

Item No. 11a_supp

Date of Meeting: October 24, 2023

Draft Plan of Finance 2024-2028 and Tax Levy Briefing

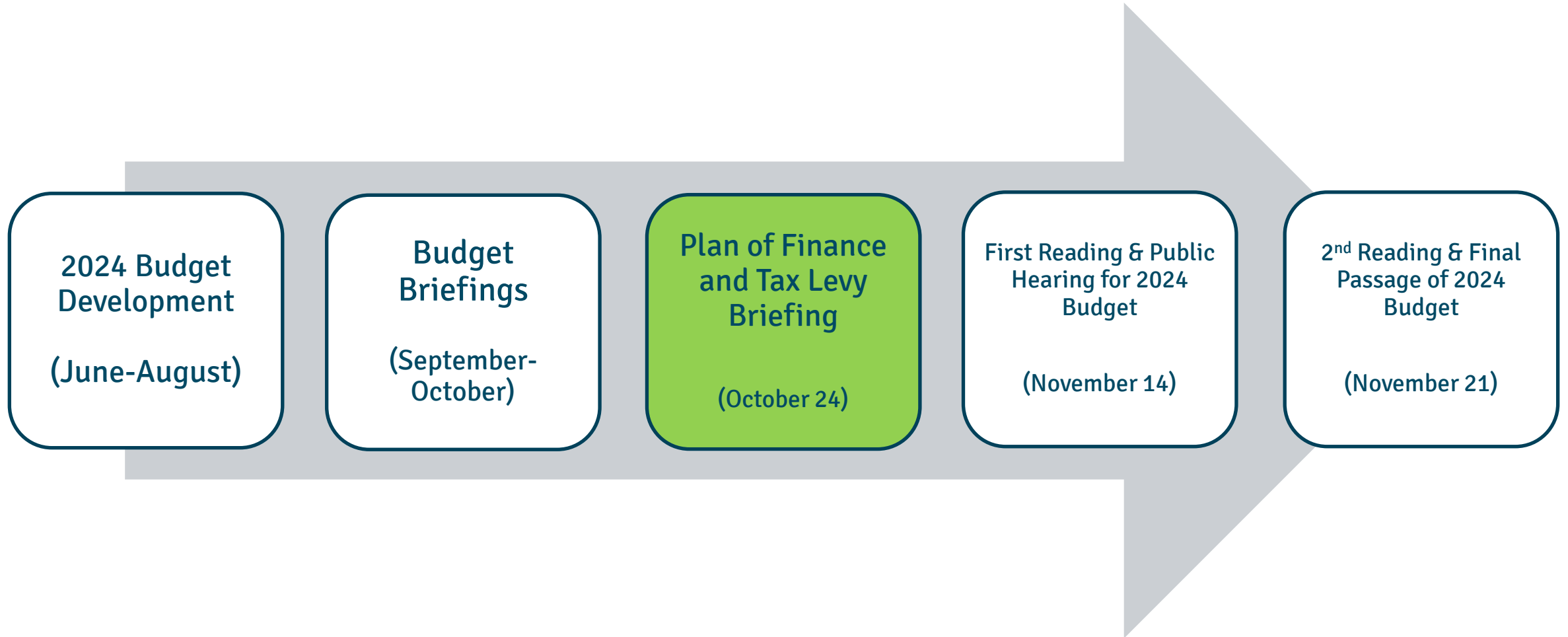
October 24, 2023



Overview

- Budget Process Timeline
- Bottom line Up Front
- Tax Levy Background and Update
- Draft Plan of Finance 2024-2028
- Looking Beyond 2028
- Recommendation
- Finance Initiatives
- Appendix

2024 Budget Process



Operating and Capital Budget Reviews roll-up into Plan of Finance and Port-wide Budget

Bottom Line Upfront

Implement Recommendations that came out of the June and July Budget Retreats

- Continue to steward resources to prepare for the future
 - Growing operational and regional needs
 - Environmental remediation
 - Potential economic uncertainty
- Consider beginning to earmark funds to pay for the Port's environmental responsibilities
- Annual levy proposed at 75% of the Port's maximum allowable levy
 - The 2024 levy of \$86.7 million; represents a 4.8% increase from 2023
 - Provides an additional \$4 million in levy cash in 2024

Tax Levy Background and Update

2024 Preliminary Budget

October 24, 2023

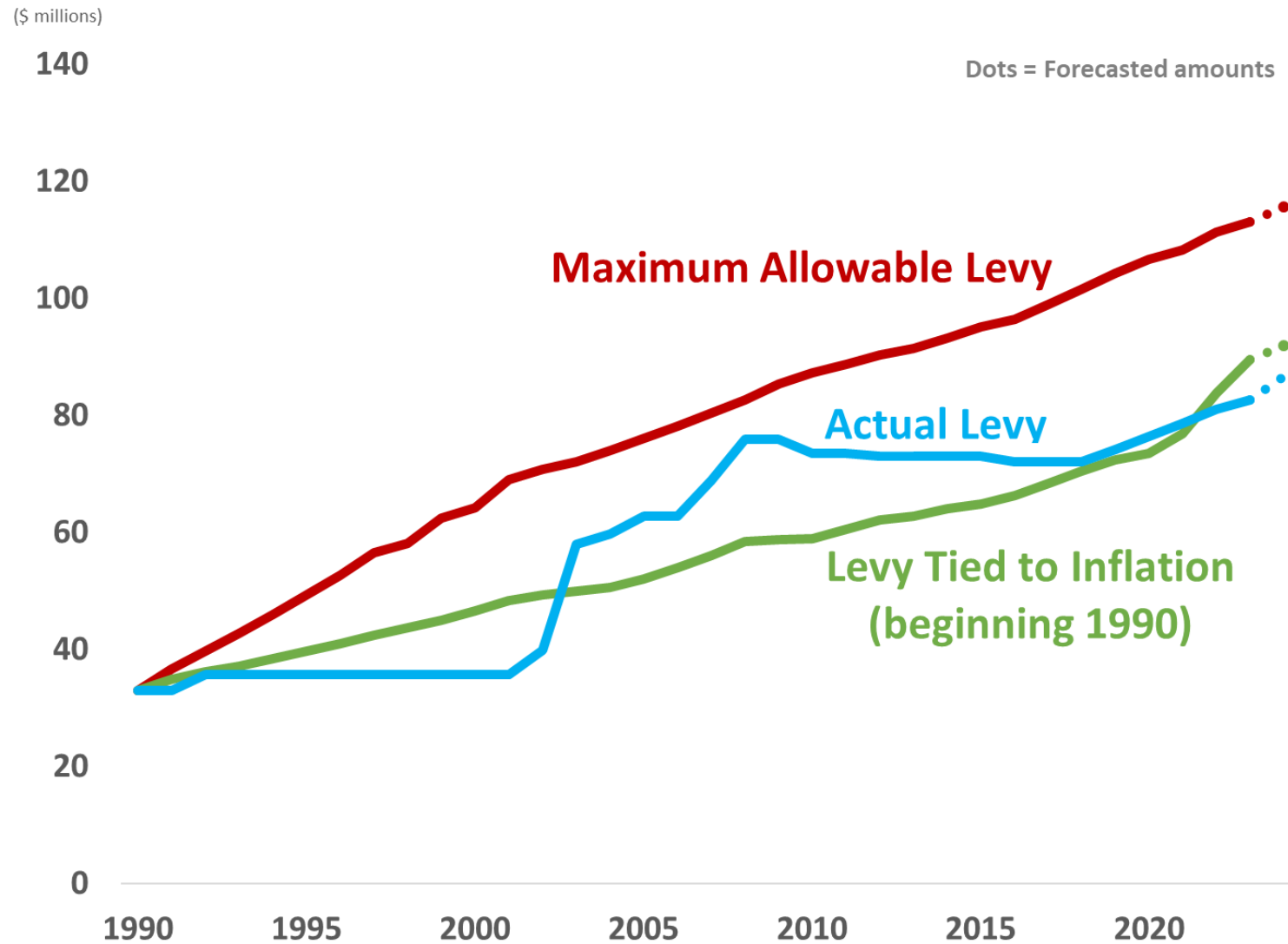


Tax Levy Background

- Governed by State Law: Washington Ports permitted to levy property taxes
- Levy amount is approved annually by the Commission
- Levy can be leveraged by issuing General Obligation (G.O.) bonds
- Current Levy uses:
 - G.O. bond debt service
 - Environmental remediation and sustainability
 - Regional transportation mobility
 - Community: equity, workforce, economic development
 - Investments in maritime infrastructure
- The Port may approve a levy amount up to the maximum allowable within statutory limits (\$115.6 million in 2024)



Levy History



2024-2028 Proposed Approach

- Levy amount set at 75% of the maximum levy
 - Preserves levy capacity for potential times of future stress
 - Maintains Port's strong credit ratings – a benefit to Airport as well as Non-Airport businesses
- Legacy environmental remediation is a top priority after debt service
 - Continue to use the tax levy to fund
 - Use G.O. bonds to fund as needed
- Fund certain community program costs
- Any remaining levy funds Non-Airport capital



Taxpayer Impact

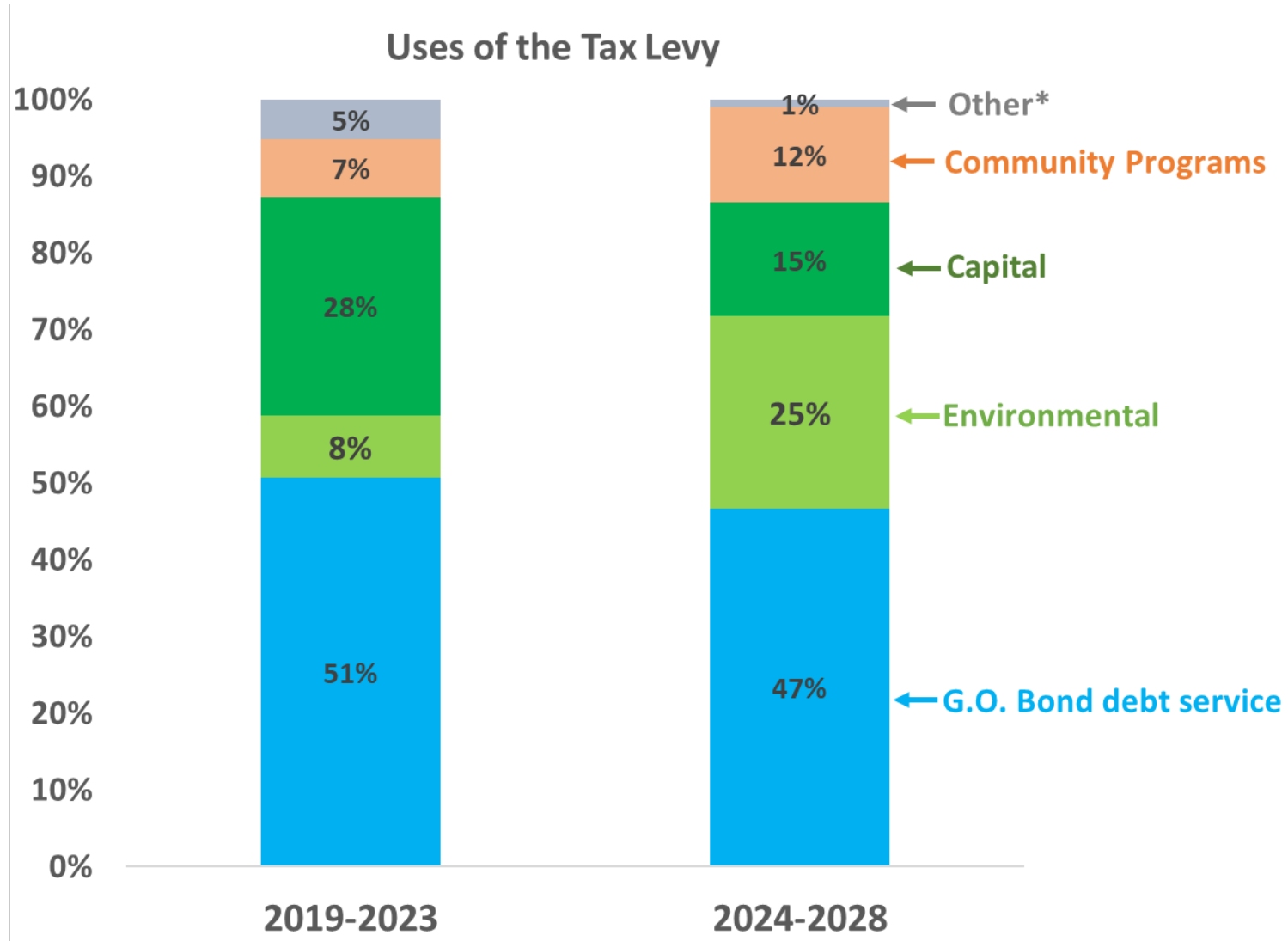
	2023	2024 preliminary
Tax Levy (\$ million)	82.7	86.7
Estimated millage rate (\$/1000)	0.0943	0.1059
Median home value (\$) ⁽¹⁾	853,000	853,000
Estimated median home Port tax (\$)	\$80	\$90

(1) 2023 per King County; 2024 data is not yet available

- The Port's levy increases by 4.8% in 2024, but assessed valuation decreased by 7%, thus the millage rate and median taxpayer tax increase
- The Port's levy was approximately 1.2% of total property taxes levied in King County in 2023



Use of the Tax Levy is Shifting



***Note:** Other includes Airport NOISE projects and NWSA membership contribution

Draft Plan of Finance 2024-2028

2024 Preliminary Budget

October 24, 2023



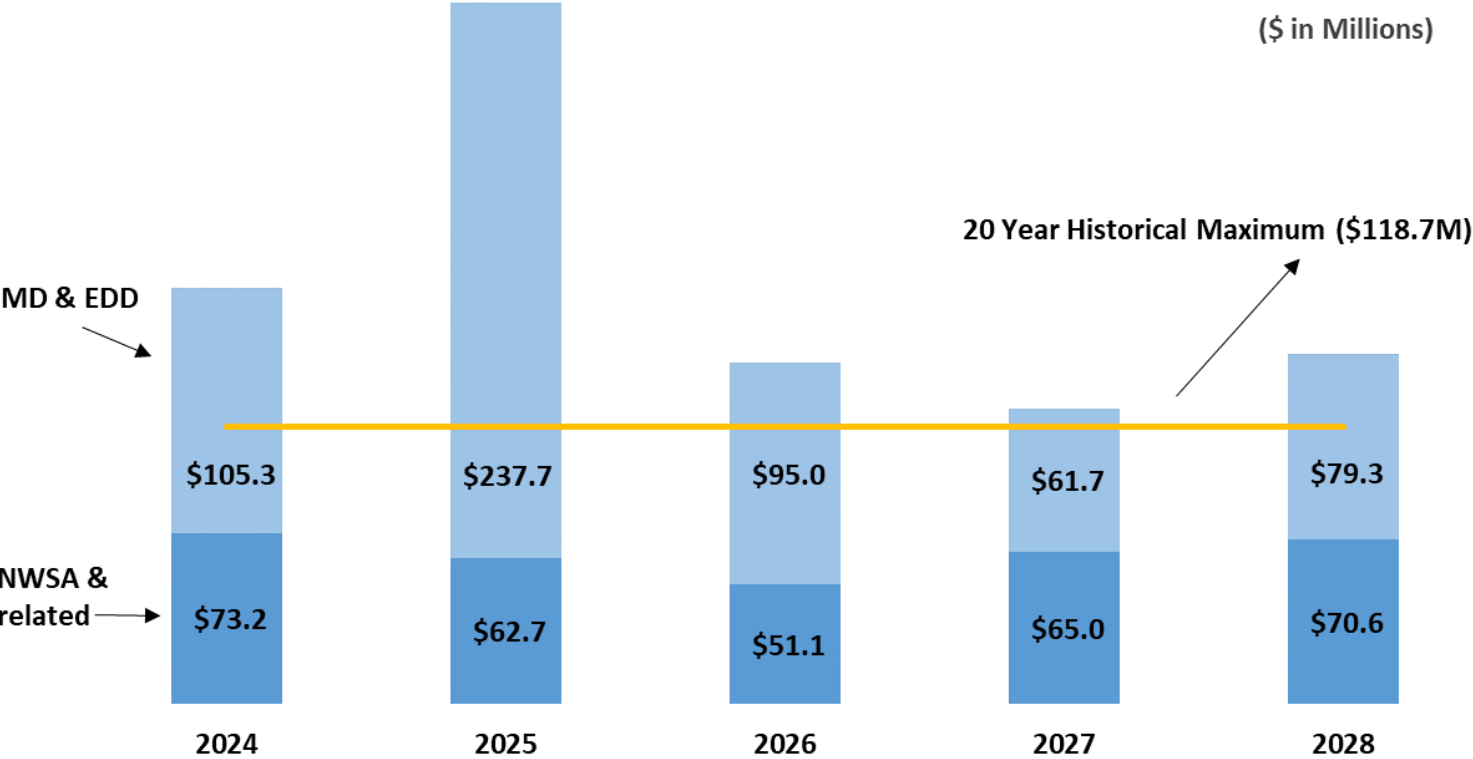
The Draft Plan of Finance

The Draft Plan of Finance is a funding plan for the Port's five-year Capital Improvement Program (CIP)

- A tool for the Commission to inform the budget process and long-term capital investment decisions
 - Flexible tool that is updated as circumstances change
 - Plan is developed based on a sustainable financial model
- An important tool for investors
 - Gauge the future financial health of the Port
 - Provides insight into Port's approach to financial stewardship

Non-Airport Capital Spending Forecast - \$913 million

Capital Spending Forecast vs. Historical Maximum

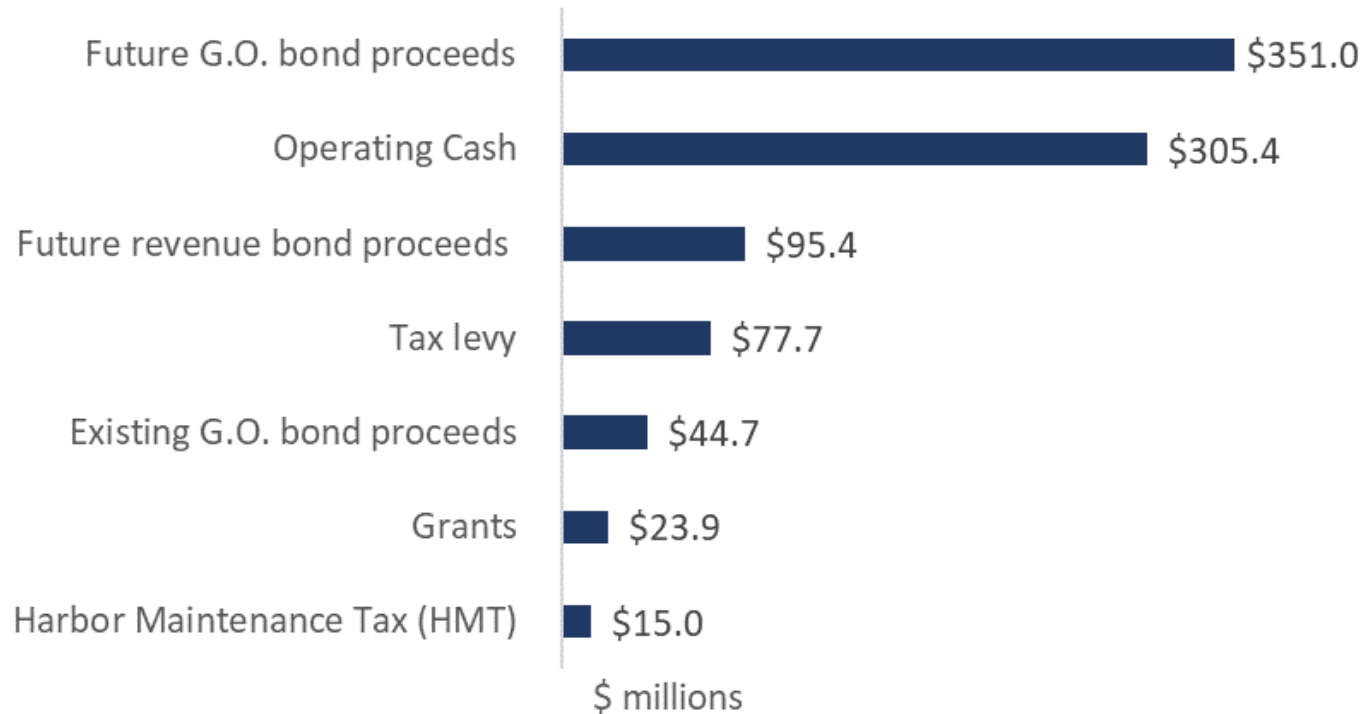


Note: Graph excludes \$11.5 million of Central Services CIP allocated to Non-Airport businesses

- Spending forecast to exceed prior maximum (2009) in every year
- NWSA \$322.6M includes
 - Port’s 50% share of NWSA CIP \$210.4M
 - Projects related to NWSA \$112.2M
- Stormwater Utility is self-funded and not included in the Plan of Finance
- 2023-2027 CIP was \$849 million
- Timing of spending can affect funding plan

Non-Airport Capital Funding 2024-2028

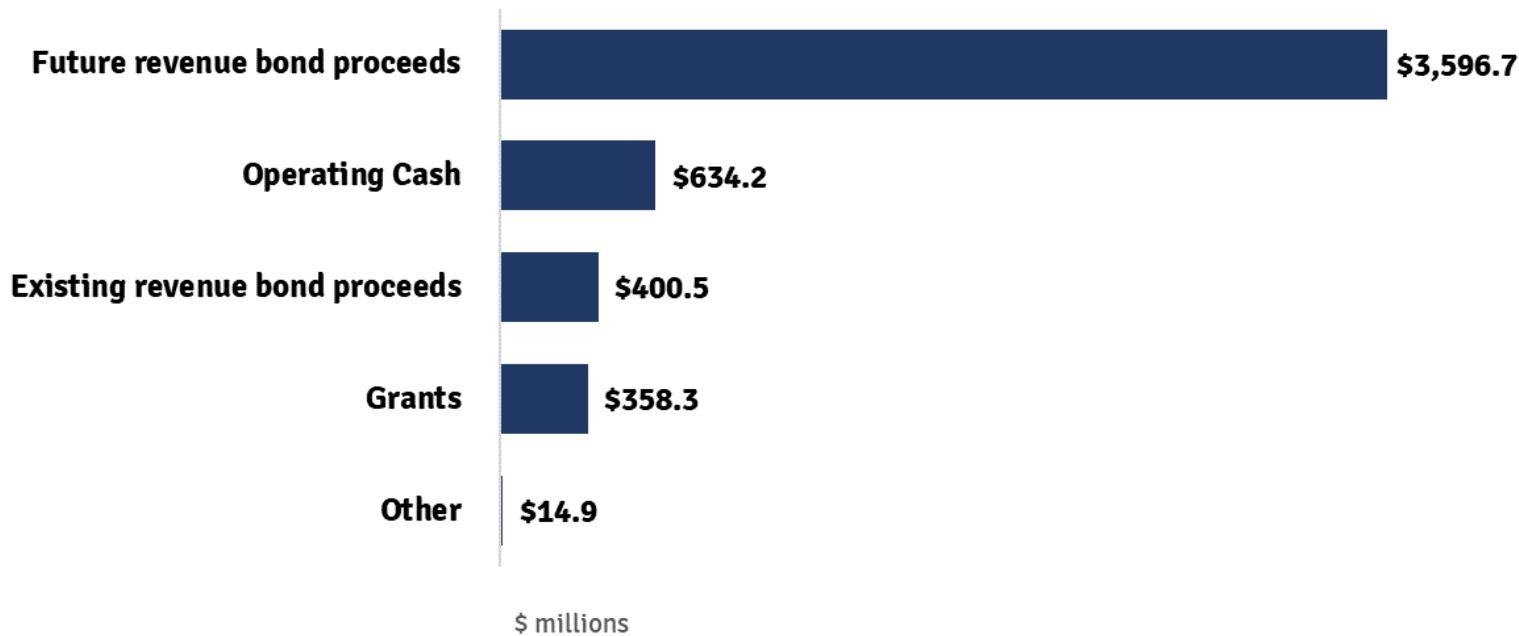
Non-Airport Funding - \$913.1 million



- 44% of funding from operating sources:
 - Includes cash funding and revenue bonds paid from operating cash
 - Income is primarily from NWSA
- 52% is from tax levy related sources:
 - Tax levy cash
 - G.O. bonds paid by the tax levy
 - Funding plan approach includes a levy is set at 75% of maximum allowable each year
- 4% from other sources including grants and Harbor Maintenance Tax (HMT)
 - Funding sources limited to eligible projects

Airport Funding 2024-2028

Airport Funding \$4,955.7 million



- 93% funded from operating cash flow and revenue bonds
- \$358M capital grants (AIP)
 - S Concourse Evolution, NOISE insulation projects, Checkpoint 1 Relocation, other
- Other funding includes:
 - Customer Facility Charges after the payment of CFC eligible debt service
 - Tax Levy funding for single remaining Highline School project (not eligible for airport funding)
- PFC's not used to fund Airport CIP directly, but are used to pay revenue bond debt service

Looking Beyond 2028

Assumptions

- Airport and Non-airport business are separately funded
- No major disruptions to steady income growth
- Environmental remediation expenses increase
- Continued need for capital investments
 - Airport renewal
 - Include the \$400 million of Maritime and EDD deferred projects
- Continued support for community programs

Results

- Funds \$700M Non-Airport CIP from 2029-2033
 - Includes most the \$400M of deferred Maritime/EDD projects
- Use of new G.O. bonds and revenue bonds is maximized – Port is fully leveraged
- Ability to respond to adverse events or unanticipated needs may require reducing expenses or increasing the levy beyond 75% of maximum

Recommendation

- Continue to manage the tax levy in a way that provides financial resilience and supports the Port's good credit over the long term
- Preserve some levy capacity: Higher environmental spending or adverse changes to income could require an increase in the tax levy above the 75% target
- Consider setting aside funds for environmental remediation

Finance Initiatives

- Revenue and G.O. bonds
 - Issue new debt as needed to fund a portion of the CIP
 - Refund existing bonds for debt service savings
 - 2013 Intermediate Lien Revenue bonds are callable next year
 - 2013 Airport Special Facility bonds are callable next year
 - Monitor other potential candidates
- Manage variable rate debt credit agreements and renewals
- Complete financial advisory procurement
- Continue to evaluate funding alternatives, e.g. federal loans

Appendix

2024 Preliminary Budget
October 24, 2023

Contents

Pages	
21	Additional Tax Levy Information
33	Industrial Development District Levy Information
36	CIP and Funding
40	Revenue Bond Coverage and Credit Ratings

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 2024 is estimated to be ~\$115.6 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 2023, this limit would translate to ~\$363.7 million
- Excludes the amount needed to pay G.O. bond debt service

2023 Tax Levy Fund Sources and Uses

(\$ million)

SOURCES OF TAX LEVY FUNDS

	2023
Prior Year Tax Levy Fund Balance	\$ 26.2
Projected Tax Levy Collection	82.7
Environmental Receipts	10.2
Investment Interest Income	1.3
Total Sources	\$ 120.4

USES OF TAX LEVY FUNDS

G.O. bond debt service (Existing)	\$ 34.7
Non-Airport Capital Investments	19.4
NW SA Membership Interest Contribution	5.0
Environmental Remediation Liability (Non-Aviation)	4.6
Community Programs	11.2
Total Uses	\$ 75.0

Projected Ending 2023 Levy Fund Balance	\$ 45.4
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- In addition to the tax levy, Commission established:
 - Transportation Infrastructure fund (TIF) for regional mobility participation

2024-2028 Tax Levy Fund Sources and Uses

(\$ million)

SOURCES OF TAX LEVY FUNDS

Prior Year Tax Levy Fund Balance	
Projected Tax Levy Collection	
Environmental Receipts	
Total Sources	

2024 - 2028	
\$	45.4
	450.4
	29.6
\$	525.4

USES OF TAX LEVY FUNDS

G.O. bond debt service (Existing)	
G.O. bond debt service (New)	
Non-Airport Capital Investments	
Environmental Remediation Liability (Non-Aviation)	
Non-Aviation Public Expense	
Aviation Capital Investments (Highline School Insulation)	
Community Programs	
Total Uses	

\$	153.4
	91.9
	77.7
	131.6
	4.4
	1.0
	65.5
\$	525.5

Projected Ending 2028 Levy Fund Balance

\$	(0.2)
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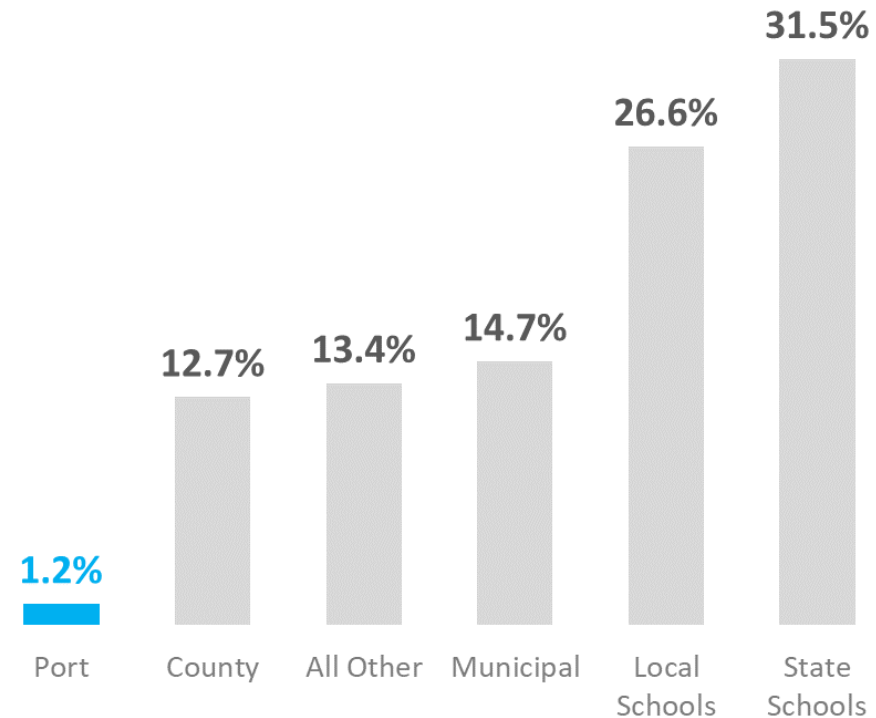
Tax Levy Fund - Assumptions

- 4.8% annual increase in 2024; maintain levy at 75% of maximum allowable from 2025-2028
 - Maximum levy increases approximately 2% per year
- Future insurance recoveries for environmental remediation
- Existing and new G.O. bonds to fund \$396 million of non-airport capital investments in addition to the \$78 million paid by tax levy cash

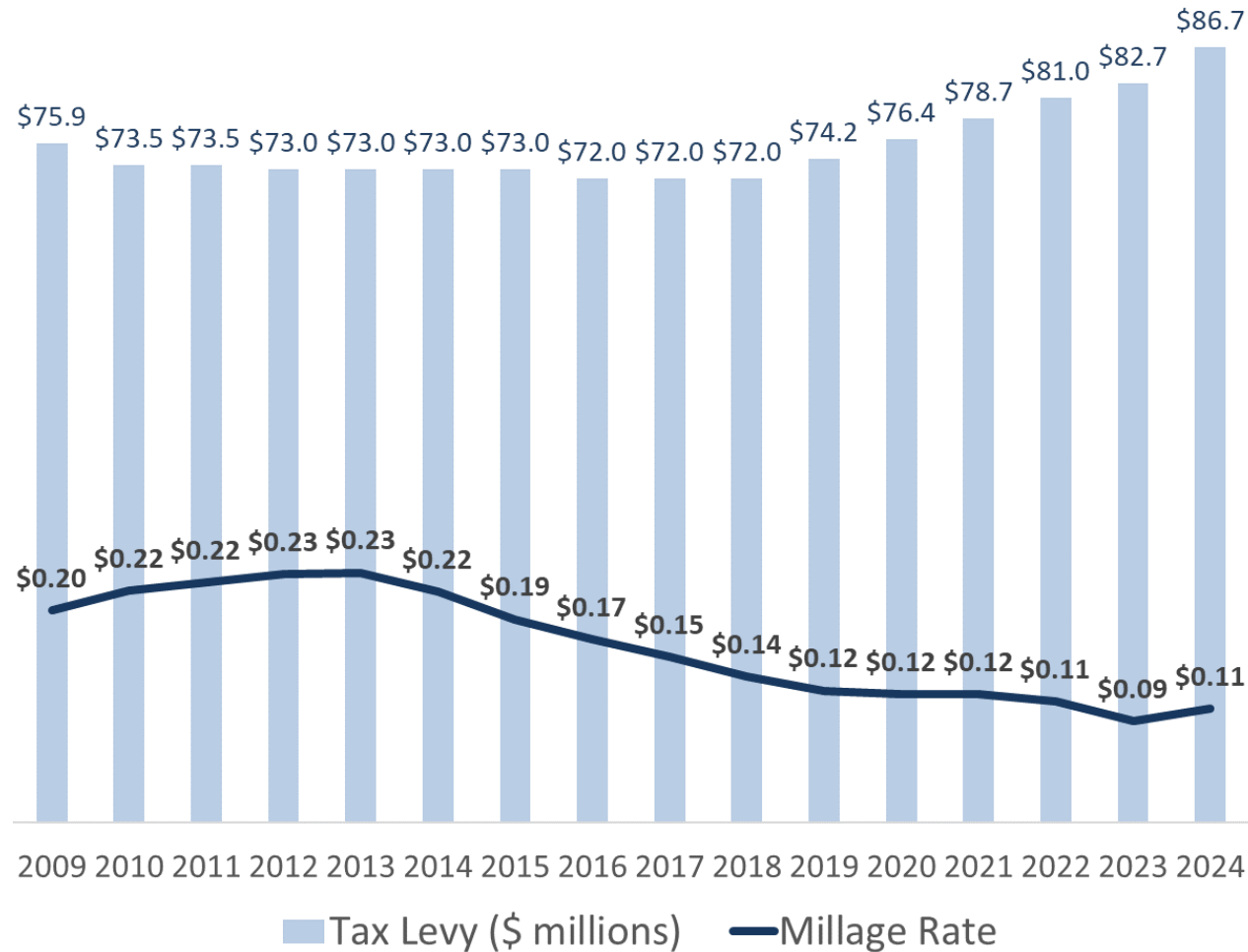
Overall Taxpayer Impact – 2023

- Of the \$7.1 billion of property taxes paid in King County, less than 1.2% goes to the Port
- In 2023, the median homeowner paid \$7,380 in total property tax with **\$80 going to the Port**

Only 1.2% of King County taxes go to the Port

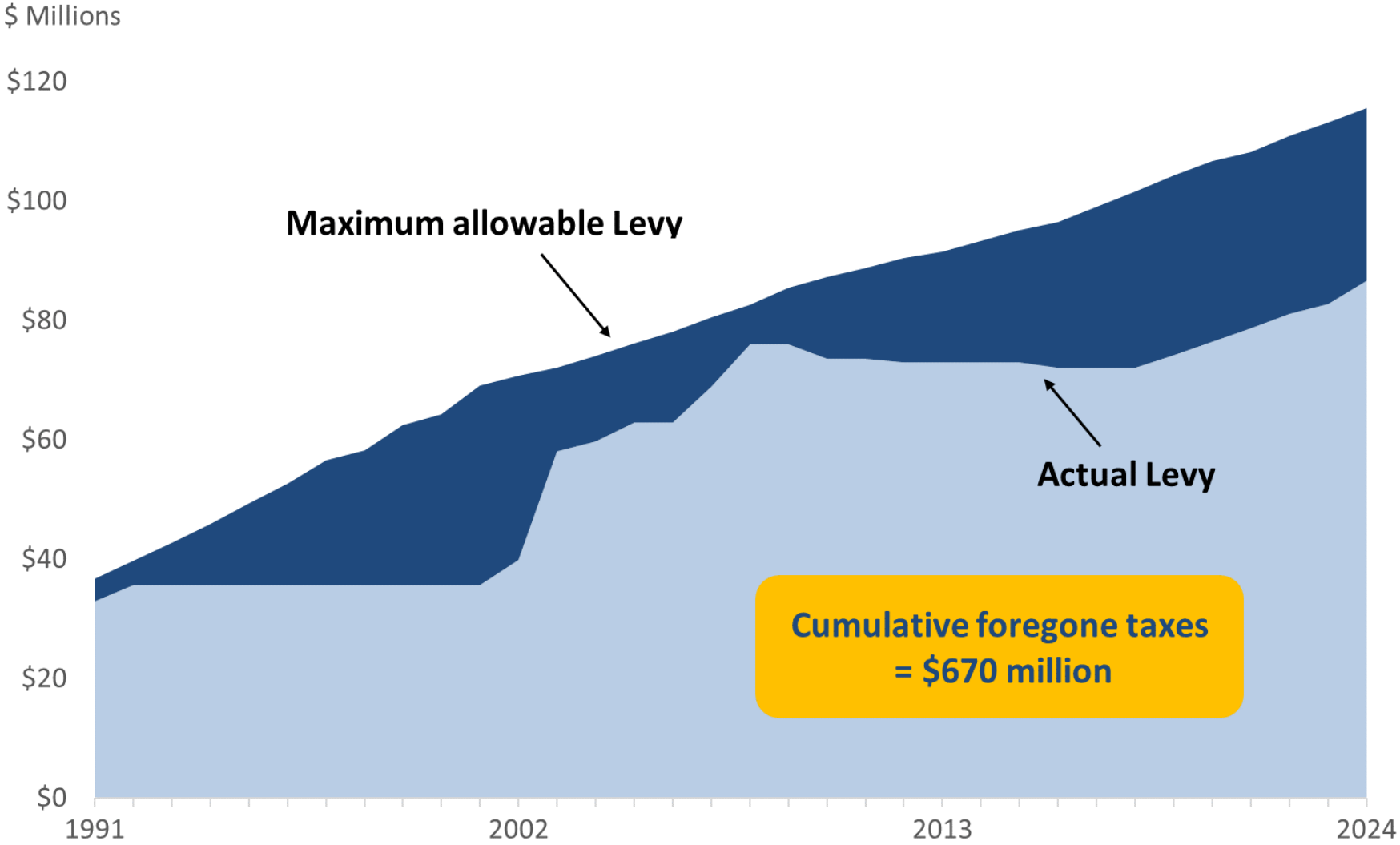


2009-2024 Tax Levy & Millage Rate (1)

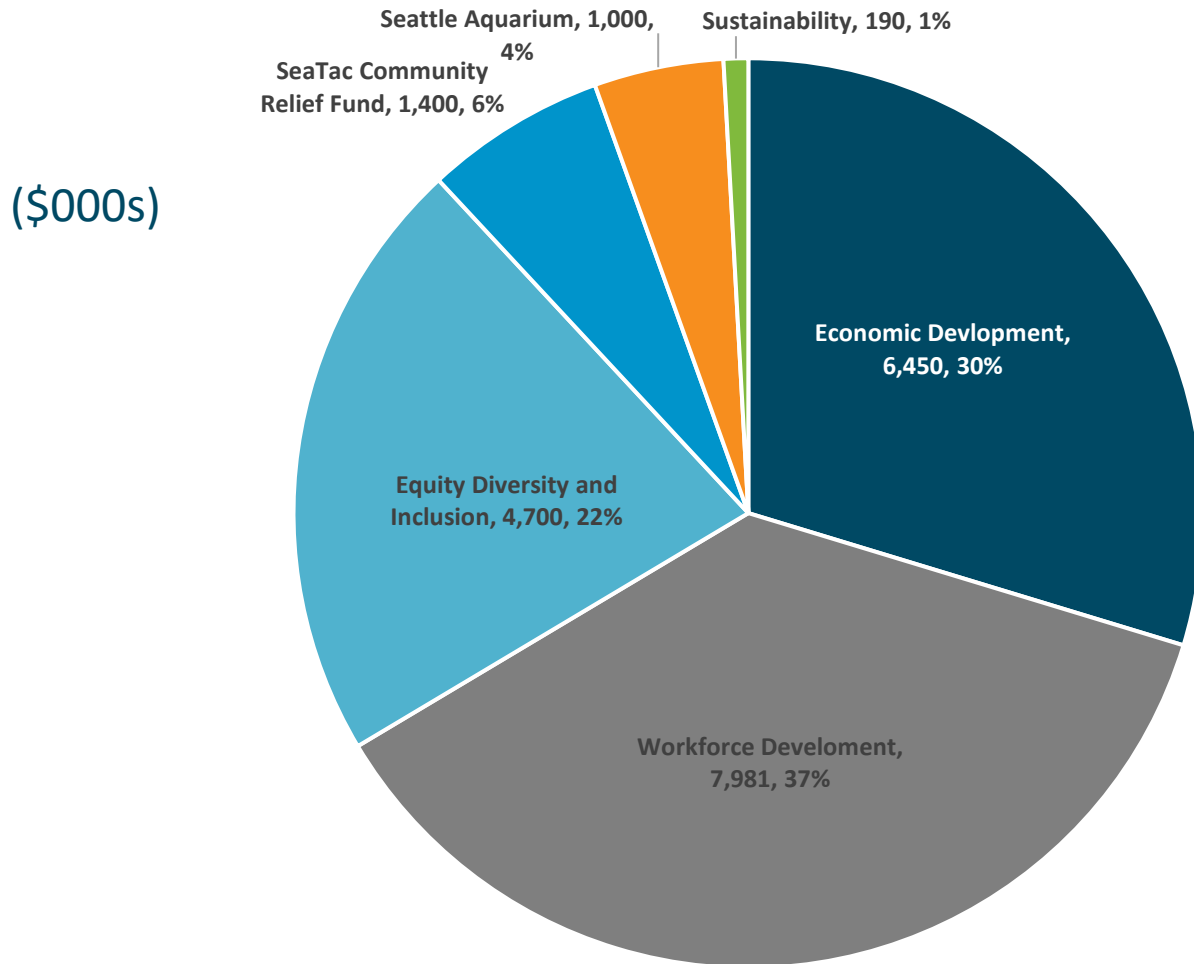


(1) Millage rate represents the amount per every \$1,000 of assessed valuation

Actual vs. Maximum Allowable Levy



2024 Port Community Program Funding by Activity



Economic Development

- Tourism Marketing Support - \$1.9M
- Spotlight Advertising - \$466K
- Community Business Connector - \$380K
- Diversity in Contracting - \$2.3M
- Maritime Blue - \$175K

Workforce Development

- Workforce Development Department - \$5.1M
- High School Interns - \$486K

Equity, Diversity & Inclusion

- South King County Fund - \$2.2M
- OEDI Department - \$2.0M
- Duwamish Community Equity program – \$471K

SeaTac Community Relief

- \$1.4M

Seattle Aquarium

- \$1.0M

Sustainability

- Ace Fund - \$40K
- Low Carbon Fuel Standards- \$150K

Community Programs and Other Non-Capital

Program (in \$000)	2022 Budget	2023 Budget	2024 Proposed Budget	2024 Budget Funded by the levy	% of the 2024 Budget Funded by the levy
1) Energy & Sustainability Fund	160	120	-	-	-
2) Airport Community Ecology (ACE) Fund	135	40	40	40	100%
3) South King County Community Impact Fund (SKCCIF)	2,195	2,214	2,214	2,214	100%
4) Duwamish Valley Community Equity Program	387	462	471	471	100%
5) EDD Partnership Grants	1,200	850	950	950	100%
6) Tourism Marketing Support Program	1,750	1,830	1,875	300	16%
7) Airport Spotlight Ad Program*	466	466	466	466	100%
8) City of SeaTac Community Relief*	1,400	1,400	1,400	1,400	100%
9) Maritime Blue (formerly Maritime Innovation Center)	150	150	175	175	100%
10) Workforce Development	4,390	5,186	5,077	3,863	76%
a. Youth Career Launch Program (formerly OYI) ¹	1,000	1,000	900	900	100%
b. Airport Employment Center	1,096	1,517	1,517	303	20%
11) High School Internship Program	496	457	486	259	53%
12) Diversity in Contracting	1,836	2,299	2,304	300	13%
a. Small Bus. Accelerator under SKCCIF ²	250	250	250	250	100%
b. DBE/ACDBE/WMBE Training Consultants & Outreach	-	50	50	50	100%
13) Equity, Diversity & Inclusion	1,366	1,767	2,015	203	10%
14) Sustainable Aviation Fuels & Air Emissions Program	200	100	-	-	-
15) Low Carbon Fuel Standard Initiative	110	150	150	-	-
16) Community Biz Connector (Regional Small Biz Partnerships)	150	350	380	380	100%
17) Public Market Study	-	100	-	-	-
18) Seattle Aquarium Partnership	-	1,000	1,000	1,000	100%
Sub Total	16,142	18,691	18,753	11,772	63%
Payroll charged to the Levy ³	483	433	589	589	100%
Grand Total	16,625	19,124	19,342	12,361	64%

- Tax levy will fund
 - ~\$12 million of community programs in 2024
 - ~\$66 million 2024-2028
- 2024-2028, the levy will also fund
 - \$245 million G.O. bond debt service
 - \$132 million environmental remediation

Notes:

- 1 Youth Career Launch Prgm budget rolls up to Workforce Development total (item 10).
 2 \$250K Small Business Accelerator under Diversity In Contracting (DIC) is included in DIC total (Item 12) and SKCCIF (item 3).
 3 2024 Payroll only for CPO & Ext. Rel. Other payroll from HS Interns, WFD, EDI are included in the individual items above.

Levy & G.O. Bond Funded Capital Investments

Spending Primarily in 2024

NWSA - T5 (50% Share)*

Fishermen's Terminal Maritime Innovation Center

Salmon Bay Marina Docks A-C Roof Safety

Terminal 46 Substation 1 Replacement

Highline School Insulation

Other

Spending Primarily in 2025+

NWSA - Other North Harbor (50% Share)

Terminal 91 Uplands Development Phase I

Terminal 91 Berth 6 & 8 Redevelopment

Fishermen's Terminal NW Dock West Improvements

West Waterway Deepening

Terminal 91 P90/91 Dock Rehabilitation

Maritime Climate and Air Action Plan Phase I

Seattle Waterfront Clean Energy Strategy

East Waterway Deepening

Terminal 91 Infrastructure

Sustainable Evaluation Framework Reserve

Fishermen's Terminal (multiple)

Other

* Includes funding with 2022 G.O. bond proceeds

Projects that may be funded whole or in part with tax levy and/or G.O. bond proceeds

Funding Includes:

- \$78 million tax levy cash
- \$45 million of 2022 G.O. bond proceeds
- \$351 million future G.O. Bonds

Transportation and Infrastructure Fund (TIF)

TIF (\$ million)	2024-2028	Post 2028
Beginning Balance	\$ 63.7	\$ 17.1
Transportation Investments	(46.6)	(9.3)
Ending Balance	17.1	7.8

TIF Funded Projects (\$ million)	2024-2028	Post 2028
Seattle Heavy Haul Network	\$ 10.5	\$ 9.3
Fast Corridor II	0.8	-
West Seattle Bridge	3.0	-
Safe and Swift	2.3	-
Puget Sound Gateway (SR 509)	30.0	-
	\$ 46.6	\$ 9.3

Current Levy Policies and Practices

- Manage General Obligation (G.O.) debt service to no more than 75% of the annual levy
- Capital investment criteria
- Pay for legacy environmental costs
- Limited Airport use
- Retain tax levy flexibility
 - The difference between the actual levy and the maximum reserves “dry powder” for future resiliency
 - Supports Port’s strong credit ratings

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

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 \$2.3 billion over a period of up to 20 years
 - Average amount = \$113 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.

Airport CIP and Funding

	2024-2028 (\$ million)
Airport CIP	
Baggage Optimization	\$ 514.2
C Concourse Expansion	326.6
SEA Gateway	458.6
S Concourse Evolution	792.9
Main Terminal Improvement	199.4
Other Capital Projects	1,847.1
SAMP Preliminary Planning/Design ⁽¹⁾	175.2
Proposed New Projects	115.9
CIP Reserves	525.8
TOTAL	\$ 4,955.7
Allocated Central Services CIP	48.9
Total Airport Funded CIP	\$ 5,004.6
(1) Sustainable Airport Master Plan	

	2024-2028 (\$ million)
Airport Funding Sources	
Operating Cash ⁽¹⁾	\$ 634.2
Tax levy ⁽²⁾	1.0
Customer Facility Charge (CFC)	13.9
Grants	358.3
Existing revenue bond proceeds	400.5
Future revenue bond proceeds	3,596.7
Total Airport Funding	\$ 5,004.6
Airport CIP	\$ 4,955.7
Allocated Central Services CIP	48.9
Total Airport Funded CIP	\$ 5,004.6
(1) Includes airport income available after payment of revenue bond debt service.	
(2) Highline Schools noise insulation.	
Note: totals may not add due to rounding	

Non-Airport CIP and Funding

	2024-2028 (\$ million)
Non-Airport CIP	
Maritime & Economic Development CIP	\$ 579.0
NWSA - 50% Share (North & South Harbor)	210.4
NWSA - Reserve & Port Projects ⁽¹⁾	112.2
TOTAL	\$ 901.6
Allocated Central Services CIP	11.5
Total Non-Airport Funded CIP	\$ 913.1
<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>	

	2024-2028 (\$ million)
Non-Airport Funding Sources	
Operating Cash ⁽¹⁾	\$ 305.4
Grants	23.9
Harbor Maintenance Tax (HMT)	15.0
Tax levy ⁽²⁾	77.7
Existing G.O. bond proceeds	44.7
Future G.O. bond proceeds	351.0
Future revenue bond proceeds	95.4
Total Non-Airport Funding	\$ 913.1
<small>(1) Includes non-airport income available after payment of revenue bond debt service.</small>	
<small>(2) Annual levy forecasted at 75% of the Port's maximum allowable levy</small>	
<small>Note: totals may not add due to rounding</small>	

Draft 2024 to 2028 CIP: \$579M

Cash Flows in \$000s

Primary LOB	Project	Status*	2024	2025	2026	2027	2028	5Y Total	Project Total
Cruise	P66 Shore Power	5	27,752	1,560	0	0	0	29,312	41,000
	T91 New Cruise Gangway	5	3,040	5,786	0	0	0	8,826	9,000
	P66 Fender Replacement	5	2,382	1,839	0	0	0	4,221	7,616
	P66 New Cruise Passenger Gangway	2	950	5,000	0	0	0	5,950	6,000
Fishing, Commercial & Rec Boating	T91 Berth 6 & 8 Redevelopment	5	19,223	51,000	2,371	0	0	72,594	75,600
	FT NW Dock West Improvements	2	270	450	930	7,800	30,000	39,450	56,000
	FT S Wall Fender Replacement	2	0	0	0	700	2,000	2,700	24,700
	T91 P90/91 Dock Rehab	2	800	10,350	10,000	0	0	21,150	21,200
	Harbor Mooring Dolphins	3	0	40	120	6,800	10,500	17,460	18,000
	FT W Wall N Fender Replacement	2	0	0	500	1,500	7,000	9,000	16,500
	HIM Dock-E Improvements	5	2,350	1,893	0	0	0	4,243	5,350
Real Estate	T91 Uplands Dev Phase I	4	18,409	55,901	4,005	0	0	78,315	82,471
	FT Maritime Innovation Center	5	14,789	10,906	0	0	0	25,695	29,320
	P69 Concrete Dock Rehabilitation	2	1,000	10,000	10,000	5,995	0	26,995	27,000
	T91 Uplands Phase II Infrastructure	2	500	6,500	3,250	0	0	10,250	10,350
	P66 Grand Staircase Replacement	2	50	4,400	3,888	0	0	8,338	8,338
	P69 HVAC System Modernization	2	100	2,618	3,711	1,545	0	7,974	7,974
	MIC Electrical Replacements	4	411	6,100	0	0	0	6,511	7,179
	P66 Retail HVAC Upgrade	3	0	4	219	2,485	4,161	6,869	6,928
	Bell Street Bridge Refresh	2	0	0	5	3,400	1,948	5,353	5,353
Environmental	Smart Electric Meters	2	667	467	3,204	3,204	3,204	10,746	10,883
	Waterfront EV Infrastructure	3	230	1514	1,514	1,514	0	4,772	4,817
	Mid-Cap		27,860	21,367	11,145	6,132	4,724	71,228	
	Small		3,669	1,650	1,550	1,550	1,550	9,969	
	Fleet		5,428	4,700	5,350	3,550	1,200	20,228	
	Reserves/Cash Flow Adjustment		(24,694)	33,703	33,215	15,479	13,000	70,703	
Total Funded			105,186	237,748	94,977	61,654	79,287	578,992	

Project Categories: Large >\$5M, Mid \$1M to \$5M, Small <\$300K

*Status: 5=Construction, 4=Design, 3=Pre-Design, 2=Business Plan Prospective

Non-Airport Operating Cash Flow Available for Capital

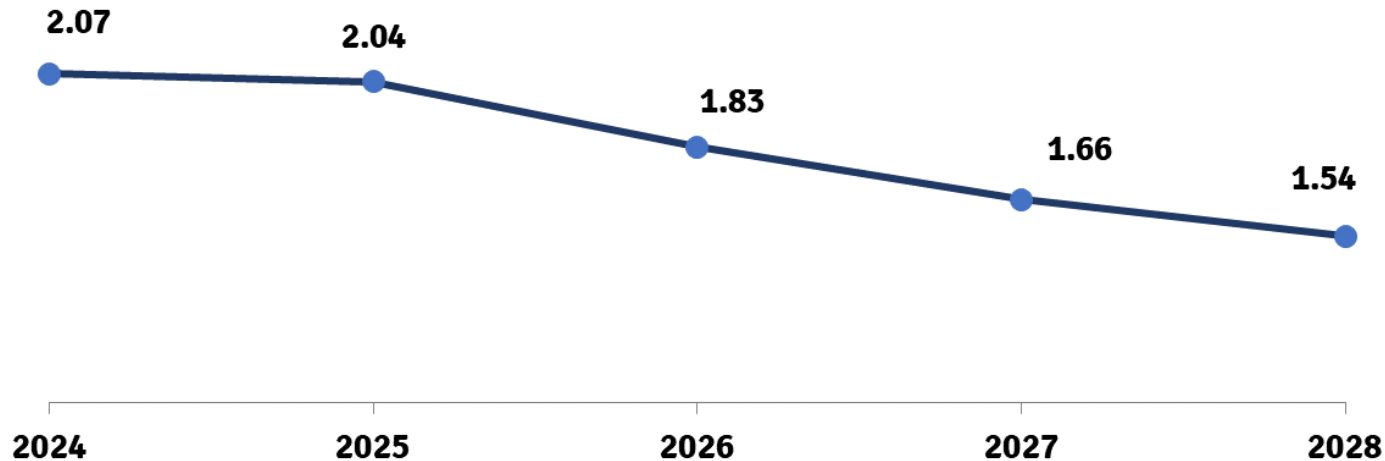
(\$ million)	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>TOTAL</u>
Distributable Cash (adjusted) from NWSA ⁽¹⁾	\$ 59.2	\$ 60.7	\$ 66.0	\$ 68.3	\$ 68.7	\$ 322.9
Maritime net income	13.8	16.0	17.6	18.4	19.0	84.8
EDD net income	(9.0)	(10.3)	(11.3)	(11.8)	(12.3)	(54.7)
Revenue bond debt service and adjustments ⁽²⁾	(21.1)	(27.8)	(23.8)	(14.6)	(16.4)	(103.6)
TOTAL	\$ 42.8	\$ 38.6	\$ 48.5	\$ 60.4	\$ 59.1	\$ 249.4

(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

Port-wide Revenue Bond Debt Service Coverage Forecast

Debt Service Coverage



- Represents net income from Airport and Non-Airport businesses divided by all revenue bond debt service
- Tax levy after payment of G.O. bond debt service adds to coverage
- Provides a measure of financial sustainability and is critical to investors and rating agencies
- Decreasing Port-wide DS coverage is driven by large Airport capital spending
 - This is expected, and Port-wide DS coverage levels remain strong

Revenue Bond Debt Service Coverage

- Key metric of income available to pay debt service
 - Net income/debt service
- Management targets provide financial resilience
 - Airport 1.25x-1.40x
 - Non-Airport 1.80x
- Legal obligation to investors
- Use of PFCs and CFCs to pay debt service improves coverage

Coverage Calculation	
	Airport & Non-Airport Revenues
Minus	<u>Expenses adjusted for tax levy ⁽¹⁾</u>
Equals	Available for debt service
Divide	Debt service net of payment from PFCs and <u>CFCs</u>
Equals	Debt Service Coverage

(1) Tax levy net of G.O. bond debt service is deemed to reduce expenses

Financial Targets Provide Resiliency

- Tool for managing on-going uncertainty
- Provides a cushion for income variability

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

(1) Target is 1.4

(2) By 2025

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	AA-
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
- Prudent management of the Tax levy including maintaining a cushion
- Strong governance and management
- Long-range strategic and sustainability plans
- Vibrant and resilient area economy