



COMMISSION SPECIAL MEETING AGENDA

April 27, 2021

To be held in virtually via MS Teams in accordance with the Governor's 'Safe Start' order and Proclamation 20-28. You may view the full meeting live at meetings.portseattle.org. To listen live, call in at (833) 209-2690; +1 (425) 660-9954; and conference ID 384 404 514#

ORDER OF BUSINESS

11:30 a.m.

1. CALL TO ORDER

2. EXECUTIVE SESSION – *if necessary, pursuant to RCW 42.30.110 (executive sessions are not open to the public)*

► 12:30 noon – PUBLIC SESSION

Reconvene or Call to Order and Pledge of Allegiance

3. APPROVAL OF THE AGENDA (*at this time, commissioners may reorder, add, or remove items from the agenda*)

4. SPECIAL ORDERS OF THE DAY

5. EXECUTIVE DIRECTOR'S REPORT

6. COMMITTEE REPORTS

7. PUBLIC COMMENT – *procedures available online at <https://www.portseattle.org/page/public-comment-port-commission-meetings>*

PLEASE NOTE: DUE TO THE GOVERNOR'S 'SAFE START' ORDER there will be no physical location for this meeting and the **PORT WILL NOT ACCEPT** in-person, verbal comments during the special meeting of April 27, 2021.

Alternatively, during the regular order of business, those wishing to provide public comment will have the opportunity to:

1) Deliver public comment via email: All written comments received by email to commission-public-records@portseattle.org will be distributed to commissioners and attached to the approved minutes.

2) Deliver public comment via phone or Microsoft Teams conference: To take advantage of this option, please email commission-public-records@portseattle.org with your name and the topic you wish to speak to by 9:00 a.m. PT on Tuesday, April 27 2021. You will then be provided with instructions and a link to join the Teams meeting.

This process will be in place until further notice. For additional information, contact commission-public-records@portseattle.org.

8. CONSENT AGENDA (*consent agenda items are adopted by one motion without discussion*)

8a. Approval of the Minutes of the Regular Meeting of April 13, 2021. (**no enclosure**) (p.4)

8b. Authorization for the Executive Director to (1) Proceed with the EDMS Replacement Project; (2) to Execute Contract(s) for Software, Equipment, and Vendor Implementation Services; (3) to Use Port Staff for Implementation; and (4) to Execute a Contract for up to Ten Years for Software License, Service, and/or Maintenance Fees Estimated at \$800,000. The Amount Requested for Project Implementation is \$415,000 for a Total Authorization of \$1,215,000. (CIP#801136). ([memo](#) enclosed) (p.5)

- 8c. Authorization for the Executive Director to Enter into an Interlocal Agreement with National Renewable Energy Laboratory to Analyze Energy and Technology Alternatives for Both Aviation and Maritime Facilities to Help Meet Century Agenda Environmental and Energy Goals. ([memo](#) and [presentation](#) enclosed) (p.10)
- 8d. Authorization for the Executive Director to Execute a Change Order to Contract MC-0301904 Main Terminal Low Voltage System Upgrade – General Contractor/Construction Manager (GC/CM) Preconstruction Services Agreement, for the Remaining Preconstruction Services Portion of the GC/CM Contract with M. A. Mortenson Construction Inc. for Work to be Performed at Seattle-Tacoma International Airport (SEA). The Amount of the Change Order is \$1,500,000 for a Revised Total Not-to-Exceed the Amount of \$3,000,000. (CIP #C800061) ([memo](#) enclosed) (p.24)
- 8e. Authorization for the Executive Director to (1) Complete Design, (2) to Execute a Professional Services Agreement for Design Services, and (3) to Enter into a Reimbursable Agreement with the Federal Aviation Administration for the S. 188th St. Tunnel Lighting Project at Seattle-Tacoma International Airport (SEA), for a Request Authorization of \$4,610,000 and a Total Authorization of \$4,900,000; and a Total Estimated Project Cost of \$24,500,000 (CIP #C801157). ([memo](#) and [presentation](#) enclosed) (p.30)
- 8f. Authorization for the Executive Director to (1) Authorize \$6,180,000 of Design Budget Including a Reimbursement to Delta Air Lines, Inc., for the Design of the Concourse A Building Expansion for the Lounges Project at Seattle-Tacoma International Airport; and (2) to Execute a Tenant Reimbursement Agreement (TRA) with Delta for this Purpose Under the Airport's AV-2 Policy (CIP #C801205). ([memo](#) and [presentation](#) enclosed) (p.42)

9. UNFINISHED BUSINESS

10. NEW BUSINESS

- 10a. *[Clerk's Note: Removed from agenda prior to publication.]*
- 10b. Introduction of Resolution No. 3786: A Resolution Authorizing the Issuance and Sale of Intermediate Lien Revenue and Refunding Bonds in One or More Series in the Aggregate Principal Amount Not-to-Exceed [\$950,000.000], for the Purpose of Financing or Refinancing Capital Improvements to Aviation Facilities and for the Purpose of Refunding Certain Outstanding Revenue Bonds of the Port; Setting Forth Certain Bond Terms and Covenants; and Delegating Authority to Approve Final Terms and Conditions and the Sale of the Bonds. ([memo](#), [draft resolution](#), and [presentation](#) enclosed) (p.61)
- 10c. Introduction of Resolution No. 3787: A Resolution Authorizing the Issuance and Sale of First Lien Revenue Refunding Bonds, Series 2021 in the Aggregate Principal Amount of Not-to-Exceed [\$60,000.000] (the "Bonds"), for the Purpose of Refunding the Port's First Lien Revenue Refunding Bonds, Series 2011B (the "2011 Bonds"); Setting Forth Certain Bond Terms and Covenants; and Delegating Authority to Approve Final Terms and Conditions and the Sale of the Bonds. ([memo](#), [draft resolution](#), and [presentation](#) enclosed) (p.120)
- 10d. Authorization to (1) Execute a Contract for Program Management and Project Management Support Not-to-Exceed \$14,000,000; (2) to Execute a Contract for Construction Management Support Not-to-Exceed \$15,000,000; (3) to Execute a Contract for Special Inspections and Testing Not-to-Exceed \$1,000,000; (4) to Authorize the Remainder of the Design Budget; (5) to Execute an Amendment to the C1 Building Expansion Design Services Contract in the Amount of \$17,880,000, for a New Contract Total of \$24,080,000; (5) to Execute a Change Order to Contract MC-0320161, General Contractor/Construction Manager (GC/CM) Preconstruction Services Agreement, for the Remaining Preconstruction Services Portion of the Contract with Turner Construction Company for Work to be Performed at Seattle-Tacoma International Airport (SEA). The Amount of the Change Order is \$1,000,000 for a

Revised Total Not-to-Exceed \$3,500,000; and (6) to Authorize Enabling Construction Work and Early Work Packages. (CIP# C800845). ([memo](#) and [presentation](#) enclosed) (p.169)

- 10e. Authorization for the Executive Director to Authorize up to \$10 million in Support of the North Main Terminal Redevelopment Program (1) for Alaska Airlines to Complete a Project Definition Document and to Progress the Overall Program Design at Seattle-Tacoma International Airport, (2) to Fund Associated Port Soft Costs, (3) to Execute a Tenant Reimbursement Agreement with Alaska Airlines, and (4) to Authorize the Execution of a Consultant Support Services Contract for an Estimated Value of \$16.5M, as Well as a Design Services Contract for an Estimated Value of \$4.5 million. ([memo](#) and [presentation](#) enclosed) (p.191)

11. PRESENTATIONS AND STAFF REPORTS

- 11a. Port Policing Assessment Progress Report ([memo](#) and [presentation](#) enclosed) (p.213)

12. QUESTIONS on REFERRAL to COMMITTEE and CLOSING COMMENTS

13. ADJOURNMENT

Item 8a. Minutes of the April 13, 2021, Regular Business Meeting

(To be distributed under separate cover.)

RETURN TO AGENDA

**COMMISSION
AGENDA MEMORANDUM**

Item No. 8b

ACTION ITEM

Date of Meeting April 27, 2021

DATE: April 16, 2021

TO: Stephen P. Metruck, Executive Director

FROM: Arlyn Purcell, Interim Senior Director, Engineering, Environment & Sustainability
Sandra Kilroy, Director Maritime Environmental and Planning
Matt Breed, Chief Information Officer, Information and Communication Technology

SUBJECT: Environmental Data Management System (EDMS) Replacement (CIP#801136)

Amount of this request: \$1,215,000

Total estimated project cost: \$1,215,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to (1) proceed with the EDMS replacement project; (2) execute contract(s) for software, equipment, and vendor implementation services; (3) use Port staff for implementation; and (4) execute a contract for up to ten years for software license, service, and/or maintenance fees estimated at \$800,000. The amount requested for project implementation is \$415,000 for a total authorization of \$1,215,000. Recurring fees will be funded in the annual operating budget.

EXECUTIVE SUMMARY

This project will competitively procure and implement a system that will serve as the Port's central repository of environmental information that includes chemistry data from soil, sediment, and surface and ground water sampling related to environmental compliance activities on Port properties. The new system will be used by Aviation and Maritime Environmental teams as well as Facility and Project Management teams that rely on accurate and timely data to meet regulatory obligations and support business needs and construction processes.

The current system, first implemented in 2001 with only minor improvements in the last twenty years, no longer meets Port requirements for environmental data management and vendor support for the system is ending due to an aging technology platform.

Information and Communication Technology (ICT) and Environment and Sustainability (ENV) organizations will complete this project with a vendor selected through a request for proposal (RFP) process. The capital project, originally estimated at \$350,000, was included in the 2021-2025 capital budget and plan of finance. The additional \$65,000 will be added to the capital

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budget and plan of finance for 2022. Recurring costs estimated at \$80,000 per year for up to ten years (\$800,000 total) will be budgeted in the Aviation Environment & Sustainability and Maritime Environment & Sustainability annual operating budgets.

JUSTIFICATION

In 2001, after finding no adequate off-the-shelf solutions, the Port designed, built, and implemented an Environmental Management Information System (EMIS) to meet Port Environmental Program business needs. EMIS is a relational database application based on Microsoft Access and SQL Server technology. It serves as the Port's central repository for environmental chemistry data generated from soil, sediment, surface water and groundwater sampling activities on Port properties. Staff use EMIS's data management, analysis, and reporting features to meet a broad range of environmental compliance tasks including regulatory agency submittals, contaminated site assessment and remediation, stormwater discharge permit compliance, and environmental monitoring and remediation budgeting for construction projects.

After two decades of use, EMIS is near the end of its functional lifespan. An ageing platform and history of ad-hoc additions to meet evolving needs has created a complicated and burdensome system to maintain. Retirement of the original system developer and a lack of adequate vendor support poses non-compliance risks in the event of system failure. The Port also seeks to evaluate modern technologies to gain efficiencies and support current and emerging environmental data management needs, objectives, and priorities.

This project provides important benefits to meet regulatory requirements, support construction projects, and advance the Port's environmental and sustainability goals, including:

- (1) A fully supported system on a current technology platform will ensure continued availability.
- (2) Data analysis capabilities will better support contaminated site management, permit compliance, and construction.
- (3) Enhanced environmental compliance communication for internal and external stakeholders will improve situational awareness.
- (4) Self-service access to prepare, submit, and search environmental information with appropriate approval and tracking will streamline processes and reduce lag time between collection and reporting.
- (5) Improved controls will ensure fidelity of regulated data submittals and accuracy of information.

Diversity in Contracting

Project staff are working with the Diversity in Contracting Department to determine if a direct women-and-minority-owned business enterprise (WMBE) aspirational goal should be assigned. Typically, subcontracting opportunities under technology projects are limited.

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DETAILS***Scope of Work***

- (1) Competitively procure and implement a new EDMS system
- (2) Migrate historical sample data into new EDMS system
- (3) Integrate with the Port's Enterprise Geographic Information System (GIS)

Schedule

Commission authorization	2021 Quarter 2
Procurement Complete	2021 Quarter 4
In-use date	2022 Quarter 4

Cost Breakdown

	This Request	Total Project
Software and Vendor Services	\$230,000	\$230,000
Port Labor	\$185,000	\$185,000
Total	\$415,000	\$415,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED**Alternative 1** – Delay the purchase and implementation of a modern EDMS.Cost Implications: \$0Pros:

- (1) Capital funds are available for other projects

Cons:

- (1) Port staff and contractors will continue to rely on an aging technology platform with increased risk of failure and inefficient processes.
- (2) Improvements in data accessibility, mobile field data collection, and GIS integration are postponed.
- (3) Increased risk of regulatory non-compliance or additional cost if current system fails or technology becomes deprecated beyond use.

This is not the recommended alternative.

Alternative 2 – Purchase and implement a full-featured Environmental Health & Safety solutionCost Implications: \$1,000,000-\$2,500,000 CapitalPros:

- (1) Solution potentially provides more powerful analytical reporting and forecasting tools.

Cons:

- (1) Cost is significantly higher than the recommended alternative.

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- (2) The system includes features not required by Port staff or that are covered by other Port systems.
- (3) Increased complexity will extend schedule and require more system administration.

This is not the recommended alternative.

Alternative 3 – Purchase and implement an EDMS

Cost Implications: \$415,000 Capital/\$800,000 Recurring Costs over 10 years

Pros:

- (1) Meets Aviation and Maritime requirements for best-practice environmental data management.
- (2) Improves efficiency and effectiveness of Environmental staff and contractors who routinely use the system.
- (3) Leverages modern technology to improve accessibility, performance, compatibility, scalability, security, and maintenance.

Cons:

- (4) Capital funds are not available for other projects.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

<i>Cost Estimate/Authorization Summary</i>	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$350,000	\$0	\$350,000
Current change	\$65,000	0	\$65,000
Revised estimate	\$415,000	0	\$415,000
AUTHORIZATION			
Previous authorizations	0	0	0
Current request for authorization	\$415,000	0	\$415,000
Total authorizations, including this request	\$415,000	0	\$415,000
Remaining amount to be authorized	\$0	\$0	\$0

Annual Budget Status and Source of Funds

This project was included in the 2021-2025 capital budget and plan of finance estimated at \$350,000. The additional \$65,000 will be requested in the funding for the 2022-2026 capital budget and plan of finance. The project will be funded 50% Airport Development Fund and 50% General Fund.

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Financial Analysis and Summary

Project cost for analysis	\$415,000
Business Unit (BU)	Corporate division allocations
Effect on business performance (NOI after depreciation)	NOI after depreciation will increase due to inclusion of capital (and operating) costs in airline rate base.
IRR/NPV (if relevant)	NA
CPE Impact	Less than \$.01 in 2023

Future Revenues and Expenses (Total cost of ownership)

Ten-year recurring service, license, or maintenance fees, estimated at \$800,000, will be budgeted in annual operating budgets beginning in 2022.

ATTACHMENTS TO THIS REQUEST

None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None

RETURN TO AGENDA



**COMMISSION
AGENDA MEMORANDUM**

Item No. 8c

ACTION ITEM

Date of Meeting April 27, 2021

DATE : April 19, 2021

TO: Stephen P. Metruck, Executive Director

FROM: Stephanie Meyn, Sr. Environmental Program Manager (Aviation)
David Fujimoto, Sr. Environmental Program Manager (Maritime)
Arlyn Purcell, Interim Senior Director, Engineering, Environment and Sustainability
Sandy Kilroy, Director, Sustainability and Environmental (Maritime)

SUBJECT: Interlocal Agreement with National Renewable Energy Laboratory

Amount of this request: \$0

ACTION REQUESTED

Request Commission authorization for the Executive Director to enter into an interlocal agreement with National Renewable Energy Laboratory to analyze energy and technology alternatives for both aviation and maritime facilities to help meet Century Agenda environmental and energy goals.

EXECUTIVE SUMMARY

This interlocal agreement (ILA) is with the National Renewable Energy Laboratory (NREL), a not-for-profit federally-funded agency. NREL is managed for the U.S. Department of Energy's Office of Energy Efficiency and Renewable Energy by the Alliance for Sustainable Energy LLC, a partnership between Battelle and MRIGlobal.

Airports and seaports look to NREL for decision support and actionable insights to inform their long-term facility, infrastructure, and energy planning efforts. Adapting complex, legacy energy systems and transportation networks to minimize costs, emissions, and inefficiencies requires new, innovative solutions that NREL is uniquely positioned to offer.

NREL has helped other major transportation airports and seaports like Los Angeles World Airports, Dallas Fort Worth International Airport, the Port Authority of New York and New Jersey, and the Port of Long Beach understand the full range of options for achieving ambitious energy-saving goals, improving regional air quality, and optimizing the movement of people and goods.

NREL's expertise will allow the Port to make progress toward its Century Agenda emissions and energy goals, increase resiliency, and improve community health and social equity.

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The budget for this work was approved by the Commission on December 15, 2020. This action is exclusively for the approval to enter into the agreement with NREL. The value of this ILA is for \$150,000 of work over an approximate 1-year period.

JUSTIFICATION

This partnership with a federal laboratory will provide technical analysis enabling the Port to further explore its carbon reduction strategies. The NREL work will leverage and integrate with Port long-term planning efforts including Maritime's Waterfront Clean Energy Strategic Plan and SEA's Utility Master Plan (UMP).

NREL explicitly does not offer its services where commercial consultants or engineering firms can do the work. This partnership provides access to world-leading technology and energy source integration that isn't available elsewhere.

The selection of energy sources such as natural gas or electricity, technologies such as steam, water, or ground-source heat to the Port's buildings, and energy resources such as efficiency, storage or microgrids will have significant impacts on the cost (operating and capital), ability to support industry clean energy transition and environmental footprint of the Port for the next 50 years. As a result of these large impacts, NREL expertise is warranted to seek the optimum solutions that will save the Port money, pursue smart investments and reduce emissions.

DETAILS

For the maritime-related work, the goal of NREL's work is to identify energy asset combinations (e.g., on-site renewable generation, energy storage, and other considerations such as transportation vehicle loads or on-site generation of renewable fuels) to address energy costs, network constraints, and sustainability initiatives. The initial focus of the work will be on Terminal 91 - which has a diverse mix of use cases, planned redevelopment and energy distribution constraints. NREL will technically validate and financially evaluate options in conjunction with the Seattle Waterfront Clean Energy Strategic Plan.

For the aviation-related work, the primary goal of NREL's work is to identify opportunities to reduce emissions of the airport's central plant (e.g., conversion of heating system from steam to hot water, geothermal ground source heat pumps, heat pumps using heat recovery chillers) over the long term while expanding the thermal generation capacities for projected future loads as a complement to the UMP assessment. This is particularly important to assess before the RNG contract term is completed in late 2030.

Scope of Work

While the maritime and aviation scopes will examine different technologies and alternatives for their specific application, the general nature of the work will follow a similar methodology. NREL has developed a technoeconomic assessment tool known as Re-Opt (Renewable Energy Integration and Optimization) which recommends the optimal choice or mix of renewable

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energy, conventional generation, and energy storage technologies to meet cost savings, resilience, and energy and emission performance goals.

The Scopes for both aviation and maritime will follow these general tasks and deliverables:

- (1) Data Gathering and Review
- (2) Examine Assumptions and Limitations
- (3) Develop & Refine Alternatives
- (4) Techno-economic Analysis of Refined Alternative(s)
- (5) Final Recommendations and Report

Schedule

Task/Deliverable	Date
Commission ILA authorization	Q2 2021
Data Gathering	Q2-Q3 2021
Evaluation of Alternatives & Technologies	Q3-Q4 2021
Final Recommendations	Q1 2022

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do not support an NREL partnership.

Cost Implications: \$0

Pros:

- (1) Cost savings. Conserves staff resources for other work.

Cons:

- (1) If this study is not conducted, options that may not have been considered by the Utilities Master Plan will not be evaluated for sustainability or Century Agenda goals. For Terminal 91, the detailed analysis of energy options would be delayed.
- (2) Port will not meet Century Agenda goals.

This is not the recommended alternative.

Alternative 2 – Support the NREL partnership

Cost Implications: \$150,000 (previously approved by Commission Dec 15, 2020)

Pros:

- (1) This study will examine several alternatives that will offer more innovative, low carbon, and efficient options as we expand our heating and cooling needs in the airport, and electrification of our waterfront. By conducting the study in 2021, we reduce the risk of proceeding with capital project designs that do not factor in more efficient and low-carbon options.

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- (2) Supports Century Agenda goals.

Cons:

- (1) Financial cost.
- (2) Staff effort across multiple Port departments.

This is the recommended alternative.

Annual Budget Status and Source of Funds

The previously approved budget includes \$127,000 from the Energy and Sustainability Committee Fund, and \$23,000 from the Environment and Sustainability Center of Expertise operating budget, for a total of \$150,000.

ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

December 15, 2020 – The Commission authorized for the Executive Director to commit previously approved Environment and Sustainability Center of Expertise funds to analyze energy and technology alternatives for both aviation and maritime facilities in the amount of \$127,000.

Interlocal Agreement with National Renewable Energy Laboratory

Stephanie Meyn, Sr. Environmental Program Manager, Aviation
Scott Cary, National Renewable Energy Lab

Action Requested

- Request Commission authorization for the Executive Director to enter into an interlocal agreement with National Renewable Energy Laboratory to analyze energy and technology alternatives for both aviation and maritime facilities to help meet Century Agenda environmental and energy goals
- Budget previously authorized (Dec 15, 2020)

Who is NREL?



Who Is NREL?

- A national laboratory of the U.S. Department of Energy
- Its mission is to advance energy efficiency, sustainable transportation, and renewable power technologies.
- Budget \$500M per year, almost 90% funds from the Department of Energy



What Does NREL Offer?



- Sought-after researchers for energy efficiency, renewable energy, etc.
- Do not compete with consultants
- Currently working on evaluations for dozens of ports, airports, campuses
- Major partner for DFW : Curbside traffic; Mechanical plant solution to reduce 80% of natural gas demand

NREL's REopt Tool

- Techno-economic decision support platform used to optimize energy systems for buildings, campuses, etc.
- REopt recommends optimal mix of renewable energy, conventional generation, and energy storage technologies to meet cost savings, resilience, and energy & emission performance goals.



Interlocal Agreement

- Approx 1-year agreement
- Both maritime & aviation focus
- \$150K (\$75K each)
- Budget previously authorized (Dec 2020)

Aviation Scope

1. As complement to Utility Master Plan, review existing plant operations and future concepts
2. Review assumptions
3. Develop future alternatives & refine concepts
4. Techno-economic assessment of proposed alternative(s)
5. Final report



Maritime Scope

1. In coordination with Waterfront Clean Energy Strategic Plan, review current and future energy demand, load and capacity profiles
2. Develop future alternatives & refine concepts
3. Techno-economic assessment of proposed alternative(s)
4. Final report



ILA Project Schedule

Task/Deliverable	Date
Commission ILA authorization	Q2 2021
Data Gathering	Q2-Q3 2021
Evaluation of Alternatives & Technologies	Q3-Q4 2021
Final Recommendations	Q1 2022

[RETURN TO AGENDA](#)

**COMMISSION
AGENDA MEMORANDUM**

ACTION ITEM

Item No.	<u>8d</u>
Date of Meeting	<u>April 27, 2021</u>

DATE: April 9, 2021

TO: Stephen P. Metruck, Executive Director

FROM: Tina Soike, Engineering Director
Janice Zahn, Assistant Engineering Director, Construction Services

SUBJECT: Main Terminal Low Voltage System Upgrade (CIP # C800061)

Amount of this request: \$0

Total estimated project cost: \$100,300,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute a change order to Contract MC-0301904 Main Terminal Low Voltage System Upgrade – General Contractor/Construction Manager (GC/CM) Preconstruction Services Agreement for the remaining preconstruction services portion of the GC/CM contract with M. A. Mortenson Construction Inc. for work to be performed at Seattle-Tacoma International Airport (SEA). The amount of the change order is \$1,500,000 for a revised total Not-to-Exceed (NTE) contract amount of \$3,000,000.

EXECUTIVE SUMMARY

This change order will increase the NTE amount of MC-0301904 Main Terminal Low Voltage System Upgrade – GC/CM Preconstruction Services Agreement in the amount of \$1,500,000 to be paid to the GC/CM contractor on a time and material basis for actual work performed. The revised contract amount will be \$3,000,000.

This change order request requires no additional budget (zero dollars) because it can be accommodated within the previously authorized budget of \$30,733,000, and it requires no additional time (zero days) because it can be accommodated within the existing contract schedule parameters.

The GC/CM contract was executed with M.A. Mortenson by the Port of Seattle (Port) on August 9, 2019, with an initial Not-to-Exceed amount of \$1,500,000 and an estimated performance period of three (3) years. On August 18, 2020 an Electrical Contractor/Construction Manager (EC/CM) contract was executed with VECA Electric & Technologies (VECA). In November

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2020 both Mortenson and VECA mobilized and began providing preconstruction services under this contract. At the time of the initial agreement, it was expected additional funds would be needed to support the preconstruction services being provided by the GC/CM and EC/CM, although the full level of effort and services needed was difficult to fully quantify. Therefore, the Port and Mortenson agreed to begin with the initial Not-to-Exceed (NTE) funding of \$1,500,000 and increase the NTE amount once the full level of effort and costs for the services could be more accurately defined.

Description of Change Order

This change order will increase the NTE amount of MC-0301904 Main Terminal Low Voltage System Upgrade – GC/CM Preconstruction Services Agreement in the amount of \$1,500,000 to be paid to the GC/CM contractor on a time and material basis for actual costs incurred. The revised contract amount will be \$3,000,000.

Background

This project replaces the Main Terminal's low-voltage distribution system at SEA, which serves power to every floor of the main terminal and is at the end of its serviceable lifespan.

Since the last commission action in July 2018, the project has completed 30% design and will complete the 75% design by Q3 2021. Preconstruction services began in August 2019 and will be completed in Q3 2022. This contracting approach will help minimize and mitigate operational disruption during construction. The project replaces nearly 300 separate electrical power panels and installs a new power center. Other preconstruction services include detailed design reviews with recommendations to improve quality and reduce project costs. During construction, Work performed by the GCCM and ECCM will be negotiated directly as part of the maximum allowable construction costs (MACC). All remaining work will be competitively bid by the GCCM with Port oversight. As part of their preconstruction services, the GCCM will work with the Port to develop subcontract bid packages.

JUSTIFICATION

SEA's medium voltage electrical distribution system and power centers have all been renewed and replaced within the last 20 years. The next phase of SEA's renewal and replacement program for the electrical system is the low-voltage system. This infrastructure is critical to airport operations.

Large portions of the existing low-voltage electrical distribution system are over 40 years old and have reached the end of their useful operating life (30 years), raising concerns over their continued reliability. Additionally, much of the existing equipment is not compliant with the current National Electrical Code (NEC). This Main Terminal Low Voltage System Upgrade will correct all the issues in this area and bring the installation up to current standards and compliance with current codes.

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The project team has completed the 30% design which included a full physical inventory and condition assessment of all electrical equipment in the main terminal and is scheduled to complete the 75% design in Q3 2021. The major work elements are detailed below.

Normal Power Work

The project includes the replacement of nearly 300 of the 600 electrical panels; these panels are of similar age and condition and are at a similar risk of failure.

Emergency Power Work

The project includes the replacement and code corrections for the emergency power distribution system which is of similar age, condition and risk of failure as the normal building power.

Central Terminal Power Distribution Load Center

The Central Terminal Power Center is nearing the end of its useful life and is the only terminal power center that was not upgraded in circa 2005 and not configured for maximum reliability.

Energy Metering

Branch circuit metering will allow the Port of Seattle to identify and implement future energy saving projects to comply with Washington State Energy Code for 2015 as adopted by Port Resolution 3745.

Regulated Materials

Many of the work locations for this project are in areas where regulated materials are present. Due to the large geographic areas this project covers, asbestos abatement costs will be significant and have been estimated at \$13,000,000.

Diversity in Contracting

Diversity in Contracting is a key component in the selection process for the GC/CM contractor. As part of the evaluation process, GC/CM proposers were required to provide a detail summary of their plan to meet the 8% WMBE goal during the construction phase of the project. During the preconstruction services phase of the GC/CM contract, the Port and Mortenson will develop subcontract work packages, inclusion and outreach plans to meet this goal during construction.

DETAILS***Scope of Work***

This project covers the renewal and replacement of end of life low-voltage electrical distribution switchboards, feeders, panels, and tenant metering in the Main Terminal served by the five Main Terminal Power Distribution Load Centers. The work will be carried out in a manner that minimizes disruptions to normal airport operations.

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Specific Scope Items:

- (1) Normal Power renewal, replacement, optimization, and expansion.
- (2) Emergency Power renewal, replacement, optimization, and expansion.
- (3) Replacement of the Central Terminal Power Distribution Load Center.
- (4) Implement branch circuit level energy metering in new work.
- (5) Minimize disruption to normal airport operations during construction.
- (6) Abatement of regulated materials as incident to the overall scope.

Schedule

75% Design Complete	Q3 2021
Design Complete	Q2 2022
Commission construction authorization (MACC)	Q2 2022
Construction start	Q3 2022
Construction complete	Q4 2025

FINANCIAL IMPLICATIONS

There is no additional funding being requested in this memo. Previously authorized funding included the full amount of the revised contract value. Full budget authorization for construction will be requested in Q3 2022.

Cost Estimate/Authorization Summary)

Capital

Expense

Total

COST ESTIMATE			
Original estimate	\$19,640,000	\$1,090,000	\$20,730,000
Previous changes – net	\$67,120,000	\$12,450,000	\$79,570,000
Current change	\$0	\$0	\$0
Revised estimate	\$86,760,000	\$13,540,000	\$100,300,000
AUTHORIZATION			
Previous authorizations	\$30,193,000	\$540,000	\$30,733,000
Current request for authorization	\$0	\$0	\$0
Total authorizations, including this request	\$30,193,000	\$540,000	\$30,733,000
Remaining amount to be authorized	\$56,567,000	\$13,000,000	\$69,567,000

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ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 - Do not execute the change order and perform remaining preconstruction services within current contract value.

Cost Implications: Reduces available funding by \$1,500,000 for preconstruction services.

Pros:

- (1) Delays or defers Port investment.

Cons:

- (1) Ability to utilize GC/CM's and EC/CM's knowledge and experience eliminated, especially regarding more cost-effective design and construction means and methods.
- (2) Port exposed to increased risk and cost during construction for unforeseen conditions and unplanned impacts during electrical outages during panel replacement.
- (3) Design cost will increase as field work currently perform by GC/CM and EC/CM in support of design will now have to be performed by designer.
- (4) Additional workload will be placed on Av/Maintenance to support access to electrical rooms for design team. Access is currently provided by GC/CM and EC/CM contractors.
- (5) Loss of GC/CM and EC/CM estimating skills and experience with current market conditions reduces Port's ability to effectively manage project costs and budget.
- (6) Ability to coordinate construction with other Port projects is reduced.

This is not the recommended alternative

Alternative 2 – Execute the change order and have the GC/CM and EC/CM perform all preconstruction services.

Cost Implications: \$1,500,000

Pros:

- (1) Increased ability to utilize GC/CM's and EC/CM's knowledge and experience to implement a more cost-effective design.
- (2) Risk to Port from unforeseen conditions and unplanned impacts during electrical outages significantly reduced.
- (3) Design support efforts performed by GC/CM and EC/CM in support of design reduce design cost while increasing GC/CM and EC/CM knowledge of the project.
- (4) Significantly reduces need for AV/Maintenance staff to support design efforts allowing AV/Maintenance to focus on core functions.
- (5) Retains GC/CM and EC/CM estimating skills and experience with current market conditions and increases Port's ability to effectively manage project costs and budget.
- (6) Knowledge developed by GC/CM and EC/CM contractors over the past year is retained by project team.

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Cons:

- (1) Knowledge developed by GC/CM and EC/CM contractors could be lost if current GC/CM and EC/CM staff providing preconstruction services are able to stay through the remaining preconstruction period.

This is the recommended alternative.

ATTACHMENTS

None.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

July 10, 2018 – The Commission authorized an additional \$22,586,000 for a revised authorized amount of \$30,733,000. 1) Increase project scope and budget to \$100,300,000; 2) contract for design services; 3) advertise and execute General Contractor, Construction Manager construction contract and pre-construction services; 4) Negotiate and execute project labor agreement; 5) utilize Port crews for preconstruction activities and abatement.

June 12, 2018 - The Commission was briefed on upcoming July 10, 2018 authorize request.

August 5, 2014 - The Commission approved project consolidation and design.

June 28, 2007 - The Commission approved design and construction of a project which is much more limited scope and budget and is now included in the larger current effort.

RETURN TO AGENDA

**COMMISSION
AGENDA MEMORANDUM**

Item No. 8e

ACTION ITEM

Date of Meeting April 27, 2021

DATE: April 19, 2021

TO: Stephen P. Metruck, Executive Director

FROM: Eileen Francisco, Acting Director, AV Facilities & Capital Programs
Wayne Grotheer, Director Aviation Project Management

SUBJECT: S. 188th St. Tunnel Lighting (C801157)

Amount of this request: \$4,610,000

Total estimated project cost: \$24,500,000

ACTION REQUESTED

Request commission authorization for the Executive Director to (1) complete design, (2) execute a professional services agreement for design services, and (3) enter into a reimbursable agreement with the Federal Aviation Administration for the S. 188th St. Tunnel Lighting project at Seattle-Tacoma International Airport (SEA). The amount being requested under this authorization is \$4,610,000 for a total authorization of \$4,900,000 and a total estimated project cost of \$24,500,000.

EXECUTIVE SUMMARY

The S. 188th St. tunnel structure is located beneath Runway 34R. It was originally constructed in 1960. Based upon an existing easement, SEA owns the tunnel structure and the City of SeaTac owns the S. 188th St. roadway. This project has assessed the tunnel for current code requirements. Based on the findings of that assessment, many of the existing systems are deficient. This project will address the structure, lighting, and other systems to ensure the tunnel is brought to a satisfactory level of service.

JUSTIFICATION

The life safety systems in the tunnel are original to its construction. These systems include ventilation, back-up power, and fire detection. Most of which are currently missing or inoperable. Tunnel lighting, the sole exception, was partially replaced in the 1990s, however many of the light fixtures have failed and replacement parts are no longer available. This project will replace or restore these systems to reduce life safety risk, improve lighting, driver and pedestrian safety and improve energy efficiency.

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Diversity in Contracting

The project team is working with the Diversity in Contracting Department to determine participation opportunities and will set appropriate aspirational goals for women and minority business enterprises (WMBE) participation in the design and construction contracts.

DETAILS

The tunnel is periodically inspected by Port of Seattle engineering in accordance with the Washington State Department of Transportation's Bridge and Tunnel inspections. The inspection performed in 2018 daylighted concerns over the age and condition of multiple tunnel systems. This and other elements initiated the process to first address the lighting system.

SEA later decided to expand the scope to further assess all the existing life safety systems. SEA engaged a design consultant to assess the condition of the lighting and life safety systems. The consultant produced a list of recommendations and those recommended for immediate action formed the basis of the scope of work.

The City of SeaTac (City) will also be performing a pavement overlay of S. 188th St., including the section of pavement located within the tunnel, during the summer of 2021. SEA and City staffs are currently coordinating on that scope of work to ensure the objectives of both agencies can be achieved.

One of the projects proposed in the Sustainable Airport Master Plan Near-Term Projects environmental review effort is the extension of Taxiway A/B. This proposed project would include the extension of the tunnel structure to the east as the Taxiway is extended to the south over S. 188th St. Currently, the following scope has been identified to be included with the proposed extension of Taxiway A/B, and is not included in this project: smoke control, fire suppression, egress pathway improvements, airfield grading and drainage, hydrant stand pipes, seismic retrofitting, and structural improvements to support additional airfield loading. Both project teams will continue to coordinate as each project progresses.

The project team identified a Federal Aviation Administration fiber line that may or may not be impacted from construction. Authorization to enter a reimbursable agreement is a precautionary measure in case it is determined that such an agreement would be necessary for design reviews or construction impacts.

Scope of Work

Scope of work for this project includes structural (crack sealing/spall repair), civil (sidewalk, signage), electrical (lighting, power, emergency power), mechanical (ventilation, fire protection), communication and special system (fire detection/alarm, carbon monoxide monitoring, security, egress/traffic management) improvements.

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Schedule

Design start	2021 Quarter 3
Commission construction authorization	2022 Quarter 4
Construction start	2023 Quarter 2
In-use date	2024 Quarter 2

Cost Breakdown

This Request

Total Project

Design	\$4,900,000	\$4,900,000
Construction	\$0	\$19,600,000
Total	\$4,900,000	\$24,500,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED**Alternative 1** – Defer scope to later projects or no action.Cost Implications: \$0Pros:

- (1) No cost incurred immediately.

Cons:

- (1) Ignores critical life safety system deficiencies putting the public at risk.

This is not the recommended alternative.

Alternative 2 – Replace existing lighting and backup power generation in the tunnel.Cost Implications: \$6,200,000Pros:

- (1) Addresses lighting deficiency.
- (2) Lower capital investment by the Port.

Cons:

- (1) Not all critical life safety deficiencies are addressed.
- (2) Power system improvements may not be sufficient to support other life safety systems when remedied.

This is not the recommended alternative.

Alternative 3 – Bring lighting and life safety systems up to a satisfactory level of service.Cost Implications: \$24,500,000Pros:

- (1) Addresses critical life safety system deficiencies as quickly as possible.

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Cons:

- (1) Larger capital investment by the Port.
- (2) Future projects may impact improvements.

This is the recommended alternative.**FINANCIAL IMPLICATIONS**

<i>Cost Estimate/Authorization Summary</i>	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$6,200,000	\$0	\$6,200,000
Current change	\$18,300,000	\$0	\$18,300,000
Revised estimate	\$24,500,000	\$0	\$24,500,000
AUTHORIZATION			
Previous authorizations	\$290,000	\$0	\$290,000
Current request for authorization	\$4,610,000	\$0	\$4,610,000
Total authorizations, including this request	\$4,900,000	\$0	\$4,900,000
Remaining amount to be authorized	\$19,600,000	\$0	\$19,600,000

Annual Budget Status and Source of Funds

This project, CIP C801157, was included in the 2021-2025 capital budget and plan of finance with a budget of \$6,200,000. A budget increase of \$18,300,000 was transferred from the Aeronautical Reserve CIP (C800753) resulting in zero net change to the Aviation capital budget. The funding source will be the Airport Development Fund (ADF) and revenue bonds. This project has been submitted to the airlines for the Majority-in-Interest ballot due on April 26, 2021.

Financial Analysis and Summary

Project cost for analysis	\$24,500,000
Business Unit (BU)	Airfield Movement Area
Effect on business performance (NOI after depreciation)	NOI after depreciation will increase due to inclusion of capital (and operating) costs in airline rate base
IRR/NPV (if relevant)	N/A
CPE Impact	\$.08 in 2024

Future Revenues and Expenses (Total cost of ownership)

According to the existing easement agreements the City of SeaTac is responsible for the ongoing operating and maintenance cost of the roadway, sidewalks and pedestrian barrier. The Port is responsible for the tunnel structure and all the systems within the tunnel. There will be an increase in the operation, preventative maintenance and unplanned maintenance costs for

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the tunnel. Most of which will be due to reestablishing systems that were original to the construction of the tunnel and are no longer functioning. The remaining consideration would be for additional components used to control and monitor equipment as advances in technology has added this capability.

ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None

S. 188th Street Tunnel

Design Authorization

Project Budget and Schedule

Shared Port/City of SeaTac facility

Expanded scope and budget to include life safety systems

- Original Budget: \$ 6,200,000
- Revised Budget: \$24,500,000

Key Schedule Milestones:

- Design Start Q3 2021
- Construction Start Q2 2023
- In-Use Date Q2 2024



Project Scope

Scope Items:

- Structural (crack sealing/spall repair)
- Civil (sidewalk/pedestrian barrier, signage)
- Electrical (lighting, power, emergency power)
- Mechanical (ventilation, fire suppression)
- Communication and Special Systems (fire detection/alarm, carbon monoxide monitoring, security, egress/traffic management)



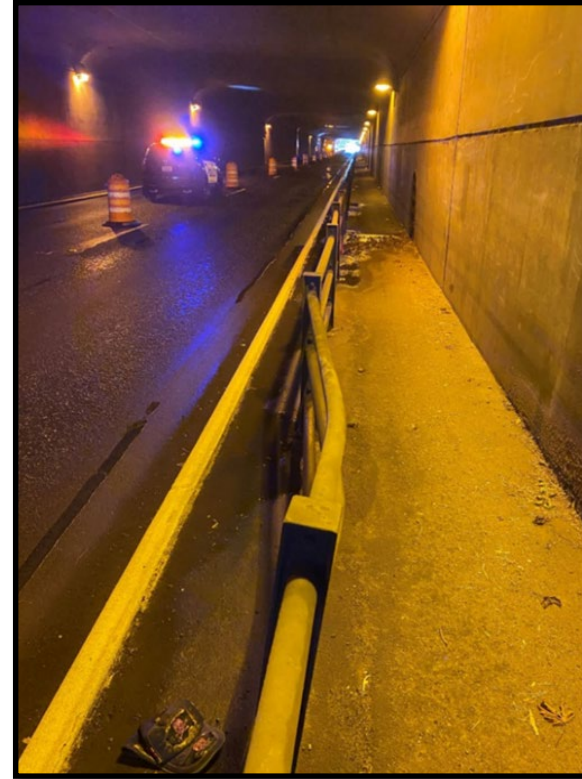
Existing Facility Conditions



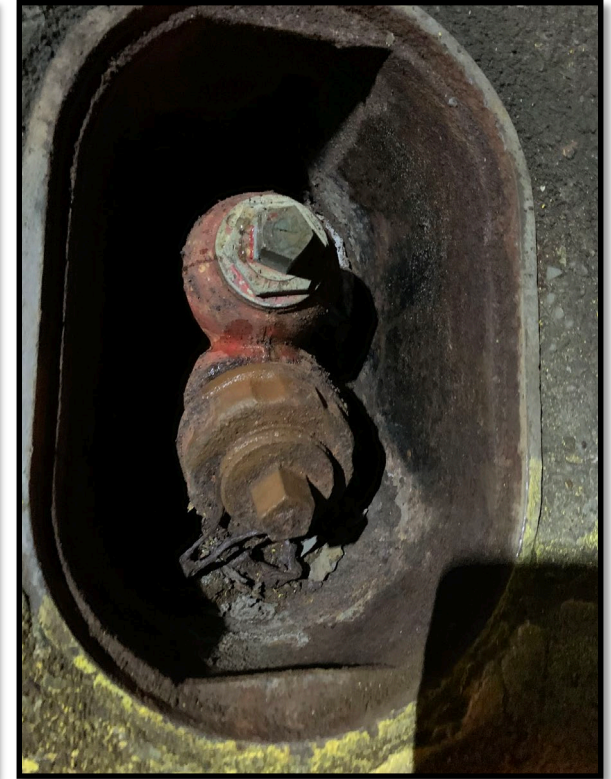
Egress Doorway



Fire Alarm Station

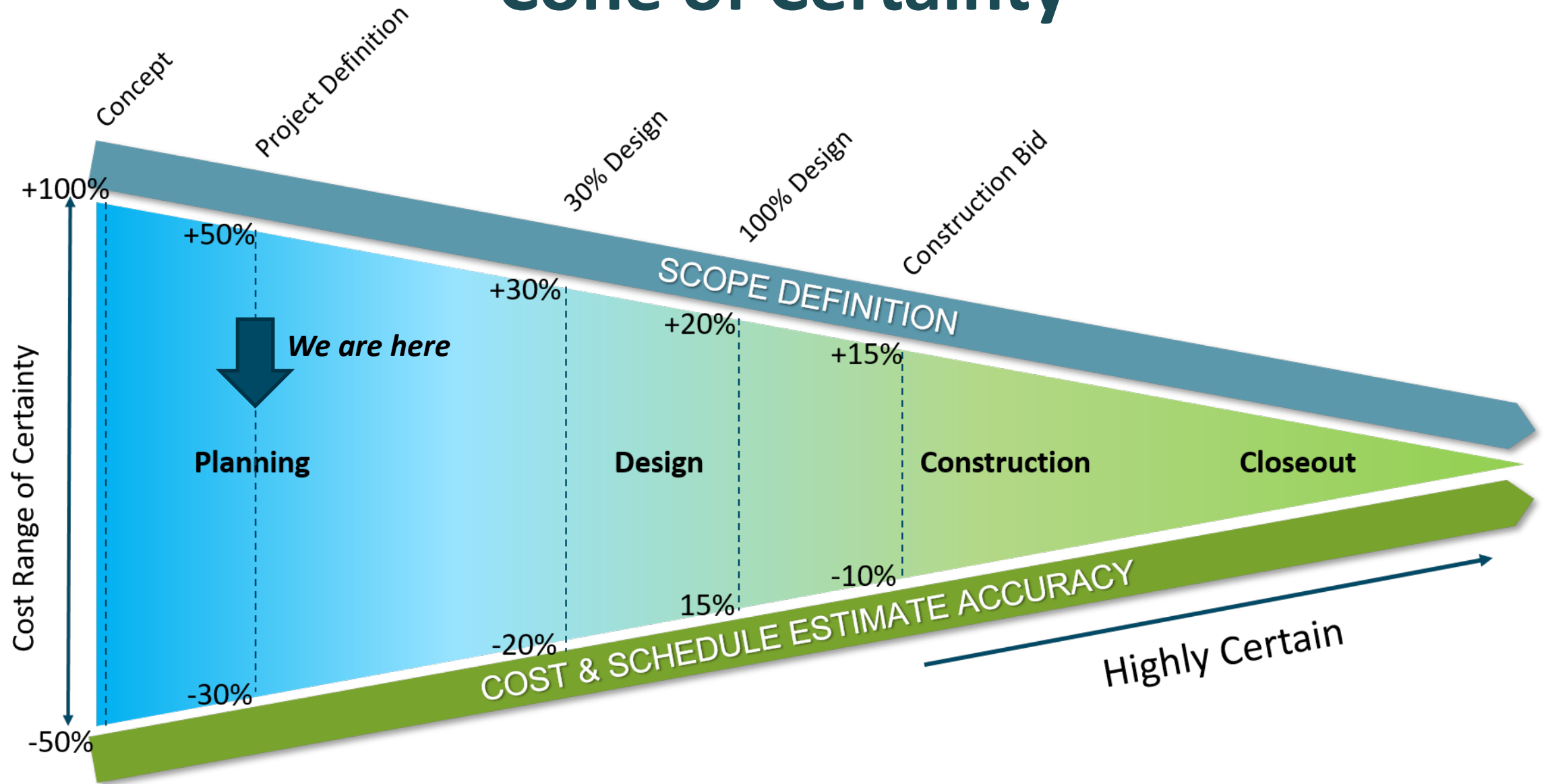


Railing



Fire Hydrant

Cone of Certainty



Lessons Learned from Previous Projects

Past Lessons Learned	Current Project Application
Engage 3rd Party Commissioning during design to determine Commissioning requirements	Included in budget and design phase schedule
Review sales tax exemption opportunities with transportation projects	Identified as opportunity to obtain approval for sales tax exemption

Project Risks

Risk	Description	Probability	Impact	Mitigation Plan
City of SeaTac/ Puget Sound Regional Fire Authority (PSRFA)	City of SeaTac or PSRFA request scope changes	High	Medium	Use ILA Pre-Application Checklist process to manage scope
Fiber Connection	Additional fiber capacity may be required than available	High	Medium	Define communication requirements; F&I and ICT defining existing pathways
Fire Analysis	Taxiway A/B Fire Analysis may add signage or other scope	High	Low	Coordinate with Taxiway A/B team to track progress
Taxiway A/B	Taxiway A/B may modify scope to support future compatibility	Low	Medium	Coordinate with Taxiway A/B team to identify requirements

[RETURN TO AGENDA](#)

**COMMISSION
AGENDA MEMORANDUM**

Item No.

8f

ACTION ITEM

Date of Meeting

April 27, 2021

DATE: April 16, 2021

TO: Stephen P. Metruck, Executive Director

FROM: James Jennings, Director AV Business & Properties
Wayne Grotheer, Director Aviation Project Management

SUBJECT: Concourse A Building Expansion for Lounges (CIP #C801205)

Amount of this request:	\$6,180,000	
Total estimated project cost*:	\$71,400,000	*

** Cost estimate is based on Delta Air Lines current cost estimate, not a Port of Seattle estimate*

ACTION REQUESTED

Request Commission authorization for the Executive Director to (1) authorize \$6,180,000 of design budget including a reimbursement to Delta Air Lines, Inc., for the design of the Concourse A Building Expansion for Lounges project at Seattle-Tacoma International Airport; and, (2) execute a Tenant Reimbursement Agreement (TRA) with Delta for this purpose under the Airport's AV-2 Policy.

EXECUTIVE SUMMARY

This project includes a building expansion towards the end of Concourse A, to predominately house a new passenger lounge for Delta Air Lines and provide additional expansion space for the Port of Seattle common-use Club at SEA lounge. This project is expected to meet existing (pre-COVID-19) passenger demand for Delta, as they intend to vacate their existing lounge at the South Satellite.

To achieve this, Delta desires to design and construct an approximately 47,000 Square Foot (SF) building expansion at the east side of Concourse A, across from Gate A11 and directly south of the International Arrivals Facility (IAF), via a TRA with the Port. It is expected that 24,500 SF of the space will be leased directly by Delta Air Lines for their lounge.

JUSTIFICATION

Delta has requested to construct approximately 25,000 square feet to provide additional lounge premises to accommodate their passenger demand that is anticipated to shift from the South Satellite to Concourse A due to the opening of the IAF and the conversion of Concourse A gates from domestic only operations to gates that are capable of accommodating international operations. The Port currently does not have sufficient space to meet this demand. Thus, to

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satisfy this request for additional leased space, (which coincides with the Port's Century Agenda Goal # 2 to advance this region as a leading tourism destination and business gateway) the Port would either (i) need to build the shell space itself, and then have Delta subsequently design and construct their own tenant improvements, or (ii) allow Delta to design and construct the building addition under a TRA. In addition, this proposed expansion will create additional space that will be useful for future expansion of the Port's common-use lounge on Concourse A, which would provide needed capacity to support pre-COVID passenger levels, as well as anticipated capacity that will shift from South Satellite to Concourse A as a result of the completion of the IAF project. Proceeding with having Delta design and construct the improvements is likely to both be less expensive, as well as faster, than the two-step process of the Port constructing the shell, and then Delta constructing their tenant improvements.

Diversity in Contracting

The project team met with the Port's Diversity in Contracting Department and the Tenant Reimbursement Agreement with Delta will include mutually agreed WMBE aspirational goals.

DETAILS

The budget range is based on the 30% design cost estimate provided by Delta for tenant reimbursable shell and core construction costs. The budget includes Port soft costs, Delta's design and project management costs for the TRA, art, and project contingency. After the 60% design and cost estimate and TRA negotiations are completed, staff will return to Commission to request authorization for construction.

The project 30% design was completed in March 2020 at Delta Air Lines' risk, with the plan to request Commission authorization after 90% design and Delta's receipt of contractor bids that will better inform the maximum cost for the project. When the COVID-19 pandemic drastically impacted passenger travel, the project was put on hold by Delta.

Now, Delta is ready to resume design work, provided the Commission authorizes design funding to reimburse them for design costs under a TRA. At the 60% design milestone, the Port intends to negotiate a TRA cost split and maximum gross construction price with Delta. Presuming agreement, staff would then seek additional Commission construction authorization and an amendment to Delta's TRA for the final reimbursement value.

Scope of Work

- This expansion includes approximately:
 - 24,500 SF for a new Delta passenger lounge, including 2,300 SF of shell space for future expansion
 - 7,600 SF of shell space for a future expansion of the neighboring Port of Seattle common-use lounge
 - 7,200 SF of vertical circulation, including stairs, elevators, mechanical space

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- 7,600 SF of support areas for mechanical, electrical, plumbing and fire protection systems
- The project also includes:
 - 1,200 SF of reconfigured existing space on the concourse level to accommodate a new lounge entrance and associated revisions to the adjoining restrooms and Airport Dining and Retail spaces
- The project (and Delta’s current cost estimate) do not currently include scope to account for two key unknowns that would ultimately increase the scope and final cost of this project. Both unknowns require Delta to progress their design beyond the current 30% level, so require this Commission authorization to further define. It is important to recognize, that if either of them comes to fruition, they will result in an increase in the final project cost estimate.
 - The existing Concourse A hot and chilled water piping system might need to be expanded by this project to increase capacity. This will be better understood after field investigation is completed when the design process is restarted, and it might be added to the project scope.
 - The mezzanine level of the proposed expansion may be increased by approximately 3,000 sf to match the footprint of the Delta lounge space above with no overhang. This is not currently in the project scope but may be added after the design process is restarted to ensure the Port receives its desired scope out of the Delta run project.

Schedule*Activity*

Design start (Started in 2020 at Delta’s Risk)	2020 Quarter 1
Design Restart	2021 Quarter 2
Commission construction authorization	2021 Quarter 4
Construction start	2022 Quarter 1
In-use date	2023 Quarter 2

Cost Breakdown

	This Request	Total Project
Design	\$6,180,000	\$9,300,000*
Construction	\$0	\$62,100,000*
Total	\$0	\$71,400,000*

* Cost estimate is based on Delta Air Lines current cost estimate, not a Port of Seattle estimate

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ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do not proceed with this project.

Cost Implications: \$120,000

Pros:

- (1) Lowest cost alternative.

Cons:

- (1) Fails to satisfy tenant's desired expansion premises.
- (2) Fails to address deficiency in lounge premises on Concourse A to support flights that will be accommodated there due to opening of the International Arrivals Facility.

This is not the recommended alternative.

Alternative 2 – The Port designs and constructs the shell expansion of the building, and then Delta would subsequently construct their tenant improvements.

Cost Implications: Higher than alternative 3 (specific amounts not disclosed due to ongoing negotiations).

Pros:

- (1) Port controls the design/construction process.
- (2) Does not require negotiating a fairly complex TRA agreement with Delta.

Cons:

- (1) Process likely to be slower, and more expensive, than Alternative 3 because landlord work would need to be completed and turned over prior to tenant improvements being able to be constructed.
- (2) Requires more Port project management and construction management resources than are currently available.
- (3) Does not take advantage of the Port's TRA policy that allows for a more efficient single contractor design and construction process.

This is not the recommended alternative.

Alternative 3 – Allow Delta to design and construct the shell expansion space, as well as their tenant improvements under a Tenant Reimbursement Agreement between the Port and Delta.

Cost Implications: \$71,400,000

Pros:

- (1) Likely to be the lowest cost, and fastest, delivery method for this project.
- (2) Puts less demand on limited Port project management and construction management resources.
- (3) More efficient design and construction process (using a single designer and contractor) through a TRA, versus both the Port and Delta hiring separate designers and contractors

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that would need to coordinate and could end up tearing out some elements of recently constructed base building facilities.

Cons:

- (1) More costly than not constructing the additional space.
- (2) Requires negotiating a fairly complex TRA agreement with Delta.

This is the recommended alternative.

FINANCIAL IMPLICATIONS***Cost Estimate/Authorization Summary***

COST ESTIMATE*	Capital	Expense	Total
Original estimate	\$60,000,000*	\$0*	\$60,000,000*
Previous changes – net	\$11,400,000*	\$0*	\$11,400,000*
Revised estimate	\$71,400,000*	\$0*	\$71,400,000*
AUTHORIZATION			
Previous authorizations	\$120,000	\$0	\$120,000
Current request for authorization	\$6,180,000	\$0	\$6,180,000
Total authorizations, including this request	\$6,300,000	\$0	\$6,300,000
Remaining amount to be authorized	\$65,100,000	\$0	\$65,100,000

* Cost estimate is based on Delta Air Lines current cost estimate, not a Port of Seattle estimate

Annual Budget Status and Source of Funds

This project, CIP C801205, was included in the 2021-2025 capital budget and plan of finance with a budget of \$60,000,000. A budget increase of \$11,400,000 was transferred from the Aeronautical Reserve CIP (C800753) resulting in zero net change to the Aviation capital budget. The funding source will be future revenue bonds.

Financial Analysis and Summary

Project cost for analysis	\$71,400,000*
Business Unit (BU)	Terminal Building
Effect on business performance (NOI after depreciation)	NOI after depreciation will increase due to inclusion of capital (and operating) costs in airline rate base
IRR/NPV (if relevant)	Non-airline Incremental NPV of \$2.6M, 8 years payback
CPE Impact	\$.20 in 2024

Future Revenues and Expenses (Total cost of ownership)

Once occupied, maintenance of exclusive premises is the responsibility of the lessee to maintain the spaces. In addition, these premises are planned to be leased to signatory airline. The final

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billable lease area is dependent on exactly how the space is built and how much space is consumed.

ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None

Concourse A Building Expansion for Lounges

To be constructed by
Delta Air Lines

Project Need and Drivers

- Lack of available space to accommodate a shift of lounge demand from South Satellite to Concourse A, for both Delta and the Port's shared use lounge
- Delta requested to design and construct a new facility using the Port's Tenant Reimbursement Agreement (TRA) policy
- Project is linked to both the opening of the International Arrival Facility and Airline Realignment
 - Delta has requested approx. 25,000 square feet of lounge space
 - Port's lounge demand is estimated to be ~12,000 square feet (have 4,850 square feet currently, with room to expand by an additional 1,500 square feet within existing building footprint)

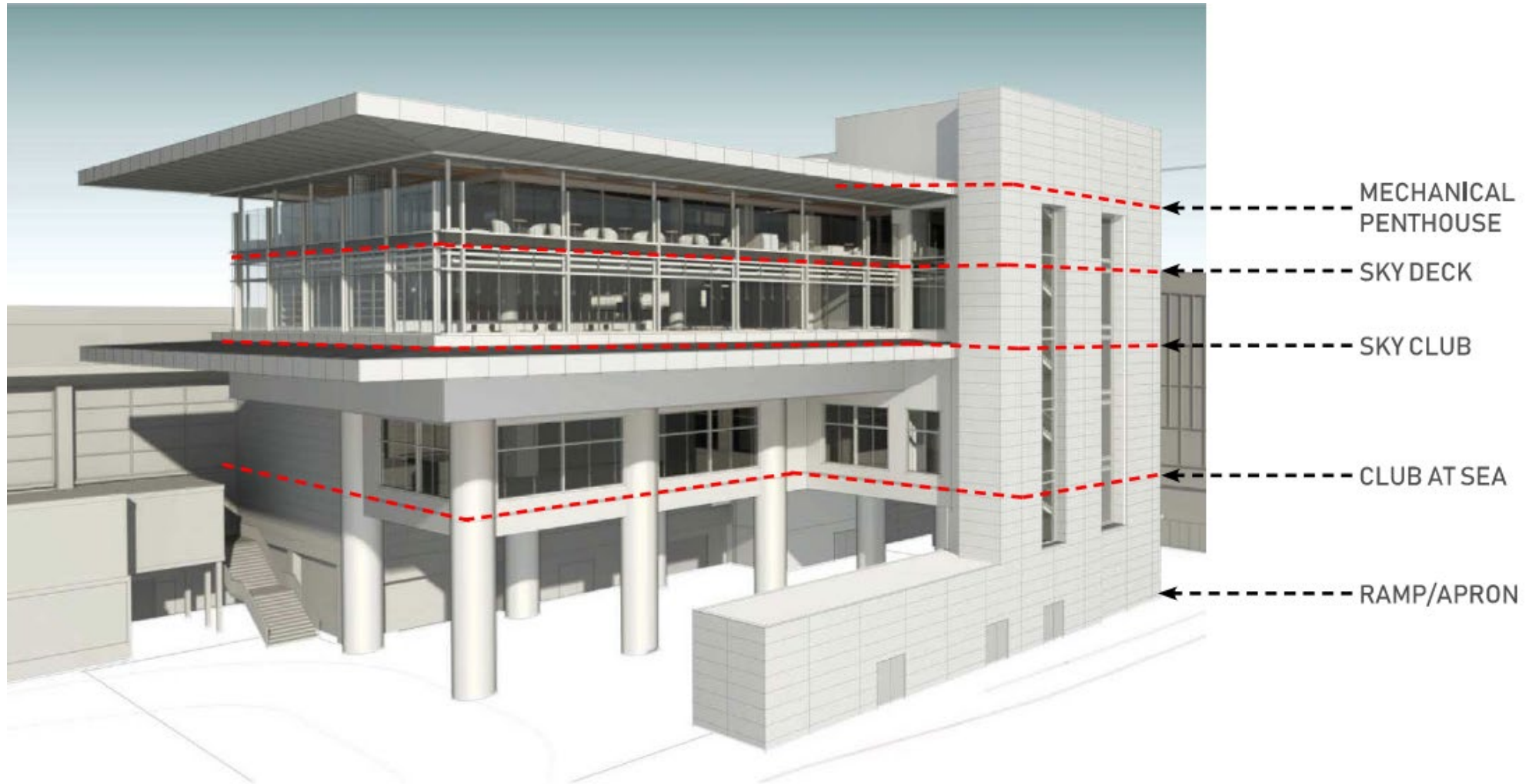
Proposed Project Scope

- This approximately 47,000 SF expansion includes:
 - 24,500 SF for a new Delta passenger lounge, including 2,300 SF of shell space for future expansion
 - 7,600 SF of shell space for a future expansion of the neighboring Port of Seattle common-use lounge (of which only approximately 6,000 will be used)
 - 7,200 SF of vertical circulation, including stairs, elevators, mechanical space
 - 7,600 SF of support areas for mechanical, electrical, plumbing and fire protection systems
- The project also includes 1,200 SF of reconfigured existing space on the concourse level to accommodate a new lounge entrance and associated revisions to the adjoining restroom and Airport Dining and Retail space

Proposed Project Site location



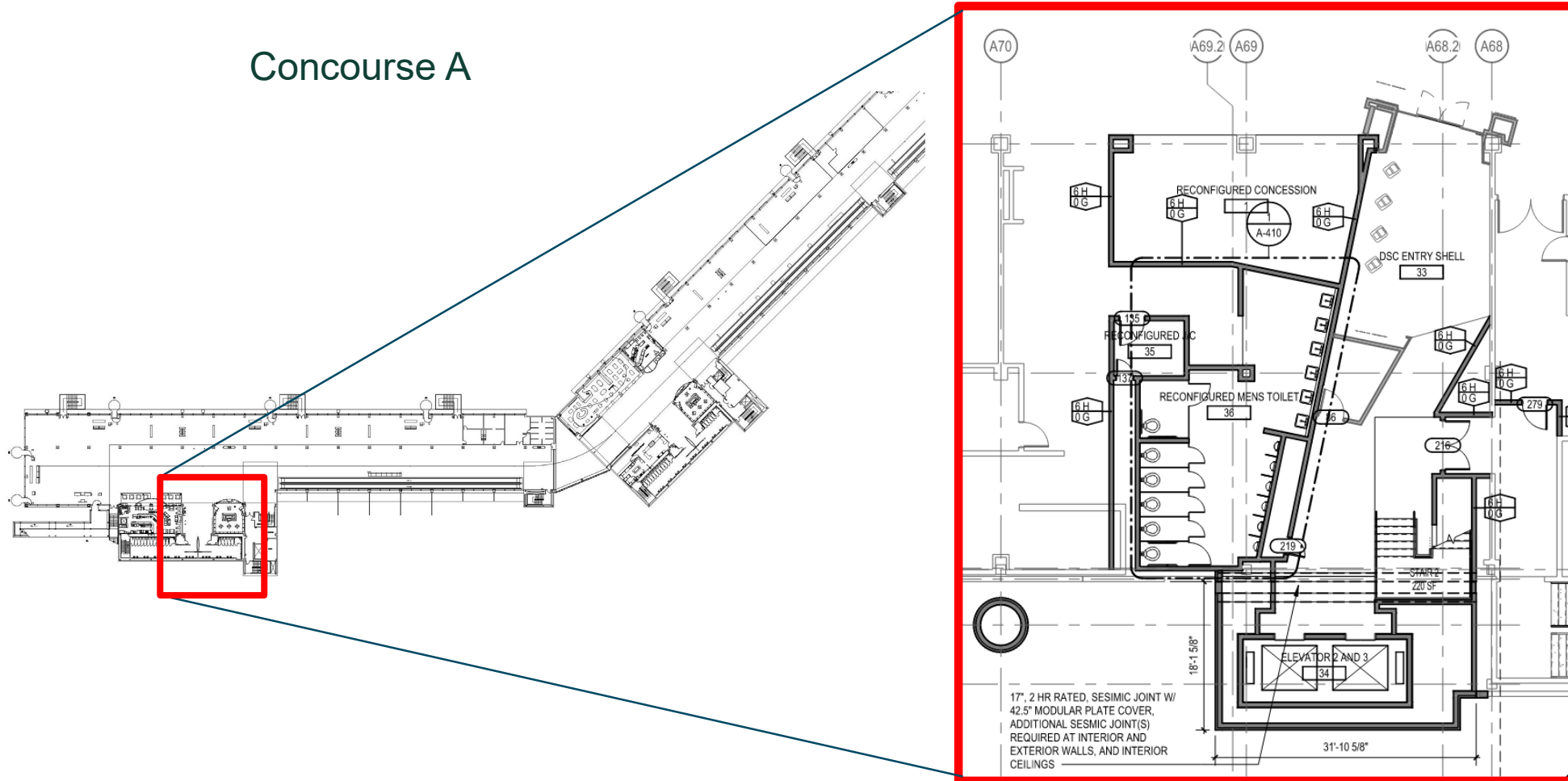
Proposed Project Rendering



Perspective Looking Towards Northwest

New Configuration – Concourse Level Interior

Concourse A



Concourse Level Impacts: restroom and retail space

Project Estimate

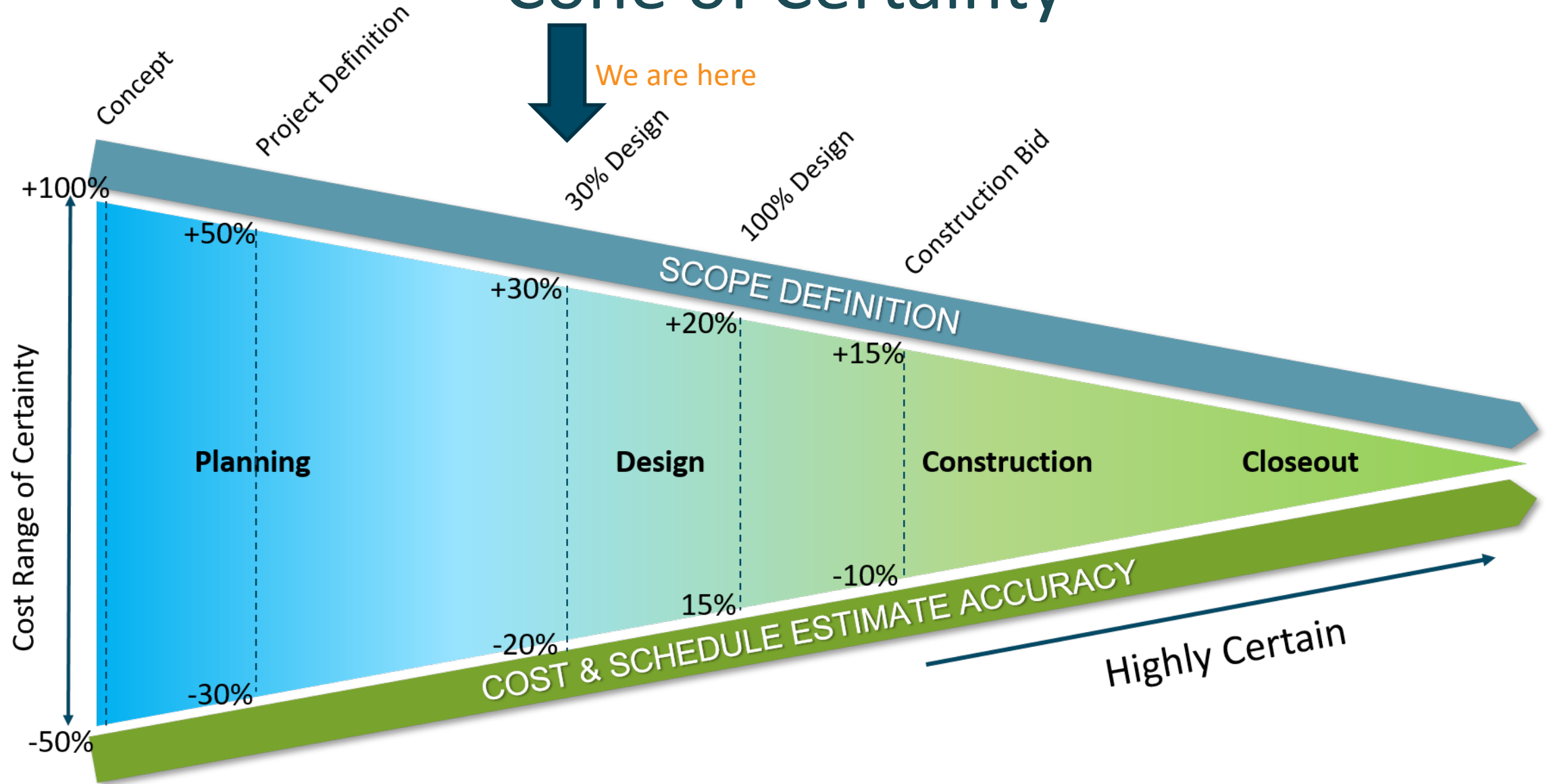
Design Phase \$ 9.3 M

Construction Phase \$62.1 M

Total Port Responsibility \$71.4 M*

*The estimate was developed by Delta Air Lines and will be updated after completion of 60% design documents

Cone of Certainty



Risks

- Temporary impacts due to construction noise and disruptions
- Permanent impacts to adjacent spaces and operations
- Further expansion of the building envelope to provide additional leasable space would cost more and take longer
- Existing underground utilities may need to be relocated
- Existing utilities may need to be enlarged

Key Unresolved Scope Issues

- The project team is evaluating the impacts of expanding the building envelope to provide additional leasable space. The project as currently designed does not maximize the square footage available on the mezzanine level.
- The existing utilities providing ventilation air and hot and chilled water may not provide the capacity needed for this project and may need to be enlarged.

Project Request and Estimated Budget

- Requesting Commission authorize \$6,180,000 of design funds
- Project estimate is \$71,400,000 based on Delta's construction estimate (including Port soft costs)
- Current estimate does not include scope or budget for key unresolved scope issues
- Further design is needed to provide better scope, schedule and budget assurance
- Port and Delta will memorialize maximum project cost at 60% design milestone and will return to Commission to request construction authorization

Project Schedule

30% Design Completed	Q1 2020
Commission Auth for Design	Q2 2021
60% Design Completed (TRA Negotiation & Go/No-go decision)	Q2 2021
AAAC Briefing for MII Vote	Q3 2021
Commission Auth for Construction TRA	Q4 2021
Construction	Q1 2022 to Q2 2023

Next Steps

- Delta develop scope, schedule and budget impacts to key outstanding scope issues
- Port to make associated decisions on key outstanding scope
- Delta progress design to 60%
- Negotiation of 60% construction value and TRA
- Majority-in-Interest Vote with SEA Airlines
- Seek Commission authorization for construction based on 60% project estimate and split of costs is negotiated and accepted

[RETURN TO AGENDA](#)

**COMMISSION
AGENDA MEMORANDUM**

Item No. 10b

ACTION ITEM

Date of Meeting April 27, 2021

DATE: April 9, 2021

TO: Stephen Metruck, Executive Director

FROM: Elizabeth Morrison, Director, Corporate Finance
Scott Bertram, Manager Corporate Financial Analysis

SUBJECT: Resolution No. 3786 – Issuance and Sale of Intermediate Lien Revenue and Refunding Bonds in the Aggregate Principal Amount of Not-to-Exceed \$950,000.000

ACTION REQUESTED

Request introduction of Resolution No. 3786: A Resolution of the Port Commission of the Port of Seattle authorizing the issuance and sale of Intermediate Lien revenue and refunding bonds in one or more series in the aggregate principal amount of not to exceed \$950,000.000, for the purpose of financing or refinancing capital improvements to aviation facilities and for the purpose of refunding certain outstanding revenue bonds of the Port; setting forth certain bond terms and covenants; and delegating authority to approve final terms and conditions and the sale of the bonds.

EXECUTIVE SUMMARY

Commission authorization is requested to issue Intermediate Lien revenue and refunding bonds (the “Bonds”) in an amount estimated not to exceed \$950,000.000 (including a reserve fund deposit, capitalized interest and cost of issuance) to fund the costs of capital improvements at the Airport (Exhibit A) and to refund up to \$233,395,000 outstanding Intermediate Lien revenue bonds, Series 2010B & C and \$51,110,000 of Passenger Facility Charge revenue bonds, Series 2010A for debt service savings and refinance \$20,805,000 commercial paper (CP) that refunded bonds due in 2021.

JUSTIFICATION

As part of the Port’s debt management program, the Port monitors opportunities to reduce debt service. In 2010, the Port issued Intermediate Lien Revenue bonds to fund or to refund capital improvements at the Airport; the bonds are currently callable. Current low interest rates and anticipation of rising interest rates provide a favorable refunding opportunity. The estimated present value savings of refunding approximately \$233.4 million of outstanding debt is currently \$23.6 million.

Also, in 2010, the Port issued Passenger Facility Charge (PFC) Revenue bonds to refund bonds issued in 1998 and secured solely by the receipt of PFC’s. The 2010 PFC bonds are currently

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callable. More typically, the Port uses PFC's to pay debt service on Intermediate Lien revenue bonds that funded PFC eligible projects. This usage provides greater flexibility on the use of PFC's and generally carry a lower interest rate. Therefore, staff recommends that the PFC Revenue bonds be refunded as Intermediate Lien revenue bonds. The estimated present value savings of refunding approximately \$51.1 million is currently \$1.9 million.

In 2020, as part of the Port's efforts to manage revenue and cash reductions in response to the COVID-19 pandemic, the Port issued CP to refund Intermediate Lien revenue bonds, series 2010 B&C principal payments due in 2021. The CP can will be refinanced with Intermediate Lien bonds.

In addition, the Bonds will include funding for an estimated \$600 million in Airport project costs. The Bonds will fund a portion of the Airport capital improvement plan; cash, grants, passenger facility charges and existing and future bond proceeds will also provide funding. The major projects to be funded with this bond issuance include the final stages of International Arrivals Facility and North Satellite Renovation, continuation of Checked Baggage Optimization and airfield paving replacement, initial funding for terminal improvements such as C1 expansion and Checkpoint 1 relocation along with various other Airport improvements; a list of projects currently identified for 2021 Bond funding is provided in Exhibit A. If project spending is delayed, Bond proceeds may be redirected to other projects within the limits established by the tax code; use of any bond proceeds is identified in project authorization requests and no bond proceeds can actually be spent on any projects without the appropriate project authorization.

The total Bond amount will also include proceeds sufficient to pay cost of issuance, fund the required debt service reserve and pay a portion of the interest on the Bonds during construction (capitalized interest) as appropriate.

DETAILS

The Bonds are being issued pursuant to the Intermediate Lien Master Resolution No. 3540 and this Resolution No. 3786. The Bonds will be issued in multiple series based on the tax status of the projects to be funded or refunded. Four series are anticipated.

- One series will be issued as governmental bonds exempt from all federal income tax (non-AMT) and used to refund the 2010A PFC bonds which funded a portion of the costs of the third runway; it also may fund costs of projects eligible for governmental bond funding.
- The second series will be issued as private activity bonds exempt from all federal income tax. This is a special tax status that was temporarily allowed by the American Recovery and Reinvestment Act (ARRA) bill of 2009 in the wake of the financial crisis and was used to issue the 2010B bonds; this series may only be used to refund those bonds.
- The third series will be issued as private activity bonds exempt from regular income tax but subject to the Alternative Minimum Tax (AMT). This is the most common type of tax-exempt bond that the Port issues because it allows the Port to lease facilities to airport and seaport tenants. This series will be used to refund the 2010C bonds and to provide funding for airport investments.

Meeting Date: April 27, 2021

- Finally, there may be a series of bonds the interest on which is subject to federal income taxation. This series will be used for investments that are not eligible for tax-exempt bond funding or would otherwise benefit from greater flexibility of not needing to comply with tax-exempt bond restrictions.

The table summarizes the refunding candidates by tax status.

<u>Refunding Candidates (1)</u>	<u>Total Principal (\$)</u>	<u>Tax Status</u>
PFC Revenue Bonds, Series 2010A	51,110,000	Governmental (Non-AMT)
Intermediate Lien Revenue Bonds, Series 2010B	184,995,000	Private Activity (Non-AMT)
Intermediate Lien Revenue Bonds, Series 2010C	48,400,000	Private Activity (AMT)
Commercial Paper	<u>20,805,000</u>	TBD
TOTAL	305,310,000	

(1) Most or all of these bonds are expected to be refunded for savings

Resolution No. 3786 is similar in all material respects to other Intermediate Lien Series Resolutions and provides for a contribution to the common debt service reserve fund that provides security for all Intermediate Lien bonds.

The Resolution delegates to the Port's Chief Executive Officer the authority to approve interest rates, maturity dates, redemption rights, interest payment dates, and principal maturities for the Bonds (these are generally set at the time of pricing and dictated by market conditions at that time). Commission parameters that limit the delegation are a maximum bond size, maximum interest rate and expiration date for the delegated authority. If the Bonds cannot be sold within these parameters, further Commission action would be required. The recommended delegation parameters are:

Maximum size: \$950,000.000

Maximum interest rate:

Tax-exempt series: 4%

Taxable series: 5%

Expiration of Delegation of Authority: six months

Upon adoption, Resolution No. 3786 will authorize the Designated Port Representative (the Executive Director or the Chief Financial Officer) to approve the Bond Purchase Contract, the official statement, escrow agreement, if any, pay the cost of issuance and take other action appropriate for the prompt execution and delivery of the Bonds. The Bonds will be sold through negotiated sale to Barclays Capital Inc.; BofA Merrill Lynch; J.P. Morgan Securities LLC; Morgan Stanley and Co. LLC; and two small firms, Drexel Hamilton, and Siebert Williams Shank. Piper

Meeting Date: April 27, 2021

Sandler is serving as Financial Advisor, K&L Gates LLP is serving as bond counsel and Pacifica Law Group is serving as disclosure counsel on the transaction.

ATTACHMENTS TO THIS REQUEST

- (1) Draft Resolution No. 3786
- (2) Presentation

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

October 27, 2020 – The Commission was briefed on the Draft Plan of Finance

Meeting Date: April 27, 2021

EXHIBIT A

Checked Bag Recap/Optimization
2021-25 AFLD Pavement and support Infrastructure
NS NSAT Renovation NSTS Lobbies
Parking Revenue Infrastructure
Restroom Upgrades Conc B, C, D
GSE Electrical Charging Stations
Perimeter Intrusion Detect Systems
N. Terminals Utilities Upgrade
Parking Garage Elevators Modernization
Air Cargo Rd Safety Improvements
International Arrivals Fac-IAF
Electric Utility Supervisory Control Data Acquisition (SCADA)
Fire Pump Replacement
Remote Aircraft Deicing
Concourse C New Power Center
Employee Services Center
Emergency Backup Water Supply
Passenger Loading Bridget Renew & Replace Phase 2
Main Terminal Space Conversion
Highline School Insulation
Checkpoint 1 Relocation
Main Terminal Low Voltage System Upgrade
C1 Building Floor Expansion
Upgrades STS Train Control
Passenger Loading Bridge Renew and Replacement
Building Controls Upgrade 2018
Widen Arrivals Roadway
Air Cargo 4 Maintenance Upgrade
N. Main Terminal Re-development
Concourse A Expansion
Concourse A Duty Free
Conc C Low Volt. Sys. Upgrade
Port Shared-Lounge Conc A
Parking Garage Low Volt. Sys
Concourse D Electrical Upgrade
Conc B Low Volt. Sys. Upgrade
IWTP Improvements
IWTP Controls Conversion

INTERMEDIATE LIEN
SERIES RESOLUTION

PORT OF SEATTLE

RESOLUTION NO. 3786

A RESOLUTION of the Port of Seattle Commission authorizing the issuance and sale of intermediate lien revenue and refunding bonds in one or more series in the aggregate principal amount of not to exceed \$950,000,000, for the purpose of financing or refinancing capital improvements to aviation facilities and for the purpose of refunding certain outstanding revenue bonds of the Port; setting forth certain bond terms and covenants; and delegating authority to approve final terms and conditions and the sale of the bonds.

ADOPTED: _____, 2021

Prepared by:

K&L GATES LLP

**PORT OF SEATTLE
Resolution No. 3786
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* This Table of Contents and the cover page are for convenience of reference and are not intended to be a part of this series resolution.

RESOLUTION NO. 3786

A RESOLUTION of the Port of Seattle Commission authorizing the issuance and sale of intermediate lien revenue and refunding bonds in one or more series in the aggregate principal amount of not to exceed \$950,000,000, for the purpose of financing or refinancing capital improvements to aviation facilities and for the purpose of refunding certain outstanding revenue bonds of the Port; setting forth certain bond terms and covenants; and delegating authority to approve final terms and conditions and the sale of the bonds.

WHEREAS, the Port has authorized the issuance of passenger facility charge revenue bonds in one or more series pursuant to Resolution No. 3284, as amended, adopted on July 16, 1998 (the “PFC Master Resolution”), each series being payable from PFC Revenue (as such term is defined in the PFC Master Resolution); and

WHEREAS, the Port currently has outstanding one series of passenger facility charge revenue bonds pursuant to the PFC Master Resolution, as follows:

Authorizing Resolution Number	Date of Original Issue	Series	Original Principal Amount	Principal Amount Outstanding (05/02/2021)	Final Maturity Date
3643	12/01/2010	(A)	\$ 79,770,000	\$ 51,110,000	12/01/2023

(the “Outstanding PFC Revenue Bonds”); and

WHEREAS, the Port has authorized the issuance of revenue bonds in one or more series pursuant to Resolution No. 3059, as amended, of the Commission, adopted on February 2, 1990, as amended and restated by Resolution No. 3577 of the Commission adopted on February 27, 2007 (collectively, the “First Lien Master Resolution”), each series being payable from the Net Revenues (as such term is defined in the First Lien Master Resolution); and

WHEREAS, the Port currently has outstanding five series of first lien revenue bonds pursuant to the First Lien Master Resolution, as follows:

Authorizing Resolution Number	Date of Original Issue	Series	Original Principal Amount	Principal Amount Outstanding (05/02/2021)	Final Maturity Date
3509	08/20/2003	(A)	\$ 190,470,000	\$ 12,830,000	07/01/2021
3619	07/16/2009	(B-2)	22,000,326 ⁽¹⁾	51,848,202 ⁽¹⁾	05/01/2031
3653	12/13/2011	(B)	97,190,000	57,790,000 ⁽²⁾	09/01/2026
3721	08/02/2016	(B)	124,380,000	115,885,000	10/01/2032
3721	08/02/2016	(C)	6,180,000	5,475,000	10/01/2032

⁽¹⁾ Series 2009B-2 Bonds are capital appreciation bonds; total principal amount outstanding includes accreted interest of \$29,847,876 through May 2, 2021.

⁽²⁾ Simultaneously with this issue, all or part of the Series 2011B Bonds may be refunded pursuant to the First Lien Master Resolution and Series Resolution.

(the “Outstanding First Lien Bonds”); and

WHEREAS, the Port has authorized the issuance of intermediate lien revenue bonds having a lien on Net Revenues subordinate to the lien thereon of the Outstanding First Lien Parity Bonds in one or more series pursuant to Resolution No. 3540, as amended, adopted on June 14, 2005 (the “Intermediate Lien Master Resolution”); and

WHEREAS, the Port currently has outstanding sixteen series of intermediate lien revenue bonds pursuant to the Intermediate Lien Master Resolution, as follows:

Authorizing Resolution Number	Date of Original Issue	Series	Original Principal Amount	Principal Amount Outstanding (05/02/2021)	Final Maturity Date
3637	08/04/2010	(B)	\$ 221,315,000	\$ 184,995,000 ⁽¹⁾	06/01/2040
3637	08/04/2010	(C)	128,140,000	48,400,000 ⁽¹⁾	02/01/2024
3658	03/14/2012	(A)	342,555,000	302,555,000	08/01/2033
3658	03/14/2012	(B)	189,315,000	68,215,000	08/01/2024
3684	12/17/2013		139,105,000	127,155,000	07/01/2029
3709	08/06/2015	(A)	72,010,000	64,380,000	04/01/2040
3709	08/06/2015	(B)	284,440,000	164,155,000	03/01/2035
3709	08/06/2015	(C)	226,275,000	198,585,000	04/01/2040
3722	08/02/2016		99,095,000	99,095,000	02/01/2030
3735	08/22/2017	(A)	16,705,000	16,705,000	05/01/2028
3735	08/22/2017	(B)	264,925,000	217,405,000	05/01/2036
3735	08/22/2017	(C)	313,305,000	297,045,000	05/01/2042
3735	08/22/2017	(D)	93,230,000	64,900,000	05/01/2027
3749	06/21/2018	(A)	470,495,000	455,410,000	05/01/2043
3749	06/21/2018	(B)	85,145,000	68,340,000	05/01/2028
3758	08/07/2019		457,390,000	452,775,000	04/01/2044

⁽¹⁾ All or part of the Series 2010B Bonds and Series 2010C Bonds may be refunded pursuant to this resolution.

(the “Outstanding Intermediate Lien Parity Bonds”); and

WHEREAS, the First Lien Master Resolution and the Intermediate Lien Master Resolution permit the Port to issue its revenue bonds having a lien on Net Revenues and Available Intermediate Lien Revenues (as such terms are defined in the Intermediate Lien Master Resolution) subordinate to the lien thereon of the Outstanding Intermediate Lien Parity Bonds; and

WHEREAS, the Port currently has outstanding three series of subordinate lien revenue bonds, as follows:

Authorizing Resolution Number	Date of Original Issue	Series	Original Principal Amount	Principal Amount Outstanding (05/02/2021)	Final Maturity Date
3238	03/26/1997		\$ 108,830,000	\$ 19,235,000	09/01/2022
3456 ⁽¹⁾	(CP)		250,000,000	48,470,000	06/01/2021
3598	06/17/2008		200,715,000	158,300,000	07/01/2033

⁽¹⁾ As amended by Resolution No. 3777, adopted on September 22, 2020, authorizing increasing the principal amount to \$400,000,000 and extending the final maturity date to June 1, 2051.

(the “Outstanding Subordinate Lien Bonds”); and

WHEREAS, the Port has certain Outstanding PFC Revenue Bonds, Outstanding Intermediate Lien Parity Bonds and Outstanding Subordinate Lien Bonds described on Exhibit A attached hereto (together, the “Refunding Candidates”) that may be defeased and/or refunded, thereby saving on debt service, through the issuance of the Series 2021 Bonds; and

WHEREAS, the Port wishes to finance or refinance certain capital improvements to aviation facilities (hereinafter defined as the “Projects”) through the issuance of the Series 2021 Bonds (as hereinafter defined); and

WHEREAS, the Intermediate Lien Master Resolution permits the Port to issue its revenue bonds having a lien on Available Intermediate Lien Revenues (as such term is defined in the Intermediate Lien Master Resolution) on a parity with the lien thereon of the Outstanding Intermediate Lien Parity Bonds upon compliance with certain conditions; and

WHEREAS, the Port has determined that such conditions will be met; and

WHEREAS, pursuant to RCW 53.40.030, the Port Commission may delegate authority to the Executive Director of the Port to approve the designation of the bonds to be defeased and/or

refunded, the interest rates, maturity dates, redemption rights, interest payment dates, and principal maturities under such terms and conditions as are approved by resolution; and

WHEREAS, the Port has provided notice of and held a public hearing on the issuance of certain Series 2021 Bonds as required by Section 147(f) of the Internal Revenue Code, as amended; and

WHEREAS, it is deemed necessary and desirable that the Series 2021 Bonds be sold pursuant to one or more negotiated sale(s) as herein provided;

NOW, THEREFORE, BE IT RESOLVED BY THE PORT COMMISSION OF THE PORT OF SEATTLE, as follows:

Section 1. Definitions. Unless otherwise defined herein, the terms used in this series resolution, including the preamble hereto, that are defined in the Intermediate Lien Master Resolution shall have the meanings set forth in the Intermediate Lien Master Resolution. In addition, the following terms shall have the following meanings in this series resolution:

Acquired Obligations mean the noncallable Government Obligations acquired by the Port pursuant to Section 8(c) of this series resolution and the Escrow Agreement, if any, to effect the defeasance and refunding of all or a portion of the Refunded Bonds.

Beneficial Owner means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Series 2021 Bonds (including persons holding Series 2021 Bonds through nominees, depositories or other intermediaries).

Bond Counsel means a firm of lawyers nationally recognized and accepted as bond counsel and so employed by the Port for any purpose under this series resolution applicable to the use of that term.

Bond Insurance Commitment means the commitment(s) of the Bond Insurer, if any, to insure one or more series, or certain principal maturities thereof, all or a portion of the Series 2021 Bonds.

Bond Insurance Policy means the policy(ies) of municipal bond insurance, if any, delivered by the Bond Insurer at the time of issuance and delivery of Series 2021 Bonds to be insured pursuant to the Bond Insurance Commitment.

Bond Insurer means the municipal bond insurer(s), if any, that has committed to insure one or more series, or certain principal maturities thereof, of the Series 2021 Bonds, pursuant to the Bond Insurance Commitment.

Bond Purchase Contract means each of the Bond Purchase Contract(s) for the Series 2021 Bonds of one or more series, providing for the purchase of the Series 2021 Bonds of such series by the Underwriters and setting forth certain terms authorized to be approved by the Designated Port Representative as provided in Section 7 of this series resolution.

Bond Register means the registration books maintained by the Registrar containing the name and mailing address of the owner of each Series 2021 Bond or nominee of such owner and the principal amount and number of Series 2021 Bonds held by each owner or nominee.

Code means the Internal Revenue Code of 1986, as amended, and all applicable regulations and rulings relating thereto.

Continuing Disclosure Undertaking means each undertaking for ongoing disclosure executed by the Port pursuant to Section 15 of this series resolution.

Costs of Issuance Agreement means the agreement of that name, if any, to be entered into by the Port and the Escrow Agent, providing for the payment of certain costs of issuance with respect to the issuance of the Series 2021 Bonds.

Designated Port Representative, for purposes of this series resolution, means the Executive Director of the Port or the Chief Financial Officer of the Port (or the successor in function to such person(s)) or such other person as may be directed by resolution of the Commission.

DTC means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Series 2021 Bonds pursuant to Section 5 of this series resolution.

Escrow Agent means U.S. Bank National Association or such other Escrow Agent for the Refunded Bonds appointed by the Designated Port Representative pursuant to this series resolution if the Designated Port Representative determines that an escrow will be necessary or required to carry out the plan of refunding.

Escrow Agreement means the Escrow Deposit Agreement, if any, dated as of the date of the closing and delivery of the Refunding Bonds between the Port and the Escrow Agent to be executed in connection with the defeasance and/or refunding of some or all of the Refunded Bonds.

Executive Director means the Executive Director of the Port, or any successor to the functions of his/her office.

Federal Tax Certificate means the certificate(s) of that name executed and delivered by the Designated Port Representative at the time of issuance and delivery of the Series 2021 Bonds issued on a federally tax-exempt basis.

First Lien Master Resolution means Resolution No. 3059, as amended, of the Commission adopted on February 2, 1990, as amended and restated by Resolution No. 3577 of the Commission adopted on February 27, 2007.

Government Obligations has the meaning given to such term in RCW Chapter 39.53, as amended from time to time.

Intermediate Lien Master Resolution means Resolution No. 3540, as amended, of the Commission adopted on June 14, 2005.

Letter of Representations means the blanket issuer letter of representations from the Port to DTC, dated August 28, 1995.

MSRB means the Municipal Securities Rulemaking Board or any successors to its functions. Until otherwise designated by the MSRB or the United States Securities and Exchange Commission, any information, reports or notices submitted to the MSRB in compliance with the Rule are to be submitted through the MSRB's Electronic Municipal Market Access system, currently located at www.emma.msrb.org.

Outstanding Intermediate Lien Parity Bonds mean the Port's outstanding intermediate lien revenue bonds identified in the recitals to this series resolution.

Outstanding PFC Revenue Bonds mean the Port's outstanding passenger facility charge revenue bonds identified in the recitals to this series resolution.

Outstanding Subordinate Lien Bonds mean the Port's outstanding subordinate lien revenue bonds identified in the recitals to this series resolution.

Project Bonds mean the Series 2021 Bonds issued for the purpose of funding all or part of the Projects, capitalizing interest, funding the Series 2021 Reserve Account Deposit and paying all or a portion of allocable costs of issuance.

Projects mean the capital projects listed in Exhibit B hereto.

Record Date means the close of business on the 15th day prior to each day on which a payment of interest on the Series 2021 Bonds is due and payable.

Refunded Bonds mean the Refunding Candidates that are designated by the Executive Director pursuant to authority delegated by Section 2 and Section 7 of this series resolution.

Refunding Bonds means the Series 2021 Bonds issued for the purpose of defeasing and/or refunding the Refunded Bonds.

Refunding Candidates mean the outstanding revenue bonds of the Port as described on Exhibit A.

Registered Owner means the person named as the registered owner of a Series 2021 Bond in the Bond Register.

Registrar means the fiscal agent of the State of Washington, appointed by the Designated Port Representative for the purposes of registering and authenticating the Series 2021 Bonds, maintaining the Bond Register and effecting transfer of ownership of the Series 2021 Bonds. The term ***Registrar*** shall include any successor to the fiscal agent, if any, hereinafter appointed by the Designated Port Representative.

Rule means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended from time to time.

Series 2021 Bonds mean the Port of Seattle Intermediate Lien Revenue and Refunding Bonds, Series 2021, or with such other appropriate description and series designations as provided for by the Designated Port Representative, authorized to be issued by Section 2 of this series resolution.

Series 2021 Reserve Account Deposit means the amount, if any, that is required to be added to the reserve account balances in the Intermediate Lien Reserve Account to satisfy the Intermediate Lien Reserve Requirement and that is identified in a closing certificate or certificates of the Port.

Subordinate Lien Bond Resolutions mean, collectively, Resolution No. 3238, as amended; Resolution No. 3456, as amended, as further amended by Resolution No. 3777; and Resolution No. 3598, as amended.

Surety Bond means the surety bond(s), if any, issued by the Surety Bond Issuer on the date of issuance of the Series 2021 Bonds for the purpose of satisfying the Series 2021 Reserve Account Deposit. There may be more than one Surety Bond.

Surety Bond Agreement means any Agreement(s) between the Port and the Surety Bond Issuer with respect to the Surety Bond(s).

Surety Bond Issuer means any issuer(s) of the Surety Bond(s).

Underwriters mean, collectively, Barclays Capital Inc., BofA Securities, Inc.; J.P. Morgan Securities LLC; Morgan Stanley & Co. LLC; Drexel Hamilton, LLC; and Siebert Williams Shank & Co., LLC.

Rules of Interpretation. In this series resolution, unless the context otherwise requires:

(a) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this series resolution, refer to this series resolution as a whole and not to any particular article, section, subdivision or clause hereof, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before the date of this series resolution;

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons;

(d) Any headings preceding the text of the several articles and sections of this series resolution, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this series resolution, nor shall they affect its meaning, construction or effect;

(e) All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and

(f) Except as explicitly provided herein, whenever any consent or direction is required to be given by the Port, such consent or direction shall be deemed given when given by the Designated Port Representative.

Section 2. Plan of Finance; Authorization of Series 2021 Bonds.

(a) *Plan of Finance.* The Port intends to undertake improvements to its airport facilities at the locations described on Exhibit B (the “Projects”) attached hereto and incorporated by this reference herein. A portion of the costs of the Projects are expected to be paid, refinanced or reimbursed with the proceeds of the Project Bonds.

The Refunding Candidates may be defeased or are callable in whole or in part prior to their scheduled maturities and may be selected for defeasance and/or refunding depending on market conditions. The final selection of the Refunding Candidates to be designated as Refunded Bonds and to be defeased and/or refunded by the Refunding Bonds shall be made by the Executive Director pursuant to the authority granted in Section 7 of this series resolution.

(b) *Authorization of Series 2021 Bonds.* The Port shall issue bonds in one or more series (the “Series 2021 Bonds”) consisting of the Project Bonds and the Refunding Bonds, if any. The proceeds of the Project Bonds shall be used for the purpose of providing part of the funds necessary to (i) pay (or pay subordinate lien commercial paper notes issued to pay) or to reimburse the Port for all or a portion of the costs of the Projects; (ii) pay and redeem and/or

defeasement subordinate lien commercial paper notes issued for Port purposes; (iii) at the option of the Designated Port Representative, capitalize interest on all or a portion of the Series 2021 Bonds; (iv) make a Series 2021 Reserve Account Deposit or purchase a Surety Bond therefor, if required; and (v) pay all or a portion of the costs incidental to the foregoing and to the issuance of the Project Bonds. The proceeds of the Refunding Bonds, if any, shall be used for the purpose of providing the funds necessary to (i) pay and redeem and/or defeasement certain subordinate lien commercial paper notes issued for refunding purposes; and (ii) pay all or a portion of the costs incidental to the foregoing and to the issuance of the Refunding Bonds.

(c) *Maximum Principal Amount.* The aggregate principal amount of the Series 2021 Bonds to be issued under this series resolution shall not exceed \$950,000,000. The aggregate principal amount of the Project Bonds and the aggregate principal amount of Refunding Bonds shall be determined by the Executive Director, pursuant to the authority granted in Section 7 of this series resolution.

Section 3. Series 2021 Bond Details.

(a) *Series 2021 Bonds.* The Series 2021 Bonds shall be issued in one or more series, shall be designated as “Port of Seattle Intermediate Lien Revenue and Refunding Bonds, Series 2021,” with such description and additional designations for each series for identification purposes as may be approved by the Designated Port Representative, shall be registered as to both principal and interest, shall be issued in the aggregate principal amount set forth in the Bond Purchase Contract, shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification, shall be dated their date of delivery to the Underwriters, and shall be in the denomination of \$5,000 each or any integral multiple of \$5,000 within a series and maturity. The Series 2021 Bonds of each series shall bear interest from their date of delivery to the Underwriters until the Series 2021 Bonds

bearing such interest have been paid or their payment duly provided for, at the rates, payable on the dates, set forth in the Bond Purchase Contract for each series and shall mature on the dates and in the years and in the principal amounts set forth in the Bond Purchase Contract, all as approved by the Executive Director pursuant to Section 7 of this series resolution.

(b) *Limited Obligations.* The Series 2021 Bonds shall be obligations only of the Intermediate Lien Bond Fund and the Intermediate Lien Reserve Account created under the Intermediate Lien Master Resolution and shall be payable and secured as provided in the Intermediate Lien Master Resolution and this series resolution. The Series 2021 Bonds do not constitute an indebtedness of the Port within the meaning of the constitutional provisions and limitations of the State of Washington.

Section 4. Redemption and Purchase.

(a) *Optional Redemption.* The Series 2021 Bonds of one or more series and maturities may be subject to optional redemption on the dates, at the prices and under the terms relating to such series set forth in the Bond Purchase Contract, all as approved by the Executive Director pursuant to Section 7 of this series resolution.

(b) *Mandatory Redemption.* The Series 2021 Bonds of one or more series and maturities may be subject to mandatory redemption to the extent, if any, set forth in the Bond Purchase Contract relating to such series, all as approved by the Executive Director pursuant to Section 7 of this series resolution.

(c) *Purchase of Series 2021 Bonds for Retirement.* The Port reserves the right to use at any time any surplus Gross Revenue available after providing for the payments required by paragraphs First through Fifth of Section 2(a) of the First Lien Master Resolution, including the payments required by paragraphs First through Eleventh of the priority for use of Gross Revenue set forth in the Intermediate Lien Master Resolution, to purchase for retirement any of the

Series 2021 Bonds offered to the Port at any price deemed reasonable to the Designated Port Representative.

(d) *Selection of Series 2021 Bonds for Redemption.* If Series 2021 Bonds are called for optional redemption, the series, maturities, and interest rates of such Series 2021 Bonds to be redeemed shall be selected by the Port. If any Series 2021 Bonds to be redeemed (optional or mandatory) then are held in book-entry-only form, the selection of such Series 2021 Bonds within a series, maturity, and interest rate to be redeemed within a maturity and interest rate shall be made in accordance with the operational arrangements then in effect at DTC (or at a substitute depository, if applicable). If the Series 2021 Bonds to be redeemed are no longer held in book-entry-only form, the selection of such Series 2021 Bonds to be redeemed shall be made in the following manner. If the Port redeems at any one time fewer than all of the Series 2021 Bonds having the same maturity date and interest rate within a series, the particular Series 2021 Bonds or portions of Series 2021 Bonds to be redeemed within the series, maturity, and interest rate shall be selected by lot (or in such other random manner determined by the Registrar) in increments of \$5,000. In the case of a Series 2021 Bond within a series, maturity, and interest rate of a denomination greater than \$5,000, the Port and Registrar shall treat each Series 2021 Bond of the applicable series, maturity and interest rate as representing such number of separate Series 2021 Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Series 2021 Bonds of the applicable series, maturity, and interest rate by \$5,000. In the event that only a portion of the principal amount of a Series 2021 Bond is redeemed, upon surrender of such Series 2021 Bond at the principal office of the Registrar there shall be issued to the Registered Owner, without charge therefor, for the then-unredeemed balance of the principal amount thereof a Series 2021 Bond or, at the option of the Registered Owner, a Series 2021 Bond of like series, maturity, and interest rate in any of the denominations

herein authorized. *Provided however*, that the manner of selection of Series 2021 Bonds issued on a federally taxable basis for redemption may be set forth in the Bond Purchase Contract relating to such series and as approved by the Designated Port Representative.

(e) *Notice of Redemption.* Written notice of any redemption of Series 2021 Bonds prior to maturity shall be given by the Registrar on behalf of the Port by first class mail, postage prepaid, not less than 20 days nor more than 60 days before the date fixed for redemption to the Registered Owners of Series 2021 Bonds that are to be redeemed at their last addresses shown on the Bond Register. This requirement shall be deemed complied with when notice is mailed to the Registered Owners at their last addresses shown on the Bond Register, whether or not such notice is actually received by the Registered Owners.

So long as the Series 2021 Bonds are in book-entry only form, notice of redemption shall be given to Beneficial Owners of Series 2021 Bonds to be redeemed in accordance with the operational arrangements then in effect at DTC (or its successor or alternate depository), and neither the Port nor the Registrar shall be obligated or responsible to confirm that any notice of redemption is, in fact, provided to Beneficial Owners.

Each notice of redemption (which notice in the case of optional redemption may be conditional and/or may be rescinded at the option of the Port) prepared and given by the Registrar to Registered Owners of Series 2021 Bonds shall contain the following information: (1) the date fixed for redemption, (2) the redemption price, (3) if fewer than all outstanding Series 2021 Bonds of a series are to be redeemed, the identification by series, maturity, and interest rate (and, in the case of partial redemption, the principal amounts) of the Series 2021 Bonds to be redeemed, (4) whether, in the case of optional redemption, the notice of redemption is conditional and, if conditional, the conditions to redemption, (5) that (unless the conditions, if any, to redemption have not been satisfied or unless the notice of redemption shall have been

rescinded) such Series 2021 Bonds will become due and payable and interest shall cease to accrue from the date fixed for redemption if and to the extent in each case funds have been provided to the Registrar for the redemption of such Series 2021 Bonds on the date fixed for redemption the redemption price will become due and payable upon each Series 2021 Bond or portion called for redemption, and that (unless the conditions, if any, to redemption have not been satisfied or unless the notice of redemption shall have been rescinded) interest shall cease to accrue from the date fixed for redemption if and to the extent that funds have been provided to the Registrar for the redemption of such Series 2021 Bonds, (6) that the Series 2021 Bonds are to be surrendered for payment at the principal office of the Registrar, (7) the CUSIP numbers of all Series 2021 Bonds being redeemed, (8) the dated date of the Series 2021 Bonds being redeemed, (9) the rate of interest for each Series 2021 Bond being redeemed, (10) the date of the notice, and (11) any other information deemed necessary by the Registrar to identify the Series 2021 Bonds being redeemed.

Upon the payment of the redemption price of Series 2021 Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue, series and maturity, the Series 2021 Bonds being redeemed with the proceeds of such check or other transfer, or in the case of a payment to DTC shall be accompanied by an informational communication evidencing the CUSIP and related informational details with respect to each security being paid by wire transfer.

(f) *Effect of Redemption.* Unless the Port has rescinded a notice of optional redemption (or unless the Port provided a conditional notice of optional redemption and the conditions for the optional redemption set forth therein are not satisfied), the Series 2021 Bonds to be redeemed shall become due and payable on the date fixed for redemption, and the Port shall transfer to the Registrar amounts that, in addition to other money, if any, held by the Registrar

for such purpose, will be sufficient to redeem, on the date fixed for redemption, all of the Series 2021 Bonds to be redeemed. If and to the extent that funds have been provided to the Registrar for the redemption of Series 2021 Bonds then from and after the date fixed for redemption for such Series 2021 Bond or portion thereof, interest on each such Series 2021 Bond shall cease to accrue and such Series 2021 Bond or portion thereof shall cease to be Outstanding.

(g) *Amendment of Notice Provisions.* The foregoing notice provisions of this section, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 5. Registration, Exchange and Payments.

(a) *Registrar/Bond Register.* The Port hereby specifies and adopts the system of registration and transfer for the Series 2021 Bonds approved by the Washington State Finance Committee, which utilizes the fiscal agent of the State of Washington, for the purposes of registering and authenticating the Series 2021 Bonds, maintaining the Bond Register and effecting transfer of ownership of the Series 2021 Bonds (the “Registrar”). The Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient records for the registration and transfer of the Series 2021 Bonds (the “Bond Register”), which shall be open to inspection by the Port. The Registrar may be removed at any time at the option of the Designated Port Representative upon prior notice to the Registrar, DTC (or its successor or alternate depository), each party entitled to receive notice pursuant to the Continuing Disclosure Undertaking and a successor Registrar appointed by the Designated Port Representative. No resignation or removal of the Registrar shall be effective until a successor shall have been appointed and until the successor Registrar shall have accepted the duties of the Registrar

hereunder. The Registrar is authorized, on behalf of the Port, to authenticate and deliver Series 2021 Bonds transferred or exchanged in accordance with the provisions of such Series 2021 Bonds and this series resolution and to carry out all of the Registrar's powers and duties under this series resolution. The Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Series 2021 Bonds.

(b) *Registered Ownership.* Except as provided in the last sentence of Section 5(c) or the Continuing Disclosure Undertaking authorized pursuant to Section 15 of this series resolution, the Port and the Registrar may deem and treat the Registered Owner of each Series 2021 Bond as the absolute owner for all purposes, and neither the Port nor the Registrar shall be affected by any notice to the contrary. Payment of any such Series 2021 Bond shall be made only as described in subsection (h) of this Section 5, but the transfer of such Series 2021 Bond may be registered as herein provided. All such payments made as described in subsection (h) of this Section 5 shall be valid and shall satisfy the liability of the Port upon such Series 2021 Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letter of Representations.* The Series 2021 Bonds shall initially be held in fully immobilized form by DTC acting as depository. To induce DTC to accept the Series 2021 Bonds as eligible for deposit at DTC, the Port has heretofore executed and delivered to DTC the Letter of Representations.

Neither the Port nor the Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Series 2021 Bonds for the accuracy of any records maintained by DTC (or any successor or alternate depository) or any DTC participant, the payment by DTC (or any successor or alternate depository) or any DTC participant of any amount in respect of the principal of or interest on Series 2021 Bonds, any notice that is permitted or required to be given to Registered Owners under this series resolution

(except such notices as shall be required to be given by the Port to the Registrar or, by the Registrar, to DTC or any successor or alternate depository), the selection by DTC or by any DTC participant of any person to receive payment in the event of a partial redemption of the Series 2021 Bonds, or any consent given or other action taken by DTC (or any successor or alternate depository) as the Registered Owner. So long as any Series 2021 Bonds are held in fully immobilized form, DTC or its successor depository shall be deemed to be the owner and Registered Owner for all purposes, and all references in this series resolution to the Registered Owners shall mean DTC (or any successor or alternate depository) or its nominee and shall not mean the owners of any beneficial interest in any Series 2021 Bonds. Notwithstanding the foregoing, if a Bond Insurance Policy is issued for any series or maturity of the Series 2021 Bonds and so long as the Bond Insurer is not in default under its Policy, the Bond Insurer shall be deemed to be the owner, Registered Owner, and holder of all bonds of that series or maturity for the purpose of granting consents and exercising voting rights with respect thereto and for any other purpose identified and specified in the Bond Insurance Commitment accepted by the Port as a condition of issuance of the Bond Insurance Policy.

(d) *Use of Depository.*

(1) The Series 2021 Bonds shall be registered initially in the name of CEDE & Co., as nominee of DTC, with a single Series 2021 Bond for each series and maturity having the same interest rate in a denomination equal to the total principal amount of such series and maturity. Registered ownership of such immobilized Series 2021 Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, or to any other nominee requested by an authorized representative of DTC, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the Port pursuant to subsection (2)

below or such substitute depository's successor or nominee; or (C) to any person as provided in subsection (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Port to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Port may appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (A) or (B) of subsection (1) above, the Registrar shall, upon receipt of all outstanding Series 2021 Bonds, together with a written request on behalf of the Port, issue a single new Series 2021 Bond for each series and maturity then outstanding, registered in the name of such successor or substitute depository, or its nominee, all as specified in such written request of the Port.

(4) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the Port determines that it is in the best interest of the Beneficial Owners of the Series 2021 Bonds of any series that the Series 2021 Bonds of that series be provided in certificated form, the ownership of such Series 2021 Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully immobilized form. The Port shall deliver a written request to the Registrar, together with a supply of definitive Series 2021 Bonds (of the appropriate series and maturities) in certificated form, to issue Series 2021 Bonds in any authorized denominations. Upon receipt by the Registrar of all then outstanding Series 2021 Bonds (of the appropriate series), together with a written request on behalf of the Port to the Registrar, new Series 2021 Bonds of such series shall be issued in the

appropriate denominations and registered in the names of such persons as are provided in such written request.

(e) *Registration of the Transfer of Ownership or the Exchange of Series 2021 Bonds; Change in Denominations.* The transfer of any Series 2021 Bond may be registered and any Series 2021 Bond may be exchanged, but no transfer of any Series 2021 Bond shall be valid unless the Series 2021 Bond is surrendered to the Registrar with the assignment form appearing on such Series 2021 Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the surrendered Series 2021 Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee, a new Series 2021 Bond (or Series 2021 Bonds at the option of the Registered Owner) of the same date, series, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, as and naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Series 2021 Bond, in exchange for such surrendered and canceled Series 2021 Bond. Any Series 2021 Bond may be surrendered to the Registrar, together with the assignment form appearing on such Series 2021 Bond duly executed, and exchanged, without charge, for an equal aggregate principal amount of Series 2021 Bonds of the same date, series, maturity and interest rate, in any authorized denomination. The Registrar shall not be obligated to register the transfer or exchange of any Series 2021 Bond during a period beginning at the opening of business on the Record Date with respect to an interest payment date and ending at the close of business on such interest payment date, or, in the case of any proposed redemption of the Series 2021 Bonds, after the mailing of notice of the call for redemption of such Series 2021 Bonds.

(f) *Registrar's Ownership of Series 2021 Bonds.* The Registrar may become the Registered Owner of any Series 2021 Bond with the same rights it would have if it were not the Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the rights of the Registered Owners of the Series 2021 Bonds.

(g) *Registration Covenant.* The Port covenants that, until all Series 2021 Bonds issued on a federally tax-exempt basis have been surrendered and canceled, it will maintain a system for recording the ownership of each Series 2021 Bond that complies with the provisions of Section 149 of the Code.

(h) *Place and Medium of Payment.* The principal of, premium, if any, and interest on the Series 2021 Bonds shall be payable in lawful money of the United States of America. Interest on the Series 2021 Bonds shall be calculated on the basis of a 360-day year and twelve 30-day months. For so long as all Series 2021 Bonds are in fully immobilized form with DTC, payments of principal, premium, if any, and interest shall be made as provided to the parties entitled to receive payment as of each Record Date in accordance with the operational arrangements of DTC described in the Letter of Representations. In the event that the Series 2021 Bonds are no longer in fully immobilized form with DTC (or its successor or alternate depository), interest on the Series 2021 Bonds shall be paid by check mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register as of the Record Date, and principal and premium, if any, of the Series 2021 Bonds shall be payable by check upon presentation and surrender of such Series 2021 Bonds by the Registered Owners at the principal office of the Registrar; provided, however, that if so requested in writing prior to the opening of business on the Record Date by the Registered Owner of at least \$1,000,000 aggregate principal amount of Series 2021 Bonds of a series, interest on such Series 2021 Bonds

will be paid thereafter by wire transfer on the date due to an account with a bank located within the United States.

Section 6. Pledge of Available Intermediate Lien Revenues; Series 2021 Reserve Account Deposit.

(a) *Pledge of Available Intermediate Lien Revenue.* Pursuant to the Intermediate Lien Master Resolution, the Intermediate Lien Bond Fund and the Intermediate Lien Reserve Account have been created for the purpose of paying and securing the payment of the principal of, premium, if any, and interest on all Outstanding Intermediate Lien Parity Bonds. The Port hereby irrevocably obligates and binds itself for as long as any Series 2021 Bonds remain Outstanding to set aside and pay into the Intermediate Lien Bond Fund from Available Intermediate Lien Revenues or money in the Revenue Fund, on or prior to the respective dates the same become due (and if such payment is made on the due date, such payment shall be made in immediately available funds):

(1) Such amounts as are required to pay the interest scheduled to become due on Series 2021 Bonds; and

(2) Such amounts with respect to Series 2021 Bonds as are required (A) to pay maturing principal, (B) to make any required sinking fund payments, and (C) to redeem Series 2021 Bonds in accordance with any mandatory redemption provisions.

Said amounts so pledged to be paid into such special funds are hereby declared to be a prior lien and charge upon the Gross Revenue superior to all other liens and charges of any kind or nature whatsoever except for (i) Operating Expenses, (ii) liens and charges thereon of Permitted Prior Lien Bonds, and (iii) liens and charges equal in rank that have or may be made thereon to pay Net Payments due pursuant to any Parity Derivative Product and to pay and secure the payment of the principal of, premium, if any, and interest on Outstanding Intermediate

Lien Parity Bonds and any Intermediate Lien Parity Bonds issued in the future under authority of a Series Resolution in accordance with the provisions of Sections 4 and 5 of the Intermediate Lien Master Resolution.

(b) *Reserve Account Deposit.* The Series 2021 Reserve Account Deposit shall be deposited in the Intermediate Lien Reserve Account (or shall be satisfied through the issuance of one or more Surety Bonds) on the date of issuance of the Series 2021 Bonds. Together with existing reserve account balances in the Intermediate Lien Reserve Account, the Series 2021 Reserve Account Deposit shall be at least sufficient to meet the Intermediate Lien Reserve Requirement.

The Designated Port Representative may decide to utilize one or more Surety Bonds to satisfy the Series 2021 Reserve Account Deposit; provided that each Surety Bond meets the qualifications for Qualified Insurance. Upon such election, the Designated Port Representative is hereby authorized to execute and deliver one or more Surety Bond Agreements with one or more Surety Bond Issuers to effect the delivery of the Surety Bond(s).

Section 7. Designation of Refunded Bonds; Sale of Series 2021 Bonds.

(a) *Designation of Refunded Bonds.* As outlined in Section 2 and Section 9 of this series resolution, the Refunding Candidates may be called for redemption prior to their scheduled maturities. All or some of the Refunding Candidates may be defeased and/or refunded with the proceeds of the Series 2021 Bonds authorized by this series resolution. The Executive Director may select some or all of the Refunding Candidates and designate those Refunding Candidates as the “Refunded Bonds” in the Bond Purchase Contract if and to the extent that the criteria set forth in subsection (b) are met.

(b) *Series 2021 Bond Sale.* The Series 2021 Bonds shall be sold at one or more negotiated sale(s) to the Underwriters pursuant to the terms of the applicable Bond Purchase

Contract. The Designated Port Representative is hereby authorized to negotiate terms for the purchase of the Series 2021 Bonds and to execute one or more Bond Purchase Contracts, with such terms (including the designation of the Refunded Bonds and the Series 2021 Reserve Account Deposit) as are approved by the Executive Director pursuant to this section and consistent with this series resolution and the Intermediate Lien Master Resolution. The Port Commission has been advised by the Port's financial advisor that market conditions are fluctuating and, as a result, the most favorable market conditions may occur on a day other than a regular meeting date of the Commission. The Commission has determined that it would be in the best interest of the Port to delegate to the Executive Director for a limited time the authority to approve the designation of the Refunded Bonds and to approve the number of series, final series designations, and with respect to each series, the date of sale, the tax status of each series, interest rates, maturity dates, aggregate principal amount, principal amounts and prices of each maturity, redemption rights, and other terms and conditions of the Series 2021 Bonds. The Executive Director is hereby authorized to approve the designation of the Refunded Bonds and to approve the number of series, final series designations, and with respect to each series, the date of sale, the tax status of each series, interest rates, maturity dates, aggregate principal amount, principal amounts of each maturity and redemption rights for the Series 2021 Bonds in the manner provided hereafter (A) so long as the aggregate principal amount of the Series 2021 Bonds does not exceed the maximum principal amount set forth in Section 2, and (B) so long as the true interest cost for the Series 2021 Bonds of a series issued on a federally tax-exempt basis does not exceed 4.00% per annum, and so long as the true interest cost for the Series 2021 Bonds of a series issued on a federally taxable basis does not exceed 5.00% per annum.

In designating the Refunded Bonds, determining the number of series, final series designations, the date of sale, tax status of each series, interest rates, prices, maturity dates,

aggregate principal amount, principal maturities, redemption rights or provisions of the Series 2021 Bonds for approval and the Series 2021 Reserve Account Deposit, the Designated Port Representative, in consultation with Port staff and the Port's financial advisor, shall take into account those factors that, in his judgment, will result in the most favorable interest cost on the Series 2021 Bonds of a series, including, but not limited to, current financial market conditions and current interest rates for obligations comparable in tenor and quality to the Series 2021 Bonds. Subject to the terms and conditions set forth in this section, the Designated Port Representative is hereby authorized to execute the final form of the Bond Purchase Contract, upon the Executive Director's approval of the Refunded Bonds, the number of series, final series designations, the date of sale, tax status of each series, interest rates, maturity dates, aggregate principal amount, principal maturities and redemption rights set forth therein. Following the execution of the Bond Purchase Contract, the Executive Director or Designated Port Representative shall provide a report to the Commission, describing the final terms of the Series 2021 Bonds approved pursuant to the authority delegated in this section. The authority granted to the Designated Port Representative and the Executive Director by this section shall expire on December 31, 2021. If a Bond Purchase Contract for the Series 2021 Bonds has not been executed by December 31, 2021, the authorization for the issuance of the Series 2021 Bonds of that series shall be rescinded, and the Series 2021 Bonds shall not be issued nor their sale approved unless the Series 2021 Bonds shall have been re-authorized by resolution of the Commission. The resolution reauthorizing the issuance and sale of the Series 2021 Bonds may be in the form of a new series resolution repealing this series resolution in whole or in part (only with respect to the Series 2021 Bonds not issued) or may be in the form of an amendatory resolution approving a bond purchase contract or extending or establishing new terms and conditions for the authority delegated under this section.

Upon the adoption of this series resolution, the proper officials of the Port including the Designated Port Representative, are authorized and directed to undertake all other actions necessary for the prompt execution and delivery of the Series 2021 Bonds to the Underwriters thereof and further to execute all closing certificates and documents required to effect the closing and delivery of the Series 2021 Bonds in accordance with the terms of the Bond Purchase Contract.

The Designated Port Representative and other Port officials, agents and representatives are hereby authorized and directed to do everything necessary for the prompt issuance, execution and delivery of the Series 2021 Bonds to the Underwriters and for the proper application and use of the proceeds of sale of the Series 2021 Bonds. In furtherance of the foregoing, the Designated Port Representative is authorized to approve and enter into agreements for the payment of costs of issuance, including Underwriters' discount, the fees and expenses specified in the Bond Purchase Contract, including fees and expenses of the Underwriters and other retained services, including Bond Counsel, disclosure counsel, rating agencies, fiscal agent, escrow agent, if any, verification agent, financial advisory services, independent consultant, and other expenses customarily incurred in connection with the issuance and sale of bonds.

The Designated Port Representative is authorized to ratify, execute, deliver and approve for purposes of the Rule, on behalf of the Port, the final official statement(s) (and to approve, deem final and deliver any preliminary official statement) and any supplement thereto relating to the issuance and sale of the Series 2021 Bonds and the distribution of the Series 2021 Bonds pursuant thereto with such changes, if any, as may be deemed by him/her to be appropriate.

Section 8. Application of Series 2021 Bond Proceeds.

(a) *Application of Project Bond Proceeds.* The proceeds of the Project Bonds (exclusive of the Underwriters' discount and any amounts that may be designated by the

Designated Port Representative in a closing certificate to be allocated to pay costs of issuance or any Bond Insurance Policy premium and/or a Surety Bond premium) shall be applied as follows:

(1) An amount(s), if any, specified by the Designated Port Representative shall be deposited into one or more capitalized interest accounts (hereinafter authorized to be created);

(2) An amount specified by the Designated Port Representative as required to pay the Series 2021 Reserve Account Deposit shall be deposited into the Intermediate Lien Reserve Account; and

(3) An amount specified by the Designated Port Representative shall be deposited into one or more capital project accounts, used to refinance commercial paper, and used to pay costs of issuance and, together with other available moneys, to pay costs of the Projects.

If interest on the Project Bonds is to be capitalized, the Treasurer of the Port is hereby authorized and directed to create one or more capitalized interest accounts for the purpose of holding certain Project Bond proceeds and interest earnings thereon to be used and disbursed to pay interest on the Series 2021 Bonds through the date or dates specified by the Designated Port Representative.

The Treasurer shall invest the net proceeds of the Project Bonds in such obligations as may now or hereafter be permitted to port districts of the State of Washington by law and that will mature prior to the date on which such money shall be needed. Earnings on such investments, except as may be required to pay rebatable arbitrage pursuant to the Federal Tax Certificate, may be used for Port purposes or transferred to the Intermediate Lien Bond Fund for the uses and purposes therein provided.

The Port shall maintain books and records regarding the use and investment of proceeds of Series 2021 Bonds issued on a federally tax-exempt basis in order to maintain compliance with its obligations under its Federal Tax Certificate.

(b) *Application of Refunding Bond Proceeds.* The net proceeds of the Refunding Bonds (exclusive of the Underwriters' discount and any amounts that may be designated by the Designated Port Representative in a closing certificate to be allocated to pay costs of issuance or any Bond Insurance Policy premium and/or a Surety Bond premium, or to satisfy a portion of the Intermediate Lien Reserve Requirement), together with other available funds of the Port in the amount specified by the Designated Port Representative, shall be utilized immediately upon receipt thereof to pay and redeem the Refunded Bonds and/or shall be paid at the direction of the Treasurer to the Escrow Agent (if the Designated Port Representative has determined that an escrow is necessary or desirable to effect the defeasance of all or a portion of the Refunded Bonds).

(c) *Defeasance of Refunded Bonds.* Subject to and in accordance with the resolution authorizing the issuance of the Refunded Bonds, the net proceeds of the Refunding Bonds so deposited shall be utilized immediately upon receipt thereof to pay and redeem Refunded Bonds and/or to purchase the noncallable Government Obligations that are direct or indirect obligations of the United States or obligations unconditionally guaranteed by the United States specified by the Designated Port Representative (the "Acquired Obligations") and to maintain such necessary beginning cash balance to defease the Refunded Bonds and to discharge the other obligations of the Port relating thereto under the resolution authorizing their issuance, by providing for the payment of the interest on the Refunded Bonds to the date fixed for redemption and the redemption price (the principal amount plus any premium required) on the date fixed for redemption of the Refunded Bonds. Subject to compliance with all conditions set forth in the

resolution authorizing the issuance of the Refunded Bonds, when the final transfers have been made for the payment of such redemption price and interest on the Refunded Bonds, any balance then remaining shall be transferred to the account designated by the Port and used for the purposes specified by the Designated Port Representative.

(d) *Acquired Obligations.* The Acquired Obligations, if any, shall be payable in such amounts and at such times that, together with any necessary beginning cash balance, will be sufficient to provide for the payment of:

(1) the interest on the Refunded Bonds as such becomes due on and before the dates fixed for redemption of the Refunded Bonds; and

(2) the price of redemption of the Refunded Bonds on the date fixed for redemption of the Refunded Bonds.

(e) *Authorizing Appointment of Escrow Agent and Verification Agent.* The Commission hereby authorizes and directs the Designated Port Representative (if the Designated Port Representative determines that an escrow would be necessary or desirable to effect the defeasance of all or a portion of the Refunded Bonds) to select a financial institution to act as the escrow agent for all or a portion of the Refunded Bonds and also to select a verification agent for some or all of the Refunded Bonds.

Section 9. Redemption of Refunded Bonds. The Commission hereby calls the callable Refunded Bonds for redemption on the redemption date specified by the Designated Port Representative in accordance with the provisions of the resolution authorizing the issuance, redemption and retirement of the Refunded Bonds, respectively, prior to their maturity dates.

The Designated Port Representative may cause to be disseminated a conditional notice of redemption prior to the closing and delivery of the Refunding Bonds and if a notice of

redemption has been disseminated, such notice may be revoked at the option of the Designated Port Representative.

Said defeasance and call for redemption of the Refunded Bonds shall be irrevocable after the closing and delivery of the Refunding Bonds.

If so appointed, the Escrow Agent shall be authorized and directed to provide for the giving of irrevocable notice of the redemption of those Refunded Bonds designated in the Escrow Agreement in accordance with the terms of the resolution authorizing the issuance of such Refunded Bonds and as described in the Escrow Agreement. The Treasurer is authorized and directed to provide whatever assistance is necessary to accomplish such redemption and the giving of irrevocable notice therefor. The costs of mailing of such notice shall be an expense of the Port.

The Port or the Escrow Agent, if any, on behalf of the Port, shall be authorized and directed to pay to the fiscal agent of the State of Washington, sums sufficient to pay, when due, the payments specified in Section 8(d) of this series resolution. All such sums shall be paid from the moneys and the Acquired Obligations pursuant to the previous section of this series resolution, and the income therefrom and proceeds thereof.

If an Escrow Agent is appointed, the Port will ascertain that all necessary and proper fees, compensation and expenses of the Escrow Agent for the Refunded Bonds shall be paid when due. If an Escrow Agent is appointed, the Designated Port Representative is authorized and directed to execute and deliver the Escrow Agreement to the Escrow Agent when the provisions thereof have been fixed and determined for closing and delivery of the Refunding Bonds. The Escrow Agreement, if any, shall be in form and substance satisfactory to the Designated Port Representative and the Escrow Agent, and may include a separate Costs of Issuance Agreement.

Section 10. Tax Covenants.

(a) *General.* The Port covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on such Series 2021 Bonds issued on a federally tax-exempt basis, and will take or require to be taken such acts as may reasonably be within its ability and as may from time to time be required under applicable law to continue the exclusion from gross income for federal income tax purposes of the interest on such Series 2021 Bonds issued on a federally tax-exempt basis. The Port shall comply with its covenants set forth in the Federal Tax Certificate with respect to such Series 2021 Bonds issued on a federally tax-exempt basis.

(b) *No Bank Qualification.* The Series 2021 Bonds shall not be qualified tax-exempt obligations pursuant to Section 265(b) of the Code for investment by financial institutions.

Section 11. Lost, Stolen, Mutilated or Destroyed Series 2021 Bonds. In case any Series 2021 Bond shall be lost, stolen, mutilated or destroyed, the Registrar may execute and deliver a new Series 2021 Bond of like series, maturity, date, number and tenor to the Registered Owner thereof upon the owner's paying the expenses and charges of the Port in connection therewith and upon his/her filing with the Port evidence satisfactory to the Port that such Series 2021 Bond was actually lost, stolen or destroyed (including the presentation of a mutilated Series 2021 Bond) and of his/her ownership thereof, and upon furnishing the Port and the Registrar with indemnity satisfactory to both.

Section 12. Form of Series 2021 Bonds and Registration Certificate. The Series 2021

Bonds shall be in substantially the following form:

[DTC HEADING]

UNITED STATES OF AMERICA

NO. _____

\$ _____

STATE OF WASHINGTON

PORT OF SEATTLE

INTERMEDIATE LIEN REVENUE [AND] [REFUNDING] BOND,

SERIES 2021[A][B][C][D]

[(Non-AMT)][(Private Activity - Non-AMT)][(Private Activity - AMT)][(Taxable)]

Maturity Date: _____, _____

CUSIP No. _____

Interest Rate:

Registered Owner: Cede & Co.

Principal Amount:

THE PORT OF SEATTLE, a municipal corporation organized and existing under and by virtue of the laws of the State of Washington (the "Port"), promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, solely from the special fund of the Port known as the "Port of Seattle Revenue Intermediate Lien Bond Fund" (the "Intermediate Lien Bond Fund") created by Resolution No. 3540, as amended (the "Intermediate Lien Master Resolution" and together with Resolution No. 3786, hereinafter collectively referred to as the "Bond Resolution"), the Principal Amount indicated above and to pay interest thereon from the Intermediate Lien Bond Fund from the date of initial delivery, or the most recent date to which interest has been paid or duly provided for or until payment of this bond at the Interest Rate set forth above, payable semiannually on the first days of each _____ and _____ beginning on _____ 1, 20____. The principal of, premium, if any, and interest on this bond are payable in lawful money of the United States of America. Principal, premium, if any, and interest shall be paid as provided in the Blanket Issuer Letter of Representations (the "Letter of Representations") by the Port to The Depository Trust Company ("DTC") (or its successor or alternate depository) or other registered owner. Capitalized terms used in this bond which are not specifically defined have the meanings given such terms in the Bond Resolution. The Treasurer of the Port has appointed the fiscal agent for the State of Washington as the initial registrar, authenticating and paying agent for the bonds of this series.

This bond is one of a series of bonds of the Port in the aggregate principal amount of \$ _____, of like date, tenor and effect, except as to number, amount, rate of interest and date of maturity and is issued pursuant to the Bond Resolution to [pay costs of capital improvement projects][to defease and/or refund certain outstanding Port revenue obligations]. [Simultaneously herewith, the Port is issuing ____ other series of revenue bonds: its Intermediate Lien Revenue [Refunding] Bonds, Series 2021[A][B][C][D] [(Non-AMT)] [(Private Activity -

Non-AMT)](Private Activity - AMT)] [(Taxable)], and Revenue Refunding Bonds, Series 2021,] in the principal amount of \$_____].

The bonds of this issue maturing on and after _____ 1, ____ shall be subject to optional redemption in advance of their scheduled maturity on and after _____ in whole or in part on any date at a price equal to 100% of the principal amount thereof plus accrued interest to the date fixed for redemption.

[The bonds of this issue maturing on _____ 1, ____ shall be redeemed by the Port on _____ 1 of the following years in the following principal amounts at a price equal to 100% of the principal amount thereof plus accrued interest to the date fixed for redemption:

Redemption Dates	Amounts
	\$

* Final Maturity]

[The bonds of this series are [not] private activity bonds.] The bonds of this series are not “qualified tax-exempt obligations” eligible for investment by financial institutions within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended. [The Port has taken no action to cause the interest on this bond to be exempt from general federal income taxation.]

The Port hereby covenants and agrees with the owner and holder of this bond that it will keep and perform all the covenants of this bond and the Bond Resolution.

The Port does hereby pledge and bind itself to set aside and pay into the Intermediate Lien Bond Fund and Intermediate Lien Reserve Account from Available Intermediate Lien Revenues or money in the Revenue Fund the various amounts required by the Bond Resolution to be paid into and maintained in said Fund and Account, all within the times provided by said Bond Resolution.

The amounts pledged to be paid out of Gross Revenue into the Intermediate Lien Bond Fund and Intermediate Lien Reserve Account are hereby declared to be a first and prior lien and charge upon the Gross Revenue, subject to the payment of Operating Expenses of the Port and subject further to the liens thereon of the Permitted Prior Lien Bonds and equal in rank to the lien and charge upon such Gross Revenue of the amounts required to pay and secure the payment of any Net Payments due pursuant to any Parity Derivative Product, any Outstanding Intermediate Lien Parity Bonds and any revenue bonds of the Port hereafter issued on a parity with the Outstanding Intermediate Lien Parity Bonds and the bonds of this issue.

The Port has further bound itself to establish, maintain and collect rentals, tariffs, rates, fees, and charges in the operation of all of its businesses for as long as any bonds of this issue are outstanding that will make available, for the payment of the principal thereof and interest thereon

as the same shall become due, Available Intermediate Lien Revenues in an amount equal to or greater than the Rate Covenant defined in the Intermediate Lien Master Resolution.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Registrar.

It is hereby certified and declared that this bond and the bonds of this issue are issued pursuant to and in strict compliance with the Constitution and laws of the State of Washington and resolutions of the Port and that all acts, conditions and things required to be done precedent to and in the issuance of this bond have happened, been done and performed.

IN WITNESS WHEREOF, the Port of Seattle has caused this bond to be executed by the manual or facsimile signatures of the President and Secretary of the Port Commission, and the corporate seal of the Port to be impressed or a facsimile thereof imprinted hereon as of the ____ day of _____, 2021.

PORT OF SEATTLE

By _____/s/_____
President, Port Commission

ATTEST:

_____/s/_____
Secretary, Port Commission

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This bond is one of the bonds described in the within mentioned Bond Resolution and is one of the Intermediate Lien Revenue [and] [Refunding] Bonds, Series 2021[A][B][C][D] [(Non-AMT)] [(Private Activity - Non-AMT)][(Private Activity - AMT)][(Taxable)] of the Port of Seattle, dated _____, 2021.

WASHINGTON STATE FISCAL AGENT, as
Registrar

By _____
Authorized Signer

* * * * *

In the event any Series 2021 Bonds are no longer in fully immobilized form, the form of such Series 2021 Bonds may be modified to conform to printing requirements and the terms of this series resolution.

Section 13. Execution. The Series 2021 Bonds shall be executed on behalf of the Port with the manual or facsimile signature of the President of its Commission, shall be attested by the manual or facsimile signature of the Secretary thereof and shall have the seal of the Port impressed or a facsimile thereof imprinted thereon.

Only such Series 2021 Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this series resolution. Such Certificate of Authentication shall be conclusive evidence that the Series 2021 Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this series resolution.

In case either of the officers of the Port who shall have executed the Series 2021 Bonds shall cease to be such officer or officers of the Port before the Series 2021 Bonds so signed shall have been authenticated or delivered by the Registrar, or issued by the Port, such Series 2021 Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the Port as though those who signed the same had continued to be such officers of the Port. Any Series 2021 Bond may also be signed and attested on behalf of the Port by such persons as on the actual date of execution of such Series 2021 Bond shall be the proper officers of the Port although on the original date of such Series 2021 Bond any such person shall not have been such officer.

Section 14. Defeasance. In the event that money and/or noncallable Government Obligations that are direct obligations of the United States or obligations unconditionally

guaranteed by the United States maturing or having guaranteed redemption prices at the option of the owner at such time or times and bearing interest to be earned thereon in amounts (together with such money, if any) sufficient to redeem and retire part or all of the Series 2021 Bonds in accordance with their terms, are hereafter irrevocably delivered to the Registrar for payment such Series 2021 Bonds or set aside in a special account and pledged to effect such redemption and retirement, and, if the Series 2021 Bonds are to be redeemed prior to maturity, irrevocable notice, or irrevocable instructions to give notice of such redemption has been delivered to the Registrar, then no further payments need be made into the Intermediate Lien Bond Fund or any account therein for the payment of the principal of, premium, if any, and interest on the Series 2021 Bonds so provided for and such Series 2021 Bonds shall then cease to be entitled to any lien, benefit or security of the Intermediate Lien Master Resolution or this series resolution, except the right to receive the funds so set aside and pledged and such notices of redemption, if any, and such Series 2021 Bonds shall no longer be deemed to be Outstanding hereunder, under the Intermediate Lien Master Resolution or under any resolution authorizing the issuance of bonds or other indebtedness of the Port.

The Port shall provide notice of defeasance of any Series 2021 Bonds to the Registered Owners of the Series 2021 Bonds being defeased, to the Bond Insurer, if any, and to each party entitled to receive notice under the Continuing Disclosure Undertaking authorized pursuant to Section 15 of this series resolution.

Section 15. Undertaking to Provide Ongoing Disclosure. The Designated Port Representative is authorized to, in his or her discretion, execute and deliver a Continuing Disclosure Undertaking providing for an undertaking by the Port to assist the Underwriters in complying with the Rule.

Section 16. Bond Insurance. The payments of the principal of and interest on one or more series, or principal maturities within one or more series, of the Series 2021 Bonds may be insured by the issuance of the Bond Insurance Policy. The Designated Port Representative may solicit proposals from municipal bond insurance companies, and the Designated Port Representative, in consultation with the Port's financial advisor, is hereby authorized to select the proposal that is deemed to be the most cost effective and further to execute the Bond Insurance Commitment with the Bond Insurer, which may include such covenants and conditions as shall be approved by the Designated Port Representative.

Section 17. Compliance with Parity Conditions. The Commission hereby finds and determines as required by Section 5(b) of the Intermediate Lien Master Resolution, as follows:

First: The Port is not in default of its covenant under Section 5 of the Intermediate Lien Master Resolution; and

Second: The Commission has been assured that prior to the issuance and delivery of the Series 2021 Bonds, the Port will meet the conditions set forth in Section 5(c) of the Intermediate Lien Master Resolution and/or will deliver either:

(A) a certificate prepared as provided in the Intermediate Lien Master Resolution and executed by the Designated Port Representative stating that Available Intermediate Lien Revenues as First Adjusted during the Base Period were at least equal to 110 percent of Annual Debt Service in each year of the Certificate Period with respect to all Intermediate Lien Parity Bonds then Outstanding and then proposed to be issued; or

(B) a Consultant's certificate, prepared as provided in the Intermediate Lien Master Resolution and stating that projected Available Intermediate Lien Revenues as First Adjusted will be at least equal to 110 percent of Annual Debt Service in each

year of the Certificate Period with respect to all Intermediate Lien Parity Bonds then Outstanding and then proposed to be issued.

The limitations contained in the conditions provided in Section 5(b) of the Intermediate Lien Master Resolution having been complied with, the payments required herein to be made out of the Available Intermediate Lien Revenues to pay and secure the payment of the principal of, premium, if any, and interest on the Series 2021 Bonds shall constitute a lien and charge upon such a charge and lien upon the Available Intermediate Lien Revenues equal to the lien thereon of Outstanding Intermediate Lien Parity Bonds.

Section 18. Resolution and Laws a Contract with the Series 2021 Bond Owners. This series resolution is adopted under the authority of and in full compliance with the Constitution and laws of the State of Washington. In consideration of the purchase and ownership of the Series 2021 Bonds, the provisions of this series resolution and of said laws shall constitute a contract with the owners of the Series 2021 Bonds, and the obligations of the Port and its Commission under said laws and under this series resolution shall be enforceable by any court of competent jurisdiction; and the covenants and agreements herein and in the Series 2021 Bonds set forth shall be for the equal benefit of the owners of the Series 2021 Bonds.

Section 19. Severability. If any one or more of the covenants or agreements provided in this series resolution to be performed on the part of the Port shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this series resolution and shall in no way affect the validity of the other provisions of this series resolution or of any Intermediate Lien Parity Bonds.

Section 20. Effective Date. This series resolution shall be effective immediately upon its adoption.

ADOPTED by the Port Commission of the Port of Seattle at duly noticed meeting thereof, held this ____ day of _____, 2021, and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof.

PORT OF SEATTLE

Commissioners

EXHIBIT A

REFUNDING CANDIDATES

Port of Seattle Passenger Facility Charge Revenue Refunding Bonds, Series 2010A⁽¹⁾

Maturity Dates (December 1)	Principal Amounts	Interest Rates
2021	\$ 16,210,000	5.00%
2022	17,025,000	5.00
2023	17,875,000	5.00

Port of Seattle Intermediate Lien Revenue and Refunding Bonds, Series 2010B (Private Activity, Non-AMT)⁽²⁾

Maturity Dates (June 1)	Principal Amounts	Interest Rates
2022	\$ 5,995,000	5.00%
2023	6,305,000	5.00
2024	6,630,000	5.00
2025	2,870,000	4.25
2025	4,090,000	5.00
2030*	40,450,000	5.00
2040*	118,655,000	5.00

* Term Bonds

Port of Seattle Intermediate Lien Revenue Refunding Bonds, Series 2010C (Private Activity, AMT)⁽³⁾

Maturity Dates (February 1)	Principal Amounts	Interest Rates
2022	\$ 15,480,000	5.00%
2023	16,275,000	5.00
2024	16,645,000	5.00

Port of Seattle Subordinate Lien Revenue Notes (Commercial Paper) \$20,430,000 Principal Amount

⁽¹⁾ Callable at any time on and after December 1, 2020, in whole or in part on any date, with maturities to be selected by the Port, at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the date fixed for redemption.

⁽²⁾ Callable at any time on and after June 1, 2020, in whole or in part on any date, with maturities to be selected by the Port, at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the date fixed for redemption.

⁽³⁾ Callable at any time on and after February 1, 2021, as a whole or in part or any date, with maturities to be selected by the Port, at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the date fixed for redemption.

EXHIBIT B

PROJECTS

Runway, apron and safety areas construction, repairs and improvements; airfield infrastructure construction, repairs and upgrades; noise mitigation; Airport Terminal and parking garage construction, modification, repairs, improvements including equipment acquisition; roadway and ground transportation improvements; airport support systems and services improvements; planning work relating to future facilities on or near the Airport; property acquisitions for Airport expansion adjacent or near to the Airport and other airport improvements that are functionally related to the airfield, air terminal and Airport property improvements described above at Seattle-Tacoma International Airport, 17801 Pacific Highway South, Seatac, WA 98158, which is owned and operated by the Port.

CERTIFICATE

I, the undersigned, Secretary of the Port Commission (the “Commission”) of the Port of Seattle (the “Port”), DO HEREBY CERTIFY:

1. That the attached resolution numbered 3786 (the “Resolution”), is a true and correct copy of a resolution of the Port, as finally adopted at a meeting of the Commission held on the _____ day of _____, 2021, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a quorum of the Commission was present throughout the meeting and a legally sufficient number of members of the Commission voted in the proper manner for the adoption of said Resolution; that all other requirements and proceedings incident to the proper adoption of said Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 2021.

Secretary

Intermediate Lien Revenue Bonds

April 27, 2021

Request Introduction of Resolution No. 3786

- Sale and Issuance of Intermediate Lien Revenue Bonds
- Multiple Series Based on Federal tax status
 - Governmental Bonds – no income tax for investors
 - Private Activity Bonds – no regular tax, but subject to Alternative Minimum Tax (AMT)
 - Private Activity, non-AMT – no income tax for investors, special exception during financial crisis and limited to refunding bonds issued in 2010
 - Taxable – investors subject to regular federal income tax

Fund Airport Capital Investments

- Funding for approximately \$600 million of spending
- Project spending must be authorized prior to use of bond proceeds
- Most projects will be funded with Private Activity bonds and subject to AMT



Projects Include:

- Completion of International Arrivals Facility and North Satellite
- Continuation of Baggage Optimization and Airfield Pavement Replacement

Refund Existing Bonds

<u>Refunding Candidates</u>	<u>Total Principal (\$)</u>	<u>Tax Status</u>
PFC Revenue Bonds, Series 2010A	51,110,000	Governmental (Non-AMT)
Intermediate Lien Revenue Bonds, Series 2010B	184,995,000	Private Activity (Non-AMT)
Intermediate Lien Revenue Bonds, Series 2010C	48,400,000	Private Activity (AMT)
Commercial Paper (CP)	<u>20,805,000</u>	multiple
TOTAL	305,310,000	

- Bonds will be refunded for debt service savings due to lower interest rates – estimated present value saving of \$25 million
- Due to postponement of the 2020 bond issue, Commercial Paper was used to temporarily refunded bonds

Resolution No. 3786

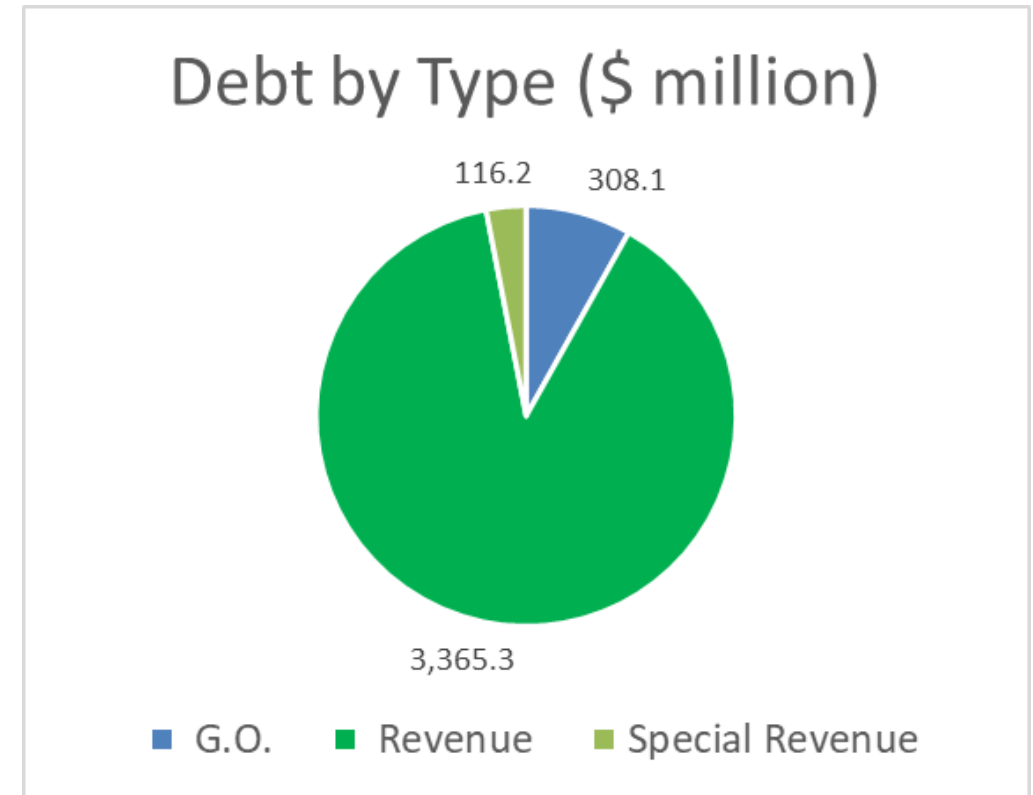
- Similar in all material respect to other Intermediate Lien resolutions
 - Pursuant to Intermediate Lien Master Resolution
 - Provides delegation to Executive Director to approve bond sale
- Provides funding for related costs
- Bonds will be sold by Port underwriting team
- Delegation Limits:
 - Maximum Par Amount: \$950 million
 - Maximum Interest Rate:
 - Tax-exempt series 4%
 - Taxable series 5%
 - Bond sale must occur within six months of adoption
 - Exceeding limits requires further authorization

ADDITIONAL INFORMATION

The Port Primarily Uses Revenue Bonds For CIP Funding

Type of Debt based on Security Pledge

- General Obligation – secured by the Port's full faith and credit and paid from the tax levy
- Revenue bonds – secured by all of the Port's net operating revenues
- Special revenue bonds – secured by a specific revenue source:
 - PFCs
 - Fuel Facility lease



Port Revenue Bonds - Three Liens

	Priority of Payment from Gross Operating Revenues
1	Operating Expenses
2	First Lien Obligations
3	Intermediate Lien Obligations
4	Subordinate Lien Obligations
5	Capital Investments

Revenue Liens	Primary Use	3/31/21 \$M
First Lien	Non-Airport or in adverse markets	243.5
Intermediate Lien	Airport funding; includes Airport features like using PFCs and CFCs to off-set debt service	2,895.8
Subordinate Lien	Variable rate debt backed by bank credit facilities; includes CP	<u>226.0</u>
		3,365.3

The Airport accounts for 86% of all Port debt and 93% of revenue bond debt

[RETURN TO AGENDA](#)

**COMMISSION
AGENDA MEMORANDUM**

Item No. 10c

ACTION ITEM

Date of Meeting April 27, 2021

DATE: April 9, 2021

TO: Stephen Metruck, Executive Director

FROM: Elizabeth Morrison, Director, Corporate Finance
Scott Bertram, Manager, Corporate Financial Analysis

SUBJECT: Resolution No. 3787 – Issuance and Sale of First Lien Revenue Refunding Bonds in the Aggregate Principal Amount of Not-to-Exceed \$60,000,000

ACTION REQUESTED

Introduction of Resolution No. 3787: A Resolution of the Port Commission of the Port of Seattle authorizing the issuance and sale of First Lien Revenue Refunding Bonds, Series 2021 in the aggregate principal amount of not to exceed \$60,000.000 (the “Bonds”), for the purpose of refunding the Port’s First Lien Revenue Refunding Bonds, Series 2011B (the “2011 Bonds”); setting forth certain bond terms and covenants; and delegating authority to approve final terms and conditions and the sale of the Bonds.

EXECUTIVE SUMMARY

Commission authorization is requested to issue the Bonds in an amount estimated not-to-exceed \$60,000.000 (including any required reserve fund deposit and cost of issuance) to refund up to \$57,790,000 outstanding 2011 Bonds for debt service savings.

JUSTIFICATION

As part of the Port’s debt management program, the Port monitors opportunities to reduce debt service. The Port issued the 2011 Bonds to refund bonds issued in 1999 that funded improvements at Terminal 18. The 2011 Bonds are callable on June 1, 2021. Current low interest rates provide a favorable refunding opportunity at this time. The Port expects to refund \$49,385,000 of the 2011 Bonds and estimates present value savings of approximately \$5 million.

The total Bond amount will also include proceeds sufficient to pay cost of issuance and to fund any required deposit to the First Lien common debt service reserve.

DETAILS

The Bonds are being issued pursuant to the Amended and Restated Master Resolution No. 3577 and this Resolution No. 3787. The Bonds will be issued as tax-exempt private activity bond exempt from regular federal income tax, but subject to the alternative minimum tax (AMT).

Meeting Date: April 27, 2021

Resolution No. 3787 is similar in all material respects to other First Lien Series Resolutions and provides for any required contribution to the common debt service reserve fund that provides security for other First Lien bonds.

The Resolution delegates to the Port’s Chief Executive Officer the authority to approve interest rates, maturity dates, redemption rights, interest payment dates, and principal maturities for the Bonds (these are generally set at the time of pricing and dictated by market conditions at that time). Commission parameters that limit the delegation are a maximum bond size, minimum savings rate for the refunding component, maximum interest rate for the new money bonds and expiration date for the delegated authority. If the Bonds cannot be sold within these parameters, further Commission action would be required. The recommended delegation parameters are:

Maximum size: \$60,000.000
Maximum interest rate: 2.5%
Expiration of Delegation of Authority: six months

Upon adoption, Resolution No. 3787 will authorize the Designated Port Representative (the Executive Director or the Chief Financial Officer) to approve the Bond Purchase Contract, the official statement, escrow agreement, if any, pay the cost of issuance and take other action appropriate for the prompt execution and delivery of the Bonds. The Bonds will be sold through negotiated sale to Barclays Capital Inc.; BofA Merrill Lynch; J.P. Morgan Securities LLC; Morgan Stanley and Co. LLC.; and two small firms, Drexel Hamilton, and Siebert Williams Shank. Piper Sandler is serving as Financial Advisor, K&L Gates LLP is serving as bond counsel and Pacifica Law Group is serving as disclosure counsel on the transaction.

ATTACHMENTS TO THIS REQUEST

- (1) Draft Resolution No. 3787
- (2) Presentation

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

October 27, 2020 – The Commission was briefed on the Draft Plan of Finance

SERIES RESOLUTION

PORT OF SEATTLE

RESOLUTION NO. 3787

A RESOLUTION of the Port of Seattle Commission authorizing the issuance and sale of revenue refunding bonds in one or more series in the aggregate principal amount of not to exceed \$60,000,000, for the purpose of refunding certain outstanding revenue bonds of the Port; setting forth certain bond terms and covenants; and delegating authority to approve final terms and conditions and the sale of the bonds.

ADOPTED: _____, 2021

Prepared by:

K&L GATES LLP
Seattle, Washington

**Port of Seattle
Resolution No. 3787
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* This Table of Contents and the cover page are for convenience of reference and are not intended to be a part of this series resolution.

RESOLUTION NO. 3787

A RESOLUTION of the Port of Seattle Commission authorizing the issuance and sale of revenue refunding bonds in one or more series in the aggregate principal amount of not to exceed \$60,000,000, for the purpose of refunding certain outstanding revenue bonds of the Port; setting forth certain bond terms and covenants; and delegating authority to approve final terms and conditions and the sale of the bonds.

WHEREAS, the Port has authorized the issuance of revenue bonds in one or more series pursuant to Resolution No. 3059, as amended, of the Commission adopted on February 2, 1990, and as amended and restated by Resolution No. 3577 of the Commission adopted on February 27, 2007 (collectively, the “Master Resolution”), each series being payable from the Net Revenues (as such term is defined in the Master Resolution); and

WHEREAS, the Port currently has outstanding five series of first lien revenue bonds pursuant to the Master Resolution, as follows:

Authorizing Resolution Number	Date of Original Issue	Series	Original Principal Amount	Principal Amount Outstanding (05/02/2021)	Final Maturity Date
3509	08/20/2003	(A)	\$ 190,470,000	\$ 12,830,000	07/01/2021
3619	07/16/2009	(B-2)	22,000,326 ⁽¹⁾	51,848,202 ⁽¹⁾	05/01/2031
3653	12/13/2011	(B)	97,190,000	57,790,000 ⁽²⁾	09/01/2026
3721	08/02/2016	(B)	124,380,000	115,885,000	10/01/2032
3721	08/02/2016	(C)	6,180,000	5,475,000	10/01/2032

⁽¹⁾ Series 2009B-2 Bonds are capital appreciation bonds; total principal amount outstanding includes accreted interest of \$29,847,876 through May 2, 2021.

⁽²⁾ All or part of the Series 2011B Bonds are anticipated to be refunded pursuant to this resolution.

(the “Outstanding Parity Bonds”); and

WHEREAS, each of the resolutions authorizing the issuance of the Outstanding Parity Bonds permits the Port to issue its revenue bonds having a lien on Net Revenues (as such term is

defined in the Master Resolution) subordinate to the lien thereon of the Outstanding Parity Bonds; and

WHEREAS, the Port has authorized the issuance of revenue bonds subordinate to the lien thereon of the Outstanding Parity Bonds in one or more series pursuant to Resolution No. 3540, as amended, adopted on June 14, 2005 (the “Intermediate Lien Master Resolution”); and

WHEREAS, the Port currently has outstanding sixteen series of intermediate lien revenue bonds pursuant to the Intermediate Lien Master Resolution, as follows:

Authorizing Resolution Number	Date of Original Issue	Series	Original Principal Amount	Principal Amount Outstanding (05/02/2021)	Final Maturity Date
3637	08/04/2010	(B)	\$ 221,315,000 ⁽¹⁾	\$ 184,995,000 ⁽¹⁾	06/01/2040
3637	08/04/2010	(C)	128,140,000 ⁽¹⁾	48,400,000 ⁽¹⁾	02/01/2024
3658	03/14/2012	(A)	342,555,000	302,555,000	08/01/2033
3658	03/14/2012	(B)	189,315,000	68,215,000	08/01/2024
3684	12/17/2013		139,105,000	127,155,000	07/01/2029
3709	08/06/2015	(A)	72,010,000	64,380,000	04/01/2040
3709	08/06/2015	(B)	284,440,000	164,155,000	03/01/2035
3709	08/06/2015	(C)	226,275,000	198,585,000	04/01/2040
3722	08/02/2016		99,095,000	99,095,000	02/01/2030
3735	08/22/2017	(A)	16,705,000	16,705,000	05/01/2028
3735	08/22/2017	(B)	264,925,000	217,405,000	05/01/2036
3735	08/22/2017	(C)	313,305,000	297,045,000	05/01/2042
3735	08/22/2017	(D)	93,230,000	64,900,000	05/01/2027
3749	06/21/2018	(A)	470,495,000	455,410,000	05/01/2043
3749	06/21/2018	(B)	85,145,000	68,340,000	05/01/2028
3758	08/07/2019		457,390,000	452,775,000	04/01/2044

⁽¹⁾ Simultaneously with this issue, all or part of the Series 2010B Bonds and Series 2010C Bonds may be refunded pursuant to the Intermediate Lien Master Resolution.

(the “Outstanding Intermediate Lien Bonds”); and

WHEREAS, the Master Resolution and the Intermediate Lien Master Resolution permit the Port to issue its revenue bonds having a lien on Net Revenues (as such term is defined in the

Intermediate Lien Master Resolution) subordinate to the lien thereon of the Intermediate Lien Bonds; and

WHEREAS, the Port currently has outstanding three series of subordinate lien revenue bonds, as follows:

Authorizing Resolution Number	Date of Original Issue	Series	Original Principal Amount	Principal Amount Outstanding (05/02/2021)	Final Maturity Date
3238	03/26/1997		\$ 108,830,000	\$ 19,235,000	09/01/2022
3456 ⁽¹⁾	(CP)		250,000,000	48,470,000	06/01/2021
3598	06/17/2008		200,715,000	158,300,000	07/01/2033

⁽¹⁾ As amended by Resolution No. 3777, adopted on September 22, 2020, authorizing increasing the principal amount to \$400,000,000 and extending the final maturity date to June 1, 2051.

(the “Outstanding Subordinate Lien Bonds”); and

WHEREAS, the Port has outstanding certain Outstanding Parity Bonds described on Exhibit A attached hereto (the “Refunding Candidates”) that may be defeased and/or refunded, thereby saving on debt service, by a portion of the proceeds of the Series 2021 First Lien Bonds authorized (and further defined) herein; and

WHEREAS, each of the resolutions authorizing the issuance of the Outstanding Parity Bonds permits the Port to issue its revenue bonds having a lien on Net Revenues (as such term is defined in the Master Resolution) on a parity with the lien thereon of the Outstanding Parity Bonds upon compliance with certain conditions; and

WHEREAS, the Port has determined that such conditions will be met; and

WHEREAS, pursuant to RCW 53.40.030, the Port Commission may delegate authority to the Executive Director of the Port to approve the designation of the bonds to be refunded, the

interest rates, maturity dates, redemption rights, interest payment dates, and principal amounts under such terms and conditions as are approved by resolution; and

WHEREAS, it is necessary that the date, form, and maximum aggregate principal amount for all bonds to be issued pursuant to this series resolution (hereinafter together defined as the “Series 2021 First Lien Bonds”), that the determination of maturities, interest rates, redemption rights and principal amount of each series, and that the lien thereof on the Net Revenues of the Port be established as herein provided; and

WHEREAS, the Port has provided notice of and held a public hearing on the issuance of the Series 2021 First Lien Bonds (hereinafter defined) pursuant to Section 147(f) of the Internal Revenue Code, as amended; and

WHEREAS, it is deemed necessary and desirable that the Series 2021 First Lien Bonds be sold pursuant to negotiated sale as herein provided;

NOW, THEREFORE, BE IT RESOLVED BY THE PORT COMMISSION OF THE PORT OF SEATTLE, as follows:

Section 1. Definitions. Unless otherwise defined herein, the terms used in this series resolution, including the preamble hereto, that are defined in the Master Resolution shall have the meanings set forth in the Master Resolution. In addition, the following terms shall have the following meanings in this series resolution:

Acquired Obligations mean the noncallable Government Obligations acquired by the Port pursuant to Section 9(b) of this series resolution and the Escrow Agreement, if any, to effect the defeasance and refunding of all or a portion of the Refunded Bonds.

Beneficial Owner means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Series 2021 First Lien Bonds

(including persons holding Series 2021 First Lien Bonds through nominees, depositories or other intermediaries).

Bond Counsel means a firm of lawyers nationally recognized and accepted as bond counsel and so employed by the Port for any purpose under this series resolution applicable to the use of that term.

Bond Insurance Commitment means the commitment(s) of the Bond Insurer, if any, to insure one or more series, or certain principal maturities thereof, of the Series 2021 First Lien Bonds.

Bond Insurance Policy means the policy(ies) of municipal bond insurance, if any, delivered by the Bond Insurer at the time of issuance and delivery of Series 2021 First Lien Bonds to be insured pursuant to the Bond Insurance Commitment.

Bond Insurer means the municipal bond insurer(s), if any, that has committed to insure one or more series, or certain principal maturities thereof, of Series 2021 First Lien Bonds pursuant to the Bond Insurance Commitment.

Bond Purchase Contract means the Bond Purchase Contract for the Series 2021 First Lien Bonds, providing for the purchase of the Series 2021 First Lien Bonds by the Underwriters and setting forth certain terms authorized to be approved by the Designated Port Representative as provided in Section 16 of this series resolution.

Bond Register means the registration books maintained by the Registrar containing the name and mailing address of the owner of each Series 2021 First Lien Bond or nominee of such owner and the principal amount and number of Series 2021 First Lien Bonds held by each owner or nominee.

Code means the Internal Revenue Code of 1986, as amended, together with corresponding and applicable final, temporary or proposed regulations or revenue rulings issued or amended with respect thereto by the U.S. Treasury Department or the Internal Revenue Service, to the extent applicable to the Series 2021 First Lien Bonds.

Continuing Disclosure Undertaking means the undertaking for ongoing disclosure executed by the Port pursuant to Section 18 of this series resolution.

Costs of Issuance Agreement means the agreement of that name, if any, to be entered into by the Port and the Escrow Agent, providing for the payment of certain costs of issuance with respect to the issuance of the Series 2021 First Lien Bonds.

Default has the meaning given such term in Section 15(b) of this series resolution.

Designated Port Representative, for purposes of this series resolution, means the Executive Director of the Port or the Chief Financial Officer of the Port (or the successor in function to such person(s)) or such other person as may be directed by resolution of the Commission.

DTC means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Series 2021 First Lien Bonds pursuant to Section 6 hereof.

Escrow Agent means U.S. Bank National Association or such other Escrow Agent for the Refunded Bonds appointed by the Designated Port Representative pursuant to this series resolution if the Designated Port Representative determines that an escrow will be necessary or required to carry out the plan of refunding.

Escrow Agreement means the Escrow Deposit Agreement, if any, dated as of the date of the closing and delivery of the Series 2021 First Lien Bonds between the Port and the Escrow Agent to be executed in connection with the refunding of the Refunded Bonds.

Executive Director means the Executive Director of the Port, or any successor to the functions of his office.

Federal Tax Certificate means the certificate(s) of that name executed and delivered by the Designated Port Representative at the time of issuance and delivery of the Series 2021 First Lien Bonds of a series that are issued on a federally tax-exempt basis.

Future Parity Bonds mean those revenue bonds or other revenue obligations that are issued by the Port in the future as Parity Bonds.

Government Obligations has the meaning given to such term in RCW Chapter 39.53, as amended from time to time.

Letter of Representations means the blanket issuer letter of representations from the Port to DTC, dated August 28, 1995.

Master Resolution means Resolution No. 3059, as amended, of the Commission adopted on February 2, 1990, and as amended and restated by Resolution No. 3577 of the Commission adopted on February 27, 2007.

MSRB means the Municipal Securities Rulemaking Board or any successors to its functions. Until otherwise designated by the MSRB or the United States Securities and Exchange Commission, any information, reports or notices submitted to the MSRB in compliance with the Rule are to be submitted through the MSRB's Electronic Municipal Market Access system, currently located at www.emma.msrb.org.

Outstanding Parity Bonds mean the Port’s outstanding revenue bonds identified in the recitals to this series resolution.

Parity Bonds mean and include the Outstanding Parity Bonds, the Series 2021 First Lien Bonds and any Future Parity Bonds and has the meaning ascribed to “Bonds” in the Master Resolution.

Rating Category means the generic rating categories of a Rating Agency, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

Record Date means the close of business on the 15th day prior to each day on which a payment of interest on the Series 2021 First Lien Bonds is due and payable.

Refunded Bonds mean the Refunding Candidates that are designated by the Executive Director pursuant to Section 16 of this series resolution.

Refunding Candidates mean the outstanding revenue bonds of the Port described on Exhibit A.

Registered Owner means the person named as the registered owner of a Series 2021 First Lien Bond in the Bond Register.

Registrar means the fiscal agent of the State of Washington, appointed by the Designated Port Representative for the purposes of registering and authenticating the Series 2021 First Lien Bonds, maintaining the Bond Register and effecting transfer of ownership of the Series 2021 First Lien Bonds. The term ***Registrar*** shall include any successor to the fiscal agent, if any, hereinafter appointed by the Designated Port Representative.

Rule means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended from time to time.

Series 2021 Bond Fund means the Port of Seattle Revenue Bond Fund, Series 2021 created in the office of the Treasurer by Section 7(a) of this series resolution.

Series 2021 First Lien Bonds mean the Port of Seattle Revenue Refunding Bonds, Series 2021 (AMT), or with such other appropriate description and series designations as provided for by the Designated Port Representative, authorized to be issued by Section 3 of this series resolution.

Subordinate Lien Bond Resolutions mean, collectively, Resolution No. 3238, as amended, Resolution No. 3456, as amended, as further amended by Resolution No. 3777; and Resolution No. 3598, as amended.

Surety Bond means one or more of the surety bond(s), if any, issued by the Surety Bond Issuer on the date of issuance of the Series 2021 First Lien Bonds of a series for the purpose of satisfying all or a portion of the Common Reserve Fund Requirement; provided that the Surety Bond meets the requirements for “Qualified Insurance” at the time of issuance of the Surety Bond. There may be more than one Surety Bond.

Surety Bond Agreement means any Agreement(s) between the Port and the Surety Bond Issuer with respect to the Surety Bond(s).

Surety Bond Issuer or Surety Bond Issuers means the surety bond issuer(s), if any, issuing a surety bond for the purpose of satisfying all or a portion of the Common Reserve Fund Requirement. There may be more than one Surety Bond Issuer.

Underwriters mean, collectively, Barclays Capital Inc., BofA Securities, Inc.; J.P. Morgan Securities LLC; Morgan Stanley & Co. LLC; Drexel Hamilton, LLC; and Siebert Williams Shank & Co., LLC.

Rules of Interpretation. In this series resolution, unless the context otherwise requires:

(a) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this series resolution, refer to this series resolution as a whole and not to any particular article, section, subdivision or clause hereof, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before the date of this series resolution;

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons;

(d) Any headings preceding the text of the several articles and sections of this series resolution, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this series resolution, nor shall they affect its meaning, construction or effect;

(e) All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and

(f) Except as explicitly provided herein, whenever any consent or direction is required to be given by the Port, such consent or direction shall be deemed given when given by the Designated Port Representative.

Section 2. Plan of Finance. The Refunding Candidates may be defeased or are callable in whole or in part prior to their scheduled maturities and may be selected for defeasance

and/or refunding depending upon market conditions. The final selection of the maturities, if any, within the Refunding Candidates to be designated as Refunded Bonds and to be defeased and/or be refunded by the Series 2021 First Lien Bonds shall be made by the Executive Director pursuant to the authority granted in Section 16 of this series resolution.

Section 3. Authorization of Series 2021 First Lien Bonds. The Port shall issue the Series 2021 First Lien Bonds for the purpose of refunding all or a portion of the Refunding Candidates. The proceeds of the Series 2021 First Lien Bonds shall be used for the purposes of providing the funds necessary to refund the Refunded Bonds, to make a deposit, if any, to the Common Reserve Fund, or to purchase one or more Surety Bonds, and to pay all or a portion of the costs incidental to the foregoing and to the issuance of the Series 2021 First Lien Bonds.

The aggregate principal amount of the Series 2021 First Lien Bonds to be issued under this series resolution shall not exceed \$60,000,000 and shall be determined by the Executive Director, pursuant to the authority granted in Section 16 of this series resolution.

Section 4. Series 2021 First Lien Bond Details.

(a) *Series 2021 First Lien Bonds.* The Series 2021 First Lien Bonds shall be issued in one or more series, shall be designated as “Port of Seattle Revenue Refunding Bonds, Series 2021,” with such description and additional designations for each series for identification purposes as may be approved by the Designated Port Representative, shall be registered as to both principal and interest, shall be issued in the aggregate principal amount set forth in the Bond Purchase Contract, shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification, shall be dated their date of delivery to the Underwriters, and shall be in the denomination of \$5,000 each or any integral multiple of \$5,000 within a series and maturity, bearing interest as and at the rates set

forth in the Bond Purchase Contract and as approved by the Executive Director pursuant to Section 16. The Series 2021 First Lien Bonds shall bear interest from their date of delivery to the Underwriters until the Series 2021 First Lien Bonds bearing such interest have been paid or their payment duly provided for, payable semiannually on the dates set forth in the Bond Purchase Contract for each series and shall mature on the dates and in the principal amounts set forth in the Bond Purchase Contract and as approved by the Executive Director pursuant to Section 16 of this series resolution.

(b) *Limited Obligations.* The Series 2021 First Lien Bonds shall be obligations only of the Series 2021 Bond Fund and the Common Reserve Fund and shall be payable and secured as provided in the Master Resolution and herein.

The Series 2021 First Lien Bonds do not constitute an indebtedness of the Port within the meaning of the constitutional provisions and limitations of the State of Washington.

Section 5. Redemption and Purchase.

(a) *Optional Redemption.* One or more series and maturities of Series 2021 First Lien Bonds may be subject to optional redemption on the dates, at the prices and under the terms set forth in the Bond Purchase Contract relating to such series, all as approved by the Executive Director pursuant to Section 16 of this series resolution.

(b) *Mandatory Redemption.* One or more Series 2021 First Lien Bonds may be subject to mandatory redemption to the extent, if any, set forth in the Bond Purchase Contract, all as approved by the Executive Director pursuant to Section 16 of this series resolution.

(c) *Purchase of Series 2021 First Lien Bonds for Retirement.* The Port reserves the right to use at any time any surplus Gross Revenue available after providing for the payments required by paragraphs First through Fifth of Section 2(a) of the Master Resolution, including the

payments required by paragraphs First through Seventh of the priority for use of Gross Revenue set forth in the Subordinate Lien Bond Resolutions, to purchase for retirement any of the Series 2021 First Lien Bonds offered to the Port at any price deemed reasonable to the Designated Port Representative.

(d) *Selection of Series 2021 First Lien Bonds for Redemption.* If Series 2021 First Lien Bonds are called for optional redemption, the maturities of such Series 2021 First Lien Bonds to be redeemed shall be selected by the Port. If any Series 2021 First Lien Bonds to be redeemed (optional or mandatory) then are held in book entry only form, the selection of such Series 2021 First Lien Bonds to be redeemed within a maturity shall be made in accordance with the operational arrangements then in effect at DTC (or at a substitute depository, if applicable). If the Series 2021 First Lien Bonds to be redeemed are no longer held in book entry only form, the selection of such Series 2021 First Lien Bonds to be redeemed shall be made in the following manner. If the Port redeems at any one time fewer than all of the Series 2021 First Lien Bonds having the same maturity date within a series, the particular Series 2021 First Lien Bonds or portions of Series 2021 First Lien Bonds to be redeemed within the series and maturity shall be selected by lot (or in such other random manner determined by the Registrar) in increments of \$5,000. In the case of a Series 2021 First Lien Bonds within a maturity of a denomination greater than \$5,000, the Port and Registrar shall treat each Series 2021 First Lien Bonds of the applicable maturity as representing such number of separate Series 2021 First Lien Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Series 2021 First Lien Bonds of the applicable maturity by \$5,000. In the event that only a portion of the principal amount of a Series 2021 First Lien Bond is redeemed, upon surrender of such Series 2021 First Lien Bond at the principal office of the Registrar there shall be issued to

the Registered Owner, without charge therefor, for the then-unredeemed balance of the principal amount thereof a Series 2021 First Lien Bond or, at the option of the Registered Owner, a Series 2021 First Lien Bond of like maturity and interest rate in any of the denominations herein authorized.

(e) *Notice of Redemption.* Written notice of any redemption of Series 2021 First Lien Bonds prior to maturity shall be given by the Registrar on behalf of the Port by first class mail, postage prepaid, not less than 20 days nor more than 60 days before the date fixed for redemption to the Registered Owners of Series 2021 First Lien Bonds that are to be redeemed at their last addresses shown on the Bond Register. This requirement shall be deemed complied with when notice is mailed to the Registered Owners at their last addresses shown on the Bond Register, whether or not such notice is actually received by the Registered Owners.

So long as the Series 2021 First Lien Bonds are in book-entry only form, notice of redemption shall be given to Beneficial Owners of Series 2021 First Lien Bonds to be redeemed in accordance with the operational arrangements then in effect at DTC (or its successor or alternate depository), and neither the Port nor the Registrar shall be obligated or responsible to confirm that any notice of redemption is, in fact, provided to Beneficial Owners.

Each notice of redemption (which notice in the case of optional redemption may be conditional and/or may be rescinded at the option of the Port) prepared and given by the Registrar to Registered Owners of Series 2021 First Lien Bonds shall contain the following information: (1) the date fixed for redemption, (2) the redemption price, (3) if fewer than all outstanding Series 2021 First Lien Bonds of a series are to be redeemed, the identification by maturity and series (and, in the case of partial redemption, the principal amounts) of the Series 2021 First Lien Bonds to be redeemed, (4) whether, in the case of optional redemption,

the notice of redemption is conditional and, if conditional, the conditions to redemption, (5) that (unless the conditions, if any, to redemption have not been satisfied or unless the notice of redemption shall have been rescinded) such Series 2021 First Lien Bonds will become due and payable and interest shall cease to accrue from the date fixed for redemption if and to the extent in each case funds have been provided to the Registrar for the redemption of such Series 2021 First Lien Bonds on the date fixed for redemption the redemption price will become due and payable upon each Series 2021 First Lien Bond or portion called for redemption, and that (unless the conditions, if any, to redemption have not been satisfied or unless the notice of redemption shall have been rescinded) interest shall cease to accrue from the date fixed for redemption if and to the extent that funds have been provided to the Registrar for the redemption of such Series 2021 First Lien Bonds, (6) that the Series 2021 First Lien Bonds are to be surrendered for payment at the principal office of the Registrar, (7) the CUSIP numbers of all Series 2021 First Lien Bonds being redeemed, (8) the dated date of the Series 2021 First Lien Bonds being redeemed, (9) the rate of interest for each Series 2021 First Lien Bond being redeemed, (10) the date of the notice, and (11) any other information deemed necessary by the Registrar to identify the Series 2021 First Lien Bonds being redeemed.

Upon the payment of the redemption price of Series 2021 First Lien Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue, series, and maturity, the Series 2021 First Lien Bonds being redeemed with the proceeds of such check or other transfer.

(f) *Effect of Redemption.* Unless the Port has rescinded a notice of optional redemption (or unless the Port provided a conditional notice of optional redemption and the conditions for the optional redemption set forth therein are not satisfied), the Series 2021 First

Lien Bonds to be redeemed shall become due and payable on the date fixed for redemption, the Port shall transfer to the Registrar amounts that, in addition to other money, if any, held by the Registrar for such purpose, will be sufficient to redeem, on the date fixed for redemption, all of the Series 2021 First Lien Bonds to be redeemed. If and to the extent that funds have been provided to the Registrar for the redemption of Series 2021 First Lien Bonds, then from and after the date fixed for redemption for such Series 2021 First Lien Bond or portion thereof, interest on each such Series 2021 First Lien Bond shall cease to accrue and such Series 2021 First Lien Bond or portion thereof shall cease to be Outstanding.

(g) *Amendment of Notice Provisions.* The foregoing notice provisions of this section, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 6. Registration, Exchange and Payments.

(a) *Registrar/Bond Register.* The Port hereby specifies and adopts the system of registration and transfer for the Series 2021 First Lien Bonds approved by the Washington State Finance Committee, which utilizes the fiscal agent of the State of Washington, for the purposes of registering and authenticating the Series 2021 First Lien Bonds, maintaining the Bond Register and effecting transfer of ownership of the Series 2021 First Lien Bonds (the “Registrar”). The Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient records for the registration and transfer of the Series 2021 First Lien Bonds (the “Bond Register”), which shall be open to inspection by the Port. The Registrar may be removed at any time at the option of the Designated Port Representative upon prior notice to the Registrar, DTC

(or its successor or alternate depository), each party entitled to receive notice pursuant to the Continuing Disclosure Undertaking and a successor Registrar appointed by the Designated Port Representative. No resignation or removal of the Registrar shall be effective until a successor shall have been appointed and until the successor Registrar shall have accepted the duties of the Registrar hereunder. The Registrar is authorized, on behalf of the Port, to authenticate and deliver Series 2021 First Lien Bonds transferred or exchanged in accordance with the provisions of such Series 2021 First Lien Bonds and this series resolution and to carry out all of the Registrar's powers and duties under this series resolution. The Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Series 2021 First Lien Bonds.

(b) *Registered Ownership.* Except as provided in Section 6(c) or the Continuing Disclosure Undertaking authorized pursuant to Section 18 of this series resolution, the Port and the Registrar may deem and treat the Registered Owner of each Series 2021 First Lien Bond as the absolute owner for all purposes, and neither the Port nor the Registrar shall be affected by any notice to the contrary. Payment of any such Series 2021 First Lien Bond shall be made only as described in subsection (h) of this Section 6, but the transfer of such Series 2021 First Lien Bond may be registered as herein provided. All such payments made as described in subsection (h) of this Section 6 shall be valid and shall satisfy the liability of the Port upon such Series 2021 First Lien Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letter of Representations.* The Series 2021 First Lien Bonds shall initially be held in fully immobilized form by DTC acting as depository. To induce DTC to accept the Series 2021 First Lien Bonds as eligible for deposit at DTC, the Port has heretofore executed and delivered to DTC the Letter of Representations.

Neither the Port nor the Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Series 2021 First Lien Bonds for the accuracy of any records maintained by DTC (or any successor or alternate depository) or any DTC participant, the payment by DTC (or any successor or alternate depository) or any DTC participant of any amount in respect of the principal of or interest on Series 2021 First Lien Bonds, any notice that is permitted or required to be given to Registered Owners under this series resolution (except such notices as shall be required to be given by the Port to the Registrar or, by the Registrar, to DTC (or any successor or alternate depository)), the selection by DTC or by any DTC participant of any person to receive payment in the event of a partial redemption of the Series 2021 First Lien Bonds, or any consent given or other action taken by DTC (or any successor or alternate depository) as the Registered Owner. So long as any Series 2021 First Lien Bonds are held in fully immobilized form hereunder, DTC or its successor depository shall be deemed to be the owner and Registered Owner for all purposes, and all references in this series resolution to the Registered Owners shall mean DTC (or any successor or alternate depository) or its nominee and shall not mean the owners of any beneficial interest in any Series 2021 First Lien Bonds. Notwithstanding the foregoing, if a Bond Insurance Policy is issued for any series or maturity of the Series 2021 First Lien Bonds and so long as the Bond Insurer is not in default under its Bond Insurance Policy, the Bond Insurer shall be deemed to be the owner, Registered Owner, and holder of all bonds of that series or maturity for the purpose of granting consents and exercising voting rights with respect thereto and for any other purpose identified and specified in the Bond Insurance Commitment accepted by the Port as a condition of issuance of the Bond Insurance Policy.

(d) *Use of Depository.*

(1) The Series 2021 First Lien Bonds shall be registered initially in the name of CEDE & Co., as nominee of DTC, with a single Series 2021 First Lien Bond for each series and maturity having the same interest rate in a denomination equal to the total principal amount of such series and maturity. Registered ownership of such immobilized Series 2021 First Lien Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, or to any other nominee requested by an authorized representative of DTC, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the Port pursuant to subsection (2) below or such substitute depository's successor or nominee; or (C) to any person as provided in subsection (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Port to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Port may appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (A) or (B) of subsection (1) above, the Registrar shall, upon receipt of all outstanding Series 2021 First Lien Bonds, together with a written request on behalf of the Port, issue a single new Series 2021 First Lien Bond for each series and maturity then outstanding, registered in the name of such successor or substitute depository, or its nominee, all as specified in such written request of the Port.

(4) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained,

or (B) the Port determines that it is in the best interest of the Beneficial Owners of the Series 2021 First Lien Bonds of any series that the Series 2021 First Lien Bonds of that series be provided in certificated form, the ownership of such Series 2021 First Lien Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully immobilized form. The Port shall deliver a written request to the Registrar, together with a supply of definitive Series 2021 First Lien Bonds (of the appropriate series and maturities) in certificated form, to issue Series 2021 First Lien Bonds in any authorized denominations. Upon receipt by the Registrar of all then outstanding Series 2021 First Lien Bonds (of the appropriate series), together with a written request on behalf of the Port to the Registrar, new Series 2021 First Lien Bonds of such series shall be issued in the appropriate denominations and registered in the names of such persons as are provided in such written request.

(e) *Registration of the Transfer of Ownership or the Exchange of Series 2021 First Lien Bonds; Change in Denominations.* The transfer of any Series 2021 First Lien Bond may be registered and any Series 2021 First Lien Bond may be exchanged, but no transfer of any Series 2021 First Lien Bond shall be valid unless the Series 2021 First Lien Bond is surrendered to the Registrar with the assignment form appearing on such Series 2021 First Lien Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the surrendered Series 2021 First Lien Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee, a new Series 2021 First Lien Bond (or Series 2021 First Lien Bonds at the option of the Registered Owner) of the same date, series, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, as and naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the

surrendered Series 2021 First Lien Bond, in exchange for such surrendered and canceled Series 2021 First Lien Bond. Any Series 2021 First Lien Bond may be surrendered to the Registrar, together with the assignment form appearing on such Series 2021 First Lien Bond duly executed, and exchanged, without charge, for an equal aggregate principal amount of Series 2021 First Lien Bonds of the same date, series, maturity and interest rate, in any authorized denomination. The Registrar shall not be obligated to register the transfer or exchange of any Series 2021 First Lien Bond during a period beginning at the opening of business on the Record Date with respect to an interest payment date and ending at the close of business on such interest payment date, or, in the case of any proposed redemption of the Series 2021 First Lien Bonds, after the mailing of notice of the call of such Series 2021 First Lien Bonds for redemption.

(f) *Registrar's Ownership of Series 2021 First Lien Bonds.* The Registrar may become the Registered Owner of any Series 2021 First Lien Bond with the same rights it would have if it were not the Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the rights of the Registered Owners of the Series 2021 First Lien Bonds.

(g) *Registration Covenant.* The Port covenants that, until all Series 2021 First Lien Bonds issued on a tax-exempt basis have been surrendered and canceled, it will maintain a system for recording the ownership of each Series 2021 First Lien Bond that complies with the provisions of Section 149 of the Code.

(h) *Place and Medium of Payment.* The principal of, premium, if any, and interest on the Series 2021 First Lien Bonds shall be payable in lawful money of the United States of America. Interest on the Series 2021 First Lien Bonds shall be calculated on the basis of a

360-day year and twelve 30-day months. For so long as all Series 2021 First Lien Bonds are in fully immobilized form with DTC, payments of principal, premium, if any, and interest shall be made as provided to the parties entitled to receive payment as of each Record Date in accordance with the operational arrangements of DTC described in the Letter of Representations. In the event that the Series 2021 First Lien Bonds are no longer in fully immobilized form with DTC (or its successor or alternate depository), interest on the Series 2021 First Lien Bonds shall be paid by check mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register as of the Record Date, and principal and premium, if any, of the Series 2021 First Lien Bonds shall be payable by check upon presentation and surrender of such Series 2021 First Lien Bonds by the Registered Owners at the principal office of the Registrar; provided, however, that if so requested in writing prior to the opening of business on the Record Date by the Registered Owner of at least \$1,000,000 aggregate principal amount of Series 2021 First Lien Bonds, interest will be paid thereafter by wire transfer on the date due to an account with a bank located within the United States.

Section 7. Series 2021 Bond Fund and Designation as Covered Bonds.

(a) *Series 2021 Bond Fund.* A special fund of the Port designated the “Port of Seattle Revenue Bond Fund, Series 2021” (the “Series 2021 Bond Fund”) is hereby authorized to be created in the office of the Treasurer for the purpose of paying and securing the payment of the Series 2021 First Lien Bonds. The Series 2021 Bond Fund shall be held separate and apart from all other funds and accounts of the Port and shall be a trust fund for the owners of the Series 2021 First Lien Bonds.

The Series 2021 First Lien Bonds shall be Covered Bonds and secured by the Common Reserve Fund maintained pursuant to the Master Resolution. The Series 2021 First Lien Bonds

shall be obligations only of the Series 2021 Bond Fund and Common Reserve Fund and shall be payable and secured as provided herein. The Series 2021 First Lien Bonds do not constitute an indebtedness of the Port within the meaning of the constitutional and statutory provisions and limitations of the laws of the State of Washington.

The Port hereby irrevocably obligates and binds itself for so long as any Series 2021 First Lien Bonds remain Outstanding to set aside and pay into the Series 2021 Bond Fund from Net Revenues or money in the Revenue Fund, on or prior to the respective dates on which the same become due:

(1) such amounts as are required to pay the interest scheduled to become due and redemption premium, if any, on Outstanding Series 2021 First Lien Bonds; and

(2) such amounts as are required to pay maturing principal or principal being redeemed of Outstanding Series 2021 First Lien Bonds.

(b) *Pledge and Lien.* The Port does hereby pledge and bind itself to set aside from Net Revenues, and to pay into the Series 2021 Bond Fund and the Common Reserve Fund the various amounts required herein to be paid into and maintained in said Funds, all within the times provided herein. Said amounts so pledged to be paid into the Series 2021 Bond Fund and the Common Reserve Fund are hereby declared to be a prior lien and charge upon Gross Revenues superior to all other charges of any kind or nature whatsoever, except for Operating Expenses and except that the amounts so pledged are of equal lien to the lien and charge thereon of the Outstanding Parity Bonds, and to any lien and charge thereon which may hereafter be made to pay and secure the payment of the principal of, premium, if any, and interest on any Future Parity Bonds.

(c) *Use of Excess Money.* Money in the Series 2021 Bond Fund not needed to pay the interest or principal and interest next coming due on any Outstanding Series 2021 First Lien Bonds or to maintain required reserves therefor may be used to purchase or redeem and retire Series 2021 First Lien Bonds within the limitations provided herein, subject to the further limitations set forth in the Federal Tax Certificate, and in Section 2 of the Master Resolution. Money in the Series 2021 Bond Fund, and money in the Revenue Fund of the Port may be invested in any investments legal for port districts and, with respect to the Series 2021 Bond Fund, subject to the further limitations set forth in the Federal Tax Certificate with respect to Series 2021 First Lien Bonds issued on a tax-exempt basis.

(d) *Surety Bond Agreement.* The Designated Port Representative may solicit bids from surety bond issuers, and the Designated Port Representative is hereby authorized to select a proposal and to execute the Surety Bond Agreement(s), which may include such covenants and conditions as shall be approved by the Designated Port Representative.

Section 8. Defeasance. Except as otherwise set forth in the Bond Purchase Contract, the Series 2021 First Lien Bonds shall be subject to defeasance as follows. In the event that money and/or noncallable Government Obligations maturing or having guaranteed redemption prices at the option of the owner thereof at such time or times and bearing interest to be earned thereon in amounts (together with such money, if any) sufficient to redeem and retire part or all of the Series 2021 First Lien Bonds in accordance with their terms, are hereafter irrevocably delivered to the Registrar for payment of such Series 2021 First Lien Bonds or set aside in a special account and pledged to effect such redemption and retirement, and, if the Series 2021 First Lien Bonds (or portion thereof) of such series are to be redeemed prior to maturity, irrevocable notice, or irrevocable instructions to give notice of such redemption has been

delivered to the Registrar, then no further payments need be made into the Series 2021 Bond Fund or any account therein for the payment of the principal of, premium, if any, and interest on such Series 2021 First Lien Bonds (or portion thereof) so provided for and the Series 2021 First Lien Bonds shall then cease to be entitled to any lien, benefit or security of the Master Resolution or this series resolution, except the right to receive the funds so set aside and pledged and such notices of redemption, if any, and such Series 2021 First Lien Bonds (or portion thereof) shall no longer be deemed to be Outstanding hereunder, under the Master Resolution or under any resolution authorizing the issuance of bonds or other indebtedness of the Port.

The Port shall provide notice of defeasance of any Series 2021 First Lien Bonds to the Registered Owners of the Series 2021 First Lien Bonds being defeased, to the Bond Insurer, if any, and to each party entitled to receive notice under the Continuing Disclosure Undertaking authorized pursuant to Section 18 of this series resolution.

Section 9. Refunding Procedures.

(a) *Application of Series 2021 First Lien Bond Proceeds.* The net proceeds of the Series 2021 First Lien Bonds (exclusive of the Underwriters' discount and any amounts that may be designated by the Designated Port Representative in a closing certificate to be allocated to pay costs of issuance or any Bond Insurance Policy premium and/or a Surety Bond premium, or to satisfy a portion of the Common Reserve Fund Requirement, together with other available funds of the Port in the amount specified by the Designated Port Representative, shall be utilized immediately upon receipt thereof to pay and redeem the Refunded Bonds or shall be paid at the direction of the Treasurer to the Escrow Agent (if the Designated Port Representative has determined that an escrow is necessary or desirable to effect the defeasance of all or a portion of the Refunded Bonds).

(b) *Defeasance of Refunded Bonds.* Subject to and in accordance with the resolutions authorizing the issuance of the Refunded Bonds, the net proceeds of the Series 2021 First Lien Bonds so deposited shall be utilized immediately upon receipt thereof to pay and redeem the Refunded Bonds or to purchase the Government Obligations specified by the Designated Port Representative (which obligations so purchased, are herein called “Acquired Obligations”) and to maintain such necessary beginning cash balance to defease the Refunded Bonds and to discharge the other obligations of the Port relating thereto under the resolutions authorizing their issuance, by providing for the payment of the interest on the Refunded Bonds to the dates fixed for redemption and the redemption price (the principal amount plus any premium required) on the redemption dates for the Refunded Bonds. Subject to compliance with all conditions set forth in the respective resolutions authorizing the issuance of the Refunded Bonds, when the final transfers have been made for the payment of such redemption price and interest on the Refunded Bonds, any balance then remaining shall be transferred to the account designated by the Port and used for the purposes specified by the Designated Port Representative.

(c) *Acquired Obligations.* The Acquired Obligations, if any, shall be payable in such amounts and at such times that, together with any necessary beginning cash balance, will be sufficient to provide for the payment of:

(1) the interest on the Refunded Bonds as such becomes due on and before the dates fixed for redemption of the Refunded Bonds; and

(2) the price of redemption of the Refunded Bonds on the dates fixed for redemption of the Refunded Bonds.

(d) *Authorizing Appointment of Escrow Agent and Verification Agent.* The Commission hereby authorizes and directs the Designated Port Representative (if the Designated

Port Representative determines that an escrow would be necessary or desirable to effect the defeasance of all or a portion of the Refunded Bonds) to select a financial institution to act as the escrow agent for all or a portion of the Refunded Bonds and also to select a verification agent for some or all of the Refunded Bonds.

Section 10. Redemption of Refunded Bonds. The Commission hereby calls the Refunded Bonds for redemption on the redemption dates specified by the Designated Port Representative in accordance with the provisions of the resolutions authorizing the issuance, redemption and retirement of the Refunded Bonds, respectively, prior to their fixed maturities.

The Designated Port Representative may cause to be disseminated a conditional notice of redemption prior to the closing and delivery of the Series 2021 First Lien Bonds.

Said defeasance and call for redemption of the Refunded Bonds shall be irrevocable after the closing and delivery of the Series 2021 First Lien Bonds.

If so appointed, the Escrow Agent shall be authorized and directed to provide for the giving of irrevocable notice of the redemption of those Refunded Bonds designated in the Escrow Agreement in accordance with the terms of resolutions authorizing the issuance of such Refunded Bonds and as described in the Escrow Agreement, if any. The Treasurer is authorized and directed to provide whatever assistance is necessary to accomplish such redemption and the giving of notice therefor. The costs of mailing of such notice shall be an expense of the Port.

The Port, or the Escrow Agent on behalf of the Port, shall be authorized and directed to pay to the fiscal agent of the State of Washington, sums sufficient to pay, when due, the payments specified in Section 9(c) of this series resolution. All such sums shall be paid from the moneys and the Acquired Obligations pursuant to the previous section of this series resolution, and the income therefrom and proceeds thereof.

If an Escrow Agent is appointed, the Port will ascertain that all necessary and proper fees, compensation and expenses of the Escrow Agent for the Refunded Bonds shall be paid when due. If an Escrow Agent is appointed, the Designated Port Representative is authorized and directed to execute and deliver the Escrow Agreement to the Escrow Agent when the provisions thereof have been fixed and determined for closing and delivery of the Series 2021 First Lien Bonds. The Escrow Agreement, if any, shall be in form and substance satisfactory to the Designated Port Representative and the Escrow Agent, and may include a separate Costs of Issuance Agreement.

Section 11. Tax Covenants.

(a) *General.* The Port covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series 2021 First Lien Bonds issued on a federally tax-exempt basis and will take or require to be taken such acts as may reasonably be within its ability and as may from time to time be required under applicable law to continue the exclusion from gross income for federal income tax purposes of the interest on such Series 2021 First Lien Bonds issued on a federally tax-exempt basis. The Port shall comply with its covenants set forth in the Federal Tax Certificate with respect to the Series 2021 First Lien Bonds issued on a federally tax-exempt basis.

(b) *No Bank Qualification.* The Series 2021 First Lien Bonds shall not be qualified tax-exempt obligations pursuant to Section 265(b) of the Code for investment by financial institutions.

Section 12. Lost, Stolen, Mutilated or Destroyed Series 2021 First Lien Bonds. In case any Series 2021 First Lien Bond shall be lost, stolen, mutilated or destroyed, the Registrar

may execute and deliver a new Series 2021 First Lien Bond of like series, maturity, date, number and tenor to the Registered Owner thereof upon the owner's paying the expenses and charges of the Port in connection therewith and upon his/her filing with the Port evidence satisfactory to the Port that such Series 2021 First Lien Bond was actually lost, stolen or destroyed (including the presentation of a mutilated Series 2021 First Lien Bond) and of his/her ownership thereof, and upon furnishing the Port and the Registrar with indemnity satisfactory to both.

Section 13. Form of Series 2021 First Lien Bonds and Registration Certificate.

(a) *Series 2021 First Lien Bonds.* The Series 2021 First Lien Bonds shall be in substantially the following form with modifications to reflect a particular series:

[STATEMENT OF INSURANCE, if any]
[DTC LEGEND]

NO. _____ UNITED STATES OF AMERICA \$ _____
STATE OF WASHINGTON
PORT OF SEATTLE
REVENUE REFUNDING BOND, SERIES 2021 (AMT)

Maturity Date: _____, _____ CUSIP No. _____
Interest Rate:
Registered Owner: Cede & Co.
Principal Amount:

THE PORT OF SEATTLE, a municipal corporation organized and existing under and by virtue of the laws of the State of Washington (the "Port"), promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, solely from the special fund of the Port known as the "Port of Seattle Revenue Bond Fund, Series 2021" (the "Series 2021 Bond Fund") created by Resolution No. 3787 (together with Resolution No. 3059, as amended, and as amended and restated by Resolution No. 3577, hereinafter collectively referred to as the "Bond Resolution") the Principal Amount indicated above and to pay interest thereon from the Series 2021 Bond Fund from the date of initial delivery, or the most recent date to which interest has been paid or duly provided for or until payment of this bond at the Interest Rate set forth above, payable semiannually on the first days of each _____ and _____ beginning on _____. The principal of, premium, if any, and interest on this bond are payable in lawful money of the United States of America. The principal, premium, if any, and

interest shall be paid as provided in the Blanket Issuer Letter of Representations (the “Letter of Representations”) by the Port to The Depository Trust Company (“DTC”). Capitalized terms used in this bond which are not specifically defined have the meanings given such terms in the Bond Resolution. The Treasurer of the Port has appointed the fiscal agent for the State of Washington as the initial registrar, authenticating and paying agent for the bonds of this series.

This bond is one of a series of bonds of the Port in the aggregate principal amount of \$_____, of like date, tenor and effect, except as to number, amount, rate of interest and date of maturity, and is issued pursuant to the Bond Resolution to refund certain outstanding revenue bonds. [Simultaneously herewith, the Port is issuing its Intermediate Lien Revenue Refunding Bonds, Series 2021[A][B][C][D] [(Non-AMT)][(Private Activity - Non-AMT)][(Private Activity - AMT)][(Taxable)] in the principal amount of \$_____.]

The bonds of this issue maturing on and prior to _____ are not subject to redemption in advance of their scheduled maturity. The bonds of this issue maturing on and after _____ are subject to redemption at the option of the Port on and after _____ in whole or in part on any date, and if in part, with maturities to be selected by the Port at the price of 100% of the principal amount thereof plus accrued interest to the date fixed for redemption.

The bonds of this series are private activity bonds. The bonds of this series are not “qualified tax-exempt obligations” eligible for investment by financial institutions within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

So long as this bond is held by DTC or its nominee, the manner of selection of bonds of this issue within a maturity for redemption and transfer of bonds and the provision of notice of redemption shall be governed by the Letter of Representations and DTC’s operational arrangements. Except as provided in the Bond Resolution, the Port and Registrar shall deem the person in whose name this bond is registered to be the absolute owner hereof for the purpose of receiving payment of the principal of, premium, if any, and interest on the bond and for any and all other purposes whatsoever.

The Port hereby covenants and agrees with the owner and holder of this bond that it will keep and perform all the covenants of this bond and the Bond Resolution.

The Port does hereby pledge and bind itself to set aside from Gross Revenue after payment of Operating Expenses, and to pay into the Series 2021 Bond Fund and the Common Reserve Fund the various amounts required by the Bond Resolution to be paid into and maintained in such Funds, all within the times provided by said Bond Resolution.

Said amounts so pledged to be paid out of Gross Revenue into the Series 2021 Bond Fund and Common Reserve Fund are hereby declared to be a first and prior lien and charge upon the Gross Revenue, subject to payment of the Operating Expenses of the Port and equal in rank to the lien and charge upon such Gross Revenue of the amounts required to pay and secure the payment of the Outstanding Parity Bonds, the Series 2021 First Lien Bonds and any revenue bonds of the Port hereafter issued on a parity with the bonds of this issue.

The Port has further bound itself to maintain all of its properties and facilities that contribute in some measure to such Gross Revenue in good repair, working order and condition, to operate the same in an efficient manner and at a reasonable cost, to establish, maintain and collect rentals, tariffs, rates, fees, and charges in the operation of all of its businesses for as long as any bonds of this issue are outstanding that will make available, for the payment of the principal thereof and interest thereon as the same shall become due, Net Revenues (as the same are defined in the Bond Resolution) in an amount equal to or greater than the Rate Covenant defined in the Master Resolution.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Registrar.

It is hereby certified and declared that this bond and the bonds of this issue are issued pursuant to and in strict compliance with the Constitution and laws of the State of Washington and resolutions of the Port and that all acts, conditions and things required to be done precedent to and in the issuance of this bond have happened, been done and performed.

IN WITNESS WHEREOF, the Port of Seattle has caused this bond to be executed by the manual or facsimile signatures of the President and Secretary of the Port Commission, and the corporate seal of the Port to be impressed or a facsimile thereof imprinted or otherwise reproduced hereon as of the ____ day of _____, 2021.

PORT OF SEATTLE

By _____/s/_____
President, Port Commission

(SEAL)

ATTEST:

_____/s/_____
Secretary, Port Commission

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This bond is one of the bonds described in the within mentioned Bond Resolution and is one of the Revenue Refunding Bonds, Series 2021 (AMT) of the Port of Seattle, dated _____, 2021.

WASHINGTON STATE FISCAL AGENT, as
Registrar

By _____
Authorized Signer

In the event any Series 2021 First Lien Bonds are no longer in fully immobilized form, the form of such Series 2021 First Lien Bonds may be modified to conform to printing requirements and the terms of this series resolution.

Section 14. Execution. The Series 2021 First Lien Bonds shall be executed on behalf of the Port with the manual or facsimile signature of the President of its Commission, shall be attested by the manual or facsimile signature of the Secretary thereof and shall have the seal of the Port impressed or a facsimile thereof imprinted or otherwise reproduced thereon.

Only such Series 2021 First Lien Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this series resolution. Such Certificate of Authentication shall be conclusive evidence that the Series 2021 First Lien Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this series resolution.

In case either of the officers of the Port who shall have executed the Series 2021 First Lien Bonds shall cease to be such officer or officers of the Port before the Series 2021 First Lien Bonds so signed shall have been authenticated or delivered by the Registrar, or issued by the

Port, such Series 2021 First Lien Bonds may nevertheless be authenticated, delivered and issued, and upon such authentication, delivery and issuance, shall be as binding upon the Port as though those who signed the same had continued to be such officers of the Port. Any Series 2021 First Lien Bond may also be signed and attested on behalf of the Port by such persons as at the actual date of execution of such Series 2021 First Lien Bond shall be the proper officers of the Port although at the original date of such Series 2021 First Lien Bond any such person shall not have been such officer.

Section 15. Additional Covenant; Defaults and Remedies.

(a) *Disposal of Income Properties.* In the event of voluntary or involuntary sale, lease, or other conveyance, transfer or disposal of all or substantially all of the marine and aviation properties, assets or facilities, the Port shall require that contemporaneously with such disposition, there shall be paid into a special fund a sum which shall be sufficient to defease all Series 2021 First Lien Bonds then Outstanding; provided, however, that such defeasance will not be required so long as the Port maintains primary responsibility for the management and operation of the affected facilities and provided further that all Gross Revenue from such facilities continues to be pledged to all Series 2021 First Lien Bonds then Outstanding.

(b) *Defaults and Remedies.* The Port hereby finds and determines that the failure or refusal of the Port or any of its officers to perform the covenants and obligations of this series resolution will endanger the operation of the Facilities and the application of Gross Revenue and such other moneys, funds and securities to the purposes herein set forth. Any one or more of the following shall constitute a Default under this series resolution:

(1) The Port shall fail to make payment of the principal of any Series 2021 First Lien Bond when the same shall become due and payable whether by maturity or scheduled redemption prior to maturity; or

(2) The Port shall fail to make payments of any installment of interest on any Series 2021 First Lien Bond when the same shall become due and payable; or

(3) The Port shall default in the observance or performance of any other covenants other than conditions, or agreements on the part of the Port contained in Section 17 of this series resolution, and such default shall have continued for a period of 90 days.

In determining whether a payment default has occurred or whether a payment on the Series 2021 First Lien Bonds has been made under this series resolution, no effect shall be given to payments made under the Bond Insurance Policy, if any. Upon the occurrence and continuation of any Default, the Registered Owners of the Series 2021 First Lien Bonds shall be entitled to exercise the remedies specified in Section 21 of the Master Resolution; but only with respect to the Series 2021 First Lien Bonds.

Section 16. Designation of Refunded Bonds; Sale of Series 2021 First Lien Bonds.

(a) *Designation of Refunded Bonds.* As outlined in Section 2 and Section 10 of this series resolution, the Refunding Candidates may be called for redemption prior to their scheduled maturities. All or some of the Refunding Candidates may be refunded with the proceeds of the Series 2021 First Lien Bonds authorized by this series resolution. The Executive Director may select some or all of the Refunding Candidates and designate those Refunding Candidates as the “Refunded Bonds” in the Bond Purchase Contract.

(b) *Series 2021 First Lien Bond Sale.* The Series 2021 First Lien Bonds shall be sold at negotiated sale to the Underwriters pursuant to the terms of the Bond Purchase Contract. The

Designated Port Representative is hereby authorized to negotiate terms for the purchase of the Series 2021 First Lien Bonds and to execute the Bond Purchase Contract, with such terms (including the designation of the Refunded Bonds) as are approved by the Executive Director pursuant to this section and consistent with this series resolution and the Master Resolution. The Port Commission has been advised by the Port's financial advisor that market conditions are fluctuating and, as a result, the most favorable market conditions may occur on a day other than a regular meeting date of the Commission. The Commission has determined that it would be in the best interest of the Port to delegate to the Executive Director for a limited time the authority to approve the designation of the Refunded Bonds and to approve the interest rates, maturity dates, aggregate principal amount, principal amounts and prices of each maturity, redemption rights, and other terms and conditions of the Series 2021 First Lien Bonds. The Executive Director is hereby authorized to approve the designation of the Refunded Bonds and to approve the interest rates, maturity dates, aggregate principal amount, principal amounts of each maturity and redemption rights for the Series 2021 First Lien Bonds in the manner provided hereafter (A) so long as the aggregate principal amount of the Series 2021 First Lien Bonds does not exceed the maximum principal amount set forth in Section 3, and (B) so long as the true interest cost for the Series 2021 First Lien Bonds does not exceed 2.50% per annum.

In designating the Refunded Bonds and determining the interest rates, prices, maturity dates, aggregate principal amount, principal maturities, redemption rights or provisions of the Series 2021 First Lien Bonds for approval, the Designated Port Representative, in consultation with Port staff and the Port's financial advisor, shall take into account those factors that, in his judgment, will result in the most favorable interest cost on the Series 2021 First Lien Bonds, including, but not limited to, current financial market conditions and current interest rates for

obligations comparable in tenor and quality to the Series 2021 First Lien Bonds. Subject to the terms and conditions set forth in this section, the Designated Port Representative is hereby authorized to execute the final form of the Bond Purchase Contract, upon the Executive Director's approval of the Refunded Bonds, interest rates, maturity dates, aggregate principal amount, principal maturities and redemption rights set forth therein. Following the execution of the Bond Purchase Contract, the Executive Director or Designated Port Representative shall provide a report to the Commission, describing the final terms of the Series 2021 First Lien Bonds approved pursuant to the authority delegated in this section. The authority granted to the Designated Port Representative and the Executive Director by this section shall expire on December 31, 2021. If a Bond Purchase Contract for the Series 2021 First Lien Bonds has not been executed by December 31, 2021, the authorization for the issuance of the Series 2021 First Lien Bonds shall be rescinded, and the Series 2021 First Lien Bonds shall not be issued nor their sale approved unless the Series 2021 First Lien Bonds shall have been re-authorized by resolution of the Commission. The resolution reauthorizing the issuance and sale of the Series 2021 First Lien Bonds may be in the form of a new series resolution repealing this series resolution in whole or in part (only with respect to the Series 2021 First Lien Bonds not issued) or may be in the form of an amendatory resolution approving a bond purchase contract or extending or establishing new terms and conditions for the authority delegated under this section.

Upon the adoption of this series resolution, the proper officials of the Port, including the Designated Port Representative, are authorized and directed to undertake all other actions necessary for the prompt execution and delivery of the Series 2021 First Lien Bonds to the Underwriters thereof and further to execute all closing certificates and documents required to

effect the closing and delivery of the Series 2021 First Lien Bonds in accordance with the terms of the Bond Purchase Contract.

The Designated Port Representative is authorized to ratify and to approve for purposes of the Rule, on behalf of the Port, the Official Statement (and to approve and deem final any Preliminary Official Statement) and any supplement thereto relating to the issuance and sale of the Series 2021 First Lien Bonds and the distribution of the Series 2021 First Lien Bonds pursuant thereto with such changes, if any, as may be deemed by him/her to be appropriate.

The Designated Port Representative and other Port officials, agents and representatives are hereby authorized and directed to do everything necessary for the prompt issuance, execution and delivery of the Series 2021 First Lien Bonds to the Underwriters and for the proper application and use of the proceeds of sale of the Series 2021 First Lien Bonds. In furtherance of the foregoing, the Designated Port Representative is authorized to approve and enter into agreements for the payment of costs of issuance, including Underwriters' discount, the fees and expenses specified in the Bond Purchase Contract, including fees and expenses of Underwriters and other retained services, including Bond Counsel, disclosure counsel, rating agencies, fiscal agent, escrow agent, if any, verification agent, financial advisory services, escrow structuring services and other expenses customarily incurred in connection with issuance and sale of bonds.

Section 17. Compliance with Parity Conditions. The Commission hereby finds and determines as required by Section 5 of the Master Resolution, as follows:

First: The Port is not and has not been in default of its covenant under Section 7 of the Master Resolution for the immediately preceding fiscal year (2020); and

Second: The Commission has been assured that prior to the issuance and delivery of the Series 2021 First Lien Bonds, the Port will meet the conditions set forth in Section 6 of the

Master Resolution and/or will deliver a certificate (prepared as prescribed by the Master Resolution) demonstrating fulfillment of the Coverage Requirement, commencing on the first full fiscal year following the earlier of (1) the Date of Commercial Operation of the Facilities to be financed with the proceeds of the Series 2021 First Lien Bonds as reasonably estimated by the Port or (2) the date on which any portion of interest on the Series 2021 First Lien Bonds will not be paid from the proceeds thereof and for the following two fiscal years.

The limitations contained in the conditions provided in Section 5 of the Master Resolution having been complied with, the payments required herein to be made out of the Net Revenues to pay and secure the payment of the principal of, premium, if any, and interest on the Series 2021 First Lien Bonds shall constitute a lien and charge upon such Net Revenues equal in rank to the lien and charge thereon of the Outstanding Parity Bonds.

Section 18. Undertaking to Provide Ongoing Disclosure. The Designated Port Representative is authorized to, in his or her discretion, execute and deliver a Continuing Disclosure Undertaking providing for an undertaking by the Port to assist the Underwriters in complying with the Rule.

Section 19. Bond Insurance. The payments of the principal of and interest on one or more series, or principal maturities within one or more series, of the Series 2021 First Lien Bonds may be insured by the issuance of the Bond Insurance Policy. The Designated Port Representative may solicit proposals from municipal bond insurance companies, and the Designated Port Representative, in consultation with the Port's financial advisor, is hereby authorized to select the proposal that is deemed to be the most cost effective and further to execute the Bond Insurance Commitment with the Bond Insurer, which may include such covenants and conditions as shall be approved by the Designated Port Representative.

Section 20. Resolution and Laws a Contract with the Series 2021 First Lien Bond Owners. This series resolution is adopted under the authority of and in full compliance with the Constitution and laws of the State of Washington. In consideration of the purchase and ownership of the Series 2021 First Lien Bonds, the provisions of this series resolution and of said laws shall constitute a contract with the owners of the Series 2021 First Lien Bonds, and the obligations of the Port and its Commission under said laws and under this series resolution shall be enforceable by any court of competent jurisdiction; and the covenants and agreements herein and in the Series 2021 First Lien Bonds set forth shall be for the equal benefit of the owners of the Series 2021 First Lien Bonds.

Section 21. Severability. If any one or more of the covenants or agreements provided in this series resolution to be performed on the part of the Port shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this series resolution and shall in no way affect the validity of the other provisions of this series resolution or of any Parity Bonds.

Section 22. Effective Date. This series resolution shall be effective immediately upon its adoption.

ADOPTED by the Port Commission of the Port of Seattle at a duly noticed meeting thereof, held this _____ day of _____, 2021, and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof.

PORT OF SEATTLE

Commissioners

EXHIBIT A

REFUNDING CANDIDATES

Port of Seattle Revenue Refunding Bonds, Series 2011B (AMT)⁽¹⁾

Maturity Dates (September 1)	Principal Amounts	Interest Rates
2021	\$ 8,405,000	5.00%
2022	8,935,000	5.00
2023	9,385,000	5.00
2024	9,855,000	5.00
2025	10,345,000	5.00
2026	10,865,000	5.00

⁽¹⁾ Callable at any time on and after September 1, 2021, in whole or in part on any date, with maturities to be selected by the Port, at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the date fixed for redemption.

CERTIFICATE

I, the undersigned, Secretary of the Port Commission (the “Commission”) of the Port of Seattle (the “Port”), DO HEREBY CERTIFY:

1. That the attached resolution numbered 3787 (the “Resolution”), is a true and correct copy of a resolution of the Port, as finally adopted at a meeting of the Commission held on the _____ day of _____, 2021, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a quorum of the Commission was present throughout the meeting and a legally sufficient number of members of the Commission voted in the proper manner for the adoption of said Resolution; that all other requirements and proceedings incident to the proper adoption of said Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 2021.

Secretary

First Lien Revenue Bonds

April 27, 2021

Request Introduction of Resolution No. 3787

- Sale and Issuance of First Lien Revenue Bonds
- Single Series Private Activity Bonds – no regular tax, but subject to Alternative Minimum Tax (AMT)
- Purpose is to refund existing First Lien bonds issued in 2011 for an estimated \$5 million present value debt service savings

Resolution No. 3787

- Similar in all material respect to other First Lien resolutions
 - Pursuant to First Lien Master Resolution
 - Provides delegation to Executive Director to approve bond sale
- Provides funding for related costs
- Bonds will be sold by Port underwriting team
- Delegation Limits:
 - Maximum Par Amount: \$60 million
 - Maximum Interest Rate: 2.5%
 - Bond sale must occur within six months of adoption
 - Exceeding limits requires further authorization

RETURN TO AGENDA

COMMISSION
AGENDA MEMORANDUM

Item No. 10d

ACTION ITEM

Date of Meeting April 27, 2021

DATE: March 19, 2021

TO: Stephen P. Metruck, Executive Director

FROM: Wayne Grotheer, Director Aviation Project Management
James Jennings, Director Aviation Business and Properties

SUBJECT: C1 Building Expansion Design Authorization (CIP# C800845)

Amount of this request: \$81,000,000

Total estimated project cost: \$340,000,000

ACTION REQUESTED

Request authorization to (1) execute a contract for Program Management and Project Management support, not-to-exceed the amount of \$14,000,000; (2) execute a contract for Construction Management support, not-to-exceed the amount of \$15,000,000; (3) execute a contract for Special Inspections and Testing, not-to-exceed the amount of \$1,000,000; (4) authorize the remainder of the design budget; (5) execute an amendment to the C1 Building Expansion Design Services contract, in the amount of \$17,880,000, for a new contract total of \$24,080,000; (5) for the Executive Director to execute a change order to Contract MC-0320161 General Contractor/Construction Manager (GC/CM) Preconstruction Services Agreement for the remaining preconstruction services portion of the GC/CM contract with Turner Construction Company for work to be performed at Seattle-Tacoma International Airport (SEA). The amount of the change order is \$1,000,000 for a revised total Not-to-Exceed (NTE) contract amount of \$3,500,000, and (6) authorize enabling construction work and early work packages.

EXECUTIVE SUMMARY

The C1 Building Expansion project will construct four additional floors on top of the existing C1 Building, located adjacent to Gate C3 and between Concourses C and D at Seattle-Tacoma International Airport (SEA). The project will also redevelop the existing concourse level footprint, which is largely blocked off from the general public, to provide additional concessions, services and amenities to the travelling public. Each new floor plate will be approximately 27,000 square feet. An additional 5,000 square feet will be added to the existing building footprint for the construction of a new loading dock.

The expansion of this existing building will provide new Airport Dining and Retail (ADR) options, new premium club spaces, and new ancillary office space for tenants. The C1 Building Expansion will also construct a post security Meditation Room, a Nursing Mothers Room, build new

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restrooms, create circulation and seating for the traveling public, and expand the existing Gate C3 hold room.

Project Scope and Budget Controls

The total program budget for the C1 Building Expansion program is \$340M. At this early stage of project development, the total program budget could range from 30% below to 50% above the stated figure, but the staff goal for the C1 Building Expansion is to design to this budget.

To support the goal of staying on budget, the team brought the GCCM on board concurrently with the designer. The GCCM has been providing many preconstruction services including estimating input through design development and not just at design milestones or after the design is complete. Staff is currently working with the GCCM to provide early estimates based on the current concept that is being developed. The goal of the project team is to leverage the construction expertise and cost knowledge from the GCCM to make the best design choices and not require re-design to meet established budget.

Key Risks

The project team has identified Key Risks for the C1 Building Expansion project. These risks are being strategically mitigated, or they are being accounted for in the Project Risk Contingency. The identified Key Risks are:

1. Complex phasing: The C1 Building is currently occupied on all three existing levels. Throughout the life of the project, these levels will be occupied to a greater or lesser extent at different times during construction. The mitigation strategy employed to control this risk is the early procurement of the GCCM. The GC/CM will be a partner with the project team and designer in creating a viable phasing plan and finding cost effective solutions to phasing challenges.
2. Operational constraints: The C1 Building is located at the intersection of Concourse C and Concourse D. There is limited access for construction material laydown and the construction equipment required to erect a new building. The project team employed two different strategies to control this risk: early procurement of the GCCM and early involvement of Airport Operations. The project team completed a Safety Risk Assessment that addressed safety and operational concerns both during construction and in the final configuration of the building.

Environmental

The C1 project is the first project that has been identified as a “Tier three project” under the Port’s new ***Sustainable Project Framework***; and the project team will execute design and construction work consistent with the following Commission-approved approach:

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1. Integrate sustainability early in the capital process by establishing a team of project-specific experts through the Sustainable Project Assessment and Review Committee (SPARC).
2. Convene subject matter experts to develop sustainable design approaches for the project and operational team to consider and evaluate through project development.
3. Select and apply the relevant Sustainable Evaluation Framework criteria to highlight tradeoffs and benefits during development of the sustainable design approach.
4. Present SPARC recommendations to Commission early in the design process.
5. Develop a Sustainable Design Strategy that includes the selected alternatives from the Sustainable Design Approach. The Sustainable Design Strategy will be included in the final construction authorization for the project.
6. Track progress and recognize achievements of project teams.

JUSTIFICATION

Over the last decade, leasable space post-security at the Airport has become almost non-existent due to the continued growth of airlines and tenants' operational and administrative needs. Staff has identified the C1 Building area as a key location where the terminal can be expanded without the consumption of additional real estate (building up rather than out). There are no other viable options for expanding the terminal without significant negative impacts to existing capacity or operational areas.

Despite the COVID-19 economic crisis, Port staff believe it makes sense to move forward with this project now because the completion of construction is still several years out into the future when passenger traffic will more than likely have recovered. Prior to COVID, the demand for increased airport dining and retail space post-security significantly outpaced availability across the airport. Airport Dining and Retail services are crucial to providing a high level of service and an important generator of non-aeronautical revenue. At our peak, Concourses C and D were underserved by approximately 30,000 square feet of Airport Dining and Retail services. This shortage takes in to account the spaces that have opened or will open as part of the current Airport Dining and Retail Re-Development.

The C1 Expansion Project will grow Airport Dining and Retail services with two floors of new space. This additional square footage will provide a higher level of service to travelers and generate additional non-aeronautical revenue. The remaining three new floors will provide space for two new premium lounges and additional office space. The office space will serve to support existing tenants, airlines, and TSA in addition to creating support space for the new C1 Airport Dining and Retail spaces. The Port of Seattle has received general support from the airline community, including letters of interest for large portions of the leasable space.

In previous requests, the project team was authorized to procure two separate contracts, one for a Designer and the other for a General Contractor / Construction Manager (GC/CM). A limited design request was made to Commission in early 2020, after consultation with the airlines, due to unknowns related to the emerging COVID-19 demand, thus the amounts requested and

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authorized meant that the current design contract is only funded through 30% design development. The team anticipates completing the 30% design and exhausting those funds in Q4 2021. The current authorization will allow the project team to fully fund the design contract and allow staff to take advantage of early or enabling work identified by Port Staff, the Designer, and the GCCM. Early and enabling work will allow the team to deliver the project quicker. An accelerated delivery will help the project stay on budget and reduce soft costs.

Diversity in Contracting

The project team has worked with the Diversity in Contracting team to conduct outreach and the setting of a women- and minority-owned business enterprise (WMBE) aspirational goal of 12% for both the design contract and for the GCCM contract. The GCCM goal may be modified as design progresses and the scopes of work are further developed.

DETAILS

The C1 Building is an existing three-level structure that was built to house the C1 in-line baggage screening system (on the baggage claim and bridge levels) that supports Alaska Airlines. The current C1 Building houses the Transportation Security Administration (TSA) in much of the concourse level space, which would be better utilized for publicly accessible services and amenities. As part of this project, the TSA functions will be relocated to make way for higher and better uses.

Beyond being one of the few locations for the Airport to expand its footprint without further encroaching on limited real estate, this will be the first project to utilize the Environmental Sustainability Framework adopted by the Commission, and a great opportunity to embody the new SEA brand.

The Gate C3 Holdroom scope of work was previously authorized by Commission for design and execution of a major works contract. However, the bids submitted exceeded the engineers estimate. Since the C3 Holdroom expansion is adjacent to the C1 Building expansion, the Aviation division decided to cancel the procurement and combine both projects into one program.

Scope of Work

This project will add an additional four floors to the three floors C1 Building and expand the existing Holdroom at Gate C3. The new space will be used for ADR, Offices, and Premium Lounge space.

- (1) Four new floors
- (2) New HVAC Penthouse
- (3) Mechanical / Electrical / Plumbing Improvements
- (4) Infrastructure for ADR, Tenant Offices, and Premium Lounge spaces
- (5) Expansion of the C3 Holdroom
- (6) Upgraded and added vertical circulation
- (7) New restrooms
- (8) New nursing mothers' room

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- (9) New post security Meditation room

Schedule

Commission design authorization	2020 Quarter 2
Design start	2021 Quarter 1
Commission construction authorization	2022 Quarter 4
Construction start	2022 Quarter 4
In-use date	2027 Quarter 2

Cost Breakdown

	This Request	Total Project
Design	\$41,500,000	\$51,000,000
Construction	\$39,500,000	\$289,000,000
Total	\$81,000,000	\$340,000,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED**Alternative 1 – Delay Authorization until January 2022**

Cost Implications: \$0 - Likely to add time and cost to the project.

Pros:

- (1) Less Port capital will be invested now. making it easier to “off ramp” the project.
- (2) Project team will have more time to get a positive MII.
- (3) Project is currently funded through the end of 2021.

Cons:

- (1) Project will not be able to take advantage of GCCM suggestions to deliver the project quicker.
- (2) Project has no contingency. Any issues will stop progress until a new Authorization can be approved.
- (3) Project Management team is currently staffed by 1.5 Full Time Employees for 2021. Additional support is needed for a project this large, including project controls.
- (4) Construction Management team will have insufficient funds to provide the necessary staffing for a project of this magnitude.

This is not the recommended alternative.

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Alternative 2 – Reduce Authorization

Cost Implications: Will reduce Authorization by \$40 Million - Likely to add time and cost to the project.

Pros:

- (1) Less capital is committed to the project up front.
- (2) Project team will have more time to get a positive MII.
- (3) Project is currently funded through the end of 2021.

Cons:

- (1) Project may not be able to take advantage of GCCM suggestions to deliver the project quicker.
- (2) Project team will have to prioritize project support for PM and for CM.

This is not the recommended alternative.

Alternative 3 – Request Authorization per the Memo

Cost Implications: \$81 million

Pros:

- (1) Project will be able to take advantage of GCCM ideas to deliver the project more quickly.
- (2) Project will be able to identify and start planning for enabling work that will allow for a quicker delivery.
- (3) The project will be adequately staffed.

Cons:

- (1) \$81 million is a substantial commitment to the project during a time of reduced revenues.

This is the recommended alternative.

FINANCIAL IMPLICATIONS***Cost Estimate/Authorization Summary***

	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$331,776,000	\$8,224,000	\$340,000,000
AUTHORIZATION			
Previous authorizations	\$11,600,000	\$0	\$11,600,000
Current request for authorization	\$73,074,000	\$7,926,000	\$81,000,000
Total authorizations, including this request	\$84,674,000	\$7,926,000	\$92,600,000
Remaining amount to be authorized	\$247,102,000	\$298,000	\$247,400,000

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Annual Budget Status and Source of Funds

This project is included in the 2021-2025 capital budget and plan of finance with a budget of \$340,000,000. The funding sources will include the Airport Development Fund and future revenue bonds. This project was submitted to the airlines for Majority-In-Interest approval due on April 26, 2021.

Financial Analysis and Summary

This project is an investment in additional terminal space that is intended to be used for both aeronautical and non-aeronautical purposes. As a hybrid project, the financial analysis looks at the projects as both a standalone non-aero investment and a terminal investment that flows through airline rates and charges.

Non-aeronautical Investment Analysis

The following table shows the allocation of capital costs based on rentable square footage. For non-aero purposes, 54.5% of the rentable square footage, equating to \$185 million in capital cost, establishes the basis of the non-aero portion of the project. The lower part of the table identifies an incremental revenue increase from \$12.1 million in 2028, which assumes first year of occupancy at 60% of available non-aero office, to \$15.5 million in 2031, the year by which all space is assumed to be fully leased. This new revenue, attributed to airport dining, retail, and office lease, generates the positive Net Present Value of \$44.4 million, which signifies a good investment. Given that the existing space is currently generating revenues, the NPV is netted against a base case (do nothing).

Non-aero Investments				
	\$ in 000s	Non-aero	Aero	Total
C1 rentable sqft		69,773	58,245	128,018
C1 rentable sqft %		54.50%	45.50%	
Project Cost	\$	185,308	\$ 154,692	\$ 340,000
Payback (years from opening)		11		
NPV (40 years)	\$	145,500		
NPV Incremental to Base	\$	44,400		
		2028	2031	
Incremental Non-aero Revenue	\$	12,073	\$ 15,466	
Incremental Non-aero O&M	\$	504	571	
Net Operating Income	\$	11,569	\$ 14,895	

Aeronautical Rate Base Impacts

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Under the terms of SLOA IV, the Airport's terminal space is allocated between aeronautical and non-aeronautical cost centers based on rentable square feet. Terminal rents are established based on the total cost center costs. Therefore, in looking at the impacts of a project like C1 that adds significant square footage, it is important undertake a two-step analysis that accounts for changes in the total terminal space distribution, and therefore the entire terminal cost center distribution between aeronautical and non-aeronautical changes.

The table below shows that before the C1 Building Expansion, 77.31% of the terminal costs are allocated to the aeronautical rate base. This suggests that \$21.3 million of the C1 incremental revenue would be allocated to the aeronautical rate base. After the project completion, 76.68% of the terminal costs are allocated to the aeronautical rate base. This effectively shifts \$2.5 million of costs from the aeronautical rate base to the non-aeronautical side. Thus, in 2028, after project completion, the net impact of the C1 project is to attribute \$18.9 million in incremental revenue to the aeronautical rate base.

Airline Rates and Charges				
	(\$000s)	2028		
		Aero	Non-aero	Total
Rentable sqft wihtout C1 sqft		77.31%	22.69%	
Rentable sqft WITH C1 sqft		76.68%	23.32%	
Project cost	\$	260,702	\$ 79,298	\$ 340,000
Incremental Revenues WITHOUT C1 sqft		21,332	12,073	33,405
Terminal redistribution		(2,464)		
Incremental Revenues WITH C1 sqft		18,868	12,073	30,941
Incremental Debt Service		20,664	6,286	26,950
Incremental Amortization		79	23	97
Incremental O&M			504	504

The table below shows that starting in 2028, the project will effectively increase the CPE by \$0.68, however by full occupancy the CPE declines to \$0.62. It also shows that starting in 2028, the average terminal rental rate will increase because of the C1 Building Expansion, however, by full occupancy the rate of increase declines. Overall, the project will result in a slight reduction in debt service coverage of (\$0.01) starting in 2028.

	Without C1 **		WITH C1 Renovation SQFT			
	2028	2031	2028	2031	2028 Change	2031 Change
Terminal Revenue Requirement	\$ 297,780	\$ 349,926	\$ 314,707	\$ 366,357	\$ 16,927	\$ 16,431
Airline Rentable Space (normalized)	1,380	1,380	1,429	1,429	49.5	49.5
Terminal Rental Rate	\$ 215.78	\$ 253.57	\$ 220.16	\$ 256.29	\$ 4.38	\$ 2.72
Cost Per Enplanement (CPE)	\$ 24.44	\$ 25.60	\$ 25.12	\$ 26.22	\$ 0.68	\$ 0.62
Debt service coverage	1.34	1.46	1.33	1.45	(0.01)	(0.01)

Summary

Overall, from a financial perspective, the project is a favorable non-aeronautical investment with relatively modest impacts on the average airline terminal rental rate while delivering needed airline office and lounge space. While the project generates a slight decrease in debt service

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coverage through 2031, assuming growth in NOI and level debt service, debt service coverage is expected to increase beyond 2031.

ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- May 26, 2020 – Design and GCCM Authorization
- March 10, 2020 – C1 Building Briefing and Introduction
- June 26, 2018 – Authorization for Planning Funds
- January 26, 2016 – The Commission authorized design of an expansion for the existing Gate C3 passenger Holdroom at Seattle-Tacoma International Airport.
- July 11, 2017 – The Commission authorized (1) advertise and execute a construction contract for the Gate C3 Holdroom Expansion project at Seattle-Tacoma International Airport; and (2) use Port crews in executing the project

C1 Building Expansion Project

Existing SEA Location



Cross Section Rendering

Section Perspective



Project Purpose

- Create the needed space for passengers and tenants in the Concourse C/D area to move towards an Optimum level of Service
- While creating a SEA destination that reflects the Pacific Northwest sense of place



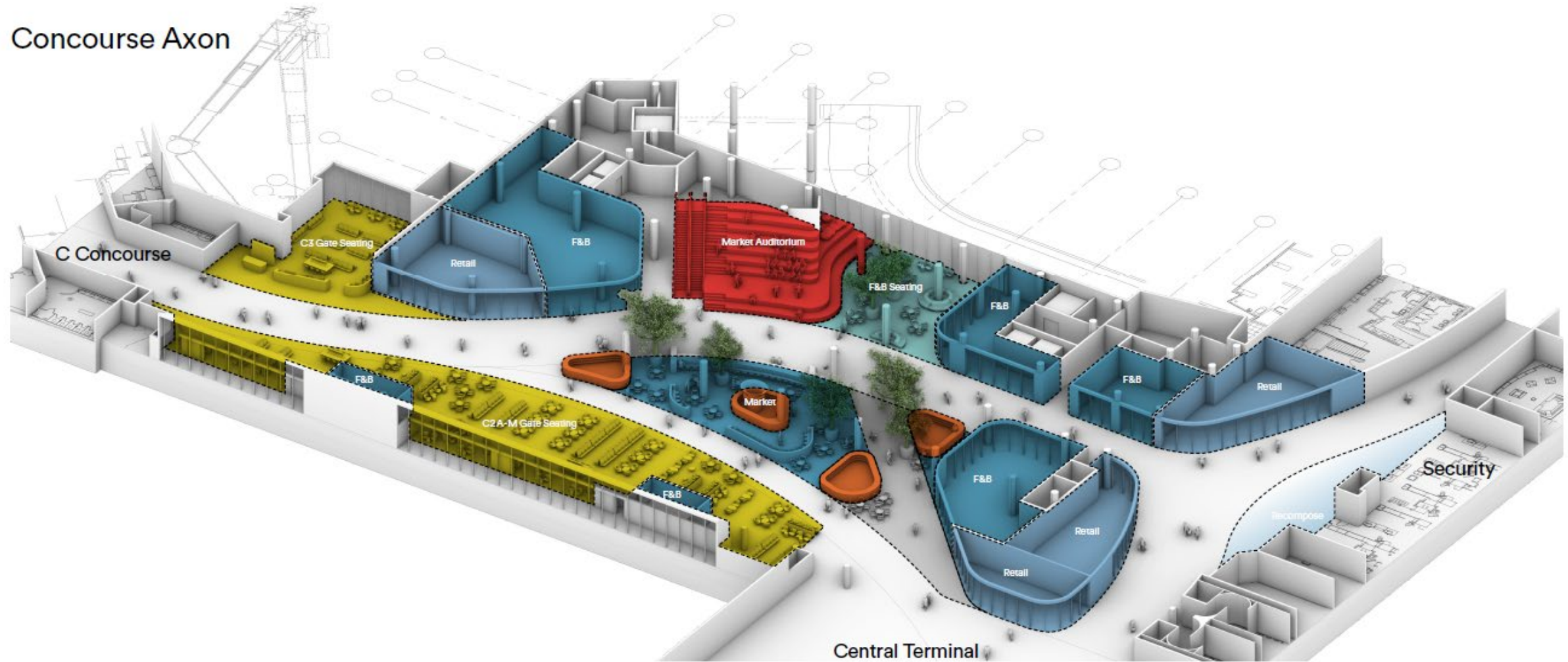
Delivery Method: **GC/CM: Turner Construction**
Designer: **Miller Hull + Wood Bagot**

Project Scope

Add four floors to the existing three floor C1 Building to increase revenue, add needed facility capacity and improve customer service levels for:

- Airport Dining and Retail (ADR)
- Airline clubs/lounges
- Gate holdroom seating
- Passenger amenities
- Leasable office space

Concourse Axon



Miller Hull + Woods Bagot

SEA C1 BUILDING EXPANSION

Airport Dining and Retail



Airport Dining and Retail

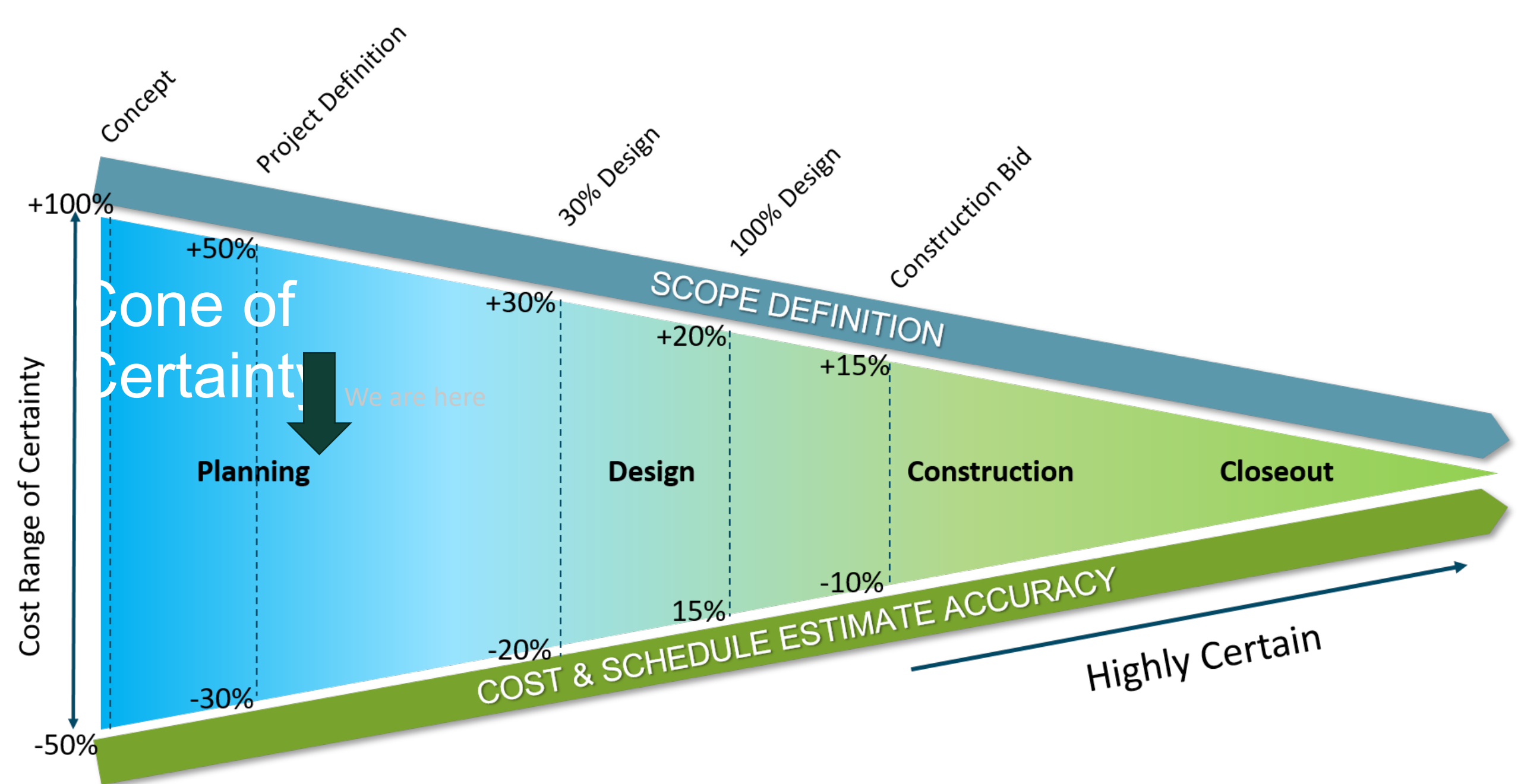
Vision for the Project

- Create “Open Market” look and feel that will give passengers a soothing experience post check point.
- Explore opportunities for environmental efficiencies.
- Go Beyond the Revenue:
Design an upper-level community area that will include family seating a meditation room, Mother’s Nursing Rooms, Restroom and other passenger service amenities for a calm elevated experience for our passengers.

Airport Dining and Retail

C1 Alignment with ADR Program Philosophy and Values

- Create more quality jobs for the South King County Community.
- Provide opportunities for small and minority businesses in the new kiosk garden area.
- Create a dedicated stage for your musical partners where the best artistry of the PNW would be spotlighted.
- Provide passengers with variety while providing affordable price options.



Project Status

Design contract awarded to the Miller Hull Partnership

General Contractor Construction Manager (GCCM) pre-construction contract awarded to Turner Construction

Final concept is being developed and is anticipated to be complete in June 2021

Sustainability approach is being developed and is anticipated to be ready for presentation to the Energy & Sustainability Committee in June 2021

Authorization

The requested authorization will allow the project to:

- Accelerate the project delivery by
 - Allowing the team to identify and execute enabling work
 - Allowing the team to identify and design early work packages (structural upgrades for example)
 - Funding the remainder of the design contract allows continuity of design development
- Procure much needed support for design development and construction

Questions?

RETURN TO AGENDA

**COMMISSION
AGENDA MEMORANDUM**

Item No. 10e

ACTION ITEM

Date of Meeting April 27, 2021

DATE: April 20, 2021

TO: Stephen P. Metruck, Executive Director

FROM: James Jennings, Director, Aviation Business and Properties
Wayne Grotheer, Director, Aviation Project Management Group

SUBJECT: North Main Terminal Redevelopment Program – Preliminary Design C801204

Amount of this request: \$10,000,000

Early estimated program cost: \$300M - \$400M

ACTION REQUESTED

Request Commission authorization for the Executive Director to authorize up to \$10 million in support of the North Main Terminal Redevelopment Program (1) for Alaska Airlines to complete a Project Definition Document and to progress the overall program design at Seattle-Tacoma International Airport, (2) fund associated Port soft costs, (3) to execute a Tenant Reimbursement Agreement with Alaska Airlines, and (4) authorize the execution of a consultant support services contract for an estimated value of \$16.5M as well as a design services contract for an estimated value of \$4.5 million.

EXECUTIVE SUMMARY

Alaska Airlines (Alaska) desires to extensively redevelop existing space at the north end of the Main Terminal Ticketing Level (Zones 6 & 7) of the Airport to improve passenger processing, security screening throughput, and to elevate the overall passenger experience in these areas. Seattle-Tacoma International Airport (Airport) supports this proposal, which when complete would progress the Airport closer to the desired Optimum Level of Service in key functional service areas; as well as contribute to the Port's strategic objective of "*Continuously improve(ing) the operational efficiency and customer experience at SEA.*" Portions of this program are intended to be performed by Alaska and memorialized via a multi-phase Tenant Reimbursement Agreement (TRA).

This request is to provide preliminary funding for Alaska for the completion of a Project Definition Document (PDD), that will further develop the overall design and validate the program's scope, work limits, cost, and schedule. Additionally, this request includes an option for Alaska to further progress the overall design to a 30% design milestone, which will inform the overall program scope, budget, and schedule. The TRA for construction is not yet finalized as it will be based on

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the 30% design estimate and the cost split between the Port and Alaska will then be memorialized in a subsequent TRA, subject to further Commission approval.

Lastly, this request also seeks authorization for a (1) program-specific consultant contracts for Project Management, Project Controls and Construction Management support and (2) a program-specific Design consultant contract.

JUSTIFICATION

The Airport Main Terminal, Ticketing Level was constructed in the 1960s, with an expansion on the north end in the 1980s. The Port has been working to develop an overall main terminal redevelopment program that will address many necessary code upgrades and aesthetic improvements. This Program is anticipated to be the first step of a much larger program that will ultimately result in a full refresh of the full main terminal at the Airport. Although we don't expect the remainder of the Main Terminal to be a carbon copy of what will be done in this Alaska driven program, the Port will be working to ensure architectural and system integration in future project scopes as they are brought forward. One key benefit of Alaska constructing much of this project scope is Alaska's ability to manage the level of operational impact during the complex construction phasing required to redevelop this critical area, while still processing passengers.

This program supports the Port's Century Agenda's strategic goal of "Advancing this region as a leading tourism destination and business gateway" by:

- Continuously improving the operational efficiency and customer experience at the Airport.
- Strengthening the competitiveness of the Airport in the regional and global marketplace.
- Meet the region's air transportation needs by delivering vital facilities and infrastructure in a sustainable and cost-effective manner.

Alaska approached the Port to manage the construction project to renovate the northernmost two sections of the main terminal building (Zones 6 and 7) that currently house Alaska's ticketing functions to provide an enhanced passenger experience.

As part of this work, they are requesting to remove the mezzanine section(s) above their ticketing counters, which necessitates buildout of replacement space to accommodate displaced offices, as well as update finishes (ceiling, flooring, lighting, etc.) in areas adjacent to their leased premises to provide a more aesthetically cohesive environment.

This work will also enable substantial code upgrades to the impacted areas of the Terminal (sprinklers, smoke control, etc.). This work is all requested by Alaska to be completed by the airline itself under a TRA. Port staff is supportive of Alaska performing the majority of the work,

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and the Port reimbursing Alaska’s reasonable costs, as it puts Alaska in control of managing the impacts to their operations, which are anticipated to be substantial during construction.

- Integrating the design and construction into the Airport-wide architectural vision, reflecting the Pacific Northwest sense of place.
- Ensuring the program is effectively and efficiently incorporated into airport-wide systems so that all the “behind the walls” infrastructure meets Port standards and specifications
- Maintaining operational flexibility in ticketing that supports Airport-wide growth
- Minimizing operational and passenger impact during course of construction
- Endeavoring to take advantage of reduced passenger levels and softer construction market to create jobs in the local market and assist with the overall economic recovery in the region
- Alaska managing construction impact to gain efficiencies throughout construction process to deliver program expediently and at a competitive cost
- Managing to an agreed-upon proposed program scope, schedule and budget as will be detailed in the completed PDD and via a joint program governance document.

Alaska and the Port are committed to creating a best-in-class passenger experience at the Airport moving towards an optimum level of service in the redeveloped ticket lobby, including an expanded and streamlined security screening checkpoint, improved passenger processing and baggage handling capability and leveraging the new and enhanced functionality in Alaska’s digital touchpoints.

BACKGROUND

The Port and Alaska have been working collaboratively to develop a program that facilitates:

- Increasing passenger check-in, baggage drop, and security screening capacity while reducing congestion.
- Accommodating the growth in capacity anticipated by the soon-to-be-completed 20 gate North Satellite project.
- Aligning the adjoining Security Screening Checkpoint #5 to current TSA standards or better while providing improved screening lane flexibility and efficiency.
- Leveraging passenger adoption of simple and intuitive mobile and online applications to streamline the day-of-travel experience.
- Promoting new Airport-wide Architectural Visioning concepts.
- Demonstrating independence from future Airport expansion projects.
- Creating a ‘best-in-class’ customer experience at SEA.

Alaska provided the Port with a high-level Basis of Design (BOD) for this program in late July 2020, which was reviewed by key Port stakeholders. A revised BOD addressing many Port reviewer comments was submitted to the Port in mid-December 2020, along with a high-level phasing

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plan/schedule, two high-level cost estimates, and a preliminary structural review of the proposed work area.

Despite the work of the BOD, there remains uncertainty regarding the boundaries of the program and its interface with existing systems in the terminal. This uncertainty has created an unacceptable level of scope risk and an associated budget as well as schedule risk. In order to create more scope, schedule and budget certainty, the Port has requested Alaska's program team to complete a PDD that more fully investigates and develops the following:

- The structural, life safety, and utility infrastructure improvements required.
- Tenant relocation plan to include location, size, and concept.
- Strategies to mitigate and/or minimize operational and logistical impacts.
- Interface (scope, schedule and operational impacts) with other upgrade projects in the Main Terminal that are either already in progress or planned.
- Defining the limits of the proposed scope of work.

The Port has worked closely with Alaska to develop a path forward on developing the PDD over the next 4 - 6 months, which should provide enough information to allow the Port and Alaska teams to decide on the next steps.

Since this is a short-term program, estimated by Alaska to be completed within 3 years, it is best to provide the Port's oversight of this program with consultant support instead of FTE's. Further, the Aviation Project Management Group and Engineering – Construction Management departments do not have sufficient staff, or consulting resources to support this program and additional FTEs have not been authorized. The Port Project Representative and the Project Management, Project Controls, and Construction Management consultants will provide high-level program, TRA compliance oversight, and technical support. Specific tasks include:

1. Coordinating design reviews.
2. Coordinating construction phasing/work package schedule development.
3. Coordinating building permit applications.
4. Analyzing and making recommendations on reimbursement requests.
5. Processing reimbursement requests.
6. Serving as single point of contact on technical issues.
7. Providing Project Management and Construction Management support and oversight.
8. Functioning as the Port's liaison with Alaska's program team for the Port's program management, design and project delivery teams and represent the Port's operational and business interests and requirements.

Diversity in Contracting

The Port is working with Alaska to establish appropriate Women & Minority Business Enterprise (WMBE) aspirational goals and incorporate inclusion plan requirements into their solicitations. The resulting contracts will include the WMBE, Priority Hire, and Apprenticeship commitments

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agreed to by Alaska and will require that they use reporting systems used by the Port to enable appropriate tracking and monitoring.

WMBE aspirational goal for the Port consultant procurement is 15%. Aspirational goals for the design services procurement will be established once the final scope of work has been established. Alaska has also agreed to enter into a Project Labor Agreement for their construction procurements.

DETAILS

The amount of \$10,000,000 being requested in this authorization, is planned to support both Port soft costs, as well as be issued in phases under a multi-phase Tenant Reimbursement Agreement to Alaska as follows:

- 1) Port staff will negotiate TRA(s) up to \$9 million for Alaska to develop the PDD and advance the overall program design to approximately 30% completion.
- 2) Up to \$1 million is intended to fund participation by Port staff in development of the PDD and the overall program design.
- 3) Additional authorizations to fund Port and Alaska costs in follow-on phases of the program will be requested from the Commission per the schedule developed in the PDD and agreed upon by the Port-Alaska executive level steering committee.

The Program Specific Port Program Representative, Project Management, Project Controls and Construction Management Support procurement:

- Provides additional consultant staffing support for oversight for the portions of the work being completed by Alaska and for the work that will be completed by the Port.
- Seeking a three-year base contract with one potential one-year extension option.
- The value of this contract is estimated at \$15.5 to \$16.5 million, depending on the final scope of work after the PDD is completed.
- If the Port decides not to move forward with the full program after the PDD has been completed, this contract will not be executed.

Program Specific Design Services Support:

- Provides design support services for companion work that will be completed by the Port outside of Alaska's leased areas. The full scope of work that the Port will be completing will be more fully defined after completion of the PDD.
- Seeking a three-year base contract with one one-year extension option.
- The value of this contract is estimated in the \$4 - \$4.5 million range, depending on the final scope of work after the PDD is completed. If the Port decides not to move forward with the full program after the PDD has been completed, this contract will not be executed.

Meeting Date: April 27, 2021

Scope of Work

- 1) Renovation of the ticketing level of the Main Terminal in Zones 6 and 7 to include architectural and structural upgrades, improved lighting, enhanced passenger experience with added customer service positions, technology, as well as a curbside beautification element with additional passenger bag drop locations.
- 2) Accessibility upgrades on the Baggage Claim level associated with the Promenade buildout.
- 3) Demolition of portions of the existing mezzanine to create a high-bay configuration.
- 4) Relocate tenants displaced by the demolition of portions of the Mezzanine level to:
 - a. Newly built-out spaces on the currently undeveloped Promenade/Bridge level
 - b. Other available locations on the Mezzanine level
 - c. The first floor of the Parking Garage

Schedule

The following is the current high-level schedule for this scope of work:

Commission authorization for PDD & consultant procurements	2021 Q2
PDD Start	2021 Q2
PDD Completion	2021 Q3
Start Consultant Procurements	2021 Q2
Execute Consultant Procurements	2021 Q3/Q4
Commission authorization to proceed with full program	2021 Q3
In-use date	2025 Q2

Cost Breakdown

	This Request	Total Program
Planning/Design	\$9,000,000	TBD
Port/Consultant Staff Support	\$1,000,000	TBD
Total	\$10,000,000	TBD

Project Cost Estimate

- The current budget of \$100,000,000 in the CIP is a placeholder only, inserted when there was no design, and no preliminary concept development. It was understood at the time that this preliminary budget would increase once additional scoping and design were completed.
- Port staff are using a rough order of magnitude estimate range of \$300,000,000 to \$400,000,000.

Meeting Date: April 27, 2021

- There are many factors that may affect the final cost estimate and how the cost for the project will be allocated between the Port and Alaska, including scope changes, project delivery method, and elements of the agreement with Alaska.
- The final cost estimate will be updated as the TRA(s) are negotiated and amended and the work to be performed by Alaska, and the cost split between the Port and Alaska is still being negotiated, but will ultimately will be based on Alaska Airlines estimated construction costs.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – The Port develops the preliminary design of the North Main Terminal Redevelopment program alone, including development of the PDD.

Cost Implications: \$2.5 million

Pros:

- (1) There would be time to further develop the program scope.
- (2) The Port would have greater control over the process.
- (3) This alternative would not require a TRA.

Cons:

- (1) This alternative would not meet Alaska's schedule goals.
- (2) This alternative would not necessarily include all of Alaska's objectives.
- (3) There is no risk/responsibility sharing for the PDD.
- (4) The PDD costs would need to be expensed by the Port if the decision is made not to move forward with the program after the PDD is completed.
- (5) Doesn't maximize the opportunity to accelerate program development during low traffic volume and favorable business climate.

This is not the recommended alternative.

Alternative 2 – Alaska develops a PDD only, delaying the Port's portion of funding of design funds to 30% and Alaska then would assume full risk for additional design costs if it chooses to proceed with design on its own.

Cost Implications: \$2.5 million

Pros:

- (1) Allows more time to further develop the program scope.
- (2) Allows for greater cost and schedule certainty for the Port and Alaska before committing to funding additional design.
- (3) Reduces the Port's overall financial risk.

Cons:

- (1) Would delay the project and therefore not meet Alaska's schedule goals.
- (2) Does not allow for greater refinement of design to better inform program cost and schedule, requiring additional design before a solid budget is developed.

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- (3) Doesn't maximize opportunity to accelerate program during lower traffic volumes and favorable business climate.
- (4) Does not optimize cost and schedule certainty when compared with other alternatives.

This is not the recommended alternative.

Alternative 3 – Request Commission authorization for the Executive Director to authorize up to \$10 million in support of the North Main Terminal Redevelopment Program (1) for Alaska Airlines to complete a Project Definition Document (PDD) and to progress the overall program design at Seattle-Tacoma International Airport (SEA) to an approximately 30% design milestone, (2) to fund associated Port soft costs, (3) to execute a Tenant Reimbursement Agreement (TRA) with Alaska Airlines, (4) authority to execute a consultant support services contract for an estimated value of \$16.5M; authority to execute a design services contract for an estimated value of \$4.5 million.

Cost Implications: \$10 million

Pros:

- (1) Provides adequate resources to progress the design to better align with Alaska's schedule goals.
- (2) Allows for the design to progress while the Port and Alaska further refine the business deal and equitable risk and cost-sharing between the Port and Alaska.
- (3) Maximizes the opportunity to accelerate program development during low traffic volume and favorable business climate.
- (4) Ensures that the proper support resources are in place for the Port if the decision is made to continue with the full program.
- (5) The Port has a PDD and a Building Information Model (BIM) that may be useful for future development projects if the decision is made not to proceed with the full program.

Cons:

- (1) Moves at a faster pace than a typical Port project that makes it more challenging to accommodate the Port design review process.
- (2) Invests up to \$10M before fully committing to the full program.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

The amount of this authorization, if any, that could be considered Expense has not yet been determined.

Cost Estimate/Authorization Summary

	Capital	Expense	Total
AUTHORIZATION			
Previous authorizations	\$100,000	\$0	\$100,000
Current request for authorization	\$10,000,000	\$0	\$10,000,000
Total authorizations, including this request	10,100,000	\$0	\$10,100,000

Meeting Date: April 27, 2021

Remaining amount to be authorized	TBD	\$0	TBD
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Annual Budget Status and Source of Funds

Although this program, CIP C801204, was included in the 2021-2025 capital budget and plan of finance, the current budget of \$100,000,000 in the CIP is a placeholder only, inserted when there was no design, and no preliminary concept development. It was understood at the time that this budget would increase once additional scoping and design was done and will need to be updated at the 30% design milestone.

Financial Analysis and Summary

Program cost for analysis	TBD
Business Unit (BU)	Terminal Building
Effect on business performance (NOI after depreciation)	NOI after depreciation will increase due to inclusion of capital (and operating) costs in airline rate base.
IRR/NPV (if relevant)	N/A
CPE Impact	TBD

Future Revenues and Expenses (Total cost of ownership)

It is anticipated that there will be some increased costs to the Aviation Maintenance department annual operating & maintenance (O&M) costs as a result of this project. This includes but is not limited to the mechanical and electrical systems, and a slight increase in custodial costs. As the design develops, these costs can be better defined and evaluated.

ADDITIONAL BACKGROUND

The first round of funding for \$10,000,000 will be broken out to fund various elements of the work:

- \$2.5 million to complete the PDD, begin developing a BIM, and after the acceptance of the PDD, begin work on the 30 percent design deliverable.
- Up to \$1.0 million will be used for Port staff to support the PDD development and to procure Program / Project Management consultant support.
- The next \$6.5 million can only be released after acceptance of the PDD and will be used to further advance the design.

ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None.

North Main Terminal Redevelopment Program

In Partnership with Alaska
Airlines

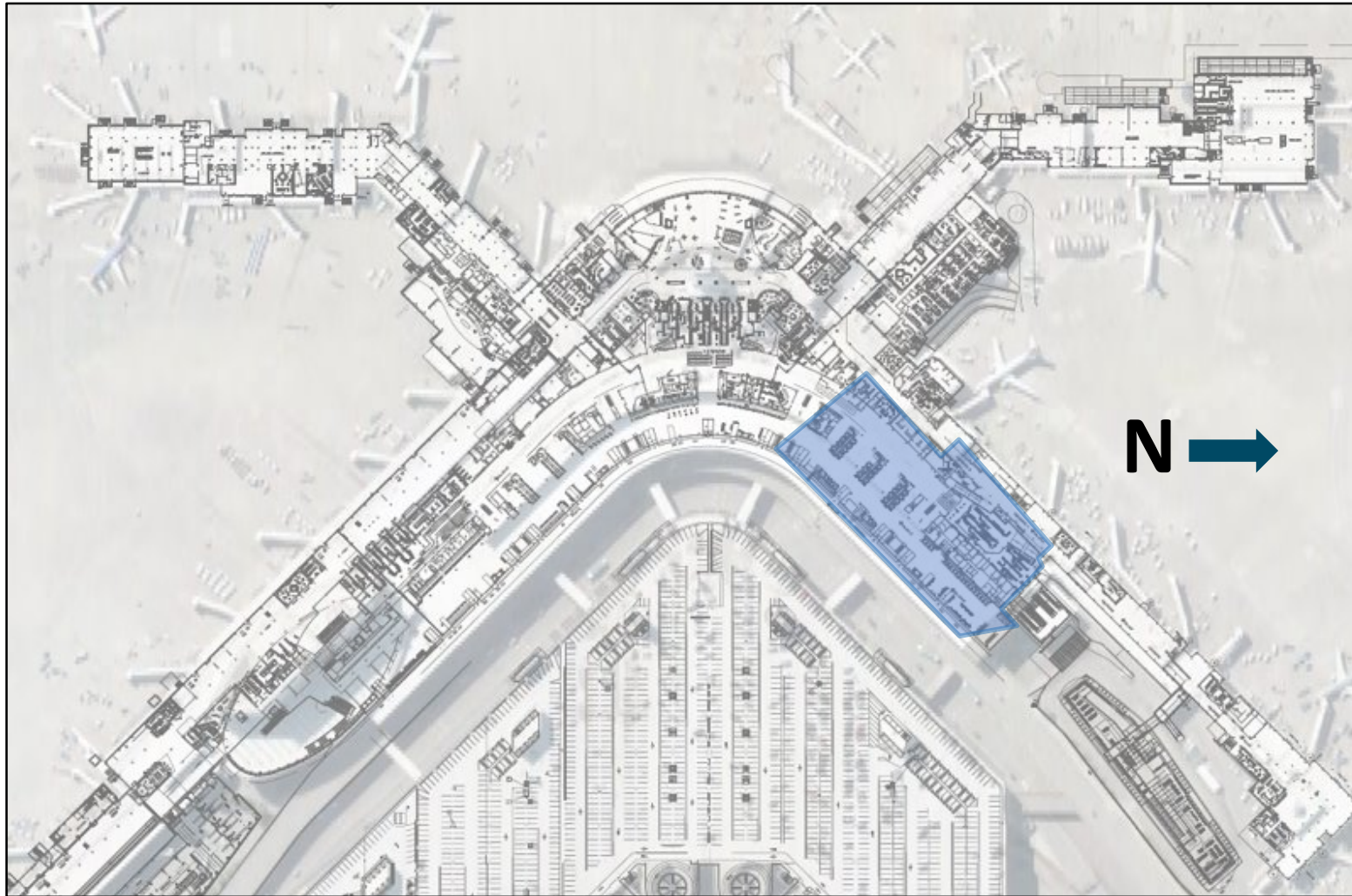
Program Overview

- Alaska Airlines (AS) has requested to extensively redevelop the North Main Terminal to improve passenger processing and security screening throughput in Zones 6 and 7 and to elevate the overall passenger experience in these areas.
- Construction anticipated to be via a Tenant Reimbursement Agreement (TRA) with Alaska anticipating to utilize some form of design build delivery method.
- This work will take place at a variety of locations in the main terminal beyond the Ticketing Level, including the Mezzanine Level, the Airport Curbsides, the Skybridge/Promenade Level, and some post-security office locations.

Key Issues

- Development of Project Definition Document (PDD) to ensure Port infrastructure integration (e.g. baggage system and smoke control) into Alaska project scope
- Legal authority to allow Alaska to design and construct the project via a Tenant Reimbursement Agreement (TRA)
- Negotiating the TRA and the cost sharing methodology
- Joint Port/Alaska Project Team Governance and Decision-Making Structure
- Agreement on project delivery method and Port procurement requirements
- Project schedule and construction impacts
- Level of investment related to the rest of the Main Terminal Ticketing Area

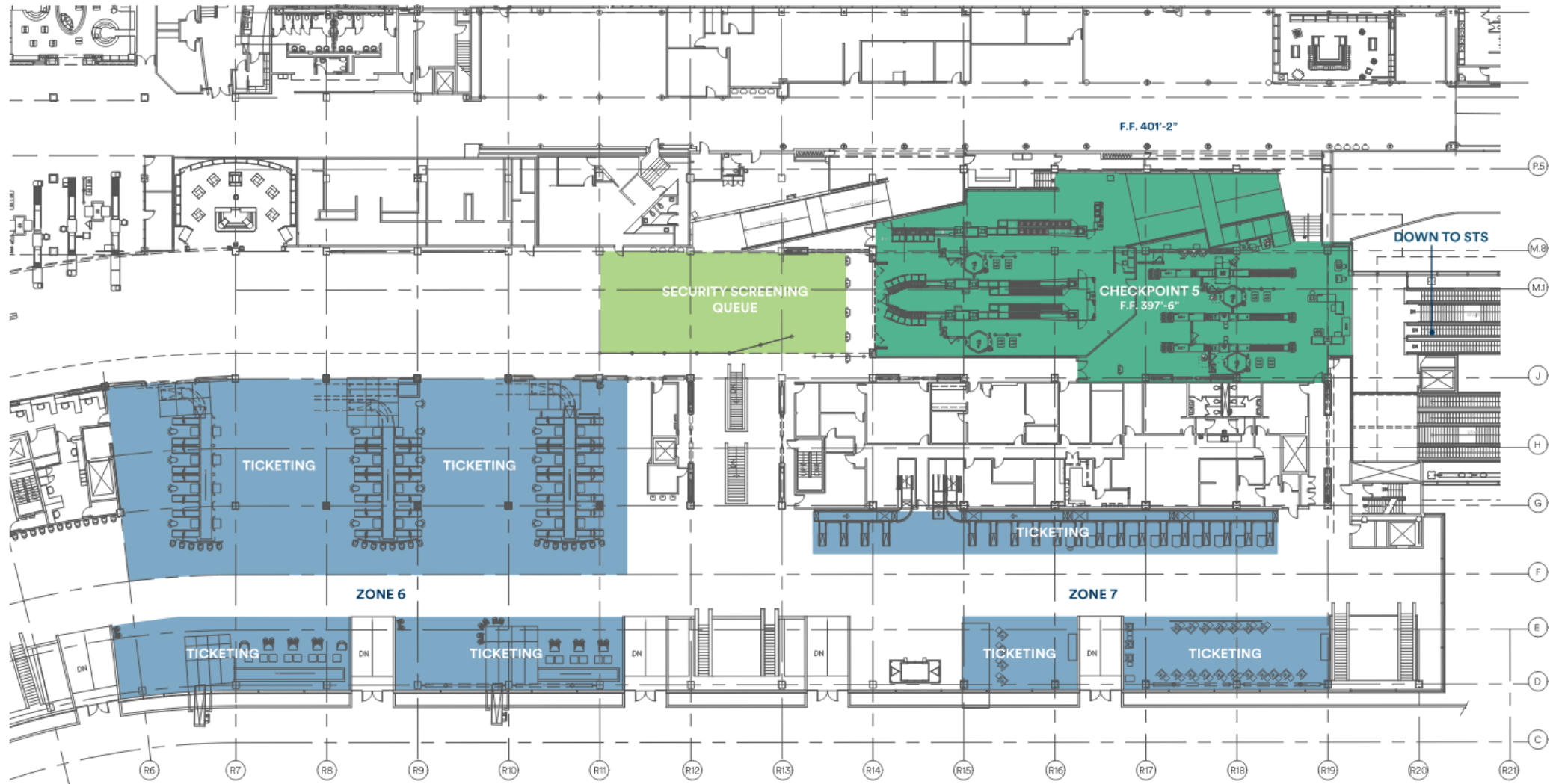
Area of Work



Program Scope

- Reconfiguration of Alaska's ticketing areas in Zone 6 and 7
- Reconfiguration and expansion of Security Screening Checkpoint #5
- Demolition of large portions of the existing Mezzanine Level office space
- Development of the Promenade Level to support displaced ticketing positions and office space
- Relocation of displaced tenants
- Key Port project scope includes:
 - Asbestos/RMM Removal
 - Sprinklers and Smoke Control
 - Ceiling, Lighting and Public Finish Improvements
 - Main Terminal Low Voltage project scope

Existing Conditions



Proposed Ticket Lobby and Checkpoint Layout

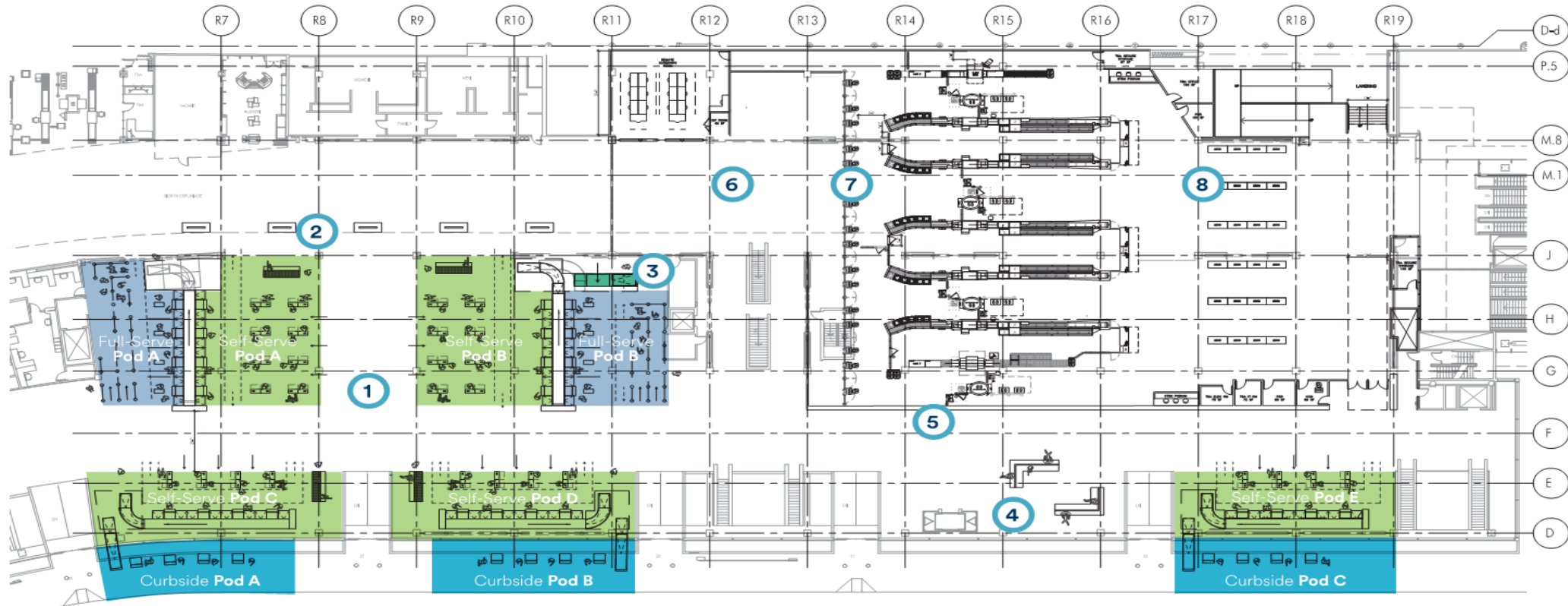
DRAFT

FLOOR PLANS

ZONE 6 & 7 TICKETING WITH 7-LANE CHECKPOINT (PORT ALTERNATE)

KEY

1. Central Ticketing Atrium
2. Pre-Security Recomposure Area
3. Oversize Bag Intake
4. Wheelchair Waiting Area
5. Digital Media Wall
6. Checkpoint Queuing Area
7. Checkpoint
8. Post-Checkpoint Recomposure Area



Proposed Lobby – Zone 6



Zone 6 – Looking West

This project is anticipated to remove part of the Mezzanine office space above Ticketing

Estimated Schedule

Projected Construction Start: Q1 2022

Projected Construction Completion: Q2 2025

Key PDD Project Scope Questions

- Develop greater cost and schedule certainty.
- Better understand the limits of the improvements required by the program and how this work will tie into existing terminal systems
- Develop a comprehensive plan for tenant relocations due to the loss of tenant lease space caused by Mezzanine demolition
- Create robust mitigation strategies for operational and logistical impacts in the Main Terminal
- Determine which scope items this program will need to assume from other major projects that are either already in progress or planned by the Port
- Better understand additional costs that may be incurred by other projects as a result of this program

Next Steps

- Finalization of legal considerations and completion of negotiations for TRA Agreements between Port and Alaska
- Alaska's procurement of design and construction resources
- Port's procurement of project support resources
- Alaska completion of PDD and progression of the design to 30%
- Majority in Interest (MII) vote with airlines, based on 30% design output (anticipated by Q3 of 2021)

Commission Request

- Request \$10M for completion of a PDD and progress the program design to 30%
- Consultant Support Procurements
- Authorization to Execute a phased TRA

Questions

[RETURN TO AGENDA](#)

COMMISSION
AGENDA MEMORANDUM
BRIEFING ITEM

Item No.	11a
Date of Meeting	April 27, 2021

DATE: April 9, 2021
TO: Stephen P. Metruck, Executive Director
FROM: Bookda Gheisar, Senior Director, Equity, Diversity & Inclusion
 Delmas Whittaker, Senior Manager, Vessel Fishing Services

SUBJECT: Port Policing Assessment Progress Report

EXECUTIVE SUMMARY

In response to the Port of Seattle Commission's Motion 2020-15 creating a Task Force on Port Policing and Civil Rights, staff have been actively working to implement a comprehensive assessment of the Port of Seattle Police Department's (POSPD) policies, protocols and procedures impacting issues of diversity, equity and civil rights. With the help of a wide range of external stakeholders and a consulting team, Port staff are making steady progress toward achieving the Commission's goal of identifying opportunities for the POSPD to meet the highest nationwide standards achievable for public safety and protection of civil rights, equity, accountability and oversight.

At the Commission's November 17 public meeting, staff presented a progress report of initial findings. The briefing on April 27 will provide further status updates, additional recommendations for potential Commission or Executive action, and an updated timeline for completion of the assessment. The presentation also includes an update on the Port's engagement during the 2021 Washington State Legislative Session on various legislative proposals related to policing.

BACKGROUND

Upon the passage of Motion 2020-15, the Task Force on Port Policing and Civil Rights hired 21CP Solutions as its consultant and formed a Task Force composed of key internal and external stakeholders to guide the process and provide input on key issues. In addition, the structure of the policing assessment was divided into subcommittees that include both Task Force members and other Port and external participants:

- 1) Use of force*
- 2) Mutual aid*
- 3) Oversight, accountability, racial equity and civil rights*
- 4) Diversity and hiring**
- 5) Training and development**
- 6) Budget, roles and equipment***
- 7) Advocacy***

*completed

**currently convening

***will convene in May

Meeting Date: April 27, 2021

In addition to supporting the work of the subcommittees and integrating their feedback into the assessment, 21CP has also interviewed stakeholders, reviewed documents, surveyed POSPD employees and drawn on their expertise to develop their recommendations to-date. Please note that, while the Use of Force, Mutual Aid and Oversight & Equity subcommittees have completed their work, the recommendations on those topics will continue to evolve – informed by the work of other subcommittees, new research and the passage of state legislation.

The Diversity & Hiring and Training & Development subcommittees began convening in February 2021. The Budget and Advocacy subcommittees will begin meeting shortly. A full timeline for the subcommittee work and the overall assessment process is included in the slide presentation attached to this memo.

ATTACHMENTS TO THIS PRESENTATION -

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- November 17, 2020 – The Commission heard a progress report from the Task Force co-chairs.
- July 14, 2020 – The Commission approved the Port Policing Assessment Motion.
- June 30, 2020 – The Commission held a study session on the draft Port Policing Assessment Motion.

Commission Task Force on Policing and Civil Rights Progress Update

April 27, 2021

BACKGROUND

Areas for Assessment

- | | | |
|--|---|---|
| 1. Diversity in Recruitment and Hiring | } | Subcommittees currently meeting |
| 2. Training and Development | | |
| 3. Equity | } | Subcommittee work completed |
| 4. Use of Force | | |
| 5. Oversight and Accountability | | |
| 6. Police Union Participation | | |
| 7. Mutual Aid | } | Subcommittees will be convened next month |
| 8. Advocacy | | |
| 9. Budget, Roles, and Equipment | | |

Engagement Activities

Outreach to Community Groups

Shilshole Bay Marina residents and Dock Captains

Duwamish Valley Stakeholders

Harbor Island Stakeholders

Drayage Truck Companies and Drivers

Aviation Community Stakeholders

Airport Customer Service/Pathfinders

Homelessness advocates/service providers

City of Sea-Tac government

POSPD Survey / Engagement

111 surveys received out of
approximately 151 employees

Remote listening sessions for
officers, sergeants,
commanders, and non-
commissioned employees.

Identified Processes That Support Equity Goals

- De-escalation
- Procedural Justice
- Recognition of the sanctity of human life
- Accountability system that provides checks and balances
- Acknowledge value of continuous improvement

Policing Assessment Current Insights

Use of Force Insights

- Subcommittee focused on high-level values as well as technical changes to the policies and practices:
- Having the Mission and Vision Statements in the policy manual more clearly express:
 - Commitment to the sanctity of human life
 - Department's values of equity and fairness
 - Commitment to de-escalation and achieving the best possible outcome for all involved.
- Reviewed technical changes to strengthen the new de-escalation policy:
 - Clarifying the policy on providing medical treatment
 - Updating the reporting and review requirements
- Use of Force incidents average approximately 30 per year (32 incidents in 2020) :

Suspect Race	2017	2018	2019	2020
White	51%	52%	60%	31%
Black	44%	42%	30%	28%
Other	5%	6%	10%	3%
Unknown	0%	0%	0%	38%*

*12 incidents in 2020 were in a crowd control context in which the identities of the individuals were not available

Oversight, Accountability, Equity & Civil Rights Insights

- Technical changes can be made to improve transparency and accountability for external complainants
- Need for clarification of protocols between POSPD, HR and Workplace Responsibility for EEO concerns
- Differing viewpoints regarding the proper balance between the Port-wide consistency provided by mandatory HR review of written reprimands and higher level of discipline, vs. the supervising Sergeant's authority to document performance issues
- Police Civil Service Commission is authorized to review a suspension of 5 or more days, demotions, and discharges, but only 1 appeal to PCSC in 12 years; instead, discipline appeals pursued through CBA grievance process.

Mutual Aid Insights

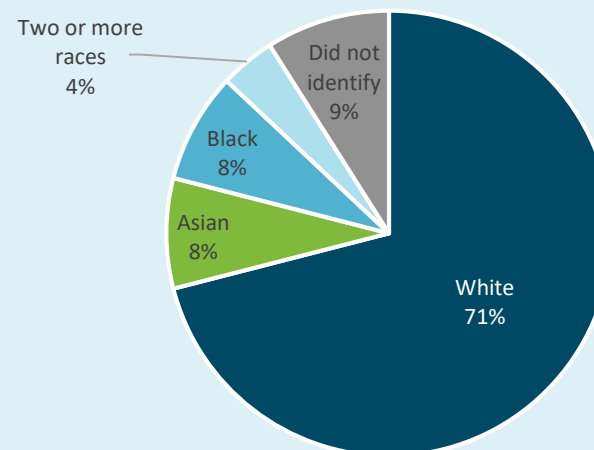
- Subcommittee focused on updating interlocal agreements to ensure consistent approaches to use of force, crowd management, and values
- Need for the POSPD to formalize its processes for ensuring that decisions to engage in mutual aid meets the POSPD and Port of Seattle values
- Explored the role of POSPD in after-action review for all mutual aid engagements to inform policy and training
- Noted that the POSPD does not have its own Crowd Management policy for events outside the mutual aid context

Diversity & Hiring

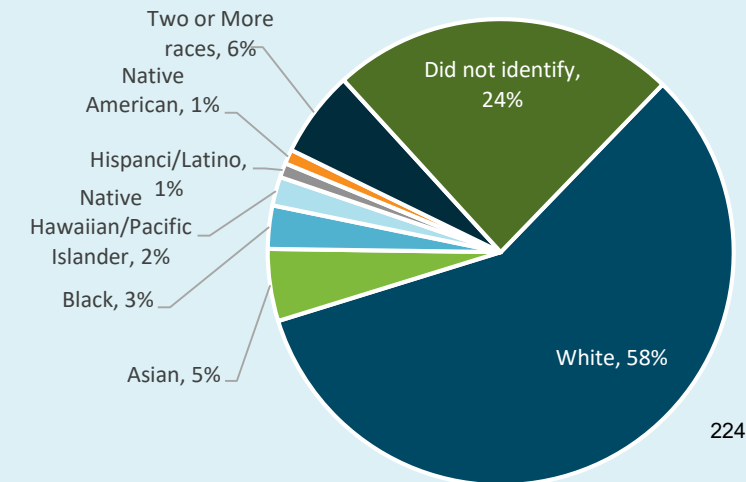
- Reviewing POSPD recruitment and hiring processes, commissioned staff demographic data, utilization and availability data, demographic data on the hiring process, and ways to consider and increase diversity
- Of hires 2018 - 2020, 20% were entry level and 80% were lateral (total of 28 lateral hires)
- Issues to consider
 - 25% of POSPD employees do not identify race/ethnicity unless mandatory (backgrounding)
 - Gender identification options across the Port are binary
 - Need to address the training budget if training recommendations are adopted
 - Need to balance advantages of lateral hires with potential unintended consequences

CURRENT DEMOGRAPHICS FOR POSPD COMMISSIONED STAFF

Command, includes Sergeants (80% Male)



Patrol Officers (90% Male)



Training & Development

- To-date, has reviewed
 - POSPD five-year training plan
 - Anti-bias training curriculum
 - Patrol Officer Training program
 - Promotional processes
- Noted that the POSPD's Patrol Officer Training program focuses on problem-based learning rather than just teaching competencies
- Concern expressed that POSPD only has on-line anti-bias training and does not have any training around "History of Policing"
- Subcommittee will also look at by communications protocols, both external and within the organization.

2021 State Legislative Session

- Utilized the Task Force and “kitchen cabinet” of Port and external advisors to evaluate state legislation
- Focused on sharing insights with Legislature related to the Port’s core policing principles and any areas aligned with subcommittee recommendations
- Key legislative changes:
 - Restricting the use of tear gas, choke holds, neck restraints and banning no-knock warrants.
 - Ensuring that police department arbitration procedures are not used to shield officers from accountability if they violate department guidelines.
 - Authorizing the state auditor’s office to review whether deadly force investigations followed procedures.
 - Requiring reasonable care when officers use force, including using de-escalation techniques.
 - Mandating the collection of data on police uses of force so the state can better understand how and when officers do so.

Questions?

APPENDIX

Commission Motion 2020-15

- Adopted on July 14, 2020
- Three directives:
 1. Endorsed immediate steps taken by Executive Director to reform Port police policies and practices such as an immediate ban on chokeholds and ensuring officers receive regular de-escalation training, bystander intervention and anti-discrimination training
 2. Directed a comprehensive assessment of the Port of Seattle Police Department to ensure alignment with the highest national standards and best practices related to policing
 3. Established a Commission Task Force on Port Policing and Civil Rights to lead the assessment and develop recommendations for action

Key Dates

- **By October 31, 2020** – First Task Force Progress Report and recommendations for immediate actions
- **Ongoing** – As recommendations are developed, the Task Force Co-Chairs shall submit a report to the Commission and Executive Director
- **By July 31, 2021** – Deliver Final Recommendations to Commission
- The Task Force **shall collect and review existing research, data, and best practices** from similar assessments and reports completed throughout the country, as well as remain coordinated with current local and state efforts in order to maximize efficiency and alignment.
- The Task Force **shall establish key metrics for evaluation of success for this process**, and metrics for measurement of progress toward any resulting recommendations.

Task Force Leadership

Task Force Co-Chairs

- Bookda Gheisar, Senior Director of Equity, Diversity and Inclusion
- Delmas Whittaker, Senior Manager of Fishing Vessel Services; President of the Port's chapter of Blacks in Government (BIG)

Task Force Commissioners:

- Commissioner Peter Steinbrueck
- Commissioner Ryan Calkins

Task Force Members

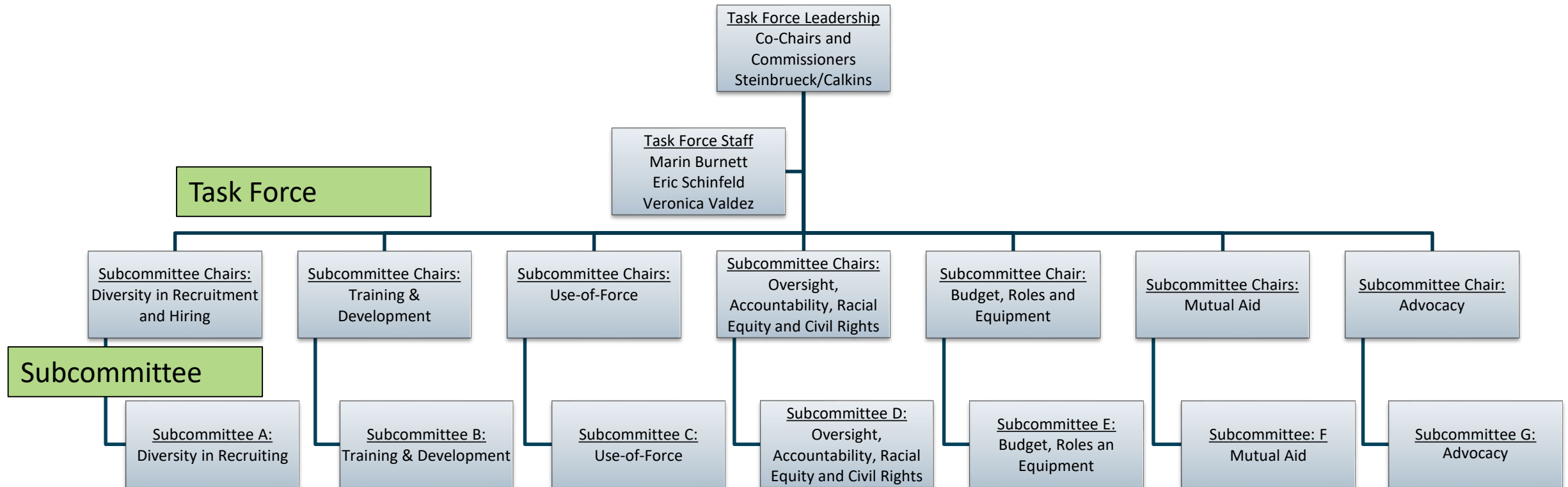
1. **Marin Burnett** – Port of Seattle, Strategic Initiatives, Strategic Planning Manager
2. **Milton Ellis** – Port of Seattle, Labor Relations, Labor Relations Manager
3. **Sean Gillebo** – Port of Seattle Police Department, Commander
4. **Monisha Harrell** – Equal Rights Washington, Chair
5. **John Hayes** – Seattle Police Department, Captain
6. **Jesse Johnson** – Washington State Representative
7. **Deborah Jacobs** – Consultant, Police Accountability
8. **Anne Levinson** – Retired Judge, Deputy Mayor, and police accountability Oversight Auditor
9. **Sofia Mayo** – Port of Seattle, Central Procurement Office, Senior Manager Service Agreements
10. **Sam Pailca** – Microsoft, Associate General Counsel, Office of Legal Compliance; Board Member of ACLU Washington
11. **Eric Schinfeld** – Port of Seattle, External Affairs, Senior Manager, Federal and International Government Relations
12. **Ericka Singh** – Port of Seattle Human Resources, Talent Acquisition Manager
13. **Jessica Sullivan** – REI, Corporate Security and Emergency Manager; retired Captain, King County Sheriff's Office
14. **Veronica Valdez** – Port of Seattle, Commission Office, Commission Specialist
15. **Michelle Woodrow** – Teamsters, Local 117, President and Executive Director
16. **Shaunie Wheeler** – Teamsters, Local 117, Political & Legislative Director Joint Council of Teamsters No. 28

Consultant

21CP Solutions

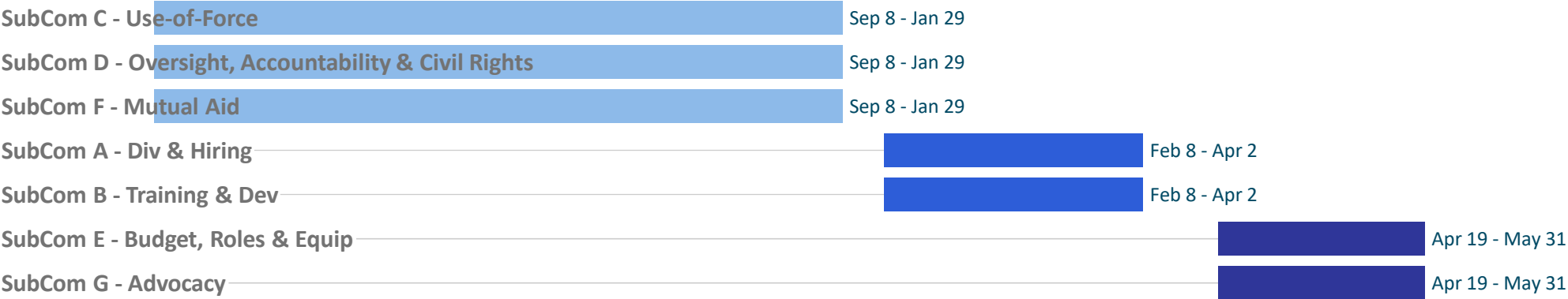
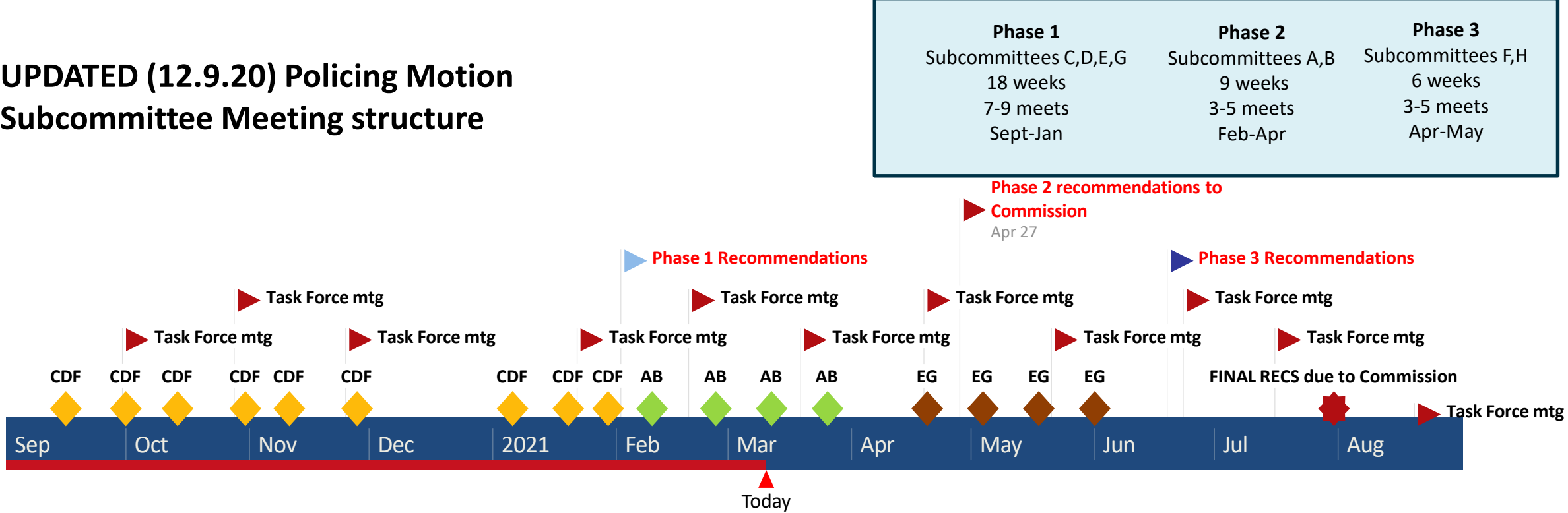
- Selected through a rigorous RFP process, 21CP was formed by members of President Obama's Task Force on 21st Century Policing
- 21CP Solutions “helps cities and communities effectively tackle the challenges of delivering safe, effective, just, and constitutional public safety services in the 21st Century.”
- Role of consultant:
 - Conduct analysis of police department policies, practices and programs
 - Facilitate subcommittee meetings
 - Prepare reports, minutes and recommendations

Task Force Structure



- Each member of the Task Force (excluding Commissioners, Co-Chairs and staffers) will lead a subcommittee

UPDATED (12.9.20) Policing Motion Subcommittee Meeting structure



Note: Due to anticipated variances in the complexity of certain issues, subcommittees have varying numbers of meetings. All timelines/dates are tentative. Subcommittees are activated at their allotted start time but may be disbanded before or after the estimated dates depending on necessity.

Use of Force Review

- 21CP requested and received all 90+ uses of force from 2018-2020 and has reviewed 50% of those cases in depth.
 - POSPD engages in de-escalation most of the time by communicating, calling additional resources, coordinating with medical services, and slowing the approach to suspects.
 - All but one case followed POSPD policy; most were reasonable, necessary, and proportional.
 - Four of the five cases that reviewers flagged as potentially not reasonable, necessary, and proportional were Lateral Vascular Neck Restraint applications that while compliant with the previous policy, were not properly considered under a deadly force standard. The elimination of this technique by the Resolution resolves this issue.
 - Over 50% of the uses of force were in the context of trespassing people from the terminal.
 - Almost 50% of the subjects of force were identified as a person in crisis; over 10% involved people who were later involuntarily committed.
 - POSPD reviews all uses of force through the Chief level, but reviewers noted that formalizing this process would help ensure consistency of review.

RETURN TO AGENDA