

Draft Plan of Finance 2022-2026 and Tax Levy Briefing

October 26, 2021

Topics

- Draft Plan of Finance
 - Capital Planning and Funding: Airport
 - Capital Planning and Funding: Non-Airport
- Tax Levy Background and Update
- Appendix

Draft Plan of Finance 2022-2026

2022 Preliminary Budget

October 26, 2021



The Draft Plan of Finance

- Provided annually to the Commission to inform the budget process and long-term capital investment decisions
- Developed based on a sustainable financial model
 - Detailed five-year business forecasts
 - Financial targets that allow the Port to withstand downside risk and maintain strong access to financial markets

Approach for 2022

- Recognizes both on-going uncertainty along with improvements from business adaptation to the on-going pandemic
- Financial targets provide resiliency

	Revenue Bond Coverage	Minimum Fund Balance
Airport	1.25x debt service ⁽¹⁾	18 months ⁽²⁾
Non-Airport	1.80x debt service	12 months

(1) Under review

(2) By 2024

Airport and Non-Airport Capital Are Funded Separately

Airport

- Relies on its own operating cash flow from airline cost recovery and non-aeronautical businesses
- Unique funding sources:
 - Airport capital grants
 - Passenger Facility Charge (PFC)
 - Customer Facility Charge (CFC)
- Funds can only be used for Airport purposes

Non-Airport

- Includes Northwest Seaport Alliance (NWSA), Maritime and Economic Development (EDD)
- Relies on a combination of:
 - Operating cash flow and revenue bonds paid from operating cash flow
 - Tax levy after payment of other tax levy uses and general obligation (G.O.) bonds paid from the tax levy
 - Grants and Harbor Maintenance Tax (HMT)

Capital Improvement Plan (CIP) and Funding Airport

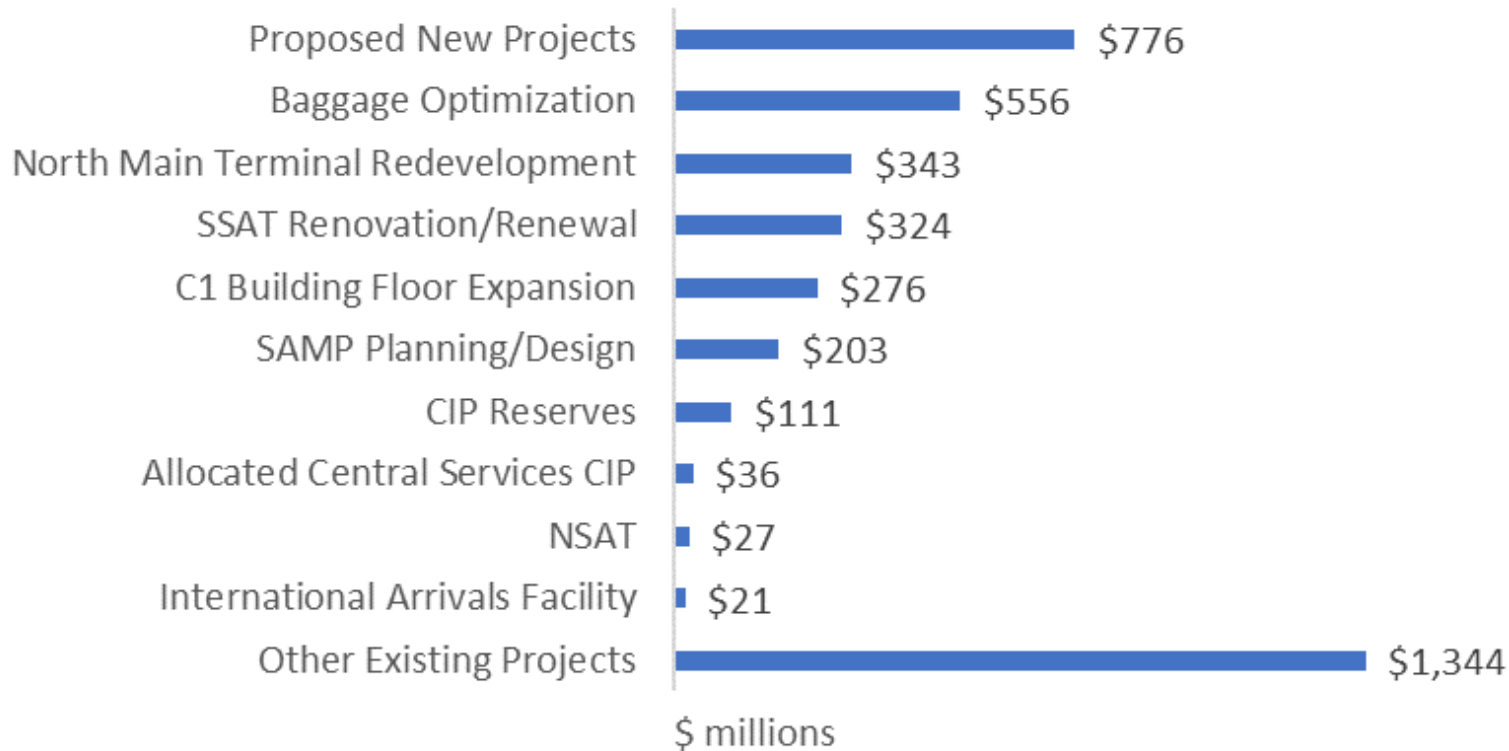
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Airport CIP 2022-2026

Airport CIP \$4,017 million



- CIP includes:
 - Baggage Optimization
 - N. Main Terminal Redevelopment
 - S. Satellite Renovation
 - C1 expansion
 - SAMP design
- North Satellite and IAF to be completed in 2022

Airport Funding 2022-2026



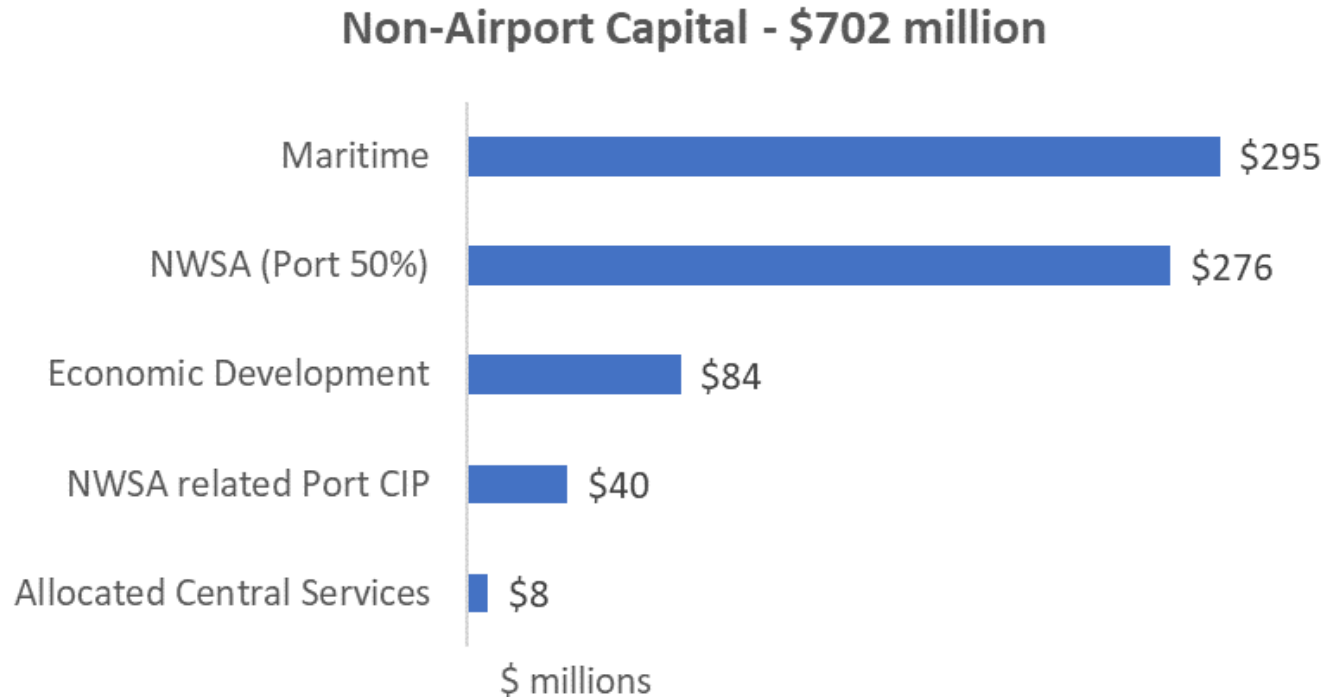
- 96% funded from operating cash flow and revenue bonds
- \$125M capital grants
 - TSA & AIP
- Other funding includes:
 - Passenger Facility and Customer Facility Charges after the payment of debt service

Capital Improvement Plan (CIP) and Funding Non-Airport

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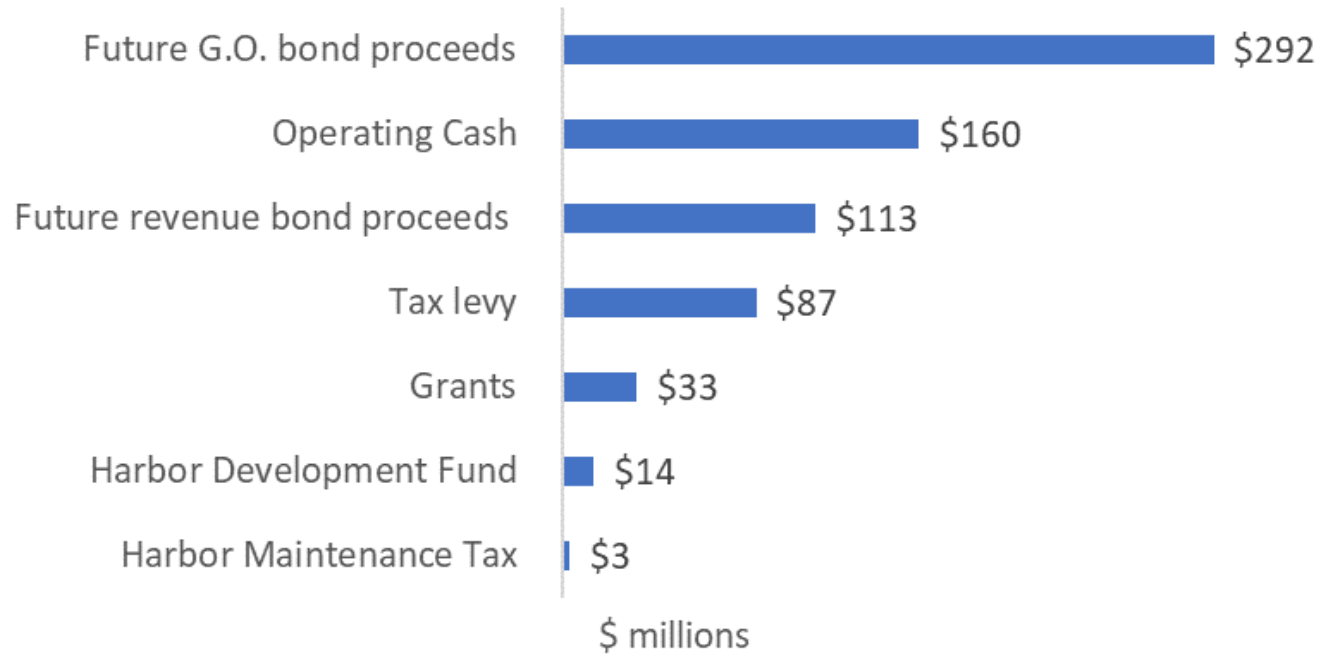
Non-Airport CIP 2022-2026



- Maritime and EDD total \$378 million
- NWSA CIP will be reviewed on Oct. 28
- Port is responsible for certain legacy projects related to NWSA facilities, e.g. channel deepening

Non-Airport Capital Funding 2022-2026

Non-Airport Capital Funding - \$702 million



- 39% of funding from operating sources:
 - Includes cash funding and revenue bonds paid from operating cash
 - Improved revenue forecast compared to last year
- 56% is from tax levy related sources:
 - Tax levy cash
 - Harbor Development (for T5)
 - G.O. bonds paid by the tax levy
- 5% from other sources including grants and Harbor Maintenance Tax (HMT)

Plan of Finance Sensitivities

Potential Improvements

- Better than expected operating revenues
- Harbor Maintenance Tax funds⁽¹⁾

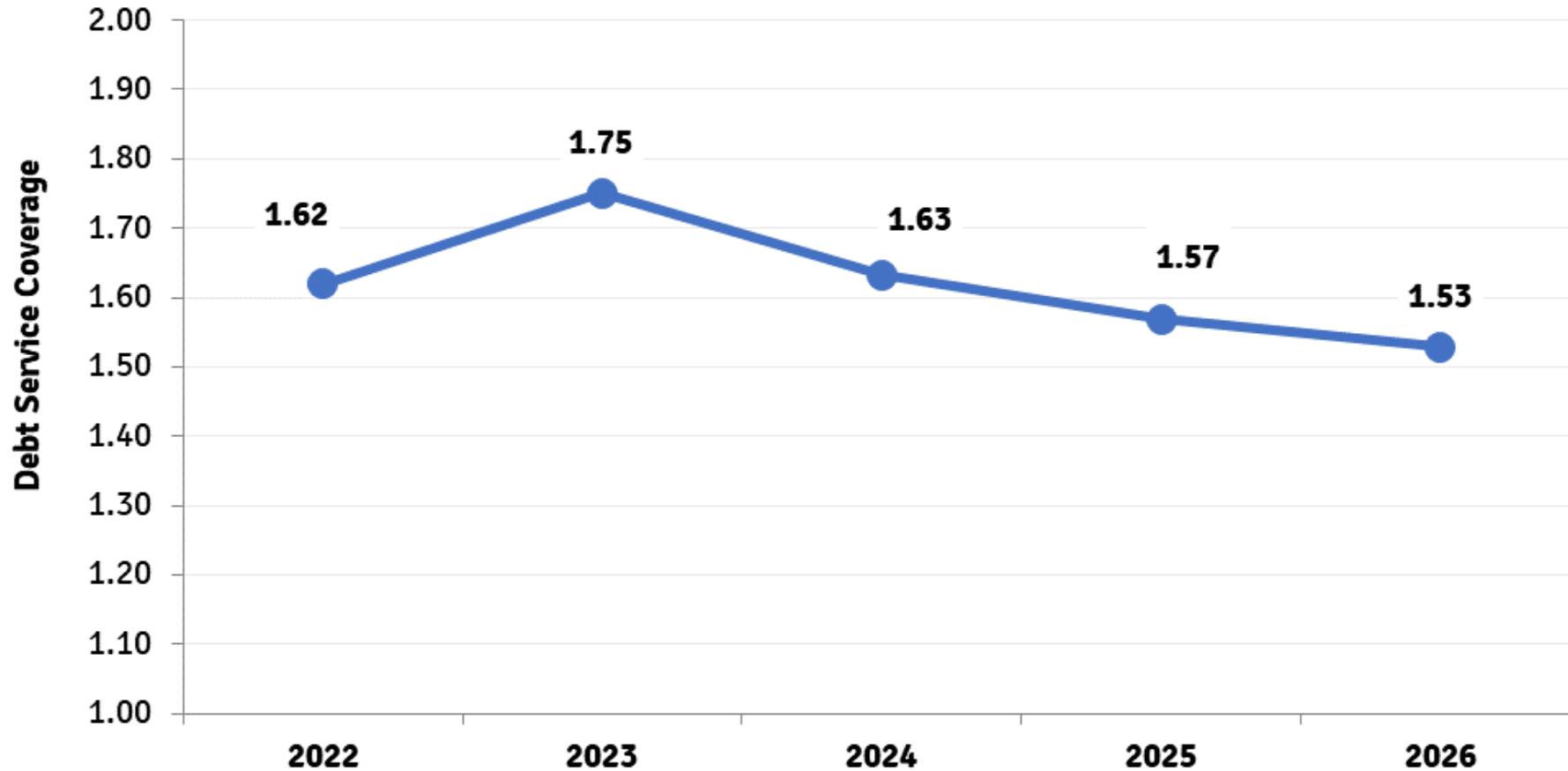
(1) Post 2022, not included in Plan of Finance due to uncertainty of amount and use

Potential Risks

- Worse than expected operating revenues
- Higher costs
 - Cost escalations
 - New initiatives
- Reduced grant funding (\$15 million of funding not yet secured)

Port-wide Revenue Bond Debt Service Coverage Forecast

- Represents net income from Airport and Non-Airport businesses divided by all revenue bond debt service
- Provides a measure of financial sustainability and is critical to investors and rating agencies



Finance Initiatives

- **G.O. Bonds – Introduction November 9, 2021**
 - Refund 2011 bonds for savings and refund outstanding commercial paper
 - Issue new bonds to fund non-Airport capital spending (T5 and P66 Shorepower)
- **Revenue bonds**
 - Issue new debt as needed to fund a portion of the Airport CIP
 - Refund bonds for debt service savings (2012 Revenue Bonds are callable next year)
 - Monitor other potential candidates
- **Early redemption of 2013 G.O. bonds for interest savings**
 - \$10.9 million due in 2023 can be called in 2022 to save \$436,600 interest
- **Amend line of credit to reduce costs and better align with current liquidity needs**
 - Reduce fee immediately, reduce amount in late 2022, extend one year
- **Manage variable rate debt credit agreements and renewals**

Tax Levy Background and Update

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Tax Levy

- Washington State ports are permitted to levy a tax on property within the port's district
 - The levy dollar amount must be approved annually by the Commission and is part of the budget process
 - The Port may approve a levy amount up to the maximum allowable within statutory limits (“maximum levy”)
- Proposed 2022 levy is \$81 million
 - 3% increase consistent with the prior three years
 - Below maximum (“banked” capacity) - maximum increases approximately 2% per year

	Maximum Levy (\$ million)	Actual/Proposed Levy (\$ million)
2021	108.5	78.7
2022	111.3	81.0

Approach to Levy Use Plan

- Key policies and practices
 - Capital investment criteria
 - Manage G.O. debt service to no more than 75% of the annual tax levy
 - Retain “banked capacity”
 - The difference between the actual levy and the maximum
 - Provides resilience
- Recommended Planning Approach
 - 3% Levy increase in 2022 to manage current high inflation and continued uncertain recovery
 - 2% levy increase post 2022
 - Retains banked capacity for future flexibility
 - Retains most of purchasing power based on long term average inflation between 2-3%

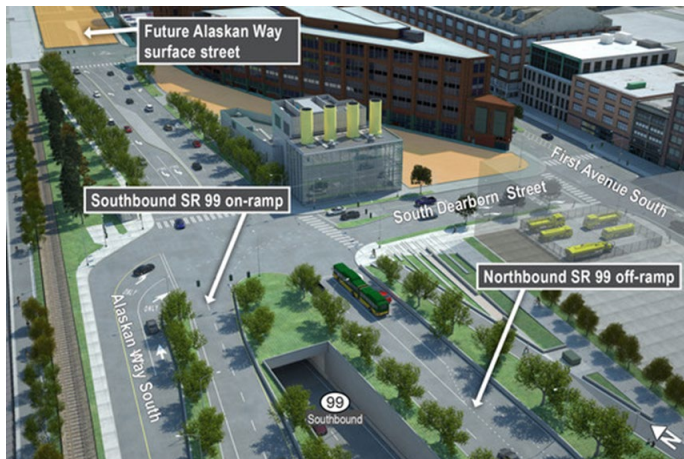
Commission Established Levy Use Criteria for Capital Investments

Uses: Established in 2015, updated in 2018

	Operating Cash	Tax Levy
Asset Renewal	Business income sufficient to support investments	Economic benefit
Strategic Initiatives	Short payback/ Self funding	No or long payback
Location	South Harbor	North Harbor

Tax levy Uses

- Investments in maritime infrastructure
- Environmental sustainability
- Regional transportation mobility
- Community: workforce development, partnership grants, tourism, equity and sustainability initiatives



Taxpayer Impact - Update

	2021	2022 preliminary
Tax Levy (\$ million)	78.7	81.0
Estimated millage rate (\$/1000)	0.119	0.112
Median home value (\$) ⁽¹⁾	600,000	640,000
Estimated median home Port tax (\$) ⁽²⁾	72	72

(1) 2022 estimate based on growth of assessed value of existing properties (excludes new construction)

(2) Rounded to the nearest dollar

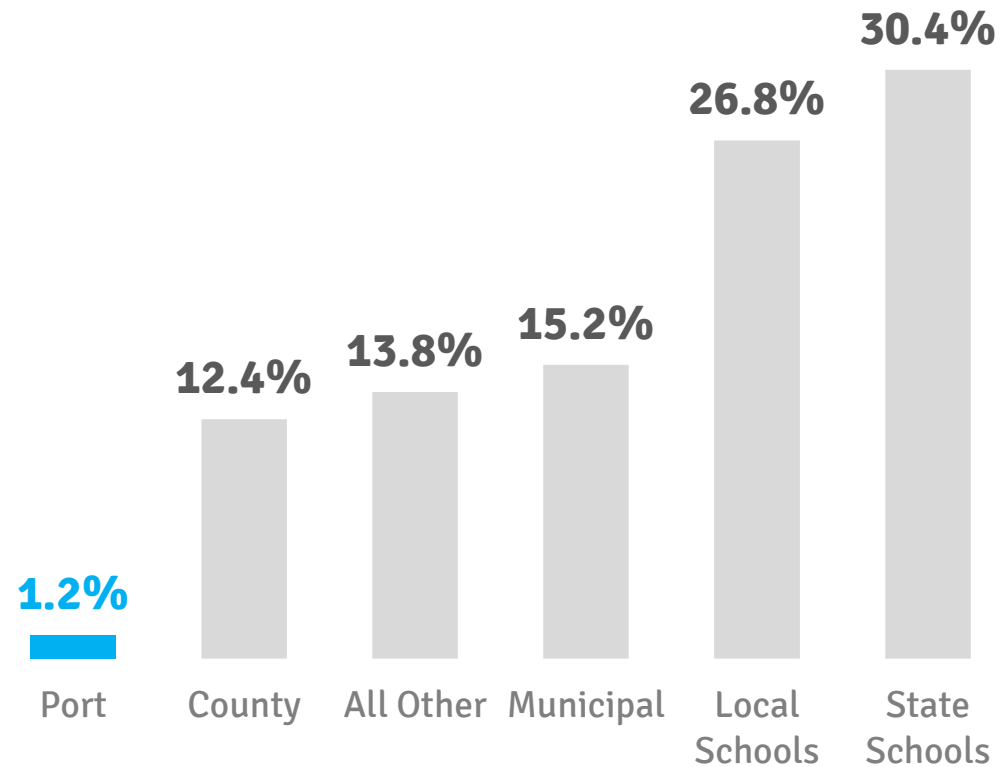
The Port's levy increases by 3% in 2022, but assessed valuation increases by 9%, thus the millage rate declines.



Overall Taxpayer Impact – 2021

- Of the \$6.6 billion of property taxes paid in King County, 1.2% goes to the Port
- In 2021, the median homeowner paid \$6,566 in total property tax with **\$72 going to the Port**

Only 1.2% of King County taxes go to the Port



2021 Tax Levy Update

(\$ million)

SOURCES OF TAX LEVY FUNDS

2021 Beginning Levy Fund Balance
Annual Tax Levy
Reimbursements
Investment Income

Total Sources

2021	
\$	24.1
	78.7
	6.4
	0.3
\$	109.4

USES OF TAX LEVY FUNDS

G.O. bond debt service (Existing)
Environmental Remediation Expense
Community Programs
NWSA Membership Interest Contribution - net
Non-Airport Capital Investments

Total Uses

\$	38.5
	9.8
	15.3
	5.5
	21.6
\$	90.7

Projected Ending 2021 Levy Fund Balance

\$	18.7
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- In addition to the tax levy, Commission established:
 - Harbor Development fund (HDF) for T-5 redevelopment
 - Transportation Infrastructure fund (TIF) for regional mobility participation
- Further details on TIF and HDF and 2021 levy uses can be found in Appendix

Tax Levy Fund Sources and Uses 2022-2026

(\$ million)

SOURCES OF TAX LEVY FUNDS

	2022-2026
Beginning Balance	\$ 18.7
Tax Levy Collection	421.7
Environmental Receipts	48.4
Total Sources	\$ 488.7

USES OF TAX LEVY FUNDS

G.O. Bond Debt Service	\$ 242.7
Capital Investments	86.8
Environmental Expense	101.2
Community Programs	47.9
Other ⁽¹⁾	9.5
Total Uses	\$ 488.1

2026 Projected Ending Balance \$ 0.7

(1) Includes NWSA membership interest and bridge mitigation, Pier 86 public expense, and Community Program FTE support

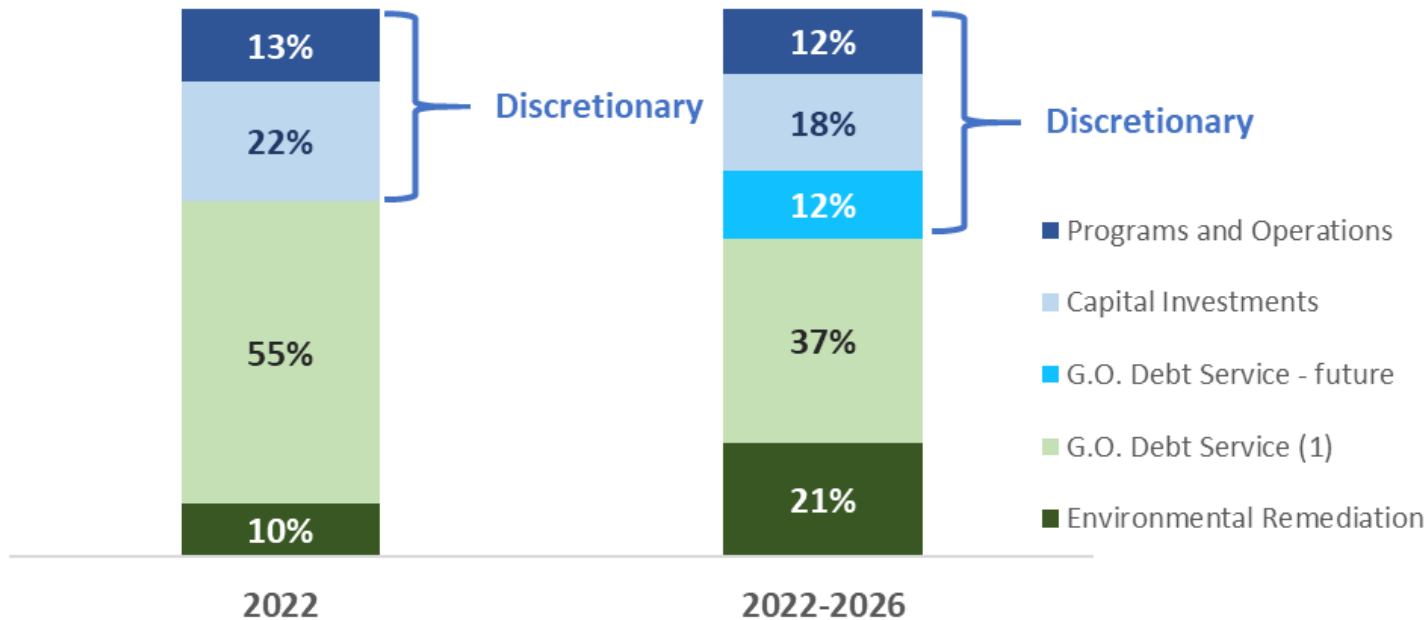
Tax Levy Fund - Assumptions

- 3% increase in 2022; 2% annual increase 2023-2026
 - Inflationary adjustment
 - Maximum levy increases approximately 2% per year
- Future insurance recoveries for environmental remediation
- New G.O. bonds to pay \$292 million of investments in addition to the \$87 million paid by tax levy cash

Additional Tax Levy details can be found in the Appendix

Tax Levy Discretionary Spending

Levy Uses



- Most levy spending is not discretionary
- Discretionary spending includes program and capital investments
 - 35% in 2022
 - 42% 2022-2026
 - Spending becomes more discretionary over time

(1) Includes 2022 bonds that will fund remaining obligations for T5

Appendix

2022 Preliminary Budget
October 26, 2021

Contents

Pages	
	CIP and Funding tables
	Additional Tax Levy Information
	Industrial Development District Levy Information
	Credit Ratings

Airport CIP and Funding

	2022-2026 (\$ million)
Airport CIP	
Baggage Optimization	\$ 555.8
North Main Terminal Redevelopment	343.4
SSAT Renovation/Renewal	324.1
C1 Building Floor Expansion	276.3
NSAT	27.3
International Arrivals Facility	20.5
Other Existing Projects	1,343.8
Proposed New Projects	775.8
SAMP Planning/Design ⁽¹⁾	202.6
CIP Reserves	111.0
TOTAL	\$ 3,980.7
Allocated Central Services CIP	36.2
Total Airport Funded CIP	\$ 4,016.9
(1) Sustainable Airport Master Plan	

	2022-2026 (\$ million)
Aviation Funding Sources	
Operating Cash ⁽¹⁾	\$ 391.6
Grants	125.1
Passenger Facility Charge (PFC)	1.4
Customer Facility Charge (CFC)	17.7
Existing revenue bond proceeds	380.7
Future bond proceeds	3,100.6
Total Airport Funding	\$ 4,016.9
Airport CIP	\$ 3,980.7
Allocated Central Services CIP	36.2
Total Airport Funded CIP	\$ 4,016.9
(1) Includes airport income available after payment of revenue bond debt service.	
Note: totals may not add due to rounding	

Non-Airport CIP and Funding

	2022-2026 (\$ million)
Non-Airport CIP	
Maritime & Economic Development CIP	\$ 378.4
NWSA - 50% Share (North & South Harbor)	275.7
NWSA - Reserve & Port Projects ⁽¹⁾	39.5
TOTAL	\$ 693.6
Allocated Central Services CIP	8.4
Total Non-Airport Funded CIP	\$ 702.0
<small>(1) Includes North Harbor channel deepening and other 100% Port legacy costs in North Harbor.</small>	
<small>Note: totals may not add due to rounding</small>	

	2022-2026 (\$ million)
Non-Airport Funding Sources	
Operating Cash ⁽¹⁾	\$ 159.8
Grants	33.3
Harbor Development Fund	14.0
Harbor Maintenance Tax (HMT)	2.8
Tax levy ⁽²⁾	86.8
Future revenue bond proceeds	113.3
Future G.O. bond proceeds	292.0
Total Non-Airport Funding	\$ 702.0
<small>(1) Includes non-airport income available after payment of revenue bond debt service.</small>	
<small>(2) Assumes 3% annual levy increase in 2022 and 2% annual increase from 2023-2026.</small>	
<small>Note: totals may not add due to rounding</small>	

Port's Taxing Authority

Port taxing limitations: Port is limited by the most restrictive – currently the 1% limit

- **1% limit**
 - The maximum levy is increased each year by the 1% limit factor
 - Prior year's maximum is increased by the lessor of 1% or inflation
 - New construction is added
 - The maximum levy for 2022 is estimated to be ~\$111.3 million
- **45 cent limit**
 - The amount of the tax levy in any given year is limited to 45 cents per \$1000 of assessed value
 - For 2022, this limit would translate to ~\$324.2 million
 - Excludes the amount needed to pay G.O. bond debt service of \$39.4 million

2021 Levy Status

SOURCES AND USES OF TAX LEVY (\$ million)

SOURCES

2021 Beginning Fund Balance
Annual Tax Levy
Environmental Grants & Other Reimbursements
General Fund Reserve transfer for OYI (WFD)
Investment Income
Total Sources

<i>2021 Budget</i>	<i>2021 Est./Act</i>	<i>Budget Variance</i>
\$ 8.1	\$ 24.1	\$ 16.0
78.7	78.7	-
4.4	4.4	-
-	2.0	2.0
-	0.3	0.3
\$ 91.1	\$ 109.4	\$ 18.3

USES

G.O. bond debt service (Existing)
Environmental Remediation Expense
Capital Expenditures - Maritime
Capital Expenditures - EDD
NWSA North Harbor Spending
Miscellaneous Capital
NWSA Membership Interest Contribution
Airport Community Ecology (ACE) Fund
Energy and Sustainability Policy Directives
Workforce Development
Economic Development Partnership Program
Tourism Grants
Local Community Advertising Program
Maritime Blue
Duwamish Valley Community Equity Program
South King County Fund
Sustainable Aviation Fuels and Air Emissions Programs
City of SeaTac Safety Enhancements
Highline Schools Noise Projects
Total Uses

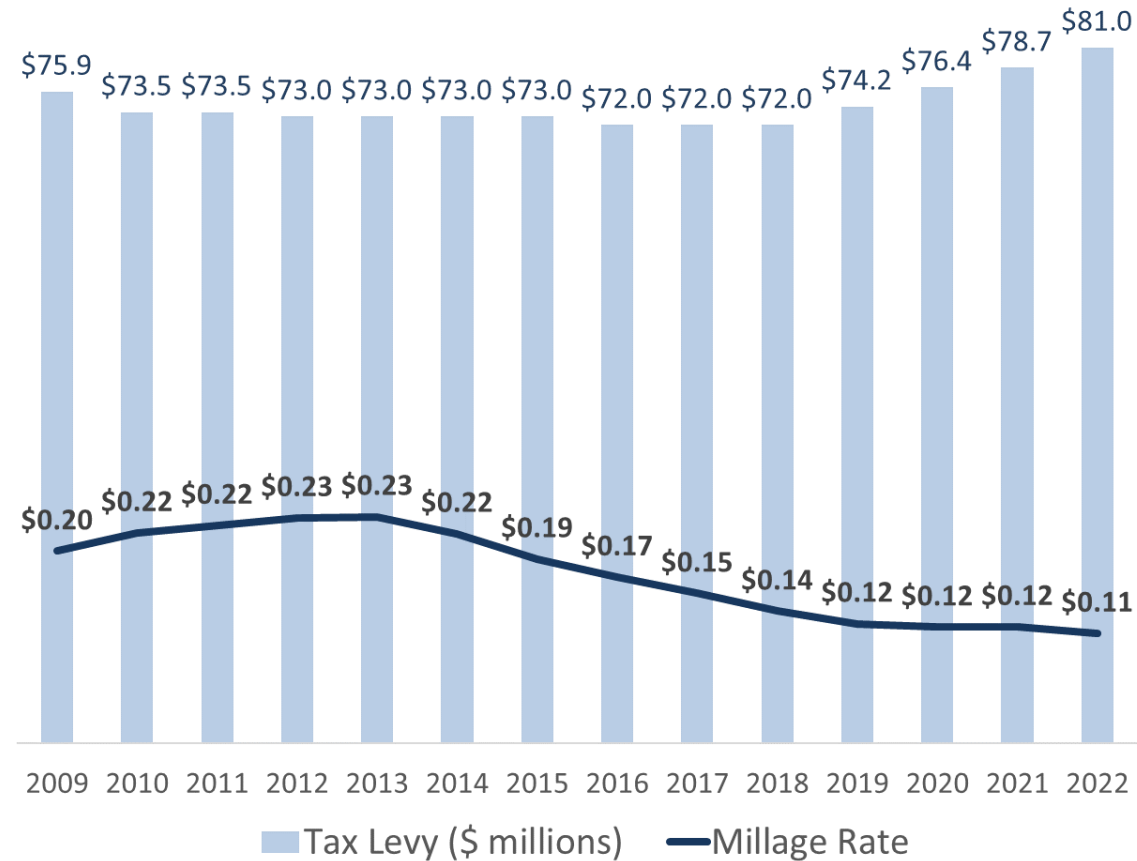
\$ 38.5	\$ 38.5	\$ -
11.4	9.8	1.6
16.5	9.9	6.6
2.1	2.5	(0.3)
7.7	8.9	(1.2)
-	0.3	(0.3)
5.5	5.5	-
0.2	0.2	-
0.4	0.4	-
1.4	3.4	(2.0)
0.9	0.9	-
1.4	1.4	-
0.4	0.3	0.1
-	0.2	(0.2)
0.3	0.3	-
2.0	2.0	-
0.3	0.3	-
1.4	1.4	-
-	4.6	(4.6)
\$ 90.5	\$ 90.7	\$ (0.2)

Estimated Ending 2021 Tax Levy Fund Balance

\$ 0.6	\$ 18.7
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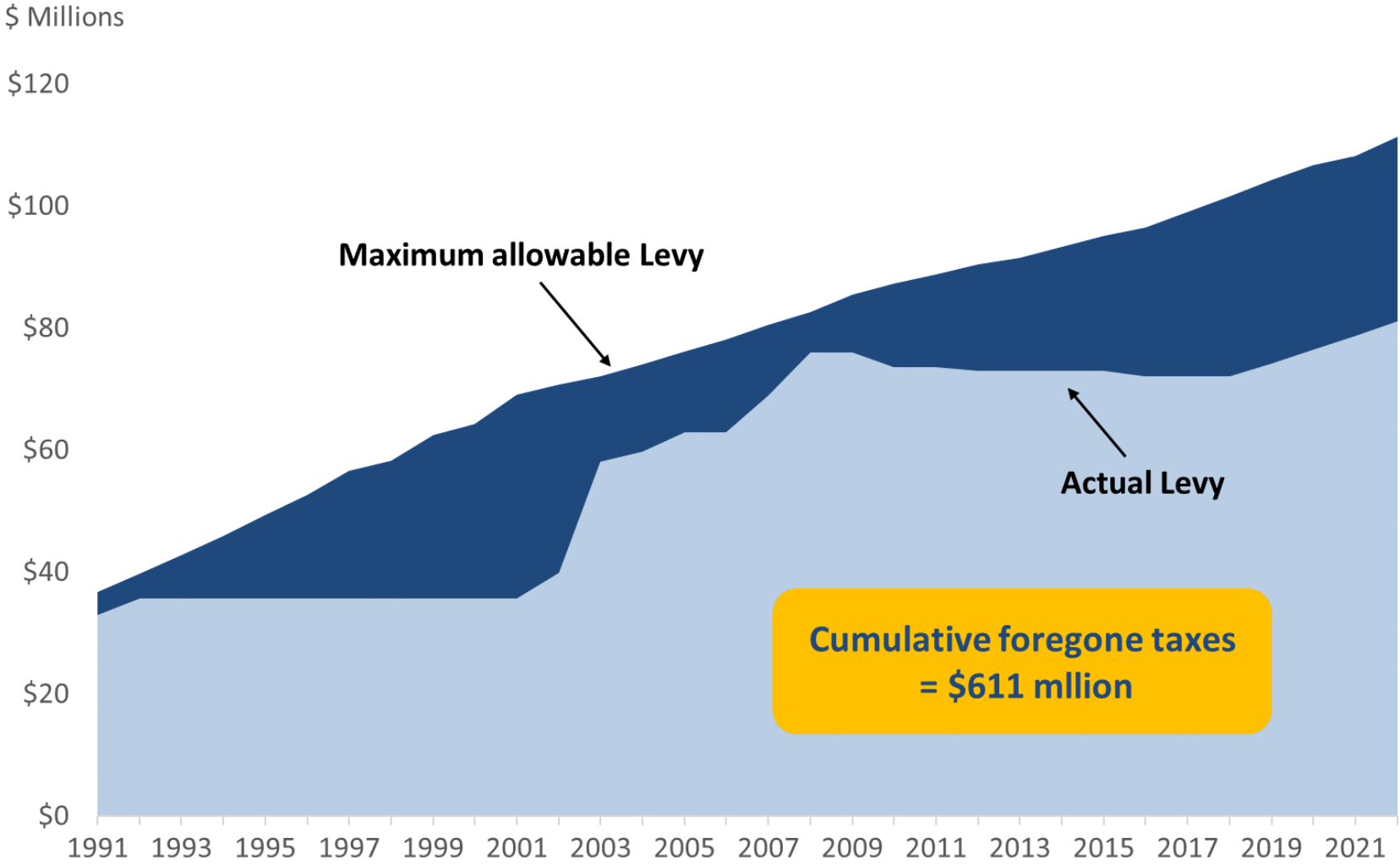
Totals may not foot due to rounding

2009-2021 Tax Levy & Millage Rate (1)



(1) Millage rate represents the amount per every \$1,000 of assessed valuation

Actual vs. Maximum Allowable Levy



Transportation and Infrastructure Fund (TIF)

TIF (\$ million)	2022-2026	Post 2026
Beginning Balance	\$ 67.9	\$ 31.7
Transportation Investments	(36.2)	(26.6)
Ending Balance	31.7	5.1

Transportation Investments (\$ million)	2022	2023	2024	2025	2026	2022-2026	Post 2026
Seattle Heavy Haul Network	\$ 0.1	\$ 2.1	\$ 2.0	\$ 2.0	\$ 2.0	\$ 8.1	\$ 11.6
Fast Corridor I	0.1	-	-	-	-	0.1	-
Fast Corridor II	-	-	-	0.8	-	0.8	-
West Seattle Bridge	6.0	3.0	-	-	-	9.0	-
Safe and Swift	3.2	-	-	-	-	3.2	-
Puget Sound Gateway (SR 509)	-	-	15.0	-	-	15.0	15.0
TOTAL	\$ 9.3	\$ 5.1	\$ 17.0	\$ 2.8	\$ 2.0	\$ 36.2	\$ 26.6

Harbor Development Fund (HDF)

HISTORY of HARBOR DEVELOPMENT FUND				
(\$ million)				
	<u>2017-2020</u>	<u>2021</u>	<u>2022</u>	
Beginning HDF Balance	-	\$ 57.8	\$ 14.0	
<u>SOURCES</u>				
Deposits from Tax Levy	\$ 115.0	\$ -	\$ -	
Investment Earnings	5.2	0.3	-	
Total Sources	\$ 120.2	\$ 0.3	\$ -	
<u>USES</u>				
T-5 Modernization (Port 50% share)	\$ (62.5)	\$ (44.0)	\$ (14.0)	
Ending HDF Balance	\$ 57.8	\$ 14.0	\$ (0.0)	

- HDF created in 2017 in anticipation of investment in Terminal 5
- \$14 million projected balance available to continue Terminal 5 funding in 2022.
 - Port’s share of 2022-2026 T-5 modernization costs is ~\$74 million
 - Additional amounts not funded with HDF will be paid from other sources including:
 - Tax levy cash or G.O. Bonds
 - Capital Grants
 - Harbor Maintenance Tax/ Water Resources Development Act

Tax Levy Cash Flows for Non-Capital Uses

(\$ million)	2022	2023	2024	2025	2026	TOTAL
G.O Bond Debt Service	\$ 55.7	\$ 48.5	\$ 48.5	\$ 48.6	\$ 41.3	\$ 242.7
Environmental Remediation Expense	9.7	9.3	20.0	35.8	26.4	101.2
NWSA membership interest (net) and bridge mitigation	2.0	5.0	-	-	-	7.0
Other ⁽¹⁾	1.5	0.5	0.5	-	-	2.5
Subtotal	\$ 68.9	\$ 63.3	\$ 69.0	\$ 84.3	\$ 67.7	\$ 353.3
Energy and Sustainability Fund	\$ 0.2	\$ -	\$ -	\$ -	\$ -	\$ 0.2
Airport Community Ecology Fund	0.1	-	-	-	-	0.1
Economic Development Programs	1.2	1.2	1.2	1.2	1.2	6.0
Workforce Development	2.6	2.6	2.6	2.6	2.6	13.1
Diversity in Contracting	0.0	0.0	0.0	0.0	0.0	0.1
Sustainable Eco-Tourism Conference	0.1	-	-	-	-	0.1
Regional Small Business Partnerships	0.2	0.2	0.2	0.2	0.2	0.8
Maritime Blue	0.2	0.2	0.2	0.2	0.2	0.8
Tourism Marketing Support Program	0.6	0.6	0.6	0.6	0.6	2.8
Duwamish Valley Community Equity Program	0.4	0.4	0.4	0.4	0.4	1.9
Local Community Advertising Program	0.5	0.5	0.5	0.5	0.5	2.4
South King County Fund	2.2	2.9	2.9	-	-	7.9
Sustainable Aviation Fuels and Air Emissions Programs	0.2	2.3	2.3	-	-	4.8
City of SeaTac Safety Enhancements	1.4	1.4	1.4	1.4	1.4	7.0
Subtotal - Community Programs	\$ 9.7	\$ 12.1	\$ 12.1	\$ 7.0	\$ 7.0	\$ 47.9
Total Non-Capital Tax Levy Uses	\$ 78.6	\$ 75.4	\$ 81.1	\$ 91.3	\$ 74.8	\$ 401.2

(1) Includes Pier 86 public expense and Community Program FTE support

Note: Certain programs have multiple funding sources, this table shows tax levy funding only

Levy & G.O. Bond Funded Capital Investments

(\$ million)		2022	2023	2024	2025	2026	Total
Status	CIP Description						
Maritime and Economic Development Projects							
5	Terminal 117 Restoration	2.5	0.3	0.3	0.3	0.3	3.6
5	CW Bridge and Elevator Modernization	2.0	0.0	-	-	-	2.0
5	Terminal 91 Northwest Fender	0.0	-	-	-	-	0.0
5	P66 BHICC Interior Modernization	0.0	-	-	-	-	0.0
4	Terminal 91 Berth 6 & 8 Redevelopment	1.3	20.7	39.0	0.8	-	61.8
4	Terminal 91 Uplands Development Phase I	1.5	2.1	23.1	22.4	-	49.1
4	FT Maritime Innovation Center ⁽¹⁾	1.3	2.6	11.1	-	-	15.0
4	Pier 66 Shore Power ⁽¹⁾	5.2	8.8	0.0	-	-	14.0
4	WTC HVAC Replacement	2.7	-	-	-	-	2.7
4	FT Site Improvements	0.4	0.5	1.5	-	-	2.4
4	FT Gateway Building	-	-	-	-	1.9	1.9
4	FT ADA Compliance Project	1.4	0.0	-	-	-	1.4
4	Pier 69 Underdock Utility Replacement ⁽²⁾	1.2	0.2	-	-	-	1.4
3	Terminal 46 Replace N. Pier Structure	-	2.5	2.5	30.0	25.0	60.0
3	JBP Pier Replacement	0.3	0.7	3.5	3.5	-	8.0
3	FT C-14 Downey Building Improvement	0.8	2.3	0.1	-	-	3.2
3	WTCW Roof Replacement	1.6	0.1	-	-	-	1.7
2	FT NW Dock West Improvements	-	0.5	1.5	10.0	15.0	27.0
2	FT C15 Building Misc. Improvements	-	-	0.1	1.4	1.2	2.7
	Maritime/Economic Development CIP Reserve	1.5	2.0	-	-	-	3.5
	Subtotal - Levy Funding MD & EDD CIP	23.8	43.2	82.7	68.3	43.4	261.4
NWSA North Harbor and POS-related (JV) Projects							
	Terminal 5 Modernization ⁽³⁾	20.9	21.4	4.5	-	-	46.8
	Other North Harbor Projects ⁽⁴⁾	2.9	10.9	33.1	13.2	10.3	70.3
	Channel Deepening and other POS-related Projects (JV)	0.6	0.6	13.3	13.0	-	27.5
	Subtotal - NWSA North Harbor and POS-related (JV) CIP	24.4	32.9	50.8	26.2	10.3	144.6
	Shift from Levy & G.O. Bond Funding to Revenue Bond Funding ⁽⁵⁾	-	18.2	2.7	(10.0)	(38.0)	(27.1)
	Total Levy & G.O. Bond Funding of Non-Airport CIP ⁽⁵⁾	48.2	94.3	136.2	84.5	15.7	378.8
⁽¹⁾ Net of capital grant funding ⁽²⁾ Net of Airport-funded portion ⁽³⁾ Net of funding from Harbor Development Fund, Harbor Maintenance Tax, and NWSA capital grants (Port share) ⁽⁴⁾ Net of NWSA capital grants (Port share) ⁽⁵⁾ Spending that is currently levy funded but may be general funded or revenue bonds.							

Includes:

- \$87 million tax levy cash
- \$292 million G.O. Bonds

\$27 million in spending can be shifted to revenue resources in 2025/2026

New projects appropriate for tax levy/G.O. bonds include:

- P69 Underdock Utility Replacement
- World Trade Center Roof and HVAC replacements

Non-Airport Operating Cash Flow Available for Capital

Cash Flow From Non-Airport Operations Available for Capital

(\$ million)	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>TOTAL</u>
Distributable Cash (adjusted) from NWSA ⁽¹⁾	\$ 49.1	\$ 40.5	\$ 57.0	\$ 59.9	\$ 63.6	\$ 270.1
Maritime net income	1.7	9.7	13.7	19.2	22.7	67.0
EDD net income	(9.5)	(9.5)	(8.8)	(8.2)	(8.4)	(44.4)
Revenue bond debt service and adjustments ⁽²⁾	(30.0)	(30.1)	(29.8)	(29.8)	(35.0)	(154.7)
TOTAL	\$ 11.2	\$ 10.6	\$ 32.1	\$ 41.1	\$ 42.9	\$ 138.0

(1) Excludes NWSA capital grants, which are reflected separately as a funding source of NWSA capital

(2) Adjustments include certain non-operating revenues and expenses and reimbursements for tax levy & other funded EDD and Corporate expenses

IDD Levy - Background

- Port can levy property tax within an Industrial Development District (IDD)
 - In addition to regular property tax
 - A port can form multiple districts
 - Coextensive with port district, or
 - Smaller area within the Port district
 - The Port already has two Industrial Development Districts
- Port can implement the levy twice - Port of Seattle implemented first round in 1963
- Purpose is to provide for harbor improvements or industrial development of marginal lands
 - Broadly defined
 - Includes areas of poor planning or declining tax receipts

IDD Levy – Implementation

- Port may implement a second round based on a new formula
 - Maximum of \$2.0 billion over a period of up to 20 years
 - Average amount = \$98 million (for 20 years)
 - Port can establish a smaller IDD or collect a lesser amount, but cannot bank the unused capacity
- Process to implement
 - Publish notice by April 1 to begin collecting the next year
 - If within 90 days a petition of 8% of voters (voting in the most recent gubernatorial election) opposes, the Port must hold a special election to approve the levy

IDD Levy Information: “Marginal lands” are defined to include property subject to the following (RCW 53.25.030) conditions:

1. An economic dislocation, deterioration, or disuse resulting from faulty planning.
2. The subdividing and sale of lots of irregular form and shape and inadequate size for proper usefulness and development.
3. The laying out of lots in disregard of the contours and other physical characteristics of the ground and surrounding conditions.
4. The existence of inadequate streets, open spaces and utilities.
5. The existence of lots or other areas which are subject to being submerged by water.
6. By a prevalence of depreciated values, impaired investments, and social and economic maladjustment to such an extent that the capacity to pay taxes is reduced and tax receipts are inadequate for the cost of public services rendered.
7. In some parts of marginal lands, a growing or total lack of proper utilization of areas, resulting in a stagnant and unproductive condition of land potentially useful and valuable for contributing to the public health, safety and welfare.
8. In other parts of marginal lands, a loss of population and reduction of proper utilization of the area, resulting in its further deterioration and added costs to the taxpayer for the creation of new public facilities and services elsewhere.
9. Property of an assessed valuation of insufficient amount to permit the establishment of a local improvement district for the construction and installation of streets, walks, sewers, water and other utilities.
10. Lands within an industrial area which are not devoted to industrial use but which are necessary to industrial development within the industrial area.

Current Credit Ratings

	<u>Fitch</u>	<u>Moody's</u>	<u>S&P</u>
General Obligation Bonds	AA-	Aaa	AA-
First Lien Revenue Bonds	AA	Aa2	AA-
Intermediate Lien Revenue Bonds	AA-	A1	A+
Subordinate Lien Revenue Bonds	AA-	A2	A+
Fuel Hydrant Special Facility Bonds		A1	A-

Noted Credit Strengths:

- Diverse asset and revenue base
- Airport's market position and enplanement levels
- Strong balance-sheet liquidity levels
- Conservative debt structure and healthy debt service coverage ratios
- Strong governance and management
- Long-range strategic and sustainability plans
- Vibrant and resilient area economy