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

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

PORT OF PORTLAND

THE PORT OF PORTLAND (OREGON)

$12,265,000	$14,460,000	$46,000,000
Portland International Airport Refunding Revenue Bonds Series Twenty-Six A (Non-AMT Governmental Purpose)	**Portland International Airport Refunding Revenue Bonds Series Twenty-Six B (Non-AMT Private Activity)**	**Portland International Airport Refunding Revenue Bonds Series Twenty-Six C (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 Refunding Revenue Bonds, Series Twenty-Six (the "Series Twenty-Six Bonds") to (i) refund a portion of the outstanding Portland International Airport Revenue Bonds, Subseries Twenty A (Non-AMT Governmental Purpose), Subseries Twenty B (Non-AMT Private Activity) and Subseries Twenty C (AMT) (collectively, the "Series Twenty Bonds"), and (ii) pay certain costs of issuing the Series Twenty-Six Bonds. U.S. Bank National Association serves as the trustee, registrar and paying agent for the Series Twenty-Six Bonds. Capitalized terms used on this cover page and not otherwise defined will have the meanings set forth herein.

The Series Twenty-Six Bonds are issuable in denominations of $5,000 and integral multiples thereof within a single maturity. Interest on the Series Twenty-Six Bonds will be payable on each January 1 and July 1, commencing July 1, 2020, at the rates set forth on the inside cover pages of this Official Statement.

The Series Twenty-Six A Bonds and the Series Twenty-Six B Bonds, or portions thereof, are subject to optional and mandatory redemption prior to their stated maturities as described herein. The Series Twenty-Six C Bonds are not subject to redemption prior to their stated maturities.

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

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

This cover page contains certain information for general reference only. Investors must read the entire Official Statement, including all appendices hereto, to obtain information necessary to making an informed decision. Additionally, an investment in the Series Twenty-Six Bonds involves certain risks. See "PORTLAND INTERNATIONAL AIRPORT—Recent Developments at the Airport – *COVID-19*" and "CERTAIN INVESTMENT CONSIDERATIONS" herein.

The Series Twenty-Six Bonds are offered when, as and if issued, subject to the approval of the validity of the Series Twenty-Six Bonds and certain other legal matters by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Port, and to certain other conditions. Certain legal matters will be passed upon for the Port by its General Counsel and for the Underwriter by its 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 Twenty-Six Bonds will be made through the facilities of DTC on or about April 24, 2020.

J.P. Morgan

April 21, 2020

$12,265,000
THE PORT OF PORTLAND (OREGON)
Portland International Airport Refunding Revenue Bonds
Series Twenty-Six A
(Non-AMT Governmental Purpose)

Due (July 1)	Principal Amount	Interest Rate	Yield	CUSIP No. * (735240)
2021	$ 605,000	5.000%	1.570%	S95
2022	630,000	5.000	1.650	T29
2023	670,000	5.000	1.720	T37

$2,200,000 5.000% Term Bonds due July 1, 2026 priced to yield 1.920% CUSIP No.* 735240T45

$2,070,000 5.000% Term Bonds due July 1, 2029 priced to yield 2.120% CUSIP No.* 735240T52

$1,885,000 5.000% Term Bonds due July 1, 2033 priced to yield 2.480%[c] CUSIP No.* 735240T60

$2,265,000 4.000% Term Bonds due July 1, 2037 priced to yield 2.990%[c] CUSIP No.* 735240T78

$1,940,000 4.000% Term Bonds due July 1, 2040 priced to yield 3.110%[c] CUSIP No.* 735240T86

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* CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Port, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

[c] Priced to yield to the par call date of July 1, 2030.

$14,460,000
THE PORT OF PORTLAND (OREGON)
Portland International Airport Refunding Revenue Bonds
Series Twenty-Six B
(Non-AMT Private Activity)

Due (July 1)	**Principal Amount**	**Interest Rate**	**Yield**	**CUSIP No.* (735240)**
2021	$ 25,000	5.000%	1.570%	T94
2022	25,000	5.000	1.650	U27
2023	50,000	5.000	1.720	U35

$1,700,000 5.000% Term Bonds due July 1, 2026 priced to yield 1.920% CUSIP No.* 735240U43

$2,040,000 5.000% Term Bonds due July 1, 2029 priced to yield 2.120% CUSIP No.* 735240U50

$3,225,000 5.000% Term Bonds due July 1, 2033 priced to yield 2.480%[c] CUSIP No.* 735240U68

$3,905,000 5.000% Term Bonds due July 1, 2037 priced to yield 2.740%[c] CUSIP No.* 735240U76

$3,490,000 5.000% Term Bonds due July 1, 2040 priced to yield 2.860%[c] CUSIP No.* 735240U84

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[c] Priced to yield to the par call date of July 1, 2030.

$46,000,000
THE PORT OF PORTLAND (OREGON)
Portland International Airport Refunding Revenue Bonds
Series Twenty-Six C
(AMT)

Due (July 1)	Principal Amount	Interest Rate	Yield	CUSIP No.* (735240)
2021	$5,560,000	5.000%	1.900%	U92
2022	5,835,000	5.000	1.970	V26
2023	6,140,000	5.000	2.040	V34
2024	6,435,000	5.000	2.100	V42
2025	4,610,000	5.000	2.150	V59
2026	4,840,000	5.000	2.220	V67
2027	5,090,000	5.000	2.280	V75
2028	7,490,000	5.000	2.340	V83

* CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Port, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

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

Port Management

Curtis Robinhold	Executive Director
Dan Pippenger	Chief Operating Officer
Vince Granato	PDX Next Chief Project Officer
Daniel Blaufus	General Counsel and Interim Chief Financial Officer*
Keith Leavitt	Chief Commercial Officer
Kristen Leonard	Chief Public Affairs Officer
Bobbi Stedman	Chief Administration and Equity Officer
Stan Watters	Chief Project Delivery and Safety Officer

ADVISORS AND CONSULTANTS

Orrick, Herrington & Sutcliffe LLP
Bond Counsel & Disclosure Counsel

PFM Financial Advisors LLC
Municipal Advisor

Moss Adams LLP
Independent Auditors

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

* The Port is searching for a new Chief Financial Officer and it expects to make a public announcement of its selection once the process is complete. If the appointment occurs between the distribution of the Official Statement and the date of delivery of the Series Twenty-Six Bonds, such information will be publicly available on the Port's website and the Port does not expect to update the Official Statement.

No dealer, broker, salesperson or other person has been authorized by the Port or the Underwriter to give any information or to make any representations with respect to the Port, the Airport or the Series Twenty-Six Bonds other than the information and representations contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any offer, solicitation or sale of the Series Twenty-Six 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 Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information set forth in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does 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.

In connection with the offering of the Series Twenty-Six Bonds, the Underwriter may over-allot or effect transactions that stabilize or maintain the market price of the Series Twenty-Six Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Series Twenty-Six Bonds to certain dealers (including dealers depositing Series Twenty-Six Bonds into investment trusts) and others at prices lower 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 Underwriter.

Inactive textual references to the Port's and the Airport's website or to other websites are not hyperlinks, and information and representations contained on such websites are not included in or incorporated into this Official Statement.

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OFFICIAL STATEMENT

THE PORT OF PORTLAND (OREGON)

$12,265,000 **Portland International Airport** **Refunding Revenue Bonds** **Series Twenty-Six A** **(Non-AMT Governmental Purpose)**	**$14,460,000** **Portland International Airport** **Refunding Revenue Bonds** **Series Twenty-Six B** **(Non-AMT Private Activity)**	**$46,000,000** **Portland International Airport** **Refunding Revenue Bonds** **Series Twenty-Six C** **(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 Portland International Airport Refunding Revenue Bonds, Series Twenty-Six A (Non-AMT Governmental Purposes) (the "Series Twenty-Six A Bonds"), its Portland International Airport Refunding Revenue Bonds, Series Twenty-Six B (Non-AMT Private Activity) (the "Series Twenty-Six B Bonds") and its Portland International Airport Refunding Revenue Bonds, Series Twenty-Six C (AMT) (the "Series Twenty-Six C Bonds" and, together with the Series Twenty-Six A Bonds and the Series Twenty-Six B Bonds, the "Series Twenty-Six Bonds" and each, a "Series"). The Series Twenty-Six Bonds are being issued to (i) refund a portion of the outstanding Portland International Airport Revenue Bonds, Subseries Twenty A (Non-AMT Governmental Purpose), Subseries Twenty B (Non-AMT Private Activity) and Subseries Twenty C (AMT) (collectively, the "Series Twenty Bonds") and (ii) pay certain costs of issuing the Series Twenty-Six Bonds. See "THE 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 B.

The Port, a port district of the State of Oregon (the "State"), owns and operates the Portland International Airport (the "Airport," as further described herein) 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 to maintain the navigation channel on the lower Columbia and Willamette Rivers, and six business and industrial parks.

The Series Twenty-Six Bonds are limited obligations of the Port and will not be secured by revenues or property of the Port not specifically pledged thereto by the Airport Revenue Bond Ordinances (defined below). The Series Twenty-Six 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 Airport

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

The Series Twenty-Six Bonds and SLBs

The Series Twenty-Six 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. 469-B, enacted by the Board on February 12, 2020 and effective on March 13, 2020 (the "Series Twenty-Six Ordinance"). The terms and administrative provisions of the Series Twenty-Six Bonds are to be described in a Certificate of the Executive Director to be dated the date of delivery of the Series Twenty-Six Bonds (the "Series Twenty-Six Bond Certificate").

Ordinance No. 155 and Ordinance No. 323 and the Series Twenty-Six 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."

The Series Twenty-Six 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 available for deposit in the General Account, after payment of Costs of Operation and Maintenance ("Net Revenues"), 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 Net Revenues." As of March 1, 2020, $797,760,000 aggregate principal amount of the Port's SLBs were outstanding, of which, $55,230,000 of Series Eighteen SLBs bear interest at variable interest rates.

In the Airport Revenue Bond Ordinances, the term "SLBs" refers to "Subordinate Lien Bonds," but the Port no longer has any outstanding obligations secured by a pledge of Net 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 Net Revenues that have a claim prior to the claims of the SLBs and scheduled payments under Qualified Swaps ("Scheduled Swap Obligations"). As a result, "SLBs" are now effectively senior lien bonds and include the outstanding SLBs, Scheduled Swap Obligations, outstanding Parity Reimbursement Agreements, the Series Twenty-Six Bonds, any Additional SLBs, including any additional Scheduled Swap Obligations and any new Parity Reimbursement Agreements that may be issued or entered into in accordance with the Airport Revenue Bond Ordinances. To avoid confusion, this Official Statement uses the term "SLB" in place of the term "Subordinate Lien Bonds" which is used in the Airport Revenue Bond Ordinances.

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

Security and Sources of Payment

Net Revenues. SLBs, including the Series Twenty-Six Bonds, are payable solely from Net Revenues 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 Net Revenues" and "—Funds Under the Airport Revenue Bond Ordinances." The Airport Revenue Bond Ordinances provide that the SLBs, including the Series Twenty-Six Bonds, shall not, in any manner, or to any extent, be a general obligation of the Port, nor a charge upon any other revenues or property of the Port not specifically pledged thereto by the Airport Revenue Bond Ordinances. The

Series Twenty-Six 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 Net 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 Net Revenues and amounts in the SLB Fund and the SLB Construction Account that is on a parity with the pledge securing the Outstanding SLBs and the Series Twenty-Six Bonds. Additional SLBs may be issued to pay costs related to the Airport and costs of acquisition and construction of General Aviation Airports and to refund SLBs. The Airport Revenue Bond Ordinances impose restrictions on issuing Additional SLBs and entering into Parity Reimbursement Agreements. See "SECURITY AND SOURCES OF PAYMENT FOR THE SLBs—Additional SLBs," "—Parity Reimbursement Agreements" and "OTHER AIRPORT OBLIGATIONS—Interest Rate Swaps."

Special Amendments. In the Series Twenty-Six 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. The Series Twenty-Six Ordinance provides that by purchasing the Series Twenty-Six Bonds, the Owners thereof will be deemed to have consented to all of the amendments reserved in the Series Twenty-Six Ordinance and in the other Airport Revenue Bond Ordinances. See "SECURITY AND SOURCES OF PAYMENT FOR THE SLBs—Special Amendments."

Continuing Disclosure

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

Additional Information

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

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

THE REFUNDING PLAN

The Port expects to apply the proceeds of the Series Twenty-Six Bonds, together with Trustee-held funds, to refund a portion of the outstanding Series Twenty Bonds, as shown in the following table (the "Series Twenty Refunded Bonds"). The principal of and interest on the Series Twenty Bonds maturing on July 1, 2020 shall be paid at maturity from Trustee-held funds.

TABLE 1
SERIES TWENTY REFUNDED BONDS

Series	Maturity Dates (July 1)	Total Outstanding Principal Amount	Existing CUSIP No. (735240)
Subseries Twenty A (Non-AMT Governmental Purpose)	2021 - 2040	$13,890,000	XD0; XE8; XF5; XG3; XH1; XJ7; XK4; XL2; XM0; XN8; XP3
Subseries Twenty B (Non-AMT Private Activity)	2021 - 2040	17,205,000	XY4; XZ1; YA5; YB3; YC1; YD9; YE7; YF4; YG2; YH0; YJ6
Subseries Twenty C (AMT)	2021 - 2028	50,960,000	YX5; YY3; YZ0; ZA4; ZB2; ZC0; ZD8; ZE6

On the date of delivery of the Series Twenty-Six Bonds, a portion of the proceeds of the Series Twenty-Six Bonds, together with certain Trustee-held funds related to the Series Twenty 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 July 1, 2020 (the "Redemption Date"), the Series Twenty Refunded Bonds at a redemption price equal to 100% of the principal amount of such Series Twenty Refunded Bonds plus accrued interest thereon to the Redemption Date, without premium.

The Ordinances under which the Series Twenty Bonds were issued provide that upon the 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 Series Twenty Refunded Bonds, such Series Twenty Refunded Bonds will cease to be entitled to any lien, benefit or security under the Airport Revenue Bond Ordinances and the Series Twenty Refunded Bonds will no longer be outstanding.

ESTIMATED SOURCES AND USES OF FUNDS

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

TABLE 2
ESTIMATED APPLICATION OF SERIES TWENTY-SIX BOND PROCEEDS

Sources	**Series Twenty-Six A Bonds**	**Series Twenty-Six B Bonds**	**Series Twenty-Six C Bonds**	**Total[1]**
Principal Amount	$12,265,000	$14,460,000	$46,000,000	$72,725,000
Original Issue Premium	1,800,159	2,962,649	5,682,620	10,445,428
Trustee-held Funds	181,894	230,033	849,333	1,261,260
Total Sources[1]	$14,247,053	$17,652,682	$52,531,953	$84,431,688
Uses				
Deposit to the Escrow Account	$14,162,841	$17,550,050	$52,234,000	$83,946,891
Costs of Issuance [2]	84,212	102,632	297,953	484,798
Total Uses [1]	$14,247,053	$17,652,682	$52,531,953	$84,431,688

(1) Amounts may not add due to rounding.

(2) Includes legal, municipal advisory, accounting, trustee and rating agency fees, printing, underwriter's discount and other costs of issuing the Series Twenty-Six Bonds.

Source: The Municipal Advisor.

THE SERIES TWENTY-SIX BONDS

General

The Series Twenty-Six Bonds will be dated the date of their delivery and, subject to prior redemption, will mature on July 1 in the years and principal amounts and bear interest at the rates set forth on the inside cover and immediately succeeding pages of this Official Statement. Interest on the Series Twenty-Six Bonds will be payable on each January 1 and July 1 (or the next business day if January 1 or July 1 is not a business day), commencing July 1, 2020, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Airport Revenue Bond Ordinances provide that if the date for making any payment is not a business day, such payment may be made on the next succeeding business day and that no interest shall accrue on the payment so deferred.

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

Neither the Port nor the Trustee has any responsibility or obligation to DTC Participants or to the persons for whom they act as nominee with respect to the Series Twenty-Six Bonds regarding (1) the accuracy of any records maintained by DTC or any nominee or DTC Participants with respect to any ownership interest in the Series Twenty-Six Bonds; (2) the delivery to any participant or

correspondent or to any other person of any notice with respect to the Series Twenty-Six Bonds, including any notice of redemption; (3) the selection by DTC of the beneficial interests in Series Twenty-Six Bonds to be redeemed prior to maturity; or (4) the payment to any nominee, participant, correspondent or any other person other than the registered owner, of any amount with respect to principal of, premium, if any, or interest on the Series Twenty-Six Bonds.

Payment of Series Twenty-Six Bonds

So long as the Series Twenty-Six Bonds are in book-entry only form, payment of the principal of the Series Twenty-Six Bonds will be made by wire transfer to DTC or its successor on the applicable maturity date or date fixed for redemption. Payment of interest on the Series Twenty-Six 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 Airport Revenue Bond Ordinances and the Series Twenty-Six Bond Certificate provide that if the Series Twenty-Six Bonds of a Series cease to be in book-entry form, then payment of principal of the Series Twenty-Six Bonds of such Series will be made by check or draft issued upon the presentation and surrender of the Series Twenty-Six Bonds at the principal office of the Trustee and that payment of interest on the Series Twenty-Six Bonds of a Series will be made by check or draft mailed (or at the request of the registered owner of $1.0 million or more in aggregate principal amount of Series Twenty-Six Bonds of such Series, 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.

So long as the Series Twenty-Six Bonds are in book-entry only form, all notices and payments required to be made or given to Owners of Series Twenty-Six 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 D.

Redemption of Series Twenty-Six Bonds

Optional Redemption of Series Twenty-Six A Bonds and Series Twenty-Six B Bonds. The Series Twenty-Six A Bonds that are stated to mature on or before July 1, 2029, are not subject to optional redemption prior to their stated maturity. The Series Twenty-Six A Bonds that are stated to mature on or after July 1, 2033, 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, 2030, at a redemption price equal to 100% of the principal amount of the Series Twenty-Six A Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption.

The Series Twenty-Six B Bonds that are stated to mature on or before July 1, 2029, are not subject to optional redemption prior to their stated maturity. The Series Twenty-Six B Bonds that are stated to mature on or after July 1, 2033, 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, 2030, at a redemption price equal to 100% of the principal amount of the Series Twenty-Six B Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption.

No Redemption of Series Twenty-Six C Bonds. The Series Twenty-Six C Bonds are not subject to optional redemption prior to their stated maturity.

Mandatory Redemption of Series Twenty-Six A Term Bonds and Series Twenty-Six B Term Bonds. The Series Twenty-Six A Bonds stated to mature on July 1, 2026, July 1, 2029, July 1, 2033, July 1, 2037 and July 1, 2040 are term bonds (collectively, the "Series Twenty-Six A 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:

Series Twenty-Six A Term Bond maturing July 1, 2026

Mandatory Redemption Date (July 1)	Mandatory Redemption Amount
2024	$695,000
2025	735,000
2026*	770,000

* Final maturity

Series Twenty-Six A Term Bond maturing July 1, 2029

Mandatory Redemption Date (July 1)	Mandatory Redemption Amount
2027	$810,000
2028	845,000
2029*	415,000

* Final maturity

Series Twenty-Six A Term Bond maturing July 1, 2033

Mandatory Redemption Date (July 1)	Mandatory Redemption Amount
2030	$440,000
2031	460,000
2032	480,000
2033*	505,000

* Final maturity

Series Twenty-Six A Term Bond maturing July 1, 2037

Mandatory Redemption Date (July 1)	Mandatory Redemption Amount
2034	$535,000
2035	555,000
2036	575,000
2037*	600,000

* Final maturity

Series Twenty-Six A Term Bond maturing July 1, 2040

Mandatory Redemption Date (July 1)	Mandatory Redemption Amount
2038	$625,000
2039	645,000
2040*	670,000

* Final maturity

The Series Twenty-Six B Bonds stated to mature on July 1, 2026, July 1, 2029, July 1, 2033, July 1, 2037 and July 1, 2040 are term bonds (collectively, the "Series Twenty-Six B 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:

Series Twenty-Six B Term Bond maturing July 1, 2026

Mandatory Redemption Date (July 1)	Mandatory Redemption Amount
2024	$540,000
2025	560,000
2026*	600,000

* Final maturity

Series Twenty-Six B Term Bond maturing July 1, 2029

Mandatory Redemption Date (July 1)	Mandatory Redemption Amount
2027	$645,000
2028	680,000
2029*	715,000

* Final maturity

Series Twenty-Six B Term Bond maturing July 1, 2033

Mandatory Redemption Date (July 1)	Mandatory Redemption Amount
2030	$745,000
2031	785,000
2032	830,000
2033*	865,000

* Final maturity

Series Twenty-Six B Term Bond maturing July 1, 2037

Mandatory Redemption Date (July 1)	Mandatory Redemption Amount
2034	$ 905,000
2035	950,000
2036	1,000,000
2037*	1,050,000

* Final maturity

Series Twenty-Six B Term Bond maturing July 1, 2040

Mandatory Redemption Date (July 1)	Mandatory Redemption Amount
2038	$1,105,000
2039	1,160,000
2040*	1,225,000

* Final maturity

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

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

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

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

Effect of Redemption. As provided in the Series Twenty-Six Bond Certificate, interest on Series Twenty-Six Bonds that have been called for optional redemption will cease to accrue on the date fixed for redemption so long as amounts sufficient to redeem those Series Twenty-Six Bonds have been received by the Trustee on or before the date fixed for redemption. The Series Twenty-Six Bond Certificate also provides that Series Twenty-Six Term Bonds called for mandatory sinking fund redemption shall become due and payable on the date fixed for redemption.

SECURITY AND SOURCES OF PAYMENT FOR THE SLBs

Pledge of Net Revenues

The Series Twenty-Six Bonds are payable solely from the Net Revenues that are available for deposit in the General Account and from money in the SLB Fund and SLB Construction Account. Pursuant to the Airport Revenue Bond Ordinances, the Port has pledged to the payment of all Outstanding SLBs (including the Series Twenty-Six Bonds) and to the payment of all Scheduled Swap Obligations: (1) all Revenues after payment of Costs of Operation and Maintenance, (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 amounts derived by the Port from its ownership or operation and management of the Airport, including, among other things, all amounts derived from rates, rentals, fees and charges imposed by the Port for the use and services of the Airport, but "Revenues" does not include (1) income from investments credited to the Airport Construction Fund or 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; (2) passenger facility charges or similar charges that are imposed under the authority of federal law and are limited by federal law to expenditure on specific projects or activities and/or on debt service and financing costs related to specific projects or activities; or (3) 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.

"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 B.

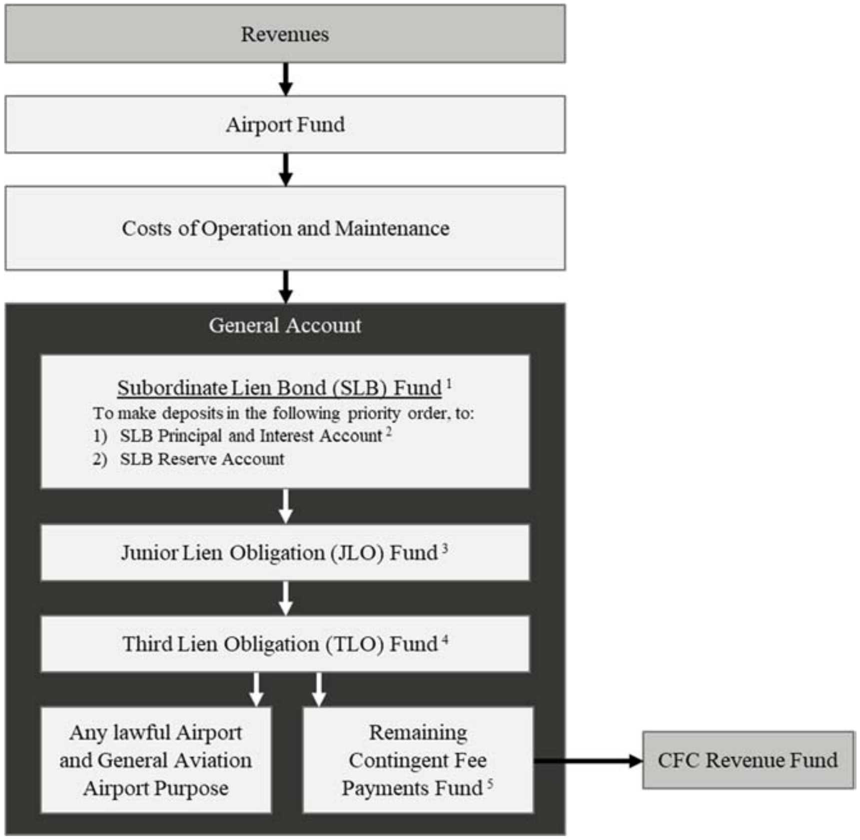
Limited Obligations

The Airport Revenue Bond Ordinances provide that the SLBs, including the Series Twenty-Six Bonds, shall not, in any manner, or to any extent, be a general obligation of the Port, nor a charge upon any other revenues or property of the Port not specifically pledged thereto by the Airport Revenue Bond Ordinances. The Series Twenty-Six 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



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

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

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

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

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

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

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

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

FIRST: to the Trustee for deposit to the SLB Principal and Interest Account, until all required deposits to that account have been made;

SECOND: to the Trustee for deposit to the SLB Reserve Account, until all required deposits to that account have been made;

THIRD: to the Port for deposit in the Junior Lien Obligation Fund (the "JLO Fund") described below, until all required deposits to that fund have been made; and

FOURTH: to the Port for deposit in the Third Lien Obligation Fund (the "TLO Fund") described below, until all required deposits to that fund have been made.

The Rental Car Concessionaires under the related Rental Car Concession Lease have agreed to make contingent fee payments ("Contingent Fee Payments") to the Port if certain events occur, including, among other events, the Port determining that there is a current or upcoming deficiency in CFCs needed to make payments pursuant to the CFC Bond Ordinances (as defined below). Amounts remaining in the General Account, if any, after the credits described in FIRST through FOURTH above have been made, constitute Remaining Contingent Fee Payments ("Remaining Contingent Fee Payments"); provided, that in no case will Remaining Contingent Fee Payments exceed the amount of Contingent Fee Payments received by the Port during the applicable period. See "PORTLAND INTERNATIONAL AIRPORT—Other Business and Operating Agreements—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 Portland International Airport Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable) (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 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. In addition, the Port has reserved the right to amend the Airport Revenue Bond Ordinances in the future to permit the Port to apply Net Revenues remaining in the General Account to any lawful Port purpose. See "—Special Amendments," "OTHER AIRPORT OBLIGATIONS—Special Obligation Bonds," "—CFC Bonds" and "PORTLAND INTERNATIONAL AIRPORT—Other Airport Matters—Regulation."

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

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

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; and (2) any Scheduled Swap Obligations 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 and Scheduled Swap Obligations and provide that in the event of a shortfall in the SLB Principal and Interest Account, the Trustee is to apply available amounts first to pay, on a *pro rata* basis, interest on the SLBs and any amounts due in respect of Scheduled Swap Obligations.

In the case of SLBs, such as the Series Twenty-Six 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, 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 becomes due, 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 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. 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 any month the Port will pay to the Trustee from Revenues in the General 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, when the debt service reserve insurance is purchased by the Port, in the highest category by S&P Global Ratings ("S&P"), Moody's Investors Service, Inc. ("Moody's"), A.M. Best Company or any comparable service. As shown in Table 3, below, as of the date the Series Twenty-Six Bonds will be issued, the SLB Reserve Fund Requirement will be satisfied by a combination of cash, securities and existing surety bonds issued by the providers, in the amounts and expiring on the dates, listed in Table 3. 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 of the date the Series Twenty-Six Bonds will be issued, 62.2% of the SLB Reserve Fund Requirement will be funded from cash and securities.

TABLE 3
SLB RESERVE ACCOUNT
(as of April 24, 2020)

Provider	Expiration Date	Amount
Financial Guaranty Insurance Company	July 1, 2023	$ 9,670,775
Financial Guaranty Insurance Company (1)	July 1, 2025	1,180,750
Financial Guaranty Insurance Company (1)	July 1, 2026	13,423,219
Financial Guaranty Insurance Company (1)	July 1, 2028	10,770,756
Financial Guaranty Insurance Company (1)	July 1, 2028	3,490,190
Total Surety Bonds		$38,535,690
Existing Cash and Securities (2)		43,557,530
Total Cash, Securities and Surety Bonds (3)		**$82,093,220**
SLB Reserve Fund Requirement		**$70,029,289**

(1) Reinsured by and then novated to National Public Finance Guarantee Corporation, a wholly-owned subsidiary of MBIA Inc.
(2) Market value as of January 31, 2020.
(3) To the extent total amounts available in the SLB Reserve Account exceed the SLB Reserve Fund Requirement, the Airport Revenue Bond Ordinances permit the Airport to withdraw such amounts that exceed the SLB Reserve Fund Requirement.
Source: The Port.

Junior Lien Obligation Fund. The JLO Fund is held by the Trustee. 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 when due any bonds or other obligations that are secured by a lien on and pledge of Net Revenues that is subordinate to the lien and pledge that secures SLBs and Scheduled Swap Obligations ("Junior Lien Obligations"), including Other Swap Obligations; and (2) any amounts the Port subsequently agrees to deposit into the JLO Fund for the benefit of Junior Lien Obligations. See "OTHER AIRPORT OBLIGATIONS—Junior Lien Obligations" and "—Interest Rate Swaps" below and "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT REVENUE BOND ORDINANCES—The JLO Fund" in Appendix B.

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

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 B.

Authorized Aviation-Related 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 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.

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 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 "PORTLAND INTERNATIONAL AIRPORT—Table 17 Historical Financial Information" below and the definitions of "Revenues" and "SLB Debt Service Requirement" in Appendix B.

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 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 Series Twenty-Six Bonds are being issued for the purpose of refunding previously issued SLBs (the Series Twenty Refunded Bonds) and the aggregate debt service payable on the Series Twenty-Six Bonds is not expected to exceed the aggregate debt service payable on the Series Twenty Refunded Bonds, and therefore, the certifications described above will not be required to be delivered.

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 also expects that through Fiscal Year 2024 the Port will fund a portion of the costs of its Capital Improvement Program ("CIP") with approximately $1.21 billion in additional bond proceeds, all or a portion of which will come from the issuance of Additional SLBs. See "PORTLAND INTERNATIONAL AIRPORT—Airport Capital Improvement Program" below and "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT REVENUE BOND ORDINANCES—Additional SLBs" in Appendix B.

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 B.

Special Amendments

The Port has reserved the right in the Airport Revenue Bond Ordinances, without additional consent of the Owners of the Series Twenty-Six 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. The Airport Revenue Bond Ordinances provide that by purchasing the Series Twenty-Six Bonds, the Owners of the

Series Twenty-Six Bonds are deemed to have consented to all of the amendments described below and in Appendix B.

(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.

By purchasing the Series Twenty-Six Bonds, the Owners of the Series Twenty-Six Bonds are deemed to have consented to all of the amendments described in the preceding paragraphs, and the Port may subsequently make any of those amendments without the consent of the Owners of the Series Twenty-Six 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 B.

OUTSTANDING SLB SERIES AND DEBT SERVICE

Outstanding SLB Series

The table below identifies the SLBs issued and currently outstanding as of March 1, 2020, including the principal amount outstanding of each series.

TABLE 4
PORT OF PORTLAND
OUTSTANDING SLBS
(as of March 1, 2020)

Series	Dated Date	Final Maturity	Principal Amount
Series Eighteen A (Refunding)	June 11, 2008	July 1, 2026	$ 27,615,000
Series Eighteen B (Refunding)	June 11, 2008	July 1, 2026	27,615,000
Series Twenty A(1)	November 2, 2010	July 1, 2040	14,595,000
Series Twenty B(1)	November 2, 2010	July 1, 2040	17,775,000
Series Twenty C(1)	November 2, 2010	July 1, 2028	56,045,000
Series Twenty-One C (Refunding)	August 10, 2011	July 1, 2023	22,645,000
Series Twenty-Two	September 25, 2014	July 1, 2044	88,270,000
Series Twenty-Three (Refunding)	March 31, 2015	July 1, 2038	103,160,000
Series Twenty-Four A	January 25, 2017	July 1, 2047	21,965,000
Series Twenty-Four B	January 25, 2017	July 1, 2047	209,820,000
Series Twenty-Five A	April 24, 2019	July 1, 2049	21,825,000
Series Twenty-Five B	April 24, 2019	July 1, 2049	186,430,000
	Total SLBs Outstanding		**$797,760,000**

(1) The Series Twenty Bonds maturing on and after July 1, 2021, are expected to be redeemed on July 1, 2020, with proceeds of the Series Twenty-Six Bonds and certain Trustee-held funds. The Series Twenty Bonds maturing on July 1, 2020, will be paid at maturity with Trustee-held funds. See "THE REFUNDING PLAN" for more information.

Source: The Port.

Additionally, the Port has issued or incurred Airport Parity Reimbursement Agreements, Junior Lien Obligations, Third Lien Obligations, the 2019 CFC Bonds, PFC Bonds, interest rate swaps and one outstanding series of Special Obligation Bonds.

Scheduled Debt Service Requirements

The scheduled annual debt service requirements for the SLBs, rounded to the nearest dollar, are set forth in Table 5.

TABLE 5
SLB DEBT SERVICE SCHEDULE

Fiscal Year Ending June 30[1]	Total Outstanding SLB Debt Service [2][3]	Series Twenty-Six Bonds Debt Service: Series Twenty-Six A Bonds Principal	Series Twenty-Six A Bonds Interest	Series Twenty-Six B Bonds Principal	Series Twenty-Six B Bonds Interest	Series Twenty-Six C Bonds Principal	Series Twenty-Six C Bonds Interest	Total Series Twenty-Six Bonds Debt Service	Total SLB Debt Service [2][4]
2020	$ 61,820,210	-	$ 106,307	-	$ 134,558	-	$ 428,056	$ 668,921	$ 62,489,131
2021	60,121,815	$ 605,000	571,200	$ 25,000	723,000	$ 5,560,000	2,300,000	9,784,200	69,906,015
2022	57,709,252	630,000	540,950	25,000	721,750	5,835,000	2,022,000	9,774,700	67,483,952
2023	59,002,562	670,000	509,450	50,000	720,500	6,140,000	1,730,250	9,820,200	68,822,762
2024	52,638,664	695,000	475,950	540,000	718,000	6,435,000	1,423,250	10,287,200	62,925,864
2025	52,623,967	735,000	441,200	560,000	691,000	4,610,000	1,101,500	8,138,700	60,762,667
2026	51,459,646	770,000	404,450	600,000	663,000	4,840,000	871,000	8,148,450	59,608,096
2027	44,341,750	810,000	365,950	645,000	633,000	5,090,000	629,000	8,172,950	52,514,700
2028	44,347,250	845,000	325,450	680,000	600,750	7,490,000	374,500	10,315,700	54,662,950
2029	44,343,750	415,000	283,200	715,000	566,750	-	-	1,979,950	46,323,700
2030	44,354,500	440,000	262,450	745,000	531,000	-	-	1,978,450	46,332,950
2031	44,346,500	460,000	240,450	785,000	493,750	-	-	1,979,200	46,325,700
2032	44,348,250	480,000	217,450	830,000	454,500	-	-	1,981,950	46,330,200
2033	44,346,750	505,000	193,450	865,000	413,000	-	-	1,976,450	46,323,200
2034	44,339,500	535,000	168,200	905,000	369,750	-	-	1,977,950	46,317,450
2035	44,354,000	555,000	146,800	950,000	324,500	-	-	1,976,300	46,330,300
2036	44,346,250	575,000	124,600	1,000,000	277,000	-	-	1,976,600	46,322,850
2037	44,349,250	600,000	101,600	1,050,000	227,000	-	-	1,978,600	46,327,850
2038	44,344,250	625,000	77,600	1,105,000	174,500	-	-	1,982,100	46,326,350
2039	35,808,250	645,000	52,600	1,160,000	119,250	-	-	1,976,850	37,785,100
2040	35,809,250	670,000	26,800	1,225,000	61,250	-	-	1,983,050	37,792,300
2041	35,798,000	-	-	-	-	-	-	-	35,798,000
2042	35,812,250	-	-	-	-	-	-	-	35,812,250
2043	35,812,750	-	-	-	-	-	-	-	35,812,750
2044	35,812,000	-	-	-	-	-	-	-	35,812,000
2045	29,546,750	-	-	-	-	-	-	-	29,546,750
2046	29,546,750	-	-	-	-	-	-	-	29,546,750
2047	29,550,750	-	-	-	-	-	-	-	29,550,750
2048	13,985,500	-	-	-	-	-	-	-	13,985,500
2049	13,991,250	-	-	-	-	-	-	-	13,991,250
Total [4]	**$1,259,011,616**	**$12,265,000**	**$5,636,107**	**$14,460,000**	**$9,617,808**	**$46,000,000**	**$10,879,556**	**$98,858,471**	**$1,357,870,087**

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

(2) Approximately $48.8 million aggregate principal amount of the Series Eighteen Bonds is assumed to bear interest at 4.94% per annum and $5.89 million is assumed to bear interest at 5.13% per annum (in each case, the fixed rates payable by the Port under the Series Eighteen Swaps corresponding to such notional amounts), and the remaining unhedged portion of $530,000 is assumed to bear interest at 6.00% per annum. See "OTHER AIRPORT OBLIGATIONS—Interest Rate Swaps."

(3) Excludes the debt service related to the Series Twenty-Six Bonds and the Series Twenty Refunded Bonds. See "THE REFUNDING PLAN."

(4) Amounts may not add due to rounding.

Source: Port records.

OTHER AIRPORT OBLIGATIONS

Parity Reimbursement Agreements

In June 2008, the Port issued $138,890,000 aggregate principal amount of its variable-rate Portland International Airport Refunding Revenue Bonds, Series Eighteen, which as of March 1, 2020 were outstanding in the aggregate principal amount of $55,230,000 (the "Series Eighteen Bonds"). The Series Eighteen Bonds were issued in two subseries, and payment of the principal of and interest on the Series Eighteen Bonds of each subseries and payment of the purchase price of Series Eighteen Bonds of each subseries that are tendered for purchase and not remarketed are secured by an irrevocable, direct-pay letters of credit (each, a "Series Eighteen Letter of Credit"). On August 31, 2016, the Industrial and Commercial Bank of China Limited, New York Branch (the "Series Eighteen Bank") issued two letters of credit in substitution for the two expiring letters of credit.

In connection with the issuance of the current Series Eighteen Letters of Credit, the Port and the Series Eighteen Bank entered into two Reimbursement Agreements, each dated as of August 1, 2016 (the "Series Eighteen Reimbursement Agreements"). The Series Eighteen Reimbursement Agreements provide that the Port's obligations to reimburse the Series Eighteen Bank for drawings 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 Series Eighteen Letter of Credit expires on August 30, 2021, subject to prior termination under certain conditions. See "—Interest Rate Swaps" and "CERTAIN INVESTMENT CONSIDERATIONS—Credit Risk of Financial Institutions Providing Credit Enhancement and Other Financial Products Relating to Airport Bonds."

Junior Lien Obligations

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

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

Agreement. Events of default under each Series Eighteen Reimbursement Agreement include, among other events, a downgrade by Moody's (if Moody's assigns a rating) below "A" (or its equivalent) or by S&P or Fitch Ratings, Inc. ("Fitch") (if Fitch assigns a rating) below "A-" (or its equivalent) of the long-term rating assigned to the SLBs or a withdrawal (other than as a result of debt maturity, redemption, non-application or defeasance) or suspension (other than as a result of debt maturity, redemption or defeasance) of such rating. See "—Interest Rate Swaps—Series Eighteen Swaps" and "CERTAIN INVESTMENT CONSIDERATIONS."

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

Third Lien Obligations

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

The Board enacted Ordinance No. 463-CP on November 8, 2017, authorizing the issuance of up to $300 million of its Third Lien Commercial Paper Notes (the "Commercial Paper Notes"). The Port issued its first tranche of Commercial Paper Notes on December 22, 2017. To support payment of the Commercial Paper Notes, the Port obtained an irrevocable direct-pay letter of credit in the initial stated amount of $315,000,000 (the "Commercial Paper Letter of Credit") from the Commercial Paper Bank. The Commercial Paper Letter of Credit expires on December 2, 2022, unless extended or terminated sooner in accordance with its terms.

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

The Port has issued Commercial Paper Notes for various authorized purposes. The Port expects to continue to issue Commercial Paper Notes from time to time in the future.

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

See "—Interest Rate Swaps—PFC Bond Swaps" and "SECURITY AND SOURCES OF PAYMENT FOR THE SLBS—Funds under the Airport Bond Ordinances—TLO 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 March 1, 2020, 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 B.

The table below identifies the Special Obligation Bonds issued and currently outstanding as of March 1, 2020, including the principal amount outstanding.

TABLE 6
PORT OF PORTLAND
OUTSTANDING SPECIAL OBLIGATION BONDS
(as of March 1, 2020)

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

Source: Port records.

PFC Bonds

The table below identifies the PFC Bonds issued and currently outstanding as of March 1, 2020, including the principal amount outstanding of each series. The PFC Bonds described below are referred to collectively in this Official Statement as the "Outstanding PFC Bonds."

TABLE 7
PORT OF PORTLAND
OUTSTANDING PFC BONDS
(as of March 1, 2020)

Series	Dated Date	Final Maturity	Principal Amount
Series 2011A	November 10, 2011	July 1, 2031	$ 65,440,000
Series 2012A (Refunding)	August 15, 2012	July 1, 2024	46,450,000
	Total Outstanding PFC Bonds		**$111,890,000**

Source: Port records.

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 the definition of "PFC Revenue" in Appendix C.

The Series 2012A PFC Bonds are variable-rate bonds that were purchased by a single buyer and provide for a purchase period ending on July 1, 2024, which is that date upon which the Series 2012A PFC Bonds are stated to mature. The Port is required to pay LIBOR-based variable rates of interest on the Series 2012A PFC Bonds through July 1, 2024. See "—Interest Rate Swaps—PFC Bond Swaps" and "CERTAIN INVESTMENT CONSIDERATIONS—Credit Risk of Financial Institutions Providing Credit Enhancement and Other Financial Products Relating to Airport Bonds—PFC Bonds and PFC Bond Swaps."

CFC Bonds

The table below identifies the CFC Bonds issued and currently outstanding as of March 1, 2020, including the principal amount outstanding. The CFC Bonds described below are referred to in this Official Statement as the "2019 CFC Bonds."

TABLE 8
PORT OF PORTLAND
OUTSTANDING CFC BONDS
(as of March 1, 2020)

Series	Dated Date	Final Maturity	Principal Amount
Series 2019	April 24, 2019	July 1, 2049	$163,290,000

Source: Port records.

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

The 2019 CFC Bonds are payable solely from and secured solely by CFCs to be collected by the rental car companies operating at the Airport and the Remaining Contingent Fee Payments, if any, as set forth in the CFC Bond Ordinances. The 2019 CFC Bonds are not secured by or payable from Net Revenues. See "SECURITY AND SOURCES OF PAYMENT FOR THE SLBs—Funds under the Airport Revenue Bond Ordinances" for a description of the Remaining Contingent Fee Payments.

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

Interest Rate Swaps

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

Obligations (including termination payments) are payable out of the JLO Fund and that Other TLO Swap Obligations (including termination payments) are payable out of the TLO Fund.

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

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

Series Eighteen Swaps. On May 28, 2004, the Port entered into interest rate swaps with Goldman Sachs Mitsui Marine Derivative Products, L.P., an affiliate of Goldman Sachs & Co. LLC, and JPMorgan Chase Bank, N.A., an affiliate of J.P. Morgan Securities LLC, the Underwriter of the Series Twenty-Six Bonds (together, the "Series Eighteen Swaps") in connection with the expected refunding of certain SLBs. Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC (as the successor in interest to Bear Stearns Capital Markets Inc.) are Remarketing Agents of the Series Eighteen Bonds. Those SLBs were refunded on June 11, 2008 with proceeds received from the sale of the Series Eighteen Bonds. The Series Eighteen Swaps require the Port to pay amounts based on fixed rates of interest averaging approximately 5% per annum on a notional amount (as of March 2, 2020) of $54,700,000 and to receive amounts based on variable rates of interest (68% of the one-month London Interbank Offered Rate or "LIBOR"). At the time the Series Eighteen Swaps were entered into, the fixed rates on the Series Eighteen Swaps were off-market and required the counterparties to make cash payments to the Port totaling $9,293,538. As of March 2, 2020, the Series Eighteen Swaps had an estimated negative fair value of approximately $7.3 million. The Series Eighteen Swaps are coterminous with the maturity of the Series Eighteen Bonds (July 1, 2025 and July 1, 2026), and their aggregate notional amounts decline each year in accordance with the scheduled mandatory redemption of the hedged portion of the Series Eighteen Bonds. The Port uses the variable interest rate payments the Port receives under the Series Eighteen Swaps to make the variable interest rate payments on the hedged portion of the Series Eighteen Bonds. The Port or a counterparty may terminate a Series Eighteen Swap if the other party fails to perform an obligation under the Series Eighteen Swap or if the Port's or the counterparty's rating drops below BBB-/Baa3. The Port would be required to post collateral if its rating drops below A. Scheduled Swap Obligations under the Series Eighteen Swaps are payable from the SLB Fund, and the Port's payments of Scheduled Swap Obligations under the Series Eighteen Swaps are insured by XL Capital Assurance. Other Swap Obligations under the Series Eighteen Swaps (including termination payments and obligations to post collateral) are payable from the JLO Fund. See "CERTAIN INVESTMENT CONSIDERATIONS—Credit Risk of Financial

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

PFC Bond Swaps. On February 6, 2007, the Port entered into interest rate swaps with Merrill Lynch Capital Services, Inc. and JPMorgan Chase Bank, N.A., an affiliate of J.P. Morgan Securities LLC (the Underwriter of the Series Twenty-Six Bonds), as the successor in interest to Bear Stearns Financial Products Inc. (together, the "PFC Bond Swaps") in connection with the expected refunding of the Port's Portland International Airport Passenger Facility Charge Revenue Bonds, Series 1999A (the "Series 1999A PFC Bonds"), which the Port refunded through the issuance of its Portland International Airport Passenger Facility Charge Revenue Refunding Bonds, Series 2009A (the "Series 2009A PFC Bonds") on June 24, 2009. The PFC Bond Swaps require the Port to pay amounts based on fixed rates of interest (4.975% and 4.955% per annum) on a total notional amount of $46,450,000 as of March 2, 2020) and to receive amounts based on variable rates of interest (68% of one-month LIBOR). The PFC Bond Swaps required the Port's counterparties to make cash payments to the Port totaling $5,453,000. As of March 2, 2020, the PFC Bond Swaps had an estimated, combined negative fair value of approximately $4.9 million. Because the Series 2009A PFC Bonds hedged by the PFC Bond Swaps were refunded by the Series 2012A PFC Bonds, the PFC Bond Swaps are accounted for in the Port's financial records as investment derivatives. See Note 6 in Appendix A. The PFC Bond Swaps are coterminous with the maturity of the Series 2012A PFC Bonds, and their aggregate notional amounts decline each year approximately in accordance with the scheduled mandatory redemption of the Series 2009A PFC Bonds.

Scheduled payments under the PFC Bond Swaps are payable only from PFC Revenue and not from Net Revenues. Termination payments under the PFC Bond Swaps constitute Other TLO Swap Obligations, however, and are Third Lien Obligations payable from the TLO Fund, subject to the future ability and election of the Port to make such termination payments from the Subordinate Lien Obligations Account established under the Master PFC Ordinance established for the payment of PFC obligations. See "—Third Lien Obligations" and Note 6 in Appendix A.

Under certain conditions, each counterparty to the PFC Bond Swaps (including the Port) is required to post collateral equivalent to the termination value of the applicable PFC Bond Swap. Such collateral may be realized upon by the other counterparty following certain events of default or a termination under the applicable PFC Bond Swap. The PFC Bond Swaps have and can be expected to continue to have a negative fair value, because the Port received cash payments in connection with entering into the PFC Bond Swaps. As of March 2, 2020, the Port has posted approximately $2.19 million in collateral with one counterparty pursuant to the terms of the PFC Bond Swap that requires the Port to post collateral in the event a negative fair value exists. That PFC Bond Swap would also require the Port to post collateral if its rating drops below BBB. The other PFC Bond Swap would require the Port to post collateral if the negative fair value exceeds $15 million or if the Port's rating drops below "A-". See Note 6 in Appendix A and "CERTAIN INVESTMENT CONSIDERATIONS—Credit Risk of Financial Institutions Providing Credit Enhancement and Other Financial Products Relating to Airport Bonds—Series Eighteen Swaps and PFC Bond Swaps" below.

THE PORT OF PORTLAND

General

The Port was established by an act of the Oregon Legislative Assembly in 1891 and is headquartered in Multnomah County, Oregon. The Port is charged with operating aviation, maritime, commercial and industrial facilities within Multnomah County (including the City of Portland, the "City"), Washington County and Clackamas County. Pursuant to this authority, the Port owns and operates three airports: the Airport (PDX), which provides a seven-county region with scheduled passenger, cargo and charter air services and also is a general aviation facility; and the Troutdale (TTD) and Hillsboro (HIO) general aviation airports (together, the "General Aviation Airports"), which provide facilities for other air services, including recreational and private business uses. In addition to its aviation operations, the Port owns marine terminals, business and industrial parks and other properties. The Port also owns and operates the dredge *Oregon*, as a contractor to the U.S. Army Corps of Engineers, to help maintain the navigation channel on the lower Columbia and Willamette rivers. The Port leases portions of its marine and industrial properties, including facilities for the handling of automobiles, grain and other cargo, to commercial tenants. The Port's headquarters are located at the Airport, and the Port has representation in Seoul, South Korea; Tokyo, Japan; Taipei, Taiwan; and Hong Kong, Shanghai and Tianjin, China.

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

Board of Commissioners

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

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

TABLE 9
THE PORT OF PORTLAND
BOARD OF COMMISSIONERS

Name and Office	Principal Occupation	Expiration of Term of Appointment [1]
Alice M. Cuprill-Comas President	Executive Vice President and General Counsel Oregon Health and Science University	September 2023
Michael C. Alexander Vice President	Retired, formerly Interim Vice President for Global Diversity and Inclusion Portland State University Formerly, President & CEO The Urban League of Portland	May 2020
Linda M. Pearce Treasurer	EVP and Chief Financial Officer Tillamook County Creamery Association	September 2020
Robert L. Levy Secretary	Owner, L&L Farms, LLC; Member, Windy River Holdings	April 2021
Katherine Lam Commissioner	President and Co-Owner of Bambuza Hospitality Group	November 2023
Patricia A. McDonald Commissioner	Vice President, Non-Volatile Memory Solutions Group, High-Velocity Program Office at Intel Corporation	February 2020
Meg Niemi Commissioner	President of SEIU Local 49	November 2023
Sean O'Hollaren Commissioner	Senior Vice President, Government and Public Affairs NIKE, Inc.	May 2022
Isao (Tom) Tsuruta Commissioner	Retired, formerly Professor and Executive in Residence Marylhurst University	December 2020

[1] Commissioners serve until their successors have been appointed, confirmed and qualified.

Port Management

General. The Port employs an Executive Director and other officers, agents, employees and advisors. The Executive Director and his staff implement the policies established by the Board. In addition to the Executive Director, the senior management team of the Port is comprised of the Chief Operating Officer, the Chief Financial Officer, the General Counsel, the Chief Commercial Officer, the Chief Project Delivery and Safety Officer, the PDX Next Chief Project Officer, the Chief Administration and Equity Officer and the Chief Public Affairs Officer.

The Port is searching for a new Chief Financial Officer and expects to make a public announcement of its selection once the process is complete. The Port will update the final Official Statement with information about such an appointment if it occurs between the date of the Preliminary Official Statement and the date of the Official Statement; however, if the appointment occurs after the date of the Official Statement, such information will be publicly available on the Port's web site and the Port does not expect to update the Official Statement.

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

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

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

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

Daniel Blaufus, **General Counsel and Interim Chief Financial Officer**, joined the Port in 2014 as General Counsel. Mr. Blaufus was appointed Interim Chief Financial Officer in December 2019. 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.

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

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

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

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

Aviation Business Line

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

At the Airport, the Directors of Environmental Operations, PDX Terminal Business and Properties, Airport Operations, and Public Safety and Security each report to the Chief Operating Officer. The Director of Environmental Operations is responsible for integrating environmental considerations into Port planning and operational decisions and for environmental compliance. The Director of PDX Terminal 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 Airport Operations is responsible for the daily operations and maintenance of the Airport, including airside and landside operations for the Airport and for the General Aviation Airports. This position also is responsible for customer service issues both inside and outside the Terminal, including working with tenants and the general public who use the facility. The Director of Public Safety and Security is responsible for airport police, fire, security and emergency management communications.

The Directors of Commercial Properties and Air Service Development each report to the Chief Commercial Officer. The Director of Commercial Properties is responsible for the commercial development and management of the general aviation, cargo, airline maintenance and commercial Airport properties. The Director of Air Service Development is responsible for the Port's commercial air service development and implementation.

PORTLAND INTERNATIONAL AIRPORT

General

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

According to calendar year 2018 data provided by the Federal Aviation Administration (the "FAA"), the Airport was the 30th busiest airport in the United States in terms of enplaned passengers and has been classified a large-hub airport (enplaning more than 1.0% of the national total of enplaned passengers) by the FAA since 2014. For the Fiscal Year ended June 30, 2019 ("Fiscal Year 2019"), approximately 9.97 million passengers were enplaned at the Airport, a 2.4% increase over the Fiscal Year ended June 30, 2018 ("Fiscal Year 2018").

The Airport principally serves O&D passengers. According to O&D data survey reports from the United States Bureau of Transportation Statistics ("O&D Statistics")[1], in Fiscal Year 2019, the estimated percentage of O&D passenger traffic at the Airport was approximately 85.1% of total Airport passengers, with the remaining 14.9% of Airport passengers having connected between flights. Of the approximately 9.97 million enplaned passengers served by the Airport in Fiscal Year 2019, 9.55 million enplaned passengers (95.8% of enplaned passenger traffic) were domestic passengers and approximately 0.42 million were international passengers (4.2% of enplaned passenger traffic). For the six months ended December 31, 2019, total enplaned passengers at the Airport decreased slightly (down 0.4%), compared to the six months ended December 31, 2018.

For Fiscal Year 2019, the Airport handled 264,409 metric tons of cargo (freight and mail), an increase of 9.0% compared to Fiscal Year 2018.

[1] Landrum & Brown, Incorporated; accessed online through Diio in February 2020.

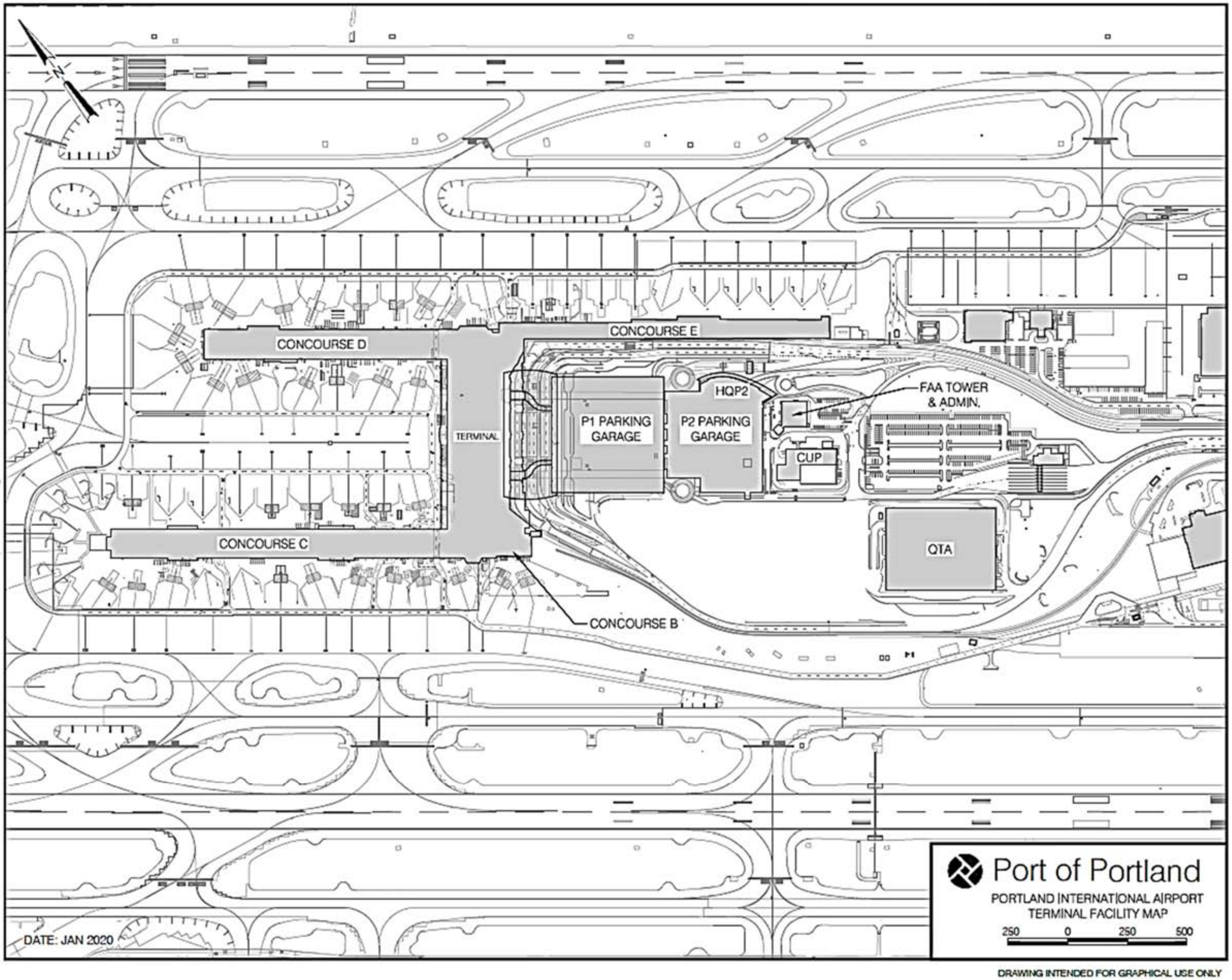
Existing Airport Facilities

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

Passenger Terminal Complex. The passenger terminal complex (the "Terminal") includes a main terminal building with four attached concourses (Concourses B, C, D and E) and a federal inspection station (the "FIS") for international arrivals. The current aircraft parking configuration consists of 45 loading bridge-equipped positions and up to 7 ground-loading positions. Six loading bridge-equipped gates provide accessibility to the FIS for international arrivals but are also used for domestic flight activity when required. Each loading bridge-equipped gate is served by a hold-room to accommodate airline passengers. Hold-rooms for ground loading positions are located in Concourse C. As part of the Port's CIP, demolition of select areas of Concourse A has begun and will continue in stages until complete, which is anticipated to be during the fall of 2020. Additionally, the work to remodel Concourse B and extend Concourse E has begun.

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 the five concourses. Ticket counters and concession areas, including a food court, cafes, pubs, full service restaurants, a spa that offers foot and therapeutic massage treatments, a barbershop, newsstands and retail shops, are located on the departure level. 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.

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



Source: The Port.

Parking. Currently, Port-owned parking facilities provide a total of approximately 17,000 public and employee parking spaces and consists 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"); an economy surface parking lot; and two employee surface parking lots. The Short-Term Parking Garage has approximately 3,300 public parking spaces.

The first two floors of the Short-Term Parking Garage are currently utilized by rental car companies. The Long-Term Parking Garage has approximately 3,030 public parking spaces and is located adjacent to the Short-Term Parking Garage. The first floor of the Long-Term Parking Garage is also currently reserved for rental car companies. Tunnels and moving sidewalks connect the Short-Term Parking Garage and the Long-Term Parking Garage to the Terminal. The parking lots and garages include an automated parking payment and revenue control system, and the public floors of the Short-Term Parking Garage and Long-Term Parking Garage include automated parking guidance systems that include a sensor for each covered parking space and signage providing real-time information about available parking spaces.

In addition to parking in the two garages described above, approximately 7,800 surface parking spaces are available in the economy surface parking lot, which is located near Interstate 205 off NE Airport Way. Free parking shuttles operate between the economy lot and the Terminal. Another surface parking lot, with approximately 2,400 spaces, is provided for parking by Port, Airport airline, concessionaire and tenant employees. The Port has a second employee surface parking lot, with 450 spaces for parking by Port employees, but this employee surface parking lot is being repurposed for construction uses through Fiscal Year 2025.

The Port's CIP includes the construction and development of a new six-level structure known as the Parking Addition and Consolidated Rental Car ("PACR") facility, located adjacent to the Long-Term Parking Garage. Once the PACR facility is completed, there will be approximately 19,980 Port-owned parking spaces available at the Airport, of which approximately 17,080 will be available for public parking. See "PORTLAND INTERNATIONAL AIRPORT—Airport Capital Improvement Program—Public Parking Addition and Consolidated Rental Car Facility."

Ground Transportation. A TriMet MAX Light Rail station located at the southern end of the Terminal connects the Airport to the City, Gresham, Clackamas, Beaverton, Milwaukie and Hillsboro, Oregon. Ground transportation to and from the Airport is also provided by private passenger vehicles, taxis, private bus and shuttle services, limousine services and transportation network companies ("TNCs") such as Uber Technologies Inc. ("Uber"), Lyft, Inc. ("Lyft"), and Tickengo, Inc. d/b/a/ Wingz ("Wingz"). In Fiscal Year 2019, TNCs recorded approximately 2.37 million Airport pick-ups/drop-offs resulting in $7.1 million in trip fee revenue for the Port, compared to approximately 1.86 million Airport pickups/drop-offs and $3.86 million in trip fee revenue in Fiscal Year 2018. Upon completion of the PACR facility, the first floor of the Short-Term Parking Garage will be repurposed into a ground transportation center to accommodate TNC operations, taxis and executive cars. See "PORTLAND INTERNATIONAL AIRPORT—Airport Capital Improvement Program—Public Parking Addition and Consolidated Rental Car Facility" and "—Other Business and Operating Agreements—Taxi, Shuttle and TNCs."

Eight rental car brands provide service at the Airport. Five of those currently provide on-Airport service counters and vehicles, and three currently provide on-Airport service kiosks and have passenger pick-up and drop-off service to facilities located off-Airport. After the completion of the consolidated car rental facility within the PACR facility (the "ConRAC") in approximately November 2021, the Port expects all rental car companies currently providing service at the Airport to operate from the ConRAC. See "Other Business and Operating Agreements—Rental Car Agreements" below.

Cargo and Airline Maintenance Facilities. Air cargo and airline maintenance facilities are located in two main areas at the Airport: the PDX Cargo Center and the AirTrans Center. The PDX Cargo Center consists of two buildings totaling approximately 130,000 square feet. The Port leases these buildings to various passenger airlines, for their belly cargo and ground support equipment ("GSE") maintenance operations. Other GSE operators and freight forwarders also lease space in these buildings. The United States Postal Service ground leases an existing facility to the west of the PDX Cargo Center. In the AirTrans Center, third-party developers, including Aero Portland, LLC, Prologis, L.P., and PDACC1, lease land upon which they have constructed cargo facilities. Distribution Inc. dba FTL and UPS both ground lease property adjacent to the cargo facilities for truck, trailer, and employee parking. Subtenants of these cargo facilities include Federal Express, DHL Worldwide Express, Summit NW, Hanjin Transportation Co., Ghelany Logistics, Matheson Flight Extenders, and Majestic Terminal Services, Inc. The AirTrans Center is also home to United Parcel Service's northwest regional hub. These buildings are 100% occupied.

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

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

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

Other general aviation services are provided by the Port at the General Aviation Airports, both of which are located within 35 highway miles of the Airport. The FAA has designated both of the General Aviation Airports as "reliever airports." Reliever airports are intended to reduce congestion at larger commercial service airports primarily by providing an option to accommodate general aviation traffic. The General Aviation Airports are not currently part of the Airport, and their revenues and expenses of operation are accounted for separately from those of the Airport. The Port from time to time subsidizes the General Aviation Airports from 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 B.

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 (the "CS/PIC") plan district. 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. The plan district has two distinct areas, Subdistricts A and B.

Cascade Station is the portion known as Subdistrict A. The Cascade Station project 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.

Subdistrict B, known as the Portland International Center (the "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 a hotel, warehouse/distribution/office buildings, manufacturing facilities, industrial development and a United States Customs headquarters building. Another 21 acres were developed into Airport employee parking. Future developable areas in the PIC include approximately 94 acres, which are reserved specifically for aviation use. Another 73 acres of land near Interstate 205 is designated as permanently open space.

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

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

Airport Master Plan

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 to meet requirements at various activity levels tied loosely to a timeline, which are then incorporated into the CIP. The CIP is always subject to change, and projects are evaluated and adjusted (timing and/or scope and budget) consistent with variations in demand and project approach.

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

In an effort to keep the 2011 Master Plan current, the Port conducts follow-on studies to monitor passenger and cargo activity, evaluate the impact of emerging industry trends, and refine project definitions. The follow-on studies enable the Port to adjust expectations accordingly and adapt plans to reflect current issues and trends.

Seismic Resilience Planning

In addition to the Port's master planning process and the 2011 Master Plan, the Port has established a seismic resiliency program to assess and improve response and recovery plans to reduce the Port's vulnerability to and shorten its recovery time following a major earthquake. Creating, updating and enhancing seismic resiliency program elements, including both infrastructure and operational response measures, augment the Airport Master Plan facility performance goals.

Oregon and Washington are located in the Cascadia subduction zone and are at risk of a magnitude 9.0 earthquake with an average recurrent period of once every 500 years. The authors of studies published in 2012 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. See "CERTAIN INVESTMENT CONSIDERATIONS—Seismic and Other Force Majeure Events."

The Port's seismic resiliency program is guided by the Oregon Resilience Plan (the "ORP"), adopted by the State in 2013. The ORP provides guidance on priority facilities for response and recovery. The Port's seismic 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 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.

Airport Capital Improvement Program

The Airport CIP for Fiscal Year 2020 through Fiscal Year 2024 includes current and future projects in the Airline Cost Center and the Port Cost Center (collectively, the "Capital Improvement Projects"). The Port expects the costs (excluding financing costs) of its current Capital Improvement Projects, including spending between Fiscal Year 2020 and Fiscal Year 2024 on the major projects further described below, will total approximately $2.12 billion. The Port expects construction on these and other Capital Improvement Projects to extend through Fiscal Year 2025 and, in some cases, beyond.

Airline Cost Center. Capital Improvement Projects in the Airline Cost Center include the design and construction of the Terminal Core Redevelopment project; the Terminal Balancing project; and other asset renewals and replacements. One goal of the Capital Improvement Projects in the Airline Cost Center is to accommodate expected passenger growth that is expected to reach annual enplanements of up to 35 million passengers annually in 2045. The following is a short description of the major components of the Capital Improvement Projects in the Airline Cost Center:

- *Terminal Core Redevelopment*. The largest project in the Airline Cost Center is the Terminal Core Redevelopment project. In August 2019, the Port received Majority-in-Interest ("MII") ballot approved from the Signatory Airlines (as defined below), approving the entire Terminal Core Redevelopment project in the amount $1.65 billion. In November 2017, the Signatory Airlines approved $950 million for Phase 1 of the project. The August 2019 ballot represents approval of an additional $700 million in funding for Phase II of the project.

This project includes a major redevelopment of the Airport's terminal and will include construction of a western expansion of the main terminal into the alley between Concourses C and D; construction of a new roof over the existing terminal and the planned western expansion of the main terminal; rehabilitation of the existing terminal core; as well as major seismic upgrades and renewal of mechanical, electrical and other systems. The project is currently in the detailed design development phase and construction phasing is under development. Design will continue in phases until August 2021 with construction starting on the initial phase of work in February 2020. Construction is expected to be complete at the end of Fiscal Year 2025. Some tenant improvement design activities (TSA checkpoint installation) may extend until the end of 2022.

The Terminal Core Redevelopment budget also includes:

a) the demolition of Concourse A and associated ramp work for use as future Remain Over Night (RON) parking and the remodeling of Concourse B to include the addition of one contact gate. Work on Concourse B is estimated to be completed in May 2021; and

b) the construction of floors 2 to 4 of the rental car center ("RCC") that will be built adjacent to the new garage will house the Airport communications center, Port Police, TSA administration services, and Port security badging office. Floors 2 to 4 of the RCC are estimated to be completed in November 2021. For a detailed description of the first floor of the RCC, which is not a part of Terminal Core, see "*Public Parking and Consolidated Rental Car Facility*" below.

- *Terminal Balancing*. This $219.3 million project to rebalance passenger and aircraft traffic among the terminals and related projects includes the design and construction of approximately 142,015 square feet of concourse, including six contact aircraft gates, circulation (with additional capability of accommodating two ground-loading parking positions), public restrooms, concessions and support spaces. This project began in January 2014 and is estimated to be completed by June 2020. The Port does not expect to undertake any additional financing for this project.

Port Cost Center. Capital Improvement Projects in the Port Cost Center include the design and construction of the PACR facility; the development and rehabilitation of additional cargo facilities; rehabilitation, reconstruction and major maintenance of Airport access roads; and design of a new interchange at NE Airport Way/NE 82nd Avenue. The following is a short description of major components of the Capital Improvement Projects in the Port Cost Center:

- *Public Parking Addition and Consolidated Rental Car Facility*. This $282.2 million project to address the rapid increase in demand for parking at the Airport includes the construction and development of the PACR facility, which is a new six-level structure to be located adjacent to the Long-Term Parking Garage. Three levels of the PACR facility will be designated for public parking (the "Public Parking Addition") and the other three levels for the ConRAC. Upon completion of the PACR facility, the Public Parking Addition will add approximately 2,450 parking spaces to increase the number of Port-owned parking spaces available at the Airport to approximately 19,980, of which approximately 17,080 will be available for public parking. Completion of the ConRAC component will result in 724,000 square feet of space for rental car ready/return and parking operations and approximately 2,070 parking spaces for rental cars. The ConRAC component will also include a 30,000 square-foot rental car customer service space to be located on the first floor of the RCC. Upon completion of the PACR facility, the rental car companies will relocate their operations currently in the Short-Term Parking Garage and the Long-Term Parking Garage to ConRAC, and the space vacated by the rental car companies will be utilized for various purposes including a ground transportation center to accommodate TNC operations, taxis and executive cars, and to provide additional parking for the public and Port employees. The Port does not expect to undertake any additional financing for this project.

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 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 Approval. The Port and the Signatory Airlines have agreed to a 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. As provided in the Signatory Airline Agreement, any time an approved project exceeds 110% of the initial cost estimate provided by the Port to the Signatory Airlines as a part of the MII disapproval process, the Port will submit the project for MII review a second time to obtain approval for the project in light of the new construction cost estimate.

Sources of Funds for CIP Projects

The Port expects to finance the costs of the Capital Improvement Projects with a combination of federal grants, CFCs, PFCs, available Net Revenues, proceeds of bonds previously issued, and proceeds of additional bonds. The table below includes estimated project costs for the period of Fiscal Years 2020-2024 and certain expenditures prior to Fiscal Year 2020 and the sources of funds for the projects. However, the Port cannot predict or guarantee the availability of the sources to fund the projects as shown. See "Recent Developments at the Airport – *COVID-19*" and "CERTAIN INVESTMENT CONSIDERATIONS – Implementation of CIP Projects."

TABLE 10 (1)
CAPITAL IMPROVEMENT PROGRAM
FISCAL YEARS 2020-2024
(000s)

Capital Projects	Estimated Project Costs	Federal Grants	PFCs	CFCs	Existing Bond Proceeds	Future Bond Proceeds	Port Funds
Airfield	$ 122,421	$18,451	--	--	$ 8,939	$ 50,888	$ 44,143
Terminal	1,578,077	3,086	$233,545	--	96,436	1,160,216	84,793
Port Cost Center	417,376	47,440	--	$1,760	167,497	--	200,678
Total (2)	**$2,117,874**	**$68,978**	**$233,545**	**$1,760**	**$272,872**	**$1,211,104**	**$329,615**

(1) Estimated, subject to change.
(2) Amounts may not add due to rounding.
Source: Port records.

Grants. The Port receives federal entitlement and discretionary grants for Airport-related capital projects under the Airport Improvement Program (the "AIP"). Entitlement grants are based upon (1) levels of funding authorized and appropriated by Congress for the program and (2) the number of passengers and amount of cargo at the Airport and are reduced by 75% because the Port collects a $4.50 PFC. The Airport's AIP entitlement grant award totaled $5,007,285 in the federal fiscal year ending September 30, 2019, which included carryover entitlement. In addition, the two General Aviation Airports are appropriated a total of $300,000 in AIP non-primary entitlement funds each year. The Port also receives AIP discretionary grants for specific projects pursuant to grant applications for such funding. FAA discretionary grant awards are a function of the amounts authorized and appropriated by Congress and the FAA's prioritization of competing projects. In the federal fiscal year ending September 30, 2019 the Airport's discretionary grant award totaled $5,999,169.

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 "—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.

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 Revenue to pay for approved project costs on a pay-as-you-go basis or by pledging and assigning PFC Revenue to pay debt service associated with PFC Revenue bonds issued to fund costs of approved PFC projects when authorized by the FAA or by using available PFCs to pay debt service on other bonds.

The Port is currently authorized by the FAA, pursuant to 13 PFC application approvals, to impose and use approximately $1.2 billion of PFC Revenue (at a PFC of $4.50) for various projects, of which approximately $676 million has been collected and approximately $560 million has been spent on approved PFC Projects as of September 2019. PFC Revenue is pledged to, and is required to be used first to pay, debt service on the Port's Outstanding PFC Bonds and scheduled payments on PFC Bond Swaps. The Port currently expects that during Port Fiscal Years 2019 through 2024, the Port will use, on a pay-as-you-go basis, approximately $235 million of PFC Revenue to pay costs of CIP projects. See "—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 require 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 2019 CFC Bonds, a portion of the proceeds of which is being used to finance the design and construction of the ConRAC. See "—Other Business and Operating Agreements—Rental Car Agreements" and "CERTAIN INVESTMENT CONSIDERATIONS."

In March 2018, the Port opened the new quick-turn-around facility (the "QTA Facility"), for use by the rental car companies for the fueling, washing and processing of returned rental cars. The construction of the QTA Facility was funded on a pay-as-you-go basis from CFCs.

Air Service Area

The Airport is primarily an O&D airport and, according to O&D Statistics, during Fiscal Year 2019, an estimated 85.1% of the Airport's passengers traveled to or from the Airport's general service area and did not simply connect through the Airport to other destinations.

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.

See "Economic and Demographic Information Relating to the Air Service Area" in Appendix G.

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Airlines Serving the Airport

As shown in the table below, during Fiscal Year 2019, 15 domestic-passenger airlines and 6 foreign-flag passenger airlines provided scheduled passenger service at the Airport; and 10 airlines provided all-cargo service. See "—Historical Traffic and Activity" below.

TABLE 11
AIRLINES SERVING THE AIRPORT
(Fiscal Year 2019)

Scheduled Passenger Service	
Signatory Airlines	**Signatory Affiliate Airlines**
Air Canada (AC)*	Compass Airlines (AA, DL) [3]
Alaska Airlines (AS)	Horizon Air (AS) [4]
American Airlines (AA)	Jazz Aviation (AC) [5]
Delta Air Lines (DL)	SkyWest (AS, DL, UA) [6]
Frontier Airlines	
Hawaiian Airlines	
JetBlue Airways	
MN Airlines (d/b/a Sun Country Airlines)	
Southwest Airlines	**Non-Signatory Airlines**
Spirit Airlines	Aeroméxico* [7]
United Airlines (UA)	Boutique Air [8]
Volaris*	Condor*
Westjet Airlines*	IcelandAir*

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

* *Denotes foreign-flag*

(1) ABX Air operates cargo flights for DHL Aviation.
(2) Atlas Air operates cargo flights for Cathay Cargo and some charter service.
(3) d/b/a American Eagle and Delta Connection. According to media reports published on March 19, 2020, Compass Airlines has announced that it will be ceasing all service throughout the country in April 2020.
(4) d/b/a Alaska Airlines pursuant to a capacity purchase agreement with Alaska Airlines. Alaska Airlines and Horizon Air Industries are separately certificated airlines owned by Alaska Air Group.
(5) Jazz Aviation LP operates in the United States and Canada under the brand name Air Canada Express.
(6) d/b/a Alaska Airlines, Delta Connection, and United Express.
(7) In January 2019, Aeroméxico suspended service in multiple markets, including service to Mexico City from the Airport.
(8) 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 Airport serves primarily O&D passengers. O&D passengers accounted for approximately 85.1% of total Airport passengers in Fiscal Year 2019, with the remaining 14.9% of Airport passengers connecting between flights, according to O&D Statistics. The following table summarizes the Airport's non-stop destinations in Fiscal Year 2019.

TABLE 12
PORTLAND NON-STOP DESTINATIONS
FISCAL YEAR 2019

Destination	Average Daily Scheduled Departures	Number of Airlines Serving Market
Albany, NY	1	2
Amsterdam, Netherlands	1	1
Anchorage, AK	3	1
Atlanta, GA	4	2
Austin, TX	1	3
Bellingham, WA	0	1
Billings, MT	1	1
Boise, ID	7	1
Boston, MA	2	2
Bozeman, MT	1	1
Calgary, Canada	1	2
Charlotte, NC	1	1
Chicago, IL (1)	9	5
Cleveland, OH	0	1
Dallas/Fort Worth, TX (2)	8	3
Denver, CO	10	3
Detroit, MI	1	2
Eugene, OR	3	1
Frankfurt, Germany	0	1
Fresno, CA	2	1
Guadalajara, Mexico	1	1
Hawaii (3)	6	4
Houston, TX (4)	3	1
Kalispell, MT	0	1
Kansas City, MO	1	2
Las Vegas, NV	10	4
London, UK	0	1
Los Angeles Area, CA (5)	29	5
Los Cabos, Mexico	0	1
Medford, OR	5	1
Mexico City, Mexico	0	1
Milwaukee, WI	0	1
Minneapolis-Saint Paul, MN	5	3
Missoula, MT	1	1
Nashville, TN	0	1
New York City Area, NY (6)	6	4
Omaha, NE	0	1

Destination	Average Daily Scheduled Departures	Number of Airlines Serving Market
Orlando, FL	1	2
Palm Springs, CA	2	2
Pasco, WA	0	1
Pendleton, WA (7)	3	1
Philadelphia, PA	0	2
Phoenix, AZ	9	4
Puerto Vallarta, Mexico	0	1
Redmond, OR	4	1
Reno, NV	3	1
Reykjavík, Iceland	0	1
Sacramento, CA	8	2
Salt Lake City, UT	8	2
San Antonio, TX	0	1
San Diego, CA	6	2
San Francisco Bay Area, CA (8)	34	4
Santa Barbara, CA	1	1
Santa Rosa, CA	1	1
Seattle, WA (9)	29	2
Spokane, WA	8	1
St. Louis, MO	1	1
Sun Valley, ID	0	1
Tokyo, Japan	1	1
Toronto, Canada	0	1
Tuscon, AZ	1	1
Vancouver, Canada	5	2
Washington DC/Baltimore, MD Area (10)	2	3

(1) Includes Chicago O'Hare International (ORD) and Chicago Midway International (MDW) Airports.
(2) Includes Dallas/Fort Worth International Airport (DFW) and Dallas-Love Field (DAL).
(3) Includes Honolulu International (HNL), Kona International (KOA), Lihue/Kauai (LIH), and Kahului/Maui (OGG), Airports.
(4) Includes George Bush Intercontinental (IAH) and William P. Hobby (HOU) Airports.
(5) Includes Los Angeles International (LAX), Bob Hope (BUR), Long Beach (LGB), Ontario International (ONT), and John Wayne-Orange County (SNA) Airports.
(6) Includes John F. Kennedy International (JFK) and Newark Liberty International (EWR) Airports.
(7) 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.
(8) Includes San Francisco International (SFO), Oakland International (OAK), and San Jose International (SJC) Airports.
(9) Includes Seattle-Tacoma International Airport (SEA) and Paine Field (PAE) Airports.
(10) Includes Ronald Reagan Washington National (DCA), Baltimore Marshall (BWI), and Washington Dulles International (IAD) Airports.

Source: Port records.

The numbers of enplaned passengers (passengers boarding flights) at the Airport during Fiscal Years ended June 30, 2009 through June 30, 2019 and during the six months ended December 31, 2018 and December 31, 2019 are set forth in the following table. In Fiscal Year 2019, approximately 95.8% of passengers enplaned on domestic flights at the Airport, and the remaining 4.2% enplaned on international flights. AIP entitlement grants and PFC Revenues are based upon enplanements.

TABLE 13
HISTORICAL ENPLANED PASSENGERS
FISCAL YEARS 2009–2019 AND
THE SIX MONTHS ENDED DECEMBER 31, 2018 AND 2019

Fiscal Year Ended June 30	Total Enplaned Passengers	Percent Increase (Decrease)
2009	6,654,126	(10.7)
2010	6,477,286	(2.7)
2011	6,750,420	4.2
2012	6,946,300	2.9
2013	7,335,638	5.6
2014	7,762,027	5.8
2015	8,058,757	3.8
2016	8,792,286	9.1
2017	9,422,565	7.2
2018	9,733,011	3.3
2019	9,966,798	2.4

	Compound annual growth rate
FY 2009-2019	4.1%
FY 2010-2019	4.9%

Six Months Ended December 31	Total Enplaned Passengers	Percent Increase (Decrease)
2018	5,283,137	
2019	5,262,761	-0.4%

Source: Port records.

For a description of the various determinants of airline traffic, which may affect total enplanements, see "Recent Developments at the Airport," "OTHER INVESTMENT CONSIDERATIONS – Demand for Air Travel," "— Financial Condition of the Airlines," "—Effect of Airline Industry Concentration; Effect of Airline Consolidation," "—Effect of Airline Bankruptcies," "—Aviation Safety and Security Concerns" and "—Worldwide Health Concerns."

Enplaned passengers by airline at the Airport for Fiscal Year 2019 are listed in the following table.

TABLE 14
ENPLANED PASSENGERS BY AIRLINE

Airline	Fiscal Year 2019 Enplaned Passengers	Fiscal Year 2019 Share
Alaska Air Group [1]	4,253,240	
Alaska Airlines [2]	2,970,598	29.8%
Horizon Air	1,282,642	12.9
Southwest	1,748,785	17.5
Delta Air Lines [2][3][4]	1,404,346	14.1
United Airlines [2][4]	1,076,812	10.8
American Airlines [3][4]	669,028	6.7
Hawaiian Airlines	136,649	1.4
Spirit Airlines	134,136	1.3
jetBlue Airways	124,206	1.2
Sun Country Airlines	110,436	1.1
Air Canada [5]	105,441	1.1
Frontier Airlines	97,663	1.0
Other	106,056	1.1
Total	**9,966,798**	**100.0%**

(1) Alaska Airlines and Horizon Air Industries are separately certificated airlines owned by Alaska Air Group, Inc.
(2) Includes enplaned passengers on flights operated by SkyWest Airlines Inc., as an affiliate for Alaska Airlines, Delta Air Lines and United Airlines.
(3) Includes enplaned passengers on flights operated by Compass Airlines, as an affiliate for Delta Air Lines and American Airlines.
(4) Republic Airlines passengers are included with mainline partner.
(5) Pursuant to a capacity purchase agreement with Air Canada, Jazz Aviation LP operates in the United States and Canada under the brand name "Air Canada Express."
Source: Port records.

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 "Recent Developments at the Airport," "OTHER INVESTMENT CONSIDERATIONS – Demand for Air Travel," "— Financial Condition of the Airlines," "—Effect of Airline Industry Concentration; Effect of Airline Consolidation," "—Effect of Airline Bankruptcies," "—Aviation Safety and Security Concerns" and "—Worldwide Health Concerns."

Recent Developments at the Airport

COVID-19. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization. Since the Executive Proclamation by the President of the United States on January 31, 2020, preventing entry into the United States by certain foreign nationals, there has been a focus on containing the disease by prohibiting non-essential travel and limiting person-to-person contact. Across the country, states and local governments, including the State, have issued "stay at home" or "shelter in place" orders, which severely restrict movement and limit businesses and activities to essential functions. Additionally, other countries have effectively closed their borders by restricting entry and exit to only essential travel.

The COVID-19 pandemic and resulting restrictions have severely disrupted, and continue to disrupt, the economies of the United States and other countries, leading to volatility in the securities markets. Many of these markets have lost significant value and may continue to do so. Business failures, worker layoffs, and consumer and business bankruptcies are occurring and are expected to continue in the near future.

Airports in the United States have been acutely impacted by the broad-based economic shutdown resulting from efforts to stop the spread of COVID-19, including reductions in flights and declines in passenger volumes. The outbreak has adversely affected domestic and international travel and travel-related industries. Airlines are reporting unprecedented downturns in passenger volumes and have experienced reduced levels of passenger volumes which, in turn, has resulted in a significant reduction in scheduled service.

Federal Relief Efforts

The United States government, the Federal Reserve Board and foreign governments are taking legislative and regulatory actions and implementing measures to mitigate the broad disruptive effects of the COVID-19 pandemic. The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), approved by the United States Congress and signed by the President on March 27, 2020, is one of the legislative actions to address the crisis created by the COVID-19 pandemic and includes among its relief measures direct aid in the form of grants for airports as well as direct aid, loans and loan guarantees for passenger and cargo airlines. Additionally, on April 9, 2020, the Federal Reserve Board announced a $500 billion program to provide state and certain local governments with access to short-term debt funding with the Federal Reserve acting as the lender.

Provisions of the CARES Act, which provide $10 billion of grant assistance to airports, generally include the following: (i) $3.7 billion to be allocated among all U.S. commercial service airports based on number of enplanements in calendar year 2018, (ii) $3.7 billion to be allocated among all U.S. commercial service airports based on formulas that consider fiscal year 2018 debt service relative to other airports, and cash-to-debt service ratios, (iii) $2 billion to be apportioned in accordance with Airport Improvement Program ("AIP") entitlement formulas, subject to CARES Act formula revisions, (iv) $500 million to increase the federal share to 100% for grants awarded in federal fiscal year 2020 under certain grant programs including the AIP, and (v) $100 million reserved for general aviation airports.

On April 14, 2020, the FAA announced that it had allocated approximately $72.3 million of grant assistance under the CARES Act to the Airport and approximately $187,000 to the Port's two general aviation airports. The Port can draw on all such funds, except those received under (iv) above, on a reimbursement basis for any purpose for which airport revenues may be lawfully used in accordance with FAA rules and regulations. Currently, the Port is evaluating how to best utilize the funds. The Port expects the CARES Act funding to improve its liquidity and strengthen its ability to withstand expected decreases in revenues during Fiscal Year 2020 and Fiscal Year 2021 that it anticipates as a result of the current and ongoing effects of the COVID-19 pandemic. There is no assurance that the CARES Act funding will be sufficient to fully compensate the Port for lost revenue at the Airport as a result of the COVID-19 pandemic.

On March 13, 2020, the President declared the ongoing COVID-19 pandemic of sufficient severity to warrant an emergency declaration for purposes of obtaining disaster assistance through FEMA's Request for Public Assistance ("RPA"). The Port submitted its application through the RPA process, which requires applications be filed within 30 days of the date of the emergency designation, for an estimated amount of damages of $170,000 sustained through April 8, 2020. This estimate was based on projected costs and hours data available to the Port as of the date of its RPA submission. The Port expects to provide updated damage estimates to FEMA.

Additionally, the Port continues to evaluate and seek other available sources of State and federal aid as they become available. At this time, it is unclear whether legislative, regulatory and other governmental actions, including the CARES Act, will have the intended positive effects.

Liquidity and Financial Position

The Airport's financial position is strong, providing the Port with flexibility to navigate the decline in passenger traffic, which has affected both airline and non-airline revenue. The debt service coverage ratio for Fiscal Year 2019 was 2.42, which exceeded the 1.30 required under the Airport Revenue Bond Ordinances. See "SECURITY AND SOURCES OF PAYMENT FOR THE SLBs – Rate Covenant." At June 30, 2019, unrestricted cash and investment balances for the Airport were \$135.0 million (audited). Based upon unaudited, internally prepared estimates, as of March 31, 2020, unrestricted cash and investment balances for the Airport were approximately \$153.5 million.

Based on currently available data, the Port estimates that at June 30, 2020 its days cash on hand for the Airport will be 392 days (unrestricted cash and investment balances divided by average, budgeted daily operating expenses) after taking into account approximately \$21 million in deferred payments described below under "— *Operational Changes and Stakeholder Assistance*" for Airlines and rental car companies ("RACs"). This estimate is calculated by combining the audited Fiscal Year 2019 year-end unrestricted cash balance with the estimated Fiscal Year 2020 operating income before depreciation, which is projected based on the assumption that passenger volumes will decline a combined approximate average amount of 85% for the months of March, April, May and June compared to the Port's Fiscal Year 2020 adopted budget for those months. The Port projects total enplaned passengers for Fiscal Year 2020 to be approximately 7.1 million, as compared to 10.1 million in the Port's adopted budget for Fiscal Year 2020. Using the estimates described above, the Port expects that the debt service coverage ratio for Fiscal Year 2020 will be approximately 1.75, which will exceed the 1.30 required under the Airport Revenue Bond Ordinances.

As of March 31, 2020, the Airport has access to other resources with which it may fund its operations and SLB debt service, including the following estimated sources based on unaudited, internally prepared amounts, all of which are subject to change:

- \$265.8 million of available authorization to issue tax-exempt or taxable Commercial Paper Notes, subject to market conditions (See "OTHER AIRPORT OBLIGATIONS – Third Lien Obligations"); and
- Approximately \$242.5 million of other lawfully available resources from the Port's General Fund.

The Airport also collects PFCs and CFCs, which can only be used for authorized PFC and CFC uses. As of March 31, 2020, based on unaudited, internally prepared amounts, all of which are subject to change, the Airport expects to end Fiscal Year 2020 with the following available balances:

- \$95.4 million of PFC balances after payment of the Portland International Airport Passenger Facility Charge Revenue Bonds, Series 2011A and Series 2012A; and
- \$22.4 million of CFC balances after payment of the Portland International Airport Customer Facility Charge Revenue Bonds, Series 2019.

In addition, the SLB Reserve Account is currently, and following delivery of the Series Twenty-Six Bonds will be, overfunded relative to the required amount, and is invested in a mixture of cash, investments, and sureties. Taken together, the current value of the SLB Reserve Account is approximately

$82 million, as compared with the current SLB Reserve Fund Requirement, which is approximately $70.6 million. Upon the issuance of the Series Twenty-Six Bonds and the refunding of the Series Twenty Refunded Bonds as described in "THE REFUNDING PLAN," the SLB Reserve Fund Requirement will be approximately $70.0 million. See Table 3 under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE SLBs – Funds Under the Airport Revenue Bond Ordinances – SLB Reserve Account."

Reduced Airport Usage

The Airport, similar to most other airports around the nation, has experienced steep declines in passenger volumes as a result of the COVID-19 pandemic. For the specific period from March 24, 2020 through April 20, 2020, estimated declines were approximately 90-95% as compared to the same period in 2019. There have been corresponding declines in demand for rental car transactions, parking and ground transportation services, including, but not limited to, those provided by taxis, executive cars and TNCs. The Port also estimates revenue declines for these services to be approximately 90-95% for the period from March 24, 2020 through April 20, 2020 as compared to the same period in 2019.

The number of enplaned passengers (passengers boarding flights) at the Airport was 6,999,934 for the nine-month period ended March 31, 2020, as compared with 7,430,228 for the nine-month period ended March 31, 2019, which is an approximate decline of 5.8%. Total cargo tonnage (volume/short tons) at the Airport was 245,564 for the nine-month period ended March 31, 2020, as compared with 216,208 for the nine-month period ended March 31, 2019, which is an approximate increase of 13.6%. The total landed weight (1,000-pound units) at the Airport was 9,638,113 for the nine-month period ended March 31, 2020, as compared with 9,522,667 for the nine-month period ended March 31, 2019, which is an approximate increase of 1.2%. For both total cargo tonnage and landed weight, one cargo carrier has not provided information for the nine-month period ended March 31, 2020; however, that carrier's monthly cargo weight average is approximately 1.2% of the total cargo weight and its monthly landed weight average is approximately 0.2% of the total landed weight.

Domestic air travel throughout the nation has been severely curtailed by the COVID-19 pandemic. Airlines at the Airport are continually evaluating their flight schedules, resulting in flight cancellations on a daily basis and ongoing revisions to flight schedules for spring and summer 2020. For example, due to the State of Hawaii's quarantine order effective March 26, 2020, Hawaiian Airlines has temporarily suspended air service between the islands and the Airport. The Port cannot predict if other states will issue similar quarantine orders, which could increase the number of flight cancellations. The Port anticipates the reduced level of scheduled airline service to continue and cannot predict the duration. The Port also cannot predict if there will be a nationwide order to restrict travel between the states, which would lead to a cessation of operations at the Airport requiring significant cost-cutting measures.

The following table presents airlines currently operating at the Airport and the number of scheduled departures expected for the period of April 18 through May 31, 2020, which are subject to change as the Airport continues to receive daily cancellations and schedule adjustments from the airlines.

EXPECTED SCHEDULED DEPARTURES
FOR APRIL 18 THROUGH MAY 31, 2020

Airline	Scheduled Departures*
American	215
Alaska (1)	1005
JetBlue	18
Condor (2)	4
Delta (1)	511
Frontier	36
IcelandAir (2)	8
Hawaiian	22
Spirit	18
Sun Country	31
United (1)	192
Southwest	749
Volaris	34
Total (3)	**2843**

* For the period of April 18 to May 31, 2020; information as of April 20, 2020 and subject to change.

(1) Horizon continues to operate on behalf of Alaska; SkyWest continues to operate on behalf of Alaska, Delta and United.

(2) As of April 20, 2020, Condor has cancelled flights for the week of April 20, 2020 and is delaying the start of its seasonal service to May 19, 2020. As of April 20, 2020, IcelandAir is scheduled to begin service on May 20, 2020.

(3) Does not reflect operations of Cargo carriers or Boutique, which continues to operate out of its private air terminal at the Airport.

Additionally, due to the travel restrictions in place at the United States-Canadian border, and parts of Asia and Europe, several airlines operating at the Airport have notified the Port that they are temporarily suspending international air services. WestJet and Air Canada have temporarily suspended their services at the Airport. Delta Air Lines has temporarily suspended flights from the Airport to Tokyo, London and Amsterdam. The Port cannot predict the duration of these flight suspensions or if other air services from the Airport will be affected by flight restrictions or border closures by other countries.

Operational Changes and Stakeholder Assistance

In addition to reductions in both international and domestic air travel, the Port is also experiencing significant reductions in operations at concessions within the Airport. On March 16, 2020, Oregon Governor Kate Brown issued an Executive Order prohibiting on-premises consumption at restaurants, bars, taverns, brew pubs, wine bars, cafes, coffee shops, clubs, or similar establishments offering food or drink. The Executive Order has negatively affected full-service dine-in restaurants in the Airport but allows for some limited service to passengers and employees. Airport concessionaires have adjusted to provide only take-out service. AtYourGate, an in-airport delivery service, is also continuing operations at the Airport. Many concessionaires have closed operations at the Airport as a result of the COVID-19 pandemic.

The Port has received and continues to receive requests for rate relief and other forms of financial accommodations from airlines, Airport concessionaires, RACs operating at the Airport and others. In response to such requests, the Port has agreed to several measures, which are summarized below.

For the airlines, the Port has implemented the following measures:

- Certain rates and charges owed by the airlines to the Port for the period April 1, 2020 through May 31, 2020 will be deferred.
- Such deferred rates and charges will be payable by the airlines to the Port in four equal monthly payments beginning September 30, 2020 and continuing through December 31, 2020.
- The remittance terms of PFCs to the Port remain unchanged.

For terminal concessionaires at the Airport, including food and beverage, retail and services, the Port has implemented the following measures:

- Monthly minimum annual guarantee payments for February 2020 through June 2020 owed by concessionaires to the Port will be suspended (not deferred). Monthly billing for such period will be based on a percentage of the concessionaire's sales revenue.
- During the annual reconciliation process in September 2020, the Port will determine what, if any, minimum annual guarantee adjustment is necessary for Fiscal Year 2020 to true up with actual rents paid during that period.
- Through June 30, 2020, payment terms will be extended from 30 to 60 days.

For the RACs operating at the Airport, the Port has implemented the following measures:

- Monthly minimum annual guarantee concession fee payments owed by the RACs to the Port for March 2020 through June 2020 will be deferred. Monthly billing for such period will shift to a percentage rent structure.
- During the annual reconciliation process in September 2020, the Port will determine the additional concession fees due from the RACs to the Port to reflect the deferred monthly minimum annual guarantee payments. Such additional fees will be due by September 30, 2020.
- Monthly premises rent owed by the RACs to the Port for April 2020 through June 2020 will be deferred. Such deferred amounts will be due by September 30, 2020.
- The remittance terms of CFCs to the Port remain unchanged.

The Port will continue to evaluate all requests for rate relief and other forms of financial accommodations taking into account the facts and circumstances as the COVID-19 pandemic response evolves.

In response to the COVID-19 pandemic, the Port is proactively implementing a number of temporary measures intended to mitigate operational and financial impacts to the Port, including: an employee unpaid furlough program; eliminating the annual merit compensation increase for administrative employees; a partial hiring freeze; eliminating non-critical travel; limiting overtime; requiring remote working for employees that are not essential for operations; reducing other operational and maintenance spending; and identifying capital projects that could safely be delayed. At the Airport, temporary operational measures have been implemented, including closing certain parking facilities and eliminating related bussing operations; closing certain Terminal facilities; increasing sanitation procedures; adjusting customer and facility services to reflect lower passenger counts, and modifying Terminal seating arrangements where possible to better facilitate the physical distancing recommended by health authorities. The Port cannot predict whether these measures will be sufficient to mitigate the negative effects of the COVID-19 pandemic. However, the Port will continue to assess and implement opportunities to reduce costs and adjust operations to keep the Airport safe and efficient in response to the ongoing changes.

Because the effects of the COVID-19 pandemic are expected to continue into Fiscal Year 2021, the Port is preparing its budget for the upcoming fiscal year to reflect the measures described above and is analyzing multiple financial and operational models to develop the Fiscal Year 2021 budget. The Port's budget for Fiscal Year 2021 is scheduled to be considered by the Port Commission in May and is then submitted to the Tax Supervising and Conservation Committee for review and certification.

The Port cannot predict (i) the duration or extent of the COVID-19 pandemic or another outbreak or pandemic; (ii) the scope or duration of the current COVID-19 pandemic and any additional restrictions or warnings related to air travel, gatherings or any other activities, and the duration or extent to which airlines will reduce services at the Airport, or whether airlines will cease operations at the Airport or shut down in response to such restrictions or warnings; (iii) what additional short or long-term effects the restrictions and warnings imposed as a result of the COVID-19 pandemic may have on air travel, including to and from the Airport, the retail and services provided by Airport concessionaires, Airport costs or Port revenues; (iv) to what extent the COVID-19 pandemic or another outbreak or pandemic may disrupt the local, State, national or global economy, manufacturing or supply chain, or whether any such disruption may adversely impact Airport-related construction, the cost, sources of funds, schedule or implementation of the Port's CIP, or other Port operations; (v) the extent to which the COVID-19 pandemic or another outbreak or pandemic, or the resultant disruption to the local, State, national or global economy, may result in changes in demand for air travel, or may have an impact on the airlines or concessionaires serving the Airport, or the airline and travel industry, generally; (vi) whether or to what extent the Port may provide additional deferrals, forbearances, adjustments or other changes to the Port's arrangements with its tenants and Airport concessionaires; or (vii) whether any of the foregoing may have a material adverse effect on the finances and operations of the Port and the Airport.

Prospective investors should assume that the restrictions and limitations related to COVID-19, and the current upheaval to the air travel industry and the national and global economies, will continue at least over the near term, recovery may be prolonged and, therefore, have an adverse impact on Port revenues. Future outbreaks, pandemics or events outside the Port's control may further reduce demand for travel, which in turn could cause a decrease in passenger activity at the Airport and declines in Port revenues.

See "Passenger and Cargo Airlines Agreements," "Other Business and Operating Agreements," "CERTAIN INVESTMENT CONSIDERATIONS – Demand for Air Travel," and "– Worldwide Health Concerns."

737 MAX Service. In March 2019, the FAA ordered the temporary grounding of the Boeing 737 MAX aircraft ("737 MAX Grounding") operated by U.S. airlines or in U.S. territory. As of March 1, 2020, it remains uncertain when the 737 MAX may be approved to resume flights. The Port cannot predict the timing or effect of the 737 MAX Grounding on the airlines operating at the Airport, including disruptions to flight schedules for airlines not operating the 737 MAX aircraft at the Airport but that operate the 737 MAX aircraft in their fleet, or the likelihood of further service disruptions and alterations in flight schedules at the Airport as airlines continue to adjust operations due to the 737 MAX Grounding. The Port cannot predict the effect of the 737 MAX Grounding on the finances or operations of the Airport. See "CERTAIN INVESTMENT CONSIDERATIONS – Aviation Safety and Security Concerns."

Air Service Destinations. As of March 1, 2020, the Airport provided non-stop services to 63 domestic and 11 international destinations. The following describes some of the changes in air service destinations that have occurred or been announced at the Airport since the Port's most recent Official Statement, dated April 3, 2019. Among other things, some of these changes in air service have started and some were announcements of anticipated, future service additions for 2020. However, as a result of the COVID-19 outbreak, reduced demand, and efforts to mitigate the spread of the virus, the airlines are reducing air service and the Port cannot predict whether and to what extent any of the following air services will continue to occur. See "—*COVID-19*" above for further discussion.

Alaska Airlines announced nonstop service to San Luis Obispo County Regional Airport starting in June 2020.

Delta Air Lines announced that it will shift its daily nonstop service from Tokyo-Narita airport to Tokyo-Haneda airport (Tokyo's downtown airport), beginning March 28, 2020; however, in response to the reduction in passenger demand as a result of the COVID-19 outbreak, as of March 19, 2020, Delta has halted daily service to Tokyo through May 31, 2020. See "—*COVID-19*" above. In April 2020, Delta is scheduled to also begin daily nonstop service to Las Vegas McCarran International Airport; previously, this nonstop service was only offered during the Consumer Electronics Show each January.

In April 2019, WestJet started year-round daily nonstop service to Calgary from the Airport.

Sun Country Airlines changes its service destinations from time to time, as market conditions vary. During 2019 and 2020, Sun Country has at times operated seasonal, less-than-daily nonstop service between the Airport and 11 destinations: Nashville International Airport; San Antonio International Airport; St. Louis Lambert International Airport; San Diego International Airport; Mexico's Los Cabos International Airport; Daniel K. Inouye International Airport in Honolulu, Hawaii; McCarran International Airport in Las Vegas, Nevada; Palm Springs International Airport; Phoenix Sky Harbor International Airport; San Francisco International Airport; and Minneapolis−Saint Paul International Airport ("MSP"). However, in response to the reduction in passenger demand as a result of the COVID-19 outbreak, Sun Country recently notified the Port that it would be temporarily suspending services to Honolulu, Las Vegas and San Francisco and shortening the summer season for Nashville. See "—*COVID-19*" above. During the summer of 2020, Sun Country expects to serve four destinations from the Airport. During the fall and winter of 2020, Sun Country intends to reduce its service from the Airport to only one destination, which is MSP. In the summer 2021, Sun Country intends to resume seasonal, less-than-daily service to various destinations.

In November 2019, Frontier Airlines began four-times-per-week nonstop service between the Airport and Las Vegas.

In December 2019, British Airways announced it will be launching five-times-per-week year-round nonstop flights between London Heathrow and the Airport as of June 1, 2020. Also in December 2019, Southwest Airlines announced summer, Saturday nonstop service to Nashville, which is expected to begin in June 2020.

Other Recent Changes. JetSuiteX ("JSX") recently announced that it will be launching up to five daily return flights between its private air terminals at Seattle, Washington and Portland, Oregon, beginning April 2, 2020. The Port cannot predict the effect of JSX's Seattle-Portland service on the operations and finances of airlines operating at the Airport, on the finances or operations of the Airport.

Air Cargo Tonnage

Total cargo tonnage at the Airport since Fiscal Year 2009 and during the six months ended December 31, 2018 and December 31, 2019 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 15
HISTORICAL TOTAL CARGO TONNAGE
FISCAL YEARS 2009–2019 AND
THE SIX MONTHS ENDED DECEMBER 31, 2018 AND 2019

Fiscal Year Ended June 30	Volume [(1)] (short tons)	Percent Increase (Decrease)
2009	211,613	(20.2)
2010	199,905	(5.5)
2011	212,894	6.5
2012	218,727	2.7
2013	218,170	(0.2)
2014	222,822	2.1
2015	232,385	4.3
2016	238,915	1.7
2017	247,574	3.6
2018	267,365	8.0
2019	291,379	9.0

Compound Annual Growth Rate	
FY 2009-2019	3.3%
FY 2010-2019	4.3%

Six Months Ended December 31	Volume [(1)] (tons)	Percent Increase (Decrease)
2018	144,388	
2019	170,408	18.0%

(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 "—Passenger and Cargo Airline Agreements" below.

TABLE 16
HISTORICAL LANDED WEIGHT
FISCAL YEARS 2009–2019 AND
THE SIX MONTHS ENDED DECEMBER 31, 2018 AND 2019
(1,000-pound units)

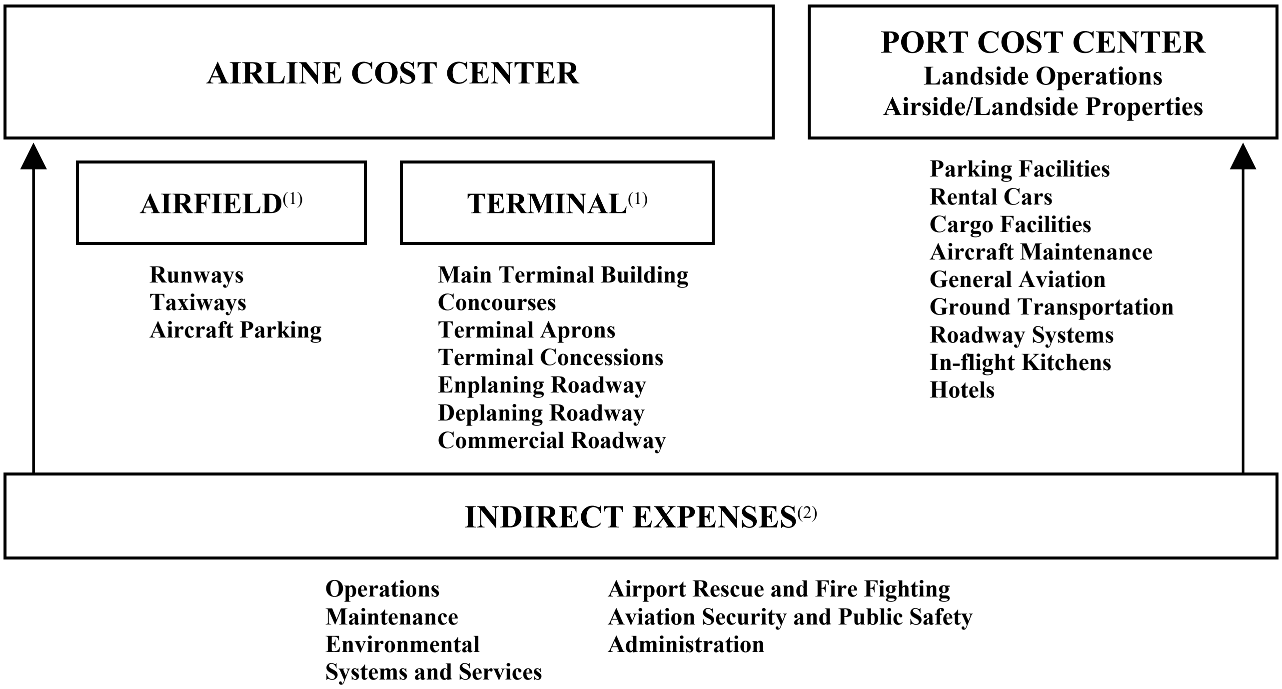
Fiscal Year Ended June 30	Passenger Airlines	All-Cargo Airlines	Total	Increase (Decrease)
2009	8,523,064	1,217,425	9,740,489	(9.1)
2010	7,892,566	1,042,172	8,934,738	(8.3)
2011	8,015,905	1,117,532	9,133,437	2.2
2012	7,956,842	1,143,111	9,099,953	(0.4)
2013	8,123,435	1,140,494	9,263,929	1.8
2014	8,699,074	1,126,771	9,825,845	6.1
2015	8,644,185	1,139,176	9,783,361	(0.4)
2016	9,482,191	1,215,683	10,697,874	9.3
2017	10,122,815	1,342,179	11,464,994	7.2
2018	10,662,824	1,599,687	12,262,511	7.0
2019	10,855,334	1,856,954	12,712,288	3.7
	Compound annual growth rate			
2009-2019	2.4	4.3	4.0	
2010-2019	3.6	6.6	2.7	

6 Months Ended December 31	Total Landed Weight (1,000-pound units)	Percent Increase (Decrease)
2018	6,644,725	
2019	6,791,952	2.2%

Source: Port records.

Airport Cost Centers

The Port has used a cost-center structure for the Airport since Fiscal Year 1992. Of the Port's 13 cost centers, six are direct, revenue-producing cost centers and seven are indirect cost centers allocated to the direct cost centers. The Airfield and Terminal direct cost centers, plus their allocated portions of expenses from the indirect cost centers, comprise the Airline Cost Center. Costs of Operation and Maintenance (including allocated expenses from the indirect costs centers), allocated debt service and debt service coverage, Terminal concession revenues and revenues from passenger and cargo carriers are included in the Airline Cost Center. The Port Cost Center includes the Ground Transportation (non-Terminal public access roadways, automobile parking facilities and rental car facilities), Non-Aviation (leased commercial and industrial properties such as the PIC and other hotel, warehousing and office facilities), Other Aviation and Air Cargo direct cost centers, plus their allocated portions of the expenses included in the indirect cost centers. Indirect cost centers include salaries, benefits, materials, equipment and supplies, of the Airport's operations, maintenance, environmental, systems and services, rescue and firefighting, security and public safety and administration staff and facilities, in each to the extent not attributable to a direct cost center. Some of the activities and facilities included in the cost centers are illustrated in the following chart.



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

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

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 Amended and Restated Signatory Cargo Carrier Operating Agreements entered into as of October 1, 2019 (the "Signatory Cargo Airline Agreements" and together with the Signatory Passenger Airline Agreements, the "Signatory Airline Agreements").

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

Airlines that have executed the Signatory Passenger Airline Agreements and their operating affiliates (together, the "Signatory Passenger Airlines") accounted for more than 99% of enplaned passengers at the Airport in Fiscal Year 2018. All but two of the all-cargo carriers that currently operate at the Airport have signed the Signatory Cargo Airline Agreements (the "Signatory Cargo Carriers," and together with the Signatory Passenger Airlines, the "Signatory Airlines").

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

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

The Signatory Airlines have no right to terminate their Signatory Airline Agreements before their term ends in 2030 (except in the case of governmental action as described above), but each Signatory Passenger Airline was given the right to give notice by January 1, 2020, to reduce its Exclusive Space, Preferential Space and/or Shared Space in the Terminal, as of July 1 2020, by up to 25% of the aggregate square footage of its leased space. None of the Signatory Airlines provided such notice to reduce its Exclusive Space, Preferential Space and/or Shared Space in the Terminal as of July 1, 2020. In addition, each Signatory Passenger Airline has the right as of July 1, 2025, with six months' written notice, to reduce its Exclusive Space, Preferential Space, or Shared Space in the terminal. This provision recognizes that such space reduction would have been available to each Signatory Passenger Airline as of July 1, 2025 had the Signatory Airline Agreement not been amended to extend the term through June 30, 2030.

Residual Rate-Setting Methodology for the Airline Cost Center. Signatory Airline Agreements also provide that the Agreement is residual to the extent that the Signatory Airlines are obligated in connection with the Airline Cost Center to (a) discharge all claims, obligations and indebtedness payable from the Revenues allocated to the Airline Cost Center; and (b) produce Net Revenues 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 50% of Revenue Sharing allocated to the Terminal as described below.

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

Airline Agreements also permit reduced Revenue sharing if the Port reduces actual Operation and Maintenance Costs (O&M Expenses in the Signatory Airline Agreements) below its Operation and Maintenance Cost targets.

Fee Waivers. The Signatory Airline Agreements permit the Port to offer fee waivers and marketing and other incentives for up to one year 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. Any extension of the fee waiver program for more than one year, if approved by the FAA, also would be subject to the MII disapproval process applicable to capital improvement projects.

Signatory Airline MII Process for Disapproval of Capital Improvement Projects and for Approval of Agreement Amendments. In the Signatory Airline Agreements, the Port and the Signatory Airlines agreed to a process in which a MII of more than 75% of eligible Signatory Airlines that account for more than 75% of total Airline Rents and more than 75% of Signatory Airline Landing Fees may disapprove Airport capital improvement projects in an Airline Supported Area and additional fee waivers and, as described below, also agreed that an MII of more than 66% is required to approve certain amendments to the Signatory Airline Agreements.

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

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

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

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

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

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

Other Business and Operating Agreements

Terminal Concession Agreements. The Port has concession lease agreements with other entities that operate, provide services or occupy space in the Airport Terminal, including food-court restaurants, quick-serve restaurants, casual dining bars and cafes, full-service restaurants, holistic spa, full service barber shop, ATMs, newsstands, retail shops, passenger services, such as Mail Safe and Smarte Carte, and display advertising. Parties to concession lease agreements pay concession rent of between 10% and 14% (between 8% and 18% in the case of agreements entered into before 2014) of monthly gross receipts with a MAG equal to 80% of the prior year's rent. The Port has agreed in each of the concession lease agreements that the MAG may be reduced temporarily because of construction impacts or because of a drop of 15% or more in enplanements at the Airport or at the applicable concourse. Due to construction in the Terminal, the Port has temporarily waived payment of the MAG for all pre-security Terminal concessionaires. The Port charges the concessionaires for employee parking ($35/month for each employee for surface parking and $80/month for garage parking) and as described below also charges for utility costs.

The Port completed its most recent concession program in December 2018, including the redevelopment of several additional food and beverage and retail locations. During this redevelopment effort, the Port implemented utility metering for the concession spaces and began recovering utility costs in each of the new concession lease agreements. Concession revenues are taken into account in calculating terminal rents under the Signatory Airline Agreements.

Terminal 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.

Rental Car Agreements. The Port collects concession fees for the right to operate a rental car concession at the Airport, pursuant to concession lease and operating agreements entered into by the Port and the rental car companies. All of the rental car companies are required to collect CFCs from their customers on behalf of the Port, to hold CFC moneys in trust and to remit CFCs to the Port (whether actually collected or not) on a monthly basis.

In November 2018, the Port completed a negotiated process to award rental car concession lease and operating agreements (the "Rental Car Concession Leases") to five separate companies, including Avis Budget Group, Inc., Dollar Thrifty Automotive Group, Enterprise Holdings, Inc., Hertz Global Holdings, and Sixt Group (collectively, the "Rental Car Concessionaires") that represent 12 separate rental car brands for space in the ConRAC. Although the PACR facility construction is not yet complete, each Rental Car Concession Lease is binding on the Port and each Rental Car Concessionaire as of the effective date, which was November 14, 2018. The term of each Rental Car Concession Lease begins upon the opening of the ConRAC, which is currently expected to occur in November 2021. This commencement date is 180 days following the date when the Rental Car Concessionaires are granted access to the ConRAC to complete their necessary tenant improvements. 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 ConRAC.

The current lease agreements for the five rental car companies that provide vehicles in the garages as well as at the QTA Facility (Avis, National Car Rental, Dollar, Enterprise Rent-A-Car and Hertz) were amended to extend the term of the agreements to terminate simultaneously with the commencement of the term of the new Rental Car Concession Leases. These current lease agreements provide for concession fees equal to the greater of 10% of gross receipts or a minimum annual guarantee of 85% of the previous year's concession fee payment.

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.

The rental car companies will move their operations to the new ConRAC once it is completed. Until then, the rental car companies will operate from their current locations. Currently, eight rental car brands provide service at the Airport: five provide on-Airport service counters and vehicles (Avis, National Car Rental, Dollar, Enterprise Rent-A-Car and Hertz) and three provide on-Airport service from kiosks in the short-term garage and have passenger pick-up and drop-off service to facilities located off-Airport (Alamo Rent A Car, Budget and Thrifty). Once the ConRAC is operational, it is expected that four additional brands (Payless, Sixt Rent A Car, Enterprise CarShare and ZipCar will also be located at the ConRAC.

Alamo, Budget and Thrifty (referred to in the Rental Car Concession Leases as "Limited Service Concessionaires") have kiosk concession and lease agreements that expire upon opening of the ConRAC, and currently pay concession fees equal to the greater of 10% of gross receipts (referred to as "Percentage Rent") or the minimum annual guarantee specified in the agreements. On-Airport companies also lease administrative and vehicle maintenance and storage facilities pursuant to separate, per-square-foot facilities leases.

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 unless earlier terminated by the Port, is scheduled to expire on June 30, 2020, which may be extended for two years to June 30, 2022. 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.

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

Historical Operating Results

The financial data for Fiscal Years ended June 30, 2016 through 2019 set forth in Table 17 and under the heading "Management's Discussion of Results" is derived from the Airport's financial records, which comprise the Airport segment presented in the Port's audited financial statements.

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

The financial data set forth in Table 17 should be read in conjunction with "Management's Discussion of Results" immediately following Table 17 and for the Fiscal Year ended June 30, 2019, in conjunction with the Port's audited financial statements and related notes included in Appendix A 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 A 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.

TABLE 17
HISTORICAL FINANCIAL PERFORMANCE
FY 2016–2019
($000s)

	Fiscal Year Ended June 30,			
OPERATING STATEMENT DATA:	**2019**	**2018**	**2017**	**2016**
Operating revenues:				
Airline revenues	$100,446	$104,680	$100,243	$ 97,835
Terminal concessions	20,198	19,138	17,092	15,393
Parking[1]	72,668	66,144	65,434	63,323
Rental cars	21,047	20,336	20,623	18,682
Other [2]	37,300	31,967	28,833	37,174
Total operating revenues	$251,659	242,264	232,224	232,406
Interest income - revenue fund and revenue bond fund	6,236	585	489	1,680
Total Revenues	$257,896	242,849	232,714	234,086
Costs of Operation and Maintenance, excluding depreciation				
Salaries, wages and fringe benefits	54,425	48,714	46,389	44,691
Contract, professional and consulting services	35,003	34,260	29,736	29,551
Materials and supplies	5,567	6,006	6,704	5,066
Utilities	11,238	11,567	11,082	10,014
Equipment rents, repair and fuel	2,050	1,435	1,079	1,048
Insurance	2,114	1,842	2,160	2,205
Travel and management expense	3,227	3,703	3,310	1,352
Allocation of general and administrative expense of the Port	20,079	18,662	20,856	21,962
Other	3,822	4,020	4,479	14,337
Total Costs of Operation and Maintenance	137,526	130,207	125,796	130,226
Net Revenues as defined by Section 2(r) of Ordinance 155	$120,370	$112,642	$106,918	$103,860
Depreciation	95,625	92,410	85,232	80,817
Other income (expense)				
Interest income - excluding revenue fund and revenue bond fund	11,862	4,272	4,390	552
Interest expense - net[3]	(37,973)	(18,864)	(21,133)	(22,745)
Passenger facility charges	38,564	38,141	37,684	34,890
Customer facility charges[4]	16,238	15,551	16,147	15,357
Other, net	(6,437)	(3,792)	(10,233)	(3,366)
Total other income (expense)	22,253	35,308	26,855	24,689
Reconciling items[5]:				
Airport allocation of pension bonds	3,852	3,689	3,536	3,387
GASB 68 pension expense adjustment[6]	(6,837)	(6,016)	(8,206)	(18,743)
Net income	$ 44,013	$ 53,213	$ 43,871	$ 32,376
BALANCE SHEET DATA:				
Airport net position	$990,069	$947,788	$886,924	$833,594

(1) The Port increased long-term rates by $3.00/day in June 2018.

(2) Includes TNC revenues.

(3) The Port's financial data for Fiscal Year 2019 includes the implementation of Governmental Accounting Standards Board ("GASB") Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period," ("GASB 89") which establishes accounting requirements for interest cost incurred before the end of a construction period. The historical operating results presented in Table 17 for periods prior to June 30, 2019 are not retroactively restated for the implementation of GASB 89, and accordingly are not comparable to all prior periods presented.

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

(5) Items treated differently under GAAP than under the Airport Revenue Bond Ordinances.

(6) The Port's financial data for Fiscal Year 2018 and 2019 includes the implementation of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" ("GASB 75"), which established standards for recognizing, measuring and presenting information about postemployment benefits other than pensions ("OPEB"). The historical operating results presented in Table 17 for periods prior to June 30, 2018 are not retroactively restated for the implementation of GASB 75, and accordingly are not comparable to all prior years presented. For the purposes of Net Revenues, the expense impacts of GASB 68 (Pensions) and GASB 75 (OPEB) are not included in the calculation of Net Revenues.

Source: Extracted by the Port from its audited financial statements.

Management's Discussion of Results

Revenues. Total operating revenues increased 3.9% from $242.3 million in Fiscal Year 2018 to $251.7 million in Fiscal Year 2019, due primarily to increases in parking and other revenues. Airline revenues decreased approximately 4.0% from Fiscal Year 2018 to Fiscal Year 2019, primarily due to decreased terminal rents resulting from lower bond debt service as well has higher offsetting concessions revenues in 2019. Parking revenue increased approximately 9.9% from Fiscal Year 2018 to Fiscal Year 2019 as a result of a June 2018 increase in parking rates, as well as increased passenger volumes. Other revenues increased 16.7% from Fiscal Year 2018 to Fiscal Year 2019 primarily because of increased revenues from TNCs as well as higher nonairline concessions revenues resulting from increased passenger volumes.

In Fiscal Years 2016 through 2018, total operating revenues increased 4.2%, from $232.4 million to $242.3 million. Airline revenues increased $6.8 million, or 7.0%, primarily due to higher Airline Costs of Operation and Maintenance resulting from growth and an increasing Airline debt service requirement. During the same period, terminal concessions, parking and rental car revenues increased 24.3%, 4.5%, and 8.9%, respectively, as a result of record passenger volumes. Other revenues decreased 14.0% from $37.2 million in Fiscal Year 2016 to $32.0 million in Fiscal Year 2018 primarily due to one-time revenues from the airlines to pay for a project write-off in 2016, offset by subsequent increases in revenues from TNCs and non-airline rents.

Expenses. Total Costs of Operation and Maintenance increased 5.6% from $130.2 million in Fiscal Year 2018 to $137.5 million in Fiscal Year 2019, largely driven by increased salaries, wages, and fringe benefits for direct Airport employees as well as increased corporate overhead expense. In Fiscal Years 2016 through 2018, total Costs of Operation and Maintenance were essentially flat at $130.2 million, primarily attributable to a one-time project write-off expense in 2016 that was offset by subsequent increases in salary, wage, and fringe benefits; contract, professional, and consulting services; City off-site storm water fees; and air service development marketing costs.

Net Revenues. Net Revenues increased from $112.6 million in Fiscal Year 2018 to $120.4 million in Fiscal Year 2019, primarily due to higher parking, concessions, and TNC revenues. In Fiscal Years 2016 through 2018, Net Revenues increased from $103.9 million to $112.6 million, as a result of increased terminal concessions, parking, rental car, and TNC revenues, along with increased Costs of Operation and Maintenance offset by a one-time project write-off expense in 2016. 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 the Fiscal Year ended June 30, 2019 in Appendix A.

Airport Net Position. Airport net position increased by $42.3 million in Fiscal Year 2019, reflecting net income and transfers to general aviation. Airport net position increased from $833.6 million at the end of Fiscal Year 2016 to $947.8 million at the end of Fiscal Year 2018, primarily as a result of net income and capital grants from the federal government.

Historical Debt Service Coverage

A summary of the debt service coverage for Fiscal Years 2016 through 2019 is set forth in Table 18.

TABLE 18
HISTORICAL DEBT SERVICE COVERAGE
FY 2016–2019

Fiscal Year Ended June 30	**Net Revenue**[1] (000s)	**SLB Debt Service Requirement** (000s)	**Coverage Ratio**
2016	$103,731	$49,998	2.07
2017	106,665	49,598	2.15
2018	111,951	52,827	2.12
2019	119,059	49,099	2.42

(1) Excludes Revenue Bond Fund interest income.
Source: The Port.

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 9, 2019, permits investments in U.S. Treasury bills and notes, U.S. agency obligations, municipal debt obligations, corporate indebtedness, certain time certificates of deposit and bankers acceptances and certain repurchase agreements that have terms of 30 days or less. Port funds also may be invested in the Oregon Short Term Fund, Local Government Investment Pool as allowed by State statute. Among other restrictions, the maximum maturity of any investment is five years, at least 55% of the par value of all of the Port's investments must mature within two years and 75% within three years. Port staff is required to provide the Board with portfolio reports quarterly.

Pension and Other Post-Retirement Benefit Plans

The Port is a participating employer in the State-wide Oregon Public Employees' Retirement System ("PERS"). Information about PERS and about other post-retirement benefits is included in Appendix C and in Notes 8 and 9 and under "Required Supplementary Information" in Appendix A. As described in Appendix C, 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 2019, the Port contributed approximately $8.7 million to fund its PERS obligations of which approximately $4.3 million was applicable to the Airport, and for Fiscal Year 2018, the Port contributed approximately $8.1 million to fund its PERS obligations of which approximately $3.9 million was applicable to the Airport. Employer contribution rates for the period July 1, 2019 through June 30, 2021 (the "2019-2021 Biennium") were adopted on September 28, 2018, based upon the System valuation report for PERS as of December 31, 2017 (the "2017 System Valuation"). Advisory contribution rates for the period July 1, 2021 through June 30, 2023 (the "2021-2023 Biennium") have been provided based on the System valuation report for PERS as of December 31, 2018 (the 2018 System Valuation"). As noted in Appendix C, employer contribution rates for the 2017-2019 Biennium increased after actuarial assumption and method changes and following the *Moro v. State of Oregon* decision by the Oregon Supreme Court in April 2015 ("the "Moro Decision") that reversed certain reductions that the Oregon Legislative Assembly had made in 2013 to reduce future cost-of-living adjustment ("COLA") increases. The Port expects that employer contribution rates will continue to increase. See "Appendix C—Pension and Other Post Retirement Benefit Programs—Pensions – Contribution Rates" and "– Changes to PERS."

During Fiscal Year 2019, the Port contributed approximately $399,443, of which approximately $229,781 was paid by the Airport, to fund the Port's other post-employment benefit obligations. See Appendix C, as well as Note 9 and "Required Supplementary Information" in Appendix A.

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 2019 totaled approximately $979,576. See Notes 6 and 8 in Appendix A.

Other Airport Matters

Labor Relations. During Fiscal Year 2019, the Port employed approximately 780 full-time-equivalent employees ("FTEs") in a variety of work categories and for Fiscal Year 2020 has budgeted for a total of 824.3 FTEs. An FTE represents 2,080 hours of work annually. Of the total number of FTEs budgeted at the Port, approximately 404 are employed at the Airport. Approximately 283.9 FTEs are budgeted for Fiscal Year 2020 in the Port-wide Engineering, Administrative and Project and Technical Services Divisions. At the Airport, five unions collectively represent approximately 233.4 of the Port's Airport employees through four collective bargaining agreements. The collective bargaining agreement with one of the unions representing Airport employees expired on June 30, 2018, but on February 14, 2020, the parties reached a tentative agreement through June 30, 2022, subject to ratification by the members and approval by the Board. The three collective bargaining agreements with the other four unions representing Airport employees expire during the period from June 30, 2020 through June 30, 2022. 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 (up to $1.0 million per occurrence) and commercial insurance to provide protection from losses involving property, casualty and liability, personnel and financial/net income. 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. In future years, earthquake coverage may not be obtainable at commercially reasonable prices or at all. Airport liability insurance currently is maintained at $400 million per occurrence, with a sublimit of $150 million for war and terrorism coverage. Cyber liability insurance is currently maintained with an aggregate policy limit of $10 million.

Exposure to loss is reduced both contractually and by State law. Where possible, the Port's Airport agreements require contractors, lessees and other entities that have an agreement with the Port for services or are permitted to use Port facilities to hold the Port harmless from any claims and damages arising out of the entity's activities, services or operations. Such agreements typically also require various insurance coverages.

The State limits tort claim liability for public bodies by statute. Under the Oregon Tort Claims Act (the "OTCA"), the State's common law sovereign immunity from suit is waived and claims may be brought against a public body in Oregon, including the Port. In 2007, the Oregon Supreme Court upheld a challenge to the constitutionality of portions of the OTCA, which ultimately led the 2009 Legislative Assembly to increase the liability limits for public bodies and to impose an annual cost-of-living increase on the limits.

Effective July 1, 2019, the liability of a "local" body (such as the Port) and its officers, employees and agents acting within the scope of their employment or duties to any single claimant for covered personal injury or death claims (and not property claims) arising out of a single accident or occurrence during Fiscal Year 2020 may not exceed $749,000. The liability limits for multiple claimants for covered personal injury or death claims (and not property claims) arising from a single accident or occurrence has increased to $1,498,000 for causes of action arising on or after July 1, 2019 and before July 1, 2020. For causes of action arising on or after July 1, 2020, the liability limits for both a single claimant and for multiple claimants are to be adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided by statutory formula. The adjustment may not exceed 3% for any year.

Effective July 1, 2019, the liability of a public body and its officers, employees and agents acting within the scope of their employment or duties for covered claims for damage and destruction of property occurring before July 1, 2020 is limited as follows: (a) $122,900, adjusted as described below, to any single claimant, and (b) $614,300, adjusted as described below, for multiple claimants. These liability limits are subject to annual adjustment based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided by statutory formula. The adjustment may not exceed 3% for any year.

Under the OTCA, the Port indemnifies its employees for liability that they incur due to negligence within the scope of their work. 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 current airport liability insurance is sufficient to cover the Port adequately from any additional exposure resulting from the increased limits.

Airport Regulation

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

The Office of the Inspector General (the "OIG") of the U.S. Department of Transportation concluded an audit in December 2018 of the FAA's oversight of the Port's use of PFC Revenue for the 19-month period ended July 31, 2016. The report did not indicate any violations of applicable statutes or regulations by the Port.

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 ANCA and may be subject to local or State regulations governing noise levels for industrial uses. State laws enforced by the DEQ require the Airport to develop a comprehensive program to abate engine noise associated with ground maintenance activities (not associated with flight operations) at the Airport. A facility called a Ground Run-up Enclosure was constructed at the Airport and has been in operation since 2001. Based on feedback from the community, the Port believes it has adequately addressed the issue of aircraft engine testing. The Port also is studying and developing policies that will govern the use of unmanned aircraft (drones) on or in proximity to the Airport, the General Aviation Airports and the Port's marine terminals and industrial properties, and is working with other local governments and community groups to address noise, privacy and safety concerns.

The Airport is also regulated by the federal Environmental Protection Agency (the "EPA") and by the DEQ in connection with various environmental matters, including handling of airline fuels and lubricants, disposing of stormwater and construction wastewater runoff and overseeing noise abatement programs.

Airport Environmental Matters

In the course of its normal business operations, the Port faces a variety of ongoing environmental matters. The following is a list of current matters under investigation or being remediated at the Airport that may, based on current information, require a payment from Revenues in excess of $500,000. GASB Statement No. 49 – "Accounting and Financial Reporting for Pollution Remediation Obligations" ("GASB 49"), which became effective for the Fiscal Year ended June 30, 2009, identifies the circumstances under which the Port is required to report a liability related to pollution remediation. Under GASB 49, liabilities and expenses are estimated using an "expected cash flows" measurement technique. GASB 49 also requires the Port to disclose information about its pollution obligations associated with cleanup efforts in the notes to its financial statements. See Notes 1 and 11 in Appendix A.

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

McBride Slough Clean-up. Stormwater from the Terminal and surrounding areas within a stormwater basin known as Basin 7 has historically drained to the McBride Slough, which is located at the southeast corner of the Airport. The McBride Slough ultimately drains to the Columbia Slough via a culvert. Contaminants carried in the stormwater have, over time, been deposited in McBride Slough sediments. Effective July 3, 2012, the Port entered into a consent order with the DEQ to conduct a remedial investigation, feasibility study and source control evaluation associated with McBride Slough. Historical impacts of stormwater from Basin 7 are believed to be the predominant source of contaminants to McBride Slough. The Port and the DEQ negotiated a consent judgment that commits the Port to perform sediment cleanup. The cleanup is currently underway but the project has experienced significant delays due to contractor performance issues and is now scheduled to be completed in the fall of 2020. The anticipated cost to perform the investigation and cleanup is currently estimated to be up to approximately $7 million. The Port has incurred approximately $4 million in cleanup costs as of October 28, 2019, and has recovered approximately $375,000 in delay damages from the cleanup contractor as of such date. The contractor's surety has been engaged and the Port expects the project to be completed in accordance with the revised schedule. The consent judgment also requires the Port to supplement and monitor source control measures to control future stormwater contamination, which the Port estimates to cost an additional $2.3 million and will be incurred between 2019 and 2023.

Elrod Ditch. The Port conducted a preliminary sediment investigation of Elrod Ditch, which is a drainage channel on the southwest portion of the Airport. The sediment quality of Elrod Ditch was evaluated using DEQ sediment cleanup levels established for the nearby McBride Slough cleanup site. The investigation showed exceedances of screening criteria for several chemicals including petroleum hydrocarbons and pesticides, prompting DEQ to require that it be cleaned up. The extent of shared cleanup cost obligations for this matter among the Port, airlines and Airport tenants is currently being evaluated. Initial rough estimates for the total cleanup cost range from $9 million to $14 million.

Natural Resources Mitigation. Planned maintenance, development and redevelopment activities at the Airport occasionally impact protected natural resource features such as wetlands, upland grasslands and other sensitive ecosystems. Environmental and land use regulations sometimes require mitigating these impacts by avoiding, minimizing or reducing the impacts, or by replacing the impacted resources and ecosystem functions in another location. The Port concluded a multi-year effort called "Airport Futures" that resulted in an update to the Airport master plan and land use zoning. See "Airport Master Plan." 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. 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. The mitigation associated with the ITP will cost the Port approximately $1 million over the 30-year permit term of the ITP.

Columbia Corridor Flood Control and Levee System Re-Accreditation by the Federal Emergency Management Agency (FEMA). The four contiguous flood control/drainage districts along the south shore of the Columbia River in Multnomah County, Oregon manage the operations and maintenance of the critical infrastructure (levees, drainage conveyances, pumps) that allows for the land behind the levees to be designated outside the 1%-chance annual flood hazard area so that property owners may benefit from the FEMA-administered National Flood Insurance Program ("NFIP"). The Port owns significant assets in these districts. To maintain standing in the NFIP, the system must be certified by engineers as meeting post-Hurricane Katrina design and operations and maintenance standards administered by the U.S. Army Corps of Engineers under its Rehabilitation and Inspection Program, and then must be accredited by FEMA. To accomplish this, the system first must be evaluated by engineers, any deficiencies remediated, the system certified by engineers, then an application for accreditation made to and approved by FEMA. The most western two of the four districts have lost their certification (not accreditation). To date, comprehensive engineering evaluations of the levees in all four districts, along with studies and inventories considering environmental functions of the system and the regional economic benefits generated behind the levees, have been completed. This work identified approximately seven areas where structural updates are needed on the levees. In July 2018, the U.S. Army Corps of Engineers announced that they would conduct a flood damage reduction feasibility study of the Portland Metropolitan levee system. The designation came through the U.S. Army Corps of Engineers' storm supplemental with funding for a $3 million feasibility study over the next three years. The outcome of the study will identify recommendations based on optimizing national economic development benefits balanced with other important considerations such as natural and cultural resources, socioeconomics, and life safety. The feasibility study builds on the work completed to date and will help identify solutions to address the areas vulnerable to flood damage, as well as paths to implement those solutions. The results of the study will also be used to determine future federal investments in the system. While the system continues to be maintained and operated to the highest standards by the Multnomah County Drainage District, the study will identify what changes may be required to meet the higher reliability requirements necessary to meet the post-Hurricane Katrina design, operations and maintenance standards. During the 2019 legislative session the Port, along with Multnomah County, the City of Portland, other local jurisdictions and stakeholders, worked to pass SB 431. The bill created a unified governance structure for local drainage districts, which is expected to result in a multi-year process that will eventually lead to a more broad-based revenue-generating structure to pay for these currently undefined re-accreditation costs and operating and maintenance expenses. The Port owns approximately 40% of the land behind these levees. If re-accreditation costs were allocated on a per acre basis, the Port would expect to pay approximately 20-25% of the total costs. However, the fact that the entire region, not just local landowners behind the levees, benefits from this flood control system was the impetus for the proposed governance and revenue generating structure described above.

Port-wide Stormwater Master Plan. The Port has completed a stormwater master plan for all Port facilities except the General Aviation Airports. The objective of the master plan is to ensure that the stormwater infrastructure serving Port properties, including the Airport, has the capacity to meet future needs, has the structural integrity and useful life to meet those needs, and meets water quality requirements. One of the outputs of the plan will be a stormwater capital improvement program that will identify 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 stormwater features built under separate projects. For PDX, the estimated total cost of these stormwater improvements is $53.4 million through 2035. Since 2015, the Port has spent approximately $4.19 million in completing stand-alone stormwater management projects. Approximately $1.4 million in capital projects are currently being planned.

Fire Training Areas. On September 22, 2016, the DEQ requested that the Port investigate suspected contaminant releases associated with the use by the Port, the ORANG and local municipal fire departments of historic and current fire training areas on the Airport's property. Perfluorinated compounds used in aviation firefighting foam, such as perfluorooctanoic acid and perfluorooctanesulfonic acid, are an emerging area of state and federal regulatory interest, as discussed in the EPA's February 14, 2019 Per- and Polyfluoroalkyl Substances Action Plan. There remains, however, significant scientific uncertainty about their health effects, their regulatory status is uncertain and there are no established federal or State cleanup standards. The Port has completed a series of investigations centered around the historic fire training area which have identified contamination in soil, surface water and groundwater. Data indicated that the contamination from these historic fire training areas is not impacting the Columbia South Shore Well Field. Contaminants in groundwater, however, are entering the stormwater system and migrating to the Columbia Slough. The Port plans to sample all stormwater outfalls to identify sources and potentially responsible parties, and is developing a capital program to evaluate source control options. The absence of State and federal regulations for surface water make it difficult to determine what additional action may be required by DEQ, though the Port anticipates being required in the future to perform remedial action to reduce the migration of perfluorinated compounds to 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.

In November 2014, after a port-wide audit conducted by independent third-party auditors, the Port (including all aviation facilities and operations) received certification that the Port's Environmental Management System conforms with the internationally recognized ISO 14001 Environmental Management System standard. One of the purposes of implementing this management system at the Port is to proactively identify environmental risks to the Port and to integrate those risks into Port decision-making, thereby identifying, avoiding and managing environmental liabilities. The Port recertified its compliance with the ISO 14001 standards in October 2017, including independent, third-party verification of conformance to the recently upgraded ISO 14001 standards.

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 under investigation includes in-water sediments from approximately River Mile ("RM") 1.9 to RM 11.8. In addition, the DEQ is overseeing uplands investigations and cleanups adjacent to the river sediments 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 the Terminal 4 removal action. See Note 11 in Appendix A. In December 2019, the Port, the City of Portland and the State of Oregon agreed to perform and fund, and certain federal agencies agreed to fund, the Remedial Design for the Willamette Cove area of Portland Harbor. The parties signed an Administrative Settlement and Order on Consent, and the Port is funding 25% of the costs. In February 2020, the Port also agreed to fund a portion of the Remedial Design for the RM 10 West project area.

Natural resource trustees representing tribal, federal and state governments also have notified the Port and others of their potential liability for natural resources damages associated with the Site. The tribal, federal and state natural resource trustees have invited multiple Site PRPs, including the Port, to participate in funding certain future natural resource damages studies. The Port and certain other PRPs agreed to fund the first and second phases of certain natural resource damages assessment activities in respect of the Site. The Port and certain other PRPs also are funding a portion of the second phase of natural resource damage assessment activities. In July 2012, the natural resource trustees released a draft Restoration Plan and Programmatic Environmental Impact Statement for the Site as part of the assessment activities. In 2013, the Port entered confidential settlement negotiations with the Trustee Council and reached a settlement in principle in September 2018. In 2019, the Port purchased credits from two restoration sites in fulfillment of its settlement obligations and is in the process of negotiating a consent decree with the natural resource trustees that will provide a full release of liability from their claims. In a separate natural resource damages case, the Confederated Tribes and Bands of the Yakama Nation served the Port on February 7, 2017 with a

Summons and Complaint seeking unreimbursed response costs of approximately $283,000 and an unspecified amount of natural resource damages. The Port and other defendants filed a motion to dismiss, which the court denied. The case is now stayed pending resolution of a confidential allocation process regarding liability for the site.

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 the DEQ's investigations will be ongoing through Fiscal Year 2020, with some source control, such as riverbank stabilization, to be completed in coordination with the in-water cleanup.

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

The Port is pursuing other PRPs' contribution to and participation in the investigation, cleanup and natural resources damages assessment and restoration of Portland Harbor, primarily through alternative dispute resolution processes. See Note 11 in Appendix A.

No Litigation Relating to the Series Twenty-Six Bonds

As of the date of this Official Statement, the Port has not been notified and is not aware of any litigation, filed or threatened, challenging the authority of the Port to issue the Series Twenty-Six Bonds or seeking to enjoin the issuance of the Series Twenty-Six 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. An unfavorable outcome in these matters, taken individually or in the aggregate, in the opinion of the Port will not 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.

CERTAIN INVESTMENT CONSIDERATIONS

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

Limited Obligations

SLBs, including the Series Twenty-Six Bonds, are payable solely from Revenues available for deposit to the Port's General Account after payment of Costs of Operation and Maintenance, from moneys held by the Trustee in the SLB Fund and from moneys held by the Port in the SLB Construction Account. No other moneys or property of the Port is pledged to pay debt service on the SLBs, including the Series Twenty-Six 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.

Demand for Air Travel

The ability of the Port to generate Revenues sufficient to pay Costs of Operation and Maintenance, debt service on the SLBs (including the Series Twenty-Six 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; and the occurrence of pandemics and other natural and man-made disasters. Airfare and airline service are, in turn, affected by the financial condition of the airlines and regulatory requirements imposed on airlines, among other factors. The Signatory Airlines assume most of the responsibility for costs, including debt service and debt service coverage, in connection with the Airfield and the Terminal and thus assume most of the risk of lower passenger and cargo traffic in connection with the Airline Cost Center, but lower passenger traffic would also mean lower parking and rental car concession revenues, which the Port depends upon to pay costs and debt service related to the Port Cost Center, for which the airlines have no responsibility. No assurance can be given that traffic at the Airport, despite a demonstrated level of airline service and operations and despite the Airport's being primarily an O&D airport, will continue to increase or that current traffic levels will continue. The continued presence of the airlines serving the Airport and the level of aviation activity and enplaned passenger and cargo traffic at the Airport depend upon a number of factors, most of which are not within the Port's control.

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

See also "PORTLAND INTERNATIONAL AIRPORT – Recent Developments at the Airport – *COVID-19*."

Financial Condition of the Airlines

Although 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 at least in part upon the financial health of the airline industry generally. The economic condition of the airline industry is volatile, and in recent years the industry has undergone significant changes, including mergers, acquisitions, major restructuring, bankruptcies and closures. The

COVID-19 pandemic is severely and negatively affecting domestic and international air travel. See "PORTLAND INTERNATIONAL AIRPORT—Recent Developments at the Airport –*COVID-19*."

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.

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

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

Effect of Airline Industry Concentration; Effect of Airline Consolidation

Alaska Air Group, which is comprised of Alaska Airlines and Horizon Air, was responsible for 42.7% of the Airport's total enplanements in Fiscal Year 2019. 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 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 Alaska Air Group or another airline ceased or significantly cut back operations at the Airport, other airlines may not increase their operations at the Airport to fill that gap. The top four airlines at the Airport (Alaska Air Group, Southwest Airlines, Delta Air Lines and United Airlines) accounted for 85.1% of the total enplaned passengers in Fiscal Year 2019.

The component airlines of Alaska Air Group merged effective December 2016. See "PORTLAND INTERNATIONAL AIRPORT—Recent Developments at the Airport." Alaska Airlines handled 29.7% of total enplaned passengers, Horizon Air handled 12.3% of total enplaned passengers and Virgin America handled 1.2% of total enplaned passengers at the Airport in Fiscal Year 2018. In addition, since 2010, United Airlines and Continental Airlines; Southwest Airlines and AirTran Holdings, Inc.; and American Airlines and US Airways all have merged. Further airline consolidation remains possible.

While prior mergers have had, and the Port expects that the Alaska Air Group/Virgin America merger will have, little effect on the combined airlines' market share at the Airport, future mergers or alliances among airlines operating at the Airport may result in fewer flights or decreases in gate utilization by one or more airlines. Such decreases could result in reduced Revenues, reduced PFC collections, and increased costs for the other airlines serving the Airport.

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.

Pilot Shortage

Beginning in June of 2017, a shortage of pilots for Horizon Air's Bombardier Q400 aircraft resulted in impacts to Horizon Air's schedule. In the month of June 2017, the airline had to cancel more than 300 flights systemwide because it did not have enough pilots. Horizon Air had to curtail its flight schedule for the following fall. The lost routes were ultimately operated by the mainline carrier Alaska Airlines or SkyWest. In an effort to address this, Horizon Air has increased compensation and decreased the amount of time required for its pilots to advance their careers and has increased its hiring.

Pilot shortage is an industry-wide issue, and especially so for smaller regional airlines. There are several causes for the pilot shortage that affect all airlines. Congress changed duty time rules in 2010 to mitigate pilot fatigue, which required airlines to increase pilot staff. Beginning in 2013, first officers flying for commercial airlines were required to have at least 1,500 hours of flight time, instead of the 250 hours previously required. Other factors include an aging pilot workforce and fewer new pilots coming out of the military. Further, as passenger demand increases, the major air carriers are anticipated to need additional pilots, and are generally able to hire pilots away from regional airlines. As a result, small regional airlines have a particularly difficult time hiring qualified new pilots, despite increased incentives. The shortage of pilots available to regional airlines may result in reduced service to some smaller U.S. markets.

Limitations on Enforceability

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

If the Port fails to comply with its covenants under the Airport Revenue Bond Ordinances, including its covenants to pay principal of or interest on the Series Twenty-Six Bonds, there can be no assurance that available remedies will be adequate to fully protect the interests of the Owners of the Series Twenty-Six Bonds. The ability of the Port to comply with its covenants under the Airport Bond Ordinances and to generate Revenues sufficient to pay principal of and interest on the Series Twenty-Six 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 protection in the past and may do so in the future. The COVID-19 pandemic has severely and negatively affected domestic and international air travel. See "PORTLAND INTERNATIONAL AIRPORT—Recent Developments at the Airport –*COVID-19*."

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

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

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

The airline is likely to be in possession of PFCs at the time it goes into bankruptcy. While there are provisions in the law requiring airlines to treat PFCs as trust funds, the application of these provisions in a bankruptcy case is not clear. The airline may not be required to turn over to the Port or the Trustee any PFCs in its possession at the time it goes into bankruptcy. Even while the airline is in bankruptcy, it may not be required to turn over PFCs that are collected prior to the time that the Port or the Trustee demands the turnover of the PFCs. Even after a demand is made, it is possible that the airline would not be required to turn over subsequently-collected PFCs.

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

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

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

Regardless of any specific adverse determinations and delays in an airline bankruptcy proceeding, the fact of an airline bankruptcy proceeding, particularly a bankruptcy of a Signatory Airline, could have a material adverse effect on the liquidity and value of the Series Twenty-Six 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 protection in recent years, and it is possible that rental car companies or other tenants or concessionaires will file for bankruptcy protection in the future.

The COVID-19 pandemic has severely and negatively affected demand for goods and services related to the travel industry. See "PORTLAND INTERNATIONAL AIRPORT—Recent Developments at the Airport –*COVID-19*."

Effect of a Port Bankruptcy

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

Aviation Safety and Security Concerns

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

The Boeing 737 MAX aircraft was grounded in March 2019 after fatal crashes of that aircraft that were suspected to have been caused by malfunctions of the automated flight control system, causing airlines to cancel flights and adjust flight schedules, including airlines operating at the Airport. As of March 1, 2020, it remains uncertain when the 737 MAX may be approved to resume flights. The continued uncertainty over the 737 MAX Grounding may lead to further service disruptions and alterations in flight schedules at the Airport as airlines continue to adjust operations due to the 737 MAX Grounding. In addition, safety concerns of travelers and future aircraft grounding could, in the future, affect airlines serving the Airport. See "PORTLAND INTERNATIONAL AIRPORT – Recent Developments at the Airport."

Worldwide Health Concerns

Travel restrictions, as well as other public health measures, may be imposed to limit the spread of communicable diseases which may arise. The rapidly spreading outbreak of the COVID-19 has been declared a pandemic by WHO. The outbreak has had an adverse effect on domestic and international travel and a number of travel-related industries, and has severely and broadly disrupted local and global economies.

Other previous travel alerts or advisories include the 2016 travel alert by the U.S. Centers for Disease Control and Prevention warning pregnant women to avoid travel to areas where outbreaks of the Zika virus, which has been linked to birth defects, were occurring. In 2009, WHO and the U.S. Department of Health and Human Services (through the Secretary of the Department of Homeland Security) declared public health emergencies as the result of outbreaks of a serious strain of H1N1 influenza or "flu." In spring 2003, there was an outbreak of a serious strain of bird flu in Asia and Canada called "Severe Acute Respiratory Syndrome" or SARS.

Future outbreaks or pandemics may lead to a further decrease in air traffic, at least for a temporary period, which in turn could cause a further decrease in passenger activity at the Airport and a corresponding decline in Revenues. A disruption to the global supply chain due to a pandemic can also stall manufacturing and construction operations, which in turn could interfere with the Port's implementation of its CIP and other operations, or the operations of the airlines operating at the Port. The Port currently has adopted temporary measures that are intended to mitigate the impacts on the Airport of the COVID-19 outbreak. However, the Port is unable to predict if these measures are sufficient, or the extent and duration of the impact that the COVID-19 outbreak will have in the long-term on air travel to and from the Airport and on operations of the Port. Prospective investors should assume that the restrictions and limitations related to COVID-19, and the current upheaval to the air travel industry and the national and global economies, will increase at least over the near term and, therefore, have an adverse impact on Port revenues.

See "PORTLAND INTERNATIONAL AIRPORT – Recent Developments at the Airport – *COVID-19*."

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

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

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

Series Eighteen Swaps and PFC Bond Swaps. The Port pays amounts calculated at fixed interest rates and receives amounts calculated at variable interest rates under the Series Eighteen Swaps and the PFC Bond Swaps. The Port generally expects that the variable rates it receives under the Series Eighteen Swaps and the PFC Bond Swaps will be roughly equal to the variable rates payable on the Series Eighteen Bonds and the Outstanding PFC Bonds, respectively. Disruptions in the bond or swap markets, however, or a deterioration in the rating or financial strength of the banks whose letters of credit secure payments on the related bonds may cause the variable rates the Port receives to be lower than the variable rates the Port pays, increasing debt service costs to the Port above the level the Port currently anticipates. In addition, the Series Eighteen Swaps and the PFC Bond Swaps have and are expected to continue to have a negative fair value, in part because the Port received cash payments in connection with entering into the Series Eighteen Swaps and the PFC Bond Swaps. As a result, the Port likely will be required to pay substantial amounts if the Series Eighteen Swaps or the PFC Bond Swaps are terminated prior to their respective scheduled termination dates. The Series Eighteen Swaps and the PFC Bond Swaps may be terminated for a variety of reasons including events that are beyond the Port's control, such as adverse changes in the credit quality of the Port's counterparties or of the Port, or because the Port chooses to or is required to refinance or change the interest rate mode of the Series Eighteen Bonds. Payments required under these agreements in the event of any termination could be substantial and could have an adverse effect on the liquidity position of the Port. See "OTHER AIRPORT OBLIGATIONS—Interest Rate Swaps" and Note 6 in Appendix A.

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-19 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; financial difficulties of, or defaults by, contractors; budget estimate, design or engineering errors; changes to the scope off the project; unanticipated levels of inflation; or delays caused by the airline review process. See "PORTLAND INTERNATIONAL AIRPORT – Recent Developments at the Airport – *COVID-19*" and "– Passenger and Cargo Airline Agreements–*Capital Projects*").

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 periodically. 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

The CIP includes an aggregate of $2.12 billion of spending on projects during the period from Fiscal Year 2020 to Fiscal Year 2024. The Port expects to fund its CIP project costs with a combination of PFCs, available Net Revenues, proceeds from the sale of Additional SLBs, Junior Lien Obligations and/or Third Lien Obligation, federal grants, CFCs and investment income. The Port expects that it will experience an aggregate increase in debt service costs when it issues additional bonds, which will increase landing fees and terminal rents at the Airport, thereby increasing the costs of the airlines serving the Airport, possibly making the Airport less competitive. On the other hand, if the Port does not make improvements, its facilities may be less attractive to passengers and airlines. 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 in Ground Transportation

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

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

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, eruptions of volcanos, fires and explosions, spills of hazardous substances, strikes and lockouts, sabotage, terrorist attacks, wars, blockades or riots. See "—Worldwide Health Concerns," "—Aviation Security Concerns," and "—Environmental Matters and Climate Change" and "PORTLAND INTERNATIONAL AIRPORT – Recent Developments at the Airport – *COVID-19*."

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

The Port has made and continues to make upgrades to the seismic stability of some of its facilities. See "PORTLAND INTERNATIONAL AIRPORT—Seismic 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. See "—Aviation 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 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 "PORTLAND INTERNATIONAL AIRPORT—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 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 greenhouse gas ("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. While in 2016 the EPA finalized an endangerment finding that GHG emissions from "U.S. covered aircraft" cause or contribute to air pollution, triggering the Clean Air Act Section 231's requirement to regulate, aircraft GHG emission standards are not yet proposed and there has been no public EPA action in this area since December 2016. Regulations may be implemented in the future. In March 2017, the International Civil Aviation Organization ("ICAO"), a specialized agency within the United Nations, adopted 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 includes a cutoff date of 2028 for production of non-compliant aircraft. The ICAO also passed in October 2016 a market-based mechanism to curb emissions, the Carbon Offsetting and Reduction Scheme for International

Aviation ("CORSIA"). CORSIA is designed to achieve carbon-neutral growth for international (but not domestic) civil aviation from 2020 onwards, via pilot, volunteer and mandatory phases. As of January 31, 2018, 73 nations representing 87.7% of international aviation activity, including the United States, have indicated that they will participate in the pilot and volunteer phases of CORSIA.

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

Cyber and Data Security

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

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Port's Systems Technology and Data for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the Port invests in multiple forms of cybersecurity and operational safeguards. Since 2016, the Port has adopted various cyber security-related policies and procedures (collectively, the "Cyber Policies") to support, maintain, and secure Port Systems Technology and Data. The objectives of the Cyber Policies also include managing risk, improving cyber security event detection and remediation, and facilitating cyber awareness across all Port departments. The Port has established an Information Security team to work across all Port departments to implement the Cyber Policies. The Port will review the Cyber Policies periodically.

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

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

Regulation

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

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

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

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

From time to time, the President of the United States, the United States Congress and/or state legislatures have proposed and could propose in the future, legislation that, if enacted, could cause interest on the Series Twenty-Six Bonds to be subject, directly or indirectly, to federal income taxation or could cause interest on the Series Twenty-Six Bonds to be subject to or exempted from State income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Clarifications of the Internal Revenue Code of 1986 (the "Code"), or court decisions may also cause interest on the Series Twenty-Six Bonds to be subject, directly or indirectly, to federal income taxation or may cause interest on the Series Twenty-Six Bonds to be subject to or exempted from state income taxation. The introduction or enactment of any such legislative proposals or any clarification of the Code or court decisions may also affect the market price for, or marketability of, the Series Twenty-Six Bonds. Prospective purchasers of the Series Twenty-Six 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

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

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

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

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

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

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

CONTINUING DISCLOSURE

The Port will undertake in a Continuing Disclosure Certificate for the benefit of registered and beneficial Owners of each the Series Twenty-Six 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, 2020, certain specified financial information and operating data. In addition, the Port will undertake for the benefit of registered and beneficial Owners of the Series Twenty-Six Bonds, to provide to the MSRB in a timely manner notices of certain material events. This undertaking is to assist the Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission. The proposed form of Continuing Disclosure Certificate is contained in Appendix E.

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

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Port ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series Twenty-Six Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), except that no opinion is expressed as to the status of interest on any Series Twenty-Six B Bond or Series Twenty-Six C Bond for any period that such Series Twenty-Six B Bond or Series Twenty-Six C Bond is held by a "substantial user" of the facilities financed or refinanced by the Series Twenty-Six B Bonds or Series Twenty-Six C Bonds or by a "related person" within the meaning of Section 147(a) of the Code. Bond Counsel observes, however, that interest on the Series Twenty-Six C Bonds is a specific preference item for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, interest on the Series Twenty-Six A Bonds and Series Twenty-Six B Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel also is of the opinion that interest on the Series Twenty-Six Bonds is exempt from State of Oregon personal income taxes. The proposed form of opinion of Bond Counsel is set forth in Appendix F hereto.

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

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

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

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

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

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

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

APPROVAL OF LEGAL MATTERS

The validity of the Series Twenty-Six Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Port. A complete copy of the proposed form of the opinion of Bond Counsel with respect to the Series Twenty-Six Bonds is included in this Official Statement as Appendix F. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. From time to time Orrick, Herrington & Sutcliffe LLP serves as counsel to the Underwriter on matters that do not relate to the Port or to the Series Twenty-Six 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 Underwriter by its counsel, Kutak Rock LLP. Neither the Port's General Counsel nor Underwriter's Counsel is rendering an opinion as to the validity or tax status of the Series Twenty-Six Bonds. Any opinion of Underwriter's Counsel will be rendered solely to the Underwriter, and any opinion of Underwriter's Counsel, Port Counsel or Disclosure Counsel will be limited in scope and cannot be relied upon by investors.

THE TRUSTEE

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

The Trustee has undertaken only those duties and obligations that are expressly set forth in the Airport Revenue Bond Ordinances and the Series Twenty-Six Bond Certificate. The Trustee has not independently passed upon the validity of the Series Twenty-Six Bonds, the security of payment therefor, the value or condition of any assets pledged to the payment thereof, the adequacy of the provisions for such payment, the status for federal or State income tax purposes of the interest on the Series Twenty-Six Bonds or the investment quality of the Series Twenty-Six 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, for the year ended June 30, 2019, included as Appendix A, 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 A, any procedures on the financial statements addressed in that report. Moss Adams LLP also has not performed any procedures relating to this Official Statement.

MUNICIPAL ADVISOR

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

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

RATING

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

UNDERWRITING

The Series Twenty-Six Bonds are to be purchased by J.P. Morgan Securities LLC (the "Underwriter"), at a price of $83,049,094.16 (representing the aggregate principal amount of the Series Twenty-Six Bonds, plus original issue premium of $10,445,427.85, less an underwriter's discount of $121,333.69). The Bond Purchase Agreement between the Port and the Underwriter provides that the Underwriter will purchase all of the Series Twenty-Six Bonds of each Series if any Series Twenty-Six Bonds are purchased and that the purchase of the Series Twenty-Six Bonds is subject to the conditions set forth in the Bond Purchase Agreement.

The Underwriter may offer and sell the Series Twenty-Six 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 Underwriter without notice.

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

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

J.P. Morgan Securities LLC ("JPMS"), the underwriter of the Series Twenty-Six Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement (if applicable to this transaction), each of CS&Co. and LPL will purchase Series Twenty-Six Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series Twenty-Six Bonds that such firm sells.

RELATED PARTIES

Orrick, Herrington & Sutcliffe LLP, Bond Counsel and Disclosure Counsel to the Port, also represents the Underwriter on other matters.

An affiliate of J.P. Morgan Securities LLC, the Underwriter, is a counterparty to certain of the Port's Series Eighteen and PFC Bond Swaps.

MISCELLANEOUS

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

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

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

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

THE PORT OF PORTLAND

By: *\/s/ Dan Blaufus*
Dan Blaufus, Interim Chief Financial Officer

APPENDIX A

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, 2019

with comparative totals for the year ended June 30, 2018

THE PORT OF PORTLAND

(a municipal corporation)

THE PORT OF PORTLAND

COMMISSIONERS AS OF JUNE 30, 2019

Name	Term Expires
Alice Cuprill-Comas, President 3181 SW Sam Jackson Park Road Portland, Oregon 97239	September 30, 2019
Tom Chamberlain, Vice President 3645 SE 32nd Ave Portland, Oregon 97202	May 9, 2019*
Robert L. Levy, Secretary 822 S Hwy 395, No. 423 Hermiston, Oregon 97838	April 30, 2021
Linda M. Pearce, Treasurer 4185 Highway 101 North Tillamook, Oregon 97141	September 30, 2020
Michael C. Alexander 7200 NE Airport Way Portland, Oregon 97218	May 31, 2020
Pat McDonald 3100 NE Shute Road Hillsboro, Oregon 97229	February 16, 2020
Sean O'Hollaren One Bowerman Drive Beaverton, OR 97005	May 22, 2022
Tom Tsuruta 7200 NE Airport Way Portland, Oregon 97218	December 12, 2020
Gary Young 7200 NE Airport Way Portland, Oregon 97218	September 30, 2019

Curtis Robinhold, Executive Director

REGISTERED AGENT AND OFFICE
Daniel Blaufus
7200 NE Airport Way
Portland, Oregon 97218

Telephone: 503-415-6000

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

THE PORT OF PORTLAND
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REPORT OF INDEPENDENT AUDITORS

MOSSADAMS

Report of Independent Auditors

The Board of Commissioners
Port of Portland

Report on the Financial Statements

We have audited the accompanying balance sheets and the related statements of revenues, expenses, and changes in net position and cash flows of the Airport and Marine & Other activities as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Port of Portland's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Airport and Marine & Other activities of the Port of Portland as of June 30, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Port of Portland's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 22, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 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 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Port of Portland's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 18, 2019, on our consideration of the Port's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

James C. Lanzarotta

James Lanzarotta, Partner
for Moss Adams LLP
Portland, Oregon
October 18, 2019

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, 2019. 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, industrial development, environmental, navigation, general aviation, engineering, and administration). These activities are described in Notes 1 and 2 to the financial statements. Of special significance to readers of the financial statements is that, with certain limited exceptions, Airport monies are restricted by bond ordinances and Federal Aviation Administration regulations for use at the Airport only. Airport net revenues (essentially operating revenues less operating expenses other than depreciation) are largely determined by bond ordinances and contracts with airlines, as more fully explained in Note 6 to the financial statements.

Financial Results:
The Port's total net position increased $40.8 million from the 2018 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 $45.0 million, or 36.1 percent during that same time. In comparison, last year total net position increased by $51.1 million, or 4.0 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
	2019	2018	2019	2018	2019	2018	2018-2019
Current and other assets	$ 895.3	$ 617.8	$ 367.6	$ 358.7	$ 1,234.6 *	$ 947.2 *	30.3%
Capital assets	1,483.1	1,348.2	253.3	267.6	1,736.4	1,615.8	7.5%
Deferred outflows	43.4	42.6	19.8	17.1	63.2	59.7	5.9%
Total assets	2,421.8	2,008.6	640.7	643.4	3,034.2 *	2,622.7 *	15.7%
Long-term debt outstanding	1,202.2	862.4	79.8	86.7	1,282.0	949.1	35.1%
Other liabilities	225.3	196.2	166.0	161.7	363.0 *	328.6 *	10.5%
Deferred inflows	4.2	2.2	4.0	2.6	8.2	4.8	70.8%
Total liabilities	1,431.7	1,060.8	249.8	251.0	1,653.2 *	1,282.5 *	28.9%
Net position:							
Net investment in capital assets	583.9	598.1	275.7	303.9	859.6	902.0	(4.7)%
Restricted	347.3	310.9	4.5	2.7	351.8	313.6	12.2%
Unrestricted	58.9	38.8	110.7	85.8	169.6	124.6	36.1%
Total net position	$ 990.1	$ 947.8	$ 390.9	$ 392.4	$ 1,381.0	$ 1,340.2	3.0%

* Receivables and payables between activities are eliminated in the Total Port column.

Total net position of the Airport increased by $42.3 million, or 4.5 percent, as a result of net income and capital grants. Net investment in capital assets decreased $14.2 million, or 2.4 percent, as a result of construction bond issuances, partially offset by increases in capital additions and construction spending. Restricted net position increased by $36.4 million, or 11.7 percent, primarily due to net income restricted for debt service and construction. Unrestricted net position increased by $20.1 million, or 51.8 percent, primarily as a result of net operating income.

Total net position of Marine & Other decreased from the 2018 balance by $1.5 million, or 0.4 percent, primarily the result of a net loss for the year, offset in part by capital grants and transfers from the Airport (primarily to fund construction at general aviation airports included in Marine & Other). Net investment in capital assets decreased $28.2 million, or 9.3 percent, primarily as a result of normal capital asset depreciation, and a one-time project write off. Unrestricted net position increased by $24.9 million or 29.0 percent, primarily due to net cash flows from operations, transfers from the Airport and capital grants.

Several factors caused changes in net position (Table 2, below) to decrease $10.3 million from 2018.

Airport changes in net position decreased $20.6 million when compared to the prior year due mainly to increased operating expenses and decreased capital grants in 2018. Marine & Other changes in net position increased $10.3 million primarily due to higher operating revenues and interest income versus the prior year.

Table 2
Changes in Net Position
($ millions)

	Airport		Marine & Other		Total Port		Total Percentage Change
	2019	2018	2019	2018	2019	2018	2018-2019
Revenues:							
Operating revenues							
Charges for services	$ 251.4	$ 242.0	$ 63.4	$ 50.8	$ 314.8	$ 292.8	7.5%
Land sales			14.8	7.8	14.8	7.8	89.7%
Other	0.2		0.3	1.2	0.5	1.2	(58.3)%
Nonoperating revenues							
Property tax revenue			12.5	12.1	12.5	12.1	3.3%
Interest revenue	18.0	4.8	10.0	3.4	28.0	8.2	241.5%
PFC revenue	38.6	38.1			38.6	38.1	1.3%
CFC revenue	16.2	15.6			16.2	15.6	3.8%
Other nonoperating revenue			0.5	9.9	0.5	9.9	(94.9)%
Total revenues	324.4	300.5	101.5	85.2	425.9	385.7	10.4%
Expenses:							
Operating expenses	236.1	224.7	107.0	93.9	343.1	318.6	7.7%
Nonoperating expenses	44.3	22.6	3.8	5.3	48.1	27.9	72.4%
Total expenses	280.4	247.3	110.8	99.2	391.2	346.5	12.9%
Income (loss) before contributions and transfers	44.0	53.2	(9.3)	(14.0)	34.7	39.2	(11.5)%
Capital contributions	2.5	10.3	3.6	1.6	6.1	11.9	(48.7)%
Transfers (out) in	(4.2)	(0.6)	4.2	0.6			
Increase (decrease) in net position	$ 42.3	$ 62.9	$ (1.5)	$ (11.8)	$ 40.8	$ 51.1	(20.2)%

Total revenues for the Port increased by approximately $40.2 million from the prior year. Total expenses increased approximately $44.7 million during the same timeframe.

At the Airport, charges for services operating revenues increased by $9.4 million, or 3.9 percent, when compared to the prior year; this was primarily due to increases in parking and transportation network company revenues. Nonoperating interest revenue was up $13.2 million, or 275.0 percent because of increased interest rates over the prior year on higher cash balances primarily resulting from 2019 bond issuance proceeds. The increase of about $11.4 million in operating expenses was up 5.1 percent as compared to the prior year, and was attributable to higher salaries, depreciation and central services expenses. Nonoperating expenses increased $21.7 million, or 96.0 percent, mainly as a result of higher revenue bond interest expense resulting from two new construction bond issues during 2019. Capital contributions decreased $7.8 million in 2019 as a result of incurring fewer grant-eligible costs than in 2018.

For Marine & Other, charges for services operating revenues increased $12.6 million from the prior year, primarily driven by a combination of higher intermodal rail shuttle revenues at Terminal 6 and increased Navigation division dredging revenues in 2019. Land sales revenue increased $7.0 million from the prior year as a result of increased industrial property sales. Interest revenue was up $6.6 million in 2019 as a result of higher cash balances and higher investment interest rates. During 2019, operating expenses increased $13.1 million due to the impacts of higher longshore labor expense, salaries cost, a one-time project write off, and cost of land sold expense; these increases were offset in large part by lower environmental accrual expenses in 2019.

Budgetary Highlights:
The Port's budget for fiscal 2019 was adopted by the Port Commission and certified by the Multnomah County Tax Supervising and Conservation Commission (TSCC) in June 2018. Budget appropriations at the Airport were adjusted during the year to reflect higher parking and transportation network company revenues, for increased expenditures for snow and ice removal activity at the Airport during the winter, for costs of an international flight risk-mitigation program, for budgetary impact of a potential accrual for a variable compensation program payment, for increased transfers to Marine & Other for staff support of Airport capital projects, and to cover bank counsel fees and other related PFC expenses. Appropriations in the budget for Marine & Other resources were adjusted to reflect higher revenues associated with rail shuttle service at Terminal 6 and to account for 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 costs associated with rail shuttle service at Terminal 6, higher Navigation operating expenditures resulting from additional dredging activity, for budgetary impact of a potential accrual of a variable compensation program payment, for a transfer related to the timing of grant receipts, 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 large capital program at the Airport were $29.1 million, or 12.0 percent below the $242.7 million budget due to timing delays. Both operating revenues and operating expenditures tracked closely against the budget. Airport operating revenues of $251.3 million were 0.4 percent above the $250.4 million budget. Operating expenditures of $113.7 million were 1.7 percent below the $115.7 million budgeted amount. Other significant budgetary variances included bond sale proceeds, commercial paper issuance, and commercial paper redemptions which were below budget as a result of funding strategy and issue sizing.

Fiscal 2019 budgetary capital expenditures for Marine & Other were $17.1 million, 25.0 percent below the budget of $22.8 million, largely due to timing delays and project deferrals. Capital grants for the year were $3.6 million, 62.1 percent less than the budget of $9.5 million due to incurring fewer grant eligible costs. Budgetary operating revenues for industrial development were $20.8 million, or 20.9 percent, below the budget of $26.3 million due to an anticipated industrial property sale that did not occur. Budgetary operating expenditures were $2.4 million below budget for administration, primarily due to lower than anticipated outside service costs resulting from delays in timing of projects and initiatives, as well as cost controls undertaken as part of an organizational financial sustainability initiative. Budgetary operating expenditures for Marine were also below budget approximately $4.1 million due to lower salaries expense and lower than anticipated outside service costs resulting from delays in timing of projects and initiatives. Other environmental budgetary operating expenditures were $1.2 million under budget, largely as a result of delays in the timing of costs associated with environmental liabilities in the Portland Harbor superfund site.

Capital Assets:
At the end of fiscal 2019, the Port had over $1.7 billion invested in a broad range of capital assets. This amount represents an increase (essentially additions offset by depreciation expense) of $120.6 million versus last year, as outlined in Table 3 (below).

Table 3
Capital Assets
($ millions)

	Airport		Marine & Other		Total Port		Total Percentage Change
	2019	2018	2019	2018	2019	2018	2018-2019
Land	$ 68.0	$ 68.0	$ 83.4	$ 83.4	$ 151.4	$ 151.4	
Construction in progress	346.3	174.2	21.7	23.9	368.0	198.1	
Total capital assets not being depreciated	414.3	242.2	105.1	107.3	519.4	349.5	48.6%
Land improvements	876.8	853.8	281.1	288.6	1,157.9	1,142.4	
Buildings and equipment	1,489.0	1,455.9	257.3	249.7	1,746.3	1,705.6	
Total capital assets being depreciated	2,365.8	2,309.7	538.4	538.3	2,904.2	2,848.0	2.0%
Less: accumulated depreciation	(1,297.0)	(1,203.8)	(390.2)	(377.9)	(1,687.2)	(1,581.7)	6.7%
Total capital assets being depreciated, net	1,068.8	1,105.9	148.2	160.4	1,217.0	1,266.3	(3.9)%
Total capital assets, net	$ 1,483.1	$ 1,348.1	$ 253.3	$ 267.7	$ 1,736.4	$ 1,615.8	7.5%

This year's major capital asset spending included:

Airport:
- Terminal improvements - $112.7 million
- Public parking and consolidated rental car facility - $60.0 million
- Taxiway and runway rehabilitation and improvements - $10.2 million
- Concourse B extension - $8.7 million

Marine & Other:
- Hillsboro airport runway improvements - $4.2 million
- Industrial property improvements - $1.9 million
- Terminal 5 berth rehabilitation - $1.1 million

Please see Note 5 to the financial statements for more detailed information of capital asset activity.

The Port's 2020 capital budget estimates spending another $324 million on capital projects at the Airport and nearly $59 million in Marine & Other. Spending at the Airport is primarily slated for terminal improvements; a new public parking and consolidated rental car facility; pavement rehabilitation projects; and people-moving walkway replacements. These projects are budgeted to be funded by Airport operating revenues, federal grants, debt proceeds, PFC revenues, and CFC revenues. Capital spending for Marine & Other is budgeted principally for runway reconstruction at the Hillsboro and Troutdale airports, stormwater improvements at marine Terminal 4, vessel improvements for the dredging operation, and Hillsboro airport taxiway rehabilitation. Funding for these projects is budgeted from operating revenues, property taxes, and federal, state, and other grants.

Debt Administration:
At the end of 2019, the Port had nearly $1.2 billion in bonds, commercial paper, contracts and loans payable outstanding. This is an increase from the prior year, as seen in Table 4 (below).

Table 4
Outstanding Long-Term Debt
($ millions)

	Airport		Marine & Other		Total Port		Total Percentage Change
	2019	2018	2019	2018	2019	2018	2018-2019
Pension bonds			$ 58.5	$ 62.0	$ 58.5	$ 62.0	(5.6)%
Revenue bonds	$ 824.0	$ 645.2			824.0	645.2	27.7%
PFC revenue bonds	120.0	127.8			120.0	127.8	(6.1)%
CFC revenue bonds	163.3				163.3		
Contracts and loans payable			21.4	24.7	21.4	24.7	(13.4)%
Commercial Paper	1.5	28.5			1.5	28.5	(94.7)%
	$ 1,108.8	$ 801.5	$ 79.9	$ 86.7	$ 1,188.7	$ 888.2	33.8%

The outstanding amount of Airport long-term debt increased due to issuance of airport revenue construction bonds and CFC revenue construction bonds, offset partially by scheduled bond payments. As of the end of fiscal 2019, the Airport revenue bonds were rated AA- by Standard & Poor's, which is among the highest underlying ratings for airport revenue bonds rated by that rating agency. The balance of PFC revenue bonds decreased as a result of regularly scheduled bond payments.

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 6 to the financial statements for more detailed information of long-term debt activity.

Economic Factors and Next Year's Budgets and Rates:
As part of the Port's strategic planning and business planning process, regional, national, and global economic trends and forecasts are reviewed and assumptions regarding passenger, cargo, and population growth are coupled with these trends and forecasts to produce the annual budget. As our region continues to grow, most business lines are projected to show growth in fiscal 2020. Fiscal 2020 airline passenger volumes are forecast to increase 2.0 percent over the fiscal 2019 budget to a new historic high of 20.3 million passengers. At the Port's Marine & Other facilities we see moderate growth for our mixed-use terminal activity at Terminal 6, and for bulk cargoes (soda ash and potash). After several years of strong demand for industrial land, the Port's industrial property sales are anticipated to slow as our inventory has decreased with every successful sale.

In the Port's 2020 adopted budget, total Port operating revenue is budgeted to increase about 2.4 percent over 2019 results to approximately $338.0 million largely as a result of revenues associated with increased airline and concessions revenue at the Airport and dredging revenues in Marine & Other, offset in part by reduced land sales. Total operating expenses (excluding depreciation and GASB 68 non-cash pension expense) are budgeted to decrease by about 6.1 percent to approximately $213.7 million, reflecting lower costs related to decreased land sales and a one-time project write-off in 2019, offset in part by higher salary and benefits costs and outside services costs.

Operating revenues for the Airport are budgeted to increase 7.6 percent to $270.8 million in the fiscal 2020 budget due primarily to increased airline revenues and concessions revenues resulting from increased passenger volumes in 2020. Airport operating expenses (excluding depreciation and GASB 68 non-cash pension expense) are budgeted to increase about 2.6 percent to $144.1 million as a result of increased salary and benefits costs, outside services costs, and insurance costs.

In Marine & Other, operating revenues are budgeted to decrease by 14.4 percent to $67.2 million, primarily due to lower revenues for industrial land sales, partially offset by increased Navigation division dredging revenue and wharfage from more vessel calls anticipated in fiscal 2020. Operating expenses (excluding depreciation and GASB 68 non-cash pension expense) are budgeted to decrease by 20.2 percent to $69.6

million due to lower costs of property sold resulting from fewer budgeted land sales in 2020 and a one-time project write off in 2019, offset in part by higher salary and benefits costs and outside services expense in 2020. Property taxes are budgeted to comprise less than 1.0 percent of Port resources on a legal budget basis.

Contacting the Port's Financial Management:

This financial report is designed to provide users with a general overview of the Port's finances. If you have questions about this report or need additional financial information, contact the Port of Portland's Controller's Office, PO Box 3529, Portland, OR 97208.

BASIC FINANCIAL STATEMENTS

THE PORT OF PORTLAND
BALANCE SHEET
as of June 30, 2019
with comparative totals as of June 30, 2018

	2019			2018
	Airport	Marine & Other	Total	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 38,240	$ 50,970,188	$ 51,008,428	$ 47,500,371
Equity in pooled investments	134,979,951	220,163,989	355,143,940	317,009,753
Restricted cash and equity in pooled investments	98,828,865		98,828,865	73,839,620
Receivables, net of allowance for doubtful accounts of $496,000 in 2019 and $485,000 in 2018 for Airport and $197,000 in 2019 and $180,000 in 2018 for Marine & Other	13,382,096	17,678,651	31,060,747	28,412,145
Prepaid insurance and other assets	4,620,104	2,319,691	6,939,795	6,820,346
Total current assets	251,849,256	291,132,519	542,981,775	473,582,235
Noncurrent assets:				
Restricted assets:				
Cash and equity in pooled investments	629,109,519	4,477,674	633,587,193	402,564,538
Receivables	12,705,982		12,705,982	10,578,731
Total restricted assets	641,815,501	4,477,674	646,293,175	413,143,269
Land held for sale		40,822,599	40,822,599	57,280,912
Depreciable properties, net of accumulated depreciation	1,068,822,043	148,172,365	1,216,994,408	1,266,276,476
Nondepreciable properties	414,295,962	105,117,294	519,413,256	349,539,979
Unamortized bond issue costs	689,027	122,174	811,201	933,439
Due from Airport		28,330,954	*	*
Other noncurrent assets	965,714	2,607,912	3,573,626	2,203,682
Total noncurrent assets	2,126,588,247	329,650,972	2,427,908,265	2,089,377,757
Deferred outflows of resources:				
Deferred charges on refunding bonds	19,937,002		19,937,002	22,571,834
Deferred charges on pensions and OPEB	17,546,554	19,833,496	37,380,050	31,237,602
Cumulative decrease in fair value of hedging derivative	5,906,000		5,906,000	5,864,000
Total deferred outflows of resources	43,389,556	19,833,496	63,223,052	59,673,436
Total assets	$ 2,421,827,059	$ 640,616,987	$ 3,034,113,092	$ 2,622,633,428
LIABILITIES				
Current liabilities (payable from current assets):				
Current portion of long-term debt	$ 1,500,000	$ 4,533,407	$ 6,033,407	$ 32,946,288
Accounts payable and other accrued liabilities	20,271,492	19,615,497	39,886,989	49,294,320
Accrued wages, vacation and sick leave pay	7,610,949	8,520,342	16,131,291	10,820,811
Workers' compensation and other accrued liabilities	1,361,565	4,264,530	5,626,095	7,648,528
Total current liabilities (payable from current assets)	30,744,006	36,933,776	67,677,782	100,709,947
Restricted liabilities (payable from restricted assets)				
Current portion of long-term debt and other	35,316,725		35,316,725	38,370,768
Accrued interest payable	18,925,184		18,925,184	16,476,516
Accounts payable	39,215,061		39,215,061	16,563,717
Contract retainage payable	5,371,895		5,371,895	2,428,619
Total restricted current liabilities (payable from restricted assets)	98,828,865		98,828,865	73,839,620
Total current liabilities	129,572,871	36,933,776	166,506,647	174,549,567
Noncurrent liabilities:				
Long-term environmental and other accruals	11,579,440	49,749,396	61,328,836	60,303,619
Long-term debt	1,165,382,830	75,269,975	1,240,652,805	877,731,977
Unearned revenue and other	43,757,950	26,374,296	70,132,246	72,019,130
Net pension and OPEB liability	48,906,814	57,474,379	106,381,193	93,056,174
Due to Marine & Other	28,330,954		*	*
Total noncurrent liabilities	1,297,957,988	208,868,046	1,478,495,080	1,103,110,900
Deferred inflows of resources:				
Deferred pension inflows	4,227,321	3,960,521	8,187,842	4,810,607
Total deferred inflows of resources	4,227,321	3,960,521	8,187,842	4,810,607
Total liabilities	1,431,758,180	249,762,343	1,653,189,569	1,282,471,074
NET POSITION				
Net investment in capital assets	583,916,098	275,684,717	859,600,815	901,951,056
Restricted for capital and debt service	347,252,657	4,477,674	351,730,331	313,639,601
Unrestricted	58,900,124	110,692,253	169,592,377	124,571,697
Total net position	990,068,879	390,854,644	1,380,923,523	1,340,162,354
Total liabilities and net position	$ 2,421,827,059	$ 640,616,987	$ 3,034,113,092	$ 2,622,633,428

* 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, 2019
with comparative totals for the year ended June 30, 2018

	2019			2018
	Airport	Marine & Other	Total	Total
Operating revenues:				
Charges for services	$ 251,427,777	$ 63,386,274	$ 314,814,051	$ 292,738,952
Land sales		14,793,131	14,793,131	7,830,309
Other	217,739	324,389	542,128	1,214,530
Total operating revenues	251,645,516	78,503,794	330,149,310	301,783,791
Operating expenses:				
Salaries, wages and fringe benefits	59,406,954	46,299,044	105,705,998	96,980,799
Longshore labor and fringe benefits		9,870,177	9,870,177	4,106,598
Contract, professional and consulting services	35,003,092	11,507,793	46,510,885	56,894,719
Materials and supplies	5,567,197	2,820,215	8,387,412	7,693,716
Utilities	11,238,384	3,210,728	14,449,112	15,136,841
Equipment rents, repair and fuel	2,050,136	2,928,312	4,978,448	3,455,644
Insurance	2,113,664	1,523,197	3,636,861	2,797,634
Rent		2,616,670	2,616,670	2,634,380
Travel and management expense	3,227,166	1,221,173	4,448,339	4,917,107
Intra-Port charges and expense allocations	21,934,977		21,934,977	20,385,321
Cost of land sold		18,462,691	18,462,691	6,885,637
Other	2,341,801	5,030,159	7,371,960	2,804,760
Less expenses for capital projects	(2,386,002)	(18,329,499)	(20,715,501)	(18,685,051)
Total operating expenses, excluding depreciation	140,497,369	87,160,660	227,658,029	206,008,105
Operating income (loss) before depreciation	111,148,147	(8,656,866)	102,491,281	95,775,686
Depreciation expense	95,625,457	19,823,573	115,449,030	112,593,415
Total operating expenses, including depreciation	236,122,826	106,984,233	343,107,059	318,601,520
Operating income (loss)	15,522,690	(28,480,439)	(12,957,749)	(16,817,729)
Nonoperating revenues (expenses):				
Property tax revenue		12,525,289	12,525,289	12,055,459
Passenger facility charge revenue	38,563,550		38,563,550	38,140,595
Customer facility charge revenue	16,237,775		16,237,775	15,551,097
Interest expense, net of capitalized construction period interest of $17,301,142 in 2018 for Airport	(37,972,522)	(3,827,971)	(41,800,493)	(24,186,318)
Interest revenue	18,098,208	10,005,342	28,103,550	8,224,378
Other (expense) income, including loss on disposal of properties	(6,437,182)	460,488	(5,976,694)	6,142,662
Nonoperating revenues	28,489,829	19,163,148	47,652,977	55,927,873
Income (loss) before contributions and transfers	44,012,519	(9,317,291)	34,695,228	39,110,144
Capital contributions	2,505,489	3,560,452	6,065,941	11,954,175
Transfers (out) in	(4,237,304)	4,237,304		
Change in net position	42,280,704	(1,519,535)	40,761,169	51,064,319
Total net position - beginning of year	947,788,175	392,374,179	1,340,162,354	1,289,098,035
Total net position - end of year	$ 990,068,879	$ 390,854,644	$ 1,380,923,523	$ 1,340,162,354

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, 2019
with comparative totals for the year ended June 30, 2018

	2019			2018
	Airport	Marine & Other	Total	Total
Cash flows from operating activities:				
Cash received from customers	$ 254,808,894	$ 75,221,995	$ 330,030,889	$ 297,963,011
Cash payments to employees	(53,262,913)	(28,768,016)	(82,030,929)	(90,833,131)
Cash payments to suppliers and vendors	(63,251,951)	(57,936,241)	(121,188,192)	(87,995,274)
Cash payments (to) from other funds	(23,938,686)	23,938,686		
Net cash provided by operating activities	114,355,344	12,456,424	126,811,768	119,134,606
Cash flows from noncapital financing activities:				
Property taxes		12,860,930	12,860,930	12,071,897
Net cash provided by noncapital financing activities		12,860,930	12,860,930	12,071,897
Cash flows from capital and related financing activities:				
Capital expenditures	(204,822,810)	(12,888,779)	(217,711,589)	(178,827,721)
Sale of properties	325,143	4,032,515	4,357,658	74,242
Net proceeds from issuance of debt	426,093,173		426,093,173	28,500,000
Interest paid	(38,409,530)	(5,491,059)	(43,900,589)	(45,838,411)
Proceeds from passenger facility charges	38,894,143		38,894,143	37,900,189
Proceeds from customer facility charges	15,401,292		15,401,292	16,116,008
Principal payments and redemptions on debt	(81,475,000)	(5,188,987)	(86,663,987)	(40,084,103)
Contributions from governmental agencies	883,757	1,029,955	1,913,712	17,904,600
Cash transfers (to) from other Port divisions, net	(4,237,304)	4,237,304		
Other, primarily nonoperating (income) expense	(6,149,770)	(1,817,378)	(7,967,148)	6,148,704
Net cash provided by (used in) capital and related financing activities	146,503,094	(16,086,429)	130,416,665	(158,106,492)
Cash flows from investing activities:				
Interest received	18,232,036	9,332,745	27,564,781	5,251,248
Investment activity:				
Purchases	(623,221,162)	(188,059,627)	(811,280,789)	(284,150,342)
Proceeds from sales or maturities	344,130,848	173,003,854	517,134,702	316,907,930
Net cash (used in) provided by investing activities	(260,858,278)	(5,723,028)	(266,581,306)	38,008,836
Net increase in cash and cash equivalents	160	3,507,897	3,508,057	11,108,847
Cash and cash equivalents - beginning of year	38,080	47,462,291	47,500,371	36,391,524
Cash and cash equivalents - end of year	$ 38,240	$ 50,970,188	$ 51,008,428	$ 47,500,371
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ 15,522,690	$ (28,480,439)	$ (12,957,749)	$ (16,817,729)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	95,625,457	19,823,573	115,449,030	112,593,415
Cost of land sales		18,462,691	18,462,691	6,885,637
Non cash pension and OPEB expense	4,087,337	5,552,053	9,639,390	8,696,234
Amortization of unearned revenue	(868,844)	(1,609,815)	(2,478,659)	(2,985,909)
Change in assets and liabilities:				
Receivables and other current assets	3,621,698	(2,803,237)	818,461	(5,095,813)
Deferred project assets		3,768,506	3,768,506	
Accounts payable and accruals	(1,472,410)	(6,691,037)	(8,163,447)	14,494,371
Long-term environmental and other accruals	(2,272,223)	3,123,440	851,217	(2,735,246)
Additions to unearned revenue	111,639	1,310,689	1,422,328	4,099,646
Net cash provided by operating activities	$ 114,355,344	$ 12,456,424	$ 126,811,768	$ 119,134,606
Noncash investing, capital, and related financing activities:				
Interest payable in future years				$ 576,035

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 781 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, including interest. 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, including capitalized interest. Interest income earned on investments from tax-exempt debt is offset against capitalized interest expense through June 30, 2018. Properties with an individual purchase cost exceeding $5,000 with a useful life exceeding one year are capitalized, and depreciable properties are depreciated over their estimated useful lives on a straight-line basis. The useful lives generally range from 5 to 40 years for land improvements; 5 to 40 years for buildings, building components, and terminals; and 2 to 15 years for equipment. Normal maintenance and repairs are charged to operating expense as incurred; expenditures for major additions, improvements, infrastructure, and replacements are capitalized. The cost of assets retired or otherwise disposed of and related accumulated depreciation are eliminated from the accounts in the year of disposal with the resulting gain or loss credited or charged to nonoperating revenue or expense.

Amortization of Bond Issue Costs

Bond issue costs related to prepaid insurance costs are amortized over the life of the related debt and reported as a noncurrent asset on the balance sheet. The difference between the reacquisition price and the net carrying amount of old debt arising from defeasance and refunding transactions is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is reported as a deferred outflow of resources on the balance sheet. Amortization is included in interest expense. All other bond issuance costs are expensed as incurred.

Accrued Vacation and Sick Leave Pay

Vacation and sick leave pay are accrued as earned for most employees, based on length of past service, up to a maximum number of hours per employee. Vacation and sick leave liabilities are reduced when leave is taken, and unused portions are paid off upon termination to the extent allowed for in Port policy.

Unearned Revenue

Unearned revenue typically represents prepaid lease financing related to real property development projects and transactions and is generally amortized over the life of the related lease. Lease terms generally range from 5 to 55 years. Unearned revenue is reported as a noncurrent liability on the balance sheet.

Accounting for Contributions from Federal Government and Other

Capital grants and other contributions from governmental agencies are recorded as net position when earned. Operating grants are recorded as revenue when earned. Lease improvements acquired upon termination of leases are included in properties and credited to net position at estimated fair value at date of acquisition.

Property Taxes

Property taxes are used for capital and debt service purposes. Property taxes are recorded as nonoperating revenue in the year levied. Property taxes are levied and attached as an enforceable lien on property as of July 1. Taxes are payable in three installments on November 15, February 15, and May 15.

1. Description of the Port and Summary of Significant Accounting Policies, continued:

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 Investments

The Port pools the majority of its cash and investments and uses a controlled disbursement system in order to maximize earnings on available funds. Investments are stated at fair value based upon evaluated quotes from independent pricing vendors. Oregon Revised Statutes, Chapter 294 or Port ordinances, if more restrictive, authorize the Port to invest in obligations of the U.S. Treasury and U.S. Government agencies and instrumentalities, bankers' acceptances guaranteed by an Oregon financial institution, repurchase agreements, and certain corporate indebtedness. In addition, the Marine & Other activity is authorized to invest in a State of Oregon local government investment pool and various interest bearing municipal bonds.

Budgets

The Port budgets all funds in accordance with the requirements of State of Oregon (State) law. The Port Commission authorizes appropriations for each fund, setting the level by which expenditures cannot legally exceed appropriations. Total expenditures by department in the General Fund, operating expenditures in the Airport Revenue Fund, and capital outlay and debt service in the other funds are the levels of control for each fund. The detail budget document, however, is required to contain more specific, detailed information for the above-mentioned expenditure categories. Appropriations lapse at the end of each fiscal year.

With the approval of the Port Commission, unexpected additional resources may be appropriated through the use of a supplemental budget. The original and supplemental budgets require budget hearings before the public, publications in newspapers, and approval by the Commission for submittal to the Multnomah County Tax Supervising and Conservation

1. Description of the Port and Summary of Significant Accounting Policies, continued:

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 for the year ended June 30, 2019 and one supplemental budget for the year ended June 30, 2018.

The Port budgets all funds on an accrual basis. 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 reported as transfers on the statement of revenues, expenses, and changes in net assets.

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, 2018, from which the summarized information was derived.

New Accounting Pronouncements

In November 2016, the GASB issued Statement No. 83, "Certain Asset Retirement Obligations," effective for the Port's fiscal year beginning July 1, 2018. This statement establishes standards of accounting and financial reporting for certain asset retirement obligations. The statement establishes criteria for determining the timing and pattern of recognition for a liability and a corresponding deferred outflow of resources for asset retirement obligations. The adoption of this statement did not have a material effect on the Port's financial statements.

In January 2017, the GASB issued Statement No. 84, "Fiduciary Activities," effective for the Port's fiscal year beginning July 1, 2019. The statement establishes standards of accounting and financial reporting for fiduciary activities. The Port is currently evaluating the effects this statement will have on its financial statements.

In June 2017, the GASB issued Statement No. 87, "Leases," effective for the Port's fiscal year beginning July 1, 2020. The statement establishes standards of accounting and financial reporting for leases by lessees and lessors, and establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Port is currently evaluating the effects this statement will have on its financial statements.

In March 2018, the GASB issued Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements," effective for the Port's fiscal year beginning July 1, 2018. The statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement disclosure requirements related to debt obligations of governments. The adoption of this statement did not have a material effect on the Port's financial statements.

In June 2018, the GASB issued Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period," effective for the Port's fiscal year beginning July 1, 2020. The statement establishes accounting requirements for interest cost incurred before the end of a construction period. The Port early adopted the requirements of this statement for the Port's fiscal year beginning July 1, 2018. The adoption of this statement did not have a material effect on the Port's financial statements.

1. Description of the Port and Summary of Significant Accounting Policies, continued:

In August 2018, the GASB issued Statement No. 90, "Majority Equity Interests," effective for the Port's fiscal year beginning July 1, 2019. The statement provides guidance and clarification for the accounting and reporting requirements for a government's majority equity interest in legally separate organizations. The Port is currently evaluating the effects this statement will have on its financial statements.

In May 2019, the GASB issued Statement No. 91, "Conduit Debt Obligations," effective for the Port's fiscal year beginning July 1, 2021. The statement provides a single method of reporting conduit debt obligations by issuers. The Port is currently evaluating the effects this statement will have on its financial statements.

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; industrial 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, 2019 was as follows (in thousands):

	Marine Terminals	Industrial Development	Environmental	Navigation	General Aviation	Engineering & Admin	Total
Operating revenues	$ 34,730	$ 21,251		$ 18,508	$ 3,824	$ 191	$ 78,504
Operating expenses	35,006	28,320	$ 4,636	16,563	4,204	(1,569)	87,160
Depreciation expense	10,402	850		2,966	3,846	1,760	19,824
Operating loss	$ (10,678)	$ (7,919)	$ (4,636)	$ (1,021)	$ (4,226)	$	$ (28,480)
Capital contributions	$ (2)	$ (257)			$ 3,819		$ 3,560
Properties activity:							
Additions	$ 3,881	$ 3,061		$ 2,021	$ 4,811	$ 1,256	$ 15,030
Deletions	(10,386)	(227)		(792)			(11,405)

3. Cash and Investments:

Following are the Port's balance sheet classifications for cash and investments:

Balance sheet classification:	2019			2018
	Airport	Marine & Other	Total	Total
Unrestricted cash and cash equivalents	$ 38,240	$ 50,970,188	$ 51,008,428	$ 47,500,371
Unrestricted equity in pooled investments	134,979,951	220,163,989	355,143,940	317,009,753
Restricted cash and equity in pooled investments	727,938,384	4,477,674	732,416,058	476,404,158
	$ 862,956,575	$ 275,611,851	$ 1,138,568,426	$ 840,914,282

3. Cash and Investments, continued**:**

At June 30, 2019, 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	$ 169,993,619	$ 84,172,920	$ 23,305,456	$ 1,285,211	$ 278,757,206
U.S. Agencies	204,912,395	78,292,389	66,665,804	44,182,780	394,053,368
Municipal debt	3,724,338	1,430,623	1,363,567	1,549,009	8,067,537
Corporate indebtedness	22,463,858	15,969,606	17,743,839	1,292,133	57,469,436
Certificates of deposit	319,866				319,866
	$ 401,414,076	$ 179,865,538	$ 109,078,666	$ 48,309,133	738,667,413
Cash and cash equivalents					38,240
Restricted deposits held in trust accounts					124,250,922
					$ 862,956,575

Following are the cash and investments and maturities for Marine & Other at June 30, 2019:

	Investment Maturities (in years)				
	Less than 1	1 - 2	2 - 3	3 - 5	Value
U.S. Treasuries	$ 8,257,160	$ 11,161,192	$ 13,124,519	$ 723,769	$ 33,266,640
U.S. Agencies	46,026,794	44,090,534	37,542,996	24,881,632	152,541,956
Municipal debt	2,097,369	805,658	767,896	872,328	4,543,251
Corporate indebtedness	12,650,572	8,993,320	9,992,483	727,667	32,364,042
Certificates of deposit	180,134				180,134
	$ 69,212,029	$ 65,050,704	$ 61,427,894	$ 27,205,396	222,896,023
State of Oregon local government investment pool					46,068,439
Cash and deposits with financial institutions					6,647,389
					$ 275,611,851

Deposits with financial institutions include bank demand deposits. The total bank balance as shown on the bank statements was $18,821,029. Of these deposits, $250,000 was covered by federal depository insurance and $18,571,029 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 values hierarchy is based upon the activity level in the market for the security type and the inputs used to determine fair value, as follows:

Level 1 – Unadjusted quoted prices in active markets for identical instruments.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

3. Cash and Investments, continued**:**

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, 2019 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 2019 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 2019 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 $2,550,000 at June 30, 2019 and 2018, as collateral for certain accrued liabilities for workers' compensation (Note 10). Federal law requires these investments to be in only certain prescribed negotiable securities.

Certain investment earnings are paid to the Airport from the Port General Fund pooled investments when earned. At June 30, 2019 and 2018, approximately $391,331,000 and $353,468,000, 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 $20,600,000 at June 30, 2019 and $24,400,000 at June 30, 2018. Total trade receivables for the marine shipping industry were approximately $3,300,000 at June 30, 2019 and $2,500,000 at June 30, 2018. Total grants receivable for the Airport were approximately $4,800,000 at June 30, 2019 and $3,100,000 at June 30, 2018. Total grant receivables for marine and other were approximately $3,800,000 at June 30, 2019 and $1,400,000 at June 30, 2018. Other significant receivables include interest on investments and a dredging contract.

5. Properties:

Properties activity for the year ended June 30, 2019 was as follows:

Airport:	Beginning Balances	Additions	Disposals & Transfers	Completed Projects	Ending Balances
Capital Assets being depreciated:					
Land improvements	$ 853,891,106		$ (865,502)	$ 23,757,608	$ 876,783,212
Buildings and equipment	1,455,850,465		(2,270,314)	35,423,552	1,489,003,703
Total capital assets being depreciated	2,309,741,571		(3,135,816)	59,181,160	2,365,786,915
Less accumulated depreciation:					
Land improvements	452,381,795	$ 35,525,089	(865,502)		487,041,382
Buildings & equipment	751,496,141	60,100,368	(1,673,019)		809,923,490
Total accumulated depreciation	1,203,877,936	95,625,457	(2,538,521)		1,296,964,872
Total capital assets being depreciated, net	1,105,863,635	(95,625,457)	(597,295)	59,181,160	1,068,822,043
Capital assets not being depreciated:					
Land	68,042,167				68,042,167
Construction in progress	174,242,742	231,192,213		(59,181,160)	346,253,795
Total capital assets not being depreciated	242,284,909	231,192,213		(59,181,160)	414,295,962
Airport capital assets,net	$ 1,348,148,544	$ 135,566,756	$ (597,295)	$	$ 1,483,118,005
Marine & Other:					
Capital Assets being depreciated:					
Land improvements	$ 288,540,108		$ (10,280,104)	$ 2,835,386	$ 281,095,390
Buildings and equipment	249,733,112		(966,337)	8,528,799	257,295,574
Total capital assets being depreciated	538,273,220		(11,246,441)	11,364,185	538,390,964
Less accumulated depreciation:					
Land improvements	195,706,082	$ 9,500,767	(6,524,057)		198,682,792
Buildings & equipment	182,154,297	10,322,806	(941,296)		191,535,807
Total accumulated depreciation	377,860,379	19,823,573	(7,465,353)		390,218,599
Total capital assets being depreciated, net	160,412,841	(19,823,573)	(3,781,088)	11,364,185	148,172,365
Capital assets not being depreciated:					
Land	83,417,483				83,417,483
Construction in progress	23,837,587	12,966,391	(3,739,982)	(11,364,185)	21,699,811
Total capital assets not being depreciated	107,255,070	12,966,391	(3,739,982)	(11,364,185)	105,117,294
Marine & Other capital assets,net	$ 267,667,911	$ (6,857,182)	$ (7,521,070)	$	$ 253,289,659

5. Properties, continued:

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 two watercraft used by its navigation activity as security for related loans, as well as granting the City of Portland a lien on benefitted property in a local improvement district at marine Terminal 6.

The Port leases to others certain land, buildings, and equipment at various locations for terms ranging from 2 to 92 years. All leases are accounted for as operating leases. Costs of properties leased at June 30, 2019 included above are:

	Airport	Marine & Other	Total Port
Land and improvements	$ 4,446,566	$ 31,420,645	$ 35,867,211
Building & equipment	697,236,605	42,584,277	739,820,882
	701,683,171	74,004,922	775,688,093
Accumulated depreciation	(465,580,082)	(34,355,052)	(499,935,134)
	$ 236,103,089	$ 39,649,870	$ 275,752,959

Minimum future rentals receivable on noncancelable operating leases for the five succeeding fiscal years and thereafter are:

	Airport	Marine & Other	Total Port
2020	$ 49,534,000	$ 13,125,000	$ 62,659,000
2021	45,828,000	11,434,000	57,262,000
2022	43,950,000	8,740,000	52,690,000
2023	38,094,000	7,583,000	45,677,000
2024	24,912,000	6,459,000	31,371,000
Thereafter	57,773,000	122,576,000	180,349,000
Total	$ 260,091,000	$ 169,917,000	$ 430,008,000

Contingent rental revenues are included in operating revenues, primarily for Airport terminal area space, and were as follows in 2019 and 2018:

	Airport	Marine & Other	Total Port
2019	$ 73,800,000	$ 4,200,000	$ 78,000,000
2018	$ 75,500,000	$ 4,200,000	$ 79,700,000

6. Long-Term Debt:

At June 30, 2019, long-term debt consisted of the following:

	Pension	Airport Revenue	Passenger Facility Charge Revenue	Customer Facility Charge Revenue	Commercial Paper
Limited Tax Pension bonds:					
2002 Series (issued in fiscal 2002, original issue $54,952,959):					
7.41%, due serially through fiscal 2020	$ 832,780				
6.85%, due serially from fiscal 2020 through fiscal 2028	37,320,000				
6.6%, due fiscal 2025	6,205,000				
2005 Series (issued in fiscal 2006, original issue $20,230,000):					
4.859%, due fiscal 2020	1,100,000				
5.004%, due fiscal 2028	12,995,000				
Portland International Airport revenue bonds:					
Series Eighteen (issued in fiscal 2008, original issue $138,890,000 variable interest rate):					
currently 2.00%, due fiscal 2027		$ 32,320,000			
currently 1.97%, due fiscal 2027		32,320,000			
Series Twenty (issued in fiscal 2011, original issue $157,050,000):					
5.0%, due serially through fiscal 2029		60,890,000			
3.0% to 5.0%, due serially through fiscal 2031		16,960,000			
4.25%, due fiscal 2041		16,640,000			
Series Twenty-One C (issued in fiscal 2012, original issue $27,685,000):					
4.375% to 5.0%, due serially through fiscal 2024		27,685,000			
Series Twenty-Two (issued in fiscal 2015, original issue $90,050,000):					
4.0% to 5.0%, due serially through fiscal 2035		41,695,000			
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		83,125,000			
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		112,400,000			
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		100,235,000			
5.0%, due fiscal 2045		47,455,000			
5.0%, due fiscal 2050		60,565,000			
Passenger Facility Charge revenue bonds:					
Series 2011A (issued in fiscal 2012, original issue $75,670,000):					
3.0% to 5.5%, due serially through fiscal 2032			$ 65,590,000		
Series 2012A (issued and privately placed in fiscal 2013, original issue $57,725,000):					
variable interest rate, currently 2.82%, due fiscal 2025			54,405,000		
Customer Facility Charge revenue bonds:					
Series 2019 (issued in fiscal 2019, original issue $163,290,000):					
2.635% to 3.865%, due serially through fiscal 2033				$ 49,280,000	
3.915%, due serially through fiscal 2035				9,730,000	
4.067%, due serially through fiscal 2040				27,940,000	
4.237%, due serially through fiscal 2050				76,340,000	
Portland International Airport commercial paper:					
Series B (issued in fiscal 2019)					$ 1,500,000
1.65%, due fiscal 2020					
Totals, including $2,197,780, $26,265,000, $8,105,000, $0, and $1,500,000 respectively, due within one year	$ 58,452,780	$ 824,025,000	$ 119,995,000	163,290,000	$ 1,500,000

6. <u>Long-Term Debt</u>, continued:

		Direct Borrowings - Contracts and Loans Payable at June 30, 2019
City of Portland, local improvement district installment payment contract (issued in fiscal 2003, original amount $10,189,218, secured by a property lien), 5.32%, payable in monthly installments ranging from $56,391 due on July 1, 2019 to $55,887 due on April 1, 2023, including $696,516 due within one year	$	2,800,890
State of Oregon Department of Transportation, Multimodal Transportation Funds loan (issued in fiscal 2009, original amount available $2,000,000), 0.0%, payable in annual installments of $200,000 due March 31, 2020 through March 31, 2021, including $200,000 due within one year		400,000
State of Oregon Department of Transportation, Multimodal Transportation Funds loan (issued in fiscal 2011, original amount available $7,427,000), 0.0%, payable in annual installments of $742,700 due July 1, 2020 through July 1, 2022		2,228,100
State of Oregon Business Development Department Special Public Works Fund loan (issued in fiscal 2009, original amount available $8,700,000), 3.00% to 4.00%, payable in annual installments ranging from $386,262 due December 1, 2019 to $573,262 due December 1, 2030, including $386,262 due within one year		5,656,931
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 $77,344 due August 1, 2019 to $115,011 due June 1, 2028, including $947,518 due within one year		10,159,354
Banc of America Leasing & Capital, LLC, (issued in fiscal 2014, original amount $2,303,000, secured by a lien on the financed asset), 2.84%, payable in monthly installments ranging from $35,027 due August 1, 2019 to $35,193, due October 1, 2019, including $105,330 due within one year		105,330
Total, including $2,335,626 due within one year	$	21,350,605

Future debt service requirements on bonds, contracts and loans payable at June 30, 2019 are as follows:

	Airport									
	Revenue Bonds		PFC Revenue Bonds		Directly Placed 2012A PFC Revenue Bonds		CFC Revenue Bonds		Commercial Paper	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 26,265,000	$ 35,144,852	$ 150,000	$ 3,385,575	$ 7,955,000	$ 1,532,654		$ 4,366,934	$ 1,500,000	$ 6,103
2021	31,200,000	37,298,709	135,000	3,381,300	8,370,000	1,308,552	$ 3,160,000	6,323,129		
2022	32,735,000	36,043,592	125,000	3,377,244	8,805,000	1,072,759	3,240,000	6,237,578		
2023	31,795,000	34,700,779	105,000	3,373,506	9,265,000	824,712	3,330,000	6,147,556		
2024	34,635,000	33,288,406	80,000	3,370,400	9,750,000	563,706	3,420,000	6,052,751		
2025-2029	146,995,000	146,252,310	34,435,000	13,429,524	10,260,000	289,037	18,720,000	28,597,361		
2030-2034	113,460,000	115,862,038	30,560,000	2,562,401			22,180,000	25,014,978		
2035-2039	144,470,000	84,065,105					26,855,000	20,214,814		
2040-2044	130,330,000	49,622,644					32,845,000	14,083,205		
2045-2049	118,815,000	16,656,375					40,405,000	6,357,089		
2050-2054	13,325,000	333,125					9,135,000	193,525		
	$ 824,025,000	$ 589,267,935	$ 65,590,000	$ 32,879,950	$ 54,405,000	$ 5,591,420	$ 163,290,000	$ 123,588,920	$ 1,500,000	$ 6,103

6. <u>Long-Term Debt</u>, continued:

	Marine & Other			
	Pension Bonds		Direct Borrowings	
	Principal	Interest	Principal	Interest
2020	$ 2,197,781	$ 5,961,889	$ 2,335,626	$ 779,968
2021	4,925,000	3,598,067	3,066,484	686,380
2022	5,605,000	3,283,411	2,969,443	586,871
2023	6,350,000	2,924,666	2,850,364	483,864
2024	7,165,000	2,517,566	1,574,307	407,880
2025-2029	32,210,000	4,925,117	7,426,636	984,918
2030-2034			1,127,745	66,606
	$ 58,452,781	$ 23,210,716	$ 21,350,605	$ 3,996,487

Changes in long-term debt on the balance sheet for the year ended June 30, 2019 were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Airport:				
Long-term privately placed bonds outstanding	$ 57,195,000		$ (2,790,000)	$ 54,405,000
less: current portion	(2,790,000)	$ (7,955,000)	2,790,000	(7,955,000)
Long-term bonds outstanding	715,845,000	371,545,000	(34,485,000)	1,052,905,000
less: current portion	(34,485,000)	(26,415,000)	34,485,000	(26,415,000)
Unamortized bond issue premium	59,734,965	37,348,173	(4,640,308)	92,442,830
Total	$ 795,499,965	$ 374,523,173	$ (4,640,308)	$ 1,165,382,830
Marine & Other:				
Long-term direct borrowings outstanding	$ 24,652,975		$ (3,302,374)	$ 21,350,601
less: current portion	(2,559,670)	$ (2,335,626)	2,559,670	(2,335,626)
Long-term bond debt outstanding	60,339,398		(1,886,617)	58,452,781
less: current portion	(1,886,618)	(2,197,781)	1,886,618	(2,197,781)
Long-term bond interest payable	1,685,927		(1,685,927)	
Total	$ 82,232,012	$ (4,533,407)	$ (2,428,630)	$ 75,269,975

In addition, at June 30, 2019 and 2018, the Port has recorded $19,937,002 and $22,571,834 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. Three loans also grant a lien under which the lender may also choose to sell the secured property in the event of default.

Limited Tax Pension Bonds were issued to fund the Port's estimated unfunded actuarial accrued liability as of April 1, 2002 (Note 8). These bonds are backed by a pledge of the full faith and credit of the Port's Marine & Other activity, and debt service is payable from Marine & Other revenues, including existing property tax levies. Additional property taxes

6. Long-Term Debt, continued:

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. Interest for certain of the 2002 Limited Tax Pension Bonds is payable only at maturity.

Limited Tax Pension Bonds were also issued to fund the Port's estimated unfunded actuarial accrued liability as of October 1, 2005 (Note 8). These bonds are backed by a pledge of the full faith and credit of the Port's Marine & Other activity, and debt service is payable from Marine & Other revenues, including existing property tax levies. Additional property taxes may not be levied for debt service on these bonds. These bonds are subject to optional redemption by the Port, in whole or in part, on any date, at a price equal to the greater of par or a discounted value, as defined. Bonds maturing on June 1, 2020 are subject to mandatory redemption, at par, prior to maturity, in part, beginning June 1, 2015, and on each June 1 thereafter. Bonds maturing on June 1, 2028 are subject to like mandatory redemption, beginning June 1, 2021, and on each June 1 thereafter.

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, 2019 and 2018.

On July 1, 2015, ten year contracts with major airline customers became effective in which the airlines have provided financial guarantees sufficient to meet the net revenues requirement for airline supported activities, primarily airfield and terminal operations. Net revenues of other activities, primarily parking, air cargo, and a portion of rental car operations are neither guaranteed nor limited to specified levels by these contracts. The contracts also contain an annual revenue sharing provision through June 30, 2025 in which fees to signatory airlines are discounted $6,000,000 annually. The annual

6. <u>Long-Term Debt</u>, continued:

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 $4,418,872 for fiscal 2019 and by $4,754,434 for fiscal 2018.

In fiscal 2019, the Port issued Series Twenty-Five bonds to pay, or to reimburse the Port for the payment of, costs of the design, construction, renovation, acquisition, equipping and installation of capital improvements at the Airport, to repay certain Commercial Paper Notes issued to finance a portion of the Series Twenty-Five projects, to capitalize a portion of the interest on the Series Twenty-Five bonds, to cash fund $5,000,000 in debt service reserve, and to pay costs of issuing the Series Twenty-Five bonds. The bonds have a 5 percent coupon rate with maturities ranging from 2020 to 2049. The Series Twenty-Five bonds maturing on or before July 1, 2029 are not subject to optional redemption prior to maturity. Series Twenty-Five bonds maturing on or after July 1, 2030 are redeemable at the option of the Port, on or after January 1, 2029 at 100 percent of the principal amount plus interest.

Series Twenty-Four bonds maturing on or before July 1, 2027 are not subject to optional redemption prior to maturity. Series Twenty-Four bonds maturing on or after July 1, 2028 are redeemable at the option of the Port on or after July 1, 2027 at 100 percent of the principal amount plus accrued interest.

Series Twenty-Three bonds maturing on or before July 1, 2025 are not subject to optional redemption prior to maturity. Series Twenty-Three bonds maturing on or after July 1, 2026 are redeemable at the option of the Port on or after July 1, 2025 at 100 percent of the principal amount plus accrued interest.

Series Twenty-Two bonds maturing on or before July 1, 2024 are not subject to optional redemption prior to maturity. Series Twenty-Two bonds maturing on or after July 1, 2025 are redeemable at the option of the Port on or after July 1, 2024 at 100 percent of the principal amount plus accrued interest.

Series Twenty-One C bonds maturing on or before July 1, 2021 are not subject to optional redemption prior to maturity. Series Twenty-One C bonds maturing on or after July 1, 2022 are redeemable at the option of the Port on or after July 1, 2021 at 100 percent of the principal amount plus accrued interest.

Series Twenty-One B bonds are not subject to redemption prior to maturity.

Series Twenty bonds maturing on or before July 1, 2020 are not subject to redemption prior to maturity. Series Twenty bonds maturing on or after July 1, 2021 are redeemable at the option of the Port, at par, in part, by lot, on or after July 1, 2020.

Series Eighteen variable rate demand bonds bear an interest rate that is generally reset weekly by remarketing agents, and cannot exceed 12.0 percent. Payments of principal and interest on the Series Eighteen bonds and the purchase price of Series Eighteen bonds that are subject to optional or mandatory purchase and not remarketed will be payable by draws on an irrevocable direct pay letter of credit. Series Eighteen bonds are redeemable at the option of the Port, at par, prior to maturity, in whole or in part, by lot, on any business day. In the event that Series Eighteen bonds are not remarketed and the irrevocable direct pay letter of credit is drawn upon, the draw will constitute a liquidity advance by the letter of credit bank. The Port must repay the liquidity advance over a term of three years at a variable rate of interest that increases over time, reaching a maximum rate of the greater of the federal funds rate plus 2.5 percent, or the bank's prime rate plus 2.0 percent. In the event of default, outstanding amounts become immediately due and payable.

All Airport revenue bonds principal and interest are payable solely from revenues derived from the operation and related services of the Airport.

PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REVENUE BONDS

Port Ordinance No. 395-B, enacted June 10, 1999, authorized the issuance of Portland International Airport Passenger Facility Charge Revenue Bonds (PFC revenue bonds) to pay the costs of construction of certain Federal Aviation Administration approved PFC projects. The PFC revenue bonds are backed by a pledge and assignment of PFC revenues.

6. Long-Term Debt, continued:

The PFC revenue bonds are not in any manner or to any extent a general obligation, a lien on tax revenues of the Port, or a charge upon any other revenues or property of the Port not specifically pledged thereto. The proceeds of all PFC revenue bonds issued to date have been deposited in funds (accounts) designated for, and have been used for, prescribed purposes only.

Ordinance No. 395-B established a debt service reserve account in an amount equal to the maximum annual debt service. The reserve account was fully funded from PFC bond proceeds. Ordinance No. 395-B requires that PFC revenues be accounted for in a PFC fund and used for, in order of priority, payments into a PFC bond fund to provide for payment of PFC bond interest and principal, payments into the reserve account, any required payments into an obligations account, any required payments into an obligations reserve account, and then to a PFC capital account. The capital account may be used to pay costs of construction, additions, improvements, repairs to, or extensions of approved PFC projects or be used for any other lawful Port purpose to the extent permitted by PFC regulations. Until so applied, amounts in the capital account are pledged to payment of and subject to a lien and charge in favor of registered owners of the PFC revenue bonds.

In connection with the PFC revenue bonds, the Port has also covenanted to comply with PFC laws and regulations, noise regulations, and to manage the PFC program so that remaining PFC authority (as defined in Ordinance No. 395-B) less contractual commitments, shall exceed 105 percent of defined unpaid debt service.

The Series 2012A variable rate bonds were issued in the form of index bonds bearing an interest rate that is generally reset weekly based on an applicable spread of 63.5 basis points plus 70 percent of 1 month LIBOR, and cannot exceed 12.0 percent. The Series 2012A bonds have a maturity date of July 1, 2024 and are subject to mandatory sinking account payments prior to maturity. The Series 2012A bonds were directly purchased by a single buyer for an initial purchase period ending June 1, 2020. Series 2012A bonds are redeemable at the option of the Port, at par, prior to maturity, in whole or in part. At the end of the initial purchase period, the Port may repurchase the outstanding bonds at par, or redeem the bonds in installments over a three year period with an interest rate based on the greater of the prime rate plus 1.0 percent, the federal funds rate plus 2.0 percent, or 7.0 percent. In the event of default, outstanding amounts become immediately due and payable.

Series 2011A bonds maturing on or before July 1, 2021 are not subject to optional redemption prior to maturity. Series 2011A bonds maturing on or after July 1, 2022 are redeemable at the option of the Port on or after July 1, 2021 at 100 percent of the principal amount plus accrued interest.

PFC revenue bonds principal and interest are payable solely from PFC revenues.

PORTLAND INTERNATIONAL AIRPORT CUSTOMER FACILITY CHARGE REVENUE BONDS

Port Ordinance 461-B, enacted February 13, 2019, authorized the issuance and sale of Portland International Airport Customer Facility Charge Revenue Bonds (CFC revenue bonds) to finance and refinance costs of rental car facilities and related projects at Portland International Airport. CFC revenue bonds are secured by and payable solely from customer facility charges (CFCs) collected from rental car customers who rent cars from rental car companies operating at the Airport, with the backstop of a contingent fee payment from the rental car companies operating at the Airport in the event that there is a deficiency in CFCs needed to make payments or meet covenants pursuant to the CFC bond ordinances. The CFC revenue bonds are not in any manner or to any extent a general obligation, nor a charge upon any other revenues or property of the Port not specifically pledged thereto. The proceeds of all CFC revenue bonds issued to date have been deposited in funds (accounts) designated for, and have been used for, prescribed purposes only.

In fiscal 2019, the Port issued Series 2019 CFC revenue bonds to pay, or to reimburse the Port for the payment of, costs of the design, construction, equipping and installation of a consolidated rental car facility (ConRAC) located at the Airport, to repay certain Commercial Paper Notes issued by the Port, the proceeds of which were used to finance certain costs associated with the ConRAC, to make a deposit of $9,525,376 in debt service reserve, and to pay costs of issuing the Series 2019 CFC revenue bonds. The bonds have coupon rates ranging from 2.635 percent to 4.237 percent, with maturities ranging from 2020 to 2049. The Series 19 CFC revenue bonds stated to mature 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

6. Long-Term Debt, continued:

interest. In addition, the Series 19 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% 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.

In fiscal 2018, the Port issued Series B and Series C commercial paper to fund the costs of constructing improvements at the Airport and to pay interest on maturing commercial paper. Commercial paper outstanding totaled $1,500,000 and $28,500,000 at June 30, 2019 and 2018, respectively. Commercial paper is included in current portion of long-term debt on the balance sheet. In the event of default, outstanding amounts become immediately due and payable.

DERIVATIVE INSTRUMENTS

At June 30, 2019, the Airport had the following hedging derivative instruments outstanding:

Item	Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Fair Value
A	Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2008 Series 18 bonds	$ 3,350,000	7/1/2005	7/1/2025	Pay 5.1292%, receive 68% 1 month LIBOR	$ (292,000)
B	Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2008 Series 18 bonds	$ 3,350,000	7/1/2005	7/1/2025	Pay 5.1339%, receive 68% 1 month LIBOR	$ (292,000)
C	Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2008 Series 18 bonds	$28,600,000	7/1/2006	7/1/2026	Pay 4.9356%, receive 68% 1 month LIBOR	$ (2,661,000)
D	Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2008 Series 18 bonds	$28,600,000	7/1/2006	7/1/2026	Pay 4.9403%, receive 68% 1 month LIBOR	$ (2,661,000)

At the inception of each interest rate swap agreement, the fixed rate on each of the swaps was off-market such that the Airport received an up-front payment; for derivative instruments A, B, C, and D, collectively, the Airport received three equal up-front payments totaling $9,293,538. As such, each swap is comprised of a derivative instrument, an at-market swap, and a companion borrowing instrument represented by the upfront payment. The fair value of the derivatives was negative $5,906,000 at June 30, 2019 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 $430,168 and a noncurrent liability of $1,072,832 at June 30, 2019. Hedge accounting is applied to the derivatives, and accordingly, the cumulative change in fair value of the derivatives (at-market interest rate swaps) were recorded as deferred outflows of $5,906,000, which is an increase of $42,000 from the June 30, 2018 amount.

The fair values of the at-market interest rate swaps are estimated using the zero-coupon method. The method calculated the future net settlement payments required by the swaps, assuming that the current forward rates implied by the yield curves correctly anticipate future spot interest rates. These payments are discounted using the spot rates implied by the current yield curves for the hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

6. Long-Term Debt, continued:

Credit risk. The Airport has two separate counterparties for these interest rate swaps. To minimize its exposure to loss related to credit risk, it is the Port's policy to enter into interest rate swaps with counterparties which have demonstrated experience in these types of financial instruments and either 1) rated in one of the top three rating categories by at least two nationally recognized rating agencies, or 2) will collateralize in accordance with all statutory requirements. The June 30, 2019 credit rating for each of the counterparties is as follows:

Derivative Instrument	Counterparty Credit Rating
Derivative A and C	A+ / Aa2
Derivative B and D	AA- / Aa2

Interest rate swaps with positive fair values are exposed to credit risk; interest rate swaps with negative fair values are not exposed to credit risk. At June 30, 2019, none of the Airport's interest rate swaps were exposed to credit risk.

Interest rate risk. The Airport is exposed to interest rate risk on its pay-fixed, receive 68% of 1 month LIBOR interest rate swaps. As 1 month LIBOR decreases, the Airport's net payment on the swaps increases; this is offset substantially by decreases in the Airport's interest payments on the bonds.

Basis risk. The variable rate debt hedged by the Airport's interest rate swaps A, B, C, and D are variable rate demand obligation (VRDO) bonds that are remarketed weekly. The Airport is exposed to basis risk on its pay-fixed interest rate swap derivative instruments that are hedging the VRDO bonds, because the variable rate payments received by the Airport on these derivative instruments are based on a rate or index other than the interest rates the Airport pays on the VRDO bonds. At June 30, the weighted-average interest rate on the Airport's VRDO bonds is 1.985 percent, while 68 percent of 1 month LIBOR is approximately 1.653 percent.

Termination risk. The Airport or its counterparty may terminate an interest rate swap if the other party fails to perform under the terms of the contract. In addition, the swap may be terminated if the Airport or a swap counterparty's rating drops below BBB- / Baa3. At termination, the Airport may owe a termination payment if there is a realized loss based on the fair value of the terminated interest rate swap.

Derivative instruments A, B, C and D require the Airport to post collateral in the event that its Standard & Poors credit rating drops below A-. The collateral posted is to be in the form of cash or U.S. Treasury securities in the amount of the negative fair value of the interest rate swap. The Airport's credit rating is AA- at June 30, 2019; therefore, no collateral has been posted for these derivative instruments.

At June 30, 2019, the Airport had the following investment derivative instruments outstanding:

Item	Type	Notional Amount	Effective Date	Maturity Date	Terms	Fair Value
E	Pay-fixed interest rate swap	$ 32,643,000	7/1/2009	7/1/2024	Pay 4.975%, receive 68% 1 month LIBOR	$ (2,260,000)
F	Pay-fixed interest rate swap	$ 21,762,000	7/1/2009	7/1/2024	Pay 4.955%, receive 68% 1 month LIBOR	$ (1,490,000)

At the inception of each interest rate swap agreement, the fixed rate on each of the swaps was off-market such that the Airport received an up-front payment; for derivative instruments E and F, the Airport received an up-front payment totaling $5,453,000. As such, each swap is comprised of a derivative instrument, an at-market swap, and a companion borrowing instrument represented by the upfront payment. The fair value of the derivatives was negative $3,750,000 at June 30, 2019 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 $516,557 and a noncurrent liability of $1,014,635 at June 30, 2019. In fiscal 2013, the 2009A PFC variable rate bonds hedged by derivative instruments E

6. Long-Term Debt, continued:

and F were refunded; therefore, for accounting and financial reporting purposes, these derivatives are considered investment derivative instruments. Accordingly, the increase in fair value of the swaps of $132,000 during fiscal 2019 was recorded in interest revenue on the statement of revenues, expenses, and changes in net position.

The fair values of the at-market interest rate swaps are estimated using the zero-coupon method. The method calculated the future net settlement payments required by the swaps, assuming that the current forward rates implied by the yield curves correctly anticipate future spot interest rates. These payments are discounted using the spot rates implied by the current yield curves for the hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Credit risk. The Airport has two separate counterparties for these interest rate swaps. To minimize its exposure to loss related to credit risk, it is the Port's policy to enter into interest rate swaps with counterparties which have demonstrated experience in these types of financial instruments and either 1) rated in one of the top three rating categories by at least two nationally recognized rating agencies, or 2) will collateralize in accordance with all statutory requirements. The June 30, 2019 credit rating for each of the counterparties is as follows:

Derivative Instrument	Counterparty Credit Rating
Derivative E	A+ / Aa2
Derivative F	A- / A3

Interest rate swaps with positive fair values are exposed to credit risk; interest rate swaps with negative fair values are not exposed to credit risk. At June 30, 2019, none of the Airport's interest rate swaps were exposed to credit risk.

Basis risk. The variable rate debt hedged by the Airport's interest rate swaps E and F are index rate bonds with rates that are reset weekly. The Airport is exposed to basis risk on its pay-fixed interest rate swap derivative instruments that are hedged to the index rate bonds, because the variable rate payments received by the Airport on these derivative instruments are based on a rate other than the interest rate the Airport pays on the index rate bonds. At June 30, the weighted–average interest rate on the Airport's index rate bonds is approximately 2.817 percent, while 68 percent of 1 month LIBOR is approximately 1.636 percent.

Derivative instrument E requires the Airport to post collateral in the event that its Standard & Poors credit rating drops below A- or if the negative fair value of that derivative instrument exceeds $15 million. The Airport's credit rating is AA- at June 30, 2019, and the negative fair value of derivative instrument E does not exceed $15 million; therefore, no collateral has been posted for this derivative instrument. Derivative instrument F requires the Airport to post collateral in the event that its Standard & Poors credit rating drops below BBB- or if there is a negative fair value of that derivative instrument. Derivative instrument F has a negative fair value at June 30, 2019; therefore, the Airport has posted $2,290,000 in collateral with the counterparty (included in restricted cash and equity in pooled investments on the Airport's balance sheet).

As rates vary, variable rate bond interest payments and net swap payments will vary. Although not a prediction by the Port of future interest cost of the variable rate bonds or of the impact of interest rate swaps, following are debt service requirements of the Airport's hedged variable rate debt and related net swap payments, using rates as of June 30, 2019:

	Variable Rate Airport Revenue Bonds			
	Principal	Interest	Interest Rate Swaps, net	Total
2020	$ 9,410,000	$ 1,096,316	$ 1,648,335	$ 12,154,651
2021	9,865,000	900,495	1,320,081	12,085,576
2022	10,310,000	695,841	1,044,463	12,050,304
2023	6,590,000	565,030	823,940	7,978,970
2024	6,900,000	428,065	591,894	7,919,959
2025-2026	21,565,000	419,530	589,718	22,574,248
	$ 64,640,000	$ 4,105,277	$ 6,018,431	$ 74,763,708

6. Long-Term Debt, continued:

	Variable Rate Passenger Facility Charge Bonds			
	Principal	Interest	Interest Rate Swaps, net	Total
2020	$ 7,955,000	$ 1,308,552	$ 1,408,037	$ 10,671,589
2021	8,370,000	1,072,759	1,121,949	10,564,708
2022	8,805,000	824,712	820,953	10,450,665
2023	9,265,000	563,706	504,215	10,332,921
2024	9,750,000	289,037	341,807	10,380,844
2025	10,260,000			10,260,000
	$ 54,405,000	$ 4,058,766	$ 4,196,961	$ 62,660,727

7. Industrial Revenue Bonds:

The Port facilitates the issuance of industrial revenue bonds by others to finance construction of industrial facilities within the Port district which it leases or sells on installment contracts to the industrial users. Such facilities and the related receipts from lease rentals and contract payments are pledged for payment of the bonds. The bonds are not a liability or contingent liability of the Port or a lien on any of its properties or revenues other than the industrial facilities for which they were issued. Accordingly, the bond liability and related receivables are not reflected in the Port's financial statements.

Industrial revenue bonds for Airport industrial facilities were outstanding in the amount of $17,300,000 at both June 30, 2019 and 2018.

8. Pension Plans and Deferred Compensation Plan:

Most employees, after six months of employment, are participants in the State of Oregon Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan (Plan), administered by PERS, to which employees and employers both contribute. Benefits generally vest after five years of service. Retirement is allowed at age 58 with unreduced benefits, but retirement is generally available after age 55 with reduced benefits. Retirement benefits are generally based on salary and length of service or retiree account balance, are calculated using a formula, and are payable in a lump sum or monthly using several payment options. Monthly benefits are adjusted annually through cost-of-living adjustments (COLA). A prospective cap on the COLA which took effect in fiscal 2015 and beyond varies based upon the amount of the annual benefit. PERS also provides death and disability benefits. These benefit provisions and other requirements are established by state statutes.

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of PERS, and additions to/deductions from PERS' fiduciary net position, have been determined on the same basis as they are reported by PERS. PERS uses accrual basis accounting for all funds, recognizing revenues when earned, contributions when due, benefits in the month they are earned, and withdrawals in the month they are due and payable. PERS issues a publicly available financial report, which may be obtained at www.oregon.gov/pers or by writing to PERS, PO Box 23700, Tigard, Oregon 97281. The rate of employee contributions (6 percent of annual covered salary) is established by state statute, and the rate of employer contributions to PERS is set periodically by PERS based on actuarial valuations. The Port's contribution rate was 15.57 percent of annual covered payroll for fiscal years 2019 and 2018. 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 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

8. <u>Pension Plans and Deferred Compensation Plan</u>, continued:

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 $1,886,618 and $1,768,815 in fiscal 2019 and 2018, respectively, of which $979,576 and $914,079 were applicable to the Airport.

The 2003 Oregon legislature adopted a number of amendments to the benefit structure of PERS, later modified by the Oregon Supreme Court. In addition to adopting amendments to the benefit structure of PERS, the 2003 legislature passed HB 2020, which established a successor pension plan to PERS, the Oregon Public Service Retirement Plan (OPSRP). All public employees hired on or after August 29, 2003, unless membership was previously established in PERS, become participants in OPSRP, generally after six months of employment. OPSRP is a hybrid pension plan with two components, the Pension Program (a defined benefit program) and the Individual Account Program (IAP) (a defined contribution program), and is administered by PERS, the agency. The Pension Program is funded by employer contributions. For general service members, normal retirement age is 65 or age 58 with 30 years of service, and for police and fire members, normal retirement age is 60 or age 53 with 25 years of service. Retirement benefits under the Pension Program are calculated using a formula based on final average salary, as defined, and years of service. The IAP is funded by a 6 percent employee contribution (which may be paid by the employer for the employee). The Port pays the employee contribution. Employee contributions are placed in an employee account, accounts are adjusted for earnings or losses, and are paid at retirement, either as a lump sum or in installments. Effective January 1, 2004, required 6 percent employee contributions for PERS members are paid to the member's IAP account rather than the member's PERS account, as required by the 2003 legislation. The Port's employer contribution rate to OPSRP, set periodically by PERS based on actuarial valuations, was 8.02 percent of annual covered payroll for general service members and 12.79 percent for police and fire members for fiscal 2019 and 2018; the Port also pays the required employee contributions of 6 percent of annual covered salary.

The Port's fiscal 2019 and 2018 contributions recognized by PERS were $8,714,060 and $8,143,225. Actuarial determinations are not made solely as to Airport employees. PERS contributions of $4,266,890 and $3,854,851 were applicable to the Airport for fiscal years 2019 and 2018, respectively, based upon 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, 2019 was determined based on an actuarial valuation as of December 31, 2016 and rolled forward to the measurement date of June 30, 2018; the TPL at June 30, 2018 was determined based on an actuarial valuation as of December 31, 2015 and rolled forward to the measurement date of June 30, 2017. 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, 2019, the Port's proportionate share of the collective NPL of PERS is $99,928,241, or 0.65964970 percent of the total, and the Port recognized pension expense of $18,675,166 as its proportionate share of PERS pension expense. For the year ended June 30, 2018, the Port's proportionate share of the collective NPL of PERS is $86,772,304, or 0.64370965 percent of the total, and the Port recognized pension expense of $17,866,439 as its proportionate share of PERS pension expense. Actuarial determinations are not made solely as to Airport employees. For the year ended June 30, 2019, $45,416,891 of the NPL, and $8,919,271 of pension expense, was applicable to the Airport. For the year ended June 30, 2018, $39,036,170 of the NPL, and $8,233,507 of pension expense, was applicable to the Airport.

8. <u>Pension Plans and Deferred Compensation Plan</u>, continued:

Actuarial assumptions used in the 2016 valuation rolled forward to the measurement date of June 30, 2018 were as follows:

- Investment Rate of Return: 7.20 percent per annum
- Projected Salary Increases: 3.50 percent overall payroll growth
- Inflation Rate: 2.50 percent per annum

Mortality assumptions for healthy retirees and beneficiaries are based on RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs. Active members' mortality assumptions are based on RP-2014 Employees, sex distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and setbacks. Disabled retirees' mortality assumptions are based on RP-2014 Disabled retirees, sex distinct, generational with Unisex, Social Security Data Scale.

Actuarial assumptions used in the 2015 valuation rolled forward to the measurement date of June 30, 2017 were as follows:

- Investment Rate of Return: 7.50 percent per annum
- Projected Salary Increases: 3.50 percent overall payroll growth
- Inflation Rate: 2.50 percent per annum

Mortality assumptions for healthy retirees and beneficiaries were based on RP-2000 sex-distinct, generational per Scale BB. Active members' mortality rates are a percentage of healthy retiree rates that vary by group. Disabled retirees' mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 sex-distinct, generational per Scale BB, disabled mortality table.

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 2016 valuation rolled forward to the measurement date of June 30, 2018 are based on the 2016 Experience Study, which reviewed experience for the four-year period ended on December 31, 2016. The methods and assumptions shown above for the 2015 valuation rolled forward to the measurement date of June 30, 2017 are based on the 2014 Experience Study, which reviewed experience for the four-year period ended on December 31, 2014.

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% 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.

8. Pension Plans and Deferred Compensation Plan, continued:

Based on these circumstances, it is PERS' independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

The discount rate used to measure the TPL of PERS was 7.20 percent for the measurement date of June 30, 2018, and 7.5 percent for the measurement date of June 30, 2017. 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 2019, the Port's $99,928,241 proportionate share of the NPL was calculated using the discount rate of 7.20 percent as of the measurement date of June 30, 2018. If a discount rate 1 percentage point lower (6.20%) were used in the calculation, it would result in an NPL for the Port of $166,998,969. If a discount rate 1 percentage point higher (8.20%) were used in the calculation, it would result in an NPL for the Port of $44,566,844. For fiscal 2018, the Port's $86,772,304 proportionate share of the NPL was calculated using the discount rate of 7.50 percent as of the measurement date of June 30, 2017. If a discount rate 1 percentage point lower (6.50%) were used in the calculation, it would result in an NPL for the Port of $147,875,850. If a discount rate 1 percentage point higher (8.50%) were used in the calculation, it would result in an NPL for the Port of $35,678,425.

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, 2018 and 2017, 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 July 2015. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

8. Pension Plans and Deferred Compensation Plan, continued:

Asset class	Target allocation*	Compound annual (geometric) return
Core fixed income	8.00%	3.49%
Short-term bonds	8.00%	3.38%
Bank/leveraged loans	3.00%	5.09%
High yield bonds	1.00%	6.45%
Large/mid cap U.S. equities	15.75%	6.30%
Small cap U.S. equities	1.31%	6.69%
Micro cap U.S. equities	1.31%	6.80%
Developed foreign equities	13.13%	6.71%
Emerging market equities	4.13%	7.45%
Non-U.S. small cap equities	1.88%	7.01%
Private equity	17.50%	7.82%
Real estate (property)	10.00%	5.51%
Real estate (REITs)	2.50%	6.37%
Hedge fund of funds - diversified	2.50%	4.09%
Hedge fund - event driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
Assumed inflation - mean	n/a	2.50%

* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of June 7, 2017.

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, 2018 and 2017, 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,	2018	2017	2018	2017
Differences between expected and actual experience	$ 1,456,015	$ 2,253,100		
Changes of assumptions	23,233,126	15,817,043		
Net difference between projected and actual earnings on plan investments		893,958	$ 4,437,379	
Differences between contributions and Port's proportionate share of system contributions	3,647,690	3,730,833	3,427,760	$ 4,810,607
Total	$ 28,336,831	$ 22,694,934	$ 7,865,139	$ 4,810,607

8. <u>Pension Plans and Deferred Compensation Plan</u>, continued:

Port employer contributions for PERS made after the measurement date are reported as deferred outflows on the balance sheet at June 30, 2019 and 2018 in the amount of $8,714,060 and $8,143,225, respectively; these contributions are recognized as a reduction in the Port's NPL in the ensuing year. $4,266,890 and $3,854,851 of the deferred outflows were applicable to the Airport at June 30, 2019 and 2018, respectively.

Cumulative deferred inflows and outflows related to PERS will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Deferred Outflows/ (Inflows) of Resources - Airport	Deferred Outflows/ (Inflows) of Resources - Marine & Other	Deferred Outflows/ (Inflows) of Resources - Total
2020	$ 5,313,379	$ 6,566,008	$ 11,879,387
2021	3,796,304	4,691,282	8,487,586
2022	(709,936)	(877,303)	(1,587,239)
2023	484,345	598,530	1,082,875
2024	272,429	336,654	609,083
Total	$ 9,156,521	$ 11,315,171	$ 20,471,692

Subsequent to the measurement date, the 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 could have the effect of reducing employer rates prospectively. Certain provisions of Senate Bill 1049 have been challenged with the Oregon Supreme Court and could be overturned. Changes that are not overturned will be reflected in the next year's actuarial valuations, and their effects are expected to be significant to the plan liabilities.

The Port offers all its employees a deferred compensation plan created in accordance with IRC Section 457. The plan permits eligible employees to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of an employee trust, held for the exclusive benefit of participants and their beneficiaries, and are not subject to the claims of the Port's general creditors. The Port has little administrative involvement with the plan and does not perform the investing function. Therefore, the plan assets are not included on the balance sheet.

9. <u>Postemployment Healthcare Benefits</u>:

The Port administers a single-employer defined-benefit healthcare plan which provides certain qualifying employees retiring under PERS or OPSRP with Port-paid healthcare coverage for the qualifying retiree until age 65. This program is being phased out and is closed to any employees that did not meet age and length-of-service eligibility requirements by December 31, 2011. The Port does not issue a publicly available report on the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75, and contributions to the plan are made on a pay-as-you-go basis.

Under Oregon State law, employees retiring under PERS or OPSRP may make a one-time election at retirement to continue their health insurance coverage through the Port until eligible for Medicare (usually age 65). Coverage may be elected for the retiring employee, their spouse, and for qualifying dependents. Premiums are paid by the retiree at the Port's pooled rate, which is the same rate paid for active employees. Retirees, on average, are expected to have higher health care costs than active employees, primarily due to the older average age of retirees. Since the same premium applies to both groups, the premiums paid for active employees by the Port are subsidizing the premiums for retirees. As a result, there is an 'implicit subsidy' paid by the Port; the implicit subsidy associated with retiree health care costs paid during the last year is also considered to be a contribution from the Port.

9. Postemployment Healthcare Benefits, continued**:**

At June 30, 2019, the following employees were covered by the benefits terms of the plan:

Inactive employees currently receiving benefit payments	36
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	789
	825

For the year ended June 30, 2019, the Port's total other postemployment benefit (OPEB) liability of $6,477,793 was determined based upon a July 1, 2019 actuarial valuation, measured as of June 30, 2019; $3,489,923 of this OPEB liability was attributable to the Airport. The Port recognized OPEB expense of $472,591 in fiscal 2019, with $248,426 of OPEB expense applicable to the Airport. For the year ended June 30, 2018, the Port's total other postemployment benefit (OPEB) liability of $6,283,870 was determined based upon a July 1, 2017 actuarial valuation, measured as of June 30, 2017, rolled forward to a reporting date of June 30, 2018; $3,511,787 of this OPEB liability was attributable to the Airport. The Port recognized OPEB expense of $337,178 in fiscal 2018, with $190,112 of OPEB expense applicable to the Airport.

The OPEB liability in the July 1, 2019 actuarial valuation measured as of June 30, 2019 was determined using the following actuarial assumptions:

- A discount rate of 2.79 percent based on the S&P Municipal Bond 20-Year High Grade Index as of June 30, 2019
- A healthcare cost trend rate of 7.5 percent graded uniformly to 6.75 percent over 3 years and following the Getzen model thereafter to an ultimate rate of 3.94 percent in the year 2075
- Mortality rates were based on the RP-2014 Mortality Table adjusted to 2006 with generational mortality improvement under Projection Scale MP-2018

The OPEB liability in the July 1, 2017 actuarial valuation measured as of June 30, 2017 was determined using the following actuarial assumptions:

- A discount rate of 3.13 percent based on the S&P Municipal Bond 20-Year High Grade Index as of June 30, 2017
- A healthcare cost trend rate of 7.5 percent graded uniformly to 5.0 percent over a 10-year period
- Mortality rates were based on the RP-2014 Mortality Table adjusted to 2006 with generational mortality improvement under Projection Scale MP-2016

Changes in the OPEB liability during fiscal 2019 are shown in the following table:

	Airport	Marine & Other	Total Port
Balance at 6/30/2018	$ 3,511,787	$ 2,772,083	$ 6,283,870
Service cost	161,630	119,701	281,331
Interest	104,159	81,885	186,044
Experience losses	(347,536)	(28,951)	(376,487)
Changes of assumptions	225,995	187,005	413,000
Benefit payments	(166,112)	(143,853)	(309,965)
Net change	(21,864)	215,787	193,923
Balance at 6/30/2019	$ 3,489,923	$ 2,987,870	$ 6,477,793

Changes of assumptions reflect a change in the discount rate from 3.13 percent in the 2017 valuation to 2.79 percent in the 2019 valuation, changes in the retirement, termination, and mortality assumptions to be consistent with PERS actuarial valuation assumptions based on their most recent report, and a change in the assumed trend rate for medical claims from 7.5 percent graded uniformly to an ultimate rate of 5 percent over 10 years to 7.5 percent graded uniformly to 6.75 percent over 3 years and following the Getzen model thereafter until reaching an ultimate rate of 3.94 percent in the year 2075.

9. <u>Postemployment Healthcare Benefits</u>, continued

The following table presents the total OPEB liability of the Port, as well as what the Port's total OPEB liability would have been if it were calculated using a health care trend rate assumption that is 1-percentage-point lower or 1-percentage-point higher than the current health care trend rate assumption:

	1% decrease	7.5% decreasing to 6.75% over 3 years, following the Getzen model therafter	1% increase
Total OPEB liability, 6/30/2019	$ 5,816,225	$ 6,477,793	$ 7,255,534

The following table presents the total OPEB liability of the Port, as well as what the Port's total OPEB liability would have been if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% decrease (1.79%)	Discount rate (2.79%)	1% increase (3.79%)
Total OPEB liability, 6/30/2019	$ 7,080,286	$ 6,477,793	$ 5,933,106

For the year ended June 30, 2019, the Port recognized OPEB expense of $467,375. At June 30, 2019, 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		$ 322,703
Changes of assumptions	$ 354,000	
Total	$ 354,000	$ 322,703

Port benefits payments made after the measurement date are reported as deferred outflows on the balance sheet at June 30, 2019 and 2018 in the amount of $0 and $399,443, respectively. These payments are recognized as a reduction in the Port's total OPEB liability in the ensuing year. $0 and $229,781 of the deferred outflows were applicable to the Airport at June 30, 2019 and 2018, respectively. 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
2020	$ (17,363)	$ 22,579	$ 5,216
2021	(17,363)	22,579	5,216
2022	(17,363)	22,579	5,216
2023	(17,363)	22,579	5,216
2024	(17,363)	22,579	5,216
Thereafter	(17,363)	22,580	5,217
Total	$ (104,178)	$ 135,475	$ 31,297

10. Risk Management:

The Port has a comprehensive risk management program which primarily utilizes commercial insurance, with certain self-insurance, to provide protection from losses involving property, liability, injuries to personnel and errors and omissions, with various deductibles and self-insured retentions. Claims, litigation and other settlements have not exceeded the limits of available insurance coverage in any of the past three years, when insurance was applicable.

The Airport is a full participant in the Port's risk management program. The Airport's expenses related to this program are recorded when incurred, with cash being paid to the Port's General Fund for ease of administration.

The Port self-insures for certain workers' compensation losses for amounts up to $1,000,000 per accident. For amounts in excess of self-insured limits, insurance in the amount of the statutory limit per loss (unlimited) is maintained. Claim expenses and liabilities are recorded when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated.

Liabilities include an estimate for claims that have been incurred but not reported. Claims liabilities are based on the estimated ultimate cost of settling the claims, using past experience adjusted for current trends through a case-by-case review of all claims. Effective May 8, 1993, certain workers' compensation losses incurred after such date are the responsibility of an independent marine terminal management company.

Changes in the reported liability for workers' compensation resulted from the following:

	Fiscal Year Ended June 30,	
	2019	2018
Beginning liability	$ 1,080,766	$ 1,309,654
Current year claims and changes in estimates	311,658	205,678
Claim payments	(484,206)	(434,566)
Ending liability	$ 908,218	$ 1,080,766

Approximately $572,257 and $711,332 of the liability was applicable to the Airport at June 30, 2019 and 2018, respectively.

11. Commitments and Contingencies:

At June 30, 2019, land acquisition and construction contract commitments aggregated approximately $451,300,000 for the Airport, $20,900,000 for Marine & Other, and $472,200,000 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 Order on Consent (AOC) to perform remedial investigation and evaluation activities for the site. Uplands activities are being conducted under the supervision of the DEQ. The Port has accrued approximately $330,000 for its estimated remaining share of the costs of these Portland Harbor investigative activities at June 30, 2019. 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,

11. Commitments and Contingencies, continued**:**

there are certain Port-owned, or formerly owned facilities that require remedial investigation and/or cleanup. The Port has entered into separate AOCs with the EPA governing early action cleanup activities on two of these sites. The Port has accrued approximately $25,400,000 and $1,700,000 in estimated costs for these cleanups at June 30, 2019. At another site, the Port has accrued approximately $22,100,000 in estimated remaining costs at June 30, 2019. 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	$ 5,005,000		$ (2,110,000)	$ 2,895,000
less: current portion	(3,177,500)	$ (1,679,502)	2,162,002	(2,695,000)
Long-term liability	$ 1,827,500	$ (1,679,502)	$ 52,002	$ 200,000
Marine & Other:				
Environmental liabilities	$ 64,184,986	$ 5,664,332	$ (13,595,966)	$ 56,253,352
less: current portion	(16,816,083)	(2,048,661)	12,124,159	(6,740,585)
Long-term liability	$ 47,368,903	$ 3,615,671	$ (1,471,807)	$ 49,512,767

The Port leases from others, under operating leases, warehouse and office space, office equipment, and submerged lands. These leases expire at varying times through fiscal 2024. Total rental expense (all minimum rentals) for operating leases approximated $267,000 and $196,000 for Marine & Other in 2019 and 2018, respectively, and $243,000 and $206,000 for the Airport in 2019 and 2018, respectively. Future minimum rental payments on noncancelable operating leases for the five succeeding fiscal years and five year increments thereafter are:

	Airport	Marine & Other	Total Port
2020	$ 241,991	$ 302,468	$ 544,459
2021	16,363	272,946	289,309
2022	12,115	280,917	293,032
2023		273,725	273,725
2024		68,952	68,952
Total	$ 270,469	$ 1,199,008	$ 1,469,477

12. Tax Abatements:

The Port is subject to property tax abatements granted by counties within the Port District pursuant to State statute. Tax abatements granted within the Port District reduce the amount of property taxes collected under the Port's property tax levy in each county. Port property tax revenues were reduced by approximately $186,000 under agreements entered into by Multnomah County, $350,000 under agreements entered into by Clackamas County, and $720,000 under agreements entered into by Washington County.

REQUIRED SUPPLEMENTARY INFORMATION

(UNAUDITED)

THE PORT OF PORTLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

	2019	2018	2017
Total OPEB liability - beginning	$ 6,283,870	$ 6,318,267	$ 6,332,670
Service cost	281,331	146,462	139,488
Interest	186,044	190,716	191,760
Differences between expected and actual experience	(376,487)		
Changes of assumptions	413,000		
Benefit payments	(309,965)	(371,575)	(345,651)
Net change	193,923	(34,397)	(14,403)
Total OPEB liability - ending	$ 6,477,793	$ 6,283,870	$ 6,318,267
Covered-employee payroll	$ 57,832,773	$ 62,444,085	$ 62,444,085
Total OPEB liability as a percentage of covered-employee payroll	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,	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Port share of Net Pension Liability (Asset) - percentage	0.659650%	0.643710%	0.687390%	0.627646%	0.636022%	0.636022%
Port share of Net Pension Liability (Asset) - amount [A]	$ 99,928,241	$ 86,772,304	$103,193,124	$ 36,036,033	$ (14,416,804)	$ 32,457,134
Port covered-employee payroll [B]	$ 71,239,000	$ 70,942,000	$ 66,585,000	$ 66,637,000	$ 61,267,000	$ 60,855,267
Port share of Net Pension Liability (Asset) as a percentage of Port covered-employee payroll [A/B]	140.3%	122.3%	155.0%	54.1%	-23.5%	53.3%
PERS fiduciary net position as a percentage of TPL	82.1%	83.1%	80.5%	91.9%	103.6%	92.0%

THE PORT OF PORTLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO PERS ($000)

Fiscal Year:	2019	2018	2017	2016 [1]	2015	2014	2013	2012	2011	2010
Actuarially Determined Contribution	$ 8,714	$ 8,143	$ 5,549	$ 5,549	$ 5,332	$ 4,831	$ 5,030	$ 4,966	$ 1,902	$ 1,764
Contribution in relation to Actuarially Determined Contribution	$ 8,714	$ 8,143	$ 5,549	$ 5,549	$ 5,332	$ 4,831	$ 5,030	$ 4,966	$ 1,902	$ 1,764
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Employee Payroll	$72,101	$71,239	$70,942	$66,585	$66,637	$61,267	$60,855	$60,447	$56,138	$54,943
Contribution as a percentage of Covered Employee Payroll	12.1%	11.4%	7.8%	8.3%	8.0%	7.9%	8.3%	8.2%	3.4%	3.2%

[1] Effective in Port fiscal year 2016, the actuarial methodology utilized by PERS for determining employer contributions changed from projected unit credit to entry age normal.

SUPPLEMENTARY INFORMATION

(UNAUDITED)

THE PORT OF PORTLAND
ORGANIZATION AND INTERNAL FUND DIVISIONS

The Port of Portland is a municipal corporation created in its present form by the 1971 merger of The Port of Portland and the Commission of Public Docks. A nine-member commission establishes and maintains Port policy for a staff under the guidance of an executive director.

The original Port of Portland was created in 1891 by the Oregon Legislative Assembly with the objective of dredging and maintaining a channel between Portland and the Pacific Ocean. As its operations and responsibilities increased, the Port acquired its aviation and land development interests.

The City of Portland in 1910 created the Commission of Public Docks to promote and develop maritime commerce through Portland Harbor and, in 1970, the voters approved a merger of these two organizations. In 1973, the Port district was expanded to include all of Multnomah, Clackamas, and Washington Counties.

For financial reporting and operating purposes, management considers the activities of the Port to be that of a unitary enterprise operation. For budgetary and bond ordinance requirement purposes only, the primary divisions of the accounts of the Port consist of the following funds (accounts):

General Fund

Used to finance the general operations of the Port and, subject to restrictions of the local budget law, its assets may be transferred to another fund for any authorized purpose. Principal revenue sources are marine facilities operations, land sales, and leases.

Bond Construction Fund

This fund finances the acquisition, construction, expansion, and improvement of new and existing structures and facilities. Resources are from transfers from the General Fund, grants, interest on investments, and a property tax levy for Port improvements.

Airport Revenue Fund

This fund is to be held and administered by the Port as long as any Portland International Airport Revenue Bonds are outstanding. The monies deposited in this fund are not commingled with any other monies of the Port and are used and applied only in the manner as specified by Section 13, Ordinance No. 155 and Section 6, Ordinance No. 323. Airport operations are accounted for in this fund. Principal revenue sources are flight fees, rentals, parking, and concession income.

Airport Revenue Bond Fund

This fund is administered by a trustee appointed under Section 11, Ordinance No. 323. The monies in this fund are used solely for the payment of principal and interest due on Portland International Airport Revenue Bonds. Principal resources are revenue bond proceeds, interest, and transfers from the Airport Revenue Fund and the Airport Construction Fund.

Airport Construction Fund

The monies credited to this fund are used and applied solely to the payment of costs of additions, expansions, and improvements to the Airport in accordance with Section 12, Ordinance No. 155 and Section 8, Ordinance No. 323. Principal resources are interest, grants, and revenue bond proceeds.

PFC Fund

This fund is used to account for PFC revenue. Amounts credited to this fund are used to provide for debt service on Portland International Airport Passenger Facility Charge Revenue Bonds and to construct certain assets in accordance with Section 2, Ordinance No. 395-B. Principal resources are PFC revenue, bond proceeds, and interest.

PFC Bond Fund

This fund, created in accordance with Section 8, Ordinance No. 395-B, is administered by a trustee, for the payment of principal and interest on Portland International Airport Passenger Facility Charge Revenue Bonds. Principal resources are transfers from the PFC Fund, bond proceeds, and interest.

CFC Fund

This fund is used to account for CFC revenues. The monies credited to this fund are used and applied solely to the payment of costs of projects related to rental car facilities, related Port-approved enabling projects, and program costs at the Airport in accordance with Section 4, Ordinance No. 448. The principal resources for this fund are a customer facility charge imposed on rental car customers who rent automobiles from Airport facilities and interest.

CFC Bond Fund

This fund, created in accordance with Section 5, Ordinance 461-B, is administered by a trustee for the payment of principal and interest on Portland International Airport Customer Facility Charge Revenue Bonds. Principal resources are transfers from the CFC Fund, bond proceeds, and interest.

THE PORT OF PORTLAND
RECONCILIATION OF BUDGETARY REVENUES AND EXPENDITURES TO INCOME BEFORE CONTRIBUTIONS AND TRANSFERS
for the year ended June 30, 2019

	Budgetary Basis *		Excess Revenues
	Revenues	Expenditures	(Expenditures)
Port Funds:			
General Fund	$ 88,742,212	$ 112,822,384	$ (24,080,172)
Bond Construction Fund	16,534,157	17,060,343	(526,186)
Airport Revenue Fund	301,494,925	157,560,030	143,934,895
Airport Revenue Bond Fund	1,310,907	58,454,426	(57,143,519)
Airport Construction Fund	254,586,717	214,281,273	40,305,444
PFC Fund	42,498,522	41,635	42,456,887
PFC Bond Fund	430,205	14,843,282	(14,413,077)
CFC Fund	171,195,053	992,582	170,202,471
CFC Bond Fund	9,565,736	1,184,553	8,381,183
Totals - budgetary reporting basis	$ 886,358,434	$ 577,240,508	309,117,926
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			225,224,811
Expensed capital outlay expenditures			(3,768,506)
Internal costs on capital projects			20,284,448
Depreciation and amortization expense			(115,449,030)
Contributions from governmental agencies			(6,065,941)
Debt issue proceeds			(408,180,577)
Bond and contract payable principal expenditures			44,286,418
Difference between income and proceeds from sales of land			(18,462,691)
Noncash pension and OPEB expense			(10,559,806)
Amortization of bond issuance costs and deferred charges on refunding bonds			(2,757,070)
Cash placed into escrow account			1,745,640
Other			(720,394)
Income before contributions and transfers per Statement of Revenues, Expenses, and Changes in Net Assets			$ 34,695,228

* 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, 2019

	Budgetary Basis *		Excess
	Revenues	Expenditures	Revenues (Expenditures)
Airport Funds:			
Airport Revenue Fund	$ 301,494,925	$ 157,560,030	$ 143,934,895
Airport Revenue Bond Fund	1,310,907	58,454,426	(57,143,519)
Airport Construction Fund	254,586,717	214,281,273	40,305,444
PFC Fund	42,498,522	41,635	42,456,887
PFC Bond Fund	430,205	14,843,282	(14,413,077)
CFC Fund	171,195,053	992,582	170,202,471
CFC Bond Fund	9,565,736	1,184,553	8,381,183
Totals - budgetary reporting basis	$ 781,082,065	$ 447,357,781	333,724,284
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			212,307,618
Internal costs on capital projects			2,383,991
Depreciation and amortization expense			(95,625,457)
Expenses that will be expended in future years			1,809,893
Contributions from governmental agencies			(2,505,489)
Bond sale proceeds			(408,180,577)
Bond principal expenditures			39,010,307
Amortization of bond issuance costs and deferred charges on refunding bonds			(2,734,230)
Allocation of pension debt service			(4,831,581)
Noncash pension and OPEB expense			(4,981,816)
Intra-Port services received, provided, and overhead			(25,702,378)
Other			(662,046)
Income before contributions and transfers per Statement of Revenues, Expenses, and Changes in Net Assets			$ 44,012,519

* 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, 2019

	Resources				Over
	Original	Transfers In (Out)	Budget	Actual	(Under) Budget
REVENUES:					
Operating revenues:					
Administration	$ 166,200		$ 166,200	$ 190,865	$ 24,665
Marine	33,306,272	$ 900,000	34,206,272	34,753,288	547,016
Industrial Development	26,251,119		26,251,119	20,806,906	(5,444,213)
Navigation	17,994,345	1,500,000	19,494,345	18,801,233	(693,112)
General Aviation	3,938,343		3,938,343	3,667,372	(270,971)
	81,656,279	2,400,000	84,056,279	78,219,664	(5,836,615)
Interest	4,412,792		4,412,792	10,880,629	6,467,837
Fixed asset sales and other				621,495	621,495
Total revenues	86,069,071	2,400,000	88,469,071	89,721,788	1,252,717
TRANSFERS FROM OTHER FUNDS:					
Bond Construction Fund	4,050,462		4,050,462	2,079,015	(1,971,447)
Airport Construction Fund	13,276,675		13,276,675	15,821,442	2,544,767
Airport Revenue Fund	29,149,915		29,149,915	31,212,447	2,062,532
Total transfers	46,477,052		46,477,052	49,112,904	2,635,852
Total revenues and transfers	132,546,123	2,400,000	134,946,123	138,834,692	3,888,569
BEGINNING WORKING CAPITAL	209,103,318		209,103,318	212,753,633	3,650,315
Total resources	$ 341,649,441	$ 2,400,000	$ 344,049,441	$ 351,588,325	$ 7,538,884

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
GENERAL FUND
(BUDGETARY BASIS), Continued
for the year ended June 30, 2019

	Appropriations				(Over)
		Transfers			Under
	Original	In (Out)	Revised	Actual	Budget
EXPENDITURES:					
Administration	$ 52,847,791	$ 500,000	$ 53,347,791	$ 50,951,583	$ 2,396,208
Marine	30,702,440	2,120,000	32,822,440	28,676,156	4,146,284
Industrial Development	4,245,030	150,000	4,395,030	4,086,940	308,090
Navigation	12,027,263	1,500,000	13,527,263	13,032,814	494,449
General Aviation	3,153,623		3,153,623	2,947,059	206,564
Long-term debt payments	12,253,967		12,253,967	11,951,720	302,247
System development charges/other	10,000	90,000	100,000		100,000
Other environmental	1,609,731	750,000	2,359,731	1,176,112	1,183,619
Contingencies	215,549,321	(2,710,000)	212,839,321		212,839,321
Total expenditures	332,399,166	2,400,000	334,799,166	112,822,384	221,976,782
TRANSFERS TO OTHER FUNDS:					
Bond Construction Fund	8,805,064		8,805,064		8,805,064
Airport Revenue Fund	445,211		445,211	298,208	147,003
Total transfers	9,250,275		9,250,275	298,208	8,952,067
Total expenditures and transfers	$ 341,649,441	$ 2,400,000	$ 344,049,441	113,120,592	$ 230,928,849
ENDING WORKING CAPITAL				$ 238,467,733	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
BOND CONSTRUCTION FUND
(BUDGETARY BASIS)
for the year ended June 30, 2019

	Resources Original	Resources Transfers In (Out)	Resources Revised	Actual	Over (Under) Budget
REVENUES:					
Interest and other	$ 326,800	$	$ 326,800	$ 548,010	$ 221,210
Grants	9,455,010		9,455,010	3,560,452	(5,894,558)
	9,781,810		9,781,810	4,108,462	(5,673,348)
Tax and tax items:					
Current property tax levy - net	12,364,310		12,364,310	12,525,289	160,979
Interest on taxes				(99,594)	(99,594)
	12,364,310		12,364,310	12,425,695	61,385
Total revenues	22,146,120		22,146,120	16,534,157	(5,611,963)
TRANSFERS FROM OTHER FUNDS:					
General Fund	8,805,064		8,805,064		(8,805,064)
Airport Revenue Fund	10,000		10,000	3,865,093	3,855,093
Total transfers	8,815,064		8,815,064	3,865,093	(4,949,971)
BEGINNING WORKING CAPITAL	10,000,000		10,000,000	14,504,551	4,504,551
Total resources	$ 40,961,184	$	$ 40,961,184	34,903,801	$ (6,057,383)

	Appropriations Original	Appropriations Transfers In (Out)	Appropriations Revised	Actual	(Over) Under Budget
EXPENDITURES:					
Capital outlay	$ 22,806,430		$ 22,806,430	17,060,343	$ 5,746,087
Contingencies	10,000,000	$ (200,000)	9,800,000		9,800,000
Total expenditures	32,806,430	(200,000)	32,606,430	17,060,343	15,546,087
TRANSFERS TO OTHER FUNDS:					
General Fund	4,050,462		4,050,462	2,079,015	1,971,447
Airport Revenue Fund	4,104,292	200,000	4,304,292	33,433	4,270,859
Total transfers	8,154,754	200,000	8,354,754	2,112,448	6,242,306
Total expenditures and transfers	$ 40,961,184	$	$ 40,961,184	19,172,791	$ 21,788,393
ENDING WORKING CAPITAL				$ 15,731,010	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
AIRPORT REVENUE FUND
(BUDGETARY BASIS)
for the year ended June 30, 2019

	Resources Original	Resources Transfers In (Out)	Resources Revised	Actual	Over (Under) Budget
REVENUES:					
Operating revenue - Portland International Airport	$ 247,399,810	$ 3,000,000	$ 250,399,810	$ 251,328,884	$ 929,074
Interest and other	5,318,300		5,318,300	5,966,041	647,741
Commercial paper proceeds	125,000,000		125,000,000	44,200,000	(80,800,000)
Total revenues	377,718,110	3,000,000	380,718,110	301,494,925	(79,223,185)
TRANSFERS FROM OTHER FUNDS:					
General Fund	445,211		445,211	298,208	(147,003)
Bond Construction Fund	4,104,292		4,104,292	33,433	(4,070,859)
Airport Construction Fund	152,963,555		152,963,555	23,671,753	(129,291,802)
CFC Fund	70,020,000		70,020,000	22,965,327	(47,054,673)
Total transfers	227,533,058		227,533,058	46,968,721	(180,564,337)
Total revenues and transfers	605,251,168	3,000,000	608,251,168	348,463,646	(259,787,522)
BEGINNING WORKING CAPITAL	104,460,000		104,460,000	71,774,484	(32,685,516)
Total resources	$ 709,711,168	$ 3,000,000	$ 712,711,168	420,238,130	$ (292,473,038)

	Appropriations Original	Appropriations Transfers In (Out)	Appropriations Revised	Actual	(Over) Under Budget
EXPENDITURES:					
Operating expenditures	$ 112,554,040	$ 3,100,000	$ 115,654,040	113,650,665	$ 2,003,375
Commercial paper debt service payments	221,100,000		221,100,000	44,879,263	176,220,737
Other	600,000		600,000	(969,898)	1,569,898
Contingencies	109,480,000	(100,000)	109,380,000		109,380,000
Total expenditures	443,734,040	3,000,000	446,734,040	157,560,030	289,174,010
TRANSFERS TO OTHER FUNDS:					
General Fund	29,149,915		29,149,915	32,192,023	(3,042,108)
Bond Construction Fund	10,000		10,000	3,865,093	(3,855,093)
Airport Construction Fund	148,641,869		148,641,869	49,770,553	98,871,316
Airport Revenue Bond Fund	48,175,344		48,175,344	49,336,215	(1,160,871)
CFC Fund	40,000,000		40,000,000	5,237,831	34,762,169
Total transfers	265,977,128		265,977,128	140,401,715	125,575,413
Total expenditures and transfers	$ 709,711,168	$ 3,000,000	$ 712,711,168	297,961,745	$ 414,749,423
ENDING WORKING CAPITAL				$ 122,276,385	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
AIRPORT REVENUE BOND FUND
(BUDGETARY BASIS)
for the year ended June 30, 2019

	Budget	Actual	Over (Under) Budget
REVENUES:			
Interest and other	$ 1,000,000	$ 1,310,907	$ 310,907
Bond sale and other debt proceeds	22,000,000		(22,000,000)
Total revenues	23,000,000	1,310,907	(21,689,093)
TRANSFERS FROM OTHER FUNDS:			
Airport Revenue Fund	48,175,344	49,336,215	1,160,871
Airport Construction Fund	10,210,000	13,679,934	3,469,934
Total transfers	58,385,344	63,016,149	4,630,805
Total revenues and transfers	81,385,344	64,327,056	(17,058,288)
BEGINNING RESTRICTED NET ASSETS AVAILABLE FOR FUTURE DEBT SERVICE	37,073,586	37,699,717	626,131
Total resources	$ 118,458,930	102,026,773	$ (16,432,157)

	Budget	Actual	(Over) Under Budget
EXPENDITURES:			
Long-term debt payments	$ 59,385,344	58,454,426	$ 930,918
Total expenditures	59,385,344	58,454,426	$ 930,918
UNAPPROPRIATED BALANCE	59,073,586		
	$ 118,458,930		
ENDING RESTRICTED NET ASSETS AVAILABLE FOR FUTURE DEBT SERVICE		$ 43,572,347	

THE PORT OF PORTLAND

SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
AIRPORT CONSTRUCTION FUND
(BUDGETARY BASIS)
for the year ended June 30, 2019

	Resources				Over
	Original	Transfers In (Out)	Revised	Actual	(Under) Budget
REVENUES:					
Grants	$ 1,451,635	$	$ 1,451,635	$ 2,505,489	$ 1,053,854
Interest and other	2,196,800		2,196,800	6,478,055	4,281,255
Bond sale proceeds	328,000,000		328,000,000	245,603,173	(82,396,827)
Total revenues	331,648,435		331,648,435	254,586,717	(77,061,718)
TRANSFERS FROM OTHER FUNDS:					
Airport Revenue Fund	148,641,869		148,641,869	49,770,553	(98,871,316)
CFC Fund	45,000,000		45,000,000	31,974,530	(13,025,470)
PFC Fund	1,000,000		1,000,000		(1,000,000)
Total transfers	194,641,869		194,641,869	81,745,083	(112,896,786)
BEGINNING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION	122,185,614		122,185,614	208,942,337	86,756,723
Total resources	$ 648,475,918	$	$ 648,475,918	545,274,137	$ (103,201,781)

	Appropriations				(Over)
	Original	Transfers In (Out)	Revised	Actual	Under Budget
EXPENDITURES:					
Capital outlay	$ 242,692,793		$ 242,692,793	213,568,677	$ 29,124,116
Bond issue costs/other	6,000,000		6,000,000	712,596	5,287,404
Contingencies	223,332,895	$ (250,000)	223,082,895		223,082,895
Total expenditures	472,025,688	(250,000)	471,775,688	214,281,273	257,494,415
TRANSFERS TO OTHER FUNDS:					
General Fund	13,276,675	250,000	13,526,675	15,821,442	(2,294,767)
Airport Revenue Fund	152,963,555		152,963,555	23,671,753	129,291,802
Airport Revenue Bond Fund	10,210,000		10,210,000	13,679,934	(3,469,934)
Total transfers	176,450,230	250,000	176,700,230	53,173,129	123,527,101
Total expenditures and transfers	$ 648,475,918	$	$ 648,475,918	267,454,402	$ 381,021,516
ENDING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION				$ 277,819,735	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
PFC FUND
(BUDGETARY BASIS)
for the year ended June 30, 2019

	Resources Original	Resources Transfers In (Out)	Resources Revised	Actual	Over (Under) Budget
REVENUES:					
Interest and other	$ 1,570,600	$	$ 1,570,600	$ 3,934,972	$ 2,364,372
Passenger facility charges	39,467,603		39,467,603	38,563,550	(904,053)
Total revenues	41,038,203		41,038,203	42,498,522	1,460,319
BEGINNING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION	84,344,531		84,344,531	121,701,782	37,357,251
Total resources	$ 125,382,734	$	$ 125,382,734	164,200,304	$ 38,817,570

	Appropriations Original	Appropriations Transfers In (Out)	Appropriations Revised	Actual	(Over) Under Budget
EXPENDITURES:					
Other	$ 25,000	$ 55,000	$ 80,000	41,635	$ 38,365
Contingencies	109,364,909	(55,000)	109,309,909		109,309,909
Total expenditures	109,389,909		109,389,909	41,635	109,348,274
TRANSFERS TO OTHER FUNDS:					
PFC Bond Fund	14,992,825		14,992,825	14,799,475	193,350
Airport Construction Fund	1,000,000		1,000,000		1,000,000
Total transfers	15,992,825		15,992,825	14,799,475	1,193,350
Total expenditures and transfers	$ 125,382,734	$	$ 125,382,734	14,841,110	$ 110,541,624
ENDING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION				$ 149,359,194	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
PFC BOND FUND
(BUDGETARY BASIS)
for the year ended June 30, 2019

	Budget	Actual	Over (Under) Budget
REVENUES:			
Interest and other	$ 100,000	$ 430,205	$ 330,205
Total revenues	100,000	430,205	330,205
TRANSFERS FROM OTHER FUNDS:			
PFC Fund	14,992,825	14,799,475	(193,350)
BEGINNING RESTRICTED NET ASSETS AVAILABLE FOR FUTURE DEBT SERVICE	14,450,178	14,596,087	145,909
Total resources	$ 29,543,003	29,825,767	$ 282,764

	Budget	Actual	(Over) Under Budget
EXPENDITURES:			
Long-term debt payments	$ 15,092,825	14,843,282	$ 249,543
Total expenditures	15,092,825	14,843,282	$ 249,543
UNAPPROPRIATED BALANCE	14,450,178		
	$ 29,543,003		
ENDING RESTRICTED NET ASSETS AVAILABLE FOR FUTURE DEBT SERVICE		$ 14,982,485	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
CFC FUND
(BUDGETARY BASIS)
for the year ended June 30, 2019

	Budget	Actual	Over (Under) Budget
REVENUES:			
Interest and other	$ 174,000	$ 1,192,654	$ 1,018,654
Bond sale and other debt proceeds	197,500,000	153,764,624	(43,735,376)
Customer facility charges	16,697,599	16,237,775	(459,824)
Total revenues	214,371,599	171,195,053	(43,176,546)
TRANSFERS FROM OTHER FUNDS:			
Airport Revenue Fund	40,000,000	5,237,831	(34,762,169)
Total transfers	40,000,000	5,237,831	(34,762,169)
Total revenues and transfers	254,371,599	176,432,884	(77,938,715)
BEGINNING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION	5,621,276	5,324,150	(297,126)
Total resources	$ 259,992,875	181,757,034	$ (78,235,841)

	Budget	Actual	(Over) Under Budget
EXPENDITURES:			
Bank fees and other	$ 4,000,000	992,582	$ 3,007,418
Contingencies	138,972,875		138,972,875
Total expenditures	142,972,875	992,582	141,980,293
TRANSFERS TO OTHER FUNDS:			
Airport Revenue Fund	70,020,000	22,965,327	47,054,673
Airport Construction Fund	45,000,000	31,974,530	13,025,470
CFC Bond Fund	2,000,000	1,184,553	815,447
Total transfers	117,020,000	56,124,410	60,895,590
UNAPPROPRIATED BALANCE			
Total expenditures and transfers	$ 259,992,875	57,116,992	$ 202,875,883
ENDING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION		$ 124,640,042	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
CFC BOND FUND
(BUDGETARY BASIS)
for the year ended June 30, 2019

	Budget	Actual	Over (Under) Budget
REVENUES:			
Interest and other		$ 40,360	$ 40,360
Bond sale and other debt proceeds	$ 14,000,000	9,525,376	(4,474,624)
Total revenues	14,000,000	9,565,736	(4,434,264)
TRANSFERS FROM OTHER FUNDS:			
CFC Fund	2,000,000	1,184,553	(815,447)
Total transfers	2,000,000	1,184,553	(815,447)
Total revenues and transfers	16,000,000	10,750,289	(5,249,711)
BEGINNING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION			
Total resources	$ 16,000,000	10,750,289	$ (5,249,711)

	Budget	Actual	(Over) Under Budget
EXPENDITURES:			
Long-term debt payments	$ 2,000,000	1,184,553	$ 815,447
Total expenditures	2,000,000	1,184,553	815,447
UNAPPROPRIATED BALANCE	14,000,000		
Total expenditures and transfers	$ 16,000,000	1,184,553	$ 815,447
ENDING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION		$ 9,565,736	

THE PORT OF PORTLAND
COMBINING BALANCE SHEET – ALL FUNDS
June 30, 2019

ASSETS	Combined All Funds	Marine & Other: Total Marine & Other	Marine & Other: General Fund	Marine & Other: Bond Construction Fund	Airport: Total Airport	Airport: Revenue Fund	Airport: Revenue Bond Fund	Airport: Construction Fund	Airport: PFC Fund	Airport: PFC Bond Fund	Airport: CFC Fund	Airport: CFC Bond Fund
Current assets:												
Cash and cash equivalents	$ 51,008,428	$ 50,970,188	$ 50,922,578	$ 47,610	$ 38,240	$ 38,240						
Equity in pooled investments	355,143,940	220,163,989	205,018,888	15,145,101	134,979,951	134,979,951						
Restricted cash and equity in pooled investments	98,828,865				98,828,865		$ 42,464,032	$ 44,481,271	$ 547,838	$ 10,076,767	$ 74,404	$ 1,184,553
Receivables, net of allowance for doubtful accounts	31,060,747	17,678,651	13,702,521	3,976,130	13,382,096	13,382,096						
Prepaid insurance and other assets	6,939,795	2,319,691	2,319,691		4,620,104	4,620,104						
Total current assets	542,981,775	291,132,519	271,963,678	19,168,841	251,849,256	153,020,391	42,464,032	44,481,271	547,838	10,076,767	74,404	1,184,553
Noncurrent assets:												
Restricted assets:												
Cash and equity in pooled investments	633,587,193	4,477,674	4,477,674		629,109,519	21,875,962	43,572,347	273,270,801	143,388,937	14,982,485	122,453,251	9,565,736
Receivables	12,705,982				12,705,982			4,548,934	5,970,257		2,186,791	
Total restricted assets	646,293,175	4,477,674	4,477,674		641,815,501	21,875,962	43,572,347	277,819,735	149,359,194	14,982,485	124,640,042	9,565,736
Land held for sale	40,822,599	40,822,599	24,403,067	16,419,532								
Depreciable properties, net of accumulated depreciation	1,216,994,408	148,172,365	148,172,365		1,068,822,043	1,068,822,043						
Nondepreciable properties	519,413,256	105,117,294	83,417,483	21,699,811	414,295,962	68,042,167		346,253,795				
Unamortized bond issue costs	811,201	122,174	122,174		689,027	593,469			95,558			
Due from other funds		28,330,954 *	28,330,954 *									
Other noncurrent assets	3,573,626	2,607,912	2,607,912		965,714	965,714						
Total noncurrent assets	2,427,908,265	329,650,972	291,531,629	38,119,343	2,126,588,247	1,160,299,355	43,572,347	624,073,530	149,454,752	14,982,485	124,640,042	9,565,736
Deferred outflows of resources:												
Deferred charges on refunding bonds	19,937,002				19,937,002	13,899,937			6,037,065			
Deferred charges on pensions and OPEB	37,380,050	19,833,496	19,833,496		17,546,554	17,546,554						
Cumulative decrease in fair value of hedging derivative	5,906,000				5,906,000		5,906,000					
Total deferred outflows of resources	63,223,052	19,833,496	19,833,496		43,389,556	31,446,491	5,906,000		6,037,065			
Total assets	$ 3,034,113,092	$ 640,616,987	$ 583,328,803	$ 57,288,184	$ 2,421,827,059	$ 1,344,766,237	$ 91,942,379	$ 668,554,801	$ 156,039,655	$ 25,059,252	$ 124,714,446	$ 10,750,289
LIABILITIES												
Current liabilities (payable from current assets):												
Current portion of long-term debt	$ 6,033,407	$ 4,533,407	$ 4,533,407		$ 1,500,000	$ 1,500,000						
Accounts payable	39,886,989	19,615,497	16,177,666	$ 3,437,831	20,271,492	20,271,492						
Accrued wages, vacation and sick leave pay	16,131,291	8,520,342	8,520,342		7,610,949	7,610,949						
Workers' compensation and other accrued liabilities	5,626,095	4,264,530	4,264,530		1,361,565	1,361,565						
Total current liabilities (payable from current assets)	67,677,782	36,933,776	33,495,945	3,437,831	30,744,006	30,744,006						
Restricted liabilities (payable from restricted assets):												
Current portion of long-term debt and other	35,316,725				35,316,725		$ 26,695,168		$ 516,557	$ 8,105,000		
Accrued interest payable	18,925,184				18,925,184		15,768,864			1,971,767		$ 1,184,553
Accounts payable	39,215,061				39,215,061			$ 39,109,376	31,281		$ 74,404	
Contract retainage payable	5,371,895				5,371,895			5,371,895				
Total restricted current liabilities (payable from restricted assets)	98,828,865				98,828,865		42,464,032	44,481,271	547,838	10,076,767	74,404	1,184,553
Total current liabilities	166,506,647	36,933,776	33,495,945	3,437,831	129,572,871	30,744,006	42,464,032	44,481,271	547,838	10,076,767	74,404	1,184,553
Noncurrent liabilities:												
Long-term environmental and other accruals	61,328,836	49,749,396	49,749,396		11,579,440	1,923,440	5,906,000		3,750,000			
Long-term debt	1,240,652,805	75,269,975	75,269,975		1,165,382,830	886,958,037			115,134,793		163,290,000	
Unearned revenue and other	70,132,246	26,374,296	26,374,296		43,757,950	41,670,483	1,072,832		1,014,635			
Net pension and OPEB liability	106,381,193	57,474,379	57,474,379		48,906,814	48,906,814						
Due to other funds					28,330,954 *	28,330,954 *						
Total noncurrent liabilities	1,478,495,080	208,868,046	208,868,046		1,297,957,988	1,007,789,728	6,978,832		119,899,428		163,290,000	
Deferred inflows of resources:												
Deferred pension inflows	8,187,842	3,960,521	3,960,521		4,227,321	4,227,321						
Total deferred inflows of resources	8,187,842	3,960,521	3,960,521		4,227,321	4,227,321						
Total liabilities	1,653,189,569	249,762,343	246,324,512	3,437,831	1,431,758,180	1,042,761,055	49,442,864	44,481,271	120,447,266	10,076,767	163,364,404	1,184,553
NET POSITION												
Net investment in capital assets	859,600,815	275,684,717	237,565,374	38,119,343	583,916,098	242,634,735	(26,265,000)	547,237,565	(112,752,170)	(8,105,000)	(58,834,032)	
Restricted for capital and debt service	351,730,331	4,477,674	4,477,674		347,252,657	470,323	68,764,515	76,835,965	148,344,559	23,087,485	20,184,074	9,565,736
Unrestricted	169,592,377	110,692,253	94,961,243	15,731,010	58,900,124	58,900,124						
Total net position	1,380,923,523	390,854,644	337,004,291	53,850,353	990,068,879	302,005,182	42,499,515	624,073,530	35,592,389	14,982,485	(38,649,958)	9,565,736
Total liabilities and net position	$ 3,034,113,092	$ 640,616,987	$ 583,328,803	$ 57,288,184	$ 2,421,827,059	$ 1,344,766,237	$ 91,942,379	$ 668,554,801	$ 156,039,655	$ 25,059,252	$ 124,714,446	$ 10,750,289

* Amount eliminated in the Combined All Funds column.

THE PORT OF PORTLAND
PORTLAND INTERNATIONAL AIRPORT
SCHEDULE OF NET REVENUES
for the year ended June 30, 2019

Operating revenues:	
Airline revenues	$ 100,446,193
Concessions and other rentals	148,265,720
Other	2,947,510
	251,659,423
Interest income - revenue fund and revenue bond fund	6,236,335
	257,895,758
Costs of operation and maintenance, excluding depreciation:	
Salaries, wages and fringe benefits	54,425,138
Contract, professional and consulting services	35,003,092
Materials and supplies	5,567,197
Utilities	11,238,384
Equipment rents, repair and fuel	2,050,136
Insurance	2,113,664
Travel and management expense	3,227,166
Allocation of general and administration expense of the Port of Portland	20,079,309
Other	3,821,713
	137,525,799
Net revenues, as defined by Section 2(r) of Ordinance No. 155 *	$ 120,369,959

* Presented in accordance with provisions of Ordinance Nos. 155 and 323 (ordinances authorizing issuance of Airport revenue bonds), which are different from generally accepted accounting principles.

THE PORT OF PORTLAND
PORTLAND INTERNATIONAL AIRPORT
SCHEDULE OF COMPLIANCE WITH ORDINANCE NOS. 155 AND 323
DEBT SERVICE COVERAGE REQUIREMENTS
for the year ended June 30, 2019

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		$ 120,369,959
SLB debt service requirement:		
Interest and principal amount	$ 49,098,582	
	x 130%	
Total net revenues required		63,828,157
Excess of net revenues over 130% of SLB debt service requirement		$ 56,541,802

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		$ 56,541,802
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		$ 56,541,802

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		$ 56,541,802
Other amounts available to pay other swap obligations		
Total available to pay Other Obligations		56,541,802
Other swap obligations	$	
Junior lien obligations		
Total Other Obligations		
Excess amount over 130% of SLB debt service requirement, 100% of excess principal requirement, and Other Obligations		$ 56,541,802

THE PORT OF PORTLAND
PORTLAND INTERNATIONAL AIRPORT
SCHEDULE OF REVENUE BOND
CONSTRUCTION ACCOUNT ACTIVITY
for the year ended June 30, 2019

	Bond Proceeds Portion	Capitalized Interest Portion
Construction account, June 30, 2018	$ 97,467,591	$ 14,560,755
Bond sale proceeds	217,481,914	1,521,334
Interest income	2,111,094	192,508
	317,060,599	16,274,597
Construction expenditures	123,237,638	
Issuance expenditures	433,854	
Transfers to revenue bond fund		8,679,934
Construction account, June 30, 2019	$ 193,389,107	$ 7,594,663

NOTE: This schedule is provided in compliance with Section 8(d) of Ordinance No. 323.

THE PORT OF PORTLAND
PORTLAND INTERNATIONAL AIRPORT
SCHEDULE OF GENERAL ACCOUNT AMOUNT AVAILABLE FOR
PAYMENT TO AIRPORT REVENUE BOND FUND AND RATIO TO
REVENUE BOND DEBT SERVICE REQUIREMENT
for the year ended June 30, 2019

Net revenues, per accompanying schedule of net revenues	$	120,369,959	
Less revenue bond fund interest income		(1,310,908)	
Applied to General Account, available to be applied to debt service of bonds	$	119,059,051	(1)
Bond debt service requirement, per accompanying schedule of compliance with Ordinance Nos. 155 and 323	$	49,098,582	(2)
Ratio (1)/(2)		2.42	
Required ratio		1.30	

NOTE: This schedule is provided in compliance with Section 5f of Ordinance No. 323.

THE PORT OF PORTLAND
PORTLAND INTERNATIONAL AIRPORT
SCHEDULE OF PASSENGER FACILITY CHARGE ACTIVITY
for the year ended June 30, 2019

	First Lien Bond Account	First Lien Reserve Account	Capital Account
Balances at June 30, 2018	$ 285,386	$ 14,310,701	$ 121,701,782
PFC revenues:			
PFC bond account	14,799,475		
Capital account			23,764,075
Interest earnings		430,205	3,852,599
Transfer from reserve account to bond account	430,205	(430,205)	
Bond payments to trustee	(14,843,282)		
Other, net			40,738
Balances at June 30, 2019	$ 671,784	$ 14,310,701	$ 149,359,194

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, 2019

Fiscal Year	Property Taxes Receivable June 30, 2018	Current Levy as Extended by Assessors	Deduct Cash Collections	Deduct Discounts Allowed	Cancellations and Adjustments	Property Taxes Receivable June 30, 2019	Interest Collected
2018-19		$ 12,992,545	$ (12,439,115)	$ (346,711)	$ (35,416)	$ 171,303	$ 7,015
2017-18	$ 185,178		(98,999)		(16,186)	69,993	26,691
2016-17	107,129		(47,362)		(25,486)	34,281	4,167
2015-16	76,381		(39,810)		(21,594)	14,977	4,603
2014-15	66,192		(54,135)		(8,084)	3,973	3,592
2013-14 and prior	217,435		(181,509)		(13,779)	22,147	1,194
	$ 652,315	$ 12,992,545	$ (12,860,930)	$ (346,711)	$ (120,545)	$ 316,674	$ 47,262

Reconciliation to income from property taxes:

Current levy	$ 12,992,545
Deduct discounts allowed	(346,711)
Cancellations and adjustments	(120,545)
	$ 12,525,289

THE PORT OF PORTLAND

SCHEDULE OF BOND AND OTHER LONG-TERM DEBT PRINCIPAL TRANSACTIONS – BY SERIES

FOR THE YEAR ENDED JUNE 30, 2019

	Maturity Date	Outstanding at June 30, 2018	2018-2019 Transactions Issued	2018-2019 Transactions Matured	2018-2019 Transactions Redeemed	Outstanding June 30, 2019 Total	Outstanding June 30, 2019 Due Within One Year
LIMITED TAX PENSION BONDS:							
Series 2002A, 2.00% to 7.41%	06/01/20	$ 1,734,398		$ 901,617	$ 901,617	$ 832,781	$ 832,781
Series 2002B, 6.60% to 6.85%	06/01/28	43,525,000				43,525,000	265,000
Series 2005, 4.00% to 5.50%	06/01/28	15,080,000		985,000	985,000	14,095,000	1,100,000
Total Limited Tax Pension Bonds		60,339,398		1,886,617	1,886,617	58,452,781	2,197,781
PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS:							
Series 18A, 2.00% *	07/01/26	36,830,000		4,510,000	4,510,000	32,320,000	4,705,000
Series 18B, 1.97% *	07/01/26	36,835,000		4,515,000	4,515,000	32,320,000	4,705,000
Series 20A, 3.00% to 5.00%	07/01/40	17,025,000		1,745,000	1,745,000	15,280,000	685,000
Series 20B, 2.00% to 4.50%	07/01/40	18,845,000		525,000	525,000	18,320,000	545,000
Series 20C, 4.00% to 5.00%	07/01/28	67,055,000		6,165,000	6,165,000	60,890,000	4,845,000
Series 21B, 5.00%	07/01/18	8,210,000		8,210,000	8,210,000		
Series 21C, 4.375% to 5.00%	07/01/23	27,685,000				27,685,000	5,040,000
Series 22, 4.00% to 5.00%	07/01/44	90,050,000				90,050,000	1,780,000
Series 23, 5.00%	07/01/38	109,440,000		3,065,000	3,065,000	106,375,000	3,215,000
Series 24A, 5.00%	07/01/47	21,965,000				21,965,000	
Series 24B, 5.00%	07/01/47	211,275,000		710,000	710,000	210,565,000	745,000
Series 25A, 5.00%	07/01/49		$ 21,825,000			21,825,000	
Series 25B, 5.00%	07/01/49		186,430,000			186,430,000	
Total Portland Int'l Airport Revenue Bonds		645,215,000	208,255,000	29,445,000	29,445,000	824,025,000	26,265,000
PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REVENUE BONDS:							
Series 2011A, 2.50% to 5.50%	07/01/31	67,300,000		1,710,000	1,710,000	65,590,000	150,000
Series 2012A, 2.82% *	07/01/24	57,195,000		2,790,000	2,790,000	54,405,000	7,955,000
Series 2012B, 5.00%	07/01/18	3,330,000		3,330,000	3,330,000		
Total Portland Int'l Airport Passenger Facility Charge Revenue Bonds		127,825,000		7,830,000	7,830,000	119,995,000	8,105,000
PORTLAND INTERNATIONAL AIRPORT CUSTOMER FACILITY CHARGE REVENUE BONDS:							
Series 2019, 2.635% to 4.237%	07/01/49		163,290,000			163,290,000	
Total Portland Int'l Airport Customer Facility Charge Revenue Bonds			163,290,000			163,290,000	
Total Port Bonds		$ 833,379,398	$ 371,545,000	$ 39,161,617	$ 39,161,617	$ 1,165,762,781	$ 36,567,781
CONTRACTS & LOANS PAYABLE:							
City of Portland LID, Series 2003, 5.32%	04/01/23	$ 3,461,397		$ 660,507	$ 660,507	$ 2,800,890	$ 696,516
Oregon Department of Transportation, MMTF-0001, 0%	03/31/21	600,000		200,000	200,000	400,000	200,000
Oregon Department of Transportation, MMTF-0003, 0%	07/01/22	2,970,800		742,700	742,700	2,228,100	
Oregon Business Development Dept., B08005, 2.00% to 4.00%	12/01/30	6,036,263		379,332	379,332	5,656,931	386,262
Banc of America Leasing & Capital, LLC, 2.84%	10/01/19	519,260		413,930	413,930	105,330	105,330
Banc of America Leasing & Capital, LLC, 4.5%	06/01/28	11,065,255		905,901	905,901	10,159,354	947,518
Total Contracts & Loans Payable		$ 24,652,975		$ 3,302,370	$ 3,302,370	$ 21,350,605	$ 2,335,626
TOTAL PORT LONG-TERM DEBT		$ 858,032,373	$ 371,545,000	$ 42,463,987	$ 42,463,987	$ 1,187,113,386	$ 38,903,407

Note: Interest rates relate to original issue. Certain coupons are no longer outstanding.
* Interest rate at June 30, 2019. 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, 2019

	Outstanding at June 30, 2018	2018 - 19 Transactions: Issued	2018 - 19 Transactions: Interest Matured and Paid	2018 - 19 Transactions: Interest Fluctuations and Redemptions	Outstanding at June 30, 2019	Maturing Within One Year
LIMITED TAX PENSION BONDS:						
Series 2002A, 2.00% to 7.41%	$ 4,510,603		$ 2,218,383		$ 2,292,220	$ 2,292,220
Series 2002B, 6.60% to 6.85%	20,118,778		2,965,950		17,152,828	2,965,950
Series 2005, 4.00% to 5.50%	4,517,248		751,580		3,765,668	703,719
Total Limited Tax Pension Bonds	29,146,629		5,935,913		23,210,716	5,961,889
PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS:						
Series 18A, 2.00% *	2,760,720		526,239	$ (479,819)	2,714,300	646,400
Series 18B, 1.97% *	2,726,685		525,850	(473,246)	2,674,081	636,704
Series 20A, 3.00% to 5.00%	7,307,923		631,006		6,676,917	577,106
Series 20B, 2.00% to 4.50%	10,279,676		748,050		9,531,626	726,650
Series 20C, 4.00% to 5.00%	19,640,875		3,198,625		16,442,250	2,923,375
Series 21B, 2.00% to 5.00%	205,250		205,250			
Series 21C, 4.375% to 5.00%	4,709,069		1,320,962		3,388,107	1,194,963
Series 22, 4.00% to 5.00%	75,026,800		4,484,700		70,542,100	4,449,100
Series 23, 5.00%	67,081,000		5,395,375		61,685,625	5,238,375
Series 24A, 5.00%	30,308,625		1,098,250		29,210,375	1,098,250
Series 24B, 5.00%	190,985,375		10,546,000		180,439,375	10,509,625
Series 25A, 5.00%		$ 30,864,594			30,864,594	748,719
Series 25B, 5.00%		175,098,585			175,098,585	6,395,585
Total Portland Int'l Airport Revenue Bonds	411,031,998	205,963,179	28,680,307	(953,065)	589,267,935	35,144,852
PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REVENUE BONDS:						
Series 2011A, 2.50% to 5.50%	36,310,525		3,430,575		32,879,950	3,385,575
Series 2012A, 2.82% *	6,545,229		1,526,617	(572,808)	5,591,420	1,532,654
Series 2012B, 5.00%	83,250		83,250			
Total Portland Int'l Airport Passenger Facility Charge Revenue Bonds	42,939,004		5,040,442	(572,808)	38,471,370	4,918,229
PORTLAND INTERNATIONAL AIRPORT CUSTOMER FACILITY CHARGE REVENUE BONDS:						
Series 2019, 2.635% to 4.237%		123,588,918			123,588,918	4,366,934
Total Portland Int'l Airport Customer Facility Charge Revenue Bonds		123,588,918			123,588,918	4,366,934
Total Port Bonds	$ 483,117,631	$ 329,552,097	$ 39,656,662	$ (1,525,873)	$ 774,538,939	$ 50,391,904
CONTRACTS & LOANS PAYABLE:						
City of Portland LID, Series 2003, 5.32%	$ 462,104		$ 168,195		$ 293,909	$ 132,187
Oregon Business Development Dept., B08005, 2.00% to 4.00%	1,730,009		220,875		1,509,134	209,495
Banc of America Leasing & Capital, LLC, 2.84%	9,885		9,386		499	499
Banc of America Leasing & Capital, LLC, 4.5%	2,672,349		479,404		2,192,945	437,787
Total Contracts & Loans Payable	$ 4,874,347		$ 877,860		$ 3,996,487	$ 779,968
TOTAL PORT LONG-TERM DEBT	$ 487,991,978	$ 329,552,097	$ 40,534,522	$ (1,525,873)	$ 778,535,426	$ 51,171,872

Note: Interest rates relate to original issue. Certain coupons are no longer outstanding.

* Interest rate at June 30, 2019. 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, 2019

		Date of Issue	Total Requirements	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 to 2028-29	2029-30 to 2033-34	2034-35 to 2038-39	2039-40 to 2043-44	2044-45 to 2048-49	2049-50 to 2053-54
LIMITED TAX PENSION BONDS:														
Series 2002A	-Principal	03/28/02	$ 832,780	$ 832,780										
2.00% to 7.41%	-Interest		2,292,220	2,292,220										
Series 2002B	-Principal	03/28/02	43,525,000	265,000	$ 3,695,000	$ 4,240,000	$ 4,840,000	$ 5,495,000	$ 24,990,000					
6.60% to 6.85%	-Interest		17,152,828	2,965,950	2,947,797	2,694,690	2,404,250	2,072,710	4,067,431					
Series 2005	-Principal	09/23/05	14,095,000	1,100,000	1,230,000	1,365,000	1,510,000	1,670,000	7,220,000					
4.00% to 5.50%	-Interest		3,765,668	703,719	650,270	588,721	520,416	444,856	857,686					
Total Limited Tax Pension Bonds	-Principal		$ 58,452,780	$ 2,197,780	$ 4,925,000	$ 5,605,000	$ 6,350,000	$ 7,165,000	$ 32,210,000					
Total Limited Tax Pension Bonds	-Interest		$ 23,210,716	$ 5,961,889	$ 3,598,067	$ 3,283,411	$ 2,924,666	$ 2,517,566	$ 4,925,117					
PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS:														
Series 18A	-Principal	06/11/08	$ 32,320,000	$ 4,705,000	$ 4,935,000	$ 5,155,000	$ 3,295,000	$ 3,450,000	$ 10,780,000					
2.00% **	-Interest		2,714,300	646,400	552,300	453,600	350,500	284,600	426,900					
Series 18B	-Principal	06/11/08	32,320,000	4,705,000	4,930,000	5,155,000	3,295,000	3,450,000	10,785,000					
1.97% **	-Interest		2,674,081	636,704	544,016	446,895	345,341	280,430	420,695					
Series 20A	-Principal	11/02/10	15,280,000	685,000	705,000	725,000	745,000	775,000	4,285,000	$ 2,630,000	$ 3,240,000	$ 1,490,000		
3.00% to 5.00%	-Interest		6,676,917	577,106	556,256	534,353	510,919	486,219	1,984,551	1,290,988	672,562	63,963		
Series 20B	-Principal	11/02/10	18,320,000	545,000	570,000	590,000	615,000	630,000	3,505,000	4,245,000	5,205,000	2,415,000		
2.00% to 4.50%	-Interest		9,531,626	726,650	702,925	680,881	661,669	641,438	2,848,414	2,080,925	1,084,918	103,806		
Series 20C	-Principal	11/02/10	60,890,000	4,845,000	5,085,000	5,335,000	5,600,000	5,890,000	34,135,000					
4.00% to 5.00%	-Interest		16,442,250	2,923,375	2,675,125	2,414,625	2,141,250	1,854,000	4,433,875					
Series 21C	-Principal	08/10/11	27,685,000	5,040,000	5,250,000	5,560,000	5,785,000	6,050,000						
4.375% to 5.00%	-Interest		3,388,107	1,194,963	937,712	681,363	426,100	147,969						
Series 22	-Principal	09/25/14	90,050,000	1,780,000	1,850,000	1,940,000	2,040,000	2,140,000	12,430,000	15,855,000	20,230,000	25,820,000	$ 5,965,000	
4.00% to 5.00%	-Interest		70,542,100	4,449,100	4,367,250	4,272,500	4,173,000	4,068,500	18,582,000	15,062,375	10,573,750	4,844,500	149,125	
Series 23	-Principal	03/31/15	106,375,000	3,215,000	3,380,000	3,545,000	3,720,000	3,910,000	22,685,000	28,960,000	36,960,000			
5.00%	-Interest		61,685,625	5,238,375	5,073,500	4,900,375	4,718,750	4,528,000	19,425,625	13,001,000	4,800,000			
Series 24A	-Principal	01/25/17	21,965,000									3,975,000	17,990,000	
5.00%	-Interest		29,210,375	1,098,250	1,098,250	1,098,250	1,098,250	1,098,250	5,491,250	5,491,250	5,491,250	5,391,875	1,853,500	
Series 24B	-Principal	01/25/17	210,565,000	745,000	3,965,000	4,170,000	4,375,000	4,595,000	26,660,000	34,025,000	43,415,000	51,435,000	37,180,000	
5.00%	-Interest		180,439,375	10,509,625	10,391,875	10,188,500	9,974,875	9,750,625	44,976,000	37,426,625	27,792,125	15,597,375	3,831,750	
Series 25A	-Principal	04/24/19	21,825,000										17,025,000	$ 4,800,000
5.00%	-Interest		30,864,594	748,719	1,091,250	1,091,250	1,091,250	1,091,250	5,456,250	5,456,250	5,456,250	5,456,250	3,805,875	120,000
Series 25B	-Principal	04/24/19	186,430,000		530,000	560,000	2,325,000	3,745,000	21,730,000	27,745,000	35,420,000	45,195,000	40,655,000	8,525,000
5.00%	-Interest		175,098,585	6,395,585	9,308,250	9,281,000	9,208,875	9,057,125	42,206,750	36,052,625	28,194,250	18,164,875	7,016,125	213,125
Total Portland Int'l Airport Revenue Bonds	-Principal		$ 824,025,000	$ 26,265,000	$ 31,200,000	$ 32,735,000	$ 31,795,000	$ 34,635,000	$ 146,995,000	$ 113,460,000	$ 144,470,000	$ 130,330,000	$ 118,815,000	$ 13,325,000
Total Portland Int'l Airport Revenue Bonds	-Interest		$ 589,267,935	$ 35,144,852	$ 37,298,709	$ 36,043,592	$ 34,700,779	$ 33,288,406	$ 146,252,310	$ 115,862,038	$ 84,065,105	$ 49,622,644	$ 16,656,375	$ 333,125
PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REVENUE BONDS:														
Series 2011A	-Principal	11/10/11	$ 65,590,000	$ 150,000	$ 135,000	$ 125,000	$ 105,000	$ 80,000	$ 34,435,000	$ 30,560,000				
2.50% to 5.50%	-Interest		32,879,950	3,385,575	3,381,300	3,377,244	3,373,506	3,370,400	13,429,524	2,562,401				
Series 2012A	-Principal	08/15/12	54,405,000	7,955,000	8,370,000	8,805,000	9,265,000	9,750,000	10,260,000					
2.82%**	-Interest		5,591,420	1,532,654	1,308,552	1,072,759	824,712	563,706	289,037					
Total Portland Int'l Airport PFC Revenue Bonds	-Principal		$ 119,995,000	$ 8,105,000	$ 8,505,000	$ 8,930,000	$ 9,370,000	$ 9,830,000	$ 44,695,000	$ 30,560,000				
Total Portland Int'l Airport PFC Revenue Bonds	-Interest		$ 38,471,370	$ 4,918,229	$ 4,689,852	$ 4,450,003	$ 4,198,218	$ 3,934,106	$ 13,718,561	$ 2,562,401				
PORTLAND INTERNATIONAL AIRPORT CUSTOMER FACILITY CHARGE REVENUE BONDS:														
Series 2019	-Principal	04/29/19	$ 163,290,000		$ 3,160,000	$ 3,240,000	$ 3,330,000	$ 3,420,000	$ 18,720,000	$ 22,180,000	$ 26,855,000	$ 32,845,000	$ 40,405,000	$ 9,135,000
2.635% to 4.237%	-Interest		123,588,918	$ 4,366,934	6,323,129	6,237,578	6,147,556	6,052,751	28,597,361	25,014,978	20,214,813	14,083,205	6,357,089	193,524
Total Portland Int'l Airport CFC Revenue Bonds	-Principal		$ 163,290,000		$ 3,160,000	$ 3,240,000	$ 3,330,000	$ 3,420,000	$ 18,720,000	$ 22,180,000	$ 26,855,000	$ 32,845,000	$ 40,405,000	$ 9,135,000
Total Portland Int'l Airport CFC Revenue Bonds	-Interest		$ 123,588,918	$ 4,366,934	$ 6,323,129	$ 6,237,578	$ 6,147,556	$ 6,052,751	$ 28,597,361	$ 25,014,978	$ 20,214,813	$ 14,083,205	$ 6,357,089	$ 193,524
Total Port Bonds	-Principal		$ 1,165,762,780	$ 36,567,780	$ 47,790,000	$ 50,510,000	$ 50,845,000	$ 55,050,000	$ 242,620,000	$ 166,200,000	$ 171,325,000	$ 163,175,000	$ 159,220,000	$ 22,460,000
Total Port Bonds	-Interest		$ 774,538,939	$ 50,391,904	$ 51,909,757	$ 50,014,584	$ 47,971,219	$ 45,792,829	$ 193,493,349	$ 143,439,417	$ 104,279,918	$ 63,705,849	$ 23,013,464	$ 526,649

THE PORT OF PORTLAND

SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF BONDED AND OTHER LONG-TERM DEBT – BY SERIES
AS OF JUNE 30, 2019, Continued

		Date of Issue	Total Requirements	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 to 2028-29	2029-30 to 2033-34	2034-35 to 2038-39	2039-40 to 2043-44	2044-45 to 2048-49	2049-50 to 2053-54
CONTRACTS & LOANS PAYABLE:														
City of Portland LID	-Principal	04/01/03	$ 2,800,890	$ 696,516	$ 734,487	$ 774,529	$ 595,358							
5.32%	-Interest		293,909	132,187	94,215	54,173	13,334							
Oregon Department of Transportation MMTF-0001	-Principal	05/10/09	400,000	200,000	200,000									
Oregon Department of Transportation MMTF-0003	-Principal	07/06/10	2,228,100		742,700	742,700	742,700							
Oregon Business Development Dept. B08005	-Principal	08/31/10	5,656,931	386,262	398,250	415,639	428,111	$ 440,304	$ 2,460,620	$ 1,127,745				
2.00% to 4.00%	-Interest		1,509,134	209,495	197,907	183,968	169,421	156,578	525,159	66,606				
Banc of America Leasing & Capital, LLC	-Principal	11/01/13	105,330	105,330										
2.84%	-Interest		499	499										
Banc of America Leasing & Capital, LLC	-Principal	06/06/13	10,159,354	947,518	991,047	1,036,575	1,084,195	1,134,003	4,966,016					
4.5%	-Interest		2,192,945	437,787	394,258	348,730	301,109	251,302	459,759					
Total Contracts & Loans Payable	-Principal		$ 21,350,605	$ 2,335,626	$ 3,066,484	$ 2,969,443	$ 2,850,364	$ 1,574,307	$ 7,426,636	$ 1,127,745				
Total Contracts & Loans Payable	-Interest		$ 3,996,487	$ 779,968	$ 686,380	$ 586,871	$ 483,864	$ 407,880	$ 984,918	$ 66,606				
TOTAL PORT LONG-TERM DEBT	-Principal		$ 1,187,113,385	$ 38,903,406	$ 50,856,484	$ 53,479,443	$ 53,695,364	$ 56,624,307	$ 250,046,636	$ 167,327,745	$ 171,325,000	$ 163,175,000	$ 159,220,000	$ 22,460,000
TOTAL PORT LONG-TERM DEBT	-Interest		$ 778,535,426	$ 51,171,872	$ 52,596,137	$ 50,601,455	$ 48,455,083	$ 46,200,709	$ 194,478,267	$ 143,506,023	$ 104,279,918	$ 63,705,849	$ 23,013,464	$ 526,649

Note: Interest rates relate to original issue. Certain coupons are no longer outstanding.

** Interest rate at June 30, 2019. Rate is variable, depending on weekly resets.

		Date of Issue	Total Requirements	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 to 2028-29
INDUSTRIAL DEVELOPMENT REVENUE BONDS:									
Horizon Air Project:	-Principal	08/07/97	$ 17,300,000						$ 17,300,000
1997 Series, 2.090%*	-Interest		2,862,429	$ 361,570	$ 361,570	$ 361,570	$ 361,570	$ 361,570	1,054,579
TOTAL INDUSTRIAL REVENUE BONDS	-Principal		$ 17,300,000						$ 17,300,000
TOTAL INDUSTRIAL REVENUE BONDS	-Interest		$ 2,862,429	$ 361,570	$ 361,570	$ 361,570	$ 361,570	$ 361,570	$ 1,054,579

* Interest rate at June 30, 2019. 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 on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Oregon Municipal Auditing Standards*

The Board of Commissioners
Port of Portland

We have audited the basic financial statements of the Port of Portland (the Port), as of and for the year ended June 30, 2019, and have issued our report thereon dated October 18, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the Port's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-0000 to 162-10-0330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

OAR	Section	Instances of Non-Compliance Identified?
162-010-0000	Preface	None Noted
162-010-0010	Definitions	None Noted
162-010-0020	Introduction	None Noted
162-010-0030	General Requirements	None Noted
162-010-0050	Financial Statements	None Noted
162-010-0115	Required Supplementary Information (RSI)	None Noted
162-010-0120	Other Supplementary Information	None Noted
162-010-0130	Schedule of Revenues, Expenditures / Expenses, and Changes in Fund Balances, / Net Position, Budget and Actual (Each Fund)	None Noted
162-010-0140	Schedule of Accountability for Independently Elected Officials	Not applicable
162-010-0150	Schedule of Property Tax Transactions or Acreage Assessments	None Noted
162-010-0160	Schedule of Bonded or Long-Term Debt Transactions	None Noted
162-010-0170	Schedule of Future Requirements for Retirement of Bonded or Long-Term Debt	None Noted
162-010-0190	Other Financial or Statistical Information	None Noted
162-010-0200	Required Disclosures and Independent Auditors Comments	None Noted
162-010-0230	Accounting Records and Internal Control	None Noted
162-010-0240	Public Fund Deposits	None Noted
162-010-0250	Indebtedness	None Noted
162-010-0260	Budget	None Noted
162-010-0270	Insurance and Fidelity Bonds	None Noted
162-010-0280	Programs Funded from Outside Sources	None Noted
162-010-0295	Highway Funds	Not applicable
162-010-0300	Investments	None Noted
162-010-0310	Public Contracts and Purchasing	None Noted
162-010-0315	State School Fund	Not applicable
162-010-0316	Public Charter Schools	Not applicable
162-010-0320	Other Comments and Disclosures	None Noted
162-010-0330	Extensions of Time to Deliver Audit Reports	Not applicable

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Port's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

This report is intended solely for the information of the Board of Commissioners, management, and the State of Oregon, and is not intended to be and should not be used by anyone other than those specified parties.

James C. Lanzarotta

James Lanzarotta, Partner
for Moss Adams LLP
Portland, Oregon
October 18, 2019

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT REVENUE BOND ORDINANCES

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT REVENUE BOND ORDINANCES

This appendix summarizes certain provisions of the Airport Revenue Bond Ordinances as of the date the Series Twenty-Six Bonds are issued. The Official Statement, including this appendix, occasionally uses terms that differ from terms that are used in the Airport Revenue Bond Ordinances. For example, Ordinance No. 323 uses the term "Subordinate Lien Bonds" because the obligations secured by a pledge of the Revenues that is on a parity with the pledge securing the Series Twenty-Six 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 obligations 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 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 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, legal and other overhead expenses directly related to the administration, operation, maintenance and repair of the Airport; costs of salaries, wages and other compensation and benefits to employees, 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 imposed on the Airport or on the operation thereof or income therefrom; costs of utility services, supplies, 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 or 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) except in connection with defeasance of SLBs secured by a letter of credit or alternate Credit Facility, 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 a Special Facility under which the lessee agrees to pay to the Port the amounts required to pay the Special Obligation Bonds, to fund reserves and pay fees for the Special Obligation Bonds, and, unless ground rental is payable to the Port, to pay a share of the Port's administrative costs, 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 in lieu of taxes and assessments).

"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 Ordinance No. 323.

"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 (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 cost of additions, expansions and improvements at the Airport and 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.

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; SLB Debt Service Requirements; 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 and records 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 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; and (2) any Scheduled Swap Obligations 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 and Scheduled Swap Obligations. 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 SLB Trustee. 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 Port shall credit Net Revenues in the General Account to the following Funds 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.

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 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 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 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, construct, remodel, renovate or rehabilitate a Special Facility such as 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 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. See "Amendments of the Airport Revenue Bond Ordinances—Special Amendments."

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) 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 (b) 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 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.

(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 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 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 delete certain provisions of Ordinance No. 155 relating to the filing and recording of ordinances and the annual delivery of legal opinions relating thereto.

(15) 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 or the JLO Fund under Ordinance No. 323 have been made as of the last day of the immediately preceding fiscal year).

(16) 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 C

PENSION AND OTHER POST-RETIREMENT BENEFIT PROGRAMS

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APPENDIX C

PENSION AND OTHER POST-RETIREMENT BENEFIT PROGRAMS

Pension Plans – General. The Port is one of many employers in the statewide Oregon Public Employees' Retirement System, a multiple-employer, cost-sharing pension plan ("PERS" or the "System"). The Port participates in three retirement pension benefit programs and in a retirement healthcare benefit program (the Retirement Health Insurance Account program or "RHIA") sponsored by PERS. The three PERS pension programs are composed of two defined benefit programs and one program that has features similar to a defined contribution plan. In a defined benefit plan, the investment risk for the plan assets is borne by the employer. In a defined contribution plan, the investment risk for the plan assets is borne by the employee. A combination of employer contributions determined by the Public Employees Retirement Board (the "PERS Board") based upon the results of actuarial valuations, employee contributions and investment earnings fund the PERS pension programs. Employee contributions, which to date the Port has elected to pay, are determined by statute and currently are 6% of salaries.

Most Port employees, after six months of employment, are participants in PERS. Employees hired before January 1, 1996 are known as "Tier 1" participants. Retirement benefits applicable to Tier 1 participants are based primarily on a defined benefit model. Employees hired on or after January 1, 1996 and before August 29, 2003 are "Tier 2" participants. The Tier 2 program is a defined benefit program but with lower expected costs to employers than under the Tier 1 benefit program. Employees hired on or after August 29, 2003 are participants in a successor retirement program to the Tier 1 and Tier 2 retirement programs (the "T1/T2 Pension Programs"), known as the Oregon Public Service Retirement Plan (the "OPSRP").

PERS also offers an Individual Account Program (the "IAP") that has features similar to a defined contribution benefit. Effective January 1, 2004, active T1/T2 and OPSRP employees became members of the IAP, and the IAP Account receives all employee contributions after that date.

Pensions – Valuations and Funded Status. State statutes require an actuarial valuation of the System at least once every two years. PERS' current practice is to obtain actuarial valuations annually, although only valuations as of the end of each odd-numbered year are used to determine annual required employer contribution rates. Valuations are performed for the entire System and for each participating employer, including the Port, and are released approximately one year after the valuation date. Milliman, Inc. ("Milliman") is the current PERS actuary.

The System valuation as of December 31, 2017, was presented to the PERS Board in August 2018 (the "2017 System Valuation"). Milliman's valuation for the Port as of December 31, 2017 (the "2017 Port Valuation") serves as the basis for the Port's employer contribution rates for the 2019-2021 Biennium. These employer contribution rates were adopted by the PERS Board, effective on July 1, 2019.

Milliman's most recent valuation of the System as a whole was the advisory valuation as of December 31, 2018, released on December 12, 2019 (the "2018 System Valuation"). Milliman's most recent advisory valuation for the Port (the "2018 Port Valuation"), released in December 2019, reflects the Port's share of PERS' assets and liabilities as of December 31, 2018, based upon the 2018 System Valuation. The 2018 System Valuation provides advisory system wide average employer contribution rates calculated as of December 31, 2018 for the period July 1, 2021 through June 30, 2023 (the "2021-2023 Biennium"). See "—Pensions – Contribution Rates." Both the 2018 System and 2018 Port valuations were adjusted to take into account actuarial assumption and method changes including the potential effect of Chapter 355 Oregon Laws 2019 ("Senate Bill 1049") adopted by the Oregon Legislative Assembly during the 2019 legislative session. See "—Changes to PERS" below.

In connection with the T1/T2 Pension Programs, the Port is pooled with the State and with certain other local government and community college district public employers (the "State and Local Government Rate Pool" or "SLGRP"), and the Port's share of assets, liabilities and the unfunded actuarial liability (the "UAL") of the SLGRP is based upon the Port's proportionate share of the SLGRP payroll as of the valuation date. In connection with the OPSRP program, the assets and liabilities are pooled on a program-wide basis, and the Port's allocated share is based upon the Port's proportionate share of total System payroll as of the valuation date. An employer's UAL is the excess of the actuarially determined present value of the employer's benefit obligations to employees over the existing actuarially determined assets available to pay those benefits.

Table C-1 summarizes the adopted methods and assumptions used as the basis for the 2017 System Valuation, and the 2017 Port Valuation, upon which employer contribution rates for the 2019-2021 Biennium are based. Table C-1 also shows certain adopted methods and assumptions, including certain changes to the assumptions reflected in the 2018 System Valuation and the 2018 Port Valuation. See "—Pensions – Contribution Rates" and "—Changes to PERS."

TABLE C-1
ACTUARIAL ASSUMPTIONS AND METHODS

Assumption/ Method	Previous (2017 Valuation)	Current (2018 Valuation)
Actuarial Cost Method	Entry-Age Normal	Unchanged
T1/T2 Programs UAL Amortization Method	Level Percentage of Payroll over 20 years (fixed)	Level Percentage of Payroll over 20 years (fixed), with a one-time re-amortization over a closed 22-year period at the December 31, 2019 rate setting actuarial valuation (required under Senate Bill 1049), which will set contribution rates for the 2021-2023 Biennium.
OPSRP UAL Amortization Method	Level Percentage of Payroll over 16 years (fixed)	Unchanged
Asset Valuation Method	Market Value (1)	Unchanged
Investment Rate of Return	7.20%	Unchanged
Payroll Growth Rate	3.50%	Unchanged
Inflation Level	2.50%	Unchanged
Contribution Rate Stabilization Method	Employer contribution rate may increase or decrease by 3% of payroll or by 20% of the previous rate; whichever is greater, when an employer's funded status is between 80% and 120%. At a funded status of 60% or less, or 140% or more, the limitation doubles to 6% of payroll or 40% of the previous rate, whichever is greater. At a funded status between 60% and 70% or 130% and 140%, the limitation increases on a graded scale between 3%-6% of payroll or 20%-40% of the previous rate, whichever is greater (the "Rate Collar").	Unchanged

(1) Market value of assets reduced by value of assets in statutory reserves (contingency, capital preservation and rate guarantee reserves).

Table C-2 summarizes the actuarial value of assets and liabilities, UALs and funded ratios for the PERS pension plans Systemwide as of December 31, 2014 through 2018, and Table C-3 summarizes the Port's share of the System's UALs for the same years.

Side Accounts. The Port's allocated shares include credits for amounts on deposit in the Port's UAL side account (the "UAL Side Account"). The UAL Side Account was funded with net proceeds of approximately \$55 million aggregate principal amount of limited tax pension obligations issued by the Port in 2002 and approximately \$20 million aggregate principal amount of limited tax pension obligations issued by the Port in 2005, of which approximately \$25.6 million and approximately \$11.2 million, respectively, are allocable to the Airport. Proceeds received from the sale of the pension obligations, plus investment earnings thereon, were applied to finance a portion of the Port's estimated share of the T1/T2 UAL (approximately \$54 million as of April 1, 2002 and approximately \$20 million as of October 1, 2005). Those deposits to the Port's UAL Side Account reduce the Port's contribution rates to the T1/T2 Pension programs. See Note 8 in Appendix A.

Senate Bill 1049 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 will be amortized to provide the Port rate relief for 16 years, beginning January 1, 2020. The initial rate relief provided to the Port is (2.82%); the amount of rate relief provided is recalculated every two years in subsequent rate setting valuations. The second Port side account created in December 2019 was in the amount of \$10 million and will be amortized to provide pension rate relief to the Port for 10 years, beginning in Fiscal 2030. The combined amortizations of these two accounts will provide the Port with pension rate relief over the next 20 years, with rate relief from both side accounts providing rate relief in the years in which the Port's pension rates were projected to be at their highest. The side accounts were funded by the Port's General Fund so the rate relief received from these side accounts will only benefit the Port's General Fund. Due to the long-term nature and up-front funding requirements of these new accounts, it was determined that it was not feasible to apply the transaction to the Airport.

TABLE C-2
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
SYSTEMWIDE PENSION HISTORICAL ACTUARIAL FUNDED RATIOS
(IN MILLIONS) [1]

Calendar Year Ending	Actuarial Value Of Assets [2]	Actuarial Value of Liability	Unfunded Actuarial Liability	Funded Ratio [3]
2014 [4]*	$61,395.2	$73,458.9	$12,063.7	83.6
2015	60,000.1	76,196.6	16,196.5	78.7
2016*	61,059.0	80,970.3	19,911.3	75.4
2017	67,326.1	84,056.1	16,730.0	80.1
2018 [5]*	64,802.3	86,574.7	21,772.4	74.9

* Advisory.
(1) Composed of Tier 1/Tier 2 and OPSRP pensions but excludes retiree healthcare subsidies of RHIA described below and RHIPA (a healthcare program applicable only to State employees).
(2) Includes proceeds of side account deposits placed with PERS by Oregon local governments and the State.
(3) Funded ratios are based on "mark to market" accounting procedures.
(4) The actuarial valuation of the System for calendar year 2014 reflects benefit changes from the Oregon Supreme Court's ruling in the Moro Decision, which overturned portions of Senate Bills 822 and 861.
(5) The actuarial valuation of the System for calendar year 2018 reflects actuarial assumption and methodology changes from Senate Bill 1049. See "—Changes to PERS" below.
Source: Actuarial valuations of the System for calendar years 2014 (advisory), 2015, 2016 (advisory), 2017 and 2018 (advisory).

According to the 2018 System Valuation, the UAL increased in 2018 primarily because of lower than expected investment returns in 2018. The Oregon Investment Council reported investment returns for calendar year 2018 of approximately 0.5%.

TABLE C-3
PORT SHARE OF THE SYSTEM'S UNFUNDED ACTUARIAL ACCRUED LIABILITY

	2014 Port Valuation*	2015 Port Valuation	2016 Port Valuation*	2017 Port Valuation	2018 Port Valuation*
Net Port Pension UAAL	**$ 69,497,550**	**$ 92,416,339**	**$119,966,263**	**$99,229,380**	**$132,572,317**
Allocated pooled SLGRP T1/T2 UAL	109,397,539	126,777,001	149,819,025	130,671,012	156,868,475
Allocated pre-SLGRP pooled liability/(surplus) [1]	(12,124,567)	(10,881,560)	(10,513,509)	(9,564,007)	(8,589,342)
Transition liability/(surplus) [2]	(857,515)	(824,465)	(781,427)	(735,927)	(690,332)
Allocated pooled OPSRP UAL	7,745,410	9,410,619	11,964,140	10,321,988	13,058,046
Port UAL Side Account	34,663,317	32,065,256	30,521,966	31,463,686	28,074,530
Combined valuation payroll	67,750,962	66,195,540	69,493,422	68,497,652	72,318,143
Net Pension UAL as % of payroll	103%	140%	173%	145%	183%
Allocated Pooled RHIA UAL	$538,524	$321,423	($9,462)	($784,859)	($1,060,024)

* 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 2014 (advisory), 2015, 2016 (advisory), 2017 and 2018 (advisory).

The funded status of the PERS pension plans will change depending in part upon market performance of investments of the System assets. Table C-4 summarizes annual Retirement Fund investment returns (after administrative expenses) for the five calendar years ended December 31, 2018.

TABLE C-4
OREGON PUBLIC EMPLOYEES
RETIREMENT FUND INVESTMENT RETURNS [1]

Calendar Year Ending	Net Returns
2014	7.3%
2015	2.2
2016	6.9
2017	15.3
2018	0.5

(1) After administrative expenses.
Source: Office of the Oregon State Treasurer. For descriptions of the methodologies applied by the Office of the Oregon State Treasurer to determine the market value of Oregon Public Employees Retirement Fund investments, see Notes 1.D and Note 2 in the State of Oregon Comprehensive Financial Report for the fiscal year ended June 30, 2019.

Preliminary investment returns for calendar year 2019 of 13.56% were reported to the PERS Board on January 31, 2020. Final returns for calendar year 2019 will be approved by the PERS Board at its May 29, 2020 meeting.

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 2019-2021 Biennium (based upon the 2017 Port Valuation) and advisory rates for the 2021-2023 Biennium (based upon the 2018 Port Valuation) are set forth in Table C-5.

TABLE C-5
PORT CONTRIBUTION RATES

Payrolls	2019-2021[1]	2021-2023 (Advisory)
T1/T2	20.01%	22.63%
OPSRP General Service	12.87	17.47
OPSRP Police and Fire	17.50	21.84

(1) The Port General Fund will pay reduced rates beginning January 1, 2020 as a result of the creation of two new side accounts. The Airport will pay rates as shown in this table. See "Side Accounts" above for information regarding the creation of two new side accounts pursuant to provisions of Senate Bill 1049.
Source: 2017 and 2018 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. Both normal cost rates and UAL rates, calculated in the 2017 System Valuation and 2017 Port Valuation and adopted by the PERS Board for the 2019-2021 Biennium, increased compared to those rates used to calculate the employer contribution rates in the 2015 System Valuation and 2015 Port Valuation for the 2017-2019 Biennium.

Additional employer contribution rate increases are expected through the 2021-2023 biennium and the 2023-2025 biennium due to the increased UAL caused by the Moro Decision and actuarial assumption changes, although savings from Senate Bill 1049 are expected to reduce the previously projected rate of increase. See "—Changes to PERS" below. The need to increase employer contribution rates over two additional biennia is due, in part, to the existence of the Rate Collar described in Table C-1. The Rate Collar limits the magnitude of the change by which the employer contribution rates can increase or decrease from biennium to biennium; by contrast the uncollared rate is the theoretical employer contribution rate required to reach 100% funded status over a specified amortization period if specified circumstances occur. See Table C-1 for a description of the Rate Collar adopted by the PERS Board in connection with the 2017 System Valuation and used to set the employer contribution rates for the 2019-2021 Biennium.

The Rate Collar limited the increase in the System weighted-average employer contribution rate for the 2019-2021 Biennium to 4.09 % of payroll compared to the rate in effect for the 2017-2019 Biennium. Even with the 4.09% rate increase, the System-average uncollared employer contribution rate remains almost 4% of payroll above the 4.09% Rate-Collared increase. As a consequence, if actual experience is similar to the assumptions used in the 2017 System Valuation, additional System-average Rate-Collared increases similar in magnitude to the 4% increase will be required in the 2021-2023 and 2023-2025 biennia to allow the System's unfunded liability to be amortized over time by a combination of employer contributions and actual investment earnings.

Changes to PERS. In addition to the changes required by the Moro Decision, in 2017 the PERS Board adopted adjustments to certain actuarial assumptions including the reduction of the assumed earnings rate of the investment fund from 7.50% to 7.20%. Further, during the 2019 legislative session, the Legislative Assembly enacted Senate Bill 1049. The bill makes changes to PERS that are intended to reduce employer contributions and the unfunded actuarial liability of the system.

Senate Bill 1049 makes certain modifications to the amortization of the UAL and benefits provided to employees retiring after December 31, 2019. Such modifications include: a one-time re-amortization of the UAL associated with Tier 1 and Tier 2 benefits that is measured as of December 31, 2019 and extending that amortization to 22 years; redirecting a portion of the 6 percent contributions currently made to the IAP to an "Employee Pension Stability Account" ("EPSA") within the PERS fund when an employee's salary exceeds $2,500 per month (indexed annually); removing all current hourly limitations on regular, non-early retirees who work for a PERS employer after retirement, while mandating that such employer shall continue to make pension contributions to PERS at the previous employer rate; and capping the maximum annual salary used in the calculation of certain retirement packages for all tiers to $195,000 (indexed annually). Senate Bill 1049 also includes sunset provisions for some of these modifications.

Prior to enactment of Senate Bill 1049, the System's average contribution rates in the 2021-23 biennium were expected to increase 5.76 percent of payroll on a collared basis. Milliman has estimated the savings from Senate Bill 1049 would reduce the projected rate increase by 5.43 percent of payroll on a collared basis, with continued slow declines thereafter. This estimate, however, will vary substantially between employers based on actuarially calculated rates for each individual employer and due to variances between actuarial projections and actual experience. Additionally, according to the Oregon Legislative Fiscal Office, the re-amortization of the T1/T2 UAL from 20 years to 22 years is expected, under current actuarial assumptions, to extend the amortization of the UAL by approximately six years. The exact impact on the Port's contribution rates is not yet known.

On August 9, 2019, a petition was filed with the Oregon Supreme Court challenging the constitutionality of certain portions of SB 1049. The Port cannot predict whether the petitioners will be successful in whole or in part nor what the impact of a successful challenge may be. Further, the Port cannot predict whether Senate Bill 1049 will be subject to additional legal challenges that could affect some or all of its provisions.

Other Post-Employment Benefits. The Port administers a single-employer defined-benefit healthcare plan (the "OPEB Plan") that provides certain qualifying employees retiring under PERS or OPSRP with Port-paid healthcare coverage for the qualifying retiree until age 65. The OPEB Plan is being phased out and will not be offered to any employees who did not meet eligibility requirements by December 31, 2011. Contributions to the OPEB Plan are made on a pay-as-you-go basis.

Under State law, employees retiring under PERS or OPSRP may continue their health insurance coverage through the Port until eligible for Medicare (usually age 65). Coverage may be elected for the retiring employee, the employee's spouse and for qualifying dependents. Premiums are paid by the retiree at the Port's pooled rate, which is the same rate paid for active employees. Retirees, on average, are expected to have higher health costs than active employees, primarily due to the older average age of retirees. Since the same premium applies to both groups, the premiums paid for active employees by the Port are subsidizing the premiums for retirees. As a result, there is an "implicit subsidy" paid by the Port and under generally accepted accounting principles, the implicit subsidy associated with retiree health care costs paid during the last year is also considered to be a contribution from the Port. According to the most recent actuarial valuation, as of June 30, 2019, the total UAL of the OPEB Plan and the Port's implicit subsidy was approximately $6,478,000, of which approximately $3,490,000 is allocable to the Airport.

PERS retirees who receive benefits through the T1/T2 Pension Programs and are enrolled in certain PERS-administered health insurance programs also may receive a subsidy of approximately $60/month towards the payment of health insurance premiums under the PERS-sponsored Retirement Health Insurance Account Plan (the "RHIA program"). The assets and liabilities of the RHIA program are pooled on a program-wide basis and are not calculated on an employer basis. The RHIA program UAL is a component of the System UAL described above. The Port's allocated share of the RHIA program UAL is based on the Port's proportionate share of the RHIA program payroll. The Port's allocated share of the RHIA program UAL was ($784,859) as of December 31, 2017 and ($1,060,024) as of December 31, 2018. 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, 2017, the RHIA program had a UAL of approximately $(115.7) million and as of December 31, 2018 a UAL of approximately $(159.7) million, representing a funded status of approximately 126% and 139%, respectively.

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APPENDIX D

DTC AND ITS BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series Twenty-Six Bonds. The Series Twenty-Six Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series Twenty-Six Bond certificate will be issued for each maturity of the Series Twenty-Six Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series Twenty-Six Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series Twenty-Six Bonds on DTC's records. The ownership interest of each actual purchaser of each Series Twenty-Six Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series Twenty-Six Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series Twenty-Six Bonds, except in the event that use of the book-entry system for the Series Twenty-Six Bonds is discontinued.

To facilitate subsequent transfers, all Series Twenty-Six Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series Twenty-Six Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series Twenty-Six Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series Twenty-Six Bonds are credited, which may or may not be the Beneficial Owners. The Direct and

Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series Twenty-Six Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series Twenty-Six Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series Twenty-Six Bond documents. For example, Beneficial Owners of Series Twenty-Six Bonds may wish to ascertain that the nominee holding the Series Twenty-Six Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series Twenty-Six Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series Twenty-Six Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Port as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series Twenty-Six Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Series Twenty-Six Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Port or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Port, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Port or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series Twenty-Six Bonds at any time by giving reasonable notice to the Port or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series Twenty-Six Bond certificates are required to be printed and delivered.

The Port may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series Twenty-Six 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 E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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FORM OF 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 (i) $12,265,000 aggregate principal amount of its Portland International Airport Refunding Revenue Bonds, Series Twenty-Six A (Non-AMT Governmental Purposes) (the "Series Twenty-Six A Bonds"), (ii) $14,460,000 aggregate principal amount of its Portland International Airport Refunding Revenue Bonds, Series Twenty-Six B (Non-AMT Private Activity) (the "Series Twenty-Six B Bonds") and (iii) $46,000,000 aggregate principal amount of its Portland International Airport Refunding Revenue Bonds, Series Twenty-Six C (AMT) (the "Series Twenty-Six C Bonds" and, together with the Series Twenty-Six A Bonds and the Series Twenty-Six B Bonds, the "Series Twenty-Six Bonds"). The Series Twenty-Six 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) Port Ordinance No. 469-B, enacted by the Board on February 12, 2020, as supplemented by the Certificate of the Executive Director Establishing and Determining Certain Terms and Other Matters Relating to the Series Twenty-Six Bonds, dated the date hereof (the "***Series Twenty-Six Ordinance***," and collectively with Ordinance No. 155 and Ordinance No. 323, the "***Airport Revenue Bond Ordinances***"). The Port covenants and agrees as follows:

Section 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Port for the benefit of the Owners and Beneficial Owners of the Series Twenty-Six Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission (the "Commission") Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Airport Revenue Bond Ordinances, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Port pursuant to, and as described in, Sections 3 and 4 hereof.

"Beneficial Owner" shall mean any person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series Twenty-Six Bonds (including persons holding Series Twenty-Six Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series Twenty-Six Bonds for federal income tax purposes.

"Dissemination Agent" shall mean the Port, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Port.

"Financial Obligation" shall mean, for purposes of the Listed Events set out in Section 5(a)(10) and Section (5)(b)(8) hereof, a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"EMMA" shall mean the MSRB's Electronic Municipal Market Access system, currently located at http://emma.msrb.org, or such other electronic system designated by the MSRB.

"Fiscal Year" shall mean the one-year period ending on June 30 of each year or such other period of 12 months designated by the Port as its Fiscal Year.

"GASB" shall mean the Governmental Accounting Standards Board.

"Listed Events" shall mean any of the events listed in Section 5(a) or (b) hereof.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Commission, filings with the MSRB are to be made through EMMA.

"Official Statement" shall mean the final official statement of the Port relating to the Series Twenty-Six Bonds.

"Owner" shall mean a registered owner of the Series Twenty-Six Bonds.

"Participating Underwriter" shall mean the original underwriter of the Series Twenty-Six Bonds required to comply with the Rule in connection with offering of the Series Twenty-Six 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, 2020, 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 under the heading "PORTLAND INTERNATIONAL AIRPORT" (with table numbers to the Official Statement provided for cross-reference purposes only):

(i) The airlines serving the Airport;

(ii) The number of origin and destination passengers at the Airport, but only to the extent the information is readily available to the Port;

(iii) The SLB Debt Service Schedule (of the type shown in Table 4);

(iv) The number of historic enplaned passengers (of the type shown in Table 13);

(v) The number of historic enplaned passengers by airline (of the type shown in Table 14);

(vi) The historical total cargo tonnage (of the type shown in Table 15);

(vii) The historical landed weight (of the type shown in Table 16);

(viii) The historical financial performance of the Port (of the type shown in Table 17);

(ix) Management's Discussion of Results;

(x) The historical debt service coverage (of the type shown in Table 18).

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Port or related public entities, that have been submitted to the MSRB through EMMA.

Section 5. Reporting of Significant Events.

(a) The Port shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series Twenty-Six Bonds not later than ten (10) business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions with respect to the tax status of the Series Twenty-Six Bonds or the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) with respect to the Series Twenty-Six Bonds;

6. Tender offers;

7. Defeasances;

8. Rating changes;

9. Bankruptcy, insolvency, receivership or similar event of the obligated person; or

10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Port, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The Port shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series Twenty-Six Bonds, ***if material***, not later than ten (10) business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5) above, adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Series Twenty-Six Bonds or other material events affecting the tax status of the Series Twenty-Six Bonds;

2. Modifications to rights of the Owners of the Series Twenty-Six Bonds;

3. Optional, unscheduled or contingent Series Twenty-Six Bond calls;

4. Release, substitution or sale of property securing repayment of the Series Twenty-Six Bonds;

5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

7. Appointment of a successor or additional trustee or the change of name of a trustee; or

8. Incurrence of a Financial Obligation of the Port, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Port, any of which affect security holders.

(c) The Port shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3(a) hereof, as provided in Section 3 hereof.

(d) Whenever the Port obtains knowledge of the occurrence of a Listed Event described in Section 5(b) hereof, the Port shall determine if such event would be material under applicable federal securities laws.

(e) If the Port learns of an occurrence of a Listed Event described in Section 5(a) hereof, or determines that knowledge of a Listed Event described in Section 5(b) hereof would be material under applicable federal securities laws, the Port shall within ten (10) business days of occurrence file a notice of such occurrence with the MSRB through EMMA in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Events described in Sections 5(a)(7) or 5(b)(3) hereof need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected Series Twenty-Six Bonds pursuant to the Airport Revenue Bond Ordinances.

(f) The Port intends to comply with the Listed Events described in Section 5(a)(10) and Section 5(b)(8) hereof, and the definition of "Financial Obligation" in Section 1 hereof, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Commission in Release No. 34-83885, dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

Section 6. Termination of Obligation. The Port's obligations under this Disclosure Certificate shall terminate upon the maturity, legal defeasance, prior redemption or payment in full of all of the Series Twenty-Six Bonds. In addition, in the event that the Rule shall be amended, modified or repealed such that compliance by the Port with its obligations under this Disclosure Certificate no longer shall be required in any or all respects, then the Port's obligations hereunder shall terminate to a like extent. If such termination occurs prior to the final maturity of the Series Twenty-Six 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, such amendment or waiver is permitted by the Rule. The Port shall give notice of any amendment in the same manner as for a Listed Event under Section 5(e) hereof.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Port from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Port chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Port shall not thereby have any obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Port to comply with any provision of this Disclosure Certificate, any Owner or Beneficial Owner of the Series Twenty-Six Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Port to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed a default under the Airport Revenue Bond Ordinances and the sole remedy under this Disclosure Certificate in the event of any failure of the Port to comply with this Disclosure Certificate shall be an action to compel performance. Under no circumstances shall any person or entity be entitled to recover monetary damages hereunder in the event of any failure of the Port to comply with this Disclosure Certificate.

No Owner or Beneficial Owner of the Series Twenty-Six Bonds may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the Port satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the Port shall have refused to comply therewith within a reasonable time.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. Any Dissemination Agent appointed hereunder shall have only such duties as are specifically set forth in this Disclosure Certificate, and shall have such rights, immunities and liabilities as shall be set forth in the written agreement between the Port and such Dissemination Agent pursuant to which such Dissemination Agent agrees to perform the duties and obligations of Dissemination Agent under this Disclosure Certificate.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Port, the Dissemination Agent, if any, the Participating Underwriter and the Owners and Beneficial Owners from time to time of the Series Twenty-Six Bonds, and shall create no rights in any other person or entity. This Disclosure Certificate is not intended to create any monetary rights on behalf of any person based upon the Rule.

Section 13. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Port shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof, and the Beneficial Owners of the Series Twenty-Six 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.

IN WITNESS WHEREOF, the Port has executed this Continuing Disclosure Certificate this ___ day of _______, 2020.

THE PORT OF PORTLAND

By: ____

Daniel Blaufus
Interim Chief Financial Officer

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APPENDIX F

PROPOSED FORM OF OPINION OF BOND COUNSEL

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April __, 2020

The Port of Portland
Portland, Oregon

$72,725,000
The Port of Portland
Portland International Airport Refunding Revenue Bonds
Series Twenty-Six A (Non-AMT Governmental Purpose),
Series Twenty-Six B (Non-AMT Private Activity) and Series Twenty-Six C (AMT)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to The Port of Portland (the "Port") in connection with the issuance of $12,265,000 aggregate principal amount of The Port of Portland, Portland International Airport Refunding Revenue Bonds, Series Twenty-Six A (Non-AMT Governmental Purpose) (the "Series Twenty-Six A Bonds"), $14,460,000 aggregate principal amount of The Port of Portland, Portland International Airport Refunding Revenue Bonds, Series Twenty-Six B (Non-AMT Private Activity) (the "Series Twenty-Six B Bonds") and $46,000,000 aggregate principal amount of The Port of Portland, Portland International Airport Refunding Revenue Bonds, Series Twenty-Six C (AMT) (the "Series Twenty-Six C Bonds," and together with the Series Twenty-Six A Bonds and the Series Twenty-Six B Bonds, the "Bonds"), issued pursuant to the authority of Ordinance No. 469-B enacted on February 12, 2020, as supplemented by the Certificate of the Executive Director Establishing and Determining Certain Terms of and Other Matters Relating to the Series Twenty-Six Bonds dated April 24, 2020 (collectively, the "Bond Ordinance"). The Bonds are issued in accordance with the provisions of the Port's Ordinance No. 155 enacted on November 10, 1971, as amended, restated and supplemented, and Ordinance No. 323 enacted on October 9, 1985, as amended, restated and supplemented (collectively, the "Prior Ordinances"). The Bond Ordinance and the Prior Ordinances are collectively referred to herein as the "Ordinances." Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Ordinances.

In such connection, we have reviewed the Ordinances, the Tax Certificate dated the date hereof, executed and delivered by the Port (the "Tax Certificate"), the opinion of counsel to the Port, certificates of the Port, U.S. Bank National Association, as bond trustee (the "Trustee"), and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Port. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinion referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Ordinances and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Ordinances and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against port districts in the State of Oregon. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or having the effect of a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Ordinances or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Port.

2. The Bonds are payable from the Net Revenues of the Airport (as more particularly defined in the Ordinances, the "Net Revenues").

3. The Bond Ordinance has been duly and legally enacted by the Port and constitutes the valid and binding obligation of the Port. The Ordinances create a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Net Revenues, all money on deposit from time to time in the SLB Construction Account and all money on deposit from time to time in the SLB Fund, subject to the provisions of the Ordinances permitting the application thereof for the purposes and on the terms and conditions set forth therein.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), except that no opinion is expressed as to the status of interest on any Series Twenty-Six B Bond or Series Twenty-Six C Bond for any period that such Series Twenty-Six B Bond or Series Twenty-Six C Bond is held by a "substantial user" of the facilities financed or refinanced by the Series Twenty-Six B Bonds or Series Twenty-Six C Bonds or by a "related person" within the meaning of Section 147(a) of the Code. Interest on the Series Twenty-Six A Bonds and on the Series Twenty-Six B Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Interest on the Series Twenty-Six C Bonds is a specific preference item for purposes of the federal alternative minimum tax. Interest on the Bonds is exempt from State of Oregon personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

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APPENDIX G

ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE AIR SERVICE AREA

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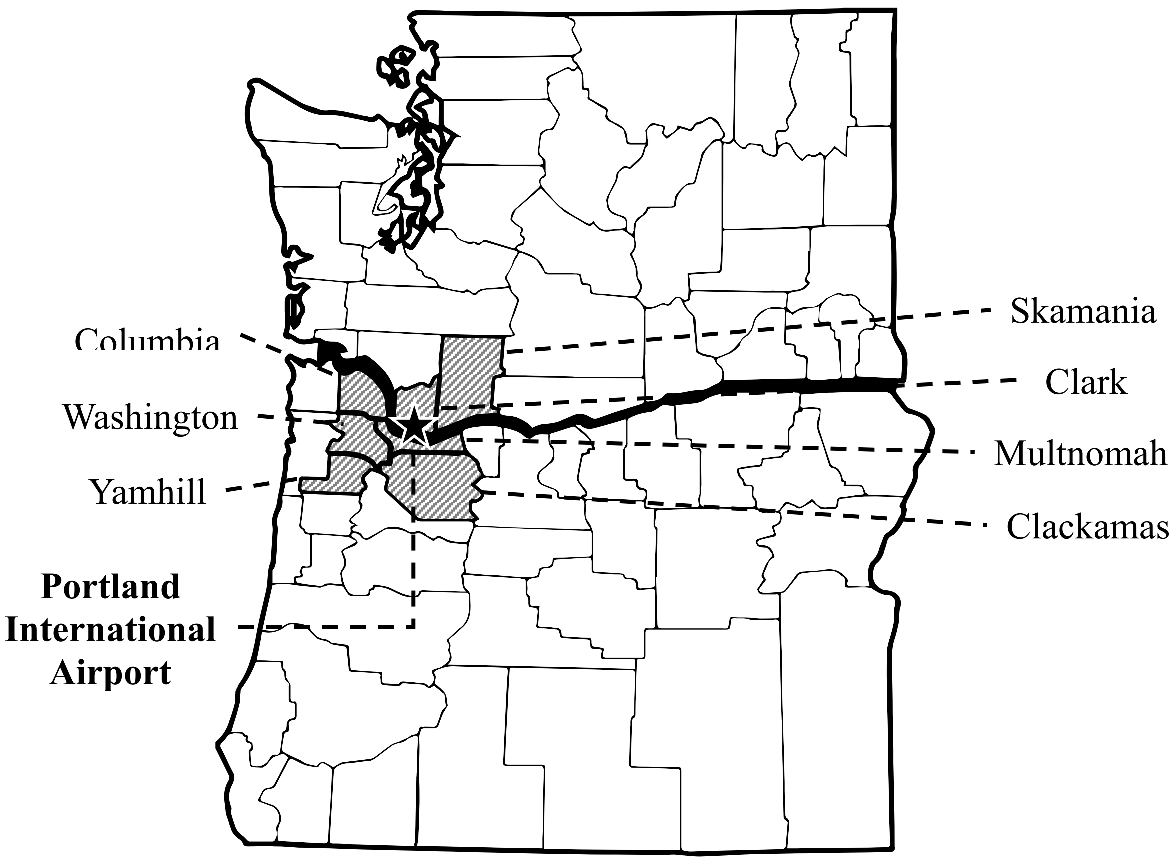
APPENDIX G

ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE AIR SERVICE AREA

This portion of the Official Statement contains general information concerning the economic and demographic conditions in the Air Service Area. This information is intended only to provide prospective investors with general information regarding the community. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future. The information presented was obtained from the sources indicated, and the Port and the Underwriter make no representation as to the accuracy or completeness of the data obtained from parties other than the Port.

Definition of Air Service Area – The Airport's general service area consists of Clackamas, Columbia, Multnomah, Washington and Yamhill Counties in the State and Clark and Skamania Counties in the State of Washington.[i] See "PORTLAND INTERNATIONAL AIRPORT–Air Service Area"



Population

Population (United States and Oregon)[ii]

Calendar Year	United States	Percent Change	State of Oregon	Percent Change
2014	318,386,421	0.7%	3,964,106	1.1%
2015	320,742,673	0.7%	4,016,918	1.3%
2016	323,071,342	0.7%	4,091,404	1.9%
2017	325,147,121	0.6%	4,146,592	1.3%
2018	327,167,434	0.6%	4,190,713	1.1%

Population (Air Service Area)[ii]

Calendar Year	Clackamas County	Clark County	Columbia County	Multnomah County	Skamania County	Washington County	Yamhill County	Air Service Area	Percentage Change
2014	393,453	448,277	49,499	778,604	11,377	562,539	100,813	2,344,562	1.4%
2015	399,799	456,986	49,656	790,230	11,378	572,872	101,449	2,382,370	1.6%
2016	406,794	465,310	50,930	803,741	11,585	584,835	104,264	2,427,459	1.9%
2017	412,821	474,492	51,795	808,781	11,837	591,164	105,572	2,456,462	1.2%
2018	416,075	481,857	52,377	811,880	11,924	597,695	107,002	2,478,810	0.9%

Income

Per Capita Personal Income (United States and Oregon)[ii]

Calendar Year	United States	Percent Change	State of Oregon	Percent Change
2014	$47,058	4.9%	$42,483	6.2%
2015	$48,978	4.1%	$45,182	6.4%
2016	$49,870	1.8%	$46,498	2.9%
2017	$51,885	4.0%	$48,372	4.0%
2018	$54,446	4.9%	$50,843	5.1%

Per Capita Personal Income (Air Service Area)[ii]

Calendar Year	Clackamas County	Clark County	Columbia County	Multnomah County	Skamania County	Washington County	Yamhill County	Air Service Area	Percentage Change
2014	$48,419	$44,620	$37,433	$47,956	$38,318	$50,569	$37,891	$47,321	6.1%
2015	$51,187	$46,686	$40,059	$50,997	$40,071	$53,899	$40,762	$50,184	6.0%
2016	$53,777	$48,692	$40,836	$52,055	$42,513	$55,017	$41,600	$51,683	3.0%
2017	$55,478	$50,766	$42,135	$54,726	$43,372	$57,787	$43,328	$54,014	4.5%
2018	$58,608	$53,423	$44,312	$57,850	$45,802	$60,971	$45,478	$56,991	5.5%

Employment

Annual Unemployment Rates[iii]

Calendar Year	Clackamas County	Clark County	Columbia County	Multnomah County	Skamania County	Washington County	Yamhill County	Air Service Area	State of Oregon	United States
2014	6.1%	7.0%	8.4%	5.9%	8.2%	5.6%	6.4%	6.1%	6.8%	6.2%
2015	5.1%	6.5%	7.1%	4.9%	7.5%	4.7%	5.3%	5.2%	5.6%	5.3%
2016	4.3%	6.0%	6.1%	4.2%	6.9%	4.1%	4.6%	4.6%	4.8%	4.9%
2017	3.7%	5.1%	5.1%	3.6%	6.1%	3.5%	3.8%	3.9%	4.1%	4.4%
2018	3.8%	4.8%	5.1%	3.7%	5.6%	3.5%	3.8%	3.9%	4.2%	3.9%

Percentage of Total Non-Farm Employment by Major Industry Sector
December 2019

Sector	United States[iv]	State of Oregon[v]	Portland Metropolitan Statistical Area[vi]
Trade, Transportation and Utilities	18.3%	18.2%	18.2%
Education and Health Services	16.1%	15.7%	15.4%
Government	14.9%	15.3%	12.5%
Professional and Business Services	14.1%	13.0%	15.2%
Leisure and Hospitality	11.0%	11.1%	10.3%
Manufacturing	8.5%	10.4%	10.7%
Financial Activities	5.8%	5.3%	6.0%
Construction	5.0%	5.7%	6.0%
Other Services	3.9%	3.3%	3.4%
Information	1.9%	1.7%	2.1%
Mining and Logging	0.5%	0.4%	0.1%
Total	100.0%	100.0%	100.0%

Top Ten Greater Portland Region Traded-Sector Employers[vii]

Employer	Number of Employees
Intel	20,000
Nike Inc.	12,000
U.S. Bank	4,031
Precision Castparts Corp.	3,849
Wells Fargo	3,721
Daimler Trucks North America	3,000
The Standard	2,277
adidas North America Inc.	1,768
Columbia Sportswear Co.	1,732
The Boeing Co.	1,500

[i] Image Source: Wikimedia Commons, "Map of USA with county outlines (black & white).png" https://commons.wikimedia.org/wiki/File:Map_of_USA_with_county_outlines_(black_%26_white).png Accessed February 10, 2020.
[ii] Bureau of Economic Analysis, Personal Income and Employment by County and Metropolitan Area, CAINC1 Personal Income Summary: Personal Income, Population, Per Capita Personal Income. https://apps.bea.gov/itable/iTable.cfm?ReqID=70&step=1 Accessed February 10, 2020. Note: Estimated population figures are subject to periodic revision.
[iii] U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, Labor Force Data by County, Annual Averages. United States data shown excludes Puerto Rico. https://www.bls.gov/lau/#cntyaa Accessed February 10, 2020.
[iv] U.S. Bureau of Labor Statistics, Current Employment Statistics – CES (National), Employment and Earnings Table B-1a, Employees on nonfarm payrolls by industry sector and selected industry detail, seasonally adjusted. December 2019 data is preliminary. https://www.bls.gov/web/empsit/ceseeb1a.htm Accessed February 10, 2020.
[v] U.S. Bureau of Labor Statistics, Western Information Office, Oregon Economy at a Glance, Nonfarm Wage and Salary Employment. December 2019 data is preliminary. https://www.bls.gov/regions/west/oregon.htm Accessed February 10, 2020.
[vi] U.S. Bureau of Labor Statistics, Western Information Office, Portland-Vancouver-Hillsboro, OR-WA Economy at a Glance, Nonfarm Wage and Salary Employment. December 2019 data is preliminary. https://www.bls.gov/regions/west/or_portland_msa.htm Accessed February 10, 2020.
[vii] Portland Business Journal Book of Lists 2018; Greater Portland Inc. Research. https://greaterportlandinc.com/industries/top-employers.html Accessed February 10, 2020.

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PORT OF PORTLAND

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