ITEM NO. 7a-Supp

DATE OF MEETING May 12, 2009

Consolidated Rental Car Facility Financing Update

May 12, 2009

Port of Seattle

Topics

- Updated CFC Forecast
  - Business context for Airport traffic forecast
  - Transaction Day forecast analysis
- Financial Market Update
- Rental Car Facility Financing Plan
- Project Update
- Process & Schedule

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Sea-Tac has strong characteristics

- A key assumption for both the project and the financing is that demand for air travel will continue to grow long-term
  - Sea-Tac has a history of weathering economic storms well
    - Underlying demand is independent from airline mix
  - Sea-Tac has strong airport characteristics
    - Limited competition from other airports or modes of travel
    - Natural demand/ high Origin & Destination (O&D) traffic
- 2008 passenger traffic results per ACI
  - North American airports median: -3.1%
  - Sea-Tac: +2.9%

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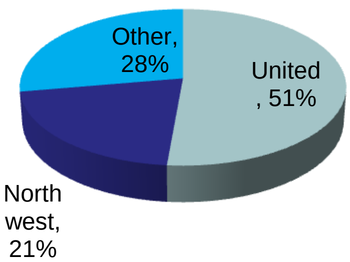
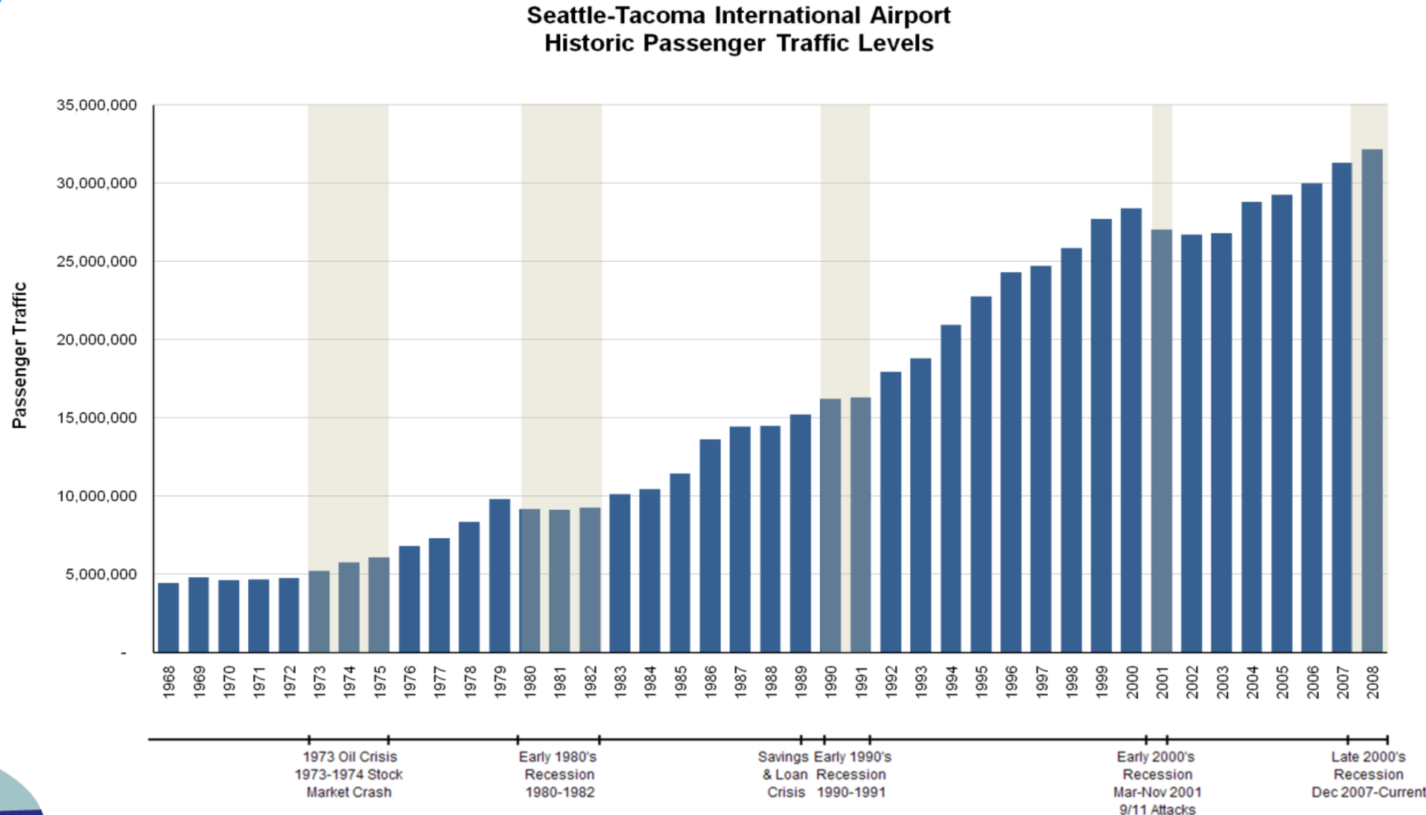
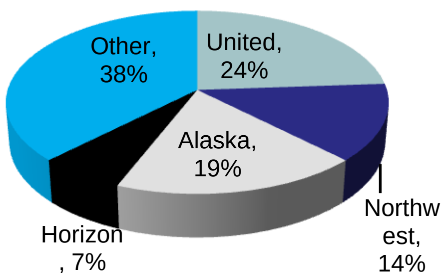
Sea-Tac has strong history regardless of economy and carrier mix

1965

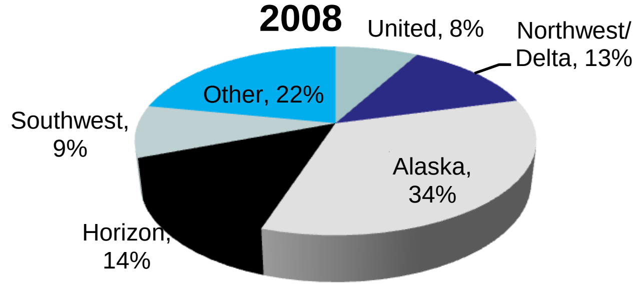




1990



2008



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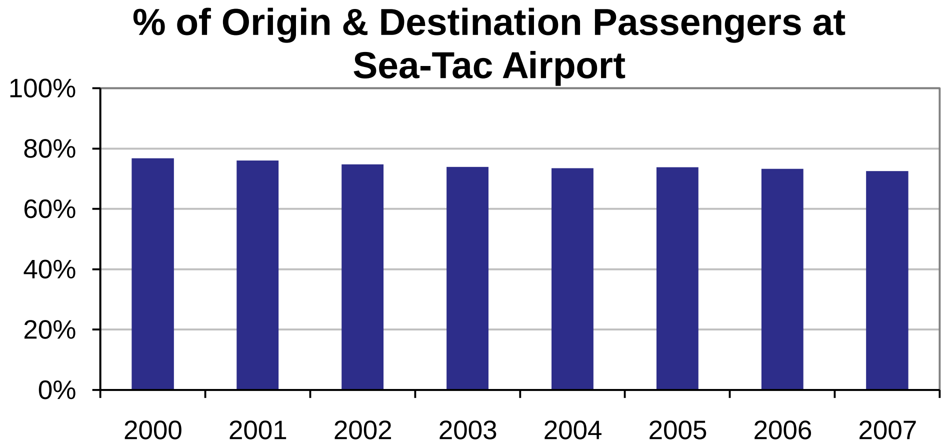
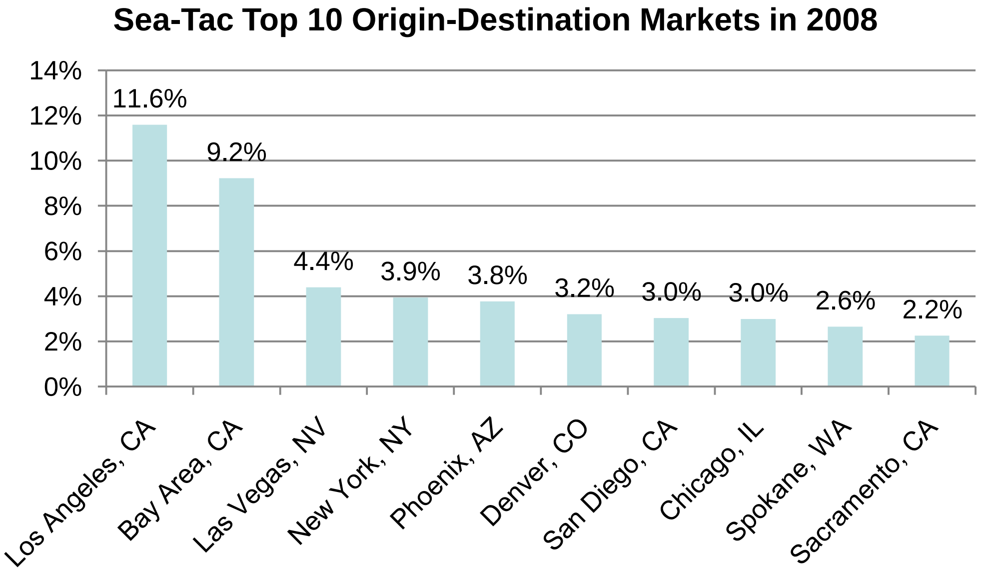
Sea-Tac has a strong natural market and limited competition

Airport	Driving Distance
Vancouver International Airport	150 miles
Portland International Airport	160 miles
Spokane International Airport	290 miles





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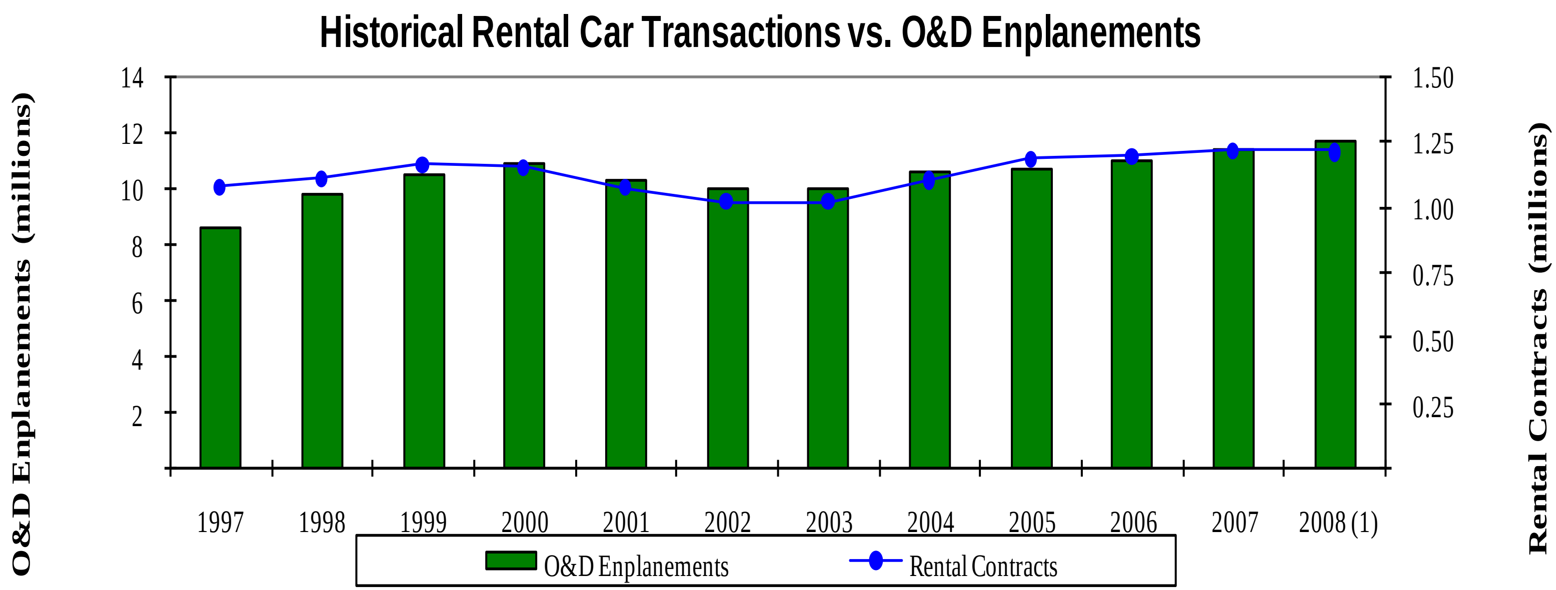
Rental car demand is linked to O&D traffic

- Rental car transactions are highly correlated to O&D passenger traffic
  - Airline passenger forecast is the primary driver of the CFC forecast



(1) Projected 2008 O&D enplanements

Rigorous analysis of transaction day history resulted in a revised forecast

- Rental car transaction days are a function of
  - Airline passenger traffic
  - Percentage that is O&D traffic
  - Percentage of arriving passengers renting cars
  - Length of rental contract

	Enplanement Forecast in Budget	Current Enplanement Forecast	Transaction Day Forecast
2009	-3%	-7%	-12.7
2010	0%	0%	0.1%
2011	0%	0%	0%
2012	2.5%	5%	10.7%
2013	3%	3%	1.5%
2014 until 45 MAP *	3%	3%	3%

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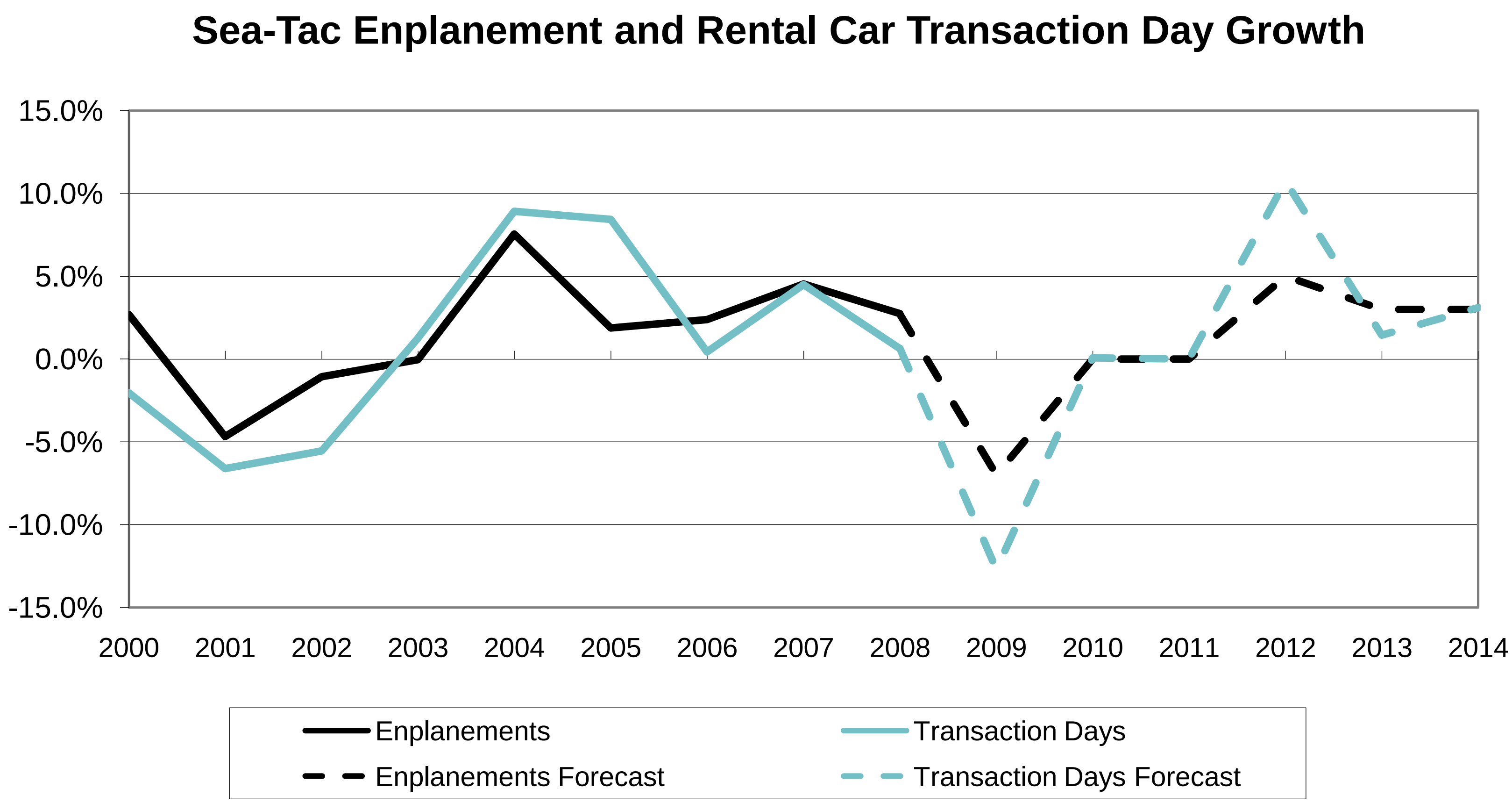
* MAP = million annual passengers

Enplanements & Transaction Days



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Rental Cars are important to the Airport

– In 2008, the rental car industry generated $36 million in non-aeronautical revenues for the airport.

- This was the second largest source of non-aeronautical revenues and amounted to 24% of the total.

- The most recent mode-split survey indicates that approximately 15% of origin and destination passengers get to the airport via rental cars.

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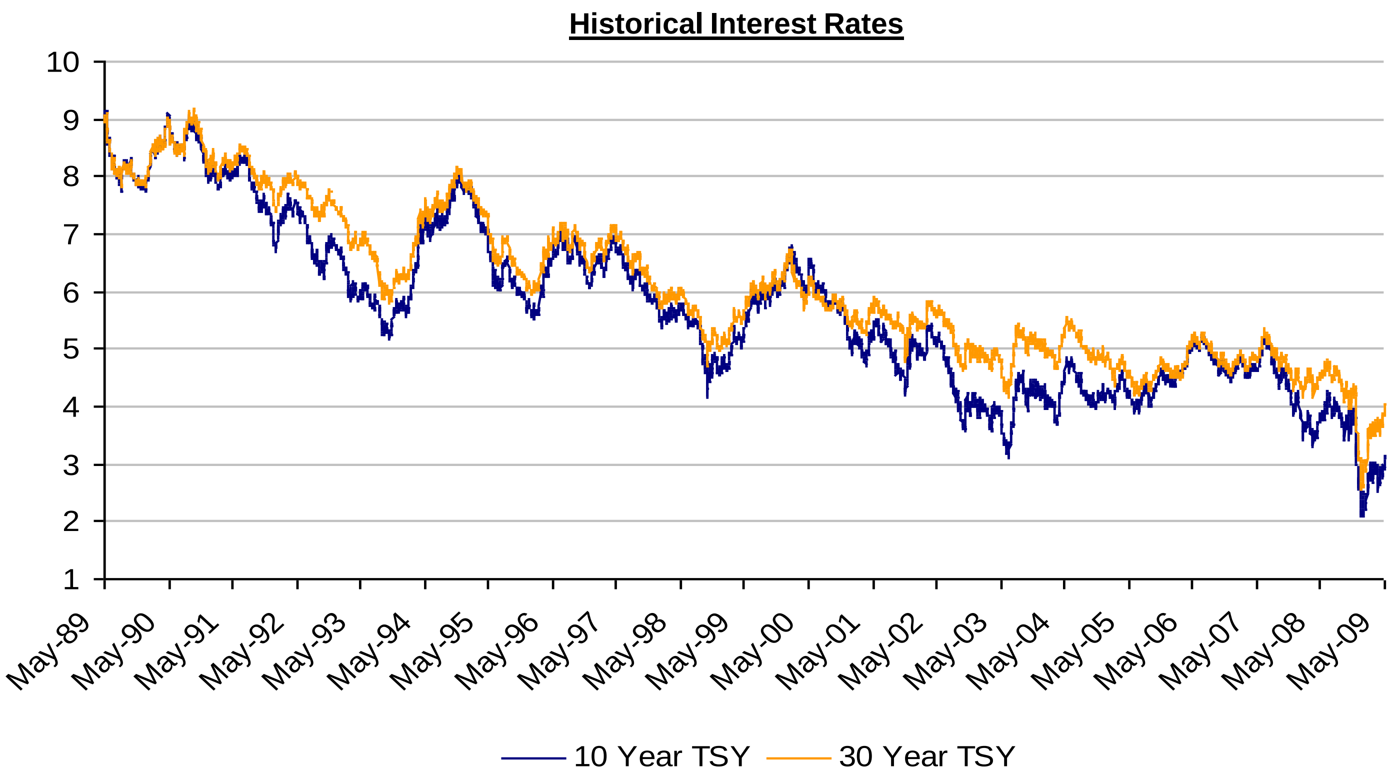
Update of Financial Markets

- Treasury yields have risen slightly, but remain near their historic lows
- Market access and credit spreads for investment grade credits continue to improve
- During Q1 2009, corporate taxable debt issuance totaled $207 billion, well ahead of last year's pace, as the market was buoyed by increasing investor inflows and improving credit spreads
- The inaugural Build America Bond (BAB) issues have been very well-received by the markets



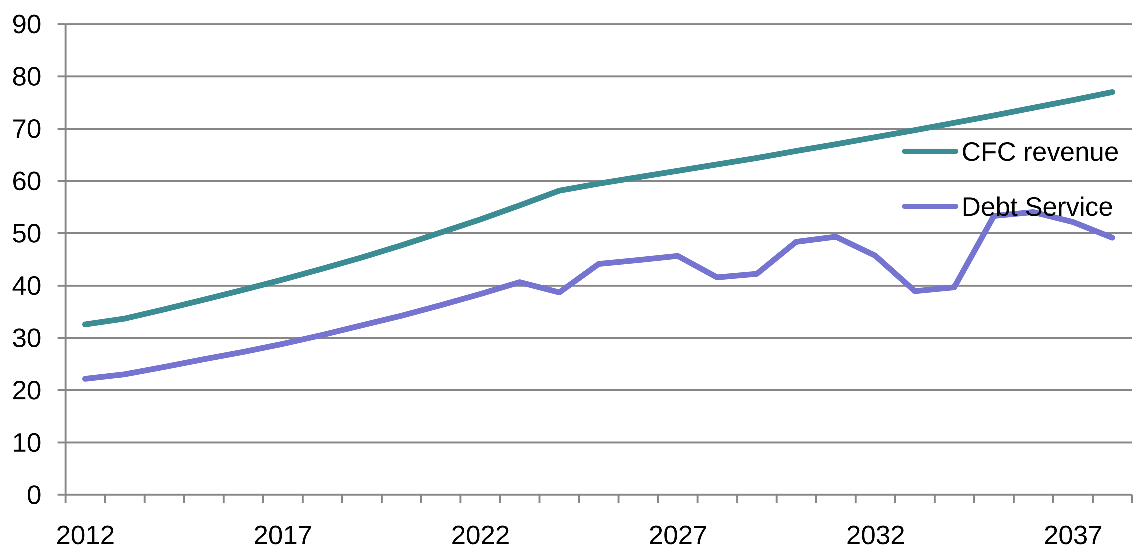
Recent Taxable Bond Issuance - Update

Issuer	Total Size ($MM)	Maturity	Ratings	Yield
Municipal Issues				
University of Minnesota	$37	2028	Aa2/AA	6.300%
University of Virginia	$250	2039	Aaa/AAA	6.200%
NJ Turnpike Authority	$1,375	2040	A3/A+	7.414%
State of California	$5,000	2034 2039	A2/A	7.500% 7.550%
New York State MTA	$750	2039	A2/AA	7.336%
Corporate Issues				
Nokia Corp	$1,500	2019 2039	A1/A	5.496% 6.664%
BB&T Corp	$800	2015 2019	A1/A+	5.712% 6.873%
Anglo-American Capital Plc	$1,250	2014 2019	Baa1/BBB	9.375% 9.375%
John Deere Capital Corp	$750	2012	A2/A	5.329%
Pacific Gas & Electric	$550	2039	A3/BBB+	6.343%
BP Capital Markets Plc	$3,250	2012 2015 2019	Aa1/AA	3.127% 3.896% 4.784%

Current Base Case - Assumptions

- CFC Revenue
  - 2% annual inflation
  - Transaction days based on forecast accepted by Industry
    - Transaction days stop growing when airport reaches 45 MAP
  - Revenue is sufficient to pay financing costs, transportation and major maintenance

CFC revenue and debt service - $ million



Financing Plan includes back-stops

- Base Plan
  - Capital Appreciation Bonds (CABs) – interest is deferred until principal is paid
  - 30-yr fixed rate bonds – approximately $150 million
  - 10-yr fixed rate bonds
  - Variable rate debt

- Back-up provisions
  - Port cash (structured as a loan) up to $30 million
  - Two - $100 million bank lines of credit
  - 10-yr fixed rate bonds (in place of 30-yr bonds)

Project Plan of Finance

- Financing Structure
  - $19.8 million tax-exempt debt @ 6%
  - $100 million variable rate debt @ 6% (based on 20 year average short-term rates plus fees)
  - $150 million 30-yr bonds @ 8.25%
  - $100.7 million 10-yr bonds @ 8%
  - $30 million Capital Appreciation Bonds (CABS) @ 8.5% or Port cash
  - CFC cash collected prior to July, 2009

- Notes
  - Projected rates are above current market
  - Assumes that $20 million Port loan is repaid
  - Assumes funding of multiple reserves

Sources	
VR Debt/USB loan	$100.0
Tax-exempt debt	19.8
30-yr fixed rate debt	150.0
10-yr fixed rate debt	100.7
CABs/Port loan	30.0
CFC cash collections	69.0
Total	$469.5
Uses	
Construction Fund	$388.8
Debt service reserve	37.0
Transportation reserve	9.2
RCF/major maintenance	5.0
Capitalized interest	22.7
Coverage account	3.0
Cost of issuance	3.8
Total	$469.5

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Ability to invest Port cash is critical to manage CFC

- Most efficient use of CFC revenue curve is to include deferred interest
  - Without deferred interest the CFC is higher
- Deferred interest can be accomplished through the use of Capital Appreciation Bonds (CABs) or by the use of Port cash with deferred payment
  - Possibility of CABs in the current market, but amount is limited
  - Airport analysis indicates that approximately $30 million of Port cash could be applied to this project without affecting airline costs
    - This could be instead of CABs or
    - In addition to CABs to further reduce the CFC
  - Amended statute provides the ability to be repaid at a market rate
    - In the long-term from CFC revenues or
    - In the short-term from bond proceeds if CABs can be issued in the future

Current Base Case - Results

Par Amount	$400.5 million
Capitalized Interest	$22.7 million
CABs/Port Cash	$30 million
Total Interest Cost (TIC) (1)	7.72%
Opening CFC (2012)	$6.50
Max CFC (2038)	$10.88 ($6.12 current dollars)

(1) Includes variable rate interest

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Current Base Case - Considerations

- Transaction days – actual activity will differ from forecast and result in a CFC that is higher or lower than the forecast
  - Forecast accepted by industry and independent feasibility consultant
- Interest rates – lower rates could reduce the CFC, higher rates could increase CFC
  - Bond resolution will include an interest rate cap set by Commission
  - If rates are too high, the sale and project re-start will be delayed
- Market access – current market provides access, but structure and rates might not be ideal
  - Finance plan includes contingencies
    - Use of Port cash up to $30 million to replace/supplement CABs
    - Two bank lines-of-credit can allow for flexibility in timing of bond issuance

Project History

- May 13, 2008 – Commission authorized the CRCF project
- June 11, 2008 – Notice to proceed with construction issued to Turner
- July 1, 2008 – Commission authorized sale of bonds to fund the project, financial markets and economy had begun to be troubled
- September 15, 2008 – Financial markets collapsed
- October 14, 2008 – Commission approved the use of $20 million of Airport funds to continue project spending
- December 16, 2008 – Project suspended for up to one year
- January 27 & March 5, 2009 – Briefing to update Commission on financial markets and financing options

Project Update

Construction

- Work to prepare the site for suspension is slightly over 50% complete
- Anticipate completion of site preparation by early July

Budget

- Costs for suspension remain estimated at $15-20 million for program
- Revised Capital Budget now at $402 million, CFC portion $397 million
- Estimated costs based on a July restart of construction

Schedule

- Facility opening now likely in 2nd Quarter 2012
- Turner having to shift weather sensitive work based on restart date and remaining construction work

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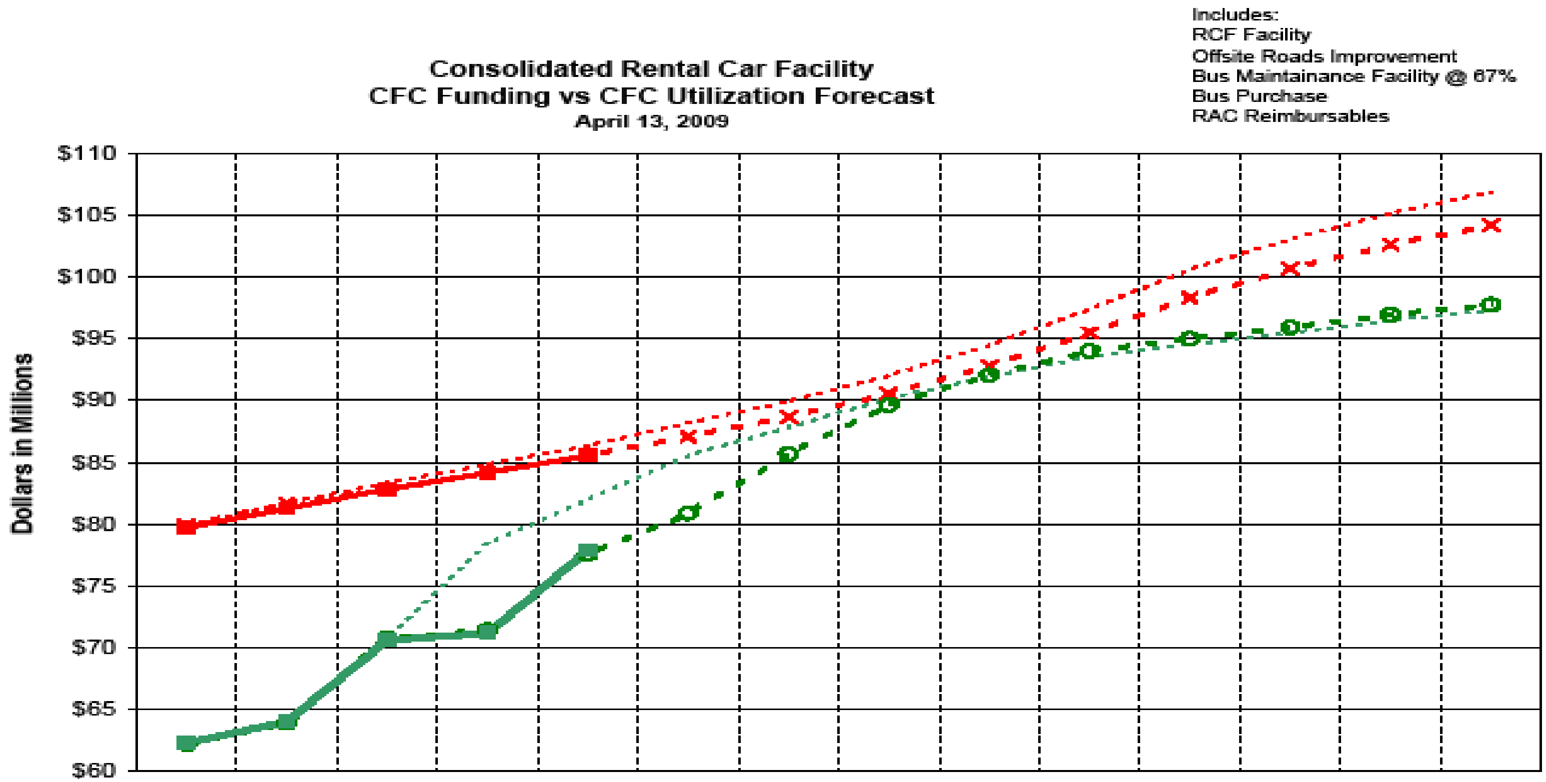
Existing funds and on-going collections are sufficient to pay for costs during suspension



($'s in Millions)

	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Original CFC Forecast	79.9	81.7	83.3	84.9	86.4	88.2	89.9	92.0	94.5	97.4	100.6	103.1	105.2	106.9
3/2/09 CFC Forecast	79.9	81.7	82.8	84.2	85.6	87.1	88.7	90.6	92.8	95.5	98.3	100.7	102.6	104.2
CFC Actuals	79.7	81.3	82.8	84.2	85.6									
Original Proj Cost Forecast	62.2	63.9	70.8	78.4	82.0	85.6	87.8	90.2	91.9	93.6	94.6	95.5	96.5	97.3
Current Proj Cost Forecast	62.2	63.9	70.8	71.4	77.6	80.9	85.7	89.7	92.0	94.0	95.0	95.9	96.9	97.8
Project Actuals	62.3	64.0	70.6	71.2	77.9									
Available Funds	17.6	17.7	12.2	13.0	7.7	6.2	3.0	0.9	0.7	1.5	3.3	4.7	5.7	6.4

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Process & Schedule

- June
  - Commission authorization – First Reading June 2, Second Reading June 9 of:
    - 2 Bond Anticipation Note (BAN) lines of credit Resolutions
    - Revenue Bond Resolution
  - Close BANs
- June/July
  - Sell Revenue Bonds
- July
  - Close revenue bonds
  - Issue Notice to Proceed