Revenue Bond Ordinances

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

FLOW OF FUNDS CHART



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

(2) The Airport Revenue Bond Ordinances provide that in the event of a shortfall in the combined SLB Principal and Interest Account, the Trustee first would apply available amounts to pay, on a pro rata basis, interest on SLBs and any amounts due in respect of Scheduled Swap Obligations. There are currently no outstanding Scheduled Swap Obligations.

(3) The Port currently has no outstanding stand-alone bonds or interest rate swaps that are Junior Lien Obligations, but certain obligations under outstanding Parity Reimbursement Agreements are payable from the JLO Fund.

(4) The Board enacted Ordinance No. 463-CP on November 8, 2017, authorizing the issuance of up to $300 million of its Third Lien Commercial Paper Notes, which constitute TLOs.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Airport Revenue Bond Ordinances permit the Port to substitute debt service reserve insurance for any portion of the SLB Reserve Fund Requirement, provided that the insurance is issued by a company rated, at the time the insurance is issued, in the highest category by S&P Global Ratings ("S&P"), Moody's Investors Service, Inc. ("Moody's"), or their successors, or any insurer who holds the highest policyholder rating accorded insurers by A.M. Best & Co. or any comparable service. The Airport Revenue Bond Ordinances do not require the Port to replace sureties issued by companies that later are no longer rated in the highest rating category.

As shown in the table below, as of the date the Series Thirty Bonds will be issued, the SLB Reserve Fund Requirement will be entirely satisfied with cash, including a deposit from a portion of the proceeds received from the sale of the Series Thirty A Bonds, and existing surety bonds. It is not expected that proceeds of the Series Thirty B Bonds will be used to make additional deposits to the SLB Reserve Account. Upon the issuance of the Series Thirty Bonds, the SLB Reserve Fund Requirement will be $177,381,700, and including the deposit from proceeds of the Series Thirty A Bonds, 100% of the SLB Reserve Fund Requirement will be funded from cash and securities. Following the issuance of the Series Thirty Bonds, it is expected that the SLB Reserve Fund Requirement will be sufficiently funded with cash and existing surety bonds, and no additional cash or surety bonds will be required to fund the SLB Reserve Account.

TABLE 2
SLB RESERVE ACCOUNT

Provider	**Expiration Date**	**Amount**
National Public Finance Guarantee Corporation	July 1, 2025	$ 1,180,750
National Public Finance Guarantee Corporation	July 1, 2026	13,423,219
National Public Finance Guarantee Corporation	July 1, 2028	10,770,756
National Public Finance Guarantee Corporation	July 1, 2028	3,490,190
Total Surety Bonds		$28,864,915
Existing Cash and Securities [(1)]		$153,551,070
Reserve Deposit from Series Thirty A Bond Proceeds		$23,830,630
Total Cash, Securities and Surety Bonds [(2)]		**$206,246,615**
SLB Reserve Fund Requirement		**$177,381,700**

(1) Market value as of July 1, 2024.
(2) To the extent total amounts available in the SLB Reserve Account exceed the SLB Reserve Fund Requirement, the Airport Revenue Bond Ordinances permit the Airport to withdraw such amounts that exceed the SLB Reserve Fund Requirement.
Source: The Port.

Junior Lien Obligation Fund. The JLO Fund is held by the Port. The Port is required to set aside and pay into the JLO Fund from the first money available in the General Account after required payments to the SLB Fund (1) an amount sufficient, with other amounts available in the JLO Fund, to pay Other Swap Obligations; and (2) any amounts the Port agrees to deposit into the JLO Fund for the benefit of bonds or other obligations that have a lien on the Revenues that is subordinate to the lien of the Subordinate Lien Bonds and any Scheduled Swap Obligations, and are payable from amounts deposited in the JLO Fund ("Junior Lien Obligations"). The Port currently has no outstanding stand-alone bonds or interest rate swaps that are Junior Lien Obligations, but certain obligations under outstanding Parity Reimbursement Agreements are payable from the JLO Fund. See "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT REVENUE BOND ORDINANCES—The JLO Fund" in APPENDIX C.

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

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

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

Rate Covenant

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

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

In determining the Port's compliance with the required coverage tests, non-cash, unrealized gains, losses, expenses and/or revenues, including the fair value of Qualified Swaps, Qualified TLO Swaps, other swap agreements or other derivative products are to be disregarded. See "FINANCIAL INFORMATION – Table 16 Historical Financial Performance" below and the definitions of "Revenues" and "SLB Debt Service Requirement" in APPENDIX C.

Additional SLBs

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

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

(2) either:

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

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

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

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

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

The Port also may issue Completion Bonds (as defined in the Airport Revenue Bond Ordinances) and certain refunding bonds without demonstrating compliance with debt service coverage tests. The Port currently has no plans to issue Additional SLBs for new capital projects, other than the Series Thirty Bonds, through Fiscal Year 2029. See "PORTLAND INTERNATIONAL AIRPORT—Airport Capital Improvement Program" below and "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT REVENUE BOND ORDINANCES—Additional SLBs" in APPENDIX C.

Parity Reimbursement Agreements

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

Special Amendments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DESIGNATION OF SERIES THIRTY A BONDS AS GREEN BONDS

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

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

Green Bonds Designation for Series Thirty A Bonds

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

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

See, also, "ENVIRONMENT, SUSTAINABILITY, AND SOCIAL EQUITY INITIATIVES—Climate Change" for a discussion of the impact of the Series Thirty Projects on the Port's environmental, sustainability, and social equity initiatives.

The Series Thirty B Bonds are not being designated as "Green Bonds."

Independent Second Party Opinion on Green Bonds Designation and Disclaimer

For over 20 years, Kestrel has been consulting in sustainable finance. Kestrel is an Approved Verifier accredited by the Climate Bonds Initiative. Kestrel reviews transactions in all asset classes worldwide for alignment with ICMA Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines and the Climate Bonds Initiative Standards and Criteria.

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

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

Reporting

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

OUTSTANDING SLB SERIES AND DEBT SERVICE

Outstanding SLB Series

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

TABLE 3
PORT OF PORTLAND
OUTSTANDING SLBS
(as of the Date of Delivery of the Series Thirty Bonds)

Series	Dated Date	Final Maturity	Principal Amount
Series Eighteen A (Refunding)	June 11, 2008	July 1, 2026	$ 7,175,000
Series Eighteen B (Refunding)	June 11, 2008	July 1, 2026	7,175,000
Series Twenty-Three (Refunding)	March 31, 2015	July 1, 2038	84,495,000
Series Twenty-Four A	January 25, 2017	July 1, 2047	21,965,000
Series Twenty-Four B	January 25, 2017	July 1, 2047	187,890,000
Series Twenty-Five A	April 24, 2019	July 1, 2049	21,825,000
Series Twenty-Five B	April 24, 2019	July 1, 2049	175,335,000
Series Twenty-Six A (Refunding)	April 24, 2020	July 1, 2040	9,665,000
Series Twenty-Six B (Refunding)	April 24, 2020	July 1, 2040	13,820,000
Series Twenty-Six C (Refunding)	April 24, 2020	July 1, 2040	22,030,000
Series Twenty-Seven A	September 30, 2020	July 1, 2050	289,535,000
Series Twenty-Seven B	September 30, 2020	July 1, 2025	5,825,000
Series Twenty-Eight	February 17, 2022	July 1, 2052	517,445,000
Series Twenty-Nine	March 21, 2023	July 1, 2053	566,120,000
Series Thirty A (1)	August 15, 2024	July 1, 2054	518,260,000
Series Thirty B (2)	August 15, 2024	July 1, 2044	71,645,000
	Total SLBs Outstanding		**$2,520,205,000**

(1) The Series Thirty A Bonds are being issued for the purposes described above under "PLAN OF FINANCE—Series Thirty Projects" and "—Repayment of Commercial Paper Notes."
(2) As of the date of delivery, all of the outstanding Series Twenty-Two Bonds are expected to be legally defeased and are to be redeemed on November 12, 2024, with proceeds of the Series Thirty B Bonds and certain Trustee-held funds, which will be held in an escrow fund through the Redemption Date. See "PLAN OF FINANCE—Refunding Plan" for more information.
Source: The Port.

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

Scheduled Debt Service Requirements

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

TABLE 4
SLB DEBT SERVICE SCHEDULE

		Series Thirty Bonds Debt Service					
Fiscal Year Ending June 30 [(1)]	**Total Outstanding SLB Debt Service** [(2)(3)(4)]	**Series Thirty A Bonds Principal**	**Series Thirty A Bonds Interest** [(3)]	**Series Thirty B Bonds Principal**	**Series Thirty B Bonds Interest**	**Total Series Thirty Bonds Debt Service** [(3)]	**Total SLB Debt Service** [(2)(3)(4)(5)]
2025	$137,043,175	-	$ 9,357,718	$ 475,000	$ 3,157,476	$ 12,990,194	$ 150,033,369
2026	136,071,800	-	15,136,589	1,105,000	3,573,375	19,814,964	155,886,764
2027	128,917,700	-	26,665,992	1,165,000	3,518,125	31,349,117	160,266,817
2028	131,052,700	-	26,853,375	1,220,000	3,459,875	31,533,250	162,585,950
2029	134,245,200	$10,005,000	26,853,375	2,860,000	3,398,875	43,117,250	177,362,450
2030	134,247,200	10,500,000	26,353,125	3,005,000	3,255,875	43,114,000	177,361,200
2031	134,254,950	11,030,000	25,828,125	3,155,000	3,105,625	43,118,750	177,373,700
2032	134,262,200	11,585,000	25,276,625	3,310,000	2,947,875	43,119,500	177,381,700
2033	134,252,700	12,155,000	24,697,375	3,475,000	2,782,375	43,109,750	177,362,450
2034	134,240,700	12,770,000	24,089,625	3,650,000	2,608,625	43,118,250	177,358,950
2035	134,249,800	13,405,000	23,451,125	3,835,000	2,426,125	43,117,250	177,367,050
2036	134,250,300	14,075,000	22,780,875	4,025,000	2,234,375	43,115,250	177,365,550
2037	134,250,400	14,775,000	22,077,125	4,230,000	2,033,125	43,115,250	177,365,650
2038	134,243,100	15,520,000	21,338,375	4,440,000	1,821,625	43,120,000	177,363,100
2039	125,706,400	16,290,000	20,562,375	4,660,000	1,599,625	43,112,000	168,818,400
2040	125,723,463	17,105,000	19,747,875	4,890,000	1,366,625	43,109,500	168,832,963
2041	123,731,150	18,005,000	18,849,863	5,135,000	1,122,125	43,111,988	166,843,138
2042	123,740,900	18,950,000	17,904,600	5,395,000	865,375	43,114,975	166,855,875
2043	123,736,525	19,945,000	16,909,725	5,665,000	595,625	43,115,350	166,851,875
2044	128,288,675	20,990,000	15,862,613	5,950,000	312,375	43,114,988	171,403,663
2045	128,277,400	22,095,000	14,760,638	-	-	36,855,638	165,133,038
2046	128,294,775	23,255,000	13,600,650	-	-	36,855,650	165,150,425
2047	128,294,850	24,475,000	12,379,763	-	-	36,854,763	165,149,613
2048	112,729,275	25,760,000	11,094,825	-	-	36,854,825	149,584,100
2049	103,057,250	27,110,000	9,742,425	-	-	36,852,425	139,909,675
2050	89,069,450	28,540,000	8,319,150	-	-	36,859,150	125,928,600
2051	69,480,400	30,030,000	6,820,800	-	-	36,850,800	106,331,200
2052	69,479,975	31,610,000	5,244,225	-	-	36,854,225	106,334,200
2053	36,555,750	33,270,000	3,584,700	-	-	36,854,700	73,410,450
2054	-	35,010,000	1,838,025	-	-	36,848,025	36,848,025
Total [(5)]	**$3,491,748,163**	**$518,260,000**	**$517,981,673**	**$71,645,000**	**$46,185,101**	**$1,154,071,775**	**$4,645,819,940**

[(1)] Payments due on July 1 are shown as being made in the prior Fiscal Year.
[(2)] Assumes an interest rate of 6.0% per annum on the Series Eighteen Bonds.
[(3)] Net of capitalized interest.
[(4)] Excludes the debt service related to the Refunded Bonds. See “PLAN OF FINANCE—Refunding Plan.”
[(5)] Amounts may not add due to rounding.
Source: Port records.

OTHER AIRPORT OBLIGATIONS

Parity Reimbursement Agreements

In June 2008, the Port issued $138,890,000 aggregate principal amount of its variable-rate Portland International Airport Refunding Revenue Bonds, Series Eighteen, which as of July 15, 2024 were outstanding in the aggregate principal amount of $14,350,000 (the "Series Eighteen Bonds"). The Series Eighteen Bonds were issued in two subseries. Payment of the principal and interest and payment of the purchase price of the Series Eighteen Bonds that are tendered for purchase, and not remarketed, are secured by two irrevocable, direct-pay letters of credit (each, a "Series Eighteen Letter of Credit"). In connection with the issuance of the Series Eighteen Letters of Credit, the Port and the Industrial and Commercial Bank of China Limited, New York Branch (the "Series Eighteen Bank") entered into two Reimbursement Agreements, each dated as of August 1, 2016, and each as amended by a First Amendment to the Reimbursement Agreement dated August 5, 2021 (collectively, the "Original Reimbursement Agreements").

Prior to the expiration of the outstanding letters of credit issued by the Series Eighteen Bank, the Port and the Series Eighteen Bank executed two Second Amendments to the Reimbursement Agreement dated November 15, 2023 (the "Second Amendments" and together with Original Reimbursement Agreements, the "Series Eighteen Reimbursement Agreements"). The Series Eighteen Reimbursement Agreements provide that the Port's obligations to reimburse the Series Eighteen Bank for draws under the Series Eighteen Letters of Credit to pay scheduled principal and interest are payable from the Net Revenues deposited with the SLB Fund on a parity with the Series Eighteen Bonds and are SLBs for purposes of the Airport Revenue Bond Ordinances. Other payments required to be made under the Series Eighteen Reimbursement Agreements constitute Junior Lien Obligations. Unless extended, each current Series Eighteen Letter of Credit expires on July 1, 2026, subject to prior termination under certain conditions. See "CERTAIN INVESTMENT CONSIDERATIONS—Credit Risk of Financial Institutions Providing Credit Enhancement and Other Financial Products Relating to Airport Bonds."

Junior Lien Obligations

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

The following amounts payable under each Series Eighteen Reimbursement Agreement constitute Junior Lien Obligations rather than SLBs: (1) amounts due upon acceleration of the obligations under the Series Eighteen Reimbursement Agreement upon the occurrence of an event of default under that Series Eighteen Reimbursement Agreement and (2) amounts due upon a liquidity drawing under the applicable Series Eighteen Letter of Credit if, at the time that liquidity drawing is made (a) the representations and warranties made by the Port under that Series Eighteen Reimbursement Agreement are not true and correct in all material respects, except, in each case, to the extent that those representations and warranties specifically refer to an earlier date, in which case, they are not true and correct as of that earlier date or (b) an event has occurred and is continuing, or would result from the payment of that liquidity drawing, that constitutes a default or an event of default under that Series Eighteen Reimbursement Agreement. Events of default under each Series Eighteen Reimbursement Agreement include, among other events, a downgrade by Moody's (if Moody's assigns a rating) below "A" (or its equivalent) or by

S&P or Fitch Ratings, Inc. ("Fitch") (if Fitch assigns a rating) below "A-" (or its equivalent) of the long-term rating assigned to the SLBs or a withdrawal (other than as a result of debt maturity, redemption, non-application or defeasance) or suspension (other than as a result of debt maturity, redemption or defeasance) of such rating. See "CERTAIN INVESTMENT CONSIDERATIONS."

The Port is not currently a party to any interest rate swap agreements with respect to the Series Eighteen Bonds. Previous interest rate swap agreements with respect to the Series Eighteen Bonds were terminated by the Port in 2023.

Third Lien Obligations

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

The Board enacted Ordinance No. 463-CP on November 8, 2017, authorizing the issuance of up to $300 million of its Portland International Airport 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 May 30, 2025, unless extended or terminated sooner in accordance with its terms.

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

The Port has issued Commercial Paper Notes for various authorized purposes, including to finance a portion of the costs of the Series Thirty Projects. The Port expects to continue to issue Commercial Paper Notes from time to time in the future. As of July 15, 2024, the Port had $79.6 million of Commercial Paper Notes outstanding. The Port expects to repay all outstanding Commercial Paper Notes and interest with proceeds of the Series Thirty Bonds.

The Port is not currently a party to any interest rate swap agreements. Previous interest rate swap agreements were terminated by the Port in 2023.

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

Special Obligation Bonds

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

As of July 15, 2024, the only Special Obligation Bonds outstanding for the Airport are $17,300,000 of bonds issued in 1997 under separate financing documents to finance costs of an operations, training and aircraft maintenance facility for Horizon Air Industries ("Horizon"), referred to in this Official Statement as the "Horizon

Special Obligation Bonds." The Horizon Special Obligation Bonds are payable only from payments made by Horizon under a facilities lease and from moneys drawn under the direct-pay letter of credit held by the trustee for the bonds and do not constitute a debt, liability or general obligation of the Port, the State or any political subdivision thereof. None of the Port, the State or any political subdivision thereof is obligated to levy any taxes or to expend any funds for the payment of the Horizon Special Obligation Bonds. Although the Port is permitted under the Airport Revenue Bond Ordinances to pay and/or to pledge to the payment of Special Obligation Bonds from Net Revenues remaining in the General Account after all other deposits are made, the Port has no current plans to issue additional Special Obligation Bonds or to agree to make payments in connection with any Special Obligation Bonds, including the Horizon Special Obligation Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SLBS—Funds Under the Airport Revenue Bond Ordinances" above and the definitions of "Net Rent Lease" and "Special Obligation Bonds" in APPENDIX C.

The table below identifies the Special Obligation Bonds issued and currently outstanding as of July 15, 2024, including the principal amount outstanding.

TABLE 5
PORT OF PORTLAND
OUTSTANDING SPECIAL OBLIGATION BONDS
(as of July 15, 2024)

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

Source: The Port.

PFC Bonds

The table below identifies the PFC Bonds issued and currently outstanding as of July 15, 2024, including the principal amount outstanding. The Series 2022A PFC Bonds described below are referred to in this Official Statement as the "Outstanding PFC Bonds."

TABLE 6
PORT OF PORTLAND
OUTSTANDING PFC BONDS
(as of July 15, 2024)

Series	Dated Date	Final Maturity	Principal Amount
Series 2022A (Refunding)	February 17, 2022	July 1, 2031	$51,620,000

Source: The Port.

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

CFC Bonds

The table below identifies the CFC Bonds issued and currently outstanding as of July 15, 2024, including the principal amount outstanding. The CFC Bonds described below are referred to in this Official Statement as the "CFC Bonds."

TABLE 7
PORT OF PORTLAND
OUTSTANDING CFC BONDS
(as of July 15, 2024)

Series	Dated Date	Final Maturity	Principal Amount
Series 2019	April 24, 2019	July 1, 2049	$146,620,000

Source: The Port.

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

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

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

Interest Rate Swaps

Authority. The Port is authorized under State law to enter into interest rate swaps, and pursuant to the Airport Revenue Bond Ordinances, to pay Scheduled Swap Obligations out of the SLB Fund and to take Scheduled Swap Obligations into consideration for purposes of determining compliance with the Port's rate covenant and satisfying the requirements for issuing Additional SLBs. The Port currently has no Scheduled Swap Obligations outstanding. See the definition of "SLB Debt Service Requirement" in APPENDIX C. The Airport Revenue Bond Ordinances provide that Other Swap Obligations (including termination payments) are payable out of the JLO Fund and that Other TLO Swap Obligations (including termination payments) are payable out of the TLO Fund.

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

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

The Port is not currently a party to any interest rate swap agreements. Previous interest rate swap agreements with respect to the Series Eighteen Bonds and the Series 2012A PFC Bonds were terminated by the Port in 2023.

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 (also referred to herein as "PDX"), which provides a seven-county region with scheduled passenger, cargo and charter air services and also is a general aviation facility; Troutdale ("TTD") general aviation airport; and Hillsboro ("HIO") general aviation airport (TTD and HIO together are referred to herein as the "General Aviation Airports"). The General Aviation Airports provide facilities for other air services, including recreational and private business uses. In addition to its aviation operations, the Port owns marine terminals, business and industrial parks and other properties. The Port also owns and operates the dredge *Oregon*, as a contractor to the USACE, to help maintain the navigation channel on the lower Columbia and Willamette rivers. The Port's headquarters are located at the Airport, and the Port has contracted representation in Shanghai and Tianjin, China. The Port partners with Business Oregon, the State's economic development agency, for additional overseas market representation for specific trade missions.

The Port operates a container handling and breakbulk facility at Marine Terminal Six ("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. In April 2024, the Port originally announced that it would discontinue container handling services at Terminal 6, effective October 1, 2024. However, on May 16, 2024, the Port announced that it will continue operations at Terminal 6, following a decision by Oregon Governor Tina Kotek to include two critical funding items in the State's 2025-2027 biennial budget, in the amount of $35 million, and stop-gap funding in the fall of 2024 from the Oregon Emergency Board, in the amount of $5 million, that will allow container handling operations at Terminal 6 to continue. Such funds are expected to include funds for capital investments and channel maintenance costs in the lower Columbia River.

The Airport is operated by the Port as an independent enterprise, separate from the General Aviation Airports and from the Port's marine and other enterprises. The portion of the Port's general administrative expense that is attributable to the Airport is charged to the Airport as a Cost of Operation and Maintenance. The Airport Fund, into which all of the Port's operating revenues from the Airport are deposited, is held by the Port as a separate enterprise fund. Revenues from the Airport are accounted for separately from revenues from the Port's other activities, including the Port's General Aviation Airports, although after all required deposits are made in connection with the SLBs and any Junior Lien Obligations and Third Lien Obligations and any transfers of Remaining Contingent Fee Payments to the CFC Revenue Fund, remaining Net Revenues may be applied to pay certain costs of the Port's other aviation interests, including costs at the General Aviation Airports that are not paid through general aviation revenues or federal grants. The Port has reserved the right (to the extent then permitted by law) to amend the Airport Revenue Bond Ordinances to add to the definition of "Airport" any facilities operated by the Port, whether or not such facilities are related to aviation, and thus to consolidate the revenues and expenses of the

Airport with those of the Port's other operations. As of the date of this Official Statement, the use by the Port of aviation-related revenues for non-aviation purposes is not permitted under federal law. See "SECURITY AND SOURCES OF PAYMENT FOR THE SLBS—Funds Under the Airport Revenue Bond Ordinances," "—Pledge of Revenues" and "—Special Amendments" and "REGULATORY MATTERS—Airport Regulation."

Board of Commissioners

The Port is governed by a nine-member Board of Commissioners that establishes and controls policy for the Port. The Commissioners serve without compensation but are reimbursed for certain expenses. The Commissioners are appointed by the Governor of the State, and their appointments are confirmed by the State Senate. Commissioners each serve a four-year term and may be reappointed for a second term. Terms may be extended until a successor is appointed, confirmed and qualified.

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

TABLE 8
THE PORT OF PORTLAND
BOARD OF COMMISSIONERS

Name and Office	Principal Occupation	Expiration of Term of Appointment [(1)]
Katy Coba President	Retired, formerly Chief Operating Officer and Director for Department of Administrative Services	June 2026
Richelle Luther Vice President	Senior Vice President Corporate Affairs and Chief Human Resources Officer at Columbia Sportswear	February 2028
Katherine Lam Treasurer	President and Co-Owner of Bambuza Hospitality Group	November 2027
Ketan Sampat Secretary	Co-Founder, Chief Technology and Product Officer at The Provenance Chain Network, Faculty and Founding Academic Director, MS-Applied Data Science for Business at Portland State University	March 2025
Rukaiyah Adams Commissioner	Chief Executive Officer, 1803 Fund	June 2028
Mike DeVaughn Commissioner	Dean, Pamplin School of Business, University of Portland	May 2026
Sam Johnson Commissioner	Vice President, Manufacturing and Operations; General Manager, Facilities Technology Development, Intel Corporation	February 2028
Meg Niemi Commissioner	President of SEIU Local 49	November 2027
Stuart Strader Commissioner	Business Agent, 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 Aviation Officer, the PDX Next Chief Projects Officer, the General Counsel, the Chief Financial Officer, the Chief Trade & Economic Development Officer, the Chief Shared Prosperity Officer, the Chief Public Affairs Officer and the Chief Development Services 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 Aviation 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 Projects 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 has more than 25 years of banking and investment experience in both the private sector (Morgan Stanley, Bank of America and JP Morgan) and public sector (County of San Diego and County of Los Angeles). Most recently, she served for nearly three years as the assistant treasurer for the County of Los Angeles, where she was responsible for managing the Public Finance, Investments and Deferred Income Plans Branch.

Keith Leavitt, Chief Trade & Economic 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. Mr. Leavitt has announced that he is expecting to leave his position at the Port, effective September 4, 2024.

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

Dave Robertson, Chief Public Affairs Officer, joined the Port in 2023. Mr. Robertson served for 18 years as the vice president of public affairs and the director of government affairs at Portland General Electric ("PGE"). He was responsible for PGE's Communications, Government Relations, Environmental Policy and Corporate Social Responsibility teams. He was also a member of U.S. Sen. Mark Hatfield's legislative policy staff in Oregon and Washington, D.C., and a consultant working for energy companies, tribal governments, business associations and environmental group.

Kristina Kelchner, Chief Development Services Officer, joined the Port in 2022 and was selected for her current position in February 2024. From October 2022 to February 2024, she served the Port as Assistant General Counsel. Before joining the Port, Ms. Kelchner was the Assistant General Manager for Acquisition, Stewardship, and Development for the East Bay Regional Park District in the San Francisco Bay Area. Previously, Ms. Kelchner practiced law in San Francisco at Holland & Knight, LLP where she represented developers and public agencies.

Aviation Business Line

At the Airport, the Directors of Air Service Development; Airport Operations; Aviation Business, Properties & Airline Affairs; and Public Safety & Security, and the PDX Innovation Manager, each report to the Chief Aviation Officer. Air Service Development is responsible for the recruitment and retention of strategic passenger and cargo service at the Airport. Airport Operations is responsible for the daily operations and maintenance of the Airport, including airside and terminal operations for the Airport and for the General Aviation Airports. Aviation Business, Properties, & Airline Affairs is responsible for the Port's contractual relationships with the various airlines, concessionaires, ground transportation, parking, rental car operators, and other tenants providing services at the Port's three airports. This group is also responsible for commercial development, management of cargo, general aviation, and customer service in and outside of the terminal, and working with tenants and the general public who use the facility. Public Safety & Security is responsible for airport fire, police, security, emergency management, and the Airport Communications Center. The PDX Innovation Manager is responsible for developing and integrating innovation methodologies focused on customer-centric business and operational opportunities.

Labor Relations; Risk Management Programs

Labor Relations. During Fiscal Year 2024, the Port employed approximately 774 of its 895 budgeted full-time-equivalent employees ("FTEs") in a variety of work categories and for Fiscal Year 2025 has budgeted for a total of 902 FTEs. An FTE represents 2,080 hours of work annually. Of the total number of FTEs budgeted at the Port for Fiscal Year 2024, approximately 458 are employed at the Airport. At the Airport, four unions collectively represent approximately 252 of the Port's Airport employees through four collective bargaining agreements ("CBAs"). Of the four CBAs, one expires on June 30, 2026, two expired on June 30, 2024, and one expired on June 30, 2023. The parties to the CBA that expired on June 30, 2023 are in the process of scheduling interest arbitration for a successor CBA. For the CBAs that expired on June 30, 2024, the Port is in the process of negotiations. At the Airport, there have been no strikes or other labor-related disruptions directed against the Port.

Risk Management Programs. The Port maintains a comprehensive, professionally administered risk management program. As a part of this program, the Port has adopted various administrative policies addressing key risk management issues, including business continuity and cybersecurity. The risk management program's insurance component includes a combination of self-insurance and commercial insurance to provide protection from losses involving property, liability, injury, and business interruption. Property losses are currently insured up to a policy limit of $1.0 billion per occurrence, including earthquake and flood coverages each with annual aggregate sublimits of $150 million. Airport liability insurance is currently maintained at $500 million per occurrence, with a sublimit of $350 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 are the following amounts for causes of action arising on or after July 1, 2024 and before July 1, 2025:

- Personal injury or death: (a) $855,200 for any single claimant; and (b) $1,710,200 for multiple claimants.

- Damage and destruction of property, including consequential damages: (a) $140,300 for any single claimant; and (b) $701,300 for multiple claimants.

For causes of action arising on or after July 1, 2025, the State Court Administrator will adjust these the liability limits based on a determination of the percentage increase or decrease in the cost of living for the previous calendar year using a statutory formula. The adjustment may not exceed 3% for any year.

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

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

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 2023 data provided by the Port and individual airport sources, the Airport was the 33rd busiest airport in the United States in terms of total passengers, and has been classified a medium-hub airport (enplaning more than 0.25% but less than one percent of nationwide enplaned passengers). The Airport is the 2nd busiest medium-hub airport in the country. FAA data shows that during the calendar year 2023, approximately 16.5 million total passengers enplaned or deplaned at the Airport, which was an increase of 20.9% as compared to calendar year 2022.

For Fiscal Year 2023, the Airport handled 342,472 short tons of cargo (freight and mail), a decrease of 9.6% compared to Fiscal Year 2022. For the current fiscal year-to-date through March 31, 2024, the Airport handled 227,503 short tons of cargo, a decrease of 14.1% compared to the same period for Fiscal Year 2023.

Airport Master Plan and Resilience Planning

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

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

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

The Port is in the process of updating the PDX Master Plan (PDX 2045) and expects to complete the updates in calendar year 2026. This effort builds upon the foundation established by prior planning and development and reflects the Port's continued commitment to shared prosperity, community engagement and sustainability. Based on the strength of prior planning and significance of the capital program of the past few years, the Port proposes a targeted study seeking to validate and update the direction from the PDX Master Plan based on current issues, trends, and opportunities. The Port does not anticipate the updated Master Plan to impact the scope or essentiality of the Series Thirty Projects.

Resilience Planning. In addition to the Port's master planning process and the PDX Master Plan, the Port has established a resilience program to reduce the impacts of disruptive events, such as earthquakes, floods, storms, high heat, and communicable disease on facilities, assets and operations. Investment in mitigation and adaptation is intended to improve the Port's ability to withstand natural disasters and the impacts of climate change, reduce the

Port's vulnerability and shorten recovery times. The resilience program works in close coordination with the Port's emergency management and business continuity programs, 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.

Seismic resilience has been a program focus as the Airport is the only major airport in Oregon and Southwest Washington and would be a critical lifeline to the metropolitan area after any major seismic event. After a Cascadia Subduction Zone ("CSZ") event, lifesaving emergency response resources would be brought in through the Airport. The Airport would be a critical component in the recovery phase to restore power, communications, water, fuel, power and other critical infrastructure and services. 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 designated the Airport as a priority facility for response and recovery. In response to the ORP, in 2015 the Port conducted a Seismic Risk Assessment Recommendation Study. The 2015 study made recommendations for investment in critical infrastructure that would provide high value and high revenue generation and would have a significant impact to the regional economy. Investments were recommended for the runways, terminal and concourses as well as the CUP.

The Port's seismic resilience program is designed to integrate additional risk assessments, 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 Port has made several investments in seismic resilience to date. Concourse E, the Public Parking and ConRAC Garage (as defined below), the Rental Car Center and Emergency Operations Center have been designed and constructed to be resilient. The South Runway is currently being designed to be operable after a CSZ event, and the Port is currently in the planning phase to assess alternatives for improving resilience for the CUP. The design of the TCore Project focused on operational resiliency. Targeting a Magnitude 9 event on the CSZ, the new structures for the TCore Project were designed for structural immediate occupancy performance and non-structural elements were designed to be repairable in a short timeframe. The on-grade level of the Western Expansion portion of the TCore Project was designed to function as a pile-supported suspended reinforced concrete floor.

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

Airport Facilities

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

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

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

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

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

Terminal Core Redevelopment Project ("TCore Project"). The Port is undertaking a substantial improvement to the terminal with the TCore Project. When completed, this project is expected to provide sufficient ticketing, security screening and concessions to accommodate projected passenger growth that is expected to reach up to 35 million annual passengers in 2045. The TCore Project has a projected total budget of approximately \$1.916 billion and consists of two major components: (1) the Western Expansion, which is expected to open in August of 2024, has a projected budget of approximately \$1.51 billion, approximately \$431 million of which is expected to be funded with proceeds of the Series Thirty Bonds, as described above under "PLAN OF FINANCE—Series Thirty Projects," and (2) the Rebuild Terminal Nodes/Ticket Lobby, which has a projected budget of approximately \$402 million, and is expected to be complete in Fiscal Year 2026. The Port does not expect to issue any additional SLBs for the TCore Project following the issuance of the Series Thirty Bonds.

The TCore Project includes a major redevelopment of the Airport's terminal, including the Western Expansion, which consists of construction of a western expansion of the main terminal into the alley between

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

Design was completed in phases through September 2021 and construction started on the initial phase of work in February 2020. Some tenant improvement design activities (e.g. TSA checkpoint installation) extended until the beginning of CY 2023, but are now complete. During the TCore Project, there will be intermittent closures of various gates. Construction of the Western Expansion component of the TCore Project is expected to be complete by the end of the first quarter of Fiscal Year 2025 and the entire TCore Project is expected to be complete by the end of Fiscal Year 2026. The vast majority of the Western Expansion work has been completed. Subgrade piping, and electrical and structural components within the footprint of the Western Expansion have been completed. The Western Expansion roof structural supports have been installed and the roof has been moved into place. Focus now is on final finishes (floor, walls, ceiling and plumbing fixtures). The new terminal area is expected to open to the public in August 2024, a three-month delay from original expectations.

The implementation of the TCore Project required significant overlap between the design development and construction activities phases of the work. As such, some early design development packages (building structural upgrades, interim facilities for phased installation, security and ticket lobby rearrangements to support phasing, roof fabrication, building envelope procurement, existing building demolition, a new building structure, baggage handling system upgrades, interior fit-up, finishes and building mechanical, electrical and plumbing systems) were procured through the Port's construction management team. These early packages equate to almost all of the total construction costs. The remaining $3.0 million of the work consisting of the exterior pavement activities and final interior fit-up and finishes for phase 2 will take place in mid- to late calendar year 2024. See "—Airport Master Plan and Resilience Planning—*Resilience Planning*" above and "ENVIRONMENT, SUSTAINABILITY AND SOCIAL EQUITY INITIATIVES" for a description of the design elements relating to expedited processing and sustainability, respectively.

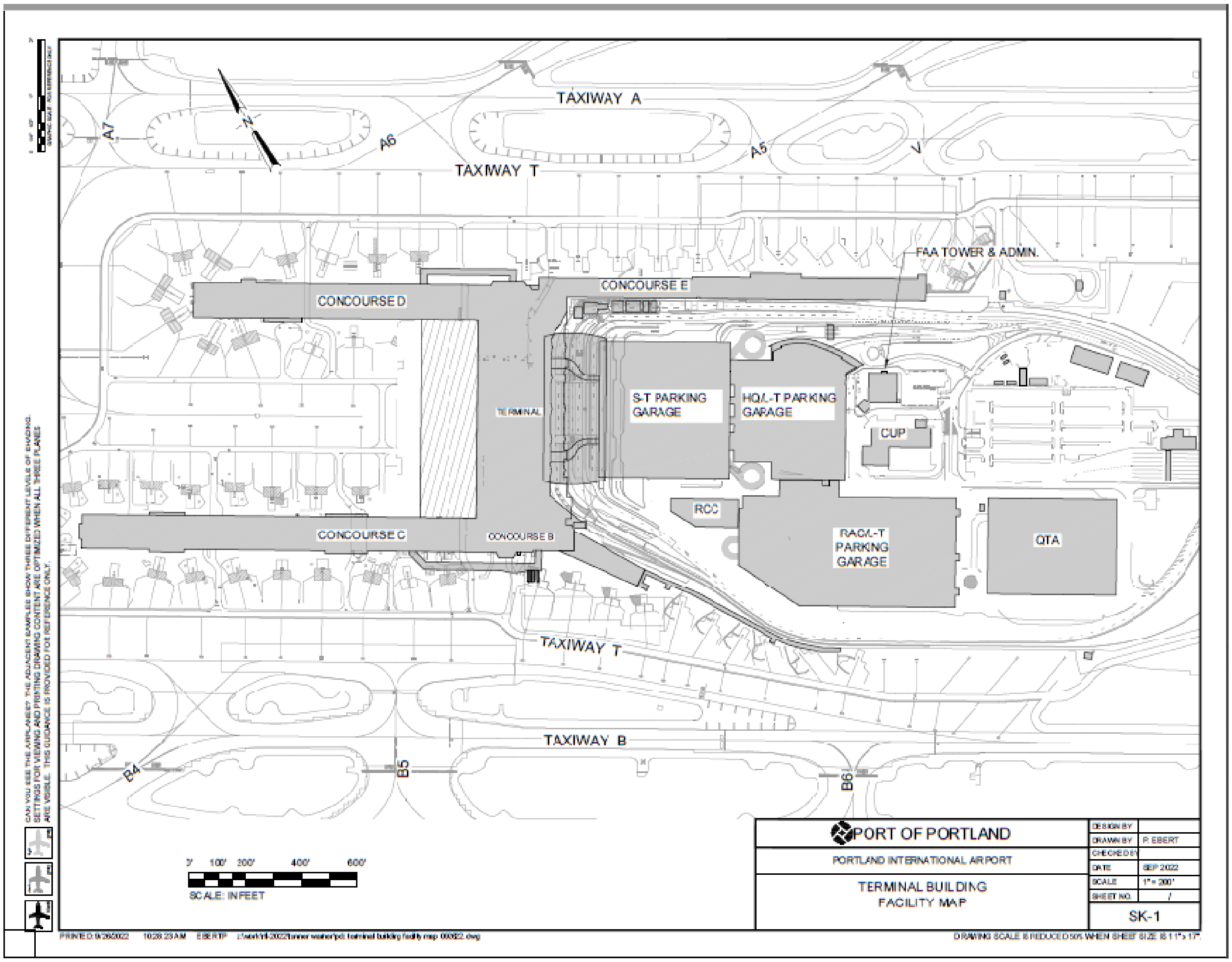
In 2022, the Port finalized the Guaranteed Maximum Price (the "GMP") of the construction contract for the TCore Project with the Port's general contractor. As part of this process, the cost of the TCore Project increased from $1.45 billion to $1.95 billion. The Port closely monitored developments related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

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

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

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

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



Source: The Port.

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

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

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

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

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

Below is a summary of the approximate number of Port-owned parking spaces currently available.

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

Source: Port records.

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

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

For Fiscal Year 2023, TNCs recorded 1,765,403 Airport pick-ups/drop-offs resulting in $5,153,016 in trip fee revenue for the Port, compared to 1,361,938 Airport pickups/drop-offs and $3,994,980 in trip fee revenue in

Fiscal Year 2022. See “AGREEMENTS FOR USE OF AIRPORT FACILITIES—Parking; Ground Transportation/TNCs.”

Cargo and Airline Maintenance Facilities. For Fiscal Year 2023, the Airport handled 342,472 short tons of cargo (freight and mail), a decrease of 9.6% compared to Fiscal Year 2022. Air cargo and airline maintenance facilities are located in two main areas at the Airport: the PDX Cargo Center and the AirTrans Center.

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

In the AirTrans Center, third-party developers, including Aero Portland, LLC, Prologis, L.P., and PDACC1, lease land upon which they have constructed cargo facilities. Subtenants of these cargo facilities include Federal Express, DHL Worldwide Express, STG Logistics, Hanjin Transportation Co., Peak Supply Chain Solutions and Prime Flight. These buildings are currently fully occupied. The AirTrans Center is also home to United Parcel Service’s northwest regional hub.

Maintenance facilities include Boeing Corporation’s paint operation hangars, Triangle Aviation RD and LLC/Ameriflight, LLC facilities, United Airlines’ hangar and maintenance facility, which is located in the South Annex adjacent to the AirTrans Center, and Horizon Air’s approximately 190,000 square-foot regional headquarters and maintenance facility.

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

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

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

Commercial Facilities. On the eastern side of the Airport, adjacent to Interstate 205 and NE Airport Way, is the Port-owned Cascade Station/Portland International Center plan district (the “CS/PIC”), which consists of two distinct areas: Cascade Station and the Portland International Center (“PIC”), which are described below. The CS/PIC development framework was negotiated as part of a development and financing package to extend the regional light rail system through the CS/PIC to the Terminal.

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

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

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

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

Airport Capital Improvement Program

In addition to the Series Thirty Projects, the Airport CIP for Fiscal Year 2025 through Fiscal Year 2029 includes current and future projects in the Airline Cost Center and the Port Cost Center (collectively, the "Other Capital Improvement Projects" and, together with the Series Thirty Projects, the "Capital Improvement Projects"). The Port expects the costs (excluding financing costs) of its Other Capital Improvement Projects during Fiscal Year 2025 through Fiscal Year 2029 will total approximately $1.50 billion. Construction on certain of these Other Capital Improvement Projects may not be completed by the end of Fiscal Year 2029 and may include additional costs beyond Fiscal Year 2029.

The projected cost of the CIP is expected to total $1.50 billion. Of the total CIP, the Airline Cost Center projects total approximately $1.10 billion, the Port Cost Center projects total approximately $327.1 million and projects allocable to both the Airline Cost Center and the Port Cost Center total $75.8 million. For a discussion on the Airport's cost centers, see "PORTLAND INTERNATIONAL AIRPORT—Airport Cost Centers." A number of the projects in the CIP are part of a campaign known as "PDX Next," which is a suite of Airport modernization projects branded under that moniker. The TCore Project is one of the PDX Next projects.

The Port regularly modifies elements of its five-year CIP. As part of its ongoing financial planning, the Port sets self-imposed limits on capital spending within the five years of the CIP. Generally, modifications made to the CIP (in terms of which projects are or are not included in the five-year period) do not impact the limit imposed on capital spending over that period. The Port intends that the limits put on capital spending over any upcoming five-year period will be updated every two years to cover the subsequent five-year period.

Airline Cost Center. Current and future Capital Improvement Projects in the Airline Cost Center, which are projected to total approximately $1.10 billion, include all of the Series Thirty Projects as well as construction of the remaining portions of the TCore Project; Runway 10L-28R Rehabilitation; BHS-CBRA-CSU project; Taxiway K West Reconstruction; PDX Circulation and Capacity Improvements; Airfield Improvements; Taxiway A West and East Rehabilitations; Terminal Roof Replacements; and Passenger Boarding Bridge Replacement-Phase 2.

Port Cost Center. Projects to be undertaken in the Port Cost Center are projected to have a total cost of $327.1 million.

Capital Improvement Projects in the Port Cost Center include improvements to the interchange at NE Airport Way and NE 82nd Avenue, HQP2 & P1 Lighting & Controls Replacement, and South Ramp Reconstruction. Completed projects in the Port Cost Center that were part of the CIP include the development and rehabilitation of additional cargo facilities; rehabilitation, reconstruction and major maintenance of Airport access roads; and design of a new interchange at NE Airport Way and NE 82nd Avenue. Of the total $327.1 million projected cost, $102.6 million is attributable to the NE Airport Way and NE 82nd Avenue interchange improvements, $19.6 million is attributable to the HQP2 & P1 Lighting & Controls Replacement, $18.0 to the South Ramp Reconstruction, and $115.5 million is attributable to other Port Cost Center projects.

In addition, certain of the Other Capital Projects benefit both the Airline Cost Center and Port Cost Center including the CUP HVAC and Roof Replacement.

See Section 3.3.3 of the Report of the Airport Consultant in APPENDIX A.

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 Thirty Projects and others that may be added to the CIP in the future and encompass the range of Airport assets from pavement to buildings to utilities. Projects that are driven by regulatory compliance range from environmental compliance to FAA requirements to new building codes.

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

Sources of Funds for CIP Projects

The Port expects to finance the costs of the: (1) Airline Cost Center Projects with a combination of federal grants, Airport funds, proceeds of the Series Thirty Bonds, PFC funds and previously-issued SLB Bond proceeds; (2) Port Cost Center Projects with a combination of federal grants, CFC funds, and Port funds; and (3) Shared Cost Center Projects with a combination of Airport and Port funds and proceeds of the Series Thirty Bonds. In addition to paying the debt service on the Series 2022A PFC Bonds, the PFCs will be used on a pay-as-you-go basis ("PFC PayGo") to fund portions of the TCore Project. The table below includes estimated project costs for the period of Fiscal Years 2025-2029 and the sources of funds for the projects. However, the Port cannot predict or guarantee the availability of the sources to fund the projects as shown. See "CERTAIN INVESTMENT CONSIDERATIONS—Implementation of CIP Projects."

TABLE 9
COSTS AND SOURCES OF FUNDING FOR CAPITAL IMPROVEMENT PROGRAM
FISCAL YEARS 2025-2029 (1)
(000s)

Capital Projects	Estimated Project Cost	Grants	PFC PayGo	Airport and Port Funds	Previously Issued SLB Bond Proceeds	Series Thirty Bonds
Airline Cost Center Projects (2)	$1,098,267	$191,050	$177,830	$277,387	$40,454	$411,546
Port Cost Center Projects	327,149	34,432	0	292,717	0	0
Shared Cost Center Projects	75,847	0	0	62,957	0	12,890
Total Capital Improvement Program	**$1,501,263**	**$225,483**	**$177,830**	**$633,060**	**$40,454**	**$424,436**

(1) Includes project costs for the period of Fiscal Year 2025 through Fiscal Year 2029, including remaining portions of the TCore Project, and certain expenditures outside the forecast period for some larger projects.
(2) The Series Thirty Bonds are planned to fund approximately $431.2 million of the remaining portions of the TCore Project.
Note: Amounts may not add due to rounding.
Source: Port of Portland airport management records, June 2024, and Exhibit A of the Report of the Airport Consultant.

Grants. The Port receives federal entitlement and discretionary grants for Airport-related capital projects under the Airport Improvement Program (the "AIP"). Entitlement grants are based upon (1) levels of funding authorized and appropriated by Congress for the program, and (2) the number of passengers and amount of cargo at the Airport and are reduced by 75% because the Port collects a $4.50 PFC. For the Federal Fiscal Year ("FFY") ending September 30, 2023, the Airport was appropriated $4,405,634. Additionally, it was granted an AIP entitlement grant award totaling approximately $7,301,489 in FFY 2021 and FFY 2022. In addition, the General Aviation Airports are appropriated a total of $300,000 in AIP non-primary entitlement funds each year. In FFY 2023, the Port's non-primary entitlement award totaled $300,000. 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. The Port received approximately $7.3 million in discretionary grant funds from the FAA in FFY 2023.

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

On November 15, 2021, the President signed into law an approximately $1 trillion federal government investment into U.S. infrastructure (the "Bipartisan Infrastructure Law"). The Bipartisan Infrastructure Law contains an investment of approximately $25 billion into aviation, which includes $15 billion in Airport Infrastructure Grants ("AIG") to fund airport-related projects as defined under the existing AIG and PFC criteria, $5 billion of discretionary funding for a new Airport Terminal Program ("ATP") and $5 billion of funding to improve air traffic control facilities. On November 18, 2021, the U.S. Department of Transportation released information on how the AIG funding is expected to be distributed to each state. Under the Bipartisan Infrastructure Law, airports in the State (including the Airport) are expected to receive approximately $211 million of AIG funding for development at the airports in the State, including the Airport, over a five-year period. The Airport's allocation for FFY 2022 and FFY 2023 totaled $40.1 million and for FFY 2024 is approximately $18.7 million. The Port intends to address airside and terminal development projects with the funding. In addition to these funds, the Airport was also awarded $32.6 million in ATP grants for the TCore Project to convert the heating system at the PDX terminal from boilers fueled by fossil fuels to an electric-powered heat pump and for passenger boarding bridges. In addition, the Airport received $16 million in AIP supplemental program funding (FFY 2022 Supplemental awarded in FFY 2024) for electric ground support equipment infrastructure to support conversion of diesel ground support equipment to electric.

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

The Port is currently authorized by the FAA, pursuant to 14 PFC application approvals, to impose and use approximately $1.4 billion of PFC Revenue (at a PFC of $4.50) for various projects, of which approximately $819.6 million has been collected and approximately $740.9 million has been spent on approved PFC Projects as of March 31, 2024. PFC Revenue is pledged to, and is required to be used first to pay, debt service on the Port's Outstanding PFC Bonds. The Port's Outstanding PFC Bonds mature July 1, 2031. The Port expended approximately $47.1 million of PFC Revenue in Fiscal Year 2024 and expects that during Fiscal Years 2024 through 2027 it will use a total of approximately $177.8 million of PFC Revenue to fund a portion of the remaining costs of the TCore Project. See "REGULATORY MATTERS—Airport Regulation" below.

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

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

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

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

Effective August 15, 2023, the Port entered into an agreement with Turo that allows the peer-to-peer car sharing company to operate from certain facilities at PDX. Turo is excluded from paying CFCs, and pays rent to the Port of 10% of gross revenues plus daily parking rates.

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 2023, the Airport was the 30th largest O&D market in the U.S. The O&D traffic at the Airport accounted for about 94.0% of the total enplaned passengers in Fiscal Year 2023 and the remaining 6.0% of passengers connected through the Airport on their way to their final destination.

Section 1.2.1 of the Report of the Airport Consultant in APPENDIX A sets out population, migration and socioeconomic information for the Air Service Area. For additional detailed discussion of economic and demographic information about the Air Service Area, including topics such as employment and regional tourism, 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, as of June 1, 2024, 14 domestic-passenger airlines and 6 foreign-flag passenger airlines provided scheduled passenger service at the Airport; and 11 airlines provided all-cargo service. For information related to airline activity since this date, see "—Other Airport Recent Developments" below.

TABLE 10
AIRLINES SERVING THE AIRPORT
(AS OF JUNE 1, 2024)

Scheduled Passenger Service

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

All-Cargo Service

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

* *Denotes foreign-flag*
(1) In December 2023, Alaska Air Group, Inc. announced its plans to buy Hawaiian Airlines; however, the merger is still subject to regulatory approval. See "CERTAIN INVESTMENT CONSIDERATIONS—Effect of Airline Industry Concentration; Effect of Airline Consolidation."
(2) ABX Air operates cargo flights for DHL Aviation.
(3) Atlas Air operates cargo flights for Cathay Cargo and some charter service.
(4) d/b/a Alaska Airlines. Alaska Airlines and Horizon Air Industries are separately certificated airlines owned by Alaska Air Group, Inc.
(5) d/b/a Alaska Airlines, American Eagle, Delta Connection and United Express.
(6) Boutique Air operates scheduled commercial service to Eastern Oregon Regional Airport from the fixed-base operator at the Airport. Therefore, all enplaned passengers, aircraft operations, and landed weight are included as general aviation.
Source: Port records.

Historical Traffic and Activity

The following table summarizes the Airport's top 25 O&D markets for calendar year 2023, arranged by the airports with the highest O&D enplaned passengers per day to the lowest.

TABLE 11
TOP 25 O&D MARKETS

	CALENDAR YEAR 2023	
Region	**O&D Enplaned Passengers Per Day**	**Nonstop Scheduled Departing Seats Per Day**
Los Angeles Basin	2,228	2,441
San Francisco Bay Area	1,586	3,612
Las Vegas	1,143	1,932
Hawaii	1,003	1,024
Phoenix	993	1,669
Denver	742	1,974
New York/Newark	725	724
San Diego	693	734
Chicago	535	907
Central Florida	515	721
Sacramento	486	867
Dallas/Ft. Worth	465	1,059
Washington / Baltimore	418	264
Salt Lake City	399	905
Minneapolis/St. Paul	395	469
Boston	318	385
Houston	277	329
Atlanta	271	620
South Florida	255	437
Austin	251	337
Boise	239	361
Seattle	220	2,369
Palm Springs	206	156
Spokane	186	174
Anchorage	160	260
Top 25 Total	***14,708***	***24,732***
Others	4,098	1,083
Total	***18,806***	***25,815***

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

The numbers of enplaned passengers (passengers boarding flights) at the Airport during Fiscal Years ended June 30, 2014 through June 30, 2023 are set forth in the following table. In Fiscal Year 2023, approximately 95.7% of passengers enplaned on domestic flights at the Airport, and the remaining 4.3% enplaned on international flights. AIP entitlement grants and PFC Revenues are based upon enplanements.

TABLE 12
HISTORICAL ENPLANED PASSENGERS
FISCAL YEARS 2014–2023 AND
THE NINE MONTHS ENDED MARCH 31, 2023 AND 2024

Fiscal Year Ended June 30	Total Enplaned Passengers	Percent Increase (Decrease)
2014	7,762,027	5.8%
2015	8,058,757	3.8
2016	8,792,286	9.1
2017	9,422,565	7.2
2018	9,733,011	3.3
2019	9,966,798	2.4
2020	7,273,434	(27.0)
2021	3,741,995	(48.6)
2022	7,055,333	88.5
2023	7,825,300	10.9
	Average Annual Growth Rate	
FY 2014-2023	5.5%	
FY 2019-2023	(5.9)%	
Nine Months Ended March 31	**Total Enplaned Passengers**	**Percent Increase (Decrease)**
2023	5,720,685	
2024	6,148,625	7.5%

Source: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2014-March 2024, and Table 2-5 of the Report of the Airport Consultant in APPENDIX A.

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

Enplaned passengers by airline at the Airport for Fiscal Year 2023 are listed in the following table.

TABLE 13
ENPLANED PASSENGERS BY AIRLINE
(000s)

Airline	**Fiscal Year 2023 Enplaned Passengers**	**Fiscal Year 2023 Share**
Alaska Air Group	3,213	41.1%
Alaska Airlines [(1)]	2,768	35.4
Horizon Air	445	5.7
Delta Air Lines [(1)]	1,222	15.6
Southwest Airlines	1,114	14.2
United Airlines [(1)]	935	12.0
American Airlines	556	7.1
Spirit Airlines	171	2.2
Hawaiian Airlines	149	1.9
Frontier Airlines	126	1.6
JetBlue Airways	47	0.6
Volaris	57	0.7
Air Canada [(2)]	70	0.9
Other	165	2.1
Total	7,825	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 July 2022-June 2023 and Table 2-2 of the Report of the Airport Consultant in APPENDIX A.

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

Other Airport Recent Developments

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

KLM Royal Dutch Airlines will launch year-round scheduled service between PDX and Amsterdam beginning October 27, 2024. KLM will be taking over the route from its Skyteam partner, Delta Air Lines, which will cease operations of the route on October 25, 2024. KLM will operate the route three times per week in the winter season and five times per week in the summer season.

Delta Air Lines previously announced new year-round non-stop service from PDX to Seoul-Incheon with three flights per week that was to launch in spring of 2023, however, this service plan has been put on indefinite hold until market conditions improve.

British Airways is marking two years of operations from PDX in June 2024 after launching nonstop service to London Heathrow Airport from PDX in June 2022. The airline operates daily service in summer season and reduces frequencies in winter. British Airways also became a signatory carrier on July 1, 2023.

Condor added additional capacity in 2023 with a new generation A330-Neo aircraft and is operating three weekly frequencies in summer 2024 with the same aircraft.

Icelandair operates seasonal flights to Keflavik, Iceland, with six times per week service. Due to the airline's strong performance at PDX Icelandair grew its frequencies with six times per week service beginning May 2023, and will fly a similar schedule in summer 2024.

Volaris' service to Guadalajara has increased, and in 2024 is scheduled to fly between 8 and 11 times per week, depending on the season.

In domestic U.S. markets, PDX has seen growth in new destinations started in 2023/2024 or scheduled for 2024/2025, with various carriers adding service to: Baltimore; Mesa, Arizona; Miami; Nashville; New Orleans; Philadelphia; and Redmond, Oregon.

Cathay Pacific Cargo continues to operate three weekly 747-8 freighters from PDX to Hong Kong.

COVID Pandemic Matters. The COVID pandemic and the related restrictions and measures adopted to contain the spread of the virus had a negative impact on international and domestic travel and travel-related industries, including airlines serving the Airport.

In response to the COVID pandemic, governments around the world implemented stay at home orders and travel restrictions, airlines reported unprecedented decreases in domestic and international air traffic and a significant reduction in passenger volumes and flights. Airlines serving the Airport reduced or cancelled flights and curtailed their overall capacity due to the drop in demand for both domestic and international air travel. (See "*—Impact on Passenger Volume*" below.)

Impact on Passenger Volume. The Airport, similar to most other airports across the nation, experienced steep declines in passenger volumes as a result of the COVID pandemic. Total enplaned passengers decreased approximately 27 percent between 2019 and 2020, and by approximately 49 percent between 2020 and 2021, but then increased approximately 88 percent between 2021 and 2022, and by approximately 11 percent between 2022 and 2023. See APPENDIX A— "REPORT OF THE AIRPORT CONSULTANT."

Government Stimulus and Relief Measures in Response to the COVID Pandemic. As a direct result of the COVID pandemic, several bills were adopted by the U.S. Congress that provided or continue to provide financial aid to the airports around the country, the airlines and other concessionaires. The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), which became law on March 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act (the "CRRSAA"), which became law on December 27, 2020, and the American Rescue Plan Act ("ARPA" and collectively with the CARES Act and CRRSAA, "COVID Relief Grants"), which became law on March 11, 2021, each provided direct aid for airports. As of March 31, 2024, the Port had received all of its expected COVID Relief Grant funds, in a total of approximately $163.4 million.

The federal relief funds received under the COVID Relief Grants were applied, or are anticipated to be applied, to the payment of costs of operation and maintenance at the airport, providing relief to the Airport, airlines, terminal concessionaires and rental car companies, as applicable, as well as for the reimbursement of eligible debt service payments. The Airport has applied COVID Relief Grants as shown in table 4-3 in APPENDIX A. See APPENDIX A—"REPORT OF THE AIRPORT CONSULTANT."

Air Cargo Tonnage

Total cargo tonnage at the Airport 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 14
HISTORICAL TOTAL CARGO TONNAGE
FISCAL YEARS 2014–2023 AND
THE NINE MONTHS ENDED MARCH 31, 2023 AND 2024

Fiscal Year Ended June 30	Volume [1] (short tons)	Percent Increase (Decrease)
2014	222,822	2.1%
2015	232,385	4.3
2016	238,915	2.8
2017	247,574	3.6
2018	267,365	8.0
2019	291,379	9.0
2020	328,611	12.8
2021	368,248	12.1
2022	378,794	2.9
2023	342,472	(9.6)
	Average Annual Growth Rate	
FY 2014-2023	4.9%	
FY 2019-2023	4.1%	
Nine Months Ended March 31	**Total Cargo Tonnage**	**Percent Increase (Decrease)**
2023	264,694	
2024	227,503	(14.1)%

[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 15
HISTORICAL LANDED WEIGHT
FISCAL YEARS 2014–2023 AND
THE NINE MONTHS ENDED MARCH 31, 2023 AND 2024
(1,000-pound units)

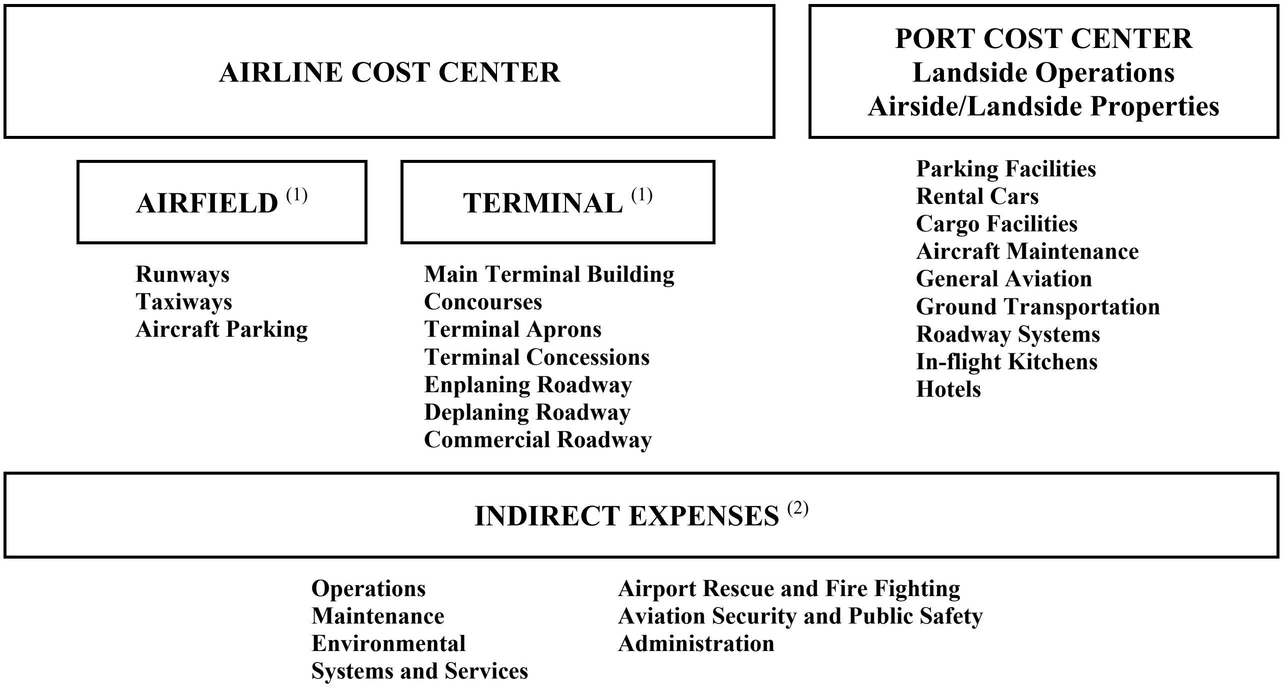
Fiscal Year Ended June 30	Passenger Airlines	All-Cargo Airlines	Total	Year-Over-Year Growth Rate
2014	8,699,074	1,126,771	9,825,845	6.1%
2015	8,644,185	1,139,176	9,783,361	(0.4)
2016	9,482,191	1,215,683	10,697,874	9.3
2017	10,122,815	1,342,179	11,464,994	7.2
2018	10,662,824	1,599,687	12,262,511	7.0
2019	10,855,334	1,856,750	12,712,084	3.7
2020	8,674,826	2,111,420	10,786,246	(15.1)
2021	5,569,346	2,248,200	7,817,546	(27.5)
2022	7,791,682	2,445,124	10,236,806	30.9
2023	8,560,710	2,244,117	10,804,827	5.5
	Average Annual Growth Rate			
FY 2014-2023	(0.2)%	8.1%	1.1%	
FY 2019-2023	(5.8)%	4.9%	(4.0)%	

Nine Months Ended March 31	Total Landed Weight (1,000-pound units)	Percent Increase (Decrease)
2023	7,995,260	
2024	8,282,326	3.6%

Source: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2014-March 2024, and Table 2-7 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.

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

AGREEMENTS FOR USE OF AIRPORT FACILITIES

Passenger and Cargo Airline Agreements

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

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

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

Thirteen passenger airlines have signed the Signatory Passenger Airline Agreements, which, including their operating affiliates (together, the "Signatory Passenger Airlines"), accounted for more than 99% of enplaned passengers at the Airport in Fiscal Year 2023. Ten all-cargo carriers have signed the Signatory Cargo Airline Agreements (the "Signatory Cargo Carriers," and together with the Signatory Passenger Airlines, the "Signatory Airlines").

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Terminal Concession and Service Agreements

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

The Port recovers utility costs in the majority of concession lease 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 "CERTAIN INVESTMENT CONSIDERATIONS—Effect of Other Tenant or Concessionaire Bankruptcies."

Rental Car Agreements

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

In November 2018, the Port completed a negotiated process to award rental car concession lease and operating agreements (the "Rental Car Concession Leases") to five separate companies, including Avis Budget Car Rental, LLC, EAN Holdings, LLC, Sixt Rent a Car, LLC, Hertz Corporation, and Todd Investment Co. dba Dollar Rent-A-Car (collectively, the "Rental Car Concessionaires") that represent 12 separate rental car brands for space in the Public Parking and ConRAC Garage. The term of each Rental Car Concession Lease began upon the opening of the Public Parking and ConRAC Garage, in November 2021. The term of each Rental Car Concession Lease is for 20 years, with an optional ten-year extension at the Port's sole discretion. The Rental Car Concession Leases also allow the Port, at its option, to rebid or renegotiate each Rental Car Concession Lease on the tenth anniversary of the opening of the Public Parking and ConRAC Garage. As of July 1, 2024, 11 of the 12 rental car brands were operating at the Airport.

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

Parking; Ground Transportation/TNCs

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

Ground Transportation/TNCs. The Port issues permits and charges permit fees and access fees for use of the Airport roadways by commercial transportation vehicles to transport Airport customers. Taxi and shuttle operators pay $3.50/trip, for pickup only. TNCs, such as Uber and Lyft, commenced operations at the Airport under ground transportation permits authorized in May 2015. Effective June 11, 2018, the Port collects from the TNCs per-trip fees of $3.00 for each pick-up and each drop-off and collected approximately $5,153,016 in per-trip fees paid by the TNCs in Fiscal Year 2023. For Fiscal Years 2022, 2021 and 2020, the Port collected approximately $4.0 million, $1.8 million and $5.6 million, respectively, in per-trip fees paid by TNCs.

FINANCIAL INFORMATION

Historical Operating Results

The financial data for Fiscal Years ended June 30, 2019 through 2023 set forth in Table 16 and under the heading "Management's Discussion of Results" is derived from the Airport's financial records and comprises the Airport segment presented in the Port's audited financial statements.

The financial data is presented to inform investors of the Airport's historical financial performance that is applicable to the SLBs, including the Series Thirty Bonds. The presentation of Net Revenues in Table 16 is not in accordance with generally accepted accounting principles ("GAAP") but is made to calculate Net Revenues as required by certain covenants in the Airport Revenue Bond Ordinances. The presentation of non-GAAP Net Revenues is not a measure of operating performance or liquidity defined by GAAP and may not be comparable to similarly titled measures presented by other issuers. Items following the Net Revenues subtotal in Table 16 comprise the amounts required to reconcile from Net Revenues as defined by Section 2(r) of Ordinance 155 to

GAAP net income per the Airport's audited financial statements for Fiscal Years ending June 30, 2019 through 2023.

The financial data set forth in Table 16 should be read in conjunction with "Management's Discussion of Results" immediately following Table 16 and for the Fiscal Year ended June 30, 2023, in conjunction with the Port's audited financial statements and related notes included in APPENDIX B of this Official Statement. For financial reporting purposes, the Port is considered to be an enterprise similar to a commercial entity. Accordingly, the financial statements included in APPENDIX B are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses when incurred. The accounting and reporting policies of the Port and the Airport conform to GAAP as applicable to proprietary funds of local governments.

Historic financial information about the Airport's finances and operations for the Fiscal Year ended June 30, 2019, and for a portion of Fiscal Year 2020 through March 2020, predate the COVID pandemic and should be considered in light of the negative effects the COVID pandemic had or may have on current and future finances and operations of the Airport. See "PORTLAND INTERNATIONAL AIRPORT—Other Airport Recent Developments—*COVID Pandemic Matters*."

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TABLE 16
HISTORICAL FINANCIAL PERFORMANCE
FISCAL YEARS 2019–2023
($000s)

OPERATING STATEMENT DATA:	2023[1] (Audited)	2022[2] (Audited)	2021[2] as restated (Audited)	2020 (Audited)	2019 (Audited)
Operating revenues:					
Airline revenues	$ 158,630	$ 144,666	$ 124,209	$ 104,825	$ 100,446
Terminal concessions	9,870	12,757	5,557	13,882	20,198
Parking	79,678	65,348	29,332	54,072	72,668
Rental cars	20,987	21,030	14,629	15,901	21,047
Other [3]	52,784	66,040	89,438	59,494	37,300
Total operating revenues	321,948	309,842	263,164	248,174	251,659
Interest income - revenue fund and revenue bond fund	7,580	(5,217)	473	5,044	6,236
Total Revenues	329,528	304,625	263,637	253,217	257,896
Costs of Operation and Maintenance, excluding depreciation					
Salaries, wages and fringe benefits	61,113	56,596	54,480	56,079	54,425
Contract, professional and consulting services	41,425	37,627	26,729	33,869	35,003
Materials and supplies	6,322	4,934	6,933	4,775	5,567
Utilities	12,107	10,342	9,685	10,715	11,238
Equipment rents, repair and fuel	1,693	1,369	1,044	1,438	2,050
Insurance	6,137	3,732	3,505	2,663	2,114
Leases and rent	8	20	-	-	-
Travel and management expense	2,653	1,778	1,173	1,747	3,227
Allocation of general and administrative expense of the Port	27,614	24,077	19,626	18,501	20,079
Other	3,194	2,700	1,312	2,758	3,822
Total Costs of Operation and Maintenance	162,266	143,174	124,487	132,546	137,526
Net Revenues as defined by Section 2(r) of Ordinance 155 [4]	$ 167,262	$ 161,451	$ 139,150	$ 120,671	$ 120,370
Depreciation and Amortization	107,741	101,582	100,169	90,582	95,625
Other income (expense)					
Interest income - excluding revenue fund and revenue bond fund	13,166	6,269	6,692	15,835	11,862
Interest expense – net	(77,047)	(59,736)	(53,749)	(47,679)	(37,973)
Passenger facility charges	30,753	27,540	16,627	26,780	38,564
Customer facility charges [5]	16,863	14,012	6,562	11,916	16,238
Other, net [6]	(7,368)	(7,442)	(4,482)	(2,102)	(6,437)
Total other income (expense)	(23,633)	(19,358)	(28,349)	4,750	22,253
Reconciling items [7]:					
Airport allocation of pension bonds	4,565	4,375	4,196	4,017	3,852
GASB 87 (leases) and GASB 96 (SBITAs) accounting adjustment [8]	(4,250)	(4,329)	(1,958)	-	-
GASB 68 (pensions) and GASB 75 (OPEB) accounting adjustment [9]	413	806	(14,129)	(11,276)	(6,837)
Net income (loss)	$ 36,616	$ 41,363	$ (1,260)	$ 27,581	$ 44,013
BALANCE SHEET DATA:					
Airport net position	$ 1,088,872	$ 1,059,592	$ 1,021,688	$ 1,022,477	$ 990,069

[1] The Port's financial data for Fiscal Year 2023 includes the implementation of Governmental Accounting Standards Board ("GASB") Statement No. 96, "Subscription-Based Information Technology Arrangements," ("GASB 96") which provides authoritative guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). Accounting changes adopted to conform to the provisions of GASB 96 were immaterial to fiscal 2022 and were applied prospectively in fiscal 2023. The historical operating results presented in this table for periods prior to fiscal 2023 are not retroactively restated for the implementation of GASB 96, and accordingly are not comparable to all prior periods restated.

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

[3] Includes TNC revenues, as well as \$11.9 million, \$25.1 million, \$61.1 million and \$25.3 million in Fiscal Years 2023, 2022, 2021 and 2020, respectively, for the CARES Act, CRRSAA, and ARPA grant monies.

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

[5] CFCs are excluded from "Revenues" under the Airport Revenue Bond Ordinances.

(Footnotes continued next page)

(Table 16 footnotes continued)

(6) Reflects $2.6 million and $2.4 million in nonoperating grant revenue related to CARES Act and CRRSAA funds drawn for reimbursement of CFC debt service in the Fiscal Year 2021 and 2020 amount, respectively.
(7) Items treated differently under GAAP than under the Airport Revenue Bond Ordinances.
(8) For purposes of calculating Net Revenues as defined by Section 2(r) of Ordinance 155, the revenue and expense impacts of GASB 87 (Leases), and expense impacts of GASB 96 (SBITAs), are not included.
(9) For purposes of calculating Net Revenues as defined by Section 2(r) of Ordinance 155, the expense impacts of GASB 68 (Pensions) and GASB 75 (OPEB) are not included.
Source: Port's financial records.

Management's Discussion of Results

Revenues. Total operating revenues increased 3.9% from $309.8 million in Fiscal Year 2022 to $321.9 million in Fiscal Year 2023 due primarily to higher Airline revenues and increased activity-based operating revenues resulting from passenger volume increases as the Airport continued to recover from the impacts of the COVID pandemic, offset in part by decreased ARPA funding from the federal government in Fiscal Year 2023. Airline revenues increased approximately 9.7% from Fiscal Year 2022 to Fiscal Year 2023, primarily due to increased terminal rents driven by higher bond debt service. In Fiscal Year 2023, terminal concessions revenues decreased by approximately 22.6% compared to Fiscal Year 2022 as a result of applying approximately $7.0 million in ARPA concessions funding to concessionaire rent payments during Fiscal Year 2023. Fiscal Year 2023 results show that parking revenue increased approximately 21.9% from Fiscal Year 2022 as a result of passenger volume increases. Other revenues decreased 20.1% from Fiscal Year 2022 primarily due to $11.9 million in federal ARPA funding for Fiscal Year 2023 versus $25.1 million in federal ARPA funding in Fiscal Year 2022.

From Fiscal Years 2019 through 2022, total operating revenues increased 23.1%, from $251.7 million to $309.8 million. Airline revenues increased 44.0% from Fiscal Year 2019 through 2022, primarily due to increased bond debt service. During the same period, terminal concessions, and parking revenues decreased 36.8%, and 10.1%, respectively, as a result of significantly decreased passenger volumes in Fiscal Year 2022 resulting from the pandemic. Other revenues increased 77.0% from $37.3 million in Fiscal Year 2019 to $66.0 million in Fiscal Year 2022 primarily due to $25.1 million in federal ARPA funding in Fiscal Year 2022.

Expenses. Total Costs of Operation and Maintenance increased 13.3% from $143.2 million in Fiscal Year 2022 to $162.3 million in Fiscal Year 2023, largely driven by increases in salaries, wages and fringe benefits, outside services, insurance, and corporate overhead expenses as a result of increased costs due to inflation and increased activity as passenger volumes continued to increase. Total Costs of Operation and Maintenance increased 4.1% from $137.5 million in Fiscal Year 2019 to $143.2 million in Fiscal Year 2022, primarily as a result of inflationary pressure offset in part by some lower passenger volume-driven costs.

Net Revenues. Net Revenues increased 3.6% from $161.5 million in Fiscal Year 2022 to $167.3 million in Fiscal Year 2023, due to higher Airline revenues driven by increased bond debt service and Costs of Operation and Maintenance, combined with higher parking revenues driven by increased passenger volumes, offset in part by reduced funding from the federal government in Fiscal Year 2023. In Fiscal Years 2019 through 2022, Net Revenues increased from $120.4 million to $161.5 million, as a result of increased Airline revenues resulting from higher bond debt service, as well as federal ARPA funding received in Fiscal Year 2022, offset in part by decreased terminal concessions and parking revenues resulting from impacts of the COVID pandemic. Net Revenues exceeded 130% of the Debt Service Requirement in each Fiscal Year. See Table 18 below and the audited financial statements of the Port for Fiscal Year 2023 in APPENDIX B.

Airport Net Position. Airport net position increased by $29.3 million in Fiscal Year 2023, reflecting primarily net income and transfers to general aviation. Airport net position increased from $990.1 million at the end of Fiscal Year 2019 to $1,059.6 million at the end of Fiscal Year 2022, primarily as a result of net income, capital grants, transfers to general aviation and CARES Act, CRRSAA and ARPA funding from the federal government.

Historical Debt Service Coverage

The table below provides a summary of the debt service coverage for Fiscal Years 2019 through 2023 is set forth in the following table.

TABLE 17
HISTORICAL DEBT SERVICE COVERAGE
FISCAL YEARS 2019–2023

Fiscal Year Ended June 30	**Net Revenue** [(1)] (000s)	**SLB Debt Service Requirement** (000s)	**Coverage Ratio** (x)
2019	$119,059	$49,099	2.42
2020	119,569 [(2)]	59,075	2.02
2021	139,150 [(3)]	66,213	2.10
2022	162,834 [(4)]	79,537	2.05
2023	163,144 [(5)]	85,553	1.91

[(1)] Excludes Revenue Bond Fund interest income.
[(2)] Includes $25.3 million in CARES Act funds that were applied to offset debt service.
[(3)] Includes $61.1 million in CARES Act and CRRSAA funds that were applied to offset debt service.
[(4)] Includes $25.1 million in CRRSAA and ARPA funds that were applied to offset debt service.
[(5)] Includes $11.9 million in ARPA funds that were applied to offset debt service.
Source: The Port.

Year-to-Date to Budget

Unaudited, internally-prepared fiscal year-to-date operating results for the nine months ending March 31, 2024 generally compare positively to the Port's budget. Fiscal year-to-date operating revenues are $259.2 million as compared to the budgeted amount of $262.6 million, a decrease of $3.4 million versus budget. This variance is primarily due to lower operating expenses, which results in lower revenues paid by the airlines. Fiscal year-to-date operating expenses excluding depreciation are $130.1 million as compared to the budgeted amount of $135.7 million, an improvement of $5.6 million over budget. This positive variance is primarily due to lower outside services expense.

Investment of Funds

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

The Port's current Investment Policy, which is reviewed annually by the Board and was readopted by the Board on October 11, 2023, permits investments in U.S. Treasury bills and notes, U.S. agency obligations, municipal debt obligations, corporate indebtedness, certain time certificates of deposit and bankers acceptances and certain repurchase agreements that have terms of 30 days or less. Port funds also may be invested in the Oregon

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

Pension and Other Post-Retirement Benefit Plans

The Port is a participating employer in the State-wide Oregon Public Employees' Retirement System ("PERS"). Information about PERS and about other post-retirement benefits is included in APPENDIX D and in Notes 9 and 10 and under "Required Supplementary Information" in APPENDIX B. As described in APPENDIX D, employer contribution rates for the various PERS pension programs are based upon actuarial valuation reports for PERS as of December 31 of odd-numbered years. For Fiscal Year 2023, the Port contributed approximately $11,018,000 to fund its PERS obligations of which approximately $5,546,000 was applicable to the Airport, and for Fiscal Year 2022, the Port contributed approximately $10,418,000 to fund its PERS obligations of which approximately $5,231,000 was applicable to the Airport.

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

During Fiscal Year 2023, the Port contributed approximately $173,000, of which approximately $84,000, was paid by the Airport, to fund the Port's other post-employment benefit obligations. See APPENDIX D, as well as Note 10 and "Required Supplementary Information" in APPENDIX B.

In addition to contributions to PERS, the Port pays the debt service on limited tax pension obligation bonds issued in 2002 and 2005 in an original principal amount of approximately $74.1 million, of which approximately $36.8 million was applicable to the Airport. Debt service principal payments allocable to the Airport in Fiscal Year 2023 totaled approximately $3,136,000. See Notes 7 and 9 in APPENDIX B.

REGULATORY MATTERS

Airport Regulation

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

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

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

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

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

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

Airport Environmental Matters

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

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

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

McBride Slough Clean-up. Stormwater from the Terminal and surrounding areas within a stormwater basin known as Basin 7 has historically drained to the McBride Slough, which is located at the southeast corner of the Airport. The McBride Slough ultimately drains to the Columbia Slough via a culvert. Contaminants carried in the stormwater have, over time, been deposited in McBride Slough sediments. Effective July 3, 2012, the Port entered into a consent order with the DEQ to conduct a remedial investigation, feasibility study and source control evaluation associated with McBride Slough. Historical impacts of stormwater from Basin 7 are believed to be the predominant source of contaminants to McBride Slough. The Port and the DEQ negotiated a consent judgment that committed the Port to perform sediment cleanup, which was completed in September 2020. The cost to perform the investigation and cleanup was $5.4 million. A Conditional No Further Action was issued by DEQ on January 30, 2024 and the Port's remaining liability to supplement and monitor source control measures to control future stormwater contamination, is estimated to cost approximately an additional $300,000 through 2036. Results of on-going monitoring may trigger additional required actions which would increase costs.

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

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

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

In 2019, the Oregon State Legislature passed Senate Bill 431 which created a new special district, Urban Flood Safety and Water Quality District, responsible for operating, maintaining, and improving the entire levee system along the Columbia River. The intent of the new district was to modernize the management of the levees, and has since replaced the four previous drainage districts. Under the bill, the Port designates a member of the Urban Flood Safety and Water Quality District's governing board. In 2024, the State Legislature passed Senate Bill 1517 which permits the board of directors of the Urban Flood Safety and Water Quality District to impose an annual charge to pay the costs of operating and maintaining district works that directly benefit lands situated within the managed floodplain. The provisions of Senate Bill 1517 took effect on June 6, 2024.

Port-wide Stormwater Master Plan. The Port has completed a stormwater master plan for all Port facilities except Troutdale 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 treatment features built under separate projects. For PDX, the estimated total cost of these stormwater improvements is $53.4 million through 2035. Since 2015, the Port has spent approximately $13.8 million in completing stand-alone stormwater treatment projects at PDX. Approximately $4.8 million in capital projects are currently being planned.

Fire Training Areas. In September 2016, the DEQ requested that the Port investigate suspected contaminant releases associated with the use by the Port, the ORANG and local municipal fire departments of historic and current fire training areas on the Airport's property. Per- and polyfluoroalkyl compounds ("PFAS") that were required by the FAA to be used in aviation firefighting foam, such as perfluorooctanoic acid ("PFOA") and perfluorooctane sulfonic acid ("PFOS"), are an emerging area of state and federal regulatory interest, as discussed in the EPA's strategic roadmap regarding perfluorinated compounds, released October 2021. In April 2024, the EPA announced that PFOA and PFOS have each been designated as hazardous substances under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"). The EPA's memorandum related to PFAS Enforcement Discretion and Settlement Policy Under CERCLA, dated April 19, 2024, provides clarity on the EPA's intent not to pursue certain entities such as farmers, municipal landfills, water utilities, municipal airports and local fire departments, where equitable factors do not support seeking CERCLA cleanup or costs. There are currently no established federal or State cleanup standards related to PFOA and PFOS. The Port has completed a series of investigations centered around the historic fire training area which have identified contamination in soil, surface water and groundwater. Data indicated that the contamination from these historical fire training areas is not impacting the Columbia South Shore Well Field within the deep groundwater aquifer. Contaminants in shallow groundwater, however, are entering the stormwater system and migrating to the Columbia Slough and Columbia River. The Port is developing a capital program to evaluate source control options. The absence of State and federal regulations for surface water makes it difficult to determine what additional action may be required by DEQ, though the Port anticipates being required in the future to perform remedial action to reduce the migration of perfluorinated compounds into stormwater.

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

Non-Airport Environmental Matters

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

The Port has been notified by federal and state environmental agencies of its potential liability for contamination at, from and to the Portland Harbor, both in-water and upland, in connection with the Portland Harbor Superfund Site (the "Site") listed on the National Priorities List. The current area of the Willamette River in Portland, Oregon to be remediated includes in-water sediments from just south of the Columbia Slough at approximately River Mile ("RM") 1.9 to north of the Broadway Bridge at approximately RM 11.8. In addition, the DEQ is overseeing uplands investigations and cleanups adjacent to the Site. The Port and multiple other potentially responsible parties (the "PRPs") performed a remedial investigation and feasibility study of the Site under an EPA Settlement and Administrative Order on Consent. The EPA released its Proposed Plan for cleanup at the Site on June 8, 2016. The EPA received approximately 5,300 comments (including from the Port) in response to its Proposed Plan and issued a final Record of Decision ("ROD") for the Site on January 6, 2017. The ROD contains the EPA's final remedy selection and the EPA's estimate of remedy cost (approximately $1.05 billion) but does not assign cleanup responsibility or divide liability among the more than 100 individual PRPs involved at the Site. The Port also is implementing a Settlement and Administrative Order on Consent for a Removal Action at Marine Terminal 4. In June 2018, the Port and the EPA amended the order to include 30% remedial design work to implement EPA's ROD for Terminal 4, and in July 2023, the Port and EPA amended the order again to reach 100 percent design. See Note 12 in APPENDIX B. In December 2019, the Port, the City of Portland and the State agreed to perform and fund, and certain federal agencies agreed to fund, the Remedial Design for the Willamette Cove area of Portland Harbor. The parties signed an Administrative Settlement and Order on Consent, and the Port is funding 25% of the costs. In February 2020, the Port also agreed to fund a portion of the Remedial Design for the RM 10 West project area. In January 2021, the Port agreed to fund a portion of the Remedial Design for the Swan Island Basin project area, which is located upstream from Terminal 4 on the east side of the Willamette River.

Natural Resource Trustees representing Tribal, Federal and State governments also have notified the Port and others of their potential liability for natural resources damages associated with the Site. The Natural Resource Trustees have invited multiple Site PRPs, including the Port, to participate in funding certain future natural resource damages studies. The Port and certain other PRPs have funded the first and second phases of certain natural resource damages assessment activities in respect of the Site. The Port and certain other PRPs also are funding a portion of the second phase of natural resource damage assessment activities. In July 2012, the natural resource trustees released a draft Restoration Plan and Programmatic Environmental Impact Statement for the Site as part of the assessment activities. In 2013, the Port entered confidential settlement negotiations with the Trustee Council and reached a settlement in principle in September 2018. In 2019, the Port purchased credits from two restoration sites in fulfillment of its settlement obligations and the US Department of Justice on behalf of the Trustee Council filed a Consent Decree in the US District Court for the District of Oregon that will provide a full release of liability from their claims. The formal notice and comment period has been exhausted, and the US Department of Justice is anticipated to request Court approval of the Consent Decree in 2024. In a separate natural resource damages case, the Confederated Tribes and Bands of the Yakama Nation served the Port on February 7, 2017 with a Summons and Complaint seeking unreimbursed response costs of approximately $283,000 and an unspecified amount of natural resource damages. The Port and other defendants filed a motion to dismiss, which the court denied. The case is now stayed pending resolution of a confidential allocation process regarding liability for the Site. The Port cannot predict the timing or outcome of these ongoing matters.

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

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

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

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

ENVIRONMENT, SUSTAINABILITY AND SOCIAL EQUITY INITIATIVES

The Port builds shared prosperity for the region through travel, trade and economic development. These industries can generate environmental impacts which disproportionately burden Black, Indigenous, and people of color ("BIPOC") and low-income communities. The Port's environmental programs ensure that regulatory requirements are met and also champion proactive projects to demonstrate leadership in addressing environmental justice inequities, and such programs are separate and apart from the requirements related to the Green Bond designation by Kestrel for the Series Thirty Projects. The Port's most significant sources of environmental impacts are evaluated and then the EPA's environmental justice screening and mapping tool is used to help us prioritize initiatives that would reduce or eliminate impacts to disproportionally impacted communities.

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

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

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

See "DESIGNATION OF SERIES THIRTY A BONDS AS GREEN BONDS."

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

The State has taken action to reduce air toxics beyond what is required by the EPA. The Cleaner Air Oregon program was created to regulate emissions of toxic air contaminants from industrial and commercial facilities based on local risks to health. Cleaner Air Oregon requires facilities to report toxic air contaminant emissions, assess potential health risks, and reduce risk if the level of risk posed by toxic air contaminant exceed health risk action levels. Beginning in 2019, DEQ is prioritizing and calling-in existing facilities to go through the Cleaner Air Oregon risk assessment. The Airport is considered a low priority due to relatively low emissions and the Port expects to be called into the program sometime after 2025. In an effort to prepare for this new program, the TCore Project will eliminate the majority of stationary air toxic emissions at the Airport by reducing boiler emissions by over 90%. The New Kennedy Feeder Project will also provide sufficient power to electrify fossil fuel powered equipment including airlines' ground support equipment which currently represents approximately 75% of PDX's total diesel emissions. In addition, the Port has purchased cleaner equipment and switched all diesel generators, boilers and mobile equipment to renewable diesel which reduces harmful emissions by up to 30%.

In an effort to curb embodied and local emissions and other impacts from building materials, the TCore Project developed a custom Healthy Materials Framework. This allowed the design team to identify and address the material impacts from an airport-specific perspective. The Port is also a founding member in a regional Clean Air Construction Program to reduce diesel emissions in construction projects via stringent contracting standards for idle reduction and cleaner diesel equipment requirements.

Climate Change. The most recent report issued by the Intergovernmental Panel on Climate Change indicated that some future changes are unavoidable and/or irreversible but can be limited by deep, rapid, and sustained global greenhouse gas ("GHG") emissions reduction. It could take 20-30 years for global temperatures to stabilize once significant reductions in GHG emissions are achieved. It is imperative that meaningful action be taken within the next decade. Climate change also poses the greatest threat to those least responsible for it, including low-income and disadvantaged populations, making it a social equity issue.

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

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

- 15% reduction by 2020
- 20% reduction by 2025
- 45% reduction by 2030
- Net zero carbon by 2050

As of 2024, the Port has achieved:

- Net zero energy
- GHG emissions 80% below 1990 level

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

The Port is also committed to supporting broader regional and industry-wide solutions related to mitigating the effects of climate change. The Port was a founding member of 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 Port was also a founding member of Sustainable Aviation

Fuels ("SAF") Northwest, a regional initiative to develop an aviation biofuels market in the Pacific Northwest. SAF Northwest was the nation's first regional stakeholder effort to explore the opportunities and challenges surrounding the production of sustainable aviation fuels; an associated report was produced in 2011. In September 2011, Airports Council International – North America awarded the Port an "Environmental Innovation" Award for groundbreaking analysis of aviation biofuel development related to a study produced by Sustainable Aviation Fuels Northwest that provided a regional roadmap for steps the industry can take to implement aviation biofuels. In 2020, the Port helped fund a Bioeconomic Development Opportunity Zone pilot in Oregon as an innovative strategy to attract investments in local SAF supply chain development that could supply flights out of PDX. The Port participates in the Energy Trust of Oregon's Strategic Energy Management program to improve energy management and monitoring.

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

Deep investments in efficiency measures are projected to reduce the Energy Use Intensity (i.e., energy use per square foot) of the terminal by approximately 50%. The new terminal building is expected to be 55% more energy efficient than the current building with improvements in lighting efficiency, thermal energy transfer reduction, as well as reductions in embodied carbon and operational carbon, and lower water usage. The new, mass timber roof is expected to reduce the terminal's embodied carbon because it is less energy intense versus steel beams or concrete. The Port procured the timber by combining a direct sourcing approach with a certification approach. Because of this unique strategy:

- All the wood is from forests within 300 miles of the airport;
- Nearly 100% of 2.6 million board feet of timber used in the TCore Project is sustainably sourced, meaning the Forest Stewardship Council ("FSC") certified or traced back such timber to forests or landowners that meet sustainable sourcing criteria established for the TCore Project (such as from forest restoration, harvests with extended rotations, etc.); and
- The TCore Project intentionally sourced as much timber as possible from 13 Oregon and Washington tribal and small family landowners who have embraced sustainable forest management.

The Port, along with its partners on the TCore Project, received a 2021 Leadership Award from the FSC for this work.

Another example of the Port's efforts to address climate change through its capital projects is the Public Parking and ConRAC Garage completed in 2022. These facilities were the first in the region to use CarbonCure technology to sequester additional CO_2 and reduce the carbon footprint of the concrete. As a result, an extra 548.4 metric tons CO_2 equivalent (CO2e) was permanently sequestered through their construction. The Port's local investment in this technology is anticipated to pave the way for other projects in the area to cost-effectively implement similar technology. The Rental Car Center portion of the project achieved LEED gold under version 4.0.

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

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

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

- Create a financially sustainable path for the Port.

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

The Port conducted a disparity study in 2018 which identified the Port's marketplace and the available small businesses by trade in the region to perform contract work. This data is used to set project-specific goals based on the scope of work and availability of small businesses for each relevant trade. If the project has a SBE goal, the Port will designate a Small Business Compliance Officer to support the project to meet those goals. The Port has contracted for a new disparity study to be completed by early 2025.

The TCore Project has a goal of 20% SBE participation. The TCore 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 Port art program has focused on adding works of local artists of color in its new, large construction projects including the Concourse E extension project, the Public Parking and ConRAC Garage, the TCore Project and the Port headquarters building.

The Port Mentor/Protege Program has been recognized both regionally and nationally as the preeminent program for building small businesses. The program matches protégé firms with two mentors and provides crucial training and technical assistance to these firms over a three-year period. Many of the firms that have completed the program have thrived and grown beyond their small business status.

REPORT OF THE AIRPORT CONSULTANT

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

The Report of the Airport Consultant provides an overview of 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 2025 through 2031, 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 2024 and existing Port agreements and obligations. The Airport Consultant's conclusion is that based upon the Airport Consultant's approach and assumptions described in the Report, the Net Revenues in each year from the Fiscal Year 2024 adopted budget and during the projection period of Fiscal Years 2025-2031 will be sufficient to satisfy the Port's rate covenant in the Airport Revenue Bond Ordinances and at the same time to maintain reasonable levels of passenger airline cost per enplaned passenger. For purposes of the financial feasibility analysis in the Report of the Airport Consultant, projections of future financial results do not take into consideration the expected refunding of the Refunded Bonds and any associated cost savings.

Table 18 summarizes the Airport Consultant's projection of Revenues, Costs of Operation and Maintenance, Debt Service Requirements and debt service coverage ratios for the projection period of Fiscal Years 2025-2031, including assumptions about capital costs, debt structures and sources of funding, as well as actual Revenues, Costs of Operation and Maintenance, Debt Service Requirements and debt service coverage ratios for Fiscal Year 2023 and Revenues, Costs of Operation and Maintenance, Debt Service Requirements and debt service coverage ratios based on the Fiscal Year 2024 adopted budget. See Chapters 3 and 4 of the Report in APPENDIX A.

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

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

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

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TABLE 18
ACTUAL, BUDGETED AND PROJECTED
NET CASH FLOW AND DEBT SERVICE COVERAGE

($000s)

		Actual	Budget	Projected						
		FY 2023[(1)]	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Total Revenues:										
Landing Fee Revenue		$41,376	$ 45,086	$ 51,396	$ 54,834	$ 56,068	$ 57,894	$ 56,549	$ 58,569	$ 60,656
Signatory Airline Terminal Rental Revenue		95,611	114,471	172,580	209,185	222,569	226,474	248,254	251,746	255,506
Other Terminal Cost Center Airline Revenues		20,174	22,542	26,978	36,591	38,658	39,412	42,664	43,374	44,127
Non-Airline Revenues [(2)]		151,400	168,484	182,518	186,758	193,151	199,611	206,285	213,147	220,231
Federal Relief Grants		9,097	8,000	26,200	0	0	0	0	0	0
Interest Income		7,580	8,184	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Total Revenues	[A]	$325,238	$366,768	$462,672	$490,369	$513,446	$526,392	$556,753	$569,837	$583,520
Less:										
O&M Expenses	[B]	$162,271	$181,962	$205,303	$227,464	$237,192	$244,462	$252,198	$263,282	$275,184
Net Revenues	[C=A-B]	$162,967	$184,806	$257,369	$262,905	$276,253	$281,930	$304,555	$306,554	$308,336
Less:										
Total Debt Service [(3)] Requirement	[D]	$85,553	$98,272	$152,552	$158,277	$163,728	$166,063	$180,134	$180,143	$180,144
Net Surplus/(Deficit)	[E=C-D]	$77,414	$86,533	$104,818	$104,628	$112,526	$115,867	$124,421	$126,411	$128,192
SLB Debt Service Coverage:										
Net Revenues	[C]	$162,967	$184,806	$257,369	$262,905	$276,253	$281,930	$304,555	$306,554	$308,336
Total Debt Service [(3)] Requirement	[D]	$85,553	$98,272	$152,552	$158,277	$163,728	$166,063	$180,134	$180,143	$180,144
SLB Debt Service Coverage Ratio	[F=C/D]	1.90	1.88	1.69	1.66	1.69	1.70	1.69	1.70	1.71
SLB Debt Service Coverage Ratio - Requirement		1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30

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

(1) Exhibit I of the Report of the Airport Consultant takes into account minor adjustments in Net Revenues for Fiscal Year 2023; accordingly the Net Revenues and the SLB Debt Service Coverage Ratio numbers differ from the numbers in Table 17 herein.

(2) Excludes federal relief grants.

(3) Future SLB Debt Service includes costs associated with the TCore Project being placed in service in Fiscal Year 2025; assumes issuance of the Series Thirty A Bonds in the principal amount of approximately $559.6 million, along with other assumptions described in Section 4.4 of the Report of the Airport Consultant; the Report of the Airport Consultant will not be revised to reflect the final terms of the Series Thirty Bonds.

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

CERTAIN INVESTMENT CONSIDERATIONS

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

Limited Obligations

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

Effect of COVID Pandemic and Other Worldwide Health Concerns

The COVID pandemic and resulting restrictions on activities severely disrupted the economies of the United States and other countries. There can be no assurance that any resurgence of COVID will not have a material adverse effect on the demand for passenger air travel, both nationally and internationally, although air travel volumes have substantially recovered since mid-2020. Future outbreaks, pandemics or events outside the Port's control, including a resurgence of COVID, may reduce demand for travel, which in turn could cause a decrease in passenger activity at the Airport and declines in Port revenues. See "PORTLAND INTERNATIONAL AIRPORT—Other Airport Recent Developments—*COVID Pandemic Matters*."

Demand for Air Travel

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

The Signatory Airlines assume most of the responsibility for costs, including debt service and debt service coverage, in connection with the Airfield and the Terminal and thus assume most of the risk of lower passenger and cargo traffic in connection with the Airline Cost Center, but lower passenger traffic would also mean lower parking and rental car concession revenues, which the Port depends upon to pay costs and debt service related to the Port Cost Center, for which the airlines have no responsibility. No assurance can be given that traffic at the Airport will continue to increase or that current traffic levels will continue, despite a demonstrated level of airline service and operations and despite the Airport's being primarily an O&D airport. 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. The Report of the Airport Consultant projects that O&D passengers at the Airport are projected to be back at Fiscal Year 2019 levels by Fiscal Year 2025.

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 "PORTLAND INTERNATIONAL AIRPORT—Other Airport Recent Developments—*COVID Pandemic Matters*."

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 restructurings, bankruptcies and closures. The COVID pandemic and its resultant economic impact severely and negatively impacted demand for air travel and the airline industry. The COVID pandemic resulted in substantial financial challenges for airlines serving the Airport, including substantial financial losses and reduction in workforce that impacted service. Airlines operating at the Airport have filed for bankruptcy protection in the past and may do so in the future. See "—Effect of Airline Bankruptcies." Even absent an airline bankruptcy filing, the Port may encounter significant expenses, delays, and potentially nonpayment of amounts owed if it is required to pursue legal action to enforce agreements with the airlines. Although the Airport has experienced passenger traffic growth during periods of transition, such as airline bankruptcies and consolidations and other events that have historically affected the airline industry, the COVID pandemic was 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 "PORTLAND INTERNATIONAL AIRPORT—Other Airport Recent Developments—*COVID Pandemic Matters*."

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, 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.

Labor Shortages

General labor shortages, including pilots, mechanics and air traffic controllers, have been impacting, and may continue to impact, the airline industry and the Airport. As a result of the COVID pandemic, many airlines offered buyouts, early retirement, and severance packages to reduce staffing costs in their efforts to mitigate the effects of reduced passenger traffic.

Pilot shortage has been an industry-wide issue, and especially so for smaller regional airlines. Other factors include an aging pilot workforce and fewer new pilots coming from the military.

In addition to the pilot shortage, over the next decade there could be a shortage of qualified mechanics to maintain the airlines' fleet of planes. This potential shortage is a result of an aging pool of mechanics, a large portion of which are expected to retire in the next decade, and relatively fewer new mechanics entering the labor market. A shortage of mechanics could raise the cost of maintenance, require airlines to maintain more spare planes and/or result in increased flight cancellations and delays.

The 2024 FAA Reauthorization Act (defined below) authorized $240 million through FFY 2028 for three separate grant programs to support (i) pilot education and recruitment, (ii) aviation maintenance technical workers and (iii) aviation manufacturing workers and aerospace engineers. The 2024 FAA Reauthorization Act also required the FAA to increase minimum hiring targets for new air traffic controllers through FFY 2028. The Port cannot predict the impact of these measures on industry labor shortages.

Effect of Airline Industry Concentration; Effect of Airline Consolidation

Alaska Air Group, which is comprised of Alaska Airlines and Horizon Air, was responsible for 41.1% of the Airport's total enplanements in Fiscal Year 2023. Although the Airport is largely an O&D airport and is much less dependent on hubbing activity than many other airports, the Airport serves as a local hubbing airport for the Alaska Air Group. If the airlines within Alaska Air Group were to reduce or cease connecting service at the Airport, such flights would not necessarily be replaced by other airlines. It is possible that if the Alaska Air Group airlines or another airline ceased or significantly cut back operations at the Airport, other airlines may not increase their operations at the Airport to fill that gap. The top four airlines at the Airport (Alaska Air Group, Delta Air Lines, Southwest Airlines, and United Airlines) accounted for 82.9% of the total enplaned passengers in Fiscal Year 2023. See Section 2.1.5 of the Report of the Airport Consultant for additional discussion of the Alaska Air Group's operations at the Airport.

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

In December 2023, Alaska Air Group announced its plans to purchase Hawaiian Airlines. If such purchase occurs, the merged company is expected to operate as independent brands, but is expected to combine its operating platform. Shareholders of Hawaiian Airlines voted to approve the merger in February 2024, but the merger will require approval of U.S. regulators, and in April 2024, consumers filed a lawsuit in an effort to block the merger. The Port cannot predict if the merger will occur.

Limitations on Enforceability

The rights of the owners of the Series Thirty Bonds and the enforceability of the Port's obligation to make payments on the Series Thirty 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 Thirty Bonds will be qualified as to bankruptcy and such other limitations. See "APPROVAL OF LEGAL MATTERS."

If the Port fails to comply with its covenants under the Airport Revenue Bond Ordinances, including its covenants to pay principal of or interest on the Series Thirty Bonds, there can be no assurance that available remedies will be adequate to fully protect the interests of the Owners of the Series Thirty Bonds. The ability of the Port to comply with its covenants under the Airport Bond Ordinances and to generate Revenues sufficient to pay principal of and interest on the Series Thirty 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 severely and negatively affected domestic and international air travel. See also "—Effect of COVID Pandemic and Other Worldwide Health Concerns" above, and "PORTLAND INTERNATIONAL AIRPORT—Other Airport Recent Developments—*COVID Pandemic Matters*."

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

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

The automatic stay provisions of the Bankruptcy Code could prevent (unless approval of the bankruptcy court was obtained) any action to collect any amount owing by the airline to the Port, any action to remove the airline from possession of any premises or other space, any action to terminate any agreement with the airline, or any action to enforce any obligation of the airline to the Port. With the authorization of the bankruptcy court, the airline may be able to repudiate some or all of its agreements with the Port and stop performing its obligations (including payment obligations) under such agreements. Such a repudiation could also excuse the other parties to such agreements from performing any of their obligations. The airline may be able, without the consent and over the objection of the Port, the Trustee, and the holders of the Series Thirty 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 Thirty Bonds may be required to return to the airline as preferential transfers any money that was used to make payments on the Series Thirty 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 Thirty 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 Thirty Bonds.

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

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

Effect of Other Tenant or Concessionaire Bankruptcies

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

The COVID pandemic 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 "PORTLAND INTERNATIONAL AIRPORT—Other Airport Recent Developments—*COVID Pandemic Matters*."

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 Thirty Bonds or other losses with respect to the Series Thirty Bonds.

Aircraft Shortages and Aircraft Safety

Currently, airlines are struggling to acquire sufficient aircraft to meet growing demand for air service in the United States and abroad. Those challenges are compounded because aircraft manufacturers, including Airbus and Boeing, have experienced delays in producing and delivering aircraft. Such delays result from several factors, including supply-chain disruptions, staffing shortages and FAA certification delays. Delays in aircraft delivery may hamper airlines' ability to increase capacity to meet travel demand. If delays in aircraft delivery are prolonged, airlines could reduce service domestically and internationally, including from the Airport.

In January 2024, the FAA ordered the temporary grounding of certain Boeing 737-9 MAX aircraft operated by U.S. airlines or in U.S. territories following an incident on an Alaska Airlines flight during which a plug door malfunctioned. Following an FAA inspection process, which caused disruption in flight service at the Airport among other locations, 737-9 MAX aircraft were determined eligible to return to service. Future aircraft safety issues may result in future inspection actions by the FAA that could result in disruptions to passenger traffic and service at the Airport.

Aviation Security Concerns

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

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

The Port has obtained a number of credit enhancement agreements from a variety of financial institutions relating to the SLB Reserve Account, its variable rate bonds and its Commercial Paper Notes, including letters of credit from commercial banks and surety bonds issued by surety providers.

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

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 of the project; unanticipated levels of inflation; or delays caused by the airline review process. See "PORTLAND INTERNATIONAL AIRPORT—Airport Capital Improvement Program."

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

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

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

Additional Indebtedness

As described above, the CIP includes an aggregate of approximately $1.49 billion of spending on Capital Improvement Projects, including the Series Thirty Projects, during the period from Fiscal Year 2025 to Fiscal Year 2029. Following the issuance of the Series Thirty Bonds, the Port does not currently expect to issue Additional SLBs to finance the CIP. The Port expects to fund its CIP project costs with a combination of PFCs, available Net Revenues and/or Third Lien Obligation, federal grants, CFCs and investment income. However, while the Series Thirty Bonds are outstanding, the Port could issue Additional SLBs to finance future capital improvement projects. The Port expects that it will experience an aggregate increase in debt service costs when it issues additional bonds, which will increase landing fees and terminal rents at the Airport, thereby increasing the costs of the airlines serving the Airport, possibly making the Airport less competitive. On the other hand, if the Port is unable to undertake critical capital projects, then the condition of the Airport facilities may decline, which can impact customer experience, airline satisfaction, and operational efficiency and effectiveness. In addition, the Airport may be required to undertake certain capital projects to comply with regulatory requirements or to preserve the overall viability of the Airport. The Port continues to evaluate capital projects based on risk, passenger demand, asset condition, and the Port's financial position. For further discussion of planned capital projects, see "PORTLAND INTERNATIONAL AIRPORT—Airport Capital Improvement Program." The timing and amounts of additional bonds may change depending on passenger and cargo demand, the availability of other funding sources, the timing of capital expenditures and market conditions. The Port also may undertake additional capital projects during the period covered by the CIP that are not presently included in the CIP.

Technological Innovations

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

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

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

Seismic and Other Force Majeure Events

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

Oregon and Washington are in the CSZ and are at risk of a magnitude 9.0 earthquake. The CSZ earthquake has an average recurrent period of once every 300-500 years. According to the Oregon Department of Emergency Management, scientists are currently predicting that there is about a 37% chance that a CSZ earthquake would strike Oregon within the next 50 years and that such an event would be felt throughout the Pacific Northwest. The Airport is the only major airport in Oregon and Southwest Washington and would be a critical lifeline for the metropolitan area after a CSZ seismic event. The Airport will be essential for the initial response and the following recovery efforts to restore water, fuel, power and other critical infrastructure and services.

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

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

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

Environmental Matters and Climate Change

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

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

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

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

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

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

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

Beyond the direct adverse material impact of global climate change itself, present, pending and possible regulations aimed at curbing the effects of climate change may directly or indirectly materially impact the operations or financial condition of the Port. Of particular importance are regulations pertaining to GHG emissions. According to the United States Environmental Protection Agency ("EPA"), aircraft account for 12% of all U.S. transportation GHG emissions and 3% of total U.S. GHG emissions. In 2016 the EPA finalized an "endangerment" finding that GHG emissions from aircraft cause or contribute to air pollution that endangers public health or welfare, triggering the Clean Air Act Section 231's requirement to regulate, aircraft GHG emissions. In March 2017, the International Civil Aviation Organization ("ICAO"), a specialized agency within the United Nations, adopted fuel-efficiency based GHG emission standards and GHG carbon neutral growth targets applicable to (i) new aircraft type designs as of 2020 and (ii) new deliveries of current in-production aircraft models from 2023. The global standard, which applies to aircraft over 5,700 kilograms that emit more than 10,000 metric tons CO_2, includes a cutoff date of 2028 for production of non-compliant aircraft. The ICAO also passed in October 2016 a market-based mechanism to curb emissions, the Carbon Offsetting and Reduction Scheme for International Aviation ("CORSIA"). CORSIA is designed to achieve carbon-neutral growth for international (but not domestic) civil aviation from 2020 onwards, in three phases: a pilot phase (2021-2023), a first phase (2024-2026) and a second phase (2027-2035). For the first two phases, participation is voluntary. As of January 1, 2024, 126 nations, including the United States, have announced their intention to participate in CORSIA. The two means for airlines to comply with CORSIA are through: 1) the purchase of carbon offsets and 2) claiming emission reductions through CORSIA eligible fuels. Consequently, CORSIA is expected to drive airline demand for sustainable aviation fuels (SAF) and potentially the need for future SAF infrastructure at airports.

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

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

Cyber and Data Security

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

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

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

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

Regulation

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

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

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

Capacity of National and International Air Traffic Control and Airport System

Capacity limitations of the national and international air traffic control systems have caused aircraft delays and restrictions in recent years, both on the number of aircraft movements in certain air traffic routes and on the number of landings and takeoffs at certain airports. These restrictions affect airline schedules and passenger traffic nationwide. The FAA has made certain improvements to the computer, radar and communications equipment of the air traffic control system in recent years, but no assurances can be given that future increases in airline and passenger traffic will not again adversely affect airline operations.

Potential Limitation of Tax Exemption of Interest on the Series Thirty 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 Thirty Bonds to be subject, directly or indirectly, to federal income taxation or could cause interest on the Series Thirty 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 Thirty Bonds to be subject, directly or indirectly, to federal income taxation or may cause interest on the Series Thirty 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 Thirty Bonds. Prospective purchasers of the Series Thirty 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.

On June 3, 2023, President Biden signed the Fiscal Responsibility Act of 2023 (FRA, Public Law 118-5), which suspends the limit on federal debt through January 1, 2025, and makes a number of changes that affect federal spending and revenues. The economic effects of a failure by Congress to further raise or suspend the debt ceiling are unknown.

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 *H.R. 3935 – FAA Reauthorization Act of 2024* Public Law No: 118-63 ("2024 FAA Reauthorization Act"), which authorizes its operations and programs and funds the FAA through FFY 2028. The 2024 FAA Reauthorization Act retains the federal cap on PFCs at $4.50 and authorizes $3.4 billion per year for AIP grants in FFY 2024 and $4 billion per year in FFYs 2025 through 2028, which is a higher funding level compared to the preceding five years. The AIP provides federal capital grants to support airport infrastructure, including entitlement grants (determined by formulas based on passenger, cargo, and general aviation activity levels) and discretionary grants (allocated on the basis of specific set-asides and the national priority ranking system).

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 Thirty 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, 2024, certain specified financial information and operating data. In addition, the Port will undertake for the benefit of registered and beneficial Owners of the Series Thirty Bonds, to provide to the MSRB in a timely manner notices of certain material events. This undertaking is to assist the Underwriters in complying with Rule 15c2-12 of the Securities and Exchange Commission. The proposed form of Continuing Disclosure Certificate is contained in APPENDIX F.

In previous years, the Port filed notices of enumerated events except that the Port did not file a notice of every rating change in respect of its credit and liquidity providers (letter of credit banks and bond insurers).

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 Thirty 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") except that no opinion is expressed as to such exclusion of interest on any Series Thirty Bond for any period during which such Series Thirty Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed or refinanced with the proceeds of the Series Thirty Bonds or a "related person," and (ii) interest on the Series Thirty Bonds, however, is treated as a preference item in calculating the alternative minimum tax under the Code, and interest on the Series Thirty Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Port in connection with the Series Thirty Bonds, and Bond Counsel has assumed compliance by the Port with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series Thirty 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 Thirty Bonds is exempt from State of Oregon personal income taxes.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Series Thirty 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 Thirty 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 Thirty Bonds in order that interest on the Series Thirty 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 Thirty 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 Thirty 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 Port has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Series Thirty 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 Thirty Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a 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 Thirty Bonds.

Prospective owners of the Series Thirty 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 Thirty 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 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 Thirty Bonds. In general, the issue price for each maturity of Series Thirty 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 Thirty 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 Thirty 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 Thirty 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 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 Thirty 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 Thirty 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 Thirty 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 Thirty 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 Thirty Bonds under federal or state law or otherwise prevent beneficial owners of the Series Thirty 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 Thirty Bonds.

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

LITIGATION

No Litigation Relating to the Series Thirty 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 Thirty Bonds or seeking to enjoin the issuance of the Series Thirty 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 Thirty 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 Thirty 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 Thirty 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 Thirty Bonds. Any opinion of Underwriter's Counsel will be rendered solely to the Underwriters, and any opinion of Underwriter's Counsel, Port Counsel or Disclosure Counsel will be limited in scope and cannot be relied upon by investors.

THE TRUSTEE

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

The Trustee has undertaken only those duties and obligations that are expressly set forth in the Airport Revenue Bond Ordinances and the Series Thirty Bond Certificate. The Trustee has not independently passed upon the validity of the Series Thirty 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 Thirty Bonds or the investment quality of the Series Thirty 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, 2023, 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 Thirty 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 Thirty 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 Thirty Bonds is contingent upon the sale and delivery of the Series Thirty Bonds.

RATINGS

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

UNDERWRITING

The Series Thirty Bonds are all to be purchased by BofA Securities, Inc., Siebert Williams Shank & Co., LLC, Goldman Sachs & Co. LLC and Jefferies LLC (collectively, the "Underwriters" and each an "Underwriter"). The Series Thirty A Bonds are to be purchased at a price of $560,448,821.24 (representing the aggregate principal amount of the Series Thirty A Bonds, plus an original issue premium of $43,203,454.50, less an underwriters' discount of $1,014,633.26). The Series Thirty B Bonds are to be purchased at a price of $77,476,982.28 (representing the aggregate principal amount of the Series Thirty B Bonds, plus an original issue premium of $5,973,335.80, less an underwriters' discount of $141,353.52). The Bond Purchase Agreement between the Port and the Underwriters provides that the Underwriters will purchase all of the Series Thirty Bonds if any Series Thirty Bonds are purchased and that the purchase of the Series Thirty Bonds is subject to the conditions set forth in the Bond Purchase Agreement.

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

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the Port and to persons and entities with relationships with the Port, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Port (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Port. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

BofA Securities, Inc., an Underwriter of the Series Thirty 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 Thirty Bonds.

MISCELLANEOUS

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

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

This Official Statement should not be construed as a contract or agreement between the Port or the Board and the purchasers or holders of any of the Series Thirty 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

APPENDIX A

REPORT OF THE AIRPORT CONSULTANT

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Appendix A:

Report of the Airport Consultant

Portland International Airport Revenue Bonds and Revenue Refunding Bonds, Series Thirty

July 22, 2024

PREPARED FOR

The Port of Portland

PREPARED BY

Landrum & Brown, Incorporated

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July 22, 2024

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 Thirty A (AMT) (Green Bonds) and Portland International Airport Revenue Refunding Bonds, Series Thirty B (AMT)

Dear Mr. Robinhold:

Landrum & Brown, Incorporated (L&B) 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 Thirty A Bonds (AMT) (Green Bonds) (the Series Thirty A Bonds) and Portland International Airport Revenue Refunding Bonds, Series Thirty B Bonds (AMT) (the Series Thirty B Bonds). Collectively, the Series Thirty A Bonds and Series Thirty B Bonds are referred to as the "Series Thirty Bonds." For the purposes of this Report, projections of future financial results do not take into consideration the potential cost savings associated with the planned issuance of the Series Thirty B Bonds and the refunding of the Port's Portland International Airport Revenue Bonds Series Twenty-Two (AMT) (Series Twenty-Two Bonds); therefore, references throughout this Report regarding financial projections associated with the Series Thirty Bonds are only related to the impacts of the Series Thirty A Bonds. This independent Report has been prepared for The Port of Portland (Port) in support of its issuance of the Series Thirty Bonds pursuant to various provisions in Port Ordinance Nos. 155, 323, 455-B (amending 155 and 323), and 482-B (herein referred to as the Bond Ordinances), and is intended to be included in the Official Statement for the Series Thirty Bonds as Appendix A, Report of the Airport Consultant. All capitalized terms in this Report are used as defined in the Official Statement or Bond Ordinances, except as otherwise defined herein.

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

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 regard 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 2025 through FY 2031 (Projection Period). The following provides an overview of the primary findings and conclusions contained in this Report; however, the Report should be read in its entirety for a full description of the assumptions and methodology used therein.

The Series Thirty Bonds

The Series Thirty Bonds are being issued pursuant to the provisions of the Bond Ordinances. The Port is planning to issue the Series Thirty Bonds to (1) fund a portion of the Port's capital improvement program (CIP), (2) refund all or a portion of the Series Twenty-Two Bonds, (3) fund capitalized interest on a portion of the Series Thirty Bonds, (4) fund a deposit to the debt service reserve account, (5) repay certain Commercial Paper Notes issued to finance a portion of the Port's CIP, and (6) pay associated costs of issuance. The Series Thirty 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. For the purposes of the financial feasibility analysis in this Report, projections of future financial results do not take into consideration the potential refunding of the Series Twenty-Two Bonds and any associated cost savings.

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.

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

Airline Agreements

Approximately 46% of the Revenues for the Airport are budgeted in FY 2024 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, 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. Thirteen passenger airlines have executed the Signatory Passenger Airline Agreements, which, including their operating affiliates, accounted for more than 99% of enplaned passengers at the Airport in FY 2023. Nine all-cargo carriers signed the Signatory Cargo Airline Agreements. The airlines that have executed the Signatory Airline Agreements are referred to as the “Signatory Airlines”.

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

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

Role of the Airport and Economic Base for Air Traffic

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

The Airport has historically been one of the 35 busiest commercial passenger airports in the U.S. Per data from the Port, in calendar year (CY) 2023, passengers at the Airport increased by 20.9% from CY 2022 to approximately 16.5 million passengers. In CY 2023, PDX was ranked as the 33rd busiest airport in terms of total passengers based on data from individual airport sources.

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 41.1% of enplaned passengers at the Airport in FY 2023.

Historically, air travel demand at an airport is largely correlated with the demographic and economic characteristics of the surrounding region. The economic strength of the ASA has historically had a major impact on the aviation activity at the Airport since most of the Airport’s passenger demand (94.0% in FY 2023) 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

From FY 2013 through FY 2019, total enplaned passenger traffic at the Airport experienced a consistent upward trend. Total enplaned passengers at the Airport increased from approximately 7.3 million in FY 2013 to approximately 10.0 million in FY 2019, representing a compound annual growth rate (CAGR) of 5.2%. 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 increased at a faster rate from FY 2013 to FY 2019, increasing at a CAGR of 12.0% versus 5.0% for domestic.

Starting in mid-March 2020, enplaned passengers at the Airport decreased dramatically because of the impacts associated with the Coronavirus Disease 2019 (COVID-19) pandemic. Overall, enplaned passengers in FY 2020 were approximately 7.3 million or about 73.0% of FY 2019 levels with the primary impacts occurring after mid-March 2020. The impacts associated with the COVID-19 pandemic had the most significant effect on the Port's air traffic during FY 2021 as enplaned passengers decreased to an annual low of approximately 3.7 million or 37.5% of FY 2019 levels. For FY 2022, enplaned passengers increased from FY 2021 levels as they were approximately 7.1 million or 70.8% of FY 2019 levels. Enplaned passengers have continued to recover during FY 2023. In FY 2023, enplaned passengers were approximately 78.5% of FY 2019 levels. For the first ten months of FY 2024 (July 1, 2023 through April 30, 2024), enplaned passengers were approximately 82% of the same months during FY 2019.

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

- In the short-term, the Airport will continue to be impacted by supply-side capacity issues (i.e., aircraft and airline shortages) especially related to regional carriers such as Horizon Air.
- Over the long-term, the airlines will continue to add capacity that is in line with demand and economic growth.
- Long-term nationwide growth in air travel will occur over the Projection Period consistent with forecast growth in the economy.
- Connecting passenger traffic at the Airport, primarily by Alaska Air Group, will continue to recover but remain below historical levels by FY 2031.
- There will be no major disruption of airline service or airline travel behavior over the Projection Period.

Current published schedules for July 2024 through December 2024 are indicating an 13.9% increase in departing seats for the first half of FY 2025 when compared to the first half of FY 2024. This is driven mostly by increased frequency to existing markets announced by Alaska Air Group and new markets being served by Frontier Airlines. Assuming for some modest decreases to seat load factor as compared to FY 2024, and to account for some potential flight cancelations and schedule reductions, it was assumed that the 13.9% increase in scheduled departing seats would equate to an increase of 10.0% in enplaned passengers for FY 2025 as compared to FY 2024. Therefore, L&B has projected approximately 9.2 million enplaned passengers for FY 2025.

Beyond FY 2025, an econometric regression model was used to project O&D enplaned passengers. It was assumed that connecting passenger traffic at the Airport would continue to recover but remain below historical levels, reaching 10% of total enplaned passengers by FY 2031. Overall, enplaned passengers are projected to exceed FY 2019 levels in FY 2029. Airport O&D passengers are projected to be at FY 2019 levels by FY 2025. By FY 2031, projected enplaned passengers are estimated to be approximately 10.5 million. More information on the passenger recovery trends is contained in Section 2.4.2 of this Report.

Given the uncertainty regarding the slow recovery of connecting traffic, particularly with Alaska Air Group, combined with a potential for slower than projected growth in the region's economy, L&B prepared a sensitivity projection of enplaned passenger at the Airport. This sensitivity projection is not necessarily a representation of a likely scenario but is intended to represent a downside scenario if certain conditions that would be expected to negatively impact air traffic demand were to occur**. Table 1** presents L&B's enplaned passengers projection for both the baseline and pessimistic scenarios.

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. Therefore, these projection scenarios, as with any projection, should be viewed as a general indication of future aviation activity as opposed to a precise prediction. Actual future traffic is likely to vary from this projection, and such variances could be material.

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

Table 1 Enplaned Passengers Projection Scenarios

	Baseline Scenario		Pessimistic Scenario	
Fiscal Year	Enplaned Passengers (in thousands)	Percent of FY 2019	Enplaned Passengers (in thousands)	Percent of FY 2019
FY 2019 Actual	9,967	100.0%	9,967	100.0%
FY 2020 Actual	7,273	73.0%	7,273	73.0%
FY 2021 Actual	3,742	37.5%	3,742	37.5%
FY 2022 Actual	7,055	70.8%	7,055	70.8%
FY 2023 Actual	7,825	78.5%	7,825	78.5%
FY 2024 Estimate	8,329	83.6%	8,329	83.6%
FY 2025	9,162	91.9%	9,126	91.6%
FY 2026	9,378	94.1%	9,301	93.3%
FY 2027	9,599	96.3%	9,476	95.1%
FY 2028	9,818	98.5%	9,645	96.8%
FY 2029	10,043	100.8%	9,816	98.5%
FY 2030	10,275	103.1%	9,988	100.2%
FY 2031	10,514	105.5%	10,163	102.0%

Range	Average Annual Growth Rate (Baseline)	Average Annual Growth Rate (Pessimistic)
FY 2019-23	-5.9%	-5.9%
FY 2023-31	3.8%	3.3%
FY 2024-31	3.4%	2.9%

Sources: Port of Portland, Aviation Statistics – Monthly Traffic Report (actual); L&B (estimate and projections).

Capital Improvement Program

Exhibit A at the end of this Report presents a summary of the projected $1.50 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 $1.10 billion, the Port Cost Center projects total approximately $327.1 million, and projects allocable to both Airline and Port Cost Centers total $75.8 million. The Terminal Core Redevelopment is the largest project in the Port's CIP for the Airport, with approximately $523.8 million estimated remaining project costs for the period of July 1, 2024 through project completion. In 2022, the Port finalized the Guaranteed Maximum Price (the GMP) of the construction contract for the Terminal Core Redevelopment project with the Port's general contractor. As part of this process, the cost of the Terminal Core Redevelopment project increased from $1.45 billion to $1.95 billion (of which $50 million was subsequently developed into the Groundsource Heating System project described in section 3.3.1). The Port received approval from the Signatory Airlines regarding the increased project costs in July 2022. For more information see Section 3.3.1 of this Report and the section in the Official Statement titled "Terminal Core Redevelopment Project" as part of the "PORTLAND INTERNATIONAL AIRPORT" section. Further details on this project and others in the CIP is contained in Chapter 3 of this Report.

Historically, the Port has funded capital development at the Airport from several sources. These have generally included grants-in aid, Passenger Facility Charge (PFC) revenues on a pay-as-you-go basis, Customer Facility Charge (CFC) revenues on a pay-as-you-go basis, Airport and Port funds, and bond proceeds (including commercial paper). As presented in Exhibit A, approximately $424.4 million of the CIP is projected to be funded with the Series Thirty Bonds. The remaining $1.08 billion of the CIP is projected to be funded with a combination of grants, pay-as-you-go PFC revenues, Port and Airport funds, and previously issued bond proceeds.

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

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

Financial Analysis

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

Table 2 presents projected airline cost per enplaned passenger (CPE) and debt service coverage projections for both the baseline and pessimistic scenarios. As shown, the Port is projected to continue to satisfy its obligations pursuant to the Rate Covenant and its airline CPE is projected to remain comparable to other large and medium hub airports on the U.S. west coast with major capital programs.

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

Table 2 Financial Results Summary

Fiscal Year	Baseline			Pessimistic		
	Airline CPE	Airline CPE (FY24$)	Debt Service Coverage	Airline CPE	Airline CPE (FY24$)	Debt Service Coverage
2023	$18.41	$18.41	1.90x	$18.41	$18.41	1.90x
2024	$20.39	$20.39	1.88x	$20.39	$20.39	1.88x
2025	$25.70	$24.95	1.69x	$25.81	$25.06	1.69x
2026	$30.30	$28.56	1.66x	$30.57	$28.81	1.66x
2027	$31.28	$28.63	1.69x	$31.71	$29.02	1.69x
2028	$31.17	$27.70	1.70x	$31.77	$28.23	1.70x
2029	$32.81	$28.31	1.69x	$33.62	$29.01	1.69x
2030	$32.61	$27.31	1.70x	$33.61	$28.15	1.70x
2031	$32.42	$26.36	1.71x	$33.62	$27.33	1.71x

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., July 2024.

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.

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 appreciates this opportunity to serve as the Port's Airport Consultant for this proposed financing.

Sincerely,

Landrum & Brown, Incorporated

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1 Role of the Airport and Economic Base for Air Traffic

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

1.1.1 Role of the Airport

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

1.1.2 National Role

The Airport has historically been one of the 35 busiest commercial passenger airports in the U.S. In calendar year (CY) 2019, the Airport had nearly 19.9 million passengers, ranking it 30th in the U.S. In CY 2020, passengers at the Airport decreased by 64.3% to approximately 7.1 million, which was primarily attributed to the impacts associated with the Coronavirus Disease 2019 (COVID-19) pandemic. Airports throughout the U.S. and the world also experienced significant decreases in passenger traffic because of the impacts associated with the pandemic. In CY 2021, passengers at the Airport increased by 66.3% from CY 2020 to approximately 11.8 million; however, these levels were still approximately 40.6% below CY 2019 levels. In CY 2022, the Airport had approximately 13.6 million passengers, which was a 15.5% increase from CY 2021 levels. The Airport experienced a growth of 20.9% in CY 2023 from CY 2022 levels, reaching 16.5 million passengers. From CY 2019 through CY 2023, the Airport dropped in the national rankings from 30th to 33rd. **Table 1-1** provides the rankings of the top 35 U.S. airports in terms of total passengers for CY 2023 based on data from individual airports. From CY 2013 through CY 2019, the Airport was designated as a Large Hub airport by the Federal Aviation Administration (FAA) as it enplaned more than 1.0% of passengers nationwide. The Airport is currently classified by the FAA as a Medium Hub airport[2] based upon its share of nationwide enplaned passengers.[3] The Airport is the 2nd busiest Medium Hub airport. Other than the Airport having a slightly lower share of overall U.S. airport passenger traffic, moving from a Large Hub airport to a Medium Hub does not have a material financial impact.

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), 333,116 metric tons of air cargo, including both freight and mail, were loaded and unloaded at the Airport in CY 2022. Based on this data from ACI-NA, the Airport was ranked as the 23rd busiest cargo airport in the U.S. for that period. ACI-NA data indicated that the Airport had 176,507 aircraft operations[4] in CY 2022 (including all-cargo carrier operations), which ranked the Airport as the 48th busiest airport in the U.S.

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2 Federal Aviation Administration, Report to Congress: National Plan of Integrated Airport Systems (NPIAS) 2023-2027, September 30, 2023.
3 Medium Hub airports are defined as airports that account for between 0.25% and 1.0% of total U.S. passenger enplanements.
4 An aircraft operation includes the landing, takeoff, or touch-and-go procedure by an aircraft on the runway at an airport.

Table 1-1 U.S. Top 35 Airports Ranked by Total Passengers (CY 2023)

Rank	City	Airport	Code	Hub	2023 Passengers ('000s)
1	Atlanta	Hartsfield - Jackson Atlanta International	ATL	Large	104,653
2	Fort Worth	Dallas-Fort Worth International	DFW	Large	81,764
3	Denver	Denver International	DEN	Large	77,838
4	Los Angeles	Los Angeles International	LAX	Large	75,051
5	Chicago	Chicago O'Hare International	ORD	Large	73,894
6	New York	John F Kennedy International	JFK	Large	62,309
7	Orlando	Orlando International	MCO	Large	57,736
8	Las Vegas	Harry Reid International	LAS	Large	57,642
9	Miami	Miami International	MIA	Large	52,341
10	Seattle	Seattle-Tacoma International	SEA	Large	50,877
11	San Francisco	San Francisco International	SFO	Large	50,196
12	Newark	Newark Liberty International	EWR	Large	49,085
13	Phoenix	Phoenix Sky Harbor International	PHX	Large	48,873
14	Charlotte	Charlotte/Douglas International	CLT	Large	47,759
15	Houston	George Bush Intercontinental/Houston	IAH	Large	46,192
16	Boston	General Edward Lawrence Logan International	BOS	Large	40,834
17	Fort Lauderdale	Fort Lauderdale/Hollywood International	FLL	Large	34,810
18	Minneapolis	Minneapolis-St Paul International	MSP	Large	33,801
19	New York	LaGuardia	LGA	Large	32,356
20	Detroit	Detroit Metro Wayne County	DTW	Large	31,453
21	Philadelphia	Philadelphia International	PHL	Large	28,132
22	Salt Lake City	Salt Lake City International	SLC	Large	26,953
23	Glen Burnie	Baltimore/Washington International	BWI	Large	26,200
24	Arlington	Ronald Reagan Washington National Airport	DCA	Large	25,454
25	Dulles	Washington Dulles International	IAD	Large	25,454
26	San Diego	San Diego International	SAN	Large	24,062
27	Tampa	Tampa International	TPA	Large	23,949
28	Nashville	Nashville International	BNA	Large	22,878
29	Chicago	Chicago Midway International	MDW	Large	22,050
30	Austin	Austin-Bergstrom International Airport	AUS	Large	22,011
31	Honolulu	Daniel K Inouye International	HNL	Large	21,189
32	Dallas	Dallas Love Field	DAL	Medium	16,780
33	Portland	Portland International	PDX	Medium	16,487
34	St. Louis	St Louis Lambert International	STL	Medium	14,886
35	Raleigh	Raleigh-Durham International	RDU	Medium	14,524

Source: Individual airport websites, compiled March 2024.
Compiled by: L&B

1.1.3 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 the State of 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 at PDX 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 of Oregon (State or Oregon), the Airport is generally considered the primary commercial service airport in the State. However, it is generally the economic strength of the ASA that provides the principal demand for supporting origin and destination (O&D) air travel within it.

In Fiscal Year (FY)[5] 2023, the Airport was the 30th largest O&D market in the U.S. O&D traffic accounted for approximately 94.0% of the total enplaned passengers in FY 2023 and the remaining 6.0% of passengers connected through the Airport on their way to their final destination (connecting passengers). The share of O&D passengers at the Airport has increased since FY 2020, which generally coincides with the onset of the COVID-19 pandemic. For example, in FY 2019 O&D passengers at the Airport accounted for approximately 85% of total traffic, which was generally the level for the Airport historically. At this time, it is uncertain if connecting traffic will return to historical levels. More information on the Airport's O&D market is presented in Chapter 2.

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

Figure 1-1 illustrates the ASA and other commercial service airports within 200 miles from the Airport. As shown other than SEA, 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 in terms of air service.

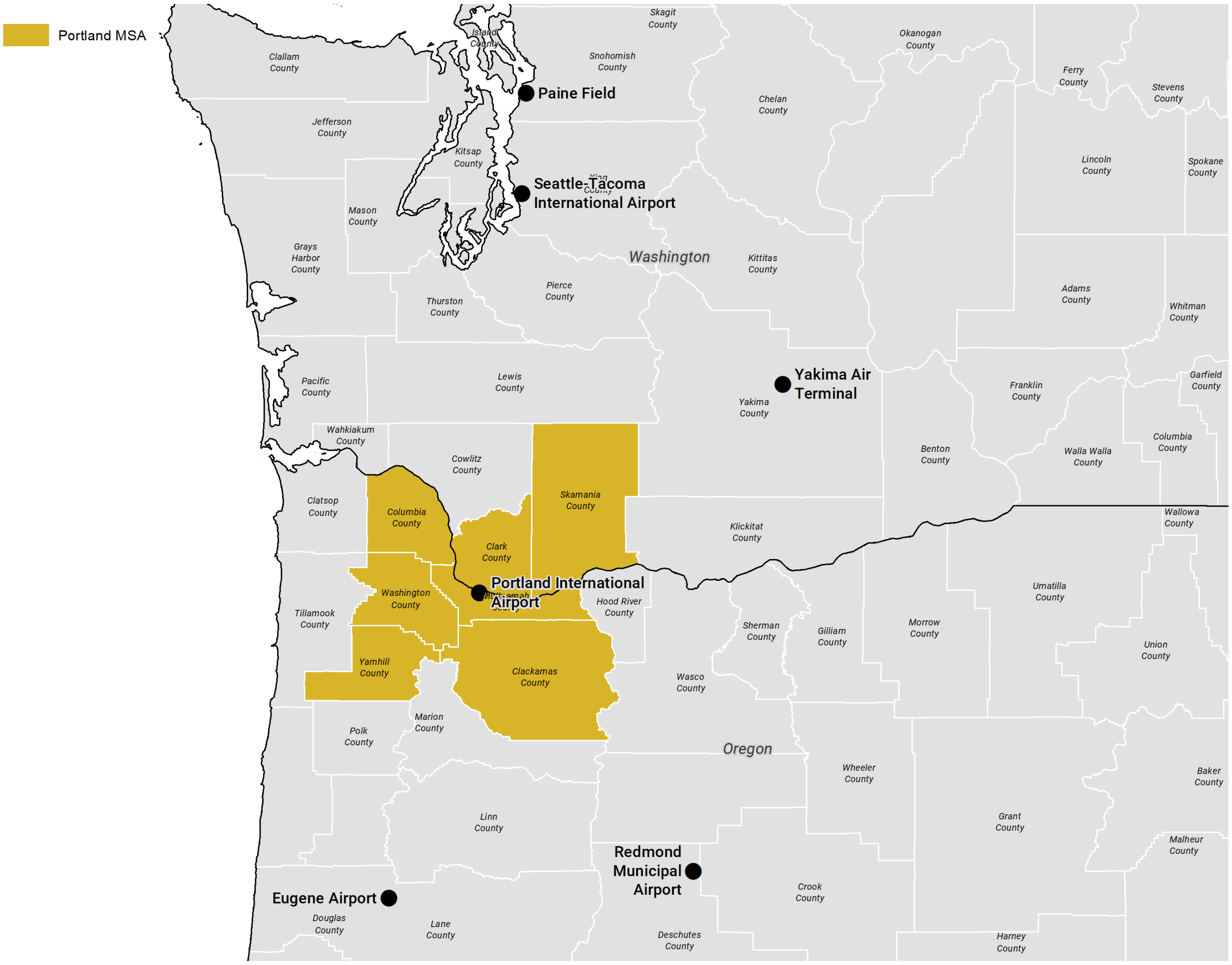
5 The Port's Fiscal Year is the 12-month period ending June 30.

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

7 Traffic delay on Interstate 5, as measured in annual hours of vehicle delay (AHD), increased from 4,378 thousand in 2015 to 4,632 thousand in 2019, a rise of 5.4%. The delay decreased in 2020 as fewer vehicles used Interstate 5 during COVID-19 pandemic but it has steadily increased each year since. Washington State Department of Transportation, Central Puget Sound Interstate 5 Corridor – Dashboard, https://wsdot.wa.gov/about/data/multimodal-mobility-dashboard/dashboard/central-puget-sound/interstate5-cps/dashboard.htm, accessed September 2023.

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

Figure 1-1 ASA and Proximity to Other Airports



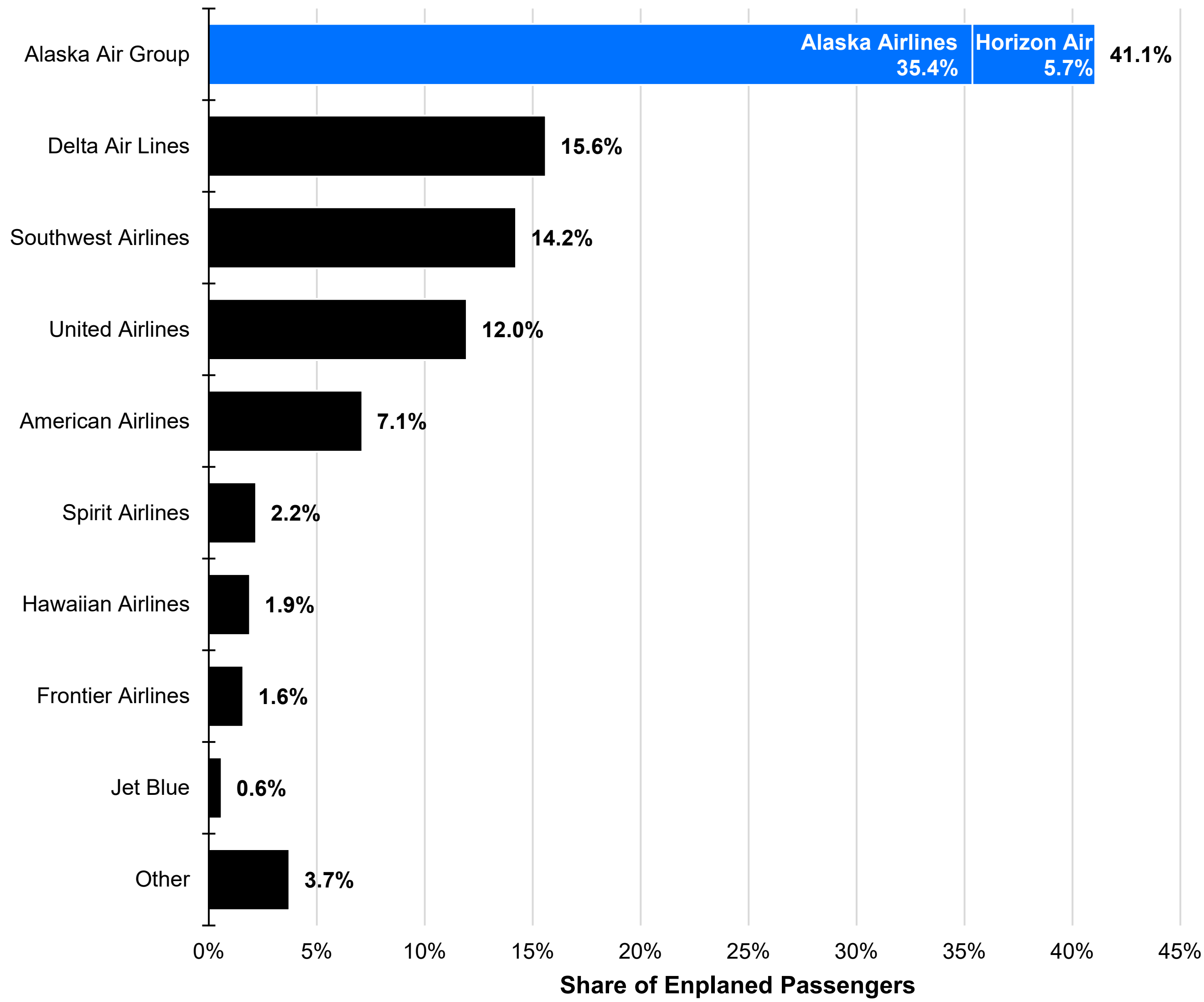
Airport	Code	FAA Airport Category	Driving Distance from the Airport	FY 2023 Enplaned Passengers (000s)
Portland International Airport	**PDX**	**Medium**	**-**	**7,825**
Seattle-Tacoma International Airport	SEA	Large	165 miles	23,381
Eugene Airport	EUG	Small	125 miles	790
Redmond Municipal Airport	RDM	Non	144 miles	524
Yakima Air Terminal	YKM	Non	181 miles	24
Paine Field	PAE	Non	195 miles	281

Source: US DOT Reports DB1A; US DOT T100 Report, accessed via Cirium, Diio Mi, accessed February 2024. FY 2023 enplaned passengers for the Airport is based on data from the Port of Portland.

1.1.4 Role as a Hub for Alaska Air Group

Alaska Air Group (the parent company of Alaska Airlines and Horizon Air) is the Airport's largest carrier in terms of passenger market share and the Airport serves as one of its hubs. The Alaska Air Group has historically operated at the Airport somewhat differently than most other traditional airline hubs, as further described in this section. When combining the passenger market share for all of the airlines under the Alaska Air Group, it accounted for approximately 41.1% of enplaned passengers at the Airport during FY 2023, compared to 42.7% in FY 2019. **Figure 1-2** presents the Airport's enplaned passenger market share by airline for FY 2023.

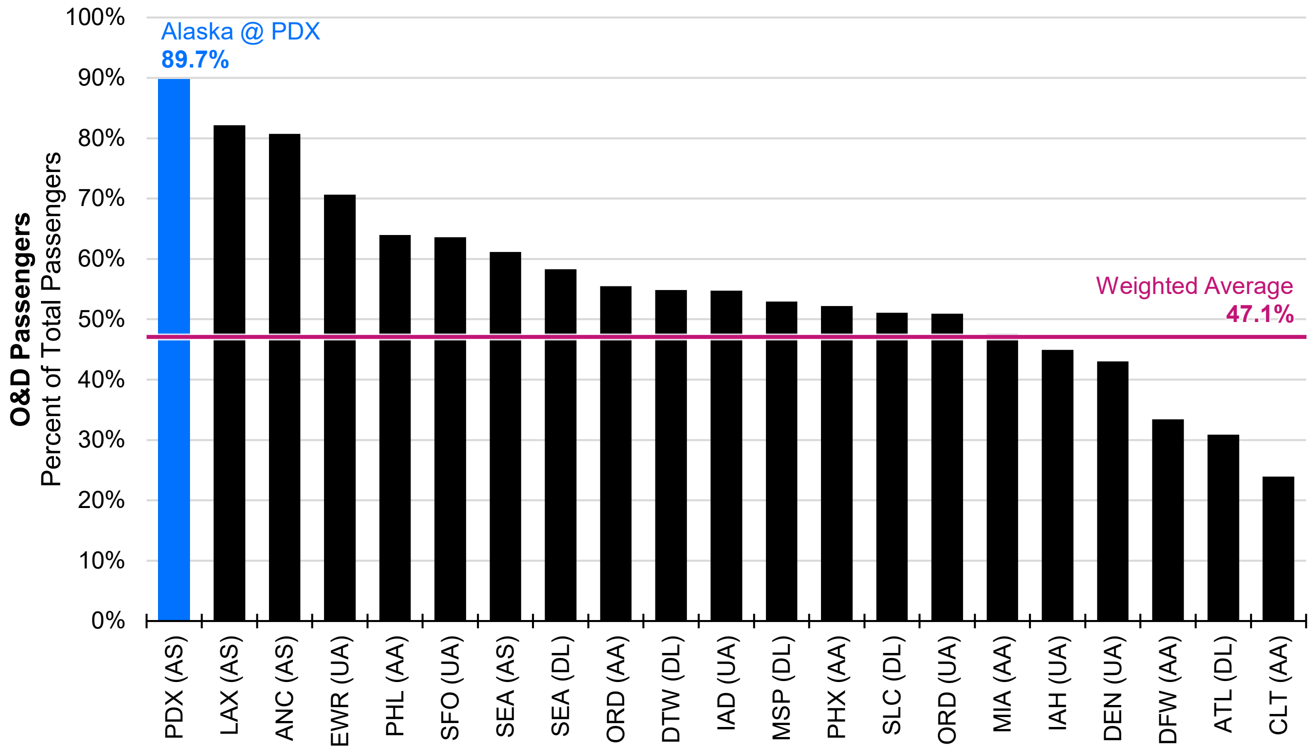
Figure 1-2 Enplaned Passengers Market Share by Airline at the Airport (FY 2023)



Notes: Regional affiliates, as applicable, have been included with their appropriate mainline partner.
Amounts may not add because of rounding.
Source: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2023.

In FY 2023, O&D passengers accounted for 47.1% of passengers on average at certain hubs for Alaska Air Group, Delta Air Lines, American Airlines, and United Airlines as shown below on **Figure 1-3**. By comparison, 89.7% of Alaska Air Group's passengers at the Airport were O&D, which is the highest level of O&D among this group of airports. Therefore, Alaska Air Group's operation at the Airport is more O&D passenger focused as compared to other traditional airline hubs where passenger connectivity is more pronounced. Alaska Air Group's percent of O&D passengers at the Airport has been increasing in recent years. For example, in FY 2017, Alaska Air Group's percent of O&D passengers at the Airport was approximately 73%. Given the decreases in passenger traffic since the COVID-19 pandemic, it could 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. More information on the Airport's O&D market is presented in Chapter 2.

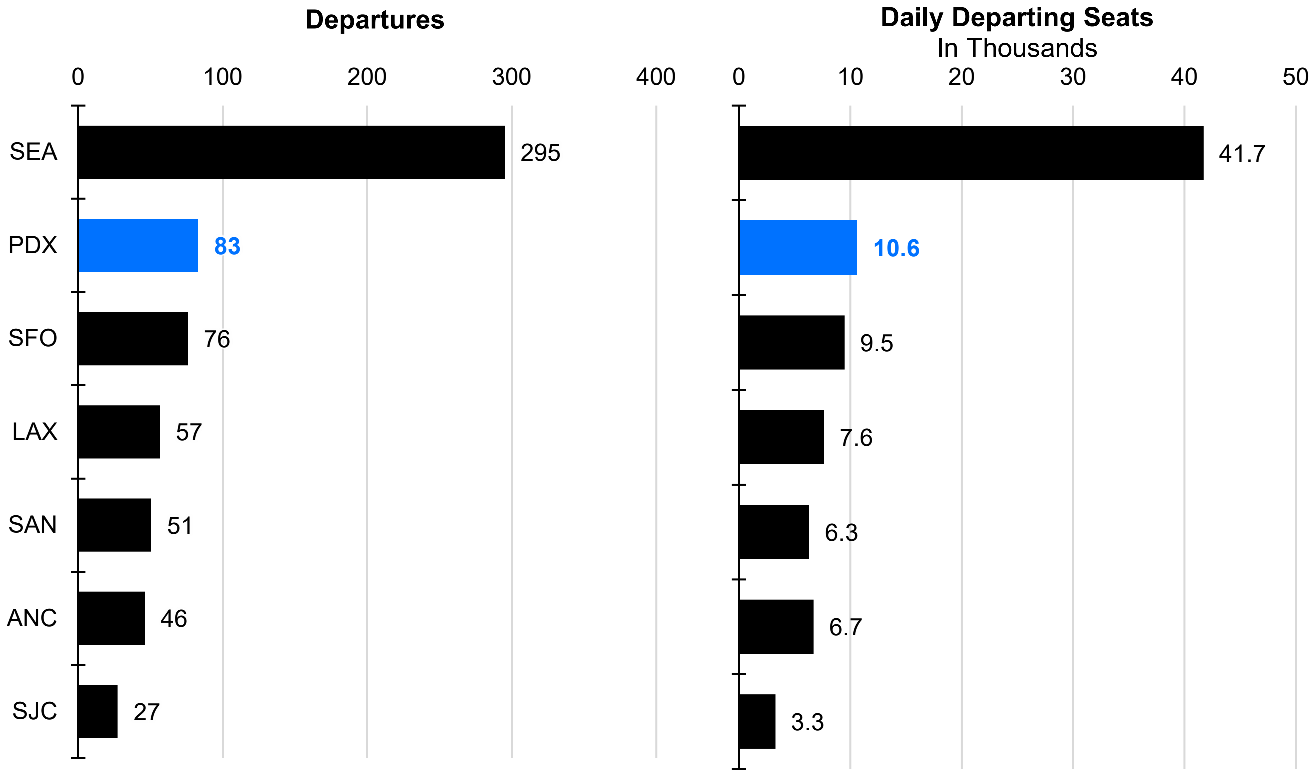
Figure 1-3 Percent of O&D Passengers at Certain U.S. Airline Hubs (FY 2023)



Source: US DOT Reports DB1A; US DOT T100 Report, accessed via Cirium, Diio Mi, accessed February 2024.

In FY 2023, Alaska Air Group had an average of 83 scheduled daily departures at the Airport, second only to its operation at SEA, which had 295 scheduled average daily departures. The 83 average daily departures were 13.1% of all daily departures and 12.4% of all daily departing seats at Alaska Air Group's hub and focus city airports. **Figure 1-4** presents the average daily departures and departing seats for each of Alaska Air Group's hub and focus city airports during FY 2023.

Figure 1-4 Average Daily Departures and Departing Seats at Alaska Air Group Hub and Focus City Airports (FY 2023)



Source: Cirium, Diio Mi, Schedule – Dynamic Table, accessed February 2024.

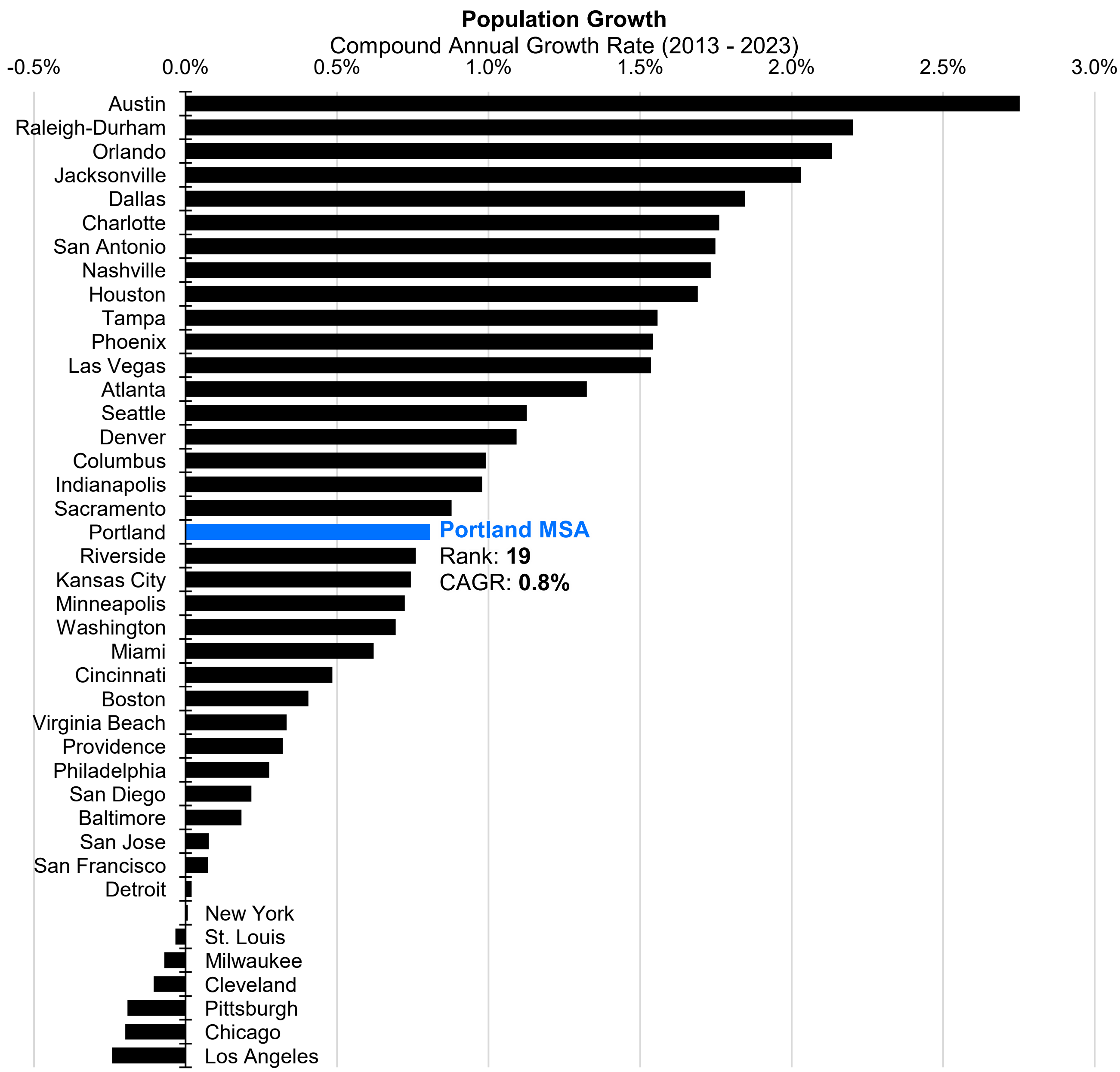
1.2 Economic Base for Air Traffic

Historically, air travel demand at an airport is largely correlated with the demographic and economic characteristics of the surrounding region. 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 socioeconomic trends and conditions in the ASA and present data indicative of its capability to generate demand for air transportation through the next few years. Historical trends and projections for population, employment, income, and gross regional product (GRP) for the ASA and the U.S. are provided in parallel to provide a basis of comparison. Where available, historical data will be presented for the CY 2013 through CY 2023 period, which represents the most recent 11-year trend for historical data. Also, where available, projections through CY 2031 are included to be consistent with air traffic and financial projections presented later in this Report. Historical data and projections are provided by Wood & Poole Economic, Inc (W&P) unless otherwise noted.

1.2.1 Population

A growing population is a significant source of demand for air travel. According to the U.S. Census Bureau, 41 of the 384 MSAs in the U.S. had a population in excess of 1.5 million people in CY 2023, including the Portland MSA. For the 11-year period of CY 2013 through CY 2023, population in the Portland MSA has increased at a compound annual growth rate (CAGR) of 08%, the 19th fastest rate for U.S. MSAs in excess of 1.5 million people. **Figure 1-5** presents the CY 2013-2023 CAGR for population in the nation's 41 largest MSAs.

Figure 1-5 Population Growth in MSAs with Population in Excess of 1.5 Million



Source: Woods & Poole Economics, Inc. 2024 Complete Economic and Demographic Data Source, July 2024.

Table 1-2 provides CY 2013 and CY 2023 population data from Woods & Poole Economics, Inc. Comparing 2023 to 2013, the population in the ASA increased by 8.4% from approximately 2.3 million to 2.5 million. During the same period, Oregon's population increased by 7.9% and the U.S. population increased 5.7%. Since 2013, the ASA's population has increased at a CAGR of 0.8%, the same as Oregon overall (0.8%) but higher than that of the U.S. as a whole (0.6%). Population forecasts for the ASA, State, and the U.S. are also presented on Table 1-2 and discussed in more detail below.

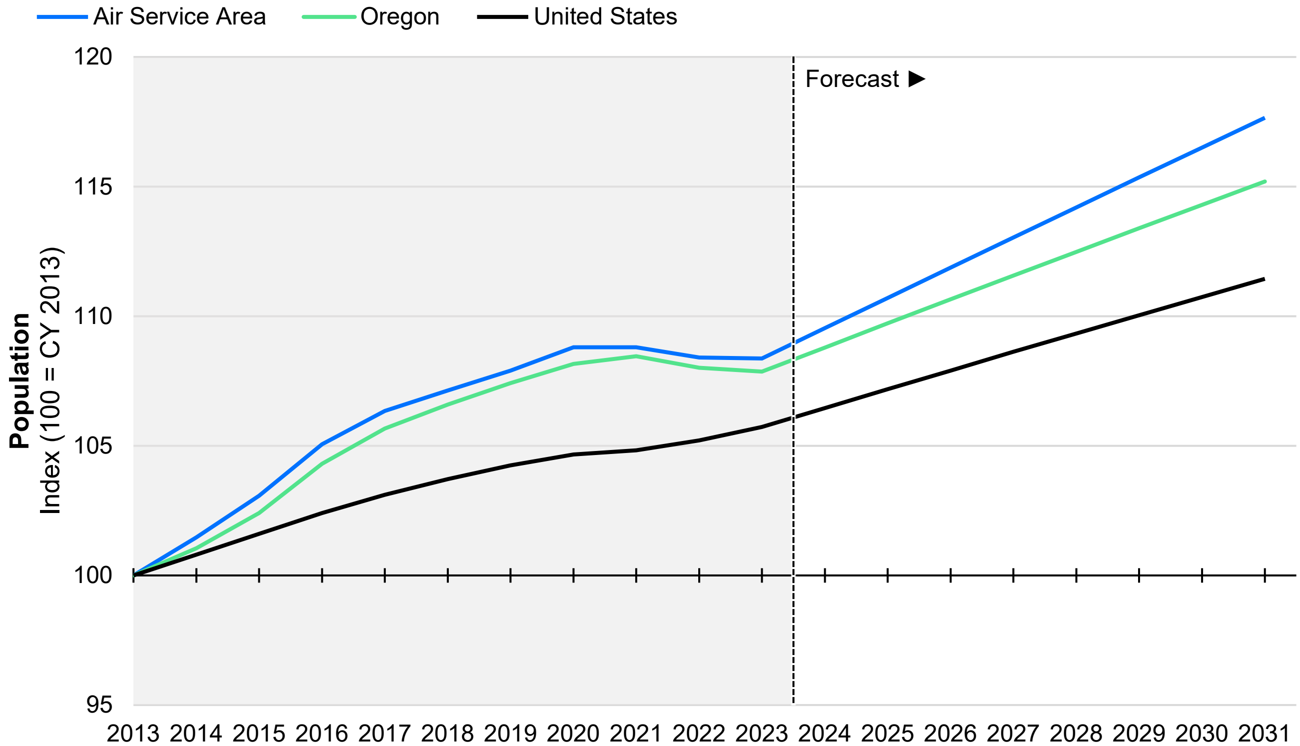
Table 1-2 Population by Region (CY 2013 - 2031)

	Population (In Thousands)			CAGR	
	Historical		Forecast		
Region	2013	2023	2031	2013-2023	2023-2031
United States	316,668	334,915	353,011	0.6%	0.7%
Oregon	3,925	4,233	4,521	0.8%	0.8%
Air Service Area	2,314	2,508	2,723	0.8%	1.0%
Clackamas County, OR	388	423	453	0.9%	0.9%
Columbia County, OR	49	54	56	0.9%	0.5%
Multnomah County, OR	767	790	840	0.3%	0.8%
Washington County, OR	555	599	659	0.8%	1.2%
Yamhill County, OR	100	109	116	0.8%	0.9%
Clark County, WA	444	521	585	1.6%	1.5%
Skamania County, WA	11	13	13	1.2%	0.7%

Notes: CAGR = Compound annual growth rate.
Source: Woods & Poole Economics, Inc., 2024 Complete Economic and Demographic Data Source, July 2024.

Figure 1-6 depicts historical and projected population indexed to CY 2013 for the ASA, the State, and the U.S. Population growth in the ASA has continually outpaced the nation from CY 2013 through CY 2020. Despite some decline in the population in CY 2021 through CY 2023, the ASA had remained at a higher indexed value than the nation. According to W&P, population in the ASA is forecast to increase from 2.5 million in CY 2023 to 2.7 million in CY 2031, resulting in a CAGR of 0.8%, which is the same rate forecasted for the State and more than the nation as a whole.

Figure 1-6 Historical and Projected Population Trends (CY 2013 - 2031)



Source: Woods & Poole Economics, Inc., 2024 Complete Economic and Demographic Data Source, July 2024.

According to the U.S. Census Bureau, there was a decline of nearly 900 people of the ASA in CY 2023. Since CY 2020, the ASA has lost an estimated 4,793 people. Natural change (births and deaths) and international immigration remained positive during this span, however, there has been a significant amount of people leaving the region domestically. The leading cause for the exodus is the pursuit of more affordable housing. According to a study, approximately 50% of the out-migrant households from the ASA were going to regions with less expensive housing like central Oregon, Washington, Texas, and Arizona.[9] The primary reason given for the high cost of housing is a housing shortage after years of underproduction.

Current forecasts indicate that there will be a need for approximately 120,000 new housing units by 2045, with about half being affordable housing.[10] For CY 2024, there are a number of housing construction projects in the ASA. Approximately 2,088 housing units are expected to be added within the next year spread among eight housing projects.[11]

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9 Oregon Office of Economic Analysis, Where Did People Leaving Portland Go?, accessed online at https://oregoneconomicanalysis.com/2023/12/07/where-did-people-leaving-portland-go/

10 City of Portland, 2045 Housing Need Analysis, December 2023.

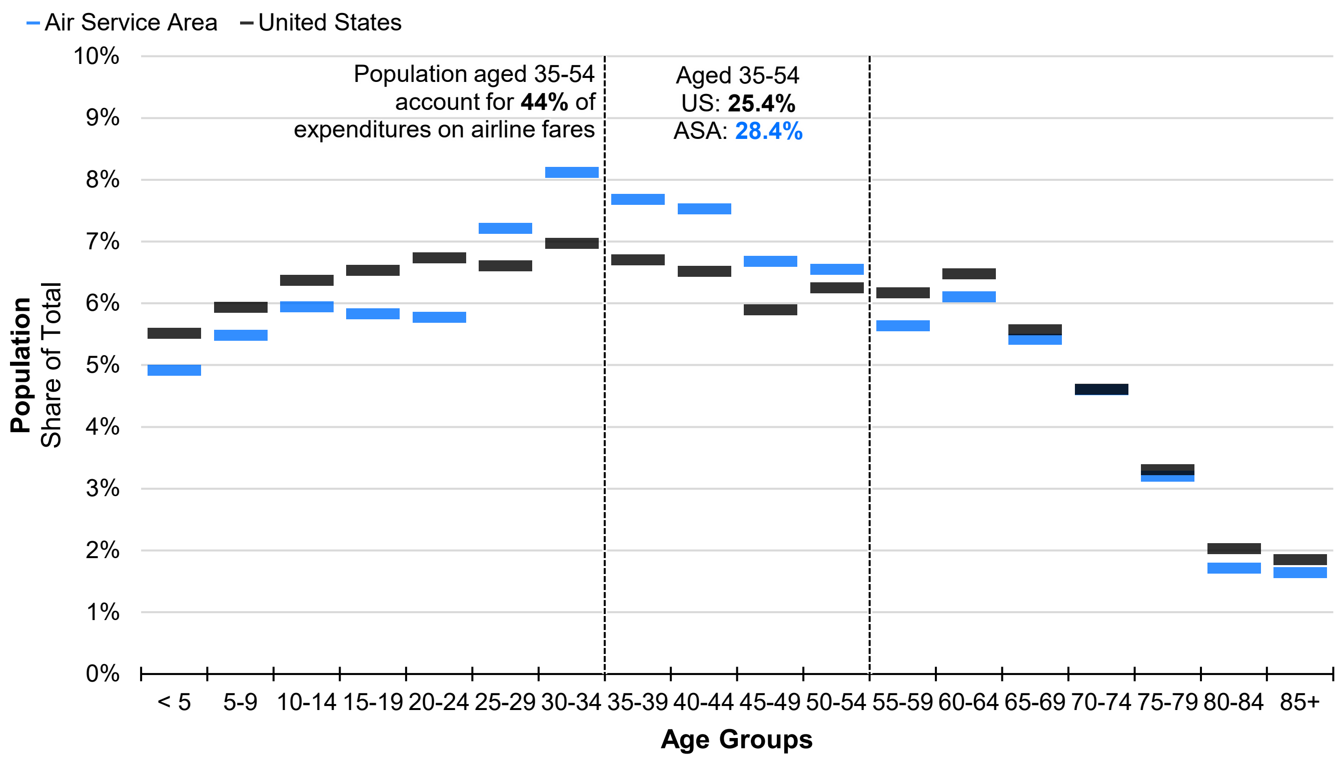
11 KGW8, Building projects expected to impact Portland's market this year: PDX terminal, more housing, accessed online at https://www.kgw.com/article/money/business/developments-expected-shape-portland-market-2024/283-57c65b30-568b-460f-8348-407d2ec66ffe

The Oregon Office of Economic Analysis released a forecast for the State in February 2024. The forecast indicates that population is expected to increase at a CAGR of 0.6%, below the 0.8% forecast provided by W&P. There are always many uncertainties associated with any forecast and they should always be viewed with caution as actual variance could be material. Given the W&P forecast is specific to the counties of the ASA and that the rate of out-migration has slowed since the initial push in CY 2022, this Report is considering the W&P forecast for air traffic projection purposes.

1.2.1.1 Age Distribution

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.[12] **Figure 1-7** presents the distribution of age groups among the population for the ASA and the U.S. Overall, the median age of the population for the ASA (40.8 years) is higher than nationally (38.8 years). In CY 2022, the ASA's share of population between the working ages of 35 and 54 was higher than that of the U.S. Persons within the ASA between the ages of 35 and 54 accounted for 28.4% of the population as compared to 25.4% for the U.S. This is the age group that typically spends the most on air travel.

Figure 1-7 Age Distribution (CY 2022)



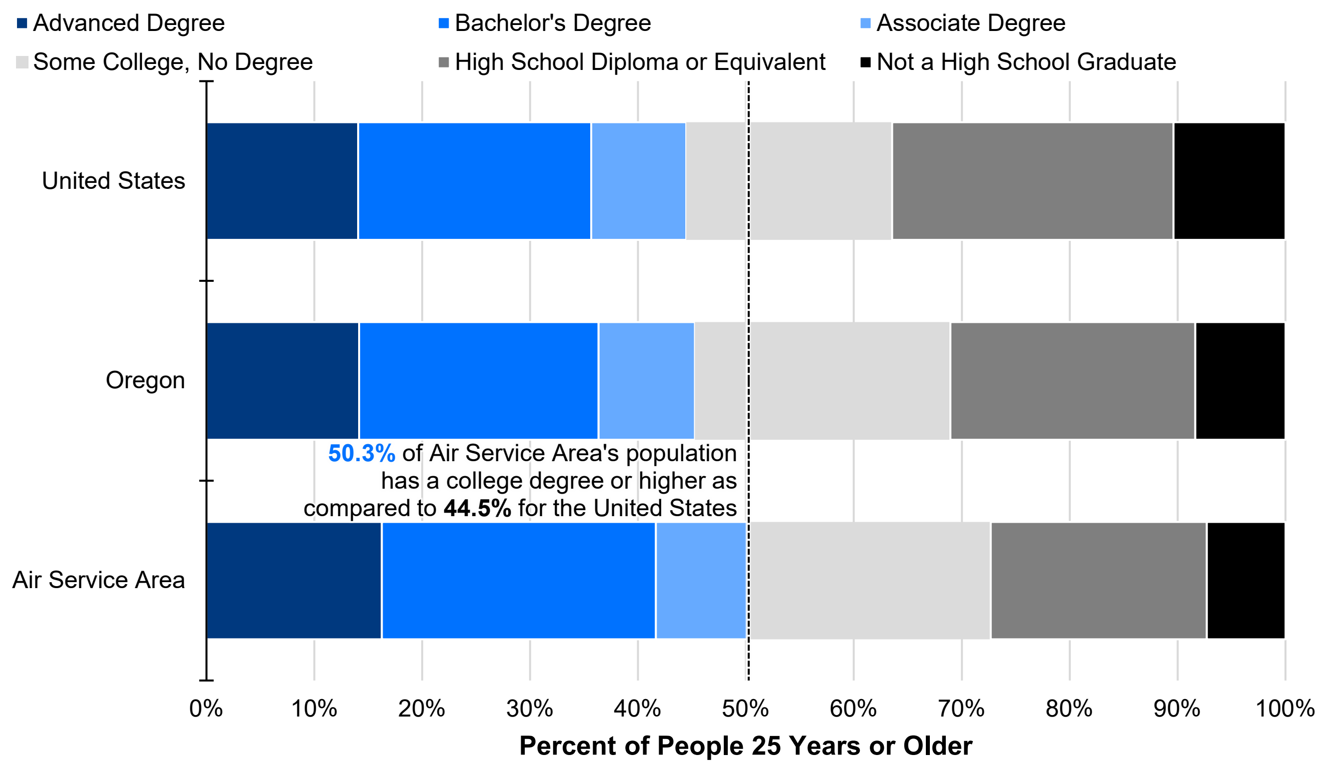
Source: US Census Bureau, 2022: ACS 1-Year Estimates Data Profiles.

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

1.2.1.2 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.[13] **Figure 1-8** presents the share of educational attainment for persons aged 25 or older within the ASA, the State, and the U.S. According to the U.S. Census Bureau, 50.3% of the population aged 25 or older in the ASA have a college degree or higher. By comparison, only 44.5% of the population aged 25 or older in the U.S. have a college degree or higher.

Figure 1-8 Educational Attainment (CY 2022)



Source: US Census Bureau, 2022: ACS 1-Year Estimates Data Profiles.

In addition to having a highly educated population, there are approximately 22 colleges, universities, and technical institutions in the ASA with a total enrollment of approximately 70,000 students.[14] These institutions have historically generated demand for air travel through academic conferences, visiting professorships, study abroad programs, and individual student and faculty travel. One large university, Portland State University, is located within the ASA. Two large universities in the State are located in the region, yet south of the ASA: Oregon State University in Corvallis and the University of Oregon in Eugene. The Airport is the nearest Medium or Large hub

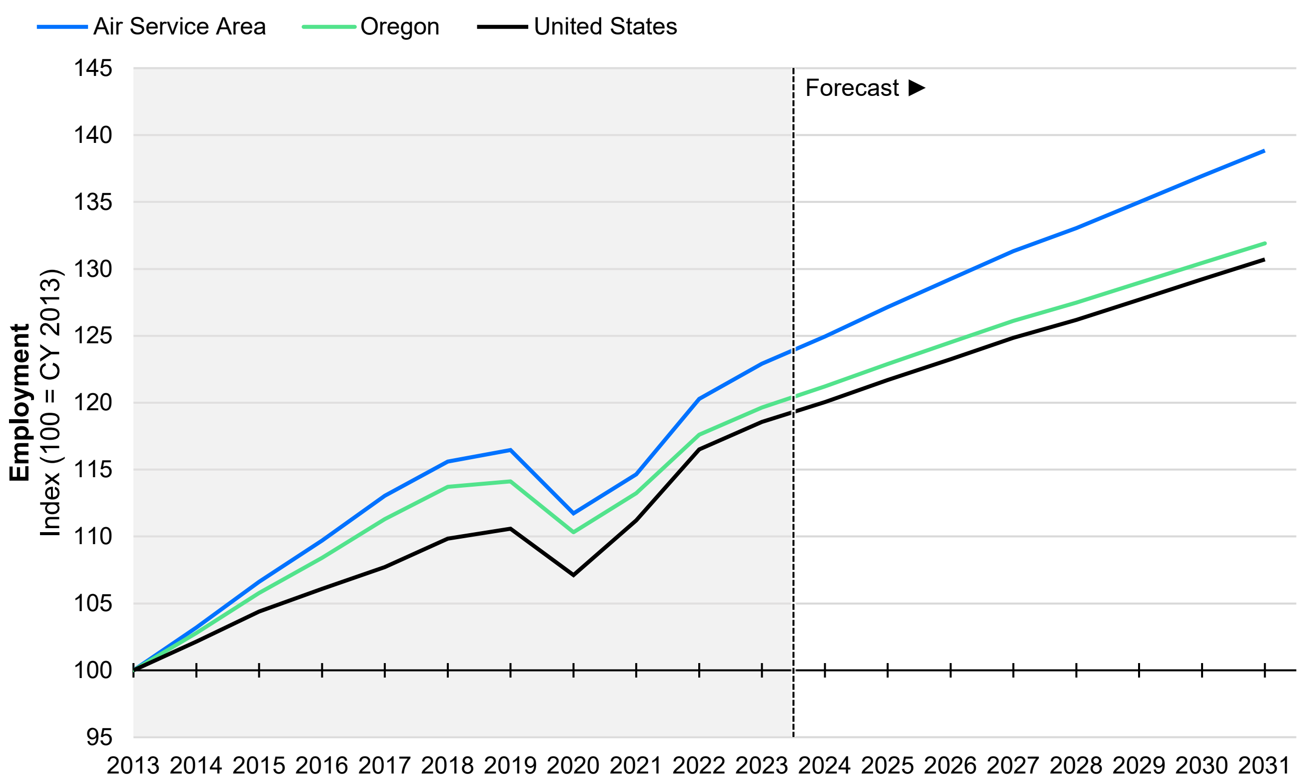
[13] *Who's Buying for Travel*, 12th Edition, New Strategist Publications, 2018.
[14] Applily, Colleges in Portland, accessed online at https://www.applily.com/colleges/city/colleges-in-portland in March 2024.

near these universities and, thus, supports a significant amount of air travel needs associated with these institutions.

1.2.2 Employment

Growth in employment is an important indicator of the overall health of the local economy. Historically, changes in population and employment tend to be closely correlated because people migrate in and out of areas largely depending on their ability to find work. **Figure 1-9** depicts historical and projected employment indexed to CY 2013 for the ASA, the State, and the U.S. From CY 2013 through CY 2019, employment in the ASA increased at a CAGR of 2.6% compared to 1.7% for the U.S. as a whole. In CY 2020, employment in the ASA decreased by 4.0% as a direct result of the impacts associated with the COVID-19 pandemic. The decline in employment was deeper compared to many other areas of the U.S. In CY 2020, employment in the U.S. decreased by 3.1%. In CY 2021, there was a significant recovery in employment both in the ASA and the U.S. Employment in the ASA increased by 2.6% in CY 2021 and 4.9% in CY 2022 which resulted the Air Service Area having more employed persons in CY 2022 than it did in CY 2019. The ASA overall is forecast to have a higher long-term growth rate in employment over the projection period as compared to the U.S. as a whole.

Figure 1-9 Historical and Forecasted Employment Trends (CY 2012 – CY 2031)

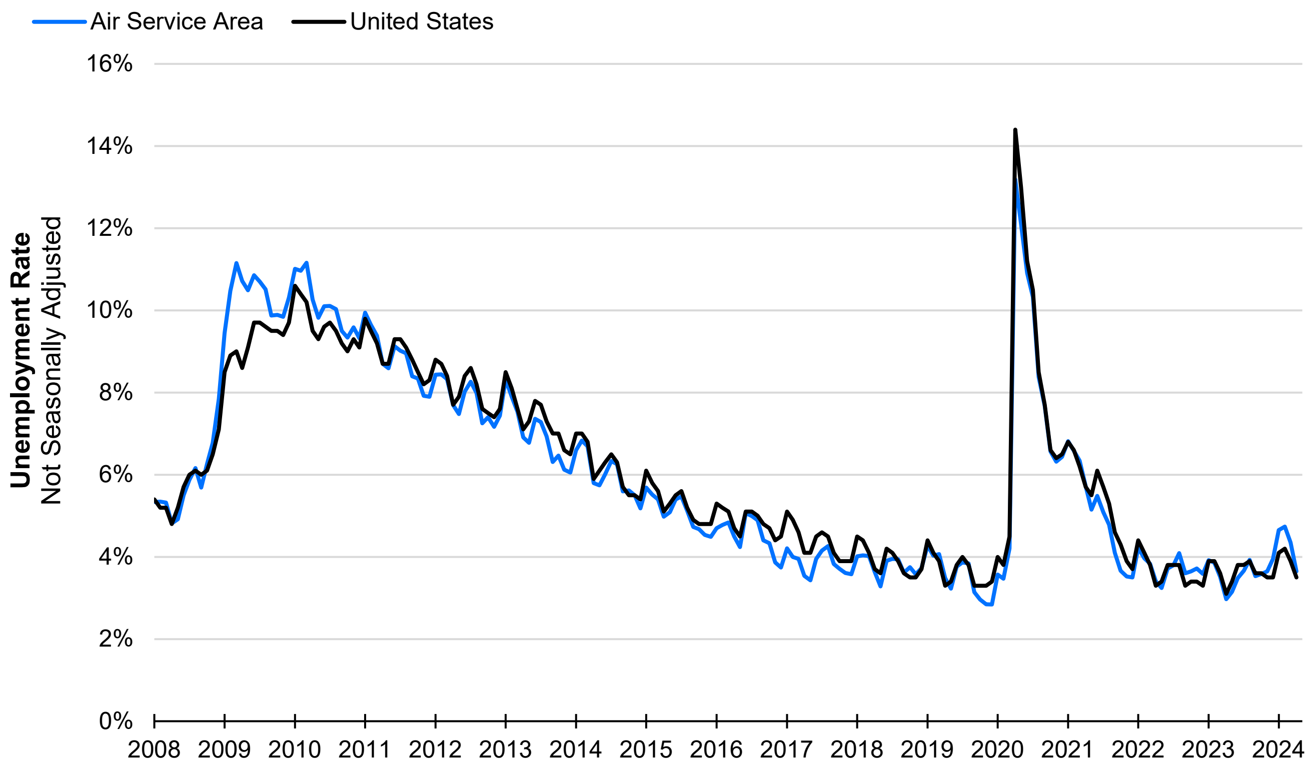


Source: Woods & Poole Economics, Inc., 2024 Complete Economic and Demographic Data Source, July 2024.

1.2.2.1 Labor Force and Unemployment Trends

Unemployment rates are an indicator of economic health as rates usually decrease as economic activity in the region grows. **Figure 1-10** presents the historical unemployment rates for the ASA and the U.S. As shown, from CY 2008 through CY 2019, unemployment rates in the ASA trended similar to the national average but at a consistently more favorable rate with the primary exception of CY 2009 and CY 2010. Primarily as a result of the Great Recession (generally late CY 2007 to mid CY 2009) and its lingering impacts, unemployment for the ASA peaked at 11.2% in March 2010 as compared to the national unemployment peak of 10.6% in January 2010. Total employment during CY 2019 increased at a faster rate than population since the end of the Great Recession, resulting in significant declines in unemployment rates during that time. However, since the impacts associated with the COVID-19 pandemic occurred in the U.S. starting in March 2020, unemployment rates increased to historic levels as a result of stay-at-home orders and companies hedging for potential losses. In April 2020, the unemployment rate for the ASA reached 13.2% compared to the national rate of 14.4%. Both the national unemployment rate and the unemployment rate in the ASA declined relatively rapidly from these peaks over the next several months. In April 2024, the unemployment rate for the Air Service Area was 3.6%, which was higher than that of the U.S. at 3.5%.

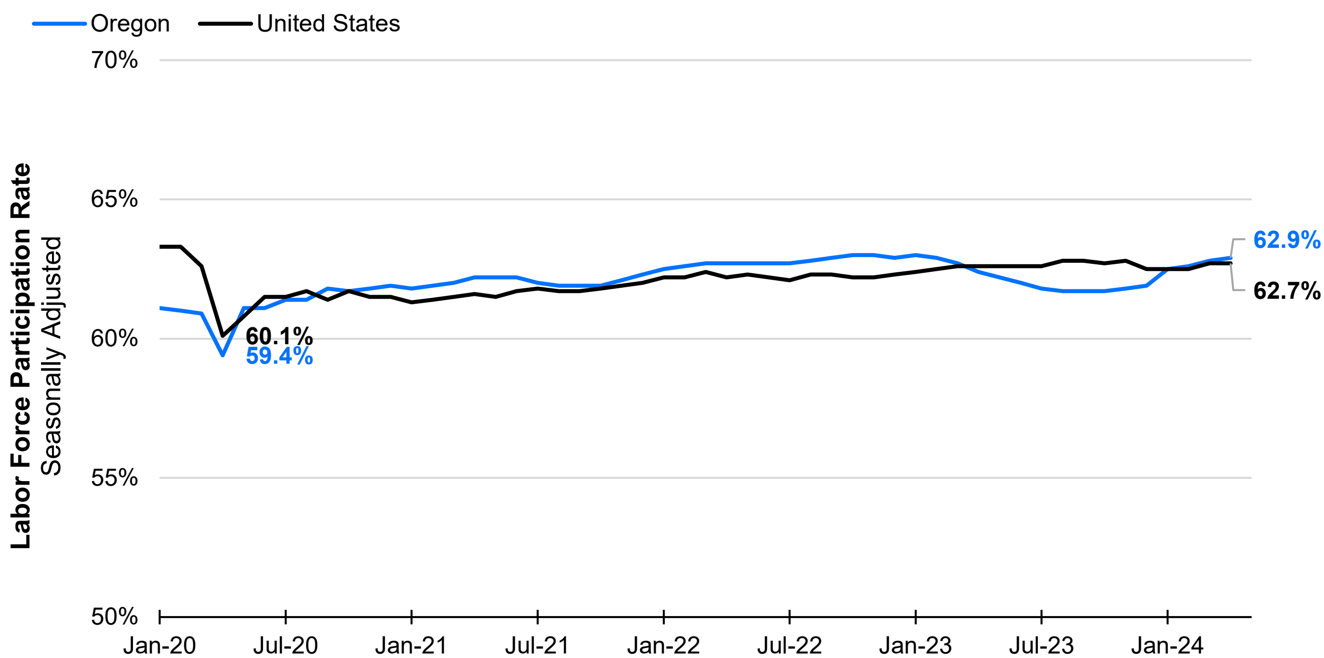
Figure 1-10 Unemployment Rates (January 2008 - April 2024)



Note: Not seasonally adjusted.
Sources: U.S. Department of Labor: Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey, accessed May 2024.

Labor force participation rate is the share of people of 16 or older who are employed or actively seeking employment to the non-institutionalized, civilian working-age population. In January 2020, the State had a labor force participation rate of 61.1% compared to 63.3% in the U.S. Labor force participation rates were consistently well above the national rates starting in September 2020. However, beginning in April 2023, the State's participation rate has dropped below the national average. In April 2024, 62.9% of working age people in Oregon were either employed or actively looking for employment compared to 62.7% for the U.S. **Figure 1-11** presents the monthly labor force participation rates since January 2020.

Figure 1-11 Labor Participation Rates (January 2020 – April 2024)

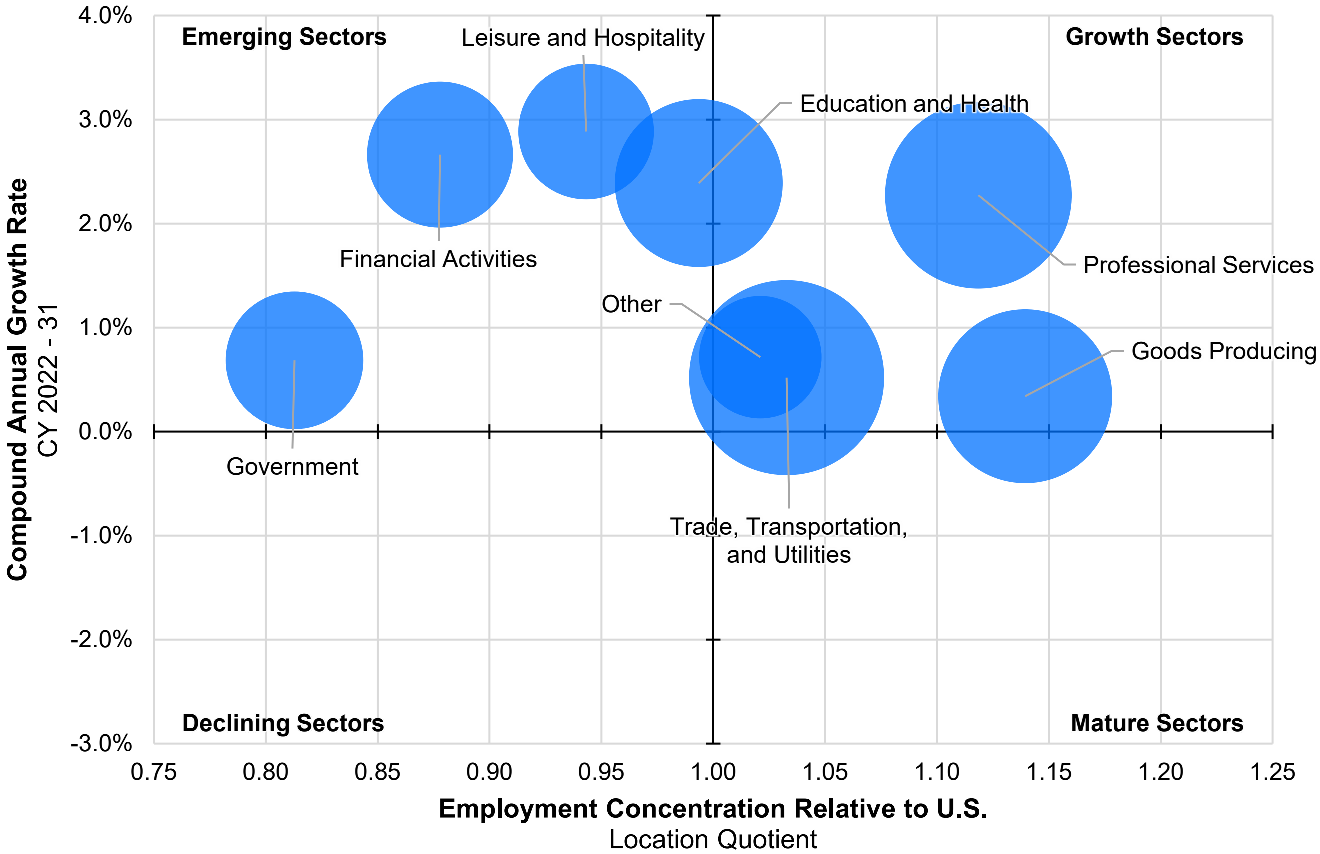


Source: U.S. Department of Labor: Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey, accessed February 2024.

1.2.2.2 Employment by Industry

The breakdown of jobs by employment sectors within a region can provide insight as to how resilient the local economy is to downturns. **Figure 1-12** presents a comparison of employment by industry sector between the ASA and the U.S. and the forecasted future growth of each sector. The comparison is provided using a location quotient (LQ) which is an analytical statistic that measures a region's industrial specialization relative to a larger geographic unit. A LQ is computed as an industry's share of a regional total for some economic statistic (earnings, GRP by metropolitan area, employment, etc.) divided by the industry's share of the national total for the same statistic. For example, the ASA's professional services sector has a LQ of 1.12 which means the region has a higher concentration in professional services than the nation. Furthermore, the leisure and hospitality; professional services; and education and health sectors are projected to have some of the highest growth in jobs in the region. The growth for these sectors is higher than the national average which results in their LQs increasing over time. Overall, the ASA's employment sectors continue to supply jobs that have a need for air travel.

Figure 1-12 Employment by Industry (CY 2022 – CY 2031)



Note: A location quotient (LQ) is an analytical statistic that measures a region's industrial specialization relative to a larger geographic unit. An LQ is computed as an industry's share of a regional total for some economic statistic (earnings, GDP by metropolitan area, employment, etc.) divided by the industry's share of the national total for the same statistic.

Source: Woods & Poole Economics, Inc., 2024 Complete Economic and Demographic Data Source, July 2024.

1.2.2.3 Major Employers

The top 25 employers in the ASA are shown in **Table 1-3**. These employers serve a diverse range of industries including but not limited to health care, electronics, education, and retail. 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 1-3 ASA Largest 25 Employers (CY 2022)

Rank	Name	Regional Location	Industry	Regional Employees
1	Providence Health & Services	Portland	Health Sciences	23,100
2	Intel	Hillsboro	Electronics	22,328
3	Oregon Health & Science University	Portland	Health Sciences	19,603
4	Nike	Beaverton	Athletic & Outdoor	15,522
5	Legacy Health	Portland	Health Sciences	13,087
6	Kaiser Permanente	Portland	Health Sciences	12,514
7	Fred Meyer Stores	Portland	Retail	9,000
8	Portland State University	Portland	Education	5,417
9	PeaceHealth	Vancouver	Health Sciences	4,482
10	Lam Research	Tualatin	Electronics	4,000
11	U.S. Bank	Portland	Financial Services	3,144
12	Portland Community College	Greater Portland	Education	3,049
13	Daimler Trucks North America	Portland	Manufacturing	3,000
14	Precision Castparts	Portland	Metals & Machinery	2,500
15	Portland General Electric	Portland	Energy	2,423
16	Alaska Airlines (and Horizon)	Greater Portland	Transportation	2,400
17	Wells Fargo	Portland	Financial Services	2,044
18	Columbia Sportswear	Portland	Athletic & Outdoor	2,000
19	Jacobs	Portland	Professional Services	1,938
20	Adventist Health Portland	Portland	Health Sciences	1,876
21	Umpqua Bank	Portland	Financial Services	1,719
22	adidas America	Portland	Athletic & Outdoor	1,714
23	JLL	Portland	Real Estate	1,700
24	Fisher Investments	Camas	Financial Services	1,667
25	KinderCare Education	Lake Oswego	Education	1,500

Sources: Portland Business Journal, The Oregonian, local municipalities, GPI research.

1.2.2.4 Business Climate

The ASA has an economy supported by a highly educated and skilled workforce. For businesses, the ASA has competitive commercial real estate costs, some of the lowest energy costs in the U.S., tax incentive programs, and unique tax advantages in the two states the region straddles. Oregon has no sales tax and low corporate income taxes while Washington has no personal or corporate income tax.[15] According to Oregon's Department of Consumer and Business Services, workers' compensation costs are among the lowest in the nation and are dropping for the 11th-straight year in 2024.[16]

15 Greater Portland, *17 Reasons to Move Your Business to Portland, Oregon*, January 31, 2023, accessed online at https://www.greaterportlandinc.com/research-center/community-profiles/p/item/1093/regional-profile, February 2024.

16 Oregon Department of Consumer and Business Services, Workers' Compensation Cost, accessed online at https://www.oregon.gov/dcbs/reports/cost/pages/index.aspx, February 2024.

A region's 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. According to U.S. News & World Report, Portland ranks as the 36th best place to live in the U.S. out of the 150 most populous metropolitan areas in 2023-24, the 2nd highest ranking of cities on the U.S. West Coast behind San Jose, CA.[17] People in the region have access to ample public transportation, can enjoy active lifestyles with available outdoor recreation options, can take part in a renowned food and arts scene, and have access to other metropolitan amenities. The ASA's quality-of-life is an important factor in recruiting both businesses and workers.

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.[18] In September 2023, the Portland City Council adopted a business tax incentive to bring more businesses to downtown. The tax credit allows eligible businesses a credit for the full amount of business tax owed in a year up to $250,000 per taxpayer. Combined efforts by local and state economic development agencies, coordinated by Business Oregon, the Columbia River Economic Development Council, and Greater Portland Inc. have resulted in numerous successful efforts to attract and retain employers in the ASA. Since 2021, prominent firms that have moved to or expanded in the ASA include 10Net (Vancouver, B.C.), Arc'Teryx (North Vancouver, B.C.), Element Six (Santa Clara), ePac Flexible Packaging (Austin), Genentech, NSI, Oros (Cincinnati), RealWear (Silicon Valley), SICDRONE (Boston), SIQ Basketball, and Twist Bioscience (San Francisco). [19]

Technology Industry

The Silicon Forest is the name for the cluster of high-tech firms located in Washington County. The Silicon Forest is home to an estimated 6,000 technology companies that employ more than 81,000 workers.[20] Semiconductors & electronics is Oregon's largest manufacturing sector in terms of employment, exports, and contribution to the State's GRP. Intel, the world's most advanced semiconductor fabrication manufacturer, opened its first facility in Oregon in 1974 and has since invested $59 billion in capital to the region.[21] The company is the largest private-sector employer in the State. As of January 2023, Intel employed 22,000 people across its four campuses in Hillsboro among manufacturing, hardware, software, and more. Other major semiconductor companies in the region include, but is not limited to, Jireh Semiconductor, which makes analog chips for power management; TSMC Washington, formerly known as WaferTech which has a one-million square foot fabrication complex in Camas, Washington; and Lam Research, supplier of wafer-fabrication equipment.

17 U.S. News and World Report, Best Places to Live in the U.S. in 2023-2024, accessed online at https://realestate.usnews.com/places/rankings/best-places-to-live, March 2024.
18 Business Oregon, Programs, accessed online at https://www.oregon.gov/biz/programs/Pages/default.aspx, February 2024.
19 Greater Portland, Success Stories, https://www.greaterportlandinc.com/site-selection/success-stories; News, Greater Portland Inc., https://www.greaterportlandinc.com/news-and-events/news/?archives=1, accessed September 2022.
20 State of Oregon, High Technology, accessed online at https://www.oregon.gov/biz/programs/homeareas/byboregon/targetindustries/pages/tech.aspx, February 2024.
21 Intel, Innovating and Investing in Oregon Since 1974, accessed online at https://www.intel.com/content/www/us/en/corporate-responsibility/intel-in-oregon.html, February 2024.

Despite accounting for between 45-50% of global revenues in semiconductors, the U.S. share of semiconductor manufacturing capacity, which was 37% in 1990, dropped to 12% in 2021. At the time, the U.S. was projected to account for only 6% of the new global capacity over the next 10 years. The CHIPS[22] Act of 2022, was passed into law to boost the U.S. competitiveness, reduce supply disruption, create new jobs, and strengthen the economy. The CHIPS Act provided $52.7 billion for American semiconductor research, development, manufacturing, and workforce development.[23] A Semiconductor company in the ASA, Microchip, was the second company to receive federal funding as part of the CHIPS Act. The company will receive $72 million to expand its manufacturing facility just outside of Portland, an $800 million initiative that was already underway. On top of the CHIPS Act, the State has announced that it will provide $240 million in state funding for semiconductor companies.[24] A total of 15 companies have been selected to receive a portion of the State funding with the largest share given to Intel. It is anticipated that the funds provided will help create more than 6,000 permanent jobs in the State.[25]

Bioscience Industry

Bioscience is an emerging segment of Oregon's economy. In 2019, $845 million pharmaceuticals, medicine, and medical equipment were exported out of Oregon, nearly triple that in 2009.[26] According to Coldwell Banker Richard Ellis (CBRE), Portland is one of top emerging markets for life sciences as it is 5th in life sciences R&D employment growth from 2019 through second quarter 2022. Specialized university labs in the region - including Oregon Health & Science University's National Primate Research Center, UO's Genomics & Cell Characterization Core Facility, and Oregon Health & Science University's biolibrary of tissues and blood - provide hands-on education to produce highly skilled talent to the region. The semiconductor industry in the region provides professional support to the bioscience companies with expertise in delivering “cleanrooms” for product testing and development.[27]

Key employers in the bioscience industry include Genentech, ThermoFisher Scientific, Micro Systems Engineering, Acumed, and Asbci. Additionally, Oregon Health & Science University is home to the Knight Cancer Institute which provides personalized cancer medicine. The ASA has a concentration of life scientists and biological technicians that is twice the national rate due to the opportunities from these companies. San Francisco based Twist Bioscience, opened a 110,000-square-foot manufacturing site in Wilsonville, OR in November 2022. The company manufactures synthetic DNA. When fully operational, the facility is expected to employ as many as 400 workers.

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22 CHIPS is an acronym for Creating Helpful Incentives to Produce Semiconductors.
23 The White House, FACT SHEET: CHIPS and Science Act Will Lower Costs, Create Jobs, Strengthen Supply Chains, and Counter China, accessed online at https://www.whitehouse.gov/briefing-room/statements-releases/2022/08/09/fact-sheet-chips-and-science-act-will-lower-costs-create-jobs-strengthen-supply-chains-and-counter-china/, February 2024.
24 State Senate Bill 4 set aside $190 million but lawmakers added $50 in a close-of-session budget reconciliation measure.
25 Axios Portland, Oregon's semiconductor industry scales up with investment, https://www.axios.com/local/portland/2024/02/05/oregon-semiconductor-growth-funding-microchip, February 2024.
26 Business Oregon, Target Industries: Bioscience, accessed online at https://www.oregon.gov/biz/programs/homeareas/byboregon/targetIndustries/Pages/bioscience.aspx, February 2024.
27 Greater Portland, Greater Portland Companies Lead Bioscience R&D, accessed online at https://www.greaterportlandinc.com/industries/bioscience, February 2024.

Apparel and Outdoor Products Industry

The apparel and outdoor industry employs an estimated 21,000 workers in the ASA. The region is considered one of the highest concentrations of apparel and outdoor talent in the world. Some of the largest companies in this sector have been located in the ASA, providing access to industry veterans and hands-on learning opportunities. Educational institutions in the ASA offer six apparel and outdoor specific higher education programs. Most notable of these programs is the University of Oregon's Master of Science in Sports Product Managements, the first of its kind in the U.S.

The apparel and outdoor industry in the ASA is headlined by some of the most recognizable companies in the world such as Nike, Columbia Sportswear, Adidas North America, and LaCrosse Footwear. However, prominent national and international brands have set up operations in the region in order to tap into its talent pool. These companies include Under Armour, Merrell, Dr. Martens, Sorel, Keen, Lululemon, On, Yakima, Nautilus, Arc'Teryx, Prana, and others.[28]

1.2.3 Income

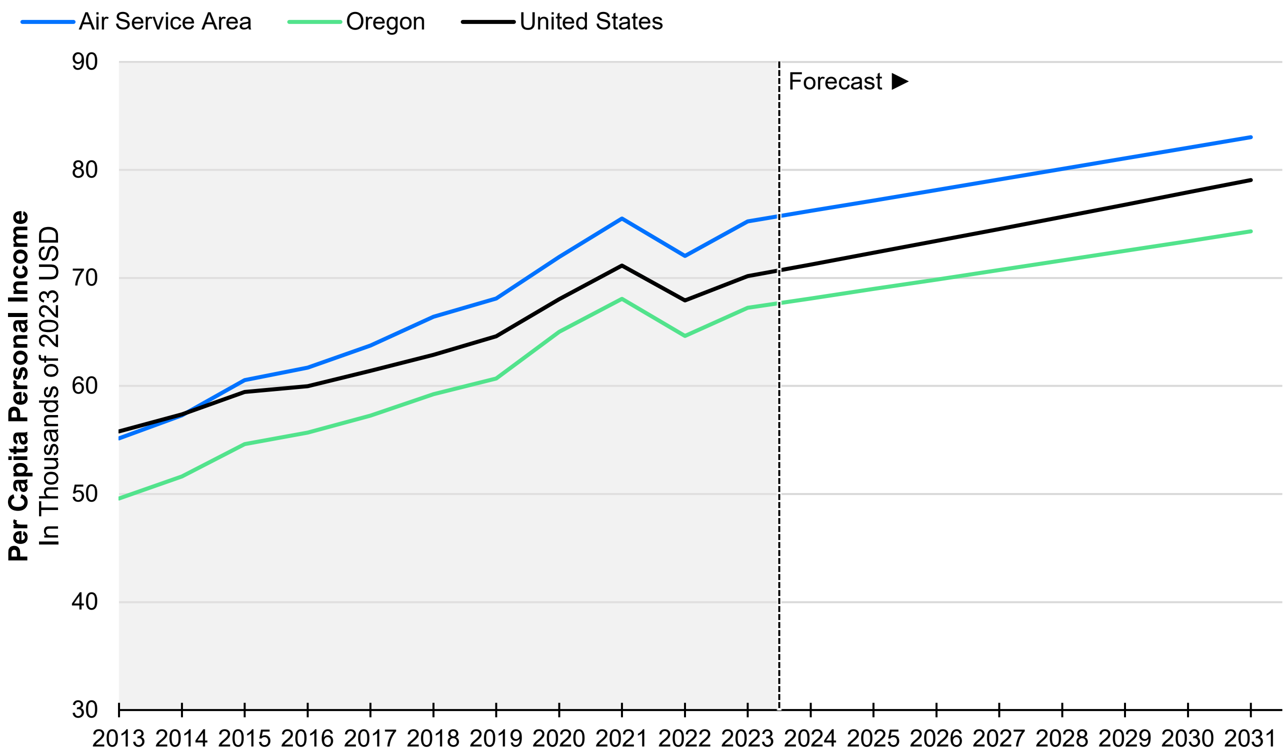
Income statistics are broad indicators of the relative earning power and wealth of an area and provide a measure of the relative affluence of a region's residents and, consequently, of their ability to afford air travel.

1.2.3.1 Per Capita Personal Income

Per capita personal income (PCPI) corresponds to the income per resident (total income divided by total population). **Figure 1-13** provides the historical and forecasted PCPI for the ASA, the State, and the U.S. from CY 2013 through CY 2031 in 2023 U.S. dollars (USD). In CY 2013, PCPI in the Air Service Area was $55,153, which was lower than the national average of $55,799. From CY 2013 through CY 2023, PCPI in the ASA has increased at a CAGR of 3.2% as compared to a 2.3% CAGR for the U.S. This faster growth resulted in the PCPI in the ASA reaching an estimated $75,252 in CY 2023 which was $5,080 higher than the national average.

[28] Greater Portland, The Largest Concentration of Apparel & Outdoor Companies is in Greater Portland, https://www.greaterportland inc.com/industries/apparel-and-outdoor, accessed February 2024.

Figure 1-13 Historical and Forecasted Per Capita Personal Income (CY 2013 – CY 2031)



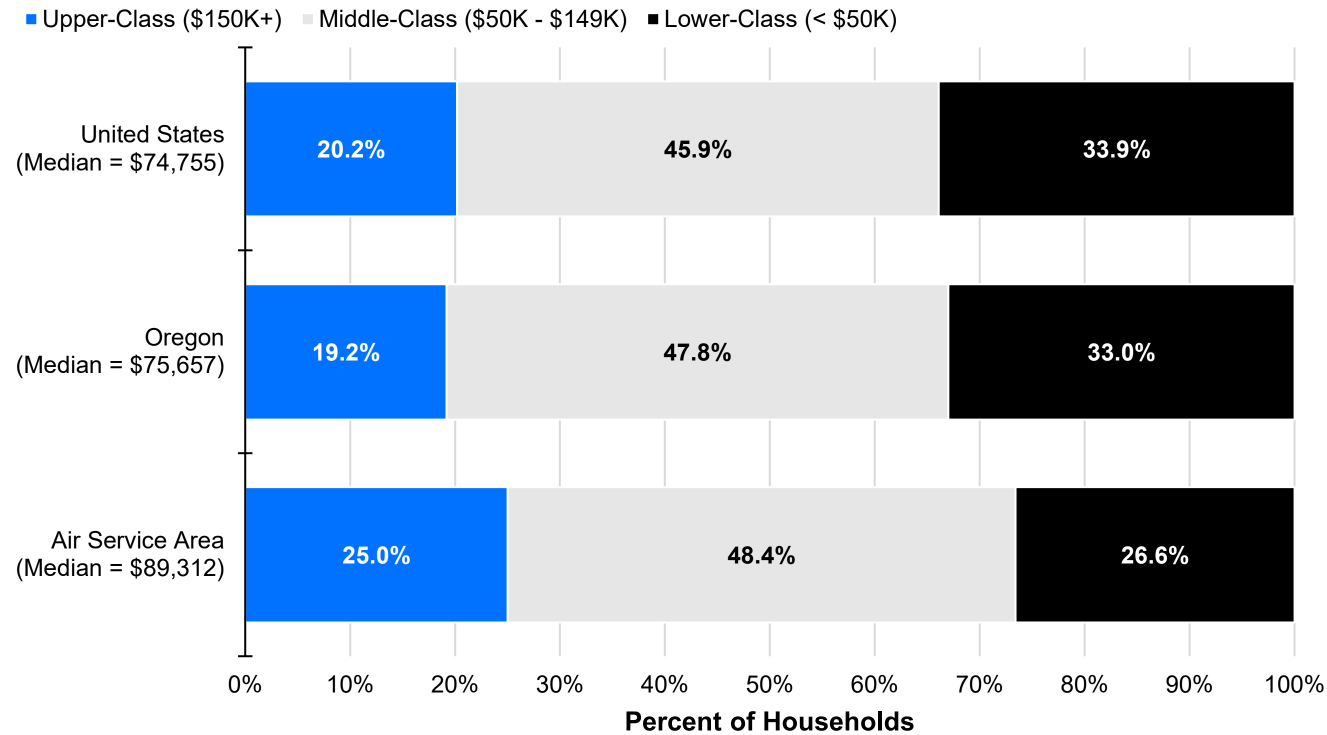
Source: Woods & Poole Economics, Inc., 2024 Complete Economic and Demographic Data Source, July 2024.

1.2.3.2 Household Income

To understand the distribution of income within the region, households within the ASA were segmented into three categories: upper-class households, middle-class households, and lower-class households. The Pew Research Center defines the upper-class as adults whose income is more than double the national median. In CY 2022, the national median household income was $74,755, so upper-class would be considered those with a household income over $149,510. For the purposes of this Report, upper-class has been defined as those with a household income of $150,000 or more. The Pew Research Center defines the middle-class as adults whose income falls between two-thirds and double the national median. For the purposes of this Report, middle-class has been defined as those with a household income of at least $50,000 but less than $150,000. Households in the middle and upper-class brackets are more likely to have individuals whose jobs require travel when compared to lower-class households. Additionally, upper-class households generally have more disposable income and can therefore afford more leisure travel than households in other income brackets.

Figure 1-14 presents the percentage of households within each income bracket for the ASA as compared to the U.S. for CY 2022. As shown, 25.0% of households in the ASA were considered upper-class, which is above the national average of 20.2%. Additionally, the Air Service has a larger share of middle-class households (48.4%) compared to the U.S. (45.9%).

Figure 1-14 Household Income Distribution (CY 2022)

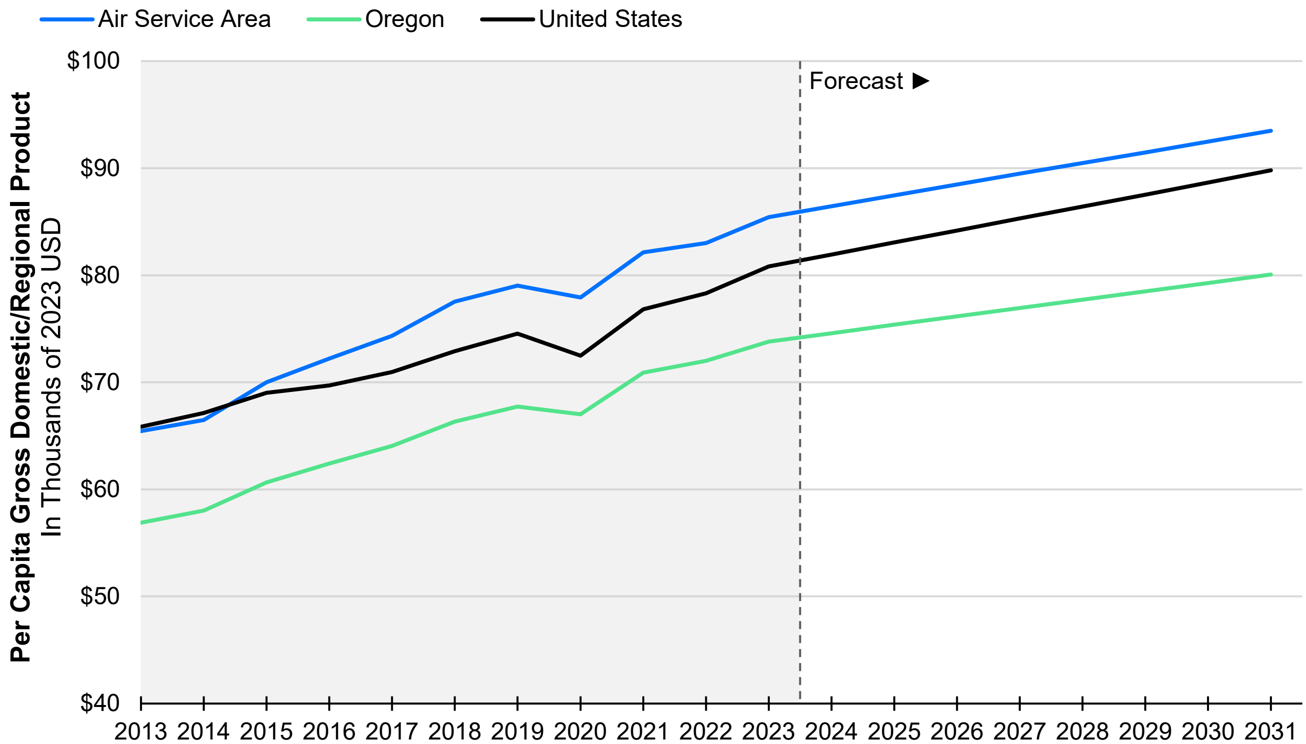


Source: US Census Bureau, 2022: ACS 1-Year Estimates Data Profiles, accessed February 2024.

1.2.4 Gross Domestic / Regional Product

Gross domestic product (GDP) and GRP are measures of the value of all final goods and services produced within a geographic area. These 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 1-15** presents the historical and forecasted GDP for the U.S. and GRP for the State and the ASA on a per capita basis from CY 2013 through CY 2031. Over the period shown, GRP for the ASA on a per capita basis has been higher than that of the U.S. since CY 2014; however, the ASA has trended much closer to the U.S. in recent years. Growth in GRP on a CAGR basis for the ASA is forecasted through CY 2031, which is forecast to result in the U.S. per capita GDP to narrow the gap between it and the ASA.

Figure 1-15 **Historical and Forecasted Per Capita Gross Regional and Gross Domestic Product (CY 2013 – CY 2031)**



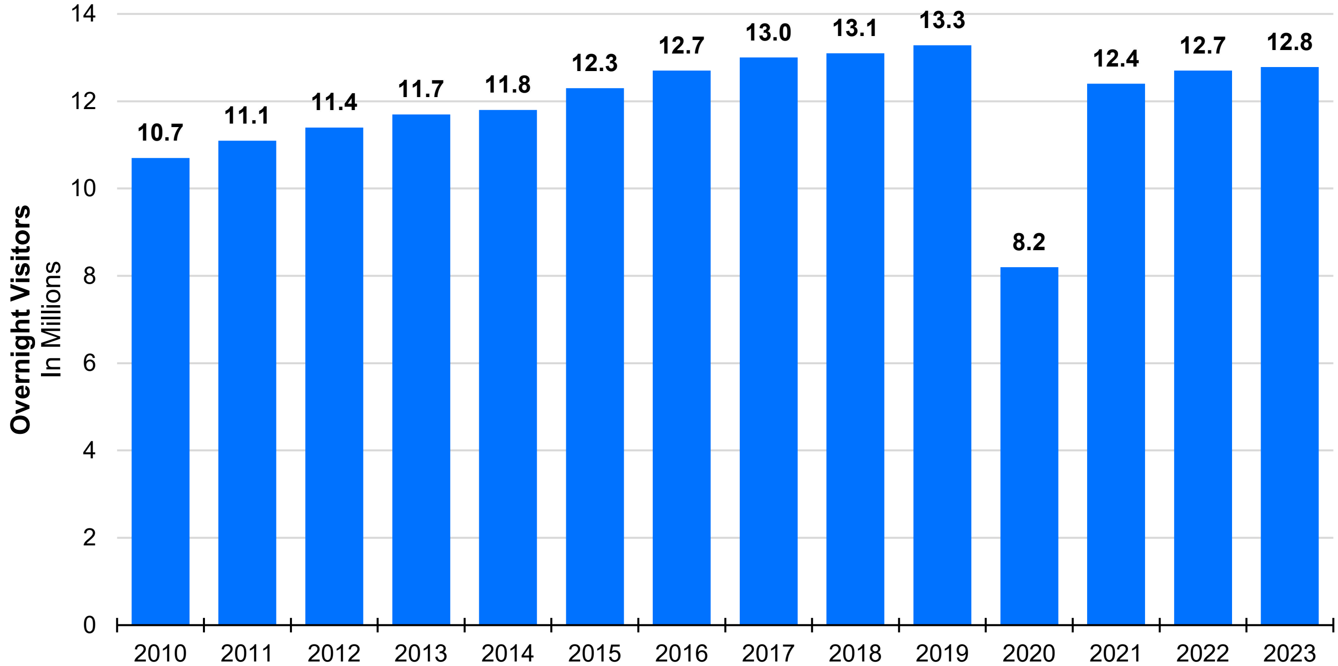
Source: Woods & Poole Economics, Inc., 2024 Complete Economic and Demographic Data Source, July 2024.

1.2.5 Regional Tourism and Visitors

In CY 2019, there was a record of approximately 13.3 million overnight visitors in the Portland Region[29]. Visitor volume declined significantly in CY 2020 primarily as a result of the impacts associated with the COVID-19 pandemic but has quickly recovered. In CY 2023, there were approximately 12.8 million overnight visitors (96% of CY 2019 levels). **Figure 1-12** presents the annual overnight visitor volume for the Portland Region. The 13.3 million overnight visitors to the Portland Region in CY 2019 generated approximately $5.2 billion in direct spending, and approximately $248 million in state and local tax revenue.

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

Figure 1-16 Overnight Visitors to Portland Region (CY 2010 – CY 2023)



Source: Dean Runyan Associates, The Oregon Travel Impacts Study: 2023 Economic Impacts Dashboard, accessed online at https://www.travelstats.com/impacts/oregon.

1.2.5.1 Oregon Convention Center

The Oregon Convention Center (OCC) is the nation's first LEED®-certified meeting facility and gained LEED Platinum certification in 2014.[30] 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.[31]

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.[32] In FY 2022 (latest data available), OCC generated $262.2 million in local spending, 2,000 jobs and $9.5 million in tax revenue.[33] All of these numbers are still below pre-COVID levels but are showing healthy recovery.

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30 Travel Portland, Planning Events in Portland, Oregon Convention Center, accessed online at https://www.travelportland.com/meetings/hotel-venue-finder/oregon-convention-center, accessed September 2022.

31 Oregon Convention Center, About, accessed online at https://www.oregoncc.org/en/about, September 2022.

32 Oregon Convention Center, OCC Renovation, accessed online at https://www.oregoncc.org/en/improvements/occ-renovation-project, February 2024.

33 Oregon Convention Center, Bring Ideas and Industries Together: FY 2021 – 22 Report, accessed online at https://www.oregoncc.org/en/files/economic-impact-report-fy-2021-22, February 2024.

Travel Portland Convention Sales team markets the Portland region to corporations and associations that will utilize the OCC. Promotion efforts by Travel Portland and the OCC highlight the ASA's affordability, especially with respect to food and lodging, 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.[34]

Numerous multi-day conventions and other events are scheduled at the OCC in 2024. There are currently 90 conventions and other events scheduled between March and December 2024 at the OCC.[35] Many more events are expected to be added throughout the year.

Offering an attractive mix of boutique properties and leading hotel brands, the hotel room inventory in central Portland has increased by nearly 40% since 2017.[36] Thirteen properties have opened in central Portland since 2018, including the 600-room Hyatt Regency "headquarters hotel" adjacent to the OCC and the 225-room Ritz-Carlton in downtown Portland. There are plans for six more properties in the near-term.[37] Portland's abundant supply of hotel rooms supports tourism in the ASA and helps the OCC draw large conventions.

1.2.5.2 Extensive Visitor Attractions

The ASA has a unique blend of urban attractions and natural beauty. It's known for its eclectic and vibrant culture, and offers a wide variety of attractions. These attractions include over 200 parks and gardens, numerous museums and art galleries, diverse musical festivals, award-winning restaurants, shopping ranging from homemade to designer items, and a seemingly endless supply of breweries.

The Portland Art Museum is the largest museum in Oregon. The two buildings house a large collection of prints, photography, art from Asian and Native American cultures, and European collections. The Fire Oaks Museum presents exhibitions centered around the unique culture that is Oregon. Other notable museums include the Oregon Maritime Museum, the Oregon Museum of Science and Industry, and the World Forestry Center Discovery Museum.

The Pioneer Courthouse Square is the single most-visited site in Oregon, with more than 11 million visitors annually. The Square is one of Portland's leading outdoor venues hosting 300 events per year from large concerts to cultural festivals. Northwest of downtown, Forest Park covers 5,156 acres, making it one of the largest urban forests in the U.S. The park has more than 80 miles of trails, fire lanes, and forest roads. Portland's only state park, Tryon Creek State Park, features miles of trails under mixed forest canopy.

Just to the south of Portland is Willamette Valley, Oregon's Wine Country. In 2023, Time listed the Williamette Valley as one of the 50 greatest places of the year. The Willamette Valley is home to more than 700 wineries. In addition to the wineries, the valley is home a number of breweries and distilleries, golf courses, spas, a luxury resort, and high-end restaurants.

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34 Travel Portland, Why Planners Love Portland, accessed online at https://www.travelportland.com/meetings/why-planners-love-portland/, February 2024.
35 Oregon Convention Center, Calendar, accessed online at https://www.oregoncc.org/en/events, February 2024.
36 Travel Portland, State of the Industry, accessed online at https://www.travelportland.com/about-us/market-research-and-statistics/, February 2022.
37 Travel Portland, New Hotels in Portland, accessed online at https://www.travelportland.com/meetings/new-hotels/, February 2024.

The Columbia River Gorge is located to the east of Portland. The area is a deep canyon created by the Columbia River which showcases waterfalls, headlined by the Multnomah Falls, and beautiful views, including those from the Crown Vista House. The area is the perfect location for those seeking an outdoor adventure with hikes, camping, mountain biking, fishing, and more. Approximately 70 miles away from Portland is Mt. Hood. The mountain is the highest point in Oregon. The dormant volcano offers hiking trails, spots for fishing and camp, and nearly year-round skiing.

To the west of Portland is the Oregon Coast, a 363-mile rugged shoreline. In addition to hikes and camping, the region also provides visitors with opportunities for golfing on a number of acclaimed courses, surfing in the Pacific Ocean, and whale watching during their migration. The coast is also home the Oregon Dunes National Recreation Area which is the largest expanse of coastal sand dunes in the world. These dunes provide recreation opportunities such as riding in a dune buggy, hiking, and sandboarding.

Portland is home to the National Basketball Association's Portland Trail Blazers, Major League Soccer's Portland Timbers, the National Women's Soccer League's Portland Thorns FC, and the Arena Football League's Portland Steel. In addition, the Hillsboro Hops is a Minor League Baseball team affiliated with the Arizona Diamondbacks, and the Portland Winterhawks is a major junior ice hockey team in the Western Hockey League (WHL).[38] The University of Oregon and Oregon State University have Division I National Collegiate Athletic Association programs.

1.2.5.3 Awards and Accolades

In back-to-back years, Time Magazine named places in Oregon at their "World's Greatest Places" on its list of 50 international destinations. In 2022, Portland was named to this list due to their pedestrian friendly infrastructure, well-known hotels, and the Airport's major renovations.[39] As mentioned previously, Willamette Valley, located south of Portland, was named on the list in 2023 mainly on the back of the vineyards in the region.[40]

Other web sites, travel magazines, and newspapers have also named Portland a top destination such as *Afar*, *Black Enterprise Magazine*, *Budget Travel*, Buzzfeed, CNN Travel, *Condé Nest Traveler*, *Esquire*, *Essence Magazine*, *Evening Standard* (UK), *Financial Times* (UK), *Fodor's Travel*, *Food & Wine*, *Forbes*, Good Morning America, *Harper's Bazaar*, HGTV, Huffington Post, Lonely Planet, *Marie Claire*, MSN Travel, NBC News, *New York Daily News*, *Sunset*, *The New York Times*, *The Times* (UK), *The Washington Post*, *Time Out* (UK), *Town & Country*, *Travel + Leisure*, *USA Today*, and others. Portland has been recognized as a top location for its restaurants, wine and beer, outdoor recreation, cycling, sustainability, and vibrant arts community.[41]

In addition, Travel Portland, the ASA's primary convention and tourism organization, earned the Meetings & Convention Gold Service Award 17 years in a row. It has also been a Cvent Top Meetings Destination from 2016 through 2019.[42] In 2023, Travel Portland received a Stella Award for Best Convention & Visitors Bureaus/Destination Marketing Organizations in the Far West (which includes Alaska, California, Hawaii, Idaho, Montana, Nevada, Oregon, Washington, and Wyoming).[43]

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[38] Portland's Sports Teams, Portland Relocation Guide, https://portlandreloguide.com/portlands-sports-teams, accessed September 2022.

[39] Time Magazine, Portland, Ore.: All are Welcome, accessed online at https://time.com/collection/worlds-greatest-places-2022/6194446/portland-oregon, February 2024.

[40] Time Magazine, Willamette Valley, Oregon, accessed online at https://time.com/collection/worlds-greatest-places-2022/6194446/portland-oregon, February 2024.

[41] Travel Portland, Portland in the News, accessed online at https://media.travelportland.com/newsroom/portland-in-the-news, February 2024.

[42] Cvent, Travel Portland, accessed online at https://www.cvent.com/venues/en-US/portland/cvb/travel-portland/venue-700d6058-1c5b-43bb-b807-3c6129bad9be, February 2024.

[43] NorthStar Meetings Group, Stella Awards 2023: Best CVG/DMO, accessed online at https://www.northstarmeetingsgroup.com/The-Stella-Awards/Best-CVB-DMO, February 2024.

From 2013 through 2019, and then again in 2021, air travelers named Portland International Airport the best airport in the U.S.[44] In 2023, the Airport was ranked 5th overall by air travelers and is in the Travel + Leisure's World's Bets Awards Hall of Fame for being voted to the list for the past 10 consecutive years.[45] Amenities cited by respondents to *Travel + Leisure* magazine's annual reader survey included the Airport's overall design, accessibility, cleanliness, movie theater, and its excellent variety of shops and restaurants that feature local businesses and artists. In addition, in 2015 the Airport was named "Airport of the Year" by the Air Line Pilots Association, and in 2015, 2016, and 2019 it ranked highest in satisfaction among large airports by J.D. Power.[46] The Airport was ranked the 5th best midsize Airport by the Wall Street Journal in 2022.[47] The Port also received two awards in 2022 from Airports Going Green® for 'Outstanding Sustainability Infrastructure Development': one for the Airport's Concourse E Extension project and one for the PDX Next. Airports Going Green® is an aviation industry sustainability forum led by the Chicago Department of Aviation.

1.2.6 Economic Outlook

Table 1-4 presents a summary of CY 2013 and CY 2031 economic variables for the ASA and for the U.S. including population, employment, personal income, and gross regional and domestic product. Population in the ASA is the only variable expected to outpace the U.S. While the growth rates for PCPI and GRP per capita are lower in the ASA, these variables are expected to remain higher than the national average. This indicates the ongoing capacity of the ASA to continue to generate demand for air travel services during FY 2023 through FY 2031 projection period for this Report.

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44 Port of Portland, PDX Received America's Best Airport Award, accessed online at https://www.flypdx.com/Newsroom/PDX-Receives-Americas-Best-Airport-Award, February 2024.

45 Travel + Leisure, Readers' 10 Favorite Domestic Airports of 2023, accessed online at https://www.travelandleisure.com/best-domestic-airports-2023-7550418, February 2024.

46 Air Line Pilots Association, ALPA Names Portland International Airport of the Year, https://www.alpa.org/news-and-events/news-room/2016-08-24-air-safety-forum-award-airport, 24 August 2016; J.D. Power, 2015, 2016, 2019, 2022 2023 North America Airport Satisfaction Studies, https://www.jdpower.com/business/pressroom, accessed February 2024.

47 Wall Street Journal, The Best and Worst Airports of 2022, accessed February 2024.

Table 1-4 Passenger Demand Forecast Variables (CY 2013 – CY 2031)

		Population in thousands		Employment in thousands		Per Capita Personal Income in 2023$		Per Capita Gross Domestic/Regional Product in millions of 2023$	
Year		ASA	U.S.	ASA	U.S.	ASA	U.S.	ASA	U.S.
Historical	2013	2,314	316,668	1,390	182,325	55,153	55,799	65,445	65,853
	2018	2,481	328,460	1,606	200,281	66,412	62,890	77,524	72,906
	2019	2,499	330,155	1,618	201,648	68,099	64,601	79,041	74,545
	2020	2,518	331,512	1,552	195,302	71,958	68,051	77,927	72,501
	2021	2,518	332,032	1,593	201,143	75,500	71,153	82,126	76,809
	2022	2,509	333,288	1,667	208,287	72,046	67,920	83,021	78,314
	2023	2,508	334,915	1,708	216,167	75,252	70,172	85,441	80,830
Forecast	2024	2,535	337,215	1,736	218,894	76,211	71,254	86,448	81,938
	2025	2,562	339,516	1,767	221,879	77,179	72,340	87,466	83,056
	2026	2,589	341,808	1,796	224,737	78,149	73,437	88,482	84,174
	2027	2,616	344,080	1,825	227,627	79,126	74,543	89,498	85,299
	2028	2,643	346,327	1,848	230,072	80,094	75,661	90,480	86,407
	2029	2,670	348,565	1,876	232,834	81,071	76,789	91,477	87,531
	2030	2,696	350,794	1,903	235,603	82,053	77,924	92,478	88,661
	2031	2,723	353,011	1,929	238,320	83,038	79,068	93,492	89,801

Range	Compound Annual Growth Rate							
2013-23	0.8%	0.6%	2.1%	1.7%	3.2%	2.3%	2.7%	2.1%
2023-31	1.0%	0.7%	1.5%	1.2%	1.2%	1.5%	1.1%	1.3%

Source: Woods & Poole Economics, Inc., 2024 Complete Economic and Demographic Data Source, July 2024.

2 Air Service and Air Traffic Analysis

This chapter describes and evaluates the state of air service at the Airport, analyzes historical trends in air traffic, identifies key factors that generally affect demand for air travel, and provides projections of air traffic activity.

2.1 Air Service at the Airport

The following sections evaluate current air service capacity and operating performance for the primary passenger airlines serving the Airport. The Airport's overall O&D market is also assessed at the market level, comparing performance with prior years. To the extent airline market data and related information is available, impacts associated with the COVID-19 pandemic are also identified.

Similar to the overall airport industry, enplaned passengers at the Airport experienced a significant decrease in FY 2020 and FY 2021 due to the impacts associated with the COVID-19 pandemic. Since April 2020, the low point of U.S. passenger traffic during the pandemic, passenger activity has been trending upwards towards pre-pandemic levels. It is important to understand the scope of traffic decreases and level of recovery as air service at the Airport is described in the following sections.

2.1.1 Airlines Operating at the Airport

The Airport has historically been served by the largest U.S. airlines in the industry. The current U.S. passenger airline industry generally consists of three primary business models: network carriers, low-cost carriers (LCCs), and ultra-low-cost carriers (ULCCs). Network carriers are generally considered the major airline brands that have existed, in one form or another, since the deregulation of the airline industry in the late 1970s. Network airlines have extensive route networks and operate with a "hub and spoke" system or maintain significant market share at focus cities. These airlines serve 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 June 2024, the Airport had scheduled passenger service by five (5) U.S. network airlines, two (2) LCCs, four (4) ULCC, and six (6) foreign flag airlines. **Table 2-1** provides a list of the scheduled passenger and all-cargo airlines that served the Airport as of June 2024. All domestic carriers have maintained service, albeit at lower traffic levels, since the onset of the COVID-19 pandemic. The foreign flag carrier Icelandair resumed seasonal direct service to Reykjavik, Iceland in July 2021. WestJet began direct service to Calgary, Canada in September 2021. Condor began seasonal service to Frankfort in May 2022. Most recently, British Airways began service to London in June 2022. KLM Royal Dutch has announced that it will take over service to Amsterdam from Delta Air Lines in October 2024.

Table 2-1 Airlines Serving the Airport (as of June 2024)

U.S. Network Passenger Carriers (5)

Alaska Airlines	American Airlines	Delta Air Lines	Hawaiian Airlines	United Airlines

Low-Cost Passenger Carriers (2)

Southwest Airlines	JetBlue Airways			

Ultra-Low-Cost Passenger Carriers (4)

Allegiant Air	Frontier Airlines	Spirit Airlines Inc.	Sun Country Airlines	

Regional/Commuter Passenger Airlines (3)

Horizon Air[1]	SkyWest Airlines[2]	Boutique Air[3]		

Foreign Flag Passenger Airlines (6)

Air Canada	Icelandair*	Volaris	WestJet*	British Airways
Condor*				

All-Cargo Airlines (11)

ABX[4]	Air Transport International	Airpac	Ameriflight	Atlas Air[5]
Cathay Pacific Airways	Empire	FedEx	United Parcel Service	Sun Country - Cargo
Kalitta Air				

Asterisk (*) denotes airline only provides seasonal service.

1 d/b/a Alaska Airlines. Alaska Airlines and Horizon Air are separately certified airlines owned by Alaska Air Group, Inc.

2 d/b/a as Alaska Airlines, American Eagle, 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 2023; FlyPDX, Airlines Serving PDX accessed May 2024; Cirium, Diio Mi, Schedule – Dynamic Table.

To illustrate specific trends in changes to the passenger market share, **Table 2-2** provides the enplaned passengers by airline with the associated market share from FY 2019 through FY 2023. 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[48], Delta Air Lines, Southwest Airlines, United Airlines, and American Airlines) accounted for more than 90% of the total enplaned passengers in each year from FY 2019 to FY 2023. 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, Hawaiian Airlines, and Spirit Airlines are the only airlines at the Airport with more enplaned passengers in FY 2023 than FY 2019. It should be noted that although the mainline segment of Alaska Airlines had mostly recovered to FY 2019 levels by FY 2023 (93.2%), Horizon Air, Alaska Air Group's regional carrier, was still significantly below FY 2019 levels in FY 2023 (34.7%).

2.1.2 Current Nonstop Service

As of June 2024, there was scheduled nonstop service from the Airport to 78 destinations (65 year-round and 13 seasonal markets).[49] **Figure 2-1** provides a map of the scheduled nonstop destinations from the Airport. As shown, there are 67 domestic and 11 international nonstop destinations from the Airport. In comparison, in June 2019, there was nonstop service to 62 domestic markets and nine international markets. Therefore, more non-stop destinations are currently served from the Airport as compared to prior to the COVID-19 pandemic. Alaska Airlines has announced it will begin daily service to New Orleans in January 2025.

2.1.3 Origin and Destination Markets

Table 2-3 provides information regarding the Airport's top domestic O&D markets, including the number of daily O&D enplaned passengers for year-end (YE)[50] March 2020 and CY 2023 (the latest data available). YE March 2020 was chosen as the comparison period as it was latest 12-month period that was, for the most part, prior to the air traffic impacts associated with the COVID-19 pandemic. The table also presents daily departing seats. For example, the Los Angeles Basin market (the largest O&D market served from the Airport) had an average of 2,228 daily O&D enplaned passengers with 2,441 total nonstop departing seats to the market during CY 2023.

The table helps to illustrate how the Airport's air travel demand has changed since the onset of the COVID-19 pandemic. Overall, O&D enplaned passengers at the Airport were down 9.0% for CY 2023 as compared to YE March 2020 levels. As shown, many of the business-oriented markets, such as New York/Newark, Minneapolis, and Detroit experienced lower levels of O&D enplaned passengers during CY 2023 as compared to YE March 2020. However, leisure markets during FY 2022, such as those in Florida, are up from YE March 2020 levels. Another important distinction for these destinations is that they are all served by LCCs and ULCCs. ULCCs have been a major driver of growth in these leisure markets.

The Airport's top international market is San Jose del Cabo, Mexico, which has seasonal nonstop service. Other major international O&D markets include Cancun, Puerto Vallarta, and Guadalajara, all in Mexico.

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48 Alaska Air Group is the parent company to Alaska Airlines and Horizon Air.

49 Nonstop service to certain destinations may not have operated in January 2023; however, these are destinations historically served and are scheduled to operate in the coming months.

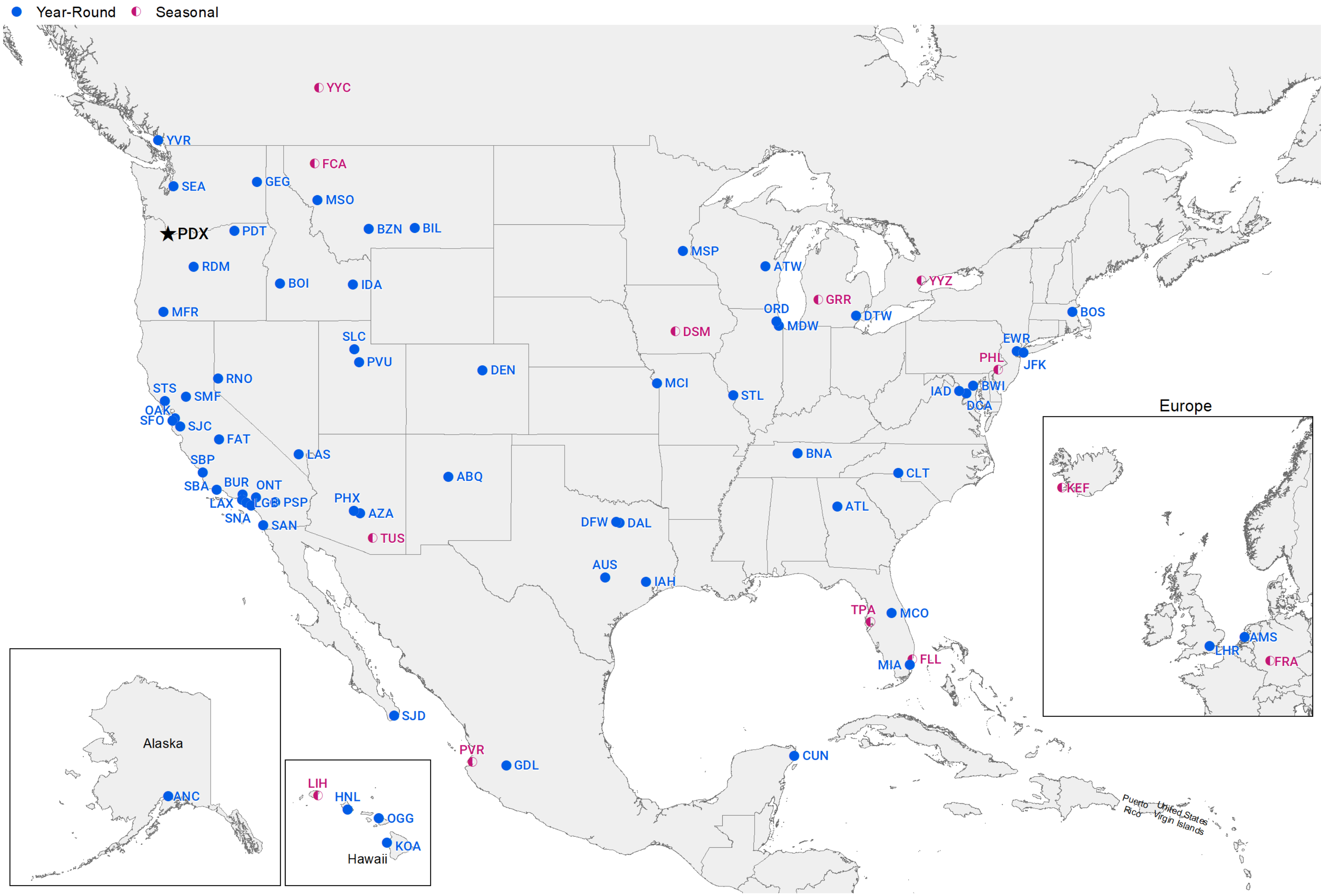
50 Year-end (YE) refers to the 12-month period ended during the month presented. For example, YE March 2020 refers to the 12-month period of April 2019 through March 2020.

Table 2-2 Historical Airport Enplaned Passenger Market Share (FY 2019 – FY 2023)

	Enplaned Passengers (In Thousands)					Market Share				
Airline	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Alaska Air Group	4,253	3,197	1,583	3,083	3,213	42.7%	44.0%	42.3%	43.7%	41.1%
Alaska Airlines[1]	*2,971*	*2,299*	*1,042*	*2,482*	*2,768*	*29.8%*	*31.6%*	*27.8%*	*35.2%*	*35.4%*
Horizon Air	*1,283*	*897*	*542*	*601*	*445*	*12.9%*	*12.3%*	*14.5%*	*8.5%*	*5.7%*
Delta Air Lines	1,404	1,061	510	1,049	1,222	14.1%	14.6%	13.6%	14.9%	15.6%
Southwest Airlines	1,749	1,217	609	905	1,114	17.5%	16.7%	16.3%	12.8%	14.2%
United Airlines	1,077	724	350	902	935	10.8%	10.0%	9.4%	12.8%	12.0%
American Airlines	669	467	382	526	556	6.7%	6.4%	10.2%	7.5%	7.1%
Spirit Airlines	134	101	80	124	171	1.3%	1.4%	2.1%	1.8%	2.2%
Hawaiian Airlines	137	96	58	122	149	1.4%	1.3%	1.5%	1.7%	1.9%
Frontier Airlines	98	74	82	107	126	1.0%	1.0%	2.2%	1.5%	1.6%
JetBlue Airways	124	92	24	67	47	1.2%	1.3%	0.6%	0.9%	0.6%
Volaris	77	28	38	44	57	0.8%	0.4%	1.0%	0.6%	0.7%
Air Canada[2]	105	66	2	41	70	1.1%	0.9%	0.1%	0.6%	0.9%
Other	139	151	22	84	165	1.4%	2.1%	0.6%	1.2%	2.1%
Total	**9,967**	**7,273**	**3,740**	**7,055**	**7,825**	**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] Includes enplaned passengers for Jazz Aviation doing business as Air Canada Express.
Source: Port of Portland, Aviation Statistics – Monthly Traffic Report June 2019-June 2023.

Figure 2-1 **Nonstop Destinations at the Airport**



Source: Portland International Airport, FlyPDX – Nonstop Destinations, accessed at flypdx.com/NonstopDestinations accessed July 2024.

Table 2-3 Top-25 Domestic O&D Markets from the Airport (sorted based on CY 2023 O&D Enplaned Passengers)

		O&D Enplaned Passengers Per Day			Nonstop Scheduled Departing Seats Per Day		
Region	Airports	YE March 2020	CY 2023	Percent Change	YE March 2020	CY 2023	Percent Change
Los Angeles Basin	LAX, SNA, ONT, BUR, LGB	2,151	2,228	3.6%	3,594	2,441	-32.1%
San Francisco Bay Area	SFO, SLC, OAK	2,250	1,586	-29.5%	4,628	3,612	-22.0%
Las Vegas	LAS	1,076	1,143	6.2%	1,605	1,932	20.3%
Hawaii	HNL, OGG, KOA, LIH, ITO	973	1,003	3.2%	1,111	1,024	-7.8%
Phoenix	PHX, AZA	1,411	993	-29.6%	1,293	1,669	29.1%
Denver	DEN	808	742	-8.2%	1,665	1,974	18.6%
New York / Newark	JFK, EWR, LGA	725	725	0.1%	1,015	724	-28.7%
San Diego	SAN	739	693	-6.3%	903	734	-18.7%
Chicago	ORD, MDW	560	535	-4.5%	1,152	907	-21.3%
Central Florida	MCO, TPA, SRQ, DAB, MLB	532	515	-3.3%	186	721	287.7%
Sacramento	SAC	530	486	-8.4%	966	867	-10.3%
Dallas / Ft. Worth	DFW, DAL	358	465	29.7%	1,071	1,059	-1.1%
Washington / Baltimore	IAD, DCA, BWI	404	418	3.5%	324	264	-18.4%
Salt Lake City	SLC	438	399	-8.9%	1,094	905	-17.3%
Minneapolis / St. Paul	MSP	370	395	6.6%	871	469	-46.1%
Boston	BOS	318	318	0.0%	357	385	7.8%
Houston	IAH, HOU	346	277	-20.0%	392	329	-16.0%
Atlanta	ATL	269	271	0.6%	642	620	-3.4%
South Florida	FLL, MIA, RSW, PBI, EYW	258	255	-1.3%	0	437	n.a.
Austin	AUS	308	251	-18.4%	151	337	122.7%
Boise	BOI	172	239	39.1%	561	361	-35.6%
Seattle	SEA	394	220	-44.0%	2,460	2,369	-3.7%
Palm Springs	PSP	199	206	3.4%	201	156	-22.6%
Spokane	GEG	136	186	37.2%	605	174	-71.3%
Anchorage	ANC	199	160	-19.3%	490	260	-47.0%
Top 25		15,923	**14,708**	**-7.6%**	***27,339***	**24,732**	**-9.5%**
Others		4,732	4,098	-13.4%	3,736	1,083	-71.0%
Total		**20,655**	**18,806**	**-9.0%**	**31,076**	**25,815**	**-16.9%**

Source: Cirium, Diio Mi: US DOT Origin and Destination Survey Data, accessed May 2024.

2.1.4 Airline Revenue Performance at the Airport

Airline performance at an airport can be measured primarily by three key airline revenue metrics: revenue per available seat mile, load factor, and yield. Each of these airline metrics are summarized below.

- **Revenue per Available Seat Mile (RASM)** – RASM is the unit metric used by airlines, expressed in cents, to measure the amount of revenue received for each available seat mile (ASM). ASMs are measured by airlines for the purpose of determining capacity; one ASM unit equates to one seat flying one mile. For example, an aircraft with 100 seats operating on a route of 1,000 miles would equate to 100,000 ASMs. For the purposes of this analysis, RASM only measures passenger revenue derived from air fares and does not include other revenues received by airlines such as baggage fees.
- **Load Factor** – Load factor measures how an airline is performing on a specific route or in aggregate in terms of filling its available seat capacity. Load Factor is calculated as total revenue passenger miles (RPMs) divided by ASMs. RPMs are the general airline metric for measuring the number of miles traveled by paying passengers. For example, a revenue passenger flying one mile equates to one RPM.
- **Yield** – The last measure is airline yield or revenue per passenger mile (RPM). Yield (or RPM) is like RASM, however, yield measures revenue for each passenger-mile sold (RASM measures revenue for each passenger-mile available to be sold). Yield is the industry measurement for price, while load factor is a volume-related measurement. RASM factors in both and, thus, is considered the key airline revenue metric.

In general, the higher the RASM or yield the more profitable an airline is assuming that the number of ASMs remain constant over time. Since an airline's revenue does not necessarily increase proportionately with the distance they fly, both RASM and yield will typically decrease as the overall length of the trip or stage length increases. Therefore, if an airline increases its overall stage length, it should be expected that RASM and yield will decrease. To account for this, RASM and yields have been adjusted based on the airline's average stage length. For the purposes of this Report and to normalize for varying stage lengths, all stage length adjusted (SLA)[51] values are expressed in a base of 1,000 miles.

Table 2-4 compares key airline revenue metrics for all U.S airlines and the four largest network airlines serving the Airport in YE March 2020 versus CY 2023. Key airline revenue metrics exhibited some decreases during the COVID-19 pandemic. However, as shown for CY 2023, key airline revenue metrics for the Airport for RASM and yield are better than prior to the COVID-19 pandemic and the same for load factor. While RASM and yield were slightly behind the national averages by 0.2¢, both metrics are now only slightly lower than the national averages; whereas pre-pandemic, these metrics lagged farther behind national averages . Note that the data presented does not include airline ancillary fees for items such as ticket changes, checked bags, priority seating, etc., as this data is not available by airport. Over the years, U.S. airlines have realized significant revenues from these ancillary fees.

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[51] Stage length adjustments are a common practice used to normalize comparisons of passenger yields and revenue per available seat mile. Stage length adjustments for 1,000 miles are made using the formula:
SLA Value = Value * $(\text{observed length of haul}/1000)^{0.5}$.

Table 2-4 Key Airline Revenue Metrics at the Airport (YE March 2020 vs. CY 2023)

	SLA Passenger RASM		Load Factor		SLA Yield	
Airline	YE March 2020	CY 2023	YE March 2020	CY 2023	YE March 2020	CY 2023
Alaska Air Group	10.5¢	13.0¢	81%	83%	13.3¢	15.8¢
Delta Air Lines	13.7¢	14.9¢	86%	85%	15.9¢	14.8¢
Southwest Airlines	8.9¢	9.2¢	83%	78%	10.9¢	13.4¢
Airport Average	**10.8¢**	**12.6¢**	**84%**	**84%**	**13.1¢**	**15.3¢**
National Average	11.8¢	12.8¢	82%	84%	14.6¢	15.5¢

Notes: Data include regional affiliates, as applicable, and do not include airline ancillary fees such as charges for checked baggage, etc.
SLA Value = Value * (observed length of haul/1,000)$^{0.5}$
Source: Cirium, Diio Mi: US DOT Reports DB1A and T100, accessed May 2024.

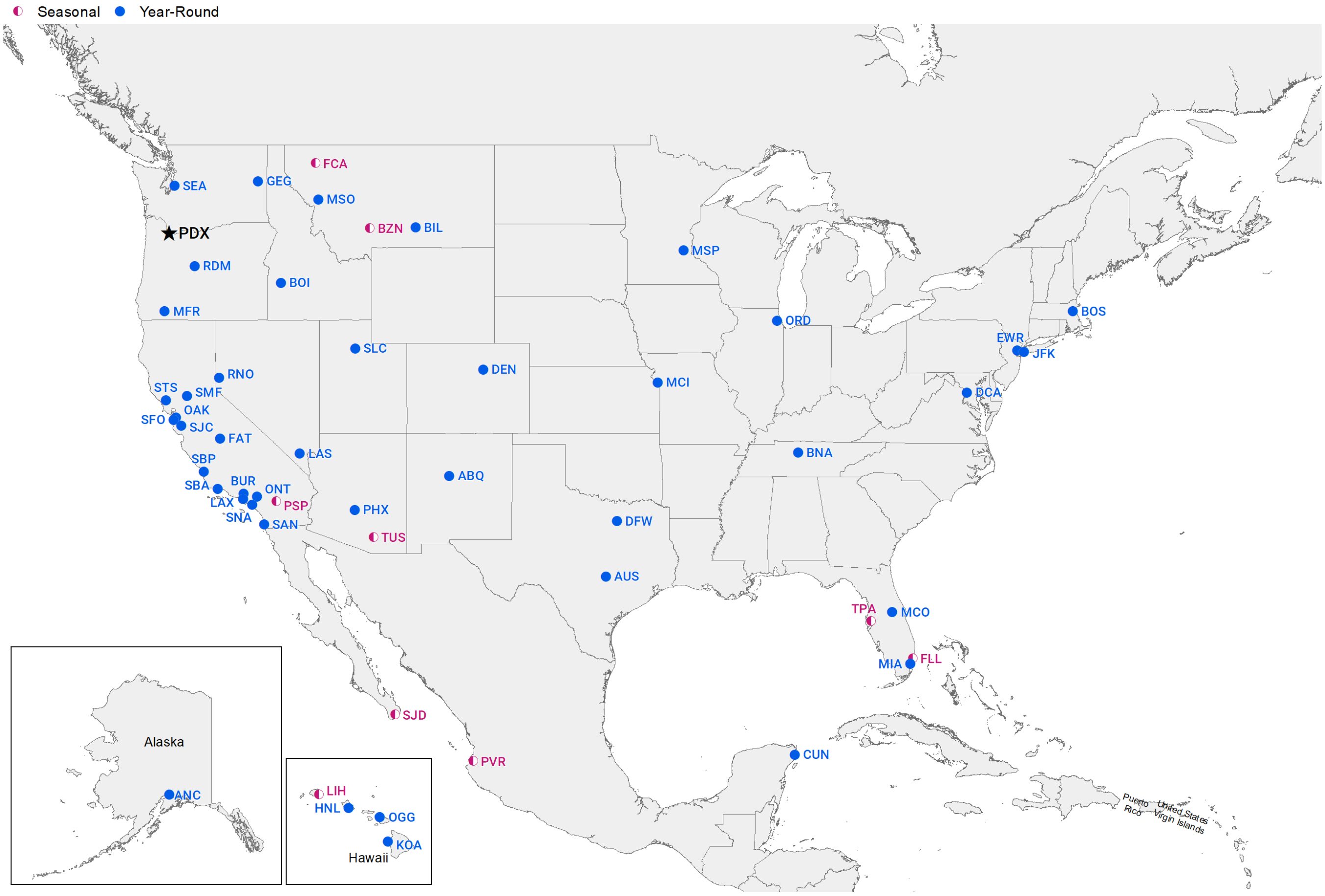
2.1.5 Alaska Air Group Operations at the Airport

The Airport serves as a hub for the Alaska Air Group. In FY 2023, Alaska Air Group had a combined market share of 41.1% of the Airport's total enplaned passengers. In terms of departures and departing seats, the Airport was the second largest market in FY 2023, 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. As presented previously, Horizon Air's enplaned passenger market share at the Airport has declined steadily since FY 2019. Alaska Air Group has been serving the Airport more with its mainline operation than with Horizon Air as it has historically. This is believed to be due in part to recent supply side issues associated with aircraft and pilot shortages as discussed later in this Chapter.

July has historically been the peak month for the Alaska Air Group at the Airport. According to published schedules for July 2024, Alaska Air Group has service to 45 markets with an average of 106 daily departures from the Airport.[52] In comparison, the airline had service to 46 markets in July 2019 with an average of 144 daily departures. **Figure 2-2** presents Alaska Air Group route map from the Airport as of June 2024. Alaska Air Group has announced service to Atlanta (ATL) to begin service in the fall of 2024 and New Orleans (MSY) in January 2025. In addition to the new market, Alaska Air Group has announced more than 20 additional departures to popular markets including four starting in August (Las Vegas, Ontario, Reno, and Sacramento) and five in October (Dallas, Denver, Fresno, Medford, and Phoenix). This announced increase in service for Alaska Air Group has been incorporated into the projections of air traffic presented later in this Chapter.

52 Based on data from Cirium, Diio, accessed February 2024.

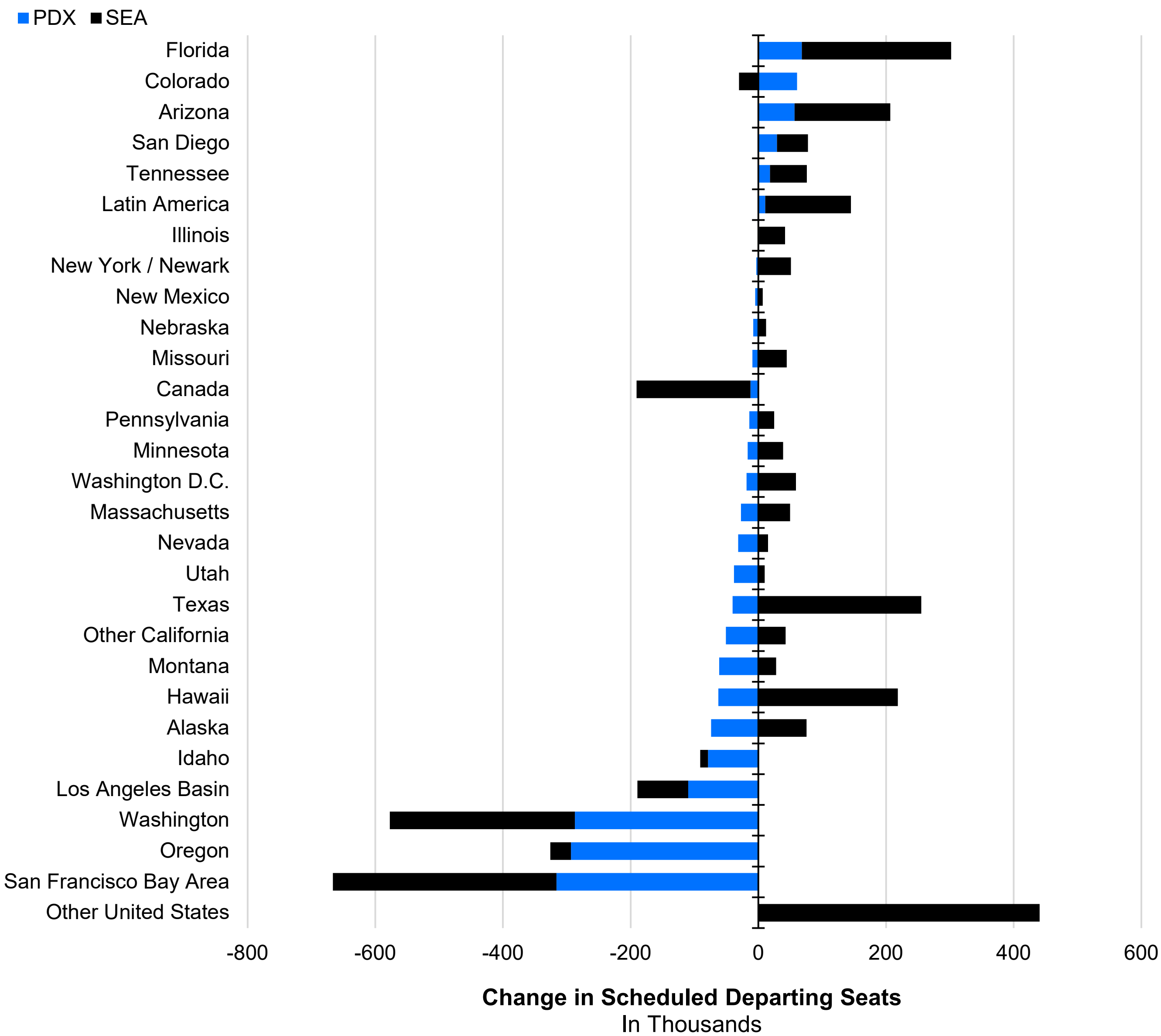
Figure 2-2 Alaska Air Group Map of Nonstop Destinations (June 2024)



Note: Non-stop service to ATL from the Airport is scheduled to commence in the fall of 2024.
Source: Portland International Airport, FlyPDX – Nonstop Destinations, accessed at flypdx.com/NonstopDestinations accessed June 2024.

To further understand changes Alaska Air Group has made to its schedules at its two largest hubs since the COVID-19 Pandemic, an analysis of seat capacity from both the Airport and SEA by state airport groupings/U.S. West Coast markets was undertaken. Scheduled departing seat capacity for Alaska in FY 2024 at the Airport was 1.3 million below the capacity in YE March 2020. By comparison, SEA increased departing seating capacity by 1.1 million during the same period. **Figure 2-3** provides the change in scheduled departing seat capacity by market from the Airport and SEA. A majority of the seating capacity was removed from markets on the West Coast. There were six markets that Alaska Air Group removed capacity at both airports. Alaska Air Group removed a combined 666,000 departing seats from the two airports to the San Francisco Bay Area, the most of any market. A majority of the decline in capacity in Oregon and Washington was to smaller regional airports such as Medford and Spokane. A total of 15 markets increased capacity at SEA at the expense of the Airport, most notably Texas and Hawaii. There are six markets which there was growth at both airports. Florida airports had the highest growth of any market at the two airports with over 300,000 added seats. Colorado is the only state market grouping that grew at the Airport while declining at SEA. In summary, much of the Airport's decline in seat capacity is to the large U.S. west coast markets of San Francisco and Los Angeles and to smaller airports in the surrounding states, including Oregon. The Airport has also lost some seating capacity to certain markets where SEA has increased. Alaska Air Group announced earlier this year that it will add more than 10% seat capacity during the second half of CY 2024 as compared to the same period in the prior year. As air traffic continues to recover at both the Airport and other U.S. west coast markets, it is reasonable to expect much of this seat capacity to return into the future.

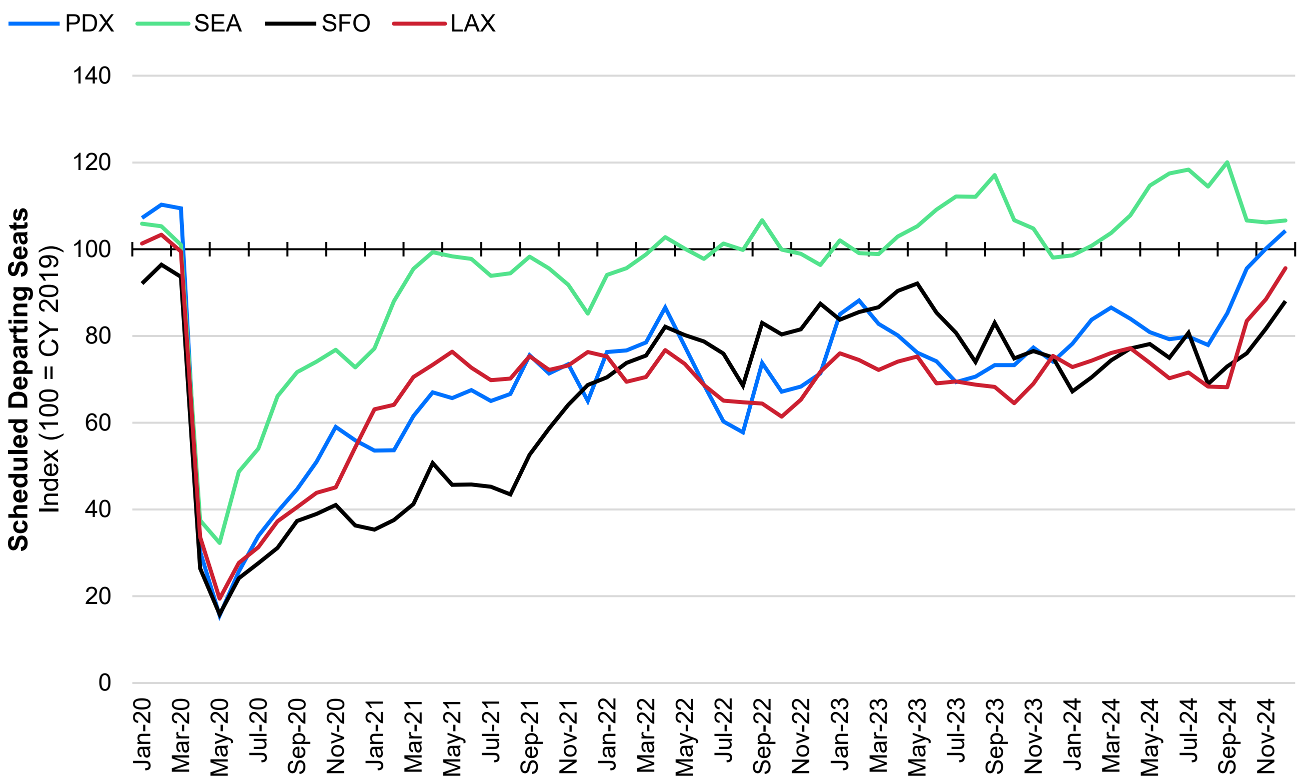
Figure 2-3 **Alaska Air Group Scheduled Departing Seating Capacity Change (FY 2024 vs. YE March 2020)**



Note: There are no "Other United States" served at PDX during this period.
Source: Cirium, Diio Mi, Schedule – Dynamic Table.

Alaska Air Group had a dramatic decline in departing seats at all their major hubs at the outset of the COVID-19 pandemic, as did all other major airlines. However, the airline was quicker to return capacity to Seattle than its other major west coast hubs. **Figure 2-4** presents Alaska Air Group's monthly scheduled departing seats at its major west coast airports indexed based on the seat capacity for CY 2019. Departing seats returned to approximately 70% of CY 2019 levels by mid-CY 2021 at both PDX and Los Angeles. It took San Francisco until late CY 2021 to reach this level of capacity. Departing capacity at these three hubs remained stagnant through most of CY 2024 while capacity at Seattle exceeded pre-pandemic levels by early CY 2023. Alaska is scheduled to increase capacity at PDX, Los Angeles, and San Francisco; however, PDX is the only one of these three airports scheduled to exceed pre-pandemic levels by the end of the year. Seat capacity at SEA is also shown to reduce slightly later in CY 2024 as the other airports increase.

Figure 2-4 Alaska Air Group Scheduled Departing Seating Capacity at its Major West Coast Airports (January 2020 – December 2024)



Source: Cirium, Diio Mi, Schedule – Dynamic Table.

The Alaska Air Group has approximately 314 aircraft in its current passenger fleet. The fleet is comprised of variants of the Boeing 737 aircraft, primarily the Boeing 737-900 (91), Boeing 737 Max 9 (70), and Boeing 737-800 (59) aircraft. The airline has 14 Boeing 737 Max 8, 15 Boeing 737 Max 9, and 102 Boeing 737 Max 10.[53] Additionally, it is expected that Horizon Air and SkyWest Airlines will continue to operate the regional aircraft from the Airport to mid-sized and smaller markets.

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[53] Information gathered from airline's website, Boeing's Orders & Deliveries, and Airbus' Orders and Deliveries, accessed February 2024.

In the first quarter of 2020, Alaska Air Group had an operating margin of 8.4%. Alaska Air Group and Southwest were the only two network carriers to have a positive operating margin during the second quarter of 2020 as the industry was being severely impacted by the COVID-19 pandemic. During the first quarter of 2021, the operating margin for Alaska Air Group dropped to -59.2%, its lowest point during the COVID-19 pandemic. However, after four quarters of operating at a loss, the airline increased its operating margin to 1.0% in the third quarter of 2021. In the third quarter of 2023, Alaska Air Group had a positive operating margin for the ninth straight quarter at 3.7%.[54] However, the airline has had negative operating margins over the past two quarters. 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'.[55]

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. The Alaska Air Group following system-wide operational and financial impacts show how the airline has recovered from the COVID-19 pandemic.[56]

- Seat capacity in April 2020 was 34% of its April 2019 levels, with approximately 15% load factor. May 2020 capacity was approximately 26% of May 2019 levels, with approximately 40% load factor. In January 2024, Alaska Air Group's scheduled seat capacity was approximately 73% of January 2020 levels.
- In the first quarter of 2024, Alaska Air Group reported a net loss of $132 million, compared to a net loss of $214 million in the second quarter of 2020.

2.1.6 Delta Air Lines Operations at the Airport

In FY 2019, Delta Air Lines, including its regional affiliates Compass and SkyWest Airlines, had 1.2 million enplaned passengers at the Airport accounting for 14.1% of the total enplaned passengers at the Airport. In FY 2023, Delta Air Lines had 1.2 million enplaned passengers at the Airport equating to 15.6% of the total enplaned passengers at the Airport. A majority of the 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 the 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 2024, Delta Air Lines operated nonstop service to eight markets from the Airport, accounting for 31 daily departures.

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[54] 2024 SEC 10-Q filing for Alaska Air Group accessed June 2024.

[55] 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.

[56] 2024 SEC 10-Q filing for Alaska Air Group accessed June 2024.

Delta Air Lines currently has 979 aircraft in its fleet. The airline has orders for 100 182-seat Boeing 737 Max 10, 77 130-seat Airbus A220-300, 105 194-seat Airbus A321neo, 26 306-seat Airbus A350-900, 12 281-seat Airbus A330-900, and 20 Airbus A350-1000.[57] Delta Air Lines is expecting to fully retire the Boeing 717-200 aircraft by 2025.

In the first quarter of 2020, Delta Air Lines had an operating margin of 11.5%, the highest among the network carriers. However, Delta Air Lines was hit particularly hard in the subsequent quarters with the lowest operating margin of any the network carriers through the pandemic. In the first quarter of 2021, the operating margin for Delta Air Lines reached -106.4%, by far the worst margin among network carriers. However, strong recovery has been steady over the past seven quarters and the airline reached an operating margin of 10.9% in the first quarter of 2024.[58]

The following additional system-wide operational and financial impacts show how Delta Air Lines has recovered from the COVID-19 pandemic:[59]

- Seat capacity in April 2020 was approximately 27% of April 2019 levels; May 2020 capacity was approximately 18% of May 2019 levels. Since May 2020, Delta Air Line’s scheduled seat capacity has continued to increase steadily, to approximately 83% of scheduled seat levels in January 2024 as compared to January 2020.
- For the first quarter of 2024, Delta reported a net income of $37 million, compared to a $4.8 billion loss for the second quarter of 2020.

2.1.7 Southwest Airlines Operations at the Airport

In FY 2023, Southwest Airlines had 1.1 million enplaned passengers, accounting for 14.2% of the total passenger traffic at the Airport. Southwest Airlines is the third largest airline at the Airport in terms of enplaned passengers. In July 2019, Southwest Airlines operated nonstop service to 16 markets from the Airport, accounting for 42 daily departures. In July 2024, Southwest Airlines operated nonstop service to 14 markets from the Airport, accounting for 29 daily departures.

Southwest Airlines has 817 aircraft in its fleet mostly comprised of 143-seat Boeing 737-700s and 175-seat Boeing 737-800s. Currently, Southwest Airlines has 223 175-seat Boeing 737 Max 8 in the fleet with orders for 188 more 175-seat Boeing 737 Max 8s to replace the older 737-700 aircraft. Southwest Airlines also has 307 orders for 150-seat Boeing 737 Max 7s.[60]

In the first quarter of 2020, Southwest Airlines had an operating margin of 8.4%, which was below only Delta Air Lines when compared to the 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. In the first quarter of 2024, the airline had an operating margin of 0.4%, the lowest since the first quarter of 2021.[61]

Southwest Airlines had experienced the following additional system-wide operational and financial impacts as it has recovered from the COVID-19 pandemic:[62]

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57 Information gathered from airline’s website, Boeing’s Orders & Deliveries, and Airbus’ Orders and Deliveries, accessed November 2022.
58 2024 SEC 10-Q filing for Delta Air Lines accessed June 2024.
59 Ibid.
60 Information gathered from airline’s website, Boeing’s Orders & Deliveries, and Airbus’ Orders and Deliveries, accessed September 2022.
61 2024 SEC 10-Q filing for Southwest Airlines accessed June 2024.
62 Ibid.

- Seat capacity in April 2020 was approximately 82% of its April 2019 levels and May 2020 capacity was approximately 38% of May 2019 levels. In January 2024, Southwest's scheduled seat capacity was approximately 78% of January 2020 levels.
- In the first quarter of 2024, Southwest Airlines reported a net loss of $231 million, compared to a net loss of $1.1 billion in the second quarter of 2020.

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.

2.2.1 Enplaned Passengers

Passenger activity at an airport drives numerous revenues and financial measures including such items as non-airline revenues (e.g., parking, rental cars, terminal concessions, etc.), Passenger Facility Charge (PFC) revenues, rental car Customer Facility Charge (CFC) revenues, and FAA Airport Improvement Program (AIP) entitlement grant distributions. Enplaned passengers are also the denominator for airline cost per enplaned passenger (CPE). The relationship of the enplaned passengers to the Airport's financial performance is discussed in more detail in Chapter 4 of this Report. **Table 2-5** presents the historical enplaned passengers at the Airport categorized by domestic and international for the period of FY 2013 through FY 2024 year-to-date (March 2024).

2.2.1.1 FY 2013 – FY 2019

From FY 2013 through FY 2019, total enplaned passenger traffic at the Airport experienced a consistent upward trend. Total enplaned passengers at the Airport increased from approximately 7.3 million in FY 2013 to approximately 10.0 million in FY 2019, representing a CAGR of 5.2%. 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 increased at a faster rate from FY 2013 to FY 2019, increasing at a CAGR of 12.0% versus 5.0% 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 45.4% from FY 2013 to FY 2019. During this period, Alaska Air Group added new service to 21 markets, acquired Virgin America, and increased its average seats per aircraft serving the Airport.

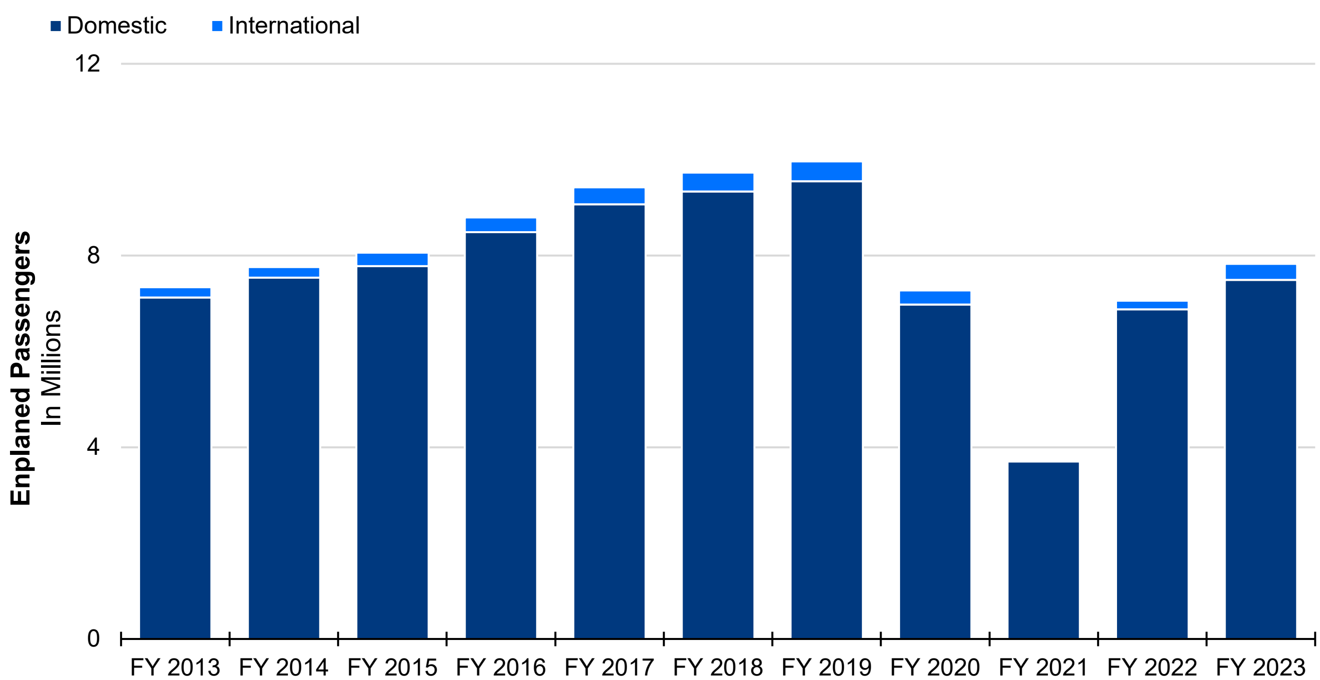
Every primary carrier operating at the Airport increased seat capacity from FY 2013 through FY 2019. From FY 2013 to FY 2019, enplaned passengers for Southwest Airlines increased by 37.8% despite seat capacity increasing only 21.6%. This indicates an increase in the airline's load factors, which was 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 enplaned passengers at the Airport increased by more than 15% in FY 2014 as compared to FY 2013. 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 74.5% from FY 2013 to FY 2019.

Table 2-5 Historical Enplaned Passengers (FY 2013 – FY 2023 and FY 2024 year-to-date)

Fiscal Year	Domestic	International	Total	Year-Over-Year Growth Rate
FY 2013	7,122,688	212,950	**7,335,638**	5.6%
FY 2014	7,535,257	226,770	**7,762,027**	5.8%
FY 2015	7,779,753	279,004	**8,058,757**	3.8%
FY 2016	8,489,185	303,101	**8,792,286**	9.1%
FY 2017	9,069,224	353,341	**9,422,565**	7.2%
FY 2018	9,337,800	395,211	**9,733,011**	3.3%
FY 2019	9,546,855	419,943	**9,966,798**	2.4%
FY 2020	6,978,385	295,049	**7,273,434**	-27.0%
FY 2021	3,702,597	39,398	**3,741,995**	-48.6%
FY 2022	6,877,239	178,094	**7,055,333**	88.5%
FY 2023	7,492,185	333,115	**7,825,300**	10.9%
FY 2023 YTD[1]			**5,720.685**	
FY 2024 YTD[1]			**6,148.625**	7.5%

Range	Average Annual Growth Rate			
FY 2013-19	5.0%	12.0%	**5.2%**	
FY 2019-23	-5.9%	-5.6%	**-5.9%**	
FY 2013-23	0.5%	4.6%	**0.6%**	

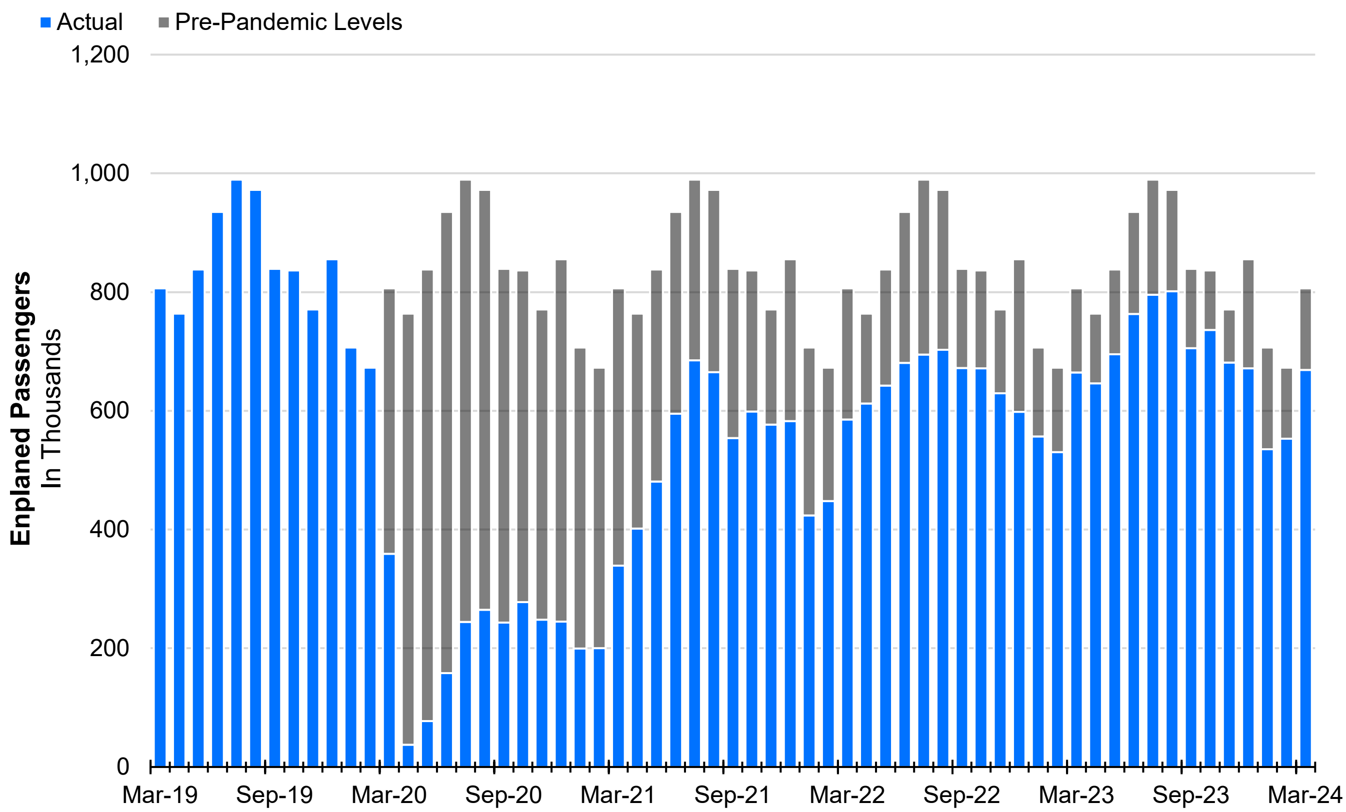


[1] FY 2023 year-to-date (YTD) data is through March 2023 and FY 2024 YTD data is through March 2024.
Source: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2009-December 2023.

2.2.1.2 COVID-19 Pandemic Impact: FY 2020 – FY 2024 (year-to-date)

Beginning in March 2020, enplaned passengers at the Airport decreased dramatically primarily because of the impacts associated with the COVID-19 pandemic. These impacts included international travel restrictions and stay-at-home orders throughout the U.S. **Figure 2-5** presents the monthly enplaned passengers for the 12 months prior to the pandemic through year-to-date FY 2024. As shown, in March 2020, enplaned passengers were approximately 45% of March 2019 levels. The decrease continued into April when enplaned passengers were approximately 5% of April 2019 levels. Overall, enplaned passengers in FY 2020 were 73% of FY 2019 levels with most of the impact occurring after mid-March 2020 when the impacts from the COVID-19 pandemic generally took hold in the U.S. Since April 2020, enplaned passengers at the Airport have recovered nearly every month. For the entire FY 2023, enplaned passengers were approximately 78.5% of FY 2019 levels. O&D traffic has exhibited a better recovery than connecting traffic. For FY 2023, O&D passengers were approximately 86.7% of FY 2019 levels compared to just 31.7% for connecting passengers. In March 2024, total enplaned passengers were 83.0% of March 2019 levels.

Figure 2-5 Monthly Enplaned Passengers (March 2019 – March 2024)



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

2.2.2 Aircraft Operations

Airlines' decisions on aircraft type and the number of operations to accommodate passenger demand ultimately determine overall aircraft landed weight. Airlines are constantly evaluating how to best serve passenger demand with their available aircraft fleet. In markets that exhibit strong business travel, an airline may decide to operate smaller aircraft on the route several times per day to offer customers more choice and redundancy. In other cases, an airline may choose to offer larger aircraft and less frequency. Airlines also make decisions to change aircraft capacity on particular routes in response to load factors and profitability. Aircraft fleet mix and operations are important considerations for airport operators when planning for the appropriately sized airport facilities and to ensure the airport has sufficient capacity to accommodate operations in the future. **Table 2-6** presents the aircraft operations at the Airport from FY 2013 through FY 2024 year-to-date (March 2024).

2.2.2.1 FY 2013 – FY 2019

Commercial operations at the Airport refers to commercial passenger and all-cargo aircraft operations. The Great Recession[63] forced airlines to re-examine their operations in an effort to remain financially sound. As a result, many airlines implemented cost-saving measures and eliminated many poor performing routes with low load factors. Additionally, airlines opted to use larger aircraft where feasible. Small regional jets (aircraft with 50 or fewer seats) were retired at an accelerated rate. According to the U.S. Department of Transportation Air Carrier Statistics database (T-100), the average number of seats on departing aircraft at the Airport increased from an average of 100.3 seats in FY 2007 to 127.3 seats in FY 2016. This significant change in the aircraft fleet operating at the Airport, combined with higher load factors resulted in an increase in the average number of enplaned passengers from approximately 75.8 per departure in FY 2007 to 101.5 in FY 2016. This increase in passengers per operation has allowed airlines to operate fewer flights in order to handle a greater number of passengers. Between FY 2016 and FY 2019, the average number of seats per departure increased, albeit at a slower rate, from 127.3 seats in FY 2016 to 131.9 seats in FY 2019. As a result, scheduled commercial passenger aircraft operations increased from FY 2016 at a CAGR of 1.7% through FY 2019. Additional details on the trend regarding seats per departure at the Airport is provided below in Section 2.2.2.2.

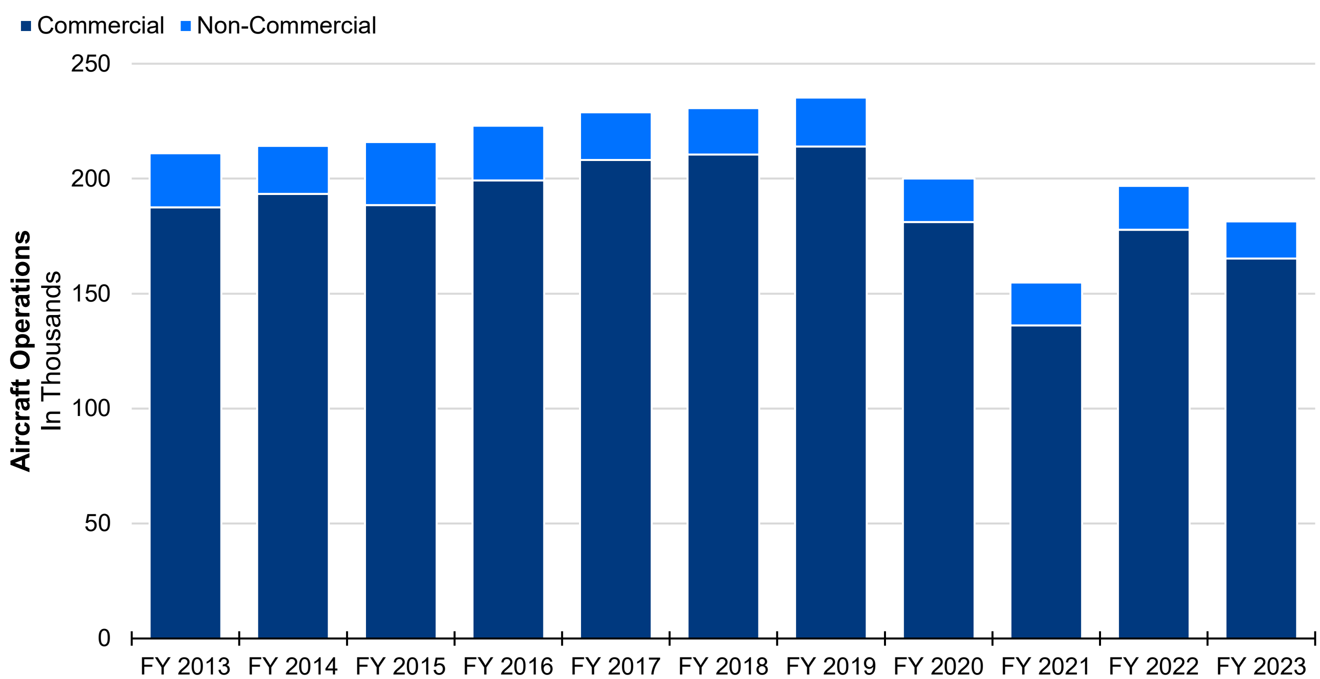
Non-commercial operations at the Airport refers to general aviation (GA) and military aircraft operations. From FY 2013 to FY 2019, GA aircraft operations have declined at a CAGR of 1.6%. The Port also operates two GA airports: Hillsboro Airport and Troutdale Airport. Both of these facilities are designated as reliever airports to the Airport pursuant to the FAA's National Plan of Integrated Airport Systems (NPIAS). From FY 2013 to FY 2019, military aircraft operations increased at a CAGR of 1.8%. 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.

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

Table 2-6 Historical Aircraft Operations (FY 2013 – FY 2023 and FY 2024 year-to-date)

Fiscal Year	Commercial	General Aviation	Military	Total	Year-Over-Year Growth Rate
FY 2013	187,574	18,853	4,673	**211,100**	-3.0%
FY 2014	193,368	16,904	4,007	**214,279**	1.5%
FY 2015	188,533	22,908	4,525	**215,966**	0.8%
FY 2016	199,285	20,539	3,155	**222,979**	3.2%
FY 2017	208,089	16,928	3,829	**228,846**	2.6%
FY 2018	210,440	16,535	3,682	**230,657**	0.8%
FY 2019	213,911	17,074	4,293	**235,278**	2.0%
FY 2020	181,097	16,036	2,866	**199,999**	-15.0%
FY 2021	136,116	15,837	2,817	**154,770**	-22.6%
FY 2022	177,742	16,038	3,011	**196,791**	27.2%
FY 2023	165,274	13,586	2,511	**181,371**	-7.8%
FY 2023 YTD[1]				**133,201**	
FY 2024 YTD[1]				**141,664**	6.4%

Range	Average Annual Growth Rate				
FY 2013-19	2.2%	-1.6%	-1.4%	**1.8%**	
FY 2019-23	-6.2%	-5.6%	-12.5%	**-6.3%**	
FY 2013-23	-3.2%	-3.2%	-6.0%	**-1.5%**	

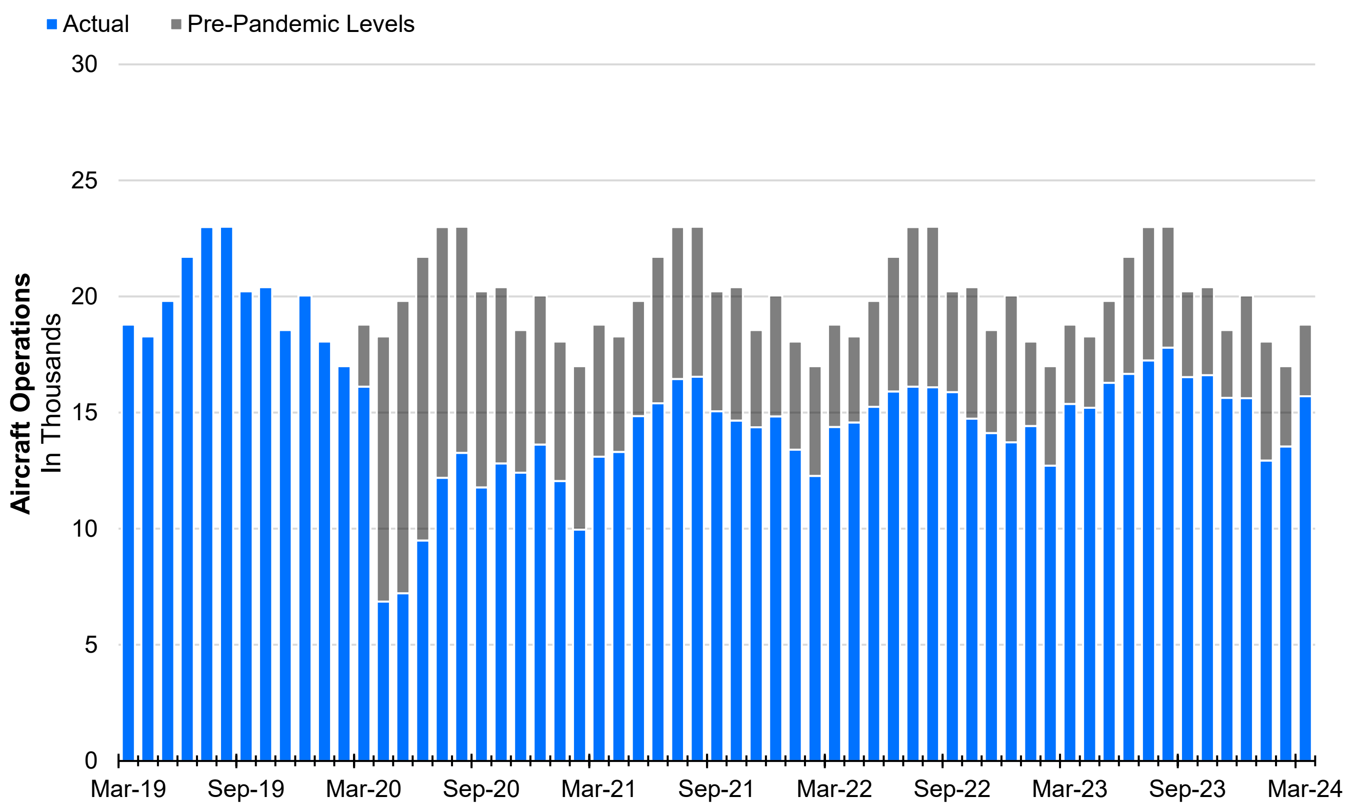


[1] FY 2023 year-to-date (YTD) data is through March 2023 and FY 2024 YTD data is through March 2024.
Source: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2009-January 2024.

2.2.2.2 COVID-19 Pandemic Impact: FY 2020 – FY 2024 (year-to-date)

In response to the significant decrease in enplaned passengers in the U.S. and at the Airport during the COVID-19 pandemic, the airlines reduced the number of daily flights. **Figure 2-6** depicts the monthly aircraft operations for the 12 months prior to the pandemic through year-to-date FY 2024. As shown, starting in March 2020, aircraft operations were approximately 86% of March 2019 levels, compared to approximately 45% for enplaned passengers. Normally, aircraft operations would be more directly related to enplaned passengers. However, there was an initial reluctance to remove flights from schedules because of the implementation of social distancing practices (i.e., restricting the use of middle seats in some cases) and, thus, aircraft operations decreases have been more stable as compared to enplaned passengers. The decrease continued into April 2020 and May 2020 when aircraft operations were approximately 38% and 37% of the same months in the prior year, respectively. For the entire year FY 2023, aircraft operations were approximately 77.1% of FY 2019 levels. Scheduled seats in FY 2023 were approximately 78.9% of FY 2019 levels. One reason contributing to seats recovering faster than operations is due to airlines operating larger aircraft in recent years. In FY 2023, the average number of scheduled seats per scheduled departure was 140.7 compared to just 131.9 in FY 2019.

Figure 2-6 Monthly Aircraft Operations (March 2019 – March 2024)



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

2.2.3 Aircraft Landed Weight

Aircraft landed weight, expressed in 1,000-pound units, is the sum of the maximum gross certificated landing weight as certified by the FAA for passenger and all-cargo aircraft landing at the Airport. Per the Airport Use and Lease Agreement with the Signatory Airlines that operate at the Airport, aircraft landed weight is used as the denominator in the calculation of activity fees (landing fees) that are used to recover the net cost of the Airport. Therefore, landed weight is an important measure for the Port as it provides a method to recover costs from each airline based on its share of landed weight. **Table 2-7** presents the landed weight at the Airport from FY 2013 through FY 2024 year-to-date.

2.2.3.1 FY 2013 – FY 2019

Aircraft landed weight at the Airport increased from 9.3 million units in FY 2013 to 12.7 million units in FY 2019, representing a CAGR of 5.4%. Both passenger airlines and all-cargo airlines contributed to landed weight growth, increasing at a CAGR of 5.0% and 8.5%, 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.

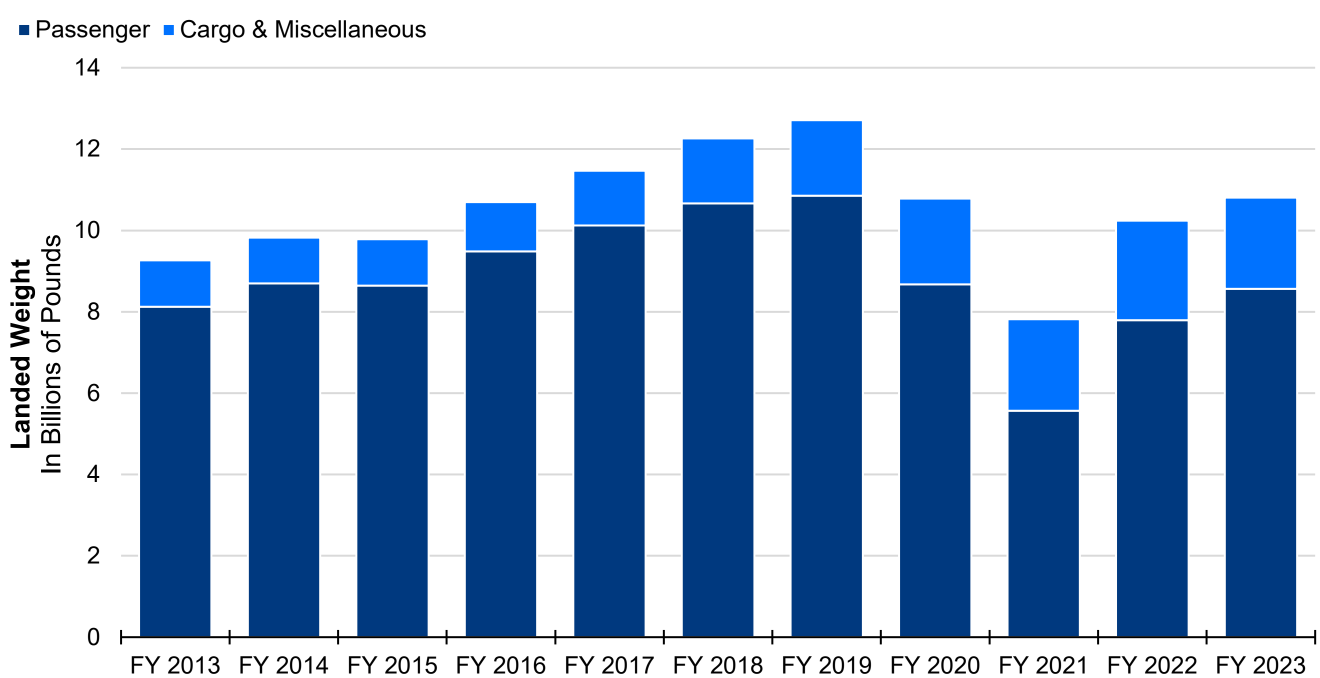
2.2.3.2 COVID-19 Pandemic Impact: FY 2020 – FY 2024 (year-to-date)

Figure 2-7 depicts the monthly aircraft landed weight for the 12 months prior to the outbreak through year-to-date FY 2024. As shown, starting in March 2020, aircraft landed weight was approximately 90% of March 2019 levels, compared to approximately 45% for enplaned passengers and 86% for aircraft operations. The decrease continued into May when aircraft landed weight was approximately 32% of May 2019 levels. Since May 2020, aircraft landed weight at the Airport has consistently recovered. In December 2023, aircraft landed weight was approximately 83% of June 2019 levels. For the entire FY 2023, aircraft landed weight was approximately 83% of FY 2019 levels. In March 2024, aircraft landed weight was 93.3% of March 2019.

Table 2-7 Historical Landed Weight (FY 2013 – FY 2023 and FY 2024 year-to-date)

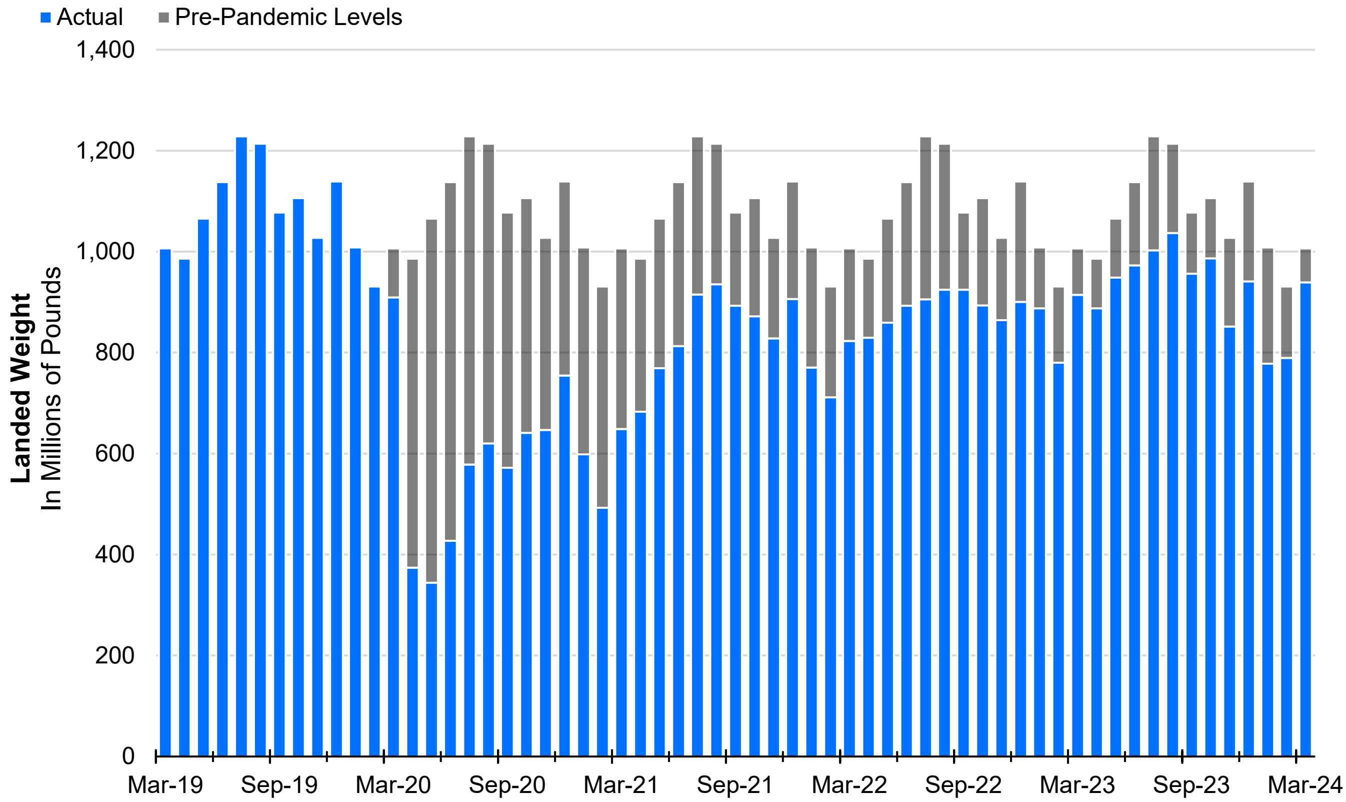
Fiscal Year	Passenger Airlines	All-Cargo	Total	Year-Over-Year Growth Rate
FY 2013	8,123,435	1,140,494	**9,263,929**	1.8%
FY 2014	8,699,074	1,126,771	**9,825,845**	6.1%
FY 2015	8,644,185	1,139,176	**9,783,361**	-0.4%
FY 2016	9,482,191	1,215,683	**10,697,874**	9.3%
FY 2017	10,122,815	1,342,179	**11,464,994**	7.2%
FY 2018	10,662,824	1,599,687	**12,262,511**	7.0%
FY 2019	10,855,334	1,856,750	**12,712,084**	3.7%
FY 2020	8,674,826	2,111,420	**10,786,246**	-15.1%
FY 2021	5,569,346	2,248,200	**7,817,546**	-27.5%
FY 2022	7,791,682	2,445,124	**10,236,806**	30.9%
FY 2023	8,560,710	2,244,117	**10,804,827**	5.5%
FY 2023 YTD[1]			**7,995.260**	
FY 2024 YTD[1]			**8,282.326**	3.6%

Range	Average Annual Growth Rate		
FY 2013-19	5.0%	8.5%	**5.4%**
FY 2019-23	-5.8%	4.9%	**-4.0%**
FY 2013-23	0.5%	7.0%	**1.6%**



[1] FY 2023 year-to-date (YTD) data is through March 2023 and FY 2024 YTD data is through March 2024.
Source: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2009-January 2024.

Figure 2-7 Monthly Landed Weight (March 2019 – December 2023)



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

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 Economic Conditions and Exogenous Events

Historically, the U.S. economy as measured by GDP has grown at a relatively steady rate, averaging 3.1% per annum between CY 1960 and CY 2019. The rate of growth has been remarkably stable reflecting both the size and maturity of the U.S. economy. Individual years have fluctuated from the long-term trend for a variety of reasons including macroeconomic factors, fuel shocks, war, and terrorist attacks.

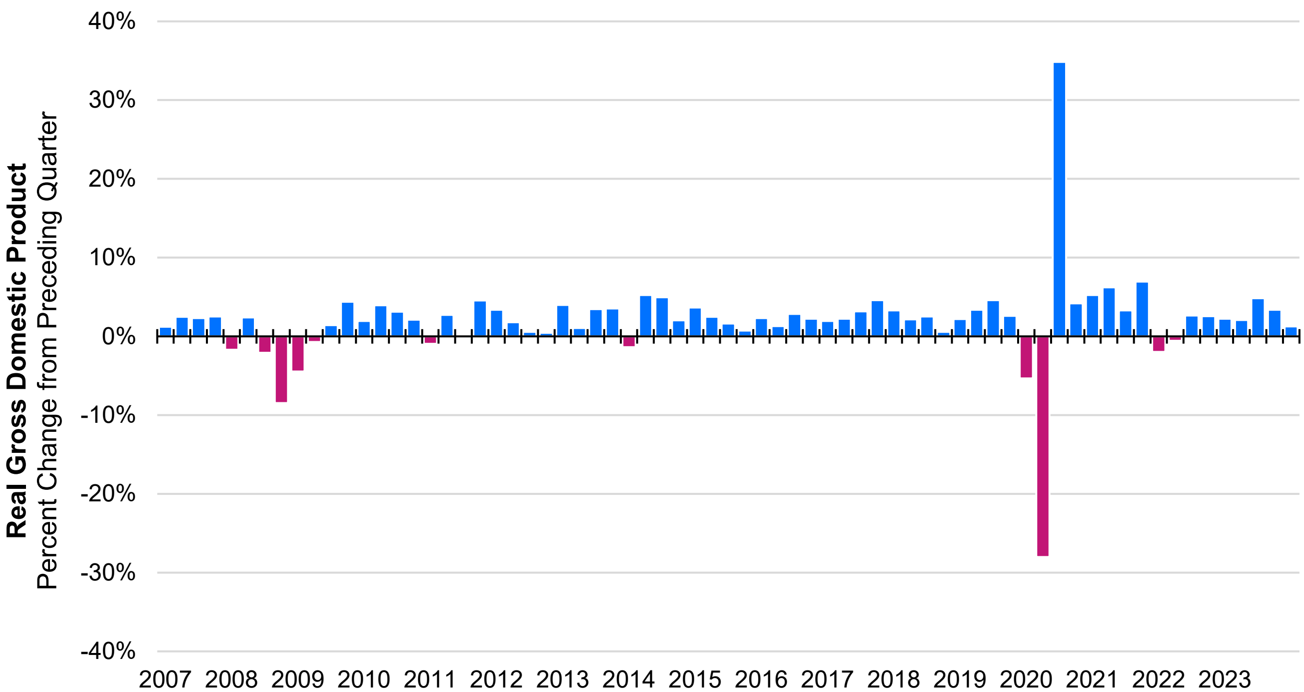
Traditionally, two consecutive quarters of contraction is the benchmark used to determine if a country has entered a recession. The National Bureau of Economic Research defines a recession as a significant decline in economic activity that is spread across the economy and last more than a few months.[64]

64 National Bureau of Economic Research, Business Cycle Dating, accessed August 2022.

Prior to CY 2020, there were two official economic recessions in the U.S. in the 21st century. The first occurred between March 2001 and November 2001. The recession itself was short-lived by historical standards and the economy returned to positive growth quickly, fueled by a gradual but prolonged reduction in interest rates. The Great Recession occurred between December 2007 and June 2009.[65] As a result of the Great Recession, the nation's unemployment rate rose from 5.0% in December 2007 to a high of 10.0% in October 2009.[66]

The outbreak of COVID-19 in early CY 2020 and declaration of a pandemic by the World Health Organization on March 11, 2020, coupled with the subsequent stay-at-home orders led to the disruption of economies around the world, resulting in dramatic increases in unemployment. According to the Bureau of Economic Analysis (BEA), real GDP decreased at an annual rate of 31.4% in the second quarter of CY 2020 after decreasing by 5.0% in the first quarter of CY 2020. In comparison, the worst decrease in GDP during the Great Recession was 8.4% in the fourth quarter of CY 2008. There was a significant recovery in GDP in the third quarter of CY 2020, increasing 33.4%. The initial recovery was followed by five straight quarters of positive growth. In the second quarter of CY 2021, GDP exceeded the level experienced in the fourth quarter of CY 2019. Starting in the fourth quarter of CY 2021, there were contractions in GDP for each of the three consecutive quarters. The advanced estimate for the first quarter of CY 2024 shows a growth in GDP of 1.6%, the seventh consecutive quarter of positive growth. **Figure 2-8** depicts the magnitude of the impact the COVID-19 pandemic had on the U.S. economy and the subsequent recovery when compared to the Great Recession.

Figure 2-8 **U.S. Economic Impact of the COVID-19 Pandemic**



Source: U.S. Bureau of Economic Analysis, National Income and Product Accounts, April 2024.

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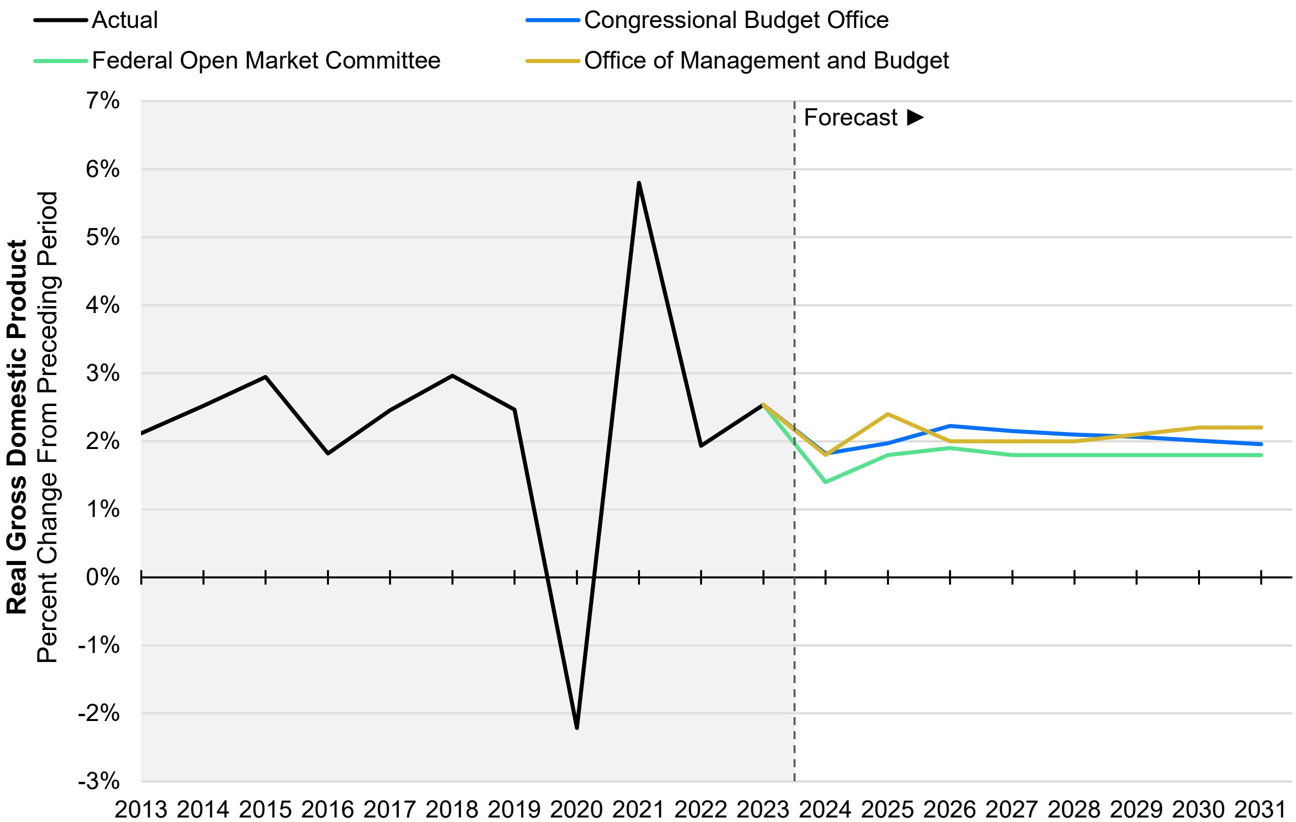
65 National Bureau of Economic Research, U.S. Business Cycle Expansions and Contractions, September 20, 2010.
66 Ibid.

Figure 2-9 shows the historical real U.S. GDP growth from the BEA and growth forecasts for the U.S. between 2024 and 2031 from three different sources, Congressional Budget Office (CBO), Federal Open Market Committee (FOMC), and the Office of Management and Budget (OMB). These sources forecast GDP will increase between 1.8% and 2.2% through the forecast period.

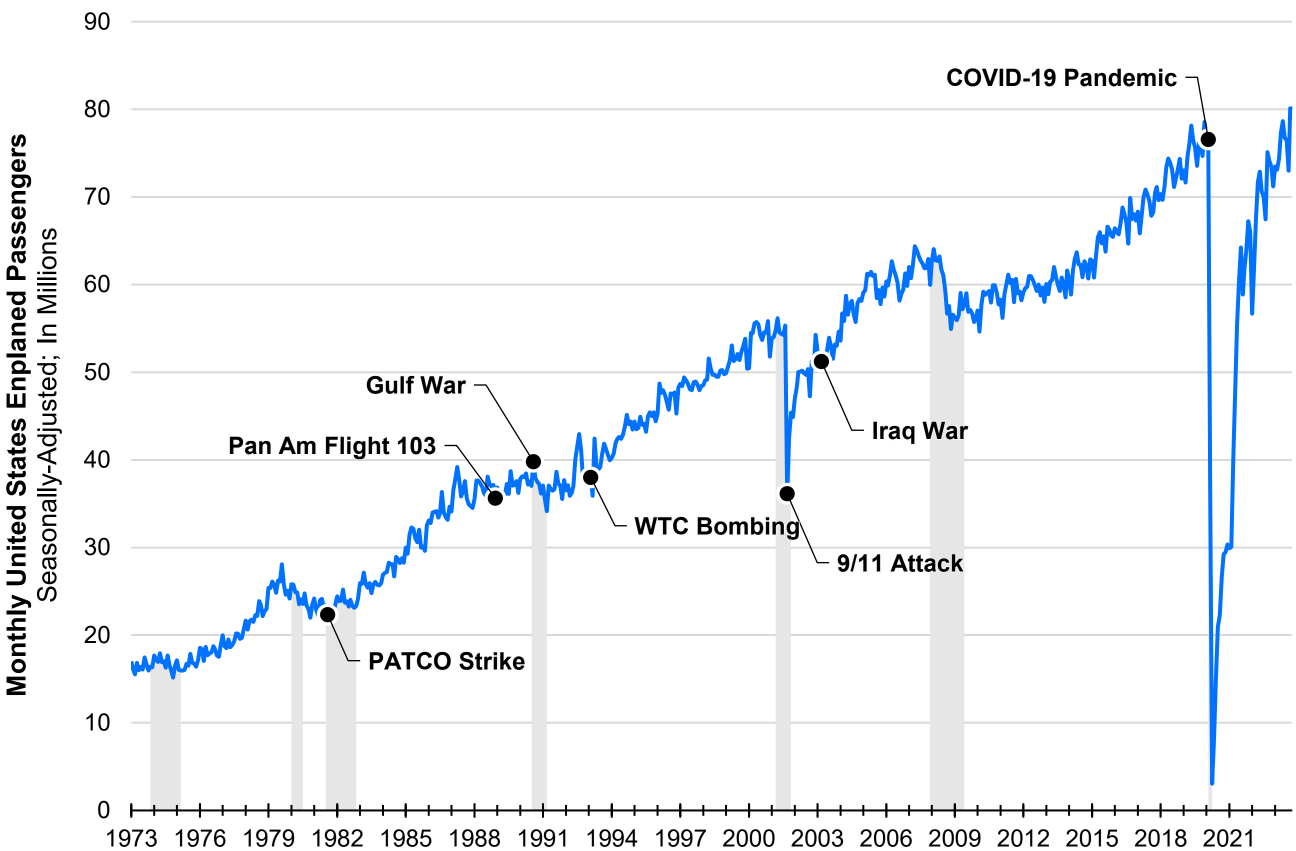
Figure 2-9 U.S. Real GDP Growth Forecasts



Sources: Congressional Budget Office, Budget and Economic Data: 10-Year Economic Projections, February 2024. Board of Governors of the Federal Reserve System, Federal Open Market Committee, Summary of Economic Projections, March 20, 2024. Office of Management and Budget, Budget of the U.S. Government for Fiscal Year 2025, March 11, 2024. Bureau of Economic Analysis, Gross Domestic Product, First Quarter 2024 (Advance Estimate), April 2024.

Although the economy is a primary driver for air traffic, exogenous events can further exacerbate the impacts to air travel. For instance, the economic recession that occurred in CY 2001 had a direct impact on air travel, but its impact was compounded by the September 11, 2001 terrorist attacks. The negative impact of this event on the airline industry is well documented. More recently, the COVID-19 pandemic and subsequent government-imposed travel restrictions resulted in dramatic decreases in air traffic. **Figure 2-10** shows long-term enplaned passenger traffic growth in the U.S. During periods of economic contractions, there is a notable decline in enplaned passenger volumes, and during the subsequent economic expansions and recovery periods, there is significant growth in volumes. Exogenous shocks such as wars and terrorist attacks have generally had a short but significant impact on passenger volumes. As presented in this figure, the COVID-19 pandemic has been the most disruptive event to impact aviation in history over this period. In general, U.S. enplaned passenger traffic has recovered back to 2019, or pre-pandemic, levels.

Figure 2-10 U.S. Aviation System Shocks and Recoveries (through March 2024)

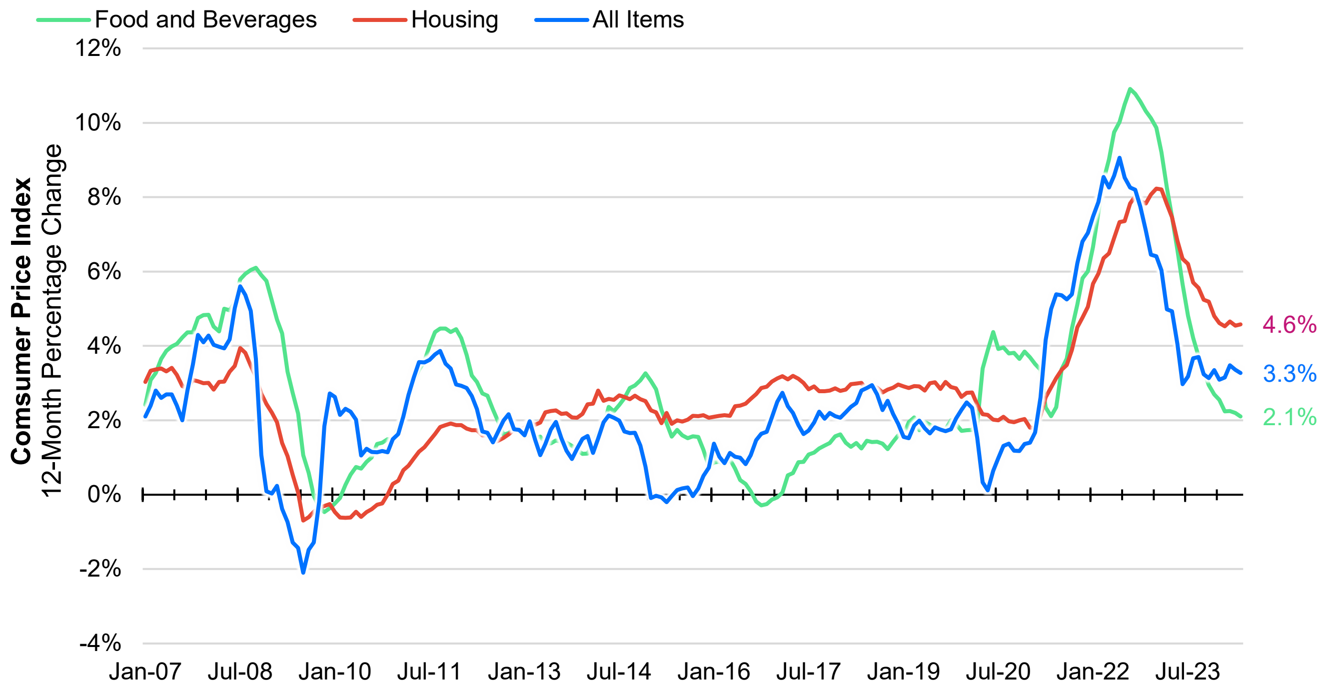


Note: Excludes non-revenue enplaned passengers.
Shading indicates an economic recession.

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.

Increases in inflation can have a negative impact on air traffic, especially if inflation increases at a faster rate than income. The consumer price index (CPI) is a measure of the average change over time in the prices paid by urban consumers for consumer goods and services. Consumer prices began to increase in April 2021 as the country was continuing to recover from the recession associated with the COVID-19 pandemic. Historic government spending during the pandemic and global supply chain issues were among factors that contributed to increases in CPI. The average cost of goods and services began to climb at an accelerated rate in June 2021 with items like food, fuel, and housing being directly impacted. In June 2022, the CPI increased to 9.1% over June 2021. Since June 2022, the increase in CPI has slowed. In May 2024, the CPI increased by 3.3% over May 2023. **Figure 2-11** graphically depicts how CPI in the U.S. has changed since January 2007.

Figure 2-11 Consumer Price Index Changes (January 2007 – May 2024)



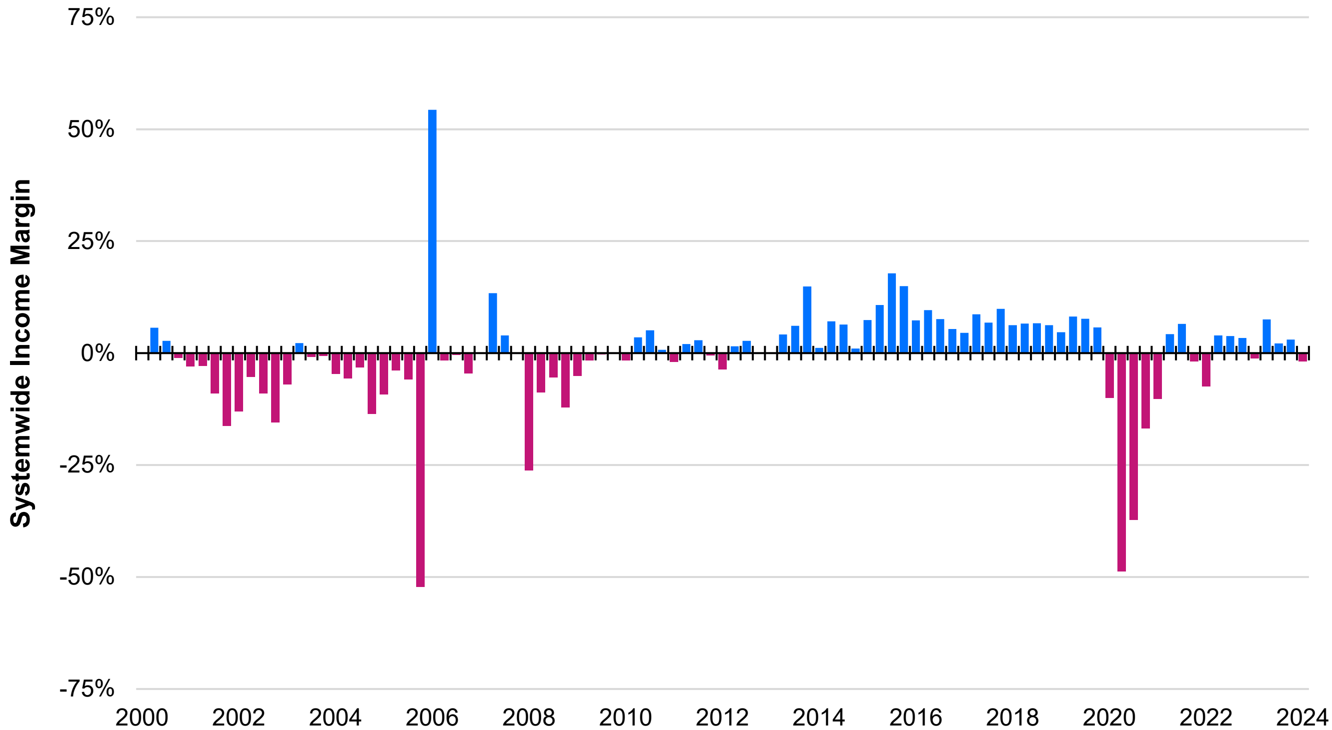
Source: United States Bureau of Labor Statistics, Consumer Price Index (CPI) Databases.

2.3.2 The U.S. Airline Industry

2.3.2.1 Airline Profitability

Airlines generally design route networks based on profitability and connectivity (primarily for network carriers). When profitability becomes compromised, an airline will, generally, review profitability by route and could act by increasing service on profitable routes and/or by reducing or eliminating unprofitable routes from their network. **Figure 2-12** provides the systemwide income margin for U.S. carriers since the first quarter of CY 2000. Triggered initially by the economic recession and compounded by the September 11 terrorist attacks, airlines had 20 out of 21 straight quarters with negative income margins beginning in the fourth quarter of 2000. During this period, several airlines filed for bankruptcy protection, most notably Trans World Airlines, US Airways, United Airlines, Northwest Airlines, and Delta Air Lines. These difficult financial times for U.S. airlines resulted in some industry contraction as several mergers took place. This is discussed in more detail in the next section.

Figure 2-12 Systemwide Income Margin for U.S. Carriers (CY 2000 Q1 – CY 2024 Q1)



Source: Bureau of Transportation Statistics, Net Income: All U.S. Carriers - All Regions.

The Great Recession also had a significant impact on the airline industry. In response, U.S. airlines decreased capacity, particularly in shorter-haul markets with smaller, shorter-range aircraft types in CY 2008 and CY 2009. This generally resulted in significant improvements to airline yields, RASM, and profitability. In the years prior to the COVID-19 pandemic, the U.S. airline industry was at its most stable, profitable point over this period. According to the Bureau of Transportation Statistics (BTS), the 23 U.S. scheduled passenger airlines, at that time, reported a pre-tax net operating profit of $15.8 billion in CY 2019, which was a 19.7% increase from CY 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.[67] Profitability during this period can also be attributed to the airlines unbundling services and increasing the use of ancillary fees such as charges for checked baggage.

As a result of the impacts associated with the COVID-19 pandemic, U.S. airlines incurred record losses in 2020 which carried over into 2021. The U.S. DOT reported that U.S. scheduled passenger airlines reported four straight quarters of after-tax net losses beginning in the second quarter of 2020. To help support U.S. air carriers during this period, in March 2020, the U.S. Congress passed by unanimous vote the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Under Title IV of the CARES Act, Congress approved $500 billion in federal assistance to severely distressed sectors of the economy as part of the larger $2 trillion stimulus package. Enacted on December 27, 2020, the Consolidated Appropriations Act (including CARES) created the Payroll Support Program Extension (PSP2) which allocated another $15 billion to passenger air carriers and $1 billion to contractors. On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act

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

(CRRSAA) was signed and provided $2 billion in economic relief to airports. The American Rescue Plan Act of 2021 extended assistance to passenger air carriers and contractors that received financial assistance under PSP2 for an additional $14 billion and $1 billion respectively. From 2022 Q2 through 2023 Q4, there has only been one quarter (2023 Q1) with a negative operating margin for the U.S. carriers. In 2023 Q4, U.S. carriers posted a 3.0% systemwide operating margin.

2.3.2.2 Airlines Consolidation

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 $54 billion from 2000 through 2009 on domestic operations.[68] 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 nearly $150 per barrel in 2008, industry changes were critical. As a result, all the major network airlines restructured their route networks and reached agreements with lenders, employees, vendors, and creditors to decrease their cost structure.

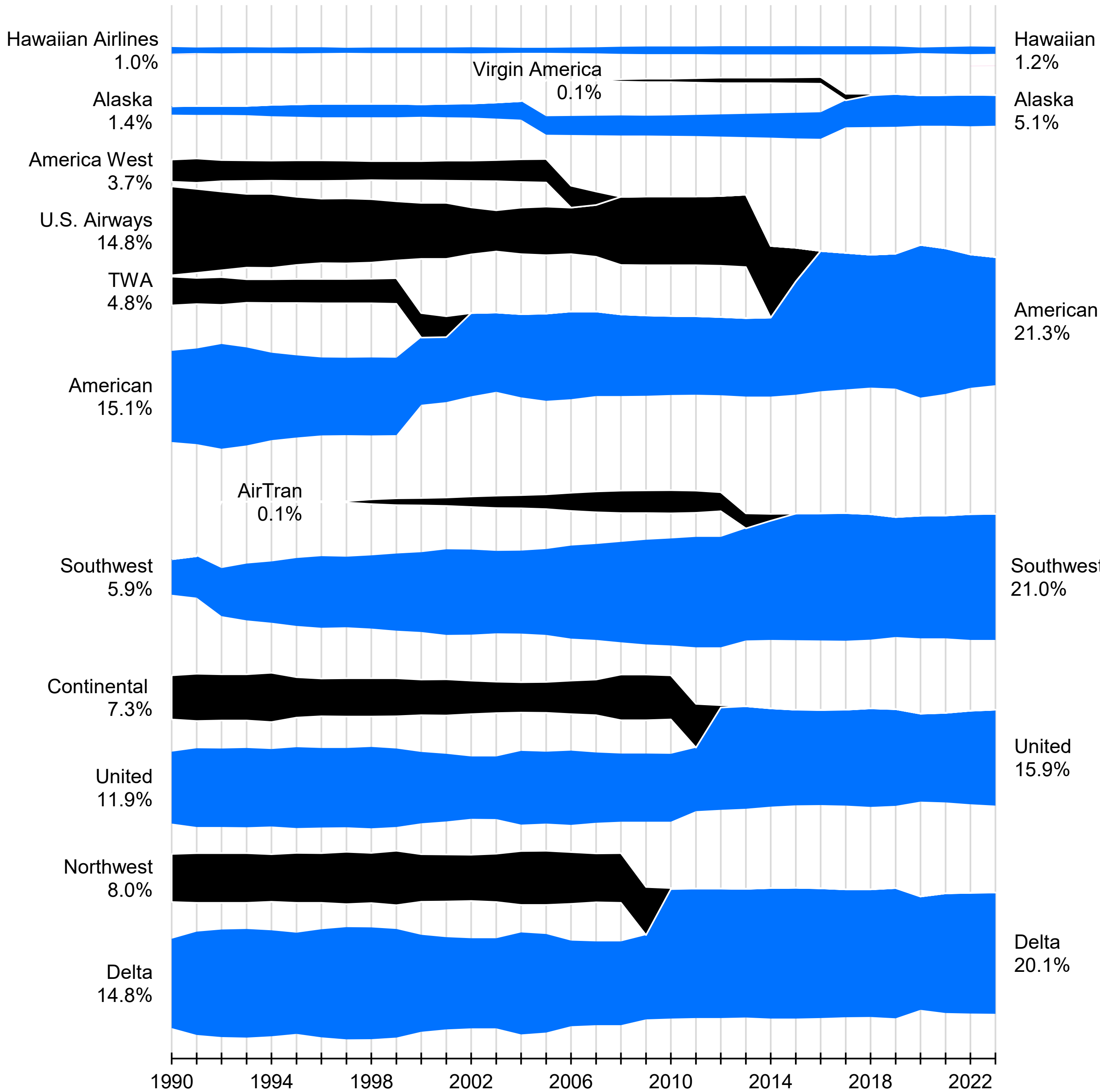
Industry consolidation has taken place because of competitive pressures and economic conditions. Many airlines have merged or been acquired since the turn of the 21st century. **Figure 2-13** provides a graphical representation of the major U.S. airline mergers during this period. As shown, in CY 1990 there were 10 carriers accounted for 87.7% of the passenger traffic in the U.S. The introduction of low-cost and ultra-low-cost carriers increased competition and by CY 2001 there were 13 carriers accounting for 86.4% of the passengers. However, the run of mergers in the 2000s resulted in only 6 carriers accounting for 84.6% by CY 2023. These mergers have resulted in less competition among the airlines and increased pricing power. The potential impacts associated with consolidation include limited industry seats, limited capacity growth, and increases in fares.

It is expected that airlines will continue to enter into code-share agreements in attempts to seek competitive advantages. For example, in early 2021, American Airlines entered partnerships with both Alaska Airlines for markets in the western U.S. and JetBlue Airways for markets in the eastern U.S. However, in May 2023, a federal judge ruled that American Airlines must end alliance with JetBlue Airways because of competition issues. In July 2023, JetBlue Airways announced it would not appeal the ruling, withdrawing from the alliance.

On December 2, 2023 Alaska Air Group announced it was planning to buy Hawaiian Airlines. The merged company would operate as independent brands but combine its operating platform. The shareholders of Hawaiian Airlines voted to approve the merger deal in February 2024. The combined airline is hoping to complete the merger within 18 months but requires the approval of U.S. regulators. In April 2024, consumers filed a lawsuit in an effort to block the merger.

[68] National Bureau of Economic Research, The Persistent Financial Losses of U.S. Airlines, July 2011.

Figure 2-13 U.S. Airline Consolidation – Systemwide Seating Capacity



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

2.3.2.3 Aircraft and Personnel Shortages

Airlines parked and decommissioned aircraft during the pandemic as demand declined but now are struggling with capacity to meet the demand as air travel has essentially returned to 2019 levels. Supply chain issues and staffing shortages resulted in a significant slowdown in production of new aircraft. In CY 2019, Boeing delivered 380 aircraft which fell to 157 in CY 2020. Boeing was able to return to pre-pandemic delivery levels in 2022 but is still behind in deliveries. In CY 2023, Boeing delivered 528 aircraft, representing an increase of 1% from CY 2022. Boeing met its target of 375 Boeing 737 jets with 396 and its target of 70-80 deliveries of the Boeing 787 with 73.[69] In the first two months of 2024, Boeing has only delivered 54 planes as the airline has been dealing with ongoing safety issues.[70] To date, Boeing has not issued a formal target for CY 2024, but has informed Southwest that it should expect 46 aircraft, down from an original estimate of 79, and United is expected to receive 56 aircraft, down from 77. Alaska Air Group expects to receive 13 fewer Boeing 737 Max aircraft than anticipated by the end of CY 2024. This delay has resulted in a number of U.S. carriers cutting plans for increasing capacity nationwide. In 2019, Airbus delivered 863 aircraft which decreased to 566 in 2020. In 2022, Airbus delivered 661 aircraft. In CY 2023, Airbus delivered 735 units, beating its target of 720.[71] Airbus is currently targeting 800 aircraft deliveries in CY 2024.

The shortages due to production were compounded by maintenance delays. According to the management consulting company Oliver Wyman, there is a 12,000 to 18,000 shortage in the number of needed mechanics in 2023.[72] In order to overcome this shortage of mechanics, airlines will have to employ similar solutions as they have been doing with pilots including increased pay and subsidizing the training process as described in more detail below.

At the onset of the COVID-19 pandemic, airlines were faced with a surplus of personnel resulting from the sudden and dramatic decline in air traffic. As a result, airlines offered their employees buyouts and early retirement packages. In total, it is estimated that approximately 10% of commercial pilots took early retirement during the pandemic.[73] In addition, an aging pilot population is expected to continue to compound the issues arising from early retirements caused by the pandemic. FAA airman certification statistics shows that 13% of the 170,086 people with an airline transport pilot (ATP) certificate are 60 years of age or older and are due to retire over the next five years with another 33% set to retire within the next 15 years. In contrast, only 8% of people with an ATP certification were under the age of 30.

The recovery of air traffic demand in the U.S. was relatively modest from April 2020 through February 2021. However, starting in March 2021, passenger demand increased more rapidly and has since recovered to more than 90% of the U.S. passenger levels experienced in 2019. As a result of this rapid recovery and the airlines' inability to quickly replace their retired pilots, airlines have experienced shortages of trained pilots to fly aircraft. The pilot shortage problem has been amplified during peak travel periods throughout the year. Regional airlines have been hit the hardest by the pilot shortage. Unable to provide the wages of the larger airlines, the regional airlines have been losing their pilots to the mainline carriers who are attempting to fill their needs. As a result, the regional airlines have had to scale back, or in some cases eliminate service, to smaller markets including some subsidized through the FAA's Essential Air Service Program.

69 Simple Flying, Boeing Delivered 528 Planes in 2023, January 10, 2024.
70 Reuters, US Airlines Warn of More Boeing Delivery Delays Due to Safety Crisis, March 12, 2024.
71 Airbus, Airbus Reports Strong 2023 Commercial Aircraft Orders and Deliveries in Complex Operating Environment, January 11, 2024.
72 Oliver Wyman, Not Enough Aviation Mechanics, January 2023.
73 CNN, A shortage of pilots could keep the airlines from making a real comeback.

In order to meet this demand, airlines are quickly attempting to backfill the positions left open by pilot retirements by hiring and training new pilots. However, in addition to offering early retirement to their pilots, the airlines also trimmed back their pilot training programs to cut costs during the pandemic. The Regional Airline Association states that only 8,927 new pilots qualified for their ATP certificates over the two-year span of CY 2020 to CY 2021 compared to 6,664 in CY 2019 alone. [74] In CY 2022, there were 9,323 new pilots that qualified for ATP certificates. [75]

On March 1, 2023, Delta ratified a new Pilot Working agreement. The contract, which runs through December 2026, provides the 15,000 pilots with an immediate 18% pay increase and pay increases in each of the subsequent three years. Under the agreement, Delta will also provide a 1% increase of any pay offered by its competitors (American Airlines and United Airlines) under any of those airline's negotiated contracts. The contract also provides paid maternity and paternal leave, better crew meals, improved health insurance, and more.

According to a report from Oliver Wyman, by CY 2029 the increased demand for pilots is expected to outpace the supply creating a pilot shortage of approximately 60,000 pilots worldwide and nearly 21,000 in North America.[76] In the U.S., there are currently several potential measures being explored to help alleviate the pilot shortage, including:

- Reducing flight-hour requirements before joining a U.S. carrier
- Lowering the barrier to entry for training programs such as dropping the requirement for a four-year degree
- Creating gateway programs such as Alaska's Ascend Pilot Academy and United's Aviate Academy which offer financial aid and scholarships to lessen the cost of becoming a pilot.

If the pilot shortage becomes more widespread in the industry, the passenger airlines may not be able to meet future passenger demand, and would be required to reduce their seat capacity, resulting in material impacts to future passenger traffic in the U.S and internationally.

2.3.3 Aviation Fuel

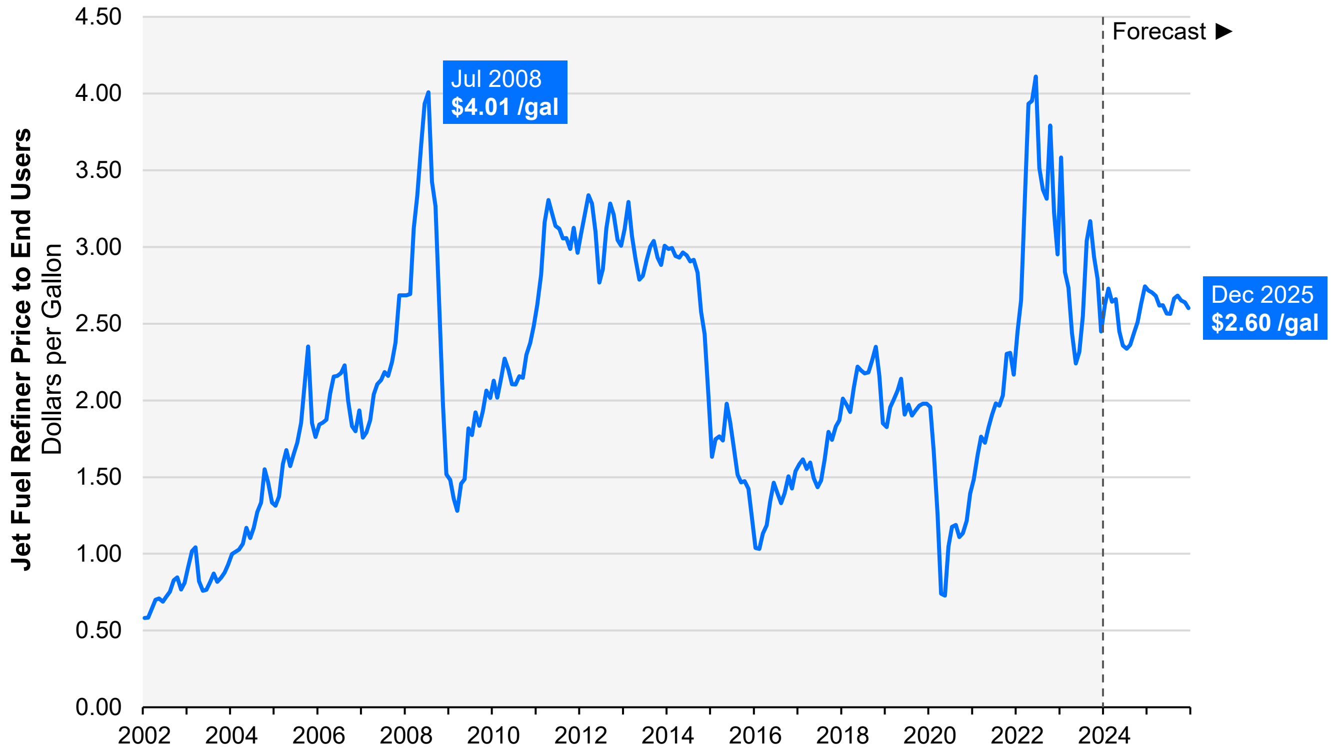
The price of oil and the associated cost of jet fuel has historically been one of the largest operating costs affecting the airline industry. In 2019, jet fuel prices were fairly stable, averaging approximately $1.90 per gallon from February 2019 through January 2020. However, as a result of the COVID-19 pandemic, the global demand for crude oil and fuel decreased dramatically starting in January 2020. As a result, the price of crude oil dropped below $20 per barrel in April 2020. Since then, crude oil supply curtailments have caused oil prices to recover. Prices hovered near $40 per barrel from early June 2020 through December 2020, then increased significantly to $92 per barrel in February 2022. Following the start of the war between Russia and Ukraine, crude oil prices reached nearly $109 per barrel in March 2022, receded to approximately $102 per barrel in April 2022 and increased again back to nearly $115 per barrel in June 2022. After such time, prices steadily declined through June 2023 before a slow climb through September 2023 where prices were at approximately $89 per barrel. Energy disruptions leading to price increases have been occurring since the start of the Ukraine war with Russia. Oil prices have increased by about 6% since the start of the conflict between Israel and Hamas. The World Bank

74 Regional Airline Association, 2023 Regional Airline Association Annual Report.
75 Federal Aviation Administration, U.S. Civil Airmen Statistics.
76 Oliver Wyman, After COVID-19, Aviation Faces a Pilot Shortage.

has reported if there is a major escalation, widening the conflict, a global energy shock would likely occur. A large disruption could send oil prices up by as much as 75%.[77]

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. These prices are reported in cents per gallon as opposed to per barrel. In the June 2024 release, the EIA forecasts that jet fuel prices will be $2.60 per gallon by December 2025. **Figure 2-14** presents the historical price for jet fuel refiner price to end users and the EIA's forecast of that price.

Figure 2-14 Jet Fuel Prices (January 2002 – December 2025)



Source: U.S. Energy Information Administration, Short-Term Energy Outlook (June 2024).

Future fuel prices and availability are uncertain and fluctuate based on numerous factors. These can include supply-and-demand expectations, geopolitical events, fuel inventory levels, monetary policies, and economic growth estimates. Historically, certain airlines have also employed fuel hedging as a practice to provide some protection against future fuel price increases.

[77] New York Times, Middle East War Could Cause Oil Price Shock, World Bank Warns, https://www.nytimes.com/2023/10/30/business/economy/middle-east-war-oil-prices-world-bank.html

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 to remain profitable. Currently, alternative fuels are not yet commercially cost effective.

2.3.4 Aviation Security

Since September 11, 2001, terrorist attacks, 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, passenger 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, additional intelligence in identifying high-risk passengers and new programs for flight crews. Aviation security is controlled by the federal government through the Department of Homeland Security and the TSA.

Although terrorist event 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 relatively quickly. There have been terrorist attacks at airports internationally including at Brussels Airport in March 2016, the Istanbul Atatürk Airport in June 2016, and the Paris Orly Airport in March 2017. So long as government agencies continue to seek processes and procedures to mitigate potential risks and to maintain confidence in the safety of aircraft, without requiring unreasonable levels of costs or inconvenience to the passengers, economic influences are expected to be the primary driver for aviation demand as opposed to security and safety.

2.3.5 National Air Traffic Capacity

The U.S. aviation system has a major impact on the national economy because it provides a means of transporting people and cargo over long distances in a relatively short period. As demand for air travel increases, the national aviation system must maintain enough capacity to allow for travel without unacceptable delays or congestion. It is generally assumed that the required infrastructure improvements needed to maintain capacity will keep pace with demand. Although not likely over the projection period evaluated herein, the inability of the national aviation system to keep pace with demand could create congestion and delays on a national level that could adversely affect the passenger experience and impact future demand.

2.4 Air Traffic Activity Projections

This section presents the air traffic activity projections including the key assumptions used to develop those projections. This section contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. The air traffic activity projections included in this Report represent Landrum & Brown, Incorporated's (L&B's) opinion, based on information available to L&B as well as estimates, trends and assumptions that are inherently subject to economic, political, regulatory, competitive and other uncertainties, all of which are difficult to predict and many of which will be beyond the control of L&B. As a result, projected results may not be realized, and actual results could be significantly higher or lower than projected. L&B is not obligated to update, or otherwise revise, the projections or the specific portions presented to reflect circumstances existing after the date when made or to reflect the occurrence of future events, even in the event that any or all of the assumptions are shown to be in error.

2.4.1 Projection Assumptions

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

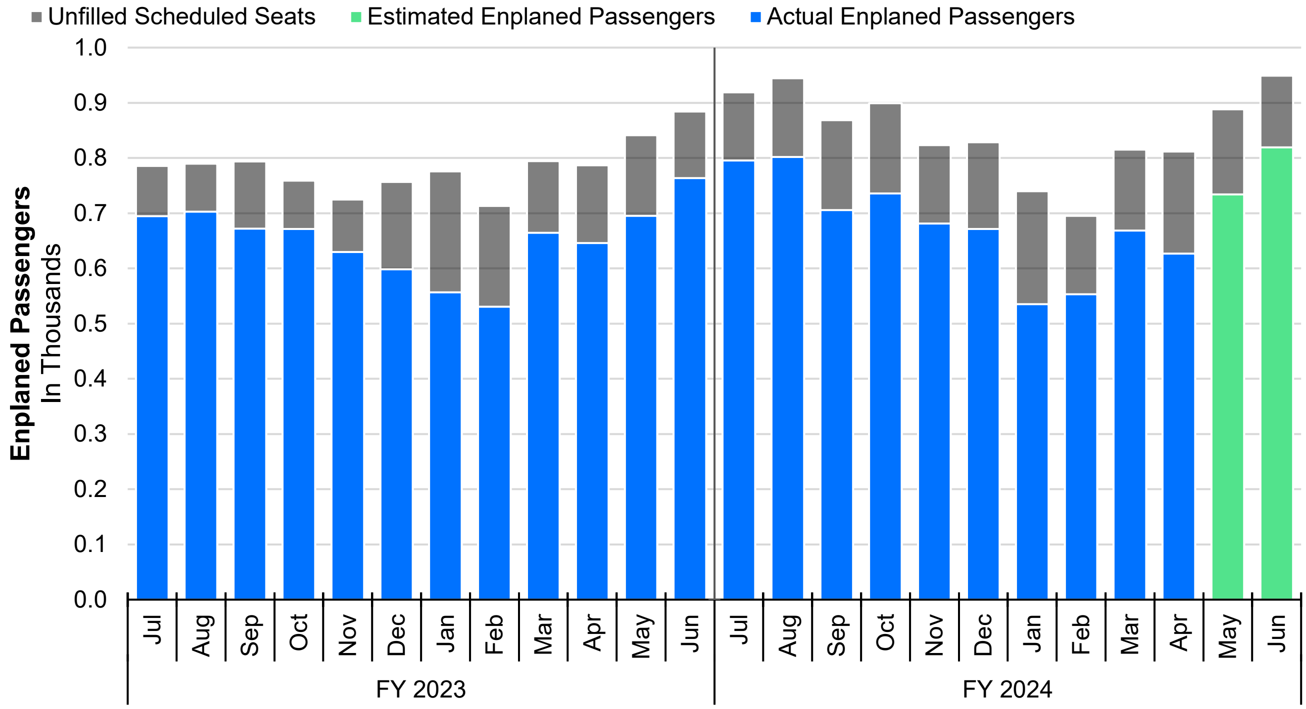
- In the short-term, the Airport will continue to be impacted by supply-side capacity issues (i.e., aircraft and airline shortages) especially related to regional carriers such as Horizon Air.
- Over the long-term, the airlines will continue to add capacity that is in line with demand and economic growth.
- Long-term nationwide growth in air travel will occur over the Projection Period consistent with forecast growth in the economy.
- Connecting passenger traffic at the Airport, primarily by Alaska Air Group, will continue to recover but remain below historical levels by FY 2031.
- There will be no major disruption of airline service or airline travel behavior over the Projection Period.

2.4.2 Enplaned Passengers Projection

2.4.2.1 Shorter-Term Projection

An estimate for FY 2024 was developed by L&B based on FY-to-date enplaned passengers combined with a review of scheduled departing seats for the remainder of the FY. Through April 2024, there were 6.8 million enplaned passengers at the Airport based on the Port's management records. During that same period, there were 8.3 million scheduled departing seats, which resulted in a seat load factor of 81.2%. It was assumed that the monthly seat load factors for the remainder of this FY will be the same as those from the prior FY. **Figure 2-15** provides the monthly departing seats currently scheduled through June 2024, the actual year-to-date enplaned passengers, and the estimated enplaned passengers for the remainder of FY 2024. Based on this analysis, it is estimated that there will be approximately 8.3 million enplaned passengers in FY 2024.

Figure 2-15 **Scheduled Departing Seats and Enplaned Passengers by Month at the Airport for FY 2024**



Sources: Cirium, Diio Mi: Schedule – Dynamic Table, Accessed May 2024; Landrum & Brown Analysis.

The Port also develops air traffic projections for its budgetary purposes. In early CY 2023, the Port budgeted approximately 8.5 million enplaned passengers for FY 2024. This would indicate that there would need to be approximately 1.8 million passengers for the remainder of FY 2024. The seat load factor would need to be 95.8% to exceed this total. Given load factors are unlikely to reach that high, it is reasonable to assume that the Airport would not reach the Port's budget of 8.5 million enplaned passengers for FY 2024 and likely be closer to the 8.3 million estimated by L&B.

Current published schedules for July 2024 through December 2024 are indicating an 13.9% increase in departing seats for the first half of FY 2025 when compared to the first half of FY 2024. **Table 2-8** shows the growth in seats for the top-10 airport destinations. This is driven mostly by increased frequency to existing markets announced by Alaska Air Group (as described earlier in this Chapter) and new markets being served by Frontier Airlines. For the purposes of developing an enplaned passenger projection for FY 2025 for this Report, only a partial impact of this seat growth was assumed. In an effort to remain conservative for financial feasibility purposes, some modest decreases to seat load factor as compared to FY 2024 were assumed, along with some discount factors to account for potential flight cancelations and future schedule reductions. As a result, it was assumed that the 13.9% increase in scheduled departing seats for the first half of FY 2025 would equate to an increase of 10.0% in enplaned passengers for the full FY 2025 as compared to FY 2024. Therefore, L&B has projected approximately 9.2 million enplaned passengers for FY 2025.

Table 2-8 Growth in Departing Seats from PDX (First Half FY 2025 versus First Half FY 2024)

Airport	FY 2024 H1	FY 2025 H2	Difference	Percent Growth
SFO	244,847	333,479	88,632	36.2%
LAX	314,845	400,491	85,646	27.2%
ONT	31,971	106,820	74,849	234.1%
ORD	188,021	255,361	67,340	35.8%
PHX	268,902	333,317	64,415	24.0%
DFW	205,687	268,587	62,900	30.6%
SAN	142,098	182,974	40,876	28.8%
BUR	91,911	128,967	37,056	40.3%
BNA	0	31,359	31,359	n.a.
ATL	125,226	153,586	28,360	22.6%
Top 10	***1,613,508***	***2,194,941***	***581,433***	***36.0%***
Other	*3,669,611*	*3,821,928*	*152,317*	*4.2%*
Total	**5,283,119**	**6,016,869**	**733,750**	**13.9%**

Sources: Cirium, Diio Mi: Schedule – Dynamic Table, Accessed May 2024; Landrum & Brown Analysis.

2.4.2.2 Longer-Term Projection

Beyond FY 2025, a number of standard industry forecasting techniques were considered in order to project enplaned O&D passengers such as econometric regression modeling, trend analysis, market share, and time series. It was determined that economic regression models were the most appropriate to project O&D enplaned passengers at the Airport. Econometric regression modeling quantifies the relationship between O&D enplaned passengers and key socioeconomic variables. This methodology recognizes that the key independent variables will change over time and assumes that their fundamental relationships with the dependent variables will remain.

The first step in developing the appropriate models was to test the independent, or explanatory, variables against the dependent variables, domestic and international O&D enplaned passengers. For an econometric model to be considered appropriate, the following must be true:

- Adequate test statistics (i.e., high coefficient of determination (R^2) values and low p-value statistics), which indicate that the independent variables are good predictors of passengers at the Airport.
- The analysis does not result in theoretical contradictions (e.g., the model indicates that GDP growth is negatively correlated with traffic growth).
- The results are not overly aggressive or conservative or are incompatible with historical averages.

Through the testing of multiple sets of independent variables, a univariate linear model was selected to project O&D enplaned passengers at the Airport. The model uses historical O&D enplaned passenger data from FY 2012 through FY 2019 and the Air Service Area's PCPI. This model exhibits strong regression statistics when compared to models with other combinations of independent variables. The model was used to determine an estimated number of O&D enplaned passengers through 2031.

In FY 2019, approximately 14.9% of total enplaned passengers were connecting. In FY 2022, only 5.1% were connecting which increased to approximately 6.0% in FY 2023. In the third quarter of 2023 (i.e., first quarter of FY 2024), connecting passengers accounted for 7.0%, up from 6.0% for the same period the year prior. As such, it was assumed that connecting traffic would continue to recover for the remainder FY 2024. For FY 2024 as a whole, it was estimated that approximately 7.1% of the total enplaned passengers at the Airport would be connecting. For the purposes of this Report, it was assumed that connecting passenger traffic at the Airport would continue to recover but remain below historical levels, reaching 10% of the total enplaned passengers by FY 2031.

Based on models and the set of assumptions above, total enplaned passengers are projected to increase at a CAGR of 3.8% for the period of FY 2023 through FY 2031. The result is that enplaned passengers are projected to increase from 7.8 million in FY 2023 to 10.5 million in FY 2031. **Table 2-9** provided the enplaned passenger projection by O&D and connecting segments.

Table 2-9 Enplaned Passenger Projection (FY 2019 – FY 2031)

	Enplaned Passengers (in thousands)				
Fiscal Year	O&D	Connecting	Total	Year-Over-Year Growth	Percent of FY 2019
FY 2019 Actual	8,482	1,485	**9,967**		
FY 2020 Actual	6,256	1,017	**7,273**	-27.0%	73.0%
FY 2021 Actual	3,388	354	**3,742**	-48.6%	37.5%
FY 2022 Actual	6,692	363	**7,055**	88.5%	70.8%
FY 2023 Actual	7,355	470	**7,825**	10.9%	78.5%
FY 2024 Estimate	7,747	582	**8,329**	6.4%	83.7%
FY 2025	8,488	674	**9,162**	10.0%	91.9%
FY 2026	8,652	726	**9,378**	2.4%	94.1%
FY 2027	8,817	782	**9,599**	2.4%	96.3%
FY 2028	8,975	842	**9,818**	2.3%	98.5%
FY 2029	9,137	907	**10,043**	2.3%	100.8%
FY 2030	9,299	976	**10,275**	2.3%	103.1%
FY 2031	9,462	1,051	**10,514**	2.3%	105.5%

Range	Average Annual Growth Rate		
FY 2019-23	-3.5%	-25.0%	**-5.9%**
FY 2023-31	3.2%	10.6%	**3.8%**
FY 2024-31	2.9%	8.8%	**3.4%**

Sources: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2009-January 2024. Cirium, Diio Mi: US DOT Origin and Destination Survey Data, accessed March 2024. L&B analysis.

2.4.3 Aircraft Landed Weight Projection

During the height of the pandemic, passenger aircraft landed weight per enplaned passenger increased significantly as load factors dropped due to lower demand and the need to implement of social distancing practices. However, the passenger aircraft landed weight per enplaned passenger declined in FY 2022 and was within the normal range experienced over the previous eight years where it remained in FY 2023. Therefore, it was assumed that this factor would remain constant through the forecast period. The result is that passenger landed weight would increase from approximately 8.6 billion pounds in FY 2023 to 110.5 billion pounds in FY 2031, which represents a CAGR of 2.5% from FY 2023 through FY 2031. There was a significant upward trend in all-cargo landed weight from FY 2015 through FY 2022. However, cargo landed weight declined in FY 2023 by 8.2%. Through December 2023, cargo landed weight was down 20.1% when compared to the same six-month period for FY 2023. During this same period, cargo operations were down 17.1%, indicating a decline weight per landing. For the first 5 months, the landed weight per departure had declined but in December 2023 it had increased significantly compared to December 2022 suggesting the decline in landed weight at the Airport has begun to reverse the downward trend. It was assumed that this recent trend in cargo landed weight declining would revert to the long-term trend the Airport experienced prior to the recent decline. For future years, a linear trend model was used to project future landed weight for all-cargo carriers. The result is that all-cargo airline landed weight is projected to increase at a CAGR of 0.9%, increasing from 2.2 billion pounds in FY 2023 to 2.4 billion pounds in FY 2031. **Table 2-10** provides the aircraft landed weight projection for the Airport by passenger airline and cargo airline segments.

Table 2-10 Landed Weight Projection (FY 2019 – FY 2031)

	Landed Weight (In Thousands of Pounds)				
Fiscal Year	Passenger	Cargo	Total	Year-Over-Year Growth	Percent of FY 2019
FY 2019 Actual	10,855	1,857	**12,712**		
FY 2020 Actual	8,675	2,111	**10,786**	-15.1%	84.9%
FY 2021 Actual	5,569	2,248	**7,818**	-27.5%	61.5%
FY 2022 Actual	7,792	2,445	**10,237**	30.9%	80.5%
FY 2023 Actual	8,561	2,244	**10,805**	5.5%	85.0%
FY 2024 Estimate	9,192	1,834	**11,026**	2.1%	86.7%
FY 2025	9,368	1,916	**11,284**	2.3%	88.8%
FY 2026	9,550	1,997	**11,547**	2.3%	90.8%
FY 2027	9,733	2,078	**11,811**	2.3%	92.9%
FY 2028	9,909	2,160	**12,069**	2.2%	94.9%
FY 2029	10,088	2,241	**12,329**	2.2%	97.0%
FY 2030	10,268	2,322	**12,590**	2.1%	99.0%
FY 2031	10,450	2,404	**12,853**	2.1%	101.1%

Range	Average Annual Growth Rate		
FY 2019-23	-10.5%	9.6%	**-7.0%**
FY 2023-31	2.5%	0.9%	**2.2%**
FY 2024-31	1.8%	3.9%	**2.2%**

Sources: Port of Portland, Aviation Statistics – Monthly Traffic Report. Landrum & Brown analysis.

2.5 Pessimistic Enplaned Passenger Sensitivity Projection

Given the uncertainty regarding the slow recovery of connecting traffic, particularly with Alaska Air Group, combined with a potential for slower than projected growth in the region's economy, L&B prepared a sensitivity projection of enplaned passenger at the Airport. This sensitivity projection is not necessarily a representation of a likely scenario but is intended to represent a downside scenario if certain conditions 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 assumed conditions that could result in a more pessimistic projection of enplaned passengers at the Airport.

- The economic factors of the ASA will increase at somewhat lower levels than forecast by Woods and Poole. This results in lower growth of O&D enplaned passengers at the Airport.
- Connecting enplaned passengers would remain at the FY 2024 estimated share of the total passengers though the Projection Period.

Table 2-11 presents the pessimistic sensitivity project as compared to the baseline. Starting in FY 2026, the pessimistic scenario is 0.4% below the baseline projection and the gap between the two increases to 3.3% by FY 2031. Under the pessimistic scenario, enplaned passengers are projected to reach approximately 9.8 million (just under FY 2019 levels) in FY 2029.

Table 2-11 Enplaned Passengers Projection Scenarios (FY 2019 – FY 2031)

	Baseline Scenario		Pessimistic Scenario	
Fiscal Year	Enplaned Passengers (in thousands)	Percent of FY 2019	Enplaned Passengers (in thousands)	Percent of FY 2019
FY 2019 Actual	9,967	100.0%	9,967	100.0%
FY 2020 Actual	7,273	73.0%	7,273	73.0%
FY 2021 Actual	3,742	37.5%	3,742	37.5%
FY 2022 Actual	7,055	70.8%	7,055	70.8%
FY 2023 Actual	7,825	78.5%	7,825	78.5%
FY 2024 Estimate	8,329	83.6%	8,329	83.6%
FY 2025	9,162	91.9%	9,126	91.6%
FY 2026	9,378	94.1%	9,301	93.3%
FY 2027	9,599	96.3%	9,476	95.1%
FY 2028	9,818	98.5%	9,645	96.8%
FY 2029	10,043	100.8%	9,816	98.5%
FY 2030	10,275	103.1%	9,988	100.2%
FY 2031	10,514	105.5%	10,163	102.0%

Range	Average Annual Growth Rate	
FY 2019-23	-5.9%	-5.9%
FY 2023-31	3.8%	3.3%
FY 2024-31	3.4%	2.9%

Sources: Port of Portland, Aviation Statistics – Monthly Traffic Report. Landrum & Brown analysis.

3 Airport Facilities and Capital Improvement Program

This chapter provides an overview of existing Airport facilities and describes the Series Thirty 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

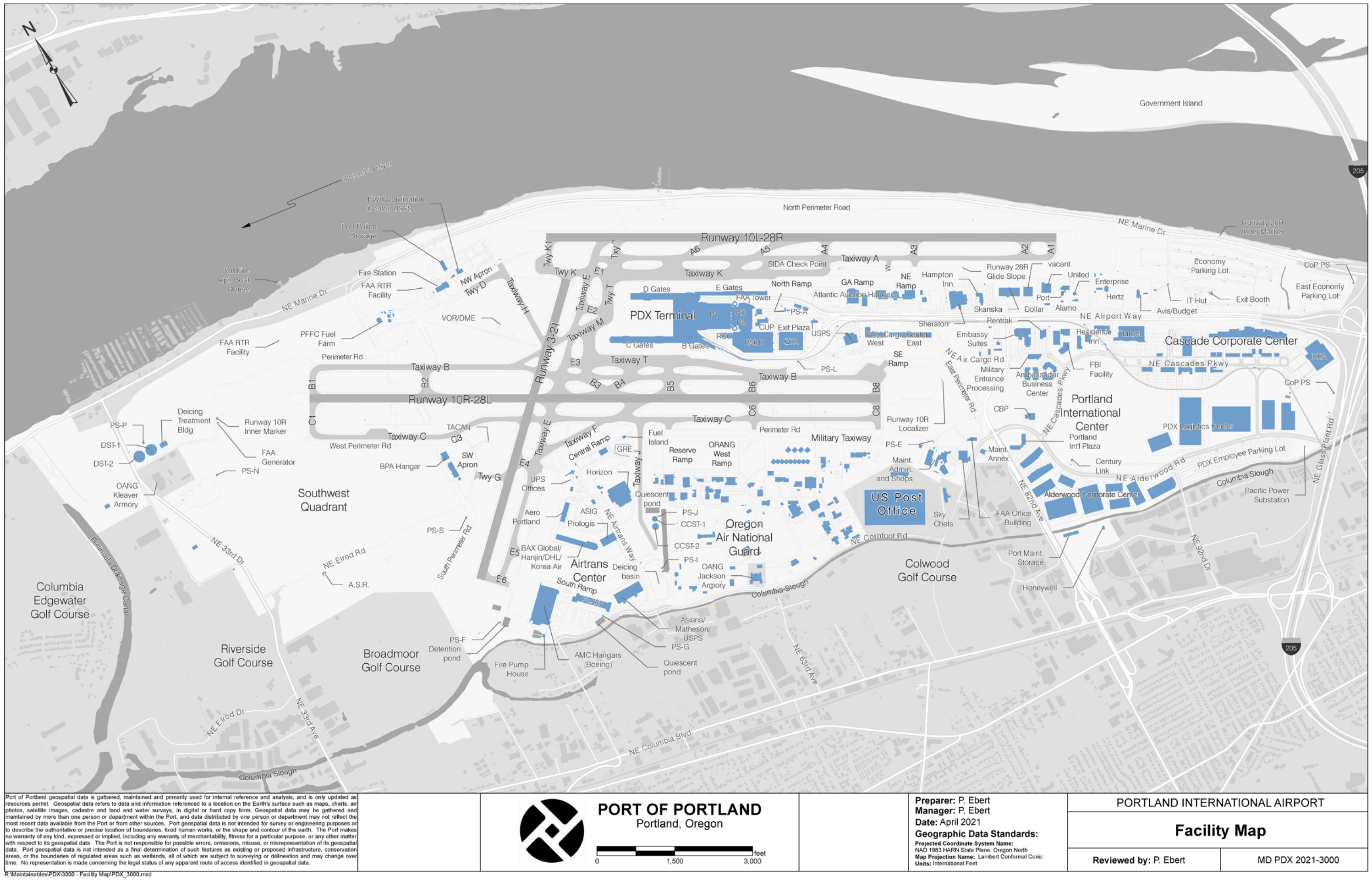
The existing airfield of the Airport consists of two parallel air carrier runways, Runway 10R-28L and Runway 10L-28R, and a crosswind carrier runway, Runway 3-21. Runway 10R-28L is 11,000 feet in length and Runway 10L-28R is 9,825 feet in length. Both runways are 150 feet wide and are equipped with high 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.[78]

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 47 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.

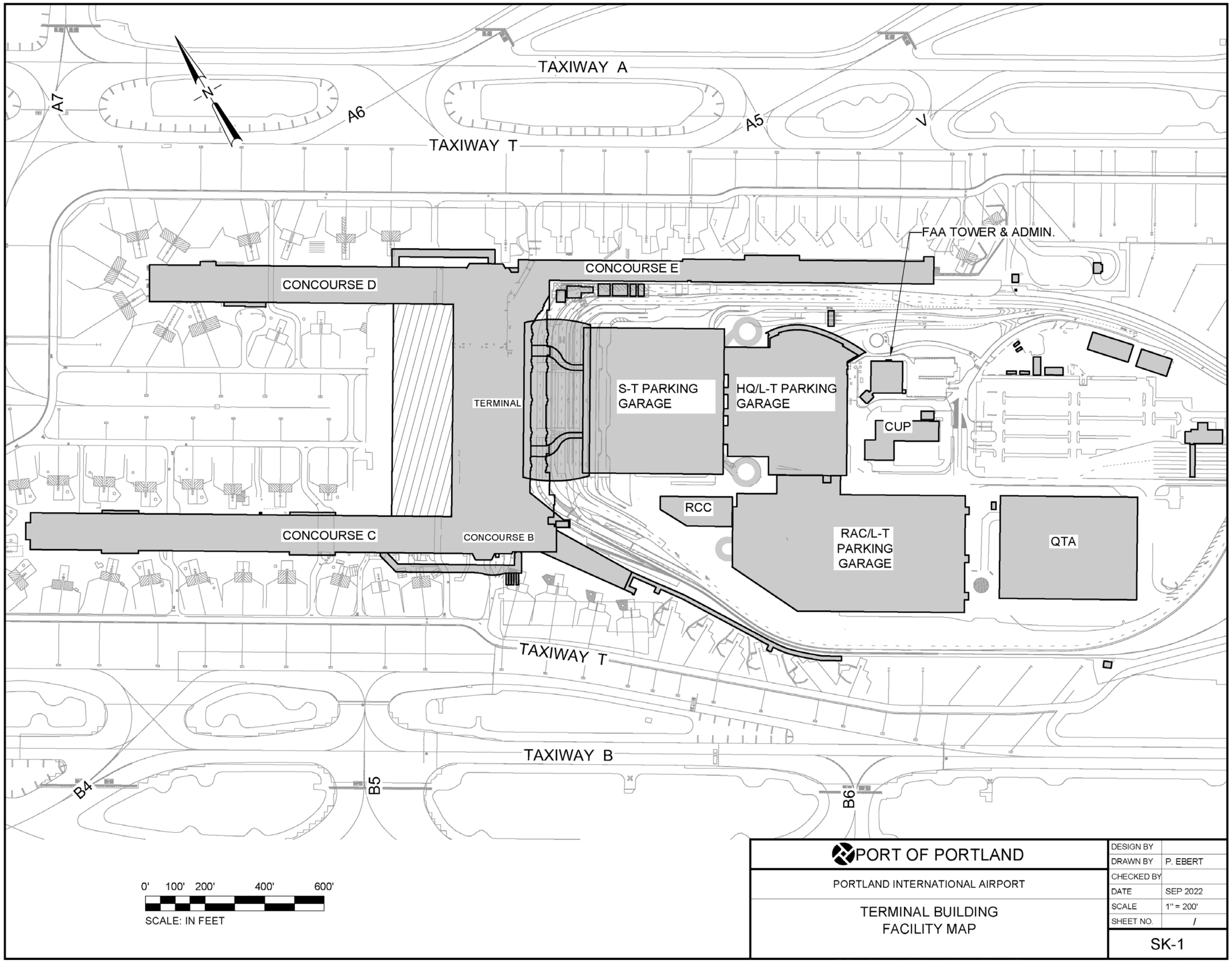
[78] Master Plan Update, Portland International Airport, April 2011.

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 food courts, cafes, pubs, full-service restaurants, quick-serve restaurants and beverage, newsstands, and retail shops, are located on the departure level on all concourses. The arrival level is accessible by vehicles via ground-level roadways and contains baggage claim facilities and coffee concessions.

A TriMet MAX Light Rail station is located near the baggage claim area on the arrival level at the Southern end of the main terminal building. TriMet's MAX Light Rail system connects the Airport to the City of Portland (the City), Gresham, Clackamas, Beaverton, Milwaukie, and Hillsboro.

In 2016, 2017, 2019, and 2022[79] the Signatory Airlines (defined herein) approved, in four ballots, the expansion of the terminal core area (Terminal Core Redevelopment project) at a total cost of $2.15 billion, which included the reconfiguration and rehabilitation of Concourse B and the construction of Floors 2-4 of the Rental Car Center building. The Port completed the construction of Floors 2-4 of the Rental Car Center building in November 2021, which has allowed the Port to relocate offices on the mezzanine level of the terminal building to enable the construction of the western expansion of the main terminal.

In July 2020, the Port opened the 850-foot extension of Concourse E. This project allowed the relocation of Southwest Airlines from Concourse C to Concourse E to provide for a more balanced flow of passengers between the north and south sides of the Airport. This project included the construction of approximately 157,000 square feet of space that provided six new aircraft gates, two ground loading parking positions, hold-rooms, restrooms and modifications to the ticket lobby. This project also included gate and apron configuration to accommodate Group III aircraft and 10 concession areas. In December 2021, the Port completed the reconfiguration and rehabilitation of Concourse B, which included the construction of a 60,000-square foot extension of the building providing six ground load gates, one additional contact gate, and two additional food/beverage concession spaces.

The remaining components of the Terminal Core Redevelopment project are being constructed and are expected to be complete during FY 2026. 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 is expected to open to the public in August of 2024 and 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.

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[79] In July 2022, the Signatory Airlines approved an additional $500 million for the Terminal Core Redevelopment project. The additional funding is needed primarily to fund increases mostly attributable to market factors, including material cost escalation, supply chain challenges, and labor cost escalation.

3.1.3 Public Parking Facilities

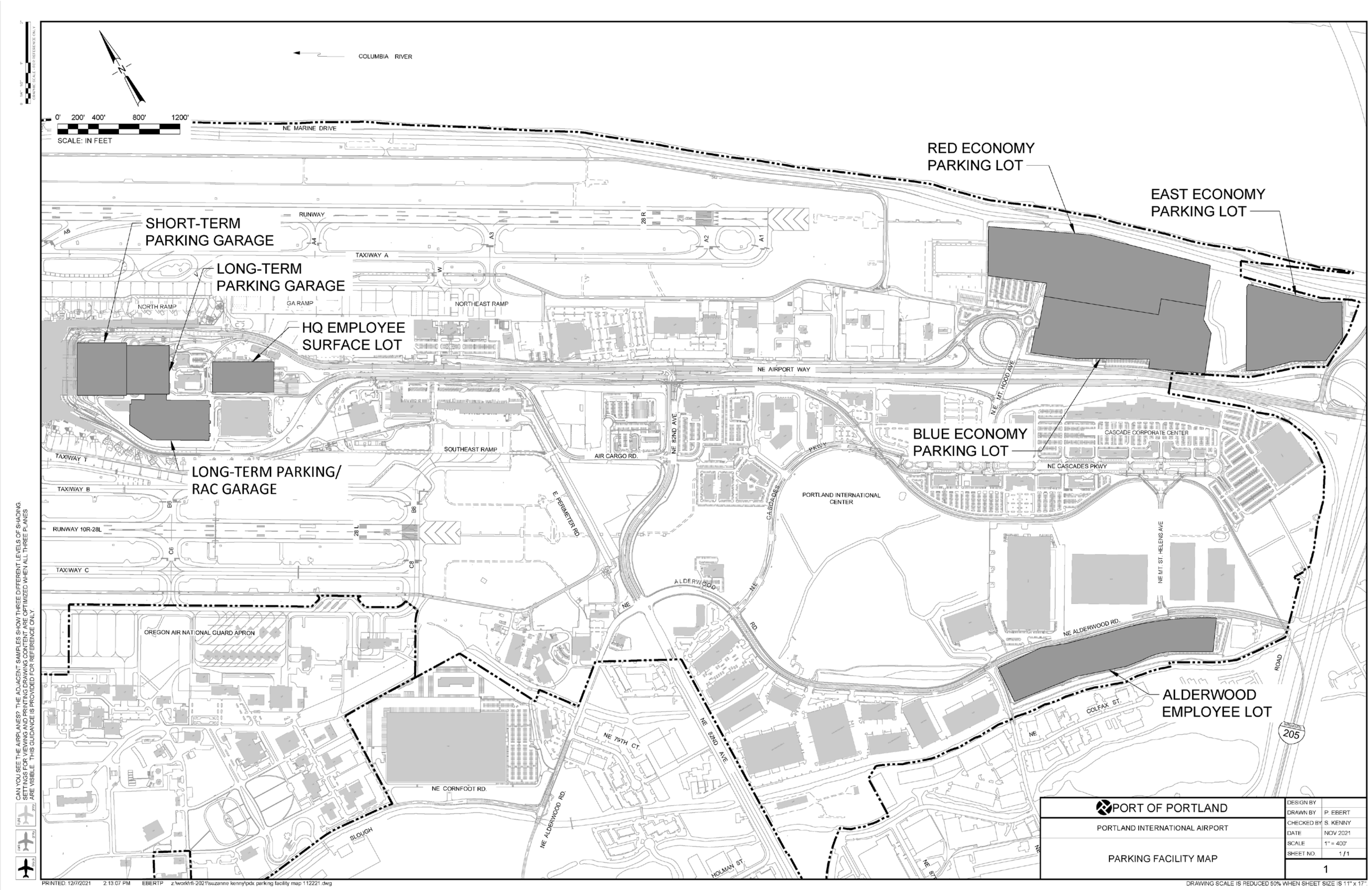
Port-owned public parking facilities consist of (1) a seven-story short-term public parking garage, (2) a seven-story long-term parking garage, (3) a recently constructed six-story garage: three levels are used for long-term public parking and three levels are used as a consolidated rental car facility (ConRAC), (4) economy surface parking lots, and (5) two employee surface parking lots. The short-term parking garage has 3,800 public parking spaces and is located adjacent to the passenger terminal. The long-term parking garages have approximately 5,300 public parking spaces and are located adjacent to the short-term parking garage. With the opening of the ConRAC and subsequent repurposing of floors vacated by the rental car companies in the short-term and long-term parking garages, an additional 500 short-term and 200 employee parking spaces were created. Level 1 of the short-term garage was converted into a transportation plaza used by Uber, Lyft, Wingz, and taxis to pick up Airport customers. A dedicated area for approximately 100 motorcycles is also located on level 1 of the short-term garage. Tunnels and moving sidewalks connect the short- and long-term parking garages to the passenger terminal. Approximately 7,800 surface parking spaces are available in the economy lot which is located near Interstate 205 off Airport Way. Free parking shuttles operate regularly between the economy lots and the main passenger terminal.

In November 2021, the Port substantially completed the Public Parking and ConRAC Garage, resulting in 724,000 square feet of space for rental car ready/return and parking operations, approximately 2,070 parking spaces for rental cars, and more than 2,200 long-term parking spaces. The facility also includes a 30,000 square-foot rental car customer service space located on the first floor of the Rental Car Center building that is adjacent to the Public Parking and ConRAC Garage. It has certain designated spaces that are Americans with Disabilities Act accessible and electric vehicle charging capabilities. Pursuant to rental car concession lease and operating agreements, all rental car companies consisting of 12 rental car brands operating at the Airport, have now consolidated operations on the rental car floors in the Public Parking and ConRAC Garage and the adjacent Rental Car Center building. The construction costs of floors utilized by the rental car companies in the garage and the first floor of the Rental Car Center building were funded with Customer Facility Charge(CFC)-backed revenue bonds and CFCs on a pay-as-you-go basis. **Figure 3-3** depicts the Port's parking facilities at the Airport. Please note that the Public Parking and ConRAC Garage are referred to in Figure 3-3 as the "Long-Term Parking/RAC Garage."

Off-Airport parking competition includes Thrifty Parking, located over three miles from the terminal, which has approximately 150 parking spaces; Park Shuttle and Fly, located three miles from the terminal, which has approximately 675 parking spaces; and Airpark, located one mile from the terminal, which has approximately 525 parking spaces. In addition, there are also hotels offering park, sleep, and fly services where passengers can leave vehicles overnight while using the Airport.

To help reduce vehicle traffic congestion in the terminal area, a 30-space cell phone waiting lot is available (located on N.E. Air Cargo Road off of N.E. 82nd Avenue, approximately three minutes away from the passenger terminal) where motorists meeting arriving passengers can wait for free until passengers call to indicate they are ready to be picked up along the terminal curbside.

Figure 3-3 Parking Facilities Map



Source: The Port of Portland.

3.1.4 Rental Car Facilities

In November 2018, the Port awarded rental car concession lease and operating agreements to five separate companies, including Avis Budget Group, Inc., Dollar Thrifty Automotive Group, Enterprise Holdings, Inc., Hertz Global Holdings, and Sixt Group representing 12 separate rental car brands. In December 2013, the Port Board approved a CFC to be paid by rental car customers beginning January 15, 2014. The $6 per day fee (for up to ten days) applies to all rental car customers renting cars from rental car companies operating from the Airport; proceeds of the CFC were used initially to fund costs of a new quick-turnaround facility, which opened in March 2018, where returned rental cars can be readied for future rentals (see Section 4.3.4 for more details on the CFC). As described above, the Port completed the Public Parking and ConRAC Garage in November 2021.

3.1.5 Cargo and Airline Maintenance Facilities

Air cargo facilities are located in two main areas on the Airport: the PDX Cargo Center and the AirTrans Center. The PDX Cargo Center consists of two buildings totaling approximately 130,000 square feet. The Port leases these buildings to various passenger airlines for their belly cargo and ground support equipment maintenance operations. Other ground support equipment operators and freight forwarders also lease space in these buildings.

In the AirTrans Center, third party developers, including Aero Portland, LLC, Prologis, L.P., PDACC1, lease land upon which they have constructed cargo facilities. Distribution Inc. dba FTL and United Parcel Service both ground lease property adjacent to the cargo facilities for truck, trailer, and employee parking. Subtenants of the cargo facilities include Federal Express, DHL Worldwide Express, Summit NW, Hanjin Transportation Co., Matheson Flight Extenders, and Majestic Terminal Services Inc. In addition, the AirTrans Center includes Boeing Corporation’s paint operation hangars, United Parcel Service’s northwest regional hub, Triangle Aviation RD and LLC/Ameriflight, LLC facilities and Horizon Air’s 150,000 square foot regional headquarters and maintenance facility. United Airlines leases a Port-owned former National Guard hangar adjacent to the AirTrans Center to the west, which was converted into a maintenance facility for United Airlines’ aircraft.

3.1.6 Port Headquarters

More than 350 Port staff work from the Port’s headquarters, a 205,000 square foot facility, which was constructed in 2010, and is situated on three floors built atop the seven-story long-term parking garage at the Airport. The Port’s headquarters project was awarded Leadership in Energy and Environmental Design (LEED) Platinum Certification and has received numerous local, national, and international awards for its environmental features. The building features energy efficient lighting, materials from renewable or recyclable sources, and water efficient fixtures. It also relies on innovations like ground-source heating and cooling, produced through a closed-loop system reaching 300 feet below the surface.

3.1.7 Ancillary Facilities

Ancillary facilities support the aviation-related activities at the Airport. The facilities identified as ancillary are categorized as military, general aviation, FAA, Port-owned support facilities, flight kitchens, and commercial facilities.

- **Military.** Pursuant to a ground lease, the United States, for the benefit of the ORANG, leases an approximately 213-acre, 60-building campus on the south side of the Airport, adjacent to the AirTrans Center. The ground lease with ORANG terminates in 2063, although portions of the total premises are subject to an early termination in 2030. An additional provision allows for the termination of 75 acres from ORANG's leasehold at the Port's sole option if the parcel is needed for a third runway. The lease is also subject to early termination at any time at the option of the United States, with 180 days' prior notice to the Port. Under its lease at the Airport, ORANG is required to pay nominal rent and to pay certain costs, including costs related to environmental and other regulatory requirements.

- **General Aviation.** Corporate and general aviation facilities are located on approximately 25 acres along the north side of the Airport. This area includes paved aircraft parking areas, aircraft hangars, and fixed base operator facilities. The Port owns a majority of the aircraft hangars and receives rent from the aircraft hangar tenants. The Port receives rent under these agreements as well as ground lease rent from corporate aircraft maintenance hangars. In early 2017, Atlantic Aviation completed construction on a new 72,000 square foot general aviation facility, which includes two 30,000 square foot hangars with office and shop space, a 90,000-gallon fuel farm, and a 5,000-square foot ground support building. In 2017, Mecham Aviation Center completed construction on a new 111,000 square foot facility, which includes approximately 96,000 square feet of general aviation hangar space, 90,000 square feet of ramp, and approximately 15,000 square feet of office/support facilities east of the new Atlantic Aviation facility.

- **FAA.** The FAA occupies the Airport Traffic Control Tower (ATCT) and handles all flight arrivals and departures as well as ground movement. The ATCT is located adjacent to the long-term parking garage.

- **Port-Owned Support Facilities.** The Port provides aircraft rescue and firefighting and maintenance support facilities at the Airport.

- **Flight Kitchen.** Sky Chefs operates a 39,469 square foot flight kitchen facility located on the southeast side of the Airport that serves the passenger airlines.

- **Commercial Facilities.** On the eastern side of the Airport, adjacent to Interstate 205 and NE Airport Way, is the Port-owned Cascade Station/Portland International Center (CS/PIC) plan district. The plan district has two distinct areas, Subdistricts A and B. Cascade Station is the portion known as Subdistrict A. Of the 120 acres in Cascade Station, approximately 97 have been developed by private developers and tenants into a mixed-use commercial area, which includes hotels, large and small retailers, and office developments, including the regional offices of the Federal Bureau of Investigation. The remaining 23 acres are leased to Prosper Portland, an economic and urban development agency for the City, and are being marketed for additional office space and hotel development.

  Subdistrict B, known as the Portland International Center (PIC), is south of Cascade Station, and east of NE 82nd Avenue and consists of approximately 327 acres. Developed areas in the PIC include 139 acres for an Embassy Suites hotel, warehouse/distribution/office buildings, manufacturing facilities, industrial development, and a United States Customs headquarters building. Another 21 acres were developed into Airport employee parking. Future developable areas in the PIC include approximately 94 acres which are reserved specifically for aviation use. Another 73 acres of land near Interstate 205 is designated as permanent open space.

The CS/PIC development framework was negotiated as part of a development and financing package to extend the regional light-rail system through the CS/PIC to the Terminal. Development of Cascade Station began in 2001, with a significant amount of construction beginning in 2005. The Cascade Station development agreement is with a master developer and has a 99-year term. Other development within CS/PIC (except for roads, which are owned by the City) were constructed and are operated by private parties on Airport land that is leased from the Port under prepaid leases with terms typically of up to 50 years.

Other commercial facilities located at the Airport include two hotels on the north side of the Airport, including the Sheraton Airport Hotel and Hampton Inn on land leased from the Port. A travel center near the PDX Cargo Center, which opened in 2018, includes a gas station, a convenience store, quick-serve restaurants, and a coffee shop.

3.2 Airport Planning and Capital Improvement Program

As described in Chapter 2 of this Report, prior to the onset of the COVID-19 pandemic, the Airport had been experiencing relatively rapid passenger growth. For example, enplaned passengers increased from 7.3 million in FY 2013 to approximately 10.0 million in FY 2019. Prior to the onset of the COVID-19 pandemic, this growth in passenger traffic had an impact on existing Airport facilities and their ability to effectively accommodate demand, especially within the terminal and public parking facilities as described above. As described in Chapter 2, the Airport is projected to recover back to FY 2019 levels by FY 2029. To address ongoing demand, the Port continues to plan for its future facility needs.

3.2.1 PDX Master Plan

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.

The Port last updated its master plan for the Airport in 2011. Among the principal findings of the PDX Master Plan were that (1) a third parallel runway will not be required during the planning period (through 2035) and (2) the existing terminal area has sufficient capacity for passenger growth in almost all key elements. As described above, however, it also emphasized that the adaptive reuse of the existing terminal to keep pace with the evolving needs of the industry and with new technologies will be critical. Concurrently, the City developed a land-use plan for the Airport that includes the Airport plan district as part of the City's development code. This zoning designation for the Airport enables the Port to implement the master plan and to have all facilities necessary for the operation of the Airport. In an effort to keep the PDX Master Plan current, the Port conducts follow-on studies to monitor passenger and cargo activity, evaluate the impact of emerging industry trends, and refine project definitions. The follow-on studies enable the Port to adjust expectations accordingly and adapt plans to reflect current issues and trends.

The Port will be updating the PDX Master Plan with efforts already underway. The process is expected to be completed in CY 2026. The Port does not anticipate the updated PDX Master Plan to impact the scope or essentiality of the Series Thirty Projects.

3.2.2 Seismic Resiliency Program

In addition to the Port's master planning process and PDX Master Plan, the Port has established a seismic resiliency program to assess and improve response-and-recovery plans to reduce the Port's vulnerability to and shorten its recovery time following a major earthquake. Creating, updating, and enhancing seismic resiliency program elements, including both infrastructure and operational response measures, augment the PDX Master Plan facility performance goals.

Oregon and Washington are among the states located in the Cascadia subduction zone and are at risk of a magnitude 9.0 Cascadia subduction zone earthquake or an earthquake with an average recurrent period of once every 500 years. The authors of recent studies have reported that such an earthquake could occur more frequently than once every 500 years and that there is a 37% chance of a magnitude 8.0 to 9.0 earthquake striking somewhere along the Cascadia subduction zone in the next 50 years. The Airport is the only major airport in Oregon and southwest Washington and would be critical for efforts to restore water, fuel, power, and other critical infrastructure and services. The Port's seismic resiliency program is being designed to include additional risk assessment, training, and the development, funding, design and implementation of a 50-year capital investment program to enable the Port to resume operations and services quickly and to assist with regional recovery following a seismic event. Most recently, the Port is developing a technical design for a seismically-resilient runway.

The Airport's recent growth in passengers combined with the PDX Master Plan findings have been critical in shaping its capital improvement program (CIP). As assets come up for renewal in the CIP, the Port will look for strategic opportunities to improve its seismic resiliency. The Airport's CIP to be undertaken from FY 2025 through FY 2029, which has been included in the financial analysis presented in Chapter 4 of this Report, totals $1.68 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 $1.50 billion CIP, including major project elements and the proposed plan of finance for the period of FY 2025 through FY 2029. Of the total CIP, the Airline Cost Center projects total $1.10 billion, the Port Cost Center projects total $327.1 million, and projects allocable to both Airline and Port Cost Centers total $75.8 million.

To fund a portion of its CIP, the Port is planning to issue its Port of Portland, Portland International Airport Revenue Bonds, Series Thirty A Bonds (AMT) (Green Bonds) (the Series Thirty A Bonds). While not included for the purposes of this Report, the Port is also planning to issue its Portland International Airport Revenue Refunding Bonds, Series Thirty B Bonds (AMT) (the Series Thirty B Bonds) to refund all or a portion of its Portland International Airport Revenue Bonds, Series Twenty-Two. Collectively, the Series Thirty A Bonds and Series Thirty B Bonds are referred to as the "Series Thirty Bonds." For the purposes of this Report, references regarding future funding and financial projections associated with the Series Thirty Bonds are only related to the Series Thirty A Bonds.

3.3.1 Airline Cost Center Capital Projects

Of the $1.10 billion of capital projects to be undertaken in the Airline Cost Center, an estimated $523.8 million is for the remaining estimated project costs of the Terminal Core Redevelopment – Western Expansion/Ticket Lobby and Rebuild Terminal Nodes. In 2022, the Port finalized the Guaranteed Maximum Price (GMP) of the construction contract for the Terminal Core Redevelopment project with the Port's general contractor. As part of this process, the cost of the Terminal Core Redevelopment project increased from $1.45 billion to $1.95 billion (of which approximately $50 million was subsequently developed into the Groundsource Heating System project described below). The Port closely monitored developments related to the cost of the Terminal Core Redevelopment project and actively communicated with the Signatory Airlines about project costs.

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

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

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

The Port continues to closely monitor all components of the Terminal Core Redevelopment project and received approval from the Signatory Airlines regarding the increased project costs in July 2022. The Terminal Core Redevelopment – Western Expansion/Ticket Lobby and some of the other major Airline Cost Center projects are highlighted below.

- **Terminal Core Redevelopment – Western Expansion/Ticket Lobby and Rebuild Terminal Nodes/Ticket Lobby.** The Port is currently undertaking a major redevelopment of the Airport's terminal, the TCore Project, that is expected to provide sufficient ticketing, security screening and concessions to accommodate projected passenger growth through 2045 (approximately 35 million annual passengers). The redevelopment of the terminal will also include baggage handling and major seismic upgrades, as well as renewal of mechanical, electrical, and other systems. The TCore Project has a projected total budget of approximately $1.916 billion and consists of two major components: (1) the Western Expansion/Ticket Lobby (the "Western Expansion") and (2) the Rebuild Terminal Nodes/Ticket Lobby (the "Nodes"). Proceeds of the Series Thirty Bonds are expected to be used to fund a portion of the Western Expansion component of the TCore Project, as well as a portion of the Nodes component of the TCore

Project. The Western Expansion includes the expansion of the main terminal into the alley between Concourses C and D; construction of a new, mass timber roof over the existing terminal; rehabilitation of the existing terminal core, including improvements to the existing ticket lobby; and major seismic upgrades and renewal of mechanical, electrical and other systems. The Nodes include demolition of the existing concessions nodes; construction of a new mass timber roof over the existing nodes; and construction of new restrooms, concession spaces, airline lounges and exiting and vertical connections to the baggage hall. Design for the entire Terminal Core Redevelopment project was completed in phases through September 2021 and construction started on the initial phase of work in February 2020. Construction of the Western Expansion component of the project, a portion of which is funded with the Series Thirty A Bonds, is expected to be complete in August of 2024, and the entire Terminal Core Redevelopment project is expected to be complete by the end of FY 2026.

The Terminal Core Redevelopment project is pursuing third-party sustainability certification under version 4.0 of the LEED rating system, targeting the gold level of achievement. Areas of focus include reducing climate impacts, generating shared prosperity through contracting, addressing equity issues, and building a healthy environment for employees and passengers. Regarding operational climate impacts, the project will install a massive open loop ground source heat pump capable of electrifying approximately 95% of the heating and cooling load of the terminal. In conjunction with other energy efficiency efforts, this system will reduce the energy use intensity of the project area by 50% even with a 40% increase in size. A primary design feature of the project will be the terminal's cross laminated timber and wood lattice roof. This element is entirely constructed of wood from Oregon and Washington, of which 95% is sourced back to sustainably managed forests to reduce the embodied carbon of this structure.

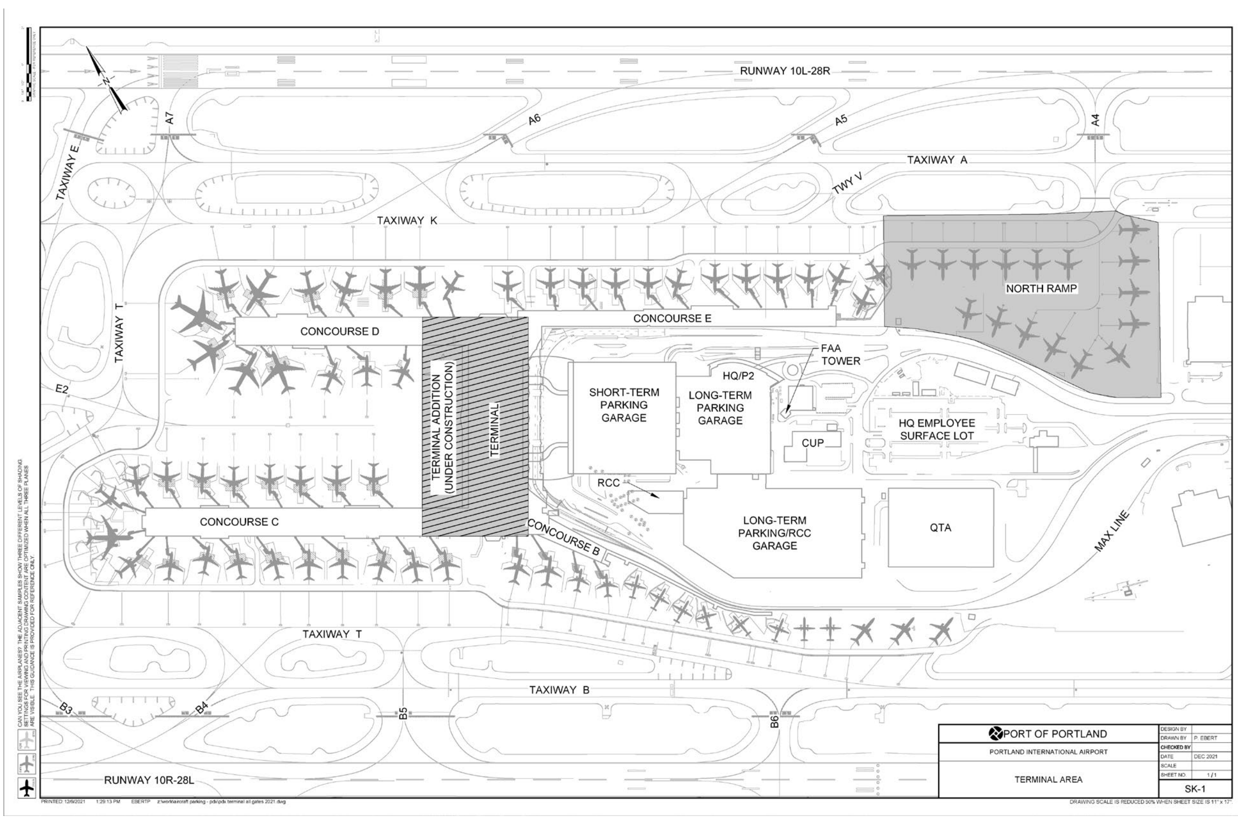
The $523.8 million projected remaining estimated cost for the project is being funded with $177.8 million of PFCs on a pay-as-you-go basis, and approximately $346.0 million of Series Thirty Bonds proceeds. **Figure 3-4** depicts the location of the Terminal Core Redevelopment project.

- **Runway 10L-28R Rehabilitation.** The projected cost for this project is $95.0 million, which will be funded with a combination of federal grants and Airport funds.
- **Baggage Handling System (BHS) Checked Baggage Resolution Area (CBRA) Expansion and Control System Upgrade (CSU, and collectively BHS-CBRA-CSU).** This project consists of the relocation and complete replacement of the CBRA and replacement of the DeviceNet control system for the entire BHS with an ethernet control system, and will be constructed in concert with the Western Expansion project. The CBRA houses all Transportation Security Administration ("TSA") equipment and personnel required to screen baggage that fails Level 2 On-Screen Resolution screening. The new system is expected to allow for greater operational flexibility, and is expected to be able to meet expected growth in passenger demand through 2045. The current BHS includes about 4,000 devices operated by a DeviceNet control system that is reaching its end of life. The CSU will upgrade these devices and their wiring, and replace the control system with a new ethernet-based system throughout the baggage handling footprint. The projected cost for this project is $83.7 million, of which $40.5 million was funded with the proceeds of previously issued bonds, and $43.2 million is planned to be funded with proceeds of the Series Thirty Bonds.
- **Groundsource Heating System.** In conjunction with the TCore Project, the Port will be upgrading the current terminal heating system from a hydrocarbon fuel based (natural gas or fuel oil) steam boiler system to an electrical based heat pump system. This project will remove about 1,500 gallons per minute (gpm) of water from the Troutdale Sandstone Aquifer utilizing 2-1,500 gpm extraction wells, send it through the heat pump which provides hot water for the terminal heating system and then return the water to the aquifer through 4-500 gpm injection wells. This project will allow PDX to reduce the heating plant's

use of fossil fuels by 95%. As a part of the TCore project this will allow overall energy utilization to be reduced by about 50% in the terminal building. The projected cost for this project is $50.0 million, of which $24.4 million is planned to be funded with FAA infrastructure grants, $3.3 million with Airport funds, and $22.3 million is planned to be funded with the proceeds of the Series Thirty Bonds.

- **PDX Circulation and Capacity Improvements.** The projected cost for this project is $40.0 million, which is planned to be funded with a combination of federal grants and Airport funds.
- **eGSE Infrastructure Installation – Phase 1.** The projected cost for this project is $28.7 million, which is planned to be funded with a combination of federal grants and Airport funds.
- **Taxiway K West Reconstruction.** The projected cost for this project is $28.2 million, which is planned to be funded with a combination of federal grants and Airport funds.
- **Taxiway A East Rehabilitation.** The projected cost for these two portions of the rehabilitation is $26.5 million, which is planned to be funded with a combination of federal grants and Airport funds.

Figure 3-4 Terminal Core Redevelopment



Source: The Port of Portland

3.3.2 Port Cost Center Projects

Projects to be undertaken in the Port Cost Center total $327.1 million. Of this amount, $102.6 million is attributable to the Airport Way and 82nd interchange improvements, $19.6 million is for the HQP2 & P1 Lighting Controls Replacement, $18.0 million is for the South Ramp Reconstruction, and $186.9 million is for other Port Cost Center projects.

- **Airport Way and 82nd interchange improvements**. The total cost of this project is projected to be $102.6 million, which is planned to be funded with Port Funds.
- **HQP2 & P1 Lighting & Controls Replacement**. The total cost of this project is projected to be $19.6 million, which is planned to be funded with Port Funds.
- **South Ramp Reconstruction**. The total cost of this project is projected to be $18.0 million, which is planned to be funded with Port Funds.

3.3.3 Shared Cost Center Projects

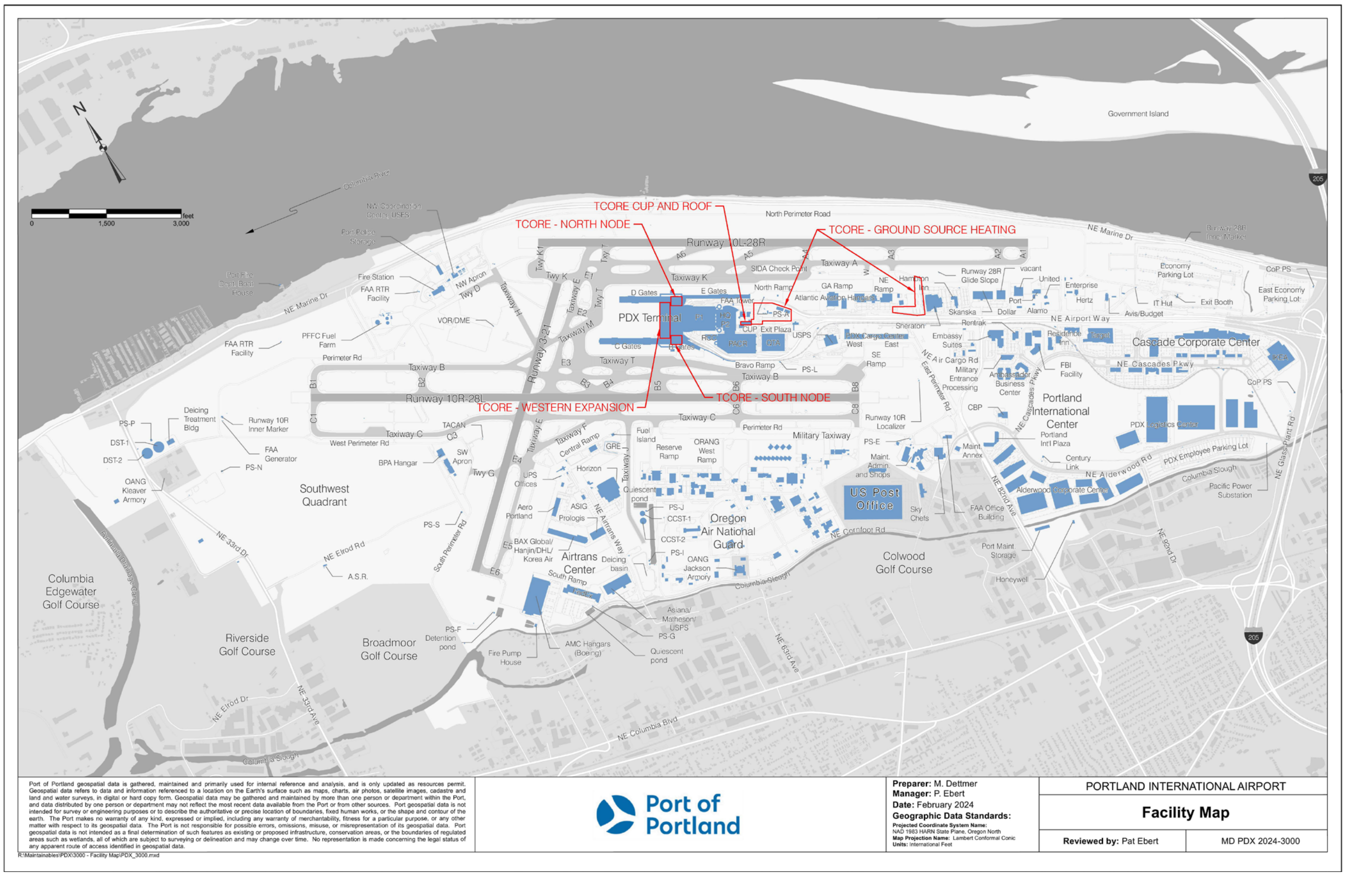
Other capital projects to be undertaken that benefit both the Airline and Port Cost Centers total $75.8 million and include the following major elements.

- **Central Utility Plant ("CUP") Heating Ventilation and Air Conditioning ("HVAC") and Roof Replacement.** This project consists of the replacement of the heating, ventilation, and air conditioning (HVAC) system and roof for the Airport's Central Utility Plant (CUP). The CUP houses critical equipment that serves the Airport. The replacement HVAC system will improve reliability, comfort, and energy efficiency; the replacement roof will provide additional insulation to improve energy efficiency. The projected cost for the project is $14.6 million, of which $12.9 million is planned to be funded with Series Thirty A Bond proceeds and $1.8 million with Airport funds. The work will be phased with substantial completion of the HVAC system scheduled for March 2026, and completion of the roof in October 2026.
- **Basin 1 Subarea Stormwater System Improvements.** The total cost of this project is projected to $11.3 million, of which all of the project cost is planned to be funded from Airport Funds and Port 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 proceeds of bonds (including commercial paper) backed by Airport Revenues. Exhibit A presents the total project costs along with assumed funding sources for the CIP. These funding assumptions are based on currently available information regarding the projected cost and timing of the CIP, and the assumed receipt of federal, state, and other grants and other funds. As presented in Exhibit A, approximately $424.4 million of the CIP is assumed to be funded with proceeds of the Series Thirty A Bonds. **Figure 3-5** illustrates the capital projects planned to be funded in part by the Series Thirty A Bonds. The remaining $1.08 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 previously issued bond proceeds. Additional detail regarding the assumed funding sources for the CIP is presented in this section.

Figure 3-5 Capital Projects Planned to be Funded with the Series Thirty Bonds



Source: The Port of Portland

3.4.1 Federal, State and Other Grants

The Port receives federal grants for Airport capital development under the FAA AIP that are used to fund eligible transportation infrastructure. In Federal Fiscal Year (FFY) 2023, the Port was appropriated $4,405,634. This allocation included an FAA AIP entitlement grant of approximately $7,301,489 from FFY 2021 and 2023 appropriations. Entitlement grant funding is based on (1) levels of funding authorized and appropriated by Congress for the program, (2) the number of passengers and amount of cargo at the Airport, and (3) a 75% reduction in entitlement grants associated with the Port's $4.50 PFC level. The remainder of the funds appropriated in FFY 2023 are carried over to the following fiscal year. The two general aviation airports are appropriated a total of $300,000 in FAA AIP non-primary entitlement funds per year. The Port also receives FAA AIP discretionary grants for specific projects pursuant to grant applications for such funding, which are a function of the amounts authorized and appropriated by Congress and the FAA's prioritization of competing projects. As a response to the COVID-19 pandemic, Congress passed several federal relief grant packages, further described in section 4.3.5.

On November 15, 2021, the President signed into law an approximately $1 trillion investment of the federal government into U.S. infrastructure (Bipartisan Infrastructure Law). The Bipartisan Infrastructure Law contains an investment of approximately $25 billion into aviation, which includes $15 billion of funding for airport infrastructure projects that increase safety and expand capacity, $5 billion of discretionary funding for new airport terminal facilities, and $5 billion of funding to improve air traffic control facilities. On November 18, 2021, the U.S. Department of Transportation released information on how this funding is expected to be distributed to each U.S. state. [80] Under the Bipartisan Infrastructure Law, the State is expected to receive approximately $211 million of funding for development at the airports in the state, including the Airport, over a five-year period. The FAA announced the first-year Airport funding amounts from the Bipartisan Infrastructure Law on December 16, 2021. The Airport's total allocations are $20.1 million for FFY 2022, $20.0 million for FFY 2023, and $18.7 million for FFY 2024.The Port is intending to address airside and terminal development projects with the funding. In addition to these funds the Airport was also awarded $32.6 million in Airport Terminal Program (ATP) grants. During FFY 2023 the airport received $24.4 million for the Terminal Core Redevelopment project to convert the heating system at the PDX terminal from boilers fueled by fossil fuels to an electric-powered heat pump and is anticipating an $8.2 million award for Passenger Boarding Bridges in FFY 2024.

Exhibit A presents projected funding based on the Port's FY, and it expects to be able to fund a portion of its capital development with FAA AIP grants. The expected grant funding for the CIP is approximately $225.5 million through FY 2029.

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, 2024, the Port had outstanding approximately $10.3 million aggregate principal amount of its Series 2012A PFC Bonds and approximately $51.6 million aggregate principal amount of its Series 2022A PFC Refunding Bonds

The Port received its first approval from the FAA to impose a PFC in April 1992 and began collecting a $3.00 PFC per eligible enplaned passenger on July 1, 1992. The Port subsequently received FAA approval to increase its PFC level to $4.50 per eligible enplaned passenger and began collecting at the $4.50 level on October 1, 2001. Pursuant to FAA regulations, the current $4.50 PFC level collected by the Port results in a 75% reduction in AIP passenger entitlement grants. As of March 31, 2024, the Port is authorized by the FAA to impose and use approximately $1.4 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 January 1, 2041. As of March 31, 2024, the Port had collected approximately $819.6 million of its total approved collection authority and had spent approximately $740.9 million on approved projects.

As of March 31, 2024, the Port has applied $47.1 million of PFC revenues to the Terminal Core Redevelopment project. As presented in Exhibit A, the Port plans to use a total of $177.8 million of PFC revenues on a pay-as-you-go basis to fund a portion of the remaining costs of the Terminal Core Redevelopment project, which will bring the total PFCs applied to the Terminal Core Redevelopment project to $225.0 million.

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[80] 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[81]). The Port is planning to use Port and Airport funds as available to fund approximately $633.1 million of CIP project costs.

3.4.4 Bond Proceeds and Commercial Paper Proceeds

The remaining CIP is estimated to be funded with $464.9 million in both previously issued Airport Revenue Bonds and the planned Series Thirty Bonds. Of the $464.9 million, $40.5 million in project costs are being funded with proceeds of previously issued bonds and $424.4 million in project costs are expected to be funded with the Series Thirty Bonds.

As of the date of this Report, the Port was not planning to issue Additional Bonds to fund capital projects through the Projection Period based on the future timing of project costs and cash flow needs.

3.5 Financial Impacts

The projected financial impacts of the CIP are incorporated in this Report. It is possible that during the Projection Period, the Port may consider other potential future Airport improvements not planned at this time or reconsider undertaking certain future CIP projects. However, the Port will only undertake construction on any other potential future projects when demand warrants, necessary environmental reviews have been completed, necessary approvals have been obtained, and associated project costs can be supported by a reasonable level of Airport user fees or other discrete funding sources such as state/federal grants, PFCs, Port funds, CFCs, and/or third-party funds.

For the purposes of this Report, projections of future financial results do not take into consideration the potential cost savings associated with the planned issuance of the Series Thirty B Bonds and the refunding of the Series Twenty-Two Bonds; therefore, references throughout this Report regarding financial projections associated with the Series Thirty Bonds are only related to the impacts of the Series Thirty A Bonds.

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

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 Thirty 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 2023, the Port's estimate for FY 2024, and projections for FY 2025 through FY 2031. For the purposes of this Report, the Projection Period is FY 2025 through FY 2031. The Port's budget for FY 2024 was used somewhat as the basis for financial projections.

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 L&B's projection of future results based on information then available to L&B as well as estimates, trends and assumptions that are inherently subject to economic, political, regulatory, competitive and other uncertainties, all of which are difficult to predict and many of which will be beyond the control of the Port and L&B. 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 Aviation Officer, Chief Trade and Economic Development Officer, Chief Financial Officer, General Counsel, the PDXNext Chief Projects Officer, Chief Shared Prosperity Officer, Chief Development Services 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. The Director of PDX Business and Properties is responsible for the Port's contractual relationships with the various airlines, concessionaires, rental car operators and other tenants providing services at the Terminal. The Director of Planning and Development is responsible for the planning, development, management and implementation of projects and long-term facilities planning. Airport operations, terminal leasing, and concessions development and operations are managed by the Port's Operations Division, which is headed by the Chief Aviation 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).

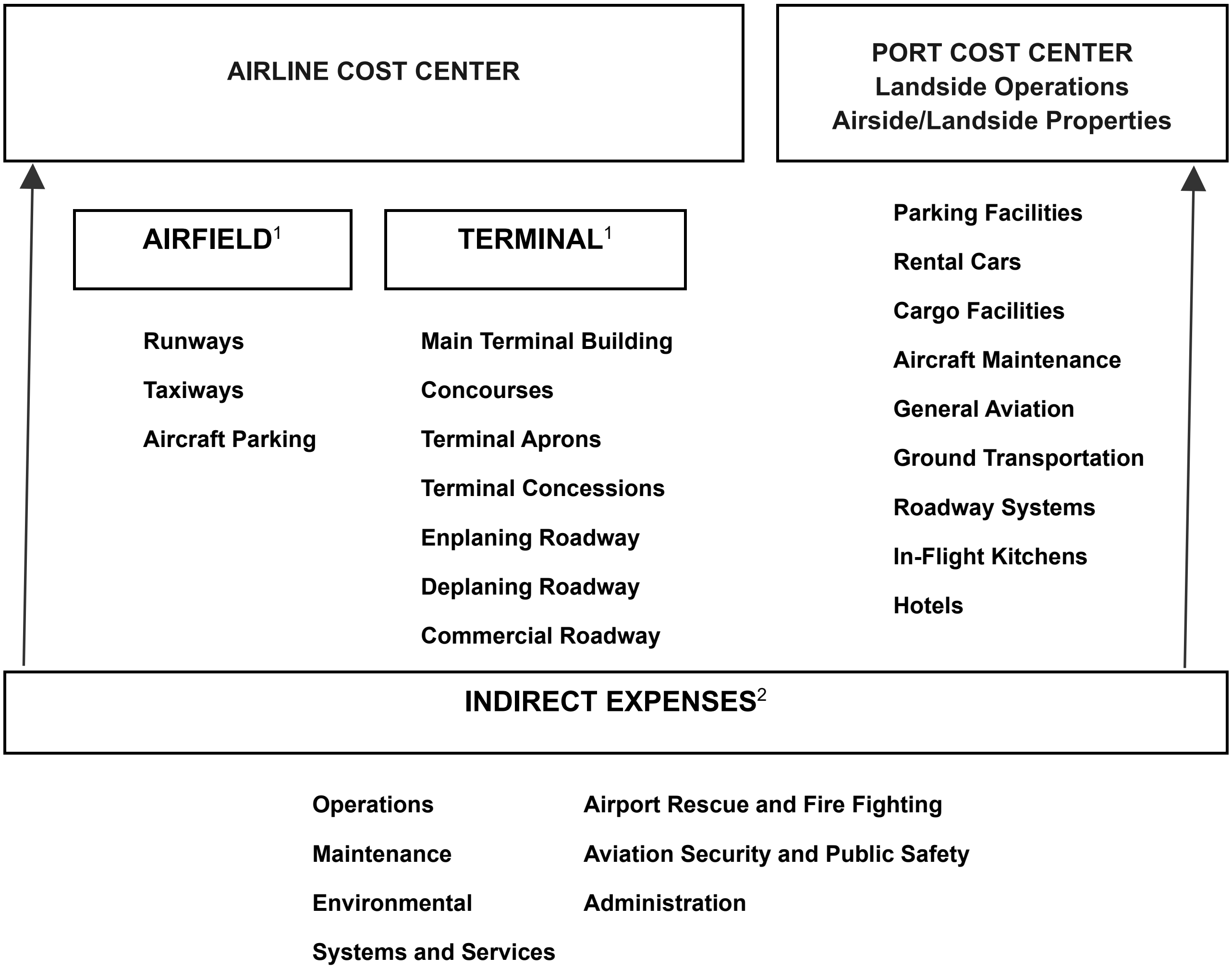
4.3.1 Accounting Structure

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 Thirty Bonds are payable from the Airport Net Revenues. Costs of the projects planned to be funded with Series Thirty Bonds proceeds are anticipated to be allocated completely to the Airline Cost Center.

The Port's cost center structure for the Airport is presented in **Figure 4-1** and is further described below.

Figure 4-1 Airport Cost Center Structure



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

4.3.1.1 Direct Cost Centers

Airline Cost Center

- **Airfield Cost Center.** The cost center to which Revenues and expenses associated with the areas and facilities provided for the landing, takeoff, and taxiing of aircraft, including approach and turning zones, avigation or other easements, runways, taxiways, runway and taxiway lighting systems, and other appurtenances in connection therewith (e.g., lighting, navigational aids, etc.). Aircraft apron areas for the loading and unloading of passengers and cargo from aircraft, servicing aircraft, and maneuvering of aircraft to and from active taxiways are not included as part of the Airfield Cost Center.
- **Terminal Cost Center.** The cost center to which Revenues and expenses associated with (a) the passenger terminal building and concourse areas; (b) the enplaning, deplaning, and commercial roadways immediately adjacent to the terminal; (c) public areas within the terminal; (d) the aircraft parking and maneuvering areas adjacent to the terminal; and (e) the areas of the terminal used for the screening of passengers and baggage.

Port Cost Center

- **Ground Transportation.** The cost center to which Revenues and expenses associated with areas and facilities accommodating ground transportation, including Airport public access roadways (other than those that are part of the Terminal), automobile parking facilities, and rental car operations.
- **Air Cargo.** The cost center to which Revenues and expenses associated with areas and facilities leased or provided for air cargo activities.
- **Other Aviation.** The cost center to which Revenues and expenses associated with areas and facilities provided for aviation activities that are not allocated to the Airfield, Terminal, or Air Cargo cost centers (e.g. general aviation).
- **Non-Aviation.** The cost center to which Revenues and expenses associated with areas and facilities provided for commercial and industrial property ground leases at the Airport. These include, but are not limited to, the Portland International Center, hotels, warehousing, and commercial office buildings.

4.3.1.2 Indirect Cost Centers

- **Operations.** Expenses associated with salaries, benefits, and supplies of the Airport's operations staff and not attributable to any direct cost center.
- **Maintenance.** Expenses not attributable to any other direct cost centers, consisting of the salaries, benefits, and supplies associated with the maintenance staff, as well as the expenses of contracted maintenance services. Also included are the expenses of the Airport's maintenance facility located on the south side of the Airport.
- **Environmental.** Expenses associated with salaries, benefits, and supplies for the Aviation Environmental Department. Also, included are expenses associated with environmental activities and facilities.
- **Systems and Services.** Expenses associated with the Central Utility Plant, which provides electrical power, heating, air conditioning, and steam for the Terminal and Airfield. Also included are sewer and water expenses for the Airport that are not attributable to any direct cost centers.

- **Airport Rescue and Fire Fighting (ARFF).** Expenses associated with salaries, benefits, and supplies of the ARFF department. Also, included is the cost of maintaining the ARFF facility and equipment, as required pursuant to FAA regulations.
- **Aviation Security and Public Safety.** Expenses associated with salaries, benefits, and supplies of the Airport police department as required pursuant to FAA regulations. The maintenance expenses of this department are also included in this cost center. Passenger security screening costs are paid directly by the airlines.
- **Administration.** The total costs of the Port departments responsible for Airport planning, properties, marketing, communications, and administrative staff. Also included are costs for a portion of Airport insurance and the Airport's share of services received from corporate overhead departments.

4.3.2 Bond Ordinances

Port Ordinance No. 155, enacted by the Board on November 10, 1971, as amended, restated, and supplemented (Ordinance No. 155); and Port Ordinance No. 323, enacted by the Board on October 9, 1985, as amended, restated, and supplemented (Ordinance No. 323), authorize the issuance of airport revenue bonds at the Airport to pay the costs of acquiring and constructing Airport improvements, among other items. The Series Thirty Bonds are being issued pursuant to various provisions in Ordinance No. 155, Ordinance No. 323, and Ordinance No. 482-B (the Series Thirty Bonds Ordinance) enacted by the Port on June 12, 2024 and effective on July 12, 2024. Ordinance No. 155, Ordinance No. 323, and the Series Thirty Bonds Ordinance are, collectively, referred to in this Report as the Bond Ordinances.

The Series Thirty 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 15, 2024, the Port had approximately $2.01 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, outstanding Parity Reimbursement Agreements, the Series Thirty 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 "SLBs" 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.

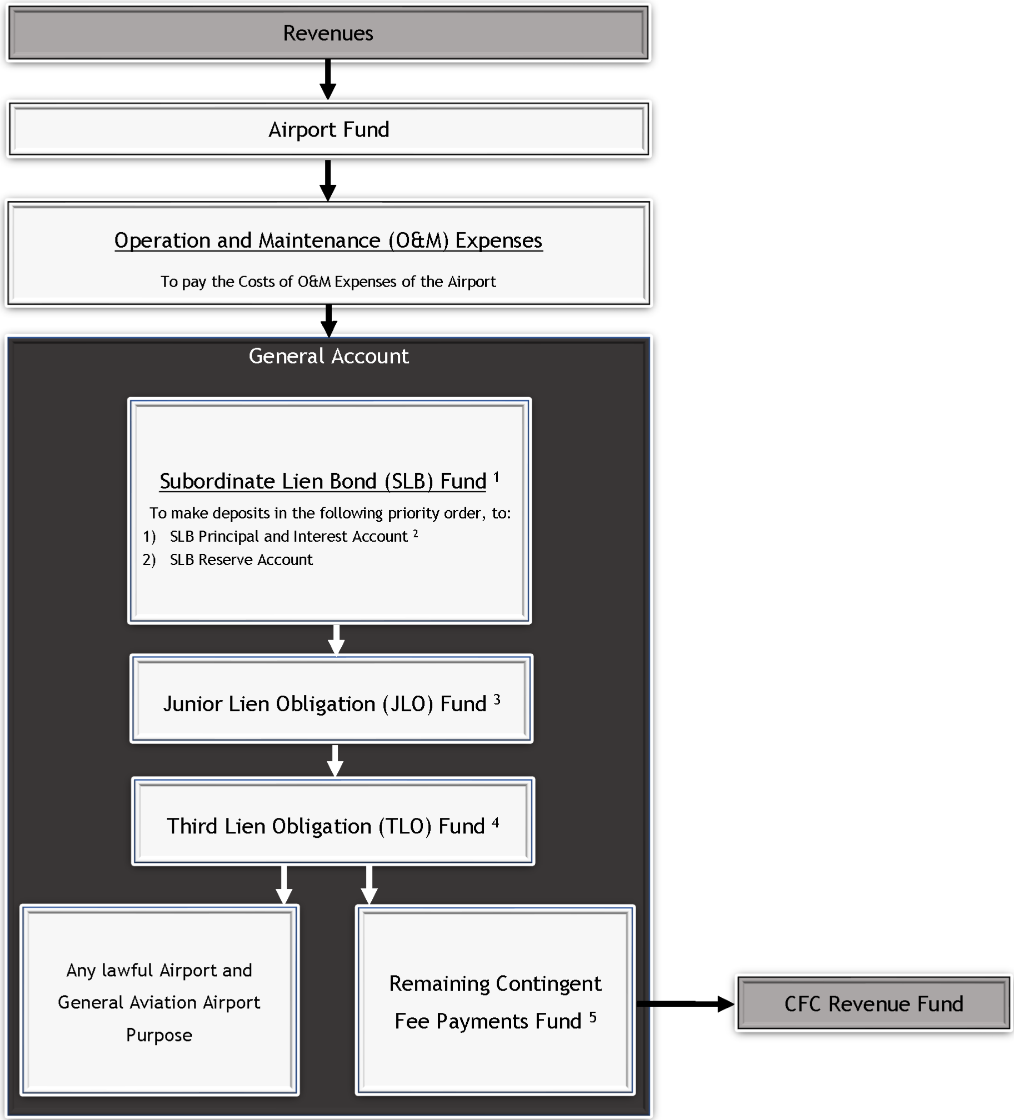
4.3.2.1 Flow of Funds

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 the Series Eighteen Reimbursement Agreements 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 $79.6 million as of July 1, 2024. The Port is planning to repay all outstanding Commercial Paper Notes and interest with proceeds of the Series Thirty Bonds. Commercial Paper Notes are an important source of liquidity to support the Port’s CIP. To support payment of the Commercial Paper Notes, the Port obtained an irrevocable direct-pay letter of credit in the initial stated amount of $315 million (Commercial Paper Letter of Credit) from Bank of America, N.A. (Commercial Paper Bank). The Commercial Paper Letter of Credit expires on May 30, 2025, unless extended or terminated sooner in accordance with its terms. Amounts owed to the Commercial Paper Bank are payable from the TLO Fund.

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 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.

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

Source: Derived from the Bond Ordinances and the CFC Bond Ordinance.

The Remaining Contingent Fee Payments Fund is held by the Port. On or before the first day of each month, the Port is required to set aside and pay into the Remaining Contingent Fee Payments Fund the Remaining Contingent Fee Payments, if any, and is required to immediately thereafter transfer all amounts in the Remaining Contingent Fee Payments Fund to the CFC Revenue Fund established under Ordinance No. 461-B (the CFC Bond Ordinance) to pay debt service on the Series 2019 CFC Revenue Bonds for application in accordance with the CFC Bond Ordinance. Amounts remaining in the General Account, if any, after the credits described above in "First" through "Fourth" above have been made, constitute Remaining Contingent Fee Payments; provided, that in no case will Remaining Contingent Fee Payments exceed the amount of Contingent Fee Payments received by the Port from each of the Rental Car Concessionaires under the related rental car concession agreement during the applicable period. Contingent Fee Payments are Revenues under the Bond Ordinances.

The Bond Ordinances permit any Revenues remaining in the General Account after the transfers described above, and after the Remaining Contingent Fee Payments have been transferred to the Remaining Contingent Fee Payments Fund to be used by the Port for any lawful use or purpose pertaining to the Airport or to aviation or air transport interests of the Port, including General Aviation Airports, as needed and any other lawful use or purpose to carry out the Bond Ordinances.

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 Thirty 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. Thirteen passenger airlines have executed the Signatory Passenger Airline Agreements, which, including their operating affiliates, accounted for more than 99% of enplaned passengers at the Airport in FY 2023. Nine 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".

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

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 2023, budgeted FY 2024, and projections for FY 2025 through FY 2031 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 Thirty Bonds, as projected per the assumptions in this Report, were not disapproved by the Signatory Airlines. As described earlier, in 2022, the Port finalized the GMP of the construction contract for the Terminal Core Redevelopment project with the Port's general contractor. As part of this process, the cost of the Terminal Core Redevelopment project increased from $1.45 billion to $1.95 billion. The Port closely monitored developments related to the cost of the Terminal Core Redevelopment project and actively communicated with the Signatory Airlines about project costs prior to finalizing the GMP. The Port submitted the cost increase for MII review and obtained approval for the portion of the Terminal Core Redevelopment project costs which are attributable to project cost escalations in excess of 110% of the initial cost estimate of $1.45 billion.

4.3.3.6 Debt Service Coverage in the Airline Cost Center

Under the Signatory Airline Agreements for the calculation of landing fees and terminal rents, the Airfield and Terminal Net Requirements include 30% of the sum of direct and indirect debt service attributable to Airport revenue bonds issued to acquire capital improvements at the Airport, referred to as "debt service coverage." The inclusion of debt service coverage in the Net Requirements for the Airfield and Terminal Cost Centers is in addition to allocated O&M Expenses, allocated overhead, allocated debt service, and other items, and is intended as a means of satisfying the Port's Rate Covenant obligation pursuant to the Bond Ordinances. The debt service coverage allocated to the Airline Cost Center is collected each FY by the Port. As shown in Exhibit B, in FY 2024, approximately 84% of the Port's annual SLB debt service is allocated to the Airline Cost Center. In FY 2031, approximately 94% of the Port's annual SLB debt service is projected to be allocated to the Airline Cost Center as the Airline Cost Center' share of overall SLB debt service is projected to increase in the future.

The Signatory Airline Agreements require the Port to allocate 100% of the debt service coverage generated by the airlines to fund capital improvements in the Airline Cost Center or to fund the airlines' allocated portions of capital improvements in the indirect cost centers. The Port may use debt service coverage to fund capital improvements at the Port's sole discretion. The Signatory Airlines have no disapproval rights for capital improvements funded in a manner that does not directly impact the airline rate base, such as with debt service coverage.

4.3.4 Other Agreements

The Port has agreements with other entities that operate, provide services, or occupy space at the Airport, including food court restaurants, cafes, pubs, full-service restaurants, quick-serve food and beverage, newsstands, retail shops, and display advertising, among other specialties. In addition, several Airport tenants have executed lease agreements with the Port governing their occupancy and use of space on Airport property. The Port has recently redeveloped its concession program through a comprehensive program. The program addressed the need to enhance the Airport's concessions program with offerings and environments that better reflect the values, tastes and lifestyles of current Airport customers and the Pacific Northwest. During this redevelopment effort, the Port has implemented metering of the concession spaces for utility usage and has begun recovering utility costs in each of the new concession lease agreements.

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

The Port has a comprehensive Landside Management Agreement with SP Plus Corporation. This contract is for the operation of the Port's landside facilities including its parking system, shuttle bus system, and commercial roadway system. The Port pays the operator a fixed management fee in return for its management of these landside facilities. This practice is somewhat different than other airports, especially as it relates to parking, where the Port receives all revenues. It is common for airport operators of other airports to operate parking as a concession where the airport operator receives a percent of gross revenues. Additional details on this contract are contained below.

In November 2018, the Port signed new concession lease and operating agreements with five rental car companies (Avis Budget Car Rental, LLC; EAN Holdings, LLC; The Hertz Corporation; Sixt Rent a Car, LLC; and Todd Investment Company) to operate up to 12 rental car brands (Alamo Car Rental, Avis Car Rental, Budget Car Rental, Dollar Rent-A-Car, Enterprise Car Share, Enterprise Rent a Car, Hertz Car Rental, National Car Rental, Payless Car Rental, Sixt Rental Car, Thrifty Car Rental, and ZipCar Car Share) at the Airport. As of the date of this Report, only 11 of the 12 brands were operating at the Airport as Enterprise Car Share is not operating at the Airport. The rental car companies moved their operations to the new ConRAC Garage that opened in November 2021. The Port collects concession fees for the right to operate a rental car concession at the Airport, pursuant to a concession lease and operating agreement. Expect as described in the next paragraph, all of the rental car companies are required to collect CFCs on behalf of the Port, to hold CFC moneys in trust and to remit CFCs (whether actually collected or not) on a monthly basis. Additional details on the rental car concession agreement are contained below.

Effective November 11, 2022, the CFC levy ordinance was amended. The amendment enables the Port to enter into agreements with rental car companies authorizing them to use certain Airport facilities which are not adjacent to the Terminal, and which are not funded by CFCs, and not requiring such companies to collect and remit CFCs to the Port. This is expected to result in incremental fee revenue to the Port, and enhanced regulatory authority over those rental car companies which seek this opportunity, which are expected to be exclusively peer-to-peer car sharing companies such as Turo and Avail.

The Transportation Network Companies (TNCs) Uber and Lyft commenced operations at the Airport under a ground transportation permit on May 8, 2015. Effective June 11, 2018, the Port collects per-trip fees of $3.00 for each pick-up and each drop-off, which was increased from $2.00. The Port collected over $7.1 million in TNC per trip fees in FY 2019. TNC per trip fee revenue decreased in FY 2021 to $1.8 million primarily as a result of the impacts associated with the COVID-19 pandemic. In FY 2022, TNC revenue was $3,994,980, an increase of 123% compared to FY 2021 and representing approximately 56% of FY19 revenue. The Airport also continues to be served by taxis and shuttles, which pay a $3.50 per trip fee for pick-ups only, which was also increased on June 11, 2018, from $2.50.

4.3.4.1 Summary of Key Non-Airline Agreement Terms and Conditions

Airport non-airline agreements have various terms and conditions. In general, the business terms of the agreements are based on industry standards and practices. Additional summaries of key non-airline agreement terms are provided below.

- **Terminal Food and Beverage Agreements:**
  - Concession fees range between 10% and 14% of gross revenues (between 8% and 18% in the case of agreements entered into before 2014)
  - MAG equal to 80% of prior year concession fees
  - A temporary MAG reduction occurs under the following conditions:
    - Construction impacts - if adjacent Airport construction activity impacts concessionaire’s sales, MAG is reduced proportionately
    - Enplaned passenger decrease – if enplaned passengers decrease by more than 15% at the Airport, MAG is reduced proportionately
  - MAGs were reduced in FY 2020 and FY 2021 because of the reduction in enplaned passengers associated with the COVID-19 pandemic
  - Total MAG amounts for FY 2023 were approximately $5.1 million based on agreement terms
  - It is anticipated that MAG will be eliminated in future concession agreements, to be replaced by minimum sales performance requirements where the Port would be able to terminate contracts not meeting such requirements to allow for more financial flexibility
  - Agreement expiration dates vary with some through as late as June 30, 2031
  - Street pricing or requirements to offer merchandise and services at comparable quality to that offered outside the Airport and in the metropolitan area
  - The Port charges the concessionaires for employee parking ($35/month for each employee for surface parking and $80/month for garage parking) and utility costs in new contracts

- **Terminal Retail Agreements:**
  - Concession fees range between 10% and 14% of gross revenues (between 8% and 18% in the case of agreements entered into before 2014)
  - MAG equal to 80% of prior year concession fees
  - A temporary MAG reduction occurs under the following conditions:
    - Construction impacts - if adjacent Airport construction activity impacts concessionaire’s sales, MAG is reduced proportionately
    - Enplaned passenger decrease – if enplaned passengers decrease by more than 15% at the Airport, MAG is reduced proportionately
  - MAGs were reduced in FY 2020 and FY 2021 because of the reduction in enplaned passengers associated with the COVID-19 pandemic

- – Total MAG amounts for FY 2023 were approximately $4.1 million based on agreement terms
- – It is anticipated MAG will be eliminated with future concession agreements, replaced by minimum sales performance requirements
- – Agreement expiration dates vary with some through as late as June 30, 2028
- – Street pricing or requirements to offer merchandise and services at comparable quality to that offered outside the Airport and in the metropolitan area

  The Port charges the concessionaires for employee parking ($35/month for each employee for surface parking and $80/month for garage parking) and utility costs in new contracts

- **Landside Management Agreement:**
  - – Includes automobile parking facilities, shuttle bus operations, and commercial roadway
  - – Term of agreement is through June 30, 2027.
  - – Port pays the operator a fixed management fee
  - – Limited off-airport parking competition by three operators, and Port collects 10% concession fee from off-airport parking operators

- **Rental Car Concession Agreement:**
  - – Concession fees equal to 10% of gross revenues
  - – MAG equal to greater of 85% of either prior year concession fees or initial year concession fees
  - – Total MAG amounts for FY 2023 were approximately $20.2 million
  - – MAG amounts for FY 2024 are estimated at approximately $22.4 million
  - – The Port and the five on-Airport companies completed negotiation in November 2018 on the terms of an amendment that extends the term of the concession agreements that allowed for the relocation of the on-Airport rental car company concessionaires to the new Port-owned quick-turn-around facility, and demolition by the rental car companies of the prior company-owned quick-turn-around facility. That concession agreement term continued until November 2021 when the current ConRAC Garage opened for operation. The term of the current agreement extends 20 years from November 2021 with the provision for an additional 10-year extension option at the Port's discretion.
  - – The Port has the right to rebid or renegotiate the new concession and lease agreement at year 10 of the lease.
  - – For use of the ConRAC Facility, each rental car company shall pay a concession fee, which is the greater of (a) 10% of annual gross receipts or 11% of gross receipts for any car sharing brand, or (b) the MAG as described below.
  - – In the new concession and lease agreement, the MAG is equal to 90% of either prior year concession fees or initial year concession fees. The MAG may be abated at the Port's discretion if deplaned passengers at the Airport decrease by more than 15% for three consecutive months as compared to the prior year.
  - – Each rental car company using the ConRAC Facility shall also be liable for its share of Contingent Fee Payments, as required, if the Port is not in compliance with the rate covenant in the Master CFC Revenue Bond Ordinance.
  - – For use of the ConRAC Facility, each rental car shall pay premises rent per square foot based on its proportionate share of the property.

4.3.5 Federal Relief Grant Assistance

4.3.5.1 CARES Act

The CARES Act was approved by the U.S. Congress and signed by the President on March 27, 2020. It is one of the legislative actions taken to address the crisis associated with the COVID-19 pandemic and includes among its relief measures direct aid in the form of grants for U.S. airports, as well as direct aid, loans and loan guarantees for passengers and cargo airlines. The CARES Act provides $10 billion of grant assistance to airports.

The FAA announced in April 2020 that it had allocated approximately $72.5 million to the Port for its airport system, and the Port has completely drawn and used these funds. The Port used approximately $27.7 million of CARES Act funds in FY 2020 and approximately $44.8 million of CARES Act funds in FY 2021.

4.3.5.2 Coronavirus Response and Relief Supplemental Appropriation Act

On December 27, 2020, the Consolidated Appropriations Act, 2021 was signed by the President. Division M of that Act is the CRRSAA. Title IV of CRRSAA provides approximately $2 billion in economic relief to airports to prevent, prepare for, and respond to the COVID-19 public health emergency, including relief from rent and MAGs for eligible airport concessions at primary airports.

The FAA announced on February 12, 2021 that it had allocated approximately $19 million to the Airport, and the Port has completely drawn and used these funds. Approximately $2.1 million of the allocated CRRSAA funding was required to be allocated and was used for concessionaire relief.

4.3.5.3 American Rescue Plan Act

On March 11, 2021, the President signed the American Rescue Plan Act of 2021 (ARPA), a $1.9 trillion economic stimulus package designed to help the United States' economy recover from the adverse impacts of the COVID-19 pandemic. In addition to other economic relief, ARPA includes financial relief for certain eligible airports. For eligible airports, ARPA appropriates $8 billion to assist such airports to prevent, prepare for, and respond to COVID-19, and such amounts remain available until September 30, 2024.

The FAA announced on June 22, 2021 that it had allocated approximately $72.0 million to the Airport. Of that amount, approximately $8.4 million must be used for concessionaire relief. In total, the Port has drawn on and plans to use approximately $25.8 million during FY 2022, $9.1 million during FY 2023, $8.3 million during FY 2024, and its remaining $28.7 million of ARPA funds for the Airport in FY 2025. Of the $28.7 million in FY 2025, $26.2 million is planned to be applied as an offset to Terminal Rental Rates, with the remainder reserved for other uses.

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 2023, the Port has used over $126 million of this grant assistance, which has helped to offset revenue losses experienced from the significant loss of passengers at the Airport caused by impacts associated with the COVID-19 pandemic. The Port intends to draw on and use the remaining grant funds during FY 2024 and FY 2025 as the recovery continues.

4.4 The Series Thirty Bonds

The Port plans to issue the Series Thirty Bonds to (1) fund a portion of the Port's capital improvement program (CIP), (2) refund the Series Twenty-Two Bonds, (3) fund capitalized interest on a portion of the Series Thirty Bonds, (4) fund a deposit to the debt service reserve account, (5) repay certain Commercial Paper Notes issued to finance a portion of the Port's CIP, and (6) pay associated costs of issuance of the Series Thirty Bonds. Kestrel Verifiers has determined that the Series Thirty A Bonds are in conformance with the four core components of the International Capital Market Association Green Bond Principles, as described in Kestrel Verifiers' "Second Party Opinion," which is attached to the Official Statement as APPENDIX H. See "DESIGNATION OF SERIES THIRTY A BONDS AS GREEN BONDS" and APPENDIX H – "GREEN BONDS SECOND PARTY OPINION" in the Official Statement. **Table 4-4** below presents the assumed sources and uses of funds for the proposed Series Thirty Bonds, which were prepared by the Port's financial advisor, PFM Financial Advisors LLC (PFM). For the purposes of the financial feasibility analysis in this Report, projections of future financial results do not take into consideration the potential refunding of the Series Twenty-Two Bonds and any associated cost savings.

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	$25.8	$25.8
Concessions	0.0	0.0	0.1	0.1
FY 2022 Total	***$0.0***	***$0.0***	***$25.9***	***$25.9***
FY 2023 Actual				
Airport	$0.0	$0.0	$2.1	$2.1
Concessions	0.0	0.0	7.0	7.0
FY 2023 Total	***$0.0***	***$0.0***	***$9.1***	***$9.1***
FY 2024 Forecast				
Airport	$0.0	$0.0	$7.0	$7.0
Concessions	0.0	0.0	1.3	1.3
FY 2024 Total	***$0.0***	***$0.0***	***$8.3***	***$8.3***
FY 2025 Forecast				
Airport	$0.0	$0.0	$28.7	$28.7
Concessions	0.0	0.0	0.0	0.0
Total Remaining	***$0.0***	***$0.0***	***$28.7***	***$28.7***
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, February 2024.

Table 4-4 Series Thirty A Bonds Sources and Uses (Dollars in Thousands) [1]

Sources	Series Thirty A Bonds
Par Amount of Bonds	$559,785
Premium	14,912
Total Sources	**$574,697**
Uses:	
SLB Construction Account [2]	$510,147
Capitalized Interest Account	27,847
SLB Reserve Account	34,907
Costs of Issuance	1,796
Total Uses	**$574,697**

Note: Amounts may not add because of rounding.

[1] This Report reflects an estimated amount of Series Thirty A Bonds assumed to be issued; however, it does not include the Series Thirty B Bonds refunding series. The actual amount of Series A Thirty Bonds issued may vary from amounts presented herein; however, the total amount of the Series Thirty Bonds assumed in this Report, reflects the amount estimated by the Port, as of the date of this Report, required to complete the SLB-funded portion of the CIP.

[2] Also includes repayment of Commercial Paper Notes.

Source: PFM Financial Advisors LLC, June 2024.
Compiled by Landrum & Brown, Inc.

Exhibit B presents annual Debt Service Requirements for actual FY 2023, estimate FY 2024, and for the Projection Period. As presented, annual Debt Service Requirements estimates for the Series Thirty A Bonds, net of capitalized interest, are approximately $9.3 million in FY 2025, approximately $16.0 million in FY 2026, increases to over $28 million in FYs 2027 and 2028, and increases to approximately $39.6 million thereafter. Debt Service Requirements estimates for the Series Thirty Bonds were provided by PFM and include the following assumptions:

- True interest cost (TIC) of approximately 4.96%
- The first principal payment is assumed to occur on July 1, 2025
- Final maturity is July 1, 2054
- A portion of the bond proceeds will refund the Port’s Commercial Paper Notes
- A portion of the bond proceeds will fund capitalized interest during construction
- A portion of the bond proceeds will fund a SLB debt service reserve account deposit

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 2019 through FY 2023, as well as the CAGR for those years. 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. Total O&M expenses increased past 2019 levels in FY 2022 as the pandemic impacts lessened, and O&M expenses continued to increase in FY 2023. Total O&M Expenses for FY 2023 were approximately $162.3 million. This represents a CAGR of 5.7% for the period of FY 2019 through FY 2023.

Total O&M Expenses increased from approximately $143 million in FY 2022 to approximately $162 million in FY 2023. The two primary categories of O&M Expenses that contributed to the majority of this increase included personnel services (i.e., personnel and benefits costs of the Port) and corporate support costs (overhead expenses), which increased at CAGRs of approximately 3.9% and 7.6%, respectively. Key items contributing to these increases included higher health insurance costs and public employee retirement system (PERS) rate increases. Additionally, Contract, Professional, & Consulting services as well as Insurance saw significant increases in FY 2023, growing at 10.0% and 61.0% respectively. These increases are mainly attributable to elements of the Terminal Core Redevelopment project.

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

	2019	2020	2021	2022	2023	2019-23 CAGR
Personnel Services	$54,425	$56,079	$54,480	$56,596	$61,113	3.9%
Contract, Professional & Consulting Services	35,003	33,869	26,729	37,627	41,406	5.8%
Materials & Supplies	5,567	4,775	6,933	4,934	6,322	4.3%
Utilities	11,238	10,715	9,685	10,342	12,107	2.5%
Equipment, Fuel, & Lube	2,050	1,438	1,044	1,404	1,701	-6.0%
Insurance	2,114	2,663	3,505	3,732	6,137	42.7%
Rent	(3,766)	(3,605)	(2,949)	(3,210)	(3,253)	-4.8%
Travel & Other Management Expense	3,227	1,747	1,173	1,628	2,621	-6.7%
Other	2,355	2,779	1,587	3,038	2,563	2.9%
Corporate Support (Overhead Expense)	25,313	22,086	22,296	26,934	31,553	7.6%
Total O&M Expenses	**$137,526**	**$132,546**	**$124,483**	**$143,026**	**$162,271**	**5.7%**

Source: Port of Portland airport management records, February 2024.
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 estimated FY 2024.

- **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 38.2% of total O&M Expenses at the Airport for estimated FY 2024. As presented above, these expenses remained essentially flat in FY 2021 as compared to FY 2019 levels, then increased in the following two years to result in a 3.9% CAGR between 2019 and 2023. Personnel Services expenses are estimated to grow to $68.0 million in FY 2024. These expenses are projected to increase by 10.0% in FY 2025 to $74.8 million. Future Personnel Services expenses are projected to increase at a CAGR of approximately 5.6% through FY 2031.
- **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 25.9% of total O&M Expenses at the Airport for estimated FY 2024. This category grew at a CAGR of 5.8% between FY 2019 and FY 2023. The estimate for FY 2024 is expected to increase to $47.2 million, and is budgeted to increase significantly to $58.3 million in FY 2025, a 23.4% increase as elements of the Terminal Core Redevelopment program are placed in service. After FY 2025, the growth for this category is expected to slow back down to more normal levels, as well as increases to labor costs in major contracts such as janitorial and parking. For the period of FY 2025 through FY 2031, contract, professional, and consulting services expenses are projected to increase at a CAGR of 5.1%.
- **Corporate Support.** The Port allocates a portion of its corporate overhead expenses to the Airport. This category of O&M Expenses at the Airport represents approximately 19.4% of total O&M Expenses at the Airport for estimated FY 2024. This category of expenses decreased between FY 2019 and FY 2021, but began increasing again in FY 2022 and FY 2023. This resulted in an overall CAGR of 7.6% between FY 2019 and FY 2023. 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 2025 through FY 2031, corporate support expenses are projected to increase at a CAGR of 4.5%.
- **Utilities.** Utilities expenses at the Airport comprise approximately 7.2% of total O&M Expenses at the Airport for budgeted FY 2024. This category of expenses decreased between FY 2019 and FY 2021, and increased moderately in FY 2022 and FY 2023 to $12.1 million. Utility cost are expected to increase as traffic recovers from the impacts associated with the COVID-19 pandemic, growing to $14.0 million in FY 2025. For the period of FY 2025 through FY 2031, utilities expenses are projected to increase at a CAGR of 5.5%.

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 2023, estimated FY 2024, and projections for FY 2025 through 2031. Total O&M Expenses are projected to increase at a CAGR of approximately 5.0% over the Projection Period. The largest increases are expected in the first two years of the projection period, primarily due to costs associated with elements of the Terminal Core Redevelopment project coming online.

4.5.1 Allocation of O&M Expenses to Cost Centers

For financial planning purposes and to implement the Airline Agreements' rate-setting methodologies, the Airport is divided into 13 cost centers as described earlier in this chapter. Six of the cost centers are revenue-generating direct cost centers and the remaining seven cost centers are indirect cost centers. The Port's approach to allocating O&M Expenses to cost centers allows the Airport to be financially organized using the residual rate-setting methodologies for the Airfield and Terminal Cost Centers, which comprise the Airline Cost Center, and for which the airlines assume the economic risk.

Other essential indirect functions allocated to direct cost centers include Administration, Operations, Maintenance, Systems and Services, Aviation Security and Public Safety, and Environmental. These expenses are allocated to direct cost centers as defined in the Airline Agreements. Indirect expenses are allocated to direct cost centers for the purposes of calculating landing fees and terminal rentals.

4.5.2 O&M Expense Rebate Program

The Airline Agreements allow the Port to reduce Revenue Sharing through controlling O&M Expense increases. Per Section 23 of the Airline Agreements, if the Port is able to spend less for O&M Expenses than it did for the prior FY, the Signatory Airlines have agreed to reduce Revenue Sharing pursuant to an agreed upon schedule presented earlier. For feasibility purposes, no reductions in O&M Expenses have been projected by the Port. Therefore, no reductions to the annual Revenue Sharing amounts are incorporated in the Port's current projections.

4.6 Non-Airline Revenues

Table 4-6 below presents historical Non-Airline Revenues for the Airport for the period FY 2019 to FY 2023 as well as the CAGR for those years. 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.

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

Fiscal Year	2019	2020	2021	2022	2023	2019-23 CAGR
Parking Revenue	$72,668	$54,072	$29,332	$65,347	$79,747	2.4%
Rental Car/Ground Trans. Concessions	30,942	23,270	17,221	29,625	30,791	(0.1%)
Terminal Concessions	20,247	13,918	5,557	13,483	17,320	(3.8%)
Air Cargo Rent Revenue	7,514	7,493	8,139	8,616	9,065	4.8%
Other [1]	19,843	19,253	17,608	19,106	21,475	2.0%
Total Non-Airline Revenues [1]	$151,213	$118,006	$77,856	$136,176	$158,397	1.2%
Enplaned Passengers (000s)	9,967	7,273	3,742	7,053	7,825	(5.9%)
Non-Airline Revenues per Enplaned Passenger	$15.17	$16.22	$20.81	$19.31	$20.24	
Percent of Total Revenue [1]	59%	52%	38%	49%	48%	

[1] Excludes approximately $25.3 million of CARES Act grants allocated as non-operating Revenues in FY 2020, approximately $61.1 million of both CARES Act and CRRSAA grants allocated as non-operating Revenues in FY 2021, and $25.0 million of ARPA grants allocated as non-operating Revenues in FY 2022.

Source: Port of Portland airport management records, February 2024.
Compiled by Landrum & Brown, Inc.

Non-Airline Revenues for the Airport in FY 2020, FY 2021, and FY 2022 decreased significantly from FY 2019 levels. Over this period total Non-Airline Revenues decreased from approximately $151.2 million to approximately $77.9 million in FY 2021 (not including federal relief grants) or at a CAGR of -28.2%. Non-Airline Revenues increased in FY 2022 from FY 2021 by approximately $58.3 million to $136.2 million. Non-Airline Revenues in FY 2023 surpassed FY 2019 levels by approximately $7.2 million. The recovery in non-airline revenue can primarily be attributed to parking revenue, which accounts for almost all of this increase. The only primary category of non-airline revenue that has not recovered to pre-pandemic levels is Terminal Concessions, which decreased at a CAGR of 3.8%.

Exhibit D presents Non-Airline Revenues at the Airport for actual FY 2023, estimate FY 2024 and projections for FY 2025 through FY 2031. Total Non-Airline Revenues are estimated at approximately $176.5 million in FY 2024 and are projected to increase to approximately $220.2 million by FY 2031 (not including any ARPA funds). This increase in Non-Airline Revenues between FY 2024 and FY 2031 represents a CAGR of approximately 3.2%. 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 73% of total Non-Airline Revenues for FY 2023. Automobile parking revenues, rental car concession fees, and rental car space rentals in the parking garage are primary sources of ground transportation revenue and are discussed in more detail below.

4.6.1.1 Parking Revenues

As presented in Table 4-6, because of passenger declines associated with the COVID-19 pandemic, parking revenues decreased by almost 60%, as compared to FY 2019 levels, in FY 2021 to approximately $29.3 million. Because of the reduced demand for parking, the Port temporarily closed a portion of its economy parking lots and temporarily suspended its Gold Key Valet service during the pandemic. The Port reopened the Gold Key Valet Service in September 2021 and all of its economy parking lot in October 2021; therefore, all public parking facilities are currently open. In FY 2022, parking revenues increased to approximately $65.3 million, more than doubling FY 2021 levels. In FY 2023, parking revenues increased to $79.7 million surpassing FY 2019 levels by approximately $7.1 million. A portion of this increase can likely be explained by the Airport's passenger traffic composition being more O&D as those users are more likely to park at the Airport, whereas, connecting passengers do not use parking facilities.

Contributing to increases in parking revenue prior to the COVID-19 pandemic, the Port implemented daily parking rate increases in June 2018 for three of its four parking products at the Airport. This includes a $5 per day increase for Gold Key Valet parking, a $3 per day increase in long term garage parking, and a $2 per day increase in the Economy Lot. The daily rate for short-term parking in the garage remained the same in June 2018; however, a $3 per day increase was implemented in April 2014. Daily maximum public parking rates were increased on February 1, 2023 in efforts to maintain sufficient return on its parking assets while keeping rates comparable with other airports and off-Airport parking options. These rate changes included a $10 per day increase for Gold Key Valet parking, a $3 per day increase in short term garage parking, and a $3 per day increase in the Economy Lot. No daily maximum rate increase was implemented for the long term garage; however, the hourly rate was increased from $3 to $4. **Table 4-7** below presents daily maximum public parking rates at the Airport since October 2012. As shown in the table, the Port continuously monitors public parking rates and implements rate changes periodically. Additionally, the Port offers a variety of parking options to address the differing needs of its customer base. The Port has historically been able to realize significant revenue gains resulting from these rate increases and the differing products as demand had continued to increase. In addition, its off-airport parking competitors are somewhat limited.

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

Parking Facility	October 2012	April 2014	June 2018	February 2023
Gold Key Valet	$30	$30	$35	$45
Short Term Garage (3,300 spaces)	$24	$27	$27	$30
Long Term Garage (3,000 spaces)	$18	$21	$24	$24
Economy Lot (7,800 spaces)	$10	$10	$12	$15

Source: Port of Portland airport management records, February 2024.
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. Parking revenues are projected to increase at a CAGR of approximately 4.2% for the period of FY 2024 through FY 2031. Increases have been assumed periodically throughout the forecast period starting in FY 2024. Future parking revenue is assumed to grow in concert with O&D enplaned passengers along with some inflationary growth as periodic parking rate increases are anticipated over the Projection Period.

4.6.1.2 Rental Car and Ground Transportation Concessions

Rental car and ground transportation concessions decreased by approximately 44.3% in FY 2021 as compared to FY 2019 levels primarily as a result of decreased passengers at the Airport from the impacts related to the pandemic. In FY 2022, rental car and ground transportation concessions increased to approximately $29.6 million, which was about 96% of FY 2019 levels. In FY 2023, rental car and ground transportation concessions increased to $30.8 million, nearly matching FY 2019 levels. As with parking revenues, a certain portion of this increase over passenger growth can likely be explained by the Airport's higher proportion of O&D passengers in FY 2023 as compared to FY 2019. As passenger recovery is projected, rental car and ground transportation concessions are projected to increase at a CAGR of approximately 3.9% for the period of FY 2024 through FY 2031 as O&D passengers are projected to continue increasing. This projected increase in revenue assumes rental car and ground transportation concessions will continue to grow in concert with O&D enplaned passengers along with some inflationary growth.

As presented in Exhibit D, total Ground Transportation revenues overall are budgeted to increase by approximately 8.1% in estimated FY 2024 to $125.0 million primarily related to projected O&D passenger increases. Over the period FY 2024 through FY 2031, total ground transportation revenues including parking are projected to experience a CAGR of approximately 4.0% as passenger traffic increases. This projected increase in revenue assumes revenues will continue to grow in concert with O&D enplaned passengers along with some inflationary growth including recent parking rate increases.

4.6.2 Terminal Concessions

Terminal concessions are the primary source of Terminal Non-Airline Revenues and are credited 100% to the airline rate base in the residual calculation of Terminal Rentals pursuant to the Signatory Passenger Airline Agreements. In FY 2019, Terminal Concessions revenues were approximately $20.2 million. Terminal Concessions decreased significantly in FY 2020 and FY 2021 to approximately $5.6 million in FY 2021 primarily as a result of the decreases in passenger traffic related to the COVID-19 pandemic. While still below pre-pandemic levels, Terminal Concessions increased to $17.3 million in FY 2023, approximately 14.5% down from pre-pandemic levels. Estimated Terminal Concessions for FY 2024 are expected to remain mostly flat at a total of approximately $17.1 million. Some of this lagging recovery can be attributed to construction impacts of the Terminal Core Redevelopment project, as the majority of the pre-security concessions locations have been closed during construction. Over the Projection Period, Terminal Concessions are projected to experience a CAGR of approximately 4.9%.

4.6.3 Air Cargo

Air cargo revenues, primarily attributable to the rental of air cargo facilities at the Airport, totaled approximately $9.0 million in FY 2023. The COVID-19 pandemic has not had much of an impact on these revenues, having grown at a steady CAGR of 4.8% since FY 2019. Air cargo revenues are projected to increase at a CAGR of approximately 2.6% between FY 2024 and FY 2031.

4.6.4 Other Aviation

Revenues in the Other Aviation Cost Center are projected to generally increase with inflation. At approximately $6.5 million estimated in FY 2024, these revenues are projected to increase at a CAGR of approximately 4.3% through FY 2031.

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 $1.5 million in FY 2023. Airfield revenues are budgeted at approximately $1.5 million in FY 2024 and are projected to increase at a CAGR of approximately 4.6% through FY 2031.

4.6.6 Non-Aviation

Non-Airline Revenues in the Non-Aviation Cost Center (not including federal relief funds) are estimated at approximately $2.5 million in FY 2024. Non-Aviation revenues are projected to increase at a CAGR of approximately 2.5% through FY 2031.

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 $1.6 million in FY 2023. In FY 2025, these revenues have a one-time increase due to PDX Master Plan grants, increasing to $3.1 million. For the purposes of these financial projections, revenue from indirect cost centers is projected to grow at 2.6% after FY 2025 through FY 2031.

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 2023, estimate FY 2024, and projections for FY 2025 through FY 2031. 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 Signatory Airline landing fee rate per 1,000-pound unit of landed weight was $4.05 for FY 2023, which is higher than historical rates prior to the pandemic primarily as a result of the decrease in passenger aircraft landed weight at the Airport because of the COVID-19 pandemic. As traffic is projected to recover, the Signatory Airline landing fee rate is projected to decrease and trend back towards historical levels. In FY 2024, the Signatory Airline landing fee is estimated at $4.12. The landing fee is projected to increase in FY 2025 due to increased O&M and lower revenue sharing, to $4.53. The Landing Fee is expected to remain fairly flat, peaking at $4.77 in FY 2028 before coming down to $4.69 in FY 2031.

Landing fee revenues, net of airline revenue sharing, are projected to increase from approximately $45.1 million in FY 2024 to approximately $60.7 million in FY 2031, a CAGR of approximately 4.3% over this period.

4.7.2 Terminal Rentals

Exhibit F presents the calculation of terminal rates and revenues for actual FY 2023, estimate FY 2024, and projections for FY 2025 through FY 2031. 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 $124.8 million estimated for FY 2024). 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.).

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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.

As presented in Exhibit F, the Signatory Airline average terminal rental rate projected for FY 2024 is $356.15 per square foot, which is higher than prior years primarily because of increases in debt service related to recent terminal projects completed and reduced Terminal Concession revenues that are credited directly to offset rates. The Signatory Airline average terminal rental rate is projected to increase to $784.15 per square foot in FY 2031. 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 $114.5 million estimated in FY 2024 to approximately $255.5 million in FY 2031. This represents a CAGR of approximately 12.2%.

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 estimated to be approximately $22.5 million in FY 2024 and are projected to increase to approximately $44.1 million in FY 2031.

4.7.4 Airline Cost Per Enplaned Passenger

A key indicator for airline costs at an airport is the average airline CPE. **Exhibit H** presents the projected CPE for the airlines at the Airport, which equals passenger airline landing fee revenues, airline terminal rental revenues, and airline common use fees divided by total enplaned passengers. In recent years CPE has been impacted by significant passenger decreases as a result of the impacts associated with the COVID-19 pandemic. For example, in FY 2020, airline CPE was $12.83 as that year was partly affected by decreases in traffic resulting from the COVID-19 pandemic. CPE increased to $28.81 in FY 2021 as passenger traffic declined to a pandemic low of approximately 3.7 million enplaned passengers. This increase in CPE is significantly impacted by the decrease in enplaned passengers at the Airport resulting from the impacts of the COVID-19 pandemic, but also by increases in terminal costs primarily driven by increasing debt service. CPE decreased from prior year levels in FY 2023 to $18.41, primary due to passenger traffic recovery.

Over the Projection Period, airline CPE is projected to increase from $25.70 projected for FY 2025 to a peak of $32.81 in FY 2029, then decrease to $32.42 by FY 2031. Airline CPE in FY 2024 dollars (assuming an annual inflation rate of 3.0%) is projected to be $24.95 in FY 2025 and increase to a peak of $28.63 in FY 2027, then decrease to $26.36 by FY 2031. Increases in the CPE over the Projection Period are primarily as a result of debt service associated with the Airport's CIP, especially the Terminal Core Redevelopment project, being included in airline Terminal Rentals. As described previously, the Port has been actively communicating with Signatory Airlines about the costs associated with the Terminal Core Redevelopment project and obtained MII approval for recent cost increases. Airline CPE for the Airport while on the higher side is projected to be comparable to that of other U.S. west coast large airports, and many of which are also undergoing major capital development.

4.8 Net Cash Flow and Debt Service Coverage

Exhibit I presents net cash flow and SLB debt service coverage ratios for the Port at the Airport throughout the Projection Period. As presented, the Port is expected to experience a net surplus after the payment of O&M Expenses and Debt Service Requirements in each year of the Projection Period for the Airport. The net surplus estimated for FY 2024 is approximately $86.5 million and is projected to increase to approximately $128.2 million by FY 2031. SLB debt service coverage ratios are projected to exceed requirements and range between 1.66x and 1.71x 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. The pessimistic scenario assumes recovery will be more gradual and to a lesser degree than as compared to the baseline projection. The assumptions for the sensitivity scenario are described in more detail in Section 2.5 of this Report. For the purposes of the financial analysis for the pessimistic enplaned passenger sensitivity scenario, key assumptions are as follows:

- O&M Expenses or debt service projections are the same as assumed in the baseline projection.
- Changes to enplaned passengers in the projections are assumed to have a commensurate impact on Non-Airline Revenues.
- The airline rates and charges methodology in the Signatory Airline Agreements is assumed.

Table 4-8 presents projected airline CPE and debt service coverage for the baseline projection and pessimistic sensitivity scenario. As shown under the baseline projection and pessimistic sensitivity scenario, the Port is projected to continue to satisfy its obligations pursuant to the Rate Covenant. For the pessimistic scenario, projected airline CPE for the Airport is within the upper range of airline CPE projections for large and medium hub airports in the U.S. Also, as indicative of residual airline rates and charges methodologies, increased airline CPE levels under this scenario moderate declines in debt service coverage ratios over the Projection Period.

Table 4-8 Financial Results for the Baseline Projection and Pessimistic Sensitivity Scenario

	Baseline			Pessimistic		
Fiscal Year	Airline CPE	Airline CPE (FY24$)	Debt Service Coverage	Airline CPE	Airline CPE (FY24$)	Debt Service Coverage
2023	$18.41	$18.41	1.90x	$18.41	$18.41	1.90x
2024	$20.39	$20.39	1.88x	$20.39	$20.39	1.88x
2025	$25.70	$24.95	1.69x	$25.81	$25.06	1.69x
2026	$30.30	$28.56	1.66x	$30.57	$28.81	1.66x
2027	$31.28	$28.63	1.69x	$31.71	$29.02	1.69x
2028	$31.17	$27.70	1.70x	$31.77	$28.23	1.70x
2029	$32.81	$28.31	1.69x	$33.62	$29.01	1.69x
2030	$32.61	$27.31	1.70x	$33.61	$28.15	1.70x
2031	$32.42	$26.36	1.71x	$33.62	$27.33	1.71x

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., July 2024.

As previously indicated, many of the factors affecting air travel demand are not necessarily quantifiable. As a result, all projections are subject to uncertainty. 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 Thirty Bond Proceeds
Airline Cost Center Projects:							
Terminal Core Redevelopment (Remainder of Project)[2]	Terminal	$523,845	$0	$177,830	0	$0	$346,015
Runway 10L-28R Rehabilitation	Airfield	94,980	67,500	0	27,480	0	0
BHS CBRA Expansion & Control System Expansion	Terminal	83,700	0	0	0	40,454	43,246
TCORE - Ground Source Heating System	Terminal	50,000	24,400	0	3,315	0	22,285
PDX Circulation and Capacity Improvements	Terminal	40,000	24,000	0	16,000	0	0
eGSE Infrastructure Installation - Ph. 1	Terminal	28,704	16,000	0	12,704	0	0
Taxiway K West Reconstuct/Rehab	Airfield	28,200	18,410	0	9,790	0	0
Taxiway A East Rehabilitation	Airfield	26,540	0	0	26,540	0	0
Other Airline Cost Center		222,298	40,740	0	181,558	0	0
		$1,098,267	**$191,050**	**$177,830**	**$277,387**	**$40,454**	**$411,546**
Port Cost Center Projects:							
Airport Way and 82nd Interchange Improvements		$102,572	$0	$0	$102,572	$0	$0
HQP2 & P1 Lighting & Controls Replacement		19,600	0	0	19,600	0	0
South Ramp Reconstruction		18,040	0	0	18,040	0	0
Other Port Cost Center		186,938	34,432	0	152,505	0	0
		$327,149	**$34,432**	**$0**	**$292,717**	**$0**	**$0**
Shared Cost Center Projects:							
CUP HVAC & Roof Replacement	Allocated	$14,648	$0	$0	$1,758	$0	$12,890
Basin 1 Subarea Stormwater System Improvements	Allocated	11,280	0	0	11,280	0	0
Other Shared Cost Center Projects		49,919	0	0	49,919	0	0
		$75,847	**$0**	**$0**	**$62,957**	**$0**	**$12,890**
Total Capital Improvement Program		**$1,501,263**	**$225,483**	**$177,830**	**$633,060**	**$40,454**	**$424,436**

Note: Amounts may not add due to rounding.

[1] Includes project costs for the period of FY 2025 through FY 2029, and certain expenditures outside the forecast period for some larger projects.

[2] Estimated remaining project costs for the period of July 1, 2024 through project completion.

Source: Port of Portland airport management records, June 2024.

Compiled by Landrum & Brown, Inc.

Exhibit B

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

(Fiscal Years Ending June 30)

		Actual	Estimate	Projected						
		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Existing SLB Debt Service Requirements:										
Series 18A and 18B		$9,263	$8,401	$8,354	$7,158	$0	$0	$0	$0	$0
Series 21C		6,346	0	0	0	0	0	0	0	0
Series 22		6,262	6,265	6,263	6,265	6,266	6,265	6,264	6,265	6,264
Series 23		8,536	8,540	8,535	8,534	8,533	8,536	8,536	8,539	8,539
Series 24		15,559	15,559	15,563	15,554	15,559	15,559	15,556	15,563	15,555
Series 25		13,987	13,990	13,988	13,987	13,985	13,987	13,988	13,987	13,989
Series 26		9,820	10,287	8,139	8,148	8,173	10,316	1,980	1,978	1,979
Series 27		13,504	16,413	19,320	19,584	19,591	19,582	19,582	19,585	19,595
Series 28		2,276	14,342	32,922	32,921	32,927	32,922	32,927	32,919	32,918
Series 29		0	4,475	30,151	30,151	30,151	30,151	41,676	41,675	41,680
Existing Debt Service Requirements	[A]	$85,553	$98,272	$143,234	$142,302	$135,183	$137,318	$140,509	$140,512	$140,519
Future SLB Debt Service Requirements:										
Series Thirty A Bonds		$0	$0	$9,318	$15,975	$28,544	$28,745	$39,625	$39,631	$39,625
Future Debt Service Requirements	[B]	$0	$0	$9,318	$15,975	$28,544	$28,745	$39,625	$39,631	$39,625
Total Debt Service Requirements	[C=A+B]	$85,553	$98,272	$152,552	$158,277	$163,728	$166,063	$180,134	$180,143	$180,144
Debt Service Requirements - Cost Center Allocation:										
Airfield		$9,467	$9,370	$9,533	$9,774	$9,273	$9,858	$7,843	$7,848	$7,846
Terminal		60,603	73,213	127,518	133,230	142,294	143,778	160,886	160,889	160,891
Ground Transportation		9,491	9,695	9,503	9,269	6,162	6,424	5,413	5,412	5,413
Air Cargo / Airside		32	31	31	29	26	27	21	21	21
Other Aviation		14	15	17	21	20	20	18	18	19
Non-Aviation		5,946	5,948	5,949	5,954	5,953	5,955	5,953	5,955	5,954
Total Debt Service Requirements		$85,553	$98,272	$152,552	$158,277	$163,728	$166,063	$180,134	$180,143	$180,144

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.

Source: Port of Portland airport management records (existing bonds); PFM Financial Advisors LLC (Series Thirty Bonds), June 2024
Compiled by Landrum & Brown, Inc.

Exhibit C

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

(Fiscal Years Ending June 30)

		Actual	Estimate	Projected						
		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
By Category:										
Personnel Services		$61,113	$67,996	$74,806	$82,812	$86,539	$90,433	$94,502	$98,755	$103,660
Contract, Professional & Consulting Services		41,406	47,213	58,280	62,661	65,479	68,438	71,547	74,807	78,484
Materials & Supplies		6,322	7,413	6,539	7,020	7,262	7,515	7,778	8,051	8,360
Utilities		12,107	13,076	13,939	15,356	16,123	16,935	17,794	18,704	19,258
Equipment, Fuel, & Lube		1,701	1,871	2,470	2,699	2,807	2,919	3,036	3,157	3,275
Insurance		6,137	6,320	8,511	10,727	11,227	11,758	12,329	12,939	13,701
Rent		(3,253)	(4,131)	(3,868)	(4,312)	(4,397)	(4,486)	(4,578)	(4,542)	(4,499)
Travel & Other Management Expenses		2,621	3,363	3,209	3,670	3,711	3,753	3,796	3,840	3,955
Other		2,563	3,590	3,379	3,297	3,583	3,896	4,236	4,607	4,744
Corporate Support (Overhead Expense)		31,553	35,250	38,038	43,534	44,859	43,301	41,758	42,963	44,246
Total Operation and Maintenance Expenses	[A]	$162,271	$181,962	$205,303	$227,464	$237,192	$244,462	$252,199	$263,282	$275,184
Operation and Maintenance Expenses - Cost Center Allocation:										
Airline Cost Center										
Airfield		$37,126	$39,049	$42,378	$45,273	$47,185	$48,332	$49,569	$51,676	$53,860
Terminal		70,842	$79,246	$91,793	$103,845	$108,464	$112,114	$115,984	$121,170	$126,712
Airline Cost Center	[B]	$107,968	$118,295	$134,172	$149,119	$155,648	$160,445	$165,554	$172,845	$180,571
Port Cost Center	[C]	$54,303	$63,667	$71,131	$78,345	$81,544	$84,017	$86,644	$90,437	$94,613
Total Operation and Maintenance Expenses	[D=B+C]	$162,271	$181,962	$205,303	$227,464	$237,192	$244,462	$252,198	$263,282	$275,184

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.

Source: Port of Portland airport management records, June 2024

Compiled by Landrum & Brown, Inc.

Exhibit D

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

(Fiscal Years Ending June 30)

	Actual	Estimate	Projected						
	FY 2023[1]	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Airfield:									
Non-Airline Operating Revenues	$1,382	$1,309	$1,420	$1,477	$1,536	$1,597	$1,661	$1,728	$1,797
Rent Revenue	25	17	25	26	27	28	29	30	30
Other Revenue	46	59	58	60	62	63	65	67	69
Total Airfield Non-Airline Revenues	$1,452	$1,385	$1,504	$1,563	$1,625	$1,689	$1,755	$1,825	$1,896
Terminal:									
Terminal Concessions	$17,320	$17,077	$18,998	$19,739	$20,506	$21,288	$22,104	$22,953	$23,839
Rent Revenue	3,537	3,901	3,294	3,393	3,494	3,599	3,707	3,819	3,933
Service Revenue	278	314	753	768	784	799	815	832	848
Other Revenue[2]	145	324	26,508	8	8	8	9	9	9
Total Terminal Non-Airline Revenues	$21,279	$21,616	$49,553	$23,908	$24,792	$25,695	$26,635	$27,612	$28,629
Ground Transportation:									
Rental Car/Ground Transportation Concessions	$30,791	$31,559	$33,871	$35,044	$36,246	$37,452	$38,697	$39,973	$41,288
Parking Revenue	79,747	87,679	95,898	99,221	102,623	106,039	109,563	113,177	116,899
Rent Revenue	4,509	4,548	4,693	4,834	4,979	5,128	5,282	5,441	5,604
Service Revenue	0	22	0	0	0	0	0	0	0
Other Revenue	951	1,143	571	588	605	624	642	662	681
Total Ground Transportation Non-Airline Revenues	$115,998	$124,951	$135,032	$139,686	$144,453	$149,243	$154,184	$159,252	$164,473
Air Cargo:									
Operations Revenue	$421	$480	$444	$450	$457	$464	$471	$478	$485
Non-Airline Operating Revenue	133	25	26	27	29	30	31	32	33
Rent Revenue	9,065	9,386	9,510	9,795	10,089	10,391	10,703	11,024	11,355
Service Revenue	3	3	2	2	2	3	3	3	3
Other Revenue	43	40	0	0	0	0	0	0	0
Total Air Cargo Non-Airline Revenues	$9,665	$9,934	$9,982	$10,275	$10,577	$10,888	$11,208	$11,537	$11,876
Other Aviation:									
Operations Revenue	$0	$0	$0	$0	$0	$0	$0	$0	$0
Non-Airline Operating Revenue	3,179	3,525	3,498	3,638	3,784	3,935	4,093	4,256	4,427
Rent Revenue	2,363	2,735	3,381	3,482	3,587	3,694	3,805	3,919	4,037
Service Revenue	2	1	0	0	0	0	0	0	0
Other Revenue	193	203	170	175	181	186	192	197	203
Total Other Aviation Non-Airline Revenues	$5,737	$6,465	$7,050	$7,296	$7,551	$7,816	$8,089	$8,373	$8,667
Non-Aviation:									
Operations Revenue	$0	$0	$19	$19	$20	$20	$20	$20	$21
Non-Airline Operating Revenue	$1,074	$1,096	$932	$970	$1,008	$1,049	$1,091	$1,134	$1,180
Rent Revenue	1,339	1,262	1,337	1,378	1,419	1,461	1,505	1,550	1,597
Service Revenue	34	21	20	21	21	21	22	22	23
Other Revenue [3]	223	8,138	137	141	145	150	154	159	164
Total Non-Aviation Non-Airline Revenues	$2,670	$10,517	$2,446	$2,528	$2,613	$2,701	$2,792	$2,886	$2,984

Exhibit D

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

(Fiscal Years Ending June 30)

	Actual	Estimate	Projected						
	FY 2023[1]	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenue from Indirect Cost Centers:									
Operations	$0	$0	$0	$0	$0	$0	$0	$0	$0
Maintenance	0	3	3	3	3	3	3	3	3
Systems & Services	483	843	620	633	645	658	671	685	698
Aviation Rescue & Fire Fighting	0	0	0	0	0	0	0	0	0
Police	1,112	735	586	604	622	640	660	679	700
Administration	1	36	1,943	263	271	279	287	296	304
Total Revenue from Indirect Cost Centers	$1,596	$1,617	$3,151	$1,501	$1,540	$1,580	$1,621	$1,662	$1,705
Total Non-Airline Revenues	$158,397	$176,484	$208,718	$186,758	$193,151	$199,611	$206,285	$213,147	$220,231
Allocation to Direct Cost Centers:									
Airline Cost Center									
Airfield	$177	$156	$305	$145	$149	$153	$157	$161	$165
Terminal	$1,131	1,202	2,342	1,116	1,145	1,174	1,205	1,236	1,268
Airline Cost Center	$1,307	$1,358	$2,647	$1,261	$1,294	$1,327	$1,361	$1,396	$1,433
Port Cost Center	$289	$259	$504	$240	$246	$253	$259	$266	$273
Total Revenue from Indirect Cost Centers	$1,596	$1,617	$3,151	$1,501	$1,540	$1,580	$1,621	$1,662	$1,705
Non-Airline Revenue - Cost Center Allocation:									
Airline Cost Center									
Airfield	$1,629	$1,542	$1,809	$1,708	$1,774	$1,842	$1,912	$1,985	$2,061
Terminal	22,410	22,818	51,896	25,024	25,937	26,869	27,840	28,847	29,897
Airline Cost Center	$24,039	$24,359	$53,704	$26,732	$27,711	$28,711	$29,752	$30,833	$31,958
Port Cost Center	$134,359	$152,125	$155,014	$160,026	$165,440	$170,901	$176,533	$182,315	$188,272
Total Non-Airline Revenues	$158,397	$176,484	$208,718	$186,758	$193,151	$199,611	$206,285	$213,147	$220,231

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 2023 in the amount of approximately $6.9 million, with the majority ($6.8 million) included in the Terminal Cost Center

[2] Federal relief grants are included in FY 2025 in the amount of approximately $26.2 million

[3] Federal relief grants are included in FY 2024 in the amount of approximately $8.0 million

Source: Port of Portland airport management records; Landrum & Brown, Inc., June 2024

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	Estimate	Projected						
		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Airfield Requirement:										
O&M Expenses		$37,126	$39,049	$42,378	$45,273	$47,185	$48,332	$49,569	$51,676	$53,860
Debt Service [1]		9,467	9,370	9,533	9,774	9,273	9,858	7,843	7,848	7,846
Debt Service Coverage (30%)		2,840	2,811	2,860	2,932	2,782	2,957	2,353	2,354	2,354
Airfield Requirement	[A]	$49,432	$51,229	$54,772	$57,980	$59,240	$61,147	$59,765	$61,878	$64,059
Offsetting Revenues:										
Non-Airline Revenue		$1,629	$1,542	$1,809	$1,708	$1,774	$1,842	$1,912	$1,985	$2,061
Interest Income		456	552	191	191	191	191	191	191	191
Total Offsetting Revenues	[B]	2,084	2,093	1,999	1,899	1,964	2,032	2,103	2,176	2,252
Airfield Net Requirement	[C=A-B]	$47,348	$49,136	$52,772	$56,081	$57,275	$59,115	$57,662	$59,702	$61,807
Landed Weight (million-pound units):										
Signatory Passenger Airline	[D]	8,451	9,073	9,181	9,359	9,538	9,711	9,886	10,063	10,241
Signatory Cargo Airline	[E]	2,237	1,831	1,877	1,957	2,037	2,116	2,196	2,276	2,355
Non-Signatory Passenger Airline	[F]	110	119	187	191	195	198	202	205	209
Non-Signatory Cargo Airline	[G]	8	3	38	40	42	43	45	46	48
Total Landed Weight (million-pound units)	[H=D+E+F+G]	10,805	11,026	11,284	11,547	11,811	12,069	12,329	12,590	12,853
Non-Signatory Landed Weight Premium (25%)	[I=(F+G)*25%]	29	31	56	58	59	60	62	63	64
Landed Weight Divisor for Net Requirement Allocation	[J=H+I]	10,834	11,057	11,340	11,605	11,870	12,129	12,391	12,653	12,918
Signatory Airline Share of Net Requirement	[K]	98.64%	98.62%	97.51%	97.51%	97.51%	97.51%	97.51%	97.51%	97.51%
Non-Signatory Airline Share of Net Requirement	[L]	1.36%	1.38%	2.49%	2.49%	2.49%	2.49%	2.49%	2.49%	2.49%
Signatory Airline Airfield Net Requirement:										
Signatory Airline Airfield Net Requirement	[M=C*K]	$46,706	$48,456	$51,460	$54,686	$55,851	$57,645	$56,228	$58,217	$60,270
Less: Revenue Sharing	[N]	(3,872)	(4,050)	(1,377)	(1,246)	(1,207)	(1,222)	(1,113)	(1,132)	(1,151)
Plus: Other Adjustments	[O]	0	0	0	0	0	0	0	0	0
Reduced Signatory Airline Airfield Net Requirement	[P=M+N+O]	$42,834	$44,406	$50,083	$53,439	$54,643	$56,423	$55,115	$57,084	$59,119
Signatory Airline Landed Weight	[Q=D+E]	10,687	10,904	11,058	11,317	11,575	11,827	12,083	12,338	12,596
Less: Risk Mitigation	[R]	102	137	0	0	0	0	0	0	0
Signatory Airline Landing Fee Rate (per 1,000-lbs)	[S=P/(Q-R)]	$4.05	$4.12	$4.53	$4.72	$4.72	$4.77	$4.56	$4.63	$4.69

Exhibit E

LANDING FEE RATES AND REVENUES (dollars in thousands, except for rates) **PORT OF PORTLAND**

(Fiscal Years Ending June 30)

		Actual	Estimate	Projected						
		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Non-Signatory Airline Airfield Net Requirement:										
Non-Signatory Airline Airfield Net Requirement	[T=C*L]	$642	$680	$1,313	$1,395	$1,425	$1,471	$1,434	$1,485	$1,537
Non-Signatory Airline Landed Weight	[U=F+G]	118	122	226	231	236	241	247	252	257
Non-Signatory Airline Landing Fee Rate (per 1,000-lbs)	[V=T/U]	$5.46	$5.56	$5.82	$6.04	$6.03	$6.09	$5.82	$5.90	$5.98
Landing Fee Revenue:										
Signatory Passenger Airline	[W=(D-R)*S]	$33,784	$36,856	$41,580	$44,198	$45,028	$46,327	$45,097	$46,555	$48,064
Signatory Cargo Airline	[X=E*S]	9,050	7,550	8,503	9,242	9,615	10,096	10,017	10,529	11,055
Non-Signatory Passenger Airline	[Y=F*V]	601	661	1,090	1,154	1,174	1,207	1,174	1,211	1,250
Non-Signatory Cargo Airline	[Z=G*V]	41	19	223	241	251	263	261	274	288
Federal Funds Offsetting Airfield Deficit[2]		(2,100)	0	0	0	0	0	0	0	0
Total Landing Fee Revenue		$41,376	$45,086	$51,396	$54,834	$56,068	$57,894	$56,549	$58,569	$60,656

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.

[2] $2.1 million was applied to waive Landing Fee deficits for FY 2023. Effective Signatory Airline Landing Fee was $3.81

Source: Port of Portland airport management records; Landrum & Brown, Inc., June 2024

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	Estimate	Projected						
		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Terminal Requirement:										
O&M Expenses		$70,842	$79,246	$91,793	$103,845	$108,464	$112,114	$115,984	$121,170	$126,712
Debt Service [1]		60,603	73,213	127,518	133,230	142,294	143,778	160,886	160,889	160,891
Debt Service Coverage (30%)		18,181	21,964	38,255	39,969	42,688	43,133	48,266	48,267	48,267
Terminal Requirement	[A]	$149,626	$174,423	$257,567	$277,044	$293,447	$299,024	$325,136	$330,325	$335,869
Offsetting Revenues:										
Other Terminal Cost Center Airline Revenues		$20,174	$22,542	$26,978	$36,591	$38,658	$39,412	$42,664	$43,374	$44,127
Non-Airline Revenue		22,410	22,818	25,696	25,024	25,937	26,869	27,840	28,847	29,897
Federal Relief Funds Credit		0	0	26,200	0	0	0	0	0	0
Interest Income		2,917	4,309	1,490	1,490	1,490	1,490	1,490	1,490	1,490
Total Offsetting Revenues	[B]	$45,501	$49,669	$80,364	$63,105	$66,085	$67,771	$71,994	$73,711	$75,514
Terminal Net Requirement	[C=A-B]	$104,125	$124,755	$177,203	$213,939	$227,361	$231,253	$253,141	$256,614	$260,355
Less: Revenue Sharing	[D]	(8,515)	(10,283)	(4,623)	(4,754)	(4,793)	(4,778)	(4,887)	(4,868)	(4,849)
Plus: Other Adjustments	[E]	0	0	0	0	0	0	0	0	0
Reduced Airline Terminal Net Requirement	[F=C+D+E]	$95,611	$114,471	$172,580	$209,185	$222,569	$226,474	$248,254	$251,746	$255,506
Total Airline Rented Terminal Space (s.f.)	[G]	315,990	321,416	325,840	325,840	325,840	325,840	325,840	325,840	325,840
Average Terminal Rental Rate (per s.f.)	[H=F/G]	$302.58	$356.15	$529.65	$641.99	$683.06	$695.05	$761.89	$772.61	$784.15
Terminal Rental Revenue	[I=G*H]	$95,611	$114,471	$172,580	$209,185	$222,569	$226,474	$248,254	$251,746	$255,506

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

[1] Includes issuance of future SLB Bonds based on the assumptions described in Section 4.4.

Source: Port of Portland airport management records; Landrum & Brown, Inc., June 2024

Compiled by Landrum & Brown, Inc.

Exhibit G

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

(Fiscal Years Ending June 30)

		Actual	Estimate				Projected			
		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Airfield Net Requirement		$47,348	$49,136	$52,772	$56,081	$57,275	$59,115	$57,662	$59,702	$61,807
Terminal Net Requirement		104,125	124,755	177,203	213,939	227,361	231,253	253,141	256,614	260,355
Other Terminal Cost Center Airline Revenues		20,174	22,542	26,978	36,591	38,658	39,412	42,664	43,374	44,127
Non-Airline Revenues [1]		158,397	176,484	208,718	186,758	193,151	199,611	206,285	213,147	220,231
Interest Income		657	8,184	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Total Revenues (prior to Revenue Sharing)	[A]	$330,701	$381,101	$468,672	$496,369	$519,446	$532,392	$562,753	$575,837	$589,520
Less: O&M Expenses	[B]	(162,271)	(181,962)	(205,303)	(227,464)	(237,192)	(244,462)	(252,198)	(263,282)	(275,184)
Net Revenues (prior to Revenue Sharing)	[C=A+B]	$168,430	$199,139	$263,369	$268,905	$282,253	$287,930	$310,555	$312,554	$314,336
<u>Less:</u>										
Fixed Revenue Sharing	[D]	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000
Shortfall in Fixed Revenue Sharing from prior years	[E]	0	0	0	0	0	0	0	0	0
Adjusted Port Cost Center Net Revenue	[F=C-D-E]	$162,430	$193,139	$257,369	$262,905	$276,253	$281,930	$304,555	$306,554	$308,336
Total SLB Debt Service Requirement [2]	[G]	$85,553	$98,272	$152,552	$158,277	$163,728	$166,063	$180,134	$180,143	$180,144
Debt Service Coverage Ratio (prior to Revenue Sharing)	[H=G/F]	1.90	1.97	1.69	1.66	1.69	1.70	1.69	1.70	1.71
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]	$145,440	$167,063	$259,338	$269,071	$278,337	$282,307	$306,227	$306,244	$306,244
Net Revenues available for Additional Revenue Sharing [3]	[K=F-J]	$16,990	$26,076	$0	$0	$0	$0	$0	$0	$0
<u>Net Revenues available for Additional Revenue Sharing:</u>										
Net Revenues between 1.70 and 1.80 Coverage Ratio	[L]	$8,555	$9,827	$0	$0	$0	$0	$0	$0	$0
Net Revenues between 1.80 and 1.90 Coverage Ratio	[M]	8,435	9,827	0	0	0	0	0	0	0
Net Revenues between 1.90 and 2.00 Coverage Ratio	[N]	0	6,422	0	0	0	0	0	0	0
Net Revenues over 2.00 Coverage Ratio	[O]	0	0	0	0	0	0	0	0	0
Net Revenues available for Additional Revenue Sharing	[K]	$16,990	$26,076	$0	$0	$0	$0	$0	$0	$0
<u>% of Increment Paid as Additional Revenue Sharing:</u>										
Net Revenues between 1.70 and 1.80 Coverage Ratio	[P]	50%	50%	50%	50%	50%	50%	50%	50%	50%
Net Revenues between 1.80 and 1.90 Coverage Ratio	[Q]	25%	25%	25%	25%	25%	25%	25%	25%	25%
Net Revenues between 1.90 and 2.00 Coverage Ratio	[R]	15%	15%	15%	15%	15%	15%	15%	15%	15%
Net Revenues over 2.00 Coverage Ratio	[S]	0%	0%	0%	0%	0%	0%	0%	0%	0%
<u>Additional Revenue Sharing:</u>										
Net Revenues between 1.70 and 1.80 Coverage Ratio	[T=L*P]	$4,278	$4,914	$0	$0	$0	$0	$0	$0	$0
Net Revenues between 1.80 and 1.90 Coverage Ratio	[U=M*Q]	2,109	2,457	0	0	0	0	0	0	0
Net Revenues between 1.90 and 2.00 Coverage Ratio	[V=N*R]	0	963	0	0	0	0	0	0	0
Net Revenues over 2.00 Coverage Ratio	[W=O*S]	0	0	0	0	0	0	0	0	0
Additional Revenue Sharing	[X=T+U+V+W]	$6,386	$8,334	$0	$0	$0	$0	$0	$0	$0
<u>O&M Expense Rebate:</u>										
Prior Year O&M Expenses (Airline Cost Center)		$96,078	$107,968	$118,295	$134,172	$149,119	$155,648	$160,445	$165,554	$172,845
Current Year O&M Expenses (Airline Cost Center)		$107,968	$118,295	$134,172	$149,119	$155,648	$160,445	$165,554	$172,845	$180,571
Reduction in O&M Expenses	[Y]	$0	$0	$0	$0	$0	$0	$0	$0	$0

Exhibit G

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

(Fiscal Years Ending June 30)

		Actual	Estimate	Projected						
		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Current Year O&M Expenses as a % of Prior Year:										
Baseline		100%	100%	100%	100%	100%	100%	100%	100%	100%
Decrease 1		98%	98%	98%	98%	98%	98%	98%	98%	98%
Decrease 2		96%	96%	96%	96%	96%	96%	96%	96%	96%
Decrease 3		94%	94%	94%	94%	94%	94%	94%	94%	94%
Decrease 4		92%	92%	92%	92%	92%	92%	92%	92%	92%
Decrease 5		0%	0%	0%	0%	0%	0%	0%	0%	0%
Revenue Sharing % Reduction:										
Baseline	[Z]	0%	0%	0%	0%	0%	0%	0%	0%	0%
Decrease 1	[AA]	10%	10%	10%	10%	10%	10%	10%	10%	10%
Decrease 2	[BB]	15%	15%	15%	15%	15%	15%	15%	15%	15%
Decrease 3	[CC]	20%	20%	20%	20%	20%	20%	20%	20%	20%
Decrease 4	[DD]	25%	25%	25%	25%	25%	25%	25%	25%	25%
Decrease 5	[EE]	30%	30%	30%	30%	30%	30%	30%	30%	30%
Reduction in O&M Expenses:										
Baseline	[FF]	$0	$0	$0	$0	$0	$0	$0	$0	$0
Decrease 1	[GG]	0	0	0	0	0	0	0	0	0
Decrease 2	[HH]	0	0	0	0	0	0	0	0	0
Decrease 3	[II]	0	0	0	0	0	0	0	0	0
Decrease 4	[JJ]	0	0	0	0	0	0	0	0	0
Decrease 5	[KK]	0	0	0	0	0	0	0	0	0
Reduction in Revenue Sharing:										
Baseline	[LL=Y*FF]	$0	$0	$0	$0	$0	$0	$0	$0	$0
Decrease 1	[MM=Y*GG]	0	0	0	0	0	0	0	0	0
Decrease 2	[NN=Y*HH]	0	0	0	0	0	0	0	0	0
Decrease 3	[OO=Y*II]	0	0	0	0	0	0	0	0	0
Decrease 4	[PP=Y*JJ]	0	0	0	0	0	0	0	0	0
Decrease 5	[QQ=Y*KK]	0	0	0	0	0	0	0	0	0
Reduction in Revenue Sharing	[RR]	$0	$0	$0	$0	$0	$0	$0	$0	$0
Fixed Revenue Sharing	[D]	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000
Total Amount for Revenue Sharing	[SS=X+RR+D]	$12,386	$14,334	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000
Airfield Requirement Share of Airline Cost Center	[TT]	31%	28%	23%	21%	20%	20%	19%	19%	19%
Terminal Requirement Share of Airline Cost Center	[UU]	69%	72%	77%	79%	80%	80%	81%	81%	81%
Airfield Revenue Sharing	[VV=SS*TT]	$3,872	$4,050	$1,377	$1,246	$1,207	$1,222	$1,113	$1,132	$1,151
Terminal Revenue Sharing	[WW=SS*UU]	8,515	10,283	4,623	4,754	4,793	4,778	4,887	4,868	4,849
Total Amount for Revenue Sharing	[SS]	$12,386	$14,334	$6,000	$6,000	$6,000	$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 2023, FY 2024 in the amounts of approximately $7.0 million, $8.0 million respectively.

[2] Includes issuance of future SLB Bonds based on the assumptions described in Section 4.4.

[3] Per the Signatory Airline Agreements, the Port shares additional Net Revenues with the Signatory Airlines when the Airport coverage ratio exceeds 1.75x.

Source: Port of Portland airport management records; Landrum & Brown, Inc., June 2024

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	Estimate	Projected						
		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Airline Revenue:										
Passenger Airline Landing Fee Revenue [1]		$34,385	$37,517	$42,670	$45,351	$46,202	$47,534	$46,271	$47,766	$49,314
Airline Terminal Rental Revenue		95,611	114,471	172,580	209,185	222,569	226,474	248,254	251,746	255,506
Common Use Fees		14,075	17,833	20,208	29,617	31,475	32,014	35,044	35,525	36,043
Total Airline Revenue	[A]	$144,070	$169,821	$235,457	$284,154	$300,246	$306,022	$329,569	$335,037	$340,863
Total Enplaned Passengers (000s)	[B]	7,825	8,329	9,162	9,378	9,599	9,818	10,043	10,275	10,514
Airline Cost per Enplaned Passenger [2]	[C=A/B]	$18.41	$20.39	$25.70	$30.30	$31.28	$31.17	$32.81	$32.61	$32.42
Airline Cost per Enplaned Passenger (FY24$)		$18.41	$20.39	$24.95	$28.56	$28.63	$27.70	$28.31	$27.31	$26.36

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

[1] Excludes landing fee revenue from cargo airlines.

[2] Projected airline cost per enplaned passenger (CPE) includes debt service costs associated with the Terminal Core Redevelopment project. The initial portion of this project is planned to be placed in service in FY 2025.

Source: Port of Portland airport management records; Landrum & Brown, Inc., June 2024

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	Estimate	Projected						
		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Total Revenues:										
Landing Fee Revenue		$41,376	$45,086	$51,396	$54,834	$56,068	$57,894	$56,549	$58,569	$60,656
Signatory Airline Terminal Rental Revenue		95,611	114,471	172,580	209,185	222,569	226,474	248,254	251,746	255,506
Other Terminal Cost Center Airline Revenues		20,174	22,542	26,978	36,591	38,658	39,412	42,664	43,374	44,127
Non-Airline Revenues (excluding federal relief grants)		151,400	168,484	182,518	186,758	193,151	199,611	206,285	213,147	220,231
Federal Relief Grants		9,097	8,000	26,200	0	0	0	0	0	0
Interest Income		7,580	8,184	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Total Revenues	[A]	$325,238	$366,768	$462,672	$490,369	$513,446	$526,392	$556,753	$569,837	$583,520
Less:										
O&M Expenses	[B]	$162,271	$181,962	$205,303	$227,464	$237,192	$244,462	$252,198	$263,282	$275,184
Net Revenues[1]	[C=A-B]	$162,967	$184,806	$257,369	$262,905	$276,253	$281,930	$304,555	$306,554	$308,336
Less:										
Total Debt Service Requirement [2]	[D]	$85,553	$98,272	$152,552	$158,277	$163,728	$166,063	$180,134	$180,143	$180,144
Net Surplus/(Deficit)	[E=C-D]	$77,414	$86,533	$104,818	$104,628	$112,526	$115,867	$124,421	$126,411	$128,192
SLB Debt Service Coverage:										
Net Revenues	[C]	$162,967	$184,806	$257,369	$262,905	$276,253	$281,930	$304,555	$306,554	$308,336
Total Debt Service Requirement [2]	[D]	$85,553	$98,272	$152,552	$158,277	$163,728	$166,063	$180,134	$180,143	$180,144
SLB Debt Service Coverage Ratio	[F=C/D]	1.90	1.88	1.69	1.66	1.69	1.70	1.69	1.70	1.71
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 2023 intentionally varies slightly from Tables 15 and 16 of the Official Statement due to the inclusion of minor adjustments.
[2] Future SLB Debt Service includes costs associated with the Terminal Core Redevelopment project being placed in service in FY 2025 along with other assumptions described in Section 4.4.

Source: Port of Portland airport management records; Landrum & Brown, Inc., June 2024
Compiled by Landrum & Brown, Inc.

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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, 2023

with comparative totals for the year ended June 30, 2022

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THE PORT OF PORTLAND

(a municipal corporation)

THE PORT OF PORTLAND

COMMISSIONERS AS OF JUNE 30, 2023

Name	Term Expires
Alice Cuprill-Comas, President 3181 SW Sam Jackson Park Road Portland, Oregon 97239	September 30, 2023*
Michael C. Alexander, Vice President 7200 NE Airport Way Portland, Oregon 97218	May 31, 2024
Ketan Sampat, Secretary 525 3rd Street, Suite 200 Lake Oswego, Oregon 97034	March 14, 2025
Katy Coba, Treasurer 7200 NE Airport Way Portland, Oregon 97218	June 9, 2026
Katherine Lam 5921 NE 80th Avenue Portland, Oregon 97218	November 24, 2023
Richelle Luther 14375 NW Science Park Drive Portland, Oregon 97229	February 16, 2024
Meg Niemi 3536 SE 26th Avenue Portland, Oregon 97202	November 24, 2023
Stuart Strader 2435 NW Front Avenue Portland, Oregon 97209	March 14, 2025

Curtis Robinhold, Executive Director

REGISTERED AGENT AND OFFICE
Daniel Blaufus
7200 NE Airport Way
Portland, Oregon 97218

Telephone: 503-415-6000

* Serves until a successor is appointed and confirmed.

THE PORT OF PORTLAND
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REPORT OF INDEPENDENT AUDITORS

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MOSSADAMS

Report of Independent Auditors

The Board of Commissioners
Port of Portland

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Airport and Marine & Other Activities of the Port of Portland (Port of Portland), which comprise the balance sheet as of June 30, 2023, and the related statements of revenues, expenses, and changes in net position and cash flows of the Airport and Marine & Other Activities of the Port of Portland for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Airport and Marine & Other Activities of the Port of Portland as of June 30, 2023, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port of Portland's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting

estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port of Portland’s ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Report on Summarized Comparative Information

We have previously audited the Port of Portland’s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 25, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis, schedule of changes in total OPEB liability and related ratios, schedule of proportionate share of PERS net pension liability (asset), and schedule of contributions to PERS, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port of Portland's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Minimum Standards for Audits of Oregon Municipal Corporations*

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated October 25, 2023, on our consideration of the Port of Portland’s compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Ashley Osten

Ashley Osten, Partner
for Moss Adams LLP
Portland, Oregon
October 25, 2023

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, 2023. 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 economic 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 and amortization) are largely determined by bond ordinances and contracts with airlines, as more fully explained in Note 7 to the financial statements.

Financial Results:
The Port's total net position increased $45.8 million from the 2022 amount, or 3.0 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 $62.7 million, or 19.1 percent during that same time. In comparison, last year total net position increased by $96.8 million, or 6.8 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
	2023	2022	2023	2022	2023	2022	2022-2023
Current and other assets	$ 1,493.8	$ 1,128.4	$ 565.7	$ 596.5	$ 2,040.7 *	$ 1,702.9 *	19.8%
Capital assets	2,652.3	2,422.1	275.3	274.9	2,927.6	2,697.0	8.6%
Deferred outflows	27.0	33.3	17.0	21.1	44.0	54.4	(19.1)%
Total assets	4,173.1	3,583.8	858.0	892.5	5,012.3 *	4,454.3 *	12.5%
Long-term debt outstanding	2,572.2	2,031.5	48.8	56.6	2,621.0	2,088.1	25.5%
Other liabilities	261.1	210.6	143.7	140.8	386.0 *	329.4 *	17.2%
Deferred inflows	250.9	282.2	180.6	226.6	431.5	508.8	(15.2)%
Total liabilities	3,084.2	2,524.3	373.1	424.0	3,438.5 *	2,926.3 *	17.5%
Net position:							
Net investment in capital assets	392.6	496.9	306.0	305.2	698.6	802.1	(12.9)%
Restricted	478.1	387.3	5.8	10.0	483.9	397.3	21.8%
Unrestricted	218.2	175.4	173.2	153.3	391.4	328.7	19.1%
Total net position	$ 1,088.9	$ 1,059.6	$ 485.0	$ 468.5	$ 1,573.9	$ 1,528.1	3.0%

* Receivables and payables between activities are eliminated in the Total Port column.

Total net position of the Airport increased by $29.3 million, or 2.8 percent, primarily as a result of net income in fiscal 2023. Net investment in capital assets decreased $104.3 million, or 21.0 percent, as a result of the issuance of construction bonds, partially offset by increases in capital additions and construction spending. Restricted net position increased by $90.8 million, or 23.4 percent, primarily due to increased cash and income restricted for debt service and construction. Unrestricted net position increased by $42.8 million, or 24.4 percent, primarily as a result of net income for fiscal 2023.

Total net position of Marine & Other increased by $16.5 million, or 3.5 percent, the result of net income, capital grants and transfers from the Airport (primarily to fund construction at general aviation airports included in Marine & Other). Net investment in capital assets was essentially flat as a result of capital additions and construction spending being offset by normal capital asset depreciation. Restricted net position decreased $4.2 million, or 42.0 percent, versus the prior year as a result of spending down restricted-purpose grants during fiscal 2023. Unrestricted net position increased by $19.9 million or 13.0 percent, due to transfers from the Airport, net income, and capital grants received during fiscal 2023.

Several factors caused changes in net position (Table 2, below) to decrease $51.0 million from the 2022 amount.

Airport changes in net position decreased $8.6 million when compared to the prior year due mainly to slightly decreased net income in 2023 as well as an increase in transfers to Marine & Other. Marine & Other changes in net position decreased $42.4 million, primarily due to decreased net income as compared to 2022.

Table 2
Changes in Net Position
($ millions)

	Airport 2023	Airport 2022	Marine & Other 2023	Marine & Other 2022	Total Port 2023	Total Port 2022	Total Percentage Change 2022-2023
Revenues:							
Operating revenues							
Charges for services	$ 305.0	$ 279.9	$ 93.2	$ 93.2	$ 398.2	$ 373.1	6.7%
Land sales			2.2	18.0	2.2	18.0	(87.8)%
Other	0.6	0.4	0.1	0.7	0.7	1.1	(36.4)%
Nonoperating revenues							
Property tax revenue			15.0	14.3	15.0	14.3	4.9%
Interest revenue	20.7	1.1	12.9	3.8	33.6	4.9	585.7%
PFC revenue	30.8	27.5			30.8	27.5	12.0%
CFC revenue	16.9	14.0			16.9	14.0	20.7%
Other nonoperating revenue	4.5	17.7	9.0	38.3	13.5	56.0	(75.9)%
Total revenues	378.5	340.6	132.4	168.3	510.9	508.9	0.4%
Expenses:							
Operating expenses	264.8	239.5	124.6	113.6	389.4	353.1	10.3%
Nonoperating expenses	77.1	59.7	3.4	3.7	80.5	63.4	27.0%
Total expenses	341.9	299.2	128.0	117.3	469.9	416.5	12.8%
Income before contributions and transfers	36.6	41.4	4.4	51.0	41.0	92.4	(55.6)%
Capital contributions and reversions	1.1	0.2	3.7	4.2	4.8	4.4	9.1%
Transfers (out) in	(8.4)	(3.7)	8.4	3.7			
Increase in net position	$ 29.3	$ 37.9	$ 16.5	$ 58.9	$ 45.8	$ 96.8	(52.7)%

Total revenues for the Port increased by approximately $2.0 million from the prior year. Total expenses increased approximately $53.4 million during the same timeframe.

At the Airport, charges for services operating revenues increased by $25.1 million, or nearly 9.0 percent, when compared to the prior year; this was primarily due to an increase in passengers traveling through the Airport as the airline industry has continued to recover from pandemic impacts, which manifested in higher operating revenues in almost every category at the Airport. Nonoperating interest revenue increased $19.6

million, as a result of significantly higher cash balances and rising interest rates in fiscal 2023. PFC revenues increased $3.3 million, or 12.0 percent as a result of continuing increases in enplanements at the Airport. CFC revenues increased by $2.9 million, or 20.7 percent, also as a result of increased passengers moving through the Airport during fiscal 2023. Other nonoperating revenue decreased by $13.2 million in fiscal 2023 due to receiving less federal pandemic relief funding as compared to fiscal 2022. The increase of $25.3 million in operating expenses was up 10.6 percent as compared to the prior year and was generally attributable to higher operating expenses in nearly all categories driven by increased passenger activity. Nonoperating expenses increased $17.4 million in fiscal 2023 as a result of interest on significantly higher outstanding debt principal resulting from bond issuance. Transfers out to fund construction at general aviation airports increased $4.7 million in 2023 to pay for construction activity not covered by FAA capital grants.

For Marine & Other, charges for services operating revenue was flat year over year as a result of higher dredging revenues due to more dredging activity in fiscal 2023, offset by reduced container terminal shuttle service revenues in fiscal 2023. Land sales revenues decreased $15.8 million in fiscal 2023 as a result of fewer industrial property sales. Nonoperating interest revenue increased $9.1 million versus prior year, primarily the result of higher cash balances and a rising interest rate environment. Other nonoperating revenue decreased $29.3 million in fiscal 2023 due to the receipt of one-time insurance settlements in fiscal 2022. During 2023, operating expenses increased $11.0 million due to higher salary expense, longshore labor expense associated with higher container throughput activity, and outside services costs. Transfers in from the Airport increased $4.7 million in fiscal 2023 as a result of more general aviation construction activity not funded with FAA grants.

Budgetary Highlights:

The Port's budget for fiscal 2023 was adopted by the Port Commission and certified by the Multnomah County Tax Supervising and Conservation Commission (TSCC) in June 2022. During fiscal 2023, a supplemental budget was approved by the Port Commission to allow for an increase in the size of the Series Twenty-Nine Airport revenue construction bond issue, as well as associated issuance, debt service, and debt service reserve costs. Budget appropriations at the Airport were also increased during the year to allow for the cost of a voluntary termination of interest rate swaps. For Marine & Other, resources in the budget were adjusted during the year to reflect higher reimbursement revenue from the US Army Corps of Engineers associated with a longer dredging season. Marine & Other appropriations for expenditures were increased for higher Navigation operating expenditures associated with a longer dredging season, higher longshore labor costs associated with contractual wage adjustments, increased container yard expenses associated with higher anticipated container volumes at marine Terminal 6, higher General Aviation costs related to the Hillsboro Airport stormwater masterplan, 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 $75.7 million, or 19.1 percent, under the $397.1 million budget due to a slight delay to timing of construction costs into fiscal 2024. Operating revenues and CFC revenues were both better than budget due to higher than budgeted passenger counts as the airline industry continues to recover from the pandemic. Airport operating revenues of $309.8 million were 1.6 percent above the $304.7 million budget. Customer Facility Charges were $16.9 million, or 17.4 percent, above the fiscal 2023 budget. Interest revenues tracked above budget in all Airport funds as a result of a higher interest rate environment. Grant revenues were down as a result of incurring fewer grant-eligible costs and delays in grant availability. Operating expenditures of $132.8 million tracked slightly under budget at 5.0 percent below the $139.7 million budgeted amount. Other significant budgetary variances included bond proceeds and commercial paper issuance and redemptions as a result of funding strategy and issue sizing.

Fiscal 2023 budgetary capital expenditures for Marine & Other were $14.9 million, or 69.8 percent, below the budget of $49.4 million, largely due to timing delays and project deferrals. Capital grants for the year were $3.7 million, 71.3 percent less than the budget of $12.9 million due to incurring fewer grant eligible costs. Budgetary operating revenues were $3.5 million under the $63.9 million budget for marine due primarily to the loss of rail shuttle business at Terminal 6. In Trade and Economic Development, budgetary operating revenues of $9.2 million were $2.6 million better than the $6.6 million budget due to an unbudgeted industrial land sale in fiscal 2023. Budgetary operating revenues for navigation of $24.6 million were $7.6 million under the revised budget due to less river dredging during the year than anticipated. Bonds, loans and other were $0 during the year due to a delay in a project and related financing. Fixed asset sales and other revenues were $12.1 million as compared to the budget of $3.0 million primarily as a result of unbudgeted reimbursements for past industrial site preparation costs under a State industrial site readiness program. Interest income was $5.5 million higher than the $1.4 million budget as a result of higher interest rates, higher cash balances, and a favorable year-end mark-to-market adjustment required by accounting standards. Budgetary operating expenditures were $6.3 million below budget for administration, primarily due to lower than anticipated salary and fringe expenses as the result of vacant positions as well as lower materials and services costs. Budgetary operating expenditures for Marine were lower than budget by approximately $3.5 million primarily due to reduced rail activity at Terminal 6. Navigation budgetary operating expenditures were $8.6 million under budget, primarily as a result of performing less dredging than anticipated during the year. Other environmental budgetary operating expenditures were $1.6 million under the budget of $6.8 million as a result of revisions to estimated environmental liabilities.

Capital Assets:

At the end of fiscal 2023, the Port had over $2.9 billion invested in a broad range of capital assets. This amount represents an increase (essentially additions offset by depreciation expense) of $230.5 million versus the prior year, as outlined in Table 3 (below).

Table 3
Capital Assets
($ millions)

	Airport		Marine & Other		Total Port		Total Percentage Change
	2023	2022	2023	2022	2023	2022	2022-2023
Land	$ 68.0	$ 68.0	$ 81.1	$ 81.2	$ 149.1	$ 149.2	
Construction in progress	987.1	1,003.2	37.2	51.3	1,024.3	1,054.5	
Total capital assets not being depreciated	1,055.1	1,071.2	118.3	132.5	1,173.4	1,203.7	(2.5)%
Land improvements	1,034.5	997.2	323.7	311.4	1,358.2	1,308.6	
Buildings, equipment and right-of-use assets	2,223.8	1,912.9	283.2	264.2	2,507.0	2,177.1	
Total capital assets being depreciated and amortized	3,258.3	2,910.1	606.9	575.6	3,865.2	3,485.7	10.9%
Less: accumulated depreciation and amortization	(1,661.2)	(1,559.2)	(449.9)	(433.2)	(2,111.1)	(1,992.4)	6.0%
Total capital assets being depreciated or amortized, net	1,597.1	1,350.9	157.0	142.4	1,754.1	1,493.3	17.5%
Total capital assets, net	$ 2,652.2	$ 2,422.1	$ 275.3	$ 274.9	$ 2,927.5	$ 2,697.0	8.5%

This year's major capital asset spending included:

Airport:

- Terminal improvements - $310.7 million
- Public parking and consolidated rental car facilities - $8.5 million
- Tenant utility metering - $3.0 million

Marine & Other:

- Hillsboro airport taxiway rehabilitation - $3.1 million
- Hillsboro airport runway safety area improvements - $2.4 million
- Marine terminal 5 berth rehabilitation – $2.6 million

Please see Note 5 to the financial statements for more detailed information of capital asset activity.

The Port's 2024 capital budget estimates spending approximately $389.9 million on capital projects at the Airport and $80.3 million in Marine & Other. Spending at the Airport is primarily slated for terminal core redevelopment and baggage handling system expansion. Airport capital projects are budgeted to be funded by Airport operating revenues, debt proceeds, PFC revenues, and CFC revenues. Capital spending for Marine & Other is budgeted principally for taxiway rehabilitation and runway safety area improvements at the Hillsboro airport, marine Terminal 2 soil improvements, rehabilitation of a berth at marine Terminal 5, and replacement of a dredge tender vessel to support the dredging operation. Funding for these projects is budgeted from operating revenues, property taxes, and federal, state, and other grants.

Debt Administration:
At the end of 2023, the Port had nearly $2.37 billion in bonds, contracts and loans payable outstanding. This is an increase from the prior year, as seen in Table 4 (below).

Table 4
Outstanding Long-Term Debt
($ millions)

	Airport		Marine & Other		Total Port		Total Percentage Change
	2023	2022	2023	2022	2023	2022	2022-2023
Pension bonds			$ 39.4	$ 45.7	$ 39.4	$ 45.7	(13.8)%
Revenue bonds	$ 2,093.6	$ 1,564.4			2,093.6	1,564.4	33.8%
PFC revenue bonds	71.6	80.9			71.6	80.9	(11.5)%
CFC revenue bonds	153.6	156.9			153.6	156.9	(2.1)%
Contracts and loans payable			9.4	10.8	9.4	10.8	(13.0)%
	$ 2,318.8	$ 1,802.2	$ 48.8	$ 56.5	$ 2,367.6	$ 1,858.7	27.4%

The outstanding amount of Airport long-term debt increased due to issuance of the Series Twenty-Nine airport revenue construction bonds, offset partially by scheduled bond payments. As part of the Series Twenty-Nine issuance, Standard & Poor's affirmed its rating of the Airport revenue bonds at AA-, and the Port obtained a new rating from Fitch, also at AA-. These ratings are among the higher underlying ratings for airport revenue bonds rated by those agencies. The balance of PFC and CFC revenue bonds decreased as a result of regularly scheduled bond payments. Also of note during the year, the Port elected to terminate its LIBOR based interest rate swaps before maturity at a cost of approximately $1.0 million.

In Marine & Other, the amount of outstanding long-term debt decreased as a result of scheduled payments made on pension bonds, contracts and loans payable.

Please see Note 7 to the financial statements for more detailed information of long-term debt activity.

Economic Factors and Next Year's Budgets and Rates:
As part of the Port's strategic planning and business planning process, regional, national, and global economic trends and forecasts are reviewed and assumptions regarding passenger, cargo, and population growth are coupled with these trends and forecasts to produce the annual budget. The post-pandemic recovery continues with strong employment and consumer spending, while inflation is slowing and national and regional economic indicators point to a soft economic landing. The impact of the COVID pandemic on the airline industry was dramatic, and business and international traffic still lag at the Airport, but there continues to be steady recovery in passengers traveling through the Airport. The forecast for fiscal 2024 airline passenger volumes is 17.1 million, which is 9.6 percent higher than our fiscal 2023 budget, but still roughly 14 percent below pre-pandemic passenger levels. It is anticipated that the Airport will recover to pre-pandemic passenger levels in fiscal 2025. In Marine & Other, business at the Terminal 6 container terminal is expected to decrease due to a loss of rail shuttle volumes during 2023. Results in other operations are expected to be mixed, with new land leases at business parks and auto volumes forecast to

increase in fiscal 2024, while bulk volumes are anticipated to be lower. Port facilities have a diverse mix of marine tenants and business lines, with many fixed land leases which have provided a measure of protection during challenging times.

In the Port's 2024 adopted budget, total Port operating revenue is budgeted to increase about 10.7 percent over 2023 results to approximately $444.2 million largely as a result of increased airline, parking and concessions revenues at the Airport, as well as higher dredging and lease revenues in Marine & Other, offset in part by lower budgeted container and land sales revenues. Total operating expenses (excluding depreciation and non-cash pension expense) are budgeted to increase by 7.6 percent to approximately $280.7 million, primarily reflecting increased costs at the Airport as passenger traffic continues to increase and capital expansion of the terminal begins to drive higher operation and maintenance costs.

Operating revenues for the Airport are budgeted to increase 16.3 percent to $355.4 million in the fiscal 2024 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 continues to increase. Airport operating expenses (excluding depreciation and non-cash pension expense) are budgeted to increase about 16.7 percent to $183.4 million as a result of increased outside service, salary, utility, and internal central services costs.

In Marine & Other, operating revenues are budgeted to decrease by 7.0 percent to $88.8 million, primarily due to lower marine container operation revenues and no land sales budgeted in fiscal 2024, offset in part by increased Navigation division dredging revenue and lease revenues. Operating expenses (excluding depreciation and non-cash pension expense) are budgeted to decrease by 6.4 percent to $97.3 million primarily due to lower longshore labor costs at the marine container terminal operation and lower internal central services cost, offset in part by higher outside service and salary costs in the fiscal 2024 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.

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BASIC FINANCIAL STATEMENTS

THE PORT OF PORTLAND
BALANCE SHEET
as of June 30, 2023
with comparative totals as of June 30, 2022

	2023			2022
	Airport	Marine & Other	Total	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 38,340	$ 131,308,588	$ 131,346,928	$ 108,011,725
Equity in pooled investments	293,299,892	161,896,722	455,196,614	421,789,183
Restricted cash and equity in pooled investments	168,138,798		168,138,798	114,247,519
Receivables, net of allowance for doubtful accounts of $475,000 in 2023 and $507,000 in 2022 for Airport and $288,000 in 2023 and $446,000 in 2022 for Marine & Other	18,424,905	28,497,960	46,922,865	54,090,363
Lease receivable	30,716,151	11,162,830	41,878,981	39,461,020
Prepaid insurance and other assets	4,990,719	2,676,349	7,667,068	7,481,833
Total current assets	515,608,805	335,542,449	851,151,254	745,081,643
Noncurrent assets:				
Restricted assets:				
Cash and equity in pooled investments	756,758,307	5,754,811	762,513,118	478,941,734
Receivables	8,106,087		8,106,087	5,282,402
Contract retainage deposits	655,921		655,921	357,897
Total restricted assets	765,520,315	5,754,811	771,275,126	484,582,033
Land held for sale		40,111,470	40,111,470	41,729,187
Depreciable properties, net of accumulated depreciation and amortization	1,597,126,229	157,002,258	1,754,128,487	1,493,305,469
Nondepreciable properties	1,055,145,308	118,334,919	1,173,480,227	1,203,692,526
Lease receivable	211,032,379	162,227,818	373,260,197	424,931,774
Due from Airport		18,849,988	*	
Unamortized bond issue costs and other noncurrent assets	1,617,749	3,253,967	4,871,716	6,570,807
Total noncurrent assets	3,630,441,980	505,535,231	4,117,127,223	3,654,811,796
Deferred outflows of resources:				
Deferred charges on refunding bonds	10,110,154		10,110,154	12,503,375
Deferred charges on pensions and OPEB	16,887,186	16,972,829	33,860,015	41,869,604
Total deferred outflows of resources	26,997,340	16,972,829	43,970,169	54,372,979
Total assets	$ 4,173,048,125	$ 858,050,509	$ 5,012,248,646	$ 4,454,266,418
LIABILITIES				
Current liabilities (payable from current assets):				
Current portion of long-term debt		$ 8,648,461	$ 8,648,461	$ 7,765,822
Accounts payable, lease and other accrued liabilities	$ 22,388,128	23,685,579	46,073,707	51,313,284
Accrued wages, vacation and sick leave pay	7,367,593	6,720,456	14,088,049	13,298,887
Workers' compensation and other accrued liabilities	2,277,643	4,996,670	7,274,313	8,449,898
Total current liabilities (payable from current assets)	32,033,364	44,051,166	76,084,530	80,827,891
Restricted liabilities (payable from restricted assets)				
Current portion of long-term debt and other	53,655,000		53,655,000	50,025,825
Accrued interest payable	48,288,764		48,288,764	37,312,965
Accounts payable	65,443,088		65,443,088	26,172,440
Contract retainage payable	751,946		751,946	736,289
Total restricted current liabilities (payable from restricted assets)	168,138,798		168,138,798	114,247,519
Total current liabilities	200,172,162	44,051,166	244,223,328	195,075,410
Noncurrent liabilities:				
Long-term environmental and other accruals	1,158,789	57,841,396	59,000,185	58,596,225
Long-term debt	2,518,556,236	40,139,330	2,558,695,566	2,030,227,825
Unearned revenue and other	40,289,191	23,911,685	64,200,876	66,277,173
Net pension and OPEB liability	54,272,768	26,513,950	80,786,718	67,236,155
Due to Marine & Other	18,849,988		*	
Total noncurrent liabilities	2,633,126,972	148,406,361	2,762,683,345	2,222,337,378
Deferred inflows of resources:				
Deferred lease inflows	235,126,073	164,090,163	399,216,236	454,123,388
Deferred pension inflows and other deferred inflows of resources	15,750,538	16,471,701	32,222,239	54,624,407
Total deferred inflows of resources	250,876,611	180,561,864	431,438,475	508,747,795
Total liabilities	3,084,175,745	373,019,391	3,438,345,148	2,926,160,583
NET POSITION				
Net investment in capital assets	392,594,205	306,035,856	698,630,061	802,104,554
Restricted for capital and debt service	478,080,123	5,754,811	483,834,934	397,237,154
Unrestricted	218,198,052	173,240,451	391,438,503	328,764,127
Total net position	1,088,872,380	485,031,118	1,573,903,498	1,528,105,835
Total liabilities and net position	$ 4,173,048,125	$ 858,050,509	$ 5,012,248,646	$ 4,454,266,418

* 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, 2023
with comparative totals for the year ended June 30, 2022

	2023			2022
	Airport	Marine & Other	Total	Total
Operating revenues:				
Charges for services	$ 305,011,378	$ 93,200,338	$ 398,211,716	$ 373,061,219
Land sales		2,179,627	2,179,627	18,000,000
Other	613,171	142,500	755,671	1,117,854
Total operating revenues	305,624,549	95,522,465	401,147,014	392,179,073
Operating expenses:				
Salaries, wages and fringe benefits	60,625,372	42,316,533	102,941,905	95,139,598
Longshore labor and fringe benefits		35,585,641	35,585,641	33,760,056
Contract, professional and consulting services	41,424,934	19,043,070	60,468,004	54,460,581
Materials and supplies	6,322,344	4,870,504	11,192,848	8,526,819
Utilities	12,106,751	4,519,461	16,626,212	14,458,838
Equipment rents, repair and fuel	1,548,604	4,720,363	6,268,967	4,886,237
Insurance	6,136,641	2,711,190	8,847,831	5,386,317
Lease and rent	8,380	2,001,832	2,010,212	2,097,169
Travel and management expense	2,653,152	1,068,884	3,722,036	2,229,068
Intra-Port charges and expense allocations	27,687,965		27,687,965	23,941,194
Cost of land sold		1,661,936	1,661,936	2,255,404
Other	2,450,974	406,817	2,857,791	6,347,529
Less expenses for capital projects	(3,883,173)	(16,117,271)	(20,000,444)	(20,518,529)
Total operating expenses, excluding depreciation and amortization	157,081,944	102,788,960	259,870,904	232,970,281
Operating income (loss) before depreciation and amortization	148,542,605	(7,266,495)	141,276,110	159,208,792
Depreciation and amortization expense	107,740,916	21,810,166	129,551,082	120,154,438
Total operating expenses, including depreciation and amortization	264,822,860	124,599,126	389,421,986	353,124,719
Operating income (loss)	40,801,689	(29,076,661)	11,725,028	39,054,354
Nonoperating revenues (expenses):				
Property tax revenue		15,028,626	15,028,626	14,348,615
Passenger facility charge revenue	30,753,287		30,753,287	27,539,749
Customer facility charge revenue	16,863,270		16,863,270	14,011,848
Interest expense	(77,047,172)	(3,490,820)	(80,537,992)	(63,396,511)
Interest revenue	20,746,120	12,886,887	33,633,007	4,885,363
Other income, including loss on disposal of properties	4,499,065	9,044,148	13,543,213	56,039,388
Nonoperating (expenses) revenues	(4,185,430)	33,468,841	29,283,411	53,428,452
Income before contributions and transfers	36,616,259	4,392,180	41,008,439	92,482,806
Capital contributions	1,077,855	3,711,369	4,789,224	4,388,167
Transfers (out) in	(8,413,857)	8,413,857		
Change in net position	29,280,257	16,517,406	45,797,663	96,870,973
Total net position - beginning of year	1,059,592,123	468,513,712	1,528,105,835	1,431,234,862
Total net position - end of year	$ 1,088,872,380	$ 485,031,118	$ 1,573,903,498	$ 1,528,105,835

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, 2023

with comparative totals for the year ended June 30, 2022

	2023			2022
	Airport	Marine & Other	Total	Total
Cash flows from operating activities:				
Cash received from customers	$ 314,009,817	$ 101,157,712	$ 415,167,529	$ 357,424,555
Cash payments to employees	(60,675,143)	(42,135,933)	(102,811,076)	(95,966,151)
Cash payments to suppliers and vendors	(68,720,496)	(91,527,698)	(160,248,194)	(132,141,743)
Cash payments (to) from other funds	(30,857,818)	30,857,818		
Net cash provided by (used in) operating activities	153,756,360	(1,648,101)	152,108,259	129,316,661
Cash flows from noncapital financing activities:				
Property taxes		15,024,183	15,024,183	14,335,629
Grant proceeds not specifically restricted for capital	4,855,776	112,691	4,968,467	30,051,024
Net cash provided by noncapital financing activities	4,855,776	15,136,874	19,992,650	44,386,653
Cash flows from capital and related financing activities:				
Capital expenditures	(299,083,538)	(22,205,260)	(321,288,798)	(489,443,040)
Lease interest received	6,258,368	6,892,078	13,150,446	13,150,446
Sale of properties	33,457	1,375,658	1,409,115	44,937
Net proceeds from issuance of debt	604,919,608		604,919,608	595,734,569
Interest paid	(80,489,387)	(3,628,060)	(84,117,447)	(66,060,476)
Proceeds from insurance buyout agreements		3,000,000	3,000,000	26,000,000
Proceeds from passenger facility charges	28,125,061		28,125,061	29,752,110
Proceeds from customer facility charges	16,614,360		16,614,360	13,858,884
Principal payments and redemptions on debt	(49,570,000)	(7,765,822)	(57,335,822)	(117,838,205)
Contributions from governmental agencies	1,156,624	809,442	1,966,066	6,024,052
Cash transfers (to) from other Port divisions, net	(8,413,857)	8,413,857		
Other, primarily nonoperating (expense) income	(5,455,815)	4,723,312	(732,503)	(5,950,806)
Net cash provided by (used in) capital and related financing activities	214,094,881	(8,384,795)	205,710,086	5,272,471
Cash flows from investing activities:				
Interest received	25,405,615	10,025,446	35,431,061	6,034,393
Investment activity:				
Purchases	(786,534,672)	(139,765,637)	(926,300,309)	(860,433,841)
Proceeds from sales or maturities	388,422,140	147,971,316	536,393,456	631,323,971
Net cash (used in) provided by investing activities	(372,706,917)	18,231,125	(354,475,792)	(223,075,477)
Net increase (decrease) in cash and cash equivalents	100	23,335,103	23,335,203	(44,099,692)
Cash and cash equivalents - beginning of year	38,240	107,973,485	108,011,725	152,111,417
Cash and cash equivalents - end of year	$ 38,340	$ 131,308,588	$ 131,346,928	$ 108,011,725
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ 40,801,689	$ (29,076,661)	$ 11,725,028	$ 39,054,354
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization expense	107,740,916	21,810,166	129,551,082	120,154,438
Cost of land sales		1,661,936	1,661,936	2,255,404
Non cash pension and OPEB expense	(457,393)	(200,940)	(658,333)	(990,760)
Amortization of unearned revenue	(1,058,618)	(1,618,745)	(2,677,363)	(2,589,234)
Change in assets and liabilities:				
Receivables and other current assets	12,852,380	8,285,572	21,137,952	(29,774,455)
Lease receivable	16,946,465	32,307,151	49,253,616	(160,963,904)
Deferred lease inflows	(20,440,247)	(34,466,905)	(54,907,152)	155,912,862
Accounts payable and accruals	500,059	(6,846,436)	(6,346,377)	9,302,731
Lease payable	21,962	1,712,061	1,734,023	(621,103)
Long-term environmental and other accruals	(3,150,853)	3,756,473	605,620	(4,766,968)
Additions to unearned revenue		1,028,227	1,028,227	2,343,296
Net cash provided by (used in) operating activities	$ 153,756,360	$ (1,648,101)	$ 152,108,259	$ 129,316,661

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 758 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.

Leases

The Port as a lessor leases to others certain land, buildings, and equipment. At the commencement of the lease term, the Port recognizes a lease receivable and a deferred inflow of resources, with certain exceptions for leases held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

The Port as a lessee leases from others certain building space and equipment. The Port recognizes a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability is measured at the present value of lease payments expected to be made during the lease term. The lease asset is measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

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.

1. Description of the Port and Summary of Significant Accounting Policies, continued:

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.

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 Equity in Pooled 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.

1. Description of the Port and Summary of Significant Accounting Policies, continued:

Budgets

The Port budgets all funds in accordance with the requirements of State of Oregon (State) law. The Port Commission authorizes appropriations for each fund, setting the level by which expenditures cannot legally exceed appropriations. Total expenditures by department in the General Fund, operating expenditures in the Airport Revenue Fund, and capital outlay and debt service in the other funds are the levels of control for each fund. The detail budget document, however, is required to contain more specific, detailed information for the above-mentioned expenditure categories. Appropriations lapse at the end of each fiscal year.

With the approval of the Port Commission, unexpected additional resources may be appropriated through the use of a supplemental budget. The original and supplemental budgets require budget hearings before the public, publications in newspapers, and approval by the Commission for submittal to the Multnomah County Tax Supervising and Conservation Commission (TSCC). The TSCC conducts a review and certification of the original and certain supplemental budgets to comply with State law. After TSCC certification, such budgets are presented to the Port Commission for adoption. Original and supplemental budgets may be modified during the fiscal year by the use of appropriations transfers between the legal categories. Such transfers require approval by the Port Commission. The Port adopted one supplemental budget and two budget adjustments for the year ended June 30, 2023 and one budget adjustment for the year ended June 30, 2022.

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, 2022, from which the summarized information was derived.

New Accounting Pronouncements

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 adoption of this statement did not have a material effect on the Port's 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 (PPP) arrangements and provides guidance for accounting and financial reporting for availability payment arrangements. The adoption of this statement did not have a material effect on the Port's financial statements.

In June 2020, the GASB issued Statement No. 96, "Subscription-Based Information Technology Arrangements," effective for the Port's fiscal year beginning July 1, 2022. The statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). Accounting changes adopted to conform to the provisions of GASB 96 are immaterial to fiscal 2022 comparative totals in this report; therefore, changes to conform to the provisions of this statement were applied prospectively in fiscal 2023.

1. Description of the Port and Summary of Significant Accounting Policies, continued:

In April 2022, the GASB issued Statement No. 99, "Omnibus 2022." The statement provides guidance on the requirements related to the extension of the use of LIBOR, accounting for Supplemental Nutrition Assistance Program distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, as well as terminology updates which were effective immediately upon issuance. The adoption of these requirements did not have a material effect on the Port's financial statements. Additionally, the Statement provides guidance related to leases, PPPs, and SBITAs which are effective for the Port's fiscal year beginning July 1, 2022. The adoption of these requirements did not have a material effect on the Port's financial statements. The Statement also provides guidance related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 which is effective for the Port's fiscal year beginning July 1, 2023. The Port is currently evaluating the effects these provisions will have on its financial statements.

In June 2022, the GASB issued Statement No. 100, "Accounting Changes and Error Corrections," effective for the Port's fiscal year beginning July 1, 2023. The statement defines accounting changes and prescribes the accounting and financial reporting for each type of accounting change and error corrections. The Port is currently evaluating the effects this statement will have on its financial statements.

In June 2022, the GASB issued Statement No. 101, "Compensated Absences," effective for the Port's fiscal year beginning July 1, 2024. The statement updates the recognition and measurement guidance for compensated absences to better meet the information needs of financial statement users. The Port is currently evaluating the effects this statement will have on its financial statements.

2. Identifiable Activity Information:

The Airport is an identifiable activity in and of itself, providing commercial airline passenger service, air cargo services, and general aviation services. The activities comprising Marine & Other are the Port's marine terminals, which load, unload, and transfer commodities to and from trucks, railcars, barges, and ships; trade and economic 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, 2023 was as follows (in thousands):

	Marine Terminals	Trade & Economic Development	Environmental	Navigation	General Aviation	Engineering & Admin	Total
Operating revenues	$ 59,287	$ 8,559		$ 24,616	$ 2,808	$ 252	$ 95,522
Operating expenses	68,462	10,378	$ 5,182	18,372	3,839	(3,444)	102,789
Depreciation/amortization expense	7,621	1,290	7	4,546	4,489	3,857	21,810
Operating (loss) income	$ (16,796)	$ (3,109)	$ (5,189)	$ 1,698	$ (5,520)	$ (161)	$ (29,077)
Capital contributions					$ 3,711		$ 3,711
Properties activity:							
Additions	$ 7,164	$ 131		$ 911	$ 8,142	$ 1,468	$ 17,816
Deletions	$ (199)	$ (32)		$ (4,985)	$ (659)	$ (33)	$ (5,908)

3. Cash and Investments:

Following are the Port's balance sheet classifications for cash and investments:

Balance sheet classification:	2023 Airport	2023 Marine & Other	2023 Total	2022 Total
Unrestricted cash and cash equivalents	$ 38,340	$ 131,308,588	$ 131,346,928	$ 108,011,725
Unrestricted equity in pooled investments	293,299,892	161,896,722	455,196,614	421,789,183
Restricted cash and equity in pooled investments	924,897,105	5,754,811	930,651,916	593,189,253
	$ 1,218,235,337	$ 298,960,121	$ 1,517,195,458	$ 1,122,990,161

At June 30, 2023, 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	$ 93,302,240	$ 39,866,818	$ 14,240,332	$ 47,917,419	$ 195,326,809
U.S. Agencies	434,859,100	92,112,845	108,991,101	58,147,905	694,110,951
Municipal debt	2,892,091	6,894,203	3,534,222		13,320,516
Corporate indebtedness	7,669,460	13,751,534	7,102,013		28,523,007
Certificates of deposit	393,590				393,590
	$ 539,116,481	$ 152,625,400	$ 133,867,668	$ 106,065,324	931,674,873
Cash and cash equivalents					38,340
Restricted deposits held in trust accounts					286,522,124
					$ 1,218,235,337

Following are the cash and investments and maturities for Marine & Other at June 30, 2023:

	Investment Maturities (in years) Less than 1	1 - 2	2 - 3	3 - 5	Value
U.S. Treasuries	$ 28,407,021	$ 11,083,132	$ 3,958,868	$ 13,321,231	$ 56,770,252
U.S. Agencies	24,971,395	25,607,732	30,299,953	16,165,345	97,044,425
Municipal debt	804,013	1,916,616	982,528		3,703,157
Corporate indebtedness	2,132,140	3,822,981	1,974,387		7,929,508
Certificates of deposit	109,419				109,419
	$ 56,423,988	$ 42,430,461	$ 37,215,736	$ 29,486,576	165,556,761
State of Oregon local government investment pool					56,743,267
Cash and deposits with financial institutions					76,660,093
					$ 298,960,121

Deposits with financial institutions include bank demand deposits. The total bank balance as shown on the bank statements was $77,941,319. Of these deposits, $250,000 was covered by federal depository insurance and $77,691,319 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:

3. Cash and Investments, continued**:**

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, 2023 are considered level 2.

To address interest rate risk and limit its exposure to fair value losses arising from rising interest rates, the Port's investment policy places restrictions on the maturities of the Port's investment portfolio. Investment maturities are limited as follows:

Maturity	Minimum Investment
Two years and under	55% of par value
Three years and under	75% of par value
Five years and under	100% of par value

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 2023 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 2023 met or exceeded these ratings requirements.

A portion of the Port's investments are invested in an external investment pool, the Oregon Short-Term Fund (Fund). Numerous local governments in Oregon, as well as State agencies, participate in the Fund. The fair value of the Port's position in the pool is the same as the value of the pool shares. The Fund is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by Oregon Revised Statutes and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council. Investments in the Fund are further governed by portfolio guidelines issued by the Fund Board. While the Fund itself is not rated, the Fund's policies provide that the composite minimum weighted average credit quality rating for the Fund's holdings are the equivalent of AA for Standard and Poor's.

As required by federal law, the Port held investments (classified as restricted assets) with a par value of $2,500,000 at both June 30, 2023 and 2022, as collateral for certain accrued liabilities for workers' compensation (Note 11). Federal law requires these investments to be in only certain prescribed negotiable securities.

3. Cash and Investments, continued**:**

Certain investment earnings are paid to the Airport from the Port General Fund pooled investments when earned. At June 30, 2023 and 2022, approximately $586,640,000 and $487,565,000, 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 $16,200,000 at June 30, 2023 and $27,900,000 at June 30, 2022. Total trade receivables for the marine shipping industry were approximately $5,700,000 at June 30, 2023 and $14,900,000 at June 30, 2022. Total grants receivable for the Airport were approximately $8,600,000 at June 30, 2023 and $2,000,000 at June 30, 2022. Total grant receivables for Marine and Other were approximately $4,500,000 at June 30, 2023 and $1,400,000 at June 30, 2022. Other significant receivables include interest on investments, a dredging contract, an environmental insurance settlement, and a reimbursement for past industrial site development costs.

5. **Properties**:

Properties activity for the year ended June 30, 2023 was as follows:

Airport:	Beginning Balances	Additions	Disposals & Transfers	Completed Projects	Ending Balances
Assets being depreciated or amortized:					
Land improvements	$ 997,226,310		$ 58,029	$ 37,205,810	$ 1,034,490,149
Buildings and equipment	1,912,233,800		(5,801,111)	316,359,259	2,222,791,948
Intangible right-of-use assets	629,462	$ 379,638			1,009,100
Total assets being depreciated or amortized	2,910,089,572	379,638	(5,743,082)	353,565,069	3,258,291,197
Less accumulated depreciation and amortization					
Land improvements	575,781,129	32,295,377			608,076,506
Buildings & equipment	983,326,438	75,163,341	(5,798,248)		1,052,691,531
Intangible right-of-use assets	114,734	282,197			396,931
Total accumulated depreciation and amortization	1,559,222,301	107,740,915	(5,798,248)		1,661,164,968
Total assets being depreciated or amortized, net	1,350,867,271	(107,361,277)	55,166	353,565,069	1,597,126,229
Assets not being depreciated or amortized:					
Land	68,042,167				68,042,167
Construction in progress	1,003,154,930	337,513,728	(448)	(353,565,069)	987,103,141
Total assets not being depreciated or amortized	1,071,197,097	337,513,728	(448)	(353,565,069)	1,055,145,308
Airport assets,net	$ 2,422,064,368	$ 230,152,451	$ 54,718	$	$ 2,652,271,537
Marine & Other:					
Assets being depreciated or amortized:					
Land improvements	$ 311,394,895		$ (840,417)	$ 13,152,922	$ 323,707,400
Buildings and equipment	263,668,125		(4,378,959)	18,801,389	278,090,555
Intangible right-of-use assets	576,736	$ 4,494,275			5,071,011
Total assets being depreciated or amortized	575,639,756	4,494,275	(5,219,376)	31,954,311	606,868,966
Less accumulated depreciation and amortization					
Land improvements	226,787,858	9,322,608	(752,804)		235,357,662
Buildings & equipment	206,138,934	10,122,699	(4,392,211)		211,869,422
Intangible right-of-use assets	274,766	2,364,858			2,639,624
Total accumulated depreciation and amortization	433,201,558	21,810,165	(5,145,015)		449,866,708
Total assets being depreciated or amortized, net	142,438,198	(17,315,890)	(74,361)	31,954,311	157,002,258
Assets not being depreciated or amortized:					
Land	81,162,080		(17,798)		81,144,282
Construction in progress	51,333,349	17,811,599		(31,954,311)	37,190,637
Total assets not being depreciated or amortized	132,495,429	17,811,599	(17,798)	(31,954,311)	118,334,919
Marine & Other assets,net	$ 274,933,627	$ 495,709	$ (92,159)	$	$ 275,337,177

The ordinances authorizing the issuance of Airport revenue and PFC revenue bonds do not convey title to or mortgage the Airport or any part thereof; however, the Port covenants not to encumber or dispose of Airport properties other than as specifically permitted in the ordinances and in certain grant agreements. In Marine & Other, the Port has granted a lender a first lien on a vessel used by its navigation activity as security for a related loan.

6. **Leases**:

The Port leases nonfinancial assets to and from other entities as a lessor and lessee, respectively. In accordance with GASB 87, the Port as a lessor has recognized lease receivables and deferred inflows of resources, with exceptions for short-term leases and certain regulated leases. The Port as a lessee has recognized intangible right-of-use assets and corresponding lease liabilities.

The Port as a Lessor

The Port, as a lessor, leases to others certain land and buildings at various locations for terms generally ranging from 2 to 55 years. The leases typically include provisions for periodic consumer price index or fair market value escalations, as well as volume or activity-based rents, resulting in additional variable revenues that are not included in the measurement of lease receivables.

6. Leases, continued:

For the year ended June 30, 2023 the Airport, as a lessor, recognized approximately $35,308,000 and $7,981,000 as charges for services operating revenue and nonoperating interest revenue, respectively. For the year ended June 30, 2022 the Airport, as a lessor, recognized approximately $34,065,000 and $6,259,000 as charges for services operating revenue and nonoperating interest revenue, respectively. For the years ended June 30, 2023 and 2022, the Airport also recognized $8,544,000 and $11,676,000, respectively, in charges for services operating revenue for variable and other payments not previously included in the measurement of lease receivables. For the year ended June 30, 2023 Marine & Other, as a lessor, recognized approximately $18,438,000 and $5,841,000 as charges for services operating revenue and nonoperating interest revenue, respectively. For the year ended June 30, 2022 Marine & Other, as a lessor, recognized approximately $17,938,000 and $6,892,000 as charges for services operating revenue and nonoperating interest revenue, respectively. For the years ended June 30, 2023 and 2022, Marine & Other also recognized $2,299,000 and $2,494,000, respectively, in charges for services operating revenue for variable and other payments not previously included in the measurement of lease receivables.

Following is a schedule showing the future payments that are included in the measurement of lease receivables for the five succeeding fiscal years and in five-year increments thereafter:

	Airport		Marine & Other		Total Port	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 30,716,151	$ 7,191,646	$ 11,162,830	$ 5,685,899	$ 41,878,981	$ 12,877,545
2025	30,924,573	6,212,909	11,419,421	5,355,418	42,343,994	11,568,327
2026	27,023,326	5,295,359	11,068,200	5,000,744	38,091,526	10,296,103
2027	25,847,644	4,516,751	11,068,430	5,047,425	36,916,074	9,564,176
2028	26,535,693	3,684,537	10,975,769	5,222,805	37,511,462	8,907,342
2029-2033	92,164,490	6,531,747	43,652,477	19,857,831	135,816,967	26,389,578
2034-2038	2,478,451	1,169,512	24,300,845	12,779,785	26,779,296	13,949,297
2039-2043	2,560,749	775,752	7,467,941	9,709,520	10,028,690	10,485,272
2044-2048	2,717,343	334,032	10,236,172	7,928,258	12,953,515	8,262,290
2049-2053	780,110	32,763	3,865,255	6,288,769	4,645,365	6,321,532
2054-2058			4,241,687	5,537,503	4,241,687	5,537,503
2059-2063			6,101,643	4,474,310	6,101,643	4,474,310
2064-2068			8,661,692	2,938,111	8,661,692	2,938,111
2069-2073			9,168,286	834,694	9,168,286	834,694
Total	$ 241,748,530	$ 35,745,008	$ 173,390,648	$ 96,661,072	$ 415,139,178	$ 132,406,080

The Port is the lessor for certain aviation leases with air carriers and other aeronautical users, which are subject to regulation by the U.S. Department of Transportation and the Federal Aviation Administration. In accordance with GASB 87, the Port does not recognize a lease receivable or deferred inflow of resources for these regulated leases. Inflows of resources from regulated leases are recognized in operating revenues as earned during the year.

Regulated leases at the Airport include lease and operating agreements with passenger and cargo airlines serving the Airport. These lease and operating agreements were effective on July 1, 2015 for a fifteen year term ending June 30, 2030, and govern the use of certain Airport facilities including ramp, terminal, baggage claim, ticket counters and gate areas and certain cargo and other facilities, and permit the signatory passenger airlines to lease exclusive space, preferential space and shared space in the airport terminal. Exclusive space includes ticket counter space, office space, operations space, airline club lounges, baggage makeup space and baggage service area space, which makes up approximately 229,000 square feet in the Airport terminal. Preferential space includes aircraft loading bridges and/or support equipment to which the airline has a higher and continuous priority over other air carriers and includes 26 of the 42 available loading bridges at the Airport. The Port has additional regulated leases for certain land and buildings with other aeronautical users at the Airport and at general aviation airports reported in Marine & Other.

Operating revenues earned under the lease and operating agreements with airlines are reported on the Statement of Revenues, Expenses, and Changes in Net position as charges for services, and were approximately $95,301,000 and

6. <u>Leases</u>, continued:

$89,545,000 for the years ending June 30, 2023 and 2022, respectively. Due to the variable nature of revenues from year-to-year under the lease and operating agreements with airlines serving the Airport, expected future minimum payments are not determinable. Operating revenues earned under regulated leases with other aeronautical users that are not short-term leases were $17,641,000 and $24,342,000 for fiscal 2023 and 2022, respectively. Marine & Other operating revenues earned under regulated leases with aeronautical users that are not short-term leases were approximately $1,580,000 and $1,609,000 for fiscal years 2023 and 2022, respectively. Expected future minimum payments for regulated leases with other aeronautical users are as follows:

	Airport	Marine & Other	Total Port
2024	$ 11,549,000	$ 1,414,000	$ 12,963,000
2025	10,528,000	1,266,000	11,794,000
2026	10,185,000	1,160,000	11,345,000
2027	8,967,000	954,000	9,921,000
2028	6,731,000	877,000	7,608,000
2029-2033	22,515,000	3,776,000	26,291,000
2034-2038	13,911,000	3,127,000	17,038,000
2039-2043	9,682,000	2,948,000	12,630,000
2044-2048	1,932,000	1,446,000	3,378,000
2049-2053		585,000	585,000
2054-2058		156,000	156,000
Total	$ 96,000,000	$ 17,709,000	$ 113,709,000

<u>The Port as a Lessee</u>

The Port leases from others certain office and warehouse space as well as security and office equipment, with lease terms ranging from 1 to 5 years. The intangible right-of-use assets that the Port has recorded under these leases are included in depreciable properties, net of accumulated depreciation and amortization on the balance sheet. Following is a schedule of changes in the right-of-use assets with the accumulated amortization for the fiscal year ended June 30, 2023:

Airport:	Beginning Balances	Additions	Reductions	Ending Balances
Right-of-use assets:				
Security equipment	$ 64,675			$ 64,675
Office equipment	564,787	$ 2,330		567,117
Total right-of-use assets	629,462	2,330		631,792
Less accumulated amortization:				
Security equipment	7,153	3,576		10,729
Office equipment	107,581	113,074		220,655
Total accumulated amortization	114,734	116,650		231,384
Total right-of-use assets, net	$ 514,728	$ (114,320)	$	$ 400,408
Marine & Other:				
Right-of-use assets:				
Office and warehouse space	$ 418,345			$ 418,345
Office equipment	158,391			158,391
Total right-of-use assets	576,736			576,736
Less accumulated amortization:				
Office and warehouse space	251,007	$ 125,503		376,510
Office equipment	23,759	31,678		55,437
Total accumulated amortization	274,766	157,181		431,947
Total right-of-use assets, net	$ 301,970	$ (157,181)	$	$ 144,789

6. Leases, continued:

Minimum future lease payments for the leases for the five succeeding fiscal years and thereafter are as follows:

	Airport		Marine & Other		Total Port	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 114,989	$ 9,800	$ 75,657	$ 4,283	$ 190,646	$ 14,083
2025	116,848	6,108	32,635	2,549	149,483	8,657
2026	115,538	2,300	34,036	1,149	149,574	3,449
2027	11,075	59	8,734	61	19,809	120
2028						
Total	$ 358,450	$ 18,267	$ 151,062	$ 8,042	$ 509,512	$ 26,309

Subscription-Based Information Technology Arrangements (SBITAs)

The Port enters into subscription-based contracts to utilize vendor-provided information technology software, with contract terms ranging from 1 to 5 years. The intangible right-of-use subscription assets that the Port has recorded under these contracts are included in the depreciable properties, net of accumulated depreciation and amortization on the balance sheet. The Port did not adopt the provisions of GASB 96 retroactively, as discussed further in Note 1. For the Airport, adoption of GASB 96 resulted in a June 30, 2023 balance of $377,308 for intangible subscription assets with an associated $165,547 of accumulated amortization. For Marine & Other, the June 30, 2023 balance for intangible subscription assets was $4,494,275 with $2,207,677 in related accumulated amortization.

Minimum future payments for SBITAs for the five succeeding fiscal years and thereafter are as follows:

	Airport		Marine & Other		Total Port	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 87,786	$ 5,152	$ 890,937	$ 89,229	$ 978,723	$ 94,381
2025	72,467	2,788	768,366	54,073	840,833	56,861
2026	74,792	396	769,695	21,682	844,487	22,078
2027	3,069	25	265,456	6,349	268,525	6,374
2028			67,904	238	67,904	238
Total	$ 238,114	$ 8,361	$ 2,762,358	$ 171,571	$ 3,000,472	$179,932

7. Long-Term Debt:

At June 30, 2023, long-term debt consisted of the following:

	Pension	Airport Revenue	Passenger Facility Charge Revenue	Customer Facility Charge Revenue
Limited Tax Pension bonds:				
2002 Series (issued in fiscal 2002, original issue $54,952,959):				
6.85%, due serially from fiscal 2021 through fiscal 2028	$ 24,280,000			
6.6%, due fiscal 2025	6,205,000			
2005 Series (issued in fiscal 2006, original issue $20,230,000):				
5.004%, due fiscal 2028	8,890,000			
Portland International Airport revenue bonds:				
Series Eighteen (issued in fiscal 2008, original issue $138,890,000 variable interest rate):				
currently 4.55%, due fiscal 2027		$ 14,230,000		
currently 4.60%, due fiscal 2027		14,235,000		
Series Twenty-One C (issued in fiscal 2012, original issue $27,685,000):				
4.375% to 5.0%, due serially through fiscal 2024		6,050,000		
Series Twenty-Two (issued in fiscal 2015, original issue $90,050,000):				
5.0%, due serially through fiscal 2035		34,085,000		
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		69,265,000		
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		99,145,000		
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		96,820,000		
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		35,325,000		
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):				
1.0% to 5.0%, due serially through fiscal 2041		150,240,000		
5.0%, due fiscal 2046		69,510,000		
4.0% to 5.0%, due fiscal 2051		87,060,000		
Series Twenty-Eight (issued in fiscal 2022, original issue $527,005,000):				
4.0% to 5.0%, due serially through fiscal 2043		269,635,000		
4.0%, due fiscal 2048		114,835,000		
5.0%, due fiscal 2053		142,535,000		
Series Twenty-Nine (issued in fiscal 2023, original issue $566,120,000):				
5.0% to 5.25%, due serially through fiscal 2044		249,245,000		
5.5%, due fiscal 2049		160,765,000		
5.5%, due fiscal 2054		156,110,000		
Passenger Facility Charge revenue bonds:				
Series 2012A (issued and privately placed in fiscal 2013, original issue $57,725,000):				
variable interest rate, currently 4.678%, due fiscal 2025			$ 20,010,000	
Series 2022A (issued in fiscal 2022, original issue $51,620,000):				
5.00%, due serially through fiscal 2032			51,620,000	
Customer Facility Charge revenue bonds:				
Series 2019 (issued in fiscal 2019, original issue $163,290,000):				
2.848% to 3.865%, due serially through fiscal 2033				$ 39,550,000
3.915%, due serially through fiscal 2035				9,730,000
4.067%, due serially through fiscal 2040				27,940,000
4.237%, due serially through fiscal 2050				76,340,000
Totals, including $7,165,000, $40,485,000, $9,750,000, and $3,420,000 respectively, due within one year	$ 39,375,000	$ 2,093,565,000	$ 71,630,000	$ 153,560,000

7. <u>Long-Term Debt</u>, continued:

	Direct Borrowings - Contracts and Loans Payable at June 30, 2023
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 $349,458 due December 1, 2023 to $488,663 due December 1, 2030, including $349,458 due within one year	$ 3,312,772
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 $92,567 due August 1, 2023 to $115,011 due June 1, 2028, including $1,134,003 due within one year	6,100,019
Total, including $1,483,461 due within one year	$ 9,412,791

Future debt service requirements on bonds, contracts and loans payable at June 30, 2023 are as follows:

	Airport							
	Revenue Bonds		PFC Revenue Bonds		Directly Placed 2012A PFC Revenue Bonds		CFC Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 40,485,000	$ 94,841,221		$ 2,581,000	$ 9,750,000	$ 936,110	$ 3,420,000	$ 6,052,751
2025	44,730,000	99,674,805		2,581,000	10,260,000	479,984	3,520,000	5,952,165
2026	44,585,000	97,698,451		2,581,000			3,625,000	5,843,839
2027	45,705,000	95,561,615	$ 2,670,000	2,514,250			3,735,000	5,727,377
2028	40,905,000	93,255,575	8,860,000	2,226,000			3,855,000	5,603,458
2029-2033	262,905,000	429,903,625	40,090,000	4,131,250			21,395,000	25,827,098
2034-2038	323,765,000	355,440,225					25,820,000	21,274,795
2039-2043	402,470,000	267,823,975					31,530,000	15,431,779
2044-2048	473,375,000	164,595,475					38,760,000	8,034,200
2049-2053	379,990,000	54,189,588					17,900,000	766,261
2054-2058	34,650,000	952,875						
	$ 2,093,565,000	$ 1,753,937,430	$ 51,620,000	$ 16,614,500	$ 20,010,000	$ 1,416,094	$ 153,560,000	$ 100,513,723

	Marine & Other			
	Pension Bonds		Direct Borrowings	
	Principal	Interest	Principal	Interest
2024	$ 7,165,000	$ 2,517,566	$ 1,483,461	$ 416,941
2025	8,040,000	2,057,592	1,548,530	347,371
2026	8,980,000	1,556,238	1,621,141	274,761
2027	10,015,000	978,305	1,701,410	198,740
2028	5,175,000	332,982	1,664,021	118,939
2029-2033			1,394,228	141,811
	$ 39,375,000	$ 7,442,683	$ 9,412,791	$ 1,498,563

7. Long-Term Debt, continued:

Changes in long-term debt on the balance sheet for the year ended June 30, 2023 were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Airport:				
Long-term privately placed bonds outstanding	$ 29,275,000		$ (9,265,000)	$ 20,010,000
less: current portion	(9,265,000)	$ (9,750,000)	9,265,000	(9,750,000)
Long-term bonds outstanding	1,772,930,000	566,120,000	(40,305,000)	2,298,745,000
less: current portion	(40,305,000)	(43,905,000)	40,305,000	(43,905,000)
Unamortized bond issue premium	228,805,034	40,651,717	(16,000,516)	253,456,235
Long-term debt	$ 1,981,440,034	$ 553,116,717	$ (16,000,516)	$ 2,518,556,235
Marine & Other:				
Long-term direct borrowings outstanding	$ 10,828,613		$ (1,415,822)	$ 9,412,791
less: current portion	(1,415,822)	$ (1,483,461)	1,415,822	(1,483,461)
Long-term bond debt outstanding	45,725,000		(6,350,000)	39,375,000
less: current portion	(6,350,000)	(7,165,000)	6,350,000	(7,165,000)
Long-term portion outstanding	$ 48,787,791	$ (8,648,461)	$	$ 40,139,330

In addition, at June 30, 2023 and 2022, the Port has recorded $10,110,154 and $12,503,375 respectively, within the Airport activity, for the difference between the reacquisition price and the net carrying amount of refunded bonds, which is recorded as a deferred outflow of resources on the balance sheet.

CONTRACTS, LOANS AND PENSION BONDS

Contracts and loans in Marine & Other are direct borrowings payable from revenues of the Port, including existing property tax levies. The contracts and loans provide that in the event of default, outstanding amounts may be immediately due and payable. One of the loans also grants a lien under which the lender may choose to sell the secured property in the event of default.

In February 2021, the State refinanced a loan payable by the Port, resulting in a reduction in the principal balance of approximately $899,000 and an increase in the interest rate to 5 percent. The reduction in the principal balance is recorded as a deferred inflow of resources on the balance sheet, and is being amortized as a reduction of interest expense over the remaining term of the loan.

Limited Tax Pension Bonds were issued to fund the Port’s estimated unfunded actuarial accrued liability as of April 1, 2002 (Note 9). These bonds are backed by a pledge of the full faith and credit of the Port’s Marine & Other activity, and debt service is payable from Marine & Other revenues, including existing property tax levies. Additional property taxes may not be levied for debt service on these bonds. Bonds maturing on June 1, 2025 are redeemable at the option of the Port on or after June 1, 2007 at par, in whole or in part, by lot, on any date up to June 1, 2025. Bonds maturing on June 1, 2028 are subject to mandatory redemption, at par, prior to maturity, in part, by lot, beginning June 1, 2020, and on each June 1 thereafter.

Limited Tax Pension Bonds were also issued to fund the Port’s estimated unfunded actuarial accrued liability as of October 1, 2005 (Note 9). These bonds are backed by a pledge of the full faith and credit of the Port’s Marine & Other activity, and debt service is payable from Marine & Other revenues, including existing property tax levies. Additional property taxes may not be levied for debt service on these bonds. These bonds are subject to optional redemption by the Port, in whole or in part, on any date, at a price equal to the greater of par or a discounted value, as defined. Bonds maturing on June 1, 2028 are subject to mandatory redemption, beginning June 1, 2021, and on each June 1 thereafter.

7. <u>Long-Term Debt</u>, 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, 2023 and 2022.

On July 1, 2015, ten year contracts with major airline customers became effective in which the airlines have provided financial guarantees sufficient to meet the net revenues requirement for airline supported activities, primarily airfield and terminal operations; effective January 1, 2019, the term of those contracts was extended to fifteen years. Net revenues of other activities, primarily parking, air cargo, and a portion of rental car operations are neither guaranteed nor limited to specified levels by these contracts. The contracts also contain an annual revenue sharing provision through June 30, 2030 in which fees to signatory airlines are discounted $6,000,000 annually. The annual discount is subject to certain 1) reductions, contingent on the Port managing operating expenses to a defined target level and 2) increases, contingent on Airport coverage ratio thresholds. The discount amount was increased by $6,386,360 for fiscal 2023 and by $7,158,355 for fiscal 2022.

In fiscal 2023, the Port issued Series Twenty-Nine bonds, to pay, or to reimburse the Port for the payment of, costs of 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-Nine Projects; pay a portion of the interest to accrue on the Series Twenty-Nine Bonds during construction of the Series Twenty-Nine projects; make a deposit to the SLB Reserve Account; and pay certain costs of issuing the Series Twenty-Nine Bonds. The bonds have coupon rates ranging from 5 percent to 5.5 percent, with maturities ranging from 2029 to 2053. The Series Twenty-Nine bonds maturing on or before July 1, 2033 are not subject to optional redemption prior to their stated maturity. Series Twenty-Nine bonds maturing on or after July 1, 2034 are redeemable at the option of the Port, on or after July 1, 2033, at 100 percent of the principal amount plus accrued interest.

7. Long-Term Debt, continued:

Series Twenty-Eight bonds maturing on or before July 1, 2032 are not subject to optional redemption prior to their started maturity. Series Twenty-Eight bonds maturing on or after July 1, 2033, are redeemable at the option of the Port, on or after July 1, 2032, at 100 percent of the principal amount plus accrued interest.

Series Twenty-Seven A bonds maturing on or before July 1, 2030, are not subject to optional redemption prior to their stated maturity. Series Twenty-Seven A Bonds maturing on or after July 1, 2031 are redeemable at the option of the Port on or after July 1, 2030 at 100 percent of the principal amount plus accrued interest. Series Twenty-Seven B Bonds are subject to redemption at the option of the Port, in whole or in part, on any date, at a redemption price equal to the greater of 100% of the principal amount of the redeemed bonds plus accrued interest; or the sum of the present values of the remaining scheduled payments of principal and interest to the maturity date of the redeemed bonds, discounted to the date of redemption on a semi-annual basis, at a rate for a US Treasury security with a maturity comparable to the average remaining life of the bonds being redeemed plus 10 basis points in maturity 2022, plus 15 basis points in maturities 2023-2024, and plus 20 basis points in maturity 2025, plus, accrued interest.

Series Twenty-Six bonds maturing on or before July 1, 2029 are not subject to optional redemption prior to maturity. Series Twenty-Six A and B bonds maturing on or after July 1, 2033 are redeemable at the option of the Port on or after July 1, 2030 at 100 percent of the principal amount plus accrued interest. Series Twenty-Six C bonds are not subject to optional redemption prior to their stated maturity.

Series Twenty-Five bonds maturing on or before July 1, 2029 are not subject to optional redemption prior to maturity. Series Twenty-Five bonds maturing on or after July 1, 2030 are redeemable at the option of the Port, on or after January 1, 2029 at 100 percent of the principal amount plus accrued interest.

Series Twenty-Four bonds maturing on or before July 1, 2027 are not subject to optional redemption prior to maturity. Series Twenty-Four bonds maturing on or after July 1, 2028 are redeemable at the option of the Port on or after July 1, 2027 at 100 percent of the principal amount plus accrued interest.

Series Twenty-Three bonds maturing on or before July 1, 2025 are not subject to optional redemption prior to maturity. Series Twenty-Three bonds maturing on or after July 1, 2026 are redeemable at the option of the Port on or after July 1, 2025 at 100 percent of the principal amount plus accrued interest.

Series Twenty-Two bonds maturing on or before July 1, 2024 are not subject to optional redemption prior to maturity. Series Twenty-Two bonds maturing on or after July 1, 2025 are redeemable at the option of the Port on or after July 1, 2024 at 100 percent of the principal amount plus accrued interest.

Series Twenty-One C bonds maturing on or after July 1, 2022 are redeemable at the option of the Port on or after July 1, 2021 at 100 percent of the principal amount plus accrued interest.

Series Eighteen variable rate demand bonds bear an interest rate that is generally reset weekly by remarketing agents, and cannot exceed 12.0 percent. Payments of principal and interest on the Series Eighteen bonds and the purchase price of Series Eighteen bonds that are subject to optional or mandatory purchase and not remarketed will be payable by draws on an irrevocable direct pay letter of credit. Series Eighteen bonds are redeemable at the option of the Port, at par, prior to maturity, in whole or in part, by lot, on any business day. In the event that Series Eighteen bonds are not remarketed and the irrevocable direct pay letter of credit is drawn upon, the draw will constitute a liquidity advance by the letter of credit bank. The Port must repay the liquidity advance over a term of three years at a variable rate of interest that increases over time, reaching a maximum rate of the greater of the federal funds rate plus 2.5 percent, or the bank’s prime rate plus 2.0 percent. In the event of default, outstanding amounts become immediately due and payable.

7. Long Term Debt, continued:

All Airport revenue bonds principal and interest are payable solely from revenues derived from the operation and related services of the Airport.

PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REVENUE BONDS

Port Ordinance No. 395-B, enacted June 10, 1999, authorized the issuance of Portland International Airport Passenger Facility Charge Revenue Bonds (PFC revenue bonds) to pay the costs of construction of certain Federal Aviation Administration approved PFC projects. The PFC revenue bonds are backed by a pledge and assignment of PFC revenues. The PFC revenue bonds are not in any manner or to any extent a general obligation, a lien on tax revenues of the Port, or a charge upon any other revenues or property of the Port not specifically pledged thereto. The proceeds of all PFC revenue 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 2022A Passenger Facility Charge Refunding Revenue bonds are not subject to optional redemption prior to their stated maturity.

The Series 2012A variable rate bonds were issued in the form of index bonds bearing an interest rate that is generally reset weekly based on an applicable spread of 55 basis points plus 80 percent of 1 month LIBOR, and cannot exceed 12.0 percent. During fiscal 2023, the Port replaced LIBOR with the Secured Overnight Financing Rate (SOFR) as the index rate for the 2012A bonds; all other components of the interest rate calculation remain the same. The Series 2012A bonds have a maturity date of July 1, 2024 and are subject to mandatory sinking account payments prior to maturity. The Series 2012A bonds were directly purchased by a single buyer for an initial purchase period ending June 1, 2024. Series 2012A bonds are redeemable at the option of the Port, at par, prior to maturity, in whole or in part. In the event of default, outstanding amounts become immediately due and payable.

PFC revenue bonds principal and interest are payable solely from PFC revenues.

PORTLAND INTERNATIONAL AIRPORT CUSTOMER FACILITY CHARGE REVENUE BONDS

Port Ordinance 461-B, enacted February 13, 2019, authorized the issuance and sale of Portland International Airport Customer Facility Charge Revenue Bonds (CFC revenue bonds) to finance and refinance costs of rental car facilities and related projects at Portland International Airport. CFC revenue bonds are secured by and payable solely from customer facility charges (CFCs) collected from rental car customers who rent cars from rental car companies operating at the Airport, with the backstop of a contingent fee payment from the rental car companies operating at the Airport in the event that there is a deficiency in CFCs needed to make payments or meet covenants pursuant to the CFC bond ordinances. The CFC revenue bonds are not in any manner or to any extent a general obligation, nor a charge upon any other revenues or property of the Port not specifically pledged thereto. The proceeds of all CFC revenue bonds issued to date have been deposited in funds (accounts) designated for, and have been used for, prescribed purposes only.

7. Long Term Debt, continued:

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.

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.

There was no commercial paper outstanding at June 30, 2023 or 2022. Commercial paper balances are included in current portion of long-term debt on the balance sheet. In the event of a default, outstanding amounts become immediately due and payable.

DERIVATIVE INSTRUMENTS

The Airport elected to terminate its six investment derivative instruments during fiscal 2023. The six derivative instruments were pay-fixed-receive-variable interest rate swaps with scheduled maturities ranging from July 1, 2024 to July 1, 2026. The swaps utilized LIBOR as a benchmark interest rate. LIBOR was scheduled to be phased out after June 30, 2023. Rather than negotiate the transition to a new benchmark rate, the Airport opted to terminate the swaps at market value for approximately $1,030,600.

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. As such, each swap was 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 $0 at June 30, 2023 and negative $2,035,000 at June 30, 2022 and is recorded on the Airport's balance sheet as a noncurrent liability; the unamortized balance of the borrowing is recorded on the Airport's balance sheet as a restricted current liability of $0 and $455,825 at June 30, 2023 and 2022, respectively, and a noncurrent liability of $0 and $427,161 at June 30, 2023 and 2022, respectively.

8. Industrial Revenue Bonds:

The Port facilitates the issuance of industrial revenue bonds by others to finance construction of industrial facilities within the Port district which it leases or sells on installment contracts to the industrial users. Such facilities and the related receipts from lease rentals and contract payments are pledged for payment of the bonds. The bonds are not a liability or contingent liability of the Port or a lien on any of its properties or revenues other than the industrial facilities for which they were issued. Accordingly, the bond liability and related receivables are not reflected in the Port's financial statements.

Industrial revenue bonds for Airport industrial facilities were outstanding in the amount of $17,300,000 at both June 30, 2023 and 2022.

9. Pension Plans and Deferred Compensation Plan:

Most employees, after six months of employment, are participants in the State of Oregon Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan (Plan), administered by PERS, to which employees and employers both contribute. Benefits generally vest after five years of service. Retirement is allowed at age 58 with unreduced benefits, but retirement is generally available after age 55 with reduced benefits. Retirement benefits are generally based on salary and length of service or retiree account balance, are calculated using a formula, and are payable in a lump sum or monthly using several payment options. Monthly benefits are adjusted annually through cost-of-living adjustments (COLA). A prospective cap on the COLA which took effect in fiscal 2015 and beyond varies based upon the amount of the annual benefit. PERS also provides death and disability benefits. These benefit provisions and other requirements are established by state statutes.

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of PERS, and additions to/deductions from PERS' fiduciary net position, have 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 rate was 12.84 percent of annual covered payroll for fiscal years 2023 and 2022. The Port also pays the required employee contribution. The Port, by electing to join the State and Local Government Rate Pool, effective January 1, 2002, is part of the cost-sharing multiple-employer segment of the pension plan. Limited tax pension bonds were issued to fund the Port's estimated unfunded actuarial accrued liability (UAL) of $54,068,039 as of April 1, 2002, and $20,012,029 as of October 1, 2005. The proceeds from these bond issues are held by PERS in side accounts specific to the Port, and are factors in the calculation of the Port's employer contribution rates and the Port's proportionate share of the collective Net Pension Liability (NPL) or Net Pension Asset (NPA). Of these bond issue amounts, $25,550,920 and $11,244,225 were applicable to the Airport, and were recorded on the Airport balance sheet as liabilities (due to Marine & Other). The Airport liability is reduced proportionately as the Marine & Other activity makes principal payments on the pension bonds. Principal payments on the pension bonds were made in the amounts of $6,350,000 and $5,605,000 in fiscal 2023 and 2022, respectively, of which $3,135,853 and $2,770,818 were applicable to the Airport.

In December 2019, the Port contributed $30 million to PERS in order to create two new Port-specific side accounts to provide future pension contribution rate relief for the Port. Both new accounts were funded by the Marine & Other activity. One side account in the amount of $20 million qualified for nearly $5 million in matching funds from the Oregon State Employer Incentive Fund; this account is being amortized to provide pension rate relief over 16 years beginning January 1, 2020. The second side account was established in the amount of $10 million and is being amortized to provide pension rate relief over 10 years, with rate relief deferred to commence on July 1, 2029. The intent of creating these side accounts was to effectively offset a portion of the Port's proportionate share of the collective NPL attributable to the Marine & Other activity and reduce future Port pension contributions for the Marine & Other activity over a total of 20 years. The matching funds were reported in other nonoperating income on the statement of revenues, expenses, and changes in net position. PERS does not recognize the Airport as a separate activity of the Port, so internal accounting adjustments are necessary for rate relief from the new side accounts to be credited only to the Marine & Other activity.

The 2003 Oregon legislature adopted a number of amendments to the benefit structure of PERS, later modified by the Oregon Supreme Court. In addition to adopting amendments to the benefit structure of PERS, the 2003 legislature passed HB 2020, which established a successor pension plan to PERS, the Oregon Public Service Retirement Plan (OPSRP). All public employees hired on or after August 29, 2003, unless membership was previously established in PERS, become participants in OPSRP, generally after six months of employment. OPSRP is a hybrid pension plan with two components, the Pension Program (a defined benefit program) and the Individual Account Program (IAP) (a defined contribution program), and is administered by PERS, the agency. The Pension Program is funded by employer contributions. For general service members, normal retirement age is 65 or age 58 with 30 years of service, and for police and fire members, normal retirement age is 60 or age 53 with 25 years of service. Retirement benefits under the Pension Program are calculated using a formula based on final average salary, as defined, and years of service.

9. Pension Plans and Deferred Compensation Plan, continued:

The IAP is funded by a 6 percent employee contribution (which may be paid by the employer for the employee). The Port pays the employee contribution. Employee contributions are placed in an employee account, accounts are adjusted for earnings or losses, and are paid at retirement, either as a lump sum or in installments. Effective January 1, 2004, required 6 percent employee contributions for PERS members were paid to the member's IAP account rather than the member's PERS account, as required by the 2003 legislation. In 2019, Oregon Legislature enacted Senate Bill 1049, which made a number of amendments to PERS, including redirecting 2.5 percent for PERS members and 0.75 percent for OPSRP members of the required employee 6 percent contributions from a member's IAP account to the member's employee pension stability account, effective July 1, 2020. The Port's employer contribution rate to OPSRP, set periodically by PERS based on actuarial valuations, was 7.94 percent of annual covered payroll for general service members and 12.30 percent for police and fire members for fiscal 2023 and fiscal 2022; the Port also pays the required employee contributions of 6 percent of annual covered salary.

The Port's fiscal 2023 and 2022 regular pension contributions recognized by PERS were $11,018,267 and $10,418,292. Actuarial determinations are not made solely as to Airport employees. PERS contributions of $5,545,611 and $5,231,003 were applicable to the Airport for fiscal years 2023 and 2022, respectively, based upon Port payroll expense.

GASB Statement No. 68 (GASB 68) establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense. For defined benefit pensions, GASB 68 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. GASB 68 requires the liability of employers to employees for defined benefit plans (NPL or NPA) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (Total Pension Liability (TPL) or Total Pension Asset (TPA)), less the amount of the pension plan's fiduciary net position. Employers participating in cost-sharing plans recognize their proportionate share of the collective pension amounts for all benefits provided through the plan based on an allocation methodology.

The Port recognizes its proportion of the PERS NPL or NPA, Deferred Outflows of Resources, Deferred Inflows of Resources, and pension expense. The TPL at June 30, 2023, was determined based on an actuarial valuation as of December 31, 2020, and rolled forward to the measurement date of June 30, 2022; the TPL at June 30, 2022, was determined based on an actuarial valuation as of December 31, 2019, and rolled forward to the measurement date of June 30, 2021. The 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, 2023, the Port's proportionate share of the collective NPL of PERS is $77,868,793, or 0.50854729 percent of the total, and the Port recognized pension expense of $10,708,585 as its proportionate share of PERS pension expense. For the year ended June 30, 2022, the Port's proportionate share of the collective NPL of PERS is $62,620,834, or 0.52330205 percent of the total, and the Port recognized pension expense of $9,892,668 as its proportionate share of PERS pension expense. Actuarial determinations are not made solely as to Airport employees. For the year ended June 30, 2023, $52,803,103 of the NPL, and $5,279,482 of pension expense, was applicable to the Airport. For the year ended June 30, 2022, $45,444,353 of the NPL, and $4,877,224 of pension expense, was applicable to the Airport.

Actuarial assumptions used in the 2020 valuation rolled forward to the measurement date of June 30, 2022, and the 2019 valuation rolled forward to the measurement date of June 30, 2021, were as follows:

- Investment Rate of Return: 6.90 percent per annum
- Projected Salary Increases: 3.40 percent overall payroll growth
- Inflation Rate: 2.40 percent per annum

For the 2020 valuation rolled forward to the measurement date of June 30, 2022, and for the 2019 valuation rolled forward to the measurement date of June 30, 2021, 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.

9. Pension Plans and Deferred Compensation Plan, continued:

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 2020 valuation rolled forward to the measurement date of June 30, 2022 are based on the 2020 Experience Study, which reviewed experience for the four-year period ended on December 31, 2020. The methods and assumptions shown above for the 2019 valuation rolled forward to the measurement date of June 30, 2021 are based on the 2018 Experience Study, which reviewed experience for the four-year period ended on December 31, 2018.

GASB 68 generally requires that a blended discount rate be used to measure the TPL (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100 percent funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is PERS' independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

The discount rate used to measure the TPL of PERS was 6.90 percent for the measurement dates of Junes 30, 2022 and 2021. 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 2023, the Port's $77,868,793 proportionate share of the NPL was calculated using the discount rate of 6.90 percent as of the measurement date of June 30, 2022. If a discount rate 1 percentage point lower (5.90 percent) were used in the calculation, it would result in an NPL for the Port of $138,093,569. If a discount rate 1 percentage point higher (7.90 percent) were used in the calculation, it would result in an NPL for the Port of $27,463,437. For fiscal 2022, the Port's $62,620,834 proportionate share of the NPL was calculated using the discount rate of 6.90 percent as of the measurement date of June 30, 2021. If a discount rate 1 percentage point lower (5.90 percent) were used in the calculation, it would result in an NPL for the Port of $122,972,339. If a discount rate 1 percentage point higher (7.90 percent) were used in the calculation, it would result in an NPL for the Port of $12,128,530.

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, 2022 and 2021, the PERS Board reviewed long-term assumptions developed by both the actuary's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors in 2021. Each asset

9. Pension Plans and Deferred Compensation Plan, continued:

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.

Asset class	Target allocation	20-year annualized geometric mean
Global equity	30.62%	5.85%
Private equity	25.50%	7.71%
Core fixed income	23.75%	2.73%
Real estate	12.25%	5.66%
Master limited partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge fund of funds - multistrategy	1.25%	5.11%
Hedge fund equity - hedge	0.63%	5.31%
Hedge fund - macro	5.62%	5.06%
US Cash	-2.50% *	1.76%
Assumed inflation - mean	n/a	2.50%

* Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adapted at the OIC meeting on June 2, 2021.

Deferred items are calculated at the PERS level and allocated to the Port based upon its proportionate share. For the measurement dates of June 30, 2022 and 2021, 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,	2022	2021	2022	2021
Differences between expected and actual experience	$ 1,836,657	$ 3,918,474	$ 485,604	
Changes of assumptions	12,218,034	15,675,881	111,624	$ 164,803
Net difference between projected and actual earnings on plan investments			13,921,434	46,357,719
Differences between contributions and Port's proportionate share of system contributions	8,598,447	11,591,695	14,159,725	5,588,967
Total	$ 22,653,138	$ 31,186,050	$ 28,678,387	$ 52,111,489

Port employer contributions for PERS made after the measurement date are reported as deferred outflows on the balance sheet at June 30, 2023 and 2022 in the amount of $11,018,267 and $10,418,292, respectively; these contributions are recognized as a reduction in the Port’s NPL in the ensuing year. $5,545,611 and $5,231,003 of the deferred outflows were applicable to the Airport at June 30, 2023 and 2022, respectively.

9. Pension Plans and Deferred Compensation Plan, continued:

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
2024	$ 54,073	$ 61,371	$ 115,444
2025	(674,096)	(765,067)	(1,439,163)
2026	(3,675,398)	(4,171,404)	(7,846,802)
2027	1,929,058	2,189,389	4,118,447
2028	(455,830)	(517,345)	(973,175)
Total	$ (2,822,193)	$ (3,203,056)	$ (6,025,249)

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 sponsors an eligible deferred compensation plan under IRC Section 457(b) known as the Port of Portland Deferred Compensation Plan (the Plan) which is available to all Port employees. The Plan qualifies as a defined contribution pension plan under the criteria in GASB Statement No. 68, and permits eligible employees to defer a portion of their current salary until future years. The Port may at any time either prospectively or retroactively amend the Plan. The deferred compensation is not available to 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 makes no contributions to, recognizes no expense and has no liability for, and has little administrative involvement with the Plan. The Port has concluded that the Plan does not meet the criteria to be reported as a fiduciary activity, and the Plan assets are not included in the Port's financial statements.

10. Postemployment Healthcare Benefits:

The Port administers a single-employer defined-benefit healthcare plan which provides certain qualifying employees retiring under PERS or OPSRP with Port-paid healthcare coverage for the qualifying retiree until age 65. This program is being phased out and is closed to any employees that did not meet age and length-of-service eligibility requirements by December 31, 2011. The Port does not issue a publicly available report on the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75, and contributions to the plan are made on a pay-as-you-go basis.

Under Oregon State law, employees retiring under PERS or OPSRP may make a one-time election at retirement to continue their health insurance coverage through the Port until eligible for Medicare (usually age 65). Coverage may be elected for the retiring employee, their spouse, and for qualifying dependents. Premiums are paid by the retiree at the Port's pooled rate, which is the same rate paid for active employees. Retirees, on average, are expected to have higher health care costs than active employees, primarily due to the older average age of retirees. Since the same premium applies to both groups, the premiums paid for active employees by the Port are subsidizing the premiums for retirees. As a result, there is an 'implicit subsidy' paid by the Port; the implicit subsidy associated with retiree health care costs paid during the last year is also considered to be a contribution from the Port.

10. Postemployment Healthcare Benefits, continued:

At June 30, 2023, the following employees were covered by the benefits terms of the plan:

Inactive employees currently receiving benefit payments	23
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	782
	805

For the year ended June 30, 2023, the Port's total other postemployment benefit (OPEB) liability of $2,917,927 was determined based upon a July 1, 2023 actuarial valuation, measured as of June 30, 2023, with a reporting date of June 30, 2023; $1,469,665 of this OPEB liability was attributable to the Airport. The Port recognized OPEB benefit of $(266,725) in fiscal 2023, with $(165,900) of OPEB benefit applicable to the Airport. For the year ended June 30, 2022, the Port's total other postemployment benefit (OPEB) liability of $4,615,323 was determined based upon a July 1, 2021 actuarial valuation, measured as of June 30, 2022, with a reporting date of June 30, 2022; $2,407,377 of this OPEB liability was attributable to the Airport. The Port recognized OPEB benefit of $(7,196) in fiscal 2022, with $(21,125) of OPEB benefit applicable to the Airport.

The OPEB liability in the July 1, 2023 actuarial valuation measured as of June 30, 2023 was determined using the following actuarial assumptions:

- A discount rate of 4.13 percent based on the S&P Municipal Bond 20-Year High Grade Index as of June 30, 2023
- A healthcare cost trend rate of 6.25 percent grading uniformly to 5.20 percent over 2 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 Pub-2010 General Government and Safety Headcount weighted tables with improvements projected using scale MP-2021

The OPEB liability in the July 1, 2021 actuarial valuation measured as of June 30, 2022 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

Changes in the OPEB liability during fiscal 2023 are shown in the following table:

	Airport	Marine & Other	Total Port
Balance at 6/30/2022	$ 2,407,377	$ 2,207,946	$ 4,615,323
Service cost	119,997	87,644	207,641
Interest	46,611	42,550	89,161
Differences between expected and actual experience	(715,072)	(546,115)	(1,261,187)
Changes of assumptions	(305,085)	(254,498)	(559,583)
Benefit payments	(84,163)	(89,265)	(173,428)
Net change	(937,712)	(759,684)	(1,697,396)
Balance at 6/30/2023	$ 1,469,665	$ 1,448,262	$ 2,917,927

10. <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, 2023 actuarial valuation, measured as of June 30, 2023:

	1% Decrease	6.25% decreasing to 5.20% over 2 years, following the Getzen model thereafter	1% increase
Total OPEB liability, 6/30/2023	$ 2,650,152	$ 2,917,927	$ 3,227,902

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, 2022:

	1% Decrease	6.25% decreasing to 5.75% over 2 years, following the Getzen model thereafter	1% increase
Total OPEB liability, 6/30/2022	$ 4,088,152	$ 4,615,323	$ 5,236,054

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, 2023 actuarial valuation, measured as of June 30, 2023:

	1% Decrease (3.13%)	Discount Rate (4.13%)	1% increase (5.13%)
Total OPEB liability, 6/30/2023	$ 3,170,383	$ 2,917,927	$ 2,689,237

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, 2022:

	1% Decrease (1.18%)	Discount Rate (2.18%)	1% increase (3.18%)
Total OPEB liability, 6/30/2022	$ 5,046,064	$ 4,615,323	$ 4,221,533

At June 30, 2023, 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		$ 2,973,361
Changes of assumptions	$ 188,610	
Total	$ 188,610	$ 2,973,361

10. 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
2024	$ (332,508)	$ (231,019)	$ (563,527)
2025	(332,508)	(231,018)	(563,526)
2026	(315,145)	(253,598)	(568,743)
2027	(315,141)	(253,599)	(568,740)
2028	(145,738)	(114,373)	(260,111)
Thereafter	(145,729)	(114,375)	(260,104)
Total	$ (1,586,769)	$ (1,197,982)	$ (2,784,751)

11. Risk Management:

The Port has a comprehensive risk management program which primarily utilizes commercial insurance, with certain self-insurance, to provide protection from losses involving property, liability, injuries to personnel and errors and omissions, with various deductibles and self-insured retentions. Claims, litigation and other settlements have not exceeded the limits of available insurance coverage in any of the past three years, when insurance was applicable.

The Airport is a full participant in the Port's risk management program. The Airport's expenses related to this program are recorded when incurred, with cash being paid to the Port's General Fund for ease of administration.

The Port self-insures for certain workers' compensation losses for amounts up to $1,000,000 per accident. For amounts in excess of self-insured limits, insurance in the amount of the statutory limit per loss (unlimited) is maintained. Claim expenses and liabilities are recorded when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated.

Liabilities include an estimate for claims that have been incurred but not reported. Claims liabilities are based on the estimated ultimate cost of settling the claims, using past experience adjusted for current trends through a case-by-case review of all claims. Effective May 8, 1993, certain workers' compensation losses incurred after such date are the responsibility of an independent marine terminal management company.

Changes in the reported liability for workers' compensation resulted from the following:

	Fiscal Year Ended June 30, 2023	Fiscal Year Ended June 30, 2022
Beginning liability	$ 662,486	$ 847,734
Current year claims and changes in estimates	1,037,320	157,298
Claim payments	(491,928)	(342,546)
Ending liability	$ 1,207,878	$ 662,486

Approximately $615,297 and $428,858 of the liability was applicable to the Airport at June 30, 2023 and 2022, respectively.

12. Commitments and Contingencies:

At June 30, 2023, land acquisition and construction contract commitments aggregated approximately $946,800,000 for the Airport, $40,000,000 for Marine & Other, and $986,800,000 in total.

The Port is subject to federal, state, and local environmental laws and regulations. Pursuant to these laws and regulations, the Port has identified a number of contaminated sites on Port properties that will require remedial investigation and action. Some properties owned or operated by the Port may have unacceptable levels of contaminants in soil, sediments, or groundwater. In some cases, the Port has been designated by Federal or State government as a potentially responsible party (PRP) for the investigation and cleanup of properties owned by the Port or where the Port may have contributed to site contamination.

In December 2000, the Environmental Protection Agency (EPA) listed the Portland Harbor, including uplands portions, on the National Priorities List of Superfund sites pursuant to the Comprehensive Environmental Response Compensation and Liability Act. The EPA and the Oregon Department of Environmental Quality (DEQ) have identified the Port and other PRPs as potentially liable for cleanup of the site. The Port and other PRPs have signed an Administrative Settlement Agreement and Order on Consent (ASAOC) to perform remedial investigation and action activities for the site. Uplands activities are being conducted under the supervision of the DEQ. The Port has accrued approximately $1,500,000 for its estimated remaining share of the costs of these Portland Harbor investigative and remedial activities at June 30, 2023. 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 $25,900,000 and $2,100,000 in estimated costs for these cleanups at June 30, 2023. At another site, the Port has accrued approximately $27,000,000 in estimated remaining costs at June 30, 2023. 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	$ 795,000	$ 10,655	$ (25,655)	$ 780,000
less: current portion	(15,000)			(15,000)
Long-term liability	$ 780,000	$ 10,655	$ (25,655)	$ 765,000
Marine & Other:				
Environmental liabilities	$ 65,771,027	$ 6,993,698	$ (9,164,046)	$ 63,600,679
less: current portion	(11,033,776)	(6,589,130)	9,098,568	(8,524,338)
Long-term liability	$ 54,737,251	$ 404,568	$ (65,478)	$ 55,076,341

13. 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 $203,000 under agreements entered into by Multnomah County, $466,000 under agreements entered into by Clackamas County, and $1,232,000 under agreements entered into by Washington County.

14. <u>Net Position Deficit</u>:

The Port has net position deficits of $418,597,234 and $115,231,188 in the Airport Revenue Fund and CFC Fund (funds within the Airport activity) as of June 30, 2023. These deficits exist because bond proceeds are recorded in or reimbursed to construction funds and related long-term debt is recorded in these funds.

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REQUIRED SUPPLEMENTARY INFORMATION

(UNAUDITED)

THE PORT OF PORTLAND

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability - beginning	$ 4,615,323	$ 4,648,002	$ 6,619,654	$ 6,477,793	$ 6,283,870	$ 6,318,267	$ 6,332,670
Service cost	207,641	197,753	310,168	295,398	281,331	146,462	139,488
Interest	89,161	98,467	188,153	179,675	186,044	190,716	191,760
Differences between expected and actual experience	(1,261,187)		(2,283,987)		(376,487)		
Changes of assumptions	(559,583)		123,566		413,000		
Benefit payments	(173,428)	(328,899)	(309,552)	(333,212)	(309,965)	(371,575)	(345,651)
Net change	(1,697,396)	(32,679)	(1,971,652)	141,861	193,923	(34,397)	(14,403)
Total OPEB liability - ending	$ 2,917,927	$ 4,615,323	$ 4,648,002	$ 6,619,654	$ 6,477,793	$ 6,283,870	$ 6,318,267
Covered-employee payroll	$ 65,516,829	$ 54,531,536	$ 54,531,536	$ 57,832,773	$ 57,832,773	$62,444,085	$62,444,085
Total OPEB liability as a percentage of covered-employee payroll	4.5%	8.5%	8.5%	11.4%	11.2%	10.1%	10.1%

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria of paragraph 4 of Statement 75.

THE PORT OF PORTLAND

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF PERS NET PENSION LIABILITY (ASSET)

Measurement date as-of June 30,	**2022**	**2021**	**2020**	**2019**	**2018**
Port share of Net Pension Liability (Asset) - percentage	0.508547%	0.523302%	0.539894%	0.656754%	0.659650%
Port share of Net Pension Liability (Asset) - amount [A]	$ 77,868,793	$ 62,620,834	$117,823,511	$113,602,700	$ 99,928,241
Port covered-employee payroll [B]	$ 73,197,000	$ 72,503,000	$ 76,097,000	$ 72,101,000	$ 71,239,000
Port share of Net Pension Liability (Asset) as a percentage of Port covered-employee payroll [A/B]	106.4%	86.4%	154.8%	157.6%	140.3%
PERS fiduciary net position as a percentage of TPL	84.5%	87.6%	75.8%	80.2%	82.1%

Measurement date as-of June 30,	**2017**	**2016**	**2015**	**2014**	**2013**
Port share of Net Pension Liability (Asset) - percentage	0.643710%	0.687390%	0.627646%	0.636022%	0.636022%
Port share of Net Pension Liability (Asset) - amount [A]	$ 86,772,304	$103,193,124	$ 36,036,033	$ (14,416,804)	$ 32,457,134
Port covered-employee payroll [B]	$ 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]	122.3%	155.0%	54.1%	-23.5%	53.3%
PERS fiduciary net position as a percentage of TPL	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:	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016** [1]	**2015**	**2014**
Actuarially Determined Contribution	$ 11,018	$ 10,418	$ 8,899	$ 10,871	$ 8,714	$ 8,143	$ 5,549	$ 5,549	$ 5,332	$ 4,831
Contribution in relation to Actuarially Determined Contribution	$ 11,018	$ 10,418	$ 8,899	$ 10,871	$ 8,714	$ 8,143	$ 5,549	$ 5,549	$ 5,332	$ 4,831
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Employee Payroll	$ 78,726	$ 73,197	$ 72,503	$ 76,097	$ 72,101	$ 71,239	$ 70,942	$ 66,585	$ 66,637	$ 61,267
Contribution as a percentage of Covered Employee Payroll	14.0%	14.2%	12.3%	14.3%	12.1%	11.4%	7.8%	8.3%	8.0%	7.9%

[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)

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, 2023

	Budgetary Basis *		Excess Revenues
	Revenues	Expenditures	(Expenditures)
Port Funds:			
General Fund	$ 117,342,898	$ 161,972,607	$ (44,629,709)
Bond Construction Fund	19,138,319	14,902,639	4,235,680
Airport Revenue Fund	422,105,868	133,487,972	288,617,896
Airport Revenue Bond Fund	48,549,029	120,966,433	(72,417,404)
Airport Construction Fund	468,373,390	323,263,375	145,110,015
PFC Fund	32,279,720	24,250	32,255,470
PFC Bond Fund	443,368	13,510,871	(13,067,503)
CFC Fund	17,313,986	20,226	17,293,760
CFC Bond Fund	313,794	9,521,452	(9,207,658)
Totals - budgetary reporting basis	$ 1,125,860,372	$ 777,669,825	348,190,547
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			333,641,771
Internal costs on capital projects			19,835,263
Depreciation and amortization expense			(129,551,082)
Contributions from governmental agencies			(8,629,186)
Bond sale proceeds			(604,919,607)
Bond and contract payable principal expenditures			78,202,568
Change in unearned revenues and certain noncurrent receivables			(3,154,119)
Difference between income and proceeds from sales of land			(1,661,936)
Noncash pension and OPEB expense			692,359
Amortization of bond issuance costs and deferred charges on refunding bonds			(2,011,696)
Amortization of deferred lease inflows			5,652,223
Noncash derivative instrument interest			991,425
Other			3,729,909
Income before contributions and transfers per Statement of Revenues, Expenses, and Changes in Net Position			$ 41,008,439

* 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, 2023

	Budgetary Basis *		Excess
	Revenues	Expenditures	Revenues (Expenditures)
Airport Funds:			
Airport Revenue Fund	$ 422,105,868	$ 133,487,972	$ 288,617,896
Airport Revenue Bond Fund	48,549,029	120,966,433	(72,417,404)
Airport Construction Fund	468,373,390	323,263,375	145,110,015
PFC Fund	32,279,720	24,250	32,255,470
PFC Bond Fund	443,368	13,510,871	(13,067,503)
CFC Fund	17,313,986	20,226	17,293,760
CFC Bond Fund	313,794	9,521,452	(9,207,658)
Totals - budgetary reporting basis	$ 989,379,155	$ 600,794,579	388,584,576
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			318,756,694
Internal costs on capital projects			3,882,738
Depreciation and amortization expense			(107,740,916)
Bond sale proceeds			(604,919,607)
Bond principal expenditures			69,554,107
Amortization of bond issuance costs and deferred charges on refunding bonds			(2,148,936)
Amortization of deferred lease inflows			3,492,470
Allocation of pension debt service			(4,564,524)
Change in unearned revenues and certain noncurrent receivables			(963,568)
Intra-Port services received, provided, and overhead			(30,926,053)
Noncash derivative instrument interest			1,807,006
Other			1,802,272
Income before contributions and transfers per Statement of Revenues, Expenses, and Changes in Net Position			$ 36,616,259

* 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, 2023

	Resources				Over
		Transfers			(Under)
	Original	In (Out)	Revised	Actual	Budget
REVENUES:					
Operating revenues:					
Administration	$ 173,500		$ 173,500	$ 253,145	$ 79,645
Marine	63,864,019		63,864,019	60,416,380	(3,447,639)
Trade and Economic Development	6,571,333		6,571,333	9,198,909	2,627,576
Navigation	23,678,072	$ 8,500,000	32,178,072	24,622,069	(7,556,003)
General Aviation	4,007,353		4,007,353	3,963,543	(43,810)
	98,294,277	8,500,000	106,794,277	98,454,046	(8,340,231)
Bonds, loans and other	4,480,000		4,480,000		(4,480,000)
Fixed asset sales and other	3,000,000		3,000,000	12,069,472	9,069,472
Interest	1,353,700		1,353,700	6,819,380	5,465,680
Total revenues	107,127,977	8,500,000	115,627,977	117,342,898	1,714,921
TRANSFERS FROM OTHER FUNDS:					
Bond Construction Fund	3,946,002		3,946,002	2,921,320	(1,024,682)
Airport Construction Fund	13,090,189		13,090,189	13,031,206	(58,983)
Airport Revenue Fund	39,496,328		39,496,328	40,290,815	794,487
Total transfers	56,532,519		56,532,519	56,243,341	(289,178)
Total revenues and transfers	163,660,496	8,500,000	172,160,496	173,586,239	1,425,743
BEGINNING WORKING CAPITAL	200,937,555		200,937,555	256,781,449	55,843,894
Total resources	$ 364,598,051	$ 8,500,000	$ 373,098,051	$ 430,367,688	$ 57,269,637

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
GENERAL FUND
(BUDGETARY BASIS), Continued
for the year ended June 30, 2023

	Appropriations Original	Appropriations Transfers In (Out)	Appropriations Revised	Actual	(Over) Under Budget
EXPENDITURES:					
Administration	$ 63,411,095		$ 63,411,095	$ 57,124,059	$ 6,287,036
Marine	59,448,270	$ 5,250,000	64,698,270	61,176,999	3,521,271
Trade and Economic Development	8,606,257		8,606,257	7,148,731	1,457,526
Navigation	16,204,460	8,500,000	24,704,460	16,107,245	8,597,215
General Aviation	3,141,607	350,000	3,491,607	3,059,571	432,036
Long-term debt payments	12,972,532		12,972,532	12,145,703	826,829
System development charges/other	375,000		375,000		375,000
Other environmental	4,771,527	2,000,000	6,771,527	5,210,299	1,561,228
Contingencies	184,271,262	(7,600,000)	176,671,262		176,671,262
Total expenditures	353,202,010	8,500,000	361,702,010	161,972,607	199,729,403
TRANSFERS TO OTHER FUNDS:					
Bond Construction Fund	10,778,951		10,778,951		10,778,951
Airport Revenue Fund	617,090		617,090	633,223	(16,133)
Total transfers	11,396,041		11,396,041	633,223	10,762,818
Total expenditures and transfers	$ 364,598,051	$ 8,500,000	$ 373,098,051	162,605,830	$ 210,492,221
ENDING WORKING CAPITAL				$ 267,761,858	

THE PORT OF PORTLAND

SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS

BOND CONSTRUCTION FUND

(BUDGETARY BASIS)

for the year ended June 30, 2023

	Budget	Actual	Over (Under) Budget
REVENUES:			
Interest and other	$ 59,400	$ 411,741	$ 352,341
Grants	12,941,273	3,711,369	(9,229,904)
	13,000,673	4,123,110	(8,877,563)
Tax and tax items:			
Current property tax levy - net	14,867,949	15,028,626	160,677
Interest on taxes	10,000	(13,417)	(23,417)
	14,877,949	15,015,209	137,260
Total revenues	27,878,622	19,138,319	(8,740,303)
TRANSFERS FROM OTHER FUNDS:			
General Fund	10,778,951		(10,778,951)
Airport Revenue Fund	14,667,133	7,382,695	(7,284,438)
Total transfers	25,446,084	7,382,695	(18,063,389)
BEGINNING WORKING CAPITAL	10,000,000	15,041,841	5,041,841
Total resources	$ 63,324,706	41,562,855	$ (21,761,851)

	Budget	Actual	(Over) Under Budget
EXPENDITURES:			
Capital outlay	$ 49,357,590	14,902,639	$ 34,454,951
Contingencies	10,000,000		10,000,000
Total expenditures	59,357,590	14,902,639	44,454,951
TRANSFERS TO OTHER FUNDS:			
General Fund	3,946,002	2,921,320	1,024,682
Airport Revenue Fund	21,114	9,471	11,643
Total transfers	3,967,116	2,930,791	1,036,325
Total expenditures and transfers	$ 63,324,706	17,833,430	$ 45,491,276
ENDING WORKING CAPITAL		$ 23,729,425	

THE PORT OF PORTLAND

SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS

AIRPORT REVENUE FUND

(BUDGETARY BASIS)

for the year ended June 30, 2023

	Resources Original	Resources Transfers In (Out)	Resources Revised	Actual	Over (Under) Budget
REVENUES:					
Operating revenue - Portland International Airport	$ 304,725,225		$ 304,725,225	$ 309,750,026	$ 5,024,801
Interest and other	1,871,000		1,871,000	5,080,574	3,209,574
Commercial paper proceeds	300,000,000		300,000,000	95,349,344	(204,650,656)
Grants	30,000,000		30,000,000	11,925,924	(18,074,076)
Total revenues	636,596,225		636,596,225	422,105,868	(214,490,357)
TRANSFERS FROM OTHER FUNDS:					
General Fund	617,090		617,090	633,223	16,133
Bond Construction Fund	21,114		21,114	9,471	(11,643)
Airport Construction Fund	305,496,302		305,496,302	3,873,267	(301,623,035)
CFC Fund				351	351
Total transfers	306,134,506		306,134,506	4,516,312	(301,618,194)
Total revenues and transfers	942,730,731		942,730,731	426,622,180	(516,108,551)
BEGINNING WORKING CAPITAL	129,855,000		129,855,000	278,182,943	148,327,943
Total resources	$ 1,072,585,731		$ 1,072,585,731	704,805,123	$ (367,780,608)

	Appropriations Original	Appropriations Transfers In (Out)	Appropriations Revised	Actual	(Over) Under Budget
EXPENDITURES:					
Operating expenditures	$ 139,744,312		$ 139,744,312	132,812,746	$ 6,931,566
Commercial paper debt service payments	300,500,000		300,500,000	422,192	300,077,808
Other	50,000	$ 300,000	350,000	253,034	96,966
Contingencies	140,000,000	(300,000)	139,700,000		139,700,000
Total expenditures	580,294,312		580,294,312	133,487,972	446,806,340
TRANSFERS TO OTHER FUNDS:					
General Fund	39,496,327		39,496,327	40,290,815	(794,488)
Bond Construction Fund	14,667,134		14,667,134	7,382,695	7,284,439
Airport Construction Fund	353,205,835		353,205,835	115,948,151	237,257,684
Airport Revenue Bond Fund	84,922,123		84,922,123	92,258,847	(7,336,724)
Total transfers	492,291,419		492,291,419	255,880,508	236,410,911
Total expenditures and transfers	$ 1,072,585,731	$	$ 1,072,585,731	389,368,480	$ 683,217,251
ENDING WORKING CAPITAL				$ 315,436,643	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
AIRPORT REVENUE BOND FUND
(BUDGETARY BASIS)
for the year ended June 30, 2023

	Original	Transfers In (Out)	Revised	Actual	Over (Under) Budget
REVENUES:					
Interest and other	$ 67,700		$ 67,700	$ 2,311,354	$ 2,243,654
Bond sale and other debt proceeds	21,000,000	$ 49,000,000	70,000,000	46,237,675	(23,762,325)
Total revenues	21,067,700	49,000,000	70,067,700	48,549,029	(21,518,671)
TRANSFERS FROM OTHER FUNDS:					
Airport Revenue Fund	84,922,123		84,922,123	92,258,847	7,336,724
Airport Construction Fund	29,605,750	16,000,000	45,605,750	43,848,328	(1,757,422)
Total transfers	114,527,873	16,000,000	130,527,873	136,107,175	5,579,302
Total revenues and transfers	135,595,573	65,000,000	200,595,573	184,656,204	(15,939,369)
BEGINNING RESTRICTED ASSETS AVAILABLE FOR FUTURE DEBT SERVICE	100,247,326		100,247,326	96,327,423	(3,919,903)
Total resources	$ 235,842,899	$ 65,000,000	$ 300,842,899	280,983,627	$ (19,859,272)

	Original	Transfers In (Out)	Revised	Actual	(Over) Under Budget
EXPENDITURES:					
Long-term debt payments	$ 114,595,573	$ 16,000,000	$ 130,595,573	120,966,433	$ 9,629,140
Total expenditures	114,595,573	16,000,000	130,595,573	120,966,433	$ 9,629,140
UNAPPROPRIATED BALANCE	121,247,326	49,000,000	170,247,326		
	$ 235,842,899	$ 65,000,000	$ 300,842,899		
ENDING RESTRICTED ASSETS AVAILABLE FOR FUTURE DEBT SERVICE				$ 160,017,194	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
AIRPORT CONSTRUCTION FUND
(BUDGETARY BASIS)
for the year ended June 30, 2023

	Resources				Over
	Original	Transfers In (Out)	Revised	Actual	(Under) Budget
REVENUES:					
Grants	$ 49,466,183		$ 49,466,183	$ 1,019,261	$ (48,446,922)
Interest and other	812,100		812,100	2,169,432	1,357,332
Bond and Other Debt Proceeds	309,000,000	$ 571,000,000	880,000,000	465,184,697	(414,815,303)
Total revenues	359,278,283	571,000,000	930,278,283	468,373,390	(461,904,893)
TRANSFERS FROM OTHER FUNDS:					
Airport Revenue Fund	353,205,835		353,205,835	115,948,151	(237,257,684)
CFC Fund	11,000,000		11,000,000	1,835,373	(9,164,627)
Total transfers	364,205,835		364,205,835	117,783,524	(246,422,311)
BEGINNING RESTRICTED ASSETS AVAILABLE FOR APPROPRIATION	200,817,821		200,817,821	208,714,473	7,896,652
Total resources	$ 924,301,939	$ 571,000,000	$ 1,495,301,939	794,871,387	$ (700,430,552)

	Appropriations				(Over)
	Original	Transfers In (Out)	Revised	Actual	Under Budget
EXPENDITURES:					
Capital outlay	$ 397,082,277		$ 397,082,277	321,411,266	$ 75,671,011
Bond issue costs/other	2,000,000	$ 3,000,000	5,000,000	1,852,109	3,147,891
Contingencies	177,027,421	552,000,000	729,027,421		729,027,421
Total expenditures	576,109,698	555,000,000	1,131,109,698	323,263,375	807,846,323
TRANSFERS TO OTHER FUNDS:					
General Fund	13,090,189		13,090,189	13,031,206	58,983
Airport Revenue Fund	305,496,302		305,496,302	3,873,267	301,623,035
Airport Revenue Bond Fund	29,605,750	16,000,000	45,605,750	43,848,328	1,757,422
Total transfers	348,192,241	16,000,000	364,192,241	60,752,801	303,439,440
Total expenditures and transfers	$ 924,301,939	$ 571,000,000	$ 1,495,301,939	384,016,176	$ 1,111,285,763
ENDING RESTRICTED ASSETS AVAILABLE FOR APPROPRIATION				$ 410,855,211	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
PFC FUND
(BUDGETARY BASIS)
for the year ended June 30, 2023

	Budget	Actual	Over (Under) Budget
REVENUES:			
Interest and other	$ 680,000	$ 1,526,433	$ 846,433
Passenger facility charges	30,148,263	30,753,287	605,024
Total revenues	30,828,263	32,279,720	1,451,457
BEGINNING RESTRICTED ASSETS AVAILABLE FOR APPROPRIATION	91,779,354	94,608,618	2,829,264
Total resources	$ 122,607,617	126,888,338	$ 4,280,721

	Budget	Actual	(Over) Under Budget
EXPENDITURES:			
Other	$ 100,000	24,250	$ 75,750
Contingencies	108,805,617		108,805,617
Total expenditures	108,905,617	24,250	108,881,367
TRANSFERS TO OTHER FUNDS:			
PFC Bond Fund	13,702,000	14,448,675	(746,675)
Total expenditures and transfers	$ 122,607,617	14,472,925	$ 108,134,692
ENDING RESTRICTED ASSETS AVAILABLE FOR APPROPRIATION		$ 112,415,413	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
PFC BOND FUND
(BUDGETARY BASIS)
for the year ended June 30, 2023

	Budget	Actual	Over (Under) Budget
REVENUES:			
Interest and other	$ 9,000	$ 443,368	$ 434,368
Total revenues	9,000	443,368	434,368
TRANSFERS FROM OTHER FUNDS:			
PFC Fund	13,702,000	14,448,675	746,675
BEGINNING RESTRICTED ASSETS AVAILABLE FOR FUTURE DEBT SERVICE	14,282,801	12,124,427	(2,158,374)
Total resources	$ 27,993,801	27,016,470	$ (977,331)

	Budget	Actual	(Over) Under Budget
EXPENDITURES:			
Long-term debt payments	$ 13,731,000	13,510,871	$ 220,129
Total expenditures	13,731,000	13,510,871	$ 220,129
UNAPPROPRIATED BALANCE	14,262,801		
	$ 27,993,801		
ENDING RESTRICTED ASSETS AVAILABLE FOR FUTURE DEBT SERVICE		$ 13,505,599	

THE PORT OF PORTLAND

SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS

CFC FUND

(BUDGETARY BASIS)

for the year ended June 30, 2023

	Budget	Actual	Over (Under) Budget
REVENUES:			
Interest and other	$ 182,600	$ 450,716	$ 268,116
Customer facility charges	14,359,922	16,863,270	2,503,348
Total revenues	14,542,522	17,313,986	2,771,464
BEGINNING RESTRICTED ASSETS			
AVAILABLE FOR APPROPRIATION	28,796,763	29,714,439	917,676
Total resources	43,339,285	47,028,425	$ 3,689,140

	Budget	Actual	(Over) Under Budget
EXPENDITURES:			
Bank fees and other	$ 50,000	20,226	$ 29,774
Contingencies	22,774,333		22,774,333
Total expenditures	22,824,333	20,226	22,804,107
TRANSFERS TO OTHER FUNDS:			
Airport Revenue Fund		351	(351)
Airport Construction Fund	11,000,000	1,835,373	9,164,627
CFC Bond Fund	9,514,952	10,263,663	(748,711)
Total transfers	20,514,952	12,099,387	8,415,565
UNAPPROPRIATED BALANCE			
Total expenditures and transfers	$ 43,339,285	12,119,613	$ 31,219,672
ENDING RESTRICTED ASSETS			
AVAILABLE FOR APPROPRIATION		$ 34,908,812	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
CFC BOND FUND
(BUDGETARY BASIS)
for the year ended June 30, 2023

	Budget	Actual	Over (Under) Budget
REVENUES:			
Interest and other	$ 6,500	$ 313,794	$ 307,294
Total revenues	6,500	313,794	307,294
TRANSFERS FROM OTHER FUNDS:			
CFC Fund	9,514,952	10,263,663	748,711
Total transfers	9,514,952	10,263,663	748,711
Total revenues and transfers	9,521,452	10,577,457	1,056,005
BEGINNING RESTRICTED ASSETS AVAILABLE FOR APPROPRIATION	9,755,605	9,761,665	6,060
Total resources	$ 19,277,057	20,339,122	$ 1,062,065

	Budget	Actual	(Over) Under Budget
EXPENDITURES:			
Long-term debt payments	$ 9,521,452	9,521,452	$
Total expenditures	9,521,452	9,521,452	$
UNAPPROPRIATED BALANCE	9,755,605		
Total expenditures and transfers	$ 19,277,057		
ENDING RESTRICTED ASSETS AVAILABLE FOR APPROPRIATION		$ 10,817,670	

THE PORT OF PORTLAND
COMBINING BALANCE SHEET – ALL FUNDS
June 30, 2023

		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	$ 131,346,928	$ 131,308,588	$ 131,226,663	$ 81,925	$ 38,340	$ 38,340						
Equity in pooled investments	455,196,614	161,896,722	140,741,767	21,154,955	293,299,892	293,299,892						
Restricted cash and equity in pooled investments	168,138,798				168,138,798		$ 84,354,529	$ 66,195,034		$ 11,118,509		$ 6,470,726
Receivables, net of allowance for doubtful accounts	46,922,865	28,497,960	23,543,734	4,954,226	18,424,905	18,424,905						
Lease receivable	41,878,981	11,162,830	11,162,830		30,716,151	30,716,151						
Prepaid insurance and other assets	7,667,068	2,676,349	2,291,367	384,982	4,990,719	4,990,719						
Total current assets	851,151,254	335,542,449	308,966,361	26,576,088	515,608,805	347,470,007	84,354,529	66,195,034		11,118,509		6,470,726
Noncurrent assets:												
Restricted assets:												
Cash and equity in pooled investments	762,513,118	5,754,811	5,754,811		756,758,307	23,000,416	159,997,601	409,032,818	$ 107,312,884	13,499,873	$ 33,097,045	10,817,670
Receivables	8,106,087				8,106,087		19,593	1,166,472	5,102,529	5,726	1,811,767	
Contract retainage deposits	655,921				655,921			655,921				
Total restricted assets	771,275,126	5,754,811	5,754,811		765,520,315	23,000,416	160,017,194	410,855,211	112,415,413	13,505,599	34,908,812	10,817,670
Land held for sale	40,111,470	40,111,470	37,118,571	2,992,899								
Depreciable properties, net of accumulated depreciation and amortization	1,754,128,487	157,002,258	157,002,258		1,597,126,229	1,597,126,229						
Nondepreciable properties	1,173,480,227	118,334,919	81,144,283	37,190,636	1,055,145,308	68,042,167		987,103,141				
Lease receivable	373,260,197	162,227,818	162,227,818		211,032,379	211,032,379						
Due from other funds		18,849,988 *	18,849,988 *									
Unamortized bond issue costs and other noncurrent assets	4,871,716	3,253,967	3,253,967		1,617,749	1,597,189			20,560			
Total noncurrent assets	4,117,127,223	505,535,231	465,351,696	40,183,535	3,630,441,980	1,900,798,380	160,017,194	1,397,958,352	112,435,973	13,505,599	34,908,812	10,817,670
Deferred outflows of resources:												
Deferred charges on refunding bonds	10,110,154				10,110,154	8,851,876			1,258,278			
Deferred charges on pensions and OPEB	33,860,015	16,972,829	16,972,829		16,887,186	16,887,186						
Total deferred outflows of resources	43,970,169	16,972,829	16,972,829		26,997,340	25,739,062			1,258,278			
Total assets	$ 5,012,248,646	$ 858,050,509	$ 791,290,886	$ 66,759,623	$ 4,173,048,125	$ 2,274,007,449	$ 244,371,723	$ 1,464,153,386	$ 113,694,251	$ 24,624,108	$ 34,908,812	$ 17,288,396
LIABILITIES												
Current liabilities (payable from current assets):												
Current portion of long-term debt	$ 8,648,461	$ 8,648,461	$ 8,648,461									
Accounts payable, lease and other accrued liabilities	46,073,707	23,685,579	20,838,916	$ 2,846,663	$ 22,388,128	$ 22,388,128						
Accrued wages, vacation and sick leave pay	14,088,049	6,720,456	6,720,456		7,367,593	7,367,593						
Workers' compensation and other accrued liabilities	7,274,313	4,996,670	4,996,670		2,277,643	2,277,643						
Total current liabilities (payable from current assets)	76,084,530	44,051,166	41,204,503	2,846,663	32,033,364	32,033,364						
Restricted liabilities (payable from restricted assets):												
Current portion of long-term debt and other	53,655,000				53,655,000		$ 40,485,000			$ 9,750,000		$ 3,420,000
Accrued interest payable	48,288,764				48,288,764		43,869,529			1,368,509		3,050,726
Accounts payable	65,443,088				65,443,088			$ 65,443,088				
Contract retainage payable	751,946				751,946			751,946				
Total restricted current liabilities (payable from restricted assets)	168,138,798				168,138,798		84,354,529	66,195,034		11,118,509		6,470,726
Total current liabilities	244,223,328	44,051,166	41,204,503	2,846,663	200,172,162	32,033,364	84,354,529	66,195,034		11,118,509		6,470,726
Noncurrent liabilities:												
Long-term environmental and other accruals	59,000,185	57,841,396	57,841,396		1,158,789	1,158,789						
Long-term debt	2,558,695,566	40,139,330	40,139,330		2,518,556,236	2,295,123,972			$ 73,292,264		$ 150,140,000	
Unearned revenue and other	64,200,876	23,911,685	23,911,685		40,289,191	40,289,191						
Net pension and OPEB liability	80,786,718	26,513,950	26,513,950		54,272,768	54,272,768						
Due to other funds					18,849,988 *	18,849,988 *						
Total noncurrent liabilities	2,762,683,345	148,406,361	148,406,361		2,633,126,972	2,409,694,708			73,292,264		150,140,000	
Deferred inflows of resources:												
Deferred lease inflows	399,216,236	164,090,163	164,090,163		235,126,073	235,126,073						
Deferred pension inflows and other deferred inflows of resources	32,222,239	16,471,701	16,471,701		15,750,538	15,750,538						
Total deferred inflows of resources	431,438,475	180,561,864	180,561,864		250,876,611	250,876,611						
Total liabilities	3,438,345,148	373,019,391	370,172,728	2,846,663	3,084,175,745	2,692,604,683	84,354,529	66,195,034	73,292,264	11,118,509	150,140,000	6,470,726
NET POSITION												
Net investment in capital assets	698,630,061	306,035,856	265,852,321	40,183,535	392,594,205	(638,449,190)	(40,485,000)	1,306,851,821	(72,013,426)	(9,750,000)	(150,140,000)	(3,420,000)
Restricted for capital and debt service	483,834,934	5,754,811	5,754,811		478,080,123	1,653,904	200,502,194	91,106,531	112,415,413	23,255,599	34,908,812	14,237,670
Unrestricted	391,438,503	173,240,451	149,511,026	23,729,425	218,198,052	218,198,052						
Total net position	1,573,903,498	485,031,118	421,118,158	63,912,960	1,088,872,380	(418,597,234)	160,017,194	1,397,958,352	40,401,987	13,505,599	(115,231,188)	10,817,670
Total liabilities and net position	$ 5,012,248,646	$ 858,050,509	$ 791,290,886	$ 66,759,623	$ 4,173,048,125	$ 2,274,007,449	$ 244,371,723	$ 1,464,153,386	$ 113,694,251	$ 24,624,108	$ 34,908,812	$ 17,288,396

* Amount eliminated in the Combined All Funds column.

THE PORT OF PORTLAND
SCHEDULE OF NET REVENUES
for the year ended June 30, 2023

Operating revenues:	
Airline revenues	$ 158,629,551
Concessions and other rentals	147,619,530
Other	15,698,816
	321,947,897
Interest income - revenue fund and revenue bond fund	7,579,965
	329,527,862
Costs of operation and maintenance, excluding depreciation:	
Salaries, wages and fringe benefits	61,112,705
Contract, professional and consulting services	41,424,934
Materials and supplies	6,322,344
Utilities	12,106,751
Equipment rents, repair and fuel	1,693,031
Insurance	6,136,641
Lease and rent	8,380
Travel and management expense	2,653,152
Allocation of general and administration expense of the Port of Portland	27,613,924
Other	3,193,708
	162,265,570
Net revenues, as defined by Section 2(r) of Ordinance No. 155 *	$ 167,262,292

* 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

SCHEDULE OF COMPLIANCE WITH ORDINANCE NOS. 155 AND 323
DEBT SERVICE COVERAGE REQUIREMENTS
for the year ended June 30, 2023

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		$ 167,262,292
SLB debt service requirement:		
Interest and principal amount	$ 85,553,000	
	x 130%	
Total net revenues required		111,218,900
Excess of net revenues over 130% of SLB debt service requirement		$ 56,043,392

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		$ 56,043,392
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		$ 56,043,392

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		$ 56,043,392
Other amounts available to pay other swap obligations		
Total available to pay Other Obligations		56,043,392
Other swap obligations	$ 176,273	
Junior lien obligations		
Total Other Obligations		176,273
Excess amount over 130% of SLB debt service requirement, 100% of excess principal requirement, and Other Obligations		$ 55,867,119

THE PORT OF PORTLAND
PORTLAND INTERNATIONAL AIRPORT
SCHEDULE OF REVENUE BOND CONSTRUCTION ACCOUNT ACTIVITY
for the year ended June 30, 2023

	Bond Proceeds Portion	Capitalized Interest Portion
Construction account, June 30, 2022	$ 64,687,954	$ 49,725,175
Bond sale proceeds	431,133,416	34,051,281
Interest income	4,622,446	1,346,015
	500,443,816	85,122,471
Construction expenditures	227,454,193	
Issuance expenditures	1,882,372	
Transfers to revenue bond fund		36,481,042
Construction account, June 30, 2023	$ 271,107,251	$ 48,641,429

NOTE: This schedule is provided in compliance with Section 8(d) of Ordinance No. 323.

THE PORT OF PORTLAND

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, 2023

Net revenues, per accompanying schedule of net revenues	$	167,262,292	
Less revenue bond fund interest income		(4,118,359)	
Applied to General Account, available to be applied to debt service of bonds	$	163,143,933	(1)
Bond debt service requirement, per accompanying schedule of compliance with Ordinance Nos. 155 and 323	$	85,553,000	(2)
Ratio (1)/(2)		1.91	
Required ratio		1.30	

NOTE: This schedule is provided in compliance with Section 5f of Ordinance No. 323.

THE PORT OF PORTLAND
SCHEDULE OF PASSENGER FACILITY CHARGE ACTIVITY
for the year ended June 30, 2023

	First Lien Bond Account	First Lien Reserve Account	Capital Account
Balances at June 30, 2022	$ 28,391	$ 12,096,037	$ 94,608,618
PFC revenues:			
PFC bond account	14,498,675		
Capital account			16,254,612
Interest earnings		443,368	1,301,039
Transfer from reserve account to bond account	443,368	(443,368)	
Bond payments to trustee	(13,510,871)		
Other, net			201,144
Balances at June 30, 2023	$ 1,459,563	$ 12,096,037	$ 112,365,413

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, 2023

Fiscal Year	Property Taxes Receivable June 30, 2022	Current Levy as Extended by Assessors	Deduct Cash Collections	Deduct Discounts Allowed	Cancellations and Adjustments	Property Taxes Receivable June 30, 2023	Interest Collected
2022-23		$ 15,518,072	$ (14,859,421)	$ (413,314)	$ (52,241)	$ 193,096	$ (18,229)
2021-22	$ 189,137		(103,422)		(16,952)	68,763	4,413
2020-21	69,320		(27,080)		(5,897)	36,343	8,667
2019-20	38,452		(21,969)		(618)	15,865	14,366
2018-19	13,325		(10,059)		1,132	4,398	1,858
2017-18 and prior	23,054		(2,204)		(1,584)	19,266	985
	$ 333,288	$ 15,518,072	$ (15,024,155)	$ (413,314)	$ (76,160)	$ 337,731	$ 12,060

Reconciliation to income from property taxes:

Current levy	$ 15,518,072
Deduct discounts allowed	(413,314)
Cancellations and adjustments	(76,160)
	$ 15,028,598

THE PORT OF PORTLAND

SCHEDULE OF BOND AND OTHER LONG-TERM DEBT PRINCIPAL TRANSACTIONS – BY SERIES
FOR THE YEAR ENDED JUNE 30, 2023

			2022-2023 Transactions			Outstanding June 30, 2023	
	Maturity Date	Outstanding at June 30, 2022	Issued	Matured	Redeemed	Total	Due Within One Year
LIMITED TAX PENSION BONDS:							
Series 2002B, 6.60% to 6.85%	06/01/28	$ 35,325,000		$ 4,840,000	$ 4,840,000	$ 30,485,000	$ 5,495,000
Series 2005, 4.00% to 5.50%	06/01/28	10,400,000		1,510,000	1,510,000	8,890,000	1,670,000
Total Limited Tax Pension Bonds		45,725,000		6,350,000	6,350,000	39,375,000	7,165,000
PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS:							
Series 18A, 4.55% *	07/01/26	17,525,000		3,295,000	3,295,000	14,230,000	3,450,000
Series 18B, 4.60% *	07/01/26	17,530,000		3,295,000	3,295,000	14,235,000	3,450,000
Series 21C, 4.375% to 5.00%	07/01/23	11,835,000		5,785,000	5,785,000	6,050,000	6,050,000
Series 22, 4.00% to 5.00%	07/01/44	84,480,000		2,040,000	2,040,000	82,440,000	2,140,000
Series 23, 5.00%	07/01/38	96,235,000		3,720,000	3,720,000	92,515,000	3,910,000
Series 24A, 5.00%	07/01/47	21,965,000				21,965,000	
Series 24B, 5.00%	07/01/47	201,685,000		4,375,000	4,375,000	197,310,000	4,595,000
Series 25A, 5.00%	07/01/49	21,825,000				21,825,000	
Series 25B, 5.00%	07/01/49	185,340,000		2,325,000	2,325,000	183,015,000	3,745,000
Series 26A, 4.00% to 5.00%	07/01/40	11,660,000		630,000	630,000	11,030,000	670,000
Series 26B, 5.00%	07/01/40	14,435,000		25,000	25,000	14,410,000	50,000
Series 26C, 5.00%	07/01/28	40,440,000		5,835,000	5,835,000	34,605,000	6,140,000
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		5,650,000	5,650,000	17,275,000	5,695,000
Series 28, 4.00% to 5.00%	07/01/52	527,005,000				527,005,000	590,000
Series 29, 5.00% to 5.50%	07/01/53		$ 566,120,000			566,120,000	
Total Portland Int'l Airport Revenue Bonds		1,564,420,000	566,120,000	36,975,000	36,975,000	2,093,565,000	40,485,000
PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REVENUE BONDS:							
Series 2012A, 4.678% *	07/01/24	29,275,000		9,265,000	9,265,000	20,010,000	9,750,000
Series 2022A, 5.00% *	07/01/31	51,620,000				51,620,000	
Total Portland Int'l Airport Passenger Facility Charge Revenue Bonds		80,895,000		9,265,000	9,265,000	71,630,000	9,750,000
PORTLAND INTERNATIONAL AIRPORT CUSTOMER FACILITY CHARGE REVENUE BONDS:							
Series 2019, 2.635% to 4.237%	07/01/49	156,890,000		3,330,000	3,330,000	153,560,000	3,420,000
Total Portland Int'l Airport Customer Facility Charge Revenue Bonds		156,890,000		3,330,000	3,330,000	153,560,000	3,420,000
Total Port Bonds		$ 1,847,930,000	$ 566,120,000	$ 55,920,000	$ 55,920,000	$ 2,358,130,000	$ 60,820,000
CONTRACTS & LOANS PAYABLE:							
Oregon Business Development Dept., B08005, 5.00%	12/01/30	$ 3,644,399		$ 331,627	$ 331,627	$ 3,312,772	$ 349,458
Banc of America Leasing & Capital, LLC, 4.5%	06/01/28	7,184,214		1,084,195	1,084,195	6,100,019	1,134,003
Total Contracts & Loans Payable		$ 10,828,613		$ 1,415,822	$ 1,415,822	$ 9,412,791	$ 1,483,461
TOTAL PORT LONG-TERM DEBT		$ 1,858,758,613	$ 566,120,000	$ 57,335,822	$ 57,335,822	$ 2,367,542,791	$ 62,303,461

Note: Interest rates relate to original issue. Certain coupons are no longer outstanding.
* Interest rate at June 30, 2023. 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, 2023

		2022 - 23 Transactions				
	Outstanding at June 30, 2022	Issued	Interest Matured and Paid	Interest Fluctuations and Redemptions	Outstanding at June 30, 2023	Maturing Within One Year
LIMITED TAX PENSION BONDS:						
Series 2002B, 6.60% to 6.85%	$ 8,544,391		$ 2,404,250		$ 6,140,141	$ 2,072,710
Series 2005, 4.00% to 5.50%	1,822,958		520,416		1,302,542	444,856
Total Limited Tax Pension Bonds	10,367,349		2,924,666		7,442,683	2,517,566
PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS:						
Series 18A, 4.55% *	642,511		442,171	$ (1,418,323)	1,618,663	647,465
Series 18B, 4.60% *	563,072		388,688	(1,462,756)	1,637,140	654,810
Series 21C, 4.375% to 5.00%	574,069		426,100		147,969	147,969
Series 22, 4.00% to 5.00%	57,453,250		4,173,000		53,280,250	4,068,500
Series 23, 5.00%	46,473,375		4,718,750		41,754,625	4,528,000
Series 24A, 5.00%	25,915,625		1,098,250		24,817,375	1,098,250
Series 24B, 5.00%	149,349,375		9,974,875		139,374,500	9,750,625
Series 25A, 5.00%	27,933,375		1,091,250		26,842,125	1,091,250
Series 25B, 5.00%	150,113,750		9,208,875		140,904,875	9,057,125
Series 26A, 4.00% to 5.00%	4,688,125		525,200		4,162,925	492,700
Series 26B, 5.00%	8,399,375		721,125		7,678,250	719,250
Series 26C, 5.00%	7,140,500		1,876,125		5,264,375	1,576,750
Series 27A, 4.00% to 5.00%	247,098,775		13,418,950		233,679,825	13,418,950
Series 27B, 0.80% to 1.30%	545,713		224,335		321,378	173,260
Series 28, 4.00% to 5.00%	461,239,832		20,916,107		440,323,725	23,965,500
Series 29, 5.00% to 5.50%		$ 623,754,137			632,129,430	23,450,817
Total Portland Int'l Airport Revenue Bonds	1,188,130,722	623,754,137	69,203,801	(2,881,079)	1,753,937,430	94,841,221
PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REVENUE BONDS:						
Series 2012A, 4.678% *	1,136,072		721,299	(1,001,321)	1,416,094	936,110
Series 2022A, 5.00% *	18,865,706		2,251,206		16,614,500	2,581,000
Total Portland Int'l Airport Passenger Facility Charge Revenue Bonds	20,001,778		2,972,505	(1,001,321)	18,030,594	3,517,110
PORTLAND INTERNATIONAL AIRPORT CUSTOMER FACILITY CHARGE REVENUE BONDS:						
Series 2019, 2.635% to 4.237%	106,661,279		6,147,556		100,513,723	6,052,751
Total Portland Int'l Airport Customer Facility Charge Revenue Bonds	106,661,279		6,147,556		100,513,723	6,052,751
Total Port Bonds	$ 1,325,161,128	$ 623,754,137	$ 81,248,528	$ (3,882,400)	$ 1,879,924,430	$ 106,928,648
CONTRACTS & LOANS PAYABLE:						
Oregon Business Development Dept., B08005, 5.00%	$ 969,722		$ 182,220		$ 787,502	$ 165,639
Banc of America Leasing & Capital, LLC, 4.5%	1,012,170		301,109		711,061	251,302
Total Contracts & Loans Payable	$ 1,981,892		$ 483,329		$ 1,498,563	$ 416,941
TOTAL PORT LONG-TERM DEBT	$ 1,327,143,020	$ 623,754,137	$ 81,731,857	$ (3,882,400)	$ 1,881,422,993	$ 107,345,589

Note: Interest rates relate to original issue. Certain coupons are no longer outstanding.
* Interest rate at June 30, 2023. 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, 2023

		Date of Issue	Total Requirements	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29 to 2032-33	2033-34 to 2037-38	2038-39 to 2042-43	2043-44 to 2047-48	2048-49 to 2052-53	2053-54 to 2057-58
LIMITED TAX PENSION BONDS:														
Series 2002B	-Principal	03/28/02	$ 30,485,000	$ 5,495,000	$ 6,205,000	$ 6,965,000	$ 7,810,000	$ 4,010,000						
6.60% to 6.85%	-Interest		6,140,141	2,072,710	1,696,303	1,286,773	809,670	274,685						
Series 2005	-Principal	09/23/05	8,890,000	1,670,000	1,835,000	2,015,000	2,205,000	1,165,000						
4.00% to 5.50%	-Interest		1,302,542	444,856	361,289	269,465	168,635	58,297						
Total Limited Tax Pension Bonds	-Principal		$ 39,375,000	$ 7,165,000	$ 8,040,000	$ 8,980,000	$ 10,015,000	$ 5,175,000						
Total Limited Tax Pension Bonds	-Interest		$ 7,442,683	$ 2,517,566	$ 2,057,592	$ 1,556,238	$ 978,305	$ 332,982						
PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS:														
Series 18A	-Principal	06/11/08	$ 14,230,000	$ 3,450,000	$ 3,605,000	$ 3,785,000	$ 3,390,000							
4.55%**	-Interest		1,618,663	647,465	490,490	326,463	154,245							
Series 18B	-Principal	06/11/08	14,235,000	3,450,000	3,610,000	3,780,000	3,395,000							
4.60%**	-Interest		1,637,140	654,810	496,110	330,050	156,170							
Series 21C	-Principal	08/10/11	6,050,000	6,050,000										
4.375% to 5.00%	-Interest		147,969	147,969										
Series 22	-Principal	09/25/14	82,440,000	2,140,000	2,250,000	2,360,000	2,480,000	$ 2,605,000	$ 15,105,000	$ 19,265,000	$ 24,590,000	$ 11,645,000		
4.00% to 5.00%	-Interest		53,280,250	4,068,500	3,958,750	3,843,500	3,722,500	3,595,375	15,836,375	11,561,125	6,104,750	589,375		
Series 23	-Principal	03/31/15	92,515,000	3,910,000	4,110,000	4,310,000	4,525,000	4,750,000	27,580,000	20,080,000	23,250,000			
5.00%	-Interest		41,754,625	4,528,000	4,327,500	4,117,000	3,896,125	3,664,250	14,414,500	6,604,125	203,125			
Series 24A	-Principal	01/25/17	21,965,000						-			21,965,000		
5.00%	-Interest		24,817,375	1,098,250	1,098,250	1,098,250	1,098,250	1,098,250	5,491,250	5,491,250	5,491,250	2,852,375		
Series 24B	-Principal	01/25/17	197,310,000	4,595,000	4,825,000	5,070,000	5,315,000	5,585,000	32,405,000	41,350,000	52,770,000	45,395,000		
5.00%	-Interest		139,374,500	9,750,625	9,515,125	9,267,750	9,008,125	8,735,625	39,087,375	29,911,250	18,202,500	5,896,125		
Series 25A	-Principal	04/24/19	21,825,000						-			12,450,000	$ 9,375,000	
5.00%	-Interest		26,842,125	1,091,250	1,091,250	1,091,250	1,091,250	1,091,250	5,456,250	5,456,250	5,456,250	4,542,750	474,375	
Series 25B	-Principal	04/24/19	183,015,000	3,745,000	3,935,000	4,130,000	4,335,000	4,550,000	26,420,000	33,730,000	43,045,000	42,490,000	16,635,000	
5.00%	-Interest		140,904,875	9,057,125	8,865,125	8,663,500	8,451,875	8,229,750	37,406,750	29,923,000	20,370,875	9,094,750	842,125	
Series 26A	-Principal	04/24/20	11,030,000	670,000	695,000	735,000	770,000	810,000	2,640,000	2,770,000	1,940,000			
4.00% to 5.00%	-Interest		4,162,925	492,700	458,575	422,825	385,200	345,700	1,263,000	676,725	118,200			
Series 26B	-Principal	04/24/20	14,410,000	50,000	540,000	560,000	600,000	645,000	3,755,000	4,770,000	3,490,000			
5.00%	-Interest		7,678,250	719,250	704,500	677,000	648,000	616,875	2,552,875	1,492,000	267,750			
Series 26C	-Principal	04/24/20	34,605,000	6,140,000	6,435,000	4,610,000	4,840,000	5,090,000	7,490,000					
5.00%	-Interest		5,264,375	1,576,750	1,262,375	986,250	750,000	501,750	187,250					
Series 27A	-Principal	09/30/20	289,535,000				6,165,000	6,480,000	37,575,000	47,950,000	60,590,000	76,475,000	54,300,000	
4.00% to 5.00%	-Interest		233,679,825	13,418,950	13,418,950	13,418,950	13,264,825	12,948,700	59,421,375	48,779,750	35,949,500	19,695,475	3,363,350	
Series 27B	-Principal	09/30/20	17,275,000	5,695,000	5,755,000	5,825,000			-					
0.80% to 1.30%	-Interest		321,378	173,260	110,255	37,863			-					
Series 28	-Principal	02/17/22	527,005,000	590,000	8,970,000	9,420,000	9,890,000	10,390,000	60,255,000	76,435,000	93,685,000	114,835,000	142,535,000	
4.00% to 5.00%	-Interest		440,323,725	23,965,500	23,726,500	23,266,750	22,784,000	22,277,000	102,847,625	86,508,875	68,957,950	47,477,650	18,511,875	
Series 29	-Principal	03/21/23	566,120,000						49,680,000	77,415,000	99,110,000	148,120,000	157,145,000	$ 34,650,000
5.00% to 5.50%	-Interest		632,129,430	23,450,817	30,151,050	30,151,050	30,151,050	30,151,050	145,939,000	129,035,875	106,701,825	74,446,975	30,997,863	952,875
Total Portland Int'l Airport Revenue Bonds	-Principal		$2,093,565,000	$ 40,485,000	$ 44,730,000	$ 44,585,000	$ 45,705,000	$ 40,905,000	$ 262,905,000	$ 323,765,000	$ 402,470,000	$ 473,375,000	$ 379,990,000	$ 34,650,000
Total Portland Int'l Airport Revenue Bonds	-Interest		$1,753,937,430	$ 94,841,221	$ 99,674,805	$ 97,698,451	$ 95,561,615	$ 93,255,575	$ 429,903,625	$ 355,440,225	$ 267,823,975	$ 164,595,475	$ 54,189,588	$ 952,875
PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REVENUE BONDS:														
Series 2012A	-Principal	08/15/12	$ 20,010,000	$ 9,750,000	$ 10,260,000									
4.678%**	-Interest		1,416,094	936,110	479,984									
Series 2022A	-Principal	11/10/11	51,620,000				$ 2,670,000	$ 8,860,000	$ 40,090,000					
5.00%	-Interest		16,614,500	2,581,000	2,581,000	$ 2,581,000	2,514,250	2,226,000	4,131,250					
Total Portland Int'l Airport PFC Revenue Bonds	-Principal		$ 71,630,000	$ 9,750,000	$ 10,260,000		$ 2,670,000	$ 8,860,000	$ 40,090,000					
Total Portland Int'l Airport PFC Revenue Bonds	-Interest		$ 18,030,594	$ 3,517,110	$ 3,060,984	$ 2,581,000	$ 2,514,250	$ 2,226,000	$ 4,131,250					
PORTLAND INTERNATIONAL AIRPORT CUSTOMER FACILITY CHARGE REVENUE BONDS:														
Series 2019	-Principal	04/29/19	$ 153,560,000	$ 3,420,000	$ 3,520,000	$ 3,625,000	$ 3,735,000	$ 3,855,000	$ 21,395,000	$ 25,820,000	$ 31,530,000	$ 38,760,000	$ 17,900,000	
2.769% to 4.237%	-Interest		100,513,723	6,052,751	5,952,165	5,843,839	5,727,377	5,603,458	25,827,098	21,274,795	15,431,779	8,034,200	766,261	
Total Portland Int'l Airport CFC Revenue Bonds	-Principal		$ 153,560,000	$ 3,420,000	$ 3,520,000	$ 3,625,000	$ 3,735,000	$ 3,855,000	$ 21,395,000	$ 25,820,000	$ 31,530,000	$ 38,760,000	$ 17,900,000	
Total Portland Int'l Airport CFC Revenue Bonds	-Interest		$ 100,513,723	$ 6,052,751	$ 5,952,165	$ 5,843,839	$ 5,727,377	$ 5,603,458	$ 25,827,098	$ 21,274,795	$ 15,431,779	$ 8,034,200	$ 766,261	
Total Port Bonds	-Principal		$2,358,130,000	$ 60,820,000	$ 66,550,000	$ 57,190,000	$ 62,125,000	$ 58,795,000	$ 324,390,000	$ 349,585,000	$ 434,000,000	$ 512,135,000	$ 397,890,000	$ 34,650,000
Total Port Bonds	-Interest		$1,879,924,430	$ 106,928,648	$ 110,745,546	$ 107,679,528	$ 104,781,547	$ 101,418,015	$ 459,861,973	$ 376,715,020	$ 283,255,754	$ 172,629,675	$ 54,955,849	$ 952,875

THE PORT OF PORTLAND

SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF BONDED AND OTHER LONG-TERM DEBT – BY SERIES
AS OF JUNE 30, 2023, Continued

		Date of Issue	Total Requirements	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29 to 2032-33	2033-34 to 2037-38	2038-39 to 2042-43	2043-44 to 2047-48	2048-49 to 2052-53	2053-54 to 2057-58
CONTRACTS & LOANS PAYABLE:														
Oregon Business Development Dept. B08005	-Principal	08/31/10	$ 3,312,772	$ 349,458	$ 362,431	$ 380,553	$ 403,830	$ 422,272	$ 1,394,228					
5.00%	-Interest		787,502	165,639	148,166	130,044	111,017	90,825	141,811					
Banc of America Leasing & Capital, LLC	-Principal	06/06/13	6,100,019	1,134,003	1,186,099	1,240,588	1,297,580	1,241,749						
4.5%	-Interest		711,061	251,302	199,205	144,717	87,723	28,114						
Total Contracts & Loans Payable	-Principal		$ 9,412,791	$ 1,483,461	$ 1,548,530	$ 1,621,141	$ 1,701,410	$ 1,664,021	$ 1,394,228					
Total Contracts & Loans Payable	-Interest		$ 1,498,563	$ 416,941	$ 347,371	$ 274,761	$ 198,740	$ 118,939	$ 141,811					
TOTAL PORT LONG-TERM DEBT	-Principal		$2,367,542,791	$ 62,303,461	$ 68,098,530	$ 58,811,141	$ 63,826,410	$ 60,459,021	$ 325,784,228	$ 349,585,000	$ 434,000,000	$ 512,135,000	$ 397,890,000	$ 34,650,000
TOTAL PORT LONG-TERM DEBT	-Interest		$1,881,422,993	$ 107,345,589	$ 111,092,917	$ 107,954,289	$ 104,980,287	$ 101,536,954	$ 460,003,784	$ 376,715,020	$ 283,255,754	$ 172,629,675	$ 54,955,849	$ 952,875

Note: Interest rates relate to original issue. Certain coupons are no longer outstanding.
** Interest rate at June 30, 2023. Rate is variable, depending on weekly resets.

		Date of Issue	Total Requirements	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29 to 2032-33	2033-34 to 2037-38	2038-39 to 2042-43	2043-44 to 2047-48	2048-49 to 2052-53	2053-54 to 2057-58
INDUSTRIAL DEVELOPMENT REVENUE BONDS:														
Horizon Air Project:	-Principal	08/07/97	$ 17,300,000				$ 17,300,000							
1997 Series, 3.86% *	-Interest		2,615,472	$ 667,780	$ 667,780	$ 667,780	612,132							
TOTAL INDUSTRIAL REVENUE BONDS	-Principal		$ 17,300,000				$ 17,300,000							
TOTAL INDUSTRIAL REVENUE BONDS	-Interest		$ 2,615,472	$ 667,780	$ 667,780	$ 667,780	$ 612,132							

* Interest rate at June 30, 2023. 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

Report of Independent Auditors Required by Oregon State Regulations

The Board of Commissioners
Port of Portland

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Airport and Marine & Other Activities of the Port of Portland, which comprise the balance sheet as of June 30, 2023, and the related statements of revenues, expenses, and changes in net position and cash flows of the Airport and Marine & Other Activities of the Port of Portland for the year then ended, and the related notes to the financial statements, which collectively comprise the Port of Portland's basic financial statements, and have issued our report thereon dated October 25, 2023.

Compliance

As part of obtaining reasonable assurance about whether the Port of Portland's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules (OAR) 162-010-0000 to 162-010-0330, of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to, the following:

- Accounting records and internal control
- Public fund deposits
- Indebtedness
- Budget
- Insurance and fidelity bonds
- Investments
- Public contracts and purchasing

In connection with our testing, nothing came to our attention that caused us to believe the Port of Portland was not in substantial compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of ORS as specified in OAR 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Port of Portland's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port of Portland's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port of Portland's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Board of Commissioners and management of the Port of Portland and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Ashley Osten

Ashley Osten, Partner,
for Moss Adams LLP
Portland, Oregon
October 25, 2023

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT REVENUE BOND ORDINANCES

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT REVENUE BOND ORDINANCES

This appendix summarizes certain provisions of the Airport Revenue Bond Ordinances as of the date the Series Thirty Bonds are issued. The Official Statement, including this appendix, occasionally uses terms that differ from terms that are used in the Airport Revenue Bond Ordinances. For example, Ordinance No. 323 uses the term "Subordinate Lien Bonds" because the obligations secured by a pledge of the Revenues that is on a parity with the pledge securing the Series Thirty Bonds had a subordinate claim on the Revenues when Ordinance No. 323 originally was enacted by the Port. All senior lien obligations have been retired, and the "Subordinate Lien Bonds" are now secured by a prior pledge of the Net Revenues, so the Official Statement, including this appendix, uses the term "SLB" in place of "Subordinate Lien Bond" to avoid confusion. See "SECURITY AND SOURCES OF PAYMENT FOR THE SLBs" in the front portion of this Official Statement.

Definitions

Unless the context clearly requires otherwise, capitalized terms used in this appendix have the meanings assigned such terms in this "Definitions" section, and capitalized terms used in this appendix that are not defined in this "Definitions" section have the meanings assigned such terms in the front portion of this Official Statement or the Airport Revenue Bond Ordinances.

"Additional SLBs" means SLBs issued on parity with Outstanding SLBs and in compliance with the requirements of the SLB Ordinance. See "Additional SLBs."

"Airport" means the (1) the presently existing airport owned or operated by the Port known as the "Portland International Airport" and (2) the Portland International Airport as enlarged, expanded, changed and improved, pursuant to the Airport Capital Improvement Program, as amended from time to time. The term "Airport" does not include: (a) properties sold, leased or otherwise disposed of or transferred in compliance with the limitations of Ordinance No. 155; (b) except as otherwise provided in the Airport Revenue Bond Ordinances, properties subject to a Net Rent Lease; and (c) General Aviation Airports. The Port has reserved the right to amend the definition of "Airport." See "Amendments of the Airport Revenue Bond Ordinances—Special Amendments."

"Airport Consultant" means an independent firm or corporation not in the regular employ or under the control of the Port and who shall have a widely known and favorable reputation for special skill, knowledge, and experience in methods of the development, operation and management of airports of the approximate size and character as the properties constituting the Airport. The Airport Consultant shall be available to advise the Port upon request, and make such investigations, certifications and determinations as may be necessary or required from time to time under the provisions of Ordinance No. 155.

"Airport Fund" means the special fund of the Port created pursuant to Ordinance No. 155, designated "The Port of Portland Airport Revenue Fund."

"Commercial Airport" means any airport, a major portion of the revenues derived from which are realized (1) from the operations of certificated air carriers engaged in the public utility business of transporting passengers or freight, or both, by air, whether such operations be on a scheduled or non-scheduled basis, and (2) from the supplying by the owner or operator of such airport of goods and services to the customers, patrons and passengers of such carriers.

"Completion Bonds" means Additional SLBs issued to pay the cost of completing any project for which SLBs have been previously issued, and which are issued under the provisions of the SLB Ordinance.

"Contingent Fee Payments" means the contingent fee payments, if any, received by the Port from a rental car or car sharing entity that, at the time, is a signatory to a Rental Car Concession Lease and Operating Agreement, as further described in Ordinance No. 461-B.

"Costs of Construction" shall include any and all of the following pertaining to the construction of additions, expansion and improvements at the Airport as set forth in the Airport Capital Improvement Program, as amended from time to time: (a) the cost of acquiring by purchase or the exercise of the power of eminent domain of any building or facility and the site thereof; (b) the cost, if and as determined by the Port, of the payment to the Port of the lesser of the depreciated value of any building or facility and the site thereof, or the cost to the Port of such building or facility and the site thereof, owned by the Port and not then constituting part of the Airport, if such building or facility and the site thereof are thereafter to be used solely for purposes of the Airport and to constitute part of the Airport; (c) costs of acquiring by purchase or the exercise of the power of eminent domain such land rights, rights of way, leases, easements or other interest in land or other properties (real, personal or mixed) as may be deemed necessary or convenient by the Port for the construction or operation of the Airport, including costs of options and partial payments, escrow deposits, preliminary and final awards or judgments and settlements or compromises, with respect to the foregoing; costs of reclaiming land; costs of dredging or filling incurred in the creation of land; and site preparation, including the costs of demolishing, removing or relocating any building or facility and the costs of any lands to which such building or facility may be removed or relocated; (d) costs of acquiring by purchase or the exercise of the power of eminent domain any rights, interests or franchises deemed necessary or convenient by the Port for the construction or operation of the Airport; (e) costs of labor, services, material, supplies, machinery, equipment and apparatus, including payments to contractors, independent contractors, agents, employees, builders and materialmen in connection therewith, and of restoration of property damaged or destroyed in connection with construction work; (f) costs of installation of utility services or connections thereto or relocation thereof; (g) costs and expenses of all preliminary work necessary or incidental to construction; (h) costs and expenses of planning, engineering and other studies, architectural drawings, surveys, tests and specifications, whether preliminary or otherwise; and costs of other engineering and architectural services; (i) costs of supervision and inspection; (j) costs of builders risk insurance, liability insurance on operations in connection with said construction, or other insurance on the buildings and facilities being constructed, or a reasonably allocated share thereof; (k) costs of indemnity and fidelity bonds and expenses of administration properly chargeable to such construction; (l) costs of expenses of financing, including Trustee's acceptance fees; financial advisors fees; blue sky and legal investment survey expenses; Trustee's and Paying Agent's fees and expenses during such period, if any, as shall be determined by the Port, but not to exceed the actual period of construction and for such period thereafter as the Port may determine; and costs and expenses incurred in issuing and selling the Bonds, including but not limited to printing, engraving and advertising; and other similar costs; (m) costs of the initial furnishings of any building or structure; (n) costs of publication, advertising, filing and recording, including the publication of a summary of this Ordinance and a summary of each Series Ordinance and any Supplemental Ordinance pertaining to the issuance of Bonds; (o) taxes and assessments; (p) expenses incurred in enforcing any remedy against a contractor or subcontractor in respect of any default; (q) costs of estimates of costs and economic feasibility reports whether preliminary or otherwise; fees, costs and expenses of appraising, printing, advice, accounting and fiscal services, airport consultants and attorneys (including bond counsel); (r) the payment and discharge of the principal of and interest and premium, if any, on any term or temporary construction financing or loans, including the reimbursement to the Port of moneys advanced from its tax revenues, or any other funds not held hereunder, for such construction; (s) if and to the extent determined by the Port, interest on the Bonds issued to finance the construction of any project during the actual period of construction and for such period thereafter as the Port may determine; and (t) any and all other costs and expenses necessary or desirable and pertaining or incident to construction pertaining to the implementation of the Airport Capital Improvement Program, as amended from time to time, as estimated or otherwise ascertained by the Port.

"Costs of Operation and Maintenance" means the reasonable and necessary current expenses of the Port included as a Cost of Operation and Maintenance in the annual Airport budget for operating, maintaining and repairing the Airport, including among other expenses, costs of general administration of the Port reasonably and properly allocable to the Airport; costs of collecting Revenues and from making any refunds therefrom lawfully due to others; engineering, audit reports, legal and other overhead expenses directly related to the administration, operation, maintenance and repair of the Airport; costs of salaries, wages and other compensation of officers and employees and payments to pension, retirement, health and hospitalization funds and other insurance, including self-insurance for the foregoing; costs of routine repairs. replacements, renewals and alterations occurring in the usual course of business; taxes, assessments and other governmental charges, or payments in lieu thereof, imposed on the Airport or on the operation thereof or income therefrom or on any privilege in connection with the ownership or operation of the Airport otherwise imposed on the Airport or the operation thereof or income therefrom; costs of utility services; costs of materials and supplies used in the ordinary course of business; contractual and professional services; costs of insurance and fidelity bonds; costs of carrying out the provisions of the Airport Revenue Bond Ordinances; costs of lease payments due under capital leases for items customarily used in the operation or maintenance of airport facilities or equipment; and all other costs and expenses of operating, maintaining and repairing the Airport arising in the routine and normal course of business. The term "Costs of Operation and Maintenance" does not include: (1) any allowance for depreciation or any amounts for capital replacements, renewals, repairs and maintenance not recurring annually (or at shorter intervals) or reserves therefor; (2) costs of extensions, enlargements, betterments and improvements or reserves therefor, other than cost of preliminary planning; (3) reserves for operation, maintenance and repairs occurring in the normal course of business; (4) payment (including redemption) of bonds or other evidences of indebtedness or interest and premium thereof or reserves therefor; and (5) any operation and maintenance expenses pertaining to Special Facilities or expenses incurred by any lessee under a Net Rent Lease. See "Amendments of the Airport Revenue Bond Ordinances—Special Amendments."

"Credit Facility" means a letter of credit, a surety bond, a bond insurance policy or other credit facility that provides for the payment when due of principal of and interest on SLBs other than Parity Reimbursement Agreements.

"Fiscal Year" means the fiscal year for the Port as established from time to time by the Port; currently such period being from July 1 in any year to and including the following June 30.

"Fund" means a fund, account or other accounting category which the Port uses to account for funds relating to the Airport. A "Fund" does not need to appear in the Port's budgets as a separate fund. The Port may commingle amounts in different Funds for investment purposes.

"General Account" means the special account held by the Port established under the Airport Fund.

"General Aviation Airport" means an airport known in the air transport industry as a "general aviation airport," being an airport, the major portion of the revenues derived from which is not realized from the operations of aircraft operated by certificated air carriers (except possibly air taxi or air tour operations) and from the supplying of goods and services to the people utilizing such aircraft, but is realized from the activities of private, nonpublic aircraft, flying schools, the supplying of goods and services to the foregoing and similar operations not normally part of a public utility business (except possibly air tour or air taxi operations).

"Governmental Obligations" means any of the following which are non-callable and which at the time are legal investments for the moneys proposed to be invested therein: (1) direct general obligations of, or obligations the payment of the principal and interest of which are unconditionally guaranteed by, the United States of America; or (2) Public Housing Bonds, Temporary Notes, or Preliminary Loan Notes, fully secured by contracts with the United States.

"JLO Fund" means the Junior Lien Obligation Fund.

"Junior Lien Obligations" means bonds or other obligations that have a lien on the Net Revenues that is subordinate to the lien of the SLBs and Scheduled Swap Obligations and are payable from amounts deposited in the JLO Fund.

"Liquidity Facility" means a letter of credit, line or credit, standby purchase agreement, bond insurance, surety bond or other credit or liquidity facility that supports the payment of the purchase price of SLBs (other than Parity Reimbursement Agreements). A Credit Facility such as a direct-pay letter of credit may constitute a Liquidity Facility as well as a Credit Facility.

"Net Rent Lease" means a lease of property to be financed with Special Obligation Bonds, under and pursuant to which the lessee agrees to pay to the Port the rentals required by Ordinance No. 155, and to pay in addition all costs connected with the ownership, operation, maintenance, repair, renewals and rehabilitation of the leased property (including, without limitation, insurance, utilities, taxes or payments of taxes and assessments) under such conditions that the amount payable to the Port pursuant to said lease shall be certainly paid free and clear of all charges and whether the leased property is capable of being occupied and used by the lessee or not. A Net Rent Lease shall not be cancelable until provision has been made for the payment of the Special Obligation Bonds secured by the Net Rent Lease.

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

"Ordinance No. 155" means Port Ordinance No. 155, as amended, restated and supplemented. The SLB Ordinance requires the Port to comply with certain covenants in Ordinance No. 155 for the benefit of Owners.

"Ordinance No. 323" means Ordinance No. 323, as amended, restated and supplemented

"Ordinance No. 461-B" means Ordinance No. 461-B, enacted by the Board of Commissioners of the Port on February 13, 2019, establishing authorization for the issuance of the Port's customer facility charge revenue bonds, as the same may be amended, restated and supplemented from time to time.

"Other Swap Obligations" means any payments owed by the Port to a Qualified Swap Provider which are not Scheduled Swap Obligations, including, without limitation, termination payments, fees, charges or indemnifications.

"Other TLO Swap Obligations" means any payments owed by the Port to a Qualified TLO Swap Provider (as defined in the SLB Ordinance) which are not Scheduled TLO Swap Obligations, including without limitation termination payments, fees, charges or indemnifications. See "Third Lien Obligations."

"Owner" means the person listed in the SLB register on that date as the owner of an Outstanding SLB.

"Parity Reimbursement Agreement" means an agreement of the Port entered into in compliance with the SLB Ordinance to reimburse the provider of a Credit Facility and/or Liquidity Facility for amounts paid by the provider under a Credit Facility or Liquidity Facility.

"Project Certificate" means a certificate signed by an assistant Secretary of the Port and filed with the closing documents for a series of SLBs: (1) describing each project which is expected to be completed with the proceeds of that series of SLBs, and estimating the total cost of each project and the portion of that cost expected to be paid from proceeds of that series of SLBs; and (2) certifying that the foregoing cost estimates are reasonable.

"Qualified Swap" means: (a) any financial arrangement with respect to SLBs which; (i) is entered into by the Port with an entity that is a Qualified Swap Provider at the time such arrangement is entered into; (ii) is a cap, floor or collar, forward rate, future rate, swap (such swap may be based on an amount equal either to the principal amount of such SLBs as may be designated or a notional principal amount relating to all or a portion of the principal amount of such SLB), asset, index, price or market-linked transaction or agreement, other exchange or rate protection transaction agreement, other similar transaction (however designated), or any combination thereof, or any option with respect to any of the foregoing; and (iii) has been designated as a Qualified Swap with respect to such SLBs in a written determination of the Port filed with the SLB Trustee; and, (b) any letter of credit, line of credit, policy of insurance, surety bond, guarantee or similar instrument securing the obligations of the Port under any financial arrangement described in clause (a).

"Qualified Swap Provider" means an entity whose senior unsecured long term obligations, financial program rating, counterparty risk rating or claims paying ability, or whose payment obligations under a Qualified Swap are guaranteed by an entity whose senior unsecured long term obligations, financial program rating, counterparty risk rating or claims paying ability, are rated at the time of the execution of such Qualified Swap at least as high as the third highest Rating Category by at least two Rating Agencies then maintaining a rating for the Qualified Swap Provider or its guarantor, provided that each such Qualified Swap Provider executes an agreement with the Port to deposit collateral with the Port, or in trust for the Port, with a trustee acceptable to the Port, for the benefit of the Port, in the event such ratings are not maintained.

"Rating Agency" means each nationally recognized securities rating agency.

"Rating Category" means a generic rating category used by any Rating Agency, without regard to any "+" or "-" or other qualifier.

"Remaining Contingent Fee Payments" means amounts remaining in the General Account, if any, after giving effect to the disbursements from the General Account required pursuant to clauses FIRST through FOURTH (inclusive), as described below under the section "Flow of Funds;" provided, however, in no case will Remaining Contingent Fee Payments exceed the amount of Contingent Fee Payments received by the Port during the applicable period.

"Remaining Contingent Fee Payments Fund" means the fund created by that name pursuant to the SLB Ordinance.

"Revenues" means and includes all income, receipts and moneys derived by the Port from its ownership or operation and management of the Airport or the furnishing and supplying of the services, facilities and commodities thereof, including, among other things, (i) all income, receipts and moneys derived from the rates, rentals, fees and charges fixed, imposed and collected by the Port for the use and services of the Airport or otherwise derived from or arising through the ownership, operation and management of the Airport by the Port or derived from the rental by the Port of all or part of the Airport or from the sale or rental by the Port of any commodities or goods in connection with the Airport; (ii) earnings on and the income from the investment of moneys held under the Airport Revenue Bond Ordinances to the extent such earnings or income are deposited in the Airport Fund, but not including any such earnings or income credited to the Airport Construction Fund; and (iii) to the extent provided in the Airport Revenue Bond Ordinances, income derived by the Port from a Net Rent Lease. The term "Revenues" does not include (1) moneys received as proceeds from the sale of SLBs or as grants or gifts, the use of which is limited by the grantor or donor to the construction of capital improvements, except to the extent that any such moneys shall be received as payments for the use of the Airport, (2) passenger facility charges or similar charges that are imposed under authority of federal law and are limited by federal law to expenditure on specific projects or activities and/or on debt service and financing costs related to specific projects or activities or (3) customer facility charges (or any portion thereof) that may be levied by the Port and collected by rental car companies from their customers; and in no event does the term "Revenues" include tax revenues or tax-derived revenues. See "SECURITY AND SOURCES OF PAYMENT FOR THE SLBs—Pledge of Net Revenues" in the front portion of this Official Statement.

"Scheduled Swap Obligations" means, with respect to any Qualified Swap, the net regularly scheduled payments owed by the Port to the Qualified Swap Provider. The net regularly scheduled payments owed by the Port to the Qualified Swap Provider shall be calculated by subtracting the regularly scheduled payments owed to the Port by the Qualified Swap Provider from the regularly scheduled payments owed by the Port to the Qualified Swap Provider. The Term "Scheduled Swap Obligations" does not include any termination payments, fees, charges or indemnifications.

"Short Term/Demand Obligations" means each series of bonds, notes and other obligations issued as SLBs pursuant to the SLB Ordinance (a) the payment of principal of which is either (i) payable on demand by or at the option of the holder at a time sooner than a date on which such principal is deemed to be payable for purposes of computing SLB Debt Service Requirements, or (ii) scheduled to be payable within one year from the date of issuance of additional Short Term/Demand Obligations pursuant to a commercial paper or other similar financing program and (b) the purchase price, payment or refinancing of which is additionally supported by a Credit Facility and/or a Liquidity Facility.

"SLB Construction Account" means the Subordinate Lien Revenue Bond Construction Account in the Construction Fund created under the SLB Ordinance.

"SLB Debt Service Requirement" means, as of any date of calculation, an amount equal to the sum of the following for any period and with respect to all or any portion of the SLBs: (1) interest scheduled to accrue during such period on SLBs, except to the extent provision has been made for the payment of interest from SLB proceeds or earnings thereon according to a schedule contained in a Capitalized Interest Certificate; plus (2) that portion of the principal amount of such SLBs scheduled to be payable during such period (either at maturity or by reason of scheduled mandatory redemptions, but after taking into account all prior optional and mandatory SLB redemptions) which would accrue if such principal amount were deemed to accrue daily in equal amounts, during such period; less (3) earnings on the SLB Reserve Account for that period; and less, (4) any payments due to the Port under an agreement to enter into a Qualified Swap, if the payments are due before the Qualified Swap takes effect and the Port commits to use those payments to pay SLBs or Qualified Swaps.

Provided, however, that the following rules apply to the computation of SLB Debt Service Requirement for Short Term/Demand Obligations, for SLBs that bear interest a floating or variable rate, for Qualified Swaps and for Parity Reimbursement Agreements:

For any series of Short Term/Demand Obligations: future SLB Debt Service Requirements shall be computed on the assumption that the principal amount of such series of Short Term/Demand Obligations shall be refinanced in the first fiscal year for which interest on such Short Term/Demand Obligations has not been capitalized or otherwise funded or provided for, with a series of SLBs which shall be assumed to be amortized over a period not to exceed 30 years from the date of issue in such manner that the maximum Debt Service Requirement in any 12-month period shall not exceed 130% of the minimum Debt Service Requirement for any other 12-month period, and shall be assumed to bear interest at a fixed interest rate calculated as described in clause (b) of the following paragraph.

Except as otherwise specifically provided, Short Term/Demand Obligations and any series of SLBs which bear interest at a variable or adjustable rate shall be assumed to bear interest as follows: (a) for any series of SLBs then Outstanding, at the greater of: (1) the average interest rate derived from the variable or adjustable interest rate borne by, such series of SLBs during a 12- month period ending within 30 days prior to the date of computation; or (2) the actual interest rate derived from such variable or adjustable interest rate formula or computation, or actual interest rate derived from such variable or adjustable interest rate formula or computation, or actual interest rate payable on such series of SLBs, on the date of such calculation; (b) for any series of SLBs then proposed to be issued, at an interest rate estimated by the Port's underwriter to be the average rate of interest such series of SLBs will bear during the period, or periods, for which SLB Debt Service Requirements are being calculated, plus one percent (1%); (c) for the principal amount of any series of SLBs in connection with which the Port has entered into a Qualified Swap that provides that the Port is to pay to the Qualified Swap Provider an amount determined based upon a fixed rate of interest on the notional amount of such Qualified Swap corresponding to the principal amount of such SLBs, at the fixed rate of interest to be paid by the Port in accordance with such Qualified Swap; and, (d) for any series of SLBs in connection with which the Port has entered into a Qualified Swap, such as an interest rate cap, that provides that the Qualified Swap Provider is to pay to the Port an amount determined based upon the amount by which the rate at which such SLBs bear interest or a floating rate index exceeds a stated rate of interest on all or any portion of such SLBs, at the lesser of: (1) the rate calculated in accordance with clause (a) above; or (2) the rate of interest in excess of which the Qualified Swap Provider is to make payment to the Port in accordance with such Qualified Swap. In addition, solely for purposes of the rate covenant in the SLB Ordinance, SLBs that bear interest at a variable rate and that are not subject to a Qualified Swap, shall have an SLB Debt Service Requirement that is equal to the actual principal and interest that is required to be paid on those SLBs.

If the Port has entered into a Qualified Swap in connection with any SLBs which bear interest at a fixed rate, and the Qualified Swap provides that the Port is to pay to the Qualified Swap Provider an amount determined based on a variable rate of interest on the notional amount of such Qualified Swap, corresponding to the principal amount of such SLBs, then those SLBs shall be assumed to bear interest at a variable rate of interest that is equal to the rate the Port is required to pay under the Qualified Swap. In addition, the SLB Debt Service Requirements shall be calculated on the assumption that no SLBs Outstanding at the date of calculation will cease to be Outstanding, except by reason of the payment of scheduled principal maturities or scheduled mandatory redemptions of such SLBs, except as provided above for Short Term/Demand Obligations.

Only the principal and interest actually due under a Parity Reimbursement Agreement as a result of the purchase of SLBs by the provider of the Liquidity Facility that is secured by the Parity Reimbursement Agreement shall be included in SLB Debt Service Requirement; and the following shall not be included in the SLB Debt Service Requirement: repayments of amounts advanced by the provider to pay scheduled interest or principal payments on SLBs under a "direct-pay" Liquidity Facility or Credit Facility, and that are required to be repaid by the Port within five business days, and amounts the Port would have been required to pay on SLBs if those SLBs had not been purchased by the provider.

"SLB Fund" means The Port of Portland Subordinate Lien Airport Revenue Bond Fund.

"SLB Ordinance" means Ordinance No. 323, as amended, restated and supplemented.

"SLB Principal and Interest Account" means the SLB Principal and Interest Account in the SLB Fund.

"SLB Reserve Account" means the SLB Reserve Account in the SLB Fund.

"SLB Reserve Fund Requirement" means an amount equal to the maximum SLB Debt Service Requirement in any future fiscal year; provided that if the ordinance authorizing issuance of a series of SLBs so provides: the portion of the SLB Reserve Fund Requirement attributable to that series may be funded in equal monthly installments over a period of not more than four years, with the first installment due not more than 45 days after that series is issued; or, debt service reserve insurance from a company rated at the time the insurance is issued in the highest category by S&P or Moody's, or their successors, or any insurer who holds the highest policyholder rating accorded insurers by A. M. Best & Co. or any comparable service, may be substituted for any portion of the SLB Reserve Fund Requirement attributable to that series. The portion of the maximum SLB Debt Service Requirement that is calculated for Short Term/Demand Obligations and SLBs that bear interest at a variable rate shall be recalculated only when a series of Additional SLBs is issued. Changes in interest rates that occur at other times shall not affect the calculation of the SLB Reserve Fund Requirement.

"SLB Trustee" means the entity appointed to act as SLB Trustee under the SLB Ordinance.

"SLBs" means the Additional SLBs and Parity Reimbursement Agreements issued pursuant to the SLB Ordinance.

"Special Facilities" means facilities that are financed with Special Obligation Bonds and are subject to a Net Rent Lease.

"Special Obligation Bonds" means obligations that are issued to finance a Special Facility and that are payable from amounts due from the lessee under a Net Rent Lease and are not payable from Net Revenues. See "Special Facilities, Special Obligation Bonds and Net Rent Leases."

"Swap Obligations" means Scheduled Swap Obligations and Other Swap Obligations.

"Third Lien Obligations" means bonds or other obligations, including Other TLO Swap Obligations, that have a lien on the Net Revenues that is subordinate to the lien of the SLBs and Junior Lien Obligations and are payable from amounts deposited in the TLO Fund.

"TLO Fund" means the Third Lien Obligation Fund created under the SLB Ordinance and held and administered by the Port.

"Trustee" means the SLB Trustee.

Limitation on Purposes for with SLBs May Be Issued

The Port may issue Additional SLBs pursuant to the SLB Ordinance only to pay Costs of Construction of additions, expansions and improvements at the Airport and the costs of acquisition and construction of General Aviation Airports and to refund Outstanding SLBs. SLBs shall have principal and interest payments due only on July 1 or January 1 of any year, unless the SLBs are Short Term Demand Obligations or Parity Reimbursement Agreements. See "Additional SLBs."

Parity Reimbursement Agreements

The Port may enter into a Parity Reimbursement Agreement only if: (1) the agreement requires the Port to repay amounts paid by the provider under the related Liquidity Facility or Credit Facility in substantially equal annual amounts over a period of no less than five years; and, (2) the obligations of the Port under the agreement are not subject to acceleration unless all SLBs are accelerated or subject to tender. The limitation in clause (1) of the preceding sentence does not apply to the Port's obligation to pay the provider of the Liquidity Facility or Credit Facility for: (a) amounts advanced by the provider to pay scheduled interest or principal payments on SLBs under a "direct-pay" Liquidity Facility or Credit Facility, and that are required to be repaid by the Port within five business days; (b) interest required to be paid by the Port on amounts drawn under the Liquidity Facility or Credit Facility; or (c) fees and expenses of the provider of the Liquidity Facility or Credit Facility. Fees and expenses due under a Parity Reimbursement Agreement shall be treated as Costs of Operation and Maintenance of the Airport.

SLBs are Special, Limited Obligations of the Port

Principal, interest and premium, if any, on the SLBs, and any Scheduled Swap Obligations, shall be payable solely from the Net Revenues that are available for deposit in the General Account, and from moneys in the SLB Fund and SLB Construction Account, as provided in the SLB Ordinance. The SLBs and any Swap Obligations shall not, in any manner, or to any extent, be a general obligation of the Port, nor a charge upon any other revenues or property of the Port not specifically pledged thereto by the SLB Ordinance.

General Covenants

In the SLB Ordinance, the Port covenants and agrees with the SLB Trustee, the owners of the SLBs, and Qualified Swap Providers, that so long as any SLBs are Outstanding or the Port is obligated to make payments under a Qualified Swap:

1. The Port shall pay, when due, all principal, interest, and premium, if any, on the SLBs and any Scheduled Swap Obligations, but solely from the Net Revenues, as provided in the Airport Revenue Bond Ordinances.

2. The Port shall pay, when due, any Other Swap Obligations, but solely from the Net Revenues that are available for deposit in the JLO Fund and shall pay any Other TLO Swap Obligations, but solely from the Net Revenues that are available for deposit in the TLO Fund.

3. The Port will, for the benefit of the owners of the SLBs and Qualified Swap Providers, keep certain covenants made by it in Ordinance No. 155.

4. The Port shall not issue any obligations payable from the Revenues or moneys in the General Account which have a claim prior to the claim of the SLBs and Scheduled Swap Obligations.

5. The Port shall not issue obligations having a claim to payment from the Revenues or moneys in the General Account which are equal to, or on a parity with, the claim of the SLBs, except for Qualified Swaps and Additional SLBs.

6. The Port shall impose and prescribe such schedule of rates, rentals, fees, and other charges for the use and services of the facilities and commodities furnished by the Airport, shall revise the same from time to time, whenever necessary, and shall collect the income, receipts, and other moneys derived therefrom, so that:

(a) The Revenues shall be sufficient to discharge all claims, obligations and indebtedness payable from or secured by the Revenues;

(b) The Net Revenues in each fiscal year shall be at least equal to 130% of the SLB Debt Service Requirement for such fiscal year on all SLBs then Outstanding; and

(c) The Net Revenues, together with other amounts that are available to pay Other Swap Obligations, are sufficient to pay all Other Swap Obligations and any Junior Lien Obligations when due.

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

For purposes of determining the Port's compliance with the rate covenants described above, non-cash, unrealized gains, losses, expenses and/or revenues, including fair value of Qualified Swaps, Qualified TLO Swaps, other swap agreements or other derivative products are to be disregarded.

7. Within 120 days after the close of each fiscal year, the Port shall file with the SLB Trustee and the Airport Consultant, a signed copy of the annual report of the Accountant for the preceding fiscal year showing, among other things, for such year (a) Revenues and Net Revenues; (b) the SLB Debt Service Requirement; and, (c) the aggregate amount of money which was deposited in the General Account and available for the payments into the SLB Fund due under the SLB Ordinance, and the ratio of such amount to the SLB Debt Service Requirement.

The SLB Ordinance provides that in the event that any such report so filed shows that the Revenues and Net Revenues for said preceding fiscal year did not equal at least the amounts covenanted to be produced by, and required for the purposes described in paragraph 6 above for said fiscal year, or that the Revenues were not sufficient to restore any deficiency in the amounts then required to be credited to the

SLB Reserve Account, and to pay or discharge all other claims, charges and liens whatsoever against the Revenues when due and payable, then the Port shall promptly thereafter cause the Airport Consultant to file with the Port and the SLB Trustee, a certificate stating, if deemed necessary by the SLB Trustee, specific changes in operating procedures which may be made, or suggested revisions in the schedule of rates, rentals, fees, and charges, and recommendations respecting any increases thereto, any other changes, or any combination of the foregoing, which will, in the aggregate, in the SLB Trustee's opinion, result in Revenues and Net Revenues estimated as sufficient to make up any existing deficiency and to produce the amounts covenanted to be produced as described in the preceding paragraphs of this section. For purposes of determining the Port's compliance with such rate covenants, non-cash, unrealized gains, losses, expenses and/or revenues, including the fair value of Qualified Swaps, Qualified TLO Swaps, other swap agreements or other derivative products are to be disregarded. The Port is required to send a copy of each such certificate to the SLB Trustee, each Qualified Swap Provider and to any owner of SLBs filing with the Port a request for the same.

Thereafter, if the Port, in its sole discretion, deems any changes in its operating fees and charges, any other changes, or any combination of the foregoing, are necessary to produce the Revenues and Net Revenues required to make up any deficiency and produce the amounts covenanted to be produced by the preceding paragraphs of this section, it shall, as soon as possible, effect such changes in its operating procedures, or such revisions in such schedule of rates, rentals, fees, and charges, or effect such other charges, or take any combination of the foregoing actions, which, in its opinion and sole discretion, are necessary for such purposes. When determining compliance with the Port's covenants, non-cash, unrealized gains, losses, expenses and/or revenues, including the fair value of swaps or other derivative products, shall be disregarded.

8. The Port shall prepare an estimated budget for each fiscal year of Revenues and of Costs of Operation and Maintenance; costs of renewals, repairs and replacements; and other expenditures for such fiscal year.

9. The Port covenants that it owns the Airport and will keep the Airport free from liens and encumbrances, except as permitted by the Airport Revenue Bond Ordinances, and that it will keep the Airport in good operating condition in conformity with standards customarily followed in the aviation industry for airports of like size and character.

10. The Port shall comply with the requirements of the federal government of grants-in-aid accepted by the Port and shall operate and maintain the Airport as a revenue-producing enterprise and shall manage the same in the most efficient manner consistent with sound economy and public advantage.

11. The Port shall maintain proper books, records and accounts for the Airport in accordance with generally accepted accounting principles applicable to enterprises such as the Port, and shall have the financial statements of the Airport audited by an independent certified public accountant.

12. The Port shall retain and appoint from time to time an Airport Consultant.

13. The Port shall not create or give, or cause to be created or given, or permit to be created or given, any mortgage, lien, pledge, charge or other encumbrance upon any real or personal property constituting the Airport or upon the Revenues and the money in the Airport Fund, other than the liens, pledges and charges specifically created in the Airport Revenue Bond Ordinances or specifically permitted thereby. The Port shall not sell, lease or dispose of all, or substantially all, of the properties constituting the Airport without simultaneously with such sale, lease or other disposition depositing with the SLB Trustee cash or governmental securities in an amount sufficient so that no SLBs are any longer deemed outstanding. The Port may, however, execute leases, licenses, easements and other agreements of or

pertaining to properties constituting the Airport in connection with the operation of the Airport and in the normal and customary course of business thereof for aviation or non-aviation purposes, according to the schedule of rates, rentals, fees and charges of the Port or according to commercially reasonable terms in light of the business of the Airport as a whole. All amounts due the Port under such agreements and that will be recognized as Revenues shall be deposited in the Airport Revenue Fund when and to the extent required by the Airport Revenue Bond Ordinances. The Port may also enter into Net Rent Leases as described below under "Special Facilities, Special Obligation Bonds and Net Rent Leases."

In the event any Airport properties shall be taken by the exercise of the power of eminent domain, the amount of the award received by the Port as a result of such taking shall be held by the Port under the Airport Revenue Bond Ordinances and either used for the acquisition or construction of revenue-producing properties to constitute part of the Airport or be applied to the redemption or purchase of SLBs.

14. The Port will carry insurance with generally recognized responsible insurers with policies payable to the Port against risks, accidents or casualties at least to the extent that similar insurance is usually carried by airport operators operating properties similar to the Airport.

15. The Port shall not construct Commercial Airports or General Aviation Airports that compete with the Revenues, except as permitted by Ordinance No. 155. Ordinance No. 155 generally permits the Port to construct and operate apart from Ordinance No. 155 a Commercial Airport or General Aviation Airport that the Port certifies to the SLB Trustee is substantially non-competitive with the Airport. The following facilities and structures shall be considered substantially non-competitive with the Airport and shall not be considered "competing for Revenues otherwise available for payment of the SLBs":

(a) Facilities and structures which are not part of a Commercial Airport or a General Aviation Airport and which, at the time they are approved by the Port, are reasonably expected to be used for purposes which do not benefit directly and substantially from close proximity to aircraft, passengers or cargo while traveling through the Airport; and

(b) Facilities and structures which are not part of a Commercial Airport or a General Aviation Airport and which, at the time they are approved by the Port, are reasonably expected to benefit directly and substantially from close proximity to aircraft, passengers or cargo while traveling through the Airport, if the Board reasonably determines that the construction and operation of the facilities or structures will not have a material, adverse effect on the Revenues.

For purposes the preceding clause (b): (1) "material, adverse effect" means a reduction in the Revenues: (A) which would otherwise be projected for the Airport during any of the five full fiscal years following the projected completion of the proposed facility or structure; and, (B) which is directly attributable to the proposed facility or structure; and, (C) which is greater than or equal to five percent of the Net Revenues for the fiscal year immediately preceding a determination of the Board, or which would reduce the Net Revenues below the level required by the rate covenant shown in paragraph 6(b) above.

A determination of the Board shall be conclusively presumed to be reasonable if it is made in reliance upon a projection of the Airport Consultant that the construction and operation of the proposed facilities or structures will not have a material, adverse effect on the Revenues.

The SLB Fund

The Port has created the SLB Fund as a special trust fund to be held by the SLB Trustee. The Port shall set aside and pay into the SLB Fund from the first moneys available in the General Account, to the extent necessary to provide for the punctual payment of: (1) the principal and interest and premium, if any, on the SLBs as and when the same become due, whether at maturity or by redemption or declaration as provided in the SLB Ordinance or otherwise; (2) any Scheduled Swap Obligations as and when the same become due; and (3) any Excess Principal as and when the same become due. The moneys in the SLB Fund shall be used solely for the payment of principal, interest, and premium, if any, due on the SLBs Scheduled Swap Obligations, and Excess Principal. As described below, the SLB Ordinance provides for the maintenance as separate accounts within the SLB Fund of, among other accounts, the SLB Principal and Interest Account and the SLB Reserve Account.

SLB Principal and Interest Account. The SLB Trustee shall maintain a separate account in the SLB Fund to be known as the "SLB Principal and Interest Account." So long as the Port remains obligated to make payments on SLBs or Qualified Swaps:

1. In the case of SLBs and any Qualified Swap for which interest or Scheduled Swap Obligations are due semi-annually, or less frequently, on the first business day of each month, the Port shall pay to the SLB Trustee from moneys in the General Account for deposit in the SLB Principal and Interest Account (a) an amount such that, if the same amount were so credited to this account in each succeeding month thereafter, prior to the next date upon which an installment of interest falls due on the SLBs, the aggregate of such amounts, plus other moneys previously deposited and available in the SLB Principal and Interest Account to pay interest on SLBs, or scheduled to be deposited therein pursuant to a Capitalized Interest Certificate, will equal the installment of interest falling due on the SLBs on such interest payment date; plus (b) an amount such that, if the same amount were so credited to this account in each succeeding month thereafter, prior to the next date upon which a Scheduled Swap Obligation is due, the aggregate of such amounts, plus other moneys previously deposited and available in the SLB Principal and Interest Account and available to pay Scheduled Swap Obligations, will equal those Scheduled Swap Obligations on that payment date.

2. In the case of all SLBs and any Qualified Swap for which interest or Scheduled Swap Obligations are due more frequently than semi-annually: on the business day immediately preceding each interest payment date for such SLBs and each payment date for that Scheduled Swap Obligation, the Port shall pay to the SLB Trustee from moneys in the General Account for deposit in the SLB Principal and Interest Account: (a) an amount that, together with any other moneys previously deposited and available in the SLB Principal and Interest Account to pay interest on SLBs, will equal the installment of interest falling due on the next succeeding interest payment date for those SLBs; plus (b) an amount that, together with moneys previously deposited and available in the SLB Principal and Interest Account to pay Scheduled Swap Obligations, will equal the Scheduled Swap Obligations due on the next succeeding payment date for such Scheduled Swap Obligations.

3. Accrued interest received on the sale of SLBs, payments received by the Port under an agreement to enter into a Qualified Swap, as described in clause (4) of the definition of "SLB Debt Service Requirement," and any regularly scheduled payment that is received by the Port (or the SLB Trustee on behalf of the Port) from a Qualified Swap Provider under a Qualified Swap that exceeds the amount paid by the Port, shall promptly be deposited in the SLB Principal and Interest Account.

4. If, at any time, the amounts in the SLB Principal and Interest Account are not sufficient to pay all interest payments on SLBs and Scheduled Swap Obligations that are then due, the SLB Trustee shall apply amounts in the SLB Principal and Interest Account to pay, on a pro rata basis, interest on SLBs and any amounts due in respect of Scheduled Swap Obligations.

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

SLB Reserve Account. The SLB Trustee shall maintain a separate account in the SLB Fund, to be known as the "SLB Reserve Account." The Port shall pay to the SLB Trustee, from Revenues in the General Account or from SLB proceeds, for deposit in the SLB Reserve Account, moneys sufficient to fund the SLB Reserve Fund Requirement, in accordance with the schedule provided in each ordinance authorizing issuance of a series of SLBs.

Except as described below in this paragraph, moneys in the SLB Reserve Account shall be used only to pay principal of, interest, and any premium on, SLBs and Scheduled Swap Obligations, and only when moneys in the SLB Principal and Interest Account are insufficient for such purposes. In the event that the balance in the SLB Reserve Account is reduced below the SLB Reserve Fund Requirement, then on the first business day of each month, the Port shall pay to the SLB Trustee from Revenues in the General Account for deposit in the SLB Reserve Account, an amount equal to twenty percent (20%) of the amounts required to be paid to the SLB Trustee on that day, pursuant to the preceding three paragraphs of this Section, until there is on deposit in the SLB Reserve Account an amount equal to the SLB Reserve Fund Requirement. If the amounts on deposit in the SLB Reserve Account exceed the SLB Reserve Fund Requirement, and there is no deficiency in any other account in the SLB Fund, the SLB Trustee shall, upon written request of the Port, disburse the excess to the Port for deposit in the General Account.

Investments. Moneys in the SLB Fund shall be invested and reinvested, to the extent reasonable and practicable by the SLB Trustee, and at the direction of the Port, in Investment Securities which are legal investments for the Port under the laws of the State. Such investments shall mature on, or prior to, the date on which moneys are required to be disbursed from the SLB Fund. All earnings on the SLB Fund that are not required to pay rebates on the SLB Fund that are due to the United States under Section 148 of the Internal Revenue Code of 1986, as amended, shall be credited to the SLB Reserve Account, unless and until there is on credit to said account, an amount equal to the SLB Reserve Fund Requirement on all SLBs then Outstanding, in which event such earnings shall be credited to the SLB Principal and Interest Account.

The JLO Fund

The Port has created the JLO Fund as a special trust fund to be held by the Port. The Port is required to set aside and pay into the JLO Fund from the first money available in the General Account after required payments to the SLB Fund: (1) an amount sufficient, with other amounts available in the JLO Fund, to pay any Other Swap Obligations when due; and, (2) any amounts the Port subsequently agrees to deposit into the JLO Fund for the benefit of Junior Lien Obligations. The Port has pledged the Net Revenues that are available for deposit into the JLO Fund under the Airport Revenue Bond Ordinances to pay Other Swap Obligations. On or before the date on which any of the following payments are due, and so long as the Port is obligated to make payments under a Qualified Swap or has Junior Lien Obligations outstanding, the Port is required to deposit into the JLO Fund money sufficient to: (i) pay any Other Swap Obligations that are then due; and (ii) to collateralize any Qualified Swap in accordance with its terms. The Port may covenant to make additional deposits into the JLO Fund to pay Junior Lien Obligations and fund reserves for Junior Lien Obligations.

The TLO Fund

The Port has created the TLO Fund as a special trust fund to be held by the Port and within the TLO Fund a Qualified Swap Termination Payment Fund. The SLB Ordinance permits the Port to create other funds and accounts within the TLO Fund for the payment of Third Lien Obligations and permits the Port to transfer to a qualified trustee the TLO Fund or any of its accounts and funds. The Port is required to set aside and to pay into the TLO Fund from the first money available in the General Account after required payments to the SLB Fund and the JLO Fund: (1) except as otherwise required in the SLB Ordinance, an amount sufficient, with other amounts available in the TLO Fund, to pay any Other TLO Swap Obligations when due; and, (2) any amounts the Port subsequently agrees to deposit into the TLO Fund for the benefit of Third Lien Obligations. The Port has pledged the Net Revenues that are available for deposit into the TLO Fund under the Airport Revenue Bond Ordinances to pay Other TLO Swap Obligations. On or before the date on which any of the following payments are due, and so long as the Port is obligated to make payments under a Qualified TLO Swap (and has not determined to make all payments with respect to a Qualified TLO Swap from the Subordinate Lien Obligations Account established under Ordinance No. 395-B, as amended, for the payment of Subordinate Lien PFC Obligations) or has Third Lien Obligations outstanding, the Port is required to deposit into the TLO Fund money sufficient to: (i) pay any Other TLO Swap Obligations that are then due; and (ii) to collateralize any Qualified TLO Swap in accordance with its terms. The Port may covenant to make additional deposits into the TLO Fund to pay Third Lien Obligations and fund reserves for Third Lien Obligations.

Flow of Funds

The Port shall deposit all Revenues in the Airport Fund, and shall, on the first day of each month, credit all Airport Revenues that remain after paying Costs of Operation and Maintenance to the General Account, a separate special account within the Airport Fund. The Airport Fund and the General Account are held and administered by the Port. The SLB Ordinance provides, however, that in the event amounts in the General Account are insufficient to pay the amounts due thereunder on the date such amounts are to be paid, all moneys then in the General Account and all moneys subsequently available for deposit in the General Account be immediately transferred to the SLB Trustee for deposit to the SLB Fund and provides that no moneys from the General Account shall be disbursed for any other purpose until all payments then due under the SLB Ordinance have been made. If such an insufficiency occurs, the SLB Trustee shall deposit the moneys it receives to the following accounts, in the following order of priority:

FIRST: to the Trustee for deposit to the SLB Principal and Interest Account, until all required deposits to that account have been made;

SECOND: to the Trustee for deposit to the SLB Reserve Account, until all required deposits to that account have been made;

THIRD: to the Port for deposit in the JLO Fund described above, until all required deposits to that fund have been made; and

FOURTH: to the Port for deposit in the TLO Fund described above, until all required deposits to that fund have been made.

Amounts remaining in the General Account after these credits have been made may be used and applied by the Port for any other lawful use or purpose pertaining to the Airport or the aviation or air transport interests of the Port, including without limitation the General Aviation Airports, to pay or secure the payment of Special Obligation Bonds and for any other lawful use or purpose necessary to carry out the

Airport Revenue Bond Ordinances, including making payments or credits to pay Costs of Operation and Maintenance of the Airport and making payments of credits to other funds or accounts.

On or before the first day of each month, the Port shall set aside and pay into the Remaining Contingent Fee Payment Fund the Remaining Contingent Fee Payments, if any, and shall immediately thereafter transfer all amounts in the Remaining Contingent Fee Payment Fund to the CFC Revenue Fund for application in accordance with Ordinance No. 461-B. For the avoidance of doubt, other than the Remaining Contingent Fee Payments, no other Revenues are required to be transferred into the Remaining Contingent Fee Payment Fund.

The SLB Construction Account

The Port has created the SLB Construction Account to hold certain proceeds of SLBs. The SLB Construction Account is held by the Port.

Pledge of Revenues

The Port pledges to the payment of all Outstanding SLBs, heretofore or hereafter issued, and to the payment of all Scheduled Swap Obligations, the following:

1. All Revenues,

2. All moneys on deposit, from time to time, in the SLB Construction Account; and

3. All moneys on deposit, from time to time, in the SLB Fund.

Additional Bonds

Additional SLBs. The Port may issue one or more series of Additional SLBs, provided that no Additional SLBs may be issued unless all of the following conditions are satisfied:

1. The SLB Trustee certifies that no default exists in the payment of principal of, or interest and premium on any SLBs;

2. The SLB Trustee certifies that, upon the issuance of such series of SLBs, the accounts in the SLB Fund for the SLBs will each contain the amounts required to be on deposit therein;

3. An Assistant Secretary of the Port certifies that, for either the Port's most recent complete fiscal year or for any consecutive 12 out of the most recent 18 months, Net Revenues were equal to at least 130% of the SLB Debt Service Requirement on all then Outstanding SLBs for such period;

4. Either:

(a) An Airport Consultant provides a written report setting forth projections which indicate:

(i) the estimated Net Revenues for each of three consecutive fiscal years beginning in the earlier of (A) the first fiscal year following the estimated date of completion and initial use of all revenue-producing facilities to be financed with such series of SLBs, based upon a certified written estimated completion date by the consulting engineer for such facility or facilities, or (B) the first fiscal year in which the Port will have scheduled payments of interest on or principal of the series of SLBs to be issued for the payment of which provision has not been made as indicated in the report of such Airport

Consultant from proceeds of such series of SLBs, investment income thereon or from other appropriated sources (other than Net Revenues); and,

(ii) that the estimated Net Revenues for each fiscal year are equal to at least 130% of the SLB Debt Service Requirements on all SLBs scheduled to occur during that fiscal year after taking into consideration the additional SLB Debt Service Requirements for the series of SLBs to be issued; or

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

5. In the ordinance authorizing a series of SLBs to be issued, provision is made for the satisfaction of the SLB Reserve Fund Requirement;

6. If interest is to be capitalized, the Port provides a Capitalized Interest Certificate; and,

7. The Port provides a Project Certificate.

The Airport Revenue Bond Ordinances provide that when determining compliance with the conditions to the issuance of Additional SLBs, non-cash, unrealized gains, losses, expenses and/or revenues, including the fair value of Qualified Swaps, Qualified TLO Swaps, other swap agreements or other derivative products, shall be disregarded.

Completion Bonds. The Port reserves the right to issue one or more series of Completion Bonds. Prior to the issuance of any series of Completion Bonds the Port must provide, in addition to all of the requirements described above in paragraphs 1, 2 and 5 under "Additional SLBs," (1) a certificate from the engineer or architect engaged by the Port to design the project for which the Completion Bonds are to be issued, stating that such project has not been materially changed in scope since its Project Certificate was filed and setting forth the aggregate cost of the project which, in the opinion of such consulting engineer, has been or will be incurred; and (2) a certificate of an Assistant Secretary stating (a) that all amounts allocated to pay the costs of the project from the most recent series of SLBs issued in connection with the project for which the Completion Bonds are being issued were used or are still available to be used to pay costs of such project, (b) that the aggregate cost of that project (furnished in the consulting engineer's certificate described above) exceeds the sum of the costs of the project paid to such date plus the moneys available at such date within any construction fund established therefor or other like account applicable to the project plus any other moneys which an Assistant Secretary, in his discretion, has determined are available to pay such costs in any other funds, and (c) that, in the opinion of an Assistant Secretary, the issuance of the Completion Bonds is necessary to provide funds for the completion of the project.

Refunding Bonds. If SLBs are being issued for the purpose of refunding previously issued SLBs, the certifications described in paragraphs 3 and 4 under "Additional SLBs" above are not required unless the aggregate debt service payable on the refunding bonds exceeds the aggregate debt service payable on the bonds which are being refunded. However, if SLBs are issued to refund Short Term/Demand Obligations, the certifications described in paragraph 3 under "Additional SLBs" above are required.

Junior Lien Obligations and Third Lien Obligations. The Port also reserves the right to issue or incur, for any lawful Airport purpose, Junior Lien Obligations and Third Lien Obligations, which may be further secured by any other source of payment lawfully available for such purposes.

Qualified Swaps

The Board may authorize Qualified Swaps by resolution and without amending or supplementing the terms of the Airport Revenue Bond Ordinances. The Port may enter into agreements with Qualified Swap Providers regarding the interpretation and application of the Airport Revenue Bond Ordinances and those agreements shall be binding on the Port unless they are inconsistent with the express provisions of the Airport Revenue Bond Ordinances. The SLB Ordinance provides that so long as the obligations of the Port to any Qualified Swap Provider have not been discharged and satisfied, such Qualified Swap Provider shall be a third-party beneficiary of every provision and covenant of the SLB Ordinance and that such provision and covenant shall be enforceable by such Qualified Swap Provider as provided in the SLB Ordinance. The SLB Ordinance also provides that the adjustments to the "SLB Debt Service Requirement" that result from execution of a Qualified Swap shall be allocated to Airport cost centers in the same manner as debt service for the SLBs for which the Qualified Swap was executed or in accordance with the terms of any new or amended Airline Agreement as negotiated between the parties in the future.

SLB Ordinance to Constitute Contract

The SLB Ordinance provides that so long as any of the SLBs are Outstanding, each of the obligations, duties, limitations and restraints imposed upon the Port by the SLB Ordinance shall be deemed to be a covenant between the Port and every Owner and that the SLB Ordinance and every provision and covenant thereof and the provisions of Sections 778.005 to 778.260 of the Oregon Revised Statutes shall constitute a contract with every Owner and shall be enforceable by any Owner by mandamus or other appropriate action or proceeding as provided in the SLB Ordinance.

Special Facilities, Special Obligation Bonds and Net Rent Leases

The Airport Revenue Bond Ordinances provide that the Port may acquire or construct a hangar, overhaul, maintenance or repair building or shop, or other aviation or airport or air navigation facility, including hotels, garages and other buildings and facilities incident or related to the Airport, or acquire and remodel, renovate or rehabilitate a building, structure, or other facility (including the site thereof) for aviation or airport or air navigation purposes (all said hangars, building, shops, or other structures and facilities being referred to as a "Special Facility") and lease such Special Facility under the following conditions:

1. No Special Facility will be constructed or acquired and leased for use or occupancy (a) if the Special Facility would provide services, facilities, commodities or supplies which then may be adequately made available through the Airport as then existing, and (b) if the use or occupancy of such Special Facility under the contract, lease or agreement therefor would result in a reduction of Revenues below the minimum amount of Revenues covenanted to be produced and maintained in accordance with Ordinance No. 155;

2. A Net Rent Lease shall be entered into between the Port, as lessor, and the user or occupier of such Special Facility, as lessee, pursuant to which the lessee shall agree to pay the Port in each year during the term thereof, (a) fixed rentals in periodic installments which will be sufficient to pay during such term as the same respectively matures the principal of and interest on all Special Obligation Bonds to be issued to pay the cost of construction or acquisition of the Special Facility, (b) such further rentals as shall be necessary or required to provide or maintain all reserves required for such Special Obligation Bonds and to pay all trustee's, fiscal agents' and paying agents' fees and expenses in connection therewith, and (c) unless a ground rental shall be provided for as described in paragraph 3 below, an additional rental payable in periodic installments and free and clear of all charges under said Net Rent Lease, in an amount

equal to a properly allocable share of the administrative costs of the Port arising out of such Net Rent Lease and the issuance and servicing of such Special Obligation Bonds;

3. If the land on which the Special Facility is to be constructed constitutes a part of the Airport, the Net Rent Lease referred to in paragraph 2 above shall provide for payment to the Port of a ground rental for the ground upon which such Special Facility is or is to be located. Such ground rental shall when said Net Rent Lease is executed be in amounts not less than required according to the rates, rentals, fees, and charges of the Port then in effect, shall be free and clear of all charges under said Net Rent Lease and shall be in addition to the rentals described in paragraph 2 above; and shall constitute Revenues and be paid into the Airport Fund, to be used and applied as are other moneys deposited therein; and

4. If located on land included in the Airport, the Net Rent Lease shall provide that all rentals payable thereunder as described in paragraph 2 above which are not required to pay the Special Obligation Bonds issued for the Special Facility leased thereby, including reserves for such Special Obligation Bonds, or required to pay trustee's, fiscal agents' and paying agents' fees and expenses in connection therewith, or required to pay the aforesaid administrative costs of the Port, shall be paid to the Port for its own use and purposes. To the extent permitted by law, such excess amounts shall constitute Revenues and be paid into the Airport Fund, to be used and applied as are other moneys deposited therein.

The Airport Revenue Bond Ordinances provide that the Port may issue Special Obligation Bonds to finance Special Facilities and to refund Special Obligation Bonds. Special Obligation Bonds may not be issued, however, unless, among other requirements, a certificate of the Airport Consultant has been filed with the Port certifying that the construction or acquisition and leasing for use or occupation of such Special Facility would not result in a reduction of Revenues below the minimum amount of Revenues the Port has covenanted to produce in Ordinance No. 155.

Special Obligation Bonds are to be payable solely from rentals payable by the lessee under the Net Rent Lease for the Special Facility being financed with the proceeds of such Special Obligation Bonds, provided that to the extent any Net Revenues remain after making all deposits and transfers described above under "Flow of Funds, the Port may apply such remaining Net Revenues toward the payment of such Special Obligations.

The SLB Trustee

The SLB Trustee shall, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertake to perform such duties and only such duties as are specifically set forth in the SLB Ordinance and no implied covenants or obligations shall be read into the SLB Ordinance against the SLB Trustee.

Except in case an Event of default under the SLB Ordinance has occurred and has not been cured, the SLB Trustee agrees to perform such trusts as an ordinarily prudent trustee. The SLB Trustee is entitled to rely upon a certificate of the Port as to the existence or non-existence of any fact and as to the sufficiency or authenticity of any instrument or proceeding and shall not be liable for any action it takes or omits to take in good faith, except that the SLB Trustee may not be relieved from liability for its own negligent action or negligent failure to act or for its willful misconduct.

Before taking any action under the SLB Ordinance regarding an Event of Default, the SLB Trustee may require that it be furnished an indemnity satisfactory to it for the reimbursement of all expenses to which it may be put and to protect it against all liability except liability which results from the negligent action of SLB Trustee, its negligent failure to act or its willful misconduct. However, the SLB Trustee shall not be entitled to any such indemnity as a condition precedent to its drawing upon any Letter of Credit or

Alternate Credit Facility given as security for the payment of any SLBs, but upon the occurrence of an Event of Default and an acceleration of the Outstanding SLBs, the SLB Trustee shall promptly draw upon such Letter of Credit or Alternate Credit Facility in accordance with its terms and use the amounts so drawn solely for the purpose of paying the SLBs secured by such Letter of Credit or Alternate Credit Facility.

Upon an Event of Default, but only upon an Event of Default and except as otherwise provided in the SLB Ordinance in connection with SLBs secured by certain Credit Facilities, the SLB Trustee shall have a first lien on the SLB Fund, with right of payment prior to payment of any SLB, for such fees, advances, counsel fees on trial or on appeal, costs and expenses incurred by it.

Provided a successor SLB Trustee is reasonably available, the SLB Trustee and any successor SLB Trustee may at any time resign from the trusts created by the SLB Ordinance by giving 30 days' written notice to the Port and by first class mail to each Owner; provided that no such resignation shall become effective until a successor SLB Trustee has been appointed and has agreed to act as such.

The SLB Trustee may be removed at any time by the Port, or by an instrument or concurrent instruments in writing delivered to the SLB Trustee and to the Port, signed by the owners of a majority in aggregate principal amount of SLBs then Outstanding; provided that no such removal shall become effective until a successor SLB Trustee has been appointed and has agreed to act as such.

In case the SLB Trustee shall resign or be removed, or be dissolved or shall be in course of dissolution or liquidation, or otherwise become incapable of acting under the SLB Ordinance, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Port, or by the owners of a majority in aggregate principal amount of SLBs then Outstanding. No such appointment shall be effective without the written consent of the Port, which consent shall not be withheld unreasonably. Nevertheless in case of such vacancy the Port by resolution of its governing body may appoint a temporary SLB Trustee to fill such vacancy until a successor SLB Trustee shall be so appointed by the Owners; and any such temporary SLB Trustee so appointed by the Port shall immediately and without further act be superseded by the SLB Trustee so appointed by the Owners. In the event the SLB Trustee resigns or is removed and a successor is not appointed or has not agreed to act as such within 30 days from the date of such resignation or removal, the existing SLB Trustee may petition a court of competent jurisdiction for the appointment of a successor SLB Trustee.

Amendments of the Airport Revenue Bond Ordinances

Amendments Without Owner Consent. The Port may amend the Airport Revenue Bond Ordinances without the consent of Owners (a) for the purpose of providing for the issuance of Additional SLBs, (b) to make any changes or modifications thereof or amendments or additions thereto or deletions therefrom which may be required to permit the Airport Revenue Bond Ordinances to be qualified under the Trust Indenture Act of 1939, as amended from time to time, and (c) if the provisions of such amendment shall not adversely affect the rights of the Owners, for any one or more of the following purposes:

1. To make any changes or corrections in the Airport Revenue Bond Ordinances as to which the Port shall have been advised by its counsel that the same are verbal corrections or changes or are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provision or omission or mistake or manifest error contained in the Airport Revenue Bond Ordinances, or to insert such provisions clarifying matters or questions arising under the Airport Revenue Bond Ordinances as are necessary or desirable;

2. To add additional covenants and agreements of the Port for the purpose of further securing the payment of the SLBs;

3. To surrender any right, power or privilege reserved to or conferred upon the Port by the terms of the Airport Revenue Bond Ordinances;

4. To confirm as further assurance any lien, pledge or charge, or the subjection to any lien, pledge or charge, created or to be created by the provision of any of the Airport Revenue Bond Ordinances;

5. To grant to or confer upon the holders of the SLBs any additional rights, remedies, powers, authority or security that lawfully may be granted to or conferred upon them, or to grant to or confer upon the SLB Trustee for the benefit of the holders of the SLBs any additional rights, duties, remedies, power or authority;

6. To prescribe further limitations and restrictions upon the issuance of the SLBs and the incurring of indebtedness by the Port payable from the Revenues; and

7. To modify in any other respect any of the provisions of the Airport Revenue Bond Ordinances; provided that such modifications shall have no adverse effect as to any SLB or SLBs which are then outstanding.

Special Amendments. The Port has reserved the right to amend the Airport Revenue Bond Ordinances without the consent of the Owners of SLBs to remove references to "Excess Principal" and (but only if the right to make such amendment is expressly reserved in the Supplemental Ordinance providing for the issuance of such SLBs) for, but not limited to, the following purposes.

(1) To amend the definition of "Airport" to add any facilities operated by the Port whether or not such facilities are related to aviation.

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

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

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

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

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

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

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

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

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

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

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

(13) To amend the SLB Ordinance to provide that for purposes of determining compliance with the provisions of the SLB Ordinance relating to Additional SLBs, the amount of passenger facility charges, customer facility charges, state and federal grants or other payments and/or other moneys that are not then included in the definition of "Revenues" or "Net Revenues" but that are committed irrevocably to the payment of debt service on SLBs and to the payment of Scheduled Swap Obligations or that are held by the SLB Trustee for the sole purpose of paying debt service on SLBs and paying Scheduled Swap Obligations may be disregarded and not included in the calculation of SLB Debt Service Requirement for the period in which such amounts are irrevocably committed or are held by the SLB Trustee.

(14) To permit all or a portion of the Remaining Balance, as hereinafter defined, to be taken into account as "Revenues" when determining compliance by the Port with its rate covenants. For this purpose, "Remaining Balance" means for any fiscal year the amount of unencumbered funds on deposit or anticipated to be on deposit on the first day of such fiscal year in the General Account (after all deposits and payments required to be made into the SLB Fund, the JLO Fund or the TLO Fund under the SLB Ordinance have been made as of the last day of the immediately preceding fiscal year).

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

Amendments with Owner Consent. The consent of the Owners of not less than sixty-six and two-thirds per centum (66 ⅔%) of the principal amount of the SLBs then outstanding is required for any amendment not described in the preceding two sections. However, the consent of each affected Owner is required for any amendment to: (1) change the fixed maturity date for the payment of the principal of any SLB or the dates for the payment of interest thereon or the terms of the redemption thereof, or reduce the principal amount of any SLB or the rate of interest thereon or any premium payable upon the redemption or payment thereof; or (2) reduce the aforesaid percentage of SLBs, the Owners of which are required to consent to any such amendment, or (3) give to any SLB or SLBs any preference over any other SLB or

SLBs secured by the SLB Ordinance; or (4) authorize the creation of any pledge of the Revenues or any lien thereon prior or superior or equal to the pledge and lien created in the SLB Ordinance for the payment and security of the SLBs; or (5) deprive any Owner of the security afforded by the Airport Revenue Bond Ordinances.

Events of Default

Each of the following shall constitute an "Event of Default":

1. If payment of the principal and premium (if any) of any SLB, whether at maturity or by proceedings for redemption (whether by voluntary redemption or a mandatory redemption) or otherwise, shall not be made when the same shall become due and payable; or

2. If payment of any installment of interest on any SLB shall not be made when the same shall become due and payable; or

3. If the Port shall fail in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the SLBs or in the SLB Ordinance or in any ordinance supplemental thereto on the part of the Port to be performed, and such failure shall continue for 90 days after written notice specifying such failure and requiring the same to be remedied shall have been given to the Port by the SLB Trustee or by the owners of not less than twenty percent (20%) in principal amount of the SLBs then Outstanding or any committee therefor; provided that if any such failure shall be such that it cannot be cured or corrected within such 90-day period, it shall not constitute an Event of Default under the SLB Ordinance if curative or corrective action is instituted within said period and diligently pursued until the failure of performance is cured or corrected; or

4 If any proceedings shall be instituted with the consent or acquiescence of the Port for the purpose of effecting a composition between the Port and its creditors and if the claim of such creditors is in any circumstance payable from any of the Revenues or any other moneys pledged and charged in the SLB Ordinance or in any ordinance supplemental thereto or for the purpose of adjusting the claims of such creditors, pursuant to any federal or State statute now or hereafter enacted; or

5. If an order or decree shall be entered (a) with the consent or acquiescence of the Port, appointing a receiver or receivers of the Airport or any of the buildings and facilities thereof, or (b) without the consent or acquiescence of the Port, appointing a receiver or receivers of the Airport or any of the buildings and facilities thereof, and such order or decree having been entered, shall not be vacated or discharged or stayed on appeal within 60 days after the entry thereof; or

6. If, under the provisions of any applicable bankruptcy laws or any other law for the relief or aid of debtors, (a) any court of competent jurisdiction shall assume custody or control of the Airport or any of the buildings and facilities thereof, and such custody or control shall not be terminated within 90 days from the date of assumption or such custody or control; or (b) any court of competent jurisdiction shall approve of any petition for the reorganization of the Airport or rearrangement or readjustment of the obligations of the Port under the SLB Ordinance.

Notice to Owners of Events of Default

The SLB Trustee is required to give to Owners notice of all Events of Default known to the SLB Trustee, within 30 days after the occurrence of an Event of Default unless such Event of Default has been cured, provided that except in the case of a payment default, the SLB Trustee shall be protected in withholding such notice if and so long as the SLB Trustee in good faith determines that the withholding of such notice is in the interest of the Owners.

Remedies Upon Occurrence of Event of Default

1. Upon the occurrence of an Event of Default under the SLB Ordinance, the SLB Trustee (a) for and on behalf of the Owners, shall have the same rights under the SLB Ordinance which are possessed by any Owner; (b) shall be authorized to proceed, in its own name and as trustee of an express trust; (c) may, and upon the written request of the Owners of not less than a majority in aggregate principal amount of Outstanding SLBs shall, declare all Outstanding SLBs immediately due and payable; (d) may pursue any available remedy by action at law or suit in equity to enforce the payment of the principal of and interest on the SLBs; (e) may, and upon the written request of the Owners of twenty-five percent (25%) in aggregate principal amount of the SLBs then Outstanding shall, proceed to protect and enforce all rights of the Owners and the SLB Trustee under the SLB Ordinance; and (f) exercise other remedies provided in the Airport Revenue Bond Ordinances.

2. The owners of not less than a majority in principal amount of the SLBs at the time Outstanding shall be authorized and empowered (a) to direct the time, method, and place of conducting any proceeding for any remedy available to the SLB Trustee or to the holders of the SLBs, or exercising any trust or power conferred upon the SLB Trustee under the SLB Ordinance; or (b) on behalf of the owners of the SLBs then Outstanding, to consent to the waiver of any Event of Default or its consequences, and the SLB Trustee shall waive any Event of Default and its consequences and rescind any declaration of maturity upon the written request of the owners of such majority.

3. Notwithstanding any other provision of the SLB Ordinance the right of any owner of any SLB to receive payment of the principal of and interest on such SLB, on or after the respective due dates expressed in such SLB, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such owner.

4. All moneys received by the SLB Trustee following an Event of Default under the SLB Ordinance pursuant to any right given or action taken under the provisions of the SLB Ordinance shall, after payment to the SLB Trustee of its reasonable fees and expenses with respect thereto, be applied to the payment of the principal of and interest on the Outstanding SLBs then due and unpaid, ratably according to the amounts due and payable on the Outstanding SLBs, without preference or priority of any kind.

Discharge of Liens and Pledges; SLBs No Longer Outstanding Under the SLB Ordinance

The obligations of the Port under the SLB Ordinance and the liens, pledges, charges, trusts, assignments, covenants and agreements of the Port therein made or provided for, shall be fully discharged and satisfied as to any SLB and such SLB shall no longer be deemed to be Outstanding thereunder:

1. When such SLB shall have been cancelled, or shall have been purchased by the SLB Trustee from moneys in the SLB Fund, or

2. As to any SLB not cancelled or so purchased, when payment of the principal of and the applicable redemption premium, if any, on such SLB, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption or prepayment or otherwise), either

(a) shall have been made or caused to be made in accordance with the terms thereof, or

(b) shall have been provided by irrevocably depositing with the SLB Trustee or Paying Agent for such SLB, in trust and irrevocably appropriated and set aside exclusively for such payment,

(i) moneys sufficient to make such payment or

(ii) Governmental Obligations maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the SLB Trustee and said Paying Agents pertaining to the SLB with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the SLB Trustee and said Paying Agents.

At such time as an SLB shall be deemed to be no longer Outstanding under the SLB Ordinance, as aforesaid, such SLB shall cease to draw interest from the due date thereof (whether such due date be by reason of maturity, or upon redemption or prepayment or by declaration as aforesaid, or otherwise) and, except for the purposes of any such payment from such moneys or Governmental Obligations shall no longer be secured by or entitled to the benefits of the SLB Ordinance, including all Supplemental SLB Ordinances.

If any SLBs shall not be presented for payment when the principal thereof shall become due, whether at maturity or at the date fixed for the redemption thereof, or otherwise, and if moneys or Governmental Obligations shall at such due date be held by the SLB Trustee, or a Paying Agent therefor, in trust for that purpose and sufficient and available to pay the amounts due upon presentment of such SLBs on such due date, then interest shall cease to accrue on such SLBs, all liability of the Port for such payment shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the SLB Trustee or such Paying Agent, to hold said moneys or Governmental Obligations, without liability to such Owner for interest thereon, in trust for the benefit of the holder of such SLB, who thereafter shall be restricted exclusively to said moneys or Governmental Obligations for any claim of whatever nature on his part on or with respect to said SLB, including any claim for the payment thereof.

Notwithstanding any provision of any other section of the SLB Ordinance which may be contrary to the provisions of this section, all moneys or Governmental Obligations set aside and held in trust pursuant to the provisions described in this section for the payment of SLBs (including interest and premium thereon, if any) shall be applied to and used solely for the payment of the particular SLB (including interest and premium thereon, if any) with respect to which such moneys and Governmental Obligations have been so set aside in trust.

Notwithstanding anything in the SLB Ordinance to the contrary, the obligations of the Port under the SLB Ordinance and the liens, pledges, charges, trusts, assignments, covenants and agreements of the Port therein made or provided for, shall not be discharged and satisfied until the Port has paid all amounts it is obligated to pay under any Qualified Swap.

No Personal Liability

No Commissioner of the Port and no officer, director or employee thereof shall be individually or personally liable for the payment of the principal of or interest or premium on the SLBs; but nothing contained in the SLB Ordinance shall relieve any such Commissioner, officer, director or employee from the performance of any duty provided or required by law, including the SLB Ordinance.

Limitation of Rights

With the exception of rights or benefits expressly conferred in the SLB Ordinance, nothing expressed or mentioned in or to be implied from the SLB Ordinance or the SLBs is intended or shall be construed to give to any person other than the Port, the SLB Trustee and the Owners of the SLBs, any legal or equitable right, remedy or claim under or in respect to the SLB Ordinance or any covenants, conditions and provisions therein contained; the SLB Ordinance and all of the covenants, conditions and provisions thereof being intended to be and being for the sole and exclusive benefit of the Port, the SLB Trustee and the Owners of the SLBs as therein provided.

APPENDIX D

PENSION AND OTHER POST-RETIREMENT BENEFIT PROGRAMS

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APPENDIX D

PENSION AND OTHER POST-RETIREMENT BENEFIT PROGRAMS

Pension Plans – General. The Port is one of many employers in the statewide Oregon Public Employees' Retirement System, a multiple-employer, cost-sharing pension plan ("PERS" or the "System"). The Port participates in three retirement pension benefit programs and in a retirement healthcare benefit program (the Retirement Health Insurance Account program or "RHIA") sponsored by PERS. The three PERS pension programs are composed of two defined benefit programs and one program that has features similar to a defined contribution plan. In a defined benefit plan, the investment risk for the plan assets is borne by the employer. In a defined contribution plan, the investment risk for the plan assets is borne by the employee. A combination of employer contributions determined by the Public Employees Retirement Board (the "PERS Board") based upon the results of actuarial valuations, employee contributions and investment earnings fund the PERS pension programs. Employee contributions, which to date the Port has elected to pay, are determined by statute and currently are 6% of salaries.

Most Port employees, after six months of employment, are participants in PERS. Employees hired before January 1, 1996 are known as "Tier 1" participants. Retirement benefits applicable to Tier 1 participants are based primarily on a defined benefit model. Employees hired on or after January 1, 1996 and before August 29, 2003 are "Tier 2" participants. The Tier 2 program is a defined benefit program but with lower expected costs to employers than under the Tier 1 benefit program. Employees hired on or after August 29, 2003 are participants in a successor retirement program to the Tier 1 and Tier 2 retirement programs (the "T1/T2 Pension Programs"), known as the Oregon Public Service Retirement Plan (the "OPSRP").

PERS also offers an Individual Account Program (the "IAP") that has features similar to a defined contribution benefit. Effective January 1, 2004, active T1/T2 and OPSRP employees became members of the IAP.

Pensions – Valuations and Funded Status. State statutes require an actuarial valuation of the System at least once every two years. PERS' current practice is to obtain actuarial valuations annually, although only valuations as of the end of each odd-numbered year are used to determine annual required employer contribution rates. Valuations are performed for the entire System and for each participating employer, including the Port, and are released approximately one year after the valuation date. Milliman, Inc. ("Milliman") is the current PERS actuary.

Milliman's valuation for the Port as of December 31, 2021 (the "2021 Port Valuation") serves as the basis for the Port's employer contribution rates for the period July 1, 2023 through June 30, 2025 (the "2023-2025 Biennium").

Milliman's valuation of the System as of December 31, 2022, was released in December 2023 (the "2022 System Valuation"). The 2022 Port Valuation was also released in December 2023, and reflects the Port's share of PERS' assets and liabilities as of December 31, 2022, based upon the 2022 System Valuation. The 2022 System Valuation provides advisory system wide average employer contribution rates calculated as of December 31, 2022 for the period July 1, 2025 through June 30, 2027 (the "2025-2027 Biennium"). See "—Pensions—Contribution Rates."

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, 2021 (the "2021 System Valuation") and the 2021 Port Valuation, upon which employer contribution rates for the 2023-2025 Biennium are based. Table D-1 also shows the adopted methods and assumptions utilized for the 2022 System Valuation (advisory) and 2022 Port Valuation (advisory), which were unchanged from the methods and assumptions utilized in the 2021 System Valuation and the 2021 Port Valuation.

TABLE D-1
ACTUARIAL ASSUMPTIONS AND METHODS

Assumption/ Method	2021 System Valuation and 2021 Port Valuation	2022 System Valuation and 2022 Port Valuation
Actuarial Cost Method	Entry-Age Normal	Unchanged
T1/T2 Programs UAL Amortization Method	Level Percentage of Payroll over 20 years (fixed)	Unchanged
OPSRP UAL Amortization Method	Level Percentage of Payroll over 16 years (fixed)	Unchanged
Asset Valuation Method	Market Value [1]	Unchanged
Investment Rate of Return	6.90%	Unchanged
Payroll Growth Rate	3.40%	Unchanged
Inflation Level	2.40%	Unchanged
Contribution Rate Stabilization Method	The contribution rate stabilization method, also referred to as the rate collar (the "Rate Collar"), is applied separately to OPSRP and to each Tier 1/Tier 2 experience sharing pool (State and Local Government Rate Pool, School Districts) and independent employers. The Rate Collar will be applied as a fixed percentage of payroll, with a limit of 3 percent of payroll for the Tier 1/Tier 2 UAL rate and 1 percent of payroll for OPSRP UAL rate. Further, reductions in the UAL rate would be eliminated if the pool's funded status (excluding side accounts) is 87% or lower. If the funded status reaches 88%, the reduction would be allowed, gradually increasing until the funded status reaches 90 percent, at which point the full reduction would be permitted.	Unchanged

(1) Market value of assets reduced by value of assets in statutory reserves (contingency, capital preservation and rate guarantee reserves).

Table D-2 summarizes the actuarial value of assets and liabilities, UALs and funded ratios for the PERS pension plans System-wide as of December 31, 2018 through 2022, and Table D-3 summarizes the Port's share of the System's UALs for the same years.

Side Accounts. The Port's allocated shares include credits for amounts on deposit in the Port's UAL side account (the "UAL Side Account"). The UAL Side Account was funded with net proceeds of approximately $55 million aggregate principal amount of limited tax pension obligations issued by the Port in 2002 and approximately $20 million aggregate principal amount of limited tax pension obligations issued by the Port in 2005, of which approximately $25.6 million and approximately $11.2 million, respectively, are allocable to the Airport. Proceeds received from the sale of the pension obligations, plus investment earnings thereon, were applied to finance a portion of the Port's estimated share of the T1/T2 UAL (approximately $54 million as of April 1, 2002 and approximately $20 million as of October 1, 2005). Those deposits to the Port's UAL Side Account reduce the Port's contribution rates to the T1/T2 Pension programs. See Note 9 in Appendix B.

Chapter 355 Oregon Laws 2019 ("Senate Bill 1049") adopted by the Oregon Legislative Assembly during the 2019 legislative session authorized funding for an Employer Incentive Fund ("EIF") which provided 25% matching funds (up to a cap) to incent employers to place new side accounts with PERS. Senate Bill 1049 also authorized changes to the timing options available for employers to receive rate offsets from new side accounts. In December 2019, the Port created two new side accounts with PERS. The first side account of $20 million qualified for EIF matching in the amount of $4,961,469. This side account is being amortized to provide the Port rate relief for 16 years, beginning January 1, 2020. The initial rate relief provided to the Port was (2.82%); the amount of rate relief provided is recalculated every two years in subsequent rate setting valuations. The second Port side account created in December 2019 was in the amount of $10 million and will be amortized to provide pension rate relief to the Port for 10 years, beginning in fiscal year 2030. The combined amortizations of these two accounts will provide the Port with pension rate relief over the next 20 years, with rate relief from both side accounts providing rate relief in the years in which the Port's pension rates were projected to be at their highest. The side accounts were funded by the Port's General Fund so the rate relief received from these side accounts will only benefit the Port's General Fund. Due to the long-term nature and up-front funding requirements of these new accounts, it was determined that it was not feasible to apply the transaction to the Airport.

TABLE D-2
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
SYSTEMWIDE PENSION HISTORICAL ACTUARIAL FUNDED RATIOS
(IN MILLIONS) (1)

Calendar Year Ending	Market Value of Assets ($)(2)	Actuarial Value of Liability ($)	Unfunded Actuarial Liability ($)	Funded Ratio (%)(3)
2018*	64,802.3	86,574.7	21,772.4	74.9
2019(4)	70,312.2	89,445.7	19,133.5	78.6
2020*	72,378.3	95,300.4	22,922.1	75.9
2021(4)	85,001.3	98,401.4	13,400.1	86.4
2022*	81,074.0	102,908.8	21,834.8	78.8

Sources: Actuarial valuations of the System.

(1) System funding levels composed of Tier 1/Tier 2 and OPSRP pensions but excluding retiree healthcare subsidies of RHIA and RHIPA.
(2) Includes proceeds of pension bonds and other funds deposited in side accounts established for Oregon local governments and the State.
(3) Funded ratios are based on market to market accounting procedures.
(4) Reflects the transfer in assets and liabilities for new employers that joined the SLGRP effective January 1 following the valuation date.
* Data is advisory.

The 2022 System Valuation indicates that the system average collared net employer contribution for the 2025-2027 Biennium is projected to increase compared to the rate currently in effect for the 2023-2025 Biennium.

Milliman is expected to present a summary of the System's actuarial valuation results for 2023 (the "2023 Valuation Summary") to the PERS Board at its regularly scheduled July 26, 2024, meeting (the "July PERS Board Meeting"). The official results of the actuarial valuation for 2023 will be used as the basis for determining employer contribution rates for the 2025-2027 Biennium. The formal evaluation is expected to be adopted by the PERS Board at its October 4, 2024, meeting. According to the 2023 Summary, included in the agenda for July PERS Board Meeting, the System's UAL (including side accounts) is expected to increase to approximately $24 billion, and the funded status of the System (including side accounts) is expected to decrease to approximately 77%. The 2023 Summary predicts that the average collared base employer contributions will increase 1.47% for the 2025-2027 Biennium, and the average collared net employer contributions will increase 4.08% for the 2025-2027 Biennium. The Port does not expect to update the Official Statement with respect to any actions taken at the July PERS Board Meeting.

TABLE D-3
PORT SHARE OF THE SYSTEM'S UNFUNDED ACTUARIAL ACCRUED LIABILITY

	2018 Port Valuation*	2019 Port Valuation	2020 Port Valuation*	2021 Port Valuation	2022 Port Valuation*
Net Port Pension UAAL	**$132,572,317**	**$81,728,835**	**$91,715,037**	**$41,645,660**	**$95,577,371**
Allocated pooled SLGRP T1/T2 UAL	156,868,475	$140,144,877	$144,645,155	$105,523,069	$140,176,967
Allocated pre-SLGRP pooled liability/(surplus) (1)	(8,589,342)	(7,591,983)	(6,226,326)	(5,410,946)	(4,639,460)
Transition liability/(surplus) (2)	(690,332)	(632,759)	(579,824)	(524,481)	(465,103)
Allocated pooled OPSRP UAL	13,058,046	12,242,769	14,570,548	8,899,548	20,120,441
Port UAL Side Account	28,074,530	62,434,069	60,694,516	66,841,530	59,615,474
Combined valuation payroll	72,318,143	74,471,432	71,180,916	72,425,163	79,841,206
Net Pension UAL as % of payroll	183%	110%	129%	58%	120%
Allocated Pooled RHIA UAL	($1,060,024)	($1,551,256)	($1,634,915)	($2,249,873)	($2,160,434)

* 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 2018 (advisory), 2019, 2020 (advisory), 2021 and 2022 (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, 2023.

TABLE D-4
OREGON PUBLIC EMPLOYEES
RETIREMENT FUND INVESTMENT RETURNS (1)

Calendar Year Ending	Net Returns (%)
2019	13.6
2020	7.7
2021	20.0
2022	(1.6)
2023	6.0

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 2023-2025 Biennium (based upon the 2021

Port Valuation) and the 2025-2027 Biennium (based upon the 2022 Port Valuation) are set forth in Table D-5.

TABLE D-5
PORT CONTRIBUTION RATES

Payrolls	2023-2025	2025-2027 (Advisory)
T1/T2	16.67%	20.24%
OPSRP General Service	11.80	15.57
OPSRP Police and Fire	16.59	20.16

Source: 2021 and 2022 Port Valuations.

Employer contribution rates consist of a normal cost rate, offset by any UAL Side Accounts and a rate to amortize the UAL of the System, and the Port is responsible for its allocable portion of these costs. Normal cost rates for T1/T2, OPSRP-General Service, OPSRP-Police and Fire, and the UAL rates, calculated in the 2022 System Valuation and 2022 Port Valuation and adopted by the PERS Board for the 2025-2027 Biennium, increased compared to those rates used to calculate the employer contribution rates for the 2023-2025 Biennium.

Other Post-Employment Benefits. The Port administers a single-employer defined-benefit healthcare plan (the "OPEB Plan") that provides certain qualifying employees retiring under PERS or OPSRP with Port-paid healthcare coverage for the qualifying retiree until age 65. The OPEB Plan was phased out and is not available to any employees who did not meet eligibility requirements by December 31, 2011. Contributions to the OPEB Plan are made on a pay-as-you-go basis.

Under State law, employees retiring under PERS or OPSRP may continue their health insurance coverage through the Port until eligible for Medicare (usually age 65). Coverage may be elected for the retiring employee, the employee's spouse and for qualifying dependents. Premiums are paid by the retiree at the Port's pooled rate, which is the same rate paid for active employees. Retirees, on average, are expected to have higher health costs than active employees, primarily due to the older average age of retirees. Since the same premium applies to both groups, the premiums paid for active employees by the Port are subsidizing the premiums for retirees. As a result, there is an "implicit subsidy" paid by the Port and under generally accepted accounting principles, the implicit subsidy associated with retiree health care costs paid during the last year is also considered to be a contribution from the Port. According to the most recent actuarial valuation, as of July 1, 2023, measured as of June 30, 2023 with a reporting date of June 30, 2023, the total OPEB liability of the Plan and the Port's implicit subsidy was approximately $2,917,927, of which approximately $1,469,665 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 ($2,249,873) as of December 31, 2021 and ($2,160,434) as of December 31, 2022. 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, 2021, the RHIA program had a UAL of approximately $(394.0) million and as of December 31, 2022 a UAL of approximately $(374.9) million, representing an overfunded status of approximately 207% and 209%, respectively.

APPENDIX E

DTC AND ITS BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series Thirty Bonds. The Series Thirty 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 Thirty Bond certificate will be issued for each maturity of the Series Thirty Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series Thirty Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series Thirty Bonds on DTC's records. The ownership interest of each actual purchaser of each Series Thirty 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 Thirty 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 Thirty Bonds, except in the event that use of the book-entry system for the Series Thirty Bonds is discontinued.

To facilitate subsequent transfers, all Series Thirty 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 Thirty 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 Thirty Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series Thirty Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series Thirty Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series Thirty Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series Thirty Bond documents. For example, Beneficial Owners of Series Thirty Bonds may wish to ascertain that the nominee holding the Series Thirty Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series Thirty Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series Thirty 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 Thirty Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Series Thirty Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Port or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Port, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Port or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series Thirty 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 Thirty Bond certificates are required to be printed and delivered.

The Port may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series Thirty Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Port believes to be reliable, but the Port takes no responsibility for the accuracy thereof.

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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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 $589,905,000 aggregate principal amount of its Portland International Airport Revenue Bonds, Series Thirty A Bonds (Green Bonds) (AMT) (the "Series Thirty A Bonds") and its Portland International Airport Revenue Refunding Bonds, Series Thirty B (AMT) (the "Series Thirty B Bonds" and together with the Series Thirty A Bonds, the "Series Thirty Bonds"). The Series Thirty Bonds are being issued pursuant to (a) the provisions of Sections 778.145 through 778.175 and Chapter 287A of the Oregon Revised Statutes, as amended, (b) Port Ordinance No. 155, enacted by the Board of Commissioners of the Port (the "***Board***") on November 10, 1971, as amended, restated and supplemented ("***Ordinance No. 155***"), (c) Port Ordinance No. 323, enacted by the Board on October 9, 1985, as amended, restated and supplemented ("***Ordinance No. 323***"), and (d) Ordinance No. 482-B, enacted by the Board on June 12, 2024 and effective on July 12, 2024, ("***Ordinance 482-B***") as supplemented by the Certificate of the Executive Director Establishing and Determining Certain Terms and Other Matters Relating to the Series Thirty Bonds, dated the date hereof (the "***Series Thirty Ordinance***," and collectively with Ordinance No. 155 and Ordinance No. 323, the "***Airport Revenue Bond Ordinances***"). The Port covenants and agrees as follows:

Section 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Port for the benefit of the Owners and Beneficial Owners of the Series Thirty Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission (the "***Commission***") Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Airport Revenue Bond Ordinances, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Port pursuant to, and as described in, Sections 3 and 4 hereof.

"Beneficial Owner" shall mean any person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series Thirty Bonds (including persons holding Series Thirty Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series Thirty 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 Thirty Bonds.

"Owner" shall mean a registered owner of the Series Thirty Bonds.

"Participating Underwriters" shall mean the original underwriters of the Series Thirty Bonds required to comply with the Rule in connection with offering of the Series Thirty 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, 2024, provide to the MSRB through EMMA, in an electronic format and accompanied by identifying information all as prescribed by the MSRB, an Annual Report relating to the immediately preceding Fiscal Year that is consistent with the requirements of Section 4 hereof, which Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 hereof; provided, that any audited financial statements may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Fiscal Year for the Port changes, the Port shall give notice of such change in the same manner as for a Listed Event under Section 5(e) hereof.

(b) If in any year the Port does not provide the Annual Report to the MSRB by the time specified above, the Port shall instead file a notice to the MSRB through EMMA stating that the Annual Report has not been timely completed and, if known, stating the date by which the Port expects to file the Annual Report.

(c) If the Dissemination Agent is not the Port, the Dissemination Agent shall:

1. file a report with the Port certifying that the Annual Report has been filed pursuant to this Disclosure Certificate and listing the date(s) of the filing(s); and

2. take any other actions mutually agreed to between the Dissemination Agent and the Port.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the Port for the preceding Fiscal Year, prepared in accordance with the laws of the State of Oregon and in accordance with generally accepted accounting principles as promulgated from time to time by GASB. If the Port's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements of the Port, the Annual Report also shall contain for the preceding Fiscal Year the following historical financial information and operating data of the type set forth in the Official Statement presented under the headings "OUTSTANDING SLB SERIES AND DEBT SERVICE," "PORTLAND INTERNATIONAL AIRPORT" and "FINANCIAL INFORMATION" (with table numbers to the Official Statement provided for cross-reference purposes only):

(i) The airlines serving the Airport (of the type shown in Table 10);

(ii) The number of origin and destination passengers at the Airport, but only to the extent that information is readily available to the Port;

(iii) The SLB Debt Service Schedule (of the type shown in Table 4);

(iv) The number of historical enplaned passengers (of the type shown in Table 12);

(v) The number of enplaned passengers by airline (of the type shown in Table 13);

(vi) The historical total cargo tonnage (of the type shown in Table 14);

(vii) The historical landed weight (of the type shown in Table 15);

(viii) The historical financial performance of the Port (of the type shown in Table 16);

(ix) Management's Discussion of Results;

(x) The historical debt service coverage (of the type shown in Table 17).

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 Thirty 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 Thirty 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 Thirty 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 Thirty 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 Thirty Bonds or other material events affecting the tax status of the Series Thirty Bonds;

2. Modifications to rights of the Owners of the Series Thirty Bonds;

3. Optional, unscheduled or contingent Series Thirty Bond calls;

4. Release, substitution or sale of property securing repayment of the Series Thirty 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 Thirty Bonds pursuant to the Airport Revenue Bond Ordinances.

(f) The Port intends to comply with the Listed Events described in Section 5(a)(10) and Section 5(b)(8) hereof, and the definition of "Financial Obligation" in Section 1 hereof, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Commission in Release No. 34-83885, dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

Section 6. Termination of Obligation. The Port's obligations under this Disclosure Certificate shall terminate upon the maturity, legal defeasance, prior redemption or payment in full of all of the Series Thirty 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 Thirty 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 Thirty Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Port to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed a default under the Airport Revenue Bond Ordinances and the sole remedy under this Disclosure Certificate in the event of any failure of the Port to comply with this Disclosure Certificate shall be an action to compel performance. Under no circumstances shall any person or entity be entitled to recover monetary damages hereunder in the event of any failure of the Port to comply with this Disclosure Certificate.

No Owner or Beneficial Owner of the Series Thirty Bonds may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the Port satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the Port shall have refused to comply therewith within a reasonable time.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. Any Dissemination Agent appointed hereunder shall have only such duties as are specifically set forth in this Disclosure Certificate, and shall have such rights, immunities and liabilities as shall be set forth in the written agreement between the Port and such Dissemination Agent pursuant to which such Dissemination Agent agrees to perform the duties and obligations of Dissemination Agent under this Disclosure Certificate.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Port, the Dissemination Agent, if any, the Participating Underwriters and the Owners and Beneficial Owners from time to time of the Series Thirty 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 Thirty 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 15th day of August 2024.

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 Thirty Bonds, Hawkins Delafield & Wood LLP, Bond Counsel, proposes to issue its approving opinion in substantially the following form:

August 15, 2024

The Port of Portland
7200 N.E. Airport Way
Portland, Oregon 97218

Subject: $518,260,000 The Port of Portland (Oregon) Portland International Airport Revenue Bonds,
Series Thirty A (AMT) (Green Bonds)
$71,645,000 The Port of Portland, Oregon, Portland International Airport Revenue Refunding Bonds, Series Thirty B (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 $518,260,000 Portland International Airport Revenue Bonds, Series Thirty A (AMT) (Green Bonds) (the "Series Thirty A Bonds") and its $71,645,000 Portland International Airport Revenue Refunding Bonds, Series Thirty B (AMT) (the "Series Thirty B Bonds" and together with the Series Thirty A Bonds, the "Series Thirty Bonds"), which are dated as of their date of delivery. The Series Thirty Bonds are issued pursuant to Oregon Revised Statutes ("ORS") 778.145 to 778.175 and applicable provisions of ORS Chapter 287A, and Ordinance No. 482-B enacted by the Board of Commissioners of the Port on June 12, 2024 as supplemented by the Certificate of the Executive Director Establishing and Determining Certain Terms of and Other Matters Relating to the Series Thirty Bonds dated as of August 15, 2024 (together, the "Bond Ordinance"). The Series Thirty Bonds are issued in accordance with the provisions of the Port's Ordinance No. 155 enacted on November 10, 1971, as amended, restated and supplemented, and Ordinance No. 323 enacted on October 9, 1985, as amended, restated and supplemented (collectively, the "Prior Ordinances" 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 Thirty Bonds. The Series Thirty 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 Thirty Bonds constitute valid and legally binding special obligations of the Port that are enforceable in accordance with their terms.

2. The Series Thirty Bonds are payable from the Net Revenues of the Airport, as provided in the Ordinances.

3. The Bond Ordinance has been validly and duly enacted by the Port and constitutes the valid and binding obligation of the Port. The Ordinances create a valid pledge, to secure the payment of the principal of and interest on the Series Thirty Bonds, of the Revenues, all money on deposit from time to time in the SLB Construction Account and all money on deposit from time to time in the SLB Fund.

4. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the Series Thirty 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"), except that no opinion is expressed as to such exclusion of interest on any Series Thirty Bond for any period during which the Series Thirty Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed with the proceeds of the Series Thirty Bonds or a "related person," and (ii) interest on the Series Thirty Bonds, however, is treated as a preference item in calculating the alternative minimum tax under the Code and interest on the Series Thirty Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of 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 Thirty 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 Thirty 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 Thirty Bonds in order that, for federal income tax purposes, interest on the Series Thirty 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 Thirty Bonds, restrictions on the investment of proceeds of the Series Thirty 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 Thirty 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 Thirty 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 Thirty 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 Thirty Bonds, and (ii) compliance by the Port with the procedures and covenants set forth in the Tax Certificate.

5. Interest on the Series Thirty 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 Thirty Bonds or the ownership or disposition thereof, except as stated in paragraphs 4 and 5 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 Thirty 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 Thirty 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 Thirty Bonds and have not represented and are not representing any other party in connection with the Series Thirty Bonds. This opinion is given solely for the benefit of the Port in connection with the Series Thirty 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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APPENDIX H

GREEN BONDS SECOND PARTY OPINION

Second Party Opinion

Issuer:	**The Port of Portland (Oregon)**
Issue Description:	Portland International Airport Revenue Bonds, Series Thirty A (AMT) (Green Bonds)
Project:	Airport Improvement Projects
Green Standard:	ICMA Green Bond Principles
Green Category:	Green Buildings
Keywords:	Green buildings, LEED Gold, energy efficient, electrification, ground source heat pump, airport, seismic retrofit, mass timber, lifecycle assessment, regional emergency response, climate resilience, net zero aligned, Portland, Oregon
Par:	$518,260,000
Evaluation Date:	July 16, 2024

GREEN BONDS DESIGNATION

Kestrel, an Approved Verifier accredited by the Climate Bonds Initiative, conducted an independent external review of the Portland International Airport Revenue Bonds, Series Thirty A (AMT) (Green Bonds) (the "Series Thirty A Bonds") to evaluate conformance with the Green Bond Principles (June 2021 with June 2022 Appendix 1) established by the International Capital Market Association. Our team for this engagement included analysts with experience in sustainability and environmental science.

This Second Party Opinion reflects our review of the uses and allocation of proceeds, oversight, and conformance of the Series Thirty A Bonds with the Green Bond Principles. In our opinion, the Series Thirty A Bonds are impactful, net zero aligned, conform with the four core components of the Green Bond Principles, and qualify for Green Bonds designation.

ABOUT THE ISSUER

The Port of Portland (the "Port") operates aviation, maritime, commercial, and industrial facilities in Multnomah, Clackamas, and Washington counties in Oregon. The Port owns and operates three airports: Portland International Airport, Troutdale Airport, and Hillsboro Airport. Portland International Airport (the "Airport") spans 3,200 acres and served approximately 16.5 million passengers in 2023.

The Port has robust environmental commitments to reduce greenhouse gas emissions and improve energy efficiency, water conservation, wildlife management and regulatory compliance. The 2012 Energy and Carbon Management Plan established targets to reduce greenhouse gas emissions 80% by 2040, compared to 1990 levels. The Port has adopted targets to reduce emissions 45% by 2030 compared to

1990 levels, and reach net zero for all operations by 2050.[1] The Port has made steady progress toward decarbonization and is on track to meet these goals according to the FY2022-2023 Environmental Annual Report. Other notable programs that advance these commitments include:

- **Emissions Reduction Program:** As of 2020, the Port is implementing a renewable fuel program as an interim step toward zero emissions, with a goal to transition all mobile and stationary equipment away from fossil fuels by 2025. All jet bridges have pre-conditioned air and fixed ground power connections to reduce fuel consumption while aircraft are parked at gates. The Port is in the process of adding charging infrastructure at all gates to support full electrification of ground service equipment operated by airlines. Passengers have direct access to the fully electric TriMet light rail system that connects to regional public transit and reduces single-passenger vehicle trips to the Airport. Kestrel views these actions as best practices for reducing emissions from airport operations.
- **Energy and Carbon Management Program:** In 2022, the Port contracted to purchase solar power from community solar projects in Oregon to provide approximately 15% of the electricity used at the Airport for the next 20 years. Construction of a 1-MW solar array located at the Goodling Annex is expected to be completed and operational by September 2024. The property is west of the Airport and 40% of the generated electricity will be used by the Port while 60% will be made available at a discounted rate to local businesses and residents, with a focus on low-income households.
- **Sustainable Aviation Fuels:** The Port is an active participant in the national Sustainable Aviation Fuel ("SAF") Grand Challenge Roadmap and the regional Joint Cascadia Airports collaboration, which aim to develop infrastructure and incentives for SAF adoption. The Port has a target to support 10% SAF by 2030.[2]
- **Waste Management Program:** The Port has an established Waste Minimization Program that includes recycling, composting, food donation and reuse of materials. As a result, typically 90% of construction and demolition waste is diverted from landfills.[3]
- **Water Conservation Program:** The Port is committed to responsible water management and integrates water conservation into planning and decision-making. Priority strategies include reducing waste, increasing use of non-potable water, and maximizing water use efficiencies.
- **Wildlife Hazard Management Program:** Established in 1998, this program implements strategies to mitigate risks to wildlife from aircraft collisions. Through the Raptor Translocation Program, the Port has relocated 2,530 individual raptors representing 13 different species between 1999 and 2016.[4]
- **Mitigation Management Program:** The Port manages over 900 acres of wetlands and natural areas. Management activities include improving connectivity between wildlife areas, restoring wetland functions, and increasing wildlife habitat.[5]

[1] "Environmental Sustainability During Airport Construction," Port of Portland, accessed July 2, 2024, https://www.portofportland.com/environment/pdxnext; "Environmental Annual Report (FY22-23)," Port of Portland, accessed July 2, 2024, https://cdn.portofportland.com/pdfs/FY22-23_Port%20of%20Portland_Environmental%20Annual%20Report.pdf.
[2] "Environmental Annual Report (FY22-23)," Port of Portland.
[3] "Our Environment: Land Quality and Waste Management," Port of Portland, accessed July 3, 2024, https://www.portofportland.com/Environment.
[4] "Wildlife Management," Port of Portland, accessed July 3, 2024, https://www.portofportland.com/Environment/Wildlife.
[5] "Mitigation Management," Port of Portland, accessed July 3, 2024, https://www.portofportland.com/Environment/Mitigation.

ALIGNMENT TO GREEN STANDARDS[6]

Use of Proceeds

The Series Thirty A Bonds finance components of the Terminal Core Redevelopment Project, which is designed to achieve LEED Gold certification. In addition to financing aspects of the terminal building itself, proceeds finance energy efficient baggage handling systems, installation of a ground source heat pump system, and related improvements to the Central Utility Plant (collectively, the "Series Thirty A Projects" or "Projects"). The Projects incorporate innovative and sustainable design features and are intended to accommodate projected passenger growth through 2045. The Projects are eligible activities as defined by the Green Bond Principles in the *Green Buildings* project category.

The Series Thirty A Bonds finance the following projects[7]:

Terminal Core Redevelopment Project – Western Expansion: The Series Thirty A Bonds finance the Western Expansion/Ticket Lobby component of the Terminal Core Redevelopment Project, a $1.916 billion project. The Western Expansion includes an addition to the main terminal; construction of a mass timber roof; major seismic upgrades; and rehabilitation of the existing terminal core with improvements to the ticket lobby and electrical and mechanical systems.

The entire Terminal Core Redevelopment Project is designed with the goal of achieving LEED Gold certification and incorporates the following sustainable design elements:

- *Mass timber roof:* The bond-financed Western Expansion includes construction and installation of a roof made from "mass timber," an engineered wood product that replaces energy intensive building materials such as steel and concrete, and has lower embodied carbon.[8] The nine-acre roof is composed of 2.6 million board-feet of Douglas fir that was locally sourced from 13 small landowners, community forests, and tribal lands in Oregon and Washington. Selected timber meets sustainability criteria for Forest Stewardship Council Certification, and land management practices align with state requirements for ecological restoration and species diversity. Forest managers include Hyla Woods, The Nature Conservancy, and the Skokomish Indian Tribe. In 2021, the Port received the Leadership Award from the Forest Stewardship Council in recognition of this project.
- *Biophilic design:* The Western Expansion emphasizes elements of biophilic design to connect occupants with the natural environment. Designs were selected to maximize views of nature and incorporate features that mimic natural forms.
- *Open loop ground source heat pump:* The Series Thirty A Bonds also finance an open loop ground source heat pump capable of electrifying 90 to 95% of the heating load of the terminal. The open loop system takes water from an aquifer, pumps it through the heat pump system, then returns the

[6] Green Bonds are any type of debt instrument where the proceeds will be exclusively applied to finance or refinance eligible Green Projects which are aligned with the four core components of ICMA Green Bond Principles.

[7] While aviation is a significant source of global greenhouse gas emissions, Kestrel views construction of airport facilities that meet green building standards as eligible for financing with Green Bond proceeds. In Kestrel's opinion, the mechanisms for reducing the carbon footprint of airline travel may be viewed distinctly from the emissions associated with constructing and operating the supporting facilities.

[8] According to a lifecycle analysis contracted by the Port, the mass timber roof has offset approximately 3,500,000 kgCO_2e (kilograms of carbon dioxide equivalent) compared to a conventional steel design.

water back to the aquifer via injection wells less than a mile away from the initial withdrawal site. The new system will reduce use of fossil fuels in the Airport's heating plant by 90 to 95%, and significantly reduce the carbon footprint of the larger Terminal Core Redevelopment Project.

- *Central Utility Plant HVAC and Roof:* Bond-financed projects also include replacement of existing HVAC equipment and systems serving the central utility plant. The new HVAC system will integrate with the new ground source heat pump described above. The ground source heat pump will be the primary source of heat for the central utility plant. Two electric boilers will be added to serve as a backup and to augment the ground source heat pump. The central utility plant houses emergency generators, the ground source heat pump, and the central chilled water plant serving the Airport. The project also includes replacement of the roof to extend the useful life of the building and improve energy efficiency.
- *Energy efficiency:* The Terminal Core Redevelopment Project is designed to reduce energy use intensity by approximately half. Installation of the ground source heat pump, improvements to the central utility plant, and terminal design elements all contribute to reduced energy use. Terminal designs include new window glass, curtain upgrades, aluminum panels to shade and transfer heat outdoors, and a stratified heating system that minimizes energy demand for heating and cooling.
- *Healthy materials:* Building materials used in the Terminal Core Redevelopment Project are selected based on criteria in the PDX Custom Healthy Material Framework, which defines a custom screening and rating system for certain chemicals and volatile organic compounds that can negatively impact indoor air quality. The Port tracks the proportion of materials that meet thresholds in the screening tool.
- *Water use efficiency:* Installation of low-flow water fixtures and use of non-potable water in restrooms is expected to reduce potable water use by 58% per passenger.[9]

In addition to an innovative green building design, the Western Expansion includes a large seismic upgrade to protect from potentially devastating earthquakes.[10] Seismic isolators in the roof allow it to move up to 24 inches with motion of the earth. The terminal is equipped with 34 steel columns to provide increased stability for the terminal and lateral support for the roof. Additional columns extend beneath the soil to act as a pile-supported structured concrete floor. The seismic resiliency infrastructure improvements will allow the Airport to provide crucial emergency response to isolated areas in the Pacific Northwest in event of a major earthquake.

Baggage Handling System Expansion: The Series Thirty A Bonds finance replacement of the current baggage handling system, which is included in the scope of the anticipated LEED Gold certification. The project involves upgrades to 4,000 devices to improve energy efficiency and create a more reliable system to meet expected passenger demand through 2045.

Construction status and additional details for the bond-financed projects are provided in Table 1.

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[9] The Port has a target to reduce passenger water use 25% by 2030 compared to a 2015 baseline. "Environmental Annual Report (FY22-23)," Port of Portland.

[10] Geologic records indicate that the Cascadia Subduction Zone could produce a large earthquake (9.0+ magnitude) in the Pacific Northwest.

Table 1. Project budgets and completion dates

Project	Financed by Series Thirty A Bonds[11]	Total Project Cost	Expected Completion Date
Western Expansion/Ticket Lobby	$431.2 million	$1.916 billion	Fiscal Year 2026
Baggage Handling Systems Expansion	$43.2 million	$83.7 million	Fiscal Year 2026
Ground Source Heating System	$22.3 million	$50 million	February 2026
Central Utility Plant HVAC & Roof Replacement	$12.9 million	$14.6 million	October 2026

Net Zero Alignment

Bonds are net zero aligned if bond-financed activities advance goals to reach net zero greenhouse gas emissions by 2050. Further, buildings account for more than a third of greenhouse gas emissions in the United States and building decarbonization is critical in the transition to a low-carbon economy.[12] The Series Thirty A Bonds will reduce building-related emissions through materials selection, electrification and energy efficiency improvements, and are expected to achieve robust green building certifications. The Projects allow the Port to meet its emissions reduction goal of 45% below 1990 levels by 2030, align with the transition to a low-carbon economy, and exemplify the Port's commitment to low-carbon buildings, climate resilience, and reduction of greenhouse gas emissions.

Process for Project Evaluation and Selection

The Series Thirty A Projects advance sustainability goals for the Airport, as defined in the *2022-2025 Port of Portland Strategic Plan*[13] and in the *Portland International Airport 2010 Master Plan*.[14] The Series Thirty A Bonds also align with Oregon's statewide goals to reduce emissions 45% below 1990 levels by 2035 and 80% by 2050.[15] Major capital projects are selected and designed to meet goals to minimize energy use and reduce greenhouse gas emissions.

Bond-financed projects fulfill airport facility needs as identified in the *Port of Portland Capital Improvement Program* and reflected in the *2023-24 Adopted Budget*.[16] Furthermore, seismic resilience projects at the Airport are included as investment priorities in the statewide seismic resilience plan: *Oregon Resilience Plan - Reducing Risk and Improving Recovery for the Next Cascadia*

[11] Subject to final par amount

[12] "Decarbonizing the US Economy by 2050: A National Blueprint for the Buildings Sector," US Department of Energy, Office of Energy Efficiency & Renewable Energy, accessed July 3, 2024, https://www.energy.gov/eere/decarbonizing-us-economy-2050-national-blueprint-buildings-sector.

[13] "2022-2025 Port of Portland Strategic Plan," Port of Portland, accessed July 3, 2024, https://cdn.portofportland.com/pdfs/2018-2025-Strategic-Plan.pdf.

[14] "Master Plan Update Portland International Airport," Port of Portland, March 2010, https://popcdn.azureedge.net/pdfs/PDX_AF_Mstr_Pln_Updt.pdf. As of 2024, updates to the Master Plan are underway.

[15] "Oregon Greenhouse Gas Emissions," Oregon Department of Energy, accessed July 3, 2024 https://www.oregon.gov/energy/energy-oregon/Pages/Greenhouse-Gases.aspx.

[16] "23-24 Adopted Budget," Port of Portland, accessed July 3, 2024, https://cdn.portofportland.com/pdfs/FY%202023-24%20Adopted%20Budget.final.pdf.

Earthquake and Tsunami.[17] The plan identifies the Airport as a vital site for rescue operations in the event of a major earthquake.

Management of Proceeds

Proceeds from the Series Thirty A Bonds will finance the Projects, repay Commercial Paper Notes which financed a portion of the Projects, make a deposit to the Subordinate Lien Bond ("SLB") Reserve Account, pay capitalized interest, and pay costs of issuance. Proceeds will be held in the SLB Construction Account overseen by the Port and may be placed in certain temporary investments in accordance with Oregon law. The Department of Capital Finance and Treasury oversees use of the Series Thirty A Bonds and proceeds are expected to be fully spent by mid-2026.

Reporting

In connection with the Series Thirty A Bonds, the Port intends to provide updates in Environmental Annual Reports until proceeds have been fully spent. These bond-related updates are expected to include Project construction status and impact metrics, such as confirmation of green building certifications. Additionally, Environmental Annual Reports provide comprehensive reporting on progress toward Port-wide sustainability goals including metrics such as greenhouse gas emissions, water use, and waste diverted from landfills and are available at: portofportland.com/environment.

The Port will submit continuing financial disclosures to the Municipal Securities Rulemaking Board ("MSRB") while the Series Thirty A Bonds are outstanding, as well as reports in the event of material developments. This reporting will be done as necessary on Electronic Municipal Market Access ("EMMA") system operated by the MSRB.

In addition to these reporting efforts, Kestrel will provide one update report on the Series Thirty A Bonds within approximately 24 months of issuance. This report is expected to be produced after all proceeds have been spent and will include confirmation of continued alignment with the Green Bond Principles and relevant updates on financed projects including allocation of proceeds, energy performance and confirmation of green building certification.

ALIGNMENT WITH UN SDGs

The Series Thirty A Bonds support and advance the vision of the United Nations Sustainable Development Goals ("UN SDGs"), including:

Affordable and Clean Energy (Target 7.3)
Energy-efficient designs and pursuit of LEED Gold certification

Industry, Innovation and Infrastructure (Target 9.4)
Sustainable infrastructure for regional access and retrofit of utility systems to reduce emissions

[17] "The Oregon Resilience Plan," Report to the 77th Legislative Assembly, Oregon Seismic Safety Policy Advisory Commission, 2013, https://www.oregon.gov/oem/documents/oregon_resilience_plan_final.pdf.

Climate Action (Target 13.1)
Terminal construction designed for resilience and to function as an emergency operations hub

Full text of the Targets for these Goals is available in Appendix A, with additional information available on the United Nations website: un.org/sustainabledevelopment

CONCLUSION

Based on our independent external review, the Portland International Airport Revenue Bonds, Series Thirty A (AMT) (Green Bonds) are impactful, net zero aligned, conform, in all material respects, with the Green Bond Principles (2021) and are in complete alignment with the *Green Buildings* eligible project category. Financing for projects that meet robust green building standards, enable increased electrification, improve seismic resilience, and incorporate innovative and sustainable building materials directly advance climate action goals shared by the Port of Portland and the State of Oregon.

About

Kestrel Sustainability Intelligence™ for municipal markets helps set the market standard for sustainable finance. We do this through verification and our comprehensive Analysis and Scores.

Kestrel is a leading provider of external reviews for green, social and sustainability bond transactions. We are qualified to evaluate corporate and municipal bonds in all asset classes worldwide for conformance with international green and social bond standards.

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Verification Team

- Monica Reid - CEO
- April Strid, MS - Head of Research and Lead Verifier
- Matt Michel, PhD - Senior ESG Analyst
- Cailey Martin - Senior ESG Analyst

Disclaimer

This Opinion aims to explain how and why the discussed financing meets the ICMA Green Bond Principles based on the information that was provided by the Port or made publicly available by the Port and relied upon by Kestrel only during the time of this engagement (June - July 2024), and only for purposes of providing this Opinion.

We have relied on information obtained from sources believed to be reliable, and assumed the information to be accurate and complete. However, Kestrel can make no warranty, express or implied, nor can we guarantee the accuracy, comprehensive nature, merchantability, or fitness for a particular purpose of the information we were provided or obtained.

By providing this Opinion, Kestrel is neither addressing nor certifying the credit risk, liquidity risk, market value risk or price volatility of the projects financed by the Green Bonds. It was beyond Kestrel's scope of work to review for regulatory compliance, and no surveys or site visits were conducted by us. Furthermore, we are not responsible for surveillance, monitoring, or implementation of the project, or use of proceeds.

The Opinion delivered by Kestrel is for informational purposes only, is current as of the date of issuance, and does not address financial performance of the Green Bonds or the effectiveness of allocation of its proceeds. This Opinion does not make any assessment of the creditworthiness of the Port, nor its ability to pay principal and interest when due. This Opinion does not address the suitability of a Bond as an investment, and contains no offer, solicitation, endorsement of the Bonds nor any recommendation to buy, sell or hold the Bonds. Kestrel accepts no liability for direct, indirect, special, punitive, consequential or any other damages (including lost profits), for any consequences when third parties use this Opinion either to make investment decisions or to undertake any other business transactions.

This Opinion may not be altered without the written consent of Kestrel. Kestrel reserves the right to revoke or withdraw this Opinion at any time. Kestrel certifies that there is no affiliation, involvement, financial or non-financial interest in the Port or the projects discussed. We are 100% independent. Language in the offering disclosure supersedes any language included in this Second Party Opinion.

Use of the United Nations Sustainable Development Goal (SDG) logo and icons does not imply United Nations endorsement of the products, services, or bond-financed activities. The logo and icons are not being used for promotion or financial gain. Rather, use of the logo and icons is primarily illustrative, to communicate SDG-related activities.

Appendix A.
UN SDG TARGET DEFINITIONS

Target 7.3
By 2030, double the global rate of improvement in energy efficiency

Target 9.4
By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

Target 13.1
Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

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Port of Portland