



COMMISSION REGULAR MEETING AGENDA (Revised Item 10e)

May 11, 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 +1 (425) 660-9954, and Conference ID 378 867 236#

ORDER OF BUSINESS

10:30 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)*

► 12:00 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 SENATE CONCURRENT RESOLUTION 8402 AND THE GOVERNOR'S PROCLAMATION 20-28 there will be no physical location for this meeting and the

PORT WILL NOT ACCEPT in-person, verbal comments during the regular meeting of May 11, 2022. 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, May 11, 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 Special Meetings of April 27, 2021. **(no enclosure) (p.4)**

8b. Approval of the Claims and Obligations for the period April 1, 2021, through April 30, 2021, including accounts payable check nos. 939197-939641 in the amount of \$4,044,427.93; accounts payable ACH nos. 034670-035397 in the amount of \$64,349,126.52; accounts payable wire transfer nos. 015584-015602 in the amount of \$11,093,991.36, payroll check nos. 198378-198631 in the amount of \$69,866.46; and payroll ACH nos. 1018131-1024487 in the amount of \$16,910,809.42 for a fund total of \$96,468,221.69. **(memo enclosed) (p.15)**

8c. Adoption 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. ([memo](#), [draft resolution](#), and [presentation enclosed](#)) (p.18)

- 8d. Adoption 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. ([memo](#), [draft resolution](#), and [presentation enclosed](#)) (p.77)
- 8e. Authorization in the Amount of \$1,164,000 for the Executive Director to (1) Complete Design and (2) Utilize Port Crews and a Small Works Contract to Construct the IAF Maintenance Path Fence Project at Seattle-Tacoma International Airport (SEA), for a Total Estimated Project Cost of \$1,214,000 (CIP # C801218). ([memo](#) and [presentation enclosed](#)) (p.126)
- 8f. Authorization for the Executive Director to (1) Authorize an Additional \$1,000,000 in Design Funding for the Proposed Fishermen’s Terminal Maritime Innovation Center to Complete Design and Permitting and (2) to Execute an Amendment to the Existing Service Agreement with Miller Hull Partnership, LLP for Fishermen’s Terminal Phased Design Services in the Amount of \$2,500,000; for a New Not-To-Exceed (NTE) Value of \$6,000,000 (CIP #C801084, U00414). ([memo enclosed](#)) (p.136)

9. UNFINISHED BUSINESS

10. NEW BUSINESS

- 10a. Industrial Development Corporation Annual Meeting – Approval of Minutes, Designation of Officers, and Annual Report for 2020. ([meeting materials](#) and [minutes enclosed](#)) (p.145)
- 10b. Introduction of Resolution No. 3789 and Setting of Second Reading on July 27, 2021, to Enact Minimum Wage and Worker Retention Requirements Applicable to Certain Employers Located at Seattle-Tacoma International Airport. ([memo](#) and [draft resolution enclosed](#)) (p.164)
- 10c. Authorization for the Executive Director to Execute a Contract to Establish a New Airport-wide Quality Assurance Program in the Amount of 1,360,000, for a Term of Five Years, that Will Provide Anonymous and Periodic Measurement, Reporting and Action-planning to Enhance Employee Engagement with Customers. ([memo](#) and [presentation enclosed](#)) (p.170)
- 10d. Authorization to (1) Waive the Competitive Solicitation Process per RCW 53.19.020(5) and Authorize the Executive Director to Execute an Amendment to the Current Port Jobs Contract for an Estimated Value of \$456,250 and Total Contract Value of \$4,881,250, and an Extension of the Contract for a Period up to Six Months through December 30, 2021; and (2) to Authorize the Executive Director to Execute a Contract for the Administrative Oversight, Management and Implementation of Day-to-Day Operations of the Seattle Tacoma International Airport (SEA Airport) Employment Center, the Provision of Workforce Development Services and Support for the Aviation Career Pathways Program for an Estimated Amount of \$10,485,000, and a Five-year Contract Term Plus Two One-year Options to Renew at the Port’s discretion. ([memo](#), [sample lease](#), [infographic](#), [sample license](#), [classroom schematic](#), [center office schematic](#), [Resolution No. 3776](#), and [presentation enclosed](#)) (p.184)
- 10e. Order No. 2021-05: Directing the Executive Director to Allocate up to \$2 million from the Covid-19 Emergency Fund to Support the Port of Seattle’s 2021 Opportunity Youth Initiative and Exempting all Related Contracts from the Requirements of Chapter 53.19 RCW. ([order](#) and [presentation enclosed](#)) (Revised) (p.258)

11. PRESENTATIONS AND STAFF REPORTS

- 11a. 2020 Workforce Development Annual Report ([memo](#), [appendix](#), [report](#), [recover better executive summary](#), [Resolution No. 3776](#), and [presentation](#) enclosed) (p.278)
- 11b. South King County Fund Recommendations Briefing ([memo](#) and [presentation](#) enclosed) (p.345)
- 11c. Q1 2021 Financial Performance Briefing ([memo](#), [report](#), and [presentation](#) enclosed) (p.363)

12. QUESTIONS on REFERRAL to COMMITTEE and CLOSING COMMENTS

13. ADJOURNMENT



P.O. Box 1209
Seattle, Washington 98111
www.portseattle.org
206.787.3000

APPROVED MINUTES COMMISSION SPECIAL MEETING APRIL 27, 2021

The Port of Seattle Commission met in a special meeting Tuesday, April 27, 2021. The meeting was held remotely in accordance with the Governor's 'Safe Start' order and Proclamation 20-28. Commissioners Bowman, Calkins, Cho, Felleman, and Steinbrueck were present.

1. CALL to ORDER

The meeting was convened at 11:30 a.m. by Commission President Fred Felleman.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110

The public meeting recessed into executive session to discuss two matters relating to litigation/potential litigation/legal risk (RCW 42.30.110(1)(i)) for approximately 25 minutes each, with the intention of reconvening the public session at 12:30 p.m. Following the executive session, which lasted approximately 55 minutes, the public meeting reconvened at 12:32 p.m. Commission President Felleman led the flag salute.

3. APPROVAL of the AGENDA

Without objection, the preliminary agenda was approved as amended with the removal of Item 8c from the Consent Agenda; Item 8c was addressed separately.

4. SPECIAL ORDERS OF THE DAY – None.

5. EXECUTIVE DIRECTOR'S REPORT

Executive Director Steve Metruck previewed items on the day's agenda and made announcements.

6. COMMITTEE REPORTS

Mr. Aaron Pritchard, Commission Specialist, provided a report regarding recently held committee meetings.

7. PUBLIC COMMENT

Public comment was received from the following individual(s):

- In lieu of spoken comment, Laura Gibbons, volunteer with 350 Seattle's Aviation Team, submitted written comments opining that SAF is just as bad as regular fuel with respect to aviation emissions; noting that Port staff have agreed that it is not possible to scale up SAF to the extent that they could compose a meaningful contribution to the Port's target of a 50 percent

reduction in Scope 3 greenhouse gas emissions by 2030. Written materials received are attached as minutes Exhibit A.

- In lieu of spoken comment, Sharla Dodd, resident, submitted written comments to advise that sustainable aviation fuels are not the solution to the Port's goal of eliminating greenhouse gas emissions because they have been proven to be at least as harmful to the atmosphere as conventional jet fuel and they are not scalable. Written materials received are attached as minutes Exhibit B.

8. CONSENT AGENDA

[Clerk's Note: Items on the Consent Agenda are not individually discussed. Commissioners may remove items for separate discussion and vote when approving the agenda.]

- 8a. Approval of the Minutes of the Regular Meeting of April 13, 2021.**
- 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).**

Request document(s) included an agenda memorandum.

- 8c¹. 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.**

Request document(s) included an agenda memorandum and presentation slides.

- 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)**

Request document(s) included an agenda memorandum.

- 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**

¹ Item 8c was removed from the Consent Agenda and addressed separately.

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).

Request document(s) included an agenda memorandum and presentation slides.

- 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).**

Request document(s) included an agenda memorandum and presentation slides.

The motion for approval of consent agenda items 8a, 8b, 8d, 8e, and 8f carried by the following vote: In favor: Bowman, Calkins, Cho, Felleman, Steinbrueck (5)

Opposed: (0)

ITEMS REMOVED FROM THE CONSENT AGENDA

- 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.**

Request document(s) included an agenda memorandum and presentation slides.

Commission Clerk Michelle Hart read Item 8c into the record.

Executive Director Metruck introduced the item and presenters.

Presenter(s):

Stephanie Meyn, Senior Environmental Program Manager, AV Environmental Programs Group

David Fujimoto, Senior Environmental Program Manager; and
Scott Cary, Engineering Project Manager, Applied Engineering Team NREL

Stephanie Meyn, David Fujimoto, and Scott Cary provided a staff report.

Commissioner Steinbrueck spoke regarding energy use per square foot, energy efficiency and prioritizing by building. He also spoke regarding the need to address energy efficiencies consistent with the goal of the Century Agenda and having a baseline on our current carbon footprint, including lighting.

Commissioner Bowman asked that the Energy and Sustainability Committee consider the audit, and that she would also like to see a budget item in this regard.

Discussion continued regarding receiving an annual update on the Port's greenhouse gas inventory and an annual timeline was the Port proceeds to achieve its goals.

The motion, made by Commissioner Steinbrueck, for approval of Item 8c carried by the following vote: In favor: Bowman, Calkins, Cho, Felleman, Steinbrueck (5)

Opposed: (0)

9. UNFINISHED BUSINESS ò None.

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.

Request document(s) included an agenda memorandum, draft resolution, and presentation slides.

Presenter(s):

Elizabeth Morrison, Director of Corporate Finance

Commission Clerk Michelle Hart read Item 10b into the record.

Executive Director Metruck introduced the item and presenters.

The presentation addressed:

- the sale and issuance of intermediate lien revenue bonds;
- multiple series based on federal tax status;
- funding of airport capital investments;
- refunding existing bonds;
- providing funding for related costs;
- bonds sold by the Port's underwriting team; and
- delegation limits.

The motion, made by Commissioner Bowman, for introduction of Resolution 3786, carried by the following vote: In favor: Bowman, Calkins, Cho, Felleman, Steinbrueck (5)

Opposed: (0)

- 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.

Request document(s) included an agenda memorandum, draft resolution, and presentation slides.

Presenter(s):

Elizabeth Morrison, Director of Corporate Finance

Commission Clerk Michelle Hart read Item 10c into the record.

Executive Director Metruck introduced the item and presenters.

The presentation addressed:

- the sale and issuance of first lien revenue bonds; and
- the purpose to refund existing first lien bonds issued in 2011 for an estimated \$5 million present value debt service savings;

The motion, made by Commissioner Bowman, for introduction of Resolution 3787, carried by the following vote: In favor: Bowman, Calkins, Cho, Felleman, Steinbrueck (5)

Opposed: (0)

- 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).

Request document(s) included an agenda memorandum and presentation slides.

Presenter(s):

James Jennings (JJ), Director, Aviation Business and Properties
Adam Olson, Capital Project Manager IV, AV Project Management Group
Dawn Hunter, Director, AV Commercial Management and Analysis

Commission Clerk Michelle Hart read Item 10d into the record.

Executive Director Metruck introduced the item and presenters.

The presentation addressed:

- the building expansion project;
- project purpose – to create the needed space for passengers and tenants in the Concourse C/D area to move towards an Optimum Level of Service;
- scope of work;
- airport dining and retail – vision for the project;
- project certainty and status; and
- authorization to accelerate the project delivery.

Members of the Commission and staff discussed:

- interest in seeing the energy system that will be implemented;
- hearing more about the project progression in the Energy and Sustainability Committee meetings;
- energy consumption of the design; and
- solar panel installation.

The motion, made by Commissioner Steinbrueck, for approval of Item 10d, carried by the following vote: In favor: Bowman, Calkins, Cho, Felleman, Steinbrueck (5)

Opposed: (0)

- 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.**

Request document(s) included an agenda memorandum and presentation slides.

Presenter(s):

James Jennings (JJ), Director, Aviation Business and Properties
Kris Casselman, Senior Development Manager, Aviation Capital Programs

Commission Clerk Michelle Hart read Item 10e into the record.

Executive Director Metruck introduced the item and presenters.

The presentation addressed:

- the program overview;
- key issues;
- areas of work;
- program scope;
- existing conditions;
- the proposed ticket lobby and checkpoint layout;
- the proposed lobby – Zone 6;
- estimated schedule;
- key project scope questions; and
- next steps.

Members of the Commission and staff discussed:

- the procurement process and Alaska Airlines partnership with labor;
- improvement in project delivery timeline;
- relocation of tenants in Zones 6 and 7; and
- putting the project through the sustainability framework.

The motion, made by Commissioner Cho, for approval of Item 10e, carried by the following vote: In favor: Bowman, Calkins, Cho, Felleman, Steinbrueck (5)

Opposed: (0)

11. PRESENTATIONS AND STAFF REPORTS

11a. Port Policing Assessment Progress Report

Presentation document(s) included an agenda memorandum and presentation slides.

Presenter(s):

Bookda Gheisar, Senior Director, Equity, Diversity, & Inclusion
Delmas Whittaker, Senior Manager Fishing Vessel Services, Fishing & Commercial Vessel
Management (Lead)
Marin Burnett, Strategic Planning Program Manager, Office of Strategic Initiative
Deborah Jacobs, Police Accountability Expert
Michael Villa, Acting Chief of Police, Police Department

Commission Clerk Michelle Hart read Item 11a into the record.

Executive Director Metruck introduced the item and presenters.

The presentation addressed:

- a progress update regarding the Commission Task Force on Policing and Civil Rights;
- areas for assessment;
- engagement activities;
- identified processes that support equity goals;
- use of force insights;
- oversight, accountability, equity, and civil rights insights;
- mutual aid insights;
- diversity and hiring;
- training and development; and
- 2021 State legislative session impacts on policing.

Members of the Commission and staff discussed:

- status of the assessment at the departmental level;
- bills in the session that necessitate the Port look at policy and procedural changes that may be needed as a result of the legislation;
- improving and maintaining public trust;
- how others in the region are approaching the topic;
- receiving annual reports from the police department regarding the status of policing;
- revisiting the reporting relationship of the Police Chief directly to the Executive Director;
- working with recommendations of the taskforce prior to the final report, with 2022 budget needs in mind;
- the Port having its own crowd management policies;
- more training related to human trafficking for law enforcement personnel;
- qualified immunity;
- if baseline numbers will be provided in the final report and then policies which will be implemented with regard to the use of force;
- how the Police Department compares with other departments;
- diversity in the Police Department with respect to hiring; and
- community outreach.

12. QUESTIONS on REFERRAL to COMMITTEE and CLOSING COMMENTS

Commissioner Calkins spoke regarding the launch of the Maritime High School, noting a current enrollment of 150 students. Enrollment is still currently available for the Eighth Grade.

Commissioner Felleman spoke regarding a successful legislative session and wished Commissioner Cho a happy birthday.

13. ADJOURNMENT

There was no further business and the meeting adjourned at 3:15 p.m.

Prepared:

Attest:

Michelle M. Hart, Commission Clerk

Sam H. Cho, Commission Secretary

Minutes approved: May 11, 2021.



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APPROVED MINUTES COMMISSION SPECIAL MEETING APRIL 27, 2021

The Port of Seattle Commission met in a special meeting Tuesday, April 27, 2021. The meeting was held remotely in accordance with Senate Concurrent Resolution 8402 and the Governor's Proclamation 20-28. Commissioners Bowman, Calkins, Cho, Felleman, and Steinbrueck were present.

1. CALL TO ORDER

Pursuant to RCW 42.30 and Article IV, Section 8, of the commission bylaws, the meeting convened at 9 a.m. to conduct a study session on sustainable aviation fuel (SAF).

2. PRESENTATIONS AND DISCUSSION

Presenters

Stephanie Meyn, Port Senior Environmental Program Manager
Kirk Myers, Sustainability Director, Alaska Airlines
Keith Taylor, Sustainable Aviation Fuel and Quality General Manager, Delta Airlines
Tom Michels, Government Relations Senior Manager, United Airlines
Julia Fidler, Senior Sustainability Program Manager, Microsoft
Jay Dessy, Strategy & Operations Manager, Breakthrough Energy
Port of Seattle Director of Governmental Relations, External Relations, Nate Caminos

Presentation Materials

SAF 101 Port Presentation
Alaska Airlines Presentation
Delta Airlines Presentation
United Airlines Presentation
Microsoft Presentation
Breakthrough Energy Presentation
Municipal Solid Waste to SAF Efforts Port Presentation

Members of the Commission received presentations from Port staff; from Alaska, Delta, and United Airlines; and from Microsoft and Breakthrough Energy, representing private sector SAF efforts.

Members of the Commission, staff, and external presenters discussed:

- a gap between market price and conventional fuel, noting that not all SAF is the same price;

Digital recordings of the meeting proceedings and meeting materials are available online – www.portseattle.org.

Minutes of April 27, 2021 special meeting, submitted for review on May 6, 2021, and proposed for approval on May 11, 2021.

- auxiliary power units on aircraft;
- areas where the Port should be advocating on a federal level with respect to SAF;
- each SAF process having its own economic drivers;
- looking at all ways and means of achieving the use of SAF;
- novel propulsion;
- increasing SAF efforts during the next Signatory Lease and Operating Agreement negotiation;
- incentivizing SAF production in Washington State;
- skepticism regarding the use of carbon offsets;
- people's desire to purchase SAF;
- possible increase to the Passenger Facility Charge to assist in the SAF effort;
- United Airline's EcoSkies Alliance program;
- the future of electrical power for short flights;
- Microsoft's timeline for commitments to SAF;
- Electric zero emissions trucks;
- Northwest feedstock's potential to meet the Port's SAF goals; and
- the Municipal Solid Waste Partnership Study with King County.

The Commission closed by receiving a legislative update from Port of Seattle Director of Governmental Relations, External Relations, Nate Caminos. Members of the Commission thanked Mr. Eric Fitch and the External Relations team for a successful legislative session, noting that the goal is production of SAF in Washington State.

Executive Director Metruck provided closing comments and the Commission President Felleman adjourned the meeting without objection.

3. ADJOURNMENT

There being no further business, the meeting adjourned at 11:09 a.m.

Prepared:

Attest:

Michelle M. Hart, Commission Clerk

Sam H. Cho, Commission Secretary

Minutes approved: May 11, 2021

**COMMISSION
AGENDA MEMORANDUM**

Item No. 8b

ACTION ITEM

Date of Meeting May 11, 2021

DATE: May 4, 2021
TO: Steve Metruck, Executive Director
FROM: Duane Hill, AFR Senior Manager Disbursements
SUBJECT: Claims and Obligations – April 2021

ACTION REQUESTED

Request Port Commission approval of the Port Auditor's payment of the salaries and claims of the Port pursuant to RCW 42.24.180 for payments issued during the period April 1 through 30, 2021 as follows:

Payment Type	Payment Reference Start Number	Payment Reference End Number	Amount
Accounts Payable Checks	939197	939641	\$ 4,044,427.93
Accounts Payable ACH	034670	035397	\$ 64,349,126.52
Accounts Payable Wire Transfers	015584	015602	\$ 11,093,991.36
Payroll Checks	198378	198631	\$ 69,866.46
Payroll ACH	1018131	1024487	\$ 16,910,809.42
Total Payments			\$ 96,468,221.69

Pursuant to RCW 42.24.180, "the Port's legislative body" (the Commission) is required to approve in a public meeting, all payments of claims within one month of issuance.

OVERSIGHT

All these payments have been previously authorized either through direct Commission action or delegation of authority to the Executive Director and through his or her staff. Detailed information on Port expenditures is provided to the Commission through comprehensive budget presentations as well as the publicly released Budget Document, which provides an even greater level of detail. The Port's operating and capital budget is approved by resolution in November for the coming fiscal year, and the Commission also approves the Salary and Benefit Resolution around the same time to authorize pay and benefit programs. Notwithstanding the Port's budget approval, individual capital projects and contracts exceeding certain dollar thresholds are also subsequently brought before the Commission for specific authorization prior to commencement of the project or contract if they are below the thresholds the Executive Director is delegated authority to approve them. Expenditures are monitored against budgets monthly by management and reported comprehensively to the Commission quarterly.

Meeting Date: May 11, 2021

Effective internal controls over all Port procurement, contracting and disbursements are also in place to ensure proper central oversight, delegation of authority, separation of duties, payment approval and documentation, and signed perjury statement certifications for all payments. Port disbursements are also regularly monitored against spending authorizations. All payment transactions and internal controls are subject to periodic Port internal audits and annual external audits conducted by both the State Auditor's Office and the Port's independent auditors.

For the month of April 2021, over \$79,487,545.81 in payments were made to nearly 656 vendors, comprised of 2,304 invoices and over 7,085 accounting expense transactions. About 92 percent of the accounts payable payments made in the month fall into the Construction, Employee Benefits, Contracted Services, Janitorial Services, Payroll Taxes, Leasehold Taxes, Public Expense and Utility Expenses expense categories. Net payroll expense for the month of April was \$16,980,675.88. The following chart summarizes the top expense categories by total spend.

Top 15 Payment Category Summary:	
Category	Payment Amount
Construction	42,802,651.15
Employee Benefits	8,660,493.44
Contracted Services	4,776,236.94
Janitorial Services	4,384,049.38
Payroll Taxes	4,332,078.40
Leasehold Taxes	3,138,840.60
Public Expense	2,731,562.64
Utility Expenses	2,398,286.52
Sales Taxes	754,733.04
Maintenance Inventory	672,187.37
Software	647,454.35
Janitorial Supplies	575,298.39
Bond Fees	430,307.57
Computers & Telephone	426,377.66
Environmental Remediation	393,259.96
Other Categories Total :	2,363,728.40
Net Payroll	16,980,675.88
Total Payments	\$96,468,221.69

Meeting Date: May 11, 2021

Appropriate and effective internal controls are in place to ensure that the above obligations were processed in accordance with Port of Seattle procurement/payment policies and delegation of authority.



Lisa Lam/Port Auditor

At a meeting of the Port Commission held on May 11, 2021 it is hereby moved that, pursuant to RCW 42.24.180, the Port Commission approves the Port Auditor's payment of the above salaries and claims of the Port:

Port Commission

**COMMISSION
AGENDA MEMORANDUM**

Item No. 8c

ACTION ITEM

Date of Meeting May 11, 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 Adoption 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.

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- 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

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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

April 27, 2021 – Resolution 3786 was introduced to the Commission
October 27, 2020 – The Commission was briefed on the Draft Plan of Finance

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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

May 11, 2021

Request Adoption 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

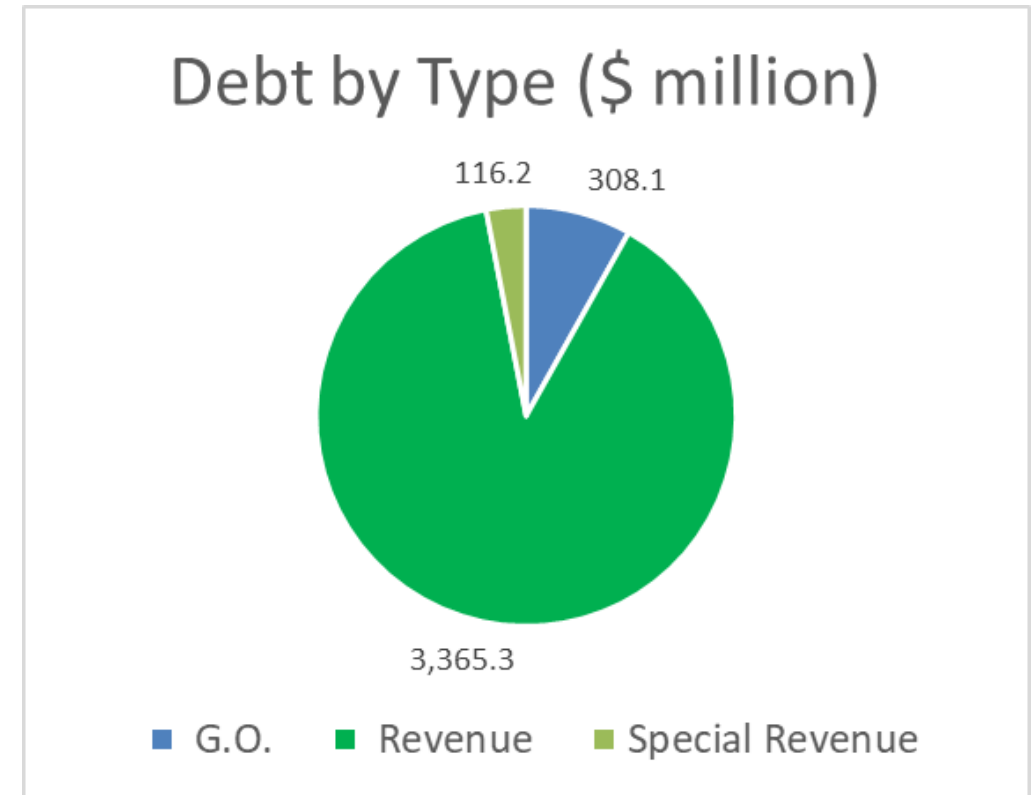
- Similar in all material respect to other Intermediate Lien resolutions
 - Pursuant to Intermediate Lien Master Resolution
 - Provides delegation to Executive Director to approve bond sale
- Provides funding for related costs
- Bonds will be sold by Port underwriting team
- Delegation Limits:
 - Maximum 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.

8d

ACTION ITEM

Date of Meeting

May 11, 2021

DATE: April 22, 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

Adoption 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: May 11, 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

April 27, 2021 – Resolution 3787 was introduced to the Commission
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]

UNITED STATES OF AMERICA

NO. _____ \$ _____

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

May 11, 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. 8e

ACTION ITEM

Date of Meeting May 11, 2021

DATE: April 30, 2021

TO: Stephen P. Metruck, Executive Director

FROM: Wendy Reiter, Director, Aviation Security
Wayne Grotheer, Director Aviation Project Management

SUBJECT: International Arrivals Facility (IAF) Maintenance Path Fence (C801218)

Amount of this request: \$1,164,000

Total estimated project cost: \$1,214,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to (1) complete design and (2) utilize Port crews and a small works contract to construct the IAF Maintenance Path Fence project at Seattle-Tacoma International Airport (SEA). This single authorization is for \$1,164,000 of a total estimated project cost of \$1,214,000.

EXECUTIVE SUMMARY

The International Arrivals Facility (IAF) project installed a maintenance pathway from the arrivals sidewalk to facilitate exterior facility maintenance. The location of the maintenance pathway is in close proximity to roadways and tunnels. This creates a safety and security concern of unwanted pedestrian activity accessing secured areas and roadways and tunnels not designed to facilitate pedestrian traffic. This project will install a security fence along the outside edge of the maintenance pathway, remove the temporary bus turnaround and restore the area adjacent to the terminal curbside.

JUSTIFICATION

This project will support the Century Agenda goal to advance this region as a leading tourism destination and business gateway by meeting the region's air transportation needs through delivering vital facilities and infrastructure in a sustainable and cost-effective manner. This project will help ensure the safety and security of facilities, passenger, contractors and employees at SEA.

Meeting Date: May 11, 2021

Diversity in Contracting

Design will be completed by Port Engineering. Port Construction Services (PCS) will complete all construction except for the permanent fence. PCS will manage a small works contract for the permanent fence. Port Construction Services (PCS) will work with Diversity in Contracting department to conduct outreach and will set appropriate aspirational goals for women and minority business enterprises (WMBE) participation.

DETAILS

The project is located within the current project limits of the IAF project. Construction will not be able to start until the IAF project completes work in the area. Temporary fencing will be required in order to maintain security once the IAF project removes their construction fencing.

Port Engineering will provide all design support. PCS will provide all construction management support and perform most of the work. A small works contract will provide and install permanent fence.

Scope of Work

The project will install an eight-foot tall gated fence that would be located along the eastern edge of the IAF maintenance pathway. The temporary bus turnaround area would have a wall placed along its eastern edge, then be regraded to address safety concerns and restoring it to pre-IAF condition. The fence would be architectural anti-climb fencing, and the slope would be replanted, both to Landscape Master Plan standards.

Schedule

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

Cost Breakdown

	This Request	Total Project
Design	\$481,000	\$481,000
Construction	\$733,000	\$733,000
Art (Transfer to Art CIP)	(\$12,000)	(\$12,000)
Total	\$1,202,000	\$1,202,000

Meeting Date: May 11, 2021

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Defer scope to later projects or no action

Cost Implications: \$0

Pros:

- (1) Zero costs

Cons:

- (1) Does not address immediate security concern
- (2) Does not address temporary bus turnaround safety concern

This is not the recommended alternative.

Alternative 2 – Install interim fence, remove temporary bus turnaround and defer permanent fence.

Cost Implications: \$950,000

Pros:

- (1) Lower costs option
- (2) Partially meets immediate need

Cons:

- (1) Does not represent long term solution
- (2) Not determined how long temporary fence would remain in place
- (3) Would not be as aesthetically pleasing or meet landscape master plan.

This is not the recommended alternative.

Alternative 3 – Install permanent fence and remove temporary bus turnaround

Cost Implications: \$1,214,000

Pros:

- (1) Long term solution
- (2) Would be aesthetically pleasing
- (3) Addresses safety concern by removing temporary bus turnaround

Cons:

- (1) Highest costs

This is the recommended alternative.

Meeting Date: May 11, 2021

FINANCIAL IMPLICATIONS

<i>Cost Estimate/Authorization Summary</i>	Capital	Total
COST ESTIMATE		
Original estimate	\$1,214,000	\$1,214,000
Art (Transfer to Art CIP)	(\$12,000)	(\$12,000)
Revised Total	\$1,202,000	\$1,202,000
AUTHORIZATION		
Previous authorizations	\$50,000	\$50,000
Current request for authorization	\$1,164,000	\$1,164,000
Total authorizations, including this request	\$1,214,000	\$1,214,000
Remaining amount to be authorized	\$0	\$0

Annual Budget Status and Source of Funds

This project, CIP C801218, was not included in the 2021-2025 capital budget and plan of finance. A budget of \$1,214,000 was transferred from the Aeronautical Reserve CIP (C800753) resulting in zero net change to the Aviation capital budget. Of that, \$12,000 will be transferred into the Art Pool (C102066) pending this request. The funding source will be the Airport Development Fund (ADF).

Financial Analysis and Summary

Project cost for analysis	\$1,202,000
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	Less than \$.01 in 2023

Future Revenues and Expenses (Total cost of ownership)

This project will not have a significant impact on Aviation Maintenance annual operating and maintenance (O&M) costs performed by the field crew for the fencing, gates and retaining wall.

ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None

IAF Path Maintenance Fence

Design and Construction
Authorization

Project Scope

Scope Items:

- Temporary construction fence
- 8' Tall Security Anti-Climb Fence
- Removal of existing temporary bus turnaround
 - Associated grading, retaining wall, landscaping



Existing Facility Conditions



Temporary Bus Turnaround



Fence Terminus



Maintenance Path and IAF

Project Budget and Schedule

No changes in project budget.

Original Budget: \$ 1,214,000

Revised Budget: \$ 1,214,000

Key Schedule Milestones:

- Design Complete: Q3 2021
- Construction Start Q4 2021
- In-Use Date Q2 2022



Lessons Learned from Previous Projects

Past Lesson Learned	Project Application
Slope was too steep to support landscaping improvements	Building a retaining wall to reduce slope steepness
No access control standards for fencing	Confirmed gates and locks will be manually operated - no access control included

Project Risks

Risk	Description	Probability	Impact	Mitigation Plan
IAF removes temporary fence	IAF removing temporary fence would leave the area unsecured	High	Low	PCS is coordinating with IAF project and will install temporary fencing
IAF schedule delay	IAF delays would delay construction of this project	Medium	Medium	Coordinating schedule with IAF project

[RETURN TO AGENDA](#)



**COMMISSION
AGENDA MEMORANDUM**

Item No. 8f

ACTION ITEM

Date of Meeting May 11, 2021

DATE : April 16, 2021

TO: Stephen P. Metruck, Executive Director

FROM: Dave McFadden, Managing Director Economic Development
Stephanie Jones Stebbins, Managing Director Maritime
Kyra Lise, Director Real Estate Development
Elena Franks, Capital Project Manager

SUBJECT: FT Maritime Innovation Center and Service Agreement for FT Phased Design Services

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

Total estimated program cost: Maritime Innovation Center: \$19,800,000
General Site Improvements: \$3,300,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to (1) authorize an additional \$1,000,000 in design funding for the proposed Fishermen's Terminal Maritime Innovation Center (C801084, U00414) to complete design and permitting; and (2) to execute an amendment to the existing service agreement with Miller Hull Partnership, LLP for Fishermen's Terminal Phased Design Services in the amount of \$2,500,000; for a new Not-To-Exceed (NTE) value of \$6,000,000. No request for funding is associated with this authorization.

EXECUTIVE SUMMARY

Design Funding for Maritime Innovation Center

The design and permitting on the Fishermen's Terminal (FT) Maritime Innovation Center (MInC) includes completing the renovation and historic restoration of the Port's former Seattle Ship Supply Building to house the approximately 15,000 square-foot home port business incubator to support the work of the Maritime Blue Accelerator program in formal partnership with the State of Washington's Department of Commerce, grantor of \$5 million towards its construction. The total project cost for the Maritime Innovation Center is currently estimated at \$19,800,000.

The approval of the requested funding for the proposed FT MInC will enable the Port to complete the design required for submission to permitting departments and agencies to make the project ready for bid and construction.

Meeting Date: May 11, 2021

Amendment to The Service Agreement

In accordance with prior Commission authorizations, Miller Hull Partnership LLC, the design consultant for the Fishermen’s Terminal Development program, has completed a 60% level design for the projects under the Service Agreement for Fishermen’s Terminal Phased Design Services. The current contract’s NTE is \$3,500,000 and does not account for the Site Improvements project, as defined upon 60% design completion (2021_03_23_RM_10b), nor for the Maritime Innovation Center with the Living Building Challenge requirements and associated “best” performance targets, which were established during 60% Design Development (2020_12_08_RM_10a).

The Service Agreement was conceived as a Phased Design Services contract. Therefore, its original and former NTE amounts were estimates for the Phase of work that was being presented at the time, and it did not capture all phases of design through support during construction. To this point, the initial estimated design cost for the redevelopment was \$7 million (2016_12_13_RM_3c) and was meant to cover design of Gateway Building (the original warehouse concept) and the West Wall Building.

The addition to the contract value at this time is needed to complete the remaining phases of design on the MInC and Site Improvements projects. As a result, the contract must be amended for additional capacity in the amount of \$2,500,000, which will increase Miller Hull’s FT Phased Design Services contract to \$6,000,000. This will allow Miller Hull to provide design services for FT Redevelopment projects, which include the MInC and Site Improvements.

JUSTIFICATION***Design Funding for Maritime Innovation Center***

Additional funding is needed to address the project cost change due to recent scope additions, which include a set of mitigation strategies identified during the Risk Analysis performed at 60% Design that are aimed at reducing risks specific to the age of the existing structure as well as to the Living Building Challenge (LBC) requirements. Such strategies have the potential to reduce the incidence of change orders during construction, therefore accelerating completion.

The cost estimate has also been updated for escalation increases triggered by wage inflation and expected skilled labor shortages projected for 2022. Lastly, the requested funding includes the cost of design support services during bid.

Amendment to The Service Agreement

The ability to continue work on the Maritime Innovation Center and the Site Improvements is dependent on the contract’s amendment of the NTE value. Therefore, design progress is on hold for both projects until the amendment is authorized and executed.

Meeting Date: May 11, 2021

Diversity in Contracting

The project team is working with the Port's Diversity in Contracting Department to set Women/Minority Business Enterprise (WMBE) aspirational goals for both the MInC and the Site Improvements projects.

In pursuing the LBC credential, the Maritime Innovation Center project will satisfy performance areas that include Equity and Inclusion, with diversity in contracting being one of the metrics. The Equity-based LBC compliance items are thus also expected to help us achieve the Port's commitment to increasing the utilization of WMBE businesses in its contracting processes.

DETAILS

With respect to the overall progress of the FT Redevelopment Program, since last coming before the Commission in March, the Port has made the following progress:

- The Maritime Innovation Center cleared the second cycle of the Shoreline Substantial Development Permit (SSDP) review without corrections.
- Requested to earmark \$3M in federal funding for Fiscal Year 2022 (10/1/21-9/30/22 period) for the Maritime Innovation Center.
- Exploring Economic Development Administration (EDA) funding opportunities for the Maritime Innovation Center and planning to submit an application package in June.
- Completed 60% Design risk analysis and modeling for the Maritime Innovation Center and Site Improvements.
- Presented FT Redevelopment Program updates to the North Seattle Industrial Association and the Neighbors Advisory Committee.
- Hosted a FT Redevelopment Program Virtual Open House (100+ registered attendees).

Design Funding for Maritime Innovation Center

Elements that have contributed to the Maritime Innovation Center's project cost include, but are not limited to:

- (1) Escalation adjustment triggered by wage inflation and expected skilled labor shortages projected for 2022.
- (2) Inclusion of design support through the bid process effort, with an enhanced submittal and pre-construction process, as part of the contracting mitigation strategies planned to reduce the risk carried by LBC requirements.
- (3) Loss of design-related workflow and deliverable production efficiencies formerly realized by combining the MInC and Site Improvements with the larger, more conventional ground-up construction of the Gateway and Public Street Improvements projects. These efficiencies are no longer able to be realized with the smaller, more complex revitalization of the MInC to Living Building Challenge Standards as a standalone project.
- (4) Need for a conceptual management plan for construction staging, phasing, and laydown to integrate salvaged materials and/or specifying new materials and sources, depending on available quantities, now changed due to partially relying on the buildings that were to be demolished as part of the Gateway development, now paused.

Meeting Date: May 11, 2021

- (5) Need for coordination and integration of bore field test findings to finalize the Ground Source Heat Pump (GSHP) mechanical system.
- (6) Need to perform environmental investigations and testing to verify soil contamination levels.
- (7) Need to perform a 3-D laser scan (LiDAR) to effectively survey the dimensions of existing structural elements to remain, and consequent adjustments to structural and architectural design based on scan findings.
- (8) Need to reconfigure and develop electrical specifications; integrate new fiber optic backbone cabling and security standards.

The Site Improvements project does not need additional funding to complete design and permitting at this time.

Staff will return to the Commission once the projects are fully designed to request authorization for advertisement for construction bids, as well as construction funding for the proposed MInC (U00414) and the Site Improvements (U00320) projects.

Amendment to The Service Agreement

The professional design and permitting services provided by the service agreement with Miller Hull Partnership LLP for Fishermen's Terminal Phased Design Services presently serve the following work:

- (1) Permitting and construction of the Maritime Innovation Center (C801084, U00414).
- (2) Permitting and construction of the general site improvements (C801211, U00320).
- (3) Shelve the Gateway Building project (C800525, U00412).
- (4) Shelve the Public Street Improvements project (U00418) associated with the Gateway.

All four projects have reached a 60% design threshold by consulting architect Miller Hull. Commission approval of this action will allow design to continue on the MInC and Site Improvements projects and will require presentation before the Commission for construction authorization as early as the 2nd quarter of 2022.

The service agreement has bid support as part of construction support. The amendment will also change this, by shifting the bid support scope to the design phase, thus allowing to seamlessly extend Miller Hull's services through a critical phase for risk mitigation strategy and LBC requirements.

Schedule

The schedule below pertains to the MInC and site improvement projects, which are progressing towards completion of design and permitting phase.

Meeting Date: May 11, 2021

Activity

Commission design authorization (initial FT Redevelopment)	2016 Quarter 4
Design start	2019 Quarter 2
Commission construction authorization	2022 Quarter 2
Construction start	2023 Quarter 1
In-use date	2024 Quarter 2

Cost Breakdown

	This Request	Total Project
Design		
MInC Building	\$1,000,000	\$3,150,000
Site Improvements	\$0	\$1,525,505
Construction		
MInC Building	\$0	\$16,650,000
Site Improvements	\$0	\$1,774,495
Total		
MInC Building	\$0	\$19,800,000
[does not account for \$5M State grant]		
Site Improvements	\$0	\$3,300,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do nothing – Do not approve the two actions that allow to complete proposed MInC and Site Improvements projects.

Pros:

- (1) Retains Port capital for other priority projects and financial initiatives.
- (2) Avoids temporary construction impacts to existing fishing and upland tenant business operations.

Cons:

- (1) Missed opportunity to implement FT Long-Term Strategic Plan objectives of supporting fishing and maritime clusters as the sector begins to recover from the recession caused by the COVID-19 pandemic.
- (2) Loss of \$5 million grant funds from Washington State Department of Commerce towards the construction of the MInC.
- (3) Missed opportunity for partnering with Washington Maritime Blue in creating FT based hub for regional innovation initiative and achieve Port objectives of advancing maritime industry through innovation and modernization.
- (4) Missed opportunity to enhance public awareness and enjoyment of Fishermen's Terminal.

This is not the recommended alternative.

Meeting Date: May 11, 2021

Alternative 2 – Do not approve the two requested actions and postpone MInC and site improvement projects until economic conditions are more predictable.

Pros:

- (1) Retains Port capital for other priority projects and financial initiatives.
- (2) Enables factoring of more exact economic condition information into project approval decision.
- (3) Delays temporary construction impacts to existing fishing and upland tenant business operations.

Cons:

- (1) Likely higher cost of completing construction bid documents due to delay and restarting remaining design and permitting process at future point.
- (2) Potential missed opportunity to capitalize on market and implement FT Long-Term Strategic Plan objectives of supporting fishing and maritime clusters as the sector begins to recover from the recession caused by the COVID-19 pandemic.
- (3) Loss of \$5 million grant funds from Washington State Department of Commerce towards the construction of the MInC.
- (4) Potential missed opportunity for partnering with Washington Maritime Blue in creating FT based hub for regional innovation initiative and achieve Port objectives of advancing maritime industry through innovation and modernization.
- (5) Potential missed opportunity to capitalize on market and to enhance public awareness and enjoyment of Fishermen's Terminal.

This is not the recommended alternative.

Alternative 3 – Approve design funding to complete proposed MInC; approve the Service Agreement amendment to complete MInC and Site Improvements.

Pros:

- (1) Implementation of FT Long-Term Strategic Plan objectives of supporting fishing and maritime clusters as well as improving long-term financial viability of FT.
- (2) Creation of FT based hub, in financial partnership with the State of Washington, for regional innovation initiative and achieve Port objectives of advancing maritime industry through innovation and modernization.
- (3) Addition of major maritime business tenant(s) and needed light industrial space within the Ballard Interbay area.
- (4) Redevelopment of existing vacant and dilapidated facility areas and make an architectural statement at site entrance.
- (5) Enhancement of public awareness and enjoyment of Fishermen's Terminal.
- (6) Support the creation of many new jobs in the maritime/manufacturing sector.

Cons:

- (1) Requires major Port investment of funds.
- (2) Creates temporary construction impacts to existing fishing and tenant business operations.

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- (3) Moving this project forward at this time during unprecedented market uncertainty is an inherit risk we must manage by evaluating market information on an ongoing basis.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

<i>Cost Estimate/Authorization Summary</i>	Capital	Expense	Total
COST ESTIMATE			
Previous Estimate			
MInC Building	\$18,000,000	\$0	\$18,000,000
Site Improvements	\$3,300,000	\$0	\$3,300,000
Current Change			
MInC Building	\$1,800,000	\$0	\$1,800,000
Site Improvements	\$0	\$0	\$0
Revised estimate			
MInC Building	\$19,800,000	\$0	\$19,800,000
FT Site Improvements	\$3,300,000	\$0	\$3,300,000
AUTHORIZATION			
Previous authorizations			
MInC Building	\$2,150,000	\$0	\$2,150,000
Site Improvements	\$1,525,505	\$0	\$1,525,505
Current request for authorization			
MInC Building	\$1,000,000	\$0	\$1,000,000
Site Improvements	\$0	\$0	\$0
Total authorizations, including this request	\$4,675,505	\$0	\$4,675,505
Remaining amount to be authorized			
MInC Building	\$16,650,000	\$0	\$16,650,000
FT Site Improvements	\$1,774,495	\$0	\$1,774,495

Annual Budget Status and Source of Funds

The MInC project was included in the 2021 Plan of Finance under C801084 FT Maritime Innovation Center with a total project cost of approximately \$16,000,000. Additional funding will be covered by the deferred spending on C800525 FT Gateway Building and C800002 Maritime Reserve.

The Site Improvements project was not included in the 2021 Plan of Finance. Per the authorization received on 3/23/2021, it will be included in the draft 2022 Capital Plan under the new CIP C801211 with a total project cost of approximately \$3,300,000. Funding for this project will come from deferred spending on C800525 FT Gateway Building.

Meeting Date: May 11, 2021

Both projects will be funded by the Tax Levy. The Maritime Innovation Center has received a \$5 million contribution towards construction from the State of Washington’s Department of Commerce.

Financial Analysis and Summary

Project cost for analysis	
MInC Building	\$19,800,000
FT Site Improvements	\$3,300,000
Business Unit (BU)	Maritime Portfolio Management
Effect on business performance (NOI after depreciation)	Forecasted NOI from the Maritime Innovation Center provided to Commission upon design completion and construction authorization. Both MInC and FT Site Improvements are expected to increase depreciation expense by over \$500K per year.
IRR/NPV (if relevant)	
CPE Impact	

ADDITIONAL BACKGROUND

Sustainable Evaluation Framework

The FT Redevelopment program was identified as a priority pilot project for the Sustainable Evaluation Framework. Miller Hull Partnership was hired to serve as designer and sustainability facilitator. Three meetings were held in August and September between consultants and the Port of Seattle project staff to create a project vision and identify opportunities. An eco-charette was held on October 10, 2019 with various representatives from across the Port to identify preferred project goals, targets, and priorities. The identified goals and strategies through the charette were innovation, resilience, jobs/workforce, legacy/future, water, energy, carbon, and health/materials.

Project goals and strategies were incorporated into design alternatives and evaluated further. The sustainable design goals, alternatives, and recommendations were presented to project Sponsors and to the Energy and Sustainability Committee on June 16th. Based on the recommended design strategies, the MInC is targeting the Living Building Challenge Living Certification.

The project team is moving forward with refining design and costs. Further design decisions will be incorporated into a final “Sustainable Design Strategy” for both projects and will be provided to Commission during construction authorization.

ATTACHMENTS TO THIS REQUEST

None

Meeting Date: May 11, 2021

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

March 23, 2021 – Commission authorized Design and Permitting completion of the FT Site Improvements (U00320) Under the New CIP C801211, utilizing \$1,525,505 in formerly authorized funding for the Gateway Building.

December 8, 2020 – Commission authorized Construction of the MInC as the condition for executing the Interagency Agreement with Washington State Department of Commerce to allow the acceptance of a \$5M grant towards its construction.

May 14, 2019 – Commission authorized \$1,850,000 design funding and an amendment to the Fishermen’s Terminal Phased Design Services contract, with Miller Hull Partnership LLP, for \$1,000,000 for final planning, design, and permitting for the Maritime Innovation Center.

January 22, 2019 – The Commission authorized an additional \$1,800,000 in design funding for FT Gateway Building improvements, and the execution of an amendment to the existing Architectural/Engineering Services contract for FT Redevelopment for \$1,000,000 to complete the final planning, design and permitting of the Gateway Building and FT Site Improvements.

January 8, 2019 – Commission received a briefing regarding Maritime Blue Plan and the Maritime Innovation Center.

September 26, 2017 – The Commission authorized \$1,325,000 construction funding for the demolition of the existing bank building and Net Sheds 7 and 8. This work has not yet been advertised for bids, per direction by the Commission, pending finalization of a Gateway Building tenant lease agreement.

December 13, 2016 –Commission authorized an initial \$3,000,000 for the Fishermen’s Terminal Redevelopment program planning and design; the total preliminarily estimated design cost was \$7,000,000.

May 17, 2016 - Commission received a briefing on the planning strategies comprising the Fishermen’s Terminal Long-Term Strategic Plan.

October 27, 2015 - Commission received a briefing about the progress of the stakeholder outreach program for the Fishermen’s Terminal Long-Term Strategic Plan.

August 11, 2015 - Commission received a briefing on the proposed scope and goals in advance of the launch of the planning process.

RETURN TO AGENDA

**THE INDUSTRIAL DEVELOPMENT CORPORATION
OF THE PORT OF SEATTLE**

NOTICE OF A SPECIAL MEETING

A Special Meeting of the Industrial Development Corporation of the Port of Seattle will be held virtually on Tuesday, May 11, 2021, via MS Teams in accordance with Senate Concurrent Resolution 8402 and the Governor's Proclamation 20-28, during a recess of the Port of Seattle Commission Regular Meeting, which convenes at 12:00 p.m. The Agenda includes:

1. Approval of the proposed minutes of the Industrial Development Corporation of the Port of Seattle Special Meeting of May 26, 2020.
2. Approval of the Industrial Development Corporation of the Port of Seattle Board of Directors and Officers for 2021.
3. Review, as needed, of the Annual Report for the Industrial Development Corporation for year ending December 31, 2020.
4. Attachment for reference: Overview of the Industrial Development Corporation and Frequently Asked Questions (FAQs).

Adjournment of the Annual Meeting of the Industrial Development Corporation of the Port of Seattle.

INDUSTRIAL DEVELOPMENT CORPORATION AGENDA

Item No.	<u>1</u>
Date of Meeting	<u>May 11, 2021</u>

DATE: April 9, 2021

TO: Steve Metruck, Executive Director

FROM: Scott Bertram, Manager – Corporate Finance & Budget

SUBJECT: Approval of the Proposed Minutes of the Industrial Development Corporation of the Port of Seattle Meeting of May 26, 2020

ACTION REQUESTED:

Request Board approval of the proposed minutes of the Industrial Development Corporation of the Port of Seattle meeting of May 26, 2020. Draft minutes have been circulated to the Board of Directors and approved minutes will be posted to the Port's website.

INDUSTRIAL DEVELOPMENT CORPORATION AGENDA

Item No.	<u>2</u>
Date of Meeting	<u>May 11, 2021</u>

DATE: April 9, 2021

TO: Steve Metruck, Executive Director

FROM: Scott Bertram, Manager – Corporate Finance & Budget

SUBJECT: Election of Officers

REQUESTED ACTION:

Request Board approval of the Industrial Development Corporation of the Port of Seattle Board of Directors and Officers for 2021.

BACKGROUND:

In accordance with the Bylaws for the Industrial Development Corporation of the Port of Seattle, the following is a list of the Board of Directors and Officers for the Corporation:

Fred Felleman, President
Ryan Calkins, Vice-President
Sam Cho, Secretary
Stephanie Bowman, Director
Peter Steinbrueck, Director

IDC Bylaws – Article 5, Section A. Number and Qualifications. “The officers of the Corporation shall be the same as the officers of the Port Commission and such other officers as may be determined by the Board of Directors from time to time to perform such duties as may be designated by the Board of Directors.”

INDUSTRIAL DEVELOPMENT CORPORATION AGENDA

Item No.	<u>3</u>
Date of Meeting	<u>May 11, 2021</u>

DATE: April 9, 2021

TO: Steve Metruck, Executive Director

FROM: Scott Bertram, Manager – Corporate Finance & Budget

SUBJECT: Industrial Development Corporation Annual Report for 2020

SYNOPSIS:

The Industrial Development Corporation (the “IDC”) of the Port of Seattle was established in 1982 pursuant to Revised Code of Washington (Chap. 39.84). The IDC is a special purpose government with limited powers and was established for the purpose of facilitating industrial expansion through tax-exempt financing by providing companies with access to the tax-exempt credit market through the facilities of the IDC.

Any company with a project that qualifies for tax-exempt financing and qualifies under both RCW 39.84 and IDC policy may apply for IDC financing. The Port is not the lender and cannot lend credit or give money to the IDC. Debt issued by a company through the IDC is the sole responsibility of the company and is always non-recourse to the Port and to the IDC. Bond proceeds go directly to the company borrowing through the IDC. The companies pay their debt service (principal and interest) to a trustee.

Any city, county or port in Washington State may establish an IDC, and a number of other jurisdictions have done so, including King and Pierce Counties; the cities of Seattle, Everett, Bellingham and Kent; and several other ports including the Ports of Bellingham and Anacortes. Appendix C. of Item No. 4, FAQs provides a more comprehensive list.

The majority of projects financed through the Port’s IDC occurred between 1982 and 1986. Activity has since declined, primarily due to the Tax Reform Act of 1986 (the “Act”), which made a number of changes to the tax-exempt financing code that ultimately limited the benefits of an IDC financing for both issuers and investors. For issuers, the Act reduced the number of qualifying projects by narrowing the definition of types of projects and eliminated certain depreciation tax advantages. The tax code change also reduced the pool of investors (e.g. banks, who were the majority investor) in this market segment by making their effective rate for holding tax-exempt private activity bonds closer to a taxable rate. Item No. 4, FAQs provides more details.

The IDC is governed by a board of directors comprised of the members of the Port Commission; accordingly, both the IDC Board and the Port Commission must approve any IDC bond issue. The IDC Board meets at a minimum once a year during a Commission meeting to elect new officers and review the IDC’s annual financial results.

ANNUAL REPORT SUMMARY:

Attached are the financial statements of the IDC. The IDC had assets totaling \$283,713 at year-end 2020, which consists primarily of existing cash & cash equivalents. The IDC had total revenues of \$5,595, generated almost exclusively from interest earnings.

STATUS OF IDC BONDS:

At December 31, 2020, there were two companies with outstanding IDC debt totaling \$74,725,000, as shown in the table below:

Company	Outstanding Debt	Maturity
Crowley Marine Services	\$ 8,700,000	2021
Delta Air Lines, Inc. ⁽¹⁾	66,025,000	2030
TOTAL	\$ 74,725,000	

⁽¹⁾ Previously Northwest Airlines Corp. (NWA). NWA merged with Delta Air Lines, Inc. (Delta) in 2008. NWA bonds refunded with Delta bonds, October 2012.

MANAGEMENT DISCUSSION:

The IDC collects customer fees from the companies, based on a customer fee rate and their annual debt service. The fee can be paid annually or via a one-time lump sum payment at the time the company issues bonds and is calculated using the present value of debt service over the life of the bonds. Annual customer fees are collected from Crowley Marine Services (“Crowley”), whereas Delta made a one-time lump-sum payment in 2012 during the refunding of the Northwest Airlines bonds.

Customer fees collected from Crowley in 2020 amounted to only \$128. Crowley’s IDC debt has a variable interest rate, and as such, the annual customer fee will fluctuate with interest rates. Due to the continued low interest rate environment, the actual 2020 and projected 2021 customer fee is minimal.

IDC funds are invested in the Port’s investment pool and the allocated interest income to the IDC in 2020 was \$5,467. The investment income for 2021 is projected to be approximately \$5,000.

The IDC incurred expenses of \$1,250 in 2020 and consisted exclusively of Port’s staff administrative time.

The IDC’s charter permits its funds to be transferred only to the Port. Under an amendment to RCW 39.84.130, IDC funds that are not otherwise encumbered for the payment of revenue bonds and are not anticipated to be necessary for administrative expenses of the IDC may be transferred to the Port to be used for growth management, planning or other economic development purposes. In order to transfer funds, the Board of Directors of the IDC needs to adopt a resolution authorizing the transfer. Any transfer of funds would reduce the assets of the IDC and the interest earnings on these assets. No such transfer was requested nor made in 2020.

MINIMUM FUND BALANCE RECOMMENDATION:

Staff recommends that the IDC maintain the current balance of ~\$280,000 to ensure adequate investment earnings to fund annual operating and future audit expenses. The low interest rate environment requires a higher fund balance to earn sufficient interest earnings to cover these anticipated expenses and there are no anticipated additional sources of funds. If interest rates continue to rise, as expected, Staff will re-evaluate uses of existing IDC cash and potentially lower the recommended fund balance in future years.

**INDUSTRIAL DEVELOPMENT CORPORATION
OF THE PORT OF SEATTLE
BALANCE SHEET**

As of December 31 2020, 2019, & 2018

	December 31, 2020	December 31, 2019	December 31, 2018
<hr/>			
ASSETS			
Cash and Cash Equivalents	\$ 283,585	\$ 280,253	\$ 275,350
Accounts Receivable	128	274	257
TOTAL ASSETS	<u>\$ 283,713</u>	<u>\$ 280,527</u>	<u>\$ 275,607</u>
LIABILITIES AND EQUITY			
Accounts Payable	\$ -	\$ 1,159	\$ -
Equity	283,713	279,368	275,607
TOTAL LIABILITIES & EQUITY	<u>\$ 283,713</u>	<u>\$ 280,527</u>	<u>\$ 275,607</u>

**INDUSTRIAL DEVELOPMENT CORPORATION
OF THE PORT OF SEATTLE
INCOME STATEMENT
AND CHANGES IN EQUITY
For The Years Ended December 31 2020, 2019 & 2018**

	December 31, 2020	December 31, 2019	December 31, 2018
<hr/>			
INCOME			
Customer Fee	\$ 128	\$ 274	\$ 257
Investment Income	5,467	6,168	5,198
TOTAL INCOME	<u>\$ 5,595</u>	<u>\$ 6,441</u>	<u>\$ 5,455</u>
EXPENSE			
Administrative Expense	\$ 1,250	\$ 1,680	\$ 6,129
Other Expense - State Audit	-	1,000	-
TOTAL EXPENSE	<u>\$ 1,250</u>	<u>\$ 2,680</u>	<u>\$ 6,129</u>
NET INCOME	<u>\$ 4,345</u>	<u>\$ 3,761</u>	<u>\$ (675)</u>
BEG. EQUITY	\$ 279,368	\$ 275,607	\$ 276,282
ENDING EQUITY	<u>\$ 283,713</u>	<u>\$ 279,368</u>	<u>\$ 275,607</u>

**INDUSTRIAL DEVELOPMENT CORPORATION
OF THE PORT OF SEATTLE
STATEMENT OF CASH FLOWS
For The Years Ended December 31 2020, 2019 & 2018**

	December 31, 2020	December 31, 2019	December 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from bond issuers	\$ 274	\$ 257	\$ 157
Cash received from Port of Seattle	-	-	-
Miscellaneous cash receipts	-	-	-
Cash paid for expenses	(2,409)	(1,522)	(6,129)
Net cash provided by operating activities	<u>\$ (2,135)</u>	<u>\$ (1,264)</u>	<u>\$ (5,973)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	\$ -	\$ -	\$ -
Sale of investment securities	-	-	-
Interest on investments	5,467	6,168	5,198
Net cash provided by investing activities	<u>\$ 5,467</u>	<u>\$ 6,168</u>	<u>\$ 5,198</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 3,331	\$ 4,903	\$ (775)
CASH AND CASH EQUIVALENTS			
Beginning of year	<u>\$ 280,253</u>	<u>\$ 275,350</u>	<u>\$ 276,125</u>
End of year	<u><u>\$ 283,585</u></u>	<u><u>\$ 280,253</u></u>	<u><u>\$ 275,350</u></u>

INDUSTRIAL DEVELOPMENT CORPORATION AGENDA

Item No.	<u>4</u>
Date of Meeting	<u>May 11, 2021</u>

DATE: April 9, 2021

TO: Steve Metruck, Executive Director

FROM: Scott Bertram, Manager – Corporate Finance & Budget

SUBJECT: Overview of the Industrial Development Corporation Frequently Asked Questions (FAQs).

What is the purpose of an IDC?

- To facilitate industrial expansion through use of tax-exempt financing made available to companies for qualified projects.

What does the term “tax-exempt financing” mean?

- It means bondholders (investors) who purchase the bonds do not pay federal income tax on the interest received on such bonds, as they normally would do on interest-bearing bonds.

How does tax-exempt financing help the institution that is funding capital projects?

- Because investors pay no income taxes on interest income, they are generally willing to accept a lower interest rate than if the bonds were issued on a taxable basis. Thus, tax-exempt bonds provide the ability to finance many public infrastructure capital projects at a reduced cost.

What changed in the tax law to make tax exempt financing through the IDC less attractive now than it was when these projects were financed?

There are several factors that have adversely affected the use of tax exempt financing over the years.

- When our state initially authorized the use of nonrecourse tax-exempt financing, federal tax rules permitted the financing of a very broad spectrum of projects, including wholesale and retail facilities as well as warehouse facilities (of which there were many in Washington State due to the large agricultural base). There was almost no limit on the types of facilities that could be financed. As a result, tax-exempt financing was an option for many capital expansion projects. At that time, interest rates were also very high (substantially higher than the current interest rate environment), which made tax-exempt financing especially attractive.

The Tax Reform Act of 1986 made a number of changes in the tax-exempt financing code sections that adversely affected the use of tax exempt bonds for business expansion. The tax rules imposed substantial limitations on the types of facilities that may be financed with tax-exempt bonds. These limitations eliminated at least 50-60% of the facilities that had been financed pre-1986.

The 1986 Tax Reform Act also removed the deductibility of interest earned on tax-exempt securities purchased by commercial banks subsequent to August 7, 1986. This effectively created a tax-on-tax-exempt

interest for such banks, which prior to 1986 were the largest investors in tax-exempt bonds. The net result was the demand by commercial banks for tax-exempt securities was almost entirely eliminated.

- Users of tax-exempt bond financing were also restricted in their depreciation methodology for tax-exempt bond financed property. Interest on private activity bonds also is subject to alternative minimum taxes. The US Treasury proposed the enactment of these rules in order to minimize the availability of this financing tool.

Who can establish an IDC?

- Any city, county or port in the State of Washington can establish an IDC.

When and how was the Port's IDC formed?

- The Port's IDC was established on February 9, 1982, pursuant to RCW 39.84.

What is the boundary of the Port's IDC?

- King County – as defined, it is the “Corporate boundaries of the Port”. The IDC may finance projects within King County.

What is the Port's IDC's structure?

- It is a special purpose government with limited powers.
- It is governed by a board of directors who are the same as the members of the Port Commission.
- The Port cannot lend credit or give money to IDC.
- Debt is always non-recourse to the Port and to the IDC.

What law(s) and policies govern the IDC and what projects might be eligible for Port IDC funding?

- Washington State law RCW 39.84, which is the statute that covers all IDC-related issues.
- Federal law (IRS tax code), which covers tax-exempt financing eligibility.
- A project must qualify under **both** Washington State and Federal law to be eligible for Port IDC financing.
 - In the current legal environment, the biggest limitation surrounding Port IDC stems from the 1986 Tax Reform Act, which as mentioned above significantly narrowed the type of projects that can be financed with tax-exempt bonds and the type of borrowers who can avail themselves of tax-exempt bonds.
 - Based on the current legal environment, legal counsel & staff have determined that only certain types projects that **may** qualify for Port IDC financing:
 - Airport facilities and over water shipping/receiving facilities, including related facilities
 - Solid waste and/or sewage treatment and disposal
 - Processing and manufacturing (with a maximum bond size of \$10,000,000)
- Additionally, IDC uses are limited by Resolutions on policy adopted by the IDC board. The policy is subject to change with approval from the IDC board.

What does that resolution stipulate for eligibility of projects?

- The Commission has adopted a policy for judging eligibility of projects:
- The IDC will consider only projects or proposals which will further the purposes and objectives of the Port of Seattle within the confines of state and federal law.
- Tax exempt private activity bonds will be issued only for the financing of projects which broaden and strengthen the economic base of the Port District by enhancing trade and the movement of passengers and cargo by air or sea, including:
 - the development or improvement of marine terminals and airport facilities or components thereof;
 - the development and improvement of commercial and industrial land, manufacturing facilities, warehouses, terminal and transfer facilities, and related improvements which enhance trade via Port-owned or operated airport and marine facilities;
 - the development and improvement of facilities which will enhance or promote the Port's Comprehensive Scheme; and
 - the development and improvement of facilities which directly support and assist the movement of passengers and cargo by air or waterborne transportation, including, but not limited to, aircraft and ship construction and repair facilities, facilities necessary for the inspection, weighing, storage, and packaging of cargo; and connecting surface transportation facilities.

Who assists the Port in deciding which projects to finance?

- When bonds are issued, outside bond counsel is engaged to review and confirm legal compliance and eligibility of the project for tax-exempt financing. The bond counsel certifies that the issuer has the legal authority to issue the bonds and that the securities qualify for federal income exemption. Staff reviews projects based on Port policy. Ultimately, the IDC Board and Port Commission have to approve the use of the IDC for financing.

Who may apply for financing through the IDC?

- Any company with a project that qualifies for tax exempt financing and qualifies under RCW 39.84 (the RCW that covers all IDC issuances) and the IDC policy listed above may apply for IDC financing.

How much can be spent on financing the project?

- The amount of the bond issuance depends of the borrower's ability to repay as determined by investors; as non-recourse bonds, this is determined solely by the borrower's credit. Generally, all proceeds from the bond issuance are used for project spending with some exceptions. Under section 147(g) of the Federal Tax Code, any amount of bond proceeds that may be applied to finance the costs associated with the issuance of qualified private activity bonds (both before and after the issue date) is limited to 2% of the proceeds of the bond issue. As a general rule, qualified private activity bonds must satisfy a use test whereby 95% or more of the net proceeds of the bond issue must be used to finance the qualified purpose for which the bonds were issued.

How does the IDC get compensated?

- The IDC is compensated for administrative expenses related to the bonds by the borrower. The compensation is based on a percentage of the debt service. Payment is generally a lump-sum paid when bonds are issued; older bonds had the option of payments made annually through the life of the bond.

How does the bond counsel get compensated?

- Bond counsel is paid a fee that is negotiated with the borrower. The fee may be fixed or hourly. A flat fee is generally based on the type and size of the bond issue. Fees are paid at the time of issuance, generally out of bond proceeds.

Who are the current outstanding borrowers of IDC funds?

- There are currently two projects that used IDC bonds to finance the project:
 - Crowley Marine Services: IDC issued in December 2001 for the acquisition and construction of improvements to certain dock facilities (Pier 16/17) owned by the Port of Seattle.
 - Delta Air: In 2001, the IDC issued bonds on behalf of Northwest Airlines for the construction of a two-bay maintenance hangar and a cargo handling facility at SeaTac Airport. In September of 2012, the Commission gave approval for the bonds to be refinanced by Delta Airlines, which has acquired Northwest Airlines, so Delta Airlines is now the borrower. The facility is still in operation.

These projects are both completed, but the bonds are still outstanding.

Appendix A

Chapter 39.84 RCW
INDUSTRIAL DEVELOPMENT REVENUE BONDS

Chapter 39.84 RCW Industrial Development Revenue Bonds can be found in the Washington State Legislature web site, via the following hyperlink: <http://apps.leg.wa.gov/rcw/default.aspx?cite=39.84>.

Appendix B

RESOLUTION NO. 2

A RESOLUTION of the Industrial Development Corporation of the Port of Seattle adopting a master policy for the purpose of determining the eligibility of projects or proposals for financing.

WHEREAS, the Industrial Development Corporation of the Port of Seattle (the "Corporation") is a public corporation created pursuant to Chapter 300, Laws of Washington 1981 (Reg. Sess.) codified as Chapter 39.84 of the Revised Code of Washington and Resolution No. 2845 adopted by the Port of Seattle Commission on February 9, 1982; and

WHEREAS, the Corporation is now desirous of adopting a master policy to determine the eligibility of projects or proposals coming before the Corporation; and

WHEREAS, the Corporation wishes to establish and empower a Chief Staff Officer for the Corporation with the authority to amend, update and revise, when necessary, the initial procedures to carry out the adopted policies herein; and

WHEREAS, the initial procedures have been submitted to the Board of Directors of the Corporation and by adoption of this Resolution represents Board concurrence in the general context and form.

NOW, THEREFORE, BE IT RESOLVED BY THE INDUSTRIAL DEVELOPMENT CORPORATION OF THE PORT OF SEATTLE, WASHINGTON, as follows:

Section 1. It is the basic policy of the Corporation to comply with the applicable Federal and State of Washington laws and amendments thereto in determining the eligibility of any project or proposal coming before the Corporation for consideration and/or approval for financing.

Section 2. The Corporation hereby adopts the following additional policy to determine the eligibility of projects or proposals for financing by the Corporation:

- A. The Corporation will consider only projects or proposals which will further the purposes and objectives of the Port of Seattle as adopted by the Port Commission December 9, 1980 or as further amended from time to time.
- B. Tax exempt industrial revenue bonds will be issued only for the financing of projects which broaden and strengthen the economic base of the Port District by enhancing trade and the movement of passengers and cargo by air or sea, including:
 - (1) the development or improvement of marine terminals and airport facilities or components thereof;
 - (2) the development and improvement of commercial and industrial land, manufacturing facilities, warehouses, terminal and transfer facilities, and related improvements which enhance trade via Port-owned or operated airport and marine facilities;
 - (3) the development and improvement of facilities which will enhance or promote the Port's Comprehensive Scheme; and
 - (4) the development and improvement of facilities which directly support and assist the movement of passengers and cargo by air or waterborne transportation, including, but not limited to, aircraft and ship construction and repair facilities, facilities necessary for the inspection, weighing, storage, and packaging of cargo; and connecting surface transportation facilities.
- A. The Corporation will not consider projects or proposals that:
 - (1) unnecessarily or unjustifiably subsidize users, i.e., proponents must demonstrate reasonable need for this form of financing;

- (2) create unfair competition or dislocate the balance of competition within the Port District;
- (3) duplicate existing facilities which already adequately meet current needs;
- (4) are proposed by others than the directly interested party, or by any proponent unable to demonstrate a sound operating and financial history; and
- (5) are not otherwise authorized by the 1981 Local Economic Development Act or other applicable laws.

Section 3. The Chief Staff Officer of the Corporation shall be the Executive Director of the Port of Seattle. The chief staff officer is hereby authorized to carry out the purposes of the policies hereby and henceforth adopted by the Corporation and may amend, update and revise the procedures of this Resolution as it is from time to time necessary due to changes in law and/or operations of the Port without prior Commission approval, except as to fees and assessments to be charged.

The initial procedures have been submitted to the Board of Directors of the Corporation and by this Resolution they concur in the general context and form.

ADOPTED by the Board of Directors of the Industrial Development Corporation of the Port of Seattle, Washington this 27th day of April 1982.

JACK BLOCK
PRESIDENT

ATTEST:
HENRY L KOTKINS

SECRETARY
(SEAL)

Appendix C

Examples of IDC/EDC's located in Washington State*

Counties

Adams County
Chelan County
King County
Kitsap County
Okanogan County
Pierce County
Spokane County
Snohomish County
Kittitas County
Klickitat County
Clark County
Yakima County

Cities

Algona
Anacortes
Bellingham
Enumclaw
Everett
Kent
Seattle
Snoqualmie
Sunnyside
Union Gap
Vancouver

Port Districts

Port of Anacortes
Port of Bellingham
Port of Benton
Port of Camas-Washougal
Port of Centralia
Port of Chehalis
Port of Douglas County
Port of Edmonds
Port of Ephrata
Port of Everett
Port of Kalama
Port of Longview
Port of Moses Lake
Port of Olympia
Port of Pasco

Port of Port Angeles
Port of Port Townsend
Port of Quincy
Port of Seattle
Port of Skagit
Port of Skamania
Port of Sunnyside
Port of Walla Walla
Port of Warden

* This list may **not** represent all issuers; some have been inactive for many years.



P.O. Box 1209
Seattle, Washington 98111
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206.787.3000

**MINUTES OF THE
ANNUAL MEETING OF THE BOARD OF DIRECTORS
OF THE INDUSTRIAL DEVELOPMENT CORPORATION
OF THE PORT OF SEATTLE**

May 26, 2020

The annual meeting of the Board of Directors of the Industrial Development Corporation (IDC) of the Port of Seattle, Washington, was held on May 26, 2020, during a recess of the Port Commission regular meeting on the same date, which convened at 12:03 p.m. and was conducted remotely. The annual meeting of the Board of Directors of the IDC convened at 1:47 p.m. Directors present included Stephanie Bowman, Ryan Calkins, Sam Cho, Fred Felleman, and Peter Steinbrueck.

1. Approval of Minutes

Minutes of the IDC meeting of March 26, 2019.

Motion for approval of the IDC meeting minutes of March 26, 2019, carried by the following vote:

In Favor: Bowman, Calkins, Cho, Felleman, Steinbrueck (5)

2. Election of Board of Directors Officers

ACTION REQUESTED: Request Board approval of the Industrial Development Corporation of the Port of Seattle Board of Directors and Officers for 2020.

Request documents: IDC agenda memorandum.

Pursuant to the IDC Bylaws, Article 5, Section A, the following is a list of proposed Board of Directors and Officers for 2020:

Peter Steinbrueck, President
Fred Felleman, Vice President
Sam Cho, Secretary
Stephanie Bowman, Director
Ryan Calkins, Director

Motion for approval of proposed slate of Directors/Officers carried by the following vote:

In Favor: Bowman, Calkins, Cho Felleman, Steinbrueck (5)

3. Industrial Development Corporation Annual Report for 2019

Presentation documents: IDC agenda memorandum.

Presenter(s): Scott Bertram, Manager, Corporate Finance Analysis.

Mr. Bertram presented the 2018 Annual Report, noting the following relevant information:

- The IDC was established in 1982 under Chapter 39.84 RCW as an incentive to industrial development in King County via access to tax-exempt financing.
- The Port's IDC is not the lender, but acts as a conduit. Debt issued through the IDC is the sole responsibility of the company issuing the debt and is non-recourse to the Port and the IDC.
- Narrow criteria to qualify for IDC financing means that only two projects have been funded through the IDC since 1982.

4. Adjournment

There being no further business, the annual meeting of the Board of Directors of the Industrial Development Corporation of the Port of Seattle was adjourned at 1:55 p.m.

Prepared:

Attest:

Michelle M. Hart, MMC

Sam Cho, Industrial Development
Corporation Secretary

Commission Clerk

Minutes approved May 11, 2021.

**COMMISSION
AGENDA MEMORANDUM**

Item No. 10b

ACTION ITEM

Date of Meeting May 11, 2021

DATE: April 27, 2021

TO: Members of the Commission

FROM: Aaron Pritchard, Deputy Commission Chief of Staff
Pete Ramels, General Counsel

SUBJECT: Resolution No. 3789 - Enacting Minimum Labor Standards Applicable to Certain Employers Located at Seattle-Tacoma International Airport

Amount of this request: N/A

Total estimated project cost: N/A

ACTION REQUESTED

Request introduction of the Flight Kitchen Minimum Labor Standards Resolution No. 3789 and second reading on July 27, 2021, to enact minimum wage and worker retention requirements applicable to certain employers located at Seattle-Tacoma International Airport, pursuant to the authority granted to the Port under RCW 14.08.120(2).

SUMMARY

Resolution No. 3789 authorizes the Port of Seattle to implement minimum labor standards at Sea-Tac International Airport (SEA).

On April 16th, 2021, Governor Inslee signed into law Senate Bill 5385. This bill authorizes a municipality, including the Port of Seattle, that controls or operates an airport -- having had more than twenty million annual commercial air service passenger enplanements on average over the most recent seven full calendar years; that is located within the boundaries of a city; that has passed a local law or ordinance setting a minimum labor standard that applies to certain employers operating or providing goods and services at the airport -- to enact a minimum labor standard that applies to employees working at the airport, so long as the minimum labor standard meets, but does not exceed, the minimum labor standard in the city's law or ordinance.

SEA has had more than twenty million annual commercial air service passenger enplanements on average over the most recent seven full calendar years (2014-2020).

In 2013, voters in the City of SeaTac enacted Proposition 1 ('Prop 1'), which established a number of separate minimum labor standards for certain categories of employers located in

Meeting Date: May 11, 2021

the City of SeaTac; and the Airport is located within the boundaries of SeaTac. Minimum labor standards included in Prop 1 is the establishment of a minimum wage for certain categories of employers operating in the City of SeaTac and worker retention requirements.

Prop 1 set the initial minimum wage to be imposed on covered employers at \$15.00 per hour. The current Prop 1 minimum wage for 2021 is \$16.57 per hour.

The minimum wage required to be paid under this Resolution shall be adjusted for inflation on the same schedule that the minimum wage set forth in Prop 1 is adjusted, so that the minimum wage required to be paid by an employer under this Resolution continuously meets, but does not exceed, the minimum wage amount required by Prop 1.

Prop 1 also established a worker retention minimum labor standard for certain categories of employers operating in the City of SeaTac, in certain circumstances (SMC 7.45.060). Employers that provide goods or services at the Airport and are engaged in the preparation of food or beverage to be served in-flight by an airline from facilities that are located on property owned by the Port of Seattle within the City of SeaTac shall comply with a worker retention requirement that meets, but does not exceed, the worker retention requirement established by Prop 1.

Employers subject to this Resolution shall be required to begin paying the minimum wage and adhere to worker retention standards set forth herein no later than August 2, 2021.

The Resolution also authorizes and directs the Managing Director of the Aviation Division of the Port of Seattle to promulgate and administer Rules and Regulations to carry out the provisions of this Resolution and to provide a draft of any Rules and Regulations to the Port Commission, airline signatories, affected employers and their employees, and the general public, at least 60 days before the implementation date. The Rules and Regulations must be consistent with state and federal law and this Resolution.

RESOLUTION NO. 3789

A RESOLUTION of the Port Commission of the Port of Seattle to enact minimum wage and worker retention requirements applicable to certain employers located at Seattle-Tacoma International Airport, pursuant to the authority granted to the Port under RCW 14.08.120(2).

WHEREAS, the voters of King County authorized and approved the formation of a port district coextensive with King County to be known as the Port of Seattle in a special election on September 5, 1911; and

WHEREAS, the Port of Seattle was established upon election as a port district and has been since then, and is now, a duly authorized and acting port district of the state of Washington; and

WHEREAS, the Port Commission is the legally-constituted governing body of the Port of Seattle; and

WHEREAS, in accordance with RCW 14.08.030, the Port of Seattle owns and operates Seattle-Tacoma International Airport (the "Airport"); and

WHEREAS, RCW 14.08.120(1)(b) authorizes the Port of Seattle to adopt and amend all needed rules and regulations for the management, government, and use of airports and air navigation facilities under its control, including the Airport; and

WHEREAS, RCW 14.08.120(2)(a) provides that a municipality that controls or operates an airport having had more than twenty million annual commercial air service passenger enplanements on average over the most recent seven full calendar years that is located within the boundaries of a city that has passed a local law or ordinance setting a minimum labor standard that applies to certain employers operating or providing goods and services at the airport is authorized to enact a minimum labor standard that applies to employees working at the airport, so long as the minimum labor standard meets, but does not exceed, the minimum labor standard in the city's law or ordinance; and

WHEREAS, RCW 14.08.120(2)(b) provides that a municipality's authority to establish a minimum labor standard pursuant to (a) of this subsection may be imposed only on employers that are excluded from the minimum labor standard established by such city because the type of good or service provided by the employer is expressly excluded in the text of the city's law or ordinance; and

WHEREAS, the Airport has had more than twenty million annual commercial air service passenger enplanements on average over the most recent seven full calendar years (2014-2020); and

47 **WHEREAS**, in 2013, voters in the City of SeaTac enacted Proposition 1 (“Prop 1”)
48 (Ch. 7.45 SMC), which established a number of separate minimum labor standards for certain
49 categories of employers located in the City of SeaTac; and
50

51 **WHEREAS**, the Airport is located within the boundaries of the City of SeaTac; and
52

53 **WHEREAS**, one minimum labor standard included by Prop 1 is the establishment of a
54 minimum wage for certain categories of employers operating in the City of SeaTac; and
55

56 **WHEREAS**, Prop 1 set the initial minimum wage to be imposed on covered employers at
57 \$15.00 per hour beginning on January 1, 2015, subject to adjustment on January 1 of every
58 subsequent year to keep pace with the rate of inflation (SMC 7.45.050); and
59

60 **WHEREAS**, the Prop 1 minimum wage for 2021 is \$16.57 per hour; and
61

62 **WHEREAS**, Prop 1 also established a worker retention minimum labor standard for
63 certain categories of employers operating in the City of SeaTac, in certain circumstances
64 (SMC 7.45.060); and
65

66 **WHEREAS**, in *Filo Foods, LLC v. City of SeaTac*, 183 Wn.2d 770, 357 P.3d 1040 (2015),
67 the Washington Supreme Court held that Prop 1 applies to employer categories covered by Prop 1
68 located at the Airport; and
69

70 **WHEREAS**, employers within the scope of Prop 1 who operate at the Airport currently
71 are required to pay Prop 1-level wages and comply with Prop 1’s worker retention requirement;
72 and
73

74 **WHEREAS**, Prop 1 expressly excludes certain types of employers from its scope based
75 on the type of goods or services they provide, including employers that prepare food or beverage
76 to be served in-flight by an airline (SMC 7.45.010(G)); and
77

78 **WHEREAS**, pursuant to the authority specifically granted to the Port under
79 RCW 14.08.120(2)(b), the Port seeks to enact minimum wage and worker retention requirements
80 to apply to those employers that are expressly excluded from Prop 1’s scope in the text of the
81 ordinance because they engage in the preparation of food or beverage to be served in-flight by an
82 airline; and
83

84 **WHEREAS**, pursuant to RCW 14.08.120(2)(d), any such minimum wage and worker
85 retention requirements imposed by the Port of Seattle will apply only to covered employers that
86 provide goods or services at the Airport from facilities that are located on property owned by the
87 Port of Seattle within the boundaries of the City of SeaTac; and
88

89 **WHEREAS**, imposing minimum wage and worker retention requirements on employers
90 who were expressly excluded in the text of Prop 1 because of the type of good or service the
91 employer provides is necessary and convenient, and in the best interests and for the benefit of the
92 Port of Seattle, the affected employees, and the public; and

93
94 **WHEREAS**, consistent with RCW 14.08.120(2)(c), any minimum wage and worker
95 retention requirement enacted by the Port of Seattle will not apply to employers at the Airport who
96 were excluded from Prop 1 because they are a certificated air carrier performing services for itself
97 or based on the employer's size or number of employees; and
98

99 **WHEREAS**, it is the Commission's intent that the minimum wage and worker retention
100 requirements enacted by this Resolution will meet, but not exceed, the minimum wage and worker
101 retention requirements set forth in Prop 1 for employers covered by the ordinance.
102

103 **NOW, THEREFORE, BE IT RESOLVED** by the Port Commission of the Port of Seattle
104 that the following minimum labor standards are hereby enacted:
105

- 106 1. Employers that provide goods or services at the Airport and are engaged in the preparation
107 of food or beverage to be served in-flight by an airline from facilities that are located on
108 property owned by the Port of Seattle within the City of SeaTac shall pay their employees
109 a wage that meets, but does not exceed, the hourly minimum wage established by Prop 1.
110
- 111 2. The minimum wage required to be paid under this Resolution shall be adjusted for inflation
112 on the same schedule that the minimum wage set forth in Prop 1 is adjusted, so that the
113 minimum wage required to be paid by an employer under this Resolution continuously
114 meets, but does not exceed, the minimum wage amount required by Prop 1.
115
- 116 3. Employers subject to this Resolution shall be required to begin paying the minimum wage
117 set forth herein no later than August 2, 2021 (the "Implementation Date").
118
- 119 4. Employers that provide goods or services at the Airport and are engaged in the preparation
120 of food or beverage to be served in-flight by an airline from facilities that are located on
121 property owned by the Port of Seattle within the City of SeaTac shall comply with a worker
122 retention requirement that meets, but does not exceed, the worker retention requirement
123 established by Prop 1.
124
- 125 5. This worker retention requirement shall become effective on the Implementation Date.
126
- 127 6. The Managing Director of the Aviation Division of the Port of Seattle is authorized and
128 directed to promulgate and administer Rules and Regulations to carry out the provisions of
129 this Resolution. The Rules and Regulations must be consistent with state and federal law
130 and this Resolution.
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ADOPTED by the Port Commission of the Port of Seattle, at a duly noticed meeting held this _____ day of _____, 2021, and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the seal of the commission.

Port of Seattle Commission

RETURN TO AGENDA

**COMMISSION
AGENDA MEMORANDUM**

Item No. 10c

ACTION ITEM

Date of Meeting May 11, 2021

DATE : April 28, 2021

TO: Stephen P. Metruck, Executive Director

FROM: Lance Lyttle, Aviation Managing Director
Julie Collins, Aviation Director, Customer Experience & Brand Strategy

SUBJECT: SEA Customer Experience Quality Assurance Program

Amount of this request: \$1,360,000.

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute a contract to establish a new airport-wide quality assurance program that will provide anonymous and periodic measurement, reporting and action-planning to enhance employee engagement with customers. The contract term is five years.

EXECUTIVE SUMMARY

The SEA Customer Experience Quality Assurance program will engage a consultant that specializes in measuring and reinforcing employee engagement service standards and brand compliance to raise the bar to a world-class SEA customer experience. The Confidential Customer is a program component that utilizes professional evaluators anonymously posing as customers to utilize various airport services and report on every aspect of their experience. Confidential Customer representatives will follow detailed, scripted, typical scenarios and record their observations and experience. Confidential Customer feedback will provide SEA leaders and airport tenants with valuable insights that will lead to actions to improve customer satisfaction, reward positive behavior, and to identify training opportunities.

To support a deep and lasting service excellence cultural airport-wide, a 5-year commitment is proposed at an estimated value of \$1,360,000.

2021	\$140,000.
2022	\$300,000.
2023	\$300,000.
2024	\$300,000.
2025	\$320,000.
Total	\$1,360,000

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JUSTIFICATION

In January 2020, the Aviation division launched a new brand for SEA with our promise “to create, through a passionate service culture, an elevated travel experience that is inspired by the original nature of the Pacific Northwest. Last year, the Aviation division published a new customer service standards manual. Quality standards in this manual help to create, measure and sustain a service culture by establishing a clear and comprehensive set of priorities that detail high expectations to help the airport achieve them. This standards manual was developed for the benefit of all airport customers and outlines the customer service expectations for all SEA employees, regardless of employer, as well as volunteers. This SEA Customer Experience Quality Assurance program is intended to help uphold that promise.

The SEA Customer Experience Quality Assurance program adds another layer of quality assurance, utilizing the SEA Customer Service Standards Manual, to help evaluate employee customer engagement performance. This program will be joined with existing SEA performance measurement methods that include world airport rating system Skytrax, Airports Council International (ACI) – Airport Service Quality (ASQ) customer surveys, as well as daily inspections by terminal operations and custodial services. It is a common industry practice among the nation’s large hub airports to maintain quality assurance programs like this one.

Diversity in Contracting

Port staff is partnering with Diversity in Contracting to determine the aspirational women and minority business enterprise (WMBE) goal and conduct outreach as necessary in support of the program.

DETAILS

The SEA Customer Experience Quality Assurance Program will utilize Confidential Customer representatives who will monitor and measure service excellence by SEA employees at important touchpoints in the SEA customer journey.

Scope of Work

This new airport-wide quality assurance program will consist of five components: Program planning/development, confidential customer fieldwork logistics, data collection, reporting, and action planning. The Confidential Customer fieldwork will be launched in two phases.

Schedule

We estimate the contract to be executed in the fourth quarter, this year (2021). The program will be launched in two phases. Exact phasing may vary according to Aviation needs and priorities.

Meeting Date: May 11, 2021

<ul style="list-style-type: none"> Phase I will measure frontline employee engagement at the departure curbside, ticketing, wheelchair services, custodial services, checkpoint queues, checkpoint screening, and with airport customer service representatives (Pathfinders). 	2021 Quarter 4
<ul style="list-style-type: none"> Phase II will expand to include airport dining, retail, and services, and landside customer engagements linked with the parking garage and the rental car shuttles. 	2022

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Status quo, do not implement a quality assurance program to measure employee engagement

Cost Implications: \$0 further cost

Pros:

- (1) Budget could be re-allocated

Cons:

- (1) Provides no method for SEA to measure customer engagement across the airport
- (2) Does not support the Aviation division's strategic goal to increase customer satisfaction.

This is not the recommended alternative.

Alternative 2 – launch program at once to avoid phasing

Cost Implications: \$300,000.

Pros:

- (1) A comprehensive, airport-wide quality assurance program would be in place sooner.

Cons:

- (1) This timing is not supported by Aviation Commercial Management and airport tenants.
- (2) Funds are not currently available in the Aviation 2021 operating budget to launch both phases.

This is not the recommended alternative.

Alternative 3 – Develop and launch the program in two phases, during 2021 through 2022.

Cost Implications: \$1,360,000.

Pros:

- (1) The timing to launch the Phase II in fourth quarter 2022, works best for the airport dining and retail tenants.
- (2) The incremental, two-phased approach to program planning and the launch, enables the best practices that are achieved in the first phase to be applied to phase II.

Meeting Date: May 11, 2021

Cons:

- (1) Implementing the airport-wide quality assurance program will take longer, over two years, vs. one year's time.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Annual Budget Status and Source of Funds

The approved 2021 Aviation Customer Service operating budget includes \$140,000 for program planning and a phased program launch. The estimated cost for this contract over five years is \$1,360,000. The funding source will be the Airport Development Fund

ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

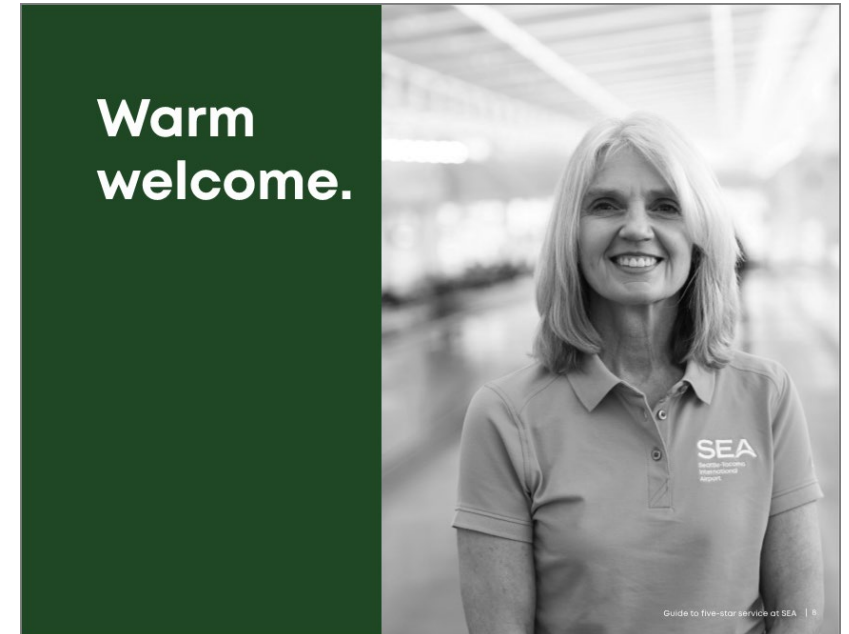
None

SEA Customer Experience Quality Assurance (QA) Program

Why is Quality Assurance (QA) important?

QA aligns with the long-term vision for SEA:

- To deliver a world-class customer experience, as measured by ASQ and Skytrax.
- To be the most Accessible Airport in the U.S.
- Provides SEA leaders and airport tenants with valuable insights for actions to:
 - Improve Customer Satisfaction
 - Reward Positive Behavior
 - Identify Training Opportunities



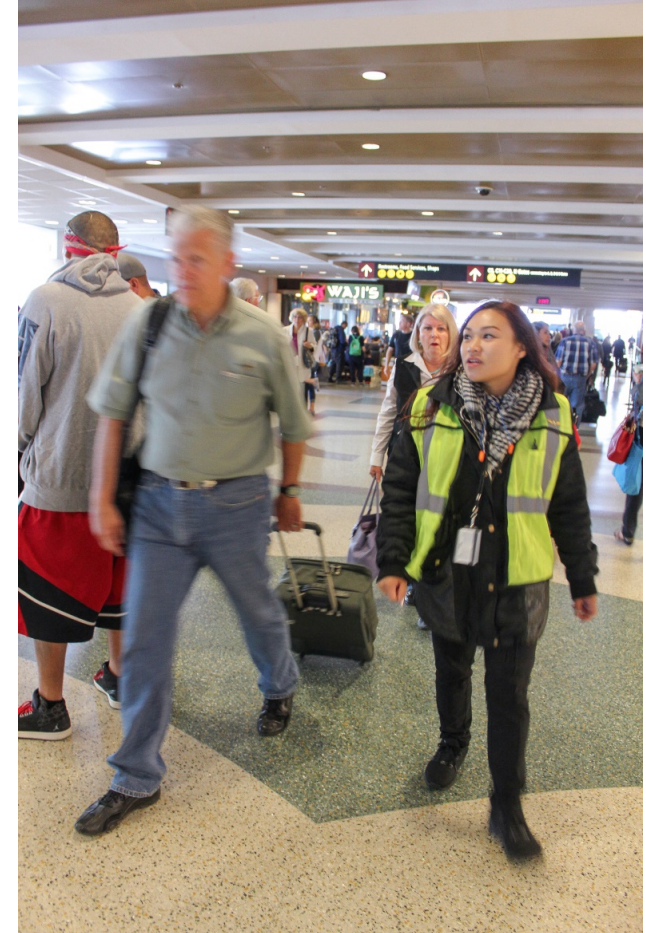
What is QA, and how it can make a positive difference

- Measures and reinforces **employee engagement**
- Is guided by SEA's Customer Service Standards
- SEA Brand Compliance



How will the QA program work?

- Will utilize professional evaluators, referred to as **Confidential Customer** representatives
- Anonymously pose as SEA customers to engage with frontline employees
- Observations and Experiences are reported.



How will Quality Assurance Be Measured?

- **Confidential Customer** representatives will monitor and measure service excellence by SEA employees across the customer journey.
- QA programs are a common best practice at US airports.

SEA Customer Journey

Employee Engagement At Key Touchpoints



A Layered Approach to Quality Assurance

New for 2021

Quality Assurance
Program

**Confidential
Customer**



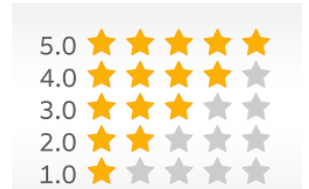
**Daily Facility
Inspections**



**Airport Service
Quality (ASQ)
Customer
Surveys**



**Skytrax Airport
Ratings**



S★T★A★R★S★ Elevated Customer Experience Program



Standards



Training



Assurance Program (Confidential Customers)



Recognition



Stakeholder Collaboration

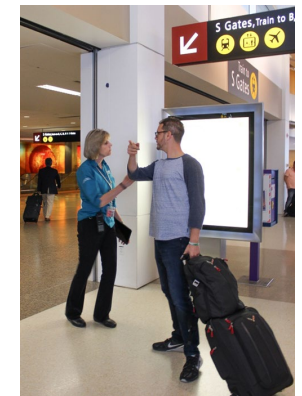
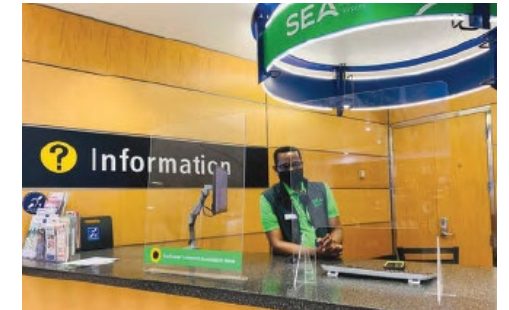
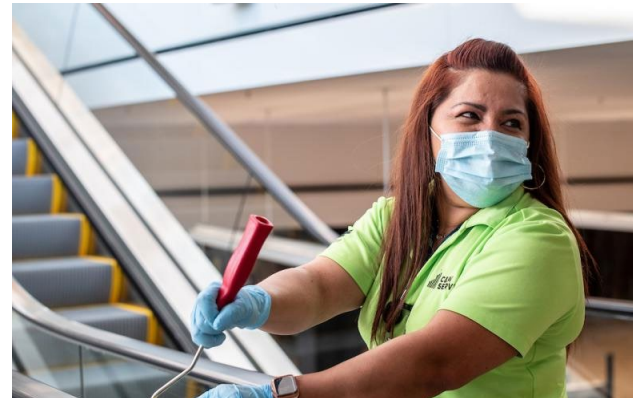


Proposed Program Phasing

Frontline Employee Engagement Curbside-to-Gate

This year:

- Departures curb
- Ticketing
- Wheelchair services
- Custodial Services
- Checkpoint queues
- Security Screening
- Customer Service Representatives
- Volunteers



Proposed Program Phasing

Frontline Employee Engagement + Airport Dining, Retail, Parking, & Rental Car Shuttles

The QA program will be expanded to add these touchpoints in the customer journey:

- Dining
- Retail
- Parking Toll Plaza
- Rental Car Shuttles



Questions?

[RETURN TO AGENDA](#)

**COMMISSION
AGENDA MEMORANDUM**

Item No. 10d

ACTION ITEM

Date of Meeting May 11, 2021

DATE: April 22, 2021

TO: Stephen P. Metruck, Executive Director

FROM: Luis Navarro, Director, Workforce Development
Bookda Gheisar, Senior Director, Office of Equity Diversity and Inclusion

SUBJECT: Employment Center Management and Workforce Development Services

Amount of this request: \$ 10,941,250

**Total estimated contract
cost:** \$ 10,941,250

ACTION REQUESTED

Request Commission authorization to (1) waive the competitive solicitation process per RCW 53.19.020(5) and authorize the Executive Director to execute an amendment to the current Port Jobs contract for an estimated value of \$456,250 and total contract value of \$4,881,250, and an extension of the contract for a period up to six months through December 30, 2021; and (2) to authorize the Executive Director to execute a contract for the administrative oversight, management and implementation of day-to-day operations of the Seattle Tacoma International Airport (SEA Airport) Employment Center, the provision of workforce development services and support for the aviation career pathways program for an estimated amount of \$10,485,000, and a five-year contract term plus two one-year options to renew at the Port's discretion for a combined total of \$10,941,250.

EXECUTIVE SUMMARY

The Port is seeking interested, qualified charitable organizations, or team of charitable organizations, granted with tax-exemption 501(C)(3) status by the Internal Revenue Code, or private entities (Organization), interested in providing services related to management of the Airport Employment Center, and to provide employment services, training, and workforce development supports at Seattle-Tacoma International Airport (SEA Airport), in accordance with the approved equitable principles outlined in the Workforce Development Policy Directive adopted by the Port Commission in June 2020.

The Organization will provide the following services; day-to-day management of the Employment Center, training and workforce development services to job seekers and incumbent workers, outreach and promotion of jobs and careers in aviation, support the aviation career pathways program, provide culturally competent services, foster effective relations with community based

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organizations. Some of the services, as detailed in the RFP and subsequent contract, will be funded with airport revenues and other services with tax-levy funds to ensure compliance with the applicable Federal Aviation Administration guidelines and with the Port of Seattle's Workforce Development Policy Directive.

The SEA Airport employment center was created in the year 2000. The Port has contracted with the nonprofit Port Jobs to deliver these services. The next competitive solicitation will be open to private entities in addition to nonprofits. The center connects thousands of job seekers each year with dozens of employers at the airport. As a workforce intermediary, the center brings together business, labor, education, and public stakeholders to expand employment and training opportunities in the aviation sector.

JUSTIFICATION

Employment and training services at SEA Airport. The Port Commission adopted a Workforce Development Policy Directive under Port Resolution 3776 (Policy Directive) on June 23, 2020, affirming that workforce development is critical to achieving the Port's mission to serve as an economic development agency. The Policy Directive advances the Port of Seattle's commitment to workforce development and is intended to increase equitable access to economic prosperity, and in alignment with WA RCW 53.08.245, the Policy Directive applies to all activities of the Port of Seattle that support economic development programs, and supports strategic investments in the aviation, maritime, construction trades, green careers, and other port-related economic activities where the Port is uniquely positioned to increase equitable access to economic prosperity and leverage the greatest community impact.

A survey of airport employers shows that over half of respondents used the Airport Employment Center at SEA Airport in the past 24 months, and they have overwhelmingly positive feedback on its services. The survey—conducted by Port of Seattle Business Intelligence for the Office of Equity, Diversity, and Inclusion/Workforce Development in December 2020—had 80 respondents, representing about 54 different airport employers. Key findings include:

- 53% of survey respondents reported using the center's services in the past 24 months.
- Use varied by company type: 67% for contract services, 58% for concessionaires, and 27% for airlines.
- The most commonly used service was job postings at 81%, followed by job fairs, 50%; referrals to Airport University courses, 47%; open and scheduled interview events at Airport Jobs, 46%; resource events such as health insurance enrollment fairs, 42%; promotion of virtual and in-person company hiring events, 41%; and SIDA/AOA badge preparation, 40%.
- 76% of respondents think it's important that the center is located at SEA Airport (rating this 5, 6, or 7 on a 7-point scale).

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- Feedback on the center and its services was overwhelmingly positive, especially in terms of assistance with hiring staff. Respondents noted that services related to hiring were considered very helpful by making hiring more time efficient, screening candidates, and providing a physical space where prospective employees can be interviewed (pre-pandemic).

This request will ensure continuation and expansion of services funded with airport revenues and tax levy funds:

- **Airport-related job access and training services.** SEA Airport is expected to continue its passenger and air cargo growth in the post-COVID period, and the recovery will increase the need to recruit, retain and support the career advancement efforts of this important segment of the regional labor force. This investment will support SEA Airport operations including; passenger related services, air cargo, and connected sub-sectors such as logistics, maintenance, dining and retail operations. The Airport Employment Center connects job seekers with employment opportunities at SEA Airport and provides training and other resources for job applicants and incumbent airport employees.
- **Aviation Pathway Program.** Established by the Port to meet the workforce and skill needs of airport employers and to create career advancement opportunities for airport workers in entry level jobs and job placement opportunities for job seekers to move into aviation pathway jobs. Working with expert consultants, the Port identified several key career pathways and mapped out the career growth progression in cargo and warehouse operations, aircraft and facilities maintenance, ground operations, safety and security, customer and passenger services, and dining and retail. Cargo and warehouse operations has become a growth segment as a result of the COVID-19 crisis. The consultants identified in-demand pathway and entry jobs; convened airport employers to share research findings and get their input; gathered information on training programs aligned with targeted aviation career pathway jobs; identifying aircraft and facilities maintenance as the first career pathway and aircraft mechanics and service technicians as the first pathway job to target; and convening partners to design an aviation maintenance technician (AMT) career pathway program.
- **Port Jobs Contract Extension.** The existing contract with the nonprofit organization Port Jobs is scheduled to expire on June 30, 2021, and in order to ensure continuity of services we are requesting authorization to extend its contract to allow sufficient time to competitively retain a new provider for these services. The extension will be for services currently provided through the employment service contract elements which include outreach and direct employment services to match job seekers and airport employers, and continuation of existing on-site job search and core training in airport functions, job-specific skills, and safety for new and incumbent workers, including those with limited English-proficiency. If a new provider is selected, there will be a need to allow time for a

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transition from the on current consultant Port Jobs and support the aviation maintenance technician (AMT) program by providing outreach and cohort forming for a Fall 2021 program. The AMT program services are currently covered under a separate contract.

Justification for the Exemption from Competitive Solicitation Under RCW 53.19.020(5)

Unless a new contract falls under one of the five exemptions in RCW 53.19.020, it must be subject to “competitive solicitation” defined as “a documented formal process providing an equal and open opportunity to qualified parties and culminating in a selection based on criteria, in which criteria other than price may be the primary basis for consideration.” RCW 53.19.020 lists five exemptions from competitive solicitation. The fifth exemption is for “other contracts or classes or groups of contracts exempted from the competitive solicitation process by the commission when it has been determined that a competitive solicitation process is not appropriate or cost-effective.” RCW 53.19.020(5).

For the Port Jobs contract to fall under the exemption in RCW 53.19.020(5), the Commission must make a reasoned determination that the competitive solicitation process would not be appropriate or cost effective. In making such determination, the Commission can avoid acting arbitrarily and capriciously by noting and discussing relevant facts and circumstances. In reviewing this issue, the Commission may establish that a reasonable basis exists, including wider policy considerations, to exempt the contract with the non-profit organization Port Jobs from competition for a six-month period. Such considerations may include the Commission’s commitment to continuing support of workforce development and job creation services as a core mission of the Port while the Port conducts a rigorous competitive process to identify a qualified consultant to provide these services in the future.

The six-month extension includes \$225,000 in contracted services detailed in the current contract, an estimated \$181,250 rent cost for the leased space at SEA Airport, plus \$50,000 for the AMT program currently contracted under a separate contract with Port Jobs.

Funding Sources

The employment center contracted services are funded by airport revenues and tax levy funds, as detailed in the scope of work. Airport funded tasks must comply with the Federal Aviation Administration (FAA) guidelines for airport revenue uses. The following are the tasks by founding source:

- **Tasks Funded with Airport Revenues**

- Employer engagement services that support the airport operation
- Maintain online job postings provided by employers available to job seekers
- Support online recruitment and referrals to employers
- Perform targeted recruitment, applicant screening, and referrals to airport employers
- Host and/or participate in job fairs and hiring events
- Maintain a database of industry contacts and events supported
- Additional details included in the solicitation

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- **Tasks Funded with Tax Levy Funds**

- Connect job seekers and displaced workers to community resources
- Support job seekers with job search skills training and resume writing
- Provide wraparound supports as approved by the Port
- Support the aviation pathway program with outreach and cohort forming
- Additional details included in the solicitation

DIVERSITY IN CONTRACTING

The Port's Diversity in Contracting team has recommended an aspirational goal of women and minority business enterprises (WMBE firms) utilization of 5%.

DETAILS

The Port's investments in workforce development are based on principles of equity, diversity and inclusion, and investment outcomes are measured in accordance with the Policy Directive approved by the Port Commission. To accomplish these goals the Organization must be proficient in providing services using an equity, diversity and inclusion principles, and with a proven track record of implementing related efforts in a multi-cultural and multi-language environment of the near-port communities.

The following are the components of the SEA Employment Center services:

- **Management of the Employment Center:** The Employment Center is a one-stop shop where individuals interested in working at SEA Airport learn about job openings at the airport and about airport related training opportunities. The Employment Center is the primary recruiting source for SEA Airport employers, providing airport tenants with a single point of contact for recruiting, interviewing, hiring, and training assistance to support their operation.
- **Provide Airport-Related Training:** The Organization will provide basic training to SEA Airport workers associated with the airport operation, as requested by airport tenants and approved by the Port. Excluded from the contract is the training provided through the Airport University or a similar program not funded by the Port is managed separately by the Organization.
- **Support Aviation Career Pathways Training:** The Organization will support the Port funded aviation career pathways program that provides aviation related job skills to assist individuals in advancing their careers at SEA Airport and start a pathway to a living wage career in the aviation industry. Support includes; recruiting airport workers and community members, in particular displaced airport workers, to create the cohorts for the career advancement training programs. The Port will contract directly with the training organizations.

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- **Support Outreach and Wraparound Services:** The Organization will support key elements of the Port's WFD strategic plan, as outlined in the Scope of Work (SOW) section. Services include; connect airport workers and job seekers to community resources to access social service supports, outreach and the promotion of airport open jobs and training opportunities, and available wraparound supports in aviation to near-port unemployed and under-employed communities, in particular, disproportionately impacted communities, communities at high risk of displacement including youth, women, black, indigenous, communities of color, immigrant and refugee communities.
- **Provide Cultural Competency and Foster Effective Community Relations:** The Organization will ensure effective cultural competence to serve the diversity of job seekers, many of whom are immigrants and refugees and populations with limited English proficiency, and will develop supportive relationships with community-based organizations that serve the ethnic, immigrant and refugee populations in the airport geographical area.
- **Compliance with Federal Aviation Administration Guidelines:** The Employment Center must be managed in accordance with the airport revenue uses guidelines as authorized by the Federal Aviation Administration (FAA). The Port will require reports and invoicing showing the funding sources, accordingly.

Schedule

Date	What	Action to be Taken
May 11, 2021	Commission Meeting	<ul style="list-style-type: none"> • Approval to advertise Airport RFPs and execute contract • Authorization to extend Port Jobs Contract (3 Month Extension to September 30, 2021)
Quarter 2, 2021	Employment Center RFP	Publish solicitation
Quarter 3, 2021	Employment Center	Announce Consultant Decision
Quarter 4, 2021	Employment Center	Transition Planning and Implementation
January 1, 2022	Employment Center	Start of Contract

Cost Breakdown**This Request**

Six-month extension, all costs (<u>July 1-December 31, 2021</u>)	\$456,250
Employment Center Services (2022-2028)	\$5,925,000
Rent (Estimated 2022-2028)	\$3,560,000
Aviation Career Pathways Support (2022-2028)	\$1,000,000
Total (Jul. 2021-Dec 2028)	\$10,941,250

Meeting Date: May 11, 2021

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1

Hire Port staff to operate the airport employment center as an inhouse Port department, and do not issue an RFP and do not execute a contract for the continuation of the employment services at SEA Airport.

Cost Implications:

\$600,000 annually or greater to hire 5 or more FTEs to operate the employment center at SEA Airport.

Pros:

- (1) Developing an in-house center of expertise to manager the SEA Airport employment center will provide opportunities for Port staff to develop the necessary skills to engage in employment and training assistance for airport tenants and job seekers.
- (2) This new department will create employment opportunities for job seekers and Port staff who wish to transfer into this new line of work.

Cons:

- (1) There is expertise already available in the community and there is no need to create these skills inhouse.
- (2) The Port cost of hiring and maintaining a new department will most likely exceed the overall cost of having a nonprofit or private entity operate the employment center.

This is not the recommended alternative.

Alternative 2

Do not issue and RFP and do not execute a contract for the operation of the SEA employment center.

Cost Implications:

Zero dollars (\$0)

Pros:

- (1) The Port will save an estimated \$11 million by not hiring an Organization to manage the operation of the SEA Airport employment center.
- (2) The airport space can be repurposed for other uses.

Cons:

- (1) A survey of airport tenants show that the Employment Center is an important resource for airport employers.
- (2) The Port is committed to providing workforce development resources and supporting the Employment Center has been a long-term priority for the Port.

Meeting Date: May 11, 2021

- (3) Job seekers benefit from having a one-stop shop for job search, and skills development.

This is not the recommended alternative.

Alternative 3

Request Commission approval to issue and RFP and execute a contract for the administrative oversight, management and implementation of day to day operations of the SEA Airport Employment Center, the provision of workforce development services and support for the aviation career pathways program, including a six-month extension to the current contract to allow for the RFP process to conclude successfully.

Cost Implications:

The proposed five years contract cost plus two one-year options to effectively operate the Employment Center is \$10,941,250, and the six-month extension of the current contract with the nonprofit Port Jobs from June-December 2021 is \$456,250.

Pros:

- (1) A new contract for the operation of the SEA Airport Employment Center will support the Port's Century Agenda Goals #3 "Responsibly invest in the economic growth of the region and all its communities", in particular, career connected learning and supporting family wage jobs, and Goal #5 "Become a model for equity, diversity and inclusion.
- (2) The Employment Center is used by many employers at SEA Airport to promote aviation sector jobs and thousands of new job seekers and incumbent airport workers find the "one-stop center" a great resource for jobs and training.
- (3) The new emphasis on Aviation Career Pathways provides access to in-demand careers at the airport, and it is supported by airport employers.

Cons:

- (1) Port has staff has to ensure proper oversight of contract deliverables to ensure compliance with the applicable FAA regulations and WA RCW related to workforce development.
- (2) This is a financial investment and the Port must spend several million dollars over the course of the contract.

This is the recommended alternative.

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FINANCIAL IMPLICATIONS

<i>Cost Estimate/Authorization Summary</i>	Expense	Total
COST ESTIMATE		
Six-month extension (Jul-Dec 2021)	\$406,250	\$406,250
Fall 2021 AMT Cohort outreach and forming	\$50,000	\$50,000
Five-year contract (Jan-2022/Dec-2026)-Estimated	\$6,890,000	\$6,890,000
Two one-year extensions at Port discretion-Estimated	\$3,595,000	\$3,595,000
Total Authorization		\$10,941,250

Annual Budget Status and Source of Funds

The annual cost will be included in the Port's operating budget. The Airport Employment Center contract will be funded with airport revenues and tax levy funds for those elements not allowed under the Federal Aviation Administration (FAA) authorized revenue uses rules. The breakdown by source of funds is detailed in the request for proposal.

ATTACHMENTS TO THIS REQUEST

- (1) Draft airport lease amendment and airport license to operate
- (2) Port Jobs 2019 results infographic
- (3) Sample License
- (4) Classroom Schematic
- (5) Center Office Schematic
- (6) Workforce Development Resolution No. 3776
- (7) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

April 20, 2021 – The Commission Equity and Workforce Development Committee was briefed
 June 23, 2020 – The Commission approved the workforce development resolution No. 3776
 September 22, 2015 – The Port Commission authorized the current contract

EXHIBIT B

To: Organization Leader

From: Port of Seattle Representative (Aviation Properties)

Re: *License for Temporary Use and/or Occupancy – Seattle-Tacoma International Airport Main Terminal Premises and Parking at Airport Garage*

Date:

This will confirm the terms under which the Port of Seattle ("Port") will grant to (Organization) ("Licensee") a non-exclusive, revocable license ("the License") for the temporary use and/or occupancy of approximately 1,855 square feet located at **Seattle-Tacoma International Airport Main Terminal Mezzanine Level** ("the Premises") for office use ("the Permitted Use") and parking at the Airport Garage. The Premises are reflected on the drawing at **Attachment 1**. The following terms apply to this License:

1. Agreement is a License. The relationship between the Port and Licensee is not one of landlord and tenant, but rather one of licensor and licensee. The incurrence of costs, if any, with respect to the Premises, Permitted Use, or parking at the Airport Garage by Licensee shall in no way operate to confer upon Licensee any other interest, status, or estate of any kind other than licensee nor obligate the Port to enter into any agreement conferring such other interest. Licensee shall have no recourse against the Port for any breach hereunder.
2. Term. This License shall commence on April, 1, 2011, and terminate on the earlier of December 31, 2014, or the termination of the Port-Port Jobs Service Agreement #P-00316827. It shall not be subject to extension or renewal without the express written consent of the Port.
3. Consideration. The consideration for this License is the satisfaction of the Port's promise to provide "in-kind contribution" to Port Jobs in addition to the monetary compensation to be paid to Port Jobs for its services under Service Agreement P-00316827.
4. Licensee shall not be responsible for payment of any tax levied on, or measured by, the access fee paid by Licensee. Per Washington State Law (RCW 82.29A) leasehold excise tax is applicable on all terms 30 days or more. The Port shall pay any applicable leasehold excise tax.
5. Security and Access Fee Waived. The Port does not require and/or waives any requirement for security to secure Licensee's full performance of this License and does not require a fee for access or move-in to the Premises.

6. Airport Security. Licensee will comply at all times with all local, state, and federal laws, rules, and regulations relating to security ("Security Laws") at any Port facility. If the Premises are subject to a government-approved security plan ("Security Plan"), Licensee will fully and promptly comply with the Security Plan. If the Premises are not subject to a Security Plan and if Licensee undertakes any activity or handles any cargo that brings the Premises or surrounding area under the Security Laws, Licensee will be fully liable for all its costs and Port costs associated with complying with the Security Laws for the Premises and surrounding areas. Licensee will provide the Port evidence satisfactory to the Port that the appropriate government authority has approved any Licensee-prepared security plan. Licensee will be liable for any fines or penalties for its failure to comply with the Security Laws or the Security Plan whether assessed against Licensee or the Port.
7. Environmental. Licensee agrees to comply with all applicable rules and regulations of the Port pertaining to the Premises in existence or hereafter promulgated for water quality and pollution prevention, for the general safety and convenience of the Port, its various tenants, invitees, licensees and the general public. Licensee further agrees to comply with all applicable federal, state, and municipal laws, ordinances, and regulations, including without limitation those relating to environmental matters.
8. Utilities. The Port shall provide utility services to the Premises at the Port's cost. Licensee shall not be liable for payment of any utilities consumed by Licensee at the Premises.
9. Janitorial Services. The Port shall provide janitorial and garbage collection services at the Port's cost. Licensee shall not be liable for payment of any janitorial or garbage collection services enjoyed by Licensee at the Premises.
10. Parking. The Port shall provide 6 (six) monthly undesignated parking passes for employees of Licensee at Port cost during the term of this License. Parking stalls are located in the Airport Garage. Licensee's use of the parking in the Airport Garage is subject to all rules and regulations of the Port and/or the operator of the Airport Garage.
11. Port contact for purposes of License. The Port contact for purposes of this License, shall be Jude Barrett, Lease Administration Supervisor, at 206 787-5915 or email address barrett.j@portseattle.org.
12. Licensee Responsible for Safety and Property. Licensee specifically accepts the Premises in their present condition on an as-is, where-is basis. Licensee's activities within, on or about the Premises shall be at Licensee's sole risk, and the Port shall not be responsible for the safety of Licensee, its employees, agents, licensees or invitees, or for the condition or loss of any items of personal property brought onto the Premises by any of them.
13. Compliance with Laws, Rules, and Regulations. Licensee shall, at its sole cost and expense, use and/or occupy the Premises solely: (i) in the manner contemplated by this License, (ii) in an orderly manner so as to avoid unreasonably interfering with or

Commented [NL1]: Not provided in the new contract

Commented [NL2]: Not provided in the new contract

interrupting the normal business operations and quiet enjoyment of the other occupants of the Premises or adjoining properties or premises, and (iii) in full compliance with all applicable governmental laws, rules, regulations, and codes, specifically including those related to the protection of the environment and those promulgated by the Port for the general safety and convenience of its customers and the public. Licensee also shall, at its sole cost and expense, obtain any and all permits, licenses, and approvals that may be required in order to make lawful the Licensee's activities on the Premises.

14. Indemnity. The Port, its employees and agents shall not be liable for any injury (including death) to any persons or for damage to any property regardless of how such injury or damage be caused, sustained or alleged to have been sustained by Licensee or by others, including but not limited to all persons directly or indirectly employed by the Licensee, or any agents, contractors or subcontractors of Licensee, as a result of any condition (including existing or future defects in the Premises) or occurrence (including failure or interruption of utility service) whatsoever related in any way to the Premises and the areas adjacent thereto, or related in any way to Licensee's use and/or occupancy of the Premises and of areas adjacent thereto. Licensee agrees to defend and to hold and save the Port harmless from all liability or expenses (including attorneys' fees, costs, and all expenses of litigation) in connection with either (i) any such items of actual or alleged injury or damage, except when such injury or damage is caused by the sole negligence of the Port, or (ii) any breach of the terms of this License. Licensee expressly agrees that its duty to defend and indemnify the Port includes negligent acts, which are concurrent, contributory, or both by the Port, resulting in said damage or injury. Licensee also agrees that the foregoing indemnity specifically covers actions brought by its own employees, and thus Licensee expressly waives its immunity under industrial insurance, Title 51 RCW, as necessary to effectuate this indemnity.
15. Insurance. General Liability Insurance. Licensee shall obtain and keep in force a commercial general liability policy of insurance, written on ISO Form CG 00 01 10 01 (or equivalent), that protects Licensee and the Port, as an additional insured using ISO Form 20 26 or an equivalent version, against claims for bodily injury, personal injury and property damage based upon, involving or arising out of the use or occupancy of the Premises and all areas appurtenant thereto. Such insurance shall be on occurrence basis providing single limit coverage in an amount not less than one million dollars (\$1,000,000) per occurrence. The policy shall not contain any intra-insured exclusions as between insured persons or organizations. The policy shall contain a minimum \$250,000 sub-limit that covers damage to premises licensed to Licensee, including fire damage. All insurance to be carried by Licensee shall be primary to and not contributory with any similar insurance carried by the Port, whose insurance shall be considered excess insurance only. Upon License inception and annually thereafter, a Copy of the Insurance Certificate validating insurance coverage and a copy of the additional insured endorsement shall be submitted to the Port contact. The insurance required under License shall not be cancelable or subject to non-renewal or modification except after thirty (30) days prior written notice to the Port.
16. Licensee Responsible for Damages. Licensee assumes full responsibility for all damages or losses incurred by the Port or others arising from Licensee's entry onto,

occupancy of and/or use of the Premises, whether caused by Licensee, its employees, agent, licensees or invitees.

17. Termination of Agreement. Notwithstanding any specific term set forth in this License, the Port may terminate this License, in its sole discretion and for any reason whatsoever, effective upon delivery of written notice to Licensee at the address set forth above.

18. Applicable Law. This License shall be construed and enforced in accordance with the laws of the State of Washington.

19. Entire Agreement. This letter sets forth all covenants, promises, agreements, conditions and understandings between the Port and Licensee concerning the Premises, and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between the Port and Licensee other than as set forth in this Agreement. No subsequent alteration, amendment, change or addition to this License shall be binding upon the Port or Licensee unless reduced to writing and signed by both parties.

Licensee must countersign and return the enclosed duplicate original of this Agreement along with any certificate of insurance, and additional insured endorsement pursuant to the instructions in the cover letter.

Attachment

Attachment 1. Drawing of Premises.

Agreed and accepted this ____ day of _____, 20..:

(Organization)

By: _____

Its: _____

TERMINAL LEASE AGREEMENT

Between

PORT OF SEATTLE

And

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TERMINAL LEASE AGREEMENT

THIS TERMINAL LEASE AGREEMENT (the “Lease”) is made as of this ____ day of _____, 20..., by and between the PORT OF SEATTLE, a Washington municipal corporation (“the Port”), and _____ a non-profit/for-profit corporation of the State of Washington (“Lessee”).

For and in consideration of the mutual promises, covenants and conditions hereinafter set forth, the parties agree as follows:

SECTION 1: LEASED PREMISES

1.1 Premises. The Port hereby leases to Lessee, and Lessee hereby leases from the Port that certain space located within the Main Terminal of the Seattle-Tacoma International Airport (“the Premises”). A legal description of the Main Terminal is attached as Exhibit A. A Premises Notice designating which areas of the Airport will be made available for use by Lessee, together with drawing(s) reflecting the exact location of the Premises within the Main Terminal is attached as Exhibit B. The Port and Lessee agree that the Premises Notice may be revised by the parties from time to time during the term to reflect the addition, deletion or relocation of the Premises under this Lease, and any revised Premises Notice shall automatically be incorporated into this Lease and update and replace the last issued Premises Notice without the necessity of a formal amendment to the Lease. Subject to the rights reserved to the Port in this Lease, the Premises: (i) include any improvements and appurtenances located within the Premises, (ii) extend to the centerline of party/demising walls and to the exterior faces of any exterior walls, and (iii) extend from the structural flooring to ceiling, excluding any plenum above a drop/suspended ceiling. The Port and Lessee agree that the Premises are, and shall be deemed for all purposes to be, the size set forth in the Premises Notice.

1.2 Acceptance of the Premises. Lessee has examined the Premises, accepts them in their present condition, and agrees to make any changes in the Premises necessary to conform to federal, state and local law applicable to Lessee’s use of the Premises.

1.3 Relocation. When, in the Port’s sole discretion, the Premises are necessary for security or other operational needs, the Port shall have the right to change the location of the Premises, including a potential reduction in floor space, on thirty (30) days written notice to Lessee. In the event of any change in the area of the Premises, Base Rent shall be adjusted accordingly. The Port, however, shall not otherwise be liable to Lessee for any loss in the use (including loss of business) and/or any inconvenience or annoyance occasioned by the relocation.

1.4 Quiet Enjoyment. So long as Lessee is not in default under this Lease and subject to the specific provisions, covenants and agreements contained in this Lease, the Port covenants and agrees that the quiet and peaceful possession and enjoyment of the Premises by Lessee shall not be disturbed or interfered with by the Port or by any other party claiming by or through the Port.

SECTION 2: TERM

2.1 Lease Term. This Lease shall be on a month-to-month basis, beginning on , 20... , and may be terminated by notice of thirty (30) days or more preceding the end of the monthly rental period at which termination is proposed, given by one party to the other.

2.2 Possession. If the Port shall be unable for any reason to deliver possession of the Premises, or any portion thereof, at the time of the commencement of the term of this Lease, the Port shall not be liable for any damage caused thereby to Lessee, nor shall this Lease thereby become void or voidable, nor shall the term specified herein be in any way extended, but in such event Lessee shall not be liable for any Rent until such time as the Port can deliver possession. If Lessee shall, in the interim, take possession of any portion of the Premises, Lessee shall pay as Rent the full rent specified herein reduced pro rata for the portion of the Premises not available for possession by Lessee. If the Port shall be unable to deliver possession of the Premises at the commencement of the term of this Lease, Lessee shall have the option to terminate this Lease by at least thirty (30) days' written notice, unless the Port shall deliver possession of the Premises prior to the effective date of termination specified in such notice. If Lessee shall, with the Port's consent, take possession of all or any part of the Premises prior to the commencement of the term of this Lease, all of the terms and conditions of this Lease shall immediately become applicable, with the exception that Lessee shall not be obligated to pay any Rent for the period prior to the commencement of the term of this Lease unless otherwise mutually agreed.

SECTION 3: RENT

3.1 Base Rent. Commencing on the commencement date, Lessee agrees to pay as rent ("Base Rent") for the Premises at the rate of and cents (\$) per square foot per year, plus applicable taxes. The Base Rent shall be paid to the Port prior to the last day of each and every calendar quarter during the term, at such place as the Port may designate, without any prior demand, and without any abatement, deduction or setoff whatsoever. If the term commences on any day other than the first day of a calendar quarter, Base Rent for any fractional quarter shall be prorated based upon the actual number of days in such fractional quarter. The Port reserves the right to increase such rent upon thirty (30) days prior written notice to Lessee; provided, however, any such adjustment may be made only in connection with adjustments to other terminal rental rates applying at the Airport and in a manner reasonably consistent with the methodologies utilized in such other terminal rental rate adjustments.

3.2 Late Charges.

3.2.1 Lessee hereby acknowledges that late payment by Lessee to the Port of Rent, or any portion thereof, or any other sums due hereunder will cause the Port to incur costs not otherwise contemplated by this Lease. Accordingly, if any installment of Rent, or any

portion thereof, or any other sum due from Lessee shall not be received by the Port within ten (10) days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall pay the Port a late charge equal to 5% of such overdue amount. The parties agree that such late charge represents a fair and reasonable estimate of the costs the Port will incur by reason of late payment by Lessee. Acceptance of such late charge by the Port shall in no event constitute a waiver of Lessee's default with respect to such overdue amount, nor prevent the Port from exercising any of the other rights and remedies granted hereunder.

3.2.2 In the event that a late charge is payable in this Lease or otherwise, whether or not collected, for three (3) installments of Rent and/or other remuneration in any 12-month period, then Rent and/or other remuneration shall automatically become due and payable quarterly in advance, rather than monthly, notwithstanding Section 3.1 or any other provision of this Lease to the contrary.

3.2.3 In addition to the late charges provided for in this Section, interest shall accrue on any unpaid Rent and/or other remuneration, or any other sums due hereunder, at the rate of 18% per annum or the maximum rate provided by law, whichever is less, ("the Default Rate") from the date due until paid.

3.3 Use of Term Rent. The Port and Lessee agree that the term "Rent" shall mean and refer collectively to sums denominated as either Base Rent, Percentage Rent (if any), Additional Rent (if any) or any such other sums or charges otherwise payable by Lessee under the terms of this Lease. Failure by Lessee to pay any sum denominated as Rent shall entitle the Port to pursue any or all remedies specified in this Lease as well as remedies specified in RCW Chapter 59.12 or otherwise allowed by law.

SECTION 4: SECURITY

4.1 Security. Lessee shall, upon execution of this Lease, obtain and deliver to the Port a good and sufficient corporate surety company bond, irrevocable stand-by letter of credit, cash deposit or other security in an amount equal to **3** (three) months' rent (hereinafter referred to as "Security"), to secure Lessee's full performance of this Lease, including the payment of all fees and other amounts now or hereafter payable to the Port hereunder. The amount, form, provisions and nature of the Security, and the identity of the surety or other obligor thereunder, shall at all times be subject to the Port's approval. The Security shall remain in place at all times throughout the full term of this Lease and throughout any holdover period. If the Security is in a form that periodically requires renewal, Lessee must renew the Security not less than 45 days before the Security is scheduled to expire. No interest shall be paid on the Security and the Port shall not be required to keep the Security separate from its other accounts. No trust relationship is created with respect to the Security.

4.2 Return of Security. The Security is a part of the consideration for execution of this Lease. If Lessee shall have fully performed all terms and conditions of this Lease, any cash deposit security shall be paid to Lessee within thirty (30) days following the termination (or expiration) date without interest; otherwise the Port shall, in addition to any and all other rights and remedies available under this Lease or at law or equity, retain title thereto.

4.3 Application of Security. The Port may apply all or part of the Security to unpaid Rent or any other unpaid sum due hereunder, or to cure other defaults of Lessee. If the Port uses any part of the Security, Lessee shall restore the Security to its then-currently required amount within fifteen (15) days after the receipt of the Port's written request to do so. The retention or application of such Security by the Port pursuant to this Section does not constitute a limitation on or waiver of the Port's right to seek further remedy under law or equity.

SECTION 5: USE OF PREMISES

5.1 Use of Premises. Lessee shall use the Premises for **office and classroom** and shall not use them for any other purpose without the written consent of the Port.

5.2 General Standards Regarding Use.

5.2.1 Lessee shall occupy and use the entire Premises for the purpose set forth in Section 5.1 in a first-class manner continuously during the entire term of this Lease, with the exception of temporary closures for such periods as may reasonably be necessary for repairs or redecorating or for reasons beyond Lessee's reasonable control.

5.2.2 Lessee shall not use or occupy the Premises, or permit the Premises or any part thereof to be used or occupied, in whole or in part, in a manner which would in any way: (i) violate any present or future Legal Requirements, (ii) violate any of the covenants, agreements, provisions and conditions of this Lease, (iii) violate the certificate of occupancy then in force with respect thereto, (iv) constitute a public or private nuisance, (v) impair, in the Port's reasonable judgment, with the character, reputation or appearance of the Port, or (vi) occasion discomfort, inconvenience or annoyance to the Port, adjoining tenants or the traveling public. For purposes of this Lease, the term "Legal Requirements" shall mean and refer to all laws, statutes and ordinances including building codes and zoning regulations and ordinances and the orders, rules, regulations and requirements of all federal, state, county, city or other local jurisdiction departments, agencies, bureaus, offices and other subdivisions thereof, or any official thereof, or of any other governmental, public or quasi-public authority, which may be applicable to or have jurisdiction over the Premises, or the sidewalks or streets adjacent thereto and all requirements, obligations and conditions of all instruments of record on the date of this Lease.

5.2.3 Lessee shall take all reasonable measures, using the latest known and practicable devices and means, to eliminate any unusual, nauseous or objectionable noise, gases, vapors, odors and vibrations from emanating from the Premises. Lessee shall not conduct or permit to be conducted without the prior written consent of the Port, any auction, fire, bankruptcy, "going out of business" or other distress sales of any nature upon or from the Premises, whether voluntary, involuntary, pursuant to any assignment for the payment of creditors, or pursuant to any bankruptcy or other insolvency proceeding, unless ordered by a court of competent jurisdiction.

5.3 Continuing Compliance. Throughout the term of this Lease, Lessee shall, at its own cost and expense, promptly and diligently observe and comply with: (i) all Legal Requirements (including, without limitation, those relating to environmental matters) and the requirements of any fire insurance rating organization and all insurance companies writing

policies covering the Premises or any part or parts thereof; (ii) all applicable rules and regulations of the Port pertaining to the building or other realty of which the Premises are a part now in existence or hereafter promulgated for the general safety and convenience of the Port, its various tenants, invitees, licensees and the general public; and (iii) all permits, licenses, franchises and other authorizations required for Lessee's use of the Premises or any part thereof. Lessee shall comply with each of these whether or not they are now in force or at any time in the future may be passed, enacted, or directed.

5.4 Security Requirements. Without limiting the generality of either Section 5.2 or 5.3, Lessee and its employees, agents, and contractors shall comply at all times with all local, state and federal laws, rules and regulations relating to homeland security ("Security Laws") as well as any government-required security plan ("Security Plan") applying at the Airport. Lessee shall be solely responsible for all of its costs of complying with any applicable Security Laws or Security Plan as well as any fines or penalties incurred (whether by Lessee or the Port) as result of its failure to comply with such Security Laws or Security Plan.

5.5 No Liens. Lessee will not directly or indirectly create or permit to be created and/or to remain, a Lien upon the Premises, including any Alterations (as defined below in Section 7.1), fixtures, improvements or appurtenances thereto, except those Liens expressly permitted in writing by the Port. In the event any such Lien(s) have been created by or permitted by Lessee in violation of this provision, Lessee shall immediately discharge as of record, by bond or as otherwise allowed by law, any such Lien(s). Lessee shall also defend (with counsel approved by the Port), fully indemnify, and hold entirely free and harmless the Port from any action, suit or proceeding brought on or for the enforcement of such Lien(s). As used in this Section, "Lien" shall mean and refer to any mortgage, lien, security interest, encumbrance, charge on, pledge of, conditional sale or other encumbrance on the Premises, any Alteration, fixture, improvement or appurtenance thereto, or any larger building and/or property of which the Premises may be a part.

5.6 Signs. No sign, symbols or other advertising matter shall be attached to or painted on or within the Premises, including windows and doors thereof, without the prior written approval of the Port. At the termination or sooner expiration of this Lease, all signs, symbols, advertising matter or canopies placed on or in the Premises by Lessee shall be removed by Lessee at its expense, and Lessee shall repair any damage or injury to the Premises and correct any unsightly condition caused by the maintenance or removal of said signs or other advertising matter.

SECTION 6: UTILITIES

6.1 Utilities.

6.1.1 HVAC. In the event that the Premises are served by the Airport's heating, ventilating and air conditioning (HVAC) system, the Port will, at no cost to Lessee, furnish normal and reasonable quantities of conditioned air from the central HVAC system. In the event that the Premises are not served by the Airport's HVAC system and Lessee requires HVAC service, Lessee shall, at its expense, furnish, install and maintain any ductwork and other connections within or leading into the Premises, and shall connect and complete the HVAC from the Airport's central system. Subject to conditions beyond its control, the Port will maintain

under normal conditions a temperature adequate for comfortable occupancy according to the season and the nature of the use; provided, that Lessee properly maintains the ductwork and other connections within the Premises and complies with the recommendations of the Port regarding reasonable occupancy and use of the Premises.

6.1.2 Electricity. The Port will, at no cost to Lessee, provide normal and reasonable quantities of electrical power to the Premises considering the nature of the permitted use. In the event that Lessee installs any special systems (e.g. supplementary HVAC) or utilizes a disproportionate amount of power considering the permitted use, the Port may, in its sole discretion, either: (i) require Lessee, at Lessee's expense, to furnish, install and maintain an electric meter for the Premises at a location and of a type specified by the Port and to pay all costs for electricity used within the Premises or (ii) where separate metering is not required, require Lessee to pay all costs for electricity used within the Premises where such costs are calculated by the Port on any reasonable basis.

6.1.3 Water/Sewer/Gas. The Port shall have no obligation to provide water, sewer or natural gas service to the Premises. To the extent Lessee requires water, sewer or natural gas service (and such service is permitted by the Port pursuant to Section N/A), Lessee shall, at its expense, furnish, install and maintain a connection to the applicable system (specifically including a meter, if required) at a location and of a type specified by the Port. Lessee shall further pay all costs for water or gas used within the Premises and a reasonable sewer use charge.

6.1.4 Communications. Lessee agrees to use the Port's cabling and communications system for its operations at the Airport when such cabling and communications system have been installed by the Port, and Lessee shall pay a user fee as will be determined by the Port. In the event Lessee is allowed to install communication equipment, any such installation shall be subject to the Port regulation.

6.1.5 Trash, Recycling and Other Common Services. The Port may establish common use services at the Airport, including but not limited to trash and refuse removal, deliveries, and recycling. The Port reserves the right to establish charges for common use services based upon documented actual costs and to require the use of such common use services.

6.1.6 Janitorial. The Port shall be solely responsible for any janitorial or other custodial services and expenses associated with the Premises.

6.2 Utility Interruptions.

6.2.1 With respect to any utility service provided to the Premises as a part of a building or any larger premises of which the Premises are a part, the Port shall have the right to shut down electrical or other utility services to the Premises when necessitated by safety, repairs, alterations, connections, upgrades, relocations, reconnections, or for any other reason, with respect to any such utility system (singularly or collectively, "Utility Work"), regardless of whether the need for such Utility Work arises in respect of the Premises, any other part of the building or larger premises. Whenever possible, the Port shall give Lessee no less than two (2) days prior notice for such utility shutdown. The Port shall not be liable to Lessee for any losses, including loss of income or business interruption, resulting from any interruptions or failure in

the supply of any utility to the Premises, except when such losses result from the Port's gross negligence.

6.2.2 Lessee acknowledges that interruptions in utility services (including, without limitation, electrical service) are not uncommon in facilities such as the Airport, and Lessee acknowledges that it will, at its cost and expense, protect any sensitive electronic equipment which may be used in the Premises from utility service interruptions through the use of backup power supplies, surge protectors, and other appropriate safety systems as Lessee deems reasonable and necessary. Lessee acknowledges that it has taken or will take all precautions it deems necessary to protect its equipment in, on and around the Airport, including the acquisition of insurance

6.3 Energy Conservation. The Port shall have the right to institute such reasonable policies, programs and measures as may be necessary or desirable, in the Port's discretion, for the conservation and/or preservation of energy or energy related services, or as may be required to comply with any applicable codes, rules and regulations, whether mandatory or voluntary.

SECTION 7: ALTERATIONS; OWNERSHIP OF CERTAIN INSTALLATIONS

7.1 Limitation on Alterations. Lessee shall make no changes, alterations, additions, substitutions or improvements (collectively referred to as "Alterations") to the Premises, unless Lessee shall first deliver to the Port plans and specifications for, and obtain the Port's prior written approval of, such Alterations. All such Alterations shall be done at Lessee's sole cost and expense and at such times and subject to such conditions as the Port may from time to time designate. Unless otherwise specifically agreed, Lessee shall obtain all necessary permits, including any discretionary permits, for any Alteration. In the event the Port is required or has obtained any of the necessary permits, Lessee will reimburse the Port for any permit fees and associated costs in obtaining said permits.

7.2 Requirements for All Alterations. In addition to, and not in lieu of, conditions imposed by the Port pursuant to Section 7.1, any alterations or improvements permitted by the Port shall be constructed and performed: (i) in a good and workmanlike manner; (ii) in compliance with all Legal Requirements and Port Standards; and (iii) in a manner which will not unreasonably interfere with or disturb other tenants of the Port. In addition, prior to commencement of any Alterations, Lessee shall furnish to the Port proof of insurance for any and all contractors working on behalf of Lessee in the minimum form and limits as set forth in Section 11.1.2.1 and 11.2.1.2. Any Alterations shall immediately become the property of the Port without any obligation on its part to pay therefor, and shall not be removed by Lessee unless directed to do so in connection with any consent issued under Section 7.1 or pursuant to SECTION 18. As used in this Section, "Port Standards" shall mean the Sea-Tac Rules and Regulations, the Regulations for Airport Construction, the Tenant Design and Construction Process Manual (also known as the "Tenant Roadmap"), the CAD Standards Manual, the Concession Design Standards, the Port's mechanical, electrical, water and waste, and industrial waste and storm drainage standards and any other, similar document establishing requirements and/or standards for design and construction at the Airport.

7.3 As Built Drawings. Within ninety (90) days of the completion of any Alteration, Lessee shall provide the Port with: (a) a certification that the Alteration has been constructed in

accordance with the approved drawings and specifications and in strict compliance with all Legal Requirements and the Port Standards; (b) a certified proof in writing demonstrating that no liens exist on the Alteration; and (c) a reproducible final copy of the plans as-built for the Alteration along with computer discs as electronic files in a format compatible with the Port's CAD Standards Manual, to enable the Port to upgrade its existing files to reflect the as-constructed changes made by Lessee.

7.4 Trade Fixtures. Lessee shall retain ownership of all trade fixtures and business equipment and furnishings from time to time installed by Lessee at its expense. Lessee may remove any of such fixtures, equipment or furnishings at any time during the term and shall remove all thereof prior to the expiration of the term. Any such property not removed at the expiration of the term shall, at the election of the Port, become the property of the Port without payment to Lessee, or be deemed abandoned and removed by the Port, at Lessee's expense. Upon any removal of such property, Lessee shall promptly repair any and all damage to the Premises caused thereby and reimburse the Port for its costs and expenses in removing any such property not removed by Lessee and repairing any such damage not repaired by Lessee; this covenant shall survive the termination of this Lease.

SECTION 8: MAINTENANCE AND REPAIR

8.1 Maintenance and Repair by Lessee.

8.1.1 The Port shall, at its sole cost and expense, keep the Premises (specifically including all Alterations, equipment and installations) in good order, condition and repair at all times. Port shall make all repairs and replacements (ordinary as well as extraordinary, foreseen and unforeseen) which may be necessary or required so that at all times the Premises are in good order, condition and repair. With limiting the generality of the foregoing, Port shall keep the glass of all windows and doors on the Premises clean and presentable, shall replace all cracked or broken glass in the Premises, shall keep the mechanical and electrical systems and all drains clean and in a good state of repair, shall protect the sprinkler system and all pipes and drains so that they will not freeze or become clogged and shall not permit or suffer any waste, damages, or disfigurement to or upon the Premises or any part thereof.

8.1.2 Lessee shall also keep the Premises and entryways neat, clean and in sanitary condition, free from infestation of pests and conditions which might result in harborage for, or infestation of pests. As used in this Section, the word "pests," shall include without limitation, rodents, insects, and birds in numbers to the extent that a nuisance is created

8.2 Maintenance and Repair by Port. Notwithstanding anything to the contrary in Section 8.1, the Port shall repair and maintain the roof (both structure and covering/membrane), exterior walls, foundation and building structure of the Premises in good order, condition and repair. The Port shall perform this work at its sole cost and expense, except to the extent that any such repairs may be required as a result of damage caused by negligence of Lessee or its agents, employees, invitees or licensees, in which event the work shall be at the cost or expense of Lessee. The Port shall perform such repair or maintenance work called to its attention by Lessee within a reasonable period of time after receipt of such notice by Lessee. There shall be no abatement or reduction of Rent, and the Port shall not be responsible for any loss or damages to Lessee's business, arising by reason of the Port making any repairs, alterations or improvements.

SECTION 9: TAXES

9.1 Payment of Taxes. Lessee shall be liable for, and shall pay throughout the term of this Lease, all license fees and all taxes payable for, or on account of, the activities conducted on the Premises and all taxes on the property of Lessee on the Premises and any taxes on the Premises and/or on the leasehold interest created by this Lease and/or any taxes levied in lieu of a tax on said leasehold interest and/or any taxes levied on, or measured by, the rentals payable hereunder, whether imposed on Lessee or on the Port. With respect to any such taxes payable by the Port which are on or measured by the Rent payments hereunder, Lessee shall pay to the Port with each Rent payment an amount equal to the tax on, or measured by, that particular payment. All other tax amounts for which the Port is or will be entitled to reimbursement from Lessee shall be payable by Lessee to the Port at least fifteen (15) days prior to the due dates of the respective tax amounts involved; provided, that Lessee shall be entitled to a minimum of ten (10) days' written notice of the amounts payable by it.

9.2 Personal Property Taxes. Lessee shall pay or cause to be paid, prior to delinquency, any and all taxes and assessments levied upon all trade fixtures, inventories and other real or personal property placed or installed in and upon the Premises by Lessee. If any such taxes on Lessee's personal property or trade fixtures are levied against the Port or the Port's property, and if the Port pays the taxes based upon such increased assessment, Lessee shall, upon demand, repay to the Port the taxes so levied.

SECTION 10: COMMON AREAS

10.1 Control of Common Areas by Port. The Port shall at all times have the exclusive control and management of the common areas of the Airport and other areas, improvements, facilities and/or special services provided by the Port for the general use, in common, of the traveling public and/or tenants of the Airport ("common areas and facilities"). Without limiting the Port's right of control and management, the Port specifically reserves the right to: (i) establish, modify from time to time, and enforce reasonable rules and regulations governing the use of the common areas and facilities (specifically including, but not limited to, security requirements in non-public areas of the Airport); (ii) change the area, level, location and arrangement of common areas and facilities; (iii) provided Lessee is not deprived of reasonable access to its Premises, close all or any portion of the common areas and facilities; and (iv) do and perform such other acts in and to the common areas and facilities as, in the use of good business judgment, the Port shall determine to be advisable with a view to the improvement of the convenience and use thereof by authorized users.

10.2 Parking. While the Port may provide parking facilities to Lessee and its employees in common with employees of other tenants and users of the Airport, it retains the right to impose a reasonable charge for the privilege of utilizing these parking facilities. Nothing herein contained shall be deemed to require the Port to provide parking facilities to Lessee's employees.

10.3 License. All common areas and facilities which Lessee is permitted to use and occupy are used and occupied under a revocable license. If the amount of such areas or facilities is revised or diminished, such revision or diminution shall not be deemed a constructive or actual

eviction, and the Port shall not be subject to any liability, nor shall Lessee be entitled to any compensation or reduction or abatement of Rent.

10.4 Inconvenience. Lessee recognizes that from time to time during the term of this Lease, it may be necessary for the Port to commence or complete extensive programs of construction, expansion, relocation, maintenance and repair in order that the Airport and its facilities may be completed and operated in accordance with any present or future master layout plan, and that such construction, expansion, relocation, maintenance, repair or other management of the common areas and facilities may inconvenience the Lessee in its operation at the Airport. Lessee agrees that no liability shall attach to the Port, its officers, agents, employees, contractors, subcontractors and representatives by way of such inconveniences, and Lessee waives any right to claim damages or other consideration therefrom.

SECTION 11: INSURANCE AND INDEMNITY

11.1 Indemnity.

11.1.1 The Port, its officers, employees and agents shall not be liable for any injury (including death) to any persons or for damage to any property regardless of how such injury or damage be caused, sustained or alleged to have been sustained by Lessee or by others, including but not limited to all persons directly or indirectly employed by Lessee, or any agents, contractors, subcontractors, licensees or invitees of Lessee, as a result of any condition (including existing or future defects in the Premises) or occurrence (including failure or interruption of utility service) whatsoever related in any way to Lessee's use or occupancy of the Premises and of areas adjacent thereto.

11.1.2 Lessee shall defend (with counsel approved by the Port), fully indemnify, and hold entirely free and harmless the Port and its Commissioners, officers, agents and employees from any and all loss, damages, expenses, attorneys' fees, consultants' fees, court costs and other costs for or from: (a) anything and everything whatsoever arising from the condition of the Premises or out of the occupancy by the Lessee or subtenant, licensee, invitee or concessionaire of Lessee; and (b) any accident, injury, death or damage to any party however caused in or about the Premises or upon the sidewalks adjacent to the Premises, whether or not caused by the negligence of Lessee or any third party; and (c) any fault or negligence by Lessee or any sublessee, licensee, invitee or concessionaire of the Lessee or of any officer, agent, employee, guest or invitee of any such person; and (d) any failure on Lessee's part to comply with any of the covenants, terms and conditions contained in this Lease; *provided, however*, nothing herein shall require Lessee to indemnify the Port from any accident, injury, death or damage arising out of the sole negligence of the Port or its Commissioners, officers, agents and employees. Lessee agrees that the foregoing indemnity specifically covers actions brought by its own employees, and thus Lessee expressly waives its immunity under industrial insurance, Title 51, as necessary to effectuate this indemnity.

11.1.3 Notwithstanding anything to the contrary in Section 11.1.2, in the event of the concurrent negligence of Lessee, its subtenants, licensees, assignees, concessionaires, agents, employees, or contractors on the one hand and the negligence of the Port, its agents, employees or contractors on the other hand, which concurrent negligence results in injury or damage to persons or property of any nature and howsoever caused, and relates to the construction,

alteration, repair, addition to, subtraction from, improvement to or maintenance of the Premises such that RCW 4.24.115 is applicable, Lessee's obligation to indemnify the Port as set forth in this Section shall be limited to the extent of Lessee's negligence and that of Lessee's officers, sublessees, assignees, agents, employees, contractors or licensees, including Lessee's proportional share of costs, court costs, attorneys' fees, consultants' fees and expenses incurred in connection with any claim, action or proceeding brought with respect to such injury or damage.

11.1.4 TENANT AND PORT AGREE AND ACKNOWLEDGE THAT THIS PROVISION IS THE PRODUCT OF MUTUAL NEGOTIATION. Lessee's obligations under this Section shall survive the expiration or earlier termination of this Lease.

11.2 Insurance.

11.2.1 Required Policies. Lessee shall obtain and keep in force, at its sole cost and expense the following types of insurance, in the amounts specified and in the form hereinafter provided for:

11.2.1.1 *General Liability Insurance.* Lessee shall obtain and keep in force a commercial general liability policy of insurance, written on ISO Form CG 00 01 10 01 (or equivalent), that protects Lessee and the Port, as an additional insured using ISO Form 20 26 (either 11 85 or 07 04 revision) or equivalent, against claims for bodily injury, personal injury and property damage based upon, involving or arising out of the tenancy, use, occupancy or maintenance of the Premises and all areas appurtenant thereto, and specifically including the action/inaction of any subtenant, licensee or concessionaire. Such insurance shall be on occurrence basis providing single limit coverage in an amount not less than two million dollars (\$1,000,000) per occurrence. The policy shall not contain any intra-insured exclusions as between insured persons or organizations. The policy shall contain a minimum \$250,000 sub-limit that covers damage to premises rented or leased to Lessee, including fire damage. This limit shall be identified on the Certificate of Insurance. The Port shall be submitted upon Lease inception, a copy of the additional insured endorsement, that validates the Port has been added as an additional insured.

11.2.1.2 *Automobile Liability Insurance.* Lessee shall obtain and keep in force a commercial automobile liability policy of insurance, written on ISO Form CA 00 01 07 97 (or equivalent), that protects Lessee and the Port against claims for bodily injury and property damage based upon, involving or arising out of motor vehicle operations on or about the Premises and all areas appurtenant thereto. Lessee shall provide a Waiver of Subrogation on this policy in favor of the Port. Such insurance shall cover any "Auto" (i.e. owned, hired and non-owned) and shall be on an occurrence basis providing single limit coverage in an amount not less than one million dollars (\$1,000,000) per occurrence. The policy shall not contain any intra-insured exclusions as between insured persons or organizations.

11.2.1.3 *Property Insurance.* Lessee shall obtain and keep in force property insurance using an ISO CP 10 20 Cause of Loss Broad Form (or an equivalent manuscript form) insuring Lessee's personal property and Alterations (specifically including "betterments and improvements") made by or for Lessee against physical damage, including loss of use of the Premises. The Port of Seattle shall be included as an Additional Insured and

Loss Payee on Lessee's property insurance policy with respect to the Port's interest in Alterations.

11.2.2 Insurance Policies.

11.2.2.1 *Insurance Companies.* Insurance required hereunder shall be in companies duly licensed to transact business in the State of Washington, and maintaining during the policy term a General Policyholders Rating of 'A-' or better and a financial rating of 'IX' or better, as set forth in the most current issue of "Best's Insurance Guide."

11.2.2.2 *Policies Primary; Deductibles; Per Location Endorsement.* All insurance to be carried by Lessee shall be primary to and not contributory with any similar insurance carried by the Port, whose insurance shall be considered excess insurance only. No insurance required herein shall contain a deductible or self-insured retention in excess of \$10,000 without the prior written consent of the Port. If at any time during the term, Lessee shall have in full force and effect a blanket policy of commercial general liability and umbrella liability insurance covering the Premises and other premises and/or properties of Lessee, such insurance shall satisfy the requirements hereof, provided said policy contains a specific endorsement providing a minimum amount of coverage applicable to the Premises equal to or greater than the amount required above (i.e. a "per location" endorsement).

11.2.2.3 *Termination; Renewal.* No policy of insurance required under this Lease shall be cancelable or subject to non-renewal or modification except after thirty (30) days prior written notice to the Port. Lessee shall at least forty five (30) days prior to the expiration of such policies, furnish the Port with evidence of renewals or "insurance binders" evidencing renewal thereof, or the Port may order such insurance and charge the cost thereof to Lessee, which amount shall be payable by Lessee to the Port upon demand.

11.2.2.4 *Evidence of Insurance.* Lessee shall deliver, or cause to be delivered, to the Port, certificates of insurance, additional insured endorsements, loss payee endorsements for property insurance, waivers of subrogation and any other documentation or endorsement that provides evidence of the existence and amounts of such insurance, the inclusion of the Port as an insured as required by this Lease, and the amounts of all deductibles and/or self insured retentions. Upon request by the Port, Lessee shall deliver or cause to be delivered to the Port, certified copies of the policies of insurance that Lessee has purchased in order for the Port to verify insurance coverage, limits, and endorsements or view any exclusions to the Lessee's insurance policies.

11.2.2.5 *No Limitation of Liability.* The limits of insurance required by this Lease or as carried by Lessee shall not limit the liability of Lessee nor relieve Lessee of any obligation hereunder.

11.3 Waiver of Subrogation. Without affecting any other rights or remedies, Lessee (for itself and on behalf of anyone claiming through or under it by way of subrogation or otherwise) hereby waives any rights it may have against the Port, its officers, agents and employees (whether in contract or in tort) on account of any loss or damage occasioned to Lessee arising out of or incident to the perils required to be insured against under this Lease. Accordingly, Lessee shall cause each insurance policy required by this Section 11.2 to further

contain a waiver of subrogation clause. The effect of such release and waiver of the right to recover damages shall not be limited by the amount of insurance carried or required, or by any deductibles applicable thereto.

11.4 Increase in Port's Cost of Insurance. Lessee shall not use the Premises in such a manner as to increase the existing rates of insurance applicable to the buildings or structures of which the Premises are a part. If it nevertheless does so, then, at the option of the Port, the full amount of any resulting increase in premiums paid by the Port with respect to the buildings or structures of which the Premises are a part, and to the extent allocable to the term of this Lease, may be added to the amount of Rent and shall be paid by Lessee to the Port upon the monthly rental day next thereafter occurring.

SECTION 12: DAMAGE OR DESTRUCTION

12.1 Duty to Repair. If the Premises or any buildings or structures of which the Premises are a part are damaged by fire, the elements, earthquake, accident or other casualty (collectively, "Casualty"), the Port shall, except to the extent either party has the right to terminate this Lease under Section 12.2, use reasonable efforts to repair and restore the Premises and/or the buildings or structures of which the Premises are a part to substantially their former condition to the extent permitted by then-applicable Legal Requirements; *provided, however*, the Port's obligation to repair and restore shall not extend to any Alterations or any of Lessee's personal property, specifically including that which Lessee retains ownership of under Section 7.4.

12.2 Right to Terminate. The Port may elect to terminate this Lease in the event that the Port, in its sole judgment, concludes that the damage to the Premises or any buildings or structures of which the Premises are a part cannot be repaired within thirty (30) days of the Casualty (with the repair work and the preparations therefor to be done during regular working hours on regular work days). In the event that the Port elects to terminate this Lease, the Port shall advise Lessee of that fact within thirty (30) days of the date of the Casualty and notify Lessee of the date, not more than ninety (90) days after the Casualty, on which the Lease will terminate.

12.3 Abatement of Rent. Unless the casualty results from Lessee's negligence or breach of the terms of this Lease, the Base Rent and Additional Rent, if any, shall be abated for any portion of the Premises that is rendered untenable or inaccessible from the period from the date of the Casualty through the date of substantial completion of the repairs to the Premises (or to the date of termination of the Lease if either party shall elect to terminate the Lease). The Port shall not otherwise be liable to Lessee for any loss in the use in the whole or any part of the Premises (including loss of business) and/or any inconvenience or annoyance occasioned by the Casualty, by any damage resulting from the Casualty, or by any repair, reconstruction or restoration.

12.4 Waiver. Except as specifically set forth in this Lease, Lessee hereby waives any right that Lessee may have, under any applicable existing or future law, to terminate this Lease in the event of any damage to, or destruction of, the Premises or any buildings or structures of which the Premises are a part.

SECTION 13: ASSIGNMENT AND SUBLEASE

13.1 Prohibition. Lessee shall not, in whole or in part, assign, sublet, license or permit occupancy by any party other than Lessee of all or any part of the Premises, without the prior written consent of the Port in each instance. Lessee shall at the time the Lessee requests the consent of the Port, deliver to the Port such information in writing as the Port may reasonably require respecting the proposed assignee, subtenant or licensee including, without limitation, the name, address, nature of business, ownership, financial responsibility and standing of such proposed assignee, subtenant or licensee. Within twenty (20) business days after receipt of all required information, the Port shall, in its sole discretion, elect one of the following: (a) to consent to such proposed assignment, sublease or license or (b) to refuse such consent.

13.1.1 As a condition for the Port's consent to any assignment, encumbrance or sublease, the Port may require that the assignee, sublessee or licensee remit directly to the Port on a monthly basis, all monies due to Lessee by said assignee, sublessee or licensee (except with respect to excess rentals otherwise due Lessee pursuant to Section 13.2). In addition, a condition to the Port's consent to any assignment, sublease or license of this Lease or the Premises shall be the delivery to the Port of a true copy of the fully executed instrument of assignment, sublease or license and an agreement executed by the assignee, sublessee or licensee in form and substance satisfactory to the Port and expressly enforceable by the Port, whereby the assignee, sublessee or licensee assumes and agrees to be bound by the terms and provisions of this Lease and perform all the obligations of Lessee hereunder.

13.1.2 In the event of any assignment, Lessee and each respective assignor, waives notice of default by the tenant in possession in the payment and performance of the Rent, covenants and conditions of this Lease and consents that the Port may in each and every instance deal with the tenant in possession, grant extensions of time, waive performance of any of the terms, covenants and conditions of this Lease and modify the same, and in general deal with the tenant then in possession without notice to or consent of any assignor, including Lessee; and any and all extensions of time, indulgences, dealings, modifications or waivers shall be deemed to be made with the consent of Lessee and of each respective assignor.

13.1.3 Lessee agrees that any sublease or license will contain a provision in substance that if there be any termination whatsoever of this Lease then the subtenant or licensee, at the request of the Port, will attorn to the Port and the sublessee or licensee, if the Port so requests, shall continue in effect with the Port, but the Port shall be bound to the subtenant or licensee in such circumstances only by privity of estate. Nothing herein shall be deemed to require the Port to accept such attornment.

13.1.4 No assignment, subletting or license by Lessee shall relieve Lessee of any obligation under this Lease, including Lessee's obligation to pay Rent or any other sum hereunder. Any purported assignment, subletting or license contrary to the provisions hereof without consent shall be void. The consent by the Port to any assignment or subletting shall not constitute a waiver of the necessity for such consent to any subsequent assignment or subletting.

13.1.5 Lessee shall reimburse the Port in the sum of Five Hundred Dollars (\$500.00) plus any reasonable professionals' fees and expenses incurred by the Port in connection with any request by Lessee for consent to an assignment, subletting or license.

13.2 Excess Rental. If in connection with any assignment, sublease or license, Lessee receives rent or other monetary consideration, either initially or over the term of the assignment or sublease, in excess of the Rent called for hereunder, or in case of the sublease of a portion of the Premises, in excess of such Rent fairly allocable to such portion, after appropriate adjustments to assure that all other payments called for hereunder and out-of-pocket expenditures, operating costs or concessions incurred by Lessee in connection with such assignment, sublease or license, are appropriately taken into account, Lessee shall pay to the Port, as Additional Rent hereunder, seventy-five percent (75%) of the excess of each such payment of rent or other consideration received by Lessee after its receipt.

13.3 Scope. The prohibition against assigning or subletting contained in this Article shall be construed to include a prohibition against any assignment or subletting by operation of law. Furthermore, for purposes of this Article, any sale, transfer or other disposition in the aggregate of fifty percent (50%) or more of the equity ownership in Lessee (i.e. stock with respect to tenant corporation, partnership interests with respect to a tenant partnership, etc.) shall be deemed an assignment. If this Lease be assigned, or if the underlying beneficial interest of Lessee is transferred, or if the Premises or any part thereof be sublet or occupied by anybody other than Lessee, the Port may collect Rent from the assignee, subtenant or occupant and apply the net amount collected to the Rent herein reserved and apportion any excess Rent so collected in accordance with the terms of Section 13.2, but no such assignment, subletting, occupancy or collection shall be deemed a waiver of this covenant, or the acceptance of the assignee, subtenant or occupant as tenant, or a release of Lessee from the further performance by Lessee of covenants on the part of Lessee herein contained. No assignment or subletting shall affect the continuing primary liability of Lessee (which, following assignment, shall be joint and several with the assignee), and Lessee shall not be released from performing any of the terms, covenants and conditions of this Lease.

SECTION 14: DEFAULT

14.1 Defaults. Time is of the essence of this Lease. The occurrence of any one or more of the following events constitutes a default of this Lease by Lessee with or without notice from the Port:

14.1.1 The vacating or abandonment of the Premises by Lessee.

14.1.2 The failure by Lessee to make any payment of Rent, or any other payment required by this Lease, when due.

14.1.3 The failure by Lessee to observe or perform any covenant, condition, or agreement to be observed or performed by Lessee in this Lease.

14.1.4 The discovery by the Port that any required report, financial statement or background statement provided to the Port by Lessee, any successor, grantee, or assign was materially false.

14.1.5 The filing by Lessee of a petition in bankruptcy, Lessee being adjudged bankrupt or insolvent by any court, a receiver of the property of Lessee being appointed in any proceeding brought by or against Lessee, Lessee making an assignment for the benefit of creditors, or any proceeding being commenced to foreclose any mortgage or other lien on Lessee's interest in the Premises or on any personal property kept or maintained on the Premises by Lessee.

14.1.6 A default under any other lease and/or concession agreement under which Lessee uses or occupies any other premises at the Airport.

14.2 Remedies.

14.2.1 Whenever any default (other than a default under Section 14.1.5 above, upon which termination of this Lease shall, at the Port's option, be effective immediately without further notice) continues unremedied in whole or in part for fifteen (15) days after written notice is provided by the Port to Lessee (or for ten (10) days after written notice in the case of default for failure to pay any Rent, or other required payment when due), this Lease and all of Lessee's rights under it will automatically terminate if the written notice of default so provides. Upon termination, the Port may reenter the Premises using such force as may be necessary and remove all persons and property from the Premises. The Port will be entitled to recover from Lessee all unpaid Rent or other payments and damages incurred because of Lessee's default including, but not limited to, necessary renovations or repairs and attorney's fees and costs ("Termination Damages"), together with interest on all Termination Damages at the Default Rates from the date such Termination Damages are incurred by the Port until paid.

14.2.2 In addition to the rights granted by Section 7.4, if upon any reentry permitted under this Lease, there remains any personal property upon the Premises, the Port, in its sole discretion, may remove and store the personal property for the account and at the expense of Lessee. In the event the Port chooses to remove and store such property, it shall take reasonable steps to notify Lessee of the Port's action. All risks associated with removal and storage shall be on Lessee. Lessee shall reimburse the Port for all expenses incurred in connection with removal and storage as a condition to regaining possession of the personal property. The Port has the right to sell any property which has been stored for a period of 30 days or more, unless Lessee has tendered reimbursement to the Port for all expenses incurred in removal and storage. The proceeds of sale will be applied first to the costs of sale (including reasonable attorneys' fees), second to the payment of storage charges, and third to the payment of any other amounts which may then be due and owing from Lessee to the Port. The balance of sale proceeds, if any, will then be paid to Lessee.

14.3 Remedies Cumulative. All rights, options and remedies of the Port contained in this Lease shall be construed and held to be distinct, separate and cumulative, and no one of them shall be exclusive of the other, and the Port shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law or in equity, whether or not stated in this Lease.

SECTION 15: TERMINATION OTHER THAN FOR DEFAULT

15.1 Condemnation.

15.1.1 Total Taking. In the case of a taking by eminent domain of either all of the Premises or such portion of either the Premises or any buildings or structures of which the Premises are a part as shall, in the Port's sole judgment, be required for reasonable use of the Premises, this Lease shall terminate as of the date of such taking. If Lessee is not in default under any of the provisions of this Lease on said date, any Rent prepaid by Lessee shall, to the extent allocable to any period subsequent to the effective date of the termination, be promptly refunded to Lessee.

15.1.2 Partial Taking. In the case of a taking of portion of the Premises or any buildings or structures of which the Premises are a part as shall *not*, in the Port's sole judgment, be required for reasonable use of the Premises, this Lease shall continue in full force and effect, and the Base Rent shall, as of the date of such taking, be equitably reduced based on the proportion by which the Premises (but not the buildings or structures of which the Premises are a part) is reduced.

15.1.3 Damages. The Port reserves all right to the entire damage award or payment for taking by eminent domain, and Lessee waives all claim whatsoever against the Port and/or the authority exercising eminent domain for damages for termination of its leasehold or for interference with its business. The Port and Lessee further agree that all decisions regarding how the eminent domain proceeding should be handled shall be made in the sole discretion of the Port (specifically including any response to a motion for order adjudicating public use and necessity or any request for immediate possession), and Lessee shall take no actions or steps which interfere with the Port's ability to control the handling of the eminent domain proceeding. Notwithstanding the foregoing, nothing in this Section shall be considered to be a waiver or assignment by Lessee of any right to relocation assistance payments or relocation advisory services which may be available in connection with the eminent domain proceeding.

15.1.4 Eminent Domain. The term "eminent domain" as used in this Section 15.1 shall include taking or damaging of property by, through or under any governmental or quasi-governmental authority and the purchase or acquisition in lieu thereof.

15.2 Court Decree. In the event that any court having jurisdiction in the matter shall render a decision which has become final and which will prevent the performance by the Port of any of its obligations under this Lease, then either party hereto may terminate this Lease by written notice, and all rights and obligations hereunder (with the exception of any undischarged rights and obligations that accrued prior to the effective date of termination) shall thereupon terminate. If Lessee is not in default under any of the provisions of this Lease on the effective date of such termination, any Rent prepaid by Lessee shall, to the extent allocable to any period subsequent to the effective date of the termination, be promptly refunded to Lessee. Lessee is not entitled to any compensation at termination for the bargain value of the leasehold.

SECTION 16: ACCESS; EASEMENTS

16.1 Access to Premises. The Port shall have the right to show the Premises at all reasonable times during business hours of Lessee to any prospective purchasers, tenants or mortgagees of the same, and may at any time enter upon the Premises, or any part thereof, for the purpose of ascertaining the condition of the Premises or whether Lessee is observing and performing the obligations assumed by it under this Lease, all without hindrance or molestation from the Lessee. The Port shall also have the right to enter upon the Premises for the purpose of making any necessary repairs and performing any work that may be necessary by reason of Lessee's failure to make any such repairs or perform any such work. The above-mentioned rights of entry shall be exercisable upon request made on reasonable advance notice to Lessee (except that no notice shall be required in the event of an emergency) or an authorized employee of Lessee at the Premises, which notice may be given orally.

16.2 Easements.

16.2.1 The Parties recognize that the Port facilities are continuously being modified to improve the utilities, services and premises used and provided by the Port. The Port and its authorized utility service providers are hereby granted a continuous easement or easements that the Port believes is necessary within the Premises of Lessee, without any additional cost to the Port for the purposes expressed hereinabove. The Port, its authorized utility service providers, and their respective agents, shall have the right to enter the Premises of Lessee, and to cross over, construct, move, reconstruct, rearrange, alter, maintain, repair and operate the sewer, water, and drainage lines, and the electrical service, and all other services and facilities required by the Port for its own use. Provided, however, that the Port, by virtue of such use, does not substantially deprive Lessee from its beneficial use or occupancy of its leased area for an unreasonable period of time, not to exceed thirty (30) working days, without consent of Lessee.

16.2.2 In the event that the Port permanently deprives Lessee from such beneficial use or occupancy, then an equitable adjustment in Rent, or in the cost required to modify its Premises to allow the Lessee to operate its business, will be negotiated and paid by the Port to Lessee. In the event that such entry by the Port is temporary in nature, then the Port shall reimburse Lessee for the cost required to modify its Premises for the temporary period that Lessee is inconvenienced by such Port entry. The Port will not be responsible to Lessee for any reduced efficiency or loss of business occasioned by such entry.

SECTION 17: NONWAIVER; RIGHT TO PERFORM

17.1 Receipt of Monies Following Termination. No receipt of monies by the Port from Lessee after the termination or cancellation of this Lease in any lawful manner shall (i) reinstate, continue or extend the term of this Lease; (ii) affect any notice theretofore given to Lessee; (iii) operate as a waiver of the rights of the Port to enforce the payment of any Rent and fees then due or thereafter falling due; or (iv) operate as a waiver of the right of the Port to recover possession of the Premises by proper suit, action, proceeding or remedy; it being agreed that after the service of notice to terminate or cancel this Lease, or after the commencement of suit, action or summary proceedings, or any other remedy, or after a final order or judgment for the possession of the Premises, the Port may demand, receive and collect any monies due, or

thereafter falling due, without in any manner affecting such notice, proceeding, suit, action or judgment; and any and all such monies collected shall be deemed to be payments on account of the use and occupation and/or Lessee's liability hereunder.

17.2 No Waiver of Breach. The failure of the Port to insist in any one or more instances, upon a strict performance of any of the covenants of this Lease, or to exercise any option herein contained, shall not be construed as a waiver of or relinquishment for the future of the performance of such covenant, or the right to exercise such option, but the same shall continue and remain in full force and effect. The receipt by the Port of the Rent or fees, with knowledge of the breach of any covenant hereof, shall not be deemed a waiver of such breach, and no waiver by the Port of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Port. The consent or approval of the Port to or of any act by Lessee requiring the Port's consent or approval shall not be deemed to waive or render unnecessary the Port's consent or approval to or of any subsequent similar acts by Lessee.

17.3 No Waiver of Rent. The receipt by the Port of any installment of Rent or of any amount shall not be a waiver of any Rent or other amount then due.

17.4 Application of Payments. The Port shall have the right to apply any payments made by Lessee to the satisfaction of any debt or obligation of Lessee to the Port, in the Port's sole discretion and regardless of the instructions of Lessee as to application of any such sum, whether such instructions be endorsed upon Lessee's check or otherwise, unless otherwise agreed upon by both parties in writing. The acceptance by the Port of a check or checks drawn by others than Lessee shall in no way affect Lessee's liability hereunder nor shall it be deemed an approval of any assignment of this Lease or subletting by Lessee.

17.5 Port's Right to Perform. Upon Lessee's failure to perform any obligation or make any payment required of Lessee hereunder, the Port shall have the right (but not the obligation) to perform such obligation of Lessee on behalf of Lessee and/or to make payment on behalf of Lessee to such parties. Lessee shall reimburse the Port the reasonable cost of the Port's performing such obligation on Lessee's behalf, including reimbursement of any amounts that may be expended by the Port, plus interest at the Default Rate.

SECTION 18: SURRENDER AND HOLDING OVER

18.1 Surrender. At the expiration or sooner termination of this Lease, Lessee shall promptly: (i) surrender possession of the Premises to the Port in the same condition in which received (or, if altered, then the Premises shall be returned in such altered condition unless otherwise directed), reasonable wear and tear excepted, and (ii) deliver to the Port all keys that it may have to any and all parts of the Premises. If the Premises are not surrendered as provided in this Section, Lessee shall indemnify and hold the Port harmless against loss or liability resulting from the delay by Lessee in so surrendering the Premises, including, without limitation, any claims made by any succeeding occupant founded on such delay.

18.2 Removal of Wires. Within ten (10) days following the expiration or earlier termination of this Lease, the Port may elect by written notice to Lessee to either:

18.2.1 Retain, without necessity of payment, any or all wiring, cables, conduit, risers and similar installations installed by Lessee ("Wiring") in either the Premises or any larger property (including buildings or structures) of which the Premises are a part. In the event that the Port elects to retain the wiring, Lessee covenants that: (i) it is the sole owner of the assets transferred or passing to the Port, (ii) it shall have right to surrender the assets transferred or passing to the Port, (iii) the Wiring transferred or passing to the Port are free from all liens and encumbrances, (iv) the Wiring transferred or passing to the Port is in good condition, working order, in safe condition and comply with the requirements of this Lease, and (v) that all wiring or cables included within the Wiring transferred or passing to the Port is properly labeled at each end, in each telecommunications/electrical closet and junction box, and otherwise as may be required by Port regulations. OR

18.2.2 Remove, or required Lessee to remove, all such Wiring and restore the Premises and any larger property of which the Premises are a part to their condition existing prior to the installation of the Wiring, all at Lessee's sole cost and expense.

This Section shall survive the expiration or earlier termination of this Lease.

18.3 Holding Over. If Lessee, with the consent of the Port, holds over after the expiration or sooner termination of this Lease, the resulting tenancy will, unless otherwise mutually agreed, be for an indefinite period of time on a month-to-month basis. During such month-to-month tenancy, Lessee shall pay to the Port, at the Port's sole discretion, the same rental rate that was in effect immediately prior to the month-to-month tenancy times 150%. Lessee will continue to be bound by all of the additional provisions of this Lease insofar as they may be pertinent.

18.4 For Rent Signs. The Port shall have the right to place and maintain "For Rent" signs in conspicuous places on the Premises for ninety (90) days prior to the expiration or sooner termination of this Lease.

SECTION 19: ENVIRONMENTAL STANDARDS

19.1 Definitions. "Law or Regulation" as used herein shall mean any environmentally related local, state or federal law, regulation, ordinance or order (including without limitation any final order of any court of competent jurisdiction), now or hereafter in effect. "Hazardous Substance" as used herein shall mean any substance or material defined or designated as a hazardous waste, toxic substance, or other pollutant or contaminant, by any Law or Regulation.

19.2 Hazardous Substances. Lessee shall not allow the presence in or about the Premises of any Hazardous Substance in any manner that could be a detriment to the Premises or in violation of any Law or Regulation. Lessee shall not allow any Hazardous Substance to migrate off the Premises, or the release of any Hazardous Substance into adjacent surface waters, soils, underground waters or air. Lessee shall provide the Port with Lessee's USEPA Waste Generator Number, and with copies of all Material Safety Data Sheets (MSDS), Generator Annual Dangerous Waste Reports, environmentally related regulatory permits or approvals (including revisions or renewals) and any correspondence Lessee receives from, or provides to, any governmental unit or agency in connection with Lessee's handling of Hazardous Substance or the presence, or possible presence, of any Hazardous Substance on the Premises.

19.3 Violation of Environmental Law. If Lessee, or the Premises, is in violation of any Law or Regulation concerning the presence or use of any Hazardous Substance or the handling or storing of hazardous wastes, Lessee shall promptly take such action as is necessary to mitigate and correct the violation. If Lessee does not act in a prudent and prompt manner, the Port reserves the right, but not the obligation, to come onto the Premises, to act in place of the Lessee (Lessee hereby appoints the Port as its agent for such purposes) and to take such action as the Port deems necessary to ensure compliance or to mitigate the violation. If the Port has a reasonable belief that Lessee is in violation of any Law or Regulation, or that Lessee's actions or inactions present a threat of violation or a threat of damage to the Premises, the Port reserves the right to enter onto the Premises and take such corrective or mitigating action as the Port deems necessary. All costs and expenses incurred by the Port in connection with any such actions shall become immediately due and payable by Lessee upon presentation of an invoice therefor.

19.4 Inspection; Test Results. The Port shall have access to the Premises to conduct an annual environmental inspection. In addition, Lessee shall permit the Port access to the Premises at any time upon reasonable notice for the purpose of conducting environmental testing at the Port's expense. Lessee shall not conduct or permit others to conduct environmental testing on the Premises without first obtaining the Port's written consent. Lessee shall promptly inform the Port of the existence of any environmental study, evaluation, investigation or results of any environmental testing conducted on the Premises whenever the same becomes known to Lessee, and Lessee shall provide copies to the Port.

19.5 Removal of Hazardous Substances. Prior to vacation of the Premises, in addition to all other requirements under this Lease, Lessee shall remove any Hazardous Substance placed on the Premises during the term of this Lease or Lessee's possession of the Premises, and shall demonstrate such removal to the Port's satisfaction. This removal and demonstration shall be a condition precedent to the Port's payment of any Security to Lessee upon termination or expiration of this Lease.

19.6 Remedies Not Exclusive. No remedy provided herein shall be deemed exclusive. In addition to any remedy provided above, the Port shall be entitled to full reimbursement from Lessee whenever the Port incurs any costs resulting from Lessee's use or management of any Hazardous Substance on the Premises, including but not limited to, costs of clean-up or other remedial activities, fines or penalties assessed directly against the Port, injuries to third persons or other properties, and loss of revenues resulting from an inability to re-lease or market the property due to its environmental condition (even if such loss of revenue occurs after the expiration or earlier termination of this Lease).

19.7 Environmental Indemnity. In addition to all other indemnities provided in this Lease, Lessee agrees to defend, indemnify and hold the Port free and harmless from any and all claims, causes of action, regulatory demands, liabilities, fines, penalties, losses, and expenses, including without limitation cleanup or other remedial costs (and including attorneys' fees, costs and all other reasonable litigation expenses when incurred and whether incurred in defense of actual litigation or in reasonable anticipation of litigation), arising from the existence or discovery of any Hazardous Substance on the Premises, or the migration of any Hazardous Substance from the Premises to other properties or into the surrounding environment, whether (i) made, commenced or incurred during the term of this Lease, or (ii) made, commenced or

incurred after the expiration or termination of this Lease if arising out of events occurring during the term of this Lease.

SECTION 20: MISCELLANEOUS

20.1 Notice. All notices hereunder shall be in writing and shall be delivered personally, by certified or registered mail, by facsimile or by recognized overnight courier addressed as follows:

To Lessor:

Street Address:

Seattle-Tacoma International Airport
Attention: Aviation Properties
17801 Pacific Highway South
Main Terminal Building
Mezzanine Level, Room A6012M
Seattle, WA 98158

Mailing Address:

Seattle-Tacoma International Airport
Attention: Aviation Properties
P.O. Box 68727
Seattle, WA 98168

Facsimile: (206) 787-4985

For payments only, the following mailing address should be used:

Port of Seattle
P. O. Box 24507
Seattle, WA 98124-0507

To Lessee:

or to such other respective addresses as either party hereto may hereafter from time to time designate in writing. Notices shall be deemed delivered (i) when personally delivered; (ii) on the third day after mailing when sent by certified or registered mail and the postmark affixed by the United States Postal Service shall be conclusive evidence of the date of mailing; (iii) on the date transmitted by facsimile, if the facsimile is confirmed received; or (iv) on the first business day after deposit with a recognized overnight courier if deposited in time to permit overnight delivery by such courier as determined by its posted cutoff times for receipt of items for overnight delivery to the recipient.

Payments may be made in the manner provided for notice or may be delivered by regular mail (postage prepaid); provided, payments made by regular mail (postage prepaid) shall be deemed delivered when actually received by the Port.

20.2 Automatic Payment.

20.2.1 Instead of requiring Lessee to pay Rent or other charges in a manner pursuant to Section 3.1, the Port may, at its sole option, upon not less than sixty (60) days prior notice to Lessee, require Lessee to promptly execute and deliver to the Port any documents, instruments, authorizations, or certificates required by the Port to give effect to an automated debiting system, whereby any or all payments by Lessee of whatsoever nature required or contemplated by this Lease shall be debited monthly or from time to time, as provided in this Lease, from Lessee's account in a bank or financial institution designated by Lessee and credited to the Port's bank account as the Port shall designate from time to time.

20.2.2 Lessee shall promptly pay all service fees and other charges connected with its use of an automated debiting system, including, without limitation, any charges resulting from insufficient funds in Lessee's bank account or any charges imposed on the Port.

20.2.3 In the event that Lessee elects to designate a different bank or financial institution from which any fees or other charges under the Agreement are automatically debited, notification of such change and the required documents, instruments, authorizations, and certificates specified in Section 20.2.1 must be received by the Port no later than thirty (30) days prior to the date such change is to become effective.

20.2.4 Lessee agrees that it shall remain responsible to the Port for all payments of Rent and other charges pursuant to the Lease, even if Lessee's bank account is incorrectly debited in any given month. Such fees and other charges shall be immediately payable to the Port upon written demand.

20.2.5 Lessee's failure to properly designate a bank or financial institution or to promptly provide appropriate information in accordance with this paragraph shall constitute a default of this Lease.

20.3 Brokers. The Port and Lessee each warrant to the other that it has had no discussions, negotiations and/or other dealings with any real estate broker or agent in connection with the negotiation of this Lease, and that it knows of no other real estate broker or agent who is or may be entitled to any commission or finder's fee in connection with this Lease. The Port and Lessee each agree to indemnify and hold the other harmless from and against any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including without limitation, attorneys' fees and costs) with respect to any leasing commission or equivalent compensation alleged to be owing on account of such party's discussions, negotiations and/or dealings with any real estate broker or agent other than Broker(s).

20.4 Consent. Whenever the Port's prior consent or approval is required by this Lease, the same shall not be unreasonably delayed but may, unless otherwise specifically provided by this Lease, be granted or denied in the Port's sole and absolute discretion.

20.5 Wireless Devices. Lessee shall not install any wireless devices and/or transmitters on or about the Premises without the prior written consent of the Port and subject to any and all conditions in such consent. Lessee specifically grants to the Port the power to

regulate and control the use of unlicensed frequency bands (including, but not limited to, FCC Part 15 Subpart C, FCC Part 15 Subpart D (both asynchronous and Isochronous), IEEE 802.11 and Bluetooth (ISM), and FCC UNII 1 and UNII 2 (IEEE 802.11a)) on or about the Premises.

20.6 Relationship to the Port and Lessee. Nothing contained herein shall be deemed or construed as creating the relationship of principal and agent, partnership, or joint venture partners, and no provision contained in this Lease nor any acts of Lessee and the Port shall be deemed to create any relationship other than that of Lessee and the Port.

20.7 Time. Time is of the essence of each and every one of Lessee's obligations, responsibilities and covenants under this Lease.

20.8 Recording. Lessee shall not record this Lease or any memorandum thereof without the Port's prior written consent.

20.9 Promotion of Port Commerce. Lessee agrees that throughout the term of this Lease it will, insofar as practicable, promote and aid the movement of passengers and freight through facilities within the territorial limits of the Port. Lessee further agrees that all incoming shipments of commodities that it may be able to control or direct shall be made through facilities within the territorial limits of the Port if there will be no resulting cost or time disadvantage to Lessee.

20.10 Nondiscrimination.

20.10.1 Lessee for itself, its heirs, personal representatives, successors in interest, and assigns, as part of the consideration hereof, does hereby covenant and agree that in the event facilities are constructed, maintained, or otherwise operated on the Airport for a purpose for which a United States Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulation may be amended.

20.10.2 Lessee for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that: (i) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (ii) in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied benefits of, or otherwise be subjected to discrimination, and (iii) Lessee shall use the Premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

20.10.3 Lessee assures that it will comply with pertinent statutes, Executive Orders and such rules as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted with or benefiting from Federal assistance. This

Provision obligates Lessee or its transferee for the period during which Federal assistance is extended to the airport program, except where Federal assistance is to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon. In these cases, the Provision obligates Lessee or any transferee for the longer of the following periods: (i) the period during which the property is used by the Port or any transferee for a purpose for which Federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (ii) the period during which the Port or any transferee retains ownership or possession of the property. In the case of contractors, this Provision binds the contractors from the bid solicitation period through the completion of the contract.

20.10.4 In addition, Lessee agrees that, whether or not this Lease is conducted with, or benefits from, Federal assistance, it shall in all matters pertaining to the performance of this Lease conduct its business in a manner which assures fair, equal and nondiscriminatory treatment of all persons without respect to race, sex, age, color, creed, sexual preference, marital status, national origin, or the presence of any sensory, mental or physical handicap.

20.10.5 Lessee will maintain open hiring and employment practices and will welcome applications for employment in all positions from all qualified individuals.

20.10.6 It is the policy of the Department of Transportation that disadvantaged business enterprises as defined in the Airport and Airway Improvement Act, as amended, and as implemented by Federal regulations shall have the maximum opportunity to participate in the performance of services as defined in 49 CFR 23.5. Consequently, this Lease is subject to 49 CFR Part 23 as applicable.

20.10.7 Lessee will, at the timely request of the Port, provide any information needed in preparation of necessary reports, forms, documents, and other data relative to equal employment.

20.10.8 Lessee hereby assures that it will include the above clauses in any subcontract(s) approved by the Port and cause subcontractor(s) to similarly include clauses in further subcontracts.

20.11 Labor Unrest. Lessee agrees to join with the Port and use its best efforts in avoiding labor unrest, or in the event of a wildcat strike or other labor difficulty, to use its good offices in negotiating and bringing to a swift and satisfactory conclusion any kind of labor dispute that may affect the interests of the Port.

20.12 Joint and Several Liability. Each and every party who signs this Lease, other than in a representative capacity, as Lessee, shall be jointly and severally liable hereunder. It is understood and agreed that for convenience the word "Lessee" and verbs and pronouns in the singular number and neuter gender are uniformly used throughout this Lease, regardless of the number, gender or fact of incorporation of the party who is, or of the parties who are, the actual lessee or lessees under this agreement.

20.13 Captions. The captions in this Lease are for convenience only and do not in any way limit or amplify the provisions of this Lease.

20.14 Governing Law; Venue. This Lease shall be construed under the laws of the state of Washington. Exclusive jurisdiction and venue for any action relating hereto shall be in the state or federal courts located in King County, Washington.

20.15 Attorneys' Fees. In the event that either party shall be required to bring any action to enforce any of the provisions of this Lease, or shall be required to defend any action brought by the other party with respect to this Lease, and in the further event that one party shall substantially prevail in such action, the losing party shall, in addition to all other payments required therein, pay all of the prevailing party's actual costs in connection with such action, including such sums as the court or courts may adjudge reasonable as attorneys' fees in the trial court and in any appellate courts.

20.16 Invalidity of Particular Provisions. If any term or provision of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or enforceable, the remainder of this Lease or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and shall continue in full force and effect.

20.17 Survival of Indemnities. All indemnities provided in this Lease shall survive the expiration or any earlier termination of this Lease. In any litigation or proceeding within the scope of any indemnity provided in this Lease, Lessee shall, at the Port's option, defend the Port at Lessee's expense by counsel satisfactory to the Port.

20.18 Entire Agreement; Amendments. This Lease, together with any and all exhibits attached hereto, shall constitute the whole agreement between the parties. There are no terms, obligations, covenants or conditions other than those contained herein. No modification or amendment of this Lease shall be valid or effective unless evidenced by an agreement in writing signed by both parties.

20.19 Exhibits. Exhibits A, B and _____ are attached to this Lease after the signatures and by this reference incorporated herein.

SECTION 21: SIGNATURES

IN WITNESS WHEREOF the parties hereto have signed this Lease as of the day and year first above written.

PORT OF SEATTLE

Organization

By: _____

By: _____

Its: _____

Its: _____

SECTION 22: ACKNOWLEDGMENTS

STATE OF WASHINGTON)
) ss
COUNTY OF KING)

On this ____ day of _____, 2014 before me personally appeared _____, to me known to be the _____ of the PORT OF SEATTLE, the municipal corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that s/he was authorized to execute said instrument.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

(Signature)

(Print Name)

Notary Public, in and for the State of Washington,
residing at _____

My Commission expires: _____

STATE OF WASHINGTON)
) ss
COUNTY OF KING)

On this ____ day of _____, 20__ before me personally appeared _____, to me known to be the _____ of the _____, the individual/entity that executed the within and foregoing instrument at Lessee, and acknowledged said instrument to be the free and voluntary act and deed of said individual/entity, for the uses and purposes therein mentioned, and on oath stated that s/he was authorized to execute said instrument.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

(Signature)

(Print Name)

Notary Public, in and for the State of Washington,
residing at _____

My Commission expires: _____

EXHIBIT A

-- Legal Description --

DRAFT

EXHIBIT B

-- Premises --

DRAFT



2019 Year-end Highlights

AIRPORT JOBS

Job Placements	2,239
Hiring Employers	90

Average Wage
\$16.04 per Hour



Staffed 220 job fairs,
hiring sessions &
recruiter events



Top Five Hiring Employers

1. ERMCA Aviation (195)
2. SSP America (192)
3. Worldwide Flight Svcs (109)
4. Flight Svcs & Systems (103)
5. McGee Air Svcs (89)



Top Five Hiring Job Types

Food Service - 29%
Airport Cust. Service - 23%
Janitorial - 23%
Ramp/Airfield - 11%
Retail - 5%

7,700+ Clients Reached in Person

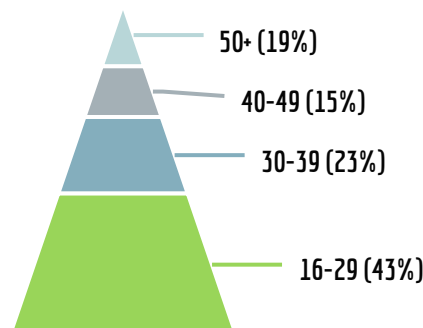
133,000+ Individuals Reached
through Website Views

CLIENT DEMOGRAPHICS

African/Afr-Amer./Black: 45%
American Indian/Alaska Native: 1%
Asian/Pacific Isl.: 30%
Caucasian: 8%
Native Hawaiian/Pac. Isl.: 7%
Spanish/Hispanic/Latino: 8%
Other: 3%

Male: 46%
Female: 48%
Other: < 1%

Age Ranges



Top Five Languages Spoken Out of 97 Total Home Languages

1. English - 40%
2. Amharic - 16%
3. Somali - 6%
4. Spanish - 5%
5. Tagalog - 4%
6. Other - 29%



Residence

Seattle: 19%
South King County: 66%
East King County: 2%
Pierce County: 9%
Other: 2%



Education

Some High School: 7%
HS Diploma/GED: 48%
Certification: 1%
Some College: 20%
College Degree: 22%



Employment Status at Time of Registration with Port Jobs

Not Working: 54%
Work @ Airport: 16%
Work Outside Airport: 14%



AIRPORT UNIVERSITY

112 Students Completed

220

Credit Bearing
College Courses



93 individuals completed
105 job skills workshops
through Airport University,
including SIDA/AOA
Testing, and Career
Navigation



Provided on-site airport
courses in computer skills,
customer service,
emergency management,
leadership/supervision,
communications, and math

AIRPORT UNIVERSITY - ALASKA AIRLINES SCHOLARSHIPS

59 airport workers were each awarded
scholarships between \$400 - \$800 through
the Alaska Airlines Airport University
Scholarship program

\$51,300 in
scholarships
awarded in
2019



More than 200 airport
employees have been awarded
scholarships since the
program began in 2015

FINANCIAL TOOLS FOR THE TRADES



TAUGHT
487
STUDENTS

Presented 20 Financial Tools classes to apprentice Electricians, Operating Engineers, Cement Masons and Drywallers, as well as ANEW pre-apprentices

Sold 1,777 Financial Tools Survival Guides to teach apprentices money management

Continued our partnership with International Foundation of Employee Benefit Plans to expand the Financial Tools e-learning course

CENTER FOR ONBOARDING AND ADVANCEMENT IN RETAIL - COAR



20 people completed Ready for Retail career building workshops

140 people attended a Retail Job Fair at Westfield Southcenter Mall hosted by Port Jobs, Southside Seattle Chamber of Commerce, City of Tukwila, Workforce Development Council of Seattle-King County and partners

MARKETING

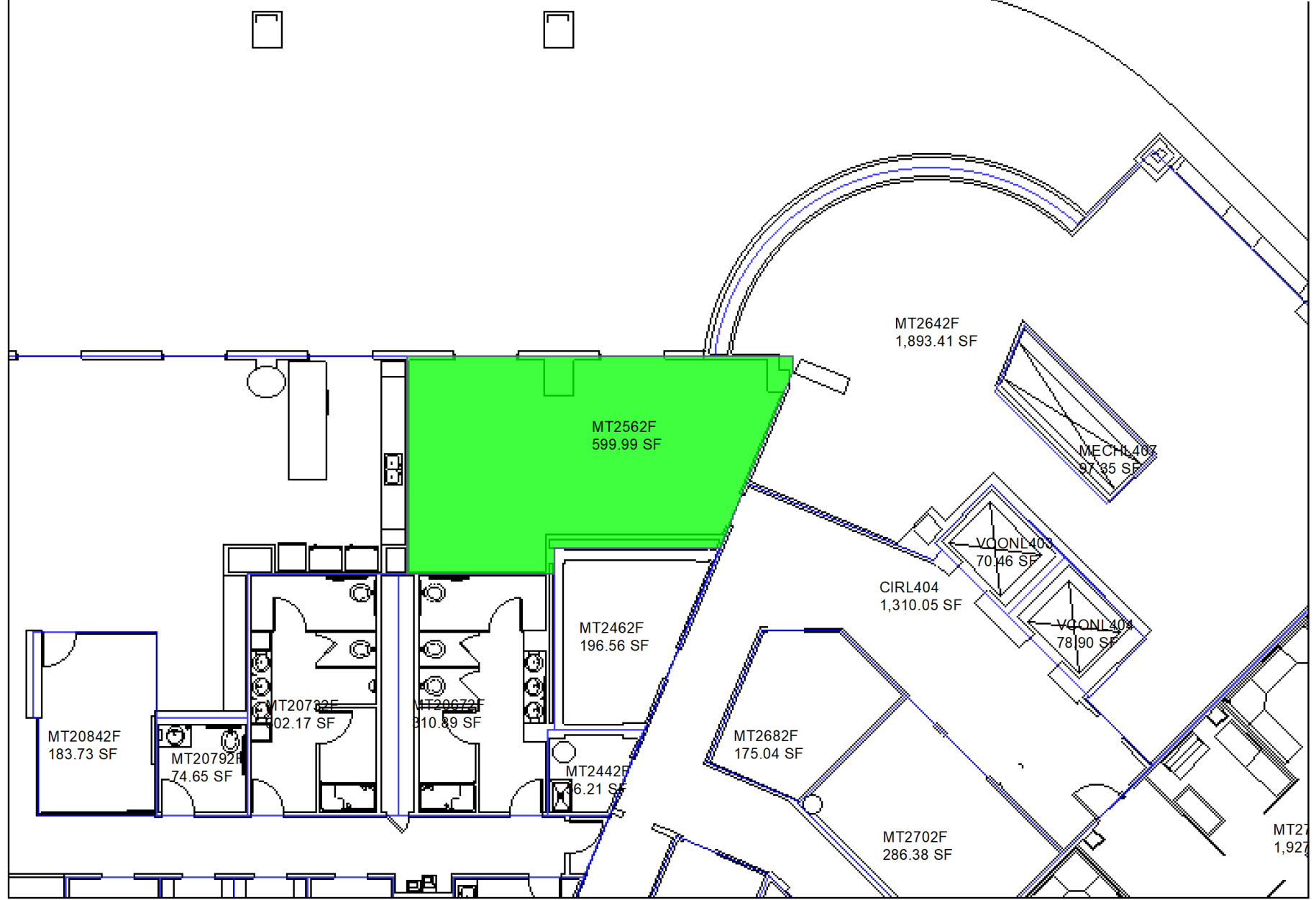
Revamped and unified Portjobs' websites and added Mobile version



2,200
Facebook
Followers



Increased Instagram, Twitter,
and LinkedIn postings



Drawing Preview: PW-MTMezz-CT.dwg - Mezz - Main Terminal



Drawing Preview: PW-MTMezz-CT.dwg - Mezz - Main Terminal

RESOLUTION NO. 3776

A RESOLUTION of the Port of Seattle Commission establishing a Workforce Development Policy Directive to guide the increase in the number of skilled employees within the industries necessary for Port development.

WHEREAS, the Port of Seattle is committed to creating economic opportunity for all, steward our environment responsibly, partner with surrounding communities, promote social responsibility, conduct ourselves transparently, and hold ourselves accountable;

WHEREAS, the Port of Seattle Commission believes that workforce development is critical to achieving the Port's primary mission to serve as an economic development agency generating jobs and economic growth for the region and increasing operational efficiency and economic mobility;

WHEREAS, the Port has been directly engaged in workforce development efforts and initiatives for over 25 years;

WHEREAS, the Port created Port Jobs, a workforce intermediary to bring together business, labor, education, and public stakeholders to expand opportunities to build a thriving, competitive Port economy,

WHEREAS, the Port has funded ANEW's Apprenticeship Opportunities Project, which helps under-employed and unemployed jobseekers to find livable wage jobs or apprenticeships and offers limited financial assistance to qualified individuals, and

WHEREAS, the Port supports the Youth Maritime Collaborative, which works to create career pathways for youth pursuing careers in the maritime industry through experiential learning and high school internships;

WHEREAS, the Port supports Career Connected Learning best practices as guided by the State of Washington;

WHEREAS, on July 1, 2014, the Port Commission passed a Motion "Increasing Workforce Development and Career Opportunities Activities" that required the creation of a strategic plan and implementation of policies to improve upon and expand workforce efforts in port-related industries;

WHEREAS, on July 22, 2014, the Port Commission adopted Resolution No. 3694 to ensure necessary hiring standards, training opportunities and minimum compensation requirements to maintain a well-trained workforce at Sea-Tac Airport as part of a Quality Jobs Initiative;

WHEREAS, on November 28, 2017, the Port Commission established the Priority Hire Policy Directive to increase the diversity of the workforce on Port construction projects which accounts for some the largest infrastructure investments in the region;

WHEREAS, on March 26, 2019, the Port Commission established the first ever Workforce Development Special Committee, which was charted to review the Century Agenda strategy associated with Workforce Development and to review and make recommendations for updating the workforce development policy and the three-year strategic plan;

WHEREAS, in 2019, the Port of Seattle became the first port authority in the nation to create a stand-alone department responsible for equity, diversity.

WHEREAS, the Port of Seattle recognizes that equity, diversity and inclusion is the foundation of effective workforce development.

WHEREAS, the Port of Seattle is committed ensuring equity, actions outlined in this policy directive shall strive to address the concerns of community members disproportionately impacted as a result of institutional racism and generational poverty.

WHEREAS, the Port Commission finds it is a benefit to the Port, related industry partners and near-Port communities to center diversity, equity, and inclusion to broaden opportunities, for populations facing barriers to employment for persons to learn and develop the skills necessary to obtain quality jobs;

WHEREAS, the Port Commission has long demonstrated its commitment to advancing regional workforce development opportunities, but has not been presented with the opportunity to formally consider adoption of a workforce development policy directive to guide the efforts of the Port of Seattle until today.

NOW, THEREFORE, BE IT RESOLVED by the Port Commission of the Port of Seattle as follows:

Section 1. The Workforce Development Policy Directive as shown in the attached Exhibit A is hereby established in accordance with the following goals and accountability measures:

- A. **Goal 1: Increase Equitable Access to Economic Prosperity.** Increase equitable workforce access for the trades in port-related economic activities, with an emphasis on expanding opportunities to disproportionately impacted near-port communities which most disproportionately impacted. Port staff will develop program priorities, actions, benchmarks, and metrics for success.

- B. **Goal 2: Leverage Port's Impact and Innovation.** Identify and prioritize opportunities for leadership and influence to promote a sector-based approach to workforce development centered on equity, diversity and inclusion.
- C. **Accountability Measures.** The Port will assure its programs are accountable by annually assessing the number of students that receive skills and job training; the number of workers trained, recruited, placed in jobs, and retained; the types of jobs and range of compensation; the number and types of businesses that are served; and any other tangible benefits realized by the port, the workers, businesses, and the public.

Section 2. The Policy Directive contained in Exhibit A and attached to this Resolution shall be labeled and cataloged as appropriate, together with other Commission Policy Directives, and shall be made readily available for use by Port staff and members of the public as a governance document of the Port of Seattle.

ADOPTED by the Port Commission of the Port of Seattle, at a duly noticed meeting held this 23rd day of June, 2020, and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the seal of the Commission.


Peter S. Ambrose (Jun 26, 2020 14:00 PDT)


Stephanie L. Bowman (Jun 29, 2020 10 14 PDT)


Ryan Calkins (Jun 26, 2020 13:21 PDT)




Fred Felleman (Jul 6, 2020 14:18 PDT)

Port Commissioners





Resolution 3776

Final Audit Report

2020-07-06

Created:	2020-06-26
By:	Lauren Smith (smith.l@portseattle.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAQUoV4Pr5pphM-nJCnookj9oojtbWLdUk

"Resolution 3776" History

-  Document created by Lauren Smith (smith.l@portseattle.org)
2020-06-26 - 8:01:17 PM GMT- IP address: 71.197.179.17
-  Document emailed to Stephanie L. Bowman (bowman.s@portseattle.org) for signature
2020-06-26 - 8:17:11 PM GMT
-  Document emailed to Ryan Calkins (calkins.r@portseattle.org) for signature
2020-06-26 - 8:17:11 PM GMT
-  Document emailed to Sam Cho (cho.s@portseattle.org) for signature
2020-06-26 - 8:17:11 PM GMT
-  Document emailed to Fred Felleman (felleman.f@portseattle.org) for signature
2020-06-26 - 8:17:11 PM GMT
-  Document emailed to Peter Steinbrueck (steinbrueck.p@portseattle.org) for signature
2020-06-26 - 8:17:11 PM GMT
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2020-06-26 - 8:21:24 PM GMT- IP address: 73.109.62.199
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2020-06-26 - 10:04:11 PM GMT- IP address: 65.102.119.74



Adobe Sign



Email viewed by Stephanie L. Bowman (bowman.s@portseattle.org)

2020-06-29 - 5:13:43 PM GMT- IP address: 64.62.192.2



Document e-signed by Stephanie L. Bowman (bowman.s@portseattle.org)

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2020-06-30 - 9:37:40 PM GMT- IP address: 198.134.101.10



Document e-signed by Sam Cho (cho.s@portseattle.org)

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SECTION 1. Purpose.

The purpose of this Policy Directive is to fulfil Century Agenda strategic objectives by increasing equitable access for workers in port-related economic activities, create opportunities for workers to acquire the skills, experience, and education they need to secure increasingly complex and better compensated jobs and careers at the Port and in port-related economic industries and activities; and to guide the workforce development efforts of the Port of Seattle to benefit workers, Port customers and tenants, and port-related economic activities in near-port communities in King County and the general area.

Workforce development is critical to achieving the Port's mission to serve as an economic development agency. As a regional anchor institution, the Port will leverage its cross-sector influence and leadership to promote long-term, sustainable advancements across port-related economic activities that promote equity.

The port-related workforce development described herein provides a substantial public benefit consistent with the Port Commission's economic development goals and is consistent with ongoing worker training initiatives in place in King County.

This policy directive advances the Port of Seattle's commitment to workforce development and is intended to:

1. Increase Equitable Access to Economic Prosperity
2. Leverage Port Impact and Innovation

SECTION 2. Definitions.

When used in this policy directive, the following words and phrases shall have the meanings given below unless the context in which they are included clearly indicates otherwise:

"Apprentice" means an individual participating in a registered program that provides closely supervised on-the-job training which may be supplemented with classroom instruction. Apprentices receive wages when they begin and earn increases as they become proficient in various skills. Once the program is complete, apprentices receive industry certifications and licenses to practice their trade.

"Career and Technical Education" means the practice of teaching specific career skills to students in middle school, high school, and post-secondary institutions.

"Career Connected Learning" means a continuum of events and work-related experiences designed to create meaningful linkages between K-12 education and future employment opportunities. They are typically broken down into a series of events classified as, "Awareness", "Experiential", "Preparation", and "Launch." These events are geared towards creating experiential awareness about career pipelines or pathways for young people from an early age.

“Career Pathways” means an integrated collection of programs and services intended to develop community members’ core academic, technical and employability skills; provide them with continuous education, training; and place them in high-demand, high-opportunity jobs and careers.

“Career Transitions” means the experience by opportunity youth and adults transitioning from high school and or GED programs, involvement with the criminal justice system, income-related housing insecurity, military veterans, and or under-employment.

“Community Capacity Building” means the process by which community members and community organizations obtain, improve, and retain the skills, knowledge, tools, equipment, and other resources needed to engage effectively in planning and decision-making processes and advocate for self-determination in both policy and project decisions.

“Demand Occupations” means Occupations within the high growth industries (as defined by Federal government) and having more than the average number of new openings.

“Disaggregated Data” means data that has been broken down by detailed sub-categories, such as race, gender, income, or census tract level findings. Disaggregated data can reveal disproportionalities that may not be fully reflected in aggregated data.

“Displacement” means the involuntary relocation of current residents or businesses from their current residence. This is a different phenomenon than when property owners voluntarily sell their interests to capture an increase in value. Physical (direct) displacement is the result of eviction, condemnation, rehabilitation, or demolition of property, or the expiration of covenants on rent- or income-restricted housing. Economic (indirect) displacement occurs when residents and businesses can no longer afford escalating rents or property taxes. Cultural displacement occurs when people choose to move because their neighbors and culturally related businesses have left the area.

“Disparities Rank” means, according to the Washington Environmental Health Disparities Map, means a ranking of cumulative impacts that determines the prevalence of disparity within an area. The rank is identified by multiplying environmental exposures and effects with the presence of sensitive populations and socioeconomic factors.

“Economic Development Programs” means occupational job training and placement, job advancement and job retention, pre-apprenticeship training, or occupational education programs associated with port tenants, customers, and local economic development related to port tenants or port-related economic activities that are sponsored by a port and operated by a nonprofit, private, or public entity. The Port of Seattle refers to these as “workforce development programs.”

“Equity” means the fair treatment, access, opportunity, and advancement for all people while striving to identify and eliminate barriers that have prevented the full participation of

communities historically oppressed. Improving equity involves increasing justice and fairness with the procedures and processes of institutions or systems and a fair, intentional distribution of resources.

“Equity Driven” means embedding race, gender, and broad social equity approaches throughout projects or programs.

“Fellowships” refers to programs designed to provide hands-on career experience and mentorship to identify and guide program participants.

“Green Job/Green Career” means a job or career needed to operate and sustainably manage Port assets. Green jobs/green careers provide the skilled and diverse workforce in King County required by the Port to satisfy environment and sustainability commitments identified in the Century Agenda and support the Port’s operations. This workforce is created using principles of an inclusive green economy that concurrently enhance the environmental health and economic well-being of communities. Examples of Port-related green jobs/green careers may include but is not limited to: renewable and solar energy, stormwater management, habitat restoration and carbon banking, eco-tourism and sustainable transportation, environmental compliance and remediation, environmental policy, as allowable by law.

“Inclusive Green Economy” means according to the European Commission, as an economic model, one that differs from traditional ones in that it takes due consideration of environmental and social externalities, focuses on resource efficiency and ecosystems, as building blocks of the economy; taking into account that environment degradation undermines long-term economic growth and human development. The transition to an inclusive green economy entails joined efforts at many levels, including in stimulating sustainable lifestyles, scaling up sustainable consumption and production and encouraging green entrepreneurship, through the advancement of eco-innovations, the facilitation of resource efficiency, and the mainstreaming of green consumer behavior. In the course of change, new green jobs are to be created without compromising on existing employment, and a significant reduction on carbon emissions, waste and other forms of pollution is to be achieved.

“Port-related Industries” means aviation, maritime, construction trades and green career industries.

“Priority Hire Policy” means the Port of Seattle Resolution No. 3736 and amended by Resolution No. 3746 adopted by the Port of Seattle Commission which strives to increase access to jobs for qualified construction workers from economically distressed areas of King County to Port of Seattle projects.

“Pre-Apprentice” means an individual participating in a registered program that provides the training and skill development needed to meet the qualifications for entry into an

apprenticeship. These programs also provide wrap-around support that allows participants to remain in the program.

“Opportunity Youth” are defined as people between the ages of 16 and 24 who are neither enrolled in school nor participating in the labor market. For instance, in many cases, these young people are experiencing connected challenges like homelessness, being in foster care, involvement in the youth or adult criminal justice systems, and being an immigrant or child of an immigrant; these life circumstances become barriers to participating in the workforce.

“Training system” means programs and courses of secondary vocational education, technical college programs and courses, community college vocational programs and courses, private career school and college programs and courses, employer-sponsored training, adult basic education programs and courses, programs and courses funded by the federal workforce innovation and opportunity act, programs and courses funded by the federal vocational act, programs and courses funded under the federal adult education act, publicly funded programs and courses for adult literacy education, and apprenticeships, and programs and courses offered by private and public nonprofit organizations that are representative of communities or significant segments of communities and provide job training or adult literacy services.

“Workforce Development” means the composite of strategies and services, including career connected learning, K-12 education, worker and employer training and job matching that help connect and retain workers to careers within the Port and port-related economic activities, and that help ensure area businesses have access to the skilled workforce they need to thrive and grow. RCW 53.08.245(1) provides that “[i]t shall be in the public purpose for all port districts to engage in economic development programs.” RCW 53.08.245(2)(a) provides that such economic development programs may include “[o]ccupational job training and placement, job advancement and job retention, preapprenticeship training, or occupational education programs associated with port tenants, customers, and local economic development related to port tenants or port-related economic activities that are sponsored by a port and operated by a nonprofit, private, or public entity.”

“Wrap-Around Services” means those services and support systems including but not limited to, public transportation assistance, work related clothing, tools, work related food assistance, child-care and monetary compensation as they relate to work-needs, and as allowable by law, regulations and funding sources, that promote access and stronger alignment of workforce, education, vocational rehabilitation, and other human services systems.

SECTION 3. Scope and Applicability.

This policy directive, in alignment with WA RCW 53.08.245, applies to all activities of the Port of Seattle’s employees and related business units that support economic development programs, hereafter referred to as “workforce development programs.”

SECTION 4. Responsibilities.

The Executive Director shall engage in the following activities in pursuit of this policy directive, either directly or by appropriate delegation of authority:

- A. Develop and implement economic and workforce development programs consistent with this policy directive.
- B. Incorporate current Port policies when developing and implementing workforce development efforts, including the Port's Century Agenda, the Diversity in Contracting Policy Directive, the Priority Hire Policy Directive, the Duwamish Valley Community Benefits Commitment Policy Directive, the South King County Fund, the Opportunities Motion, and other relevant Port directives and policies.
- C. Develop a three-year workforce development strategic plan to implement this policy and guide equitable, diverse, and inclusive economic development programs across King County and the region. The strategic plan will include the following elements:
 - 1. An overview of workforce development best practices in port-related industries including: education, job placement assistance, training, coaching, navigation assistance, and skills needs of workers to acquire and retain jobs and advance in their careers;
 - 2. A strategic overview of port-related industries for career connected learning opportunities, workforce education and training system gaps, and possible areas of focus for the Port with an emphasis on equitable impact;
 - 3. Identification of current and future labor and skills needs of the Port and port-related industry employers;
 - 4. Identification of gaps in port-related industry workforce education and training system offerings with recommendations;
 - 5. Identification of additional funding sources and partnership opportunities to support port-related industries;
 - 6. Identification of disproportionately impacted communities who are also at high risk of displacement will be prioritized in the workforce development strategy;
 - 7. Identification of opportunities for the Port to promote an inclusive green economy through innovative workforce training and career pathways that further advance opportunities for port-related economic activities to advance the region's sustainability and climate change resilience.

8. Identification of all port resources needed to carry out the strategic plan.

SECTION 5. Policy.

Port-related workforce development provides a substantial public benefit consistent with the Port of Seattle Commission's economic development goals and is consistent with ongoing worker training initiatives in place. To center equity, diversity and inclusion in its workforce development efforts and to support sustainable and competitive port-related industries, the Port shall pursue the following goals:

- A. Goal 1: Increase Equitable Access to Economic Prosperity. Increase equitable workforce access for the trades in port-related economic activities, with an emphasis on expanding opportunities to near-port communities which are most disproportionately impacted. Port staff will develop program priorities, actions, benchmarks, and metrics for success.
 1. Focus on workforce training and education on Port and port-related economic activities where the greatest gaps and disparity rankings exist and;
 2. Promote access to wrap around services and infrastructure that are necessary to improve the delivery of services to individuals, including adults and youth who face barriers to employment and job retention, where such services are allowed by law.
 3. Career Pathways
 - (i.) Increase equitable access to port related industry specific career pathways and port-related economic activities;
 - (ii.) Support the development of equitable port related industry specific career pathways with an emphasis on progressively high demand careers and in careers which the Port of Seattle's economic vitality is dependent upon.
 4. Career Connected Learning: Adopt Career Connected Learning best practices into Port workforce development, internships, and fellowship programs for all four (4) of the commonly identified phases, with a special emphasis on support for opportunity youth:
 - (i) Awareness: provides youth an introductory level exposure to industries and job skills in port-related economic sectors.
 - (ii) Experiential: provides youth a focused level of direct exposure to learning in industries and port-related economic sectors.
 - (iii) Preparation: provides youth with supervised, practical application of skills and knowledge through extended direct interactions with industry and sector professionals in Port-related economic sectors.

- (iv) Launch: provides workforce-ready youth the preparation needed for employment in a specific range of occupations within the Port and in Port-related economic activities.
- B. Goal 2: Leverage Port Impact and Innovation. Identify and prioritize opportunities for leadership and influence to promote a sector-based approach to workforce development centered on equity, diversity and inclusion.
- 1. Make strategic investments in the maritime, aviation, construction trades, green careers, and other port-related economic activities where the Port is uniquely positioned to leverage the greatest community impact.
 - (i.) Develop metrics to demonstrate the opportunities for leadership, influence and investment.
 - (ii.) Create targeted emphasis to increase workforce development programs in near-port communities.
 - (iii.) Leverage industry participation to increase recruitment and retention of workers in port-related demand occupations and high need careers.
 - (iv.) Create awareness and access to education and career pathways in port related industries.
 - (v.) Leverage port-related industry investment in programs that support training for basic skills and career advancement.
 - (vi.) Invest Port funds in recruitment, retention, and training programs that will leverage increased investment in port-related careers.
 - 2. Foster partnership with community-based organizations, educational institutions, labor, industry stakeholders, and government agencies to maximize the workforce development impact of the Port of Seattle:
 - (i) Support Priority Hire and ongoing government to government coordination to improve apprenticeship outcomes for individuals living in economically distressed zip codes, women and people of color.
 - (ii) Career and Technical Education, CTE
 - a. Coordinate with school districts and other degree-granting institutions to ensure Port fellows and interns are eligible for CTE credit when available.

- b. Create opportunities to support port and port-related industry apprentice and pre-apprentice programs.
 - c. Improve access to educational and career support resources, such as job training centers, that facilitates workers' physical access to workforce development opportunities for disproportionately impacted near-port communities.
- (iii) Youth Employment
 - a. Facilitate the expansion of the Port of Seattle Internship Program, such as by increasing the number of high school and college interns placed in Port of Seattle internships, supporting port-related internship programs or exploring other strategies to support port-related career-connected learning.
 - b. Support the placement of opportunity youth 16-24 years old in high-quality, compensated fellowship, internship, and job opportunities at the Port and with partner organizations to support port-related career-connected learning.

SECTION 6. Program Evaluation.

The Executive Director, or a delegate, shall establish benchmarks and metrics to include, but not limited to the following:

- A. Provide an annual report to the Commission no later than April 30th.
 - 1. The application of Career Connected Learning best practices in Awareness, Experiential, Preparation, and Launch.
 - 2. Evaluation of the Port's workforce investments on an annual basis, using disaggregated data. Report will show how the Port's workforce development resources are utilized to leverage industry involvement to address evolving workforce training, education and retention demand projections as necessary and to ensure equity, actions outlined in the policy directive shall strive to address the concerns of community members disproportionately impacted.
 - 3. Identification of investments, outcomes and progress of the Port's workforce development efforts including, but not limited to:
 - (i) The number youth placed in internships and jobs;
 - (ii) The number of persons trained, recruited, placed in jobs, and retained;

- (iii) The types of internships and jobs and range of compensation;
- (iv) The number and types of businesses that are served;
- (v) Any other tangible benefits realized by the port, the workers, businesses, and the public.
- (vi) List the partnerships identified under Section 5(b)(2).

Employment Center & Workforce Development Contract

Seattle-Tacoma International Airport Employment Center Operation Solicitation Proposal

Agenda

- Request Summary
- Strategic Plan Guiding Principles and Funding Sources
- Workforce Development Aviation Sector Strategies
- Scope of Work by Revenue Source
- Added Focus
- Contract Review
- Data and Reporting
- Action Requested



Request Summary

- Authorize a six-month extension of current contract through December 31, 2021, at a cost of \$456K, including \$50K to support a Fall 2021 airport maintenance technician cohort
- Authorize solicitation for the management of the Airport Employment estimated at an estimated value of \$10.5M
- Proposed contract is for seven years – Five years plus two one-year options
- Contracted Services
 - ✓ Management of the Airport Employment Center
 - ✓ Provide training approved by the FAA and the Port*
 - ✓ Support the Port funded aviation career pathways program
 - ✓ Connect job seekers to community resources

** Excludes Airport University or similar training services*

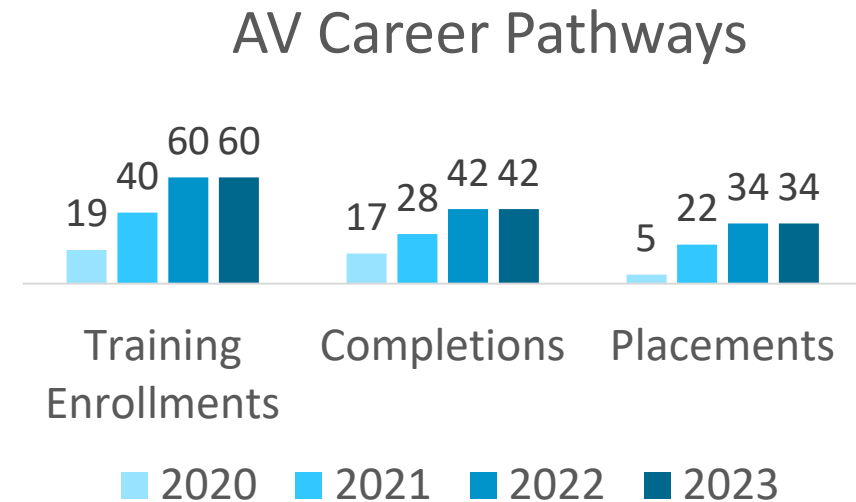
Guiding Principles and Funding Sources

- **Century Agenda Goal #3**
 - ✓ Responsibly Invest in the Economic Growth of the Region and all its Communities
 - ✓ Objective 6: Increase career and business opportunities for local communities in all port-related industries
- **Workforce Development Policy Directive Goals**
 - ✓ Increase equitable access to economic prosperity
 - ✓ Leverage Port impact and Innovation
- **Funding Sources**
 - ✓ Airport revenues and tax levy funds
 - ✓ Ensure FAA revenue uses regulation



Aviation Sector Strategies, 2021-2023

- Continue funding SEA job placements
- Expand aviation career pathways by adding two more pathways (currently Aviation Maintenance Technician)



*Decline due to COVID-19. Placements in 2019 were 2,239 (See attached Port Jobs 2019 infographic)

Scope of Work by Revenue Source

- **Funded with Airport Revenues Summary**
 - ✓ Employer engagement services that support the airport operation
 - ✓ Maintain online job postings provided by employers available to job seekers
 - ✓ Support online recruitment and referrals to employers
 - ✓ Perform targeted recruitment, applicant screening, and referrals to airport employers
 - ✓ Host and/or participate in job fairs and hiring events
 - ✓ Maintain a database of industry contacts and events supported
- **Funded with non-Airport Revenues**
 - ✓ Connect job seekers and displaced workers to community resources
 - ✓ Provide wraparound supports as approved by the Port
 - ✓ Support the aviation pathway program with outreach and cohort forming

Contract Review

- **Current Contract Tasks Unchanged**

- ✓ Port Jobs, a 501-C3 nonprofit
- ✓ Maintain strong relationships with airport management and employers
- ✓ Outreach and targeted recruitment, applicant screening and referrals to employers
- ✓ Job readiness and onsite training, as approved
 - Resume Writing, Interviewing, Job Search
 - Customer Service, Safety & Security
 - Food Handlers, SIDA Permit Support

- **Current Contract Tasks Unchanged**

- ✓ Participate in job fairs
- ✓ Job matching/placement
- ✓ Navigation & counseling services
- ✓ Connect job seekers and incumbent employees to community resources and services
- ✓ Employer Services
 - Targeted recruitment and job fairs
- ✓ Reporting requirements
 - Quarterly and annually and segregated data

Contract Review

- **New Items**

- ✓ Allow 501-C3 nonprofits and private entities to propose
- ✓ Referral support to community services including unemployment offices and insurance support, etc.
- ✓ Support Aviation Career Pathways Program
 - Outreach and cohort forming
 - Coordination with instructor/training orgs
 - Provide Port approved wraparound supports reimbursable under contract guidelines
- ✓ Ensure cultural competence to serve diverse populations of job seekers and incumbent workers
- ✓ Proven record of serving the diversity of job seekers, including communities of color, immigrants, refugees and populations with limited English proficiency

Added Focus

- **General**
 - ✓ Support COVID recovery by reaching out to displaced airport workers
 - ✓ Provide wraparound supports as allowable
 - ✓ Provide culturally competent services to job seekers and incumbent airport workers
 - ✓ Proven record of serving the diversity of job seekers, including communities of color, immigrants, refugees and populations with limited English proficiency
- **Support Av/Career Pathways**
 - ✓ Outreach and cohort forming
 - ✓ Coordination with instructor/training orgs
- **Relationships with Industry and Community Based Organizations (CBO's)**
 - ✓ Continue to develop relationships with industry partners for additional funding
 - ✓ Outreach to CBOs that work with target populations (minorities, immigrants, refugees)

Data and Reporting Requirements

- ✓ Number of persons trained, recruited, placed in jobs, and retained
- ✓ Types of jobs and range of compensation
- ✓ Number and types of businesses served
- ✓ Name, address – including zip codes
- ✓ List of partnerships
- ✓ Race and ethnicity of participants – US Census categories

- ✓ Primary and secondary languages
- ✓ Gender
- ✓ Educational Background
- ✓ English Proficiency
- ✓ Any other tangible benefits realized by the port, the workers, businesses, and the public

Employment Center Location

- **Employment Center Location**

- ✓ Option 1

- Location at SEA Airport
 - Rent cost to be included in RFP proposal

- ✓ Option 2

- Offsite location accessible to job seekers and employers within 3 miles of airport
 - Rent cost to be included in RFP proposal

- **Equipment, software and janitorial**

- ✓ Contractor provided



Questions



[RETURN TO AGENDA](#)

ORDER NO. 2021-05**AN ORDER OF THE PORT OF SEATTLE COMMISSION**

To direct the Executive Director to allocate up to \$2.0 million from the COVID-19 Emergency Fund to support the Port of Seattle's 2021 Opportunity Youth Initiative and to exempt all related contracts from the requirements of Chapter 53.19 RCW.

**PROPOSED
MAY 11, 2021**

INTRODUCTION

The mission of the Port of Seattle is to promote economic opportunities and quality of life in the region by advancing trade, travel, commerce, and job creation in an equitable, accountable and environmentally responsible manner. The Port's stewardship of aviation and marine operations, infrastructure, and environmental assets is essential to Washington State's economy and quality of life and is critical to the Port's ability to fulfill its mission.

The Port is well-positioned to stimulate economic recovery from the COVID-19 pandemic by providing short-term workforce development opportunities through accelerated investment in the preservation, maintenance, and enhancement of Port assets programs, and Port-related economic activity. Examples include habitat restoration and clean-up projects that support Port developments, environmental enhancements, improvements to near-port communities' quality of life, expansion of public art, training, and collaboration with regional partners to promote responsible travel through Port facilities.

This Order seeks for related programming to be implemented to support the Port's 2021 Opportunity Youth Initiative from approximately between the months of June 2021 through December 2021, pending final negotiations.

TEXT OF THE ORDER

The Commission directs the Executive Director to execute workforce development contracts for Partner in Employment, Seattle Goodwill, Seattle Parks Foundation, and Urban League of Metropolitan Seattle for up to a total of up to \$2,000,000.

The Commission exercises its authority under RCW 53.19.020(5) to determine that a competitive solicitation process is not appropriate or cost-effective to address the emergency nature of the youth facing the highest unemployment rates in King County, among other indicators in King County. Consistent with the direction by Commissioners during the May 26, 2020, Commission meeting, the workforce development contracts will best benefit areas with the highest rate of youth unemployment, including for Black/Indigenous, People of Color (BIPOC) youth, and youth in South Seattle and South King County; create connections with Port industries; enhance the breadth

of industries/opportunities; promote career trajectory for students, connecting to another program; work with organizations that have a strong track record and can deliver solid results; and deliver more experience and economic benefit to students, achieved through lower overhead.

The Commission has determined that a competitive process with these four nonprofit organizations is not appropriate or cost-effective because:

1. The Port continues to operate under the State's Healthy Washington – Roadmap to Recovery Plan in response to the COVID-19 pandemic with on-going uncertainty. The Port's own road to recovery has had many program and financial adjustments impacting program delivery.
2. The organizations have the ability to promptly provide youth opportunities during the summer months in 2021 in support of workforce development and economic recovery while the State is under the Roadmap to Recovery phases. Economic recovery continues to be an urgent need since COVID-19 impacts youth internship opportunities, particularly for our BIPOC youth community.
3. The organizations are operating during the COVID-19 shutdown and are utilizing social distancing practices, as required in the State's Roadmap to Recovery plan.
4. The organizations have pre-established, successful workforce development programs supporting youth opportunities serving South King County youth in Port-related industries allowing for a more reasonable program launch and flexibility should the State change the Roadmap to Recovery requirements during the program timeframe.

STATEMENT IN SUPPORT OF THE ORDER

While workers in nearly every sector of Washington's economy have been adversely affected by the COVID-19 pandemic, the loss of employment opportunities for low-skilled workers between 16-24 years of age is the most substantial. According to the Washington State Employment Security Department in 2020, the highest number of claims per capita were workers with a high school equivalent education or less between the ages of 18-24, living in south Seattle or the south King County area, and workers of color.

The pandemic continues to cause significant hardships on people in these demographics. They were laid-off at higher rates, had fewer employment opportunities, and had fewer career-training opportunities. For example, opportunities in leisure and hospitality—sectors in which young people often find employment—represented 42 percent of all job losses in the state. Similarly, the unemployment rate in King County for February 2021 (5.3%) was more the double the rate for the same month in 2020 (2.5%).

2020 Opportunity Youth Initiative Results

OYI successfully provided internships, valuable income, and job-training for 196 people within the targeted demographics in 2020.

Demographics

Interns in OYI programs in 2020 were of the following demographics:

- 78% were between the ages of 16-19
- 22% were between the ages of 20-23
- 93% identified as BIPOC
- 32% identified as female

Program Costs

A total of \$1,338,087 program expenditures (89% of the \$1.5 million budgeted) funded 196 paid internships at a rate of \$15 per hour, plus wraparound services, program management, and materials. Had the program been extended an additional one to two months, the Port's program partners could have expended the full budgeted amount while producing more and/or longer internships.

Educational Benefits

The program received high marks from its internship-participants:

- 90% reported learning new skills to help them be successful in finding a job.
- 81% said they gained an understanding of their future career and/or educational goals and how to reach them.
- 87% said they felt more knowledgeable about job opportunities in the industries.

Demand for OYI Services is Increasing

Four well-established nonprofits in King County produced OYI internships in 2020—Seattle Goodwill, Seattle Parks Foundation, Partner in Employment, and the Urban League of Metropolitan Seattle. Leaders from each of these nonprofits stated to Port staff that they're eager to provide comparable programming in 2021 and most of them have had requests from students and parents inquiring about 2021 opportunities.

Similarly, Seattle City Councilmember Tammy Morales reached out to Port Commissioners and staff, asking if the City could contribute to a 2021 iteration of the program, probably using portions of the City's allocation of the American Rescue Plan Act.

Program Implementation

Facilitated by community-based providers who specialize in employment readiness, cultural enrichment, mentorship, educational opportunities, and career readiness training in the focus areas of the Port of Seattle—aviation, maritime, green careers, and construction—the program offers participants an opportunity to explore career interests and develop work-readiness skills through learning experiences designed to strengthen civic and leadership abilities.

OYI has specific programmatic elements that must be met by each organization in furtherance of its workforce development program:

- Best benefit areas with the highest rate of youth unemployment for youth of color and youth in communities most impacted by COVID-19. (Data provided by Seattle-King County Public Health and the Workforce Development Council);
- Connection with Port-related industries—aviation, maritime, green careers, and construction;
- Career trajectory for students as part of a workforce development program in accordance with RCW 53.08.245 and the Port's Workforce Development Resolution and Policy Directive;
- Working with organizations that have established and effective youth internship programs, and;
- A requirement of financial compensation for interns at a minimum rate of \$15/hour.

Projects must provide youth with opportunities to participate in economic activities like occupational job training, placement, advancement, retention, pre-apprenticeship training, or occupational education programs associated with the Port's tenants, customers, and local economic development related to the Port's tenants or Port-related economic activities.

Project staff must have at least five years demonstrated experience in education, mentorship, leadership development, and empowerment of "opportunity youth," which is defined as young people between the ages of 16 and 24 who are neither enrolled in school nor participating in the labor market.

Project staff must have demonstrated cultural competency and possess a strong understanding of operationalizing racial equity. Project facilitators must evaluate outcomes with quantitative information including: number of trainees, recruited, placed in jobs, and retained; the types of jobs and range of compensation; the number and types of businesses that are served; and any other tangible benefits realized by the Port, workers, businesses, or the public.

In 2020, the Office of Equity, Diversity, and Inclusion created a working group with Port employees from various departments with expertise in youth employment. A similar working group will collaborate to oversee the 2021 iteration of the program, as identified below:

- Partner in Employment: This organization has strong ties with communities in South King County, workforce development, and expertise in youth employment. It is uniquely equipped and positioned to create solid career paths for incarcerated youth, youth at risk of entering the juvenile justice system, immigrant populations, and low-income youth within the South King County area.

- Urban League of Metropolitan Seattle: This organization will develop, own and operate housing for the benefit of low-income, homeless and formerly homeless people in Washington State. This summer both programs will employ youth to help build tiny cottages for the homeless. These programs are a bridge to link people of color to apprenticeships or pre-apprentice construction training programs.
- Seattle Goodwill: This organization has a long history (almost 100 years) of understanding how to execute student-centered cultural competency within King County. Seattle Goodwill has three dynamic programs: Youth Maritime Program; Youth Aerospace Program and Youth at Work which center on professional development designed to help youth identify their strengths and set goals. Goodwill's partnerships with various established organizations helps this program to fast track connecting students with career opportunities within Port-related industries.
- Seattle Parks Foundation: This organization will be the cluster lead and fiscal sponsor for five grass roots organizations in the Duwamish Valley. This funding structure helps smaller community-based organizations lead by people of color navigate the governmental process. These programs will create internships within maritime, aerospace, and environmental industries.

The competition waivers are justified on the basis that they will help the Port expeditiously meet the extremely high need for summer 2021 internships for youth, in particular, the emergency nature of the continuing skyrocketing BIPOC youth unemployment and secure the limited number of programs that can meet the specific Port requirements. The Port is continuing its partnership with organizations that could handle a ramp-up of activities during the pandemic and identified those groups that could meet our legal, financial, programmatic and emergent issues. Identifying projects and programs that can advance the Port's mission, including the creation of short-term internships emphasizing this age group, will continue to provide material benefit to the Port as it looks to maintain, preserve, and enhance the assets and programs of statewide significance necessary to continue Washington State's economic recovery in 2021.

ADDITIONAL INFORMATION ATTACHED

May 11, 2021 Presentation on 2020 Opportunity Youth Initiative Results and 2021 Proposal

Opportunity Youth Initiative

Item No. 10e_supp (revised)
Meeting Date: May 11, 2021



Port's Response to Community Need

- **COVID-19 Impacts**
 - Extremely high youth unemployment
 - Negative impacts on communities of color
 - Lack of youth internship opportunities
- **Opportunity Youth Initiative**
 - Up to \$1.5 million for internships
 - South King County focus
 - Targeting 16- to 24-year olds



2020 Cohort Profile

196 Participants

Income

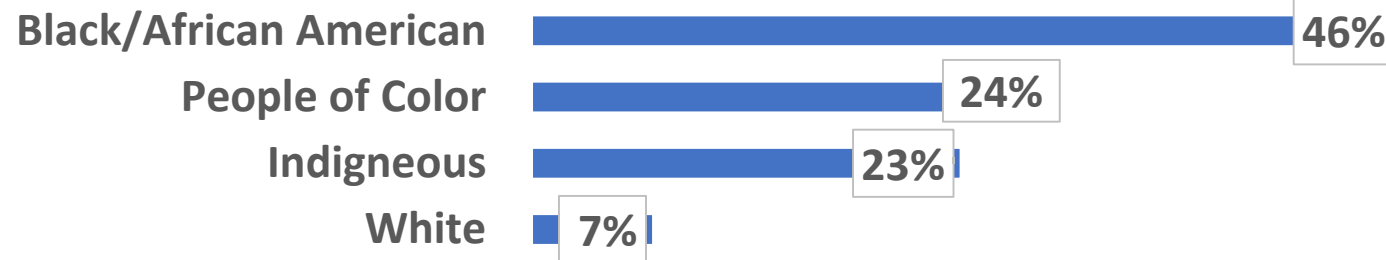
\$15/hour stipend

Age

16-19: 78%

20-24: 22%

Race



Gender

Female: 32%

Male: 68%

Youth Opportunities with Impact

- 87% felt **more knowledgeable** about job opportunities in port-related industries
- 90% **learned new skills** in how to find a job
- 81% **gained an understanding** of potential careers and the education needed to obtain them



Nonprofit Partners



Goodwill

70 youth

Partner in Employment

33 youth

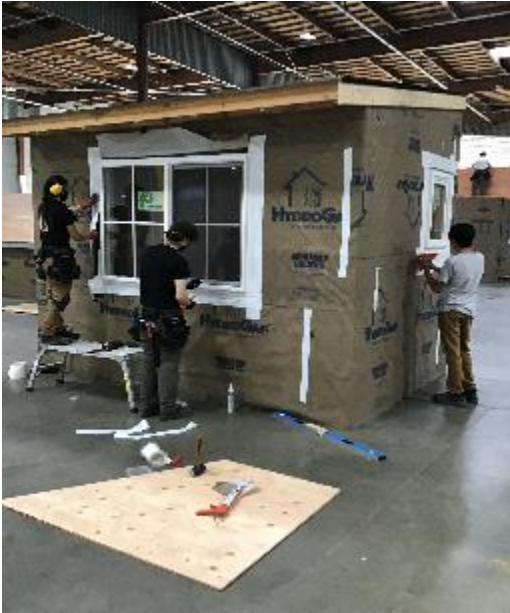
Urban League

76 youth

Seattle Parks Fnd

17 youth

Focus on Pathways to Port Careers



Aerospace **32** youth

Maritime **20** youth

Green Jobs **68** youth

Construction **76** youth



2022 OYI Order

Funding

Up to \$2 million from the Covid Emergency Fund

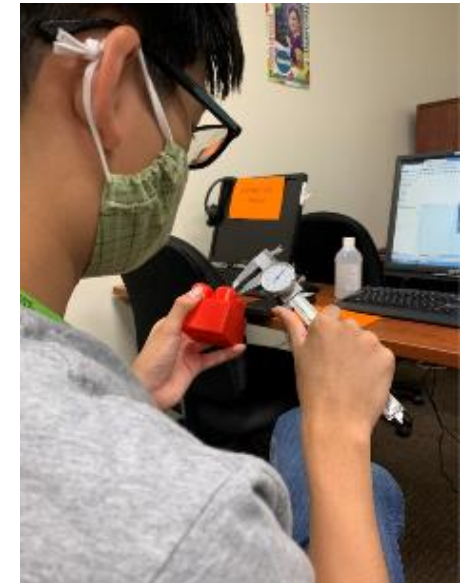
Nonprofit Partners

Goodwill, Urban League, Partners in Employment, Seattle Parks Fnd

Program Timeline

July through December 2022

Questions?



Appendix

Maritime and Aerospace focus

- Training and Activities
 - Maritime industry, STEM, native marine life, environmental sustainability, shipping repair and maintenance
 - Guided in-person and virtual industry tours, career readiness workshops, Aerospace OSHA-10 certification, interactive panel of industry experts



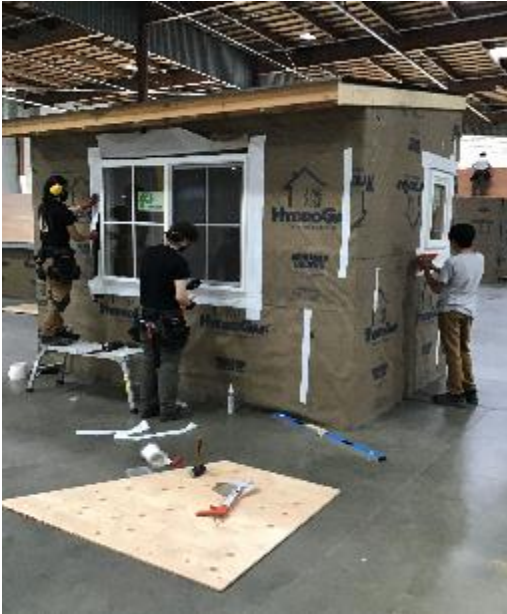
Environmental Green jobs

- Training and Activities
 - Green career environmental science education and training for forest and salmon habitat restoration with Mid Sound Fisheries
 - Youth met professional arborists, gardeners, horticulturists, restoration program managers, environmental educators, salmon biologists



Construction readiness

- Training and Activities
 - LIHI's pre-apprenticeship training for summer cottage build camp, ULMS Priority Hire construction readiness training, and ANEW's construction pre-apprenticeship for building tiny houses



- Training and Activities

- Duwamish River Cleanup Coalition: community engagement, restoration and environmental work, technology training, leadership curriculum development, training with Duwamish Valley Sustainability Association, interactive sessions with engineers, designers, planners and Port professionals, guided tours, career and educational planning
- Friends of Georgetown History and Industry: developed Georgetown walking tours, created The Georgetown Youth Council, and developed project charter or research paper as a result of training



Program challenges

- Compliance with **COVID safety protocols** slowed the pace of construction, adjusting for staff needed, and timing for multiple project completion
- **Weather, school schedules, air quality** at times
- **Transportation** to park sites



Youth Feedback

- **What challenges or barriers did you experience during your internship?**
 - As a woman, my voice was not heard at times.
 - COVID made everything complicated. Wearing a mask for the whole shift. Also getting all my hours every month was somewhat difficult too.
 - Transportation.
 - Family issues.
- **What did you like best about your internship?**
 - I liked building a house from the ground up!
 - I liked working with a diverse group of people, learning from each other and taking pride in the work we were doing for our community.
- **What are your upcoming plans after your internship?**
 - My goal is to become a professional welder in a union.
 - Going back to school pursuing the career path I wanted to for the rest of my life.

[RETURN TO AGENDA](#)

**COMMISSION
AGENDA MEMORANDUM**

Item No. 11a

BRIEFING ITEM

Date of Meeting May 11, 2021

DATE: April 21, 2021

TO: Stephen P. Metruck, Executive Director

FROM: Luis Navarro, Director, Workforce Development Programs

SUBJECT: 2020 Workforce Development Annual Report

EXECUTIVE SUMMARY

Workforce development is critical to achieving the Port's mission to serve as an economic development agency. As a regional anchor institution, the Port will leverage its cross-sector influence and leadership to promote long-term, sustainable advancements across port-related economic activities that promote equity.

The Port of Seattle Workforce Development Resolution 3776, approved by the Port Commission in June 2020, requires staff in the Office of Equity, Diversity and Inclusion (OEDI) to provide an annual report to the Commission on investments, outcomes, and best practices. The 2020 annual workforce development report also satisfies a requirement under RCW 53.08.245(2)(c) by providing quantitative information on program outcomes including: the number of workers trained, recruited, placed in jobs, and retained; the types of jobs and range of compensation; the number and types of businesses that are served; and any other tangible benefits realized by the port, the workers, businesses, and the public.

In the Port's 2020 budget report, the Port described the economic downturn caused by COVID-19 that resulted in severe declines in trade, travel, and tourism – the lifeblood of the Port. Specifically, the pandemic resulted in the loss of the entire 2020 cruise season and a 61% decline in air travel that severed business activity and connections that took decades to develop. In March 2020, the executive director requested a review of budgets across all Port divisions to address the immediacy of the COVID-19 crisis. The budget review resulted in substantial reductions in planned expenses across all Port divisions, including reductions in the 2020 workforce development budget, requiring a recalculation of the proposed workforce development investments for 2021-2023.

The budget reduction required the workforce development team to recalibrate the ongoing and future work and budget plan beyond 2020, including elimination of staff additions in workforce development, reduction and postponement of planned contracts and consulting services for market data analysis, among other areas.

Meeting Date: May 11, 2021

BACKGROUND

In June 2020, the Port of Seattle (Port) Commission adopted the Workforce Development Resolution 3776 with the purpose of fulfilling the Century Agenda strategic objectives of increasing equitable access for workers in port-related economic activities in maritime, aviation, construction trades, green careers, and other port related economic industries and activities. Staff in the Office of Equity, Diversity and Inclusion (OEDI) developed a three-year Workforce Development Strategic Plan for 2021-2023 guided by the Port's Century Agenda and key provisions from the Policy Directive adopted in June 2020 to ensure that the Port's investments in workforce development and related activities produce outcomes that support a skilled workforce in Port related industries, and that workforce development programs create equitable access for all.

The Policy Directive under Resolution 3776 provides guidance in two key provisions:

- **Goal 1:** Increase Equitable Access to Economic Prosperity. Increase equitable workforce access for the trades in port-related economic activities, with an emphasis on expanding opportunities to near-port communities, which are most disproportionately impacted. Port staff will develop program priorities, actions, benchmarks, and metrics for success.
- **Goal 2:** Leverage Port Impact and Innovation. Identify and prioritize opportunities for leadership to influence and promote a sector-based approach to workforce development centered on equity, diversity and inclusion.

OUTCOMES AND RESULTS OF 2020 PORT INVESTMENTS

Analysis of *Results of Investments* (ROI) for 2020 was conducted by Port staff and consultant Bob Watrus, a workforce development expert hired to support the analysis. The ROI report is presented in the categories of impact, influence, and leverage.

COVID-19 resulted in a reduction in the 2020 workforce development outcomes compared to the original plan, but we also saw a different kind of outcomes that supported displaced workers and impacted communities. 2020 also showed community resilience and innovation on the part of the Port and community-based organizations (CBOs) that required them to quickly develop client services delivery from in-person to virtual or a hybrid model. 2020 was also a year of commitment by the Port to the communities we serve, as the Port didn't cancel any existing contracts, instead, we added language to allow CBOs under contract to continue to provide the Port funded services virtually or in a hybrid environment.

Port Investments

The Port's workforce development investments in 2020 included \$1.5 million in summer employment for opportunity youth, and \$1.9 million in the port sectors of aviation, maritime, construction trades and in strategic partnerships. Investments included contracts with services providers such as Port Jobs, the pre-apprenticeship organization ANEW, the Urban League of

Meeting Date: May 11, 2021

Metropolitan Seattle, and the Maritime Youth Collaboration. See **Appendix 1** for sector breakdown.

I. Impact

In 2020, the Port’s workforce development investments resulted in 870 job placements, 210 training completions, and 105 youth participating in experiential learning (events and internships), and 196 opportunity youth who benefit from the Port investment in a summer employment initiative. Retention services and supports were provided to another over 100 participants in Port funded workforce development programs who were placed in jobs in 2019.

Types of jobs participants were placed in 2020 included janitorial/cleaning, food service, ramp/airfield, airport customer service, and warehouse/freight in the aviation sector; and apprentice ironworkers, laborers, pipefitters, bricklayers, and cement masons in the construction sector. The hourly wage at placement in aviation was \$16.40, and in construction, \$24.50 plus.

Ninety-two (92) employers hired participants or provided youth internships. Types of businesses included airport concessionaires, ground handling companies, airlines, construction contractors, boat repair shops, recreational boating rental providers, and other maritime employers (e.g., cargo ship operator, marine terminal operator, and marine science and engineering firm).

The majority of participants were people of color. Most also lived in priority communities (e.g., South King County and Priority Hire ZIP codes).

Results in 2020 were significantly lower than those for 2019, due in large part to the COVID-19 pandemic, which had a major disruptive impact on port-related sectors, employers, workers and job seekers, and near-port communities. For example, air passenger traffic at SEA Airport was down about 60 percent in 2020 and thousands of airport workers were laid off. In construction, new Unemployment Insurance (UI) claims totaled over 31,000 during a 32-week period, representing 35 percent of all construction jobs in King County.

The Port’s workforce development partners—including employment and training service providers, community colleges, and community based organizations—responded to COVID by moving services online (e.g., information sessions, job search assistance, classes, and internships); connecting people to benefits such as UI and health insurance; and helping address basic needs through food, housing, and transportation assistance.

Even in challenging times, some participants continued to move along career pathways in port-related sectors. One such participant was Jerome Cadelina, who was working as a ramp agent at SEA Airport in 2019, when he entered the aviation maintenance technician (AMT) career pathway program, which is a partnership of the Port, Port Jobs, and South Seattle

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College. Today, Cadelina is working as an aircraft support mechanic while completing South Seattle College's aviation maintenance technology program. (A profile of Cadelina is attached.)

Sector breakdown

1. Aviation Sector

Airport Employment Center

The Seattle Tacoma International Airport (SEA Airport) Employment Center job placements totaled 857 in 2020, a drop of 62 percent from 2019. This reflects the impact of the COVID pandemic on SEA Airport and travel more generally. The number of employers hiring through the center was 70, a 22 percent drop from the prior year. Training enrollments and completions were also down, but not by as much – 197 training enrollments, a 20 percent drop from the prior year; and 174 training completions, a 12 percent drop.

It's projected that results in 2021 will increase, but they'll still be below the 2019 baseline, as SEA Airport and travel continue to recover from COVID. For example, 2021 job placements are projected to be 1,100, about half that in 2019.

The work conducted at SEA through the Employment Center continues to be successful in supporting individuals upskill and enter promising career pathways, as the following quotes affirms:

"Your work at Port Jobs provides opportunities, gives hope, and creates better lives for future generations. As an Airport University student, I am grateful to be the recipient of such generosity. Thank you so very much!" Janae Fisher, Port of Seattle

Through Airport University "I am working here. I am learning here. It's a great opportunity. I appreciate that every day." Girmay Worku, Port of Seattle

COVID-19 Impact and Response

Remote and one-on-one in-person job search assistance at the Employment Center throughout the pandemic. Use of computers and internet at Airport Jobs for job search setup by appointment. Free health insurance enrollment fairs for laid off airport workers and community members who've lost health insurance benefits. Information on safety net resources such as unemployment, health care resources, food and energy assistance, etc. Online Airport University classes. Alaska Airlines-Airport University scholarships expanded eligibility to include laid off airport workers.

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2. Construction Sector

Construction Worker Outreach, Training, and Retention

2020 construction enrollments, training completions, and placements were down significantly from 2019, with 49 enrollments, down 76 percent; 36 training completions, down 80 percent; and 13 placements in apprenticeships and trades related jobs, down 93 percent. The largest contributing factor: the impact of COVID on the construction sector and the Port's partners in construction worker outreach, training, and retention – ANEW, Urban League, and Ironworkers.

The construction sector was initially hard hit by COVID, with new UI claims representing 35 percent of all construction jobs during a 32-week period. By late summer/early fall, however, there were signs of recovery (e.g., decreases in continuing UI claims, increases in job postings, increases in estimated employment since peak unemployment associated with COVID, and rebounds in estimated employment year-to-year).

With respect to the Port's partners, some halted their services for a time before shifting mostly to online. By mid-year, some were back to providing at least some in-person services, but at limited capacity. They also focused on helping the over 100 participants they'd placed in apprenticeships and trades related jobs in 2019 keep their jobs, providing them retention services and supports.

It's projected that results in 2021 will increase, but they'll still be below the 2019 baseline. For example, 2021 training completions are projected to be 113, 65 percent that in 2019; and job placements 123, also about 65 percent that in 2019.

COVID-19 impact and response: The service providers contracted by the Port delivered services via online outreach, information sessions, and classes. Increased focus on retention, reaching out to apprentices and providing wraparound services and supports, as approved by the Port.

3. Maritime Sector

Maritime Experiential Learning and Internships

In 2020, the number of students participating in maritime experiential learning events totaled 75, a drop of 84 percent from 2019. COVID precluded in-person events – especially the kind of hands on, close quarters events done on boats in past years. Some partners closed shop for part of the year; others moved events online. Over 30 youth participated in virtual internships.

It's projected that the number of students participating in maritime experiential learning events will increase to 200 in 2021, less than half that in 2019. Another 30 youth are projected

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to participate in maritime internships, but we will work with our partners to maximize participation.

II. Influence

The Port's workforce development efforts also aim to influence broader workforce development policies, practices, systems, and investments as they relate to port-related sectors. In 2020, examples included:

- **Regional Public Owners (RPO Group)** – The Port of Seattle is a partner with the City of Seattle, King County, Sound Transit and other public contracting entities in the RPO group, which aims to create a pipeline of skilled, diverse construction workers to meet current and future needs driven by Port and other public infrastructure projects. RPO's goals are to align and champion greater workforce diversification in the trades, increase entry and diversity, and improve retention. RPO's 2020 accomplishments included:
 - Quantitative and qualitative apprenticeship retention analysis
 - Sharing of best practices for workforce diversity implementation
 - State Labor and Industries pre-apprenticeship data collection and reporting
 - Development of shared data picture around entry, retention, and diversity; and discussion of results, best practices, and implications for partner investments
 - Implementation of retention pilots
 - Incorporation of similar contract language around acceptable/respectful worksite standards among RPO partners
- **Youth Maritime Collaborative** – The Youth Maritime Collaborative is a partnership of workforce education and training providers and employers that the Port of Seattle helped establish and promotes maritime career awareness and career connected learning activities, with a focus on low-income youth and youth of color. In 2020, the Youth Maritime Collaborative provided equity training to maritime employers, as a way to promote equitable practices in the maritime industry and create youth internship opportunities for low-income youth and youth of color.
- **Washington Alliance for Better Schools** – With support from the Port of Seattle, the Washington Alliance for Better Schools engaged middle and high school teachers in professional development and curriculum development tied to port-related sectors.

III. Leverage

The Port's workforce development investments also leverage other funding and resources. For 2020, the amount leveraged was over \$2.3 million. This included:

- \$993,000 from Alaska Airlines, Boeing, the Annie E. Casey Foundation, the Workforce Development Council of Seattle-King County, United Way of King County, City of Seattle, King County, and Washington State Department of Social and Health Services (Basic Food

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Employment and Training) to support the Airport Employment Center and Airport University.

- \$1.3 million from other regional public owners (e.g., City of Seattle, King County, Sound Transit, and Washington State Department of Transportation) for aligned investments in construction worker outreach, training, and retention. (The \$1.3 million figure reflects the investments of two other regional public owners in construction worker outreach, training, placement, retention, and support services. Due to timing, it was not possible to get comparable data from the other RPO partners).
- \$60,000 from the City of Seattle’s Office of Economic Development and the Workforce Development Council of Seattle-King County to support summer youth internships in the maritime sector.

IV. Staffing and Total Investments

The proposed strategic plan in 2020, included the addition of program managers for maritime, construction, aviation, youth and green careers, and a senior analyst to support the database analysis and reporting, and the proposed investment was \$11.1 million for 2021-2023. The plan was revised as part of the COVID-19 budget realignment. The revised three-year plan proposes less staff in 2021-2023, and a lower investment total of \$9.3 million for the same period 2021-2023, a reduction of \$2.3 million over the same time period.

ATTACHMENTS TO THIS BRIEFING

- (1) Presentation
- (2) Workforce Development Resolution #3776
- (3) Port Jobs Annual Report
- (4) Aviation Maintenance Technician Student Cadelina Testimonial
- (5) WDC-SKC 2021 Regional Plan Executive Summary

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- (1) April 20, 2021 – Commission Equity and Workforce Development Committee briefed
- (2) June 23, 2020 – Commission adopted Workforce Development Resolution #3776
- (3) February 2020 – Commission approved charter for the Equity and Workforce Development Committee
- (4) June 2020 – The Commission adopted the Workforce Development Resolution 3776
- (5) July 2020 – OEDI staff presented the 2021, 2023,-2023 workforce development plan
- (6) July 2014 – The Commission approved a Motion of the Port of Seattle Increasing Workforce Development and Career Opportunities Activities

APPENDIX 1

Workforce Development Annual Briefing

Port Investments in 2020 by Sector

1. AVIATION SECTOR

Airport Employment Center

The Seattle Tacoma International Airport (SEA Airport) Employment Center job is managed by the nonprofit Port Jobs. In 2020, placements totaled 857, a drop of 62 percent from 2019. This reflects the impact of the COVID pandemic on SEA Airport and travel more generally. The number of employers hiring through the center was 70, a 22 percent drop from the prior year. Training enrollments and completions were also down, but not by a much – 197 training enrollments, a 20 percent drop from the prior year; and 174 training completions, a 12 percent drop.

It's projected that results in 2021 will increase, but they'll still be below the 2019 baseline, as SEA Airport and travel continue to recover from COVID. For example, 2021 job placements are projected to be 1,100, about half that in 2019.

Airport Employment Center Operated by Port Jobs			
	2019 (baseline)	2020 (actual)	2021 (projected)
# Registered for employment and/or training (unduplicated)	4,882	1,810	2,400
# Job placements	2,239	857	1,100
Hourly wage @ placement	\$16.04	\$16.40	\$17.00
# Hiring employers	90	70	80
# Training enrollments	247	197	220
# Training completions	198	174	200

Participant demographics: 46 percent African/African American/Black, 22 percent Asian, 11 percent Spanish/ Hispanic/Latino, 10 percent white, 7 percent Pacific Islander/Native Hawaiian, and 1 percent American Indian/Alaska Native. 51 percent male and 49 percent female. 69 percent lived in South King County.

Types of jobs: Janitorial/cleaning, 26 percent; food service, 25 percent; ramp/airfield, 15 percent; airport customer service, 14 percent; and warehouse/freight, 13 percent.

Meeting Date: July 14, 2020

Types of businesses served: airport concessionaires, ground handling companies, airlines, and other airport tenants.

Partnerships: Aviation employers (e.g., Alaska Airlines and Boeing); community colleges (Highline and South Seattle, which teach Airport University classes); K-12 system (e.g., Puget Sound Skills Center); Aerospace Joint Apprenticeship Committee and ANEW (apprenticeship referrals); Northwest Education Access (college and financial aid navigation); King County Reconnect to Opportunity (young adult employment); community based organizations (African Chamber of Commerce, Asian Counseling and Referral Services, and others); Annie E. Casey Foundation and its Generation Work Initiative; and Washington State Department of Social and Health Services (Basic Food Employment and Training).

The work conducted at SEA through the Employment Center continues to be successful in supporting individuals upskill and enter promising career pathways, as the following quotes affirms:

“Your work at Port Jobs provides opportunities, gives hope, and creates better lives for future generations. As an Airport University student, I am grateful to be the recipient of such generosity. Thank you so very much!” Janae Fisher, Port of Seattle

Through Airport University “I am working here. I am learning here. It’s a great opportunity. I appreciate that every day.” Girmay Worku, Port of Seattle

Aviation Career Pathways: Aviation Maintenance Technician (AMT)

Port Jobs and South Seattle College partnered to offer an Intro to Aviation Maintenance Technology (AMT) course at SEA Airport in winter 2020. The students—airport workers in entry jobs such as ramp agents—gained contextualized math skills, toured the college’s AMT program and Delta Air Line’s aircraft maintenance hangar, and received financial aid application assistance and navigation support to bridge into the college’s two year, FAA-approved AMT program. Completers received a \$1,000 scholarship from Port Jobs’ Alaska Airlines-Airport University scholarship program. A diverse group of 17 airport workers completed the course, 10 of whom enrolled in the AMT program in spring 2020. Another six students planned to enroll at the next available start date in fall 2020.

Due to COVID, South Seattle had to cancel spring quarter AMT classes for health and safety reasons (note: per FAA regulations, the college could not offer the AMT classes remotely). COVID affected the students’ lives in various and personal ways. For example, some were laid off from their airport jobs; others had their hours reduced; some sought work and opportunities elsewhere; several had young children to care for at home as schools closed and moved to remote instruction. In fall 2020, when AMT classes resumed, five Intro to AMT students entered the program at South Seattle.

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Aviation Career Pathways – Aviation Maintenance Technician – Port Jobs & South Seattle College)		
	2020 (actual)	2021
# Training enrollments (Intro to AMT)	23	22
# Training completions (Intro to AMT)	17	16
# Training enrollments (AMT)	5	11 (est.)
# Training completions (AMT)	N/A*	N/A*
# Job placements	N/A*	N/A*
Hourly wage @ placement	N/A*	N/A*

* Cohort has yet to reach these milestones, as it is a two-year certification program

Participant demographics: 90 percent BIPOC and 25 percent women.

Types of jobs: Aviation maintenance technician.

Types of businesses served: Airlines.

Partnerships: Port Jobs, Alaska Airlines and South Seattle College.

COVID-19 impact and response: Eligibility for the AMT career pathways program was expanded to include airport workers who've been laid off as a result of COVID.

Aviation Career Pathways: Planning and Development

Aviation career pathways planning and development work included: development of a second aviation career pathways program, targeting air cargo; and expansion of Port of Seattle apprenticeship opportunities, including aviation maintenance as well as maritime maintenance, etc.

Fair Work Center

The Port hired Fair Work Center as a consultant to provide career support services to establish a more stable workplace environment at SEA Airport by educating employees and employers on the rules and regulations on employment benefits and rights applicable to SEA Airport. This will reduce friction between employees and employers and foster an environment where workers can focus on their jobs and not be distracted by confusion as to their employment rights. COVID-19 impacted their ability to delivery services in person, and a virtual approach had to be developed to provide the contracted services. The contract was amended in 2020 to extend the termination date, and to allow the consultant to provide assistance services during the COVID-

Meeting Date: July 14, 2020

19 crisis and subsequent recovery including providing UI navigation and application support, other emergency services and resources.

The consultant hired Partners in Employment (PIE) as a sub-contractor to deliver the services. Over 1,400 workers were reached via webinars and online communication. The consultant received over 500 enquiries and email exchanges and was able to have over 225 participants in the 2020 training workshops.

2. CONSTRUCTION SECTOR

Construction Worker Outreach, Training, and Retention

2020 construction enrollments, training completions, and placements were down significantly from 2019, with 49 enrollments, down 76 percent; 36 training completions, down 80 percent; and 13 placements in apprenticeships and trades related jobs, down 93 percent. The largest contributing factor: the impact of COVID on the construction sector and the Port's partners in construction worker outreach, training, and retention – ANEW, Urban League, and Ironworkers.

Construction Worker Outreach, Training, and Retention – ANEW, Urban League and Ironworkers			
	2018-19 (baseline)	2020 (actual)	2021 (projected)
# Enrolled	206	49	133
# Training completions	175	36	113
# Placements (apprenticeships, trades related jobs)	190	13	123
# Hiring employers	40	11	TBD
Hourly wage @ placement	\$26.21	\$24.50+	TBD
Retention @ 3 months	142 (75%)	13	92
Retention @ 12 months	107 (56%)	N/A*	69
Retention @ 18 months	86 (45%)	N/A*	55

* Cohort has yet to reach these milestones.

Participant demographics: 43 percent African American, 28 percent white, 10 percent Hispanic, 7 percent Asian, 6 percent Native American/Alaskan Native, and 5 percent Multi-race. Also, 58 percent lived in Priority Hire ZIP codes.

Types of jobs: Apprentice ironworkers, laborers, pipefitters, bricklayers, and cement masons.

Types of businesses served: Construction contractors.

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Partnerships: City of Seattle, King County, Sound Transit and other public contracting entities (Regional Public Owners group), community-based organizations, pre-apprenticeship and apprenticeship programs, and construction contractors.

COVID-19 impact and response: Online outreach, information sessions, and classes. Increased focus on retention, reaching out to apprentices and providing wraparound services and supports, as approved by the Port.

3. MARITIME SECTOR

In 2020, the number of students participating in maritime experiential learning events totaled 75, a drop of 84 percent from 2019. COVID precluded in-person events – especially the kind of hands on, close quarters events done on boats in past years. Some partners closed shop for part of the year; others moved events online. Over 30 youth participated in virtual internships.

Maritime Experiential Learning and Internships – Youth Maritime Collaborative			
	2019 (baseline)	2020 (actual)	2021 (projected)
# Students participating in maritime experiential events	474	75	200
# Youth participating in maritime internships	N/A	30	30
# Employers providing internships	N/A	11	TBD

Participant demographics: 60 percent African American, 13 percent Mixed Race, 10 percent Hispanic, 10 percent white, and 7 percent Asian.

Types of internships/jobs: Virtual work-readiness training and employer projects, voice over projects, research and development for new product launch, social media strategies and marketing.

Types of businesses served: Boat repair shops, cargo ship operator, marine terminal operator, marine supplies recycler, recreational boating rental providers, and marine science and engineering firm.

Partnerships: Maritime employers, schools, community and technical colleges, and maritime nonprofits (e.g., Sound Experience and Center for Wooden Boats).

COVID-19 impact and response: Shift from in-person events to virtual webinars and internships. Addressing digital divide (e.g., providing laptops for interns).

Working with
Communities
to Build
Aviation Career Pathways

PORT **JOBS**



PORT JOBS

Annual Report 2020



OUR PROGRAMS

Port Jobs is grateful for the 300 community-based organizations, 100 businesses, 25 educational partners, and the many funders who made our work possible in 2020 - the most challenging year on record for airport workers. We look forward to your continued partnership as we center our work on equity and provide essential career advancement services for airport workers and communities in 2021.

AIRPORT JOBS

Airport Jobs connects community members to the broad array of aviation-related job opportunities at Seattle-Tacoma International Airport (SEA). Job seekers receive a "hotlist" of current job openings, job search assistance, career navigation, and information about airport hiring events and resources. As a Basic Food Employment and Training (BFET) provider, we help Basic Food recipients find living wage employment.

As a primary resource for many airport companies, Airport Jobs provides businesses with a single point of contact for recruiting, interviewing, hiring and building a skilled labor force.

AIRPORT UNIVERSITY

Airport University provides education and career-connected learning as a pathway to career advancement for airport employees. Through our partnerships with Highline and South Seattle Colleges, we bring free college classes to Seattle-Tacoma International Airport (SEA) to help employees build foundational skills in digital literacy, customer service, communications and math, and advance careers in aviation maintenance technology, air cargo, homeland security, and airport hospitality and tourism. We also prepare employees to take the security badge and airfield driving badge trainings required for many airport jobs. In 2020, classes were taught remotely due to COVID-19.



ALASKA AIRLINES - AIRPORT UNIVERSITY SCHOLARSHIP PROGRAM

Alaska Airlines generously funds a scholarship program to help Seattle-Tacoma International Airport (SEA) employees continue their college education and advance in careers. Scholarships, up to \$1000 a quarter, can be used at any accredited college for programs such as aviation maintenance technology, aeronautical science, airline dispatch, business, engineering, computer science and pilot training. In 2020, eligibility was expanded to include current and laid off employees.



OUR PROGRAMS

GENERATION WORK

As the lead organization in Generation Work, a national initiative of the Annie E. Casey Foundation, Port Jobs partners with employers to help young adults ages 18 to 29 access living wage jobs and succeed in the workplace. The Seattle partnership – which includes Northwest Education Access, Aerospace Joint Apprenticeship Committee, King County Reconnect to Opportunity and others – supports young adults in pursuing higher education and job pathways in aviation, manufacturing and apprenticeships.



FINANCIAL TOOLS FOR THE TRADES

Financial Tools for the Trades (FTT) is a money management curriculum for new construction apprentices, focused on foundational financial skills they need to plan for unemployment, manage money, build credit, and save for the future. We sell our curriculum nationally and partner with the International Foundation of Employee Benefit Plans to offer FTT as an e-learning course.

CAREER ADVANCEMENT SUPPORTS

Port Jobs supports aviation career advancement through career navigation, resume development, college funding and financial aid assistance. Career information sessions highlight opportunities in aviation maintenance technology, manufacturing, and construction apprenticeships.



2020 YEAR-end HIGHLIGHTS

*Port Jobs provided virtual assistance, remote classes and in-person one-on-one client appointments during 2020.

AIRPORT JOBS

Job Placements	857
Hiring Employers	70



Average Wage
\$16.40 per Hour



Supported **96** job
fairs, hiring sessions
& recruiter events

Top Five Hiring Employers

1. ERM/UNIFI/DALGlobal (127)
2. Worldwide Flight (82)
3. SSP America (65)
4. HMS Host (50)
5. McGee Air Svcs (48)



Top Five Hiring Job Types

Janitorial/Cleaning - 26%
Food Service - 25%
Ramp/Airfield - 15%
Airport Cust. Service - 14%
Warehouse/Freight - 13%

3,195 Community
Members Served

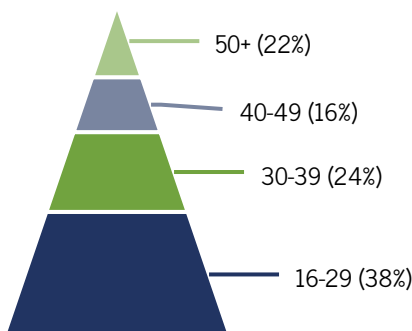
28,000 Individuals
Reached Through
86,500 Website Views

CLIENT DEMOGRAPHICS

African/Afr-Amer./Black: **46%**
American Indian/Alaska Native: **1%**
Asian: **22%**
Caucasian: **10%**
Pacific Islander/Native Hawaiian: **7%**
Spanish/Hispanic/Latino: **11%**
Other: **3%**

Male: **50.5%**
Female: **49.1%**
Other: **0.4%**

Age Ranges



Top Five Languages Spoken Out of 69 Total Home Languages

1. English - **43%**
2. Amharic - **15%**
3. Spanish - **6%**
4. Somali - **5%**
5. French - **5%**
6. Other Languages - **26%**



Residence



Seattle: 18%
South King County: 69%
East King County: 2%
Pierce County: 9%
Other: 2%

Education



Some High School: 6%
HS Diploma/GED: 51%
Certification: 1%
Some College: 20%
College Degree: 22%

Employment Status at Time of Registration with Port Jobs



Not Working: 66%
Work @ Airport: 19%
Work Outside Airport: 15%



AIRPORT UNIVERSITY

69 Students Completed

80 College and Bridge Courses



117 people completed job skills workshops, including SIDA and AOA badge preparation and career navigation



Provided courses in Aviation Maintenance Technology, Customer Service, Computer Skills and Career Success

AIRPORT UNIVERSITY - ALASKA AIRLINES SCHOLARSHIPS

68 scholarships awarded (between \$400 - \$1000 each) through the Alaska Airlines - Airport University Scholarship program in 2020



\$44,200 in scholarships awarded in 2020



232 airport employees have been awarded scholarships since the program began in 2015

FINANCIAL TOOLS FOR THE TRADES



**TAUGHT
152
STUDENTS**

Presented 7 Financial Tools classes to Electrician and Cement Mason apprentices, and pre-apprentices from ANEW.

Sold 3,658 Financial Tools Survival Guides to teach apprentices money management.

ADDITIONAL COVID-19 SUPPORT

COVID-19 had an enormous impact on the lives of people working at Seattle-Tacoma International Airport (SEA). Port Jobs provided additional resources and supports for airport employees, laid off employees, and airport communities including:

- In-person Health Insurance Enrollment Fairs in partnership with King County Public Health for laid off airport employees and community members who lost their health insurance benefits.
- Hygiene packs with over \$100 worth of grooming and hygiene products to clients eligible for Basic Food Assistance.
- Technology resources, in partnership with King County Reconnect to Opportunity to help bridge the digital divide for young adults engaged in remote education, training and job search by providing hardware and low-cost internet.
- Other safety-net resources such as training opportunities, unemployment, healthcare resources, food and energy assistance, free tutoring and technology classes, library card assistance, and more.





STATEMENT OF FINANCIAL ACTIVITY

for the year ending December 31, 2021



Support and Revenue

Government Contracts and Grants	\$ 1,184,318
Contributions and Foundations	\$ 700,000
Interest and Other Income (including In-Kind)	\$ 113,391
Total Support and Revenue	\$ 1,997,709



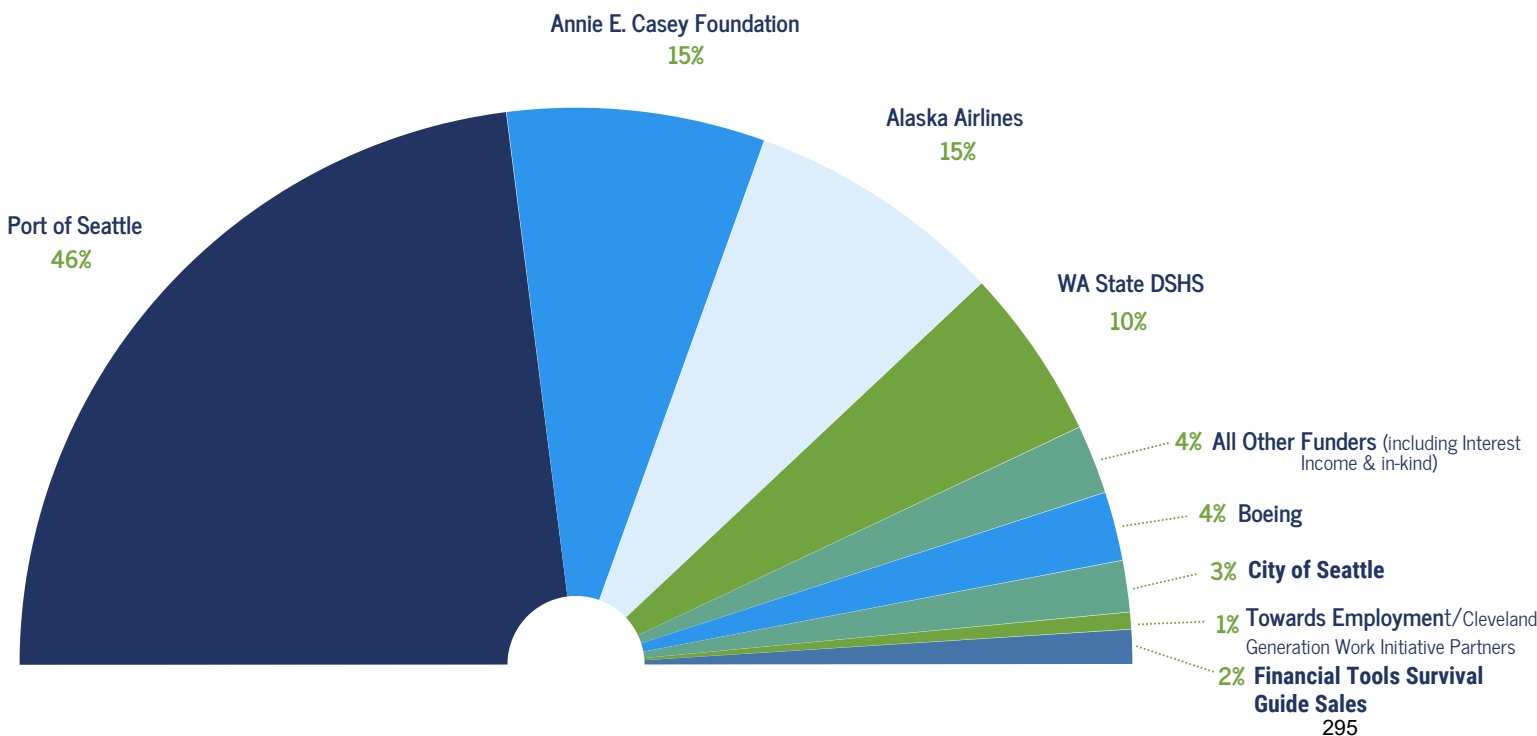
Expenses

Program Services	\$ 1,752,070
Management and General	\$ 131,876
Total Expenses	\$ 1,883,946

Change in Net Assets **\$ 113,763**

**unaudited financials*

2020 Funders



For every dollar of Port of Seattle funding, Port Jobs secures **\$1.17** in additional leveraged funding to deliver essential services.



PERSONAL PROFILES



**"I knew I wanted to risk it,
and I knew I would land on my feet"**

A conversation with Aviation Maintenance Technology
student **Jerome Cadelina**



When twenty-four-year-old Jerome Cadelina attended the Port Jobs Aviation Maintenance Technician (AMT) orientation at Seattle-Tacoma International Airport (SEA) in January 2019 he didn't know his life was about to get a lot busier. At the time Jerome was working 25 hours a week as a ramp agent for Delta Airlines. Though he liked the job he had held for two years, he knew he was ready to try something new.

Beam forward to 2021.

Today, Jerome is working 40 hours a week and earning \$8.00 more per hour. He is working from 9:00pm - 7:00am for Delta Airlines as an Aircraft Support Mechanic and attending school full-time where he is enrolled in the South Seattle College two-year Aviation Maintenance Technology program, attending school from 7:00am – 1:00pm. As Jerome described it, "All my senses – eyes, heart, brain, ears, everything is about airplanes and working at the airport. I know I am where I want and am meant to be."

"It all started," Jerome said, "When a co-worker told me to go to the AMT orientation that Port Jobs was hosting at the airport. That is where I first learned about AMT jobs and had an opportunity to meet some Delta employees doing this kind of work. I also heard about the Alaska Airlines/Airport University Scholarship program that Port Jobs had in place to help airport workers advance in their careers. Soon after the AMT orientation I submitted my own application to Port Jobs for a scholarship, where I expressed my interest in becoming an AMT. That scholarship resulted in my attending the AMT program. It also gave me a leg up when applying for the Aircraft Support Mechanic job and was a big reason I got hired."

"Timing is everything." As Jerome saw it, "I was in the right place at the right time. The opportunities and information were provided for me by Airport Jobs, and I grabbed them."

Jerome said he loved the idea of being an AMT because he got to use critical thinking and decision-making skills and would be using problem solving skills in his everyday work. He added that along with the AMT certifications and licenses he expected to earn in 2022 he would also be earning an AA degree for his current educational efforts.

Jerome summed up his career journey noting, "I am on a great adventure. I like to risk and push myself. Like when I did my first parachute jump last year. The ride was exciting, but I knew I wanted to risk it, and I knew I would land on my feet."



QUOTES



I am so grateful for your generosity and support. If it weren't for the supportive people at Airport Jobs, I probably wouldn't be attending school this Spring. I'm glad I can finally FINISH what I started. I will use every cent of scholarships to pay forward to my future. Thank you so much for helping airport employees with their careers!

Alaska Airlines-Airport University scholarship recipient and Delta Air Lines employee



Good news, I got the job! [Airport Jobs] is ready for me whenever I need your help. I really appreciate your encouragement and the free resources you offer. Thank you so much!

Airport Jobs client and VIP Hospitality employee



I want to thank you and your team for all you have done for me. For letting me to come in use the computer to take [Airport University] classes in career success and computers. I learned a lot. Mostly, I am grateful I got the job at SeaTac Airport. I appreciate your time, your experience your knowledge you shared with me.

Airport Jobs client and UNIFI employee



I like to think about all the gifts I've been given over the last year. I wanted you to know that I count my education and the chance for growth over the last year as a very special gift that each one of you has had a part in giving to me through Airport University.

Airport University student and Alaska Airlines employee



I'm a beneficiary of your unending support, drive and encouragements. I wouldn't be a student at South Seattle College if it wasn't for you. I wouldn't be a beneficiary of Alaska Airlines scholarship program. Continue being the light at the end of the tunnel for people who come to Airport Jobs. Thank you so much for the support.

Alaska Airlines-Airport University scholarship recipient and Integrated Deicing Services employee



"I tell our students, the Port economy is like a city that offers a multitude of career opportunities. I encourage them to think about all the different types of jobs a person can get on a cruise ship or at an airport, and how these venues need to hire and employ people with a variety of different skill sets.... Partnerships like this [with Port Jobs] expand students' notion of the big picture – of where they fit in, and where they contribute to the workforce."

Sisto Piña, Dean of College and Career Success at the Highline School District's Puget Sound Skills Center (PSSC)



PORT JOBS - Board of Directors

SAM KAPLAN - Chair	Director, Center of Excellence for Global Trade & Supply Chain Mgmt., Highline College
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RESOLUTION NO. 3776

A RESOLUTION of the Port of Seattle Commission establishing a Workforce Development Policy Directive to guide the increase in the number of skilled employees within the industries necessary for Port development.

WHEREAS, the Port of Seattle is committed to creating economic opportunity for all, steward our environment responsibly, partner with surrounding communities, promote social responsibility, conduct ourselves transparently, and hold ourselves accountable;

WHEREAS, the Port of Seattle Commission believes that workforce development is critical to achieving the Port's primary mission to serve as an economic development agency generating jobs and economic growth for the region and increasing operational efficiency and economic mobility;

WHEREAS, the Port has been directly engaged in workforce development efforts and initiatives for over 25 years;

WHEREAS, the Port created Port Jobs, a workforce intermediary to bring together business, labor, education, and public stakeholders to expand opportunities to build a thriving, competitive Port economy,

WHEREAS, the Port has funded ANEW's Apprenticeship Opportunities Project, which helps under-employed and unemployed jobseekers to find livable wage jobs or apprenticeships and offers limited financial assistance to qualified individuals, and

WHEREAS, the Port supports the Youth Maritime Collaborative, which works to create career pathways for youth pursuing careers in the maritime industry through experiential learning and high school internships;

WHEREAS, the Port supports Career Connected Learning best practices as guided by the State of Washington;

WHEREAS, on July 1, 2014, the Port Commission passed a Motion "Increasing Workforce Development and Career Opportunities Activities" that required the creation of a strategic plan and implementation of policies to improve upon and expand workforce efforts in port-related industries;

WHEREAS, on July 22, 2014, the Port Commission adopted Resolution No. 3694 to ensure necessary hiring standards, training opportunities and minimum compensation requirements to maintain a well-trained workforce at Sea-Tac Airport as part of a Quality Jobs Initiative;

WHEREAS, on November 28, 2017, the Port Commission established the Priority Hire Policy Directive to increase the diversity of the workforce on Port construction projects which accounts for some the largest infrastructure investments in the region;

WHEREAS, on March 26, 2019, the Port Commission established the first ever Workforce Development Special Committee, which was chartered to review the Century Agenda strategy associated with Workforce Development and to review and make recommendations for updating the workforce development policy and the three-year strategic plan;

WHEREAS, in 2019, the Port of Seattle became the first port authority in the nation to create a stand-alone department responsible for equity, diversity.

WHEREAS, the Port of Seattle recognizes that equity, diversity and inclusion is the foundation of effective workforce development.

WHEREAS, the Port of Seattle is committed ensuring equity, actions outlined in this policy directive shall strive to address the concerns of community members disproportionately impacted as a result of institutional racism and generational poverty.

WHEREAS, the Port Commission finds it is a benefit to the Port, related industry partners and near-Port communities to center diversity, equity, and inclusion to broaden opportunities, for populations facing barriers to employment for persons to learn and develop the skills necessary to obtain quality jobs;

WHEREAS, the Port Commission has long demonstrated its commitment to advancing regional workforce development opportunities, but has not been presented with the opportunity to formally consider adoption of a workforce development policy directive to guide the efforts of the Port of Seattle until today.

NOW, THEREFORE, BE IT RESOLVED by the Port Commission of the Port of Seattle as follows:

Section 1. The Workforce Development Policy Directive as shown in the attached Exhibit A is hereby established in accordance with the following goals and accountability measures:

- A. **Goal 1: Increase Equitable Access to Economic Prosperity.** Increase equitable workforce access for the trades in port-related economic activities, with an emphasis on expanding opportunities to disproportionately impacted near-port communities which most disproportionately impacted. Port staff will develop program priorities, actions, benchmarks, and metrics for success.

- B. **Goal 2: Leverage Port's Impact and Innovation.** Identify and prioritize opportunities for leadership and influence to promote a sector-based approach to workforce development centered on equity, diversity and inclusion.
- C. **Accountability Measures.** The Port will assure its programs are accountable by annually assessing the number of students that receive skills and job training; the number of workers trained, recruited, placed in jobs, and retained; the types of jobs and range of compensation; the number and types of businesses that are served; and any other tangible benefits realized by the port, the workers, businesses, and the public.

Section 2. The Policy Directive contained in Exhibit A and attached to this Resolution shall be labeled and cataloged as appropriate, together with other Commission Policy Directives, and shall be made readily available for use by Port staff and members of the public as a governance document of the Port of Seattle.

ADOPTED by the Port Commission of the Port of Seattle, at a duly noticed meeting held this 23rd day of June, 2020, and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the seal of the Commission.


Peter S. Ambrose (Jun 26, 2020 14:00 PDT)


Stephanie L. Bowman (Jun 29, 2020 10 14 PDT)


Ryan Calkins (Jun 26, 2020 13:21 PDT)




Fred Felleman (Jul 6, 2020 14:18 PDT)

Port Commissioners


Resolution 3776

Final Audit Report

2020-07-06

Created:	2020-06-26
By:	Lauren Smith (smith.l@portseattle.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAqUoV4Pr5pphM-nJCnookj9oojtbWLdUk

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2020-06-26 - 8:17:11 PM GMT
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2020-06-26 - 8:21:24 PM GMT- IP address: 73.109.62.199
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2020-07-06 - 9:18:54 PM GMT



Adobe Sign

SECTION 1. Purpose.

The purpose of this Policy Directive is to fulfil Century Agenda strategic objectives by increasing equitable access for workers in port-related economic activities, create opportunities for workers to acquire the skills, experience, and education they need to secure increasingly complex and better compensated jobs and careers at the Port and in port-related economic industries and activities; and to guide the workforce development efforts of the Port of Seattle to benefit workers, Port customers and tenants, and port-related economic activities in near-port communities in King County and the general area.

Workforce development is critical to achieving the Port's mission to serve as an economic development agency. As a regional anchor institution, the Port will leverage its cross-sector influence and leadership to promote long-term, sustainable advancements across port-related economic activities that promote equity.

The port-related workforce development described herein provides a substantial public benefit consistent with the Port Commission's economic development goals and is consistent with ongoing worker training initiatives in place in King County.

This policy directive advances the Port of Seattle's commitment to workforce development and is intended to:

1. Increase Equitable Access to Economic Prosperity
2. Leverage Port Impact and Innovation

SECTION 2. Definitions.

When used in this policy directive, the following words and phrases shall have the meanings given below unless the context in which they are included clearly indicates otherwise:

"Apprentice" means an individual participating in a registered program that provides closely supervised on-the-job training which may be supplemented with classroom instruction. Apprentices receive wages when they begin and earn increases as they become proficient in various skills. Once the program is complete, apprentices receive industry certifications and licenses to practice their trade.

"Career and Technical Education" means the practice of teaching specific career skills to students in middle school, high school, and post-secondary institutions.

"Career Connected Learning" means a continuum of events and work-related experiences designed to create meaningful linkages between K-12 education and future employment opportunities. They are typically broken down into a series of events classified as, "Awareness", "Experiential", "Preparation", and "Launch." These events are geared towards creating experiential awareness about career pipelines or pathways for young people from an early age.

“Career Pathways” means an integrated collection of programs and services intended to develop community members’ core academic, technical and employability skills; provide them with continuous education, training; and place them in high-demand, high-opportunity jobs and careers.

“Career Transitions” means the experience by opportunity youth and adults transitioning from high school and or GED programs, involvement with the criminal justice system, income-related housing insecurity, military veterans, and or under-employment.

“Community Capacity Building” means the process by which community members and community organizations obtain, improve, and retain the skills, knowledge, tools, equipment, and other resources needed to engage effectively in planning and decision-making processes and advocate for self-determination in both policy and project decisions.

“Demand Occupations” means Occupations within the high growth industries (as defined by Federal government) and having more than the average number of new openings.

“Disaggregated Data” means data that has been broken down by detailed sub-categories, such as race, gender, income, or census tract level findings. Disaggregated data can reveal disproportionalities that may not be fully reflected in aggregated data.

“Displacement” means the involuntary relocation of current residents or businesses from their current residence. This is a different phenomenon than when property owners voluntarily sell their interests to capture an increase in value. Physical (direct) displacement is the result of eviction, condemnation, rehabilitation, or demolition of property, or the expiration of covenants on rent- or income-restricted housing. Economic (indirect) displacement occurs when residents and businesses can no longer afford escalating rents or property taxes. Cultural displacement occurs when people choose to move because their neighbors and culturally related businesses have left the area.

“Disparities Rank” means, according to the Washington Environmental Health Disparities Map, means a ranking of cumulative impacts that determines the prevalence of disparity within an area. The rank is identified by multiplying environmental exposures and effects with the presence of sensitive populations and socioeconomic factors.

“Economic Development Programs” means occupational job training and placement, job advancement and job retention, pre-apprenticeship training, or occupational education programs associated with port tenants, customers, and local economic development related to port tenants or port-related economic activities that are sponsored by a port and operated by a nonprofit, private, or public entity. The Port of Seattle refers to these as “workforce development programs.”

“Equity” means the fair treatment, access, opportunity, and advancement for all people while striving to identify and eliminate barriers that have prevented the full participation of

communities historically oppressed. Improving equity involves increasing justice and fairness with the procedures and processes of institutions or systems and a fair, intentional distribution of resources.

“Equity Driven” means embedding race, gender, and broad social equity approaches throughout projects or programs.

“Fellowships” refers to programs designed to provide hands-on career experience and mentorship to identify and guide program participants.

“Green Job/Green Career” means a job or career needed to operate and sustainably manage Port assets. Green jobs/green careers provide the skilled and diverse workforce in King County required by the Port to satisfy environment and sustainability commitments identified in the Century Agenda and support the Port’s operations. This workforce is created using principles of an inclusive green economy that concurrently enhance the environmental health and economic well-being of communities. Examples of Port-related green jobs/green careers may include but is not limited to: renewable and solar energy, stormwater management, habitat restoration and carbon banking, eco-tourism and sustainable transportation, environmental compliance and remediation, environmental policy, as allowable by law.

“Inclusive Green Economy” means according to the European Commission, as an economic model, one that differs from traditional ones in that it takes due consideration of environmental and social externalities, focuses on resource efficiency and ecosystems, as building blocks of the economy; taking into account that environment degradation undermines long-term economic growth and human development. The transition to an inclusive green economy entails joined efforts at many levels, including in stimulating sustainable lifestyles, scaling up sustainable consumption and production and encouraging green entrepreneurship, through the advancement of eco-innovations, the facilitation of resource efficiency, and the mainstreaming of green consumer behavior. In the course of change, new green jobs are to be created without compromising on existing employment, and a significant reduction on carbon emissions, waste and other forms of pollution is to be achieved.

“Port-related Industries” means aviation, maritime, construction trades and green career industries.

“Priority Hire Policy” means the Port of Seattle Resolution No. 3736 and amended by Resolution No. 3746 adopted by the Port of Seattle Commission which strives to increase access to jobs for qualified construction workers from economically distressed areas of King County to Port of Seattle projects.

“Pre-Apprentice” means an individual participating in a registered program that provides the training and skill development needed to meet the qualifications for entry into an

apprenticeship. These programs also provide wrap-around support that allows participants to remain in the program.

“Opportunity Youth” are defined as people between the ages of 16 and 24 who are neither enrolled in school nor participating in the labor market. For instance, in many cases, these young people are experiencing connected challenges like homelessness, being in foster care, involvement in the youth or adult criminal justice systems, and being an immigrant or child of an immigrant; these life circumstances become barriers to participating in the workforce.

“Training system” means programs and courses of secondary vocational education, technical college programs and courses, community college vocational programs and courses, private career school and college programs and courses, employer-sponsored training, adult basic education programs and courses, programs and courses funded by the federal workforce innovation and opportunity act, programs and courses funded by the federal vocational act, programs and courses funded under the federal adult education act, publicly funded programs and courses for adult literacy education, and apprenticeships, and programs and courses offered by private and public nonprofit organizations that are representative of communities or significant segments of communities and provide job training or adult literacy services.

“Workforce Development” means the composite of strategies and services, including career connected learning, K-12 education, worker and employer training and job matching that help connect and retain workers to careers within the Port and port-related economic activities, and that help ensure area businesses have access to the skilled workforce they need to thrive and grow. RCW 53.08.245(1) provides that “[i]t shall be in the public purpose for all port districts to engage in economic development programs.” RCW 53.08.245(2)(a) provides that such economic development programs may include “[o]ccupational job training and placement, job advancement and job retention, preapprenticeship training, or occupational education programs associated with port tenants, customers, and local economic development related to port tenants or port-related economic activities that are sponsored by a port and operated by a nonprofit, private, or public entity.”

“Wrap-Around Services” means those services and support systems including but not limited to, public transportation assistance, work related clothing, tools, work related food assistance, child-care and monetary compensation as they relate to work-needs, and as allowable by law, regulations and funding sources, that promote access and stronger alignment of workforce, education, vocational rehabilitation, and other human services systems.

SECTION 3. Scope and Applicability.

This policy directive, in alignment with WA RCW 53.08.245, applies to all activities of the Port of Seattle’s employees and related business units that support economic development programs, hereafter referred to as “workforce development programs.”

SECTION 4. Responsibilities.

The Executive Director shall engage in the following activities in pursuit of this policy directive, either directly or by appropriate delegation of authority:

- A. Develop and implement economic and workforce development programs consistent with this policy directive.
- B. Incorporate current Port policies when developing and implementing workforce development efforts, including the Port's Century Agenda, the Diversity in Contracting Policy Directive, the Priority Hire Policy Directive, the Duwamish Valley Community Benefits Commitment Policy Directive, the South King County Fund, the Opportunities Motion, and other relevant Port directives and policies.
- C. Develop a three-year workforce development strategic plan to implement this policy and guide equitable, diverse, and inclusive economic development programs across King County and the region. The strategic plan will include the following elements:
 - 1. An overview of workforce development best practices in port-related industries including: education, job placement assistance, training, coaching, navigation assistance, and skills needs of workers to acquire and retain jobs and advance in their careers;
 - 2. A strategic overview of port-related industries for career connected learning opportunities, workforce education and training system gaps, and possible areas of focus for the Port with an emphasis on equitable impact;
 - 3. Identification of current and future labor and skills needs of the Port and port-related industry employers;
 - 4. Identification of gaps in port-related industry workforce education and training system offerings with recommendations;
 - 5. Identification of additional funding sources and partnership opportunities to support port-related industries;
 - 6. Identification of disproportionately impacted communities who are also at high risk of displacement will be prioritized in the workforce development strategy;
 - 7. Identification of opportunities for the Port to promote an inclusive green economy through innovative workforce training and career pathways that further advance opportunities for port-related economic activities to advance the region's sustainability and climate change resilience.

8. Identification of all port resources needed to carry out the strategic plan.

SECTION 5. Policy.

Port-related workforce development provides a substantial public benefit consistent with the Port of Seattle Commission's economic development goals and is consistent with ongoing worker training initiatives in place. To center equity, diversity and inclusion in its workforce development efforts and to support sustainable and competitive port-related industries, the Port shall pursue the following goals:

- A. Goal 1: Increase Equitable Access to Economic Prosperity. Increase equitable workforce access for the trades in port-related economic activities, with an emphasis on expanding opportunities to near-port communities which are most disproportionately impacted. Port staff will develop program priorities, actions, benchmarks, and metrics for success.
 1. Focus on workforce training and education on Port and port-related economic activities where the greatest gaps and disparity rankings exist and;
 2. Promote access to wrap around services and infrastructure that are necessary to improve the delivery of services to individuals, including adults and youth who face barriers to employment and job retention, where such services are allowed by law.
 3. Career Pathways
 - (i.) Increase equitable access to port related industry specific career pathways and port-related economic activities;
 - (ii.) Support the development of equitable port related industry specific career pathways with an emphasis on progressively high demand careers and in careers which the Port of Seattle's economic vitality is dependent upon.
 4. Career Connected Learning: Adopt Career Connected Learning best practices into Port workforce development, internships, and fellowship programs for all four (4) of the commonly identified phases, with a special emphasis on support for opportunity youth:
 - (i) Awareness: provides youth an introductory level exposure to industries and job skills in port-related economic sectors.
 - (ii) Experiential: provides youth a focused level of direct exposure to learning in industries and port-related economic sectors.
 - (iii) Preparation: provides youth with supervised, practical application of skills and knowledge through extended direct interactions with industry and sector professionals in Port-related economic sectors.

- (iv) Launch: provides workforce-ready youth the preparation needed for employment in a specific range of occupations within the Port and in Port-related economic activities.
- B. Goal 2: Leverage Port Impact and Innovation. Identify and prioritize opportunities for leadership and influence to promote a sector-based approach to workforce development centered on equity, diversity and inclusion.
1. Make strategic investments in the maritime, aviation, construction trades, green careers, and other port-related economic activities where the Port is uniquely positioned to leverage the greatest community impact.
 - (i.) Develop metrics to demonstrate the opportunities for leadership, influence and investment.
 - (ii.) Create targeted emphasis to increase workforce development programs in near-port communities.
 - (iii.) Leverage industry participation to increase recruitment and retention of workers in port-related demand occupations and high need careers.
 - (iv.) Create awareness and access to education and career pathways in port related industries.
 - (v.) Leverage port-related industry investment in programs that support training for basic skills and career advancement.
 - (vi.) Invest Port funds in recruitment, retention, and training programs that will leverage increased investment in port-related careers.
 2. Foster partnership with community-based organizations, educational institutions, labor, industry stakeholders, and government agencies to maximize the workforce development impact of the Port of Seattle:
 - (i) Support Priority Hire and ongoing government to government coordination to improve apprenticeship outcomes for individuals living in economically distressed zip codes, women and people of color.
 - (ii) Career and Technical Education, CTE
 - a. Coordinate with school districts and other degree-granting institutions to ensure Port fellows and interns are eligible for CTE credit when available.

- b. Create opportunities to support port and port-related industry apprentice and pre-apprentice programs.
 - c. Improve access to educational and career support resources, such as job training centers, that facilitates workers' physical access to workforce development opportunities for disproportionately impacted near-port communities.
- (iii) Youth Employment
 - a. Facilitate the expansion of the Port of Seattle Internship Program, such as by increasing the number of high school and college interns placed in Port of Seattle internships, supporting port-related internship programs or exploring other strategies to support port-related career-connected learning.
 - b. Support the placement of opportunity youth 16-24 years old in high-quality, compensated fellowship, internship, and job opportunities at the Port and with partner organizations to support port-related career-connected learning.

SECTION 6. Program Evaluation.

The Executive Director, or a delegate, shall establish benchmarks and metrics to include, but not limited to the following:

- A. Provide an annual report to the Commission no later than April 30th.
 - 1. The application of Career Connected Learning best practices in Awareness, Experiential, Preparation, and Launch.
 - 2. Evaluation of the Port's workforce investments on an annual basis, using disaggregated data. Report will show how the Port's workforce development resources are utilized to leverage industry involvement to address evolving workforce training, education and retention demand projections as necessary and to ensure equity, actions outlined in the policy directive shall strive to address the concerns of community members disproportionately impacted.
 - 3. Identification of investments, outcomes and progress of the Port's workforce development efforts including, but not limited to:
 - (i) The number youth placed in internships and jobs;
 - (ii) The number of persons trained, recruited, placed in jobs, and retained;

- (iii) The types of internships and jobs and range of compensation;
- (iv) The number and types of businesses that are served;
- (v) Any other tangible benefits realized by the port, the workers, businesses, and the public.
- (vi) List the partnerships identified under Section 5(b)(2).

RECOVER BETTER

A REGIONAL PLAN FOR EQUITABLE ECONOMIC RECOVERY

JANUARY 2021

*Executive
Summary*



WORKFORCE
DEVELOPMENT COUNCIL
OF SEATTLE-KING COUNTY

DEVELOPED IN
PARTNERSHIP

STRATEGIC PLAN LEAD
CONSULTANT/PROJECT MANAGER

Jill Nishi

RESEARCH, ENGAGEMENT &
STRATEGY DEVELOPMENT

Trang Tu

Bob Watrus

W. Tali Hairston

Rich Stolz, OneAmerica





ABOUT

The Workforce Development Council of Seattle-King County (WDC) is a nonprofit, grant-making organization dedicated to creating career pathways for adults and youth through demand-driven workforce and training programs. We convene and partner with business, labor, training and education providers, nonprofits, and diverse community stakeholders to support an inclusive and dynamic regional economy and shared prosperity.

MISSION

To champion a workforce and learning system that allows our region to be a world leader in producing a vibrant economy and lifelong employment and training opportunities for every resident.

VISION

Leadership toward an inclusive, dynamic regional economy.

VALUES

*Integrity | Support | Adaptability |
Inclusion | Trust | Courage*



EXECUTIVE SUMMARY

INTRODUCTION

COVID-19 IMPACT

RECOVERY OUTLOOK

NORTH STARS: EQUITABLE ECONOMIC RECOVERY & JOB QUALITY

SECTOR ANALYSIS

STRATEGIES

OUR ROLE AS WDC

INTRODUCTION

This is a **3-5 year blueprint** for shared priorities between the Workforce Development Council of Seattle-King County (WDC) and its regional partners:

- County and City Government
- Industry
- Labor
- Community Colleges
- Educational and Training Partners
- Community-Based Organizations

PURPOSE

To align regional and partner resources in response to the job loss and economic disruption from the COVID-19 global pandemic.

We prioritize equitable economic recovery, improving job quality, and the placement of dislocated workers into quality jobs.

RACIAL EQUITY FOCUS

The strategies are explicit in supporting Black, Indigenous, People of Color (BIPOC) and immigrant and refugee communities, who have historically been marginalized from economic opportunity, and are more vulnerable without an intentional and concerted effort to center their needs and ensure equitable participation in the region's recovery.

APPROACH

We sought the perspectives of industry, labor, government, and the community whenever possible to understand enablers and barriers to employment, as well as complementary data analyses and labor market research. We relied on existing sources of community feedback to minimize the burden on community leaders as they manage the pandemic impacts. Continued community engagement will be critical as we move forward.

We also looked at national and regional economic projections to make reasonable assumptions about the region's recovery. We established a short-list of "opportunity sectors"—industry sectors that should be a focus of regional recovery—based on short-term recovery indicators, job quality criteria, accessibility to those jobs by BIPOC, immigrant and refugee communities, and industry readiness and commitment. Since we can't have total certainty in these complex times, we expect to evolve this strategy.

Finally, we looked at national and regional equitable workforce development practices and innovations to understand how they worked and whether they could help support BIPOC communities, immigrants, and refugees. We also looked at how other regions are responding in this crisis to inform our priorities.

GUIDING PRINCIPLES

A set of guiding principles informed our planning and development, as well as our priorities and strategies:

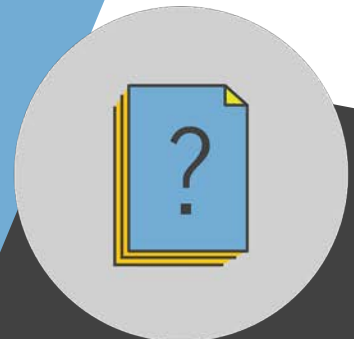
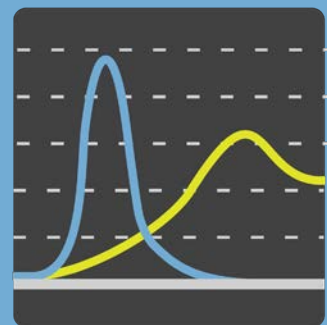
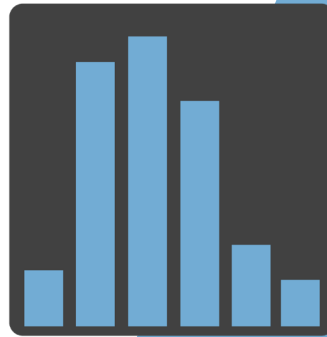
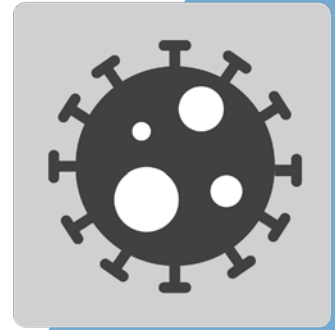
- Centering racial equity by focusing on BIPOC workers, immigrant and refugee communities, and people disproportionately impacted by the current economic recession
- Moving dislocated workers into quality jobs offering living wages and benefits, advancement opportunities, and safe workplaces
- Improving the quality of jobs historically occupied by low-income workers
- Ensuring equitable access to economic opportunity and removing barriers that have historically precluded BIPOC workers, immigrants, and refugees from accessing quality jobs
- Working across sectors to identify solutions that include human services, advocacy, and policy
- Selecting strategies informed by research, evidence, and data, as well as perspectives from industry, labor, community, and partners
- Leading with innovation and best practices in workforce development, resisting the status quo and other real or perceived constraints

COVID-19 IMPACT

Since the onset of COVID-19 in March 2020, the pandemic has devastated the region's economy, workforce, health, and public well-being. We sought to understand the **economic impacts** of the global pandemic on:

- Workers
- Sectors
- Occupations
- Geography

Qualitative feedback from the community suggests that many BIPOC communities, immigrants, and refugees are in distress, struggling with financial, health, family needs, and navigating multiple systems to access resources and supports. An analysis of state Unemployment Insurance (UI) claims further affirms the disproportionate adverse economic impacts experienced by these communities. A history of economic marginalization due to systemic racism, occupational segregation, and bias in hiring have contributed to economic injustice and resulted in the overrepresentation of BIPOC workers, immigrants and refugees in sectors hit hardest by job loss, as well as in low-wage occupations. This economic hardship is further exacerbated as BIPOC and immigrant workers are facing increased exposure to COVID-19, working as caregivers, healthcare professionals, grocery store workers, delivery people, and other essential jobs.



RECOVERY OUTLOOK

We examined core drivers of economic recovery, trends in the changing nature of work—often accelerated or exacerbated by the pandemic—and qualitative research on recovery in the region. There is general consensus among global business leaders that we should assume a recurrence of the virus, slow long-term growth, and a muted world recovery in the next one to two years.

Three factors will determine the timing and pace of the nation's economic recovery:

- Consumer behavior
- Development of a vaccine
- Federal relief and stimulus

Recovery will also accelerate or exacerbate trends present prior to the pandemic, including:

- Rising income and racial inequality
- Shifts in global supply chains
- Increase in automation and digitization in business operations, including e-commerce
- Increase in remote work across many industries

Taken together, these factors will greatly shape the nature of work during and after the pandemic.

NEW VS CONTINUING CLAIMS

When individuals apply for Unemployment Insurance (UI) for the first time, they are recorded as **new claims** for that week. The total of all individuals receiving UI at a given time is recorded as **continuing claims**.

WORKER RECOVERY

Recovery is slower for people of color, women, and workers with lower levels of educational attainment who are even more disproportionately represented among continuing UI claims than new UI claims:

- Blacks/African Americans make up 13.4 percent of continuing UI claims, more than double their 6.1 percent representation in the labor force. By contrast, whites make up 46.6 percent of continuing UI claims, compared to 60.4 percent of the labor force. This disproportionate pattern also holds true for American Indians/Alaska Natives and Pacific Islanders.
- Women are disproportionately represented among continuing UI claims. Women make up 47.7 percent of continuing UI claims, compared to 45.7 percent of the labor force. By contrast, men make up 51.8 percent of continuing UI claims, compared to 54.3 percent of the labor force.
- Workers with lower levels of educational attainment are also overrepresented among continuing UI claims. For example, those with a high school diploma or GED make up 26.3 percent of continuing UI claims, more than double their 13 percent representation in the labor force. By contrast, those with a BA or more make up 30.9 percent of continuing UI claims, about half their 58 percent representation in the labor force.

SECTOR RECOVERY

Regional recovery is happening at a slow pace and varies by sector. Some sectors in the regional economy are starting to show signs of recovery in the short term, as indicated by decreases in continuing UI claims, increases in job postings, and changes in estimated employment since the peak of unemployment.

The construction sector was initially hard hit by COVID-19, with new UI claims representing 32 percent of construction jobs. Since the peak of unemployment associated with COVID-19, continuing UI claims have dropped 76 percent, job postings have increased 38 percent, and estimated employment has increased by 36,900. Estimated year-to-year employment is down less than two percent, or 1,300 jobs.

Other sectors showing signs of recovery include:

- Some subsectors of manufacturing (e.g., computer and electronic products)
- Retail trade (e.g., food and beverage stores and non-store retailers)
- Some subsectors of transportation and warehousing (e.g. warehousing and storage)
- Information technology
- Professional and technical services
- Some subsectors of health care and social assistance

NORTH STARS

This plan is aimed at *two north stars*:
EQUITABLE ECONOMIC RECOVERY and **JOB QUALITY**.

TENETS

These north stars (described in more detail in Section IV) are undergirded by the following tenets:

- Recovery as an opportunity to rebuild better
- Centering equity
- Re-envisioning workforce development; and
- Broadening measures of success, including redefining job quality

EQUITABLE ECONOMIC RECOVERY

Anchored on a recovery effort that prioritizes the inclusion of BIPOC workers and other economically marginalized communities; and the dismantling of structural and systemic racism across our institutions, such that all workers regardless of race or ethnicity have equitable access to high quality jobs and share in the region's economic prosperity.



JOB QUALITY

Raises the expectation and commitment of all partners in the workforce system to:

1. Improve the quality of existing jobs where BIPOC workers, immigrants and refugees are over-represented.
2. Placing BIPOC workers, immigrants and refugees not into just any job, but into a quality job with livable wages and benefits, opportunities for advancement and assurances of a safe and healthy workplace.



SECTOR ANALYSIS

Sector strategies, or the practice of targeting economic efforts to the unique workforce challenges faced by industry sectors, are a building block in the focus of this plan. As the foundation for a sector-based career pathway approach, this has shown greater success than training programs placing adults and dislocated workers into one-off, short-term trainings and low-wage jobs.

SECTOR STRATEGIES:

- Help low-income adults and people of color obtain quality, living-wage jobs in targeted sectors and occupations
- Engage employers and unions as partners in the effort
- Create systemic change within the labor market

SECTOR ASSESSMENT

For this plan, we conducted a sector assessment to identify opportunity sectors using a set of eight criteria. Sectors were first evaluated regionally against quantitative indicators (size/presence & short-term indicators of recovery). We then evaluated sectors with significant regional presence and signs of short-term recovery against subjective criteria—including job quality and industry readiness.

OPPORTUNITY SECTORS

Using the assessment rubric and criteria, we identified opportunity sectors. While there were no sectors that rated high across all criteria, some showed promise in several criteria, while others present barriers to job access for workers of color, and/or opportunities to improve job quality.

Taken together, our analysis identified seven critical sectors:

- Construction
- Manufacturing
- Retail Trade
- Transportation and Warehousing
- Information Technology (IT)
- Healthcare
- Maritime

(Additional detail on Opportunity Sectors can be found in Section V).

CRITERIA:

- Size and presence of sector in regional economy
- Short-term job recovery/growth
- Longer-term job recovery/growth
- Wages and benefits
- Education and training requirements
- Career pathways
- Workplace safety
- Sector engagement, commitment and readiness



STRATEGIES

This plan prioritizes strategies informed by research and the identification of innovative national and regional practices aimed at equitable economic recovery. We evaluated strategies for their promise of impact as well as the degree of difficulty in their implementation.

Many of the strategies will require collaboration and commitment from multiple partners in the workforce ecosystem. Their execution will necessitate the regional workforce system evolving into an innovative, industry and outcome-driven system with racial equity at its core.

A NEW APPROACH IS NECESSARY

The workforce development system has historically emphasized skills, training, and job placement. Our recovery strategies in critical sectors are anchored in opportunities for skill building and expanding career-based pathways within specific sectors, or are emerging in collaboration with sector leadership and other partners.

However, in many instances an exclusive emphasis on skills development does not lead to employment, or at best places individuals into low-wage jobs. Without addressing the barriers to work and higher quality jobs that low-income workers and workers of color often face, we are likely to exacerbate existing income disparity and occupational segregation.

BARRIERS TO WORK

- Lack of financial resources to pay for education and training
- Lack of access to supports that enable work (childcare and transportation)
- Exclusionary policies that relegate BIPOC to low-wage jobs with little to no opportunity for growth and advancement
- Structural racism

EXPANDING SCOPE TO MEET THE CHALLENGE

The strategies presented in this report recognize and include critical elements: **advocacy** and **changes in policies** that remove barriers and increase access to jobs; as well as **systemic changes** to dismantle racialized practices that historically result in inequitable economic outcomes for BIPOC workers, immigrants, and refugees.

By design, each strategy **centers equity** and is explicit in its intent to support BIPOC workers, immigrants, refugees, and other historically marginalized workers. **Sector strategies** are featured prominently as a part of recovery strategies, informed by our sector analysis and identification of opportunity sectors (as defined in Section V).

These strategies have a broad scope with many targeted impacts, but they may still be insufficient for some populations who face particular barriers to employment. As such, we developed additional strategies specific to opportunity youth and the immigrant and refugee community.

“EQUITABLE ECONOMIC RECOVERY WILL REQUIRE AN EXPLICIT AND INTENTIONAL SET OF STRATEGIES TO SUPPORT BIPOC WORKERS, IMMIGRANTS, AND REFUGEES—THOSE HISTORICALLY LEFT BEHIND AND AT RISK OF FURTHER ECONOMIC MARGINALIZATION.”

ORGANIZATION

WORKFORCE DEVELOPMENT

RELIEF STRATEGIES

RECOVERY STRATEGIES

POPULATION-BASED STRATEGIES

ADVOCACY

SYSTEMS CHANGE

(See Section VI and the Strategy Summary for more detail)

OUTLINE OF PROPOSED STRATEGIES

IMMEDIATE RELIEF STRATEGIES

- INVEST IN SUBSIDIZED TRANSITIONAL EMPLOYMENT WITH PATHWAYS
- EXPAND CAPACITY OF UI CLAIMS SYSTEM TO ENSURE MORE EQUITABLE ACCESS

RECOVERY STRATEGIES

- ADVANCE SECTOR PARTNERSHIPS AND STRATEGIES
- EXPAND APPRENTICESHIP PROGRAMS
- INVEST IN DIGITAL LITERACY
- EXPAND ACCESS TO CREDENTIALS WITH LABOR MARKET VALUE RAPIDLY AND AT SCALE, ESPECIALLY FOR WORKERS OF COLOR

POPULATION-BASED STRATEGIES

YOUTH

- INVEST IN AND PRIORITIZE YOUTH OF COLOR
- ENSURE WORK EXPERIENCE IS HIGH QUALITY AND LINKED TO EMPLOYERS AND PATHWAYS IN IN-DEMAND FIELDS
- EMBED YOUTH VOICE IN PLANNING, PROCESS, AND SERVICE DELIVERY
- HIGHLIGHT NAVIGATION AND SUPPORT

IMMIGRANTS/REFUGEES

- INCREASE LANGUAGE ACCESS FOR IMMIGRANTS AND REFUGEES
- INVEST IN, AND SCALE-UP WORKFORCE DEVELOPMENT MODELS IN WASHINGTON STATE THAT CREATE BRIDGES TO VOCATIONAL TRAINING PROGRAMS FOR IMMIGRANTS AND REFUGEES, OFFER APPRENTICESHIP PROGRAMS OFFERED IN LANGUAGES OTHER THAN ENGLISH, AND PROGRAMS THAT FOCUS ON CREDENTIALS FOR FOREIGN-EDUCATED PROFESSIONALS

ADVOCACY

- LEVERAGE CREATIVE FUNDING MODELS
- EXPAND PORTABLE BENEFITS AND WRAP-AROUND SUPPORTS
- ELIMINATE PROHIBITIVE POLICIES TO SUSPENDING AND REINSTATING DRIVER'S LICENSES
- REMOVE CRIMINAL BACKGROUND AS A BARRIER TO EMPLOYMENT
- PARTNER WITH EMPLOYERS AND INDUSTRY ON EQUITABLE RECOVERY COMMITMENTS

SYSTEMS CHANGE

- STRENGTHEN THE CONNECTION BETWEEN ECONOMIC AND WORKFORCE DEVELOPMENT
- MEASURE AND TRACK EQUITABLE ECONOMIC RECOVERY
- INVEST IN DIGITAL INFRASTRUCTURE
- BUILD MEANINGFUL AND SUSTAINABLE COMMUNITY INFLUENCE AND POWER
- BUILD INTERNAL ORGANIZATIONAL CAPACITY ON EQUITY

OUR UNIQUE ROLE & PARTNERSHIPS

BUILDING ON A TRANSFORMATION ROADMAP

This plan is intended as a **high-level blueprint** for the region's workforce and recovery efforts.

The Regional Strategic Plan builds on the Regional Workforce Transformation Plan, which directed the WDC to facilitate an inclusive process to develop a 3-5 year regional workforce development strategy to:

- Prioritize employment and training for those who face the most barriers to opportunity, prioritizing strategies and funding that promote racial equity.
- Improve coordination between employers, labor, and educators to make sure job seekers are prepared for the best career opportunities available right now.
- Better align local, federal, and philanthropic funding to maximize impact and produce better results; and
- Leverage and coordinate federal, city, county and state funds to create efficiencies for the delivery of workforce development services.

PARTNERS NEEDED TO SUCCEED

Implementation of these regional strategies will require extensive planning, leadership, and partnership from:

- Other workforce development entities
- Government
- Industry
- Labor
- Community colleges
- Educational and training partners
- Community-based organizations

ADVOCACY

The WDC will leverage its voice in partnership to fulfill this plan's acknowledgment of advocacy and policy as a powerful lever in driving systems change. Historically, the organization has not played an intentional role on this front. As this is a new role for the WDC, new organizational capabilities will be built to use the organization's voice and advocacy (within the bounds of its legal authority) to support advocates in executing the strategies articulated in the plan.

RESEARCH & INNOVATION

The WDC will expand its role as the regional backbone organization to lead research and innovation in support of this plan. The WDC will leverage its current resources and partnerships in addition to expanding research, data and evaluation, prototyping, and strategy and policy development capabilities. By partnering across federal, state, and local systems, pairing that with a unique system convener role and partnership with BIPOC and immigrant communities, the WDC will bring resources and insight into the challenges facing communities furthest from opportunity.

OUR OPPORTUNITY TO PROVIDE LEADERSHIP

Most of the proposed strategies will require shared ownership and collaboration across sectors and organizations, as they are highly dependent on the actions and commitments of others.

The WDC is well positioned to lead or has the potential to fulfill leadership gaps to drive a subset of the strategies proposed in this plan, as envisioned in its regional transformation, including:

- Invest in Subsidized Transitional Employment w/ Pathways
- Advance Sector Partnerships and Strategies
- Co-Create & Co-Invest in High-Demand Career Pathways
- Partner w/Employers & Industry on Equitable Recovery Commitments
- Measure & Track Equitable Economic Recovery
- Build Meaningful and Sustainable Community Influence & Power

Workforce Development

Annual Report to Commission
May 11, 2021

Agenda

- Guiding Principles
- 2020 – A year of challenges and resilience
- 2020 Results of Investments
- 2020 Apprenticeship and Priority Hire Utilization Summary
- 2021-2023 Proposed Investments



Guiding Principles

- **Century Agenda (Why we do this)**
 - ✓ Increase career and business opportunities for local communities in all port-related industries
 - ✓ Workforce development is critical to achieving the Port's mission
- **Workforce Development Resolution 3776**
- **RCW 53.08.245(2)(c)**
- **Results of Investments (ROI)**
 - ✓ Impact
 - ✓ Influence
 - ✓ Leverage



2020 - A Year of Challenges and Resilience

- **Regional Workforce Impacts of COVID-19**
 - ✓ 610,000 new unemployment claims in King County (March 2020-March 2021)
 - ✓ 41% of all jobs potentially affected
 - ✓ People of color disproportionately impacted
- **Community Resilience**
- **Port Remained Committed and Engaged**



2020 Results of Investments (ROI)

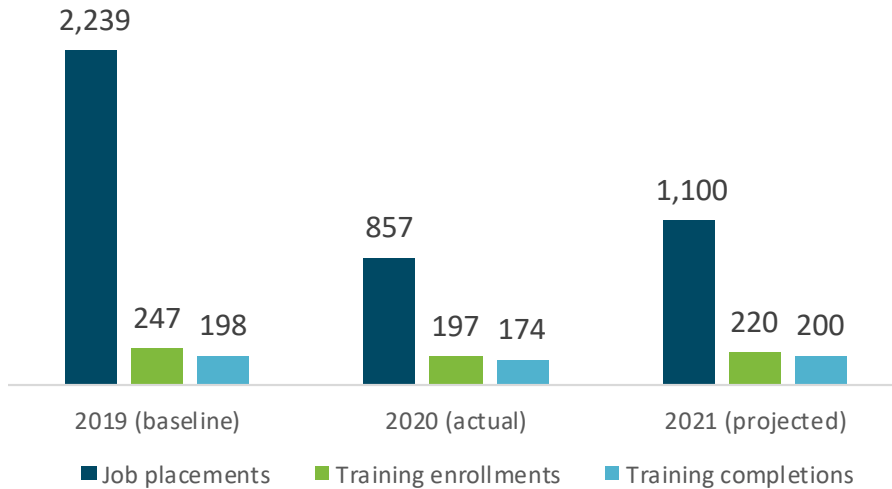
Impact

- ✓ \$1.5M invested in Opportunity Youth Initiative supported 196 youth
- ✓ \$1.9M of workforce development funds invested in port sectors
 - 870 placements
 - 210 training completions
 - 105 youth participated in experiential learning
 - 100+ received retention services
- ✓ **Job Types**
 - Janitorial, food service, ramp/airfield, customer service, airfreight
 - Apprentice ironworkers, laborers, pipefitters, bricklayers, cement masons
- ✓ **Wages Earned**
 - Aviation \$16.40, Construction \$24.50+, Maritime \$1,000 stipend



2020 Results - Aviation Sector

SEA Airport Employment Center



92 SEA Airport employers

Participant demographics

- ✓ 46% Black/African American/African
- ✓ 22% Asian
- ✓ 11% Hispanic
- ✓ 10% White
- ✓ 7% Pacific Islander
- ✓ 1% American Indian/Alaskan Native

Types of businesses served

- ✓ Airport concessionaires, ground handling companies, airlines, and other airport tenants

COVID-19 impact and response

- ✓ Shift from in-person to virtual meetings
- ✓ New services re: health insurance, unemployment, food and energy assistance

2020 Results - Aviation Sector

Aviation Career Pathways

- ✓ Career pathway: Aviation maintenance technician
- ✓ Participant demographics: 90% people of color, 25% women

Fair Work Center

- ✓ Over 1,400 workers reached via webinars and online communication
- ✓ Over 500 enquiries and email exchanges
- ✓ Over 225 participants in training workshops

2021 Priorities

- ✓ Add another aviation career pathway
- ✓ New solicitation for the operation of the employment center
- ✓ Continued engagement with industry partners

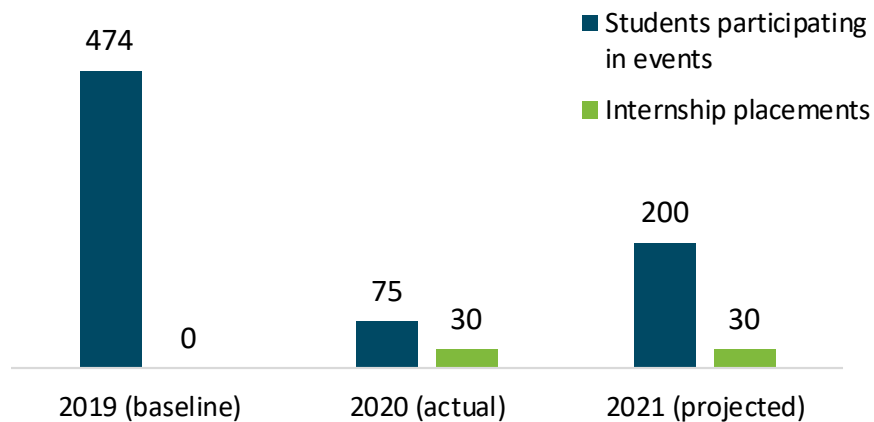


JAROLD PAET

Aviation Maintenance Technician
Introductory Program

2020 Results - Maritime Sector

Maritime Experiential Learning



Participant demographics

- ✓ 60% Black/African American
- ✓ 13% Mixed Race
- ✓ 10% Hispanic
- ✓ 10% White
- ✓ 7% Asian

Types of businesses served

- ✓ Boat repair shops, cargo ship operator, marine terminal operator, marine supplies recycler, recreational boating rental providers, and marine science and engineering firm

COVID-19 impact and response

- ✓ Shift from in-person events to virtual webinars and internships. Addressing digital divide (providing laptops for interns)

2021 Priorities

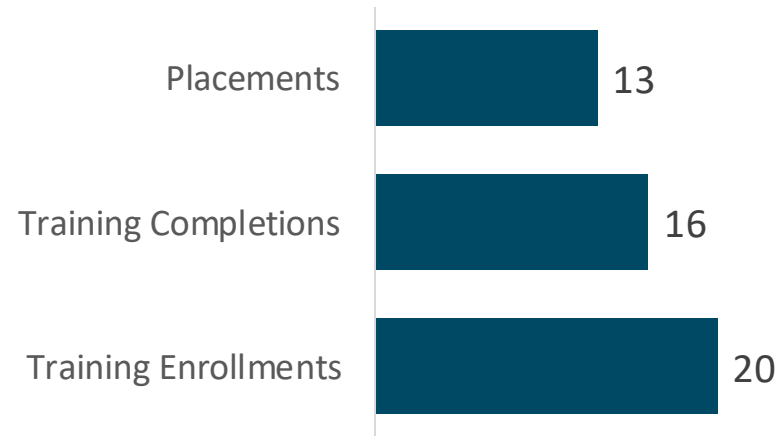
- ✓ Continued engagement with partners
- ✓ Establish a maritime industry table

ROBERT BROWN

Youth Maritime Collaborative

Green Careers Strategies, 2021-2023

2023 Green Careers

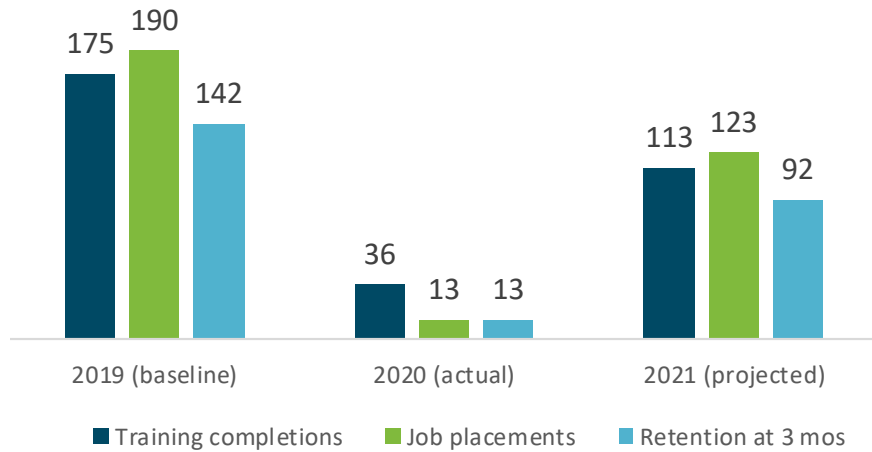


- Support Port's Duwamish Valley community equity program
- Develop a green jobs career pathway program



2020 Results - Construction Sector

Construction Trades Training and Retention



Participant demographics

- ✓ 43% African American
- ✓ 28% White
- ✓ 10% Hispanic
- ✓ 7% Asian
- ✓ 6% Native American/Alaskan Native
- ✓ 5% Multi-race
- ✓ 58 percent lived in Priority Hire ZIP codes

COVID-19 response

- ✓ Online outreach, information sessions, classes
- ✓ Increased focus on retention of apprentices
- ✓ Provided wraparound services and supports

2021 Priorities

- ✓ Continued engagement on equity issues
- ✓ Support apprenticeship and priority hire

LEILANNA BARRIENTES

Construction Readiness Program

2020 Apprenticeship and Priority Hire Utilization

Apprenticeship Utilization

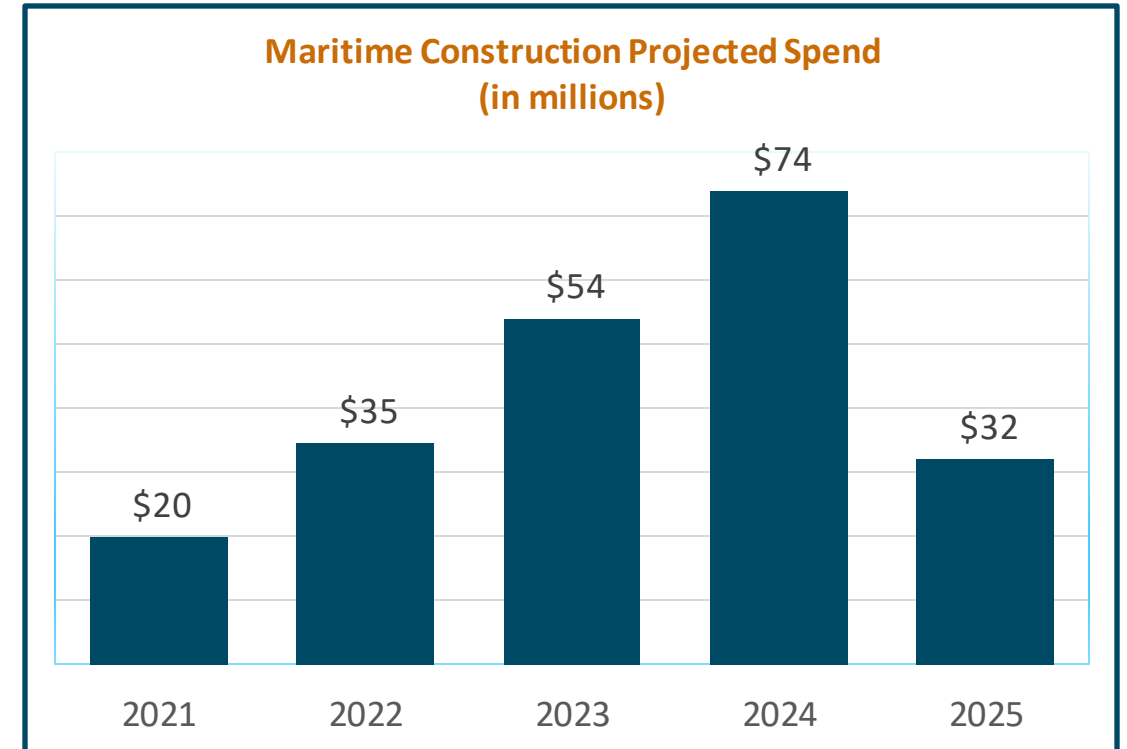
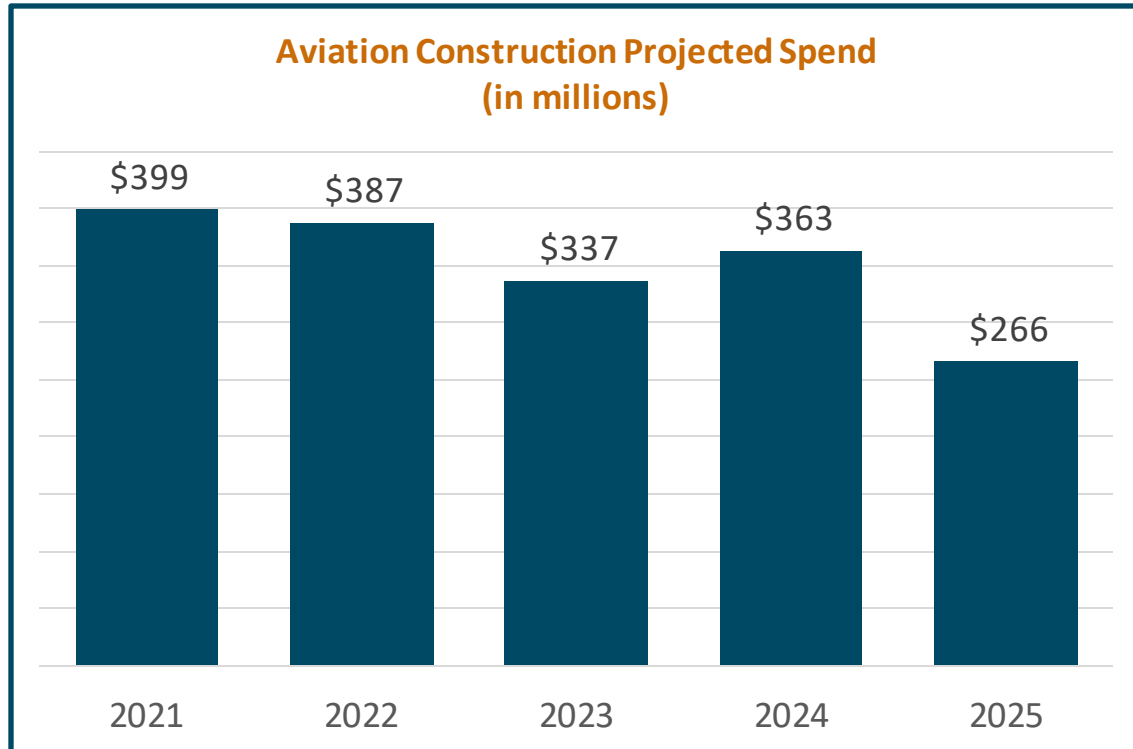
- ✓ 30 port-wide projects, 1.7M total labor hours
- ✓ 823 apprentices representing 22.8% of total labor hours
 - 9.4% women – Goal 10%
 - 37.5% people of color – Goal 15%

Priority Hire Utilization

- ✓ 3 PLA projects, 17.7K total labor hours
- ✓ 35 Priority Hire workers representing 33.5% of total labor hours – Goal 20%
 - 4 Priority Hire apprentices
 - 31 Priority Hire journey workers
 - 5 Female workers
 - 20 Workers of color



2021-2025 Port Construction Forecast*



**Capital program subject to change*

2020 Results of Investments (ROI) cont'd

Influence

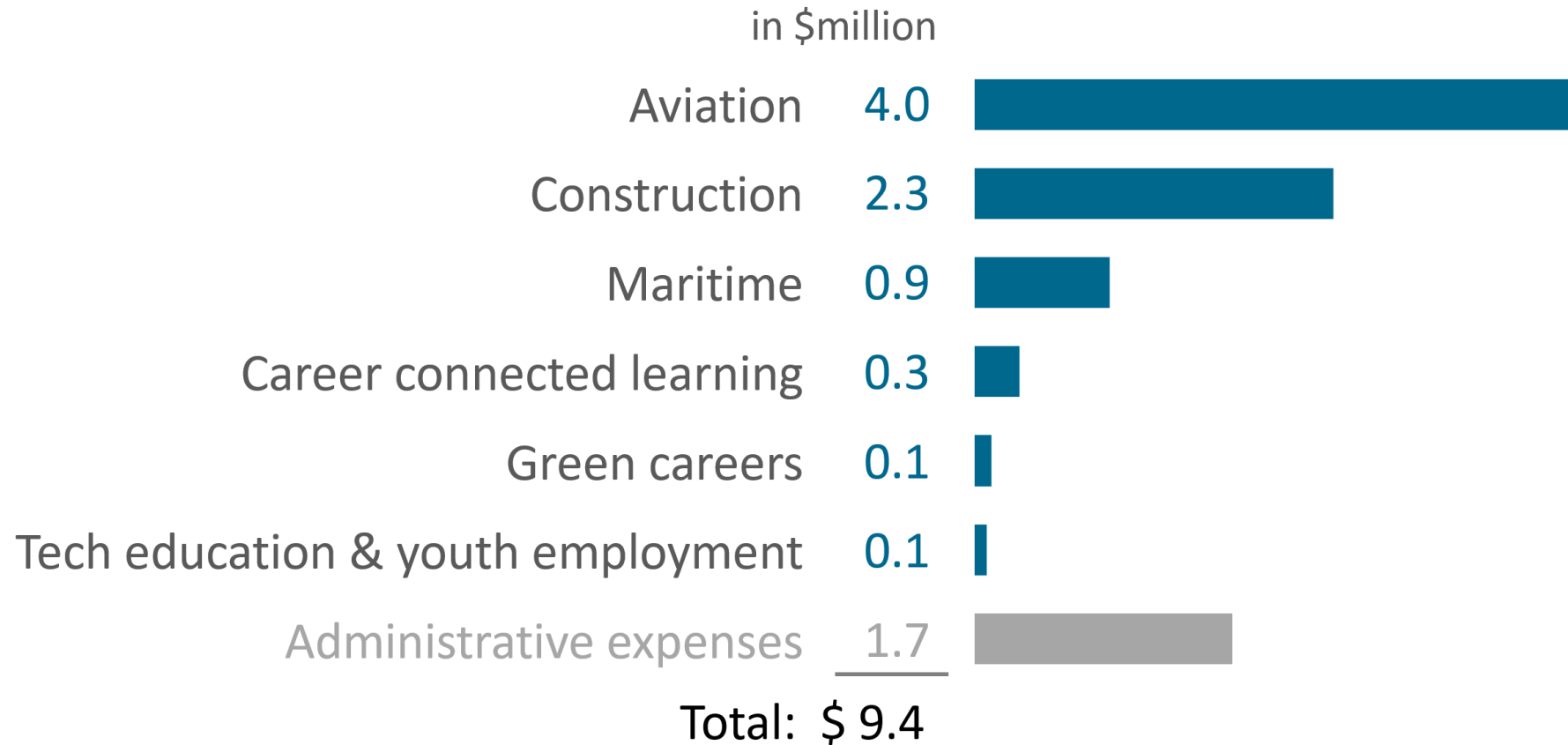
- ✓ Regional Public Owners
- ✓ Youth Maritime Collaborative
- ✓ Washington Alliance for Better Schools

Leverage

- ✓ over **\$2.3 million** from King County, City of Seattle, Sound Transit, WA Department of Transportation, businesses and foundations



\$9.4M Proposed WFD Investments 2021-2023



WFD Partners and Stakeholders

Aviation

- Employers
- Port Jobs
- Highline School District
- Highline College
- South Seattle College
- Museum of Flight
- and more...

Construction

- Employers
- City of Seattle
- King County
- Sound Transit
- WA DOT
- ANEW/PACE
- Urban League
- Apprenticeship Coordinators
- and more...

Maritime

- Employers
- Youth Maritime Collaborative
- Seattle Maritime Academy
- Seattle Public Schools Skills Center
- Seattle Goodwill
- Labor
- and more...

Green Careers

- Duwamish Valley
- and more...

Others

- WA Alliance for Better Schools

Port Leaders

- Port divisions, Commission, HR, Ext. Relations, other teams

Questions?



[RETURN TO AGENDA](#)

COMMISSION
AGENDA MEMORANDUM

Item No. 11b

BRIEFING ITEM

Date of Meeting May 11, 2021

DATE: April 21, 2021

TO: Stephen P. Metruck, Executive Director

FROM: Alison Beason, Senior Policy Data Analyst, Office of Equity, Diversity, and Inclusion
Andy Gregory, Sr Program Manager Environmental Engagement, External Relations

SUBJECT: South King County Fund Recommendations Briefing

EXECUTIVE SUMMARY

The successful first cycle of the South King County Fund (SKCF) was launched in the summer of 2020 with \$250,000 in support for WMBE small business development and \$1 million for Economic Recovery Grants and then followed shortly thereafter in the fall with \$250,000 for Environmental Grants. After the success of awarding twenty-seven contracts totaling \$1.4 million between, External Relations, Economic Development Division, and Office of Equity, Diversity, and Inclusion, this briefing is to share recommendations and insights to carry into the next cycle.

Staff recommend the following programmatic updates:

- Refine the eligibility criteria by further defining Near-Airport Communities within the application process to include communities that live, work, play and worship near the airport and to prioritize funding to those groups based on the Port's Equity Index.
- Update the fund timeline to align with the five years following the actual launch of the program in 2020.
- Maintain interdepartmental staffing commitments and institutionalize program policies and best practices to avoid losing hard-earned gains.
- Commit up to 5% of the South King County Fund to support Community Capacity building through an expanded community liaison model, continued community reviewer participation, and support for language access.
- Conduct a "Theory of Change" program evaluation over the next year to develop long-term strategic focus that will best align the fund with the communities' needs and the Port's authority as a funder.

BACKGROUND

The South King County Fund was created in November of 2018 to provide \$10 Million in resources to near-airport communities for projects that address airport noise, environmental health and sustainability. The statutory authority in which the fund was rooted in (RCW 35.21.278) is the same one that dictates the parameters on the (sunsetting) Airport Community Ecology (ACE) program which was newly minted as the SKCF Environmental Grants Program.

Meeting Date: May 11, 2021

In 2020, the South King County Fund (SKCF) launched a successful cycle for Economic Recovery in the summer and Environmental Grants in the fall. This resulted in the first cycles funding twenty-seven projects leveraging over \$1.4 million.

RECOMMENDATIONS

There is much to celebrate in after the first year of SKCF. A new program was designed and launched in a matter of months to support economic recovery efforts in a region economically devastated by the Covid-19 pandemic. Port leadership, interdepartmental collaborations and committed, hard-working staff all contributed to getting this new program off the ground. Now, as we look towards the next program cycle, there is much to act on to more fully realize the intent of the Fund.

The Port's SKCF team has reviewed how to make South King County Fund most effectively fulfill its vision of being an equity-driven, community-centered program for developing equity-based partnerships and providing resources and support in historically underserved near-airport communities.

The recommendations that follow are organized by themes the staff feel are vital for the growth and success of the SKCF.

EQUITY:**Eligibility:**

Currently, the eligibility description for the South King County Fund is: "Defined as near-airport communities, with other locations considered on a case-by-case basis, depending on the merits and type of program or project." This description, with the six Highline Forum cities cited in the Economic Recovery RFP as examples, was the most agreeable description when the motion was passed.

Recommendation:

Within the Economic Recovery and Environmental Grants, the first criteria evaluated will be Organization and Community Served. Both programs will emphasize this criteria to focus on giving the greatest weight to near airport community and organizations led by, located in, and serving these communities. Both programs will utilize the OEDI Equity Index to help educate the decisions and criteria among the applicants and further target the South King County communities furthest from justice. This will root the Index in this way would also better center equity as the driver for what the Fund supports. This strategy would require no further action on behalf of staff or Commission to refine the definition of "near-airport communities." It allows for organizations to self-identify as serving near-airport communities and then for the evaluation panel to examine and rank the quality of those answers.

Language Access:

At its essence, language access means that communities understand what we are saying, that we understand what they are saying and that they can participate in the fullest possible way. There

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must be commitments not only to translate materials and provide interpretation, but also to understand how communities prefer to receive information. Translators sometimes default to literal or academic translations, and community reviewers (professional translators who are also steeped in community work) are able to correct for that and ensure that the words being used have appropriate cultural meaning and context.

Recommendation:

The SKCF staff will make a commitment to financially support a robust language access plan and include community reviewers to check for accuracy, tone and syntax in translated materials.

ORGANIZATIONAL CHANGE**Timeline:**

In the 2018 motion, the SKCF Fund was scheduled to fund \$10 million over five years starting in 2019. The program did not launch until 2020 with the first contracts signed in 2021.

Recommendation:

Due to the delayed launch of the program, the recommendation is to extend the program to 2024.

Interdepartmental Core Team

The SKCF is a new program that required a lot of attention to details and institutional knowledge. The early weeks of the development of the 2020 cycle were hectic, with many people involved in myriad conversations. Being a new program and process for the Port, it required several full time FTE's to develop, maintain and continue the program.

Recommendation:

Within the Economic Recovery/Development and Environmental Grants there should be continuity and communication for the duration of the five year program. Keeping a core team within CPO, OEDI, Legal, ER, and EDD helps the team keep abreast of updates, changes and problem solving. In addition, a core team helps the two program managers ensure consistency across the full South King County Fund program. Processes and policies should be institutionalized through good record-keeping and documentation to account for the inevitable staff turn-over that occurs on longer timescales.

Conduct Program Evaluation:

In the first year of implementation, staff learned many important lessons about how to operate the SKCF at the nexus of the Port's statutory authority and the communities' needs. There is still work to be done to build a comprehensive theory of change to maximize the impact of the program and set measurable numeric metrics for programmatic success.

Recommendation:

Port staff will begin conducting a program evaluation and developing a theory of change in 2022. This is a best practice in the community grant-making world and one that identifies program

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strengths, community needs, and sets metrics against which the program success can be evaluated in the future. Staff will report back to Commission in late 2022 once the theory of change is developed to identify long-term plans for the SKCF.

COMMUNITY CAPACITY BUILDING

Community Engagement:

The Port has been investing in building up a community engagement program for the Fund, and the strategy was modified last year because of the pandemic. For the Environmental Grants Program, multicultural liaisons were trained and deployed to conduct virtual outreach and to co-create grant outreach materials. Due to time pressure to get the Economic Recovery funding out as quickly as possible, little community engagement was conducted to support that program.

As we embark on the second year of the Fund, staff needs to be intentional and strategic about engagement and the critical role it plays in moving the Fund closer to its intent of being community centered. The team developed a shared understanding of community engagement, its continuum and how to authentically engage community members. Staff have seen tremendous success from the liaison model both in developing authentic community relationships and driving high-quality applications from diverse communities. There is now an opportunity to replicate and expand this model to support the Economic Recovery Grant Program.

Recommendation:

- Community Liaisons should be utilized across both programs. While circumstances in 2020 necessitated that the liaison model was focused on the Environmental Grants program, for 2021 and into the future, engagement planning and activities need to be approached holistically. Engagement should be meaningful, consistent and continual, throughout the year. Liaisons should receive stipends for their work.
- Community reviewers were vital to the panel process for both programs. These panelists helped Port staff expand their understanding about community needs, priorities and organizations, and provided insights about the impact proposed projects would have in the community. Continuing the process to incorporate community reviewers help diversify the panel perspectives and experience while keeping the commitment to equity and community focused work. Community reviewers should receive stipends for their work
- A portion of the South King County Fund, up to 5% should be allocated to support these community capacity building programs. This will ensure a steady source of funding to support deep community engagement work, language access, and community reviewer stipends. The Port should engage in a contract with a South King County based community organization to support community members and provide fiscal agency to pay stipends.

Annual Budget Status and Source of Funds

The expenses have been included in the annual operating budget, which is \$1.5 million for 2020 and \$2.0 million for 2021. The funding source is tax levy.

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ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

April 28, 2020 | **Motion 2020-10**

The Commission to add economic development to the permissible uses for the South King County Fund, in support of local recovery from the COVID-19 pandemic.

June 25, 2019 | **Motion 2019-10**

The Commission adopting principals to guide outreach and development of the South King County policy.

November 27, 2018 | **Motion 2018-14**

The Commission directing the Executive Director to designating funding in the 2019-2023 plan of finance for South King County communities...;

South King County Fund

Recommendations

May 11, 2021

Commission Meeting

Alison Beason, OEDI

Andy Gregory, External Relations

RAINIER
FLIGHT SERVICE

Agenda

Background

Evaluation

Lessons Learned

Recommendations

- Equity
- Organizational Change
- Community Capacity Building

South King County Fund

- **Partnership Between:**
 - External Relations
 - Office of Equity, Diversity and Inclusion
 - South King County Communities
- **To Create:**
 - Equity – Based Program
 - Supporting Historically Underserved Near Airport Communities



South King County Fund

2020 Programs and Schedule

Spring

Economic Development

- Advances pathways for WMBE businesses to partner with the Port

Summer

Economic Recovery Program

- The fund will support projects and programs in four focus areas:
 - Small business assistance
 - Workforce development
 - Job creation
 - Development of new, innovative economic recovery strategies

Fall

Environmental Grants

- Expansion of Airport Community Ecology Fund
- Public projects including parks, greenspaces and art



27
Proposals
Awarded

3
Programs

\$1.4 M
Amount
Awarded

South King County Fund 2020

Year 1 Evaluation Processes

Evaluation

- Summary Report from SKCF Consultants
- Feedback from applicants and grantees
- Internal Audit



Lessons Learned

Successes

- Rapid implementation of support from Economic Development
- Deep community engagement for Environmental grants
- Piloted Vendor Connect Technical Assistance

Challenges

- Unclear definition of “Near Airport Communities”
- Delays due to coordinating complex inter-departmental teams
- Lack of balance in year 1 community engagement

Equity and Community

- Refine eligibility
 - Organization and Community Served
 - Utilize the Equity Index
- Improve language access
 - Include Community Reviewers for accuracy



Organizational Change

- Project co-management structure
- Interdepartmental core team
 - Consistency in communication and collaboration across the full South King County Fund programs
 - Processes and policies are institutionalized through good record-keeping and documentation
- Timeline
- Program Evaluation



Community Capacity Building

- Expand liaison model
 - Engagement should be meaningful, consistent and continual throughout the year
- Community reviewers
 - Panelists help Port staff expand their understanding about community needs, priorities and organizations



Community Liaison Speakers



Sofia Estavez

& Alma Villegas, AV Consulting

Summary of Recommendations

Equity

- Eligibility
- Language access

Organizational Change

- Project co-management
- Interdepartmental core team
- Timeline
- Program evaluation

Community Capacity Building

- Liaisons
- Community reviewers

Thank You

Questions?

Alison Beason, OEDI
Andy Gregory, External Relations

[RETURN TO AGENDA](#)

**COMMISSION
AGENDA MEMORANDUM**

BRIEFING ITEM

Item No.

11c

Date of Meeting

May 11, 2021

DATE: April 19, 2021
TO: Stephen P. Metruck, Executive Director
FROM: Dan Thomas, Chief Financial Officer
Michael Tong, Director, Corporate Budget
SUBJECT: Q1 2021 Financial Performance Briefing

EXECUTIVE SUMMARY

The purpose of this presentation is to provide a status report of the Q1 2021 financial performance results.

BACKGROUND

The Port's overall operating revenues for Q1 2021 were \$112.9 million, which is \$27.4 million below budget and \$48.7 million lower than the same period last year. Excluding Aeronautical revenues, which are based on cost recovery and revenue sharing formulas, other Airport Non-Aero revenues were \$26.9 million, \$8.2 million or 23.2% below budget and \$23.0 million or 46.1% lower YoY mainly due to lower revenues from each line of businesses.

Non-Airport revenues were \$24.7 million, \$348 thousand or 1.4% above budget and \$655 thousand or 2.6% down YoY mainly due to lower revenues from Conference & Event Centers, partially offset by higher revenues from Grain.

Total operating expenses for first quarter of 2021 were \$94.9 million, which is \$6.6 million below budget and \$8.7 million lower than 2020. The operating expense variance was largely due to freeze/deferred hiring, lower third party management operating expense, and cost reductions in discretionary spending.

Net operating income before depreciation was \$18.0 million, which is \$20.9 million below budget and \$39.9 million lower than 2020.

Each division will present its results to the Commission. The presentation outline is as follows:

1. Portwide Operating Results
2. Aviation Division Operating Results
3. Maritime Division Operating Results
4. Economic Development Division Operating Results

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5. Central Services Operating Results

ATTACHMENTS TO THIS BRIEFING

- (1) Q1 2021 Financial and Performance Report
- (2) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None

PORT OF SEATTLE

Q1 2021 FINANCIAL PERFORMANCE REPORT

AS OF MARCH 31, 2021

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I. PORTWIDE**EXECUTIVE SUMMARY**

The COVID-19 pandemic continues to affect many of the Port's lines of business; however, prudent budgeting and careful cost management has positioned the Port well for 2021. Passenger volume is expected to rebound in the next few months and is predicted to be 29% lower than 2019. Federal relief funds will allow the airport to extend relief to concession tenants and improve the financial outlook for the Aviation division.

Current restrictions on gatherings has affected conference center revenue which has been partially offset by the increase in grain volumes and higher NWSA Distributable Revenues. The CDC has recently revised its guidance on cruises from U.S. ports setting the potential start date in mid-July but banning of cruises in Canada remains an obstacle to reopening of Alaskan cruises from Seattle. The Port is collaborating with cruise partners and local health officials for possible resumption of the Alaska cruise season while taking into consideration the health and safety of the crew, passengers, and the community.

Despite the disruption presented by COVID-19, the Port continues to implement planned initiatives and programs to spur regional economic recovery and provide much needed support to communities hardest hit by the pandemic. While we are currently projecting to be closely on track with budget on a full-year basis, staff continues to closely monitor very dynamic business conditions.

PORTWIDE FINANCIAL SUMMARY

	2019 YTD	2020 YTD	2021 YTD	2021 YTD	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2020	
\$ in 000's	Actual	Actual	Actual	Budget	\$	%	\$	%
Aeronautical Revenues	83,674	86,284	61,313	80,938	(19,625)	-24.2%	(24,971)	-28.9%
Airport Non-Aero Revenues	55,996	49,956	26,930	35,085	(8,154)	-23.2%	(23,025)	-46.1%
Non-Airport Revenues	28,382	25,313	24,658	24,311	348	1.4%	(655)	-2.6%
Total Operating Revenues	168,052	161,553	112,901	140,333	(27,432)	-19.5%	(48,652)	-30.1%
Total Operating Expenses	96,729	103,591	94,866	101,431	6,566	6.5%	(8,726)	-8.4%
NOI before Depreciation	71,323	57,962	18,036	38,901	(20,866)	-53.6%	(39,926)	-68.9%
Depreciation	41,038	43,728	44,829	40,209	(4,621)	-11.5%	1,101	2.5%
NOI after Depreciation	30,286	14,233	(26,794)	(1,307)	(25,486)	1949.7%	(41,027)	-288.2%

2021 YTD Actuals vs. 2021 YTD Budget:

- Total operating revenues were down \$27.4M compared to budget due to lower revenues in Aeronautical and Non-Aeronautical lines of businesses (ADR & Terminal Leased Space, Public Parking, Rental Cars, Ground Transportation, Clubs and Lounges), Cruise, and Conference & Event Centers.
- Total operating expenses are 6.6M lower than budget due to delays in hiring and implementing projects/initiatives due to the pandemic.

2021 YTD Actuals vs. 2020 YTD Actuals:

- Total operating revenues for Q1 2021 were down \$48.7M due to lower revenues in Aeronautical and Non-Aeronautical lines of businesses (Public Parking, ADR & Terminal Leased Space, Rental Cars, Ground Transportation, Clubs & Lounges, Airport Commercial Properties) and Conference & Event Centers. The Q1 2021 results reflect the full quarter effect of the pandemic as opposed to partial effect in Q1 2020.
- Total operating expenses for Q1 2021 were \$8.7M lower compared to 2020 because of lower payroll, equipment and travel expenses, and less contract spending.

NON-AIRPORT FINANCIAL SUMMARY

	2019 YTD	2020 YTD	2021 YTD	2021 YTD	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2020	
\$ in 000's	Actual	Actual	Actual	Budget	\$	%	\$	%
NWSA Distributable Revenue	12,986	10,730	11,343	10,568	775	7.3%	613	5.7%
Maritime Revenues	9,442	9,340	9,539	10,370	(831)	-8.0%	199	2.1%
EDD Revenues	4,674	3,277	2,002	2,436	(434)	-17.8%	(1,275)	-38.9%
SWU & Other	1,280	1,966	1,774	936	838	89.5%	(192)	-9.7%
Total Operating Revenues	28,382	25,313	24,658	24,311	348	1.4%	(655)	-2.6%
Total Operating Expenses	17,513	18,425	16,778	20,155	3,377	16.8%	(1,648)	-8.9%
NOI before Depreciation	10,869	6,888	7,881	4,156	3,725	89.6%	993	14.4%
Depreciation	9,852	9,423	9,510	8,814	(696)	-7.9%	87	0.9%
NOI after Depreciation	1,017	(2,535)	(1,630)	(4,658)	3,029	-65.0%	906	-35.7%

2021 YTD Actuals vs. 2021 YTD Budget

- Total non-airport operating revenues were up \$348K compared to budget due to higher than anticipated revenues from Grain, NWSA Distributable revenues, and unbudgeted police forfeiture revenue. Assumptions regarding the timing of Norwegian Cruise Lines' lease payment (\$1M) affected Maritime Revenues.
- Total non-airport operating expenses were \$3.4M lower than budget because of delays in hiring, project spending delays, timing of tenant improvements, and lower utility expenses.

2021 YTD Actuals vs. 2020 YTD Actuals

- Non-airport operating revenues were \$655K less compared to 2020 because of lower revenues from Conference and Event Centers, Fishing & Operations, and Central Harbor Management. The Conference and Event Centers and parking were affected by rescheduling/cancelling of events due to COVID-19; Q1 2021 revenues reflect the full quarter effect of the pandemic as opposed to partial effect for Q1 2020.
- Non-airport expenses were 1.6M less than 2020 due to lower Conference & Event Center expenses, lower payroll, utilities, travel, and contract expenses.

MAJOR OPERATING REVENUES SUMMARY

	2019 YTD	2020 YTD	2021 YTD	2021 YTD	Fav (UnFav) Act/Bud Var		Incr (Decr) Change from 2020	
\$ in 000's	Actual	Actual	Actual	Budget	\$	%	\$	%
Aeronautical Revenues	83,674	86,284	61,313	80,938	(19,625)	-24.2%	(24,971)	-28.9%
Public Parking	19,956	16,720	9,330	10,595	(1,264)	-11.9%	(7,390)	-44.2%
Rental Cars - Operations	6,234	6,928	3,484	4,577	(1,092)	-23.9%	(3,444)	-49.7%
Rental Cars - Operating CFC	994	-	-	-	-	0.0%	-	0.0%
ADR & Terminal Leased Space	14,336	12,376	6,297	9,119	(2,822)	-30.9%	(6,079)	-49.1%
Ground Transportation	4,523	3,931	1,459	2,441	(982)	-40.2%	(2,471)	-62.9%
Employee Parking	2,677	2,623	2,144	2,422	(278)	-11.5%	(479)	-18.3%
Airport Commercial Properties	3,212	3,641	2,557	2,911	(354)	-12.2%	(1,083)	-29.8%
Airport Utilities	1,719	1,606	1,297	1,892	(595)	-31.4%	(309)	-19.3%
Clubs and Lounges	1,902	1,714	175	936	(762)	-81.3%	(1,540)	-89.8%
Cruise	43	114	48	1,092	(1,044)	-95.6%	(66)	-58.1%
Recreational Boating	3,119	3,134	3,125	3,152	(27)	-0.8%	(9)	-0.3%
Fishing & Operations	2,291	2,501	2,203	2,187	16	0.7%	(297)	-11.9%
Grain	1,434	1,048	1,719	1,421	298	21.0%	671	64.0%
Maritime Portfolio Management	2,550	2,541	2,443	2,518	(75)	-3.0%	(98)	-3.8%
Central Harbor Management	2,150	2,158	1,870	1,964	(94)	-4.8%	(288)	-13.3%
Conference & Event Centers	2,519	1,115	127	468	(341)	-72.9%	(988)	-88.6%
NWSA Distributable Revenue	12,986	10,730	11,343	10,568	775	7.3%	613	5.7%
Other	1,732	2,391	1,967	1,133	834	73.6%	(424)	-17.7%
Total Operating Revenues (w/o Aero)	84,378	75,269	51,589	59,395	(7,807)	-13.1%	(23,680)	-31.5%
TOTAL	168,052	161,553	112,901	140,333	(27,432)	-19.5%	(48,652)	-30.1%

I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 03/31/21

MAJOR OPERATING EXPENSES SUMMARY

	2019 YTD	2020 YTD	2021 YTD	2021 YTD	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Act/Bud		Change from 2020	
\$ in 000's					\$	%	\$	%
Salaries & Benefits	31,973	35,987	35,317	35,790	474	1.3%	(670)	-1.9%
Wages & Benefits	31,457	34,133	31,551	32,623	1,072	3.3%	(2,582)	-7.6%
Payroll to Capital Projects	5,673	6,497	6,398	7,949	1,551	19.5%	(99)	-1.5%
Outside Services	17,698	20,420	19,135	23,660	4,525	19.1%	(1,285)	-6.3%
Utilities	6,555	6,871	6,658	6,559	(99)	-1.5%	(213)	-3.1%
Equipment Expense	2,014	2,160	1,248	1,713	465	27.2%	(913)	-42.2%
Supplies & Stock	2,898	2,503	2,127	2,368	241	10.2%	(376)	-15.0%
Travel & Other Employee Expenses	905	1,101	445	744	299	40.1%	(656)	-59.6%
Third Party Mgmt Op Exp	3,042	2,445	886	1,386	500	36.1%	(1,559)	-63.8%
B&O Taxes	1,068	1,086	764	854	90	10.5%	(322)	-29.7%
Other Expenses	4,666	3,989	2,270	2,605	335	12.9%	(1,719)	-43.1%
Charges to Capital Projects/Overhead Alloc	(11,221)	(13,602)	(11,933)	(14,819)	(2,886)	19.5%	1,669	-12.3%
TOTAL	96,729	103,591	94,866	101,431	6,566	6.5%	(8,726)	-8.4%

PORTWIDE FINANCIAL YEAR-END FORECAST SUMMARY

	2019	2020	2021	2021	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Forecast	Budget	Fcst vs. Budget	Variance	Change from 2020	
\$ in 000's					\$	%	\$	%
Aeronautical Revenues	357,598	297,909	314,476	386,668	(72,192)	-18.7%	16,567	5.6%
Airport Non-Aero Revenues	269,037	116,473	171,312	189,548	(18,236)	-9.6%	54,839	47.1%
Non-Airport Revenues	137,538	96,446	104,968	104,645	323	0.3%	8,523	8.8%
Total Operating Revenues	764,174	510,828	590,756	680,861	(90,104)	-13.2%	79,928	15.6%
Total Operating Expenses	441,700	408,681	425,177	423,412	(1,765)	-0.4%	16,496	4.0%
NOI before Depreciation	322,474	102,147	165,579	257,448	(91,869)	-35.7%	63,432	62.1%
Depreciation	174,903	180,086	176,509	176,509	-	0.0%	(3,577)	-2.0%
NOI after Depreciation	147,571	(77,939)	(10,930)	80,939	(91,869)	-113.5%	67,009	-86.0%

1) 2021 Airport Non-Aero Revenues Forecast does not include the projected Federal Relief for Concessions of \$26.8M.

Year-End Forecast

- Operating Revenues are forecasted to be \$90.1M lower than budget mainly due to the application of unplanned federal relief funds that will reduce Aeronautical revenues, which are based on cost recovery, and Non-Aeronautical revenues when used for tenant rent relief.
- Operating Expenses are expected to be \$1.8M higher than budget due to a number of unbudgeted items. While expenses increased by \$16.4 million compared to 2020, they would have been \$700K lower than 2020 after adjusting for the \$17.2M State pension credit in 2020.
- NOI before depreciation is forecasted to be \$91.9M below budget primarily due to significantly lower operating revenues reflecting the impact of airport federal relief funds on Aeronautical and Non-Aeronautical revenues compared to budget. The federal relief funds will be booked as Non-Operating Revenues.

KEY PERFORMANCE METRICS

I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 03/31/21

	2020 YTD 2021 YTD		2020 2021 2021			Fav (UnFav) Fest vs. Budget Variance		Incr (Decr) Change from 2020	
	Actual	Actual	Actual	Forecast	Budget	Chg.	%	Chg.	%
Total Passengers (in 000's)	9,209	4,868	20,087	36,903	36,432	471	1.3%	16,815	83.7%
Landed Weight (lbs. in millions)	6,889	5,266	20,262	24,461	26,233	(1,772)	-6.8%	4,199	20.7%
Passenger CPE (in \$)	N/A	N/A	26.50	15.26	19.62	4.35	22.2%	(11.24)	-42.4%
Grain Volume (metric tons in 000's)	915	1,393	4,240	4,366	4,219	147	3.5%	126	3.0%
Cruise Passenger (in 000's)	-	-	-	N/A	N/A	-	0.0%	-	0.0%
Shilshole Bay Marina Occupancy	91.9%	93.1%	94.1%	95.0%	96.1%	-1.1%	-1.2%	0.9%	1.0%

Note: Due to CDC COVID-19 Cruise restrictions, we are unable to Budget or Forecast Cruise Passengers at this time.

KEY BUSINESS EVENTS

As a critical driver of economic growth in the region, the Port has been leading efforts to an equitable recovery by helping stabilize businesses and increasing investments in communities. The Port awarded fourteen organizations in the six Highline cities with an environmental grant that will support projects for park restoration, garden expansion, environmental justice education and service learning, community engagement, and soil and water stewardship training. The Commission also approved the lease for a job and economic resource center as part of the Duwamish Valley Community Equity Program.

The Port, with assistance from the US Department of Transportation Small Business Transportation Resource Center (SBTRC), conducted workshop series to small, disadvantaged minority, women-owned, 8A certified, and HUB Zone certified businesses. The Port has also joined the City of Seattle and Sound Transit in a regional effort to reduce equity gap in workforce development and Priority Hire programs. The joint partnership invests a total of 1.75M to support workers, especially women and people of color through outreach and training, recruitment, placement and referral, and retention and career advancement support services.

The Port announced the 23 recipients of the sixth annual Tourism Marketing Support Program. The program will provide \$200,000 in matching dollars to help revive the tourism and hospitality industry which is one of the hardest hit economic sectors in WA state with job losses estimated at over 100,000. The Port is also working with WA Tourism Alliance to implement statewide tourism recovery initiative.

The Port, in partnership with Washington Maritime Blue and the state Department of Commerce, announced the second cohort of the Maritime Blue Innovation Accelerator. Eleven start-up companies were chosen based on how they could help advance the state's strategy to create a sustainable economy. The cohort will work closely with global network of mentors and advisors with unique backgrounds, experiences, and expertise to help guide and inspire them as they work toward innovative solutions to help the maritime industry thrive in the future. In addition to working with mentors, the cohort will have opportunities to secure funding for their ideas.

The Commission authorized the procurement of a 14-acre surplus WSDOT (Washington State Department of Transportation) parcel that will be combined with a similar sized POS parcel to create the 28-acre Des Moines Creek-West development. This project will create local jobs and spur local business activity.

To further support the community through this pandemic, the Port has partnered with the Department of Health, FEMA, and Safeway/Albertsons to host the On-site COVID-19 vaccination clinic at the airport for transportation workers. Port employees and badged SEA stakeholders have completed 426 hours of volunteer shifts during the first 5 weeks of the vaccine clinic. Moreover, the Port coordinated with Discovery Health MD, to offer COVID testing and vaccines at Terminal 91 for Maritime Professionals.

The Port has also received approval from the FAA to distribute masks (received from FEMA) to community groups and small businesses outside of the aviation industry. Organizations that have received the mask donations include Communities in Schools of Seattle (CISS), El Centro de la Raza, Duwamish River Clean Up Coalition, Urban League of Metropolitan Seattle, and Community International Health Services.

The Port adopted the NW Ports Clean Air Strategy and made progress on the Maritime Climate and Air Action Plan, and T117 construction. Fishermen's Terminal, Salmon Bay Marina and Maritime Industrial Center earned Clean Marina Certification from Puget Soundkeeper. The Northwest Mountain Minority Supplier Development Council also named the Port of Seattle as its Public Agency of the Year.

CAPITAL SPENDING SUMMARY

\$ in 000's	2021	2021	2021	Budget Variance	
	YTD Actual	Forecast	Budget	\$	%
Aviation	92,329	468,094	491,202	23,108	4.7%
Maritime	2,094	21,279	26,195	4,916	18.8%
Economic Development	325	4,604	5,647	1,043	18.5%
Central Services & Other (note 1)	4,047	12,892	13,605	713	5.2%
TOTAL	98,795	506,869	536,649	29,781	5.5%

Note:

(1) "Other" includes 100% Port legacy projects in the North Harbor and Storm Water Utility Small Capital projects.

Total capital spending is forecast to be \$506.9M for 2021, \$29.8M lower than the approved budget mainly due to spending delays in International Arrival Facility and North Satellite projects.

PORTWIDE INVESTMENT PORTFOLIO

During the first quarter of 2021, the investment portfolio earned 1.33% versus the benchmark's (the Bank of America Merrill Lynch 1-3 Year US Treasury & Agency Index) of 0.19%. Over the last twelve months, the portfolio and the benchmark have earned 1.67% and 0.16%, respectively. Since the Port became its own Treasurer in 2002, the life-to-date earnings of the Port's portfolio and the benchmark are 2.40% and 1.72%, respectively.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/21

II. AVIATION DIVISION

FINANCIAL SUMMARY

Financial Summary (\$ in 000's)	2019	2020	2021	2021	Fav(UnFav) Fest. vs. Budget Variance		Incr/(Decr) Change from 2020	
	Actual	Actual	Forecast	Budget	\$	%	\$	%
Operating Revenue								
Aeronautical Revenues	357,598	297,909	314,476	386,668	(72,192)	-18.7%	16,567	5.6%
Non-Aeronautical Revenues	269,037	116,473	171,312	189,548	(18,236)	-9.6%	54,839	47.1%
Total Operating Revenues	626,636	414,382	485,788	576,215	(90,428)	-15.7%	71,406	17.2%
Total Operating Expenses	355,245	329,680	342,282	339,908	(2,374)	-0.7%	12,602	3.8%
Net Operating Income	271,390	84,702	143,506	236,308	(92,802)	-39.3%	58,804	69.4%
Federal Relief		147,148	161,601	37,899	123,702	326.4%	14,453	9.8%
Federal Relief (Concessions)			26,755		26,755		26,755	
NOI (After Federal Relief)	271,390	231,850	331,862	274,207	57,655	21.0%	100,012	43.1%
CPE	12.86	26.50	15.26	19.62	4.35	0.22	(11.24)	-42.4%
Non-Aero NOI (\$ in 000s)	6,671	4,426	90,892	82,742	8,150	9.9%	86,466	1953.6%
Enplaned passengers (in 000s)	25,874	10,044	18,451	18,216	236	1.3%	8,408	83.7%
Capital Expenditures (in 000s)	573,598	573,598	468,094	491,202	23,108	4.7%	(105,504)	-18.4%

2021 Forecast vs. 2021 Budget

- Net Operating Income (NOI) for 2021 is forecasted to be (-\$92.8M or -39.3%) unfavorable to the budget before Federal Relief applied, driven by:
 - Lower Aeronautical revenue (-\$72.2M or -18.7%) due to grants of approximately \$119M projected to offset Aeronautical costs in 2021. See the Airline Rate Base Cost Drivers table for more details.
 - Non-Aeronautical revenue (-18.2M or -9.6%) unfavorable. Although improvement is seen in Landside operations due to the improvement in the forecasted passenger volume recovery, Concessions will be requiring Federal Relief. Federal Relief for the concessions area is projected for \$26.7M.
 - Total Operating Expenses (\$-2.4M or -0.7%) unfavorable driven partially by the Snow Removal (\$2.2M) in the Airfield and Maintenance cost centers and emergency watermain repair (\$570K) in Q1, and projection for increased expenses in PMG Consultant Support for ADR and Tenants (\$634K).

2021 Forecasts vs. 2020 Actuals

- Net Operating Income for 2021 is projected to be (\$59M or 69.4%) higher than prior year before Federal Relief – primarily driven by:
 - Higher Operating Revenue (\$71.4M or 17.2%) compared to prior year is due to passenger levels improving with a forecast of being down 29% compared to 2019 vs. 61% down in 2020 compared to 2019.
 - Higher Operating Expenses (\$12.6M or 3.8%) compared to prior year were primarily driven by higher Environmental Remediation Liability, Outside Services, Utilities, and Police spending in 2021 vs. 2020. Spending in 2020 was lower than normal due to directives to spend less due to the business environment related to the pandemic.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/21

A. BUSINESS EVENTS

- Higher than expected passenger levels, new forecast now 29% lower than 2019.
- Increased federal relief improves bottom line, helps customers:
 - \$37 million for CRRSAA
 - \$154 million for ARPA
 - \$27 million for tenant concessions relief (CRRSAA and ARPA)
 - Planning to reserve \$75 million for 2022
- Planning for mid-year airline rate adjustment effective July 1.

B. KEY PERFORMANCE METRICS

	YTD 2019	YTD 2020	YTD 2021	% YTD Change from 2020
Total Passengers (000's)				
Domestic	9,658	8,205	4,662	-43.2%
International	1,207	1,004	205	-79.5%
Total	10,865	9,209	4,868	-47.1%
Operations	100,740	99,983	75,878	-24.1%
Landed Weight (In Millions of lbs.)				
Cargo	565	606	709	17.0%
All other	6,300	6,283	4,557	-27.5%
Total	6,865	6,889	5,266	-23.6%
Cargo - Metric Tons				
Domestic freight	69,054	75,866	84,502	11.4%
International & Mail freight	29,423	25,795	25,223	-2.2%
Total	98,477	101,661	109,725	7.9%

*Mail weight for 2021 forward is incorporated in freight

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/21

Key Performance Measures

	2019	2020	2021	2021	Fav(UnFav) Fest. vs. Budget Variance		Incr/(Decr) Change from 2020	
	Actual	Actual	Forecast	Approved Budget	\$	%	\$	%
Key Performance Metrics								
Cost per Enplanement (CPE)	12.86	26.50	15.26	19.62	4.35	22.2%	(11.24)	-42.4%
Non-Aeronautical NOI (in 000's) ¹	143,917	6,671	90,892	82,742	8,150	9.9%	84,221	1262.6%
Other Performance Metrics								
O&M Cost per Enplanement	6.86	16.41	9.28	9.33	0.05	0.6%	(7.14)	-43.5%
Non-Aero Revenue per Enplanement	5.20	5.80	5.37	5.20	0.16	3.2%	(0.43)	-7.4%
Debt per Enplanement (in \$)	66	163	84	85	1	1.3%	(79)	-48.4%
Debt Service Coverage	1.68	1.40	2.35	1.36	0.99	73.4%	0.95	67.9%
Days cash on hand (10 months = 304 days)	314	327	363	369	-6	-1.6%	36	11.2%
Aeronautical Revenue Sharing (\$ in 000's)	(17,146)	1	-	-	-	0.0%	(1)	100.0%
Activity (in 000's)								
Enplanements	25,874	10,044	18,451	18,216	236	1.3%	8,408	83.7%
Total Passengers	51,748	20,087	36,903	36,432	471	1.3%	16,815	83.7%

(1) Assumes Federal Relief for Concessions applied in the 2021 Forecast

Key Performance Metrics

2021 Forecast vs. 2021 Budget

- Cost per Enplanement (CPE):
 - CPE is (\$4.35, or 22.2%) favorable driven primarily by the Federal Relief to help lower the Aeronautical costs to recover.
 - Non-Aero NOI is (\$8.2M or 9.9%) favorable to original approved budget due to projection of improved revenues in the Landside operations and due to Federal Relief.

2021 Forecast vs. 2020 Actuals

- CPE is \$11.24 lower compared to prior year due to lower costs expected to recover due to the Federal Relief offsetting the costs compared to prior year.
- Non-Aero NOI is \$84.2M higher than prior year due to projection of improved revenues in the Landside operations and due to Federal Relief.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/21

C. OPERATING RESULTS

Division Summary – YTD Actuals

Total Airport Expense Summary (\$ in 000's)	2019 YTD	2020 YTD	2021 YTD	2021 YTD	Fav(UnFav) Actual vs. Budget Variance		Incr/(Decr) Change from 2020	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Operating Expenses								
Payroll	35,372	39,071	37,305	37,513	208	0.6%	(1,766)	-4.5%
Outside Services	12,737	14,011	13,477	15,498	2,022	13.0%	(534)	-3.8%
Utilities	4,656	4,884	5,060	4,312	(748)	-17.3%	175	3.6%
Other Expenses	5,406	3,061	24	74	51	68.2%	(3,037)	-99.2%
Total Airport Direct Charges	58,171	61,027	55,865	57,397	1,532	2.7%	(5,162)	-8.5%
Environmental Remediation Liability	-	-	-	-	-		-	
Capital to Expense	72	-	75	-	(75)		75	
Total Exceptions	72	-	75	-	(75)		75	
Total Airport Expenses	58,243	61,027	55,940	57,397	1,457	2.5%	(5,087)	-8.3%
Corporate	15,030	16,791	15,891	16,625	734	4.4%	(900)	-5.4%
Police	5,182	6,509	5,537	6,389	852	13.3%	(972)	-14.9%
Maritime/Economic Development/Other	761	838	720	865	146	16.8%	(119)	-14.2%
Total Charges from Other Divisions	20,973	24,139	22,148	23,880	1,731	7.3%	(1,991)	-8.2%
Total Operating Expenses	79,216	85,166	78,088	81,277	3,189	3.9%	(7,078)	-8.3%

Expenses – 2021 YTD Actuals vs. 2021 YTD Budget

- Operating Expenses were (\$3.2M or 3.9%) favorable driven primarily by the underspend in Charges from other Divisions of \$1.7M, and in Outside Services of \$2M across multiple business areas - Commercial Management (208k), F&I and Capital Program (716k), PMG (629k), and Maintenance (933k).

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/21

Division Summary – YE Forecast

Total Airport Expense Summary (\$ in 000's)	2019	2020	2021	2021	Fav(UnFav) Fcst. vs. Budget Variance		Incr/(Decr) Change from 2020	
	Actual	Actual	Forecast	Budget	\$	%	\$	%
Operating Expenses								
Payroll	144,051	152,895	153,293	153,293	-	0.0%	398	0.3%
Outside Services	68,162	63,922	69,015	65,174	(3,841)	-5.9%	5,093	8.0%
Utilities	18,180	15,695	20,244	20,244	-	0.0%	4,549	29.0%
Other Expenses	14,721	3,341	814	1,359	545	40.1%	(2,527)	-75.6%
Total Airport Direct Charges	245,114	235,854	243,366	240,071	(3,295)	-1.4%	7,512	3.2%
Environmental Remediation Liability	15,900	(2,361)	2,162	2,001	(161)	-8.0%	4,523	-191.6%
Capital to Expense	2,089	2,588	283	-	(283)		(2,305)	-89.1%
Total Exceptions	17,989	227	2,445	2,001	(444)	-22.2%	2,218	978.2%
Total Airport Expenses	263,104	236,081	245,811	242,072	(3,739)	-1.5%	9,730	4.1%
Corporate	65,729	68,316	68,402	69,767	1,365	2.0%	87	0.1%
Police	22,290	22,150	23,964	23,964	-	0.0%	1,814	8.2%
Maritime/Economic Development/Other	4,123	3,134	4,105	4,105	-	0.0%	971	31.0%
Total Charges from Other Divisions	92,141	93,599	96,471	97,836	1,365	1.4%	2,872	3.1%
Total Operating Expenses	355,245	329,680	342,282	339,908	(2,374)	-0.7%	12,602	3.8%

Operating Expenses – 2021 YE Forecast compared to 2021 YE Budget (-\$2.4M or -0.7% unfavorable)

- Total Operating Expenses is forecasted to over-run Budget by \$2.4M driven partially by the Snow Removal (\$2.2M) in the Airfield and Maintenance cost centers and emergency watermain repair (\$570K) in Q1, and projection for increased expenses in PMG Consultant Support for ADR and Tenants (\$634K).

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/21

Aeronautical Business Unit Summary – YTD Actuals

Aeronautical NOI (S in 000's)	2019 YTD	2020 YTD	2021 YTD	2021 YTD	Fav(UnFav) Actual vs. Budget Variance		Incr/(Decr) Change from 2020	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Rate Base Revenues								
Airfield Movement Area	28,300	25,223	15,396	20,399	(5,003)	-24.5%	(9,827)	-39.0%
Airfield Apron Area	4,706	5,360	4,302	4,225	77	1.8%	(1,057)	-19.7%
Terminal Rents	48,570	47,756	35,605	48,679	(13,074)	-26.9%	(12,151)	-25.4%
Federal Inspection Services (FIS)	3,267	4,019	1,869	3,769	(1,901)	-50.4%	(2,150)	-53.5%
Total Rate Base Revenues	84,843	82,357	57,172	77,073	(19,901)	-25.8%	(25,185)	-30.6%
Airfield Commercial Area	2,793	3,927	4,139	3,865	274	7.1%	212	5.4%
Subtotal before Revenue Sharing	87,635	86,284	61,311	80,938	(19,627)	-24.2%	(24,973)	-28.9%
Revenue Sharing	(3,961)	-	-	-	-	-	-	-
Total Aeronautical Revenues	83,674	86,284	61,311	80,938	(19,627)	-24.2%	(24,973)	-28.9%
Total Aeronautical Expenses	53,251	50,268	54,141	56,473	2,332	4.1%	3,873	7.7%
Aeronautical NOI	30,423	36,016	7,169	24,464	(17,295)	-70.7%	(28,846)	-80.1%

Aeronautical – 2021 YTD Actuals vs. 2021 YTD Budget

- Net Operating Income was (-\$17.3M or -70.7%) unfavorable to budget due to \$19.6M in lower aeronautical revenues driven by lower costs to recover driven by lower operating expenses in Outside Services and Charges from Other Divisions.

Aeronautical – 2021 YTD Actuals vs. 2020 YTD Actuals

- Net Operating Income was (-\$28.8M or -80.1%) lower than 2020 due to the lower aeronautical costs to recover driven by lower activity when compared to the 1st quarter in 2020 where the COVID-19 impact didn't start until March 2020. The first two months in 2020 (January and February) were at normal levels.

Aeronautical Business Unit Summary - YE Forecast

Aeronautical NOI (S in 000's)	2019	2020	2021	2021	Fav(UnFav) Fest. vs. Budget Variance		Incr/(Decr) Change from 2020	
	Actual	Actual	Forecast	Budget	\$	%	\$	%
Rate Base Revenues								
Airfield Movement Area	123,436	84,906	87,718	115,037	(27,319)	-23.7%	2,812	3.3%
Airfield Apron Area	22,016	15,146	14,974	21,418	(6,444)	-30.1%	(172)	-1.1%
Terminal Rents	205,283	171,607	177,661	213,147	(35,485)	-16.6%	6,054	3.5%
Federal Inspection Services (FIS)	12,321	8,616	17,679	21,454	(3,775)	-17.6%	9,063	105.2%
Total Rate Base Revenues	363,057	280,275	298,032	371,056	(73,023)	-19.7%	17,757	6.3%
Airfield Commercial Area	11,687	17,633	16,444	15,612	832	5.3%	(1,189)	-6.7%
Subtotal before Revenue Sharing	374,744	297,908	314,476	386,668	(72,192)	-18.7%	16,568	5.6%
Revenue Sharing	(17,146)	1	-	-	-	-	(1)	-100.0%
Total Aeronautical Revenues	357,598	297,909	314,476	386,668	(72,192)	-18.7%	16,567	5.6%
Total Aeronautical Expenses	236,959	219,878	235,107	233,102	(2,005)	-0.9%	15,230	6.9%
Aeronautical NOI	120,639	78,031	79,369	153,566	(74,197)	-48.3%	1,338	1.7%
Debt Service	(110,945)	(62,607)	(57,903)	(125,747)	67,844	-54.0%	4,704	-7.5%
Net Cash Flow	9,694	15,424	21,466	27,819	(6,353)	-22.8%	6,042	39.2%

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/21

Airline Rate Base Cost Drivers

\$ in 000's	2020 Actual	2021 Budget	2021 Forecast	Impact on Aero Revenues Budget vs Forecast	
				\$	%
O&M ⁽¹⁾	213,775	227,420	229,450	2,029	0.9%
Federal Relief Grants O&M	(22,507)	(3,500)	(18,492)	(14,992)	428.3%
Net O&M	191,268	223,920	210,958	(12,962)	-5.8%
Debt Service Before Offsets	166,848	193,302	195,975	2,672	1.4%
Debt Service PFC Offset	(36,390)	(47,549)	(38,614)	8,935	-18.8%
Federal Relief Grants Debt Service	(71,763)	(29,399)	(101,211)	(71,812)	244.3%
Net Debt Service	58,694	116,354	56,149	(60,204)	-51.7%
Amortization	32,359	32,681	32,681	-	0.0%
Space Vacancy	(1,083)	(1,141)	(998)	143	-12.5%
TSA Operating Grant and Other	(960)	(758)	(758)	-	0.0%
Rate Base Revenues	280,279	371,056	298,032	(73,023)	-20%
Commercial area	17,633	15,612	16,444	832	5%
Total Aero Revenues	297,912	386,668	314,476	(72,192)	-19%

(1) O&M, Debt Service Gross, and Amortization do not include commercial area costs or the international incentive expenses

2021 Forecast to 2021 Budget

- O&M – \$2.0M higher mostly in Apron, FIS, and Queue Management:
 - Apron – Large Snow Expenses
 - FIS – Increased Interpretation Services, Increased VIP Hospitality, Furniture Capital to Expense, Contingencies [IAF Oversize Baggage Relocate, IAF Wall Protections]
 - Queue Management – VIP Divesting
- Debt Service before Offsets: Forecast is \$2.6M higher primarily because the Budget assumed a reduction of \$5.8M of Debt Service exclusion for assets not in use which were partially offset by an increase in Capital Interest.
- PFC Offset \$8.9M lower due to lower anticipated collections
- Federal Relief Grants Aero Portion:
 - Payroll Impact (O&M) – Removing \$18.5M from Rate Base
 - Debt Service Impact - Removing \$101.2M from Rate Base

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Non-Aero Business Unit Summary – YTD Actuals

Non-Aeronautical NOI (S in 000's)	2019 YTD	2020 YTD	2021 YTD	2021 YTD	Fav(UnFav) Actual vs. Budget Variance		Incr/(Decr) Change from 2020	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Non-Aeronautical Revenues								
Public Parking	19,956	16,720	9,330	10,595	(1,264)	-11.9%	(7,390)	-44.2%
Rental Cars	7,229	6,928	3,484	4,577	(1,092)	-23.9%	(3,444)	-49.7%
Ground Transportation	4,523	3,931	1,459	2,441	(982)	-40.2%	(2,471)	-62.9%
Employee Parking	2,677	2,623	2,144	2,422	(278)	-11.5%	(479)	-18.3%
Landside Total	34,384	30,202	16,418	20,035	(3,617)	-18.1%	(13,784)	-45.6%
Airport Dining & Retail	12,815	10,680	4,865	7,896	(3,031)	-38.4%	(5,815)	-54.4%
Tenant Marketing	262	227	2	167	(164)	-98.6%	(225)	-99.0%
Commercial Properties	3,212	3,641	2,557	2,911	(354)	-12.2%	(1,083)	-29.8%
Clubs and Lounges	1,902	1,714	175	936	(762)	-81.3%	(1,540)	-89.8%
Non-Airline Terminal Leased Space	1,522	1,696	1,432	1,223	209	17.1%	(264)	-15.6%
AOB Conference Center	91	57	1	-	1		(56)	-98.3%
Commercial Management Total	19,804	18,014	9,032	13,133	(4,101)	-31.2%	(8,982)	-49.9%
Utilities	1,719	1,606	1,297	1,892	(595)	-31.4%	(309)	-19.3%
Other	89	133	183	25	158	636.2%	50	37.4%
Total Non-Aeronautical Revenues	55,996	49,956	26,930	35,085	(8,154)	-23.2%	(23,025)	-46.1%
Total Non-Aeronautical Expenses	17,206	34,898	23,947	24,804	857	3.5%	(10,951)	-31.4%
Non-Aeronautical NOI	38,790	15,058	2,984	10,281	(7,297)	-71.0%	(12,074)	-80.2%
Less: CFC Surplus	-	-	-	-	-		-	
Adjusted Non-Aeronautical NOI	38,790	15,058	2,984	10,281	(7,297)	-71.0%	(12,074)	-80.2%

Non-Aeronautical – 2021 YTD Actuals vs. 2021 YTD Budget

- Net Operating Income was (-\$7.3M or -71.0%) unfavorable to revised budget driven by:
 - Continued impact of COVID-19 driving passenger levels impacting revenues from concession fees or transaction volume (Parking, Rental Car, Ground Transportation, Airport Dining & Retail, Clubs & Lounges, In-flight Kitchens) are closely aligned with the decline in passenger volume.
 - Non-Aeronautical operating expenses were (\$857K or 3.5%) favorable.

Non-Aeronautical – 2021 YTD Actuals vs. 2020 YTD Actuals

- Net Operating Income was (-\$12.1M or -80.2%) lower than 2020 driven by:
 - Lower passenger levels and activity when compared to the 1st quarter in 2020 where the COVID-19 impact didn't start until March 2020. The first two months in 2020 (January and February) were at normal levels.

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Non-Aero Business Unit Summary - YE Forecast

Non-Aeronautical NOI (\$ in 000's)	2019	2020	2021	2021	Fav(UnFav) Fcst. vs. Budget Variance		Incr/(Decr) Change from 2020	
	Actual	Actual	Forecast	Budget	\$	%	\$	%
Non-Aeronautical Revenues								
Public Parking	82,125	34,502	64,699	59,597	5,102	8.6%	30,197	87.5%
Rental Cars	52,567	16,637	33,160	26,880	6,280	23.4%	16,523	99.3%
Ground Transportation	20,765	6,557	14,321	13,628	693	5.1%	7,764	118.4%
Airport Dining & Retail	61,615	25,418	44,567	45,936	(1,369)	-3.0%	19,149	75.3%
Other	51,966	33,359	41,319	43,506	(2,187)	-5.0%	7,961	23.9%
Total Non-Aeronautical Revenues	269,037	116,473	198,067	189,548	8,519	4.5%	81,594	70.1%
Total Non-Aeronautical Expenses	118,286	109,802	107,175	106,806	(369)	-0.3%	(2,627)	-2.4%
Non-Aeronautical NOI¹	150,752	6,671	90,892	82,742	8,150	9.9%	84,221	1262.6%
Less: CFC Surplus	(6,834)	-	-	-	-		-	
Adjusted Non-Aeronautical NOI	143,917	6,671	90,892	82,742	8,150	9.9%	84,221	1262.6%
Debt Service	(49,299)	(33,065)	(23,358)	(53,025)	29,666	-55.9%	9,707	-29.4%
Net Cash Flow	94,619	(26,394)	67,533	29,717	37,816	127.3%	93,928	-355.9%

(1) Assumes Federal Relief for Concessions applied in the 2021 Forecast

Non-Aeronautical – 2021 Forecast vs. 2021 Budget

- Non-Aeronautical net operating income is forecasted to be (\$8.2M or 9.9%) favorable to budget based on improvement in revenues on the Landside operations due to the improvement in the forecasted passenger volume recovery. The Non-Aeronautical Revenues assumes Federal Relief for the concessions area of \$26.7M.

Non-Aeronautical – 2021 Forecast vs. 2020 Actuals

- Net Operating Income for 2021 is forecasted to be (\$84.2M or 1262.6%) compared to prior year due to passenger levels improving with a forecast of being down 29% compared to 2019 vs. 61% down in 2020 compared to 2019.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/21

D. CAPITAL RESULTS

Capital Variance

\$ in 000's	2021 YTD Actual	2021 Year-End Forecast	2021 Budget	Budget Variance	
				\$	%
NS NSAT Renov NSTS Lobbies ⁽¹⁾	32,459	90,814	96,408	5,594	5.8%
2021-25 AFLD Pvmnt& Spprt Infr ⁽²⁾	718	25,047	29,560	4,513	15.3%
Concourse A Expansion ⁽³⁾	31	9,613	5,215	(4,398)	-84.3%
International Arrivals Facility ⁽⁴⁾	22,947	82,447	86,500	4,053	4.7%
NEPL Improvements ⁽⁵⁾	18	3,616	496	(3,121)	-629.6%
Concourse C New Power Center ⁽⁶⁾	1,181	5,253	2,961	(2,292)	-77.4%
Terminal Security Enhancements ⁽⁷⁾	63	1,721	3,479	1,758	50.5%
A12A Jet Bridge ⁽⁸⁾	-	509	2,227	1,718	77.2%
SAMP Near Term Planning ⁽⁹⁾	171	3,672	5,025	1,354	26.9%
C1 Building Floor Expansion ⁽¹⁰⁾	108	7,487	8,763	1,277	14.6%
Checkpoint 1 Relocation ⁽¹¹⁾	63	3,111	1,954	(1,158)	-59.3%
N. Terminals Utilities Upgrade ⁽¹²⁾	4,200	7,273	8,399	1,126	13.4%
Parking Garage Elevators Moder ⁽¹³⁾	870	2,932	3,942	1,011	25.6%
Checked Bag Recap/Optimization	15,089	86,289	86,100	(189)	-0.2%
All Other	14,411	176,475	192,151	15,676	8.2%
Subtotal	92,329	506,258	533,180	26,922	5.0%
CIP Cashflow Mgmt Reserve	-	(38,164)	(41,978)	(3,814)	9.1%
Total Spending	92,329	468,094	491,202	23,108	4.7%

1. \$1M less Overhead; \$1.5M less Construction (contract/OFCI & sales tax); \$1.3M under Permit costs that are delayed; PM/CM/AD/ART invoice slip & underrun.
2. Bid result lower than Engineer's Estimate by \$4.7M
3. 2021 baseline was set previous to Notebook approval (03/05/21), whereas the project budget went from \$60M to 71.4M
4. The pedestrian walkway continues to slide to the right and is likely going to complete late August 2021. Additionally, issues with control systems and smoke control have caused delays to the IAF building. Potential COVID impact payment settlement.
5. Increased scope via approved DCD's
6. Construction accelerated by 6 months.
7. Previous procurement cancelled, cashflow per anticipated DB schedule.
8. Still in Planning Mode have not drilled on the Schedule.
9. Continued scoping and analysis extended to gain better information deferring spending.
10. Commission Authorization delays, due to re-evaluating financial impacts with COVID-19.
11. 2020 'Plan' based on a 'Hot' project, but then requested to be 'slowed', due to COVID-19.
12. Phase 1 is coming in under budget; Savings will be used to fund Phase 2
13. A protracted delay in AE contract negotiations resulted in slower than anticipated design costs.

III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/21

III. MARITIME DIVISION

FINANCIAL SUMMARY

	2019	2020	2021	2021	Fav (UnFav) Fest vs. Budget Variance		Incr (Decr) Change from 2020	
\$ in 000's	Actual	Actual	Forecast	Budget	\$	%	\$	%
Total Revenues	59,289	42,111	45,355	45,280	75	0%	3,244	8%
Total Operating Expenses	48,644	50,228	49,716	50,243	527	1%	(512)	-1%
Net Operating Income	10,644	(8,117)	(4,361)	(4,963)	602	12%	3,755	-46%
Capital Expenditures	7,887	19,698	21,279	26,195	4,916	19%	1,581	8%

Note: Assumes partial year of the Alaskan Cruises.

2021 Forecast vs. 2021 Budget

- Operating Revenues are \$75K higher than budget driven by higher volumes at the Grain Terminal.
- Operating Expenses forecasted \$527K lower than budget from a change in maintenance allocation.
- Net Operating Income Planned \$602K favorable to budget.
- Capital Spending forecasted at 81% of \$26.2M budget.

2021 Forecast vs. 2020 Actuals

- Operating Revenues expected \$3.2M higher than 2020 due to higher grain volumes and resumption of cruise business.
- Operating Expenses forecasted \$512K lower than 2020 actual driven by lower support service costs, partially offset by increased central services from allocation changes and a favorable pension adjustment in 2020.
- Net Operating Income forecasted \$3.8M above 2020 actual.

Net Operating Income before Depreciation by Business

	2020 YTD	2021 YTD	2021 YTD	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2020	
\$ in 000's	Actual	Actual	Budget	\$	%	\$	%
Ship Canal Fishing & Operations	(399)	(372)	(596)	224	38%	27	7%
Elliott Bay Fishing & Commercial Operations	(135)	(261)	(512)	251	49%	(125)	NA
Recreational Boating	501	304	(15)	319	2104%	(197)	-39%
Cruise	(2,889)	(2,517)	(1,736)	(782)	-45%	372	-13%
Grain	744	1,431	994	437	-44%	688	92%
Maritime Portfolio	(65)	88	(714)	802	112%	153	-236%
All Other	(77)	(71)	(132)	61	46%	6	7%
Total Maritime	(2,321)	(1,398)	(2,710)	1,312	48%	923	40%

III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/21

A. BUSINESS EVENTS

Recreational Boating– Conducted satisfaction survey in response to COVID-19 business disruptions with 26% of the customers responding. Team received overwhelmingly favorable results. Customers noted the challenges and appreciation for quick transitions & excellent customer service.

Elliott Bay Fishing and Commercial Operations - Coordinated with Discovery Health MD to ensure COVID testing and administering of vaccinations could take place at Terminal 91 for Maritime Professionals.

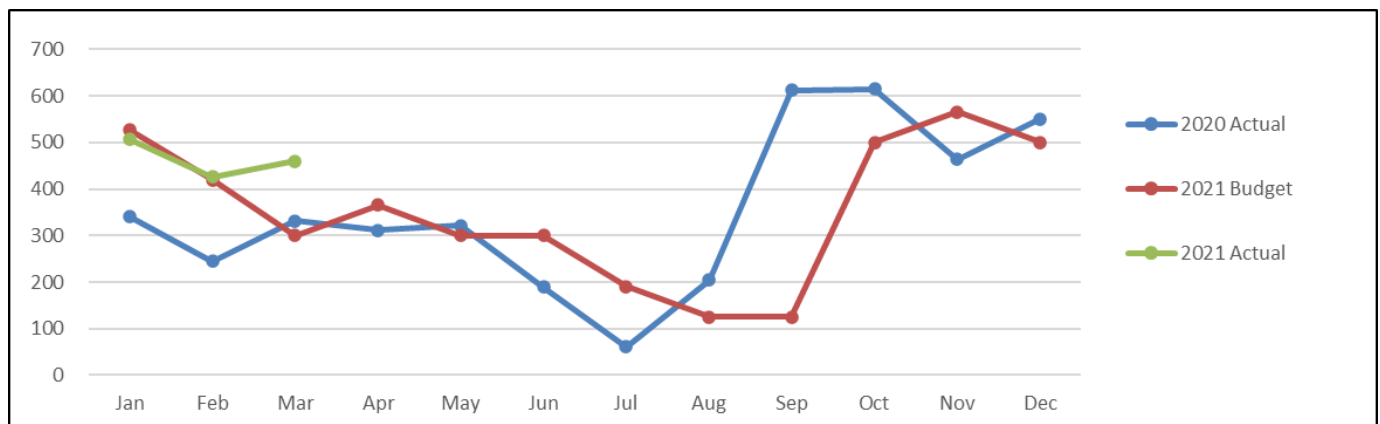
Ship Canal Fishing & Operations – Fishermen’s Terminal, Salmon Bay Marina and Maritime Industrial Center earned Clean Marina Certification from Puget Soundkeeper.

Maritime Portfolio Management – Entered into negotiations for new tenant at Maritime Industrial Center.

Stormwater Utility – The strategic plan draft was reviewed by stakeholders and is close to being finalized.

B. KEY PERFORMANCE METRICS

Grain Volume – Metric Tons in 000’s



III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/21

C. OPERATING RESULTS

	2019 YTD	2020 YTD	2021 YTD	2021 YTD	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2020	
\$ in 000's	Actual	Actual	Actual	Budget	\$	%	\$	%
Ship Canal Fishing & Operations	1,014	1,082	1,067	1,056	11	1%	(15)	-1%
Elliott Bay Fishing & Commercial Operations	1,277	1,418	1,136	1,131	5	0%	(283)	-20%
Recreational Boating	3,119	3,134	3,125	3,152	(27)	-1%	(9)	0%
Cruise	43	114	48	1,092	(1,044)	-96%	(66)	-58%
Grain	1,434	1,048	1,719	1,421	298	21%	671	64%
Maritime Portfolio Management	2,550	2,541	2,443	2,518	(75)	-3%	(98)	-4%
Other	5	3	1	0	1	NA	(2)	-67%
Total Revenue	9,442	9,340	9,539	10,370	(831)	-8%	199	2%
Expenses								
Maritime (Excl. Maint)	3,304	3,724	3,576	3,837	261	7%	(148)	-4%
Economic Development	1,215	1,314	1,059	1,769	709	40%	(254)	-19%
Total Direct	4,520	5,038	4,635	5,606	970	17%	(403)	-8%
Maintenance Expenses	2,229	2,671	2,357	3,091	734	24%	(314)	-12%
Envir Services & Planning	402	447	359	533	175	33%	(89)	-20%
Seaport Finance & Cost Recovery	267	227	237	238	1	0%	11	5%
Seaport Project Management	69	43	76	81	4	6%	34	79%
Total Support Services	2,967	3,387	3,029	3,943	914	23%	(358)	-11%
IT	652	689	651	700	50	7%	(39)	-6%
Police Expenses	881	842	722	831	110	13%	(120)	-14%
External Relations	353	305	281	335	54	16%	(24)	-8%
Other Central Services	849	1,340	1,549	1,609	60	4%	209	16%
Aviation Division / Other	64	59	71	56	(15)	-26%	11	19%
Total Central Services / Other	2,799	3,236	3,273	3,532	259	7%	37	1%
Total Expense	10,286	11,661	10,937	13,080	2,143	16%	(724)	-6%
NOI Before Depreciation	(844)	(2,321)	(1,398)	(2,710)	1,312	48%	923	40%
Depreciation	4,509	4,395	4,464	4,043	(421)	-10%	69	2%
NOI After Depreciation	(5,353)	(6,715)	(5,862)	(6,753)	891	13%	853	13%

2021 YTD Actuals vs. 2021 YTD Budget

- Operating Revenues were \$831K lower than budget driven by:
 - Cruise \$1,044K lower due to timing of lease invoice to NCL.
 - Grain \$298K higher from 52% increase in annual volumes.
 - Maritime Portfolio Management \$75K lower from vacancy at Maritime Industrial Center.
 - All other variances add up to \$10K lower.
- Operating Expenses were \$2,143K lower than budget:
 - Direct Expenses were \$970K lower than budget
 - Rec Boating \$49K higher than budget due to COVID-19 expenses.
 - Ship Canal Fishing and Operations \$70K lower from reversal of bad debt expense.
 - Elliot Bay Fishing and Commercial \$177K below due to lower utilities expenses.
 - Cruise \$60K under from lower outside services and promotional hosting.
 - Maritime Security \$13K over budget.
 - Maritime Marketing \$66K below budget from event cancellations.
 - Portfolio Management \$702K favorable from salaries and open headcount, lower utility expense and timing of tenant improvements.
 - Divisional contingency open headcount vacancy factor created a \$54K unfavorable variance
 - All other Direct Expenses net to \$11K under budget.
 - Total Support Services were \$914K favorable to budget.
 - Maintenance \$734K favorable due to reduced wage expenses and favorable allocation change.

III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/21

- Environmental Services and Planning were \$175K lower than budget due to open position and outside services timing.
- 3) Total Central Services / Other were \$259K favorable to budget.
- Net Operating Income was \$1,312 favorable to budget.

2021 YTD Actuals vs. 2020 YTD Actuals

- Operating Revenues were \$199K higher than 2020 due to increased volumes at the Grain terminal.
- Operating Expenses were \$724K lower than 2020 actual driven by:
 1. Lower Utility costs across most business lines.
 2. Change in Maintenance Allocation
- Net Operating Income was \$923K better than 2020 actual.

	2019	2020	2021	2021	Fav (UnFav) Fest vs. Budget Variance		Incr (Decr) Change from 2020	
\$ in 000's	Actual	Actual	Forecast	Budget	\$	%	\$	%
Ship Canal Fishing & Operations	3,929	4,704	4,135	4,135	0	0%	(569)	-12%
Elliott Bay Fishing & Commercial Operations	6,095	5,752	4,509	4,509	0	0%	(1,243)	-22%
Recreational Boating	12,484	12,611	12,915	12,915	0	0%	304	2%
Cruise	22,410	3,824	8,558	8,558	0	0%	4,734	124%
Grain	4,266	5,142	5,203	4,903	300	6%	61	1%
Maritime Portfolio Management	10,108	10,074	10,034	10,259	(225)	-2%	(40)	0%
Other	(3)	4	0	0	0	NA	(4)	-100%
Total Revenue	59,289	42,111	45,355	45,280	75	0%	3,244	8%
Expenses								
Maritime (Excl. Maint)	13,789	16,256	15,539	15,539	0	0%	(717)	-4%
Economic Development	4,987	4,511	5,365	5,365	0	0%	854	19%
Total Direct	18,776	20,767	20,904	20,904	0	0%	137	1%
Maintenance Expenses	12,186	12,029	11,295	11,595	300	3%	(734)	-6%
Envir Services & Planning	2,250	2,739	2,140	2,140	0	0%	(598)	-22%
Seaport Finance & Cost Recovery	835	937	977	977	0	0%	40	4%
Seaport Project Management	175	1,061	416	316	(100)	-32%	(644)	-61%
Total Support Services	15,446	16,765	14,828	15,028	200	1%	(1,937)	-12%
IT	2,685	2,719	2,838	2,853	15	1%	120	4%
Police Expenses	4,086	2,865	3,079	3,118	39	1%	213	7%
External Relations	1,564	1,200	1,050	1,347	297	22%	(150)	-13%
Other Central Services	5,810	5,596	6,773	6,749	(24)	0%	1,177	21%
Aviation Division / Other	278	315	243	243	0	0%	(72)	-23%
Total Central Services / Other	14,423	12,695	13,984	14,311	327	2%	1,288	10%
Total Expense	48,644	50,228	49,716	50,243	527	1%	(512)	-1%
NOI Before Depreciation	10,644	(8,117)	(4,361)	(4,963)	602	12%	3,755	46%
Depreciation	17,627	17,624	16,899	16,899	0	0%	(725)	-4%
NOI After Depreciation	(6,982)	(25,741)	(21,260)	(21,862)	602	3%	4,480	17%

2021 Forecast vs. 2021 Budget

- Operating Revenues are \$75K higher than budget with improved grain volumes offset by increased vacancy time at Maritime Industrial Center.
- Operating Expenses forecasted \$527K favorable to budget from change in maintenance allocations and reduced external relations expenses.
- Net Operating Income Planned \$602K favorable to budget.

III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/21

2021 Forecast vs. 2020 Actuals

- Operating Revenues expected \$3.2M higher than 2020 with partial resumption of Cruise offset by 2020 revenue benefitting from the lengthy closure of the Ballard Locks.
- Operating Expenses forecasted \$0.5M lower than 2020 actual driven primarily by favorable Maintenance, Seaport Project Management, and Environmental allocations, offset by unfavorable changes to central services allocations.
- Net Operating Income forecasted \$3.8M better than 2020 actual.

D. CAPITAL RESULTS

\$ in 000's	2021 YTD	2021	2021	Budget Variance	
	Actual	Forecast	Budget	\$	%
T117 Restoration	729	8,359	8,809	450	5%
T91 Northwest Fender	51	6,131	7,761	1,630	21%
MD Small Projects	295	3,816	5,548	1,732	31%
MD Fleet	0	260	1,036	776	75%
FT Maritime Innovation Center	90	768	1,475	707	48%
T91 Berth 6&8 Redev	131	839	1,025	186	18%
P91 Pass Term Upgrade COV	1	230	1,000	770	77%
P66 Shore Power	74	714	765	51	7%
SBM Restrms/Service Bldgs Rep	178	378	665	287	43%
FT Gateway Building	175	446	600	154	26%
All Other Projects	370	(662)	(2,489)	(1,827)	73%
Total Maritime	2,094	21,279	26,195	4,916	19%

Comments on Key Projects

- **T91 Northwest Fender** – Construction bid well under Engineer's Estimate. Have reduced forecast accordingly.
- **FT Maritime Innovation Center** – Total project cost updated on 2/1 based on 60% Construction.
- **MD Fleet**– Delays in microprocessors and raw materials are causing worldwide delays in producing new fleet assets. This trend is expected to continue into 2022 as production of vital components catches up.
- **MD Small Projects** - P66 Cruise Wall Protection was deferred out to 2022. T91 Upland Lighting Improvements and HIM Operational Facility Cameras have a larger amount of spending pushed out to 2022. T91 Cruise Wayfinding Signage was moved out of the small CIP and into Cruise Upgrades COVID-19.

IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/21

IV. ECONOMIC DEVELOPMENT DIVISION

FINANCIAL SUMMARY

	2019	2020	2021	2021	Fav (UnFav) Fest vs. Budget Variance		Incr (Decr) Change from 2020	
\$ in 000's	Actual	Actual	Forecast	Budget	\$	%	\$	%
Total Revenues	21,151	9,470	12,648	13,348	(700)	-5%	3,178	34%
Total Operating Expenses	27,155	20,611	20,966	21,413	447	2%	355	2%
Net Operating Income	(6,004)	(11,141)	(8,318)	(8,065)	(253)	-3%	2,823	-25%
Capital Expenditures	3,121	9,314	4,604	5,647	1,043	18%	(4,710)	-51%

2021 Forecast vs. 2021 Budget

- Operating Revenues forecasted to \$700K unfavorable to budget due to lower volumes at the Conference & Event Center related COVID-19 cancellations and variable revenue at parking facilities.
- Operating Expenses \$447K favorable to budget due to variable cost impact of conference cancellations, delayed hiring, and reductions in external relations, offset by change in Maintenance allocation.
- Net Operating Income forecasted at \$253K below budget.
- Capital spending forecasted to 82% of \$5.6M budget.

2021 Forecast vs. 2020 Actuals

- Operating Revenues forecasted to \$3.2M above 2020 due to favorable 2nd half outlook at the Conference & Event Center.
- Operating Expenses \$355K higher than 2020 with higher Washington Tourism Alliance expenses, offset by favorable Central Services costs.
- Net Operating Income forecasted \$2.8M better than 2020 actual.

Net Operating Income before Depreciation by Business

	2020 YTD	2021 YTD	2021 YTD	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2020	
\$ in 000's	Actual	Actual	Budget	\$	%	\$	%
Portfolio Management	(556)	(845)	(558)	(288)	-52%	(290)	-52%
Conference & Event Centers	(1,118)	(1,030)	(1,029)	(1)	0%	88	8%
Tourism	(212)	(169)	(243)	74	30%	43	20%
EDD Grants	57	21	(38)	58	156%	(36)	-64%
Env Grants/Remed Liab/ERC	(130)	(23)	27	(50)	-187%	107	82%
Total Econ Dev	(1,959)	(2,047)	(1,840)	(207)	-11%	(88)	-4%

IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/21

A. BUSINESS EVENTS

Diversity in Contracting – The Northwest Mountain Minority Supplier Development Council named the Port of Seattle as its Public Agency of the Year. Q1 PortGens have already seen more than 120 businesses participate.

Economic Development and Innovation – Staff is working to execute 25 contracts with City’s participating in the Port’s economic development grant program. Staff is also supporting Greater Seattle Partners’ Economic Recovery plan development and WA Maritime Blue’s 2nd Maritime innovation accelerator.

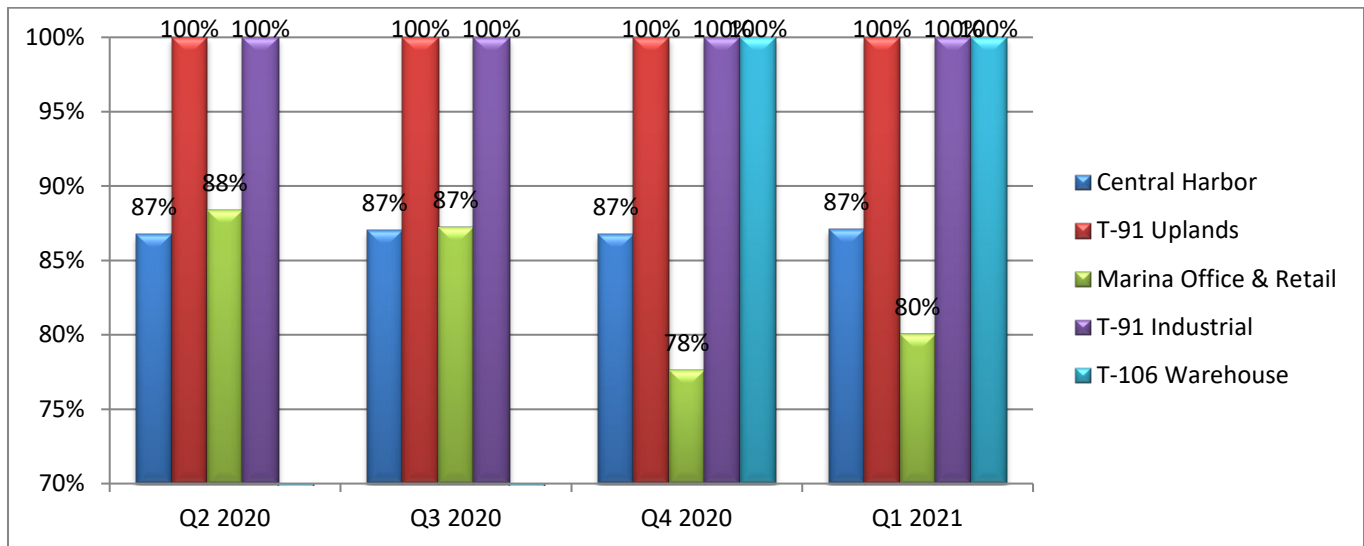
Portfolio Management – Maintained 95% occupancy across real estate portfolio despite ongoing COVID-19 pandemic challenges. As a reference, vacancy rate downtown Seattle reached 17% (83% occupancy) in March.

Real Estate Development – Finished a new strategic plan to guide Port development projects and initiatives. Staff is also advancing development work on the Maritime Innovation Center, and T91 Uplands light industrial facilities.

Tourism – Awarded 23 Tourism Marketing grants. Working with WA Tourism Alliance to implement statewide tourism recovery initiative.

B. KEY PERFORMANCE METRICS

Building Occupancy by Location:



IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/21

C. OPERATING RESULTS

	2019 YTD	2020 YTD	2021 YTD	2021 YTD	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2020	
\$ in 000's	Actual	Actual	Actual	Budget	\$	%	\$	%
Revenue	2,155	2,163	1,875	1,969	(94)	-5%	(288)	-13%
Conf & Event Centers	2,519	1,115	127	468	(341)	-73%	(988)	-89%
Total Revenue	4,674	3,277	2,002	2,436	(434)	-18%	(1,275)	-39%
Expenses								
Portfolio Management	932	899	839	779	(60)	-8%	(60)	-7%
Conf & Event Centers	2,276	1,557	545	850	305	36%	(1,012)	-65%
P69 Facilities Expenses	51	55	47	57	10	18%	(9)	-15%
RE Dev & Planning	25	41	48	38	(10)	-27%	7	18%
EconDev Expenses Other	157	291	187	258	71	28%	(104)	-36%
Maintenance Expenses	716	635	847	600	(247)	-41%	213	33%
Maritime Expenses (Excl Maint)	276	244	235	264	29	11%	(9)	-4%
Total EDD & Maritime Expenses	4,434	3,722	2,748	2,847	99	3%	(974)	-26%
Diversity in Contracting	47	25	26	30	4	13%	1	4%
Tourism	194	207	167	235	68	29%	(40)	-19%
EDD Grants	(54)	(57)	(21)	38	58	156%	36	-63%
Total EDD Initiatives	187	175	172	302	130	43%	(3)	-2%
Environmental & Sustainability	10	8	5	6	2	27%	(3)	-41%
Police Expenses	45	58	48	56	7	13%	(9)	-16%
Other Central Services	1,160	1,244	1,041	1,034	(7)	-1%	(203)	-16%
Aviation Division	27	29	35	30	(5)	-16%	5	18%
Total Central Services & Aviation	1,241	1,339	1,129	1,127	(2)	0%	(210)	-16%
Envir Remed Liability	0	0	0	0	0	NA	0	NA
Total Expense	5,862	5,236	4,049	4,277	228	5%	(1,187)	-23%
NOI Before Depreciation	(1,187)	(1,959)	(2,047)	(1,840)	(207)	-11%	(88)	-4%
Depreciation	918	909	958	758	(200)	-26%	49	5%
NOI After Depreciation	(2,105)	(2,867)	(3,005)	(2,598)	(407)	-16%	(137)	-5%

2021 YTD Actuals vs. 2021 YTD Budget

- Operating revenue were \$434K unfavorable to budget due primarily to lower than anticipated Conference and Event Center volumes as a result of the on-going COVID-19 restrictions on meetings and events.
- Operating Expenses were \$228K favorable to budget:
 - Conference and Event Center \$305K favorable from lower activity as a result of the on-going COVID-19 restrictions on meetings and events.
 - Maintenance Expenses \$247K unfavorable due to change in Maintenance allocation methodology.
 - EDD Initiatives \$130K favorable due to timing of spending related to COVID-19.
 - All other expenses net to \$40K below budget.
- Net Operating Income was \$207K below budget.

2021 YTD Actuals vs. 2020 YTD Actuals

- Operating Revenues were \$1,275K lower than 2020 actual
- Operating Expenses were \$1,187K lower than 2020 actual:
 - Conference and Event Centers \$1,012K lower than 2020 due to variable costs associated with lower Conference and Event Center volumes as a result of the on-going COVID-19 restrictions on meetings and events.
 - Maintenance Expenses \$213K higher than 2020 due to change in Maintenance allocation methodology.
 - Central Services \$210K lower than 2020.
 - All other Expenses net to \$178K lower than 2020.
- Net Operating Income was \$88K below 2020 actual.

IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/21

	2019	2020	2021	2021	Fav (UnFav) Fest vs. Budget Variance	Incr (Decr) Change from 2020	
\$ in 000's	Actual	Actual	Forecast	Budget	\$ %	\$ %	
Revenue	8,912	7,808	8,213	8,313	(100) -1%	405 5%	
Conf & Event Centers	12,239	1,662	4,435	5,035	(600) -12%	2,773 167%	
Total Revenue	21,151	9,470	12,648	13,348	(700) -5%	3,178 34%	
Expenses							
Portfolio Management	3,732	3,073	3,401	3,401	0 0%	327 11%	
Conf & Event Centers	10,218	4,440	4,420	4,920	500 10%	(19) 0%	
P69 Facilities Expenses	215	232	222	222	0 0%	(11) -5%	
RE Dev & Planning	136	209	154	154	0 0%	(55) -26%	
EconDev Expenses Other	930	938	635	835	200 24%	(303) -32%	
Maintenance Expenses	3,145	3,042	3,027	2,537	(490) -19%	(15) 0%	
Maritime Expenses (Excl Maint)	1,070	1,035	1,060	1,060	0 0%	24 2%	
Total EDD & Maritime Expenses	19,448	12,969	12,918	13,128	210 2%	(52) 0%	
Diversity in Contracting	152	103	142	142	0 0%	39 38%	
Tourism	1,337	954	2,481	2,481	0 0%	1,527 160%	
EDD Grants	785	778	1,060	1,060	0 0%	282 36%	
Total EDD Initiatives	2,274	1,834	3,683	3,683	0 0%	1,848 101%	
Environmental & Sustainability	24	44	27	31	4 13%	(17) -39%	
Police Expenses	61	64	206	209	3 1%	143 225%	
Other Central Services	5,234	5,539	4,012	4,242	230 5%	(1,527) -28%	
Aviation Division	114	161	120	120	0 0%	(41) -25%	
Total Central Services & Aviation	5,433	5,808	4,366	4,603	237 5%	(1,442) -25%	
Envir Remed Liability	0	0	0	0	0 NA	0 NA	
Total Expense	27,155	20,611	20,966	21,413	447 2%	355 2%	
NOI Before Depreciation	(6,004)	(11,141)	(8,318)	(8,065)	(253) -3%	2,823 25%	
Depreciation	3,647	3,611	3,216	3,216	0 0%	(395) -11%	
NOI After Depreciation	(9,651)	(14,753)	(11,534)	(11,281)	(253) -2%	3,219 22%	

2021 Forecast vs. 2021 Budget

- Operating Revenues forecasted to \$700K unfavorable to budget due to lower volumes at the Conference & Event Center related COVID-19 cancellations and variable revenue at Bell Street Garage.
- Operating Expenses \$447K favorable to budget due to variable cost impact of conference cancellations, deferred positions, reduced External Affairs spend, offset by unfavorable Maintenance allocation.
- Net Operating Income forecasted at \$253K below budget.

2021 Forecast vs. 2020 Actuals

- Operating Revenues forecasted to \$3.2M above 2020 due to favorable 2nd half outlook at the Conference & Event Center.
- Operating Expenses \$355K higher than 2020 with higher Washington Tourism Alliance expenses, offset by favorable Central Services costs.
- Net Operating Income forecasted \$2.8M better than 2020 actual.

IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/21

D. CAPITAL RESULTS

	2021 YTD Actual	2021 Fore cast	2021 Budget	Budget Variance	
\$ in 000's				\$	%
BHICC Interior Modernization	104	1,139	1,990	851	43%
P69 Underdock Utility Rpl	54	414	1,028	614	60%
CW Bridge Elev Modernization	29	943	943	0	0%
WTC HVAC Replacement	23	848	848	0	0%
T91 Uplands Dev Phase 1	69	658	800	142	18%
P66 Roof Upgrades	35	544	544	0	0%
EDD Small Projects	9	554	522	(32)	-6%
Tenant Improvements -Capital	0	58	289	231	80%
EDD Technology Projects	0	250	250	0	0%
P66 HVAC Systems Upgrade	0	170	185	15	8%
All Other Projects	2	(974)	(1,752)	(778)	44%
Total Economic Development	325	4,604	5,647	1,043	18%

Comments on Key Projects

- **BHICC Modernization** – Project has encountered unforeseen site conditions, additional effort required to execute change orders
- **P69 Under Dock Utility Replacement** – Design delayed due to the need for a two steps design and construction authorization approvals rather than the one step construction authorization that was previously assumed.
- **T -91 Upland Development** – Decrease in projected spending for 2021 due to the need to procure new Service Agreement for Professional Design Services, after terminating contract with former design consultant. Design can resume after the new contract is executed, in Q4 2021.

V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/21

V. CENTRAL SERVICES DIVISION

FINANCIAL SUMMARY

	2019 YTD	2020 YTD	2021 YTD	2021 YTD	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2020	
\$ in 000's	Actual	Actual	Actual	Budget	\$	%	\$	%
Total Operating Revenues	182	907	956	45	910	2013.0%	49	5.4%
Core Central Support Services	17,445	19,359	18,743	20,382	1,639	8.0%	(616)	-3.2%
Police	6,506	7,908	6,748	7,547	799	10.6%	(1,160)	-14.7%
Engineering/PCS	2,083	2,158	1,965	2,175	210	9.7%	(193)	-9.0%
Total Operating Expenses	26,034	29,425	27,455	30,104	2,649	8.8%	(1,970)	-6.7%

2021 YTD Actuals vs. 2021 YTD Budget

- Operating Revenues favorable due primarily to Police forfeiture seizures of \$947K.
- Operating Expenses \$2.6M favorable to budget mainly due to staffing vacancies, projects spending delays, and delayed Outside Services costs.

2021 YTD Actuals vs. 2020 YTD Actuals

- Operating Revenues \$49K above 2020 mainly due to higher Police forfeiture seizures in 2021.
- Operating Expenses \$2.0M higher than 2020 mainly due to lower payroll and Outside Services offset by lower charges to Capital Projects.

A. BUSINESS EVENTS

- Port Commission approved a building lease for a job and economic resource center as part of the Duwamish Valley Community Equity Program, supporting the Green Jobs Initiative, the Duwamish River People's Park (T117) habitat restoration, the PCAT and Maritime High School.
- Fourteen South King County Fund Environmental Grants were awarded as part of the newly expanded program to community-based organizations within the six Highline cities.
- The Port, City of Seattle and Sound Transit will jointly fund \$1.7M to support construction worker training, placement and other services for residents of economic distressed communities, people of color and women.
- OEDI hosted a 4-part caucusing series, *From Internalized Racism to Allyship*, between the months of March-April, and hosted a book club featuring, Ijeoma Oluo's *So You Want to Talk About Race* and Isabel Wilkerson's *Caste*. OEDI also hosted its first town hall that featured updates about the Port's Racial Bias & Equity Motion, Port-wide Change Team, and OEDI's plans for 2021.
- The Port's chapter of Blacks in Government and OEDI sponsored an event to celebrate the Black History Month featuring a panel of Black women leaders - State Representative Debra Entenman, Michelle Merriweather (President of the Urban League of Metropolitan Seattle), and Michele Storms (Executive Director of ACLU-WA). The event was open to employees and external partners with nearly 300 in attendance.
- Engineering Department hosted an Engineering Career Workshop for Highline School District high school students in March.
- Information Security Department conducted a Cyber Disruption Summit focusing on employee awareness on the emerging threats that can potentially disrupt Port operations.
- Maritime Core Plus Curriculum and Framework is now available for adoption by school districts state-wide. The Port invested the initial funding for the Manufacturing Industrial Council to create the curriculum in 2016.
- The Port hosted the on-site COVID-19 vaccination clinic at SEA in partnership with the Department of Health, FEMA and Safeway/Albertson's. The clinic opened in March and is open for badged employees only who meet the state's eligibility requirements.

V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/21

B. KEY PERFORMANCE METRICS

Century Agenda Strategic Objectives	2019	2020	2021
Responsibly Invest in the Economic Growth of the Region and all its Communities			
A. Job seekers placed in jobs at SEA Airport through the Employment Center	417	366	166
B. Number of SEA Airport tenants supported in finding employees	91	56	66
C. Employment Center training completions	320	230	75
D. K-12 Career Connected Learning: WFD engagement with teachers/faculty	450	1800	0
E. Community members entering employment in construction, maritime and environmental sustainability	38	0	9
F. Residents engaged from near-port communities to create awareness and access to family-wage careers in port-related industries	N/A	N/A	150
G. Number of Job Openings created	238	201	66
H. Job applications received	3,940	2,855	2,276
I. Number of job interviews conducted	454	351	171
J. Number of new employees hired	97	95	24
K. Number of interns	30	25	1
L. Number of Veteran Fellows	1	0	0
M. Number of employees participating in Tuition Reimbursement	23	27	11
Become a Model for Equity, Diversity and Inclusion			
A. Employee participation in Caucusing (Black Lives Matter and Caucusing for Change)	N/A	N/A	41
B. Employee participation in EDI Port Reads book club	N/A	N/A	109
C. Port employees and supervisors completing required racial equity orientations/trainings.	N/A	N/A	178
Be a Highly Effective Public Agency			
A. Corporate costs as a % of Total Operating Expenses	26.3%	27.8%	28.3%
B. Investment portfolio earnings versus the benchmark (the Bank of America Merrill Lynch 1-3 Year US Treasury & Agency Index)	2.17%/2.32%	2.15%/0.21%	1.33%/0.19%
C. Comply with Public Disclosure Act and respond in a timely manner	149	135	153
D. Litigation and Claim Reserves	\$1.8M	\$3.0M	\$1.4M
E. Claims/Injury Damages Reserves	\$1.3M	\$260K	\$256K
F. Percent of annual audit work plan completed each year	100%	100%	100%
G. Employee Development Class Attendees/Structured Learning	437	1100	492
H. Total Recordable Incident Rate (previous Occupational Injury Rate)	5.51	4.28	5.49
I. Lost Work Day Rate (previously Days Away Severity Rate)	2.12	35.38	32.69
J. Respond to Public Disclosure Requests	149	135	153
K. Customer Survey for Police Service Excellent or Above Average	83%	92%	100%

V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/21

C. OPERATING RESULTS

Financial Summary (Year-End Forecast)

	Notes	2019	2020	2021	2021	Fav (UnFav)		Incr (Decr)	
		Actual	Actual	Forecast	Budget	Budget	Variance	Change from 2020	
\$ in 000's						\$	%	\$	%
Total Revenues		1,282	2,512	1,129	181	948	524.1%	(1,383)	-55.1%
Executive		2,018	2,263	2,386	2,285	(101)	-4.4%	123	5.4%
Commission		2,022	1,755	2,203	2,169	(33)	-1.5%	448	25.5%
Legal		4,987	6,290	4,116	3,919	(197)	-5.0%	(2,174)	-34.6%
External Relations		7,760	7,481	8,263	9,878	1,615	16.3%	782	10.4%
Equity Diversity and Inclusion		2,337	4,676	3,647	3,743	97	2.6%	(1,030)	-22.0%
Human Resources		9,187	8,380	11,275	11,385	111	1.0%	2,895	34.5%
Labor Relations		1,230	1,286	1,361	1,346	(15)	-1.1%	75	5.8%
Internal Audit		1,450	1,540	1,655	1,637	(19)	-1.1%	116	7.5%
Accounting & Financial Reporting Services		7,341	8,165	8,723	8,724	1	0.0%	557	6.8%
Information & Communication Technology		23,014	24,732	24,427	24,427	()	0.0%	(304)	-1.2%
Information Security		1,203	1,656	1,782	1,913	131	6.9%	126	7.6%
Finance & Budget		2,037	2,177	2,292	2,292	()	0.0%	115	5.3%
Business Intelligence		1,302	1,181	1,442	1,523	81	5.3%	260	22.0%
Risk Services		3,137	3,349	3,937	3,939	2	0.1%	588	17.5%
Office of Strategic Initiatives		1,448	934	923	1,059	136	12.9%	(11)	-1.1%
Central Procurement Office		4,452	4,280	5,723	5,532	(191)	-3.5%	1,443	33.7%
Contingency		39	(190)	(1,502)	(1,502)	()	0.0%	(1,312)	690.3%
Core Central Support Services		74,966	79,956	82,653	84,270	1,617	1.9%	2,697	3.4%
Police		27,793	27,538	27,968	28,317	349	1.2%	430	1.6%
Total Before Cap Dev & Environment		102,759	107,494	110,621	112,587	1,966	1.7%	3,127	2.9%
Capital Development									
Engineering		5,696	4,959	5,600	5,580	(20)	-0.4%	641	12.9%
Port Construction Services		4,341	4,138	4,080	3,619	(461)	-12.7%	(58)	-1.4%
Sub-Total		10,038	9,096	9,680	9,199	(481)	-5.2%	584	6.4%
Environment & Sustainability									
Environment & Sustainability		976	692	1,329	1,408	80	5.7%	637	92.0%
Sub-Total		976	692	1,329	1,408	80	5.7%	637	92.0%
Industrial Development Corporation		1	-	-	-	-	0.0%	-	0.0%
Capital to Expense		117	193	-	-	-	0.0%	(193)	-100.0%
Total Expenses		113,891	117,476	121,629	123,194	1,565	1.3%	4,154	3.5%

2021 Forecast vs. 2021 Budget

- Operating Expenses for 2021 are \$1.6M under budget due primarily to:
 - **Executive** – unfavorable variance of (\$101K) due to higher Outside Services.
 - **Commission** – unfavorable variance of (\$33K) due to increased Payroll of 1 FTE (\$46K) offset by planned lower Travel of \$10K.
 - **Legal** – unfavorable variance of (\$197K) is due to higher than budgeted Outside Services.
 - **External Relations** – favorable variance of \$1.6M primarily due to reduced Outside Services of \$1.5M and lower Payroll from vacant positions of \$81K, and Travel of \$42K.
 - **Equity, Diversity and Inclusion** – favorable variance of \$97K primarily due to lower Payroll of \$26K and Property Rentals of \$79K offset by higher Outside Services of \$7K.
 - **Human Resources** – favorable variance of \$111K primarily due to lower Payroll of \$150K offset by higher planned Outside Services of (\$39K).
 - **Labor Relations** – unfavorable variance of (\$15K) due to higher Payroll of (\$25K) offset by lower Travel of \$5K, Equipment of \$2K, and Outside Services of \$2K.
 - **Internal Audit** – unfavorable variance of (\$19K) due to higher Payroll from job refresh.
 - **Accounting and Financial Reporting Services** – favorable variance of \$1K from savings in Supplies and Stock.
 - **Information & Communication Technology** – plans to be on target.
 - **Information Security** – favorable variance of \$131K primarily due to lower Outside Services of \$125K.
 - **Corporate Finance & Budget** – plans to be on target.
 - **Business Intelligence** – favorable variance of \$81K due to lower Payroll.
 - **Risk Services** – favorable variance of \$2K due to lower Payroll.
 - **Office of Strategic Initiative** – favorable variance of \$136K is primarily due to lower Payroll.
 - **Central Procurement Office** – unfavorable variance of (\$191K) due to higher Payroll from increased FTEs.
 - **Police** – \$349K favorable variance primarily due to lower Payroll of \$420K offset by higher costs for General Expenses of (\$106K).
 - **Engineering** – unfavorable variance of (\$20K) is primarily due to lower Payroll of \$1.7M, Outside Services of \$184K, and Property Rentals of \$142K offset by lower than planned charges to Capital Projects of (\$2M).
 - **PCS** – unfavorable variance of (\$461K) primarily due to lower charges to Capital Projects of (\$632K) and unplanned Worker’s Compensation of (\$95K) which were offset by lower Payroll of \$45K, Equipment of \$84K, Supplies of \$50K, and Outside Services of \$38K.
 - **Environment & Sustainability Admin** – favorable variance of \$80K due to delayed Outside Services.
 - **Contingency** – plans to be on target.

V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 03/31/21

2021 Forecast vs. 2020 Actuals

- Operating Expenses for 2021 are forecasted to be \$4.2M higher than 2020 actuals mainly due to:
 - **Core Central Support Services** – \$2.7M higher than 2020 primarily due to higher payroll in 2021 due to planned new hires, and full year salaries of people hired in 2020.
 - **Police** – \$430K above 2020 due to the following:
 - There were several vacancies in 2020 that are planned to be filled in 2021 and 2020 had much lower overtime due to cancellation of Cruise season.
 - **Capital Development** – \$584K higher than 2020 primarily due to higher payroll due to 2021 new hires, annual pay increases, full year salaries of people hired in 2020, and higher planned Outside Services.
 - **Environment & Sustainability** – \$637K higher than 2020 due to planned increases to Outside Services to support key initiatives.

D. CAPITAL RESULTS

\$ in 000's	2021 YTD Actual	2021 Year-End Forecast	2021 Budget	Budget Variance	
				\$	%
Infrastructure - Small Cap	272	1,911	1,911	0	0.0%
Services Tech - Small Cap	173	1,166	1,226	60	4.9%
Radio System Upgrade	1,844	2,455	2,955	500	16.9%
Office Wi-Fi Refresh	0	1,350	1,350	0	0.0%
Phone System Upgrade	21	840	840	0	0.0%
Environmental MIS projects	0	600	600	0	0.0%
CDD Fleet Replacement	170	803	1,123	320	28.5%
Corporate Fleet Replacement	0	685	685	0	0.0%
Other (note 1)	185	1,904	1,968	64	3.3%
Subtotal	2,665	11,714	12,658	944	7.5%
CIP Cashflow Adjustment	0	(3,000)	(3,000)	0	0.0%
TOTAL	2,665	8,714	9,658	944	9.8%

Note:

(1) "Other" includes remaining ICT projects and small capital projects/acquisitions.

Port of Seattle Q1 2021 Financial Performance Report

Commission Meeting

Key Highlights

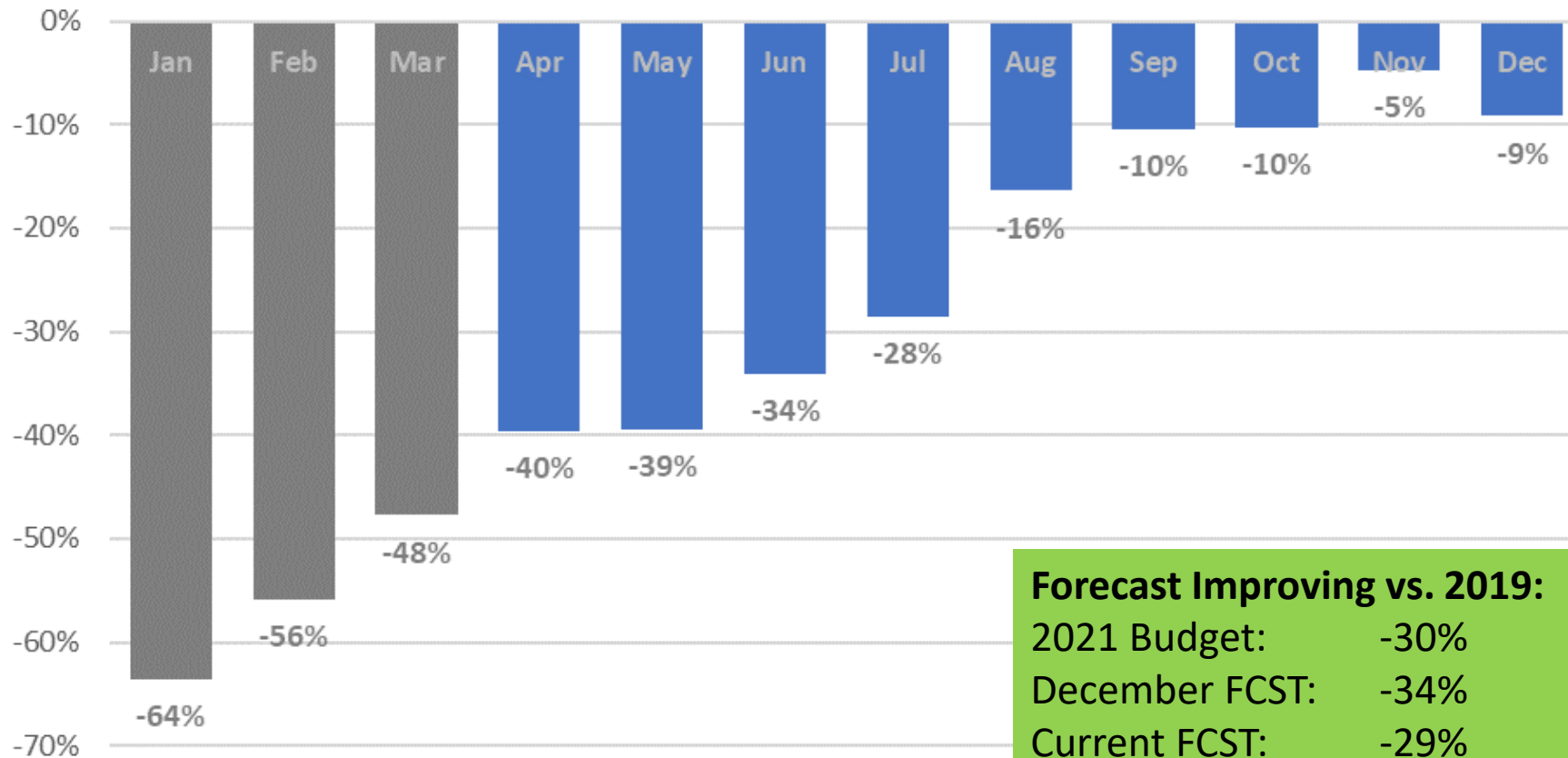
- The pandemic continues to cause major disruption across Port business lines
- Prudent budgeting and careful cost management has positioned the Port well for 2021
- Substantial federal relief funds have improved the financial outlook for the Aviation division
- Significant uncertainty remains regarding the 2021 Cruise season; however, revenues were budgeted very conservatively
- Currently projecting to be closely on track with budget on a full-year basis, but staff continues to closely monitor very dynamic business conditions
- Continuing to support investments aimed at regional economic recovery

Aviation Division

2021 Q1 Financial Performance Report

Passenger Growth Rebounding

by Month for 2021 vs 2019



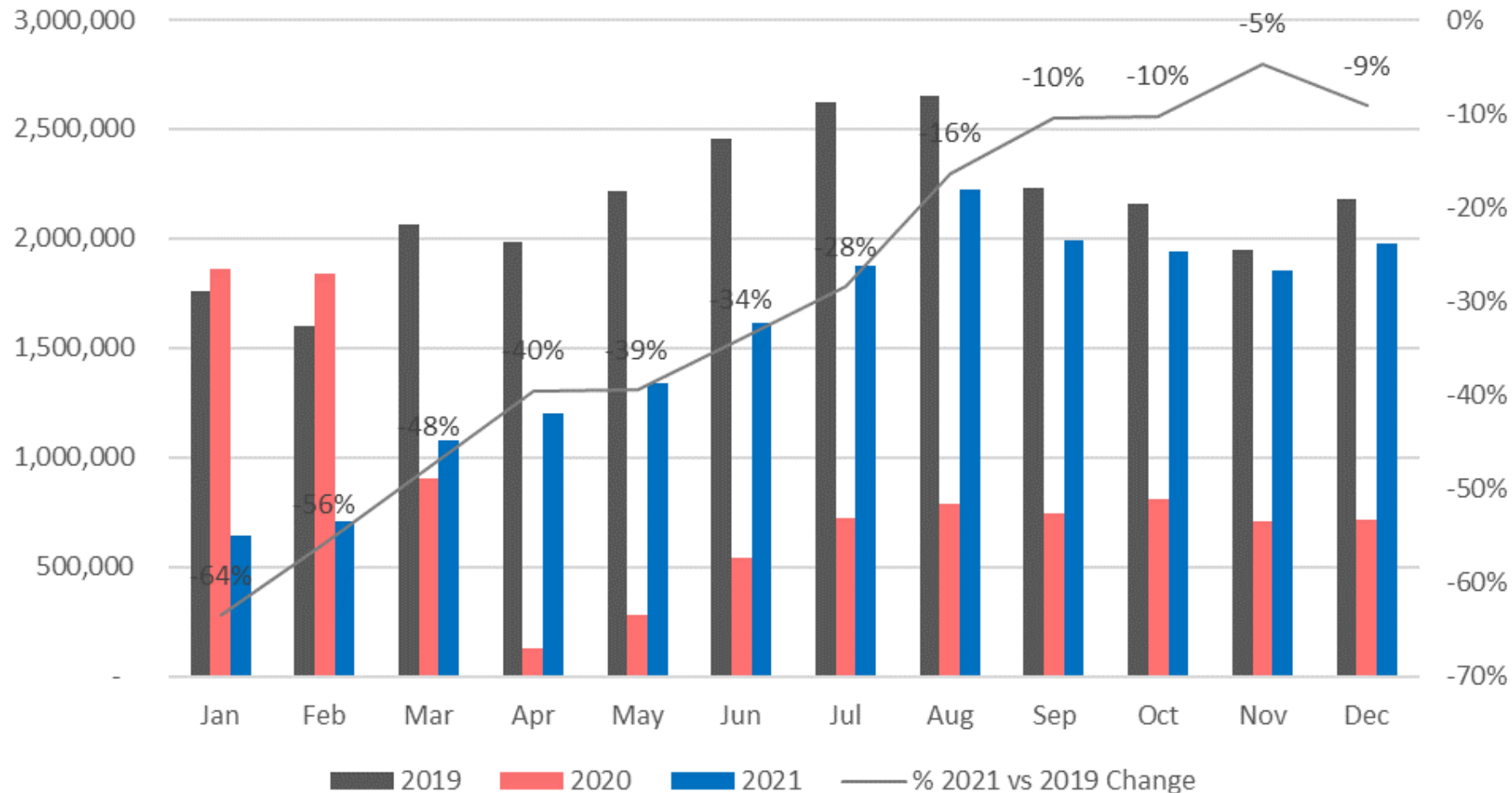
Passengers (millions)	
2019 Actual	51.7
2020 Actual	20.1
2021 Budget	36.4
2021 Forecast	36.9

29%

↓ compared to 2019

84% growth
vs. 2020

Enplaned Passengers Comparison



**Recovering
within 10% of
2019 by
September**

29%
↓
compared
to 2019

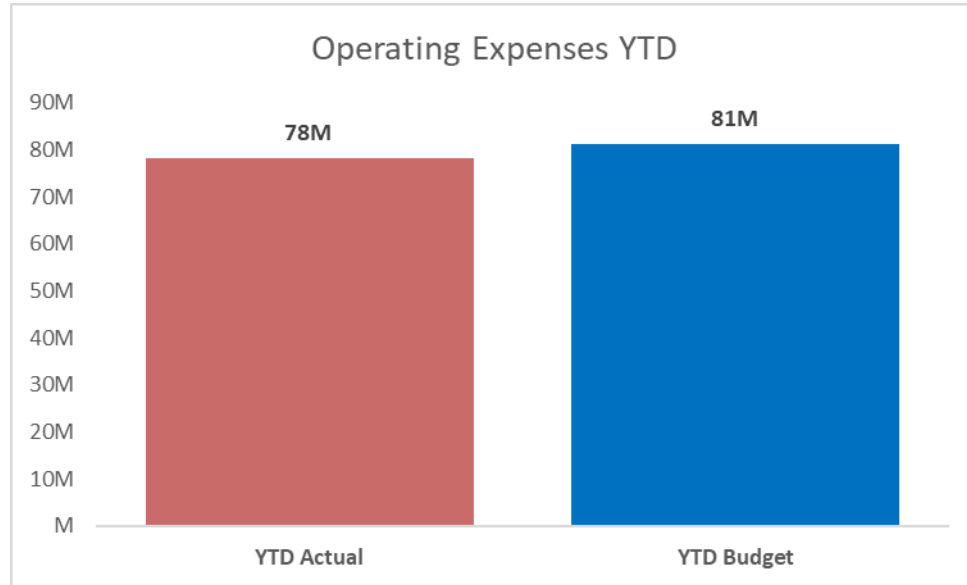
Key to Financial Results: Increased Federal Relief

<i>Figures in \$000s</i>	Forecast YE 2021	Budget YE 2021	Variance
Revenues			
Aeronautical	314,476	386,668	(72,192)
Non-Aeronautical	171,312	189,548	(18,236)
Total Revenues	485,788	576,215	(90,428)
O&M expense	342,282	339,908	(2,374)
NOI	143,506	236,308	(92,802)
Federal Relief	161,601	37,899	123,702
Federal Relief (Concessions)	26,755		
NOI (After Federal Relief)	331,862	274,207	57,655
<u>Key Measures</u>			
Non-Aero NOI (in \$000s)	90,892	82,742	8,150
CPE (\$)	15.26	19.62	4.35
Debt Service Coverage	2.35	1.36	0.99
<u>Other Information</u>			
ADF Balance	340.5M	340.5M	-
Capital Spending (in \$000s)	468,094	491,202	23,108

Business Highlights

- Higher than expected passenger levels, new forecast is 29% lower than 2019
- Increased federal relief improves bottom line, helps customers:
 - \$37 million for CRRSAA
 - \$154 million for ARPA
 - \$27 million for tenant concessions relief (CRRSAA and ARPA)
 - Current plan: reserve \$75 million for 2022
- Planning for mid-year airline rate adjustment effective July 1

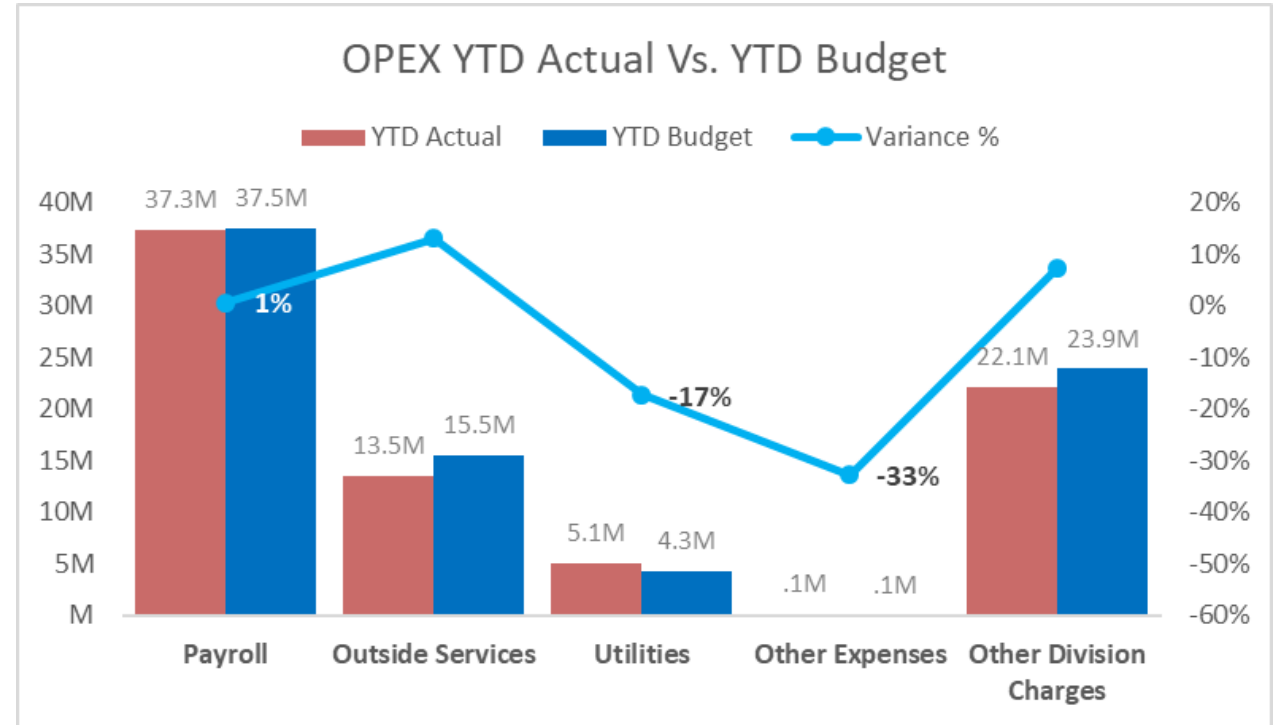
Operating Expenses Summary (YTD)



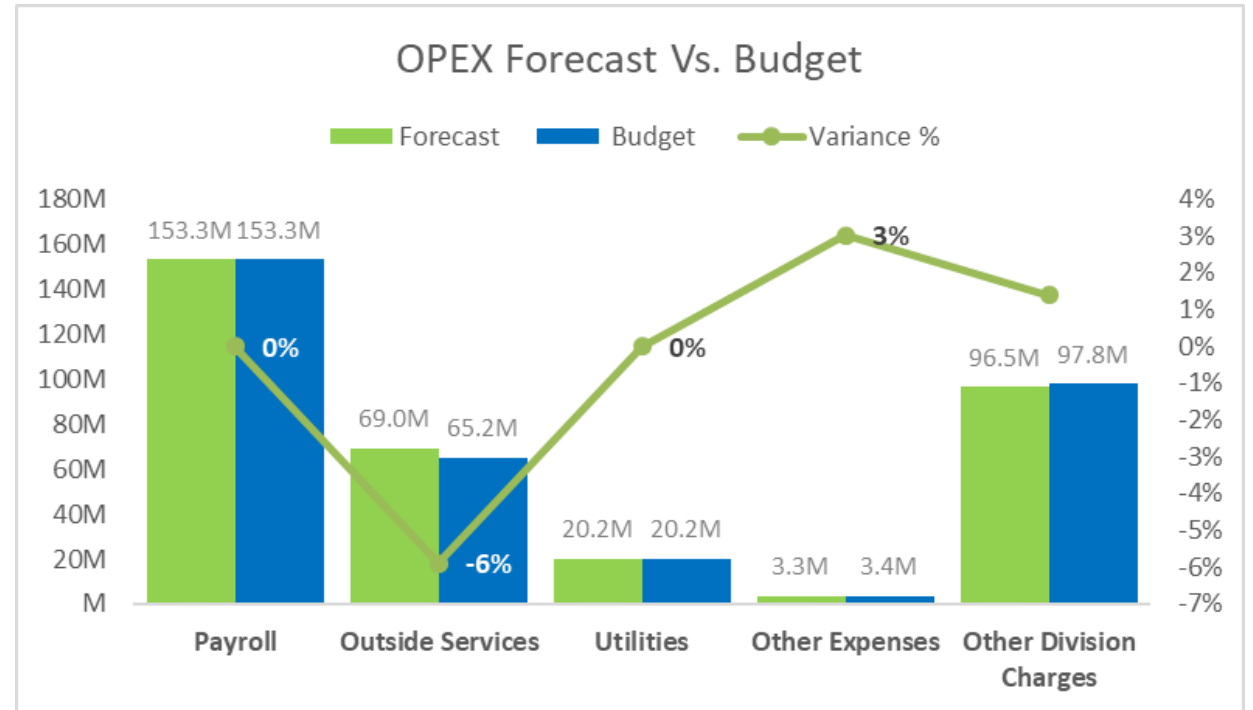
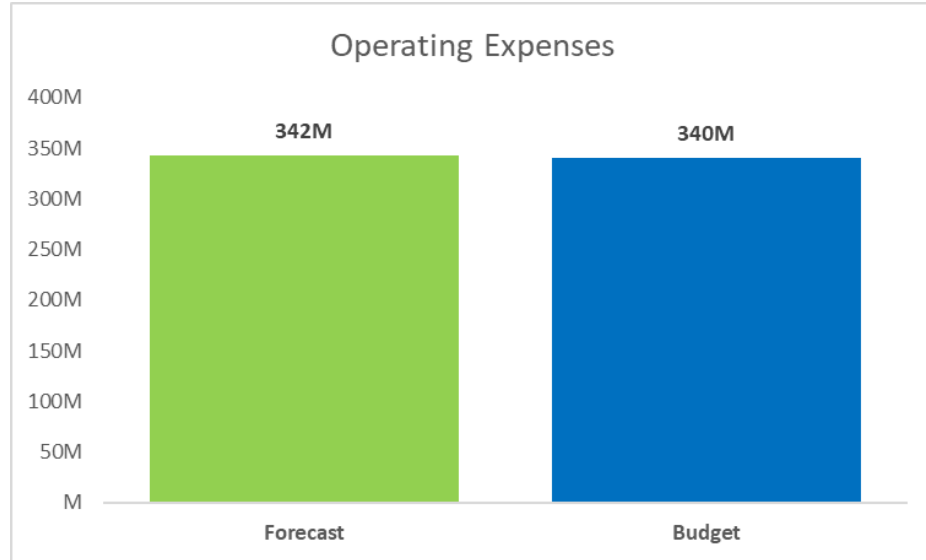
\$3.2M or 3.9% Favorable

Major Drivers:

- **Underspend in Outside Services of \$2M** across multiple business areas - Commercial Management (208k), F&I and Capital Program (716k), PMG (629k), and Maintenance (933k).
- **Utilities over-run YTD** is due to a large ILA Surface Water Utility payment (637k) associated with the Interlocal Agreement with City of SeaTac paid in March, but the budget was spread evenly through the year instead.



Operating Expenses Summary (Forecast)



\$2.4M or <1% Unfavorable

Major Drivers:

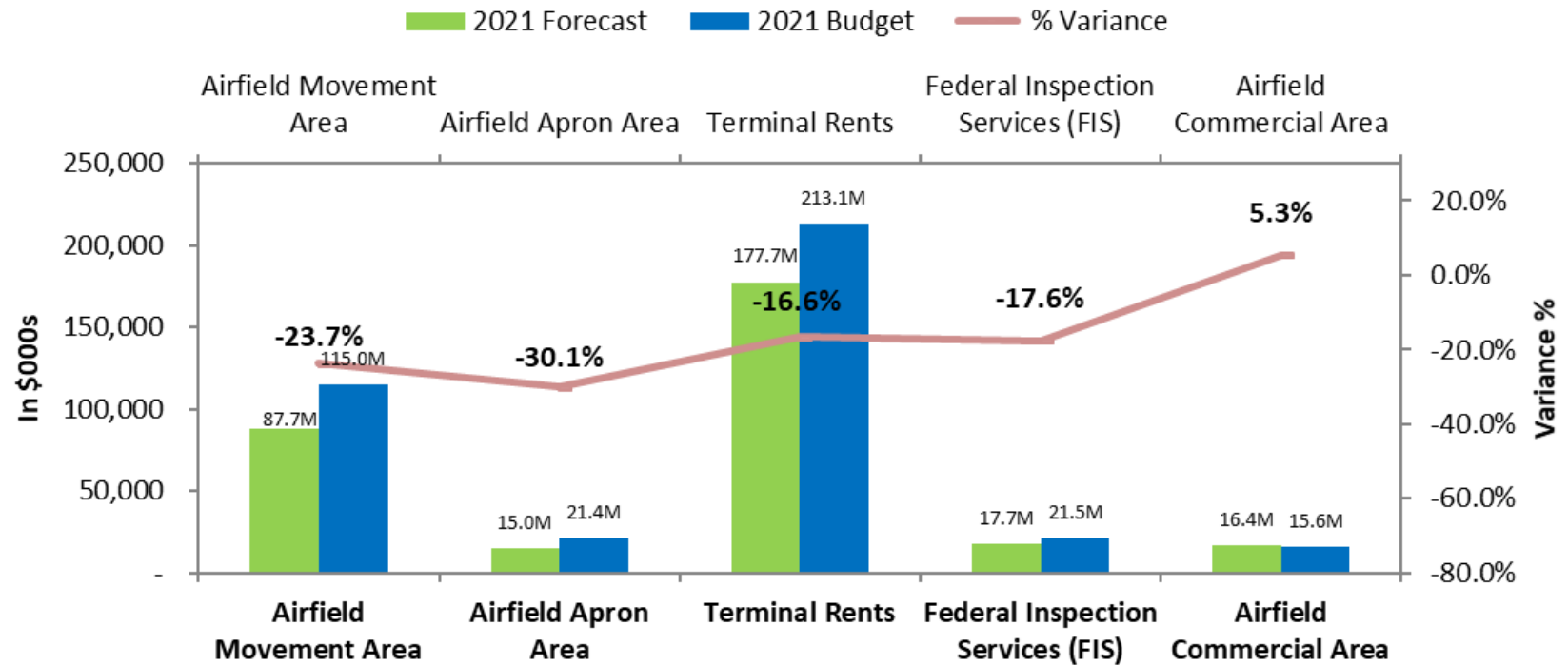
- Increase in **Outside Services of \$3.8M** driven partially by the Snow Removal (\$2.2M) in Airfield/Maintenance and emergency watermain repair (\$570K) in Q1, and projection for increased expenses in PMG Consultant Support for ADR and Tenants (\$634K).
- Increase above is projected to be partially **offset by savings from Other Divisions of \$1.4M**

Aeronautical Revenue

Budget
\$387M

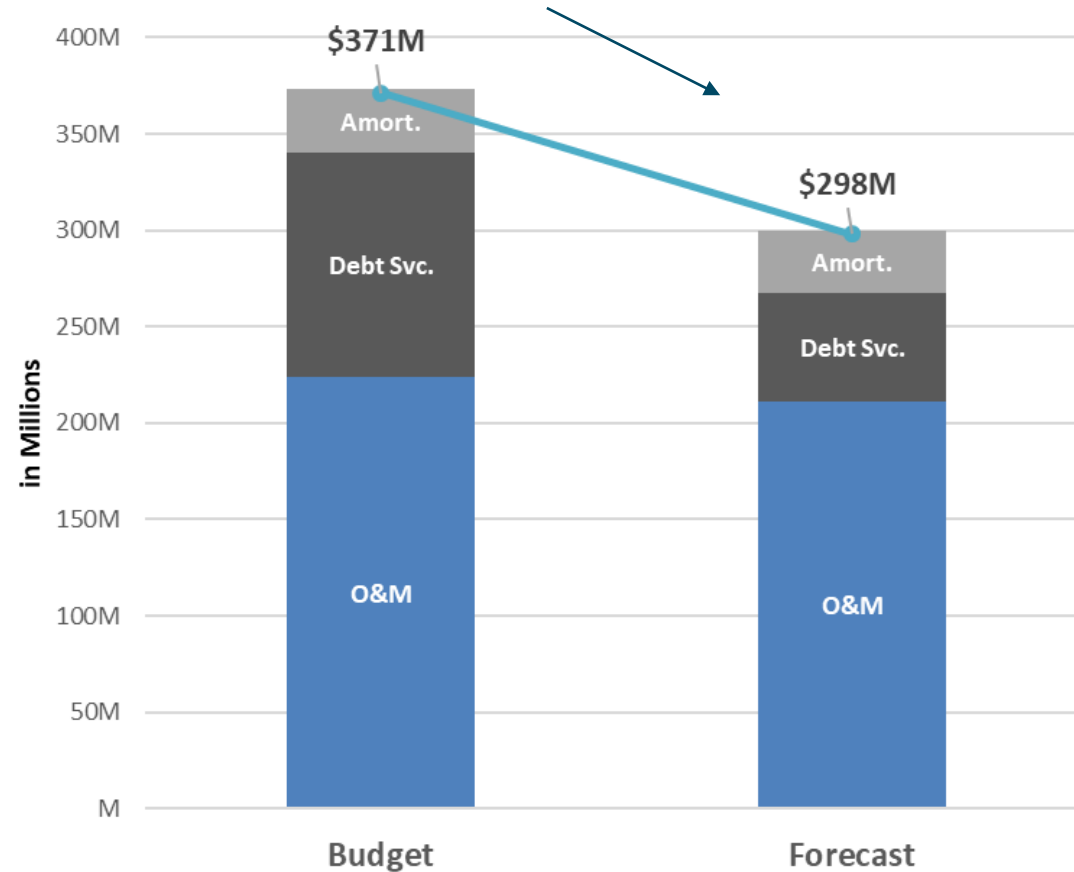
↓ 19%

Forecast
\$314M



Applied **\$119.7M** of **Federal Relief** grants to offset revenue requirements (aka costs to recover from Airlines)

Aero Rate Base Revenue Requirements



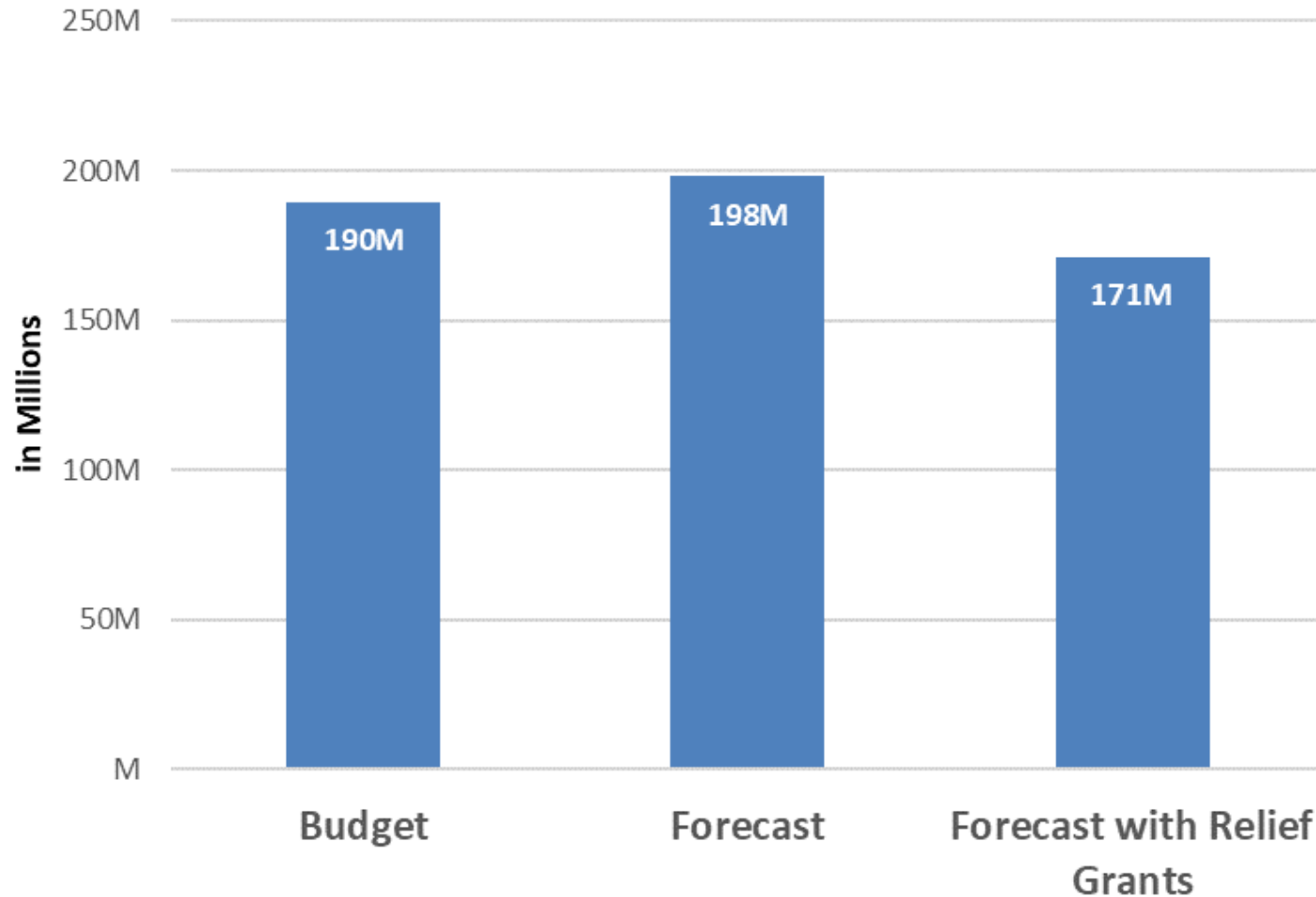
Forecasting Relief of **\$119.7M**
(CARES, CRRSAA & ARPA)

Forecasted Relief
\$101.2M
to lower Debt
Service

Forecasted Relief
\$18.4M
to lower O&M

* Airfield Commercial is excluded from Aero Rate Base

Non-Aero Revenue Concessions Grant Impact



Forecasted
Concessionaire Relief
Grants of **\$26.8M**

- CRRSAA Relief = \$ 5.3M
- ARPA Relief = \$21.5M

Federal concessionaire relief grants will be recognized as Non-operating Revenue (means lower operating revenue, but cash neutral)

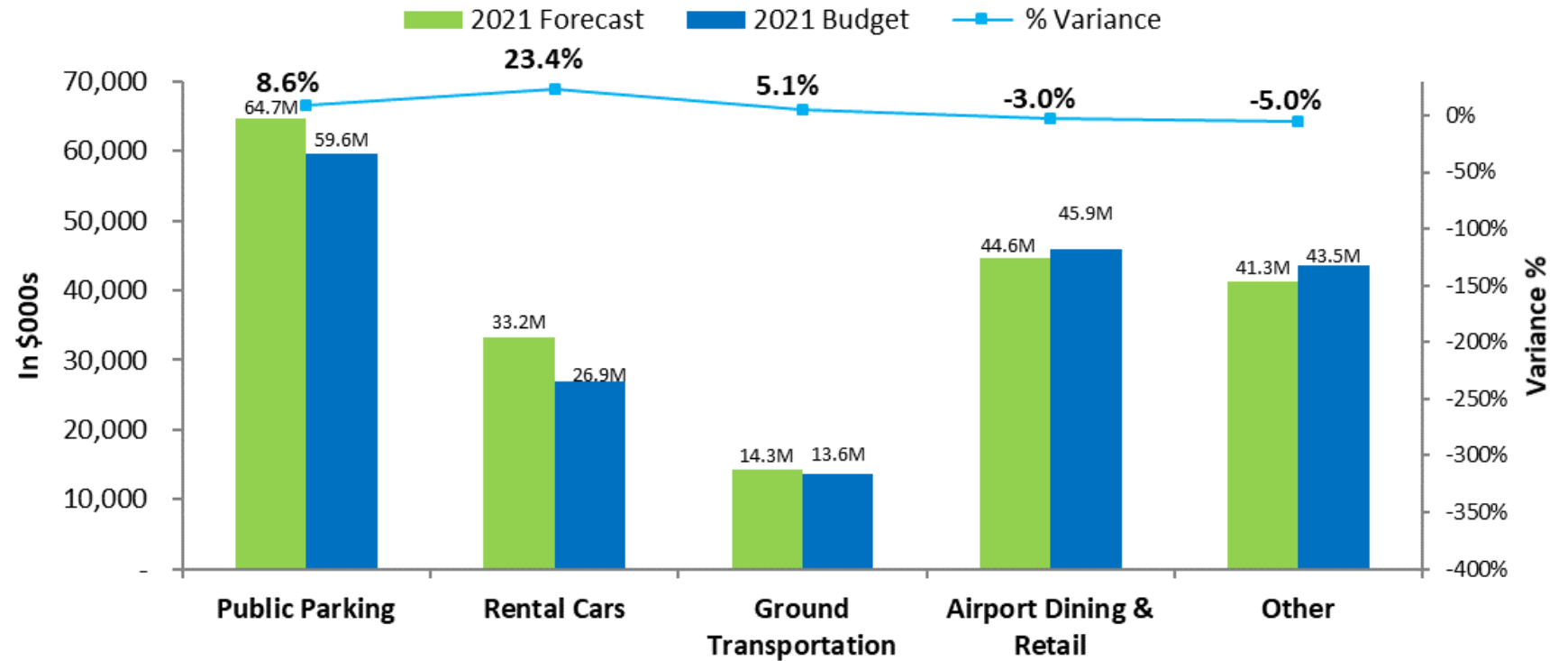
Non-Aeronautical Revenues (before Relief Grants)

Most Non-Aero activity closely aligned with PAX volume recovery

Forecast
\$198M

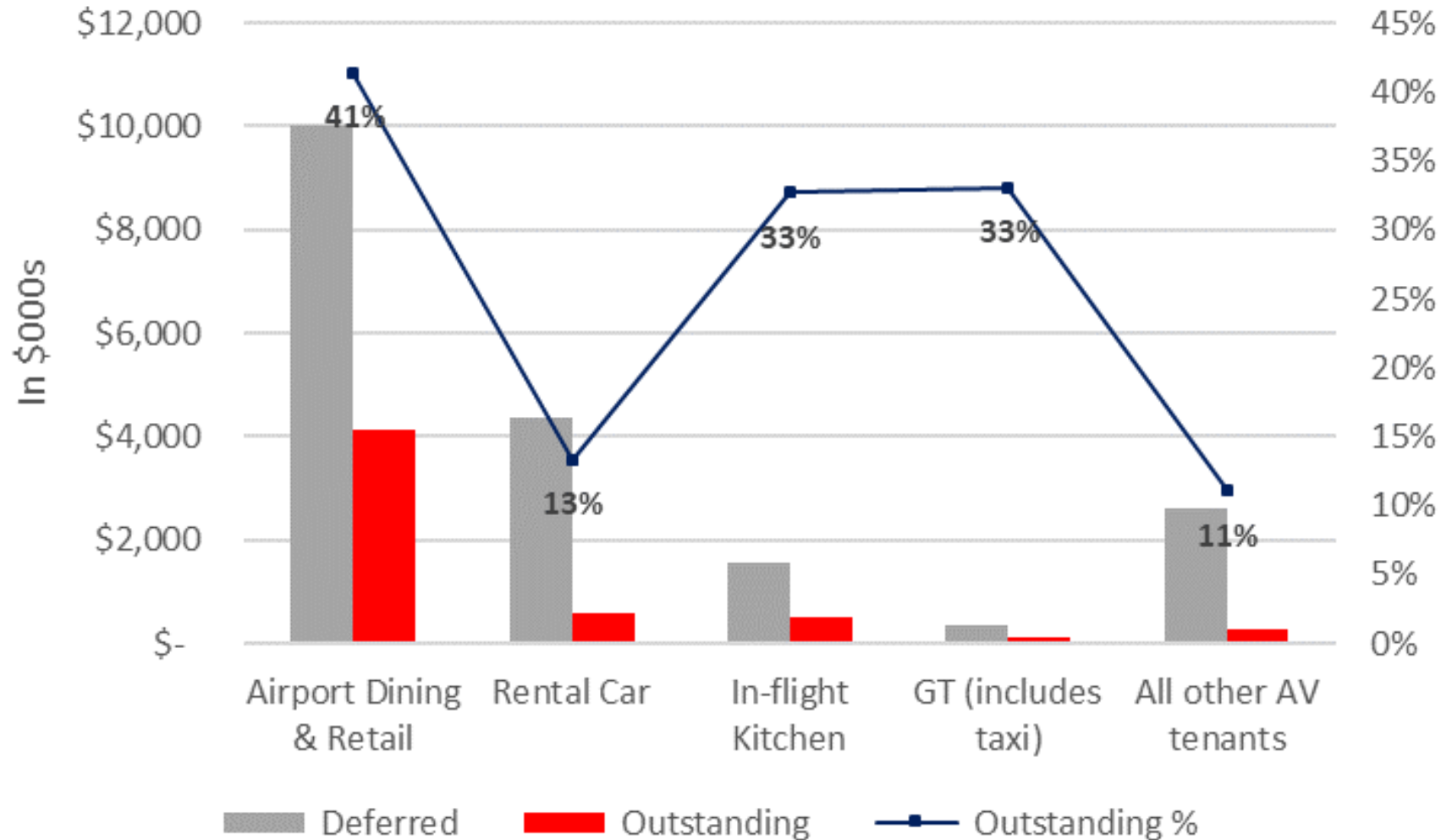
↑ 4.5%

Budget
\$189.5M



	2019 Actuals	2020 Actuals	2021 Forecast	2021 Budget	% change vs BUDGET
Enplanements	25,874	10,044	18,451	18,216	1.3%
O&D%	70.2%	64.0%	70.0%	68.0%	
O&D Enplanements	18,163	6,428	12,916	12,387	4.3%

Non-Aero Tenant Rent Deferred Status



Status as of 4/22/2021:

Total Non-Aero Rent
Deferred = **\$18.9M**

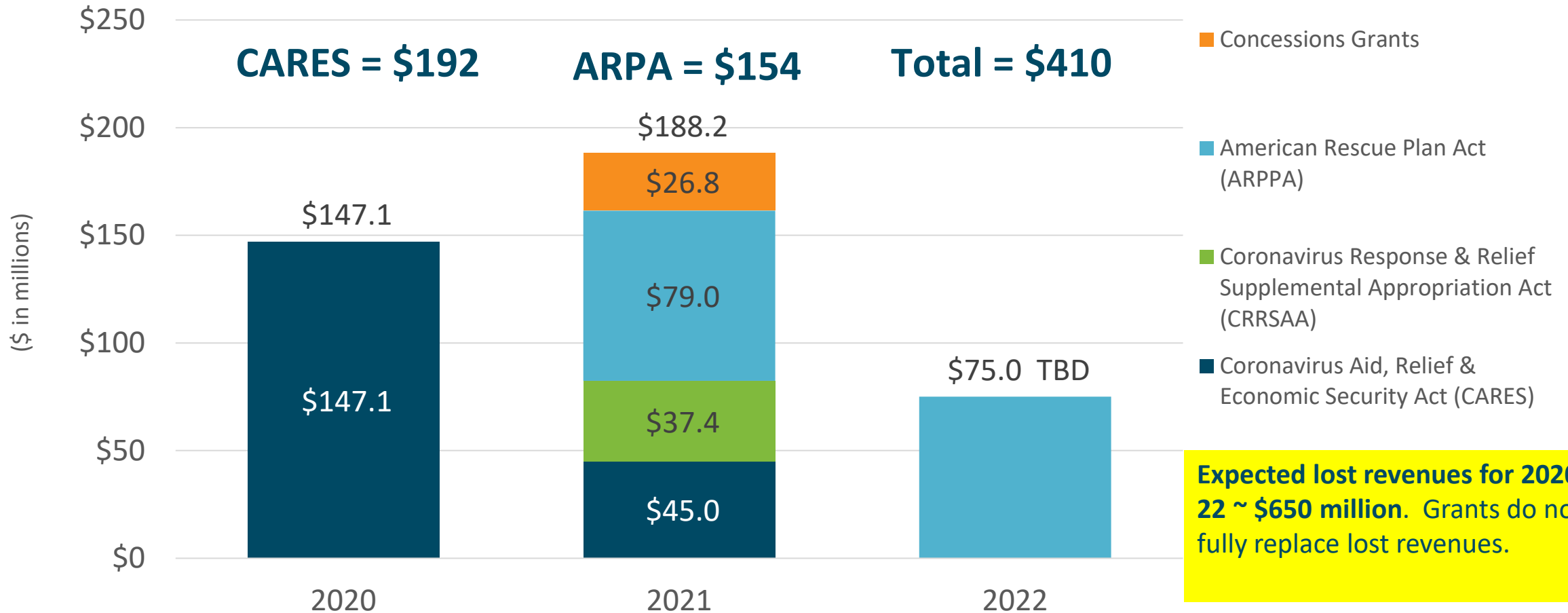
Total Outstanding =
\$5.6M or 30%

Strategic use of Federal Relief Grants to Achieve Debt Service Coverage Target

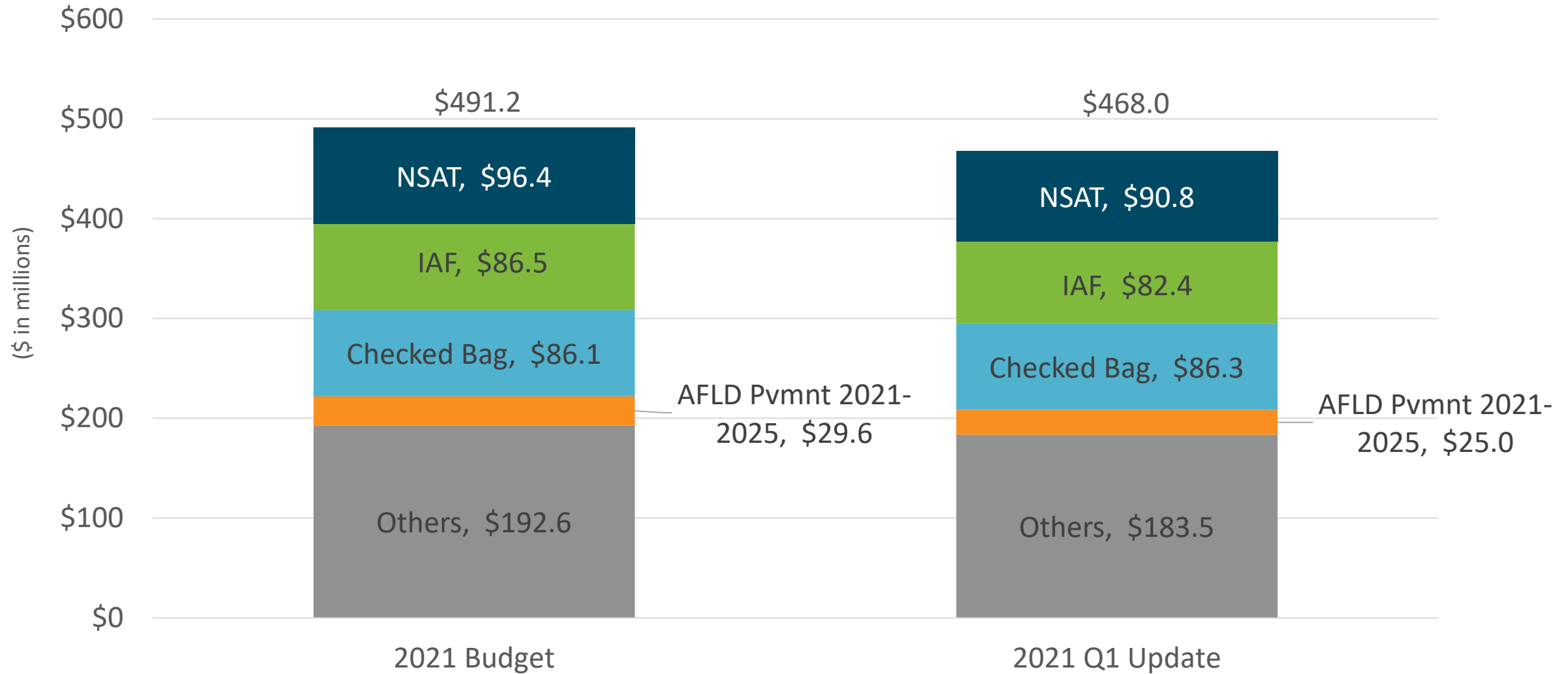
in \$000's	2020 Actual	2021 Budget	2021 Forecast	Variance
Revenues				
Aero	297,909	386,668	314,476	(72,192)
Non-aero	116,473	189,548	171,312	(18,236)
Total Revenues	414,382	576,216	485,788	(90,428)
O&M	329,680	339,908	342,282	(2,374)
NOI	84,702	236,308	143,506	(92,802)
Federal Relief Grants Non-op	43,257	3,500	18,492	14,992
Concession Rent Relief Grants	-	-	26,755	26,755
Other net non-operating	5,604	2,542	2,543	1
Available for debt service	133,562	242,350	191,296	(51,054)
Debt Service				
Gross debt service (net of cap i)	249,555	279,880	276,807	3,073
CFC offset	(13,601)	(19,159)	(13,604)	(5,556)
PFC offset	(36,390)	(47,549)	(38,614)	(8,935)
Federal Relief Grants DS offset	(103,891)	(34,399)	(143,342)	108,943
Net Debt Service	95,673	178,772	81,247	(97,525)
Debt Service Coverage	1.40	1.36	2.35	1.00

- Reflects preliminary grant use plan
- Majority of federal relief used to pay debt service
- Costs paid by grants excluded from airline rate base, thus reducing Aero revenues
- Concessions rent relief grant is cash flow neutral (lower operating revenues, higher grant revenues).
- Debt service does not reflect 2021 bond issue and refunding.

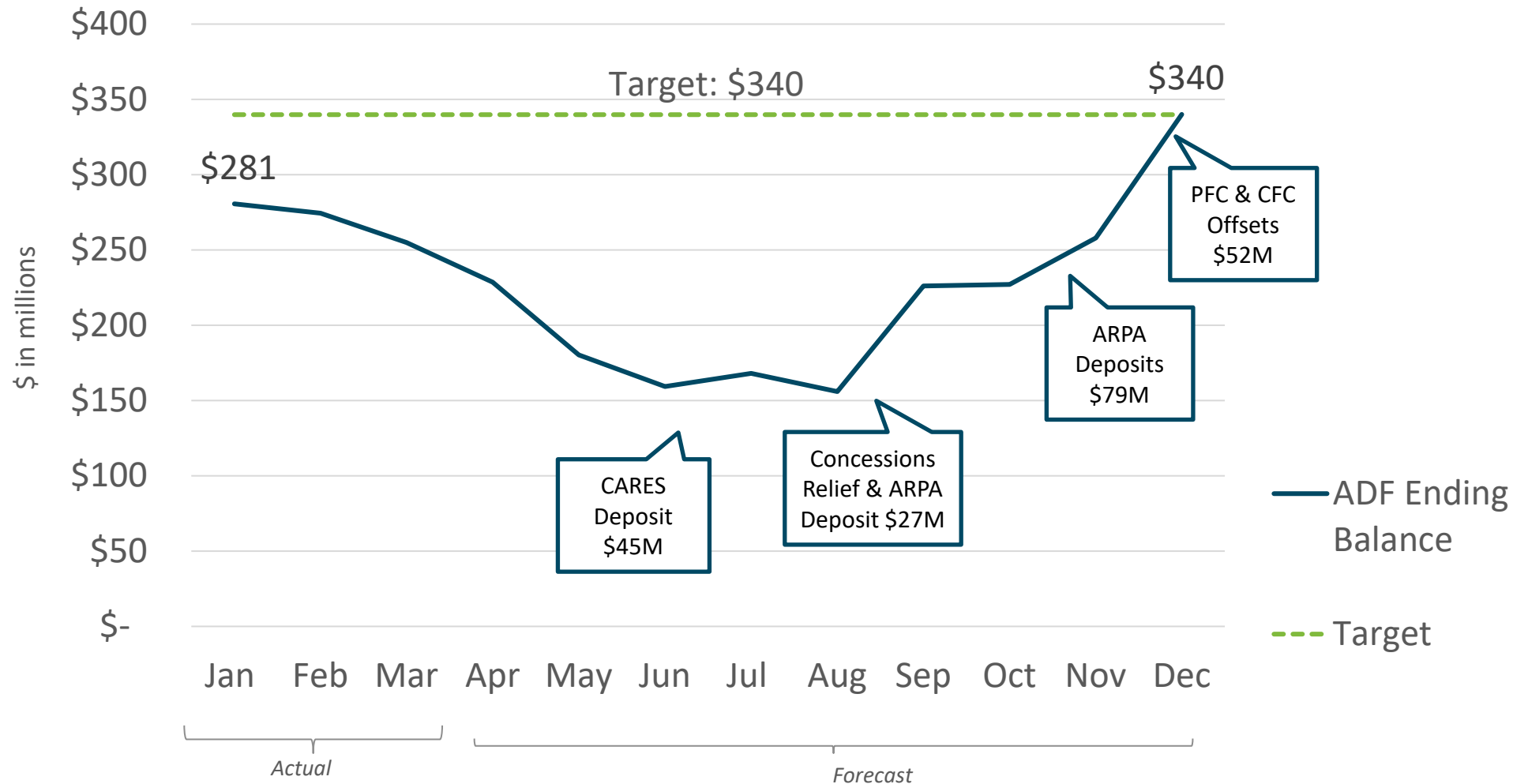
Federal COVID Relief: CARES, CRRSAA & ARPA



2021 Capital Spending: 95% of Budget



2021 Airport Development Fund Balance



- Will use grants to achieve target of 12 months O&M balance
- Grant use plan impacts ADF balance:
 - Aero vs. Non-aero cost centers
 - 2021 vs. 2022

Seaport

Q1 2021 Financial Performance Report

Seaport Performance Summary

	2020 YTD	2021 YTD	2021 YTD	Fav (UnFav)		Incr (Decr)		2021	2021	Fav (UnFav)	
	Actual	Actual	Budget	Actual vs. Budget		Change from 2020		Forecast	Budget	Fest vs. Budget	
\$ in 000's				\$	%	\$	%			\$	%
Revenues											
Maritime	9,340	9,539	10,370	(831)	-8%	199	2%	45,355	45,280	75	0%
Economic Development Division	3,277	2,002	2,436	(434)	-18%	(1,275)	-39%	12,648	13,348	(700)	-5%
Joint Venture	10,599	10,988	10,206	781	8%	388	4%	40,824	40,824	0	0%
Total Revenue	23,217	22,529	23,012	(484)	-2%	(688)	-3%	98,827	99,452	(625)	-1%
Expenses											
Maritime	11,661	10,937	13,080	2,143	16%	(724)	-6%	49,716	50,243	527	1%
Economic Development Division	5,236	4,049	4,277	228	5%	(1,187)	-23%	20,966	21,413	447	2%
Joint Venture	692	693	836	143	17%	1	0%	1,377	1,377	0	0%
Total Expense	17,589	15,679	18,192	2,514	14%	(1,910)	-11%	72,059	73,033	974	1%
NOI Before Stormwater Utility	5,628	6,850	4,820	2,030	42%	1,222	22%	26,768	26,419	349	1%
Stormwater Utility Revenues	1,643	1,545	1,616	(71)	-4%	(98)	-6%	6,464	6,464	0	0%
Stormwater Utility Expenses	1,064	1,123	1,457	334	23%	58	5%	5,211	5,211	0	0%
Stormwater Utility NOI	578	422	159	263	165%	(156)	-27%	1,253	1,253	0	0%
Total Non-Aviation Business NOI	6,207	7,272	4,979	2,293	46%	1,066	17%	28,021	27,672	349	1%

YTD Budget Variance

- Timing of Cruise NCL Lease Payment (\$1M), lower Conference Revenue.
- Lower Maintenance and Conference expenses.

Forecast Budget Variance

- Lower Conference & Parking Revenue, Higher Grain Revenue.
- Lower Conference and External Affairs expenses.

Maritime Division

Q1 2021 Financial Performance Report

Maritime Division

Financial Summary

<i>Figure in \$000s</i>	Forecast	Budget	Variance
Revenues			
Fishing, Commercial, & Recreational Marinas	21,559	21,559	0
Cruise	8,558	8,558	0
Maritime Portfolio Mgmt.	10,034	10,259	(225)
Grain / Other	5,203	4,903	300
Total	45,355	45,280	75
O&M Expense			
Direct	20,904	20,904	0
Support Services	14,828	15,028	200
Central Services and Other	13,984	14,311	327
Total	49,716	50,243	527
NOI	(4,361)	(4,963)	602
Capital Spending	21,279	26,195	4,916

Business Highlights

- Fishing, Commercial and Recreational Marinas remain stable. Potential upside with Recreational Boating demand.
- Timing & guidelines for Cruise season commencement to impact ~\$4.5M of variable revenue.
- Grain Volumes up 52% Y/Y.
- Completed all in-water work construction activities for T117 Restoration and Public Access.

Maritime Q1 Financials

Performing Better Than Expected

Maritime YTD –Net Operating Income is \$1.3M favorable to budget and \$923K above 2020

- Revenue is \$831K below budget. Would be ~\$200K favorable if not for timing of NCL payment. Grain Volumes favorable to budget. Increased grain revenue (+64%) over 2020 driving Y/Y growth, offset by shorter Ballard locks closure.
- Expenses \$2.1M (16%) favorable to budget driven by tenant improvements timing, utilities, and maintenance. Expenses down \$724K Y/Y from lower utilities and maintenance.
- YTD Q1 Capital spending was \$2.1M with forecasted spending at \$21.3M (81% of budget).

	2019 YTD	2020 YTD	2021 YTD	2021 YTD	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2020	
\$ in 000's	Actual	Actual	Actual	Budget	\$	%	\$	%
Total Revenues	9,442	9,340	9,539	10,370	(831)	-8%	199	2%
Total Operating Expenses	10,286	11,661	10,937	13,080	2,143	16%	(724)	-6%
Net Operating Income	(844)	(2,321)	(1,398)	(2,710)	1,312	48%	923	40%
Depreciation	4,509	4,395	4,464	4,043	(421)	-10%	69	2%
Net Income	(5,353)	(6,715)	(5,862)	(6,753)	891	13%	853	13%

Stormwater Utility Tracking to Budget

	2019 YTD	2020 YTD	2021 YTD	2021 YTD	Fav (UnFav)		Incr (Decr)	
				Approved	Actual vs. Revised		Change from 2020 YTD	
\$ in 000's	Actual	Actual	Actual	Budget	\$	%	\$	%
Revenue								
NWSA	304	373	431	426	5	1%	58	16%
Tenants Revenue	800	825	751	827	(76)	-9%	(74)	-9%
Port Non-tenants Revenue	335	445	363	363	0	0%	(82)	-18%
Total Revenues	1,440	1,643	1,545	1,616	(71)	-4%	(98)	-6%
Expenses								
SWU Direct	195	259	291	335	44	13%	32	12%
Maintenance Expenses	619	596	638	892	254	28%	41	7%
Seaport Project Management	4	193	1	4	3	74%	(192)	-99%
Environmental & Sustainability	73	12	13	14	1	8%	1	6%
Other Central Services	194	4	180	212	32	15%	177	4998%
Total Expenses	1,084	1,064	1,123	1,457	334	23%	58	5%
NOI Before Depreciation	355	578	422	159	263	165%	(156)	-27%
Depreciation	294	309	317	297	(20)	-7%	8	3%
NOI After Depreciation	62	270	105	(138)	243	-176%	(164)	-61%

- Revenue under due to changes in tenant footprints.
- Expenses are under due to changes in maintenance allocation and COVID-19 impacts.

Northwest Seaport Alliance Summary

NWSA Operating Income				Fav (UnFav)		Incr (Decr)	
Before GASB 87 Adjustment	2020 YTD	2021 Year-to-Date		Budget Variance		Change from 2020	
\$ in 000's	Actual	Actual	Budget	\$	%	\$	%
Operating Revenue	45,660	43,848	46,047	(2,199)	-5%	(1,812)	-4%
Operating Expense	20,249	17,809	22,428	4,619	21%	(2,440)	-12%
Operating Income	25,411	26,039	23,619	2,420	10%	628	2%
Cargo TEUs	788,882	881,794				(489,865)	-17%
Cargo Volume (Metric Tons)	6,609,007	6,971,027				(3,249,908)	-14%

Note: GASB 87 Accounting impact and Non-Operating Totals available on NWSA Site

Revenue – Q1 YTD \$2.2M below budget and lower than 2020 due to restructuring of the APL agreement. Absent the restructuring revenue would be higher than 2020 due to higher volumes.

Operating Expenses – Q1 YTD \$4.6M favorable to budget.

- Timing of rail incentives, project spending, and other outside services.
- Lower administrative costs from revision of service agreements.

NWSA TEU Data

There was a total of 43 void sailings in Q1 2021. Robust volumes led to congestion in North American ports as shippers replenished inventories depleted by strong consumer demand. Due to COVID-19 restrictions, consumers continue to spend money on goods instead of services. Carriers voided port calls to improve schedule reliability and returned to Asia for more cargo, which led to a container shortage for exports. Shippers continue to diversify manufacturing and sourcing activities to SE Asia and other markets. NWSA total international TEUs are up 13.2% for Q1 2021 and total TEUs are up 11.8%.

Exports (YTD Feb 2021 vs. YTD Feb 2020):

- Japan, China, South Korea, Taiwan, and Vietnam were our top trading partners.
- Japan, China, South Korea, Taiwan, and Vietnam declined 23.5%, 7.9%, 36.7%, 0.1%, and 15.5%, respectively. Total exports are down 20.5%.

Imports (YTD Feb 2021 vs. YTD Feb 2020):

- China, Vietnam, Japan, South Korea, and Taiwan were our top trading partners.
- China, Vietnam and South Korea grew 35.7%, 25.1% and 28.8%, respectively, while Japan and Taiwan declined 26.4% and 3.2% respectively.

*Exports and imports data source PIERS, full international

Joint Venture Q1 Financials

	2019 YTD	2020 YTD	2021 YTD	2021 YTD	Fav (UnFav) Actual vs. Revised Budget Variance		Incr (Decr) Change from 2020		Total Year Budget
\$ in 000's	Actual	Actual	Actual	Budget	\$	%	\$	%	
Revenue									
Joint Venture Revenue	12,986	10,730	11,343	10,568	775	7%	613	6%	42,273
Contra Joint Venture Revenue	-	(478)	(488)	(488)	0	0%	(10)	2%	(1,952)
Subtotal Distributable Revenue from NWSA	12,986	10,252	10,855	10,080	775	8%			40,321
Other Service Revenue Tenant Reimbursements	-	165	66	126	(60)	-48%	(99)	-60%	503
Port Revenue from NWSA Facilities	-	183	67	-	67	NA	(116)	-64%	-
Total Revenues	12,986	10,599	10,988	10,206	781	8%	388	4%	40,824
Expenses									
JV Direct	(7)	46	127	45	(82)	-182%	80	173%	180
Maintenance Expenses	77	385	143	143	0	0%	(242)	-63%	587
Seaport Project Management	12	1	2	3	0	9%	2	313%	10
Environmental & Sustainability	12	2	50	83	33	40%	47	2192%	333
Other Central Services	31	19	60	63	3	4%	41	216%	267
					-				
Total Expenses	124	453	382	337	(45)	-13%	(72)	-16%	1,377
NOI Before Depreciation	12,862	10,146	10,606	9,870	736	7%	460	5%	39,447
Legacy Depreciation for NWSA Facilities	4,119	3,779	3,771	3,716	(55)	-1%	(8)	0%	15,162
NOI After Depreciation	8,744	6,367	6,835	6,154	681	-11%	468	7%	(24,284)

Home Port Activities

Revenues:

- Joint Venture favorable to budget due to lower expenses at NWSA.
- Other Service Revenue below budget due to timing of tenant reimbursable Maintenance work.
- Port Revenue from NWSA Facilities– temporary moorage on the northwest face of T46.

Expenses

- JV Direct – Unplanned small works at Terminal 30.

Economic Development Division

Q1 2021 Financial Performance Report

Economic Development Division

Financial Summary

<i>Figure in \$000s</i>	Forecast	Budget	Variance
Revenues	12,648	13,348	(700)
O&M Expense			
EDD & Maritime	9,891	10,591	700
Maintenance	3,027	2,537	(490)
Diversity in Contracting	142	142	0
Tourism	2,481	2,481	0
EDD Grants	1,060	1,060	0
Central Services and Other	4,366	4,603	237
Total	20,966	21,413	447
NOI	(8,318)	(8,065)	(253)
Capital Spending	4,604	5,647	1,043

Business Highlights

- Additional BHICC cancellations resulting in forecast reductions of \$600K in revenue and \$500K in expense.
- Lease revenue on target, parking revenue slightly below.
- **Rent Deferrals:**
 - 51 Applications
 - 37 Executed agreements
 - 19 Paid Off as of 3/31/21
 - 18 Currently in program
- Port hit 2020 WMBE Utilization (non-construction) goal: 16.6% actual vs. 14.4% goal.

Economic Development Financial Highlights

2021 Q1 YTD Net Operating Income \$207K unfavorable to budget and \$88K lower than 2020

- Revenue unfavorable to budget by \$407K and \$1.2M lower than 2020 driven primarily by COVID-19 cancellations at the Conference and Event Centers.
- Expenses favorable to budget by \$228K driven by less conferences, timing of EDD Grant & Tourism Programs, offset by impact of Maintenance allocation change. Expenses are lower by \$1.2M Y/Y due to variable cost associated with lower Conference & Event Center volumes and reduced Central Service allocation expenses, offset by higher Maintenance costs.

- EDD spent 6% of Capital budget through Q1. The 2021 forecasted spending is \$4.5M (82% of budget).

	2019 YTD	2020 YTD	2021 YTD	2021 YTD	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2020	
\$ in 000's	Actual	Actual	Actual	Budget	\$	%	\$	%
Total Revenues	4,674	3,277	2,002	2,436	(434)	-18%	(1,275)	-39%
Total Operating Expenses	5,862	5,236	4,049	4,277	228	5%	(1,187)	-23%
Net Operating Income	(1,187)	(1,959)	(2,047)	(1,840)	(207)	-11%	(88)	-4%
Depreciation	918	909	958	758	(200)	-26%	49	5%
Net Income	(2,105)	(2,867)	(3,005)	(2,598)	(407)	-16%	(137)	-5%

Central Services

Q1 2021 Financial Performance Report

Central Services

Financial Summary

<i>Figures in \$000s</i>	2021 Forecast	2021 Budget	Fcst vs Bud Variance
Revenues	1,129	181	948
Core Central Support Services	83,982	85,678	1,696
Police	27,968	28,317	349
Engineering/PCS	9,680	9,199	(481)
O&M Expenses	121,629	123,194	1,565
Capital Spending	8,714	9,658	944

Business Highlights

- Awarded **14 South King County Fund Environmental Grants** to the six Highline cities.
- Obtained the Commission approval for **Job and Economic Resource Center** as part of the Duwamish Valley Community Equity Program.
- The Port, City of Seattle, and Sound Transit agreed to **jointly fund \$1.7M** to support construction worker training, placement and other services.

Central Services Financial Highlights

	2019 YTD	2020 YTD	2021 YTD	2021 YTD	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2020	
\$ in 000's	Actual	Actual	Actual	Budget	\$	%	\$	%
Total Operating Revenues	182	907	956	45	910	2013.0%	49	5.4%
Core Central Support Services	17,445	19,359	18,743	20,382	1,639	8.0%	(616)	-3.2%
Police	6,506	7,908	6,748	7,547	799	10.6%	(1,160)	-14.7%
Engineering/PCS	2,083	2,158	1,965	2,175	210	9.7%	(193)	-9.0%
Total Operating Expenses	26,034	29,425	27,455	30,104	2,649	8.8%	(1,970)	-6.7%

2021 YTD Total Operating Expenses are \$2.6M favorable to the budget due to:

- Delay in contract spending and delays in hiring vacant positions, partially offset by lower charges to Capital Projects.

2021 YTD Total Operating expenses are \$2.0M lower compared to 2020 due to:

- Lower payroll costs due to delays in hiring.
- Decrease in Outside Services costs YTD due to project delays in 2021.
- Lower Equipment spending due to slow start to PC Refresh.

Port Wide

Q1 2021 Financial Performance Report

Port Wide Financial Summary

	2019 YTD	2020 YTD	2021 YTD	2021 YTD	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2020	
\$ in 000's	Actual	Actual	Actual	Budget	\$	%	\$	%
Aeronautical Revenues	83,674	86,284	61,313	80,938	(19,625)	-24.2%	(24,971)	-28.9%
Airport Non-Aero Revenues	55,996	49,956	26,930	35,085	(8,154)	-23.2%	(23,025)	-46.1%
Non-Airport Revenues	28,382	25,313	24,658	24,311	348	1.4%	(655)	-2.6%
Total Operating Revenues	168,052	161,553	112,901	140,333	(27,432)	-19.5%	(48,652)	-30.1%
Total Operating Expenses	96,729	103,591	94,866	101,431	6,566	6.5%	(8,726)	-8.4%
NOI before Depreciation	71,323	57,962	18,036	38,901	(20,866)	-53.6%	(39,926)	-68.9%
Depreciation	41,038	43,728	44,829	40,209	(4,621)	-11.5%	1,101	2.5%
NOI after Depreciation	30,286	14,233	(26,794)	(1,307)	(25,486)	1949.7%	(41,027)	-288.2%

- Total Operating Revenues: \$27.4M unfavorable to the budget and \$48.7M lower than 2020.
- Total Operating Expenses: \$6.6M favorable to the budget and \$8.7M lower than 2020.
- NOI before Depreciation: \$20.9M unfavorable to the budget and \$39.9M lower than 2020.

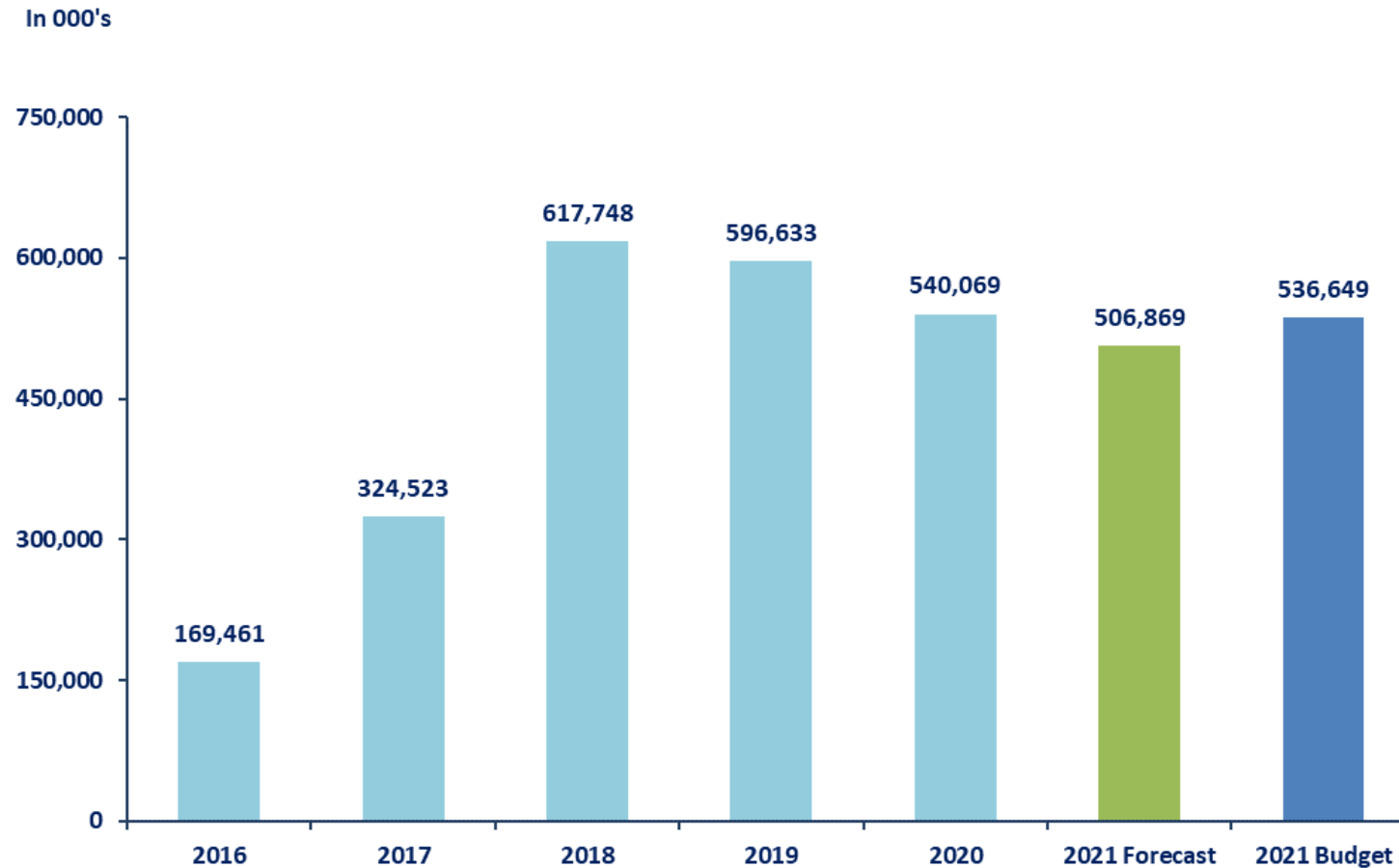
Port Wide Financial Summary

	2019	2020	2021	2021	Fav (UnFav) Fest vs. Budget Variance		Incr (Decr) Change from 2020	
\$ in 000's	Actual	Actual	Forecast	Budget	\$	%	\$	%
Aeronautical Revenues	357,598	297,909	314,476	386,668	(72,192)	-18.7%	16,567	5.6%
Airport Non-Aero Revenues	269,037	116,473	171,312	189,548	(18,236)	-9.6%	54,839	47.1%
Non-Airport Revenues	137,538	96,446	104,968	104,645	323	0.3%	8,523	8.8%
Total Operating Revenues	764,174	510,828	590,756	680,861	(90,104)	-13.2%	79,928	15.6%
Total Operating Expenses	441,700	408,681	425,177	423,412	(1,765)	-0.4%	16,496	4.0%
NOI before Depreciation	322,474	102,147	165,579	257,448	(91,869)	-35.7%	63,432	62.1%
Depreciation	174,903	180,086	176,509	176,509	-	0.0%	(3,577)	-2.0%
NOI after Depreciation	147,571	(77,939)	(10,930)	80,939	(91,869)	-113.5%	67,009	-86.0%

1) 2021 Airport Non-Aero Revenues Forecast does not include the projected Federal Relief for Concessions of \$26.8M.

- Operating Revenues: \$90.1M unfavorable to the budget and \$79.9M higher than 2020. It's important to note that the federal relief helps offset \$119M of the Aeronautical revenues for 2021.
- Operating Expenses: \$1.8M unfavorable to the budget and \$16.5M higher than 2020 (It would have been \$700K lower than 2020 after adjusting a \$17.2M state pension credit in 2020).
- NOI before Depreciation: \$91.9M unfavorable to the budget and \$67.0M higher than 2020.

Port Wide Capital Spending



- Total capital spending was \$98.8M in Q1.
- For the full year, total capital spending is expected to be \$506.9M, 94.5% of the budget.

Aviation Division Appendix

Q1 2021 Financial Performance Report

Airport Activity

	YTD 2019	YTD 2020	YTD 2021	% YTD Change from 2020
Total Passengers (000's)				
Domestic	9,658	8,205	4,662	-43.2%
International	1,207	1,004	205	-79.5%
Total	10,865	9,209	4,868	-47.1%
Operations	100,740	99,983	75,878	-24.1%
Landed Weight (In Millions of lbs.)				
Cargo	565	606	709	17.0%
All other	6,300	6,283	4,557	-27.5%
Total	6,865	6,889	5,266	-23.6%
Cargo - Metric Tons				
Domestic freight	69,054	75,866	84,502	11.4%
International & Mail freight	29,423	25,795	25,223	-2.2%
Total	98,477	101,661	109,725	7.9%

Passenger Activity		
Airline	Change 2020 v. 2021	2021 Market Share
Alaska	43.5%	66.1%
Delta	-10.3%	18.3%
American	32.7%	4.7%
Southwest	10.9%	3.8%
United	-11.4%	3.3%

2021 YTD Passenger volume:

- YTD passenger volume is 55.3% lower than Q1 2019 pre-pandemic levels, and 47.1% lower than Q1 2020. Enplanement recovering is building, and volumes are expected to be 29% lower than 2019 for full year 2020.

Aviation Financial Summary

Financial Summary (\$ in 000's)	2019	2020	2021	2021	Fav(UnFav) Fest. vs. Budget Variance		Incr/(Decr) Change from 2020	
	Actual	Actual	Forecast	Budget	\$	%	\$	%
Operating Revenue								
Aeronautical Revenues	357,598	297,909	314,476	386,668	(72,192)	-18.7%	16,567	5.6%
Non-Aeronautical Revenues	269,037	116,473	171,312	189,548	(18,236)	-9.6%	54,839	47.1%
Total Operating Revenues	626,636	414,382	485,788	576,215	(90,428)	-15.7%	71,406	17.2%
Total Operating Expenses	355,245	329,680	342,282	339,908	(2,374)	-0.7%	12,602	3.8%
Net Operating Income	271,390	84,702	143,506	236,308	(92,802)	-39.3%	58,804	69.4%
Federal Relief		147,148	161,601	37,899	123,702	326.4%	14,453	9.8%
Federal Relief (Concessions)			26,755		26,755		26,755	
NOI (After Federal Relief)	271,390	231,850	331,862	274,207	57,655	21.0%	100,012	43.1%
CPE	12.86	26.50	15.26	19.62	4.35	0.22	(11.24)	-42.4%
Non-Aero NOI (\$ in 000s)	6,671	4,426	90,892	82,742	8,150	9.9%	86,466	1953.6%
Enplaned passengers (in 000s)	25,874	10,044	18,451	18,216	236	1.3%	8,408	83.7%
Capital Expenditures (in 000s)	573,598	573,598	468,094	491,202	23,108	4.7%	(105,504)	-18.4%

Key Performance Measures

	2019	2020	2021	2021	Fav(UnFav) Fcst. vs. Budget Variance		Incr/(Decr) Change from 2020	
	Actual	Actual	Forecast	Approved Budget	\$	%	\$	%
Key Performance Metrics								
Cost per Enplanement (CPE)	12.86	26.50	15.26	19.62	4.35	22.2%	(11.24)	-42.4%
Non-Aeronautical NOI (in 000's)	143,917	6,671	90,892	82,742	8,150	9.9%	84,221	1262.6%
Other Performance Metrics								
O&M Cost per Enplanement	6.86	16.41	9.28	9.33	0.05	0.6%	(7.14)	-43.5%
Non-Aero Revenue per Enplanement	5.20	5.80	5.37	5.20	0.16	3.2%	(0.43)	-7.4%
Debt per Enplanement (in \$)	66	163	84	85	1	1.3%	(79)	-48.4%
Debt Service Coverage	1.68	1.40	2.35	1.36	0.99	73.4%	0.95	67.9%
Days cash on hand (10 months = 304 days)	314	327	363	369	-6	-1.6%	36	11.2%
Aeronautical Revenue Sharing (\$ in 000's)	(17,146)	1	-	-	-	0.0%	(1)	100.0%
Activity (in 000's)								
Enplanements	25,874	10,044	18,451	18,216	236	1.3%	8,408	83.7%
Total Passengers	51,748	20,087	36,903	36,432	471	1.3%	16,815	83.7%

Aviation Expense YTD Summary

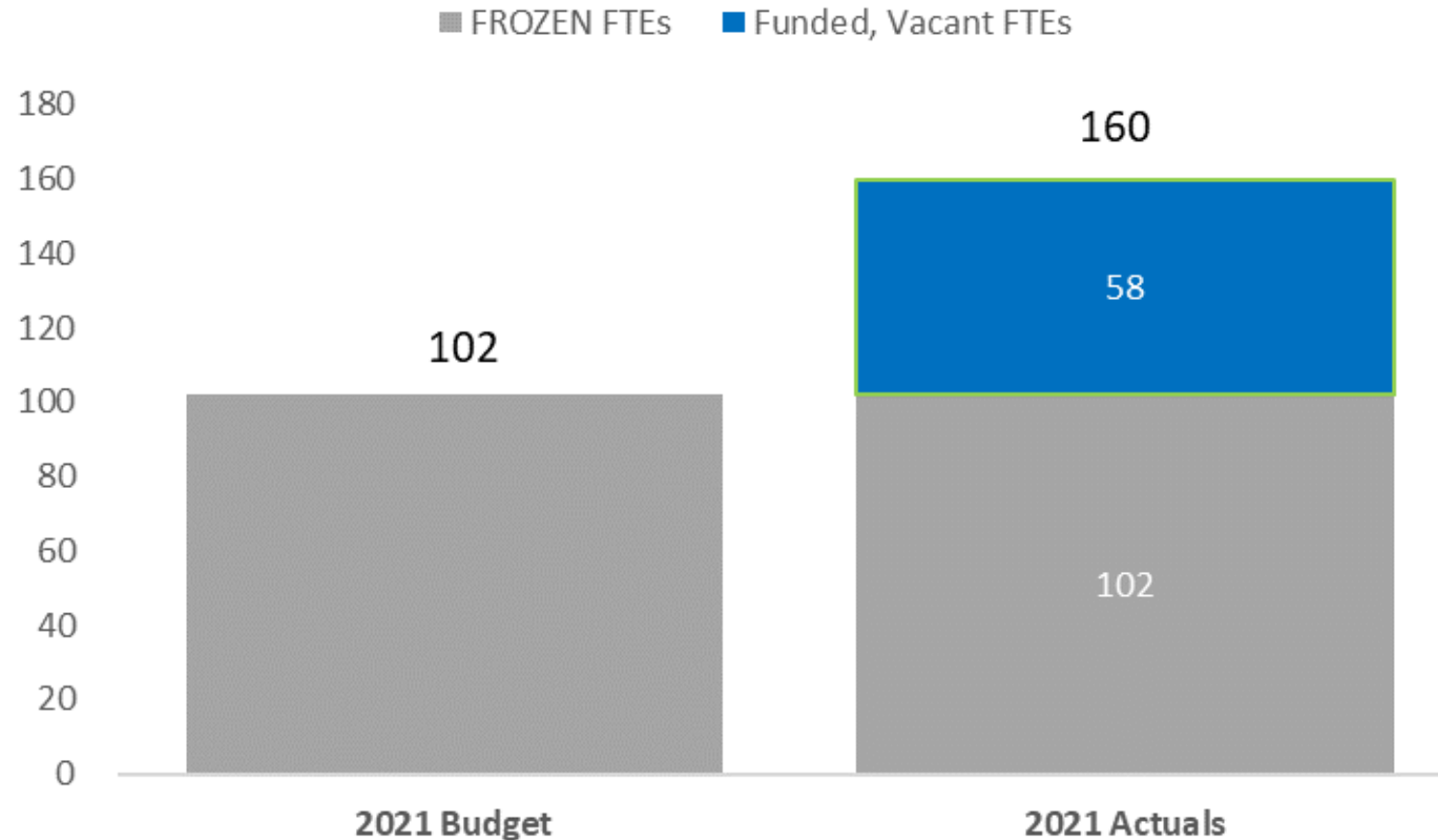
Total Airport Expense Summary (\$ in 000's)	2019 YTD	2020 YTD	2021 YTD	2021 YTD	Fav(UnFav) Actual vs. Budget Variance		Incr/(Decr) Change from 2020	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Operating Expenses								
Payroll	35,372	39,071	37,305	37,513	208	0.6%	(1,766)	-4.5%
Outside Services	12,737	14,011	13,477	15,498	2,022	13.0%	(534)	-3.8%
Utilities	4,656	4,884	5,060	4,312	(748)	-17.3%	175	3.6%
Other Expenses	5,406	3,061	24	74	51	68.2%	(3,037)	-99.2%
Total Airport Direct Charges	58,171	61,027	55,865	57,397	1,532	2.7%	(5,162)	-8.5%
Environmental Remediation Liability	-	-	-	-	-		-	
Capital to Expense	72	-	75	-	(75)		75	
Total Exceptions	72	-	75	-	(75)		75	
Total Airport Expenses	58,243	61,027	55,940	57,397	1,457	2.5%	(5,087)	-8.3%
Corporate	15,030	16,791	15,891	16,625	734	4.4%	(900)	-5.4%
Police	5,182	6,509	5,537	6,389	852	13.3%	(972)	-14.9%
Maritime/Economic Development/Other	761	838	720	865	146	16.8%	(119)	-14.2%
Total Charges from Other Divisions	20,973	24,139	22,148	23,880	1,731	7.3%	(1,991)	-8.2%
Total Operating Expenses	79,216	85,166	78,088	81,277	3,189	3.9%	(7,078)	-8.3%

Aviation Expense YE Summary

Total Airport Expense Summary (\$ in 000's)	2019	2020	2021	2021	Fav(UnFav) Fcst. vs. Budget Variance		Incr/(Decr) Change from 2020	
	Actual	Actual	Forecast	Budget	\$	%	\$	%
Operating Expenses								
Payroll	144,051	152,895	153,293	153,293	-	0.0%	398	0.3%
Outside Services	68,162	63,922	69,015	65,174	(3,841)	-5.9%	5,093	8.0%
Utilities	18,180	15,695	20,244	20,244	-	0.0%	4,549	29.0%
Other Expenses	14,721	3,341	814	1,359	545	40.1%	(2,527)	-75.6%
Total Airport Direct Charges	245,114	235,854	243,366	240,071	(3,295)	-1.4%	7,512	3.2%
Environmental Remediation Liability	15,900	(2,361)	2,162	2,001	(161)	-8.0%	4,523	-191.6%
Capital to Expense	2,089	2,588	283	-	(283)		(2,305)	-89.1%
Total Exceptions	17,989	227	2,445	2,001	(444)	-22.2%	2,218	978.2%
Total Airport Expenses	263,104	236,081	245,811	242,072	(3,739)	-1.5%	9,730	4.1%
Corporate	65,729	68,316	68,402	69,767	1,365	2.0%	87	0.1%
Police	22,290	22,150	23,964	23,964	-	0.0%	1,814	8.2%
Maritime/Economic Development/Other	4,123	3,134	4,105	4,105	-	0.0%	971	31.0%
Total Charges from Other Divisions	92,141	93,599	96,471	97,836	1,365	1.4%	2,872	3.1%
Total Operating Expenses	355,245	329,680	342,282	339,908	(2,374)	-0.7%	12,602	3.8%

Aviation Total Vacant FTEs

as of 4/23/2021



Managing vacancies key to managing costs. Payroll cost is largest expense category.

58 vacant and funded positions as of 4/23/21 in various stages of hiring.

102 FROZEN positions – not funded in the 2021 Budget.

Aeronautical Business YTD

Aeronautical NOI (\$ in 000's)	2019 YTD	2020 YTD	2021 YTD	2021 YTD	Fav(UnFav) Actual vs. Budget Variance		Incr/(Decr) Change from 2020	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Rate Base Revenues								
Airfield Movement Area	28,300	25,223	15,396	20,399	(5,003)	-24.5%	(9,827)	-39.0%
Airfield Apron Area	4,706	5,360	4,302	4,225	77	1.8%	(1,057)	-19.7%
Terminal Rents	48,570	47,756	35,605	48,679	(13,074)	-26.9%	(12,151)	-25.4%
Federal Inspection Services (FIS)	3,267	4,019	1,869	3,769	(1,901)	-50.4%	(2,150)	-53.5%
Total Rate Base Revenues	84,843	82,357	57,172	77,073	(19,901)	-25.8%	(25,185)	-30.6%
Airfield Commercial Area	2,793	3,927	4,139	3,865	274	7.1%	212	5.4%
Subtotal before Revenue Sharing	87,635	86,284	61,311	80,938	(19,627)	-24.2%	(24,973)	-28.9%
Revenue Sharing	(3,961)	-	-	-	-		-	
Total Aeronautical Revenues	83,674	86,284	61,311	80,938	(19,627)	-24.2%	(24,973)	-28.9%
Total Aeronautical Expenses	53,251	50,268	54,141	56,473	2,332	4.1%	3,873	7.7%
Aeronautical NOI	30,423	36,016	7,169	24,464	(17,295)	-70.7%	(28,846)	-80.1%

Aeronautical Business YE

Aeronautical NOI (\$ in 000's)	2019	2020	2021	2021	Fav(UnFav) Fcst. vs. Budget Variance		Incr/(Decr) Change from 2020	
	Actual	Actual	Forecast	Budget	\$	%	\$	%
Rate Base Revenues								
Airfield Movement Area	123,436	84,906	87,718	115,037	(27,319)	-23.7%	2,812	3.3%
Airfield Apron Area	22,016	15,146	14,974	21,418	(6,444)	-30.1%	(172)	-1.1%
Terminal Rents	205,283	171,607	177,661	213,147	(35,485)	-16.6%	6,054	3.5%
Federal Inspection Services (FIS)	12,321	8,616	17,679	21,454	(3,775)	-17.6%	9,063	105.2%
Total Rate Base Revenues	363,057	280,275	298,032	371,056	(73,023)	-19.7%	17,757	6.3%
Airfield Commercial Area	11,687	17,633	16,444	15,612	832	5.3%	(1,189)	-6.7%
Subtotal before Revenue Sharing	374,744	297,908	314,476	386,668	(72,192)	-18.7%	16,568	5.6%
Revenue Sharing	(17,146)	1	-	-	-		(1)	-100.0%
Total Aeronautical Revenues	357,598	297,909	314,476	386,668	(72,192)	-18.7%	16,567	5.6%
Total Aeronautical Expenses	236,959	219,878	235,107	233,102	(2,005)	-0.9%	15,230	6.9%
Aeronautical NOI	120,639	78,031	79,369	153,566	(74,197)	-48.3%	1,338	1.7%
Debt Service	(110,945)	(62,607)	(57,903)	(125,747)	67,844	-54.0%	4,704	-7.5%
Net Cash Flow	9,694	15,424	21,466	27,819	(6,353)	-22.8%	6,042	39.2%

Aero Cost Drivers

\$ in 000's	2020 Actual	2021 Budget	2021 Forecast	Impact on Aero Revenues Budget vs Forecast	
				\$	%
O&M ⁽¹⁾	213,775	227,420	229,450	2,029	0.9%
Federal Relief Grants O&M	(22,507)	(3,500)	(18,492)	(14,992)	428.3%
Net O&M	191,268	223,920	210,958	(12,962)	-5.8%
Debt Service Before Offsets	166,848	193,302	195,975	2,672	1.4%
Debt Service PFC Offset	(36,390)	(47,549)	(38,614)	8,935	-18.8%
Federal Relief Grants Debt Service	(71,763)	(29,399)	(101,211)	(71,812)	244.3%
Net Debt Service	58,694	116,354	56,149	(60,204)	-51.7%
Amortization	32,359	32,681	32,681	-	0.0%
Space Vacancy	(1,083)	(1,141)	(998)	143	-12.5%
TSA Operating Grant and Other	(960)	(758)	(758)	-	0.0%
Rate Base Revenues	280,279	371,056	298,032	(73,023)	-20%
Commercial area	17,633	15,612	16,444	832	5%
Total Aero Revenues	297,912	386,668	314,476	(72,192)	-19%

2021 Forecast to 2021 Budget

O&M – \$2.0M higher mostly in Apron, FIS, and Queue Management:

- Apron – Large Snow Expenses
- FIS – Increased Interpretation Services, Increased VIP Hospitality, Furniture Capital to Expense, Contingencies [IAF Oversize Baggage Relocate, IAF Wall Protections]
- Queue Management – VIP Divesting

Debt Service before Offsets: Forecast is \$2.6M higher primarily because the Budget assumed a reduction of \$5.8M of Debt Service exclusion for assets not in use which were partially offset by an increase in Capital Interest.

PFC Offset \$8.9M lower due to lower anticipated collections

Federal Relief Grants Aero Portion:

- **Payroll Impact (O&M)** – Removing \$18.5M from Rate Base
- **Debt Service Impact** - Removing \$101.2M from Rate Base

Aero rate base revenues based on cost recovery formulas

Non-Aeronautical Business YTD

Passenger Volume down 47.3% compared to prior year
O&D Passenger Volume down 42.4% compared to prior year

Non-Aeronautical NOI (\$ in 000's)	2019 YTD	2020 YTD	2021 YTD	2021 YTD	Fav(UnFav) Actual vs. Budget Variance		Incr/(Decr) Change from 2020	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Non-Aeronautical Revenues								
Public Parking	19,956	16,720	9,330	10,595	(1,264)	-11.9%	(7,390)	-44.2%
Rental Cars	7,229	6,928	3,484	4,577	(1,092)	-23.9%	(3,444)	-49.7%
Ground Transportation	4,523	3,931	1,459	2,441	(982)	-40.2%	(2,471)	-62.9%
Airport Dining & Retail	12,815	10,680	4,865	7,896	(3,031)	-38.4%	(5,815)	-54.4%
Other	11,474	11,697	7,791	9,576	(1,784)	-18.6%	(3,906)	-33.4%
Total Non-Aeronautical Revenues	55,996	49,956	26,930	35,085	(8,154)	-23.2%	(23,025)	-46.1%
Total Non-Aeronautical Expenses	17,206	34,898	23,947	24,804	857	3.5%	(10,951)	-31.4%
Non-Aeronautical NOI	38,790	15,058	2,984	10,281	(7,297)	-71.0%	(12,074)	-80.2%
Less: CFC Surplus	-	-	-	-	-		-	
Adjusted Non-Aeronautical NOI	38,790	15,058	2,984	10,281	(7,297)	-71.0%	(12,074)	-80.2%
Debt Service	-	-	-	-	-		-	
Net Cash Flow	38,790	15,058	2,984	10,281	(7,297)	-71.0%	(12,074)	-80.2%

2021 YTD Actuals to 2020 YTD Actuals

Non-Aero Revenue:

- All Non-Aero lines of business impacted by COVID-19. Q1 2021 results reflect a full quarter of the pandemic environment, compared to less than a month impact in prior year.
- GT – steeper decline reflects continued shift in passenger preference away from shared ride options.
- Parking, Rental Car, and ADR more closely aligned with change in passenger volumes.
- Non-Aero space rental lease revenue not directly impacted by decline in passenger volume

Non-Aero Expenses:

- Lower spending reflects cost cutting measures implemented to mitigate pandemic impacts.

Non-Aeronautical Business YE

Passenger Forecast up 83.7% compared to prior year
O&D Passenger Forecast up 100.9% compared to prior year

Non-Aeronautical NOI (\$ in 000's)	2019	2020	2021	2021	Fav(UnFav) Fcst. vs. Budget Variance		Incr/(Decr) Change from 2020	
	Actual	Actual	Forecast	Budget	\$	%	\$	%
Non-Aeronautical Revenues								
Public Parking	82,125	34,502	64,699	59,597	5,102	8.6%	30,197	87.5%
Rental Cars	52,567	16,637	33,160	26,880	6,280	23.4%	16,523	99.3%
Ground Transportation	20,765	6,557	14,321	13,628	693	5.1%	7,764	118.4%
Airport Dining & Retail	61,615	25,418	44,567	45,936	(1,369)	-3.0%	19,149	75.3%
Other	51,966	33,359	41,319	43,506	(2,187)	-5.0%	7,961	23.9%
Total Non-Aeronautical Revenues	269,037	116,473	198,067	189,548	8,519	4.5%	81,594	70.1%
Total Non-Aeronautical Expenses	118,286	109,802	107,175	106,806	(369)	-0.3%	(2,627)	-2.4%
Non-Aeronautical NOI	150,752	6,671	90,892	82,742	8,150	9.9%	84,221	1262.6%
Less: CFC Surplus	(6,834)	-	-	-	-		-	
Adjusted Non-Aeronautical NOI	143,917	6,671	90,892	82,742	8,150	9.9%	84,221	1262.6%
Debt Service	(49,299)	(33,065)	(23,358)	(53,025)	29,666	-55.9%	9,707	-29.4%
Net Cash Flow	94,619	(26,394)	67,533	29,717	37,816	127.3%	93,928	-355.9%

2021 Forecast to 2020 Actuals

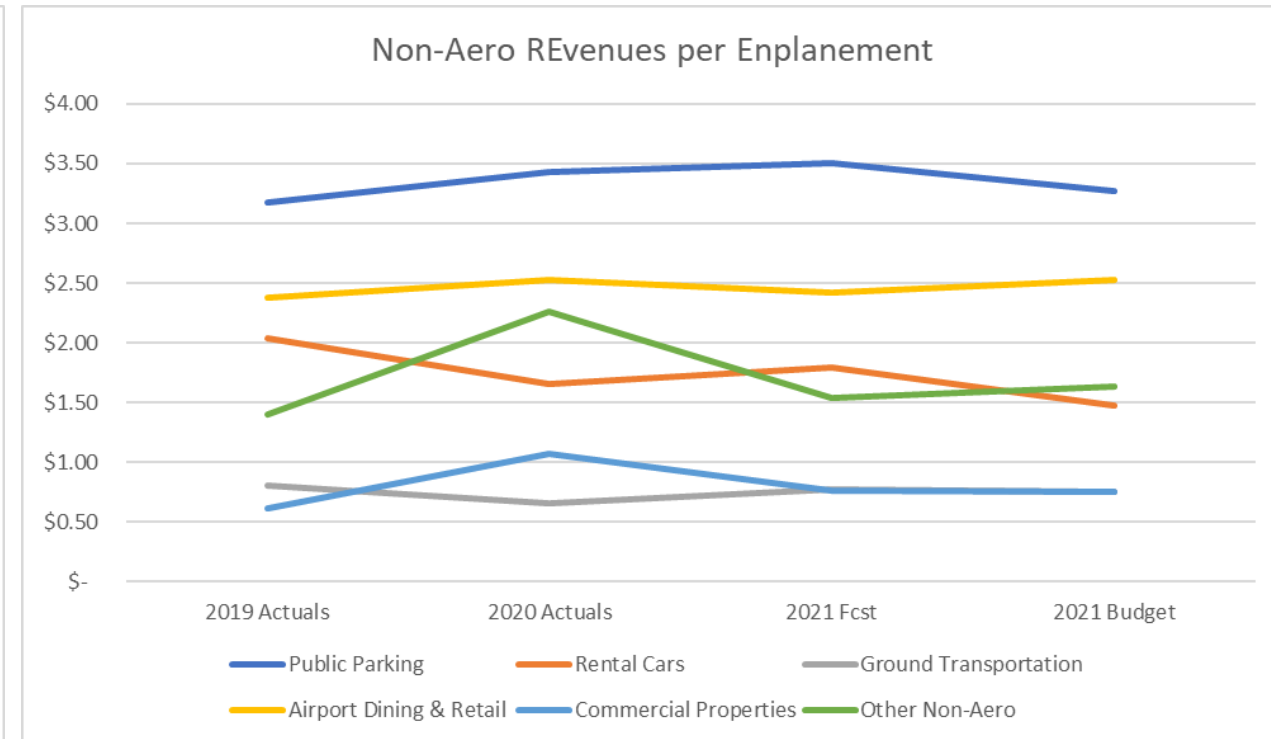
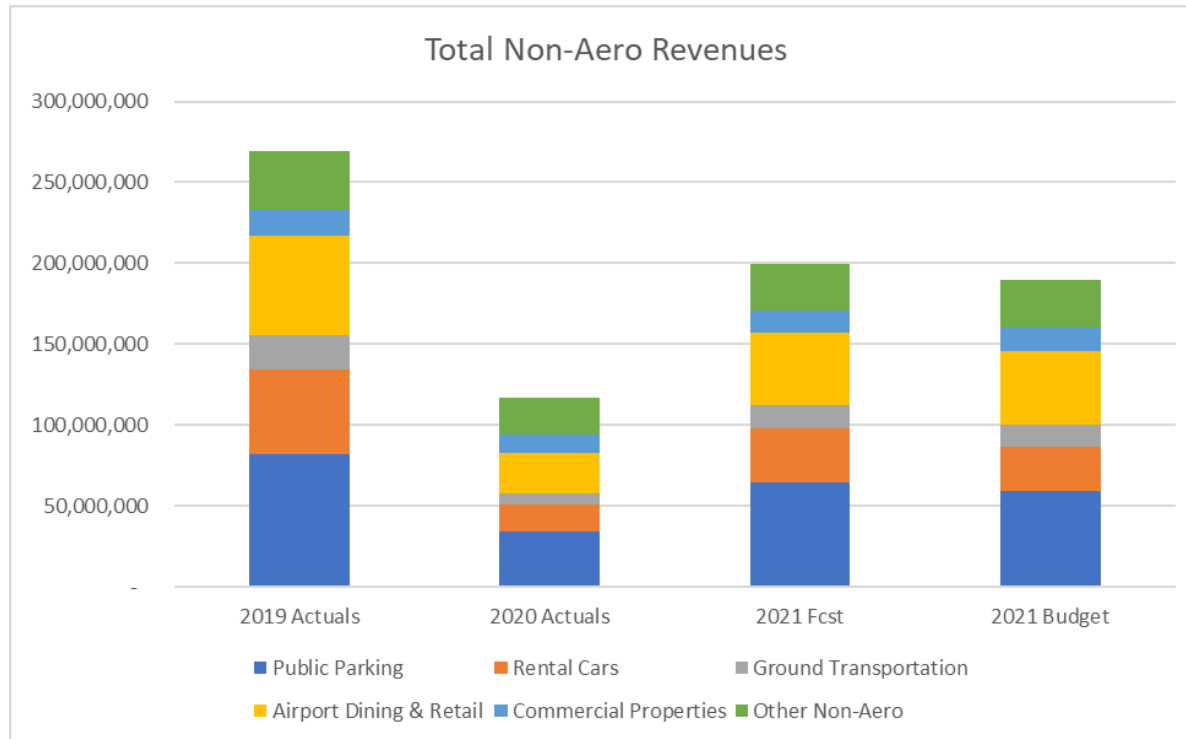
Non-Aero Revenue:

- All Non-Aero lines of business impacted by COVID-19.
- Parking – strong passenger preference in 2020, reduces the recovery percentage in 2021. Continued preference for close in self-parking.
- Rental Car – recovering consistent with passenger recovery.
- GT – recovery includes new TNC revenue from drop-off trips.
- ADR – recovering consistent with passenger recovery.
- Non-Aero space rent real estate lease revenue not directly impacted by decline in passenger volume

Non-Aero Expenses:

- Lower forecasted spending reflects cost cutting measures implemented to mitigate pandemic impacts.

Non-Aero Revenue By Business Unit



Non-Aero Revenue overview:

- **2021 Non-Aero revenue from concession fees or transaction volume** (Parking, Rental Car, GT, ADR, Clubs & Lounges, In-flight Kitchens) are **closely aligned with the decline in passenger volume**
- Commercial Properties and other Non-Aero line of business with revenue from **space rent for real estate leases** were **relatively unaffected** by the COVID-19 decline in enplanements

YTD Public Parking

Passenger Volume down 47.3% compared to prior year
O&D Passenger Volume down 42.4% compared to prior year

Public Parking - Revenue Detail	2019	2020	2021 YTD	2021 YTD	Fav (UnFav)		Incr (Decr)	
\$ in 000's	Actual	Actual	Actuals	Budget	Budget	Variance	Change from 2020	
					\$	%	\$	%
Parking Garage Revenue to Port								
General Parking/Terminal Direct	17,931	13,943	6,364	8,500	(2,136)	-25.1%	(7,578)	-54.4%
Prebooking	-	487	2,126	981	1,145	116.7%	1,639	336.7%
Premier Corporate Parking	348	672	-	149	(149)	-100.0%	(672)	-100.0%
Revenue to Port - General Parking	18,280	15,101	8,490	9,630	(1,140)	-11.8%	(6,611)	-43.8%
Other Garage Revenue								
Passport Parking Program	860	954	576	491	85	17.4%	(378)	-39.6%
Total Parking Garage Revenue	19,140	16,056	9,067	10,121	(1,054)	-10.4%	(6,989)	-43.5%
Other Parking Revenue								
Concession Rent - Doug Fox off-site parking	802	661	259	474	(214)	-45.3%	(401)	-60.8%
All Other Parking Revenue	14	3	5	-	5	N/A	1	40.0%
Total Parking Revenue	19,956	16,720	9,330	10,595	(1,264)	-11.9%	(7,389)	-44.2%
O&D Enplanements	3,808	2,947	1,699	2,176	(477)	-21.9%	(1,249)	-42.4%

2021 YTD Actuals vs. 2020 YTD Actuals

Q1 2021 results reflect a full quarter of the pandemic environment, compared to less than a month impact in the prior year.

General Garage Parking (includes pre-booking program) – Garage parking closely aligned with change in passenger volume, with continued passenger preference for close in self-parking.

Passport program – this monthly parking program is not as closely aligned with the change in passenger volume.

Doug Fox – revenue decline deeper than decline in O&D passenger volume shows customer preference away from parking with shared ride shuttles.

Q1 2021 results reflect a full quarter of the pandemic environment, compared to less than a month impact in prior year.

YTD Public Parking metrics reflect preference for close in self-parking

Public Parking - Revenue Metrics					Fav / (UnFav)		Incr / (Decr)	
	2019	2020	2021 YTD	2021 YTD	Budget Variance		Change from 2020	
in 000's	Actual	Actual	Actual	Budget	#	%	#	%
Total Enplanements	5,424	4,605	2,427	3,200	(773)	-24.2%	(2,178)	-47.3%
O&D %	70.2%	64.0%	70.0%	68.0%	2.0%	2.9%	6.0%	9.4%
O&D Enplanements	3,808	2,947	1,699	2,176	(477)	-21.9%	(1,249)	-42.4%
Revenue per O&D Enplanement Metrics								
General Parking/Pre-Book/Premier Corporate	\$ 4.80	\$ 5.12	\$ 5.00	\$ 4.43	\$ 0.57	12.9%	\$ (0.13)	-2.5%
Passport Parking Program	\$ 0.23	\$ 0.32	\$ 0.34	\$ 0.23	\$ 0.11	50.4%	\$ 0.02	4.8%
Total Garage Revenue per O&D Enplanement	\$ 5.03	\$ 5.45	\$ 5.34	\$ 4.65	\$ 0.69	14.7%	\$ (0.11)	-2.0%
Concession Rent - Doug Fox off-site parking	\$ 0.21	\$ 0.22	\$ 0.15	\$ 0.22	\$ (0.07)	-29.9%	\$ (0.07)	-31.9%
All Other Parking Revenue	\$ 0.00	\$ 0.00	\$ 0.00	\$ -	\$ 0.00	N/A	\$ 0.00	142.9%
Total Parking per O&D Enplanement	\$ 5.24	\$ 5.67	\$ 5.49	\$ 4.87	\$ 0.62	12.8%	\$ (0.18)	-3.2%

Public Parking Key Metrics – 2021 YTD Actuals vs. 2020 YTD Actuals:

- **General Garage Parking (includes pre-booking)** – revenue per enplanement retained much of increase during pandemic O&D passenger decline, which indicates passenger preference for close in self-parking
- **Passport parking programs** – metric increased due to continued demand from airport tenant employees who continued to utilize during COVID impacts due to preference for close in self-parking
- **Doug Fox off-site parking** – YTD metric decrease may be temporary, will continue to monitor.

Public Parking forecast recovers with O&D passenger increase

Passenger Forecast up 83.7% compared to prior year

O&D Passenger Forecast up 100.9% compared to prior year

Public Parking - Revenue Detail	2019	2020	2021	2021	Fav (UnFav)		Incr (Decr)	
\$ in 000's	Actual	Actual	Forecast	Budget	Fest to \$	Bud Var %	Change from 2020 \$	%
<u>Parking Garage Revenue to Port</u>								
General Parking/Terminal Direct	73,562	27,157	46,746	48,332	(1,586)	-3.3%	19,589	72.1%
Prebooking	217	2,935	13,343	5,570	7,773	139.5%	10,408	354.6%
Premier Corporate Parking	1,415	449	-	850	(850)	-100.0%	(449)	-100.0%
Revenue to Port - General Parking	75,194	30,540	60,088	54,752	5,336	9.7%	29,548	96.8%
<u>Other Garage Revenue</u>								
Passport Parking Program	3,582	2,738	2,556	2,790	(234)	-8.4%	(181)	-6.6%
Total Parking Garage Revenue	78,776	33,278	62,645	57,542	5,103	8.9%	29,366	88.2%
<u>Other Parking Revenue</u>								
Concession Rent - Doug Fox off-site parking	3,292	1,186	2,032	2,037	(5)	-0.3%	846	71.3%
All Other Parking Revenue	56	37	23	18	5	27.2%	(14)	-38.3%
Total Parking Revenue	82,125	34,501	64,699	59,597	5,102	8.6%	30,198	87.5%

2021 Forecast vs. 2020 Actuals

General Garage Parking (includes pre-booking program) – Garage parking activity is closely aligned with the return of O&D passenger volume.

Passport program – demand is relatively stable, not closely aligned with passenger volumes. Significant portion of usage is from airport tenant employees.

Doug Fox – revenue recovering slower than the return in O&D passenger volume, possibly due to continued customer preference away from parking with shared ride shuttles.

YE Public Parking metrics expected to reflect continued preference for close in self-parking

Parking Revenue Metrics	2019	2020	2021	2021	Fav / (UnFav)		Incr / (Decr)	
in 000's	Actual	Actual	Forecast	Budget	Fcst to Bud Var		Change from 2020	
					#	%	#	%
Total Enplanements	25,874	10,044	18,451	18,216	236	1.3%	8,408	83.7%
O&D %	70.2%	64.0%	70.0%	68.0%	2.0%	2.9%	6.0%	9.4%
O&D Enplanements	18,163	6,428	12,916	12,387	529	4.3%	6,488	100.9%
Revenue per O&D Enplanement Metrics								
General Parking/Pre-Book/Premier Corporate	\$ 4.14	\$ 4.75	\$ 4.65	\$ 4.42	\$ 0.23	5.2%	\$ (0.10)	-2.1%
Passport Parking Program	\$ 0.20	\$ 0.43	\$ 0.20	\$ 0.23	\$ (0.03)	-12.1%	\$ (0.23)	-53.5%
Total Garage Revenue per O&D Enplanement	\$ 4.34	\$ 5.18	\$ 4.85	\$ 4.65	\$ 0.20	4.4%	\$ (0.33)	-6.3%
Concession Rent - Doug Fox off-site parking	\$ 0.18	\$ 0.18	\$ 0.16	\$ 0.16	\$ (0.01)	-4.3%	\$ (0.03)	-14.7%
All Other Parking Revenue	\$ 0.00	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	22.0%	\$ (0.00)	-69.3%
Total Parking per O&D Enplanement	\$ 4.52	\$ 5.37	\$ 5.01	\$ 4.81	\$ 0.20	4.1%	\$ (0.36)	-6.7%

Public Parking Key Metrics – 2021 Forecast vs. 2020 Actuals:

- **General Garage Parking (includes pre-booking)** – revenue per enplanement retained much of increase during pandemic O&D passenger decline, based on continued passenger preference for close in self-parking.
- **Passport parking programs** – metric expected to return to pre-pandemic demand level. Significant portion of usage is from airport tenant employees.
- **Doug Fox off-site parking** – metric forecasted to continue to slightly lag the recovery in O&D enplanements, will continue to monitor.

Rental Cars YTD

Rental Car - Revenue Detail	2019 YTD	2020 YTD	2021 YTD	2021 YTD	Fav / (UnFav)		Incr / (Decr)	
\$ in 000's	Actual	Actual	Actual	Budget	Budget Variance		Change from 2020	
					\$	%	\$	%
Total Enplanements	5,424	4,605	2,427	3,200	(773)	-24.2%	(2,178)	-47.3%
O&D %	70.2%	64.0%	70.0%	68.0%	2.0%	2.9%	6.0%	9.4%
O&D Enplanements	3,808	2,947	1,699	2,176	(477)	-21.9%	(1,249)	-42.4%
Gross Sales by Operators	52,311	44,945	25,982	36,110	(10,128)	-28.0%	(18,963)	-42.2%
Total Transactions	277	223	108	157	(49)	-31.4%	(115)	-51.6%
Average Ticket	\$188.62	\$201.73	\$241.11	\$230.00	\$11.11	4.8%	\$39.38	19.5%
Average Length of Stay	4.12	4.26	4.82	4.60	0.22	4.8%	0.56	13.2%
Transactions/O&D Enplanements	7.18%	7.56%	6.34%	7.21%	-0.87%	-12.1%	-1.22%	-16.1%
CFC Revenue Summary								
Total Transaction Days	1,143	949	519	722	(203)	-28.1%	N/A	-45.3%
CFC Rate per Transaction Day	\$6.00	\$6.00	\$6.50	\$6.50	\$0.00	0.0%	\$0.50	8.3%
CFC Revenue Earned	6,860	5,693	3,376	4,694	(1,319)	-28.1%	N/A	-40.7%
Other CFC Collections	4	-	-	-	-	N/A	N/A	N/A
Total CFC Revenue	6,865	5,693	3,376	4,694	(1,319)	-28.1%	(2,317)	-40.7%
Debt Service Reserve Requirement	(5,870)	(4,822)	(6,068)	(6,038)	(30)	0.5%	(1,246)	25.9%
Residual - CFC Operating Revenue	994	-	-	-	-	N/A	-	N/A
Rental Car - Revenue Summary								
\$ in 000's	2019 YTD	2020 YTD	2021 YTD	2021 YTD	Fav / (UnFav)		Incr / (Decr)	
	Actual	Actual	Actual	Budget	Budget Variance		Change from 2020	
					\$	%	\$	%
RCF Concession Revenue to Port	5,271	5,935	2,470	3,611	(1,141)	-31.6%	(3,466)	-58.4%
Residual - CFC Operating Revenue:	994	-	-	-	-	N/A	-	N/A
Land Rent/Space Rent/Other	964	993	1,015	966	49	5.1%	22	2.2%
Total Rental Cars Operating Revenue	7,229	6,928	3,484	4,577	(1,092)	-23.9%	(3,444)	-49.7%

2021 YTD Actuals vs. 2020 YTD Actuals

Rental Car Concession Revenue –in 2020 the decline was less than the O&D passenger decline. Similar to the prior year, car rental appears to continue to be the 2nd preferred transportation option, following the primary preference for close in self-parking in the Public Parking Garage.

CFC Operating Revenue - CFC collections declined in 2020 to a level below current year debt service, and YTD 2021 CFC Operating Revenue is still lower than debt service. CFC Operating Revenue is a residual (only after covering current year debt service), so YTD 2020 CFC operating revenue is still zero.

Rental Cars YE

Rental Car - Revenue Detail					Fav / (UnFav)		Incr / (Decr)	
\$ in 000's	2019	2020	2021	2021	Fest vs Bud Var		Change from 2020	
	Actual	Actual	Forecast	Budget	\$	%	\$	%
Total Enplanements	25,874	10,044	18,451	18,216	236	1.3%	8,408	83.7%
O&D %	70.2%	64.0%	70.0%	68.0%	2.0%	2.9%	6.0%	9.4%
O&D Enplanements	18,396	6,428	12,916	12,387	529	4.3%	6,488	100.9%
Gross Sales by Operators	328,156	122,372	231,721	122,372	109,349	89.4%	109,349	89.4%
Total Transactions	1,414	519	986	892	94	10.5%	467	89.8%
Average Ticket	\$232.06	\$235.57	\$ 235.00	\$ 230.00	\$5.00	2.2%	(\$0.57)	-0.2%
Average Length of Stay	4.49	4.93	4.71	4.60	0.11	2.5%	(0.22)	-4.4%
Transactions/O&D Enplanements	7.69%	8.08%	7.63%	7.20%	0.43%	6.0%	-0.45%	-5.5%
<u>CFC Revenue Summary</u>								
Total Transaction Days	6,356	2,560	4,647	4,103	544	13.3%	2,087	81.5%
CFC Rate per Transaction Day	\$6.00	\$6.00	\$6.50	\$6.50	\$0.00	0.0%	\$0.50	8.3%
CFC Revenue Earned	38,137	15,362	30,207	26,670	3,537	13.3%	14,845	96.6%
Other CFC Collections	(9)	-	-	-	-	N/A	-	N/A
Total CFC Revenue	38,128	15,362	30,207	26,670	3,537	13.3%	14,845	96.6%
Debt Service Reserve Requirement	(23,655)	(24,019)	(24,274)	(24,153)	(121)	0.5%	(255)	1.1%
Reserve Fund Release (bond maturation)	1,300	-	-	-	-	N/A	-	N/A
Net Debt Service	(22,355)	(23,914)	(24,274)	(24,153)	(121)	0.5%	(360)	1.5%
Residual - CFC Operating Revenue	15,773	-	5,933	2,501	3,432	137.2%	5,933	N/A
Rental Car - Revenue Summary					Fav / (UnFav)		Incr / (Decr)	
\$ in 000's	2019	2020	2021	2021	Fest vs Bud Var		Change from 2020	
	Actual	Actual	Forecast	Budget	\$	%	\$	%
RCF Concession Revenue to Port	32,870	12,531	23,172	20,516	2,656	12.9%	10,641	84.9%
Residual - CFC Operating Revenue:	15,773	-	5,933	2,501	3,432	137.2%	5,933	N/A
Land Rent/Space Rent/Other	3,924	4,106	4,056	3,863	193	5.0%	(50)	-1.2%
Total Rental Cars Operating Revenue	52,567	16,637	33,161	26,880	6,280	23.4%	16,524	99.3%

2021 Forecast vs 2020 Actuals

Rental Car Concession Revenue – in 2020 the decline was less than the O&D passenger decline. In 2021, demand is expected to return on pace with returning O&D enplanements. Similar to the prior year, car rental appears to continue to be the 2nd preferred transportation option, following the primary preference for close in self-parking in the Public Parking Garage.

CFC Operating Revenue - CFC collections are increasing in 2021 and are expected to exceed current year debt service, so CFC Operating Revenue will be recognized again in 2021. CFC Operating Revenue is a residual (only recognized after covering current year debt service).

Ground Transportation – Revenue YTD

Passenger Volume down 47.3% compared to prior year
O&D Passenger Volume down 42.4% compared to prior year

Revenue to Port	2019 YTD	2020 YTD	2021 YTD	2021 YTD	Fav (UnFav)		Incr (Decr)
\$ in 000's	Actual	Actual	Actual	Budget	Budget Variance		Change from 2020
					\$	%	\$ %
Ground Transportation Revenues							
Transportation Network Companies	2,678	2,523	915	1,529	(613)	-40.1%	(1,608) -63.7%
On Demand Taxis	859	580	133	325	(192)	-59.2%	(447) -77.1%
On Demand Limos	221	222	-	-	-	N/A	(222) -100.0%
Belled In Taxis (Annual Permit)	21	12	6	19	(14)	-70.6%	(6) -53.0%
Pre-Arranged Limos (Annual Permit)	127	91	56	104	(48)	-46.0%	(35) -38.1%
Courtesy Cars (cost recovery)	467	400	323	380	(57)	-15.0%	(77) -19.2%
All other Operators (cost recovery)	88	44	2	23	(22)	-93.5%	(43) -96.5%
Other Misc Revenues	62	59	10	25	(15)	-58.3%	(49) -82.5%
Total GT Revenue	4,523	3,931	1,459	2,441	(982)	-40.2%	(2,471) -62.9%
O&D Enplanements	3,862	2,947	1,699	2,048	(349)	-17.0%	(1,249) -42.4%

2021 YTD Actuals vs. 2020 YTD Actuals

GT Revenue:

Ground Transportation revenues and GT operators severely impacted by compounding pandemic factors:

- COVID-19 declines in O&D passenger volumes
- Customer preference away from shared ride transportation options during this pandemic.

TNC revenue decline of 64% was deeper than the decline in O&D passengers (42%)

Taxi revenue declined (77%) even more deeply than TNCs.

On-demand Limos (STILA) made the decision to cease operations at SEA.

All other GT operators impacted to varying degrees.

Ground Transportation – Trips YTD

Passenger Forecast up 83.7% compared to prior year
O&D Passenger Forecast up 100.9% compared to prior year

Ground Transportation Trip Activity	2019 YTD	2020 YTD	2021 YTD	2021 YTD	Fav / (UnFav)		Incr / (Decr)	
in 000's	Actual	Actual	Actual	Budget	Budget	Variance	Change from 2020	
					#	%	#	%
Ground Transportation Trips								
Transportation Network Companies	446	421	236	255	(19)	-7.5%	(185)	-44.0%
On Demand Taxis	145	100	23	54	(31)	-56.7%	(77)	-76.5%
On Demand Limos	16	12	-	-	-	N/A	(12)	-100.0%
Belled In Taxis (Annual Permit)	4	1	0	1	(0)	-53.4%	(1)	-59.0%
Pre-Arranged Limos (Annual Permit)	16	58	14	34	(19)	-57.6%	(44)	-75.4%
Courtesy Cars (cost recovery)	290	247	135	158	(23)	-14.4%	(112)	-45.2%
All other Operators (cost recovery)	23	10	3	5	(1)	-31.9%	(7)	-68.1%
Total GT Trip Activity	940	849	412	506	(94)	-18.6%	(437)	-51.4%
Total Enplanements	5,424	4,605	2,427	3,200	(773)	-24.2%	(2,178)	-47.3%
O&D %	70.2%	64.0%	70.0%	64.0%	6.0%	9.4%	6.0%	9.4%
O&D Enplanements	3,862	2,947	1,699	2,048	(349)	-17.0%	(1,249)	-42.4%
Revenue per O&D Enplanement Metrics								
TNC	11.6%	14.3%	13.9%	12.4%	1.4%	11.5%	-0.4%	-2.9%
Taxi	3.8%	3.4%	1.4%	2.6%	-1.3%	-47.8%	-2.0%	-59.3%
All other	24.3%	28.8%	24.3%	24.7%	-0.5%	-1.8%	-4.5%	-15.7%
Total GT Trips per O&D Enplanement	24.3%	28.8%	24.3%	24.7%	-0.5%	-1.8%	-4.5%	-15.7%

Ground Transportation – Revenue YE

Passenger Forecast up 83.7% compared to prior year
O&D Passenger Forecast up 100.9% compared to prior year

Revenue Detail	2019	2020	2021	2021	Fav (UnFav)		Incr (Decr)	
\$ in 000's	Actual	Actual	Forecast	Budget	Fest vs Bud Var		Change from 2020	
					\$	%	\$	%
Ground Transportation Revenues								
Transportation Network Companies	12,982	4,032	10,406	8,700	1,706	19.6%	6,373	158.1%
On Demand Taxis	3,578	857	1,020	1,851	(831)	-44.9%	162	18.9%
On Demand Limos	837	371	-	-	-	N/A	(371)	-100.0%
Belled In Taxis (Annual Permit)	27	12	6	19	(14)	-70.6%	(6)	-53.0%
Pre-Arranged Limos (Annual Permit)	611	209	407	516	(109)	-21.0%	199	95.4%
Courtesy Cars (cost recovery)	2,019	877	2,207	2,160	47	2.2%	1,330	151.6%
All other Operators (cost recovery)	418	86	86	188	(102)	-54.3%	-	0.0%
Other Misc Revenues	293	113	165	194	(29)	-14.7%	53	47.0%
Total GT Revenue	20,765	6,557	14,321	13,628	693	5.1%	7,764	118.4%
O&D Enplanements	18,422	6,428	12,916	12,387	529	4.3%	6,488	100.9%

2021 Forecast vs. 2020 Actuals

GT Revenue

Ground Transportation recovery remains slower than the recovery in O&D enplanements as customer preference away from shared ride transportation options continues during this pandemic recovery stage.

TNC revenue – stronger increase reflects new TNC agreement effective 1/1/2021 with new fee for TNC drop-off trips.

On-demand Taxi revenue & trip recovery is much slower than recovery in O&D enplanements.

On-demand Limos (STILA) made the decision to cease operations at SEA in late-2020.

Other GT operators impacted to varying degrees.

Ground Transportation – Trips YE

Trip Activity in 000's	2019	2020	2021	2021	Fav / (UnFav)		Incr / (Decr)	
	Actual	Actual	Forecast	Budget	Fcst vs Bud #	Var %	Change from 2020 #	%
Ground Transportation Trips								
Transportation Network Companies	2,172	672	2,225	1,450	775	53.4%	1,553	231.1%
On Demand Taxis	616	150	171	309	(137)	-44.5%	22	14.4%
On Demand Limos	65	12	-	-	-	N/A	(12)	-100.0%
Belled In Taxis (Annual Permit)	13	2	1	5	(4)	-70.6%	(1)	-26.7%
Pre-Arranged Limos (Annual Permit)	65	87	152	192	(40)	-21.0%	65	74.9%
Courtesy Cars (cost recovery)	1,236	557	904	900	4	0.5%	347	62.2%
All other Operators (cost recovery)	74	16	14	27	(13)	-48.8%	(2)	-13.7%
Total GT Trip Activity	4,240	1,496	3,467	2,882	585	20.3%	1,971	131.8%
Total Enplanements	25,874	10,044	18,451	18,216	236	1.3%	8,408	83.7%
O&D %	70.2%	64.0%	70.0%	68.0%	2.0%	2.9%	6.0%	9.4%
O&D Enplanements	18,422	6,428	12,916	12,387	529	4.3%	6,488	100.9%
Trips per O&D Enplanement								
TNC	11.8%	10.5%	17.2%	11.7%	5.5%	47.2%	6.8%	64.8%
Taxi	3.3%	2.3%	1.3%	2.5%	-1.2%	-46.7%	-1.0%	-43.1%
All other	7.9%	10.5%	8.3%	9.1%	-0.8%	-8.6%	-2.2%	-20.9%
Total Trips per O&D Enplanement	23.0%	23.3%	26.8%	23.3%	3.6%	15.4%	3.6%	15.4%

Airport Dining & Retail YTD Results

Revenue Summary (in \$000s) <i>Org(s): 3650-Airport Dining and Retail, Class: Top Level</i>	2019 YTD	2020 YTD	2021 YTD	2021 YTD	Fav/(UnFav) Budget Variance		Inc/(Dec) from Prior Year Actuals	
	Actual	Actual	Actual	Budget	\$ Var	% Var	\$ Change	% Change
Operating Revenue								
Duty Free	1,614	1,106	389	408	(18)	-4.5%	(717)	-64.8%
Food & Beverage	4,950	4,287	1,926	3,236	(1,310)	-40.5%	(2,361)	-55.1%
Retail	3,260	2,644	1,298	2,347	(1,050)	-44.7%	(1,347)	-50.9%
Services	962	757	468	634	(166)	-26.1%	(289)	-38.2%
Advertising	1,591	1,496	529	905	(377)	-41.6%	(967)	-64.7%
All Other	437	390	255	367	(111)	-30.3%	(134)	-34.5%
Total ADR Revenue	12,815	10,680	4,865	7,896	(3,031)	-38.4%	(5,815)	-54.4%
Enplanements	5,424	4,605	2,427	3,200	(773)	-24.2%	(2,178)	-47.3%

2021 YTD Actuals vs. 2020 YTD Actuals

- Detailed analysis of YTD ADR revenue variances is hampered by the fact that ADR revenue has not been billed since 12/31/2020. YTD revenue recognition is based on manual accruals of the best available revenue estimates. The delay in ADR billing is related to the need for sequential, complex legal reviews related to MAG calculations.
- Cumulative YTD 2021 ADR billing is expected to be completed by early May.

Airport Dining & Retail YE Forecast

Revenue Summary (in \$000s) <i>Org(s): 03500-AV Commercial Management, Class: Top Level</i>	2019	2020	2021	2021	Fav/(UnFav) Budget Variance		Inc/(Dec) from Prior Year Actuals	
	Actual	Actual	Forecast	Budget	\$ Var	% Var	\$ Change	% Change
Operating Revenue								
Duty Free	6,189	1,842	1,917	3,599	(1,683)	-46.7%	1,758	95.4%
Food & Beverage	26,314	9,709	19,218	18,456	762	4.1%	8,747	90.1%
Retail	16,313	6,328	12,806	13,360	(555)	-4.2%	7,033	111.1%
Services	3,847	1,728	2,912	3,900	(988)	-25.3%	2,173	125.7%
Advertising	7,326	4,285	6,228	5,153	1,075	20.9%	868	20.3%
All Other	1,625	1,527	1,486	1,466	19	1.3%	(60)	-4.0%
Total ADR Revenue	61,614	25,418	44,567	45,936	(1,369)	-3.0%	20,518	80.7%
Enplanements	25,874	10,044	18,451	18,216	236	1.3%	8,408	83.7%

Sales per Enplanements Summary <i>Org(s): 3650-Airport Dining and Retail, Class: Top Level</i>	2019	2020	2021	2021	Fav/(UnFav) Budget Variance		Inc/(Dec) from Prior Year Actuals	
	Actual	Actual	Forecast	Budget	\$ Var	% Var	\$ Change	% Change
Duty Free	0.77	0.47	0.35	0.65	(0.30)	-46.3%	(0.12)	-25.6%
Food & Beverage	7.56	7.83	7.28	8.18	(0.90)	-11.0%	(0.55)	-7.0%
Retail	3.99	4.14	4.12	4.79	(0.67)	-14.0%	(0.03)	-0.6%
Services	0.80	0.49	0.44	0.56	(0.12)	-21.1%	(0.05)	-10.0%
SPE - Total ADR	13.12	12.94	12.19	14.18	(1.99)	-14.0%	(0.75)	-5.8%

Revenue per Enplanements Summary <i>Org(s): 3650-Airport Dining and Retail, Class: Top Level</i>	2019	2020	2021	2021	Fav/(UnFav) Budget Variance		Inc/(Dec) from Prior Year Actuals	
	Actual	Actual	Forecast	Budget	\$ Var	% Var	\$ Change	% Change
Duty Free	0.24	0.18	0.10	0.20	(0.09)	-47.4%	(0.08)	-43.3%
Food & Beverage	1.02	0.97	1.04	1.01	0.03	2.8%	0.07	7.7%
Retail	0.63	0.63	0.69	0.73	(0.04)	-5.4%	0.06	10.2%
Services	0.15	0.17	0.16	0.21	(0.06)	-26.3%	(0.01)	-8.3%
RPE - Total ADR	2.04	1.95	2.00	2.16	(0.16)	-7.5%	0.05	2.3%

2021 Forecast vs. 2020 Actuals

COVID-19 impacts to Airport Dining & Retail revenue has been severe, and compounded by passenger volume decline, significant unit closures during 2020, restrictions on in-unit dining, and a prohibition on alcohol sales near the end of 2020.

Sales per Enplanement (SPE) on Food & Beverage and Retail are shrinking slightly as enplanements are returning and food offerings are coming back on flights as airlines have adjusted to changed operating conditions.

Revenue per Enplanement (RPE) is increasing as tiered rent reach higher tiers in 2021.

Non-Aero Commercial Properties

Land Rent stable, but In-Flight Kitchen revenue negatively impacted by COVID-19

Revenue Summary (in \$000s) <i>Org(s): 3630-Non-Aero Commercial Properties, Class: Top Level</i>	2019 YTD	2020 YTD	2021 YTD	2021 YTD	Fav/(UnFav) Budget Variance		Inc/(Dec) from Prior Year Actuals	
	Actual	Actual	Actual	Budget	\$ Var	% Var	\$ Change	% Change
Operating Revenue								
Land/Space Rental	1,137	1,581	1,501	1,519	(18)	-1.2%	(80)	-5.1%
In-Flight Kitchen Revenue	1,948	1,922	907	1,243	(336)	-27.0%	(1,015)	-52.8%
Other Service Revenues	127	137	149	149	(0)	0.0%	11	8.3%
Total Operating Revenues	3,212	3,641	2,557	2,911	(354)	-12.2%	(1,083)	-29.8%

Revenue Summary (in \$000s) <i>Org(s): 3630-Non-Aero Commercial Properties, Class: Top Level</i>	2019	2020	2021	2021	Fav/(UnFav) Budget Variance		Inc/(Dec) from Prior Year Actuals	
	Actual	Actual	Forecast	Budget	\$ Var	% Var	\$ Change	% Change
Operating Revenue								
Land/Space Rental	5,122	6,209	6,001	6,022	(21)	-0.3%	(208)	-3.4%
In-Flight Kitchen Revenue	10,053	3,990	7,395	7,078	317	4.5%	3,405	85.3%
Other Service Revenues	597	566	613	613	0	0.0%	47	8.3%
Total Operating Revenues	15,773	10,765	14,009	13,713	296	2.2%	3,244	30.1%
Enplanements	25,874	10,044	18,451	18,216	236	1.3%	8,408	83.7%

2021 Forecast vs. 2020 Actuals

COVID-19 impacts to Non-Aero Commercial Properties revenue is primarily limited to In-Flight Kitchen concession revenue.

In-Flight Kitchen Revenue decline is closely aligned with the decline in passenger volumes

Land/Space Rent revenues are primarily fixed rates per sq.ft., and were therefore relatively unaffected by COVID-19 impacts

Clubs & Lounges

Impacted by lounge closures and passenger volume decline

Revenue Summary (in \$000s) <i>Org(s): 3690-Club International Lounge, Class: Top Level</i>	2019 YTD	2020 YTD	2021 YTD	2021 YTD	Fav/(UnFav) Budget Variance		Inc/(Dec) from Prior Year Actuals	
	Actual	Actual	Actual	Budget	\$ Var	% Var	\$ Change	% Change
Operating Revenue								
Space Rental	1,902	1,714	175	936	(762)	-81.3%	(1,540)	-89.8%
Total Operating Revenues	1,902	1,714	175	936	(762)	-81.3%	(1,540)	-89.8%

Revenue Summary (in \$000s) <i>Org(s): 3690-Club International Lounge, Class: Top Level</i>	2019	2020	2021	2021	Fav/(UnFav) Budget Variance		Inc/(Dec) from Prior Year Actuals	
	Actual	Actual	Forecast	Budget	\$ Var	% Var	\$ Change	% Change
Operating Revenue								
Space Rental	10,274	2,043	4,148	6,221	(2,073)	-33.3%	2,105	103.0%
Total Operating Revenues	10,274	2,043	4,148	6,221	(2,073)	-33.3%	2,105	103.0%
Enplanements	25,874	10,044	18,451	18,216	236	1.3%	8,408	83.7%

2021 Forecast vs. 2020 Actuals

COVID-19 impacts to Port-owned common use Clubs & Lounges reflects overall decline in passenger volume. As a result, both the South Satellite lounge and the Concourse A lounges were closed in mid-March 2020 due to the decline in passengers and in response to social distancing requirements.

South Satellite Lounge was able to reopen on July 1st, 2020 with new safety protocols and is experiencing a steady increase in passenger activity.

A Concourse Lounge unfortunately remained closed through year-end 2020 and isn't expected to reopen until June 2021 due to low passenger volumes.

2021 Capital Expenditures

	2021 YTD Actual	2021 Year-End Forecast	2021 Budget	Budget Variance	
\$ in 000's				\$	%
NS NSAT Renov NSTS Lobbies ⁽¹⁾	32,459	90,814	96,408	5,594	5.8%
2021-25 AFLD Pvmnt& Spprt Infr ⁽²⁾	718	25,047	29,560	4,513	15.3%
Concourse A Expansion ⁽³⁾	31	9,613	5,215	(4,398)	-84.3%
International Arrivals Facility ⁽⁴⁾	22,947	82,447	86,500	4,053	4.7%
NEPL Improvements ⁽⁵⁾	18	3,616	496	(3,121)	-629.6%
Concourse C New Power Center ⁽⁶⁾	1,181	5,253	2,961	(2,292)	-77.4%
Terminal Security Enhancements ⁽⁷⁾	63	1,721	3,479	1,758	50.5%
A12A Jet Bridge ⁽⁸⁾	-	509	2,227	1,718	77.2%
SAMP Near Term Planning ⁽⁹⁾	171	3,672	5,025	1,354	26.9%
C1 Building Floor Expansion ⁽¹⁰⁾	108	7,487	8,763	1,277	14.6%
Checkpoint 1 Relocation ⁽¹¹⁾	63	3,111	1,954	(1,158)	-59.3%
N. Terminals Utilities Upgrade ⁽¹²⁾	4,200	7,273	8,399	1,126	13.4%
Parking Garage Elevators Moder ⁽¹³⁾	870	2,932	3,942	1,011	25.6%
Checked Bag Recap/Optimization	15,089	86,289	86,100	(189)	-0.2%
All Other	14,411	176,475	192,151	15,676	8.2%
Subtotal	92,329	506,258	533,180	26,922	5.0%
CIP Cashflow Mgmt Reserve	-	(38,164)	(41,978)	(3,814)	9.1%
Total Spending	92,329	468,094	491,202	23,108	4.7%

- (1) \$1M less Overhead; \$1.5M less Construction (contract/OFCI & sales tax); \$1.3M under Permit costs that are delayed; PM/CM/AD/ART invoice slip & underrun
- (2) Bid result lower than Engineer's Estimate by \$4.7M
- (3) 2021 baseline was set previous to Notebook approval (03/05/21), whereas the project budget went from \$60M to 71.4M
- (4) The pedestrian walkway continues to slide to the right and is likely going to complete late August 2021. Additionally, issues with control systems and smoke control have caused delays to the IAF building. Potential COVID impact payment settlement
- (5) Increased scope via approved DCD's
- (6) Construction accelerated by 6 months
- (7) Previous procurement cancelled, cashflow per anticipated DB schedule
- (8) Still in Planning Mode have not drilled on the Schedule
- (9) Continued scoping and analysis extended to gain better information deferring spending
- (10) Commission Authorization delays, due to re-evaluating financial impacts with COVID-19.
- (11) 2020 'Plan' based on a 'Hot' project, but then requested to be 'slowed', due to COVID-19.
- (12) Phase 1 is coming in under budget; Savings will be used to fund Phase 2
- (13) A protracted delay in AE contract negotiations resulted in slower than anticipated design costs.

Forecast spending variances primarily due to COVID-19 impact

Maritime Division Appendix

Q1 2021 Financial Performance Report

Q1 2021 Maritime Achievements

- **Recreational Boating**– Conducted satisfaction survey in response to COVID-19 business disruptions with 26% of the customers responding. Team received overwhelmingly favorable results. Customers noted the challenges and appreciation for quick transitions & excellent customer service.
- **Elliott Bay Fishing and Commercial Operations** - Coordinated with Discovery Health MD to ensure COVID testing and administering of vaccinations could take place at Terminal 91 for Maritime Professionals.
- **Ship Canal Fishing & Operations** – Fishermen’s Terminal, Salmon Bay Marina and Maritime Industrial Center earned Clean Marina Certification from Puget Soundkeeper.
- **Maritime Portfolio Management** – Entered into negotiations for new tenant at Maritime Industrial Center.
- **Stormwater Utility** – The strategic plan draft was reviewed by stakeholders and is close to being finalized.

Maritime Environmental & Sustainability Achievements

- Adopted the NW Ports Clean Air Strategy and made progress on the Maritime Climate and Air Action Plan.
- Completed 2019 emissions inventory.
- Completed report on Maritime and EDD solar installations and next steps.
- Developed scope and contract with NREL for power studies at T91.
- Completed T5 pile net tie off and the Centennial Park net pen project.
- Significant progress on the T117 construction.
- Proposed Mitigation Bank public comment process complete.
- Completed sustainable evaluation framework reviews on capital projects.
- Supported T5 redevelopment priorities.

Maritime 2021 Financial Forecast Summary

	2019	2020	2021	2021	Fav (UnFav) Fest vs. Budget Variance		Incr (Decr) Change from 2020	
\$ in 000's	Actual	Actual	Forecast	Budget	\$	%	\$	%
Ship Canal Fishing & Operations	3,929	4,704	4,135	4,135	0	0%	(569)	-12%
Elliott Bay Fishing & Commercial Operations	6,095	5,752	4,509	4,509	0	0%	(1,243)	-22%
Recreational Boating	12,484	12,611	12,915	12,915	0	0%	304	2%
Cruise	22,410	3,824	8,558	8,558	0	0%	4,734	124%
Grain	4,266	5,142	5,203	4,903	300	6%	61	1%
Maritime Portfolio Management	10,108	10,074	10,034	10,259	(225)	-2%	(40)	0%
Other	(3)	4	0	0	0	NA	(4)	-100%
Total Revenue	59,289	42,111	45,355	45,280	75	0%	3,244	8%
Expenses								
Maritime (Excl. Maint)	13,789	16,256	15,539	15,539	0	0%	(717)	-4%
Economic Development	4,987	4,511	5,365	5,365	0	0%	854	19%
Total Direct	18,776	20,767	20,904	20,904	0	0%	137	1%
Maintenance Expenses	12,186	12,029	11,295	11,595	300	3%	(734)	-6%
Envir Services & Planning	2,250	2,739	2,140	2,140	0	0%	(598)	-22%
Seaport Finance & Cost Recovery	835	937	977	977	0	0%	40	4%
Seaport Project Management	175	1,061	416	316	(100)	-32%	(644)	-61%
Total Support Services	15,446	16,765	14,828	15,028	200	1%	(1,937)	-12%
IT	2,685	2,719	2,838	2,853	15	1%	120	4%
Police Expenses	4,086	2,865	3,079	3,118	39	1%	213	7%
External Relations	1,564	1,200	1,050	1,347	297	22%	(150)	-13%
Other Central Services	5,810	5,596	6,773	6,749	(24)	0%	1,177	21%
Aviation Division / Other	278	315	243	243	0	0%	(72)	-23%
Total Central Services / Other	14,423	12,695	13,984	14,311	327	2%	1,288	10%
Total Expense	48,644	50,228	49,716	50,243	527	1%	(512)	-1%
NOI Before Depreciation	10,644	(8,117)	(4,361)	(4,963)	602	12%	3,755	46%
Depreciation	17,627	17,624	16,899	16,899	0	0%	(725)	-4%
NOI After Depreciation	(6,982)	(25,741)	(21,260)	(21,862)	602	3%	4,480	17%

Revenue Variance from Budget

- Grain terminal experiencing higher volumes than expected.
- Maritime Portfolio Management vacancies at Maritime Industrial Center and Fishermen's Terminal planned for first half of 2021.

Expense Variance from Budget

- Support services - Change is Maintenance allocation methodology partially offset by expedited Project Management hires.
- Central services deeper reductions in External Relations and Police.

Maritime 2021 YTD Financial Summary

	2019 YTD	2020 YTD	2021 YTD	2021 YTD	Fav(UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2020	
\$ in 000's	Actual	Actual	Actual	Budget	\$	%	\$	%
Ship Canal Fishing & Operations	1,014	1,082	1,067	1,056	11	1%	(15)	-1%
Elliott Bay Fishing & Commercial Operations	1,277	1,418	1,136	1,131	5	0%	(283)	-20%
Recreational Boating	3,119	3,134	3,125	3,152	(27)	-1%	(9)	0%
Cruise	43	114	48	1,092	(1,044)	-96%	(66)	-58%
Grain	1,434	1,048	1,719	1,421	298	21%	671	64%
Maritime Portfolio Management	2,550	2,541	2,443	2,518	(75)	-3%	(98)	-4%
Other	5	3	1	0	1	NA	(2)	-67%
Total Revenue	9,442	9,340	9,539	10,370	(831)	-8%	199	2%
Expenses								
Maritime (Excl. Maint)	3,304	3,724	3,576	3,837	261	7%	(148)	-4%
Economic Development	1,215	1,314	1,059	1,769	709	40%	(254)	-19%
Total Direct	4,520	5,038	4,635	5,606	970	17%	(403)	-8%
Maintenance Expenses	2,229	2,671	2,357	3,091	734	24%	(314)	-12%
Envir Services & Planning	402	447	359	533	175	33%	(89)	-20%
Seaport Finance & Cost Recovery	267	227	237	238	1	0%	11	5%
Seaport Project Management	69	43	76	81	4	6%	34	79%
Total Support Services	2,967	3,387	3,029	3,943	914	23%	(358)	-11%
IT	652	689	651	700	50	7%	(39)	-6%
Police Expenses	881	842	722	831	110	13%	(120)	-14%
External Relations	353	305	281	335	54	16%	(24)	-8%
Other Central Services	849	1,340	1,549	1,609	60	4%	209	16%
Aviation Division / Other	64	59	71	56	(15)	-26%	11	19%
Total Central Services / Other	2,799	3,236	3,273	3,532	259	7%	37	1%
Total Expense	10,286	11,661	10,937	13,080	2,143	16%	(724)	-6%
NOI Before Depreciation	(844)	(2,321)	(1,398)	(2,710)	1,312	48%	923	40%
Depreciation	4,509	4,395	4,464	4,043	(421)	-10%	69	2%
NOI After Depreciation	(5,353)	(6,715)	(5,862)	(6,753)	891	13%	853	13%

Cruise Q1 Financials

	2020 YTD	2021 YTD	2021 YTD	Fav (UnFav)		Incr (Decr)	
\$ in 000's	Actual	Actual	Approved Budget	Budget	Variance	Change from 2020	
				\$	%	\$	%
T-91 & Bell St Cruise Operations	114	7	1,083	(1,075)	-99%	(107)	-94%
Bell Street Vessel Operations	0	41	10	31	331%	41	10866%
Total Revenue	114	48	1,092	(1,044)	-96%	(66)	-58%
Expenses							
Maritime (Excl. Maint)	1,055	1,056	1,182	125	11%	1	0%
Economic Development	97	67	93	26	28%	(30)	-31%
Total Direct	1,152	1,124	1,275	151	12%	(29)	-2%
Maintenance Expenses	724	487	518	31	6%	(237)	-33%
Envir Services & Planning	90	48	84	35	42%	(42)	-46%
Seaport Finance & Cost Recovery	66	56	56				
Seaport Project Management	12	29	24	(6)	-24%	17	137%
Total Support Services	893	621	682	61	9%	(272)	-31%
IT	170	146	157	12	7%	(25)	-15%
Police Expenses	259	180	208	27	13%	(79)	-30%
External Relations	95	70	85	15	18%	(24)	-26%
Other Central Services	413	402	401	(1)	0%	(11)	-3%
Aviation Division / Other	22	23	20	(3)	-14%	1	6%
Total Central Services / Other	958	821	871	50	6%	(137)	-14%
Total Expense	3,004	2,565	2,828	263	9%	(438)	-15%
NOI Before Depreciation	(2,889)	(2,517)	(1,736)	(782)	-45%	372	13%
Depreciation	1,531	1,497	1,428	(68)	-5%	(34)	-2%
NOI After Depreciation	(4,420)	(4,014)	(3,164)	(850)	-27%	406	9%

Variance from Budget

- Revenue \$1M lower due to 2021 NCL lease payment timing
- Outside services, promotional hosting, equipment and allocations less than budget in Q1

Variance from 2020

- Revenue \$100K lower at T91 due to no events in 2021
- Less direct environmental & maintenance expenses in Q1 2021

COVID-19 Impact to 2021

- Revenue to be impacted due to uncertain cruise season
- Reduction in travel expenses and Port Valet to mitigate revenue impacts

Recreational Boating Q1 Financials

\$ in 000's	2020	2021 Year-to-Date		Fav (UnFav) Budget Variance		Inc (Dec) Change from 2020	
	Actual	Actual	Budget	\$	%	\$	%
Berthage and Moorage & Concession Services	2,839	2,813	2,867	(54)	-2%	(26)	-1%
Utility Sales Revenue	174	179	137	42	30%	5	3%
Other Service Revenue	100	107	108	(1)	-1%	8	8%
Other	22	26	39	(13)	-34%	4	20%
Total Revenue	3,134	3,125	3,151	(26)	-1%	(9)	0%
Expenses							
Maritime (excl Maint)	1,137	1,259	1,219	(40)	-3%	122	11%
Economic Development	55	51	72	21	29%	(4)	-6%
Total Direct	1,192	1,310	1,291	(19)	-1%	118	10%
Maintenance Expenses	538	543	844	300	36%	5	1%
Envir Services & Planning	107	77	77	0	0%	(30)	-28%
Seaport Finance & Cost Recovery	47	55	55	0	0%	8	16%
Seaport Project Management	9	24	17	(7)	-40%	15	166%
Total Support Service	702	700	993	293	30%	(2)	0%
IT	181	177	189	12	6%	(4)	-2%
Police Expenses	185	178	205	27	13%	(8)	-4%
External Relations	67	69	82	13	16%	2	3%
Other Central Services	293	372	395	22	6%	79	27%
Aviation Division/Other	12	15	13	(3)	-22%	3	25%
Total Central Services/Other	739	811	883	71	8%	72	10%
Total Expense	2,633	2,821	3,167	346	11%	188	7%
NOI Before Depreciation	501	304	(15)	(319)	2080%	(197)	-39%
Depreciation	690	815	620	(195)	-31%	124	18%
NOI After Depreciation	(189)	(511)	(635)	124	-20%	(321)	170%

Variance from Revised Budget

- Revenue \$26K lower due to lower guest moorage occupancy as we expected at SBM and BHM partially related to COVID-19 business disruptions
- Operation expenses ~\$346K favorable to budget YTD from \$300K favorable in Maintenance expenses and \$71K favorable in Central Services allocations, offset by \$40K unfavorable in Maritime direct charges which relate to salaries & benefits and supplies.

Variance from 2020

- Revenue \$9K lower due to slightly lower occupancy
- Operation expenses ~\$188K increase in 2021 due to by \$129K increase in Maritime (excluding Maintenance) expenses, \$72K increase in Central Services; and offset by \$10K decrease in support services

- Includes Shilshole Bay Marina, Bell Harbor Marina, and Harbor Island Marina.

Ship Canal Fishing & Ops Q1 Financials

\$ in 000's	2020	2021 Year-to-Date		Fav (UnFav) Budget Variance		Inc (Dec) Change from 2020	
	Actual	Actual	Budget	\$	%	\$	%
Berthage and Moorage & Concession Services	944	928	947	(19)	-2%	(16)	-2%
Space Rental	59	43	48	(5)	-11%	(16)	-28%
Utility Sales Revenue	49	64	27	37	140%	15	30%
Other	29	32	35	(2)	-7%	3	12%
Total Revenue	1,082	1,067	1,056	11	1%	(15)	-1%
Expenses							
Maritime (excl Maint)	702	576	663	87	13%	(126)	-18%
Economic Development	13	13	18	5	29%	(0)	-1%
Total Direct	714	588	680	92	14%	(126)	-18%
Maintenance Expenses	404	389	470	80	17%	(14)	-4%
Envir Services & Planning	46	58	55	(3)	-6%	12	26%
Seaport Finance & Cost Recovery	19	25	25	0	0%	6	31%
Seaport Project Management	4	6	9	3	34%	1	26%
Total Support Service	473	478	558	80	14%	5	1%
IT	83	90	103	13	13%	7	9%
Police Expenses	73	79	92	12	13%	7	9%
External Relations	26	31	37	6	16%	4	17%
Other Central Services	108	166	178	12	7%	58	54%
Aviation Division/Other	4	7	4	(2)	-51%	3	69%
Total Central Services/Other	294	373	413	40	10%	79	27%
Total Expense	1,481	1,439	1,652	212	13%	(42)	-3%
NOI Before Depreciation	(400)	(372)	(596)	224	-38%	28	-7%
Depreciation	571	591	566	(25)	-4%	20	3%
NOI After Depreciation	(971)	(963)	(1,161)	198	-17%	8	-1%

Variance from Budget

- Revenue \$11K favorable to the budget mainly related to favorable Utility Sales revenue
- Operation expenses ~\$212K favorable to the budgeted YTD contributed by \$87K favorable in Maritime direct charges, \$80K favorable in Maintenance, \$40K favorable in Central Services due to lower allocation

Variance from 2020

- Revenue \$15K or 1% lower contributed to shorter Ballard Lock closures period in 2021 compared it to 2020
- Operation expenses ~\$42K decrease in 2021 related to \$120K decrease in Maritime direct charges related to Bad Debt expenses adjustment and Equipment expense, offset by \$79K increase in Central Services allocation

- Includes Fishermen's Terminal, Maritime Industrial Center, and Salmon Bay Marina.

Elliott Bay Fishing & Commercial Ops Q1 Financials

\$ in 000's	2020	2021 Year-to-Date		Fav (UnFav) Budget Variance		Inc (Dec) Change from 2020	
	Actual	Actual	Budget	\$	%	\$	%
Berthage and Moorage & Dockage	788	624	582	42	7%	(165)	-21%
Space Rental	382	366	381	(14)	-4%	(15)	-4%
Utility Sales Revenue	121	96	130	(34)	-26%	(25)	-21%
Other	127	49	38	12	31%	(78)	-61%
Total Revenue	1,418	1,136	1,131	5	0%	(283)	-20%
Expenses							
Maritime (excl Maint)	706	546	721	176	24%	(160)	-23%
Economic Development	35	85	77	(7)	-9%	49	139%
Total Direct	741	630	799	168	21%	(111)	-15%
Maintenance Expenses	323	287	317	30	9%	(36)	-11%
Envir Services & Planning	63	37	49	11	23%	(25)	-41%
Seaport Finance & Cost Recovery	30	33	33	(1)	-2%	4	12%
Seaport Project Management	5	5	10	5	47%	0	9%
Total Support Service	420	363	408	46	11%	(57)	-14%
IT	90	85	93	9	9%	(5)	-6%
Police Expenses	102	87	100	13	13%	(15)	-14%
External Relations	37	35	41	6	16%	(2)	-6%
Other Central Services	159	190	196	6	3%	32	20%
Aviation Division/Other	5	7	5	(2)	-39%	1	24%
Total Central Services/Other	392	403	436	33	7%	11	3%
Total Expense	1,554	1,397	1,643	246	15%	(157)	-10%
NOI Before Depreciation	(135)	(261)	(512)	251	-49%	(125)	93%
Depreciation	835	825	776	(49)	-6%	(10)	-1%
NOI After Depreciation	(971)	(1,086)	(1,288)	202	-16%	(115)	12%

Variance from Budget

- Revenue \$5K favorable
- Operation expenses ~\$246K favorable to the budgeted YTD. Utility expenses contributed \$187K of the favorable

Variance from 2020

- Revenue \$283K or 20% lower primarily due to shorter Ballard Lock closure in 2021
- Operation expenses ~\$157K decrease in 2021 contributed by \$156K decrease in Maritime direct charges related to \$134K decrease in Utilities and \$33K decrease in Bad Debt expenses and \$61K lower expenses in Support service

- Includes Terminal 91 (waterside non-Cruise), Terminal 46 Docks, Kellogg Island, Terminal 25, Terminal 18 Dolphins, Pier 69 Vessels, Pier 28 Docks, Pier 34 Dolphins, Pier 2 Docks, and Terminal 108 Moorage.

Maritime Portfolio Management Q1 Financials

\$ in 000's	2020 YTD	2021 Year-to-Date		Fav(UnFav) Budget		Incr/(Decr)	
	Actual	Actual	Budget	Variance		Change from 2020	
				\$	%	\$	%
Marina Office & Retail	925	795	986	(192)	-19%	(131)	-14%
Maritime Industrial	1,033	1,059	1,019	40	4%	26	3%
Utilities	583	590	513	77	15%	7	1%
Total Revenue	2,541	2,443	2,518	(75)	-3%	(98)	-4%
PM Direct	943	717	1,380	663	93%	(226)	-24%
EDD PM Direct	74	74	73	(0)	0%	(1)	-1%
EDD Other	86	42	44	1	3%	(43)	-51%
MD Direct	98	109	86	(23)	-21%	11	11%
Total Direct	1,202	942	1,583	641	68%	(260)	-22%
Maintenance Expenses	602	589	746	158	27%	(13)	-2%
Environmental & Sustainability	59	46	63	17	38%	(13)	-23%
Seaport Finance & Cost Recovery	52	57	58	1	2%	4	8%
Seaport Project Management	8	9	16	7	71%	1	14%
Total Support Services	722	701	884	183	26%	(21)	-3%
Police Expenses	174	160	184	24	15%	(14)	-8%
Other Corp Expenses	512	553	581	28	5%	41	8%
Total Central Services/Other	686	713	765	53	7%	27	4%
Total Expense	2,610	2,355	3,232	877	37%	(254)	-10%
NOI Before Depreciation	(69)	88	(714)	802	112%	157	228%
Depreciation	629	641	577	(63)	-10%	11	2%
NOI After Depreciation	(698)	(553)	(1,291)	738	57%	145	21%

Variance from Budget

- Revenue \$75K unfavorable to budget due to lower than anticipated space rental revenue from MIC mainly Bristol Wave.
- Expenses \$877K lower than budget due to favorable utilities, outside services, and maintenance expenses.

Variance from 2020

- Revenue down \$98K due to lower than prior year space rental revenue from MIC mainly Kirby.
- Expenses down \$254K or 10% due to lower than prior year utilities and maintenance expense.

COVID-19 Impact to 2021

- Expense projects either delayed or cancelled.

- Includes uplands of Shilshole Bay Marina, Terminal 91 (Industrial), Fishermen's Terminal, Maritime Industrial Center, Salmon Bay Marina, T-115, T-108, and T-106.

Grain Terminal Q1 Financials

	2020 YTD	2021 YTD	2021 YTD	Fav(UnFav)		Incr (Decr)	
				Actual vs. Budget		Change from 2020	
				Variance			
\$ in 000's	Actual	Actual	Budget	\$	%	\$	%
Lease Revenue	1,048	1,719	1,421	298	21%	671	64%
Total Revenue	1,048	1,719	1,421	298	21%	671	64%
Expenses							
Maritime (Excl. Maint)	43	48	38	(10)	-26%	4	10%
Economic Development	12	11	12	1	7%	(1)	-12%
Total Direct	56	59	49	(9)	-19%	3	5%
Maintenance Expenses	49	54	185	131	71%	5	9%
Envir Services & Planning	16	10	14	4	29%	(6)	-35%
Seaport Finance & Cost Recovery	12	12	12	0	0%	(1)	-6%
Seaport Project Management	2	2	3	0	17%	(0)	-2%
Total Support Services	80	78	214	136	64%	(2)	-2%
IT	25	21	20	(1)	-5%	(4)	-17%
Police Expenses	49	37	43	6	13%	(11)	-23%
External Relations	18	14	17	3	15%	(3)	-17%
Other Central Services	76	77	82	5	7%	1	1%
Aviation Division / Other	2	2	2	(0)	-3%	(0)	-11%
Total Central Services / Other	169	151	164	12	8%	(18)	-11%
Total Expense	304	288	427	139	33%	(17)	-5%
NOI Before Depreciation	744	1,431	994	437	44%	688	92%
Depreciation	134	93	72	(20)	-28%	(41)	-31%
NOI After Depreciation	610	1,338	922	417	45%	729	120%

Variance from Budget

- Revenue on tracking ahead of budget with large corn volumes in March
- Expenses tracking lower than budget due to change in maintenance allocation policy.

Variance from 2020

- Revenue and volumes up from 2020 YTD with 9 additional vessel calls and 147K increase in metric tons.

Maritime Capital 2021

\$ in 000's	2021 YTD Actual	2021 Forecast	2021 Budget	Budget Variance	
				\$	%
T117 Restoration	729	8,359	8,809	450	5%
T91 Northwest Fender	51	6,131	7,761	1,630	21%
MD Small Projects	295	3,816	5,548	1,732	31%
MD Fleet	0	260	1,036	776	75%
FT Maritime Innovation Center	90	768	1,475	707	48%
T91 Berth 6&8 Redev	131	839	1,025	186	18%
P91 Pass Term Upgrade COV	1	230	1,000	770	77%
P66 Shore Power	74	714	765	51	7%
SBM Restrms/Service Bldgs Rep	178	378	665	287	43%
FT Gateway Building	175	446	600	154	26%
All Other Projects	370	(662)	(2,489)	(1,827)	73%
Total Maritime	2,094	21,279	26,195	4,916	19%

T91 Northwest Fender – Construction bid well under Engineer's Estimate. Have reduced forecast accordingly.

FT Maritime Innovation Center – Total project cost updated on 2/1 based on 60% Construction.

MD Fleet– Delays in micro processors and raw materials are causing worldwide delays in producing new fleet assets. This trend is expected to continue into 2022 as production of vital components catches up.

MD Small Projects– P66 Cruise Wall Protection was deferred out to 2022. T91 Upland Lighting Improvements and HIM Operational Facility Cameras have a larger amount of spending pushed out to 2022. T91 Cruise Wayfinding Signage was moved out of the small CIP and into Cruise Upgrades COVID19.

Economic Development Division

Appendix

Q1 2021 Financial Performance Report

Q1 2021 EDD Program Advancements

- **Portfolio Management** maintained 95% occupancy across real estate portfolio despite ongoing COVID-19 pandemic challenges.
- **Real Estate Development** finished a new strategic plan to guide Port development projects and initiatives. Staff is also advancing development work on the Maritime Innovation Center, and T91 Uplands light industrial facilities.
- **Diversity in Contracting** - The Northwest Mountain Minority Supplier Development Council named the Port of Seattle as its Public Agency of the Year.
- **Tourism** – Awarded 23 Tourism Marketing grants. Working with WA Tourism Alliance to implement statewide tourism recovery initiative.
- **Economic Development and Innovation** Staff is working to execute 25 contracts with City's participating in the Port's economic development grant program. Staff is also supporting Greater Seattle Partners' Economic Recovery plan development and WA Maritime Blue's 2nd Maritime innovation accelerator.

EDD 2021 Yr.-End Financial Forecast

	2019	2020	2021	2021	Fav (UnFav) Fcst vs. Budget Variance		Incr (Decr) Change from 2020	
\$ in 000's	Actual	Actual	Forecast	Budget	\$	%	\$	%
Revenue	8,912	7,808	8,213	8,313	(100)	-1%	405	5%
Conf & Event Centers	12,239	1,662	4,435	5,035	(600)	-12%	2,773	167%
Total Revenue	21,151	9,470	12,648	13,348	(700)	-5%	3,178	34%
Expenses								
Portfolio Management	3,732	3,073	3,401	3,401	0	0%	327	11%
Conf & Event Centers	10,218	4,440	4,420	4,920	500	10%	(19)	0%
P69 Facilities Expenses	215	232	222	222	0	0%	(11)	-5%
RE Dev & Planning	136	209	154	154	0	0%	(55)	-26%
EconDev Expenses Other	930	938	635	835	200	24%	(303)	-32%
Maintenance Expenses	3,145	3,042	3,027	2,537	(490)	-19%	(15)	0%
Maritime Expenses (Excl Maint)	1,070	1,035	1,060	1,060	0	0%	24	2%
Total EDD & Maritime Expenses	19,448	12,969	12,918	13,128	210	2%	(52)	0%
Diversity in Contracting	152	103	142	142	0	0%	39	38%
Tourism	1,337	954	2,481	2,481	0	0%	1,527	160%
EDD Grants	785	778	1,060	1,060	0	0%	282	36%
Total EDD Initiatives	2,274	1,834	3,683	3,683	0	0%	1,848	101%
Environmental & Sustainability	24	44	27	31	4	13%	(17)	-39%
Police Expenses	61	64	206	209	3	1%	143	225%
Other Central Services	5,234	5,539	4,012	4,242	230	5%	(1,527)	-28%
Aviation Division	114	161	120	120	0	0%	(41)	-25%
Total Central Services & Aviation	5,433	5,808	4,366	4,603	237	5%	(1,442)	-25%
Envir Remed Liability	0	0	0	0	0	NA	0	NA
Total Expense	27,155	20,611	20,966	21,413	447	2%	355	2%
NOI Before Depreciation	(6,004)	(11,141)	(8,318)	(8,065)	(253)	-3%	2,823	25%
Depreciation	3,647	3,611	3,216	3,216	0	0%	(395)	-11%
NOI After Depreciation	(9,651)	(14,753)	(11,534)	(11,281)	(253)	-2%	3,219	22%

Revenue Variance from Budget

- Lower Parking Revenues at Bell Street Garage
- Updated Conference and Event volumes, lower than originally expected.

Expense Variance Budget

- Reduction in Conference and Event center volumes driving reduced variable expenses.
- Change in the Maintenance allocation methodology

EDD 2021 YTD Financial Detail

	2019 YTD	2020 YTD	2021 YTD	2021 YTD	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2020	
\$ in 000's	Actual	Actual	Actual	Budget	\$	%	\$	%
Revenue	2,155	2,163	1,875	1,969	(94)	-5%	(288)	-13%
Conf & Event Centers	2,519	1,115	127	468	(341)	-73%	(988)	-89%
Total Revenue	4,674	3,277	2,002	2,436	(434)	-18%	(1,275)	-39%
Expenses								
Portfolio Management	932	899	839	779	(60)	-8%	(60)	-7%
Conf & Event Centers	2,276	1,557	545	850	305	36%	(1,012)	-65%
P69 Facilities Expenses	51	55	47	57	10	18%	(9)	-15%
RE Dev & Planning	25	41	48	38	(10)	-27%	7	18%
EconDev Expenses Other	157	291	187	258	71	28%	(104)	-36%
Maintenance Expenses	716	635	847	600	(247)	-41%	213	33%
Maritime Expenses (Excl Maint)	276	244	235	264	29	11%	(9)	-4%
Total EDD & Maritime Expenses	4,434	3,722	2,748	2,847	99	3%	(974)	-26%
Diversity in Contracting	47	25	26	30	4	13%	1	4%
Tourism	194	207	167	235	68	29%	(40)	-19%
EDD Grants	(54)	(57)	(21)	38	58	156%	36	-63%
Total EDD Initiatives	187	175	172	302	130	43%	(3)	-2%
Environmental & Sustainability	10	8	5	6	2	27%	(3)	-41%
Police Expenses	45	58	48	56	7	13%	(9)	-16%
Other Central Services	1,160	1,244	1,041	1,034	(7)	-1%	(203)	-16%
Aviation Division	27	29	35	30	(5)	-16%	5	18%
Total Central Services & Aviation	1,241	1,339	1,129	1,127	(2)	0%	(210)	-16%
Envir Remed Liability	0	0	0	0	0	NA	0	NA
Total Expense	5,862	5,236	4,049	4,277	228	5%	(1,187)	-23%
NOI Before Depreciation	(1,187)	(1,959)	(2,047)	(1,840)	(207)	-11%	(88)	-4%
Depreciation	918	909	958	758	(200)	-26%	49	5%
NOI After Depreciation	(2,105)	(2,867)	(3,005)	(2,598)	(407)	-16%	(137)	-5%

Portfolio Management Q1 Financials

	2020 YTD	2021 Year-to-Date		Fav(UnFav) Budget		Incr/(Decr)	
\$ in 000's	Actual	Actual	Budget	Variance		Change from 2020	
				\$	%	\$	%
Central Harbor	1,705	1,509	1,582	(73)	-5%	(195)	-13%
T-91 Uplands	453	361	382	(21)	-6%	(92)	-26%
Conference & Events Centers	1,115	127	468	(341)	-73%	(988)	-778%
Foreign Trade Zone	5	5	5	0	0%	0	0%
Total Revenue	3,277	2,002	2,436	(434)	-18%	(1,275)	-64%
PM Outside Services	109	238	107	(131)	-122%	129	54%
PM Direct	2,349	1,146	1,522	377	25%	(1,203)	-105%
EDD Other	414	308	410	102	25%	(106)	-35%
MD Direct	72	78	77	(1)	-1%	6	8%
Total Direct	2,943	1,769	2,117	347	16%	(1,174)	-66%
Maintenance Expenses	635	847	600	(248)	-41%	213	25%
Environmental & Sustainability	43	36	66	31	47%	(7)	-21%
Seaport Finance & Cost Recovery	115	104	104	(1)	-1%	(11)	-10%
Seaport Project Management	14	17	17	(1)	-3%	3	17%
Total Support Services	807	1,005	787	(218)	-28%	198	20%
Police Expenses	58	48	56	7	13%	(9)	-19%
Other Corp Expenses	1,151	1,056	1,064	9	1%	(95)	-9%
Total Central Services/Other	1,209	1,104	1,120	16	1%	(105)	-9%
Total Expense	4,959	3,878	4,023	146	4%	(1,081)	-28%
NOI Before Depreciation	(1,681)	(1,876)	(1,587)	(289)	-18%	(194)	-10%
Depreciation	908	957	758	(199)	-26%	49	5%
NOI After Depreciation	(2,589)	(2,833)	(2,345)	(488)	-21%	(244)	-9%

Variance from Budget

- Revenue unfavorable to budget due to Conference & Events Centers' revenue decline as a result of the on-going COVID-19 restrictions on meetings and events.
- Expenses lower than budget due to lower BHICC volumes.

Variance from 2020

- Conference & Events Centers (BHICC & WTCS) revenue significantly declined due to the on-going COVID-19 restrictions on meetings and events. Washington State re-opening phases are moving slower than anticipated.
- Expenses down from BHICC volumes.

COVID-19 Impact to 2021

- Loss of revenues from BHICC & WTCS due to the on-going COVID-19 restrictions on meetings and events.
- Expense projects either delayed or cancelled.

- Includes non-alliance & upland real-estate at Tsubota, T-91 (General), T-86, P-69, Bell Street Garage, Smith Cove Conference Center, Bell Harbor International Conference Center, World Trade Center, Foreign Trade Zone, Pier 2, T-34, and T-102.

EDD Capital 2021

	2021 YTD Actual	2021 Forecast	2021 Budget	Budget Variance	
\$ in 000's				\$	%
BHICC Interior Modernization	104	1,139	1,990	851	43%
P69 Underdock Utility Rpl	54	414	1,028	614	60%
CW Bridge Elev Modernization	29	943	943	0	0%
WTC HVAC Replacement	23	848	848	0	0%
T91 Uplands Dev Phase 1	69	658	800	142	18%
P66 Roof Upgrades	35	544	544	0	0%
EDD Small Projects	9	554	522	(32)	-6%
Tenant Improvements -Capital	0	58	289	231	80%
EDD Technology Projects	0	250	250	0	0%
P66 HVAC Systems Upgrade	0	170	185	15	8%
All Other Projects	2	(974)	(1,752)	(778)	44%
Total Economic Development	325	4,604	5,647	1,043	18%

BHICC Modernization – Project has encountered unforeseen site conditions, additional effort required to execute change orders.

P69 Under Dock Utility Replacement – Design delayed due to the need for a two steps design and construction authorization approvals rather than the one step construction authorization that was previously assumed.

T-91 Upland Development – Decrease in projected spending for 2021 due to the need to procure new Service Agreement for Professional Design Services, after terminating contract with former design consultant . Design can resume after the new contract is executed, in Q4 2021.

Central Services Appendix

Q1 2021 Financial Performance Report

Central Services Business Events

- Awarded **fourteen South King County Fund Environmental Grants** to the six Highline cities.
- Obtained the Commission approval for **Job and Economic Resource Center** as part of the Duwamish Valley Community Equity Program.
- The Port, City of Seattle, and Sound Transit agreed to **jointly fund \$1.7M** to support construction worker training, placement and other services for **residents of economically distressed communities, people of color and women**.
- Hosted a **4-part caucusing series and its first town hall** that featured updates about the Port's Racial Bias & Equity Motion, Port-wide Change Team, and OEDI's plans for 2021.
- Hosted an **Engineering Career Workshop** for Highline School District high school students in March.
- **Maritime Core Plus Curriculum and Framework** is now available for adoption by school districts state-wide. (The **Port invested the initial funding** for the Manufacturing Industrial Council to create the curriculum in 2016).
- Conducted a **Cyber Disruption Summit** focusing on employee awareness on the emerging threats.

Central Services Expense by Category

	2019 YTD	2020 YTD	2021 YTD	2021 YTD	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Act/Bud		Change from 2020	
\$ in 000's					\$	%	\$	%
Salaries & Benefits	31,973	35,987	35,317	35,790	474	1.3%	(670)	-1.9%
Wages & Benefits	31,457	34,133	31,551	32,623	1,072	3.3%	(2,582)	-7.6%
Payroll to Capital Projects	5,673	6,497	6,398	7,949	1,551	19.5%	(99)	-1.5%
Outside Services	17,698	20,420	19,135	23,660	4,525	19.1%	(1,285)	-6.3%
Utilities	6,555	6,871	6,658	6,559	(99)	-1.5%	(213)	-3.1%
Equipment Expense	2,014	2,160	1,248	1,713	465	27.2%	(913)	-42.2%
Supplies & Stock	2,898	2,503	2,127	2,368	241	10.2%	(376)	-15.0%
Travel & Other Employee Expenses	905	1,101	445	744	299	40.1%	(656)	-59.6%
Third Party Mgmt Op Exp	3,042	2,445	886	1,386	500	36.1%	(1,559)	-63.8%
B&O Taxes	1,068	1,086	764	854	90	10.5%	(322)	-29.7%
Other Expenses	4,666	3,989	2,270	2,605	335	12.9%	(1,719)	-43.1%
Charges to Capital Projects/Overhead Alloc	(11,221)	(13,602)	(11,933)	(14,819)	(2,886)	19.5%	1,669	-12.3%
TOTAL	96,729	103,591	94,866	101,431	6,566	6.5%	(8,726)	-8.4%

- Payroll savings due to staff vacancies.
- Wages favorable due to lower overtime for Police due to cancellation of cruise season and Police vacancies.
- Outside Services favorable to budget due to spending delays.
- Charges to Capital unfavorable to budget due to delay of some capital projects.

Central Service Year End Financial Forecast

	2019	2020	2021	2021	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2020	
\$ in 000's	Actual	Actual	Forecast	Budget	\$	%	\$	%
Total Operating Revenues	1,282	2,512	1,129	181	948	524.1%	(1,383)	-55.1%
Core Central Support Services	76,059	80,841	83,982	85,678	1,696	2.0%	3,140	3.9%
Police	27,793	27,538	27,968	28,317	349	1.2%	430	1.6%
Engineering/PCS	10,038	9,096	9,680	9,199	(481)	-5.2%	584	6.4%
Total Operating Expenses	113,891	117,476	121,629	123,194	1,565	1.3%	4,154	3.5%

Central Services Capital Spending

\$ in 000's	2021 YTD Actual	2021 Year-End Forecast	2021 Budget	Budget Variance	
				\$	%
Infrastructure - Small Cap	272	1,911	1,911	0	0.0%
Services Tech - Small Cap	173	1,166	1,226	60	4.9%
Radio System Upgrade	1,844	2,455	2,955	500	16.9%
Office Wi-Fi Refresh	0	1,350	1,350	0	0.0%
Phone System Upgrade	21	840	840	0	0.0%
Environmental MIS projects	0	600	600	0	0.0%
CDD Fleet Replacement	170	803	1,123	320	28.5%
Corporate Fleet Replacement	0	685	685	0	0.0%
Other (note 1)	185	1,904	1,968	64	3.3%
Subtotal	2,665	11,714	12,658	944	7.5%
CIP Cashflow Adjustment	0	(3,000)	(3,000)	0	0.0%
TOTAL	2,665	8,714	9,658	944	9.8%

Note:

(1) "Other" includes remaining ICT projects and small capital projects/acquisitions.

Portwide Appendix

Q1 2021 Financial Performance Report

Non-Airport Financial Summary

	2019 YTD	2020 YTD	2021 YTD	2021 YTD	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2020	
\$ in 000's	Actual	Actual	Actual	Budget	\$	%	\$	%
NWSA Distributable Revenue	12,986	10,730	11,343	10,568	775	7.3%	613	5.7%
Maritime Revenues	9,442	9,340	9,539	10,370	(831)	-8.0%	199	2.1%
EDD Revenues	4,674	3,277	2,002	2,436	(434)	-17.8%	(1,275)	-38.9%
SWU & Other	1,280	1,966	1,774	936	838	89.5%	(192)	-9.7%
Total Operating Revenues	28,382	25,313	24,658	24,311	348	1.4%	(655)	-2.6%
Total Operating Expenses	17,513	18,425	16,778	20,155	3,377	16.8%	(1,648)	-8.9%
NOI before Depreciation	10,869	6,888	7,881	4,156	3,725	89.6%	993	14.4%
Depreciation	9,852	9,423	9,510	8,814	(696)	-7.9%	87	0.9%
NOI after Depreciation	1,017	(2,535)	(1,630)	(4,658)	3,029	-65.0%	906	-35.7%

- Non-Airport Operating Revenue higher than budget by \$348K due to Grain, NWSA Distributable Revenues, and unbudgeted Police Revenues offset by less revenues from Cruise and Conference & Event Centers.
- Expenses are \$3.4M lower than budget due cost savings measures which include hiring freeze, delay in implementing program initiatives, and travel and other employee expenses.

Port Wide Operating Revenues Summary

\$ in 000's	2019 YTD Actual	2020 YTD Actual			Fav (UnFav) Act/Bud Var		Incr (Decr) Change from 2020	
			2021 YTD Actual	2021 YTD Budget	\$	%	\$	%
Aeronautical Revenues	83,674	86,284	61,313	80,938	(19,625)	-24.2%	(24,971)	-28.9%
Public Parking	19,956	16,720	9,330	10,595	(1,264)	-11.9%	(7,390)	-44.2%
Rental Cars - Operations	6,234	6,928	3,484	4,577	(1,092)	-23.9%	(3,444)	-49.7%
Rental Cars - Operating CFC	994	-	-	-	-	0.0%	-	0.0%
ADR & Terminal Leased Space	14,336	12,376	6,297	9,119	(2,822)	-30.9%	(6,079)	-49.1%
Ground Transportation	4,523	3,931	1,459	2,441	(982)	-40.2%	(2,471)	-62.9%
Employee Parking	2,677	2,623	2,144	2,422	(278)	-11.5%	(479)	-18.3%
Airport Commercial Properties	3,212	3,641	2,557	2,911	(354)	-12.2%	(1,083)	-29.8%
Airport Utilities	1,719	1,606	1,297	1,892	(595)	-31.4%	(309)	-19.3%
Clubs and Lounges	1,902	1,714	175	936	(762)	-81.3%	(1,540)	-89.8%
Cruise	43	114	48	1,092	(1,044)	-95.6%	(66)	-58.1%
Recreational Boating	3,119	3,134	3,125	3,152	(27)	-0.8%	(9)	-0.3%
Fishing & Operations	2,291	2,501	2,203	2,187	16	0.7%	(297)	-11.9%
Grain	1,434	1,048	1,719	1,421	298	21.0%	671	64.0%
Maritime Portfolio Management	2,550	2,541	2,443	2,518	(75)	-3.0%	(98)	-3.8%
Central Harbor Management	2,150	2,158	1,870	1,964	(94)	-4.8%	(288)	-13.3%
Conference & Event Centers	2,519	1,115	127	468	(341)	-72.9%	(988)	-88.6%
NWSA Distributable Revenue	12,986	10,730	11,343	10,568	775	7.3%	613	5.7%
Other	1,732	2,391	1,967	1,133	834	73.6%	(424)	-17.7%
Total Operating Revenues (w/o Aero)	84,378	75,269	51,589	59,395	(7,807)	-13.1%	(23,680)	-31.5%
TOTAL	168,052	161,553	112,901	140,333	(27,432)	-19.5%	(48,652)	-30.1%

Port Wide Operating Expense Summary

	2019 YTD	2020 YTD	2021 YTD	2021 YTD	Fav (UnFav)		Incr (Decr)	
\$ in 000's	Actual	Actual	Actual	Budget	Act/Bud		Change from 2020	
					\$	%	\$	%
Salaries & Benefits	31,973	35,987	35,317	35,790	474	1.3%	(670)	-1.9%
Wages & Benefits	31,457	34,133	31,551	32,623	1,072	3.3%	(2,582)	-7.6%
Payroll to Capital Projects	5,673	6,497	6,398	7,949	1,551	19.5%	(99)	-1.5%
Outside Services	17,698	20,420	19,135	23,660	4,525	19.1%	(1,285)	-6.3%
Utilities	6,555	6,871	6,658	6,559	(99)	-1.5%	(213)	-3.1%
Equipment Expense	2,014	2,160	1,248	1,713	465	27.2%	(913)	-42.2%
Supplies & Stock	2,898	2,503	2,127	2,368	241	10.2%	(376)	-15.0%
Travel & Other Employee Expenses	905	1,101	445	744	299	40.1%	(656)	-59.6%
Third Party Mgmt Op Exp	3,042	2,445	886	1,386	500	36.1%	(1,559)	-63.8%
B&O Taxes	1,068	1,086	764	854	90	10.5%	(322)	-29.7%
Other Expenses	4,666	3,989	2,270	2,605	335	12.9%	(1,719)	-43.1%
Charges to Capital Projects/Overhead Alloc	(11,221)	(13,602)	(11,933)	(14,819)	(2,886)	19.5%	1,669	-12.3%
TOTAL	96,729	103,591	94,866	101,431	6,566	6.5%	(8,726)	-8.4%

- Payroll expenses were \$3.1M below budget primarily due to vacant positions.
- Outside Services were \$4.5M favorable to budget due to project delays.
- Travel & Other Employee Expenses were \$299K lower than budget due to cutting/eliminating non-essential business travel and training.
- Charges to Capital Projects were lower by (\$2.9M) due to delays in Capital Projects

Port Wide Net Operating Income Performance



- Operating Revenues are expected to be \$90.1M unfavorable to the budget due to reduced operations and lower airline activity.
- Total Operating expenses are expected to be \$1.8M below budget due to:
 - Payroll due to vacancies
 - Outside Services
 - General Expenses

Port Wide Capital Spending Summary

\$ in 000's	2021	2021	2021	Budget Variance	
	YTD Actual	Forecast	Budget	\$	%
Aviation	92,329	468,094	491,202	23,108	4.7%
Maritime	2,094	21,279	26,195	4,916	18.8%
Economic Development	325	4,604	5,647	1,043	18.5%
Central Services & Other (note 1)	4,047	12,892	13,605	713	5.2%
TOTAL	98,795	506,869	536,649	29,781	5.5%

Note:

(1) "Other" includes 100% Port legacy projects in the North Harbor and Storm Water Utility Small Capital projects.

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