**NEW ISSUE - BOOK ENTRY ONLY**
**NOT BANK QUALIFIED**

**Moody's Rating: "Aaa"**
**S&P Global Ratings: "AA"**
**Fitch's Rating: "AA-"**
**(See "RATINGS" herein)**

*In the opinion of K&L Gates LLP, Bond Counsel, assuming compliance with certain covenants of the Port, interest on the 2024A Bonds and 2024B Bonds is excludable from gross income for federal income tax purposes under existing law, except for interest on any 2024B Bonds for any period during which such bond is held by a "substantial user" of the facilities financed or refinanced by the 2024B Bonds, or a "related person" to such "substantial user," within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the 2024A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. However, interest on the 2024A Bonds and the 2024B Bonds is taken into account in determining "adjusted financial statement income" of certain corporations for purposes of computing the alternative minimum tax imposed on "applicable corporations." Interest on the 2024B Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on the 2024C Bonds is not excludable from gross income for federal income tax purposes. See "TAX MATTERS" herein.*

Port of Seattle

**$94,695,000**
**Limited Tax General Obligation Refunding Bonds, 2024A (Non-AMT)**

**$65,745,000**
**Limited Tax General Obligation Bonds, 2024B (AMT)**

**$95,775,000**
**Limited Tax General Obligation Bonds, 2024C (Taxable)**

**DATED: Date of Delivery** **Due: June 1, as shown on inside cover pages**

The Port of Seattle (the "Port") is issuing its Limited Tax General Obligation Refunding Bonds, 2024A (Non-AMT) (the "2024A Bonds"), its Limited Tax General Obligation Bonds, 2024B (AMT) (the "2024B Bonds"), and its Limited Tax General Obligation Bonds, 2024C (Taxable) (the "2024C Bonds" and, together with the 2024A Bonds and the 2024B Bonds, the "Bonds"). The Bonds are to be issued as registered bonds in denominations of $5,000, and integral multiples thereof within a series and maturity, and are to be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal of and interest on the Bonds are to be payable by the fiscal agent of the State of Washington. For so long as the Bonds remain in a "book-entry only" transfer system, such fiscal agent will make such payments only to DTC, which in turn will remit such principal and interest to its participants for subsequent disbursement to Beneficial Owners of the Bonds as further described in "APPENDIX D—BOOK-ENTRY ONLY SYSTEM."

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**Maturity Dates, Principal Amounts, Interest Rates, Yields, Prices and CUSIP® Numbers on Inside Front Cover**

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Proceeds of the Bonds will be used (i) to finance eligible Port costs, including paying commercial paper issued to finance such costs; (ii) to refund all of the Port's outstanding Limited Tax General Obligation and Refunding Bonds, 2015; and (iii) to pay the costs of issuing the Bonds. See "SOURCES AND USES OF BOND PROCEEDS."

Interest on the Bonds from their date of delivery is payable on June 1 and December 1 of each year, commencing December 1, 2024. Principal of the Bonds is payable on June 1 in each of the years shown on the maturity schedule located on the inside cover pages.

The Bonds are subject to optional redemption prior to maturity as described in this Official Statement. See "DESCRIPTION OF THE BONDS."

The Bonds are limited tax general obligations of the Port. The Port has irrevocably covenanted that it will budget and make annual levies of *ad valorem* taxes upon all the taxable property within the Port district subject to taxation within and as a part of the tax levy permitted to be levied by the Port without a vote of the electors, in amounts sufficient (together with other money legally available therefor) to pay the principal of and interest on the Bonds as the same shall become due. The full faith, credit and resources of the Port are irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of such principal and interest. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS." The Bonds do not constitute a debt or indebtedness of the State of Washington or any political subdivision thereof other than the Port.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

*The Bonds are offered when, as and if issued, subject to receipt of the approving legal opinions of K&L Gates LLP, Seattle, Washington, Bond Counsel, and to other conditions. Certain legal matters will be passed upon by Pacifica Law Group LLP, Seattle, Washington, Disclosure Counsel to the Port. It is expected that delivery of the Bonds will be made through the facilities of DTC by Fast Automated Securities Transfer on or about July 9, 2024 (the "Delivery Date").*

Official Statement Dated: June 20, 2024

**Maturity Schedules**

**Port of Seattle**
**$94,695,000**
**Limited Tax General Obligation Refunding Bonds, 2024A (Non-AMT)**

| Due (June 1) | Principal Amount | Interest Rate | Yield | Price | CUSIP No.* |
|---|---|---|---|---|---|
| 2025 | $6,910,000 | 5.00% | 3.19% | 101.580 | 735371RK4 |
| 2026 | 7,355,000 | 5.00 | 3.15 | 103.373 | 735371RL2 |
| 2027 | 7,735,000 | 5.00 | 3.05 | 105.360 | 735371RM0 |
| 2028 | 7,945,000 | 5.00 | 3.05 | 107.106 | 735371RN8 |
| 2029 | 8,345,000 | 5.00 | 3.05 | 108.800 | 735371RP3 |
| 2030 | 3,945,000 | 5.00 | 3.02 | 110.615 | 735371RQ1 |
| 2031 | 4,145,000 | 5.00 | 3.01 | 112.303 | 735371RR9 |
| 2032 | 4,365,000 | 5.00 | 3.02 | 113.812 | 735371RS7 |
| 2033 | 4,585,000 | 5.00 | 3.03 | 115.255 | 735371RT5 |
| 2034 | 4,820,000 | 5.00 | 3.04 | 116.636 | 735371RU2 |
| 2035 | 5,070,000 | 5.00 | 3.05** | 116.543 | 735371RV0 |
| 2036 | 5,330,000 | 5.00 | 3.14** | 115.711 | 735371RW8 |
| 2037 | 5,600,000 | 5.00 | 3.23** | 114.885 | 735371RX6 |
| 2038 | 5,885,000 | 5.00 | 3.29** | 114.338 | 735371RY4 |
| 2039 | 6,190,000 | 5.00 | 3.35** | 113.795 | 735371RZ1 |
| 2040 | 6,470,000 | 4.00 | 3.80** | 101.633 | 735371SA5 |

* CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP service. CUSIP numbers are provided for convenience of reference only. CUSIP numbers are subject to change. Neither the Port, the underwriter, nor their agents or counsel take responsibility for the accuracy of such CUSIP numbers.

** Calculated to the par call date of June 1, 2034.

**Port of Seattle**
**$65,745,000**
**Limited Tax General Obligation Bonds, 2024B (AMT)**

| Due (June 1) | Principal Amount | Interest Rate | Yield | Price | CUSIP No.* |
|---|---|---|---|---|---|
| 2043 | $8,045,000 | 5.00% | 3.95%** | 108.526 | 735371SB3 |
| 2044 | 8,455,000 | 5.00 | 4.00** | 108.101 | 735371SC1 |
| 2045 | 8,890,000 | 5.00 | 4.05** | 107.677 | 735371SD9 |
| 2046 | 9,345,000 | 5.00 | 4.10** | 107.255 | 735371SE7 |
| 2047 | 9,825,000 | 5.00 | 4.15** | 106.836 | 735371SF4 |
| 2048 | 10,330,000 | 5.00 | 4.17** | 106.668 | 735371SG2 |
| 2049 | 10,855,000 | 5.00 | 4.20** | 106.418 | 735371SH0 |

**Port of Seattle**
**$95,775,000**
**Limited Tax General Obligation Bonds, 2024C (Taxable)**

| Due (June 1) | Principal Amount | Interest Rate | Yield | Price | CUSIP No.* |
|---|---|---|---|---|---|
| 2025 | $3,480,000 | 5.20% | 5.20% | 100.000 | 735371SJ6 |
| 2026 | 3,660,000 | 4.85 | 4.85 | 100.000 | 735371SK3 |
| 2027 | 3,840,000 | 4.60 | 4.60 | 100.000 | 735371SL1 |
| 2028 | 4,015,000 | 4.40 | 4.40 | 100.000 | 735371SM9 |
| 2029 | 4,195,000 | 4.40 | 4.40 | 100.000 | 735371SN7 |
| 2030 | 4,385,000 | 4.45 | 4.45 | 100.000 | 735371SP2 |
| 2031 | 4,585,000 | 4.50 | 4.50 | 100.000 | 735371SQ0 |
| 2032 | 4,800,000 | 4.55 | 4.55 | 100.000 | 735371SR8 |
| 2033 | 5,020,000 | 4.60 | 4.60 | 100.000 | 735371SS6 |
| 2034 | 5,260,000 | 4.65 | 4.65 | 100.000 | 735371ST4 |
| 2035 | 5,510,000 | 4.70 | 4.70 | 100.000 | 735371SU1 |
| 2036 | 5,780,000 | 4.75 | 4.75 | 100.000 | 735371SV9 |
| 2037 | 6,060,000 | 4.80 | 4.80 | 100.000 | 735371SW7 |
| 2038 | 6,360,000 | 4.85 | 4.85 | 100.000 | 735371SX5 |
| 2039 | 6,680,000 | 4.90 | 4.90 | 100.000 | 735371SY3 |
| 2040 | 7,015,000 | 4.95 | 4.95 | 100.000 | 735371SZ0 |
| 2041 | 7,375,000 | 5.00 | 5.00 | 100.000 | 735371TA4 |
| 2042 | 7,755,000 | 5.05 | 5.05 | 100.000 | 735371TB2 |

* CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP service. CUSIP numbers are provided for convenience of reference only. CUSIP numbers are subject to change. Neither the Port, the underwriter, nor their agents or counsel take responsibility for the accuracy of such CUSIP numbers.

** Calculated to the par call date of June 1, 2034.

**Port of Seattle**

**PORT COMMISSION**

| Name | Office | Term Expires |
|---|---|---|
| Hamdi Mohamed | President | December 31, 2025 |
| Toshiko Grace Hasegawa | Vice-President | December 31, 2025 |
| Ryan Calkins | Secretary | December 31, 2025 |
| Sam Cho | Commissioner | December 31, 2027 |
| Fred Felleman | Commissioner | December 31, 2027 |

**CERTAIN EXECUTIVE STAFF**

Stephen P. Metruck, Executive Director
Karen Goon, Deputy Executive Director
Dan Thomas, Chief Financial Officer
Lance Lyttle, Managing Director, Aviation
Pete Ramels, General Counsel

**PORT HEADQUARTERS**

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**BOND COUNSEL**

K&L Gates LLP
Seattle, Washington

**DISCLOSURE COUNSEL**

Pacifica Law Group LLP
Seattle, Washington

**MUNICIPAL ADVISOR**

Piper Sandler & Co.
Seattle, Washington

**BOND REGISTRAR**

U.S. Bank Trust Company, National Association
Seattle, Washington

**INDEPENDENT AUDITOR FOR THE PORT**

Moss Adams LLP
Seattle, Washington

* This inactive textual reference to the Port's website is not a hyperlink, and the Port's website, by this reference, is not incorporated herein.

No dealer, broker, sales representative or other person has been authorized by the Port to give any information or to make any representations with respect to the Bonds, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Port. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been obtained by the Port from Port records and from other sources that are believed by the Port to be reliable, but the Port does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of the Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the Port since the date hereof.

This Official Statement is not to be construed as a contract or agreement between the Port and purchasers or owners of any of the Bonds.

Neither the Port's independent auditors nor any other independent accountants have compiled, examined or performed any additional procedures with respect to the financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and they assume no responsibility for, and disclaim any association with, the financial information.

The initial public offering yields set forth on the inside cover pages hereof may be changed from time to time by the purchaser of the Bonds. The purchaser may offer and sell the Bonds to certain dealers, unit investment trusts or money market funds at prices lower than the public offering prices stated on the inside cover pages hereof.

Certain statements contained in this Official Statement, including the appendices, reflect not historical facts but forecasts and "forward-looking statements." No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "forecast" and "believe" and similar expressions are intended to identify forward-looking statements. All projections, forecasts, assumptions and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement. All forward-looking statements inherently are subject to a variety of risks and uncertainties that could cause actual results or performance to differ materially from those that have been forecast, estimated or projected. Such risks and uncertainties include, among others, changes in regional, domestic and international political, social and economic conditions, federal, state and local statutory and regulatory initiatives, litigation, population changes, financial conditions of tenants and/or other users of Port facilities, technological change and various other events, conditions and circumstances, many of which are beyond the control of the Port.

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**OFFICIAL STATEMENT**

**RELATING TO**

**PORT OF SEATTLE**

**$94,695,000**
**Limited Tax General Obligation Refunding Bonds, 2024A (Non-AMT)**

**$65,745,000**
**Limited Tax General Obligation Bonds, 2024B (AMT)**

**$95,775,000**
**Limited Tax General Obligation Bonds, 2024C (Taxable)**

## INTRODUCTION

The purpose of this Official Statement, which includes the cover page, inside cover pages, table of contents and appendices, is to provide information concerning the issuance by the Port of Seattle (the "Port") of its Limited Tax General Obligation Refunding Bonds, 2024A (Non-AMT) (the "2024A Bonds"), Limited Tax General Obligation Bonds, 2024B (AMT) (the "2024B Bonds"), and Limited Tax General Obligation Bonds, 2024C (Taxable) (the "2024C Bonds" and, together with the 2024A Bonds and 2024B Bonds, the "Bonds").

The Port is issuing the Bonds pursuant to Section 53.36.030 and chapters 39.46 and 39.53 of the Revised Code of Washington ("RCW") and pursuant to Resolution No. 3822 (the "Resolution"), adopted by the Port Commission (the "Commission") on May 14, 2024. Capitalized terms used in this Official Statement but not defined herein have the meanings set forth in the Resolution.

The Port is a municipal corporation of the State, organized on September 5, 1911. The Port owns and operates Seattle-Tacoma International Airport (the "Airport") and various maritime, industrial and commercial properties. The Port and the Port of Tacoma formed the Northwest Seaport Alliance (the "Seaport Alliance") in 2015 to manage jointly the two ports' container shipping terminals and certain industrial properties. See "THE PORT OF SEATTLE" and "APPENDIX B—ADDITIONAL PORT INFORMATION."

### Security for the Bonds

The Bonds are limited tax general obligations of the Port. The Port has irrevocably covenanted that it will budget and make annual levies of *ad valorem* taxes upon all of the taxable property within the boundaries of the Port subject to taxation within and as a part of the tax levy permitted to be levied by the Port without a vote of the electors, in amounts sufficient (together with other legally available funds) to pay the principal of and interest on the Bonds as the same shall become due. The full faith, credit and resources of the Port are irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of such principal and interest. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

### Audited Financial Statements

Attached to this Official Statement as Appendix A are financial statements for the Port's Enterprise Fund for the fiscal years ended December 31, 2022 and 2023, and financial statements for the Port's Warehousemen's Pension Trust Fund for the fiscal years ended December 31, 2021, 2022, and 2023. See "INDEPENDENT AUDITORS" and Appendix A.

### Continuing Disclosure

The Port has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data and to give notices of certain events to assist the purchaser of the Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). See "CONTINUING DISCLOSURE" and Appendix E.

### Investment Considerations

The Bonds may not be suitable for all investors. Prospective purchasers of the Bonds should give careful consideration to the information set forth in this Official Statement and confer with their own tax and financial advisors before deciding whether to purchase the Bonds.

### Miscellaneous

Brief descriptions of the Bonds, the Resolution and certain statutes and agreements are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to such instruments, documents and statutes and to any other documents, statutes, agreements or other instruments described herein are qualified in their entirety by reference to each such document, statute or other instrument.

## SOURCES AND USES OF BOND PROCEEDS

### Use of Proceeds

Proceeds of the Bonds will be used (i) to finance eligible Port costs, including paying commercial paper issued to finance such costs; (ii) to refund all of the Port's outstanding 2015 Bonds; and (iii) to pay the costs of issuing the Bonds. See "GENERAL OBLIGATION BOND PROJECTS."

### Refunding Plan

The Port will use a portion of the proceeds of the 2024A Bonds to refund the following 2015 Bonds (the "Refunded Bonds") for aggregate debt service savings.

**TABLE 1:**
**REFUNDED BONDS**

| Maturity Date (June 1) | Interest Rate | Principal Amount | Call Date | Redemption Price | CUSIP Number |
|---|---|---|---|---|---|
| 2025 | 5.00% | $ 7,510,000 | 10/03/2024 | 100% | 735371NQ5 |
| 2026 | 5.00 | 7,990,000 | 10/03/2024 | 100 | 735371NR3 |
| 2027 | 5.00 | 8,400,000 | 10/03/2024 | 100 | 735371NS1 |
| 2028 | 5.00 | 8,645,000 | 10/03/2024 | 100 | 735371NT9 |
| 2029 | 4.00 | 9,035,000 | 10/03/2024 | 100 | 735371NU6 |
| 2030 | 4.00 | 4,600,000 | 10/03/2024 | 100 | 735371NV4 |
| 2031 | 4.00 | 4,785,000 | 10/03/2024 | 100 | 735371NW2 |
| 2032 | 4.00 | 4,985,000 | 10/03/2024 | 100 | 735371NX0 |
| 2033 | 4.00 | 5,185,000 | 10/03/2024 | 100 | 735371NY8 |
| 2034 | 4.00 | 5,400,000 | 10/03/2024 | 100 | 735371NZ5 |
| 2035 | 4.00 | 5,620,000 | 10/03/2024 | 100 | 735371PA8 |
| 2036 | 4.00 | 5,850,000 | 10/03/2024 | 100 | 735371PB6 |
| 2037 | 4.00 | 6,085,000 | 10/03/2024 | 100 | 735371PC4 |
| 2038 | 4.00 | 6,335,000 | 10/03/2024 | 100 | 735371PE0 |
| 2039 | 4.00 | 6,595,000 | 10/03/2024 | 100 | 735371PF7 |
| 2040 | 4.00 | 6,860,000 | 10/03/2024 | 100 | 735371PD2 |
| **TOTAL** | | **$ 103,880,000** | | | |

*Source: Port of Seattle.*

*Refunding Procedure*. The Port will enter into an escrow deposit agreement (the "Escrow Agreement") with U.S. Bank Trust Company, National Association, as Escrow Agent, to provide for the refunding of the Refunded Bonds and the payment of bond issuance costs. The Escrow Agreement will create an irrevocable trust fund to be held by the Escrow Agent and to be applied solely to the payment of the Refunded Bonds. The net proceeds of the 2024A Bonds deposited with the Escrow Agent to be used to refund the Refunded Bonds will be held in cash or invested in noncallable direct obligations of the United States of America or obligations the payment of which is unconditionally guaranteed by the United States of America (the "Acquired Obligations") that will mature and bear interest at rates sufficient, together with cash held by the Escrow Agent, to pay the principal of and accrued interest on the Refunded Bonds.

*Verification of Calculations*. The mathematical accuracy of the computations of the adequacy of the maturing principal amounts of and interest on the Acquired Obligations and cash on deposit to be held by the Escrow Agent to pay principal of and interest on the Refunded Bonds as described above will be verified by Causey Demgen & Moore P.C. (the "Verification Agent"). The report of the Verification Agent will include the statement that the scope of its engagement was limited to verifying the mathematical accuracy of the computations contained in the schedules provided to it and that it has no obligation to update its report because of events occurring, or data or information coming to its attention, subsequent to the date of its report.

**Sources and Uses of Bond Proceeds**

The proceeds of the Bonds are to be applied, together with other funds, as follows.

**TABLE 2:**
**ESTIMATED SOURCES AND USES OF BOND PROCEEDS**

| | 2024A Bonds | 2024B Bonds | 2024C Bonds | Total |
|---|---|---|---|---|
| **Sources of Funds** | | | | |
| Principal Amount | $ 94,695,000 | $ 65,745,000 | $ 95,775,000 | $ 256,215,000 |
| Original Issue Premium | 9,416,745 | 4,788,437 | - | 14,205,182 |
| Prior Bond Accrued Interest Contribution | 472,957 | - | - | 472,957 |
| Total | $ 104,584,702 | $ 70,533,437 | $ 95,775,000 | $ 270,893,139 |
| **Uses of Funds** | | | | |
| Project Fund | - | $ 70,000,000 | $ 95,000,000 | $ 165,000,000 |
| Refunding of Refunded Bonds | $ 104,062,170 | - | - | 104,062,170 |
| Costs of Issuance[(1)] | 522,532 | 533,437 | 775,000 | 1,830,969 |
| Total | $ 104,584,702 | $ 70,533,437 | $ 95,775,000 | $ 270,893,139 |

(1) Represents costs of issuing the Bonds, including legal fees, fees of the Municipal Advisor, underwriter's discount, printing costs, escrow agent fees, rating agency costs and additional proceeds.

## DESCRIPTION OF THE BONDS

**General**

*The Bonds.* The Bonds are to be dated as of and bear interest from their date of delivery. Interest on the Bonds is to be payable on December 1, 2024 and semiannually on each June 1 and December 1 thereafter, at the rates set forth on the inside cover pages of this Official Statement. The Bonds are to mature, subject to prior redemption, in the amounts and on the dates set forth on the inside cover pages of this Official Statement. Interest is to be calculated on the basis of a 360-day year consisting of twelve 30-day months.

*Book-Entry Only Form.* The Bonds are being issued in fully registered form in denominations of $5,000 and integral multiples thereof within a series and maturity and when issued will be registered initially in the name of Cede & Co. (or such other name as may be requested by an authorized representative of DTC), as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases may be made only in book-entry form. Purchasers will not receive certificates representing their interest in the Bonds purchased. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to "Owners," "Bondholders" or "Registered Owners" mean Cede & Co. (or such other nominee) and not the Beneficial Owners of the Bonds. In this Official Statement, the term "Beneficial Owner" means the person for whom its DTC Participant acquires an interest in the Bonds.

For so long as all 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. “Record Date” means the close of business on the 15th day prior to each day on which a payment of interest on the Bonds of a series is due and payable.

So long as Cede & Co. is the registered owner of the Bonds of a series, the principal of and interest on the Bonds of that series are payable by wire transfer to Cede & Co., as nominee for DTC which, in turn, is to remit such amounts to Direct Participants for subsequent disbursement to the Beneficial Owners. See Appendix D.

*Bond Registrar*. The Port has adopted the system of registration for the Bonds approved by the State Finance Committee (the “Committee”) from time to time through the appointment of the State fiscal agent. Pursuant to chapter 43.80 RCW, the Committee designates one or more fiscal agents for bonds issued within the State. The State’s fiscal agent, currently U.S. Bank Trust Company, National Association (the “Registrar”), will authenticate the Bonds and act as the paying agent and registrar for the purpose of paying the principal of and interest on the Bonds, recording the purchase and registration, exchange or transfer, and payment of Bonds and performing the other respective obligations of the paying agent and registrar. No resignation or removal of the Registrar shall become effective until a successor has been appointed and has accepted the duties of Registrar.

**Optional Redemption of 2024A Bonds.** The 2024A Bonds maturing on or before June 1, 2034 are not subject to redemption prior to their stated maturity. The 2024A Bonds maturing on or after June 1, 2035 are subject to optional redemption, as a whole or in part (and if in part, with maturities to be selected by the Port), on any date on or after June 1, 2034, at a price equal to the principal amount to be redeemed plus accrued interest, if any, to the date fixed for redemption.

**Optional Redemption of 2024B Bonds.** The 2024B Bonds maturing on or after June 1, 2043 are subject to optional redemption, as a whole or in part (and if in part, with maturities to be selected by the Port), on any date on or after June 1, 2034, at a price equal to the principal amount to be redeemed plus accrued interest, if any, to the date fixed for redemption.

**Optional Redemption of 2024C Bonds.** The 2024C Bonds maturing on or before June 1, 2034 are subject to redemption prior to their stated maturity on any date at the Make-Whole Redemption Price described under “Make-Whole Call Provisions for 2024C Bonds.” The 2024C Bonds maturing on or after June 1, 2035 are subject to optional redemption, as a whole or in part (and if in part, with maturities to be selected by the Port), on any date on or after June 1, 2034, at a price equal to the principal amount to be redeemed plus accrued interest, if any, to the date fixed for redemption.

**Make-Whole Call Provisions for 2024C Bonds.** The “Make-Whole Redemption Price” is the greater of (i) 100% of the principal amount of the 2024C Bonds to be redeemed, or (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the 2024C Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such 2024C Bonds are to be redeemed, discounted to the date on which the 2024C Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the “Treasury Rate” defined below, plus (i) 5 basis points for the 2024C Bonds maturing in years 2025 through 2034; and (ii) 10 basis points for the 2024C Bonds maturing in years 2035 through 2042.

“Treasury Rate” means, with respect to any redemption date for a particular 2024C Bond, the yield to maturity as of such Valuation Date of U.S. Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H. 15 (519) that has become publicly available on the Valuation Date selected by the Port (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the 2024C Bond (taking into account any sinking fund installments for such 2024B 2024C Bonds) to be redeemed; provided, however, that if the period from the redemption date to such maturity date (taking into account any sinking fund installments for such 2024C Bonds) is less than one year, the weekly average yield on actual traded U.S. Treasury securities adjusted to a constant maturity of one year will be used.

At the request of the Port or the Registrar, the Make-Whole Redemption Price of the 2024C Bonds will be calculated by an independent accounting firm, investment banking firm, or municipal advisor retained by the Port at the Port's expense. The Port and the Registrar may conclusively rely on the determination of the Treasury Rate by the independent accounting firm, investment banking firm or municipal advisory firm and on any Make-Whole Redemption Price calculated by an independent accounting firm, investment banking firm, or municipal advisor and will not be liable for such reliance.

"Valuation Date" means a Business Day not later than the third Business Day preceding the redemption date but no more than 20 calendar days prior to the redemption date.

**Partial Redemption; Notice of Redemption; Cessation of Interest**

The Resolution provides that, for so long as the Bonds are held in book-entry form with DTC, the selection for redemption of such Bonds within a series and maturity shall be made in accordance with the operational arrangements of DTC then in effect. See Appendix D. Bonds to be redeemed are to be selected in all cases in accordance with the operational arrangements of DTC in increments of $5,000 within a series and maturity and, in the case of the 2024C Bonds, on a *pro rata* distribution of principal basis.

The Resolution also provides that official notice of any such redemption (which notice, in the case of an optional redemption, may be conditional) shall be given by the Registrar on behalf of the Port by mailing a copy of an official redemption notice by first class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar (which shall be DTC so long as such Bonds are held in book-entry form with DTC). The Resolution provides that the requirement to give notice of redemption 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. The Resolution also provides that, so long as the Bonds are in book–entry form with DTC, notice of redemption shall be given to Beneficial Owners of Bonds (or portions thereof) to be redeemed in accordance with the operational arrangements then in effect at DTC and that 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.

Unless the Port has revoked a notice of optional redemption (or unless the Port provided a conditional notice and the conditions for redemption set forth therein are not satisfied), the Port shall transfer to the Registrar amounts that, in addition to other money, if any, held by the Registrar, will be sufficient to redeem, on the date fixed for redemption, all the Bonds to be redeemed. If and to the extent that funds have been provided to the Registrar for the redemption of Bonds, then from and after the date fixed for redemption for such Bond or portion thereof, interest on each such Bond shall cease to accrue and such Bond or portion thereof shall cease to be Outstanding.

**Purchase of Bonds for Retirement**

The Port reserves the right to purchase at any time any of the Bonds offered to the Port at any price deemed reasonable to the Designated Port Representative.

**Defeasance**

The Resolution provides that, in the event money and/or noncallable "Government Obligations" (as defined in chapter 39.53 RCW, as it may be amended) that are direct obligations of the United States or obligations unconditionally guaranteed by the United States, maturing at such time or times and bearing interest in amounts (together with such money, if any) sufficient to redeem and retire part or all of the Bonds in accordance with their terms, are set aside in a special account of the Port to effect such redemption and retirement, and such moneys and the principal of and interest on such obligations are irrevocably set aside and pledged for such purpose, then no further payments need to be made into the Bond Fund (defined under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS") for the payment of the principal of and interest on the Bonds so provided for, and such Bonds shall cease to be entitled to any lien, benefit or security of the Resolution except for the right to receive the moneys so set aside and pledged, and such Bonds shall no longer be deemed to be outstanding under the Resolution.

If the Port defeases any 2024C Bonds, such 2024C Bonds may be deemed to be retired and "reissued" for federal income tax purposes as a result of the defeasance. In such event, the Owner of a 2024C Bond could recognize a gain or loss on the 2024C Bond at the time of defeasance. See "TAX MATTERS—2024C Bonds—Certain Federal Tax Consequences."

## SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

The Bonds are limited tax general obligations of the Port. The Port has irrevocably covenanted that it will budget and make annual levies of *ad valorem* taxes upon all of the taxable property within the boundaries of the Port subject to taxation within and as a part of the tax levy permitted to be levied by the Port without a vote of the electors, in amounts sufficient (together with other legally available funds) to pay the principal of and interest on the Bonds as the same shall become due. The full faith, credit and resources of the Port are irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of such principal and interest. See "STATUTORY TAXING AUTHORITY."

The Resolution establishes the Port of Seattle Limited Tax General Obligation Bond Redemption Fund, 2024 (the "Bond Fund") in the office of the Treasurer of the Port for the purpose of paying and securing the payment of the Bonds. Under the Resolution, the Bond Fund is required to be held separate and apart from all other funds and accounts of the Port and is declared to be a trust fund for the owners of the Bonds. The taxes levied for the purpose of paying principal of and interest on the Bonds and other legally available funds to be used to pay the Bonds are to be deposited in the Bond Fund no later than the date such funds are required for the payment of principal of and interest on the Bonds. The Port may, subject to applicable laws, apply other funds available to make payments with respect to the Bonds. Such funds, however, have not been pledged for such purpose.

No debt service reserves or property secures the payment of principal of or interest on the Bonds. The Bonds do not constitute a debt or indebtedness of King County (the "County"), the State, or any political subdivision thereof other than the Port. Bond owners do not have a perfected security interest in or an express statutory lien on particular revenues or assets of the Port. State law provides that the payment of general obligation bonds is enforceable in mandamus against the issuer and its officials. There is no express provision in the State Constitution or statutes on the priority of payment of debt service on general obligations incurred by a Washington municipality. The rights and remedies of anyone seeking enforcement of the Bonds are subject to laws of bankruptcy and insolvency and to other laws affecting the rights and remedies of creditors and to the exercise of judicial discretion.

## STATUTORY TAXING AUTHORITY

### Tax Levy Authority

The Port has statutory authority to levy property taxes within the Port district's boundaries (which are coterminous with the boundaries of the County) without a vote of the Port district's electors. The Port may impose this property tax levy (the "Tax Levy") for general purposes of the Port, including the establishment of a capital improvement fund for future capital improvements and the repayment of unlimited tax and limited tax general obligation ("LTGO") bonds of the Port, to finance certain industrial development activities and to fund special projects.

Tax levies for port districts are subject to certain statutory limitations, but not to the tax levy limitations set by the State Constitution. When imposed to fund general purposes such as operating expenses and capital improvements, the Port's Tax Levy may not exceed a rate of $0.45 per $1,000 of assessed value of taxable property within the Port district; however, this rate limitation does not apply when the Port imposes the Tax Levy for the purpose of paying debt service on LTGO bonds (including the Bonds). Regardless of the Tax Levy's purpose, the levy's total dollar amount is subject to the statutory limitations on annual increases described below under "Levy Amount Limitation" and "TAX LEVY RATES, RECORDS AND PROCEDURES—Assessed Value Determinations." The Port's 2024 Tax Levy is budgeted to be $86.7 million (an estimated rate of $0.1040 per $1,000 of assessed value) as shown in Table 3, entitled "Recent Tax Levy Activity 2020-2024."

The Commission determines the actual amount of the Tax Levy each year as part of the Port's annual business planning and budgeting process. The Commission also provides guidance on and reviews the proposed uses of Tax Levy revenues. In addition to the payment of general obligation bond debt service, the Port's current guidelines recommend that the Port use the Tax Levy revenues to fund expenditures that do not have a sufficient revenue source to cover their cost and that provide economic benefits to County residents. The Port expects such uses to include certain capital costs and certain operating expenses related to the Port's economic development initiatives, certain environmental liabilities and regional transportation initiatives. See "GENERAL OBLIGATION BOND PROJECTS."

The County's Department of Finance (the "County Treasurer") collects property taxes and distributes the revenues to the various taxing districts that levy ad valorem taxes upon taxable property within the County, including the Port. See "TAX LEVY RATES, RECORDS AND PROCEDURES" below.

**Levy Amount Limitation**

State law limits the total amount by which the levy of a taxing district (such as the Port's) may grow each year, known as a "levy lid." Per State law, the total dollar amount of regular property taxes a taxing district (excluding the State) may levy in any year may not exceed the highest amount the taxing district could lawfully levy in any year multiplied by the "limit factor," plus adjustments for increases in annual assessed value within the taxing district due to statutorily-defined factors such as new construction and property improvements. For taxing districts with a population of 10,000 or more (excluding the State), the "limit factor" is the lesser of 101 percent or 100 percent plus inflation; provided, if inflation drops below one percent, such a taxing district may increase its "limit factor" up to 101 percent, if approved by a majority plus one vote of the taxing district's governing body upon a finding of substantial need.

A taxing district may exceed the levy amount limitation through the use of "banked" levy capacity or a "levy lid lift." Banked levy capacity is the difference between the highest amount the taxing district could lawfully levy in a given year and the actual amount the taxing district levies. A taxing district with banked levy capacity may apply such capacity at a future date to exceed maximum levy amount limitations otherwise applicable. If a taxing district levies its highest lawful levy, it will not have any banked levy capacity. For 2024, the Port's maximum levy is estimated to be $115.6 million providing the Port with $28.9 million of "banked capacity."

A taxing district may also exceed the levy lid limitation applicable to regular property tax levies with the approval of a simple majority of voters, known as a "levy lid lift." Levy lid lifts permit the taxing district to exceed the limit factor for one year or for each year for up to six consecutive years. A multiple-year levy lid lift requires that the ballot proposition submitted to voters specify the limited purposes for which the taxing district will use the proposed annual increases, whereas a single-year levy lid lift does not. Levy lid lifts may be permanent—in which case the maximum levy in the final year of the levy lid lift becomes the base to calculate all future levy lids—or temporary, in which case the levy lid reverts to what it would have been if the lid lift never existed. A levy lid lift will not increase the levy if doing so would cause the taxing district's levy to exceed the applicable maximum rate limitations or the aggregate rate limitations described above. The Port currently has no levy lid lifts in effect.

*Tax Increment Financing Districts.* Chapter 39.114 RCW enables counties, cities and port districts, or any combination thereof ("sponsoring jurisdictions") to designate tax increment areas, subject to conditions, and to use the tax allocation revenues to pay public improvement costs. A sponsoring jurisdiction may designate only two active, non-overlapping increment areas at any time, and the increment area (or combined areas) may not have an assessed value of more than $200 million or more than 20 percent of the sponsoring jurisdiction's total assessed value, whichever is less. Tax increment areas are subject to a 25-year sunset date.

Once a sponsoring jurisdiction forms an increment area, each taxing district will receive that portion of its regular property taxes produced by the rate of tax levied by or for the district on the assessed value of real property located within the increment area for taxes imposed in the year in which the increment area was designated. The sponsoring jurisdiction will also receive the amount derived from the regular property taxes levied by or for each taxing district on any increase in property values in the increment area after its formation. Accordingly, if a sponsoring jurisdiction forms an increment area, it will receive regular property taxes representing the increased assessed value within the increment area from its levy as well as the levy of overlapping taxing districts (other than State taxes and property taxes levied by port districts or public utility districts to the extent necessary for the payments of principal of and interest on general obligation debt).

The Port (or the County or any city within the Port district) could form up to two increment areas and receive the property taxes allocated to a sponsoring jurisdiction (including taxes levied by or for other taxing districts). As of the date of this Official Statement, the Port has not taken action to form any increment area. For the 2024 tax year, jurisdictions within the Port's boundaries have formed tax increment areas totaling $88.4 million of assessed value.

## TAX LEVY RATES, RECORDS AND PROCEDURES

### Assessed Value Determinations

The County Assessor (the "Assessor") determines the value of all real property and certain personal property throughout the County that is subject to *ad valorem* taxation, with the exception of certain public service properties such as utility and transportation properties, for which values are determined by the State Department of Revenue. The Assessor is an elected official whose duties and methods of determining value are prescribed and controlled by statute and by detailed regulations promulgated by the State Department of Revenue.

For tax purposes, the assessed value of property is 100 percent of the property's actual value. All real property is subject to revaluation at least every four years, although since 1995, the Assessor's policy has been to revalue residential property every year. Personal property (generally only personal property used in the operation of a business) is listed by the Assessor on a roll at its currently assessed value (based in part upon reports provided by the property owners), and the roll is filed in the Assessor's office. Not all property is subject to taxation. State statutes provide annual exemptions for property owned by numerous types of nonprofit entities and for farm and historical properties and provide exemptions or deferrals for certain retired or disabled persons whose incomes are below specified limits. In addition, certain improvements to real property are not taxed during the first three years after completion of the improvements. By October 15 of each year, the Assessor is required to file its annual revaluation report with the State Department of Revenue and by November of each year is required to provide its assessed value report to each taxing district that levies *ad valorem* taxes on property within the County, including the Port. The Assessor's determinations are subject to revision by the County Board of Appeals and Equalization and, if appealed, are subject to further revision by the State Board of Tax Appeals. See "—Tax Collection Procedures."

The following table shows the assessed value for taxable property within the Port district for purposes of the Port's Tax Levy and the Port's maximum and total Tax Levies in years 2020 through 2024.

**TABLE 3**
**RECENT TAX LEVY ACTIVITY[(1)]**
**2020 – 2024**

| Tax Year | Port District Assessed Value[(2)] | Maximum Port Tax Levy[(3)] | Total Port Tax Levy[(2)(4)] | Total Port Tax Levy Rate[(5)] | General Obligation Bond Debt Service[(6)] |
|---|---|---|---|---|---|
| 2024 | $833,036,264,377 | $115,600,907 | $86,664,580 | $0.104035 | $34,682,284 |
| 2023 | 879,895,419,279 | 113,343,464 | 82,645,321 | 0.093926 | 34,680,071 |
| 2022 | 722,527,903,972 | 110,922,033 | 80,981,317 | 0.112081 | 38,958,574 |
| 2021 | 659,534,881,337 | 108,473,716 | 78,668,517 | 0.119279 | 38,440,164 |
| 2020 | 642,490,492,044 | 106,587,091 | 76,396,431 | 0.118907 | 39,783,253 |

(1) King County's Certification of Assessed Value, with the exception of general obligation bond debt service.
(2) Unless otherwise noted, the amounts are sourced from the County's Annual Reports for the purposes of the tax levy collected in the year identified in the column titled "Tax Year."
(3) Maximum amount that would be permitted to be collected within the statutory levy limitation, taking into account the Port's banked levy capacity. Amount is based on the assessed value provided in the County's Certification of Assessed Valuation, which may be different than the final assessed value provided in the County's Annual Report.
(4) Tax Levy allocable for general purposes plus the tax levy allocable for limited tax general obligation bond debt service. The amount of Tax Levy receipts shown in Table 4, entitled "Tax Collection Record, 2019-2023," was derived from the County's Receivables Summary but includes supplements and cancellations and generally differs from the totals reported by the County (above) by an immaterial amount.
(5) Per $1,000 of assessed value. Derived from "Port District Assessed Value" and "Total Port Tax Levy" amounts above.
(6) Due and paid or payable. Excludes optional early principal redemptions.

*Sources*: *King County Assessor's Office and Port of Seattle*.

### Tax Collection Procedures

The Commission levies property taxes in specific dollar amounts. The rates for all taxes levied for all taxing districts in the County are determined, calculated and fixed by the Assessor, based upon the assessed value of the taxable property within the various taxing districts in the County. The Assessor extends the tax levied within each taxing district upon a tax roll, which contains the total amounts of taxes levied and to be collected, and assigns a tax account number to each tax lot. The tax roll is delivered to the County Treasurer, who is responsible for the billing and collection of taxes due for each account. Tax bills are required to be sent in February. All taxes are due and payable on April 30 of each tax year, but if the amount due from a taxpayer exceeds $50, one-half may be paid by April 30 and the balance no later than October 31 of that year.

Delinquent tax payments are subject to interest accruing at a rate of nine percent annually (0.75 percent monthly) for residential properties with four or fewer units, and 12 percent annually (one percent monthly) for all other properties. Delinquent taxpayers are also assessed penalties of up to 11 percent annually, credited to the account of the taxing district. These penalties do not apply to residential properties with four or fewer units.

During a state of emergency declared by the State Governor, county treasurers may grant extensions of the due date of any taxes. The State Governor may also waive or suspend the application of tax due dates and penalties relating to collection of taxes during a declared state of emergency.

The methods of giving notice of payment of taxes due, accounting for the money collected, dividing the taxes collected among the various taxing districts (including the Port), and giving notice of delinquency and collection procedures are all determined by detailed statutes. The lien for personal property taxes that have been levied by the Commission prior to filing of federal tax liens is prior to such federal tax liens. In all other respects, the lien for property taxes is prior to all other liens or encumbrances of any kind on real or personal property subject to taxation. By law, a county treasurer may commence foreclosure of a tax lien on real property after three years have passed since the first delinquency, but may not sell property eligible for deferral of taxes.

**Tax Collection Records**

The following table shows the Port's Tax Levy for 2019 through 2023 and the amount and percentages of the tax collected in the year due and as of December 31, 2023.

**TABLE 4**
**TAX COLLECTION RECORD**
**2019-2023**

| Year | Amount of Tax Levy(1)(2) | Amount Collected in Year Due | % Collected in Year Due | Amount Collected as of 12/31/2023(2) | % of Tax Levy Collected as of 12/31/2023 |
|---|---|---|---|---|---|
| 2023 | $82,645,321 | $81,459,272 | 98.56 | $81,459,272 | 98.56 |
| 2022 | 80,981,318 | 79,887,709 | 98.65 | 80,694,002 | 99.65 |
| 2021 | 78,668,517 | 77,584,674 | 98.62 | 78,544,062 | 99.84 |
| 2020 | 76,396,432 | 75,251,765 | 98.50 | 76,343,756 | 99.93 |
| 2019 | 74,161,765 | 73,352,793 | 98.91 | 74,145,701 | 99.98 |

(1) The amount of the actual Tax Levy varies from the budgeted amounts shown in Table 3 because of adjustments in assessed values and levy rates made by the County.
(2) The amounts of Tax Levy receipts were derived from the King County Tax Receivables Summary but include supplements and cancellations and generally differ from the totals reported by the County by an immaterial amount.
*Source: Port of Seattle, from King County Tax Receivables Summary.*

**Principal Taxpayers**

The following table lists the 10 largest taxpayers in the County and the assessed value of their property for the purposes of the Tax Levy for collection in 2024.

**TABLE 5**
**KING COUNTY LARGEST TAXPAYERS**
**TAX LEVY FOR COLLECTION IN 2024**

| Taxpayer | 2024 Assessed Value | Percent of Total Assessed Value |
|---|---|---|
| Microsoft Corporation | $ 5,398,518,587 | 0.65% |
| Puget Sound Energy Electric & Gas | 3,830,464,356 | 0.46 |
| Amazon.com | 3,570,565,778 | 0.43 |
| The Boeing Company | 2,883,146,441 | 0.35 |
| Essex Property Trust Inc. | 2,380,648,900 | 0.29 |
| C/O Prologis – Re Tax | 1,443,362,366 | 0.17 |
| Smith Kendra | 1,166,840,100 | 0.14 |
| Avalon Bay Communities Inc. | 955,821,843 | 0.11 |
| Kemper Development Co. | 951,473,401 | 0.11 |
| Union Square Limited Liability | 916,592,689 | 0.11 |
| Total assessed value of top 10 taxpayers | $ 23,497,434,461 | 2.82% |
| Total assessed value of all other taxpayers | $809,538,829,916 | 97.18% |
| Total 2023 assessed value for taxes due in 2024 | $833,036,264,377 | 100.00% |

*Source: King County Department of Assessments.*

## OTHER PORT TAXING AUTHORITY

**Voted Tax Levy for Unlimited Tax General Obligation Bonds**

If general obligation bonds are approved by a vote of the electors, the Port may impose an excess levy to produce funds equal to the amount required to make principal and interest payments on unlimited tax general obligation bonds. Such excess levy would not be subject to any current statutory limitations. The Port currently has no such unlimited tax general obligation bonds outstanding and none approved for issuance.

**The Industrial Development Levy**

Port districts may levy an additional $0.45 per $1,000 assessed value of taxable property within the port district for improvements within industrial development districts (the “Industrial Development Levy”) subject to certain statutory procedures and limitations. Subject to statutory procedures, port districts may levy the Industrial Development Levy for up to twelve years, and for up to three multi-year levy periods if they meet certain additional criteria and limitations. The Port last levied the Industrial Development Levy in 1968, for a six-year period, and has no current plans to levy all or any portion of the remaining Industrial Development Levy.

**The Dredging Levy**

With the approval of the majority of voters within the Port district, an additional $0.45 per $1,000 assessed value of taxable property within the Port district may be levied for dredging, canal construction, leveling, or filling (the “Dredging Levy”). The Port has never imposed the Dredging Levy.

## DEBT INFORMATION

### Port District General Obligation Debt Limitation

State law limits the Port's ability to incur non-voted and voted indebtedness beyond specified percentages of the assessed value of taxable property within the Port district. These limits do not apply to debt obligations payable from revenues (special funds) or assessments.

*Non-voted Debt*. The Port may, without voter approval, incur general obligation indebtedness (such as the Bonds) in an amount not to exceed 0.25 percent of the assessed value of all taxable property within the Port district. The Port may also enter into financing leases and conditional sale contracts if the total principal component of the lease and contract payments—together with the other non-voted general obligation indebtedness of the Port—does not exceed 0.25 percent of assessed value.

*Voted Debt*. Subject to voter approval, the Port may incur unlimited tax general obligation indebtedness (such as unlimited tax general obligation bonds) in an amount not to exceed 0.75 percent of assessed value of all taxable property within the Port district, subject to the aggregate debt limitations described below. To incur such unlimited tax general obligation debt and levy excess property taxes to pay debt service thereon, the Port must obtain voter authorization at an election in which at least 40 percent of the number of those voting in the prior general election cast ballots, and at least 60 percent of those casting ballots vote to approve the indebtedness and excess levy.

*Aggregate Debt Limitations*. The Port's combined non-voted and voted general obligation debt may not exceed 0.75 percent of the assessed value of all taxable property within the Port district.

The following tables provide information regarding the outstanding general obligation debt of the Port.

**TABLE 6**
**OUTSTANDING GENERAL OBLIGATION DEBT[1]**

| Limited Tax General Obligation Bonds | **Final Maturity** | **Amount Outstanding** |
|---|---|---|
| Limited Tax General Obligation Refunding Bonds, 2013B (Taxable) | 11/01/2025 | $1,225,000 |
| Limited Tax General Obligation Bonds, 2017 | 01/01/2042 | 105,925,000 |
| Limited Tax General Obligation and Refunding Bonds, 2022A (AMT) | 12/01/2029 | 12,055,000 |
| Limited Tax General Obligation Bonds, 2022B (Taxable) | 12/01/2041 | 81,585,000 |
| The 2024A Bonds | 06/01/2040 | 94,695,000 |
| The 2024B Bonds | 06/01/2049 | 65,745,000 |
| The 2024C Bonds | 06/01/2042 | 95,775,000 |
| **Total Nonvoted General Obligation Debt** | | **$457,005,000** |
| Unlimited Tax General Obligation Bonds | | |
| None | | |
| **Voted Bonds Total** | | **$0** |
| **Total General Obligation Direct Debt of the Port** | | **$457,005,000** |

(1) As of May 2, 2024. Excludes the Refunded Bonds and the 2024 maturity of the series 2015 LTGO bonds paid on June 1, 2024.
*Source: Port of Seattle.*

*[Remainder of page left intentionally blank]*

The following table reflects the estimated 2024 general obligation debt capacity for the Port.

**TABLE 7**
**ESTIMATED DEBT CAPACITY[1]**

| | |
|---|---|
| Assessed value of taxable property within the Port district (2024 tax collection year)[2] | $833,036,264,377 |
| Debt Limit, Nonvoted Debt, Including LTGO Bonds (.25% of Value of Taxable Property) | $2,082,590,661 |
| Less: Outstanding LTGO Bonds (including capital leases) | (200,790,000) |
| Less: The Bonds | (256,215,000) |
| Remaining Capacity for LTGO Debt | $1,625,585,661 |
| Debt Limit, Total, Voted and Nonvoted Debt, General Obligation Debt (.75% of Value of Taxable Property) | $6,247,771,983 |
| Less: Outstanding LTGO Bonds (including capital leases) | (200,790,000) |
| Less: The Bonds | (256,215,000) |
| Less: Outstanding Unlimited Tax General Obligation Bonds | - |
| Remaining Capacity of Total General Obligation Debt | $5,790,766,983 |

(1) As of May 2, 2024. Excludes the Refunded Bonds and the 2024 maturity of the series 2015 LTGO bonds paid on June 1, 2024.
(2) Per King County Assessor's Office Certification of Assessed Valuation
*Source*: *Port of Seattle and King County Assessor's Office.*

*[Remainder of page left intentionally blank]*

**Direct and Estimated Overlapping Debt**

A number of other taxing districts are located within all or a portion of the Port, including the County, cities and towns, school districts and other special purpose districts. Taxable property located within the Port is subject to property taxes imposed by these overlapping taxing districts including the Port. The following table sets forth the outstanding principal amount of general obligation debt of the Port, adjusted to reflect the issuance of the Bonds (the "Direct Debt"), and the outstanding principal amount of general obligation debt incurred by other governmental entities whose taxing jurisdiction includes a part or all of the Port and the estimated portion of that debt which is applicable to the property within the Port (the "Overlapping Debt"). The Port has obtained the information regarding the Overlapping Debt from the overlapping taxing districts, the County and other sources believed to be reliable, but has not independently verified the accuracy or completeness of such information. No person should rely upon such information as being accurate or complete. Furthermore, the amounts described below relate only to general obligation bonds issued by the various taxing districts and may not reflect certain leases or other contracts that may constitute indebtedness under State law. The table below reflects only existing general obligations payable from property taxes and does not reflect obligations secured by a pledge of other revenues such as utility revenues, excise taxes, sales taxes, and/or motor vehicle excise taxes (such as the obligations of Sound Transit paid from sales taxes and/or motor vehicle taxes). The taxing districts listed in the following table may have issued additional general obligation debt since the dates indicated below and these and other taxing districts may have plans for future general obligation debt issuances.

**TABLE 8**
**TOTAL PORT AND ESTIMATED**
**OVERLAPPING GENERAL OBLIGATION DEBT**

| | | |
|---|---|---|
| Total Port General Obligation Debt(1) | $ | 457,005,000 |
| Estimated Overlapping General Obligation Debt(2): | | |
| King County | | 886,502,146 |
| Cities and towns | | 1,767,599,000 |
| School Districts | | 5,070,908,000 |
| Other | | 112,788,000 |
| Total Estimated Overlapping Debt | $ | 7,837,797,146 |
| Total Port and Estimated Overlapping Debt(2) | $ | 8,294,802,146 |

(1) Includes outstanding general obligation debt as of May 2, 2024, and the Bonds. Excludes the Refunded Bonds and the 2024 maturity of the series 2015 LTGO bonds paid on June 1, 2024.
(2) As of December 31, 2023.
*Source*: *King County Financial Management Section.*

*[Remainder of page left intentionally blank]*

**Bonded Debt Ratios**

The following are various ratios of indebtedness to population and assessed value for property in the Port district.

**TABLE 9**
**BONDED DEBT RATIOS**

| | |
|---|---|
| Total Assessed Value (determined in 2023 for 2024 Tax Levy) | $833,036,264,377 |
| Estimated Population (2023)[(1)] | 2,347,800 |
| Port Tax General Obligation Debt[(2)] | $457,005,000 |
| Total Port Tax General Obligation Debt and Estimated Overlapping Debt | $8,294,802,146 |
| Port General Obligation Debt to Assessed Value (%) | 0.05% |
| Per Capita Port General Obligation Debt | $195 |
| Per Capita Assessed Value | $354,816 |
| Port and Estimated Overlapping Debt to Assessed Value (%) | 1.00% |
| Per Capita Port General Obligation Debt and Estimated Overlapping Debt | $3,533 |

(1) Per the State of Washington Office of Financial Management.
(2) Includes outstanding general obligation debt as of May 2, 2024 and the Bonds. Excludes the Refunded Bonds and the 2024 maturity of the series 2015 LTGO bonds paid on June 1, 2024.

*[Remainder of page left intentionally blank]*

## TABLE 10
## LIMITED TAX GENERAL OBLIGATION BOND DEBT SERVICE
## (Years Ending December 31)

| | Outstanding LTGO Bonds[1] | | | The 2024A Bonds | | The 2024B Bonds | | The 2024C Bonds | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Year | Principal | Interest | Total | Principal | Interest | Principal | Interest | Principal | Interest | Total 2024 Bond Debt Service | Total LTGO Debt Service[1][2] |
| 2024[2] | $22,230,000 | $10,211,959 | $32,441,959 | - | $1,842,075 | - | $1,296,638 | - | $1,798,476 | $4,937,189 | $37,379,148 |
| 2025 | 15,500,000 | 7,400,571 | 22,900,571 | $6,910,000 | 4,497,300 | - | 3,287,250 | $3,480,000 | 4,469,038 | 22,643,588 | 45,544,159 |
| 2026 | 9,225,000 | 6,956,811 | 16,181,811 | 7,355,000 | 4,140,675 | - | 3,287,250 | 3,660,000 | 4,289,803 | 22,732,728 | 38,914,539 |
| 2027 | 9,575,000 | 6,604,801 | 16,179,801 | 7,735,000 | 3,763,425 | - | 3,287,250 | 3,840,000 | 4,112,728 | 22,738,403 | 38,918,204 |
| 2028 | 9,950,000 | 6,231,664 | 16,181,664 | 7,945,000 | 3,371,425 | - | 3,287,250 | 4,015,000 | 3,936,078 | 22,554,753 | 38,736,416 |
| 2029 | 10,340,000 | 5,837,969 | 16,177,969 | 8,345,000 | 2,964,175 | - | 3,287,250 | 4,195,000 | 3,755,458 | 22,546,883 | 38,724,851 |
| 2030 | 8,385,000 | 5,422,911 | 13,807,911 | 3,945,000 | 2,656,925 | - | 3,287,250 | 4,385,000 | 3,565,601 | 17,839,776 | 31,647,687 |
| 2031 | 8,695,000 | 5,105,811 | 13,800,811 | 4,145,000 | 2,454,675 | - | 3,287,250 | 4,585,000 | 3,364,873 | 17,836,798 | 31,637,609 |
| 2032 | 9,035,000 | 4,771,136 | 13,806,136 | 4,365,000 | 2,241,925 | - | 3,287,250 | 4,800,000 | 3,152,510 | 17,846,685 | 31,652,821 |
| 2033 | 9,385,000 | 4,419,654 | 13,804,654 | 4,585,000 | 2,018,175 | - | 3,287,250 | 5,020,000 | 2,927,850 | 17,838,275 | 31,642,929 |
| 2034 | 9,760,000 | 4,046,824 | 13,806,824 | 4,820,000 | 1,783,050 | - | 3,287,250 | 5,260,000 | 2,690,095 | 17,840,395 | 31,647,219 |
| 2035 | 10,155,000 | 3,651,411 | 13,806,411 | 5,070,000 | 1,535,800 | - | 3,287,250 | 5,510,000 | 2,438,315 | 17,841,365 | 31,647,776 |
| 2036 | 10,575,000 | 3,232,266 | 13,807,266 | 5,330,000 | 1,275,800 | - | 3,287,250 | 5,780,000 | 2,171,555 | 17,844,605 | 31,651,871 |
| 2037 | 11,015,000 | 2,790,141 | 13,805,141 | 5,600,000 | 1,002,550 | - | 3,287,250 | 6,060,000 | 1,888,840 | 17,838,640 | 31,643,781 |
| 2038 | 11,480,000 | 2,325,929 | 13,805,929 | 5,885,000 | 715,425 | - | 3,287,250 | 6,360,000 | 1,589,170 | 17,836,845 | 31,642,774 |
| 2039 | 11,970,000 | 1,836,329 | 13,806,329 | 6,190,000 | 413,550 | - | 3,287,250 | 6,680,000 | 1,271,280 | 17,842,080 | 31,648,409 |
| 2040 | 12,480,000 | 1,322,304 | 13,802,304 | 6,470,000 | 129,400 | - | 3,287,250 | 7,015,000 | 933,999 | 17,835,649 | 31,637,952 |
| 2041 | 13,020,000 | 783,502 | 13,803,502 | - | - | - | 3,287,250 | 7,375,000 | 576,003 | 11,238,253 | 25,041,755 |
| 2042 | 8,705,000 | 217,625 | 8,922,625 | - | - | - | 3,287,250 | 7,755,000 | 195,814 | 11,238,064 | 20,160,689 |
| 2043 | - | - | - | - | - | $8,045,000 | 3,086,125 | - | - | 11,131,125 | 11,131,125 |
| 2044 | - | - | - | - | - | 8,455,000 | 2,673,625 | - | - | 11,128,625 | 11,128,625 |
| 2045 | - | - | - | - | - | 8,890,000 | 2,240,000 | - | - | 11,130,000 | 11,130,000 |
| 2046 | - | - | - | - | - | 9,345,000 | 1,784,125 | - | - | 11,129,125 | 11,129,125 |
| 2048 | - | - | - | - | - | 9,825,000 | 1,304,875 | - | - | 11,129,875 | 11,129,875 |
| 2049 | - | - | - | - | - | 10,330,000 | 801,000 | - | - | 11,131,000 | 11,131,000 |
| 2050 | - | - | - | - | - | 10,855,000 | 271,375 | - | - | 11,126,375 | 11,126,375 |
| 2051 | - | - | - | - | - | - | - | - | - | - | - |
| Total[3] | $211,480,000 | $83,169,614 | $294,649,614 | $94,695,000 | $36,806,350 | $65,745,000 | $72,628,263 | $95,775,000 | $49,127,483 | $414,777,095 | $709,426,709 |

(1) Includes all of the Port's outstanding limited tax general obligation bonds. Excludes the Refunded Bonds.
(2) Includes all general obligation debt service paid or payable in 2024.
(3) Totals do not foot due to rounding.
*Source*: *Port of Seattle.*

## THE PORT OF SEATTLE

### Introduction

The Port is a municipal corporation of the State organized on September 5, 1911, under provisions of the laws of the State, now codified at RCW 53.04.010 *et seq*. In 1942, the local governments in the County selected the Port to operate the Airport. In 2023, the Port's operating revenues totaled $953.6 million, of which the Airport accounted for $798.4 million (84 percent).

In addition to the Airport, the Port owns and operates various maritime facilities and industrial and commercial properties. The Northwest Seaport Alliance (the "Seaport Alliance"), a port development authority formed jointly in 2015 with the Port of Tacoma, manages the two ports' container shipping terminals and related industrial properties.

The Port's container shipping terminals and certain industrial properties are licensed to and operated by the Seaport Alliance. Other Port properties are managed through the Port's operating divisions. The Aviation Division is responsible for the Airport. The Maritime Division includes cruise, recreational and commercial marinas, the grain terminal and certain other properties. The Economic Development Division includes certain commercial properties and has responsibility for the Port's broader economic development activities, including property development, tourism, workforce development and small business initiatives. In addition to the Port's operating divisions, several departments provide corporate and capital development services to the operating divisions; the costs associated with these services are charged or allocated to the operating divisions and the Seaport Alliance.

### Port Management

*The Port Commission.* Port policies are established by the five-member Commission elected at large by the voters of the County for four-year terms. The Commission appoints the Executive Director and hires Commission staff. The Commissioners also act on behalf of the Port in its capacity as a Managing Member of the Seaport Alliance.

The current Commissioners are:

| | | |
|---|---|---|
| HAMDI MOHAMED | — | President. Director of the City of Seattle's Office of Immigrant and Refugee Affairs. Commission President Mohamed was elected to the Commission in November 2021 to a term that expires December 31, 2025. |
| TOSHIKO HASEGAWA | — | Vice-President. Executive Director of the Washington State Commission on Asian Pacific American Affairs. Commission Vice President Hasegawa was elected to the Commission in November 2021 to a term that expires December 31, 2025. |
| RYAN CALKINS | — | Secretary. Advisor on Offshore Wind and Maritime Infrastructure at the Pacific Northwest National Laboratory. Commission Secretary Calkins was first elected to the Commission in November 2017 and re-elected in November, 2021 to a term that expires December 31, 2025. |
| SAM CHO | — | Director of Strategic Initiatives in the City of Seattle's Mayor's Office. Commissioner Cho was elected to the Commission in November 2023 to a term that expires December 31, 2027. |
| FRED FELLEMAN | — | Environmental consultant. Commissioner Felleman was elected to the Commission in November 2023 to a term that expires December 31, 2027. |

*Certain Executive Staff.* Through resolutions and directives, the Commission sets policy for the Port. The policies set by the Commission are implemented by the Port's Executive Director and the Port's staff. Brief resumes of the Executive Director and certain other staff members are provided below.

STEPHEN P. METRUCK, EXECUTIVE DIRECTOR, joined the Port on February 1, 2018. Metruck is a retired U.S. Coast Guard Rear Admiral with 34 years of military, governmental and international experience. Executive positions included Commander of the Fifth District in Portsmouth, Virginia, where he had overall responsibility for Coast Guard missions carried out from central New Jersey to North Carolina, and Assistant Commandant for Resources and Chief Financial Officer for the U.S. Coast Guard where he was responsible for the Coast Guard's $10 billion annual appropriation. Metruck served as a senior fellow at the George Washington University Center for Cyber and Homeland Security. Metruck also has served as a Congressional Fellow to U.S. Senator John F. Kerry and as U.S. Coast Guard Liaison to the United Nations. Metruck holds a bachelor's degree in Ocean Engineering from the U.S. Coast Guard Academy and a master's degree in Public Administration from Harvard University's John F. Kennedy School of Government.

KAREN GOON, DEPUTY EXECUTIVE DIRECTOR, joined the Port in July, 2023 and oversees several key departments including engineering, police, procurement and strategic initiatives. Goon previously served as Kitsap County Administrator reporting directly to the elected County Commissioners and responsible for administering all county functions. She also served in several leadership roles in Pierce County. Goon holds a bachelor's degree from Seattle University, a master's degree in Public Policy and a juris doctor degree, both from Seattle University.

DAN THOMAS, CHIEF FINANCIAL OFFICER, has been with the Port since 1990 and has served as Chief Financial Officer since 2000. Thomas served as the Port's Director of Finance and Budget from 1997 through 2000. As Chief Financial Officer, Thomas oversees the accounting, finance, treasury, budgeting, risk management, business intelligence and information technology functions. Thomas holds a bachelor's degree in Economics from Pennsylvania State University and a master's degree in Business Administration in Finance from the University of Washington Foster School of Business.

LANCE LYTTLE, MANAGING DIRECTOR, AVIATION, joined the Port in January 2016. Prior to joining the Port, Lyttle served as the Chief Operating Officer for the Houston Airport System. Preceding his work at the Houston Airport System, Lyttle served in top executive jobs at the Atlanta Hartsfield-Jackson International Airport. At the Port, Lyttle manages the Airport's operations and businesses and leads the effort to develop a sustainable airport master plan for the future. Lyttle has a bachelor of science degree in Physics and Computer Science from the University of the West Indies, and a master of science degree in Management Information Systems from the University of the West Indies.

PETE RAMELS, GENERAL COUNSEL AND CHIEF COMPLIANCE OFFICER, joined the Port in January, 2019. Prior to joining the Port, Ramels served for more than 20 years as a Senior Deputy Prosecuting Attorney in the Civil Division of the King County Prosecutor's Office. Ramels' practice focused on real estate, land use, and general municipal law. Ramels' responsibilities include advising Port leadership on legal strategies and approaches, leading the Port's legal team and public records office, and supporting the public governance of the Port. The General Counsel and Chief Compliance Officer also serves as a member of the Port's Executive Leadership Team and supports both the Executive Office and Commission. Ramels received a bachelor of arts in Political Science from Washington State University and a juris doctorate with Honors from the University of Washington School of Law.

**Environmental, Social and Governance**

*Governance; Century Agenda.* Introduced in 2012 to mark the 100-year anniversary of the Port, the Commission adopted the Century Agenda to establish the Port's 25-year vision of adding 100,000 jobs through economic growth (to total 300,000 Port-related jobs in the region), while reducing the Port's environmental footprint. The Century Agenda currently contains six goals for the Port (Goal 1: Position the Puget Sound region as a premier international logistics hub; Goal 2: Advance the region as a leading tourism destination and business gateway; Goal 3: Responsibly Invest in the Economic Growth of the Region and all its Communities; Goal 4: Be the greenest and most energy-efficient port in North America; Goal 5: Become a Model for Equity, Diversity and Inclusion; and Goal 6: Be a Highly Effective Public Agency), specific objectives related to each goal and an operating framework to help operating divisions set tactical objectives consistent with these goals.

*Equity, Diversity, and Inclusion*. In 2019, the Port established a new Office of Equity, Diversity, and Inclusion ("OEDI") to address institutional racism and increase equity, diversity, and inclusion in Port policies, programs, and processes in order to advance the Port's goal of becoming a model for equity, diversity and inclusion. OEDI is led by a Senior Director who is a member of the Executive Leadership Team and reports directly to the Executive Director. In 2019, OEDI developed its first Strategic Plan, to guide and describe OEDI's mission and work, and the plan was most recently updated for 2022. The 2022 Strategic Plan includes three strategies (supported by a number of objectives) to transform the Port. Strategy One is to transform the Port by infusing racial equity principles and practices into all aspects of organizational structure, programs, policies, and processes. Strategy Two is to provide equitable and tangible benefits to impacted vulnerable communities, people of color, immigrants and refugees, and low-income communities. Strategy Three is to build OEDI's capacity and expertise to lead equity change work internally and to be a resource for and thought partner with external peer agencies. OEDI has issued annual reports on progress towards goals.

*Sustainability.* On December 19, 2017, the Commission adopted a Motion 2017-14 furthering recommendations of the Port's Energy and Sustainability Committee, directing development of a Sustainability Evaluation Framework (the "Framework"), adding scope 2 emission reduction goals to the Century Agenda, providing for coordination with the Seaport Alliance, and requiring reporting. The Framework is intended to inform Commission decision-making to advance the Port's energy and sustainability initiatives by transparently documenting environmental and societal considerations associated with Commission actions. The motion directed staff to select pilot projects to test and validate the Framework and determine how to incorporate the environmental and societal components into the Framework including reducing greenhouse gas emissions, increasing energy resilience, protecting public health and the environment, supporting local economic development, advancing racial and social equity, leveraging partnerships, and advancing innovation. This framework has now been applied to several major projects currently in the Port's CIP.

On October 26, 2021, the Port adopted Order 2021-10 updating the Century agenda greenhouse gas reduction goals to be net zero by 2040 for scope 1 and 2 and by 2050 to be carbon neutral for scope 3 emissions. The Port conducts annual inventories of scope 1 and 2 greenhouse gas emissions following the Protocol Corporate Accounting and Reporting Standard. In recent years, the Port achieved its 2030 interim goal of reducing greenhouse gas emissions by fifty percent plus or minus a few percentage points.

The Port has taken a number of other steps towards its sustainability goals. In 2020, the Port renewed the Northwest Ports Clean Air Strategy, a collaboration with the Seaport Alliance and the Ports of Tacoma and Vancouver (Canada) first implemented in 2008 and on November 16, 2021, adopted "Charting the course to Zero: Port of Seattle's Maritime Climate and Air Action Plan" as the Port's implementation strategy. The Port also approved a 10-year contract to purchase renewable natural gas to supply a portion of the fuel for the Airport mechanical systems boiler plant and the Port is purchasing renewable natural gas, on an annual basis, for all of its non-airport properties. Additionally, the Port is implementing a ten-year Sustainable Fleet Plan to reduce carbon emissions from Port vehicles. On November 16, 2021, the Port approved a Memorandum of Understanding with the County to jointly manage and fund a feasibility study of regional solid waste conversion to sustainable aviation fuel ("SAF") with a goal of ten percent SAF content in aviation fuel at the Airport by 2028; that study was completed in 2023. The Port also helped launch the establishment of a green corridor for Alaskan cruises in partnership with cruise lines, ports of call, non-profit organizations. A green corridor is a shipping route where zero greenhouse gas solutions are considered, demonstrated and supported. To support the development of clean maritime fuels the Port has launched the Sustainable Maritime Fuels Collaborative.

The Port has taken several steps to support land and water sustainability. In 2023, the Port adopted its land stewardship principles and used those to adopt Airport land stewardship and tree replacement strategies. These will balance Airport operational needs with environmental and community benefits. The Port has also built new habitat along the Duwamish River.

The Port regularly reviews its progress against the sustainability goals included in the Century Agenda, noting where the Port has made significant progress towards the goal, some progress towards goal or no progress towards goal. These reports as well as OEDI monthly newsletters and other reports are posted to the Port's website (and are not, by this reference, incorporated by reference).

*Capital Project Sustainability Planning.* In 2014, the Port formed its own stormwater utility and assumed responsibility for stormwater infrastructure at its maritime facilities, including those licensed to the Seaport Alliance. SWU collects fees from tenants, Port business divisions and the Seaport Alliance. In 2015, the Port completed a climate change adaptation study that examined its facilities. Based on the study's findings, the Port anticipates that, with moderate improvements, these waterfront maritime facilities will not experience any major vulnerability within the period of their intended design life (of up to 50 years for certain facilities). The Port is part of a multi-jurisdictional workgroup assessing sea level planning needs.

As part of its master planning efforts, the Port also conducted a vulnerability assessment to determine potential operational or infrastructure impacts to the Airport due to climate change. The assessment found that most of the Airport's climate change-related vulnerabilities can be addressed by the existing operation and asset management plans. The only system that was deemed 'moderately' vulnerable was the stormwater and industrial wastewater system infrastructure. The Airport's capital planning process includes assessment of the periodic need to replace infrastructure; updates needed to accommodate increased rainfall intensity and higher summer temperatures can be addressed as part of these infrastructure projects. Based on the Sustainability Evaluation Framework the Port's capital planning process takes sustainability into account by weighing costs against environmental benefits and incorporating Framework information in the project approval process. The Port's 2024-2028 Capital Plan also includes an industrial waste pretreatment program at the Airport, including improvements to comply with King County permitting requirement regarding treatment of aircraft deicing chemicals, acceleration of installation of noise insulation for residential neighbors near the Airport, installation of electric chargers for ground service equipment, and the addition of electric shore power to the Pier 66 cruise terminal.

## GENERAL OBLIGATION BOND PROJECTS

A portion of the proceeds of the Bonds may be used to pay or reimburse the Port for a portion of the costs of some or all of the following Port and Seaport Alliance projects, among others: Terminal 5 support projects, improvements at Terminal 91, the Maritime Innovation Center and other Seaport Alliance capital projects in the North Harbor.

Each year, the Port engages in a capital planning and review process of its multi-year Capital Improvement Program (the "CIP") to develop a draft plan of finance for the following five years. The most recent process was completed in November 2023 and updated in March 2024. Based on this funding analysis, the Port expects to fund its $5.3 billion 2024-2028 CIP, excluding financing costs—including its share of the Seaport Alliance CIP—from a variety of sources. These funding sources include operating funds, federal grants, customer facility charges ("CFCs"), and proceeds of existing and/or additional bonds. The Port anticipates funding approximately $4.2 billion of CIP projects during 2024-2028 with the proceeds of revenue bonds. The Port also anticipates funding approximately $327.0 million of CIP projects with proceeds of LTGO bonds, including the Bonds. Additionally, the Port expects to apply a portion of its Tax Levy revenues to fund certain projects, particularly those supporting non-Airport operations.

The Sustainable Airport Master Plan ("SAMP") process provides a comprehensive assessment of facilities capacity and forecasted demand over five-, ten-, and 20-year timeframes and was initiated in 2013. The SAMP identifies which facilities and infrastructure are needed based on that forecasted demand. The 2024-2028 CIP includes some preliminary planning and design work for SAMP; it does not include potential projects that may be identified by SAMP. The SAMP identified a suite of Near-Term Projects ("NTPs") and a Long-Term Vision. The NTPs (projects that are needed in the next 10 years) may commence construction once environmental review is complete. The SAMP estimated a cost of approximately $4-5 billion for the NTPs.

In the fourth quarter of 2018, the Port initiated an environmental review for the NTPs. The release of the first environmental review analysis, the draft National Environmental Policy Act ("NEPA") Environmental Assessment ("EA"), and the accompanying public outreach, is expected in fourth quarter 2024. The Port is conducting this review with oversight by the FAA. Once the NEPA environmental review is final, the State Environmental Policy Act ("SEPA") environmental review will follow. The Port will lead and oversee this review. Under SLOA IV, the airlines have approved up to $300 million for preliminary project planning and design spending for gate capacity expansion projects on the north side of the Airport. The Aviation Division's 2024-2028 CIP includes SAMP preliminary planning and design spending of approximately $173.7 million through 2028. The Port is re-calculating the total cost of the NTPs. Upon completion of NEPA and SEPA approval, Commission funding approval is required to begin construction of any NTPs. The Port endeavors to develop reasonable cost projections for its projects. However, actual costs may be higher or lower than projections in the CIP. Recently, the Seattle regional construction market has experienced growth in construction costs that may impact the costs of certain projects. The Port has experienced increased construction costs affecting some projects underway.

In addition to the capital projects described above, the Port includes in its funding analysis its participation in public projects, particularly in connection with freight mobility, and its environmental remediation liabilities and potential future liabilities.

## PORT FINANCIAL MATTERS

### General

Attached to this Official Statement as Appendix A are financial statements for the Port's Enterprise Fund for the fiscal years ended December 31, 2022 and 2023, and financial statements for the Port's Warehousemen's Pension Trust Fund for the fiscal years ended December 31, 2021, 2022, and 2023. See "INDEPENDENT AUDITORS."

### Summary of Historical Operating Results

The following table summarizes selected operating results of the Port's Enterprise Fund for fiscal years 2019-2023. The table sets forth operating results as extracted by Port management from the Port's audited financial statements. For a discussion of the Port's 2022 and 2023 operating results, see "Management's Discussion and Analysis" in Appendix A. In its audited financial statements, the Port does not account for proceeds of the Tax Levy, non-operating CFC revenue, federal capital grant receipts, federal COVID-19 relief grant receipts or passenger facility charges ("PFCs") as operating revenue and, accordingly, such proceeds are not included in the following summaries of operating results.

*[Remainder of page left intentionally blank]*

**TABLE 11**
**SELECTED HISTORICAL OPERATING RESULTS**
**FOR THE YEARS ENDED DECEMBER 31, 2019 THROUGH 2023**
**($ IN THOUSANDS)**

| | 2019 | 2020 | 2021[1] | 2022[1] | 2023[1] |
|---|---|---|---|---|---|
| Operating Revenues: | | | | | |
| Aviation | $626,635 | $408,234 | $494,686 | $652,373 | $798,449 |
| Non-Aviation[2] | 137,538 | 91,382 | 115,110 | 145,545 | 155,111 |
| Total Operating Revenues[3] | $764,173 | $499,616 | $609,796 | $797,918 | $953,560 |
| Operating Expenses: | | | | | |
| Aviation | $356,634 | $328,805 | $291,752 | $380,268 | $445,691 |
| Non-Aviation[4] | 86,454 | 77,840 | 67,562 | 89,963 | 105,208 |
| Total Operating Expenses Before Depreciation and Amortization[5] | $443,088 | $406,645 | $359,314 | $470,231 | $550,899 |
| Net Operating Income Before Depreciation and Amortization | $321,085 | $92,971 | $250,482 | $327,687 | $402,661 |
| Depreciation and Amortization | 174,971 | 181,989 | 195,303 | 237,649 | 256,740 |
| Operating Income (Loss) | $146,114 | $(89,018) | $55,179 | $90,038 | $145,921 |

(1) In 2023, the Port adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, and restated 2021 and 2022 financial statements.
(2) Includes operating revenues from the Maritime, Economic Development, and Corporate Divisions, the Storm Water Utility ("SWU"), and the Port's share of net income from the Seaport Alliance.
(3) In 2022, the Port adopted GASB Statement No. 87 *Leases*, and restated 2020 and 2021. Excludes non-operating lease interest income of $11.1 million, $11.9 million, and $12.2 million for 2020, 2021, and 2022, respectively. Excludes non-operating lease interest income of $15.7 million for 2023.
(4) Includes operating expenses from the Maritime and Economic Development Divisions. Operating expenses of the SWU and Corporate Divisions that are not allocated to the operating divisions are included in Non-Aviation.
(5) The Port has received pension credits that reduce operating expenses. In 2023, the Port received a $28.7 million state pension credit (including $23.6 million to Aviation).

*Source*: *Port of Seattle.*

The Port recognizes as part of operating revenue its 50 percent share of the Seaport Alliance's Net Income (as defined in the Charter). The Port's revenues from the Seaport Alliance are derived from certain facilities licensed by the Port and the Port of Tacoma to the Seaport Alliance. For a discussion of the Port's 2023 operating results, see "Management's Discussion and Analysis" in Appendix A.

## INITIATIVES AND REFERENDA

Under the State Constitution, the voters of the State have the ability to initiate legislation and to modify existing laws through the powers of initiative and referendum. An initiative measure is submitted to the voters (if an initiative to the people) or to the Legislature (if an initiative to the Legislature) if the Secretary of State certifies the receipt of a petition signed by at least eight percent of the number of voters registered and voting for the office of governor at the preceding regular gubernatorial election. Certified initiatives to the people are placed on the ballot for the next State-wide general election.

Certified initiatives to the Legislature are submitted to the Legislature at its regular session each January. Once an initiative to the Legislature has been submitted, the Legislature must take one of the following three actions: (i) adopt the initiative as proposed, in which case the initiative becomes law without a vote of the people; (ii) reject or refuse to act on the proposed initiative, in which case the initiative must be placed on the ballot at the next State general election; or (iii) approve an amended version of the proposed initiative, in which case both the amended version and the original initiative must be placed on the next State general election ballot.

A bill passed by the Legislature is referred to the people for final approval or rejection if the Secretary of State certifies the receipt of a petition signed by at least four percent of the number of voters registered and voting for the office of governor at the preceding regular gubernatorial election. Certain actions of the Legislature necessary for the immediate preservation of the public peace, health or safety and the support of State government or its existing institutions are exempt from the referendum process.

Proposed initiatives to the people must be filed within 10 months prior to the next State general election, and the petition signatures must be filed not less than four months before such general election. Proposed initiatives to the Legislature must be filed within 10 months prior to the next regular session of the Legislature, and the petition signatures must be filed not less than 10 days before such regular session of the Legislature. A referendum measure may be filed any time after the Governor has signed the act that the sponsor wants referred to the ballot. Petition signatures must be filed within 90 days after the final adjournment of the legislative session at which the act was passed.

An initiative or referendum approved by a majority of voters may not be amended or repealed by the Legislature within a period of two years following enactment, except by a vote of two-thirds of all the members elected to each house of the Legislature. After two years, the law is subject to amendment or repeal by the Legislature in the same manner as other laws.

In recent years there have been a number of initiatives filed in the State, including initiatives targeting fees and taxes imposed by local jurisdictions or subjecting local jurisdictions to additional requirements. The Port cannot predict whether initiatives will be filed, whether filed initiatives will receive the requisite signatures to be certified to the ballot, whether such initiatives will be approved by the voters, whether, if challenged, such initiatives will be upheld by the courts and whether any current or future initiative could have a material adverse impact on the Port's revenues or operations. In addition to initiatives that directly affect the Port's taxing authority, there may be initiatives that affect Port costs or affect the Port's customers or affect the taxes of County property owners. The Port cannot predict the effect on the Port of these initiatives, if passed.

## LITIGATION

### No Litigation Concerning the Bonds

As of the date of this Official Statement, there is no litigation, to the knowledge of the Port, pending or threatened, challenging the authority of the Port to issue the Bonds or seeking to enjoin the issuance of the Bonds.

### Other Litigation

The Port is a defendant in various legal actions and claims that arise during the normal course of business. Some of these claims may be covered by insurance. The Port is not aware of any legal actions that, in the opinion of Port management, will have a material adverse effect on the financial position, results of operations or cash flows of the Port.

In 2023, a class action lawsuit was filed in U.S. District Court, *Cardoni et al. v. Port of Seattle, Alaska Airlines, Delta Airlines*, alleging harm from pollutants that fall from airplanes on residents within a five-mile radius of the Airport; the Port and its co-defendants have filed a motion to dismiss. The plaintiffs are seeking monetary and injunctive relief. The Port cannot predict the outcome of this case.

## CONTINUING DISCLOSURE

The Port is covenanting for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data (the "Annual Disclosure Report") by not later than six months following the end of the Port's fiscal year (June 30, 2025, for the report for the 2024 fiscal year), and to provide notices of the occurrence of certain enumerated events. The Annual Disclosure Report and notices of listed events are to be filed with the

Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Disclosure Report and in notices of listed events is set forth in Appendix E. These covenants are made by the Port to assist the underwriter in complying with Securities and Exchange Commission Rule 15c2-12 (the "Rule").

In the past five years, the Port has complied in all material respects with its previous undertakings with regard to the Rule to provide annual reports and notices of enumerated events.

## TAX MATTERS

### 2024A Bonds and 2024B Bonds

In the opinion of Bond Counsel, interest on the 2024A Bonds and the 2024B Bonds is excludable from gross income for federal income tax purposes, except for interest on any 2024B Bond for any period during which such 2024B Bond is held by a "substantial user" of the facilities financed or refinanced by the 2024B Bonds, or by a "related person" to such substantial user within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the 2024A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on certain individuals. Interest on the 2024B Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals.

Under the Inflation Reduction Act signed into law by President Biden on August 16, 2022, certain large corporations are subject to a 15 percent alternative minimum tax measured based on book income reported to stockholders. Accordingly, for taxable years beginning after December 31, 2022, interest on the 2024A Bonds and the 2024B Bonds is taken into account in determining the "adjusted financial statement income" of certain corporations for purposes of computing the alternative minimum tax imposed on "applicable corporations."

Federal income tax law contains a number of requirements that apply to the 2024A Bonds and the 2024B Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the use of proceeds of the 2024A Bonds and the 2024B Bonds and the facilities financed or refinanced with proceeds of the 2024A Bonds and the 2024B Bonds and certain other matters. The Port has covenanted to comply with all applicable requirements.

Bond Counsel's opinion is subject to the condition that the Port comply with the above-referenced covenants and, in addition, will rely on representations by the Port and its advisors with respect to matters solely within the knowledge of the Port and its advisors, respectively, which Bond Counsel has not independently verified. If the Port fails to comply with such covenants or if the foregoing representations are determined to be inaccurate or incomplete, interest on the 2024A Bonds and the 2024B Bonds could be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2024A Bonds and the 2024B Bonds, regardless of the date on which the event causing taxability occurs.

Except as expressly stated above, Bond Counsel expresses no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the 2024A Bonds and the 2024B Bonds. Owners of the 2024A Bonds and the 2024B Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the 2024A Bonds and the 2024B Bonds, which may include tax issues associated with original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

Prospective purchasers of the 2024A Bonds and the 2024B Bonds should be aware that ownership of the 2024A Bonds and 2024B Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the 2024A Bonds and the 2024B Bonds. Bond Counsel expresses no opinion regarding any collateral tax consequences. Prospective purchasers of the 2024A Bonds and the 2024B Bonds should consult their tax advisors regarding collateral federal income tax consequences.

Payments of interest on tax-exempt obligations such as the 2024A Bonds and the 2024B Bonds, are in many cases required to be reported to the Internal Revenue Service (the "IRS"). Additionally, backup withholding may apply to any such payments made to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Bond Counsel gives no assurance that any future legislation or clarifications or amendments to the Code, if enacted into law, will not cause the interest on the 2024A Bonds and the 2024B Bonds to be subject, directly or indirectly, to federal income taxation. From time to time, legislation is proposed that, if enacted, could alter the federal income tax consequences described herein or otherwise prevent owners of the 2024A Bonds and the 2024B Bonds from realizing the full current benefit of the tax status of the interest on the 2024A Bonds and the 2024B Bonds. Prospective purchasers of the 2024A Bonds and the 2024B Bonds should consult their own tax advisors regarding any pending or proposed federal legislation, as to which Bond Counsel expresses no view.

Bond Counsel's opinion is not a guarantee of result and is not binding on the IRS; rather, the opinion represents Bond Counsel's legal judgment based on its review of existing law and in reliance on the representations made to Bond Counsel and the Port's compliance with its covenants. The IRS has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includable in gross income for federal income tax purposes. Bond Counsel cannot predict whether the IRS will commence an audit of the 2024A Bonds and the 2024B Bonds. Owners of the 2024A Bonds and 2024B Bonds are advised that, if the IRS does audit the 2024A Bonds and the 2024B Bonds, under current IRS procedures, at least during the early stages of an audit, the IRS will treat the Port as the taxpayer, and the owners of the 2024A Bonds and the 2024B Bonds may have limited rights to participate in the audit. The commencement of an audit could adversely affect the market value and liquidity of the 2024A Bonds and the 2024B Bonds until the audit is concluded, regardless of the ultimate outcome.

*Not Qualified Tax-Exempt Obligations.* The 2024A Bonds and 2024B Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code.

**2024C Bonds—Certain Federal Tax Consequences**

The following discussion describes aspects of the principal U.S. federal tax treatment of U.S. persons that are beneficial owners ("Owners") of 2024C Bonds. This summary is based on the Code, published revenue rulings, administrative and judicial decisions, and existing and proposed Treasury regulations (all as of the date hereof and all of which are subject to change, possibly with retroactive effect).

This summary discusses only 2024C Bonds held as capital assets within the meaning of Section 1221 of the Code. It does not discuss all of the tax consequences that may be relevant to an Owner in light of its particular circumstances or to Owners subject to special rules, such as certain financial institutions, insurance companies, tax-exempt organizations, foreign taxpayers, taxpayers who may be subject to the alternative minimum tax or personal holding company provisions of the Code, dealers in securities or foreign currencies, Owners holding the 2024C Bonds as part of a hedging transaction, "straddle," conversion transaction, or other integrated transaction, or Owners whose functional currency (as defined in Section 985 of the Code) is not the U.S. dollar. Except as stated herein, this summary describes no federal, state or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the 2024C Bonds. ACCORDINGLY, INVESTORS WHO ARE OR MAY BE DESCRIBED IN THIS PARAGRAPH SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE UNITED STATES FEDERAL INCOME TAX CONSEQUENCES TO SUCH INVESTORS, AS WELL AS TAX CONSEQUENCES ARISING UNDER THE LAWS OF ANY STATE, LOCAL, OR FOREIGN TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

For purposes of this discussion, a "U.S. person" means an Owner who, for U.S. federal income tax purposes, is (i) an individual citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof, (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source of income, or (iv) a trust, if either: (A) a United States court is able to exercise primary supervision over the administration of the trust, and one or more United States persons have the authority to control all substantial decisions of the trust or (B) the trust has a valid election in effect to be treated as a United States person under the applicable treasury regulations. The term also includes nonresident alien individuals, foreign corporations, foreign partnerships, and foreign estates and trusts

("Foreign Owners") to the extent that their ownership of the 2024C Bonds is effectively connected with the conduct of a trade or business within the United States, as well as certain former citizens and residents of the United States who, under certain circumstances, are taxed on income from U.S. sources as if they were citizens or residents. It should also be noted that certain "single member entities" are disregarded for U.S. federal income tax purposes. Such Foreign Owners and Owners who are single member non-corporate entities, should consult with their own tax advisors to determine the U.S. federal, state, local, and other tax consequences that may be relevant to them.

***In General***. As discussed in more detail below, interest derived from a 2024C Bond by an Owner is subject to U.S. federal income taxation. In addition, a 2024C Bond held by an individual who, at the time of death, is a U.S. person is subject to U.S. federal estate tax.

***Payments of Interest***. Qualified Stated Interest (and other original issue discount), including additional amounts of cash and interest, if any, paid on the 2024C Bonds will generally be taxable to Owners as ordinary interest income at the time it accrues or is received, in accordance with the Owner's method of accounting for U.S. federal income tax purposes. For purposes of this discussion "Qualified Stated Interest" is stated interest that is unconditionally payable in cash or in property (other than debt instruments of the issuer), or that will be constructively received under Section 451 of the Code, at least annually at a single fixed rate (within the meaning of Treasury Regulation § 1.1273-1(c)(1)(iii)), as defined in Treasury Regulation § 1.1273-1(c).

***Disposition or Retirement***. Upon the sale, exchange or other disposition of a 2024C Bond, or upon the retirement of a 2024C Bond (including by redemption), an Owner will recognize capital gain or loss equal to the difference, if any, between the amount realized upon the disposition or retirement (reduced by any amounts attributable to accrued but unpaid interest, which will be taxable as such) and the Owner's adjusted tax basis in the 2024C Bond. Any such gain or loss will be United States source gain or loss for foreign tax credit purposes. Certain of the 2024C Bonds are subject to optional [and mandatory] redemption. See "DESCRIPTION OF THE BONDS—Optional Redemption." The 2024C Bonds are subject to defeasance at any time prior to their stated maturities. See "DESCRIPTION OF THE BONDS—Defeasance." If the Port defeases any 2024C Bonds, such 2024C Bonds may be deemed to be retired and "reissued" for federal income tax purposes as a result of the defeasance. In such event, the Owner of a 2024C Bond could recognize a gain or loss on the 2024C Bond at the time of defeasance.

***Unearned Income Medicare Contribution***. A 3.8 percent Medicare tax on certain net investment income earned by individuals, estates, and trust will apply for taxable years beginning after December 31, 2012. For these purposes, net investment income generally includes an Owner's interest income from a 2024C Bond (including accrued original issue discount, if any, on a 2024C Bond and market discount) and gain realized on the sale, retirement or other disposition of a 2024C Bond. In the case of an individual, the tax will be imposed on the lesser of (i) the Owner's net investment income for the year, or (ii) the amount by which the Owner's modified adjusted gross income (i.e., adjusted gross income reduced by certain exclusions applicable to U.S. citizens or residents living abroad) exceeds $250,000 (if the Owner is married and filing jointly or a surviving spouse), $125,000 (if married filing separately) or $200,000 (if the Owner is unmarried or in any other case). In the case of an estate or trust, the tax will be imposed on the lesser of (i) undistributed net investment income, or (ii) the excess of adjusted gross income over the dollar amount at which the highest income tax bracket applicable to an estate or trust begins.

***Information Reporting and Backup Withholding***. Payments of interest and accruals of original issue discount (if any) on 2024C Bonds held of record by U.S. persons other than corporations and other exempt Owners must be reported to the IRS. Such information will be filed each year with the IRS on Form 1099, which will reflect the name, address, and taxpayer identification number of the Owner. A copy of Form 1099 will be sent to each Owner of a 2024C Bond for federal income tax reporting purposes.

Interest paid to an Owner of a 2024C Bond ordinarily will not be subject to withholding of federal income tax if such Owner is a U.S. person. Backup withholding of federal income tax, currently (2021) at a rate of 24 percent may apply, however, to payments made in respect of the 2024C Bonds, as well as payments of proceeds from the sale of 2024C Bonds, to Owners who are not "exempt recipients" and who fail to provide certain identifying information. This withholding generally applies if the Owner of a 2024C Bond (who is not an exempt recipient) (i) fails to furnish such Owner's social security number or other taxpayer identification number ("TIN"), (ii) furnishes an incorrect TIN, (iii) fails to properly report interest, dividends or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such Owner is not subject to backup withholding. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. To prevent backup withholding, each prospective Owner will be requested to complete an appropriate form.

Any amounts withheld under the backup withholding rules from a payment to a person would be allowed as a refund or a credit against such person's U.S. federal income tax, provided that the required information is furnished to the IRS. Furthermore, certain penalties may be imposed by the IRS on an Owner who is required to supply information but who does not do so in the proper manner.

The federal tax discussion set forth above is included for general information only and may not be applicable depending upon an owner's particular situation. Investors should consult their own tax advisors concerning the tax implications of holding and disposing of the 2024C Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not U.S. persons.

## ERISA CONSIDERATIONS

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on employee benefit plans subject to Title I of ERISA ("ERISA Plans"), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements under Title I, Part 4 of ERISA, including, but not limited to, the requirements of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the Plan.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to Title I of ERISA but are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, "Plans")) and certain persons (referred to as "parties in interest" or "disqualified persons" (each a "Party in Interest")) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A Party in Interest who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

The fiduciary of a Plan that proposes to purchase and hold any 2024C Bonds should consider, among other things, whether such purchase and holding may involve (i) the direct or indirect extension of credit to a Party in Interest, (ii) the sale or exchange of any property between a Plan and a Party in Interest and (iii) the transfer to, or use by or for the benefit of, a Party in Interest, of any Plan assets within the meaning of 29 CFR Sec. 2510.3-102 as modified by ERISA Section 3(42). Depending on the identity of the Plan fiduciary making the decision to acquire or hold 2024C Bonds on behalf of a Plan and other factors, U.S. Department of Labor Prohibited Transaction Class Exemption ("PTCE") 75-1 (relating to certain broker-dealer transactions), PTCE 84-14 (relating to transactions effected by "qualified professional asset managers"), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 95-60 (relating to investments by an insurance company general account), or PTCE 96-23 (relating to transactions directed by certain "in-house asset managers") (collectively, the "Class Exemptions") could provide an exemption from the prohibited transaction provisions of ERISA and Section 4975 of the Code. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code generally provide for a statutory exemption from the prohibitions of Section 406(a) of ERISA and Section 4975 of the Code for certain transactions between Plans and persons who are Parties in Interest solely by reason of providing services to such Plans or that are affiliated with such service providers, provided generally that such persons are not fiduciaries (or affiliates of such fiduciaries) with respect to the "plan assets" of any Plan involved in the transaction and that certain other conditions are satisfied.

By its acceptance of a 2024C Bond, each purchaser will be deemed to have represented and warranted that either (i) no "plan assets" of any Plan have been used to purchase such 2024C Bond, or (ii) the purchase and holding of such 2024C Bond either do not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code, or are exempt from the prohibited transaction restrictions of ERISA and Section 4975 of the Code pursuant to a statutory exemption or an administrative class exemption.

Each Plan fiduciary (and each fiduciary for a governmental or church plan subject to the rules similar to those imposed on Plans under ERISA) should consult with its legal advisor concerning an investment in any of the 2024C Bonds.

## LEGAL MATTERS

Issuance of the Bonds is subject to receipt of the legal opinions of K&L Gates LLP, Bond Counsel to the Port, and to certain other conditions. See Appendix C for forms of the opinions of Bond Counsel. Certain legal matters will be passed upon by Pacifica Law Group LLP, Disclosure Counsel to the Port. Any opinion or letter of Disclosure Counsel will be limited in scope and cannot be relied upon by investors.

## LIMITATIONS ON REMEDIES

Any remedies available to the owners of the Bonds upon the occurrence of an event of default under the Resolution are in many respects dependent upon judicial actions, which are in turn often subject to discretion and delay and could be both expensive and time consuming to obtain. If the Port fails to comply with its covenants under the Resolution or to pay principal of or interest on the Bonds, there can be no assurance that available remedies will be adequate to fully protect the interests of the owners of the Bonds.

The Bonds are not subject to acceleration upon the occurrence of a default. The Port would be liable only for principal and interest payments as they become due. In the event of multiple defaults in payment of principal of or interest on the Bonds, the registered owners would be required to bring a separate action for each such payment not made. This could give rise to a difference in interests between registered owners of earlier and later maturing Bonds.

In addition to the limitations on remedies contained in the Resolution, the rights and obligations under the Bonds and the Resolution may be limited by and are subject to bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, and other laws relating to or affecting creditors' rights, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases. The opinion to be delivered by K&L Gates LLP, as Bond Counsel, concurrently with the issuance of the Bonds, will be subject to limitations regarding bankruptcy, insolvency and other laws relating to or affecting creditors' rights. Copies of the forms of legal opinions of Bond Counsel are set forth in Appendix C.

Under current Washington law, municipal taxing districts such as the Port, may be able to file for bankruptcy under Chapter 9 of the United States Bankruptcy Code. A creditor, however, cannot bring an involuntary bankruptcy proceeding against a municipality, including the Port. The federal bankruptcy courts have broad discretionary powers. Taxing districts in the state are expressly authorized to carry out a plan of readjustment if approved by the appropriate court. If the Port were to become a debtor in a federal bankruptcy case, owners of the bonds may not be able to exercise any of their remedies under the resolution during the course of a proceeding. Legal proceedings to resolve issues could be time-consuming and expensive, and substantial delays and/or reductions in payments could result.

## RATINGS

Moody's Investors Service, S&P Global Ratings and Fitch Ratings have assigned their ratings of "Aaa," "AA," and "AA-" respectively, to the Bonds. Certain information was supplied by the Port to such rating agencies to be considered in evaluating the Bonds.

The foregoing ratings express only the views of the rating agencies and are not recommendations to buy, sell or hold the Bonds. An explanation of the significance of each of the ratings may be obtained from the rating agency furnishing the rating. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agencies, or any of them, if, in their or its judgment, circumstances so warrant. Any downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

## THE REGISTRAR

The principal of and interest and redemption premium, if any, on the Bonds are payable by the fiscal agent of the State of Washington, currently U.S. Bank Trust Company, National Association in Seattle, Washington. For so long as the Bonds remain in a "book-entry only" transfer system, the Registrar will make such payments to DTC, which, in turn, is obligated to remit such principal payments to the DTC participants for subsequent disbursement to the Beneficial Owners of the Bonds. See Appendix D.

## MUNICIPAL ADVISOR

Piper Sandler & Co. has served as Municipal Advisor to the Port relative to the sale, timing of the sale, and other factors relating to the Bonds. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in this Official Statement or other information provided relative to the Bonds. The Municipal Advisor makes no guaranty, warranty or other representation on any matter related to the information contained in this Official Statement. A portion of the Municipal Advisor's compensation for this transaction is contingent on the sale and delivery of the Bonds.

## UNDERWRITING

The 2024A Bonds are being purchased from the Port by BofA Securities, Inc. at an aggregate purchase price of $103,817,243.55 (the principal amount of the 2024A Bonds, less underwriters' discount of $294,501.45, and plus original issue premium of $9,416,745.00). The 2024B Bonds are being purchased from the Port by Truist Securities, Inc. at an aggregate purchase price of $70,155,402.85 (the principal amount of the 2024B Bonds, less underwriters' discount of $378,033.75, and plus original issue premium of $4,788,436.60). The 2024C Bonds are being purchased from the Port by Truist Securities, Inc. at an aggregate purchase price of $95,224,293.75 (the principal amount of the 2024C Bonds, and less underwriters' discount of $550,706.25).The initial purchaser(s) may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the initial offering prices set forth on the inside cover pages hereof, and such initial offering prices may be changed from time to time by the initial purchaser. After the initial public offering, the public offering prices may be varied from time to time.

## INDEPENDENT AUDITORS

Financial statements for the Port's Enterprise Fund for the fiscal years ended December 31, 2022 and 2023, and financial statements for the Port's Warehousemen's Pension Trust Fund for the fiscal years ended December 31, 2021, 2022, and 2023, attached hereto as Appendix A, have been audited by Moss Adams LLP, independent auditor, as stated in its report appearing herein. The audited financial statements of the Port are public documents. The Port has not requested that Moss Adams LLP provide consent for inclusion of its audited financial statements in this Official Statement, and Moss Adams LLP has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Further, Moss Adams LLP has not participated in any way in the preparation or review of this Official Statement.

In addition to the annual audit of its financial statements by its independent auditor, the Port undergoes an annual accountability audit by the Office of the State Auditor ("SAO"). The accountability audit reviews the Port's uses of public resources, compliance with state laws and regulations, its policies and procedures, and internal controls over such matters.

## CONFLICTS OF INTEREST

Some or all of the fees of the Municipal Advisor, Bond Counsel, Disclosure Counsel, and the Registrar are contingent upon the issuance and sale of the Bonds. From time to time, Bond Counsel and Disclosure Counsel serve as counsel to other parties involved with the Bonds with respect to transactions other than the issuance of the Bonds. None of the members of the Commission or other officers of the Port have interests in the issuance of the Bonds that are prohibited by applicable law.

## MISCELLANEOUS

The purpose of this Official Statement is to supply information to purchasers of the Bonds. The summaries provided in this Official Statement and in the appendices attached hereto of the Bonds and the documents referred to herein do not purport to be comprehensive or definitive, and all references to the documents summarized are qualified in their entirety by reference to each such document. All references to the Bonds are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the aforesaid documents. Copies of the documents referred to herein are available for inspection during the period of the offering at the principal office of the Port.

Statements in this Official Statement, including matters of opinion, projections and forecasts, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Port and the purchasers of the Bonds.

By *\/s/Dan Thomas*
Chief Financial Officer

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# APPENDIX A

## AUDITED FINANCIAL STATEMENTS

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MOSSADAMS

# Report of Independent Auditors

The Port Commission
Port of Seattle
Seattle, Washington

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the financial statements of the Port of Seattle Enterprise Fund and the Warehousemen's Pension Trust Fund (collectively the "Port") as of December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022, and 2021, and the related notes to the financial statements, which collectively comprise the Port's financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective net position of the Port of Seattle Enterprise Fund and the fiduciary net position of the Warehousemen's Pension Trust Fund as of December 31, 2023 and 2022, and the changes in net position and cash flows for the Port of Seattle Enterprise Fund, and the changes in fiduciary net position for the Warehousemen's Pension Trust Fund for the years ended December 31, 2023, 2022, and 2021 in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Port and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of these financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in these financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of these financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

***Other Matter***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, Schedule of Port of Seattle's Proportionate Share of Net Pension Asset/Liability (NPA/NPL) - Enterprise Fund Pension Plans, Schedule of Port of Seattle's Contributions - Enterprise Fund Pension Plans, Schedule of Changes in Total OPEB Liability and Related Ratios - LEOFF Plan 1 Members' Medical Services Plan, Schedule of Changes in Total OPEB Liability and Related Ratios - Retirees Life Insurance Plan, Schedule of Changes in Net Pension Liability and Related Ratios - Warehousemen's Pension Trust Fund, Schedule of Employer Contributions - Warehousemen's Pension Trust Fund, Schedule of Investment Returns - Warehousemen's Pension Trust Fund, and Notes to Required Supplementary Information - Warehousemen's Pension Trust Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Moss Adams LLP

Seattle, Washington
April 25, 2024

# Port of Seattle
## Management's Discussion and Analysis for the Year Ended December 31, 2023

## Introduction

The following Management's Discussion and Analysis (MD&A) of the Port of Seattle's (the Port) activities and financial performance provides an introduction to the financial statements of the Port for the fiscal year ended December 31, 2023, including the Port operations within the Enterprise Fund and the Warehousemen's Pension Trust Fund reported as a Fiduciary Fund with selected comparative information for the years ended December 31, 2022 and 2021.

The Enterprise Fund accounts for all activities and operations of the Port except for the activities included within the Fiduciary Fund. This includes the Port's major business activities, which are composed of the Aviation, Maritime, and Economic Development divisions. The Enterprise Fund is used to account for operations and activities that are financed at least in part by fees or charges to external users. The Fiduciary Fund accounts for the Warehousemen's Pension Trust Fund. The Warehousemen's Pension Trust Fund accounts for the assets of the employee benefit plan held by the Port in a trustee capacity. The Port became the sole administrator for the Warehousemen's Pension Trust Fund effective May 25, 2004.

The MD&A presents certain required information regarding capital assets and long-term debt activity during the year, including commitments made for capital expenditures. The information contained in this MD&A has been prepared by management and should be considered in conjunction with the financial statements and the notes thereto, which follow this section. The notes are essential to understand the data contained in the financial statements thoroughly.

## Overview of the Financial Statements

The financial section of this annual report consists of four parts: MD&A, the basic financial statements, the notes to the financial statements, and the required supplementary information (RSI). The report includes the following three basic financial statements for the Port Enterprise Fund: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. The report also includes two basic financial statements for the Fiduciary Fund: the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.

## Local Economic Factors

In 2023, Washington State's economy continued to rebound, building on the recovery initiated in 2022 following the severe downturn triggered by the novel coronavirus (COVID-19) pandemic that broke out in 2020. The statewide unemployment rate saw a slight decrease from an average of 4.2% in 2022 to 4.1% in 2023. Private sector employment experienced mild growth of 1.2% during the same period, while public sector employment grew by 3.4%. The Seattle metropolitan area gained 26,000 jobs, with education and health services contributing 11,900 of those positions.

The Port posted strong financial performance in 2023 reflecting a sustained recovery from the pandemic. Seattle-Tacoma International Airport (SEA) served 50.9 million passengers in 2023, which was only 1.8% less than the pre-pandemic level in 2019. International passenger traffic recovered to pre-pandemic levels. Despite high inflation in early 2023, demand for leisure travel persisted and contributed to the strong recovery of air and cruise travel. In 2023, the cruise business hosted 291 cruise ship calls, setting a new record of 1,778,000 passengers, indicating a strong resurgence in the cruise industry. It is estimated that each homeported cruise ship brings $4 million in economic impact to the region and nearly $900 million during a full cruise season. Over one-third of cruise ships utilized shore power at Smith Cove Cruise Terminal, setting a record for plug-ins for the cruise season. Grain volumes totaled 2.7 million metric tons, a 39% decline in volume from 2022, primarily due to weakened demand from China. The overall occupancy rate of commercial and industrial properties decreased slightly from 95% at the end of 2022 to 90% at the end of 2023.

In response to the economic impacts of the COVID-19 crisis, the U.S. Government offered the following stimulus and relief programs to help the local economy:

- On March 27, 2020, the U.S. Congress passed the Coronavirus Aid, Relief and Economic Security Act. The act included $10 billion in funding to assist U.S. airports that faced significant economic disruption due to the COVID-19 pandemic. This funding was distributed to eligible airports to respond to the effects of the emergency. The funds came directly from the U.S. Treasury's General Fund, and the Federal Aviation Administration (FAA) Office of Airports administered the grant funds to these airports. SEA was one of the airports that received this aid and was awarded a $192.1 million federal grant to help alleviate the significant economic stress it was facing. SEA applied for and received grants awarded during 2020 and 2021.
- On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriation (CRRSA) Act was signed into law. It provided nearly $2 billion in economic relief to eligible U.S. airports and airport concessionaires. To distribute this relief, the FAA established the Airport Coronavirus Response Grant Program (ACRGP). SEA was awarded a $37.4 million ACRGP grant to lessen the economic stress caused by the pandemic. SEA applied for and received grants awarded during 2021 and 2022. SEA received $5.4 million in concession relief, which provided rent and other minimum annual guarantee payment relief to eligible tenants operating on-airport car rental, on-airport parking, and in-terminal airport concessions during 2021 and 2022.
- On March 11, 2021, the American Rescue Plan (ARP) Act was signed into law providing additional relief from the economic impacts of the pandemic. This act allocated $8 billion in funding to U.S. airports to cover the costs of their operations, personnel, cleaning, and other expenses incurred by airport concessionaires. SEA was awarded $154.4 million from the ARP Act grant. SEA received $11.9 million, $129.8 million, and $12.7 million of the awarded grants in 2023, 2022, and 2021, respectively. Additionally, SEA was awarded $21.4 million in concession relief, which provided rent and other minimum annual guarantee payment relief to in-terminal airport concessionaires. SEA provided $1.9 million and $19.5 million concession relief to eligible tenants in 2023 and 2022, respectively.

## The Northwest Seaport Alliance

In August 2015, the home ports of Seattle and Tacoma unified the management of marine cargo facilities and businesses to strengthen the Puget Sound gateway and attract more marine cargo and jobs to the region. On January 1, 2016, the Northwest Seaport Alliance (NWSA), a separate legal governmental entity, was established as a Port Development Authority. The commissions of each home port serve as the Managing Members of the NWSA. The NWSA is accounted for as a joint venture by the home ports.

Each home port remains a separate legal entity, independently governed by its own elected commissioners. Each home port has granted the NWSA a license for the NWSA's exclusive use, operation, and management of certain facilities, but ownership of the licensed facilities remains with the home ports. The NWSA's financial framework aims to support both home ports' credit profiles without negatively affecting existing bond pledges and covenants. Outstanding bonds remain the obligations of each individual home port. To maintain the rights of each home port's existing bondholders, the NWSA is prohibited from issuing debt. The NWSA has its own annual operating budget and five-year capital investment plan.

The home ports set up an initial 50/50 investment in the NWSA. The home ports share the NWSA's change in net position and distribution of operating cash equally. The home ports contribute to capital construction projects subject to Managing Member approval. Capital funding does not come from working capital.

In 2019, the Managing Members and the Port of Seattle Commission (the Commission) authorized the completion of a one-time Membership Interest Affirmation of 50/50 for each home port in satisfaction of the NWSA Charter. In lieu of completing the required reevaluation of Membership Interest, the Port agreed to pay up to $32 million additional contribution to the NWSA. This additional contribution was to recognize that certain forecasted revenue streams, not secured by long-term contractual agreements in the initial valuation, would only be achieved with the redevelopment of Terminal 5. This additional contribution is being made to the NWSA in three installments. The first two installments of $11 million each were paid in 2020 and 2021, respectively. The final installment will be made in 2024. The Managing Members also authorized the distribution of these affirmation payments to the home ports equally after the NWSA received the funds from the Port.

In 2019, an Interlocal Agreement was approved between the Port and the NWSA to facilitate the development of a new cruise terminal by the Port occupying 29 acres of the overall 86.5 acres at Terminal 46. The remainder of the site would be maintained by the NWSA as a marine cargo facility and for administrative use. This cruise terminal project was postponed due to the pandemic and is no longer being planned. The Port agreed to pay the NWSA a monthly use fee, starting January 1, 2020, for 23 years with a 2% annual increase. In 2023 and 2022, the Port's payment to the NWSA was $4.1 million and $4 million, respectively. The Port's 50% share of the NWSA's change in net position was reduced by $2 million in 2023 and 2022, respectively, due to the elimination of profit on the intra-entity transaction.

In 2022, the Managing Members approved an amendment and restatement of an Interlocal Agreement allowing the NWSA's use of three cranes owned by the Port at Terminal 46. The NWSA agreed to pay the Port a monthly use fee, beginning October 1, 2022, for 4 years. In 2023 and 2022, the Port's 50% share of the NWSA's change in net position was increased by $165,000 and $41,000, respectively, due to the elimination of profit on the intra-entity transaction.

In 2023, the Port's share of joint venture income before the elimination of profit on the intra-entity transactions was $57.7 million, an increase of $2.3 million or 4.2% from 2022. The increase was primarily due to higher operating revenues, which were partially offset by higher operating expenses and lower nonoperating income. The increase in operating revenues was due to (1) increased volume at the Husky Terminal leading to higher equipment rental and intermodal revenues, (2) additional revenues from a shipping line that failed to meet its guaranteed minimum volume, and (3) an increase in imported automobile unit volumes, some of which were heavier and required longer discharge periods. Operating expenses also increased due to higher facility and equipment maintenance costs, as well as increased operations and security expenses to support the growth of auto, breakbulk, and intermodal activity. Nonoperating income decreased due to nonrecurring transactions recorded in 2022, which included contributed stormwater improvement assets at Terminal 18 and a settlement payment from a former tenant at West Sitcum Terminal.

In 2022, the Port's share of joint venture income before the elimination of profit on the intra-entity transactions was $55.4 million, a slight decrease of $0.6 million or 1.2% from 2021, primarily due to lower operating revenue and higher operating expenses. Decreases in operating revenue were mostly due to a decrease in container volume, which was driven by (1) the uncertainty from ongoing labor negotiations that caused shippers to move cargo from West Coast Ports to East Coast and Gulf ports, and (2) congestion in Vancouver, Canada, causing the shipping lines to bypass the Pacific Northwest ports. Higher operating expenses were largely from longshore labor and Terminal 5 shuttle costs incurred during the West Seattle bridge shutdown.

In 2023 and 2022, the NWSA spent $51.7 million and $58.3 million, respectively, on the acquisition and construction of capital assets, primarily for the modernization of container terminals for ultra-large ships and the redevelopment of Terminal 5. Both home ports contributed equally to the capital expenditures in both years as investments in the joint venture.

Additional information on the formation and operations of the joint venture can be found in Note 1 and Note 13 in the accompanying Notes to Financial Statements.

## Enterprise Fund

### Financial Position Summary

The Statement of Net Position presents the financial position of the Port's Enterprise Fund at the end of the fiscal year. The statement includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Enterprise Fund. Net position, the difference between total assets plus deferred outflows of resources and total liabilities plus deferred inflows of resources, is an indicator of the current fiscal health of the organization and the enterprise's financial position over time.

A summarized comparison of the Enterprise Fund assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at December 31 is as follows (in thousands):

| | 2023 | 2022 (Restated) | 2021 (Restated) |
|---|---|---|---|
| Assets: | | | |
| Current, long-term, and other assets | $ 2,863,153 | $ 2,957,356 | $ 2,341,304 |
| Capital assets | 7,412,534 | 7,172,593 | 7,113,769 |
| Total assets | $ 10,275,687 | $ 10,129,949 | $ 9,455,073 |
| Deferred Outflows of Resources | $ 86,206 | $ 88,655 | $ 54,379 |
| Liabilities: | | | |
| Current liabilities | $ 595,551 | $ 495,885 | $ 479,861 |
| Noncurrent liabilities | 4,606,215 | 4,879,984 | 4,426,463 |
| Total liabilities | $ 5,201,766 | $ 5,375,869 | $ 4,906,324 |
| Deferred Inflows of Resources | $ 506,907 | $ 521,814 | $ 505,053 |
| Net Position: | | | |
| Net investment in capital assets | $ 3,504,319 | $ 3,352,145 | $ 3,345,398 |
| Restricted | 482,795 | 488,682 | 365,621 |
| Unrestricted | 666,106 | 480,094 | 387,056 |
| Total net position | $ 4,653,220 | $ 4,320,921 | $ 4,098,075 |

Assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by $4.7 billion as of December 31, 2023, and $4.3 billion for 2022. Total net position increased by $332.3 million from 2022 to 2023, and $222.8 million from 2021 to 2022, respectively.

In 2023, the Port restated its financial statements for all periods presented retroactively for the adoption of Governmental Accounting Standards Board Statement No. 96 (GASB 96), *Subscription-Based Information Technology Arrangements (SBITAs)*. Restatement of the 2022 and 2021 Statement of Net Position resulted in (1) additions of $17.4 million, and $18.1 million, respectively, to capital assets–net, mostly for intangible subscription assets, and (2) additions of $16.1 million and $17.4 million, respectively, to subscription liability.

In 2022, the Port restated its financial statements for all periods presented retroactively for the adoption of GASB Statement No. 87 (GASB 87), *Leases*. Restatement of the 2021 Statement of Net Position resulted in (1) additions of $344.9 million to both lease receivable and deferred inflows of resources, (2) additions of $4.7 million to intangible lease assets–net, and (3) additions of $4.7 million to lease liability.

While there were no significant changes in the net position, the Port's quarterly performance reports were presented without the application of GASB 87 and GASB 96, as compared to the audited financial statements. The purpose of the quarterly performance report was to present the Port's results from its operation without adjustments as required by GASB 87 and GASB 96 in the Statement of Revenues, Expenses, and Changes in Net Position.

**Net Investment in Capital Assets**
For each year presented, the largest portion of the Enterprise Fund's net position represents its net investment in capital assets. The Port uses these capital assets to provide services to its tenants, passengers, and customers of the Aviation, Maritime, and Economic Development divisions; therefore, these assets are not available for future spending. Although the Port's net investment in capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations as the capital assets themselves cannot be used to liquidate liabilities. From 2022 to 2023, and from 2021 to 2022, there were increases of $152.2 million and $6.7 million, respectively, in net investment in capital assets.

The respective increase in this category, net of accumulated depreciation and amortization, was primarily driven by new asset additions and construction activities in major Aviation programs, partially offset by related demolitions and bond principal payments. Additional information can be found in the MD&A about Capital Assets and Debt Administration.

**Restricted Net Position**
As of December 31, 2023 and 2022, the restricted net position of $482.8 million and $488.7 million, respectively, was composed mainly of bond proceeds restricted for debt service reserves in accordance with bond covenants, airport Passenger Facility Charges (PFC) subject to federal regulations, rental car Customer Facility Charges (CFC) subject to state regulations and net pension asset related to the statewide public employee retirement plans administered by the Department of Retirement Systems (DRS). There was a decrease of $5.9 million in the restricted net position from 2022 to 2023 and an increase of $123.1 million from 2021 to 2022.

The decrease in this category from 2022 to 2023 was largely due to a $41.2 million decrease in restricted debt service reserves, of which $41 million in debt service payments were made from the capitalized interest funds associated with the 2021ACD and the 2022BC Intermediate Lien Revenue and Refunding Bonds. This decrease was offset by a $20 million increase from the restricted net pension asset, which was driven by a decline in deferred inflows of resources associated with the net difference between the projected and actual earnings on pension plan investments administered by the DRS. In 2023, passenger activity at SEA increased by 10.7% compared to 2022, leading to increases in PFC and CFC revenues, which further offset the decrease in the restricted net position.

The increase in this category from 2021 to 2022 was largely due to a $75.1 million increase in restricted debt service reserves. The issuance of the 2022ABC Intermediate Lien Revenue and Refunding Bonds contributed to a $94.9 million increase in restricted debt service reserves. This increase was offset by $21.2 million in debt service payments made from the capitalized interest funds associated with the 2019 Intermediate Lien Revenue Bonds and the 2021ACD Intermediate Lien Revenue and Refunding Bonds. In 2022, increases in deferred outflows of resources from changes in assumptions on certain retirement plans administered by the DRS contributed to a $22 million increase in restricted net pension asset. In 2022, passenger activity at SEA rebounded 27.1% compared to 2021, contributing to increases in PFC and CFC revenues and the restricted net position.

**Unrestricted Net Position**
As of December 31, 2023 and 2022, the unrestricted net position was $666.1 million and $480.1 million, respectively. From 2022 to 2023, and from 2021 to 2022, there were increases of $186 million and $93 million, respectively. The Port's strong operating performance largely contributed to the increase in the unrestricted net position in 2023. In 2023, the Port established a new Environmental Legacy Fund starting with a $30 million deposit from previously collected tax levy dollars. The purpose of this new fund was to ensure the availability of critical resources for legacy environmental remediation and cleanup while acting as an environmental and financial steward for our community.

In 2022, $149.4 million of federal relief grants, namely the CRRSA Act grant and the ARP Act grant, were recorded as noncapital grants and contributions, which contributed to the majority of increases in the unrestricted net position. These grants were used for reimbursements of $105.3 million in debt service payments, $24.5 million in operating expenses, and $19.6 million in non-aeronautical revenues associated with concession relief.

Resources from the unrestricted net position may be used to satisfy the Port's ongoing obligations. However, due to federal regulations, resources from SEA operations must be used solely for the Aviation Division's operations. In 2023, cash and cash equivalents, and investment balances related to SEA operations increased from $494.1 million in 2022 to $655.1 million. The $161 million increase was largely due to (1) higher net operating income from recovering airline activity and passenger volumes to 98.2% of the pre-pandemic level, and (2) management's decision to increase the working capital target to $576 million, i.e. cash level which approximated 15 months of SEA-related operations and maintenance (O&M) expenses based on 2023 budgeted O&M expenses. By 2025, the target is to have working capital sufficient to cover 18 months of SEA-related O&M expenses. In 2022, cash and cash equivalents, and investment balances related to SEA operations increased from $341.4 million in 2021 to $494.1 million. The $152.7 million increase was largely due to (1) receiving various federal relief grants, and (2) higher operating revenues from rebounded airline activity and passenger volumes to 88.7% of pre-pandemic level.

### Statement of Revenues, Expenses, and Changes in Net Position

The change in net position is an indicator of whether the overall fiscal condition of the Enterprise Fund has improved or worsened during the year. Following is a summary of the Statement of Revenues, Expenses, and Changes in Net Position (in thousands) for the years ended December 31:

| | 2023 | 2022 (Restated) | 2021 (Restated) |
|---|---|---|---|
| Operating revenues | $ 953,560 | $ 797,918 | $ 609,796 |
| Operating expenses | 550,899 | 470,231 | 359,314 |
| Operating income before depreciation and amortization | 402,661 | 327,687 | 250,482 |
| Depreciation and amortization | 256,740 | 237,649 | 195,303 |
| Operating income (loss) | 145,921 | 90,038 | 55,179 |
| Nonoperating income—net | 150,069 | 94,692 | 111,927 |
| Capital grants and contributions | 36,309 | 38,116 | 47,632 |
| Special items: | | | |
| Habitat restoration costs | | | (34,907) |
| Increase in net position | 332,299 | 222,846 | 179,831 |
| Net position—beginning of year, as restated (Note 1) | 4,320,921 | 4,098,075 | 3,918,244 |
| Net position—end of year | $ 4,653,220 | $ 4,320,921 | $ 4,098,075 |

### Financial Operation Highlights

A summary of operating revenues is as follows (in thousands):

| | 2023 | 2022 | 2021 (Restated) |
|---|---|---|---|
| Operating Revenues: | | | |
| Services | $ 353,114 | $ 297,740 | $ 222,699 |
| Property rentals | 527,348 | 433,729 | 328,139 |
| Customer facility charge revenues | 16,954 | 12,171 | 2,018 |
| Operating grants | 324 | 875 | 2,894 |
| Joint venture income | 55,820 | 53,403 | 54,046 |
| Total operating revenues | $ 953,560 | $ 797,918 | $ 609,796 |

During 2023, operating revenues increased by $155.6 million or 19.5% from $797.9 million in 2022 to $953.6 million, primarily due to the continued economic recovery from the pandemic. Aviation Division operating revenues rose by $146.1 million in 2023 with increases of $77.2 million in aeronautical revenues and $68.9 million in non-aeronautical revenues. Aeronautical revenues are based on cost recovery. Higher aeronautical revenues were primarily due to (1) a $31.6 million increase in debt service mostly resulting from minimal federal relief grants remaining to reimburse debt service payments, and (2) a $49.2 million increase in operating expenses. Non-aeronautical revenues surpassed the pre-pandemic level as a result of a 10.7% increase in passenger volumes compared to 2022, particularly in Airport Dining and Retail of $30 million, Public Parking of $22 million, Rental Car of $7.1 million, and Ground Transportation of $4.1 million. Public Parking and Rental Car rates also increased in 2023, further contributing to higher revenues. Maritime Division operating revenues increased by $8.5 million or 12.8% from 2022. The majority of this increase was attributed to a rise in Cruise revenues, which increased by $11.2 million due to higher occupancy and rates. The 2023 cruise season hosted over 290 sailings with a record of 1.8 million passengers. Grain revenues dropped by $2.4 million compared to 2022 due to lower demand from China. Economic Development Division operating revenues decreased slightly by $0.7 million or 4% from 2022. This decrease was due to a larger number of Conference and Event Centers cancellations from increased competition for similar space.

During 2022, operating revenues increased by $188.1 million or 30.8% from $609.8 million in 2021 to $797.9 million, primarily due to the first full year of economic recovery from business reopening and removal of travel restrictions since the start of the COVID-19 pandemic. At SEA, passenger activity increased by 27.1% compared to 2021, although still fell short by 11.3% from the pre-pandemic level. Aviation Division operating revenues rose by $157.7 million in 2022 with increases of $85 million in aeronautical revenues and $72.7 million in non-aeronautical revenues. The increase in aeronautical revenues was primarily due to (1) higher operating expenses of $56.7 million from the recovery of passenger activities without the significant reduction of pension expenses from favorable investment performance of the DRS administered retirement plans in 2021, (2) an increase of $33.6 million in debt service, and (3) a decrease of $6.5 million in federal relief grants applied to offset aeronautical revenue requirements charged to airlines as compared to 2021. Non-aeronautical revenues experienced a favorable impact closely aligned with the recovery of passenger volumes, particularly in Public Parking of $24.8 million, Rental Car of $21.8 million, Airport Dining and Retail of $1.3 million, and Ground Transportation of $8.9 million. In addition, Public Parking and Rental Car rates increased in 2022. Maritime Division operating revenues increased significantly by $23.4 million or 54.1% from 2021, of which $21.3 million was attributed to an increase in Cruise revenues. The return of a full Alaska cruise season in 2022 set a new record of 295 sailings with over 1.3 million passengers. Grain revenues dropped slightly by $0.3 million due to lower volume compared to 2021. Economic Development Division operating revenues increased by $8.4 million or 96.7% from 2021. This increase was largely due to the return of business volumes in Conference and Event Centers.

A summary of operating expenses is as follows (in thousands):

| | 2023 | 2022 (Restated) | 2021 (Restated) |
|---|---|---|---|
| Operating Expenses: | | | |
| Operations and maintenance | $ 409,743 | $ 349,693 | $ 253,348 |
| Administration | 102,310 | 88,030 | 77,635 |
| Law enforcement | 38,846 | 32,508 | 28,331 |
| Total operating expenses | $ 550,899 | $ 470,231 | $ 359,314 |

During 2023, the Port resumed its prudent cost management measures while strategically increasing spending to support the continued recovery of operational activities. Operating expenses increased by $80.7 million or 17.2% from $470.2 million in 2022 to $550.9 million in 2023. Aviation Division operating expenses before depreciation and amortization increased by $65.4 million, mainly due to (1) higher payroll costs of $24.7 million from increases in pay and headcount, (2) a $13.9 million increase in Outside Services to support recovering passenger volumes, (3) a $21.9 million increase in allocated costs from Central Services and Law Enforcement due to staffing increases, and (4) an increase of $14.3 million in environmental remediation expenses, mostly for asbestos removal at facilities within the aeronautical rate base. These increases were partially offset by a $11.3 million decrease in pension expenses as compared to 2022. The Port experienced higher pension expenses in 2022 due to nonrecurring changes in assumptions and changes in benefit terms related to certain retirement plans administered by the DRS. Maritime Division operating expenses before depreciation and amortization increased by $9.6 million, primarily due to (1) a $2.9 million increase in environmental remediation expenses related to construction at Terminal 91 Berths 6 and 8 Redevelopment and the Maritime Innovation Center at Fishermen's Terminal, (2) a $2.6 million increase in maintenance expenses, mostly related to cruise operations, and (3) a $3.3 million increase in allocated costs from Central Services and Law Enforcement. Economic Development Division operating expenses before depreciation and amortization rose by $1.9 million from 2022. This increase was mostly attributed to a $1.4 million increase in spending for the regional economic development partnership program. The program's grant cycle has been extended from one year to two years, covering the period from 2022 to 2023. This change allows cities in King County a longer time frame to meet grant requirements for economic development projects that align with the Port's business interests.

During 2022, as the economy continued to recover, the Port eased some of the aggressive cost-saving measures implemented during the pandemic. Operating expenses increased by $110.9 million or 30.9% from $359.3 million in 2021 to $470.2 million in 2022. Aviation Division operating expenses before depreciation and amortization increased by $88.5 million, primarily due to (1) a $35.2 million increase in pension expense as investment return from all DRS administered retirement plans dropped from 28.7% in 2021 to 5.4% in 2022, (2) a $15.1 million increase in Outside Services driven from increased passenger activities, and (3) higher payroll expenses from filling vacant positions due to the lifting of the pandemic hiring freeze. Maritime Division operating expenses before depreciation and amortization increased by $16.8 million, primarily from (1) a $4.7 million increase in pension expenses, (2) a $2.1 million increase in Outside Services, mostly associated with cruise operation activities and write-offs from previously capitalized costs for construction of light industrial and retail buildings at Fishermen's Terminal, (3) a $2 million increase in Utilities, especially in electricity, because of buildings and facilities activities along with higher occupancy rates, and (4) higher payroll expenses from filling vacant positions. Economic Development Division operating expenses before depreciation and amortization increased by $5.4 million, mostly due to (1) a $3.4 million increase in variable costs associated with higher Conference and Event Centers volumes, and (2) a $1.8 million increase in pension expenses.

As a result, operating income before depreciation and amortization increased by $75 million and $77.2 million in 2023 and 2022, respectively. Depreciation and amortization expenses increased by $19.1 million and $42.3 million in 2023 and 2022, respectively.

A summary of nonoperating income (expense)—net, capital grants and contributions, and special items is as follows (in thousands):

| | 2023 | 2022 (Restated) | 2021 (Restated) |
|---|---|---|---|
| Nonoperating Income (Expense): | | | |
| Ad valorem tax levy revenues | $ 82,313 | $ 80,785 | $ 78,311 |
| Passenger facility charge revenues | 95,681 | 88,284 | 72,845 |
| Customer facility charge revenues | 24,657 | 24,461 | 24,271 |
| Noncapital grants and contributions | 19,192 | 153,764 | 103,206 |
| Fuel hydrant facility revenues | 6,681 | 7,451 | 7,010 |
| Lease interest income | 15,721 | 12,212 | 11,901 |
| Investment income (loss)—net | 94,541 | (50,735) | (5,386) |
| Revenue and capital appreciation bonds interest expense | (146,686) | (140,838) | (132,925) |
| Passenger facility charge revenue bonds interest expense | | | (1,041) |
| GO bonds interest expense | (10,162) | (11,877) | (11,004) |
| Public expense | (20,869) | (8,282) | (9,769) |
| Environmental expense—net | (10,056) | (1,296) | (7,495) |
| Other (expense) income—net | (944) | (59,237) | (17,997) |
| Total nonoperating income—net | $ 150,069 | $ 94,692 | $ 111,927 |
| Capital Grants and Contributions | $ 36,309 | $ 38,116 | $ 47,632 |
| Special Items: | | | |
| Habitat restoration costs | | | $ (34,907) |

During 2023, nonoperating income—net was $150.1 million, a $55.4 million increase from 2022. The increase was largely driven by (1) an increase of $145.3 million in investment Income—net, consisting of a $107.8 million increase in the investments' mark-to-market adjustments, as well as a $37.5 million increase in investment earnings due to higher average investment portfolio balances and higher interest rates, and (2) a $58.3 million decrease in other expense—net, which mostly included a $52 million decrease in losses from demolition, retirement, and sale of capital assets as compared to 2022. The decrease in losses was mainly attributable to the nonrecurring loss of retirements related to the Baggage System associated with the Checked Baggage Optimization program at SEA in 2022. These increases were offset by (1) a $134.6 million decrease in noncapital grants and contributions, as SEA received most of its ARP Act grants from the FAA in 2022, and (2) a $12.6 million increase in public expense, mainly due to the Port recording a $15 million contribution to the Washington State Department of Transportation (WSDOT) for the construction of the State Route 509 Completion Project as part of the Puget Sound Gateway Program. This was the first installment of the Interlocal Agreement between the Port and WSDOT for eligible construction costs incurred on the State Route 509 Completion Project. The Port will pay the remaining $15 million to WSDOT no earlier than December 2026. The State Route 509 Completion Project will improve local and regional accessibility to the Port's facilities, including SEA and both NWSA harbors.

During 2022, nonoperating income—net was $94.7 million, a $17.2 million decrease from 2021. The decrease was largely driven by (1) an increase of $45.3 million in investment loss—net, consisting of $62.7 million of unrealized loss on the fair value of the investments due to the Federal Reserve raising interest rates multiple times in 2022, offset by a $17.3 million increase in investment interest income from higher investment portfolio balances and higher interest rates, and (2) a $41.2 million increase in other expense—net, including an increase of $35.7 million in losses from demolition, retirement, and sale of capital assets as compared to 2021. The most significant losses in 2022 were retirements related to the Baggage System from the Checked Baggage Optimization program at SEA resulting in a loss of $50.6 million and a $3.4 million loss from the demolition at SEA for the restroom renovation and refresh project. These increases in losses were offset by (1) a $49 million increase in federal relief grants received from the FAA, mostly from ARP Act grants, and (2) a $15.4 million increase in PFC revenues from recovering passenger volumes as the economy continued to improve compared to 2021.

In 2023, capital grants and contributions decreased by $1.8 million as compared to 2022. The decrease was mainly due to the winding down and closeout of several Airport Improvement Programs (AIPs), which resulted in a decrease of $14.6 million. This decrease was offset by a $12.1 million increase in grant receipts for ongoing and new AIPs started in 2023. Some of the notable programs that received funding as part of the increase were $4.5 million for restroom renovations in Concourses B, C, and D, $2.6 million for the improvement of Checkpoint 1 at the Main Terminal, and $1.5 million for the reconstruction of the South Satellite Taxilane.

In 2022, capital grants and contributions decreased by $9.5 million over 2021, mainly driven by a $10.6 million decrease in grant revenues received from the FAA for noise mitigation in public buildings and residences within the noise contour, as most of these programs were closed in 2022. Additional program closures in 2022 attributed to a $10.1 million decrease in grant revenues for the rehabilitation of runway 16R/34L and a $6.5 million decrease for the reconstruction of the South Satellite Taxilane. These grant revenue decreases were offset by grant receipts in 2022 for (1) a $10.5 million pavement and infrastructure grant for the North Satellite and Cargo Taxilanes plus Cargo Apron and Taxiway Joint Seal programs, and (2) a $6 million increase for restroom renovations in Concourses B, C, and D.

In 2021, the Port recorded, as a special item, $34.9 million of additional construction cost for a habitat restoration project and related cleanup at Terminal 25 South.

The increase in net position for 2023 was $332.3 million, an increase of $109.5 million or 49.1% from $222.8 million in 2022, mostly due to strong operating performance by SEA despite the phasing out of federal relief grants.

The increase in net position for 2022 was $222.8 million, an increase of $43 million or 23.9% from $179.8 million in 2021, reflecting strong operating revenues in almost all lines of business from the continued rebound of the economy and the removal of travel restrictions. Federal relief grants also played a key role in maintaining the healthy financial position of the Port.

## Warehousemen's Pension Trust Fund

The Fiduciary Fund accounts for the Warehousemen's Pension Trust Fund. The Warehousemen's Pension Trust Fund accounts for the assets of the employee benefit plan held by the Port in a trustee capacity. Effective May 25, 2004, the Port became the sole administrator of the Warehousemen's Pension Plan and Trust (the Plan). The Plan was originally established to provide pension benefits for the employees at the Port's warehousing operations at Terminal 106. In late 2002, the Port terminated all warehousing operations following the departure of the principal customer who operated the facility. The Plan provides that only service credited and compensation earned before April 1, 2004, shall be utilized to calculate benefits defined under the Plan, and the Port agrees to maintain the frozen Plan and to contribute funds to the Plan in such amounts that may be necessary to enable the Plan to pay vested accrued benefits as they become due and payable to participants and beneficiaries of the Plan. Additional information on the Port's Warehousemen's Pension Trust Fund can be found in Note 15 in the accompanying Notes to Financial Statements.

The following is a summary of the assets, liabilities, and fiduciary net position of the Warehousemen's Pension Trust Fund as of December 31, and changes in fiduciary net position for the years ended December 31 (in thousands):

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Total assets | $ 11,056 | $ 9,789 | $ 11,744 |
| Total liabilities | 11 | 10 | 13 |
| Total fiduciary net position | $ 11,045 | $ 9,779 | $ 11,731 |
| | | | |
| Total additions | $ 2,951 | $ (215) | $ 2,603 |
| Total deductions | (1,685) | (1,737) | (1,756) |
| Increase (Decrease) in fiduciary net position | 1,266 | (1,952) | 847 |
| Fiduciary net position—beginning of year | 9,779 | 11,731 | 10,884 |
| Fiduciary net position—end of year | $ 11,045 | $ 9,779 | $ 11,731 |

Total fiduciary net position as of December 31, 2023 increased by $1.3 million, mostly due to an increase in the fair value of investments in 2023. The fiduciary net position as of December 31, 2022 decreased by $2 million due to significant losses in fair value of investments resulting from interest rate increases in 2022.

## Capital Assets

The Port's capital assets, net of accumulated depreciation and amortization, for its business activities as of December 31, 2023, amounted to $7.4 billion. Capital assets include land, air rights, facilities and improvements, equipment, furniture and fixtures, intangible right-to-use lease and subscription assets, and construction in progress.

In 2023, the Port's expenditures for capital construction projects totaled $503.2 million, of which $462 million, $5.6 million, and $26.4 million related to the Aviation Division, Economic Development Division, and Maritime Division, respectively. Aviation construction accounted for 91.8% of total spending for capital projects at the Port in 2023. Major Aviation project spending included $91 million for the North Main Terminal Redevelopment program; $87.9 million for the Checked Baggage Optimization program; $42.2 million on airfield-related improvements for taxiways and pavement; $39 million for utilities and mechanical infrastructure improvements; $36.1 million for the C Concourse Expansion project; $33.7 million for security projects in the terminals; $24.3 million for terminal interior improvements including the Restroom Renovation program and North Satellite expansion; $24 million to expand airport lounges in Concourse A; $15.7 million for SEA Underground Transit Controls Replacement project; and $10.7 million for the renewal and replacement of passenger loading bridges. Maritime construction accounted for 5.2% of total spending for capital projects in 2023, which included $13.5 million to provide electrical infrastructure at Pier 66, which will allow cruise ships to connect to Seattle City Light to eliminate air emissions at the dock and reduce overall emissions in Elliott Bay.

During 2023, capital construction projects totaling $248.6 million were completed and placed in service as capital assets, of which $228.5 million, $6 million, and $6.8 million related to the Aviation Division, Economic Development Division, and Maritime Division, respectively. Aviation Division projects accounted for 91.9% of total additions to new capital assets in 2023. Major Aviation projects included $63.4 million for the Checked Baggage Optimization system; $32.9 million in airfield-related assets, including taxiway and pavement improvements; $22.7 million for terminal interior improvements including the Restroom Renovation program, $17.9 million for security assets in the terminals; $17.2 million for utility and mechanical infrastructure improvements; $17.2 million for the installation of infrastructure supporting the Electrical Charging System program for Ground Support Equipment and Vehicles; $13.4 million for Parking Garage Improvement programs; and $11.7 million for the renewal and replacement of passenger loading bridges.

During 2023, the Port collected $82.2 million in property taxes through a King County ad valorem tax levy. The Port funds its capital assets from multiple sources, including but not limited to operating income, the ad valorem tax levy, PFCs, CFCs, federal and state grants, and bond proceeds. All capital assets are accounted for within the Enterprise Fund. Additional information on the Port's capital assets can be found in Note 4 in the accompanying Notes to Financial Statements.

## Debt Administration

As of December 31, 2023, the Port had outstanding revenue bonds of $3.8 billion, a $196.1 million decrease from 2022, due to principal payments.

As of December 31, 2023, the Port had outstanding General Obligation (GO) Bonds of $315.4 million, a $21.5 million decrease from 2022, due to principal payments.

As of December 31, 2023, the Port had outstanding Fuel Hydrant Special Facility Revenue Bonds of $52.4 million, a $4.5 million decrease from 2022, due to a principal payment.

Below are the underlying Port credit ratings as of December 31, 2023. Certain Port bonds include bank letters of credit, and as such, those bonds may assume the credit rating of the associated letter of credit provider.

| | **Fitch** | **Moody's** | **S&P** |
|---|---|---|---|
| GO 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 revenue bonds | | A1 | A+ |

Additional information on the Port's debt and conduit debt activities can be found in Note 5 and Note 6, respectively, in the accompanying Notes to Financial Statements.

## Request For Information

This financial report provides a general overview of the Port's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Accounting and Financial Reporting Department at:

Port of Seattle
Pier 69
P.O. Box 1209
Seattle, WA 98111

# Port of Seattle — Enterprise Fund
## Statement of Net Position as of December 31, 2023 and 2022 (in thousands)

| Assets and Deferred Outflows of Resources | 2023 | 2022 (Restated) |
|---|---|---|
| Current Assets: | | |
| Cash and cash equivalents | $ 98,025 | $ 173,462 |
| Restricted cash and cash equivalents: | | |
| Bond funds and other | 79,180 | 259,405 |
| Fuel hydrant assets held in trust | 4,871 | 4,669 |
| Short-term investments | 419,445 | 243,444 |
| Restricted short-term investments: bond funds and other | 350,462 | 374,419 |
| Accounts receivable, less allowance for doubtful accounts of $1,914 and $1,331 | 76,510 | 71,611 |
| Current lease receivable | 20,586 | 18,254 |
| Related party receivable—joint venture | 5,328 | 8,093 |
| Grants-in-aid receivable | 26,504 | 16,996 |
| Taxes receivable | 1,646 | 1,510 |
| Materials and supplies | 10,577 | 10,025 |
| Prepayments and other current assets | 18,537 | 9,339 |
| Total current assets | 1,111,671 | 1,191,227 |
| Noncurrent Assets: | | |
| Long-term investments | 493,785 | 375,063 |
| Restricted long-term investments: | | |
| Bond funds and other | 423,473 | 590,661 |
| Fuel hydrant assets held in trust | 5,500 | 5,570 |
| Investment in joint venture | 324,984 | 300,366 |
| Restricted net pension asset | 77,277 | 72,119 |
| Lease receivable | 426,253 | 422,208 |
| Other long-term assets | 210 | 142 |
| Capital Assets: | | |
| Land, air rights, and other | 2,053,809 | 2,052,696 |
| Facilities and improvements | 6,874,730 | 6,789,876 |
| Equipment, furniture, and fixtures | 1,051,871 | 938,043 |
| Intangible lease assets | 7,715 | 7,755 |
| Intangible subscription assets | 30,696 | 28,555 |
| Total capital assets | 10,018,821 | 9,816,925 |
| Less accumulated depreciation and amortization | (3,326,981) | (3,110,448) |
| Construction work in progress | 720,694 | 466,116 |
| Total capital assets—net | 7,412,534 | 7,172,593 |
| Total noncurrent assets | 9,164,016 | 8,938,722 |
| Total assets | 10,275,687 | 10,129,949 |
| Deferred Outflows of Resources: | | |
| Deferred loss on refunding bonds | 21,816 | 23,940 |
| Deferred charges on net pension asset and liability | 62,609 | 62,854 |
| Deferred charges on total other postemployment benefits (OPEB) liability | 1,781 | 1,861 |
| Total deferred outflows of resources | 86,206 | 88,655 |
| Total | $ 10,361,893 | $ 10,218,604 |

See Notes to Financial Statements.

(Continued)

# Port of Seattle — Enterprise Fund
## Statement of Net Position as of December 31, 2023 and 2022 (in thousands)

| Liabilities, Deferred Inflows of Resources, and Net Position | 2023 | 2022 (Restated) |
|---|---|---|
| Current Liabilities: | | |
| Accounts payable and accrued expenses | $ 180,735 | $ 126,219 |
| Related party payable—joint venture | 5,341 | 3,834 |
| Payroll and taxes payable | 68,924 | 65,252 |
| Bonds interest payable | 56,012 | 57,383 |
| Customer advances and unearned revenues | 62,679 | 33,182 |
| Current maturities of long-term debt | 221,860 | 210,015 |
| Total current liabilities | 595,551 | 495,885 |
| Noncurrent Liabilities: | | |
| Long-Term Liabilities: | | |
| Net pension liability | 24,001 | 30,196 |
| Environmental remediation liability | 113,109 | 100,735 |
| Bonds interest payable | 40,917 | 36,507 |
| Total OPEB liability | 16,957 | 15,805 |
| Lease and subscription liabilities | 12,934 | 14,762 |
| Lease securities and other long-term liabilities | 8,384 | 8,945 |
| Total long-term liabilities | 216,302 | 206,950 |
| Long-Term Debt: | | |
| Revenue and capital appreciation bonds | 4,025,085 | 4,277,908 |
| General obligation (GO) bonds | 314,980 | 340,158 |
| Fuel hydrant special facility revenue bonds | 49,848 | 54,968 |
| Total long-term debt | 4,389,913 | 4,673,034 |
| Total noncurrent liabilities | 4,606,215 | 4,879,984 |
| Total liabilities | 5,201,766 | 5,375,869 |
| Deferred Inflows of Resources: | | |
| Deferred gain on refunding bonds | 18,325 | 21,269 |
| Deferred credits from leasing | 446,839 | 440,462 |
| Deferred credits on net pension asset and liability | 38,479 | 56,104 |
| Deferred credits on total OPEB liability | 3,264 | 3,979 |
| Total deferred inflows of resources | 506,907 | 521,814 |
| Net Position: | | |
| Net investment in capital assets | 3,504,319 | 3,352,145 |
| Restricted for: | | |
| Debt service reserves | 292,818 | 333,989 |
| Passenger facility charges | 57,243 | 50,301 |
| Customer facility charges | 32,355 | 24,362 |
| Net pension asset | 84,803 | 64,850 |
| Grants and other | 15,576 | 15,180 |
| Unrestricted | 666,106 | 480,094 |
| Total net position | 4,653,220 | 4,320,921 |
| Total | $ 10,361,893 | $ 10,218,604 |

See Notes to Financial Statements.

(Concluded)

# Port of Seattle — Enterprise Fund
## Statement of Revenues, Expenses, and Changes in Net Position for the Years Ended December 31, 2023, 2022, and 2021 (in thousands)

| | 2023 | 2022 (Restated) | 2021 (Restated) |
|---|---|---|---|
| Operating Revenues: | | | |
| Services | $ 353,114 | $ 297,740 | $ 222,699 |
| Property rentals | 527,348 | 433,729 | 328,139 |
| Customer facility charge revenues | 16,954 | 12,171 | 2,018 |
| Operating grants | 324 | 875 | 2,894 |
| Joint venture income | 55,820 | 53,403 | 54,046 |
| Total operating revenues | 953,560 | 797,918 | 609,796 |
| Operating Expenses: | | | |
| Operations and maintenance | 409,743 | 349,693 | 253,348 |
| Administration | 102,310 | 88,030 | 77,635 |
| Law enforcement | 38,846 | 32,508 | 28,331 |
| Total operating expenses | 550,899 | 470,231 | 359,314 |
| Net Operating Income Before Depreciation and Amortization | 402,661 | 327,687 | 250,482 |
| Depreciation and amortization | 256,740 | 237,649 | 195,303 |
| Operating Income (Loss) | 145,921 | 90,038 | 55,179 |
| Nonoperating Income (Expense): | | | |
| Ad valorem tax levy revenues | 82,313 | 80,785 | 78,311 |
| Passenger facility charge revenues | 95,681 | 88,284 | 72,845 |
| Customer facility charge revenues | 24,657 | 24,461 | 24,271 |
| Noncapital grants and contributions | 19,192 | 153,764 | 103,206 |
| Fuel hydrant facility revenues | 6,681 | 7,451 | 7,010 |
| Lease interest income | 15,721 | 12,212 | 11,901 |
| Investment income (loss)—net | 94,541 | (50,735) | (5,386) |
| Revenue and capital appreciation bonds interest expense | (146,686) | (140,838) | (132,925) |
| Passenger facility charge revenue bonds interest expense | | | (1,041) |
| GO bonds interest expense | (10,162) | (11,877) | (11,004) |
| Public expense | (20,869) | (8,282) | (9,769) |
| Environmental expense—net | (10,056) | (1,296) | (7,495) |
| Other (expense) income—net | (944) | (59,237) | (17,997) |
| Total nonoperating income—net | 150,069 | 94,692 | 111,927 |
| Income Before Capital Contributions and Special Items | 295,990 | 184,730 | 167,106 |
| Capital Grants and Contributions | 36,309 | 38,116 | 47,632 |
| Income Before Special Items | 332,299 | 222,846 | 214,738 |
| Special Items: | | | |
| Habitat restoration costs | | | (34,907) |
| Increase in Net Position | 332,299 | 222,846 | 179,831 |
| Total Net Position: | | | |
| Beginning of year, as restated (Note 1) | 4,320,921 | 4,098,075 | 3,918,244 |
| End of year | $ 4,653,220 | $ 4,320,921 | $ 4,098,075 |

See Notes to Financial Statements.

# Port of Seattle — Enterprise Fund
## Statement of Cash Flows for the Years Ended December 31, 2023, 2022, and 2021 (in thousands)

| | 2023 | 2022 (Restated) | 2021 (Restated) |
|---|---|---|---|
| Operating Activities: | | | |
| Cash received from customers | $ 883,074 | $ 700,739 | $ 540,008 |
| Cash received from joint venture for support services provided | 10,051 | 7,779 | 7,882 |
| Customer facility charge receipts | 16,954 | 12,171 | 2,018 |
| Cash paid to suppliers for goods and services | (222,247) | (149,570) | (178,914) |
| Cash paid to employees for salaries, wages, and benefits | (325,058) | (283,799) | (261,698) |
| Operating grants receipts | 324 | 875 | 2,894 |
| Other | 3,126 | 1,557 | 4,809 |
| Net cash provided by operating activities | 366,224 | 289,752 | 116,999 |
| Noncapital and Related Financing Activities: | | | |
| Principal payments on GO bonds | (6,655) | (6,330) | (6,020) |
| Interest payments on GO bonds | (9,267) | (9,591) | (9,900) |
| Cash paid for environmental remediation liability | (7,787) | (8,647) | (7,935) |
| Cash paid for public expenses | (4,273) | (8,800) | (9,928) |
| Ad valorem tax levy receipts | 82,177 | 80,756 | 78,321 |
| Noncapital grants and contributions receipts | 17,152 | 155,635 | 103,252 |
| Environmental recovery receipts | 2,969 | 1,448 | 1,705 |
| Insurance proceeds | 5,922 | | |
| Net cash provided by noncapital and related financing activities | 80,238 | 204,471 | 149,495 |
| Capital and Related Financing Activities: | | | |
| Proceeds from issuance and sale of revenue bonds, GO bonds, fuel hydrant special facility revenue bonds, and commercial paper | | 1,070,450 | 968,016 |
| Proceeds used for refunding of revenue bonds, GO bonds, fuel hydrant special facility revenue bonds, and PFC bonds | | (328,440) | (337,075) |
| Principal payments on revenue bonds, GO bonds, fuel hydrant special facility revenue bonds, PFC bonds, and commercial paper | (215,440) | (255,100) | (227,345) |
| Interest payments on revenue bonds, GO bonds, PFC bonds, fuel hydrant special facility revenue bonds, and commercial paper | (194,394) | (177,535) | (160,867) |
| Acquisition and construction of capital assets | (503,953) | (386,490) | (397,897) |
| Payments for leases and subscriptions | (6,490) | (6,149) | (5,400) |
| Capital grants and contributions receipts | 26,626 | 31,702 | 52,877 |
| Deposits and proceeds from sale of capital assets | 547 | 412 | 267 |
| Receipts from leases | 36,546 | 33,243 | 29,410 |
| Passenger facility charge receipts | 95,208 | 87,697 | 66,536 |
| Customer facility charge receipts | 24,456 | 24,443 | 23,001 |
| Fuel hydrant facility revenues | 6,681 | 7,451 | 7,010 |
| Net cash (used in) provided by capital and related financing activities | $ (730,213) | $ 101,684 | $ 18,533 |

See Notes to Financial Statements.

(Continued)

# Port of Seattle — Enterprise Fund
## Statement of Cash Flows for the Years Ended December 31, 2023, 2022, and 2021 (in thousands)

| | 2023 | 2022 (Restated) | 2021 (Restated) |
|---|---|---|---|
| Investing Activities: | | | |
| Purchases of investment securities | $ (841,130) | $ (1,091,334) | $ (436,460) |
| Proceeds from sales and maturities of investments | 787,740 | 170,749 | 383,143 |
| Interest received on investments | 44,152 | 19,877 | 13,690 |
| Cash used to fund investment in joint venture | (28,219) | (28,671) | (61,465) |
| Cash distributions received from joint venture | 65,475 | 58,903 | 66,521 |
| Net cash provided by (used in) investing activities | 28,018 | (870,476) | (34,571) |
| Net (Decrease) Increase in Cash and Cash Equivalents | | | |
| (including $516, $789, and $0 restricted cash and cash equivalents of fuel hydrant assets held in trust reported as restricted long-term investments, respectively) | (255,733) | (274,569) | 250,456 |
| Cash and Cash Equivalents: | | | |
| Beginning of year | 438,325 | 712,894 | 462,438 |
| End of year | $ 182,592 | $ 438,325 | $ 712,894 |
| Reconciliation of Operating Income to Net Cash Flow from Operating Activities: | | | |
| Operating income (loss) | $ 145,921 | $ 90,038 | $ 55,179 |
| Miscellaneous nonoperating income (expense) | 3,126 | 1,557 | 4,809 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | |
| Depreciation and amortization | 256,740 | 237,649 | 195,303 |
| (Increase) Decrease in assets: | | | |
| Investment in joint venture | (57,685) | (55,353) | (55,998) |
| Accounts receivable | (3,594) | (13,175) | (25,511) |
| Materials and supplies, prepayments, and other | (39,125) | (10,081) | 4,013 |
| Net pension asset | (5,158) | 102,929 | (151,381) |
| (Increase) Decrease in deferred outflows of resources | (427) | (40,065) | 1,653 |
| Increase (Decrease) in liabilities: | | | |
| Accounts payable and accrued expenses | 43,844 | 44,338 | (24,220) |
| Payroll and taxes payable | 2,092 | 3,720 | 7,206 |
| Customer advances, unearned revenues, and lease securities | 28,717 | 11,178 | 8,058 |
| Net pension liability | (4,258) | 13,834 | (34,826) |
| Environmental remediation liability | 13,220 | (1,267) | 225 |
| Total OPEB liability | 1,152 | (4,967) | 296 |
| (Decrease) Increase in deferred inflows of resources | (18,341) | (90,583) | 132,193 |
| Net cash provided by operating activities | $ 366,224 | $ 289,752 | $ 116,999 |
| Supplemental Schedule of Noncash Investing, Capital, and Financing Activities: | | | |
| Net unrealized investment gain (loss) | $ 27,916 | $ (79,845) | $ (17,162) |

See Notes to Financial Statements.

(Concluded)

# Port of Seattle — Warehousemen's Pension Trust Fund
## Statement of Fiduciary Net Position as of December 31, 2023 and 2022 (in thousands)

| | 2023 | 2022 |
|---|---|---|
| Assets: | | |
| Cash and cash equivalents | $ 236 | $ 4 |
| Investments in mutual funds—fair value: | | |
| Fixed income | 4,156 | 3,941 |
| Domestic equities | 3,823 | 3,288 |
| International equities | 2,716 | 2,417 |
| Total investments | 10,695 | 9,646 |
| Other assets | 125 | 139 |
| Total assets | 11,056 | 9,789 |
| Liabilities: | | |
| Accounts payable | 11 | 10 |
| Net position restricted for pensions | $ 11,045 | $ 9,779 |

See Notes to Financial Statements.

# Port of Seattle — Warehousemen's Pension Trust Fund
## Statement of Changes in Fiduciary Net Position for the Years Ended December 31, 2023, 2022, and 2021 (in thousands)

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Additions: | | | |
| Employer contributions | $ 1,500 | $ 1,500 | $ 1,500 |
| Investment income: | | | |
| Net appreciation (depreciation) in fair value of investments | 1,172 | (1,980) | 872 |
| Dividends | 326 | 304 | 268 |
| Less investment expenses | (47) | (39) | (37) |
| Net investment income (loss) | 1,451 | (1,715) | 1,103 |
| Total additions | 2,951 | (215) | 2,603 |
| Deductions: | | | |
| Benefits | 1,596 | 1,657 | 1,667 |
| Administrative expenses | 50 | 51 | 50 |
| Professional fees | 39 | 29 | 39 |
| Total deductions | 1,685 | 1,737 | 1,756 |
| Net increase (decrease) in net position | 1,266 | (1,952) | 847 |
| Net position restricted for pensions | | | |
| Beginning of year | 9,779 | 11,731 | 10,884 |
| End of year | $ 11,045 | $ 9,779 | $ 11,731 |

See Notes to Financial Statements.

# Port of Seattle
## Notes to Financial Statements

## Note 1. Summary of Significant Accounting Policies

### Organization

The Port of Seattle (the Port) is a municipal corporation organized on September 5, 1911, through enabling legislation by consent of the voters within the Port district. In 1942, the local governments in King County selected the Port to operate the Seattle-Tacoma International Airport (SEA). The Port is considered a special purpose government with a separately elected commission of five members. The Port is legally separate and fiscally independent of other state or local governments. The Port has no stockholders or equity holders. All revenues or other receipts must be disbursed in accordance with provisions of various statutes, applicable grants, and agreements with the holders of the Port's bonds.

### Reporting Entity

**Enterprise Fund**
The Enterprise Fund accounts for all activities and operations of the Port, except for the activities included as a Fiduciary Fund. The Enterprise Fund is used to account for operations and activities that are financed at least in part by fees or charges to external users.

The Port and its Enterprise Fund are composed of three operating divisions, namely, Aviation, Maritime, and Economic Development. The Aviation Division manages SEA serving the predominant air travel needs of a five-county area. SEA has 12 U.S.-flag passenger air carriers (including regional and commuter air carriers) and 23 foreign-flag passenger air carriers providing nonstop service from SEA to 124 cities, including 31 foreign cities. The Maritime Division manages industrial property connected with maritime businesses, recreational marinas, Fishermen's Terminal, cruise, grain, and maritime operations. The Economic Development Division focuses on managing the Port's industrial and commercial properties including conference and event centers, encouraging tourism, developing minority and/or women-owned business opportunities, and providing for workforce development in the aviation, maritime, and construction industries.

**Joint Venture**
The home ports of Seattle and Tacoma joined forces in August 2015, to unify management of marine cargo facilities and business to strengthen the Puget Sound gateway and attract more marine cargo and jobs to the region. On January 1, 2016, the Northwest Seaport Alliance (NWSA), a separate legal governmental entity, was formed. It is established as a Port Development Authority, similar to the Public Development Authorities formed by cities and counties. The commissions of each home port serve as the Managing Members of the NWSA. The NWSA is accounted for as a joint venture by the home ports.

Each home port remains a separate legal entity, independently governed by its own elected commissioners. The NWSA is governed by its Managing Members, with each Managing Member acting pursuant to the Charter through its elected commissioners. The Managing Members appoint a Chief Executive Officer who is responsible for hiring staff and entering into service contracts as needed. In addition, both home ports may provide services through shared service agreements with a portion of staff time allocated to and paid by the NWSA. The NWSA has its own annual operating budget and five-year capital investment plan. The home ports contribute to capital construction projects subject to the Managing Members' approval. Capital funding does not come from working capital.

Each home port has granted the NWSA a license for the NWSA's exclusive use, operation, and management of certain facilities, including the collection of revenues. Accounting for revenues and expenses associated with licensed properties becomes the responsibility of the NWSA. The NWSA was designed to support the credit profiles of both ports, and its financial framework preserves both home ports' commitment to financial stewardship. The home ports are committed to ensuring that existing bond pledges and covenants will not be negatively affected. As the Charter prohibits the NWSA from issuing debt and to maintain the rights of each home port's existing bondholders, the bonds outstanding will remain the obligations of each home port.

**Fiduciary Fund**
The Fiduciary Fund accounts for the Warehousemen's Pension Trust Fund. The Warehousemen's Pension Trust Fund accounts for the assets of the employee benefit plan held by the Port in a trustee capacity, with the Port as the sole administrator of the Plan. This Plan was originally established to provide pension benefits for the employees at the Port's warehousing operations at Terminal 106. In late 2002, the Port terminated all warehousing operations following the departure of the principal customer who operated the facility. As of May 25, 2004, the Plan is a governmental plan maintained and operated solely by the Port.

**Blended Component Unit**
For financial reporting purposes, component units are entities that are legally separate organizations for which the Port is financially accountable, and other organizations for which the nature and significance of their relationship with the Port are such that exclusion would cause the Port's financial statements to be misleading or incomplete. Based on these criteria, the following is considered a component unit of the Port's reporting entity.

The Industrial Development Corporation (IDC) is a blended component unit of the Port and is included within the accompanying financial statements. The IDC is a special purpose government with limited powers and is governed by a Board of Directors, which comprises the same members as the Commission. The Port's management has operational responsibility for the IDC. The IDC has issued tax-exempt nonrecourse revenue bonds to finance industrial development including acquiring, constructing, and renovating transshipment and manufacturing facilities within the corporate boundaries of the Port. These revenue bonds are solely payable and secured by revenues derived from the industrial development facilities funded by the revenue bonds and leased to the IDC. The Port has not recorded these obligations, or the related assets, in the accompanying financial statements of the Port, as the Port has no obligation for the outstanding bonds.

A copy of the separate financial statements for the IDC may be obtained at:

Port of Seattle
Pier 69
P.O. Box 1209
Seattle, WA 98111

## Basis of Accounting

The Port is accounted for on a flow of economic resources measurement focus. The financial statements are prepared in accordance with generally accepted accounting principles (GAAP) in the U.S. as applied to governmental units using the accrual basis of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant Port accounting policies are described below.

## Use of Estimates

The preparation of the Port's financial statements in conformity with GAAP in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are used to record environmental remediation liabilities, insurance recoveries, lease and subscription liabilities, litigated and non-litigated loss contingencies, allowances for doubtful accounts, grants-in-aid receivable, lease receivable, unearned revenues, lives of depreciable or amortizable assets, arbitrage rebate liabilities, healthcare benefit claims liabilities, compensated absences liabilities, net pension assets, net pension liabilities, and total OPEB liabilities. Actual results could differ from those estimates.

## Significant Risks and Uncertainties

The Port is subject to certain business and casualty risks that could have a material impact on future operations and financial performance. Business risks include economic conditions; collective bargaining disputes; cyber attacks; security; litigation; federal, state, and local government regulations; changes in law; and unforeseen and unpredictable events such as the novel coronavirus (COVID-19) pandemic. Casualty risks include natural or man-made events that may cause injury or other damage at Port facilities. The Port has a comprehensive risk management program that protects the Port against loss from various adverse casualty events to its property, operations, third-party liabilities, and employees. The Port carries excess commercial insurance to provide financial means to recover from many of these potential events or losses. The excess commercial insurance coverage is above a self-insured retention that the Port maintains. The Port is a qualified workers' compensation self-insurer in the state and administers its own workers' compensation claims. Claims, litigation, and other settlements have not exceeded the limits of available insurance coverage in any of the past three years when insurance was applicable.

The Port is self-insured for the majority of its sponsored healthcare plans. Employees covered by these plans pay a portion of the premiums for their coverage. The Port purchased a stop-loss insurance policy for the self-insured healthcare plan to limit the Port's annual individual claims liability. The limit was increased to $325,000 in 2023 from $300,000 in 2022. The stop-loss coverage also provides aggregate coverage that was 200% of expected claims. The increase in stop-loss retention was based on claims analysis of past and projected future activities. Healthcare benefit claims liabilities are not discounted to present value as nearly all healthcare claims are current in nature. The estimated liability is based on actual claims that have been submitted and authorized for payment as well as actuarially determined claims incurred but not reported. The estimated liability is included in payroll and taxes payable in the Statement of Net Position.

The following table reflects the changes in the claim liabilities for the years ended December 31 (in thousands). Claim payments made during the current year include associated incremental costs such as administration expenses and stop-loss insurance policy premiums. Employees' cost-sharing portion of the healthcare plan made during the current year is included as "Other".

| **Years ended December 31,** | **2023** | **2022** | **2021** |
|---|---|---|---|
| Beginning balance | $ 1,265 | $ 1,482 | $ 994 |
| Current year claims and changes in estimates | 20,206 | 16,427 | 15,703 |
| Claim payments | (22,423) | (18,820) | (17,286) |
| Other | 2,809 | 2,176 | 2,071 |
| Ending balance | $ 1,857 | $ 1,265 | $ 1,482 |

## Compensated Absences

Eligible Port employees accrue paid time off and sick leave. The paid time off accrual rates increase based on the length of service. A stipulated maximum of paid time off may be accumulated by employees while there is no maximum limit to the amount of sick leave accrual that can be accumulated. Terminated employees are entitled to be paid for unused paid time off. Under certain conditions, terminated employees are also entitled to be paid for a portion of unused sick leave. The following table reflects the changes in accrued paid time off and sick leave liabilities for the years ended December 31 (in thousands). The estimated liability is included in payroll and taxes payable in the Statement of Net Position. Total liability for compensated absences is considered due within one year.

| **Years ended December 31,** | **2023** | **2022** | **2021** |
|---|---|---|---|
| Beginning balance | $ 36,312 | $ 34,432 | $ 33,536 |
| Earned | 36,005 | 31,164 | 26,160 |
| Used and forfeiture | (32,851) | (29,284) | (25,264) |
| Ending balance | $ 39,466 | $ 36,312 | $ 34,432 |

## Employee Benefits

The Port offers its eligible represented and non-represented employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 (the 457 Plan). The Port also sponsors three 401(a) defined contribution plans. Employees in the 457 and 401(a) plans are able to direct their funds to any investment options available in the respective plans, and the Port places the plans' assets in separate trusts as required under the Small Business Job Protection Act of 1996. These plans do not meet the criteria as fiduciary activities. As such, the Port does not have fiduciary responsibility for these plans, and the related assets and liabilities are not included in the Port's financial statements.

The three 401(a) defined contribution plans are as follows:

- The Port offers a 401(a) Supplemental Savings Plan for non-represented employees. This plan establishes a 401(a) tax-deferred savings account for each eligible employee. The Port matches employee contributions to their deferred compensation plan under the 457 Plan with a dollar-for-dollar contribution to the 401(a) Plan up to a fixed maximum of $2,200 per participant, per year. The amount of the matching contribution is based on employee tenure.

- The Port contributes to the 401(a) Police Retirement Plan in lieu of Social Security contributions for represented uniformed law enforcement officers. The Port also contributes to the 401(a) Police Retirement Plan in lieu of pension contributions for uniformed law enforcement officers who are precluded by state law from participating in the statewide public employee retirement plans administered by the Department of Retirement Systems (DRS).
- The Port contributes to the 401(a) Fire Fighters Retirement Plan in lieu of Social Security contributions for represented fire fighters. The Port also contributes $1.15 per hour worked by each employee to the participant's 401(a) account as an additional payment.

By and large, all eligible Port employees participate in the statewide public employee retirement plans administered by the DRS. In addition, the Port is the sole administrator of the Warehousemen's Pension Plan and Trust for former eligible represented employees from the terminated warehousing operations at Terminal 106.

The following tables represent the aggregate pension amounts for all plans subject to the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, for the years ended December 31 (in thousands):

| | DRS | Warehousemen's Pension Trust | Total |
|---|---|---|---|
| **2023** | | | |
| Net pension asset | $ 77,277 | $ | $ 77,277 |
| Net pension liability | 20,695 | 3,306 | 24,001 |
| Deferred outflows of resources | 62,061 | 548 | 62,609 |
| Deferred inflows of resources | 38,479 | | 38,479 |
| Pension (credit) expense | (8,528) | 315 | (8,213) |
| **2022** | | | |
| Net pension asset | $ 72,119 | $ | $ 72,119 |
| Net pension liability | 24,953 | 5,243 | 30,196 |
| Deferred outflows of resources | 61,554 | 1,300 | 62,854 |
| Deferred inflows of resources | 56,104 | | 56,104 |
| Pension expense | 3,121 | 961 | 4,082 |

### Investments and Cash Equivalents

All short-term investments with a maturity of three months or less at the date of purchase are considered to be cash equivalents, except for the restricted portion of the fuel hydrant assets held in trust not used to pay the current maturities of Fuel Hydrant Special Revenue Bonds plus accrued interest that is reported as restricted long-term investments in the Statement of Net Position. Investments are carried at fair value plus accrued interest receivable. Investments are stated at fair value, which is the price that would be received in an orderly transaction between market participants at the measurement date. Unrealized gains or losses due to market valuation changes are recognized in investment income—net in the Statement of Revenues, Expenses, and Changes in Net Position.

### Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded for invoices issued to customers in accordance with the contractual arrangements. Unbilled receivables are recorded when revenues are recognized upon service delivery and invoicing occurs at a later date. Finance charges and late fees are recognized on accounts receivable in accordance with contractual arrangements. Interest income on finance charges and late fees are minimal. The Port's policy defines delinquent receivables as 90 days or more past due. The allowance for doubtful accounts is based on specific identification of troubled accounts and delinquent receivables. Accruals of accounts receivable, related finance charges, and late fees are suspended once the accounts receivable is sent to a third-party collection agency, placed in dispute or litigation, or the customer has filed for bankruptcy. Accounts receivable are written off against the allowance when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

### Grants-in-Aid Receivable

The Port receives federal and state grants-in-aid funds on a reimbursement basis for all divisions, mostly related to the construction of SEA and Maritime facilities and other capital activities, along with operating and nonoperating grants to perform enhancements in both SEA and Maritime security as well as environmental prevention/remediation programs.

### Materials and Supplies

Materials and supplies are recorded at cost. The Port's policy is to expense materials and supplies when used in operations and to capitalize amounts used in capital projects as construction work in progress.

### Investment in Joint Venture

The Port adopted joint venture accounting beginning January 1, 2016, to account for its 50% share in the NWSA. The Port's investment in the NWSA is presented in the Statement of Net Position as investment in joint venture, which is increased by the Port's share in the NWSA's change in net position and additional cash funding, and decreased by the receipt of cash distributions from the NWSA. The Port's share of joint venture income is presented in the Statement of Revenues, Expenses, and Changes in Net Position. Additional information about the investment in joint venture can be found in Note 13 in the accompanying Notes to Financial Statements.

### Capital Assets

Capital assets (excluding intangible lease and subscription assets) are stated at cost, less accumulated depreciation. Costs applicable to airport noise damage remedies, together with the cost of litigation, in exchange for air rights are generally recorded as intangible capital assets. Intangible lease assets are stated at the present value of payments expected to be made during the lease term plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs, less accumulated amortization. Intangible subscription assets are stated at the present value of payments expected to be made during the subscription term plus any subscription payments made before placing the intangible subscription assets into service and capitalizable implementation costs, less accumulated amortization.

Except for intangible lease and subscription assets, the Port's policy is to capitalize all asset additions equal to or greater than $20,000 and with an estimated life of three years or more. The Port's policy is to capitalize (1) intangible lease assets with total payments over the lease term that are greater than $50,000, and (2) intangible subscription assets with implementation costs and total payments over the subscription term that are greater than $50,000.

Depreciation and amortization are computed on a straight-line basis. Buildings and improvements are assigned lives of 30 to 50 years, equipment of three to 20 years, and furniture and fixtures of five to 10 years. Intangible lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset. Intangible subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying asset.

The Port periodically reviews its long-lived assets for impairment. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly.

### Leases and Subscription-Based Information Technology Arrangements (SBITAs)

**Leases**

The Port determines whether an arrangement is a lease at the inception of the agreement. A lease agreement is defined as a noncancellable contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) for more than 12 months in an exchange or exchange-like transaction.

The lease term includes the noncancellable period of the lease plus any additional periods covered by either a lessee or a lessor's option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both the lessee and the lessor have a unilateral option to terminate are excluded from the lease term.

- Lessee arrangements, the Port as a lessee, are included in capital assets and lease liabilities (current and noncurrent liabilities) in the Statement of Net Position. Lease liabilities represent the Port's obligation to make lease payments arising from the lessee arrangement. For leases meeting the capitalization threshold, lease liabilities are recognized at the commencement date of a lease based on the present value of expected lease payments over the lease term, less any lease incentives. Lease interest expense is recognized ratably over the lease term.

- Lessor arrangements, the Port as a lessor, are included in lease receivable (current and noncurrent assets) and deferred inflows of resources in the Statement of Net Position. The Port's policy is to record lease receivable with total payments over the lease term that is greater than $100,000. Lease receivable represents the Port's right to claim lease payments from the lessor arrangement. At the commencement date of a lease, lease receivable is recorded at the present value of payments expected to be received during the lease term, reduced by any incentives given, and provisions for estimated uncollectible amounts. Subsequently, lease receivable is reduced by the principal portion of lease payments received. The interest portion of lease payments is recognized as lease interest income. Deferred inflows of resources related to leases are initially measured at the amount of lease receivable, plus any payments received from the lessee at or before the commencement of the lease term relating to future periods, less any lease incentives given to the lessee at or before the commencement of the lease term. Subsequently, deferred inflows of resources related to leases are recognized as lease revenue using the effective interest method over the lease term.

**SBITAs**

The Port determines whether an arrangement is a SBITA at the inception of the agreement. A SBITA is defined as a noncancellable contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, for more than 12 months in an exchange or exchange-like transaction.

The subscription term includes the noncancellable period of the SBITA plus any additional periods covered by either party's option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both parties have a unilateral option to terminate are excluded from the SBITA term.

The Port recognizes an intangible subscription asset and a corresponding subscription liability (current and noncurrent liabilities) in the Statement of Net Position when the intangible subscription asset is placed into service. Subscription liabilities represent the Port's obligation to make subscription payments arising from the SBITAs. For SBITAs meeting the capitalization threshold, subscription liabilities are recognized, at the commencement of the subscription term, which is when the intangible subscription asset is placed into service, based on the present value of expected subscription payments over the contract term, less any incentives. Subscription interest expense is recognized ratably over the contract term.

The Port's incremental borrowing rate is used as the discount rate to measure lease receivable, lease liability, and subscription liability. A discount rate of 4.5% was used for 2023 and 3.4% was used for 2022.

The Port monitors changes in circumstances that may require remeasurement of a lease receivable, lease liability, or subscription liability. When certain changes occur that are expected to significantly affect the amount of the lease or SBITA, the corresponding lease receivable, lease liability, or subscription liability is remeasured, and an adjustment is made to the associated deferred inflow of resources or capital assets.

For arrangements that do not meet the above-stated definition of a lease or SBITA, and for leases or SBITAs below the respective capitalization thresholds or leases or SBITAs with a maximum possible term of 12 months or less at commencement, the Port recognizes payments as expense when payments are made or revenue when payments are received.

### Operating and Nonoperating Revenues

Fees for services, rents, charges for the use of Port facilities, airport landing fees, operating grants, a portion of Customer Facility Charges (CFC) revenues, and other revenues generated from operations as well as joint venture income are reported as operating revenues. Ad valorem tax levy revenues, noncapital grants and contributions, Passenger Facility Charges (PFC) revenues, the remaining portion of CFC revenues for debt service payments, fuel hydrant facility revenues, lease interest income, and other income generated from nonoperating sources are classified as nonoperating revenues.

### Operating and Nonoperating Expenses

Expenditures related to the Port's principal ongoing operations are reported as operating expenses. Operating expenses include operations and maintenance expenses, administrative expenses, and law enforcement expenses. All other expenses not meeting this definition are reported as nonoperating expenses. Nonoperating expenses include interest, environmental, and public expenses.

### Nonexchange Transactions

GASB Statement No.33, *Accounting and Financial Reporting for Non-exchange Transactions*, establishes uniform revenue and expense recognition criteria and financial reporting standards regarding when (i.e., in which fiscal year) to report the results of nonexchange transactions involving cash and other financial and capital resources. When the Port receives value without directly giving equal value in return, these transactions, which include taxes, intergovernmental grants, entitlements, other financial assistance, and nongovernmental contractual agreements are reported as revenues.

- For derived revenue transactions, such as PFC and CFC, the Port recognizes receivables in the period when the exchange transaction on which the fee/charge is imposed occurs or records cash when received, whichever occurs first. Revenue is recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the receivables are recognized, provided that the underlying exchange transaction has occurred. Resources received in advance are reported as unearned revenues until the period of the exchange.
- For imposed nonexchange revenue transactions, such as ad valorem tax levy revenues, the Port recognizes receivables in the period in which an enforceable legal claim to the receivables arises (i.e. lien date), or records cash when received, whichever occurs first. Resources received in advance of the lien date are reported as deferred inflows of resources.
- For government-mandated nonexchange transactions and voluntary nonexchange transactions, such as grant programs, resources received before the eligibility requirements are met (excluding time requirements) are reported as unearned revenues. Resources received before time requirements are met, but after all other eligibility requirements have been met, are reported as deferred inflows of resources.

When the Port gives value without directly receiving equal value in return, these transactions, which include expenses and infrastructure improvements to the state and region in conjunction with other agencies, are reported as public expense.

From 2020 to 2023, SEA received the following federal relief grants to mitigate severe economic stress caused by the pandemic.

- On March 27, 2020, the U.S. Congress passed the Coronavirus Aid, Relief and Economic Security Act. This act included $10 billion in funding to assist U.S. airports that faced significant economic disruption due to the COVID-19 pandemic. SEA was one of the airports that was awarded a federal grant of $192,133,000, of which $44,985,000 and $147,148,000 were received in 2021 and 2020, respectively.
- On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriation Act was signed into law. This act provided nearly $2 billion in economic relief to eligible U.S. airports and airport concessionaires. SEA received two grants under this legislation. The first grant was a federal grant of $37,401,000, of which $36,000 and $37,365,000 were received in 2022 and 2021, respectively. The second grant was a concession relief grant of $5,355,000, which provided rent and other minimum annual guarantee payment relief to eligible tenants operating on-airport car rental, on-airport parking, and in-terminal airport concessions. SEA provided $47,000 and $5,308,000 in 2022 and 2021, respectively, of the concession relief federal grant in the form of rent credits to tenants.
- On March 11, 2021, the American Rescue Plan Act was signed into law providing additional relief from the economic impacts of the pandemic. This act allocated $8 billion in funding to U.S. airports to cover the costs of their operations, personnel, cleaning, and other expenses incurred by airport concessionaires. SEA received two grants under this legislation. The first grant was a federal grant of $154,374,000, of which $11,849,000, $129,811,000, and $12,714,000 were received in 2023, 2022, and 2021, respectively. The second grant was a concession relief grant of $21,419,000, which provided rent and other minimum annual guarantee payment relief to in-terminal airport concessionaires. SEA provided $1,918,000 and $19,501,000 in 2023 and 2022, respectively, of the concession relief federal grant in the form of rent credits to tenants.

### Passenger Facility Charges

As determined by applicable federal legislation, which is based upon passenger enplanements, PFC-generated revenues are expended by the Port for eligible capital projects and the payment of principal and interest on specific revenue bonds. PFC revenues received from the airlines at $4.5 per passenger are recorded as nonoperating income in the Statement of Revenues, Expenses, and Changes in Net Position.

### Customer Facility Charges

CFC-generated revenues received from rental car companies, at $7.25, $7, and $6.5 per transaction day in 2023, 2022, and 2021, respectively, are expended by the Port for eligible capital projects, the payment of principal and interest on specific revenue bonds funding the Rental Car Facility (RCF) at SEA, and certain related operating expenses. A portion of CFC revenues is recorded as operating revenues as it is associated with the operation of the RCF. The remaining portion of CFC revenues is recorded as nonoperating income in the Statement of Revenues, Expenses, and Changes in Net Position.

### Ad Valorem Tax Levy

Ad valorem taxes received by the Port are utilized for the acquisition and construction of facilities, payment of principal and interest on GO Bonds issued for the acquisition or construction of facilities, contributions to regional freight mobility improvement, environmental expenses, certain operating and nonoperating expenses, and public expenses. The Port includes ad valorem tax levy revenues as nonoperating income in the Statement of Revenues, Expenses, and Changes in Net Position.

The County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Taxes are levied annually on January 1, on property values listed as of the prior year. The lien date is January 1. Assessed values are established by the County Assessor at 100% of fair market value. A revaluation of all property is required every year and physically inspected at least once every six years. Taxes are due in two equal installments on April 30 and October 31. Collections are distributed daily to the Port by the County Treasurer.

### Lease Securities

Under the terms of certain lease agreements, the Port requires or allows its customers or tenants to provide security to satisfy contractual obligations. The Port classifies these amounts as lease securities that are included in noncurrent liabilities in the Statement of Net Position. The Port is allowed to draw from the lease securities in certain events as defined in these agreements, such as for defaults or delinquencies in rent payments. The balance is determined by the lease terms and is recalculated according to the provisions of the agreements.

### Environmental Remediation Liability

The Port's policy requires accrual of an environmental remediation liability when (a) one of the following specific obligating events is met, and (b) the amount can be reasonably estimated. Obligating events include imminent endangerment to the public, permit violation, being named as a party responsible for sharing costs, being named in a lawsuit to compel participation in pollution remediation, or commenced or legally obligated to commence pollution remediation. Potential cost recoveries such as insurance proceeds, if any, are evaluated separately from the Port's environmental remediation liability. Costs incurred for environmental remediation liability are typically recorded as nonoperating environmental expenses unless the expenditure relates to the Port's principal ongoing operations, in which case it is recorded as an operating expense. Costs incurred for environmental cleanups can be capitalized if they meet specific criteria. Capitalization criteria include: preparation of the property in anticipation of a sale, preparation of the property for use if the property was acquired with known or suspected pollution that was expected to be remediated, the performance of pollution remediation that restores a pollution-caused decline in service utility that was recognized as asset impairment, or acquisition of property, plant, and equipment that has a future alternative use not associated with pollution remediation efforts.

### Debt Discount and Premium

Debt discounts and premiums relating to the issuance of bonds are amortized over the lives of the related bonds using the effective interest method.

### Refunding and Defeasance of Debt

The Port has legally defeased certain bonds by placing proceeds, either in the form of new bond proceeds or existing Port cash, in an irrevocable trust to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for these defeased bonds are not recorded on the accompanying financial statements. As of December 31, 2023 and 2022, there were no defeased, but unredeemed, bonds outstanding.

For current refundings and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as deferred outflows of resources or deferred inflows of resources and recognized as a component of interest expense on a straight-line basis over the remaining life of the old debt or the life of the new debt, whichever is shorter.

### Special Items

In 2021, the Port recorded, as a special item, $34,907,000 of additional cost to construct a habitat restoration project and related cleanup at Terminal 25 South.

### Net Position

Net position represents the difference between total assets plus deferred outflows of resources and total liabilities plus deferred inflows of resources. Net position is disclosed in the Statement of Net Position in the following categories:

- Net investment in capital assets: Capital assets, net of accumulated depreciation and amortization, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- Restricted: Net position subject to externally imposed stipulations on their use.
- Unrestricted: All remaining net position not meeting the definition of "net investment in capital assets" or "restricted."

When both restricted and unrestricted resources are available for the same purpose, the restricted net position is considered to be used first over the unrestricted net position.

### Recently Adopted Accounting Standards and Adjustments

The Port adopted the following new accounting standards during 2022 and 2023.

- In June 2017, the GASB issued Statement No. 87, *Leases*. The Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of a contractual right to use another entity's nonfinancial assets (the underlying asset) for a term exceeding 12 months in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Under this Statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources, except for certain regulated leases, and a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, thereby enhancing the relevance and consistency of information about the government's leasing activities. The Statement is effective for periods beginning after June 15, 2021, as amended by GASB Statement No. 95. The Port has adopted this new standard retroactively by restating the financial statements for all periods presented. The beginning balance of the net position was restated by a reduction of $577,000 as of January 1, 2021, due to write-offs from the unamortized straight-lined rent. The required disclosures for leases and intangible lease assets can be found in Note 3 and Note 4, respectively, in the accompanying notes to the financial statements.
- In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement provides guidance to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). APAs are agreements in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The Statement is effective for periods beginning after June 15, 2022. The adoption of this standard did not have a material impact on the Port's financial statements.

- In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability, provides the capitalization criteria for outlays other than subscription payments (including implementation costs of a SBITA), and requires note disclosures regarding a SBITA. The Statement is effective for periods beginning after June 15, 2022. The Port has adopted this new standard retroactively by restating the financial statements for all periods presented. The beginning balance of the net position was restated as of January 1, 2022 by an increase of $137,000 due to (1) the difference between amortization computed using the straight-line method and subscription interest expense recognized using the effective interest method, and (2) capitalization of previously expensed subscription payments. The required disclosures for intangible subscription assets can be found in Note 4 in the accompanying notes to the financial statements.

  The following tables show the balances within the financial statements being restated (in thousands):

| 2022 | As previously reported | Effect of GASB 96 restatement | As restated |
|---|---|---|---|
| **Statement of Net Position** | | | |
| Current Assets: | | | |
| Prepayments and other current assets | $ 10,199 | $ (860) | $ 9,339 |
| Noncurrent Assets: | | | |
| Other long-term assets | 320 | (178) | 142 |
| Capital Assets: | | | |
| Equipment, furniture, and fixtures | 942,996 | (4,953) | 938,043 |
| Intangible subscription assets | | 28,555 | 28,555 |
| Less accumulated depreciation and amortization | (3,103,991) | (6,457) | (3,110,448) |
| Construction work in progress | 465,827 | 289 | 466,116 |
| Current Liabilities: | | | |
| Accounts payable and accrued expenses | 123,205 | 3,014 | 126,219 |
| Noncurrent Liabilities: | | | |
| Lease and subscription liabilities | 1,693 | 13,069 | 14,762 |
| Net Position: | | | |
| Net investment in capital assets | 3,359,634 | (7,489) | 3,352,145 |
| Unrestricted | 472,292 | 7,802 | 480,094 |
| **Statement of Revenues, Expenses, and Changes in Net Position** | | | |
| Operating Expenses: | | | |
| Operations and maintenance | $ 352,168 | $ (2,475) | $ 349,693 |
| Administration | 89,977 | (1,947) | 88,030 |
| Law enforcement | 32,648 | (140) | 32,508 |
| Depreciation and amortization | 233,869 | 3,780 | 237,649 |
| Nonoperating Income (Expense): | | | |
| Other (expense) income—net | (58,631) | (606) | (59,237) |
| Total Net Position: | | | |
| Beginning of year | 4,097,938 | 137 | 4,098,075 |

(Continued)

| 2021 | | As previously reported | | Effect of GASB 87 restatement | Effect of GASB 96 restatement | | As restated |
|---|---|---|---|---|---|---|---|
| **Statement of Revenues, Expenses, and Changes in Net Position** | | | | | | | |
| Operating Revenues: | | | | | | | |
| Property rentals | $ | 340,363 | $ | (12,224) | | $ | 328,139 |
| Operating Expenses: | | | | | | | |
| Operations and maintenance | | 256,269 | | (1,238) | (1,683) | | 253,348 |
| Administration | | 80,044 | | (864) | (1,545) | | 77,635 |
| Law enforcement | | 28,343 | | | (12) | | 28,331 |
| Depreciation and amortization | | 190,683 | | 1,943 | 2,677 | | 195,303 |
| Nonoperating Income (Expense): | | | | | | | |
| Lease interest income | | | | 11,901 | | | 11,901 |
| Other (expense) income—net | | (17,376) | | (195) | (426) | | (17,997) |
| Total Net Position: | | | | | | | |
| Beginning of year | | 3,918,821 | | (577) | | | 3,918,244 |

(Concluded)

- In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues identified during the implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement related to the extension of the use of London Inter-Bank Offered Rate; accounting for Supplemental Nutrition Assistance Program distributions; disclosures of nonmonetary transactions; pledges of future revenues by pledging governments; clarification of certain provisions in Statement No. 34, as amended; and terminology updates related to Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, are effective upon issuance. The Statement also provides guidance related to leases, PPPs, and SBITAs which are effective for fiscal years beginning after June 15, 2022. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023. The adoption of this standard did not have a material impact on the Port's financial statements.
- In June 2022, the GASB issued Statement No. 100*, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*. This Statement enhances accounting and financial reporting requirements for accounting changes and error corrections. It defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity. This Statement requires that (1) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (2) changes to or within the financial reporting entity be reported by adjusting the beginning balances of the current period, and (3) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The Statement is effective for fiscal years beginning after June 15, 2023. The Port early adopted this standard for its fiscal year ended December 31, 2023. The adoption of this standard did not have a material impact on the Port's financial statements.

### Recently Issued Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The Statement updates the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used, and (2) leave that has been used but not yet paid, provided the services have occurred, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or noncash means. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. The Statement amends the existing requirements to disclose only the net change in the liability instead of the gross additions and deductions to the liability. This Statement is effective for fiscal years beginning after December 15, 2023. The Port is currently evaluating the impact of the adoption of this standard on its financial statements.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The Statement's objective is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. It defines concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources, and it defines constraint as a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. This Statement requires a government to assess (1) whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact, and (2) whether an event(s) associated with a concentration or constraint that could cause the substantial impact have occurred, have began to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The Statement is effective for fiscal years beginning after June 15, 2024. The Port is currently evaluating the impact of the adoption of this standard on its financial statements.

### Reclassifications and Presentation

Certain reclassifications of prior years' balances have been made to conform with the current year's presentations. Such reclassifications did not affect the total increase in net position or total current or long-term assets or liabilities.

## Note 2. Deposits with Financial Institutions and Investments

### Deposits

All deposits are covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC), and deposits in excess of FDIC coverage are protected under the Public Deposit Protection Commission (PDPC) of the State of Washington collateral pool program. The PDPC is a statutory authority under Chapter 39.58 Revised Code of Washington (RCW). It constitutes a multiple financial institution collateral pool that can make pro rata assessments from all qualified public depositories within the state. Per State statute, all uninsured public deposits are collateralized at no less than 50%. Therefore, in accordance with GASB, *Codification of Governmental Accounting and Financial Reporting Standards*, Section I50.924, PDPC protection is of the nature of collateral, not of insurance. Pledged securities under the PDPC collateral pool are held under the control of the PDPC for the protection of the pool.

### Investments

Statutes authorize the Port to invest in savings or time accounts in designated qualified public depositories or certificates, notes, or bonds of the U.S. government. The Port is also authorized to invest in other obligations of the U.S. or its agencies or of any corporation wholly owned by the government of the U.S., or U.S. dollar denominated bonds, notes, or other obligations that are issued or guaranteed by supranational institutions, provided that, at the time of investment, the institution has the U.S. government as its largest shareholder. Statutes also authorize the Port to invest in bankers' acceptances purchased on the secondary market, in Federal Home Loan Bank notes and bonds, Federal Farm Credit Banks consolidated notes and bonds, Federal Home Loan Mortgage Corporation bonds and notes, and Federal National Mortgage Association notes, bonds, debentures, and guaranteed certificates of participation or the obligations of any other U.S. government-sponsored corporation whose obligations are or may become eligible as collateral for advances to member banks as determined by the board of governors of the Federal Reserve System. The Port can also invest in commercial paper and corporate notes, provided both adhere to the investment policies, procedures, and guidelines established by the Washington State Investment Board (WSIB), certificates of deposit with qualified public depositories, local and state general obligations, and revenue bonds issued by Washington State governments that are rated at least "A" by a nationally recognized rating agency.

The Port's investment policy limits the maximum maturity of any investment security purchased to 10 years from the settlement date. The Port's investment policy allows for 100% of the portfolio to be invested in U.S. government Treasury bills, certificates, notes, and bonds. The Port's investment policy limits investments in U.S. government agency securities to 60%, agency mortgage-backed securities to 10%, certificates of deposit to 15% but no more than 5% per issuer, bankers' acceptances to 20% but no more than 5% per bank, commercial paper to 20% but no more than 3% per issuer, overnight repurchase agreements to 15%, term-only repurchase agreements to 25%, reverse repurchase agreements to 5%, agency discount notes to 20%, and municipal securities to 20% of the portfolio with no more than

5% per issuer. Bankers' acceptances can only be purchased on the secondary market and are limited to the largest 50 world banks listed each July in the American Banker. These banks must meet tier one and tier two capital standards. Commercial paper must be purchased on the secondary market, rated no lower than A1/P1, and meet WSIB guidelines. Additionally, the Port is allowed to purchase the following agency mortgage-backed securities: (1) collateralized mortgage pools having a stated final maturity not exceeding the maturity limits of the Port's investment policy, and (2) planned amortization and sequential pay classes of collateralized mortgage obligations collateralized by 15-year agency-issued pooled mortgage securities and having a stated final maturity not exceeding the maturity limits of the Port's investment policy.

The Port's investment policy allows for repurchase and reverse repurchase agreements with maturities of 60 days or less. The investment policy requires that securities collateralizing repurchase agreements must be marked to market daily and have a market value of at least 102% of the cost of the repurchase agreements having maturities less than 30 days and 105% for those having maturities that exceed 30 days. For reverse repurchase agreements, when used for yield enhancement rather than cash management purposes, only "matched book" transactions will be utilized. This means that the maturity date of the acquired security is identical to the end date of the reverse repurchase transaction. Reverse repurchase agreements will only be executed with Primary Government Bond Dealers.

In May 2018, the Port's investment policy was amended to add the Washington State Local Government Investment Pool (LGIP), an unrated 2a-7 like pool, to the list of authorized investments. The LGIP is an external investment pool operated by the Office of the State Treasurer (OST). The LGIP is managed in a manner generally consistent with Rule 2a-7 money market funds, as currently recognized by the Securities and Exchange Commission. Investments are stated at amortized cost, which approximates fair value. The State Treasurer establishes and reviews (at least annually) the LGIP's investment policy, and proposed changes to the policy are reviewed by the LGIP Advisory Committee. The terms of the policy are designed to ensure the safety and liquidity of the funds deposited in the LGIP.

### Fair Value Measurement and Application

The Port categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

The Port used the following valuation techniques in its fair value measurement. Investment securities classified in Level 1 were valued using prices quoted in active markets for identical securities, and Level 2 were valued using quoted market prices for similar assets or liabilities in active markets.

The Port did not have any Level 3 investments. The Port's investments in the LGIP, and the Allspring Government Money Market Fund, Institutional Class (ticker GVIXX), are not subject to fair value application and were measured at amortized cost.

### Investment Portfolio

As of December 31, 2023 and 2022, restricted investments—bond funds and other totaled $853,115,000 and $1,224,485,000, respectively. These are primarily unspent bond proceeds designated for capital improvements to the Port's facilities and debt service reserve fund requirements. Others include cash receipts from PFCs and CFCs.

The following tables identify the types and concentration of investments by issuer, and maturities of the Port's investment pool (in thousands). As of December 31, 2023 and 2022, the LGIP investment was 9.6% and 21.6% of the Port's total investment pool, respectively.

| Investment type | Fair value | Maturities (in Years) Less than 1 | 1–3 | More than 3 | Percentage of total portfolio |
|---|---|---|---|---|---|
| **2023** | | | | | |
| Washington State Local Government Investment Pool * | $ 177,205 | $ 177,205 | $ | $ | 9.6% |
| Level 1 | | | | | |
| U.S. Treasury Notes | 623,329 | 324,205 | 258,053 | 41,071 | 33.5 |
| Level 2 | | | | | |
| Federal agencies securities: | | | | | |
| Federal Farm Credit Banks | 189,163 | | 18,289 | 170,874 | 10.2 |
| Federal Home Loan Bank | 794,389 | 429,008 | 193,648 | 171,733 | 43.0 |
| Federal Home Loan Mortgage Corporation | 69,374 | | 69,374 | | 3.7 |
| Total portfolio | $ 1,853,460 | $ 930,418 | $ 539,364 | $ 383,678 | 100.0% |
| Accrued interest receivable | 10,910 | | | | |
| Total cash, cash equivalents, and investments | $ 1,864,370 | | | | |
| Percentage of total portfolio | 100.0% | 50.2% | 29.1% | 20.7% | |
| **2022** | | | | | |
| Washington State Local Government Investment Pool * | $ 432,867 | $ 432,867 | $ | $ | 21.6% |
| Level 1 | | | | | |
| U.S. Treasury Notes | 591,719 | 202,375 | 349,414 | 39,930 | 29.4 |
| Level 2 | | | | | |
| Federal agencies securities: | | | | | |
| Federal Farm Credit Banks | 119,738 | | 17,651 | 102,087 | 6.0 |
| Federal Home Loan Bank | 761,606 | 375,845 | 268,888 | 116,873 | 37.9 |
| Federal Home Loan Mortgage Corporation | 101,603 | 32,481 | 69,122 | | 5.1 |
| Total portfolio | $ 2,007,533 | $ 1,043,568 | $ 705,075 | $ 258,890 | 100.0% |
| Accrued interest receivable | 8,921 | | | | |
| Total cash, cash equivalents, and investments | $ 2,016,454 | | | | |
| Percentage of total portfolio | 100.0% | 52.0% | 35.1% | 12.9% | |

* Includes $4,278,000 and $6,785,000 of cash as of December 31, 2023 and 2022, respectively.

### Investment Authorized by Debt Agreements

Investment from Fuel Hydrant debt proceeds held by bond trustees is governed by provisions of the debt agreements and subject to compliance with state law. In May 2003, the Port issued Fuel Hydrant Special Facility Revenue Bonds of $121,140,000 to pay for all or a portion of the costs of the acquisition, design, and construction by the Port of jet aircraft fuel storage and delivery facilities at SEA. These bonds were fully refunded by the Series 2013 Fuel Hydrant Special Facility Revenue Refunding Bonds in June 2013. The fuel hydrant facility financing is administered by Computershare Corporate Trust (Trustee).

The following tables identify the types and concentration of investments by issuer and maturities of the Fuel Hydrant Investment Pool (in thousands). As of December 31, 2023 and 2022, 52.1% and 53.4%, respectively, of the Fuel Hydrant Investment Pool were invested in the GVIXX with security holdings having maturity limits no longer than 13 months. The GVIXX holds securities authorized by the statutes, which means at least 80% of the investments are invested in U.S. government obligations, including repurchase agreements collateralized by U.S. government obligations. The remainder of the GVIXX was invested in AAA rated high-quality, short-term money market instruments. Current credit ratings of the GVIXX are AAAm from S&P and Aaa-mf from Moody's. S&P rates the creditworthiness of money market funds from AAAm (highest) to Dm (lowest). Moody's rates the creditworthiness of money market funds from Aaa-mf (highest) to C-mf (lowest). The balance of the Fuel Hydrant Investment Pool was invested in AAA and AA+ rated U.S. government agency securities. A portion of the proceeds from the Fuel Hydrant bonds, along with monthly facilities rent, is held by the Trustee to satisfy the debt service reserve fund requirement, to make debt service payments, and to pay the Trustee and other bond-related fees.

| Investment type | Fair value | Maturities (in Years) Less than 1 | 1–3 | More than 3 | Percentage of total portfolio |
|---|---|---|---|---|---|
| **2023** | | | | | |
| Allspring Government Money Market Fund | $ 5,388 | $ 5,388 | $ | $ | 52.1% |
| Level 2 | | | | | |
| Federal agencies securities: | | | | | |
| Federal National Mortgage Association | 4,953 | | 4,953 | | 47.9 |
| Total portfolio | $ 10,341 | $ 5,388 | $ 4,953 | $ | 100.0% |
| Accrued interest receivable | 30 | | | | |
| Total cash, cash equivalents, and investments | $ 10,371 | | | | |
| Percentage of total portfolio | 100.0% | 52.1% | 47.9% | | |
| **2022** | | | | | |
| Allspring Government Money Market Fund | $ 5,458 | $ 5,458 | $ | $ | 53.4% |
| Level 2 | | | | | |
| Federal agencies securities: | | | | | |
| Federal National Mortgage Association | 4,757 | | 4,757 | | 46.6 |
| Total portfolio | $ 10,215 | $ 5,458 | $ 4,757 | $ | 100.0% |
| Accrued interest receivable | 24 | | | | |
| Total cash, cash equivalents, and investments | $ 10,239 | | | | |
| Percentage of total portfolio | 100.0% | 53.4% | 46.6% | | |

### Interest Rate Risk

Interest rate risk is the risk that an investment's fair value decreases as market interest rates rise. The Port manages its exposure to this risk by setting maturity limits and duration targets in its investment policy. The investment pool is managed similarly to a short-term fixed income fund. The modified duration of the portfolio, by policy, has a target of 2 plus or minus 50 basis points. A target of 2 is an approximate average life of 27 months. For 2023 and 2022, the modified duration of the portfolio was approximately 1.7. Securities in the portfolio cannot have a maturity longer than 10 years from the settlement date. The LGIP is limited to high-quality obligations with limited maximum (in general, final maturity will not exceed 397 days) and average maturities [weighted average maturity (WAM) will not exceed 60 days], the effect of which is to minimize both market and credit risk. High-quality, highly liquid securities, with relatively short average maturities, reduce the LGIP's price sensitivity to market interest rate fluctuations. As of December 31, 2023 and 2022, the LGIP WAM was 16 days and 19 days, respectively.

As of December 31, 2023 and 2022, the modified duration of the Fuel Hydrant Investment Pool was approximately 0.7 and 1.2, respectively. As of December 31, 2023 and 2022, $5,388,000 and $5,458,000, respectively, of the Fuel Hydrant Investment Pool was invested in the GVIXX, was uninsured, and was registered in the name of the Trustee.

### Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counter-party, the Port will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To mitigate this risk, the Port's investment policy requires that all security transactions, including repurchase agreements, are settled on a delivery versus payment basis. This means that payment is made simultaneously with the receipt of the securities. The securities are delivered to the Port's safekeeping bank, except for the LGIP. The LGIP investment policy requires that both purchased and collateral securities be held by the master custodian, currently Northern Trust, acting as an independent third party, in its safekeeping or trust department. LGIP participants may contribute and withdraw funds on a daily basis. Participants must inform the OST of any contribution or withdrawal over $1 million no later than 9 a.m. on the same day the transaction is made. Contributions or withdrawals for $1 million or less can be requested at any time before 10 a.m. on the day of the transaction. However, participants may complete transactions greater than $1 million when notification is made between 9 a.m. and 10 a.m., at the sole discretion of the OST. All participants are required to file with the OST documentation containing the names and titles of the officials authorized to contribute or withdraw funds.

## Note 3. Accounting for Leases

### Lessee Arrangements

The Port leases buildings and equipment under a variety of long-term and noncancellable lease agreements. These leases expire at various dates, and certain leases include renewal options. The Port records the intangible lease assets and lease liabilities based on the present value of expected payments over the lease term of the respective leases. Variable payments, other than those payments that depend on an index or rate or are fixed in substance, are excluded from the measurement of the lease liability. For the years ended December 31, 2023, and 2022, the Port's operating expenses from variable payments, excluded from the measurement of lease liability, were $2,151,000 and $777,000 respectively. The Port did not incur expenses related to residual value guarantees, termination penalties or losses due to impairment. The Port does not have commitments for leases that have not commenced as of December 31, 2023, and 2022.

Minimum future lease payments are as follows (in thousands):

| Years ended December 31, | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 1,327 | $ 48 | $ 1,375 |
| 2025 | 568 | 17 | 585 |
| 2026 | 145 | 1 | 146 |
| Total | $ 2,040 | $ 66 | $ 2,106 |

### Lessor Arrangements—Regulated Leases

The Port has a variety of long-term and noncancellable regulated leases of land; facilities and improvements; and equipment, furniture, and fixtures for aeronautical use, including but not limited to airfield, air cargo operations, aircraft hangars, air terminal, fuel delivery system, hardstand operations, international arrival facility, and maintenance facilities for aircraft and ground equipment. These leases are subject to external laws, regulations, or legal rulings, such as the U.S. Department of Transportation, and the FAA regulates aviation leases between airports and air carriers, and other aeronautical users. Most leases have fixed receipts or variable receipts that are fixed in substance. Regulated leases are excluded from the measurement of lease receivable and deferred inflows of resources. Revenues are recognized based on payment provisions of the respective regulated leases.

Below are the Port's two major leases which contributed more than 95% of total revenues from regulated leases between 2021 and 2023.

**Signatory Lease and Operating Agreement (SLOA IV)**
SLOA IV was effective from January 1, 2018 to December 31, 2022. Under SLOA IV, aeronautical rates are set to recover both operating and capital costs by cost center for the use of landing, ramp tower, apron, terminal rent, and international arrival facility. On September 13, 2022, the Commission approved a two-year extension of SLOA IV. SLOA IV is a hybrid-compensatory rate setting methodology for cost recovery.

Key provisions were maintained including: (1) cash-funded assets included in capital recovery formulas extending back to 1992, (2) SEA does not recover costs relating to vacant publicly accessible office space (costs associated with all other airline space are fully recovered), (3) cost recovery formulas permit the Port to charge the airlines 100% of annual debt service allocated to the airlines (unless the Port determines in its sole discretion that a charge above 100% of annual airline debt service is necessary to maintain the total SEA revenue bond coverage at 1.25 times the sum of the annual debt service), and (4) revenue sharing of the cash flow available for debt service above 125% of annual debt service is credited to the signatory airlines as follows: 40% for 2018, 20% for 2019, and no revenue sharing for 2020–2022. Key provisions of the extension include: (1) lease term extended to December 31, 2024, (2) common-use gate caps for 2023 (22 gates) and 2024 (22 gates), (3) pro rata increase of management reserve from $150 million to $210 million, (4) pro rata increase of discretionary projects from $30 million to $42 million, (5) no revenue sharing for 2023 and 2024, and (6) agreement for 67 preferential-use-gates for 2023 and 2024.

For the years ended December 31, 2023, 2022, and 2021, SEA had SLOA IV with 42, 42, and 40 airlines, respectively. In 2023, 2022, and 2021, certain airlines had preferential use of the following capital assets: 67, 67, and 61 gates; 60, 60, and 54 passenger loading bridges; 42,000, 43,000, and 45,000 square feet of ticket counters; 78,000, 79,000, and 71,000 square feet of baggage make up devices; 298,000, 281,000, and 279,000 square feet of offices and storages, respectively. Five major airlines accounted for 92.1%, 91.9%, and 91.5% of total revenues generated from preferential use of these capital assets in 2023, 2022, and 2021, respectively.

SLOA IV settlement calculations are completed each year by comparing revenue requirements and invoices billed for each cost center and all airlines. Due to the variable nature of the annual settlement, expected SLOA IV minimum future lease receipts are indeterminable.

**Fuel System Lease Agreement**
In 2003, the Port leased its fuel facility to SeaTac Fuel Facilities LLC, a limited liability company formed by a consortium of airlines, to provide jet fuel storage and distribution to commercial air carriers at SEA. Receipts of the facility rent are made directly to a trustee, in the amounts and at the times required, to pay the principal and premium, if any, and interest on the Special Facility Revenue Bonds. The bonds were issued to pay for all or a portion of the costs of the acquisition, design, and construction by the Port for the jet aircraft fuel storage and delivery facilities at SEA. The lease, which represents an unconditional obligation of the lessee, extends until the later of July 31, 2033, or the repayment of the bonds. All special facility lease revenues are restricted and are to be used solely for debt service on the bonds and not for Port operations.

For the years ended December 31, 2023, 2022, and 2021, the Port recognized fuel hydrant facility revenues and operating revenues related to other regulated leases, which are fixed receipts or variable receipts fixed in substance, of $20,198,000, $20,376,000, and $19,124,000, respectively.

Minimum future lease receipts for fuel system lease and other regulated leases are as follows (in thousands):

| Years ended December 31, | Fuel System Lease | Other | Total |
|---|---|---|---|
| 2024 | $ 6,996 | $ 12,805 | $ 19,801 |
| 2025 | 6,985 | 9,282 | 16,267 |
| 2026 | 6,986 | 9,272 | 16,258 |
| 2027 | 6,986 | 9,167 | 16,153 |
| 2028 | 7,006 | 9,167 | 16,173 |
| 2029–2033 | 26,900 | 14,280 | 41,180 |
| 2034–2038 | | 2,071 | 2,071 |
| Total | $ 61,859 | $ 66,044 | $ 127,903 |

Additionally, for the years ended December 31, 2023, 2022, and 2021, the Port's operating revenues for variable receipts not included in the minimum future lease receipts, including but not limited to SLOA IV, were $451,279,000, $372,788,000, and $292,405,000, respectively.

### Lessor Arrangements—Non-Regulated Leases

The Port has a variety of long-term and noncancellable leases with tenants for the use of properties, primarily land, buildings, and infrastructure, including Aviation Division nonaeronautical land and facilities, such as airport dining and retail space, RCF, and commercial properties; Maritime Division cruise terminals, grain terminal, and maritime industrial properties; and Economic Development Division commercial and industrial properties. These leases expire at various dates and certain leases include renewal options. The Port also has a variety of variable receipts clauses among its leases, which include rents dependent on indexes (such as the Consumer Price Index), fair market value appraisal, concessions based on the tenant's future performance (such as revenues or volumes) and usage of the underlying asset or minimum annual guarantees determined by the preceding year's revenues. Only fixed receipts and components of variable receipts that are fixed in substance are included in the measurement of the lease receivable and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases.

For the years ended December 31, 2023, 2022, and 2021, the total amount of lease revenues and lease interest income recognized was $36,546,000, $33,243,000, and $29,410,000, respectively.

Minimum future lease receipts for non-regulated leases are as follows (in thousands):

| Years ended December 31, | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 20,586 | $ 16,308 | $ 36,894 |
| 2025 | 22,595 | 15,550 | 38,145 |
| 2026 | 21,057 | 14,736 | 35,793 |
| 2027 | 17,230 | 14,030 | 31,260 |
| 2028 | 15,784 | 13,429 | 29,213 |
| 2029–2033 | 58,789 | 59,736 | 118,525 |
| 2034–2038 | 53,345 | 49,554 | 102,899 |
| 2039–2043 | 41,472 | 40,691 | 82,163 |
| 2044–2048 | 32,787 | 34,406 | 67,193 |
| 2049–2053 | 36,016 | 28,102 | 64,118 |
| 2054–2058 | 30,241 | 21,812 | 52,053 |
| 2059–2063 | 30,982 | 16,082 | 47,064 |
| 2064–2068 | 36,838 | 9,571 | 46,409 |
| 2069–2073 | 29,117 | 2,206 | 31,323 |
| Total | $ 446,839 | $ 336,213 | $ 783,052 |

Additionally, for the years ended December 31, 2023, 2022, and 2021, the Port's operating revenues from variable receipts, excluded from the measurement of lease receivable, were $159,179,000, $115,876,000, and $79,663,000, respectively.

## Note 4. Capital Assets

Capital assets consist of the following at December 31 (in thousands):

| 2023 | Beginning balance | Additions/ transfers | Retirements/ transfers | Ending balance |
|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | |
| Land and air rights | $ 2,038,915 | $ 1,014 | $ (212) | $ 2,039,717 |
| Art collections and others | 13,781 | 311 | | 14,092 |
| Total | 2,052,696 | 1,325 | (212) | 2,053,809 |
| Capital assets being depreciated: | | | | |
| Facilities and improvements | 6,789,876 | 114,886 | (30,032) | 6,874,730 |
| Equipment, furniture, and fixtures | 938,043 | 128,827 | (14,999) | 1,051,871 |
| Total | 7,727,919 | 243,713 | (45,031) | 7,926,601 |
| Capital assets being amortized: | | | | |
| Intangible lease facilities | 3,930 | | | 3,930 |
| Intangible lease equipment | 3,825 | 458 | (498) | 3,785 |
| Intangible subscription assets | 28,555 | 5,525 | (3,384) | 30,696 |
| Total | 36,310 | 5,983 | (3,882) | 38,411 |
| Total capital assets | 9,816,925 | 251,021 | (49,125) | 10,018,821 |
| Less accumulated depreciation for: | | | | |
| Facilities and improvements | (2,709,332) | (185,144) | 21,589 | (2,872,887) |
| Equipment, furniture, and fixtures | (388,642) | (64,335) | 14,736 | (438,241) |
| Less accumulated amortization for: | | | | |
| Intangible lease facilities | (2,491) | (880) | | (3,371) |
| Intangible lease equipment | (2,212) | (732) | 498 | (2,446) |
| Intangible subscription assets | (7,771) | (5,649) | 3,384 | (10,036) |
| Total | (3,110,448) | (256,740) | 40,207 | (3,326,981) |
| Construction work in progress | 466,116 | 503,217 | (248,639) | 720,694 |
| Total capital assets—net | $ 7,172,593 | $ 497,498 | $ (257,557) | $ 7,412,534 |

(Continued)

| 2022 (Restated) | Beginning balance | Additions/ transfers | Retirements/ transfers | Ending balance |
|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | |
| Land and air rights | $ 2,017,729 | $ 21,186 | $ | $ 2,038,915 |
| Art collections and others | 13,322 | 459 | | 13,781 |
| Total | 2,031,051 | 21,645 | | 2,052,696 |
| Capital assets being depreciated: | | | | |
| Facilities and improvements | 6,124,007 | 799,742 | (133,873) | 6,789,876 |
| Equipment, furniture, and fixtures | 676,115 | 276,436 | (14,508) | 938,043 |
| Total | 6,800,122 | 1,076,178 | (148,381) | 7,727,919 |
| Capital assets being amortized: | | | | |
| Intangible lease facilities | 4,649 | | (719) | 3,930 |
| Intangible lease equipment | 3,887 | | (62) | 3,825 |
| Intangible subscription assets | 23,464 | 5,091 | | 28,555 |
| Total | 32,000 | 5,091 | (781) | 36,310 |
| Total capital assets | 8,863,173 | 1,102,914 | (149,162) | 9,816,925 |
| Less accumulated depreciation for: | | | | |
| Facilities and improvements | (2,604,131) | (178,646) | 73,445 | (2,709,332) |
| Equipment, furniture, and fixtures | (349,617) | (52,870) | 13,845 | (388,642) |
| Less accumulated amortization for: | | | | |
| Intangible lease facilities | (2,330) | (880) | 719 | (2,491) |
| Intangible lease equipment | (1,516) | (753) | 57 | (2,212) |
| Intangible subscription assets | (3,271) | (4,500) | | (7,771) |
| Total | (2,960,865) | (237,649) | 88,066 | (3,110,448) |
| Construction work in progress | 1,211,461 | 354,737 | (1,100,082) | 466,116 |
| Total capital assets—net | $ 7,113,769 | $ 1,220,002 | $ (1,161,178) | $ 7,172,593 |

(Concluded)

### SBITAs

The Port has a variety of long-term and noncancellable SBITAs for the right to use information technology software, alone or in combination with hardware. These SBITAs expire at various dates, and certain SBITAs include an option to renew. The Port records the intangible subscription assets and subscription liabilities based on the present value of expected payments over the subscription term of the respective SBITAs plus any subscription payments made before placing the intangible subscription assets into service and capitalizable implementation costs. Variable payments, other than those payments that depend on an index or rate or are fixed in substance, are excluded from the measurement of the subscription liability. The Port does not have any SBITAs with variable payments. The Port did not incur expenses related to termination penalties or losses due to impairment. As of December 31, 2023, the Port has one SBITA that has not yet commenced, with payments due on an undiscounted basis of $9,929,000 over the subscription term. This SBITA commenced in 2024 with a subscription term of five years.

Minimum future subscription payments are as follows (in thousands):

| Years ended December 31, | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 2,241 | $ 495 | $ 2,736 |
| 2025 | 3,013 | 385 | 3,398 |
| 2026 | 2,564 | 285 | 2,849 |
| 2027 | 2,075 | 202 | 2,277 |
| 2028 | 1,957 | 132 | 2,089 |
| 2029–2033 | 2,612 | 88 | 2,700 |
| Total | $ 14,462 | $ 1,587 | $ 16,049 |

## Note 5. Long-Term Debt

Long-term debt outstanding as of December 31, 2023, consists of the following (in thousands):

| Bond type (by Bond issue) | Coupon rates (%) | Maturity dates | Beginning balance | Principal payments and refundings | Issuance | Ending balance |
|---|---|---|---|---|---|---|
| Revenue bonds: | | | | | | |
| First lien: | | | | | | |
| Series 2009 B-2 | 0* | 2025–2031 | $ 22,000 | $ | $ | $ 22,000 |
| Series 2016 B | 5 | 2024–2032 | 100,960 | 8,030 | | 92,930 |
| Series 2016 C | 2.4–3.32 | 2024–2032 | 4,670 | 415 | | 4,255 |
| Series 2021 | 5 | 2024–2026 | 35,520 | 8,240 | | 27,280 |
| Total | | | 163,150 | 16,685 | | 146,465 |
| Intermediate lien: | | | | | | |
| Series 2013 | 4.5–5 | 2024–2029 | 113,805 | 14,020 | | 99,785 |
| Series 2015 A | 3–5 | 2024–2040 | 62,260 | 2,205 | | 60,055 |
| Series 2015 B | 5 | 2024–2035 | 146,350 | 8,195 | | 138,155 |
| Series 2015 C | 5 | 2024–2040 | 190,970 | 8,000 | | 182,970 |
| Series 2016 | 4–5 | 2025–2030 | 99,095 | | | 99,095 |
| Series 2017 A | 5 | 2027–2028 | 16,705 | | | 16,705 |
| Series 2017 B | 2.84–3.76 | 2024–2036 | 200,920 | 17,160 | | 183,760 |
| Series 2017 C | 5–5.25 | 2024–2042 | 288,855 | 8,610 | | 280,245 |
| Series 2017 D | 5 | 2024–2027 | 55,385 | 10,000 | | 45,385 |
| Series 2018 A | 3.85–5 | 2024–2043 | 443,735 | 12,280 | | 431,455 |
| Series 2018 B | 5 | 2024–2028 | 59,975 | 8,795 | | 51,180 |
| Series 2019 | 4–5 | 2024–2044 | 441,995 | 11,335 | | 430,660 |
| Series 2021 A | 5 | 2024–2030 | 24,740 | 12,130 | | 12,610 |
| Series 2021 B | 4–5 | 2024–2040 | 143,910 | 5,105 | | 138,805 |
| Series 2021 C | 4–5 | 2024–2046 | 499,110 | 17,380 | | 481,730 |
| Series 2021 D | 0.77–2.15 | 2024–2031 | 41,395 | | | 41,395 |
| Series 2022 A | 5 | 2025–2033 | 206,200 | | | 206,200 |
| Series 2022 B | 4–5.5 | 2024–2047 | 585,930 | 16,790 | | 569,140 |
| Series 2022 C | 3.48–4.09 | 2024–2032 | 70,435 | 15,340 | | 55,095 |
| Total | | | 3,691,770 | 167,345 | | 3,524,425 |
| Subordinate lien: | | | | | | |
| Series 2008 | 3.85** | 2033 | 148,475 | 12,080 | | 136,395 |
| Total | | | 148,475 | 12,080 | | 136,395 |
| Revenue bond totals | | | $ 4,003,395 | $ 196,110 | $ | $ 3,807,285 |

(Continued)

* Capital Appreciation Bonds have a zero coupon rate. The approximate maximum yield to maturity is 7.4%.

** Variable interest rate as of December 31, 2023.

| Bond type (by Bond issue) | Coupon rates (%) | Maturity dates | Beginning balance | Principal payments and refundings | Issuance | Ending balance |
|---|---|---|---|---|---|---|
| GO bonds: | | | | | | |
| Series 2013 B | 2.77 | 2025 | $ 1,225 | $ | $ | $ 1,225 |
| Series 2015 | 4–5 | 2024–2040 | 117,830 | 6,800 | | 111,030 |
| Series 2017 | 5 | 2024–2042 | 112,830 | 3,365 | | 109,465 |
| Series 2022 A | 5 | 2024–2029 | 13,745 | 1,690 | | 12,055 |
| Series 2022 B | 1.25–2.98 | 2024–2041 | 91,260 | 9,675 | | 81,585 |
| Total | | | 336,890 | 21,530 | | 315,360 |
| Fuel hydrant special facility revenue bonds: | | | | | | |
| Series 2013 | 3.45–5 | 2024–2033 | 56,855 | 4,455 | | 52,400 |
| Total | | | 56,855 | 4,455 | | 52,400 |
| Bond totals | | | 4,397,140 | 222,095 | | 4,175,045 |
| Unamortized bond premium—net | | | 485,909 | | | 436,728 |
| Total debt | | | 4,883,049 | | | 4,611,773 |
| Less current maturities of long-term debt: | | | | | | |
| First lien revenue bonds | | | (16,685) | | | (17,505) |
| Intermediate lien revenue bonds | | | (167,345) | | | (177,450) |
| GO bonds | | | (21,530) | | | (22,230) |
| Fuel hydrant special facility revenue bonds | | | (4,455) | | | (4,675) |
| Total current maturities of long-term debt | | | (210,015) | | | (221,860) |
| Long-term debt | | | $ 4,673,034 | | | $ 4,389,913 |

(Concluded)

Long-term debt outstanding as of December 31, 2022, consists of the following (in thousands):

| Bond type (by Bond issue) | Coupon rates (%) | Maturity dates | Beginning balance | Principal payments and refundings | Issuance | Ending balance |
|---|---|---|---|---|---|---|
| Revenue bonds: | | | | | | |
| First lien: | | | | | | |
| Series 2009 B-2 | 0* | 2025–2031 | $ 22,000 | $ | $ | $ 22,000 |
| Series 2016 B | 5 | 2023–2032 | 108,605 | 7,645 | | 100,960 |
| Series 2016 C | 2.15–3.32 | 2023–2032 | 5,075 | 405 | | 4,670 |
| Series 2021 | 5 | 2023–2026 | 43,015 | 7,495 | | 35,520 |
| Total | | | 178,695 | 15,545 | | 163,150 |
| Intermediate lien: | | | | | | |
| Series 2012 A | 3–5 | 2022 | 288,705 | 288,705 | | |
| Series 2012 B | 5 | 2022 | 52,375 | 52,375 | | |
| Series 2013 | 4.5–5 | 2023–2029 | 127,155 | 13,350 | | 113,805 |
| Series 2015 A | 3–5 | 2023–2040 | 64,380 | 2,120 | | 62,260 |
| Series 2015 B | 5 | 2023–2035 | 164,155 | 17,805 | | 146,350 |
| Series 2015 C | 5 | 2023–2040 | 198,585 | 7,615 | | 190,970 |
| Series 2016 | 4–5 | 2025–2030 | 99,095 | | | 99,095 |
| Series 2017 A | 5 | 2027–2028 | 16,705 | | | 16,705 |
| Series 2017 B | 2.64–3.76 | 2023–2036 | 217,405 | 16,485 | | 200,920 |
| Series 2017 C | 5–5.25 | 2023–2042 | 297,045 | 8,190 | | 288,855 |
| Series 2017 D | 5 | 2023–2027 | 64,900 | 9,515 | | 55,385 |
| Series 2018 A | 3.85–5 | 2023–2043 | 455,410 | 11,675 | | 443,735 |
| Series 2018 B | 5 | 2023–2028 | 68,340 | 8,365 | | 59,975 |
| Series 2019 | 4–5 | 2023–2044 | 452,775 | 10,780 | | 441,995 |
| Series 2021 A | 5 | 2023–2030 | 36,295 | 11,555 | | 24,740 |
| Series 2021 B | 4–5 | 2023–2040 | 148,765 | 4,855 | | 143,910 |
| Series 2021 C | 4–5 | 2023–2046 | 514,390 | 15,280 | | 499,110 |
| Series 2021 D | 0.77–2.15 | 2024–2031 | 41,395 | | | 41,395 |
| Series 2022 A | 5 | 2025–2033 | | | 206,200 | 206,200 |
| Series 2022 B | 4–5.5 | 2023–2047 | | | 585,930 | 585,930 |
| Series 2022 C | 3.33–4.09 | 2023–2032 | | | 70,435 | 70,435 |
| Total | | | 3,307,875 | 478,670 | 862,565 | 3,691,770 |
| Subordinate lien: | | | | | | |
| Series 2008 | 3.85** | 2033 | 158,300 | 9,825 | | 148,475 |
| Commercial Paper[(a)] | | 2022 | 27,665 | 27,665 | | |
| Total | | | 185,965 | 37,490 | | 148,475 |
| Revenue bond totals | | | $ 3,672,535 | $ 531,705 | $ 862,565 | $ 4,003,395 |

(Continued)

* Capital Appreciation Bonds have a zero coupon rate. The approximate maximum yield to maturity is 7.4%.

** Variable interest rate as of December 31, 2022.

[(a)] Variable interest rate was unavailable as there was no commercial paper outstanding at December 31, 2022.

| Bond type (by Bond issue) | Coupon rates (%) | Maturity dates | Beginning balance | Principal payments and refundings | Issuance | Ending balance |
|---|---|---|---|---|---|---|
| GO bonds: | | | | | | |
| Series 2011 | 5.5–5.75 | 2022 | $ 18,495 | $ 18,495 | $ | $ |
| Series 2013 A | 4–5 | 2022 | 21,305 | 21,305 | | |
| Series 2013 B | 2.77 | 2025 | 1,225 | | | 1,225 |
| Series 2015 | 4–5 | 2023–2040 | 124,300 | 6,470 | | 117,830 |
| Series 2017 | 5 | 2023–2042 | 116,030 | 3,200 | | 112,830 |
| Series 2022 A | 5 | 2023–2029 | | 1,370 | 15,115 | 13,745 |
| Series 2022 B | 0.95–2.98 | 2023–2041 | | 3,085 | 94,345 | 91,260 |
| Total | | | 281,355 | 53,925 | 109,460 | 336,890 |
| Fuel hydrant special facility revenue bonds: | | | | | | |
| Series 2013 | 3.45–5 | 2023–2033 | 61,095 | 4,240 | | 56,855 |
| Total | | | 61,095 | 4,240 | | 56,855 |
| Bond totals | | | 4,014,985 | 589,870 | 972,025 | 4,397,140 |
| Unamortized bond premium—net | | | 453,033 | | | 485,909 |
| Total debt | | | 4,468,018 | | | 4,883,049 |
| Less current maturities of long-term debt: | | | | | | |
| First lien revenue bonds | | | (15,545) | | | (16,685) |
| Intermediate lien revenue bonds | | | (168,725) | | | (167,345) |
| Subordinate lien revenue bonds | | | (27,665) | | | |
| GO bonds | | | (20,060) | | | (21,530) |
| Fuel hydrant special facility revenue bonds | | | (4,240) | | | (4,455) |
| Total current maturities of long-term debt | | | (236,235) | | | (210,015) |
| Long-term debt | | | $ 4,231,783 | | | $ 4,673,034 |

(Concluded)

### Revenue Bonds

Revenue Bonds are payable from and secured solely by a pledge of net revenues of the Port as defined in the Port's bond resolutions. The pledge of net revenues is broadly applied but certain revenues that are separately pledged or restricted from availability to pay revenue bond debt service are excluded; examples include PFCs, CFCs, SeaTac fuel facility rent, and Stormwater Utility revenue. The Port has established a lien upon net revenues, consisting of a First Lien, Intermediate Lien, and Subordinate Lien. By Washington State law, the Port cannot use its tax levy to pay debt service on Revenue Bonds but can use it to pay operating expenses, thereby increasing revenues available to pay revenue bond debt service.

In August 2022, the Port issued $862,565,000 in Series 2022ABC Intermediate Lien Revenue and Refunding Bonds. Series 2022A, $206,200,000, partially refunded the outstanding Series 2012A Intermediate Lien Revenue Refunding Bonds. Series 2022B, $585,930,000, is being used to pay for or reimburse costs of capital improvements to Airport facilities and to fully refund the outstanding Series 2012B Intermediate Lien Revenue Refunding Bonds. Series 2022C, $70,435,000, is being used to pay for or reimburse costs of capital improvements to Airport facilities and to partially refund the outstanding Series 2012A Intermediate Lien Revenue Refunding Bonds. Series 2022B and 2022C are also being used to pay a portion of the interest on the bonds during construction and to contribute to the Intermediate Lien Common Reserve Fund. A portion of each bond series was also used to pay the costs of issuing the bonds. The bonds have coupon rates ranging from 3.33% to 5.5% with maturities ranging from 2023 to 2047. The interest on the Series 2022ABC Bonds is payable on February 1 and August 1 of each year, commencing on February 1, 2023. Certain maturities of Series 2022ABC Bonds are subject to optional redemption by the Port before their scheduled maturities and certain maturities of the Series 2022B Bonds are also subject to mandatory sinking fund redemption. The economic gain resulting from the 2022ABC Bonds refunding transaction was $43,100,000, while the Port also decreased its aggregate debt service payments by $52,529,000 over the life of the refunding bonds.

### Capital Appreciation Revenue Bonds

In July 2009, the Port issued $22,000,000 in Series 2009B-2 Taxable Capital Appreciation Revenue Bonds. Interest on the 2009B-2 Bonds is compounded semiannually but is payable only upon maturity. As of December 31, 2023 and 2022, the accreted value of the Series 2009B-2 Taxable Capital Appreciation Revenue Bonds was $62,917,000 and $58,507,000, respectively, and the ultimate accreted value of $83,600,000 will be reached at final maturity in 2031.

### Subordinate Lien Variable Rate Demand Bonds

Included in long-term debt is one series of Subordinate Lien Variable Rate Demand Bonds (VRDB), Series 2008. Series 2008 VRDB bears interest at a weekly rate determined through a remarketing process in which the remarketing agent, currently Morgan Stanley, resets the rate based on market supply and demand for the bonds. The bonds are subject to mandatory tender for purchase and optional redemption before their scheduled maturities. The bonds also contain a "put" feature that, in their current mode, gives bondholders the option to demand payment before the bonds mature, with seven days' notice delivered to the Port's remarketing and fiscal agents. These bonds are backed by a letter of credit (LOC).

In 2008, the Port issued $200,715,000 in Series 2008 Subordinate Lien Revenue Refunding Bonds that have a final maturity date of July 1, 2033. The proceeds were used to fully refund Series 2003C Subordinate Lien Revenue Bonds and to pay the costs of issuing the Series 2008 Bonds. The Port made early principal payments on the bonds, including a payment of $12,080,000 in 2023 and $9,825,000 in 2022. As of December 31, 2023 and 2022, there were $136,395,000 and $148,475,000, respectively, of the Series 2008 Subordinate Lien Revenue Refunding Bonds outstanding.

On May 1, 2023, the Port entered into a LOC agreement with Bank of America, N.A. of $151,111,000 to replace an existing LOC agreement with MUFG Bank, Ltd., f/k/a The Bank of Tokyo- Mitsubishi UFJ, Ltd. that was scheduled to expire in May 2024. The LOC agreement with Bank of America, N.A. has an expiration date of May 1, 2026.

If the remarketing agent is unable to resell any bonds that are "put" within six months of the "put" date, the Port has a reimbursement agreement with Bank of America, N.A. to convert the bonds to an installment loan payable in 10 equal semiannual installments bearing an interest rate no less than 8.5%.

There were no borrowings drawn against the LOC during 2023 and 2022; therefore, there were no outstanding obligations to the LOC provider at December 31, 2023 or 2022.

### Commercial Paper

In September 2020, the Commission approved amendments to the Port's Subordinate Lien Revenue Notes (commercial paper) program authorizing resolution to extend the expiration until June 1, 2041, and to increase the aggregate authorized principal amount from $250 million to $400 million for financing and refinancing capital improvements within the Port, for working capital, and for paying maturing revenue notes of the same series and/or reimbursing the credit providers for advances made. Commercial paper is to have a maturity of no longer than 270 days; upon maturity, the notes are either paid down by the Port or remarketed by Barclays Capital, Inc.

The Port's commercial paper program is backed by two direct pay LOCs.

- In 2015, the Port amended its LOC reimbursement agreement with Bank of America, N.A., which increased the amount from $108,000,000 to $130,000,000. In March 2024, the agreement was amended to extend the expiration date from May 31, 2024 to May 28, 2027, and to modify other terms.

  If the Port were to draw liquidity under the reimbursement agreement and the remarketing agent is unable to resell any notes within six months, and if the Port has not replaced the LOC or converted the bonds, the Port is able to convert the commercial paper to an installment loan payable to Bank of America, N.A. in 10 equal, semiannual installments bearing an interest rate of no less than 8.5%.

- In 2015, the Port entered into a LOC reimbursement agreement with Sumitomo Mitsui Banking Corporation (Sumitomo) of $125,000,000. In September 2023, the agreement was amended to extend the expiration date from October 27, 2023 to September 12, 2028, and to modify other terms.

  If the Port were to draw liquidity under the reimbursement agreement and the remarketing agent is unable to resell any notes within six months, and if the Port has not replaced the LOC or converted the bonds, the Port is able to convert the commercial paper to an installment loan payable to Sumitomo in 10 equal, semiannual installments bearing an interest rate of no less than 9.5%.

There were no outstanding obligations to either LOC provider at December 31, 2023 and 2022.

In January 2022, the Port paid down $17,655,000 of existing commercial paper with proceeds of the Series 2022A Limited Tax GO Bonds. In December 2022, the Port paid down $10,010,000 of taxable commercial paper that was issued in 2020 to defease a portion of the outstanding 2016B First Lien Revenue Refunding Bonds due on October 1, 2020. There was no commercial paper outstanding at December 31, 2023 and 2022. Commercial paper, if applicable, is included in current maturities of long-term debt on the Statement of Net Position.

### GO Bonds

GO Bonds are limited tax general obligations of the Port. The Port has statutory authority to levy non-voted property taxes for general purposes and to pay debt service on its limited tax general obligation bonds. The Port has covenanted to make annual levies of ad valorem taxes in amounts sufficient, together with other legally available funds, to pay the principal of and interest on GO Bonds as they shall become due. GO Bondholders do not have a security interest in specific revenues or assets of the Port.

In January 2022, the Port issued $109,460,000 in Series 2022 Limited Tax GO and Refunding Bonds. Series 2022A, $15,115,000, was used to finance eligible Port costs, including paying commercial paper issued to finance such costs and to pay the costs of issuing the bonds. Series 2022B, $94,345,000 was used to finance eligible Port costs, to fully refund the Port's outstanding Series 2011 Limited Tax GO Refunding Bonds, and to pay the costs of issuing the bonds. The bonds have coupon rates ranging from 0.5% to 5% with maturities ranging from 2022 to 2041. The interest on the Series 2022AB GO and Refunding Bonds is payable on June 1 and December 1 of each year, commencing on June 1, 2022. Series 2022A GO Bonds are not subject to redemption before their scheduled maturities. Certain maturities of Series 2022B GO Bonds are subject to optional redemption before their scheduled maturities. The economic gain resulting from the refunding was $2,097,000, while the Port also decreased its aggregate debt service payments by $2,158,000 over the life of the Refunding Bonds.

In November 2022, the Port made an early principal payment of $10,915,000 to Series 2013A GO Bonds. A gain of $160,100 was recognized and reported as nonoperating other income (expense)—net in the Statement of Revenues, Expenses, and Changes in Net Position.

In June 2020, the Port entered into an agreement with JP Morgan Chase Bank, N.A. for a revolving credit facility of up to $150 million for three years to provide additional liquidity in response to the pandemic. The facility is a general obligation of the Port, backed by the full faith and credit of the Port including revenues and tax receipts, and the variable rate of interest is based on the Secured Overnight Financing Rate plus a spread based on the Port's GO bond ratings. In November 2021, the Port and JP Morgan Chase Bank, N.A. amended the agreement to extend the expiration date to June 4, 2024, to reduce the amount to $75 million, and to modify other terms. As of December 31, 2023 and 2022, no borrowing on this facility has occurred. This credit facility is no longer needed and this agreement was terminated on March 28, 2024.

### PFC Revenue Bonds

PFC Bonds are special fund obligations of the Port payable solely from, and secured by, a pledge of PFC revenues imposed by SEA. The Port, as authorized by the FAA, has the authority to use PFC revenues to: pay PFC-issued debt; pay eligible capital project costs (definitions, terms, and conditions are set by the FAA); and pay revenue bond debt service related to PFC-eligible projects at SEA. Neither the full faith and credit of the Port nor the taxing power of the Port is pledged for the payment of the principal of or interest on PFC Bonds. PFC Bonds are not secured by a lien on properties or improvements at SEA, nor by a pledge of other revenues derived by the Port. No PFC Revenue Bonds have been outstanding since December 31, 2021.

### Fuel Hydrant Special Facility Revenue Bonds

In May 2003, the Port issued Fuel Hydrant Special Facility Revenue Bonds of $121,140,000 to pay for all or a portion of the costs of the acquisition, design, and construction by the Port of jet aircraft fuel storage and delivery facilities at SEA. In June 2013, the Port issued $88,660,000 in Series 2013 Fuel Hydrant Special Facility Revenue Refunding Bonds, which were used to fully refund the outstanding Series 2003 Fuel Hydrant Special Facility Revenue Bonds and to pay the costs of issuing the bonds.

The Port undertook the development of the fuel system to lower the cost of fuel service at SEA, improve SEA safety by reducing the need for fuel trucks to operate on the airfield, and address environmental concerns created by the original fuel system. This fuel hydrant facility was fully operational in 2006. The fuel facility is leased to a limited liability company formed by a consortium of airlines to provide jet fuel storage and distribution at SEA. The Port owns the system and the consortium will oversee day-to-day management. The consortium is obligated to collect the fuel system fees and to make monthly rent payments, including a base rent for the land, to the Port and facilities rent to the trustee. Facilities rent is established at an amount sufficient to pay semiannual debt service, replenish any deficiency in the debt service reserve fund, and pay other fees associated with the bonds, including the trustee fee.

In addition, the consortium has provided a guaranty and a security agreement to the trustee, securing the consortium's obligation to pay principal and interest on the bonds. Proceeds from the bonds are held by the trustee. At December 31, 2023 and 2022, there were $10,341,000 and $10,215,000, respectively, of Fuel Hydrant Special Facility Revenue Bonds proceeds and rent payments held for debt service reserve fund and debt service payments. The unspent bond proceeds were reported as current restricted cash and cash equivalents and restricted long-term investments. Additional information on the investment of the unspent bond proceeds of the Fuel Hydrant Special Facility Revenue Bonds can be found in Note 2 in the accompanying Notes to Financial Statements.

Fuel Hydrant Special Facility Revenue Bonds of $52,400,000 and $56,855,000 were outstanding as of December 31, 2023 and 2022, respectively.

### Events of Default, Termination, and Acceleration Clauses

In the event of a default, owners of Port bonds may pursue remedies available under the terms of respective bond resolutions but are limited to such actions that may be taken at law or in equity. No mortgage or security interest has been granted or lien created in any real property of the Port to secure the payment of any of the Port's bonds. Port bonds are not subject to acceleration upon an event of default.

### Arbitrage Rebate

The Port monitors the existence of any rebatable arbitrage interest income associated with its tax-exempt debt. The rebate is based on the differential between the interest earnings from the investment of the bond proceeds and the interest expense associated with the respective bonds. Each outstanding bond issue has potential arbitrage rebatable earnings; however, management estimates indicated that no arbitrage rebate liability existed as of December 31, 2023 and 2022.

### Schedule of Debt Service

Total debt service requirements to maturity for bonds are as follows (in thousands):

| Years ended December 31, | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 221,860 | $ 192,729 | $ 414,589 |
| 2025 | 220,223 | 192,552 | 412,775 |
| 2026 | 223,720 | 182,723 | 406,443 |
| 2027 | 227,737 | 168,928 | 396,665 |
| 2028 | 224,147 | 159,100 | 383,247 |
| 2029–2033 | 1,183,923 | 625,328 | 1,809,251 |
| 2034–2038 | 844,295 | 349,353 | 1,193,648 |
| 2039–2043 | 762,860 | 156,998 | 919,858 |
| 2044–2048 | 266,280 | 27,698 | 293,978 |
| Total | $ 4,175,045 | $ 2,055,409 | $ 6,230,454 |

## Note 6. Conduit Debt

The Port has conduit debt obligations totaling $66,025,000 at December 31, 2023 and 2022, which are not a liability or contingent liability of the Port. The Port has not recorded these obligations, or the related assets, on the accompanying financial statements, as the Port has no obligation for the outstanding bonds beyond what is provided in the leasing arrangements.

Since 1982, the Port, through its blended component unit, the IDC, has issued tax-exempt nonrecourse revenue bonds to finance industrial development of transshipment, manufacturing, airport, dock, and wharf facilities within the corporate boundaries of the Port. These revenue bonds are secured by revenues derived from the industrial development facilities funded by the revenue bonds and leased to the IDC. No ad valorem tax levy revenues or other revenues of the Port (other than the IDC lease revenues) are pledged to pay the debt service on the bonds, and no liens (other than the IDC properties) are pledged as collateral for the debt.

## Note 7. Long-Term Liabilities

The following is a summary of the long-term liabilities activity for the years ended December 31 (in thousands):

| 2023 | Beginning balance | Additions | Reductions | Ending balance | Current portion | Long-term portion |
|---|---|---|---|---|---|---|
| Net pension liability | $ 30,196 | $ 3,669 | $ (9,864) | $ 24,001 | $ | $ 24,001 |
| Environmental remediation liability[a] | 114,404 | 30,462 | (11,830) | 133,036 | 19,927 | 113,109 |
| Bonds interest payable | 36,507 | 4,410 | | 40,917 | | 40,917 |
| Total OPEB liability | 15,805 | 2,155 | (1,003) | 16,957 | | 16,957 |
| Lease and subscription liabilities[a] | 19,348 | 2,967 | (5,813) | 16,502 | 3,568 | 12,934 |
| Lease securities and other | 8,945 | 800 | (1,361) | 8,384 | | 8,384 |
| Total | $ 225,205 | $ 44,463 | $ (29,871) | $ 239,797 | $ 23,495 | $ 216,302 |

(Continued)

| 2022 (Restated) | Beginning balance | Additions | Reductions | Ending balance | Current portion | Long-term portion |
|---|---|---|---|---|---|---|
| Net pension liability | $ 14,774 | $ 19,864 | $ (4,442) | $ 30,196 | $ | $ 30,196 |
| Environmental remediation liability[(a)] | 120,813 | 2,978 | (9,387) | 114,404 | 13,669 | 100,735 |
| Bonds interest payable | 32,407 | 4,100 | | 36,507 | | 36,507 |
| Total OPEB liability | 20,772 | 800 | (5,767) | 15,805 | | 15,805 |
| Lease and subscription liabilities[(a)] | 22,342 | 2,410 | (5,404) | 19,348 | 4,586 | 14,762 |
| Lease securities and other | 8,473 | 1,341 | (869) | 8,945 | | 8,945 |
| Total | $ 219,581 | $ 31,493 | $ (25,869) | $ 225,205 | $ 18,255 | $ 206,950 |

(Concluded)

(a) The current portion of the environmental remediation liability as well as lease and subscription liabilities are included in the accounts payable and accrued expenses in the Statement of Net Position.

## Note 8. Enterprise Fund Pension Plans

Substantially all of the Port's full-time and qualifying part-time employees participate in one of the following statewide public employee retirement plans administered by the DRS. The State Legislature establishes and amends laws pertaining to the creation and administration of all public employee retirement systems.

### Public Employees' Retirement System (PERS)

**Plan Description**

PERS retirement benefit provisions are contained in Chapters 41.34 and 41.40 RCW. PERS is a cost-sharing, multiple-employer retirement system composed of three separate pension plans for membership purposes. PERS Plan 1 and PERS Plan 2 are defined benefit plans. PERS Plan 3 is a defined benefit plan with a defined contribution component. Participants who joined PERS by September 30, 1977 are Plan 1 members. Plan 1 is closed to new entrants. Those joining thereafter are enrolled in Plan 2 or Plan 3.

PERS is composed of and reported as three separate plans for accounting purposes. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only belong to either Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as the terms of the plans define. Therefore, Plan 2/3 is considered a single plan for accounting purposes.

Retirement benefits are financed by employee and employer contributions and investment earnings. All plans provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Under PERS plans, annual cost-of-living allowances are based on the Consumer Price Index (CPI), capped at 3% annually.

**Vesting**

Both PERS Plan 1 and Plan 2 members are vested after the completion of five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service, or after five years of service if 12 months of that service are earned after age 44.

**Benefits Provided**

PERS Plan 1 retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service, capped at 60%. AFC is the average of the member's 24 consecutive highest-paid service credit months. Plan 1 members are eligible for retirement from active status at any age after 30 years of service, at age 55 with at least 25 years of service, or at age 60 with five years of service. Members retiring from inactive status before the age of 65 may receive actuarially-reduced benefits.

PERS Plan 2/3 retirement benefits are determined as 2% of the member's AFC times the member's years of service for Plan 2 and 1% of the member's AFC for Plan 3. AFC is the monthly average of the member's 60 consecutive highest-paid service credit months. PERS Plan 2/3 has no cap on years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a reduced benefit. The benefit is reduced by a factor that varies according to age for each year before age 65.

**Contributions**

Each biennium, the Washington State Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS Plan 3 employer contribution rates. The PERS Plan 1 member contribution rate is established by statute. The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary (OSA) to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 unfunded actuarial accrued liability. PERS Plan 3 members can choose their contribution from six contribution rate options ranging from 5% to 15%. Once an option has been selected, the employee contribution rate choice is irrevocable unless the employee changes employers. All employers are required to contribute at the level established by the legislature.

The PERS Plans required contribution rates (expressed as a percentage of covered payroll), excluding an administrative expense of 0.20% and 0.18% as of 2023 and 2022, respectively, from the employer contribution rate, for the years ended December, were as follows:

| | Effective date | PERS Plan 1 | PERS Plan 2 | PERS Plan 3 |
|---|---|---|---|---|
| **2023** | | | | |
| Port | Jan 1 to Jun 30 | 10.21% | 10.21% | 10.21% |
| | Jul 1 to Aug 31 | 9.21 | 9.21 | 9.21 |
| | Sep 1 to Dec 31 | 9.33 | 9.33 | 9.33 |
| Plan member | Jan 1 to Dec 31 | 6.00 | 6.36 | varies |
| **2022** | | | | |
| Port | Jan 1 to Aug 31 | 10.07% | 10.07% | 10.07% |
| | Sep 1 to Dec 31 | 10.21 | 10.21 | 10.21 |
| Plan member | Jan 1 to Dec 31 | 6.00 | 6.36 | varies |

For the years ended December 31, the Port's employer contributions, excluding administrative expense, made to the PERS Plan 1 and PERS Plan 2/3 were as follows (in thousands):

| | PERS Plan 1 | PERS Plan 2/3 |
|---|---|---|
| 2023 | $ 33 | $ 17,327 |
| 2022 | 53 | 16,313 |
| 2021 | 88 | 14,813 |

### Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)

**Plan Description**

LEOFF's retirement benefit provisions are contained in Chapters 41.26 and 41.45 RCW. LEOFF is a cost-sharing, multiple-employer retirement system comprising two separate defined benefit pension plans for both membership and accounting purposes. Participants who joined LEOFF by September 30, 1977 are Plan 1 members. LEOFF Plan 1 was closed to new entrants. Those joining thereafter are enrolled in LEOFF Plan 2. Membership includes all full-time local law enforcement officers and fire fighters.

Retirement benefits are financed from employee and employer contributions, investment earnings, and legislative appropriation. The legislature, by means of a special funding arrangement, appropriates money from the State General Fund to supplement the current service liability and fund the prior service costs of LEOFF Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the State constitution and could be changed by statute.

Both plans provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Under LEOFF Plan 2, annual cost-of-living allowances are based on the CPI, capped at 3% annually.

**Vesting**

Both LEOFF Plans' members are vested after the completion of five years of eligible service.

**Benefits Provided**

LEOFF Plan 1 retirement benefits are determined per year of service and are calculated as a percentage of Final Average Salary (FAS) as follows:

| Terms of service | Percentage of FAS |
|---|---|
| 5 to 9 years | 1.0% |
| 10 to 19 years | 1.5 |
| 20 or more years | 2.0 |

FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the consecutive highest-paid 24 months' salary within the last 10 years of service. Members are eligible for retirement with five years of service at age 50.

LEOFF Plan 2 retirement benefits are calculated using 2% of the member's FAS times the member's years of service. FAS is the monthly average of the member's 60 consecutive highest-paid service credit months. Members are eligible for retirement with a full benefit at age 53 with at least five years of service credit. Members who retire before age 53 receive reduced benefits. If the member has at least 20 years of service and is age 50 to 52, the reduction is 3% for each year before age 53. Otherwise, the benefits are actuarially reduced for each year before age 53.

**Contributions**

LEOFF Plan 1 is fully funded, and no further employer or employee contributions have been required since June 2000. Each biennium, the LEOFF Plan 2 Retirement Board has a statutory duty to set the employer and employee contribution rates for LEOFF Plan 2, based on the recommendations by the OSA, to fully fund LEOFF Plan 2. All employers are required to contribute at the level established by the legislature.

The LEOFF Plans required contribution rates (expressed as a percentage of covered payroll), excluding an administrative expense of 0.18% from the employer contribution rate, for the years ended December 31, were as follows:

| | Effective date | LEOFF Plan 2 (Fire fighters) | LEOFF Plan 2 (Police officers) |
|---|---|---|---|
| **2023** | | | |
| Port | Jan 1 to Dec 31 | 5.12% | 8.53% |
| Plan member | Jan 1 to Dec 31 | 8.53 | 8.53 |
| **2022** | | | |
| Port | Jan 1 to Dec 31 | 5.12% | 8.53% |
| Plan member | Jan 1 to Dec 31 | 8.53 | 8.53 |

For the years ended December 31, 2023, 2022, and 2021, the Port's employer contributions, excluding administrative expenses, made to LEOFF Plan 2 were $2,821,000, $2,393,000, and $1,904,000, respectively.

### Pension Asset/Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At December 31, the amount recognized by the Port as its proportionate share of the net pension asset (liability), the related State support for LEOFF Plan 2 only, and the total portion of the net pension asset (liability) that was associated with the Port, were as follows (in thousands):

| | PERS Plan 1 | PERS Plan 2/3 | LEOFF Plan 1 | LEOFF Plan 2 |
|---|---|---|---|---|
| **2023** | | | | |
| Port's proportionate share of the net pension (liability) asset | $ (20,695) | $ 47,790 | $ 2,330 | $ 27,157 |
| State's proportionate share of the net pension asset associated with the Port | | | | 17,342 |
| Total | $ (20,695) | $ 47,790 | $ 2,330 | $ 44,499 |
| **2022** | | | | |
| Port's proportionate share of the net pension (liability) asset | $ (24,953) | $ 42,530 | $ 2,217 | $ 27,372 |
| State's proportionate share of the net pension asset associated with the Port | | | | 17,731 |
| Total | $ (24,953) | $ 42,530 | $ 2,217 | $ 45,103 |

For the years ended December 31, 2023 and 2022, the net pension asset (liability) was measured as of June 30, 2023, and June 30, 2022, respectively, and the total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation as of June 30, 2022, and June 30, 2021, respectively.

The Port's proportion of the net pension asset (liability) was based on a projection of the Port's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, and the state support for LEOFF Plan 2 only, actuarially determined.

The Port's proportionate shares of contributions were measured at June 30 as follows:

| | PERS Plan 1 | PERS Plan 2/3 | LEOFF Plan 1 | LEOFF Plan 2 |
|---|---|---|---|---|
| 2023 | 0.91% | 1.17% | 0.08% | 1.13% |
| 2022 | 0.90% | 1.15% | 0.08% | 1.01% |
| Change between years | 0.01% | 0.02% | % | 0.12% |

For the years ended December 31, 2023, 2022, and 2021, the Port's total operating revenues included an increase (reduction) of $1,159,000, $2,126,000, and $(5,417,000), respectively, for the support provided by the State to the Port regarding LEOFF Plan 2.

For the years ended December 31, the Port recorded the following pension expense (credit) (in thousands):

| | PERS Plan 1 | PERS Plan 2/3 | LEOFF Plan 1 | LEOFF Plan 2 |
|---|---|---|---|---|
| 2023 | $ 119 | $ (5,121) | $ (235) | $ (3,291) |
| 2022 | 11,123 | (13,393) | (65) | 5,456 |
| 2021 | (1,440) | (25,463) | (427) | (13,581) |

At December 31, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

| | PERS Plan 1 | PERS Plan 2/3 | LEOFF Plan 1 | LEOFF Plan 2 |
|---|---|---|---|---|
| **2023** | | | | |
| Deferred Outflows of Resources | | | | |
| Differences between expected and actual experience | $ | $ 9,735 | $ | $ 11,093 |
| Changes of assumptions | | 20,064 | | 6,937 |
| Changes in proportion and differences between Port contributions and proportionate share of contributions | | 1,035 | | 1,626 |
| Port contributions subsequent to the measurement date | 3,284 | 6,675 | | 1,612 |
| Total deferred outflows of resources | $ 3,284 | $ 37,509 | $ | $ 21,268 |
| Deferred Inflows of Resources | | | | |
| Differences between expected and actual experience | $ | $ (534) | $ | $ (223) |
| Changes of assumptions | | (4,373) | | (2,231) |
| Net difference between projected and actual earnings on pension plan investments | (2,334) | (18,010) | (155) | (5,746) |
| Changes in proportion and differences between Port contributions and proportionate share of contributions | | (548) | | (4,325) |
| Total deferred inflows of resources | $ (2,334) | $ (23,465) | $ (155) | $ (12,525) |
| **2022** | | | | |
| Deferred Outflows of Resources | | | | |
| Differences between expected and actual experience | $ | $ 10,538 | $ | $ 6,504 |
| Changes of assumptions | | 23,705 | | 6,934 |
| Changes in proportion and differences between Port contributions and proportionate share of contributions | | 1,625 | | 1,872 |
| Port contributions subsequent to the measurement date | 3,379 | 5,650 | | 1,347 |
| Total deferred outflows of resources | $ 3,379 | $ 41,518 | $ | $ 16,657 |
| Deferred Inflows of Resources | | | | |
| Differences between expected and actual experience | $ | $ (963) | $ | $ (254) |
| Changes of assumptions | | (6,207) | | (2,383) |
| Net difference between projected and actual earnings on pension plan investments | (4,135) | (31,442) | (277) | (9,165) |
| Changes in proportion and differences between Port contributions and proportionate share of contributions | | | | (1,278) |
| Total deferred inflows of resources | $ (4,135) | $ (38,612) | $ (277) | $ (13,080) |

Deferred outflows of resources related to Port contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability or an increase of the net pension asset in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized as pension expense as follows (in thousands):

| Years ended December 31, | PERS Plan 1 | PERS Plan 2/3 | LEOFF Plan 1 | LEOFF Plan 2 |
|---|---|---|---|---|
| 2024 | $ (1,588) | $ (8,205) | $ (106) | $ (2,564) |
| 2025 | (1,998) | (10,221) | (133) | (3,492) |
| 2026 | 1,232 | 15,051 | 82 | 4,685 |
| 2027 | 20 | 5,396 | 2 | 1,529 |
| 2028 | | 5,217 | | 1,680 |
| Thereafter | | 131 | | 5,293 |
| Total | $ (2,334) | $ 7,369 | $ (155) | $ 7,131 |

## Actuarial Assumptions and Methods

The total pension asset (liability) was determined by an actuarial valuation as of June 30, 2022, with the results rolled forward to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement. The actuarial assumptions used in the June 30, 2022 valuation were based on the results of OSA's 2013–2018 Demographic Experience Study and the 2021 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2022 Actuarial Valuation Report (AVR). The AVR was prepared using the Entry Age Normal cost method.

- *Inflation* — A 2.75% total economic inflation and a 3.25% salary inflation were used.
- *Salary increases* — In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow through promotions and longevity.
- *Mortality* — Mortality rates were developed using the Society of Actuaries' Pub. H-2010 Mortality rates. OSA applied age offsets to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale also developed by the Society of Actuaries to project mortality rates after the 2010 base table. To apply mortality rates on a generational basis, members are assumed to receive additional mortality improvements in each future year throughout their lifetime.
- *Investment rate of return* — The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best estimate of expected future rates of return (expected returns, net of pension plan investment expense, but including inflation) are developed for each major asset class by WSIB. Those expected returns make up one component of WSIB's Capital Market Assumptions (CMAs). The CMAs contain three pieces of information for each class of assets the WSIB currently invests in (1) expected annual return, (2) standard deviation of the annual return, and (3) correlations between the annual returns of each asset class with every other asset class.
- WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons. The OSA selected a 7% long-term expected rate of return on pension plan investments. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered CMAs and simulated expected returns the WSIB provided.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2021, are summarized in the following table:

| Asset class | Target allocation | Long-term expected real rate of return |
|---|---|---|
| Fixed income | 20% | 1.5% |
| Tangible assets | 7 | 4.7 |
| Real estate | 18 | 5.4 |
| Global equity | 32 | 5.9 |
| Private equity | 23 | 8.9 |
| Total | 100% | |

The inflation component used to create the above table is 2.2% and represents WSIB's most recent long-term estimate of broad economic inflation.

- *Discount rate* — The discount rate used to measure the total pension asset (liability) was 7% for all plans. Contributions from plan members and employers are assumed to continue to be made at contractually required rates (including PERS Plan 2/3 employers whose rates include a component for the PERS Plan 1 unfunded actuarial accrued liability), and contributions from the State are made at current statutorily required rates. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of 7% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset (liability).

### Change in Assumptions and Methods

Actuarial results that OSA provided within the June 30, 2022 valuation reflect the following assumption changes and methods:

- *Assumption Changes* — OSA made adjustments to LEOFF Plan 1 and LEOFF Plan 2 assets, and LEOFF participant data to reflect certain material changes occurring after the June 30, 2022, measurement date.
- *Methods* — The methods did not change from the prior contribution rate setting June 30, 2021 AVR.

### Sensitivity of the Port's Proportionate Share of the Net Pension Asset (Liability) to Changes in the Discount Rate

The following presents the Port's proportionate share of the net pension asset (liability) calculated using the discount rate of 7%, as well as what the Port's proportionate share of the net pension asset (liability) would be if it were calculated using plus or minus 1% of the current discount rate (in thousands):

| | 1% Decrease (6%) | Current discount rate (7%) | 1% Increase (8%) |
|---|---|---|---|
| PERS Plan 1 | $ 28,913 | $ 20,695 | $ 13,523 |
| PERS Plans 2/3 | 51,977 | (47,790) | (129,755) |
| LEOFF Plan 1 | (2,066) | (2,330) | (2,559) |
| LEOFF Plan 2 | 4,497 | (27,157) | (53,064) |

### Payables to the PERS and LEOFF Plans

At December 31, the Port reported payables for the outstanding amount of the required contributions to PERS Plan 1, PERS Plan 2/3, and LEOFF Plan 2 under payroll and taxes payable in the Statement of Net Position as follows (in thousands):

| | PERS Plan 1 | PERS Plan 2/3 | LEOFF Plan 2 |
|---|---|---|---|
| 2023 | $ 212 | $ 467 | $ 139 |
| 2022 | 232 | 393 | 97 |

### Pension Plan Fiduciary Net Position

The pension plans' fiduciary net positions are determined on the same basis used by the pension plans. DRS financial statements have been prepared in conformity with GAAP. The retirement plans are accounted for in pension trust funds using the flow of economic resources measurement focus and the accrual basis of accounting. Plan member contributions are recognized as revenues in the period in which contributions are earned. Employer contributions are recognized when they are due. Benefits and refunds are recognized when due and payable according to the terms of the plans. The WSIB has been authorized by statute (Chapter 43.33A RCW) as having the investment management responsibility for the pension funds. Investments are reported at fair value, and unrealized gains and losses are included as investment income in the Statement of Changes in Fiduciary Net Position of the DRS Annual Comprehensive Financial Report. Interest and dividend income are recognized when earned, and capital gains and losses are recognized on a trade-date basis. Purchases and sales of investments are also recorded on a trade-date basis.

Detailed information about PERS' and LEOFF's fiduciary net position is available in the separately issued DRS financial report. A copy of this report may be obtained at:

Department of Retirement Systems
P.O. Box 48380
Olympia, WA 98504-8380
www.drs.wa.gov

## Note 9. Postemployment Benefits Other than Pensions

In addition to pension benefits, as described in Note 8, the Port provides OPEB.

### Plan Descriptions

The Port administers and contributes to two single-employer defined OPEB plans: (1) LEOFF Plan 1 Members' Medical Services Plan and (2) Retirees Life Insurance Plan. Under State statute RCW 41.26.150, the Port is required to pay for retired LEOFF Plan 1 members' medical services expenses. Under the Port's life insurance contract, eligible retired employees are provided with life insurance coverage for a death benefit of up to $25,000. The Port can establish and amend benefit provisions of the life insurance OPEB plan. There are no separate OPEB plan-related financial reports issued. Neither plan has assets accumulated in a trust or equivalent arrangement.

At December 31, 2023, the following employees were covered by the plans:

| | LEOFF Plan 1 Members' Medical Services Plan | Retirees Life Insurance Plan |
|---|---|---|
| Inactive employees or beneficiaries currently receiving benefit payments | 26 | |
| Inactive employees entitled to but not yet receiving benefit payments | | 507 |
| Active employees | | 1,259 |
| Total | 26 | 1,766 |

### Contributions

For the LEOFF Plan 1 Members' Medical Services Plan, the State establishes and may amend the contribution requirements of plan members and the Port. The LEOFF Plan 1 was closed on September 30, 1977, to new entrants. The contribution requirements of the Retirees Life Insurance Plan are established and may be amended by the Port. For both plans, the Port is required to contribute on a pay-as-you-go basis. The Port's contributions to the LEOFF Plan 1 Members' Medical Services Plan and Retirees Life Insurance Plan were $593,000 and $410,000, respectively, for the year ended December 31, 2023. The Port's contributions to the LEOFF Plan 1 Members' Medical Services Plan and Retirees Life Insurance Plan were $577,000 and $150,000, respectively, for the year ended December 31, 2022. Plan participants are not required to contribute to either plan.

### Total OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

Total OPEB liability for the LEOFF Plan 1 Members' Medical Services Plan was calculated as of December 31, 2023, using the Alternative Measurement Method. Total OPEB liability for the Retirees Life Insurance Plan was determined by an actuarial valuation as of January 1, 2022, and update procedures were used to roll forward the total OPEB liability to December 31, 2023. As of December 31, 2023 and 2022, the Port's total OPEB liability for the two plans was $16,957,000 and $15,805,000, respectively. For the years ended December 31, 2023 and 2022, the total OPEB expense (credit) for the two plans was $1,520,000 and $(361,000), respectively.

No deferred outflows or inflows of resources were reported for the LEOFF Plan 1 Members' Medical Services Plan due to the Alternative Measurement Method being used for a closed plan.

At December 31, the Port reported deferred outflows of resources and deferred inflows of resources related to the Retirees Life Insurance Plan from the following sources (in thousands):

| | 2023 | 2022 |
|---|---|---|
| Deferred Outflows of Resources | | |
| Changes of assumptions | $ 1,781 | $ 1,861 |
| Total deferred outflows of resources | $ 1,781 | $ 1,861 |
| | | |
| Deferred Inflows of Resources | | |
| Differences between expected and actual experience | $ 62 | $ 78 |
| Changes of assumptions | 3,202 | 3,901 |
| Total deferred inflows of resources | $ 3,264 | $ 3,979 |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Retirees Life Insurance Plan will be amortized as OPEB expense as follows (in thousands):

| **Years ended December 31,** | |
|---|---|
| 2024 | $ (210) |
| 2025 | (144) |
| 2026 | (186) |
| 2027 | (363) |
| 2028 | (480) |
| Thereafter | (100) |
| Total | $ (1,483) |

### Actuarial Assumptions and Methods

For the LEOFF Plan 1 Members' Medical Services Plan, the following simplified assumptions were made when the Alternative Measurement method was used:

- *Mortality* — Life expectancies were based on mortality tables from the National Vital Statistics Reports, Volume 72, No. 12, November 7, 2023. The Life Table for Males: U.S. 2021 was used.
- *Healthcare cost trend rate* — The expected rate of increase in healthcare expenditure was based on projections of the Office of the Actuary at the Centers for Medicare and Medicaid Services. The rate of increase is expected to average 5% over the next several years.
- *Health insurance premiums* — 2018 health insurance premiums for retirees, adjusted by the 2019–2024 rates from the National Health Expenditures Projections 2013–2031 Table 1, were used as the basis for the calculation of the present value of total benefits to be paid.
- *Discount rate* — An average index rate of 3.77% as of December 31, 2023, for 20-year general obligation municipal bonds with an average rating of AA was used.
- *Inflation rate* — No explicit inflation rate assumption was used as this underlying assumption was already included in the healthcare cost trend rate.

For the Retirees Life Insurance Plan, an actuarial valuation was performed as of January 1, 2022, and update procedures were used to roll forward total OPEB liability to December 31, 2023, by using the Entry Age Normal cost method. The valuation is prepared on the projected benefit basis. The present value of each participant's expected benefit payable at retirement or termination is determined based on age, gender, compensation, and the interest rate assumed to be earned in the future. The calculations take into account the probability of a participant's death or termination of employment before becoming eligible for a benefit. Future salary increases are also anticipated. The present value of the expected benefits payable on account of the active participants is added to the present value of the expected future payments to retired participants to obtain the present value of all expected benefits payable from the Plan on account of the present group of participants.

The employer contributions required to support the benefits of the Plan are determined following a level funding approach and consist of a normal cost contribution and an accrued liability contribution.

The following actuarial assumptions applied to all periods included in the measurement:

- *Pre-retirement mortality* — Pub 2010 Headcount Weighted General Employee Mortality Tables for males and females for all PERS plans and the Pub 2010 Headcount Weighted Safety Employee Mortality Tables for males and females for LEOFF Plan 2; projected using the Long-Term MP-2017 Scale.
- *Post-retirement mortality* — Pub 2010 Headcount Weighted General Healthy Annuitant Mortality Tables for males and females for all PERS plans and the Pub 2010 Headcount Weighted Safety Annuitant Mortality Tables for females and with a one-year setback for males for LEOFF Plan 2; projected using the Long-Term MP-2017 Scale.
- *Salary increases* — An estimated payroll growth of 3.25% per year was used.
- *Discount rate* — An average index rate of 3.77% as of December 31, 2023, for 20-year general obligation municipal bonds with an average rating of AA was used.

### Change in Assumptions

For the LEOFF Plan 1 Members' Medical Services Plan and the Retirees Life Insurance Plan, changes in assumptions reflected a change in the discount rate from 4.05% in 2022 to 3.77% in 2023.

### Change in Total OPEB Liability

Changes in the total OPEB liability for both plans for the current year were as follows (in thousands):

| | LEOFF Plan 1 Members' Medical Services Plan | Retirees Life Insurance Plan |
|---|---|---|
| Service cost | $ | $ 224 |
| Interest expense | 224 | 412 |
| Changes of assumptions | 870 | 425 |
| Employer contributions | (593) | (410) |
| Net changes | 501 | 651 |
| Total OPEB liability beginning of year | 5,541 | 10,264 |
| Total OPEB liability end of year | $ 6,042 | $ 10,915 |

### Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the plans, calculated using the discount rate of 3.77%, as well as what the total OPEB liability would be if it were calculated using plus or minus 1% of the current discount rate (in thousands):

| | 1% Decrease (2.77%) | Current discount rate (3.77%) | 1% Increase (4.77%) |
|---|---|---|---|
| LEOFF Plan 1 Members' Medical Services Plan | $ 6,396 | $ 6,042 | $ 5,718 |
| Retirees Life Insurance Plan | 12,420 | 10,915 | 9,296 |

### Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the plans, calculated using the healthcare cost trend rates of 5%, as well as what the total OPEB liability would be if it were calculated using plus or minus 1% of the current cost trend (in thousands):

| | 1% Decrease (4%) | Healthcare cost trend rate (5%) | 1% Increase (6%) |
|---|---|---|---|
| LEOFF Plan 1 Members' Medical Services Plan | $ 5,776 | $ 6,042 | $ 6,325 |

## Note 10. Environmental Remediation Liability

The Port has identified a number of contaminated sites on Aviation, Maritime, and Economic Development properties and facilities that must be investigated for the presence of hazardous substances and remediated in compliance with federal and state environmental laws and regulations. Some Port facilities may require asbestos abatement, and some properties owned or operated by the Port may have unacceptable levels of contaminants in soil, sediments, and/or groundwater. In some cases, the Port has been designated by the federal government as a Potentially Responsible Party (PRP), and/or by the state government as a Potentially Liable Person (PLP) for the investigation and cleanup of properties owned by the Port or where the Port may have contributed to site contamination. Although the Port may not ultimately bear all liability for the contamination, under federal and state law, the Port is presumptively liable as the property owner or as a party that contributed contamination to a site, and it is often practically and financially beneficial for the Port to take initial responsibility to manage and pay for the cleanup. In some cases, the Port may also be liable for natural resource damages (NRD) associated with contaminated properties. In each of these matters, the Port is cooperating with the notifying agency and taking appropriate action with other parties to investigate and remediate environmental damage or contamination. Currently, it is not possible to determine the full extent of the Port's liability in these matters.

The Port has in place a procedure consistent with current accounting rules to recognize liability for environmental cleanups, to the extent that such liability can be reasonably estimated. As of December 31, 2023 and 2022, the Port's environmental remediation liability was $133,036,000 and $114,404,000, respectively, based on reasonable and supportable assumptions, measured at current value using the expected cash flow technique. The environmental remediation liability will change over time due to changes in costs of goods and services, remediation technologies, and governing laws and regulations.

In many cases, the Port has successfully recovered Port-incurred investigation and cleanup costs from other responsible parties. The Port will continue to seek appropriate recoveries in the future. As of December 31, 2023 and 2022, the environmental remediation liability was reduced by $23,716,000 and $33,543,000, respectively, for estimated unrealized recoveries.

The Port is in ongoing settlement negotiations regarding NRD. In 2021, the Port recorded, as a special item, $34,907,000 additional construction cost for a habitat restoration project and related cleanup at Terminal 25 South. The Port anticipates recovering some or all of this cost from other PRPs following its settlement, though the timing of such recovery is unknown.

In February 2024, the Port received a $27,222,000 settlement payment from the *City of Long Beach, et al. v. Monsanto Company, et al.,* a class action lawsuit against Monsanto related to its historic manufacture of polychlorinated biphenyls and damages incurred by the Port associated with contamination at the Harbor Island and Lower Duwamish Waterway Superfund Sites. As a result, the Port will increase its environmental remediation liability in the 2024 Statement of Net Position to account for this settlement related to future cleanup costs at these Superfund Sites.

The Port's environmental remediation liability does not include cost components that are not yet reasonably measurable. As of December 31, 2023 and 2022, there were two major sites where certain cost components of the associated environmental remediation liability could not be reasonably estimated.

### East Waterway Superfund Site (the East Waterway Site)

The Port is one of many PRPs at the East Waterway Site and is a member of the East Waterway Group, along with King County and the City of Seattle. Among other remedial actions, the East Waterway Group funded the Supplemental Remedial Investigation and Feasibility Study (SRI/FS), which was finalized in 2019. The Port's share of SRI/FS accumulated costs through 2023 was $10,796,000. The Environmental Protection Agency (EPA) has not yet released a Record of Decision (ROD) for the East Waterway Site cleanup remedy, but a Proposed Plan was released in 2023. The FS bracketed range of cost estimates, excluding the no action alternative, was between $256 million and $411 million (based on current value in 2016 dollars); the study was completed in 2019. The EPA acknowledged there is significant uncertainty as to the accuracy of this estimate. A more accurate estimate will not be available until after the selection of a remedy, completion of an extensive sampling and design effort, and allocation of costs between PRPs. As of December 31, 2023 and 2022, the Port's outstanding environmental remediation liability recorded was $1,657,000 and $1,351,000, respectively.

### Lower Duwamish Waterway Superfund Site (the Duwamish Site)

The Port is one of many PRPs at the Duwamish Site and was a member of the Lower Duwamish Waterway Group, along with King County, the City of Seattle, and the Boeing Company, that among other remedial actions, funded the Remedial Investigation and Feasibility Study (RI/FS). The RI/FS study was completed and the Port's share of RI/FS costs through 2023 was $25,436,000. In November 2014, the EPA released a ROD for the Duwamish Site cleanup remedy. The ROD included a cleanup cost estimate of $342 million (present value discounted at 2.3% based on a study completed in 2012); the undiscounted cost estimate calculated at the time was $395 million. The EPA initially estimated the range of potential remedy costs from $277 million to $593 million. The EPA updated its estimate in January 2023 to $668 million. The EPA acknowledged there is significant uncertainty as to the accuracy of its cost estimates. A more accurate estimate will likely be available after the completion of an extensive sampling and design effort, which is currently underway for portions of the site.

In November 2012, the EPA issued general notice letters to over 200 parties informing them of their potential liability for the Lower Duwamish Waterway cleanup. The Lower Duwamish Waterway Group, who were the parties to the RI/FS Administrative Order on Consent, invited some of those parties to participate in a confidential alternative dispute resolution process led by a neutral allocator (the allocation process) to resolve their respective shares of past and future costs. The allocation process was not successful and the Port withdrew from the process in July 2022. The Port's estimated long-term future liabilities or potential recoveries are unknown at this time. As of December 31, 2023 and 2022, the Port's outstanding environmental remediation liability recorded for the Duwamish Site was $9,575,000 and $10,405,000, respectively. In January 2023, the EPA issued special notice letters to the Port, King County, the City of Seattle, the Boeing Company, and two federal agencies, commencing the negotiation process to reach a settlement agreement to fund or implement the Duwamish Site remedy. This negotiation process will likely not be complete until late 2024 or 2025.

## Note 11. Contingencies

The Port is a defendant in various legal actions and claims. Although certain lawsuits and claims are significant in amount, the final dispositions are not determinable, and in the opinion of management, the outcome of any litigation of these matters will not have a material effect on the financial position or results of operations of the Port. In some cases, the Port has provided adequate contingent liability.

Amounts received or receivable under grants-in-aid programs are subject to audit and adjustment by the granting agency. Any disallowed claims, including amounts already received, may constitute a liability of the Port. The amount, if any, of expenditures that may be disallowed cannot be determined at this time, although the Port expects such amounts, if any, to be insignificant.

## Note 12. Commitments

The Port has made commitments for acquisition and construction as of December 31, as follows (in thousands):

| | 2023 | 2022 |
|---|---|---|
| Funds committed: | | |
| Aviation | $ 435,724 | $ 436,349 |
| Maritime | 40,507 | 14,222 |
| Economic Development | 3,599 | 4,295 |
| Stormwater Utility | 15 | 192 |
| Total | $ 479,845 | $ 455,058 |

As of December 31, 2023 and 2022, the Port also made commitments of $26,614,000 and $19,877,224, respectively, for the acquisition and construction of the NWSA. However, this amount was not included in the schedule above as the Port expects to be reimbursed by the NWSA once the construction expenditure is incurred for the NWSA.

In addition, as of December 31, 2023 and 2022, funds authorized by the Port but not yet committed for all divisions amounted to $840,648,000 and $947,899,000, respectively.

## Note 13. Joint Venture

A summarized Statement of Net Position of the NWSA as of December 31, and its Statement of Revenues, Expenses, and Changes in Net Position for the years ended December 31, are as follows (in thousands):

| | 2023 | 2022 |
|---|---|---|
| Total assets | $ 2,136,391 | $ 2,132,563 |
| Deferred outflows of resources | 1,766 | 2,207 |
| Total liabilities | 50,721 | 58,094 |
| Deferred inflows of resources | 1,458,802 | 1,497,928 |
| Total net position | $ 628,634 | $ 578,748 |

(Continued)

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Operating revenues | $ 180,499 | $ 149,380 | $ 150,320 |
| Operating expenses | 106,637 | 91,051 | 88,691 |
| Operating income before depreciation and amortization | 73,862 | 58,329 | 61,629 |
| Depreciation and amortization | 21,277 | 20,992 | 14,970 |
| Nonoperating income—net | 62,785 | 73,368 | 65,337 |
| Increase in net position | $ 115,370 | $ 110,705 | $ 111,996 |

(Concluded)

A copy of the NWSA financial report may be obtained at:

The Northwest Seaport Alliance
P.O. Box 2985
Tacoma, WA 98401-2985
www.nwseaportalliance.com

In 2019, both the Managing Members and the Commission approved an Interlocal Agreement between the Port and the NWSA to facilitate development by the Port of a new cruise terminal at Terminal 46 as part of a flexible marine transportation facility. The Port's cruise facility was planned to occupy the northern 29 acres of the overall 86.5-acre terminal. The remainder of the site would be maintained by the NWSA as a marine cargo facility and for administrative use. This new cruise terminal project was postponed in 2020 due to the pandemic's uncertain impact on the Alaskan cruise market and is no longer being planned. The Port agreed to pay the NWSA monthly for the use of Terminal 46, starting January 1, 2020, for 23 years with four options to extend for 5-year terms and an annual increase of 2%. In 2023 and 2022, the Port's payments to the NWSA were $4,061,000 and $3,981,000, respectively. The Port's 50% share of the NWSA's change in net position was reduced by $2,030,000 in 2023 and $1,991,000 in 2022 (50% of the $4,061,000 and $3,981,000, respectively), due to the elimination of profit on the intra-entity transaction.

In 2022, the Managing Members approved an amendment and restatement of an Interlocal Agreement between the Port and the NWSA regarding three cranes located at Terminal 46. The Port purchased these cranes in 2019. The amendment allowed the NWSA's use of these cranes, such as the right to lease, sublease, and license, for future cargo operations. The NWSA agreed to pay the Port a monthly use fee, beginning October 1, 2022, for 4 years. In 2023 and 2022, the Port's 50% share of the NWSA's change in net position was increased by $165,000 and $41,000, respectively, due to the elimination of profit on the intra-entity transaction.

The home ports share the NWSA's change in net position and distribution of operating cash equally. In 2023 and 2022, the Port's 50% share of the NWSA's change in net position before the elimination of profit on the intra-entity transactions was $57,685,000 and $55,353,000, respectively. The change in net position, after the intra-entity transaction elimination, was $55,820,000 and $53,403,000 in 2023 and 2022, respectively, presented in the Port's Statement of Revenues, Expenses, and Changes in Net Position as joint venture income.

Distribution of operating cash from the NWSA is generally received in the following month. The Port's receivable for cash distributions earned through December 31, 2023 and 2022, was $5,328,000 and $8,010,000, respectively. Additionally, as of December 31, 2023, there were no outstanding use fees for the three cranes, while $83,000 of use fees for the three cranes incurred in 2022 were unpaid as of December 31, 2022. These amounts are presented in the Port's Statement of Net Position as related party receivable—joint venture.

In 2019, the Managing Members and the Commission authorized the completion of the one-time Membership Interest Affirmation of 50/50 for each home port in satisfaction of the NWSA Charter. In lieu of completing a required reevaluation of Membership Interest, the Port agreed to pay up to $32,000,000 additional contribution to the NWSA. This additional contribution was in recognition that certain forecast revenue streams, not secured by long-term contractual agreements in the initial valuation, would only be achieved with the redevelopment of Terminal 5. This additional contribution is being made to the NWSA in three installments. The first and second installments of $11,000,000 were made in 2020 and 2021, respectively. The final installment will be made in 2024. The Managing Members also authorized the distribution of these affirmation payments to the home ports equally after the NWSA received the funds from the Port.

The Port's investment in joint venture as of December 31 is as follows (in thousands):

| | 2023 | 2022 |
|---|---|---|
| Working capital | $ 25,500 | $ 25,500 |
| Membership interest affirmation | 22,000 | 22,000 |
| Capital construction | 319,776 | 290,050 |
| Construction work in progress | 7,887 | 7,887 |
| 50% share of the NWSA's changes in net position | 428,299 | 370,614 |
| Distribution of operating cash | (467,423) | (404,630) |
| Distribution of membership interest affirmation | (11,000) | (11,000) |
| Adjustment from NWSA's adoption of accounting principle | (55) | (55) |
| Total investment in joint venture | $ 324,984 | $ 300,366 |

As of December 31, 2023 and 2022, land, facilities, and equipment—net of accumulated depreciation and amortization licensed to the NWSA by the Port were $725,376,000 and $740,232,000, with related depreciation and amortization expenses of $14,233,000 and $14,347,000, respectively. As of December 31, 2023 and 2022, the Port's total debt on licensed assets was $160,496,000 and $232,572,000, respectively.

During 2023 and 2022, the Port's 50% share of capital construction expenditures was $27,012,000 and $26,419,000 of which $5,341,000 and $3,834,000 were unpaid and included in the Port's Statement of Net Position as related party payable—joint venture as of December 31, 2023 and 2022, respectively.

A broad spectrum of support services such as maintenance, security, public affairs, project delivery, procurement, labor relations, environmental planning, information technology, finance, and accounting are provided by the service agreements between the NWSA and the home ports. Costs for these services are charged by the home ports to the NWSA based on agreed-upon methodologies including direct charge and allocation. In 2023 and 2022, support services provided by the Port to the NWSA were $10,035,000 and $7,787,000, respectively.

## Note 14. Business Information

The Enterprise Fund's major business activities and operations consist of SEA facilities, Maritime terminals, Economic Development properties, and the Stormwater Utility established and effective on January 1, 2015, for Port-owned properties located within the City of Seattle. Indirect costs have been allocated to SEA facilities, Maritime terminals, and Economic Development properties using various methods based on estimated hours of work, expenses, full-time equivalent positions, and other factors. The Port's operating revenues are derived from various sources. Aviation's operating revenues are derived primarily from its airline agreements, concession agreements, and other business arrangements. Maritime's operating revenues are principally derived from cruise terminals along with the leasing of Maritime terminal facilities, recreational marinas, and industrial fishing terminals. Economic Development's operating revenues are primarily derived from the conference and event centers as well as the leasing of commercial and industrial real estate. The Stormwater Utility's operating revenues are primarily derived from collecting stormwater utility fees from tenants.

A summarized comparison of changes in Stormwater Utility operating revenues, operating expenses, and depreciation and amortization expenses for the years ended December 31, is as follows (in thousands):

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Operating revenues | $ 6,913 | $ 6,840 | $ 6,260 |
| Operating expenses | 6,447 | 5,658 | 4,544 |
| Operating income before depreciation and amortization | 466 | 1,182 | 1,716 |
| Depreciation and amortization | 1,264 | 1,272 | 1,285 |
| Operating (loss) income | $ (798) | $ (90) | $ 431 |

Internal stormwater utility charges on vacant properties owned by the Port's Maritime and Economic Development divisions included in operating revenues for the years ended December 31, are as follows (in thousands):

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Maritime Division | $ 1,235 | $ 1,249 | $ 1,080 |
| Economic Development Division | 486 | 441 | 359 |
| Total operating revenues from internal charges | $ 1,721 | $ 1,690 | $ 1,439 |

Operating revenues for the Stormwater Utility and the associated operating expenses from the Maritime and Economic Development divisions were eliminated in the Statement of Revenues, Expenses, and Changes in Net Position.

Operating revenues and lease interest income, excluding the Stormwater Utility's operating revenues, as reflected in the Statement of Revenues, Expenses, and Changes in Net Position, from the Port's major sources for the years ended December 31, are as follows (in thousands):

| | 2023 | 2022 | 2021 (Restated) |
|---|---|---|---|
| Aviation Division: | | | |
| Terminal | $ 293,295 | $ 249,281 | $ 195,575 |
| Airfield | 156,411 | 121,679 | 95,270 |
| Public parking | 110,940 | 88,899 | 64,104 |
| Airport dining and retail/Terminal leased space | 72,494 | 42,501 | 41,219 |
| Rental car | 44,600 | 42,330 | 30,687 |
| Ground transportation | 24,878 | 20,804 | 11,947 |
| Customer facility charges | 16,954 | 12,171 | 2,018 |
| Commercial properties | 16,238 | 12,565 | 8,297 |
| Utilities | 8,666 | 7,943 | 6,350 |
| Other | 53,973 | 54,200 | 39,219 |
| Total Aviation Division operating revenues | 798,449 | 652,373 | 494,686 |
| Lease interest income | 7,841 | 6,780 | 6,646 |
| Total Aviation Division operating revenues and lease interest income | $ 806,290 | $ 659,153 | $ 501,332 |
| Maritime Division: | | | |
| Cruise operations | $ 40,372 | $ 29,197 | $ 7,872 |
| Recreational boating | 16,584 | 14,957 | 13,764 |
| Maritime portfolio | 6,070 | 8,608 | 8,613 |
| Fishing and operations | 10,451 | 9,524 | 8,893 |
| Grain terminal | 1,887 | 4,297 | 4,593 |
| Other | (81) | 179 | (400) |
| Total Maritime Division operating revenues | 75,283 | 66,762 | 43,335 |
| Lease interest income | 7,127 | 4,772 | 4,673 |
| Total Maritime Division operating revenues and lease interest income | $ 82,410 | $ 71,534 | $ 48,008 |

(Continued)

| | 2023 | 2022 | 2021 (Restated) |
|---|---|---|---|
| Economic Development Division: | | | |
| Conference and event centers | $ 6,738 | $ 8,914 | $ 1,910 |
| Central harbor portfolio | 9,724 | 8,225 | 6,802 |
| Total Economic Development Division operating revenues | 16,462 | 17,139 | 8,712 |
| Lease interest income | 753 | 661 | 582 |
| Total Economic Development Division operating revenues and lease interest income | $ 17,215 | $ 17,800 | $ 9,294 |

(Concluded)

Operating revenues and lease interest income, excluding Stormwater Utility's operating revenues, as reflected in the Statement of Revenues, Expenses, and Changes in Net Position, from the major customers for the years ended December 31, are as follows (in thousands):

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Aviation Division: | | | |
| Operating revenues and lease interest income | $ 330,264 | $ 253,500 | $ 210,097 |
| Number of major customers | 2 | 2 | 2 |
| Maritime Division: | | | |
| Operating revenues and lease interest income | $ 42,041 | $ 30,665 | $ 6,198 |
| Number of major customers | 2 | 2 | 1 |
| Economic Development Division: | | | |
| Operating revenues and lease interest income | $ 1,778 | $ | $ |
| Number of major customers | 1 | | |
| Total: | | | |
| Operating revenues and lease interest income | $ 374,083 | $ 284,165 | $ 216,295 |
| Number of major customers | 5 | 4 | 3 |

Two major customers represented 34.1%, 31.5%, and 33.8% of total Port operating revenues and lease interest income in 2023, 2022, and 2021, respectively. For Aviation, revenues from two major customers accounted for 41%, 38.5%, and 41.9% of total Aviation operating revenues and lease interest income in 2023, 2022, and 2021, respectively. For Maritime, revenues from two major customers accounted for 51.1% and 42.9% of total Maritime operating revenues and lease interest income in 2023 and 2022, respectively. For Economic Development, revenue from one major customer accounted for 10.3% of total Economic Development operating revenues and lease interest income in 2023. No single major customer represented more than 10% of total Economic Development operating revenues and lease interest income in 2022 and 2021.

Operating expenses, excluding the Stormwater Utility's operating expenses but including internal charges from the Stormwater Utility on vacant properties owned by the Port for the Maritime and Economic Development divisions, as reflected in the Statement of Revenues, Expenses, and Changes in Net Position, from the Port's major functions by Division for the years ended December 31, are as follows (in thousands):

| | 2023 | 2022 (Restated) | 2021 (Restated) |
|---|---|---|---|
| Aviation Division: | | | |
| Operations and maintenance | $ 334,166 | $ 283,740 | $ 207,737 |
| Administration | 78,681 | 68,370 | 59,752 |
| Law enforcement | 32,844 | 28,158 | 24,263 |
| Operating expenses before depreciation and amortization | 445,691 | 380,268 | 291,752 |
| Depreciation and amortization | 214,599 | 196,278 | 155,110 |
| Total Aviation Division operating expenses | $ 660,290 | $ 576,546 | $ 446,862 |
| Maritime Division: | | | |
| Operations and maintenance | $ 48,480 | $ 42,060 | $ 27,793 |
| Administration | 12,657 | 11,176 | 9,308 |
| Law enforcement | 5,500 | 3,791 | 3,157 |
| Operating expenses before depreciation and amortization | 66,637 | 57,027 | 40,258 |
| Depreciation and amortization | 18,300 | 18,093 | 17,801 |
| Total Maritime Division operating expenses | $ 84,937 | $ 75,120 | $ 58,059 |
| Economic Development Division: | | | |
| Operations and maintenance | $ 20,219 | $ 18,620 | $ 13,715 |
| Administration | 4,978 | 4,701 | 4,237 |
| Law enforcement | 297 | 249 | 212 |
| Operating expenses before depreciation and amortization | 25,494 | 23,570 | 18,164 |
| Depreciation and amortization | 4,132 | 3,954 | 3,841 |
| Total Economic Development Division operating expenses | $ 29,626 | $ 27,524 | $ 22,005 |

As reflected in the Statement of Net Position, total assets, excluding the Stormwater Utility assets and total debt, excluding Series 2015 and Series 2017 GO Bonds related to the State Route 99 Alaskan Way Viaduct Replacement Program payments, as of December 31, by Division are as follows (in thousands):

| | 2023 | 2022 (Restated) |
|---|---|---|
| Aviation Division: | | |
| Current, long-term, and other assets | $ 1,849,796 | $ 1,988,273 |
| Total capital assets | 7,741,898 | 7,550,830 |
| Accumulated depreciation and amortization | (2,343,607) | (2,163,977) |
| Construction work in progress | 671,088 | 437,848 |
| Total Aviation Division assets | $ 7,919,175 | $ 7,812,974 |
| Total Aviation Division debt | $ 4,138,084 | $ 4,364,842 |

(Continued)

| | | 2023 | | 2022 (Restated) |
|---|---|---|---|---|
| Maritime Division: | | | | |
| Current, long-term, and other assets | $ | 495,159 | $ | 455,088 |
| Total capital assets | | 739,726 | | 734,206 |
| Accumulated depreciation and amortization | | (336,774) | | (320,384) |
| Construction work in progress | | 35,201 | | 15,566 |
| Total Maritime Division assets | $ | 933,312 | $ | 884,476 |
| Total Maritime Division debt | $ | 99,303 | $ | 107,721 |
| | | | | |
| Economic Development Division: | | | | |
| Current, long-term, and other assets | $ | 79,597 | $ | 86,917 |
| Total capital assets | | 226,617 | | 220,882 |
| Accumulated depreciation and amortization | | (111,488) | | (106,670) |
| Construction work in progress | | 8,920 | | 9,352 |
| Total Economic Development Division assets | $ | 203,646 | $ | 210,481 |
| Total Economic Development Division debt | $ | | $ | |

(Concluded)

## Note 15. Warehousemen's Pension Trust Fund

In late 2002, the Port terminated all warehousing operations at Terminal 106 following the departure of the principal customer who operated the facility. Prior to closing the warehouse, the Port had provided pension and health benefits to represented employees under a collective bargaining agreement with Local #9 of the International Longshore and Warehouse Union. The benefits were administered by two separate trusts, the Warehousemen's Pension Trust and the Local #9 Health and Welfare Trust. The Port made quarterly contributions to each trust in an amount sufficient to provide the required contractual benefits and the trusts were jointly administered by trustees appointed by both Local #9 and the Port.

Upon expiration of the contract with Local #9, the Port ceased making contributions to the Health and Welfare Trust and provided employees with the ability to maintain their health coverage by self-paying premiums through the Port's healthcare plan. The Port also ceased making contributions to the Warehousemen's Pension Trust.

On May 25, 2004, the Port became the sole administrator for the Plan and commenced contributions to the Plan. The Plan is a governmental plan maintained and operated solely by the Port as a single-employer defined benefit plan.

Since its closing in 2002, the Warehouseman's Pension Plan became a frozen plan, where no new members are accepted. The only members of the Plan are retirees and beneficiaries receiving benefits, as well as terminated members who have a vested right to a future benefit under the Plan.

### Summary of Significant Accounting Policies

**Basis of Accounting**

The financial statements are prepared using the accrual basis of accounting. Port contributions are recognized in the period in which the contributions are made. Benefits are recognized when due and payable in accordance with the terms of the Plan.

**Investments**

Investments held 100% in mutual funds, are reported at fair value and classified as Level 1, using inputs from quoted prices in active markets for identical assets. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at the current exchange rates.

## Plan Description

### Plan Administration

The administration and operation of the Plan are vested in a three-member Board of Trustees from the Port. The Board of Trustees has the authority to amend this Plan as they may determine. However, an amendment may not decrease a Plan member's accrued benefit.

The Plan provides that only service credited and compensation earned before April 1, 2004, shall be utilized to calculate benefits under the Plan. There are no separate financial statements of the Plan issued.

Membership in the Plan consisted of the following at December 31:

| | 2023 | 2022 |
|---|---|---|
| Retirees and beneficiaries receiving benefits | 120 | 120 |
| Terminated plan members entitled to but not yet receiving benefits | 31 | 31 |
| Total | 151 | 151 |

### Vesting and Benefits Provided

The Plan provides normal, early, and disability retirement benefits, as well as a preretirement death benefit or survivor annuity for a surviving spouse. The Plan provides a single life annuity and a 50% or 75% joint and survivor benefit for married participants. Retirement benefit amounts are calculated based on the number of years of credited service multiplied by a tiered monthly benefit rate established in the Plan document within a range of $20 to $100. For Plan members who terminated employment before January 1, 1992, the normal retirement age with full benefit is 65 with at least five years of credited service. Effective January 1, 1992, the normal retirement age with full benefit is 62 after completing five years or more of credited service. Plan members who are age 55 and have completed 10 years of credited service may elect early retirement, with benefits reduced by a quarter of one percentage for each month the early retirement date precedes the normal retirement date. However, a Plan member with 30 years of credited service may retire at age 55 without a reduction in benefits. A Plan member who is disabled with 15 years of credited service is eligible for disability retirement. If the disabled Plan member is age 55, the disability retirement benefit shall be the normal retirement benefit, or the benefit shall be the normal retirement benefit earned to the disability retirement date, reduced by 5/12 of one percentage for each month the disability retirement date precedes the month the Plan member attains the age of 55.

### Contributions

The Port agrees to maintain and contribute funds to the Plan in an amount sufficient to pay the vested accrued benefits of participating members and the beneficiaries when the benefits become due. Members do not make contributions. The Board of Trustees establishes the employer's contribution amount based on an actuarially determined contribution recommended by an independent actuary.

## Investments

### Investment Policy

The Plan's investment policy regarding the allocation of the invested assets is established and may be amended by the Board of Trustees. The policy allows the Plan to invest in contracts with insurance companies that are rated no lower than A by at least two major rating agencies. The Plan is allowed to invest in commercial paper with an A1/P1 rating. Certificates of deposit or banker's acceptances can only be purchased from domestic banks with net worth in excess of $2 billion and that satisfy tier 1 and tier 2 capital requirements. Bank deposits or short-term investment accounts must be maintained by the Plan's custodian. Repurchase agreements can only be entered with Federal Reserve reporting dealers and maintained in accordance with Federal Reserve guidelines. Only U.S. registered mutual funds or ERISA-qualified commingled funds whose investment strategies and governing documents have been reviewed and approved by the Board of Trustees can be purchased. The Plan's investment policy allows for 35% plus or minus 5% of the portfolio to be invested in domestic equities securities, 25% plus or minus 5% of the portfolio to be invested in international equities securities, and 40% plus or minus 5% of the portfolio to be invested in fixed income securities.

### Interest Rate Risk

Interest rate risk is the risk that an investment's fair value decreases as market interest rate increases. In general, the longer the duration of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Through its investment policy, the Plan manages its exposure to fair value losses from increasing interest rates by investing in a diversified portfolio of index fund and professionally managed mutual funds. For the fixed income mutual funds, the Plan manages its exposure to changes in interest rates by investing in intermediate-term bonds. As of December 31, 2023 and 2022, the average duration for PIMCO Income Fund was 4.7 and 3.2 years, respectively. As of December 31, 2023 and 2022, the average duration for Dodge and Cox Fixed Income Fund was 6 and 5.5 years, respectively. As of December 31, 2023, the average duration for Vanguard Total Bond Market Index Fund was 6.4 years.

**Credit Risk**
Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The risk is measured by the assignment of ratings by nationally recognized rating agencies. As of December 31, 2023 and 2022, the Plan's investment in PIMCO Income Fund had an average credit quality rating of BB, and Dodge and Cox Fixed Income Fund had an average credit quality rating of BBB. As of December 31, 2023, the Plan's investment in Vanguard Total Bond Market Index Fund had an average credit quality rating of AA.

**Foreign Currency Risk**
Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Plan had $2,716,000 and $2,417,000 in international equity mutual funds that were invested in foreign securities as of December 31, 2023 and 2022, respectively.

**Rate of Return**
For the year ended December 31, 2023 and 2022, the annual money-weighted rate of return on the Plan investments, net of investment expense, was 15.1% and (14.80)%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amount actually invested.

### Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources

The Port's net pension liability related to the Warehousemen's Pension Trust was measured as of December 31, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, and update procedures were used to roll forward the total pension liability to the measurement date. As of December 31, 2023 and 2022, the Port's net pension liability for this Plan was $3,306,000 and $5,243,000, respectively. For the year ended December 31, 2023, 2022, and 2021, the Port recognized pension expense of $315,000, $961,000, and $73,000, respectively. As of December 31, 2023 and 2022, the total deferred outflows and (inflows) of resources resulting from the net difference between projected and actual earnings on pension plan investments was $548,000 and $1,300,000, respectively. The Plan will recognize $133,000 for 2024, $249,000 for 2025, $330,000 for 2026, and $(164,000) for 2027, as future pension expenses.

The components of the net pension liability at December 31, were as follows (in thousands):

| | 2023 | 2022 |
|---|---|---|
| Total pension liability | $ 14,351 | $ 15,022 |
| Plan fiduciary net position | (11,045) | (9,779) |
| Net pension liability | $ 3,306 | $ 5,243 |
| Plan fiduciary net position as a percentage of total pension liability | 77.0% | 65.1% |

## Changes in Net Pension Liability

The following table identifies changes in the Port's net pension liability for the current year (in thousands):

| | Total pension liability | Plan fiduciary net position | Net pension liability |
|---|---|---|---|
| Interest expense | $ 925 | $ | $ 925 |
| Employer contributions | | 1,500 | (1,500) |
| Net investment income | | 1,451 | (1,451) |
| Benefit payments | (1,596) | (1,596) | |
| Administrative expenses | | (50) | 50 |
| Professional fees | | (39) | 39 |
| Net changes | (671) | 1,266 | (1,937) |
| Balances at beginning of year | 15,022 | 9,779 | 5,243 |
| Balances at end of year | $ 14,351 | $ 11,045 | $ 3,306 |

## Actuarial Assumptions and Methods

The total pension liability was determined by an actuarial valuation as of December 31, 2022, using the Entry Age Normal cost method and the following actuarial assumptions, applied to all periods included in the measurement:

- *Mortality* — Life expectancies were based on the RP-2014 Combined Mortality Table for Males and Females with blue-collar adjustment. Margin for future mortality improvement is accounted for by projecting mortality rates using Scale MP-2016.
- *Investment rate of return* — A rate of 6.5% was used, which is the long-term expected rate of return on the Plan's investment, net of plan investment expenses, including inflation. This rate was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the Plan's Board of Trustees after considering input from the Plan's investment consultant and actuary.

For each major asset class that is included in the Plan's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

| Asset class | Target allocation | Long-term expected real rate of return |
|---|---|---|
| Domestic equities mutual fund | 35% | 7.82% |
| International equities mutual fund | 25 | 8.60 |
| Domestic fixed income mutual fund | 40 | 4.47 |
| Total | 100% | |

- *Discount rate* — A single discount rate of 6.5% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on the Plan's investments at 6.5% and the tax-exempt municipal bond rate on an index of 20-year GO Bonds with an average AA credit rating of 3.77%. The projection of cash flows used to determine this single discount rate assumed the employer contributions will be made at the actuarially determined contribution rates in accordance with the Port's long-term funding policy. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan, calculated using the discount rate of 6.5%, as well as what the net pension liability would be if it were calculated using plus or minus 1% of the current discount rate (in thousands):

| | 1% Decrease (5.5%) | Current discount rate (6.5%) | 1% Increase (7.5%) |
|---|---|---|---|
| Net pension liability | $ 4,422 | $ 3,306 | $ 2,338 |

# Required Supplementary Information

Port of Seattle / 2023 Annual Comprehensive Financial Report

# Schedule of Port of Seattle's Proportionate Share of Net Pension Asset/Liability (NPA/NPL) Enterprise Fund Pension Plans

Last Ten Fiscal Years (in thousands)

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| **PERS Plan 1** | | | | | |
| Port's proportion of the NPL | 0.91% | 0.90% | 0.91% | 0.89% | 0.86% |
| Port's proportionate share of the (NPL) | $ (20,695) | $ (24,953) | $ (11,120) | $ (31,506) | $ (33,048) |
| Port's covered payroll | $ 321 | $ 757 | $ 852 | $ 1,067 | $ 1,141 |
| Port's proportionate share of the (NPL) as a percentage of its covered payroll | (6,447.04)% | (3,296.30)% | (1,305.16)% | (2,952.76)% | (2,896.41)% |
| Plan fiduciary net position as a percentage of the total pension liability | 80.16% | 76.56% | 88.74% | 68.64% | 67.12% |
| **PERS Plan 2/3** | | | | | |
| Port's proportion of the NPA or NPL | 1.17% | 1.15% | 1.15% | 1.13% | 1.08% |
| Port's proportionate share of the NPA (NPL) | $ 47,790 | $ 42,530 | $ 114,829 | $ (14,440) | $ (10,531) |
| Port's covered payroll | $ 161,174 | $ 140,945 | $ 137,887 | $ 131,998 | $ 117,866 |
| Port's proportionate share of the NPA (NPL) as a percentage of its covered payroll | 29.65% | 30.17% | 83.28% | (10.94)% | (8.93)% |
| Plan fiduciary net position as a percentage of the total pension liability | 107.02% | 106.73% | 120.29% | 97.22% | 97.77% |
| **LEOFF Plan 1** | | | | | |
| Port's proportion of the NPA | 0.08% | 0.08% | 0.08% | 0.08% | 0.08% |
| Port's proportionate share of the NPA | $ 2,330 | $ 2,217 | $ 2,700 | $ 1,464 | $ 1,529 |
| Port's covered payroll[a] | n/a | n/a | n/a | n/a | n/a |
| Port's proportionate share of the NPA as a percentage of its covered payroll[a] | n/a | n/a | n/a | n/a | n/a |
| Plan fiduciary net position as a percentage of the total pension liability | 175.99% | 169.62% | 187.45% | 146.88% | 148.78% |
| **LEOFF Plan 2** | | | | | |
| Port's proportion of the NPA | 1.13% | 1.01% | 0.99% | 1.09% | 1.07% |
| Port's proportionate share of the NPA | $ 27,157 | $ 27,372 | $ 57,519 | $ 22,203 | $ 24,861 |
| State's proportionate share of the NPA associated with the Port | 17,342 | 17,731 | 37,106 | 14,197 | 16,281 |
| Total | $ 44,499 | $ 45,103 | $ 94,625 | $ 36,400 | $ 41,142 |
| Port's covered payroll | $ 36,141 | $ 30,121 | $ 28,084 | $ 29,767 | $ 27,404 |
| Port's proportionate share of the NPA as a percentage of its covered payroll | 123.13% | 149.74% | 336.94% | 122.28% | 150.13% |
| Plan fiduciary net position as a percentage of the total pension liability | 113.17% | 116.09% | 142.00% | 115.83% | 119.43% |

(Continued)

[a] Annual covered payroll was not applicable as LEOFF Plan 1 has no active employees.

# Schedule of Port of Seattle's Proportionate Share of Net Pension Asset/Liability (NPA/NPL) Enterprise Fund Pension Plans

Last Ten Fiscal Years (in thousands)

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|
| **PERS Plan 1** | | | | | |
| Port's proportion of the NPL | 0.87% | 0.86% | 0.83% | 0.87% | 0.84% |
| Port's proportionate share of the (NPL) | $ (38,752) | $ (40,683) | $ (44,426) | $ (45,557) | $ (42,385) |
| Port's covered payroll | $ 1,450 | $ 1,451 | $ 1,440 | $ 1,504 | $ 1,606 |
| Port's proportionate share of the (NPL) as a percentage of its covered payroll | (2,672.55)% | (2,803.79)% | (3,085.14)% | (3,029.06)% | (2,639.17)% |
| Plan fiduciary net position as a percentage of the total pension liability | 63.22% | 61.24% | 57.03% | 59.10% | 61.19% |
| **PERS Plan 2/3** | | | | | |
| Port's proportion of the NPA or NPL | 1.08% | 1.07% | 1.02% | 1.09% | 1.04% |
| Port's proportionate share of the NPA (NPL) | $ (18,467) | $ (37,149) | $ (51,569) | $ (38,826) | $ (21,060) |
| Port's covered payroll | $ 111,910 | $ 104,804 | $ 95,817 | $ 96,416 | $ 89,966 |
| Port's proportionate share of the NPA (NPL) as a percentage of its covered payroll | (16.50)% | (35.45)% | (53.82)% | (40.27)% | (23.41)% |
| Plan fiduciary net position as a percentage of the total pension liability | 95.77% | 90.97% | 85.82% | 89.20% | 93.29% |
| **LEOFF Plan 1** | | | | | |
| Port's proportion of the NPA | 0.08% | 0.08% | 0.07% | 0.07% | 0.07% |
| Port's proportionate share of the NPA | $ 1,382 | $ 1,144 | $ 761 | $ 883 | $ 881 |
| Port's covered payroll[(a)] | n/a | n/a | n/a | n/a | n/a |
| Port's proportionate share of the NPA as a percentage of its covered payroll[(a)] | n/a | n/a | n/a | n/a | n/a |
| Plan fiduciary net position as a percentage of the total pension liability | 144.42% | 135.96% | 123.74% | 127.36% | 126.91% |
| **LEOFF Plan 2** | | | | | |
| Port's proportion of the NPA | 1.03% | 1.08% | 1.03% | 1.07% | 1.04% |
| Port's proportionate share of the NPA | $ 20,851 | $ 15,053 | $ 5,967 | $ 11,018 | $ 13,815 |
| State's proportionate share of the NPA associated with the Port | 13,501 | 9,765 | 3,890 | 7,285 | 9,026 |
| Total | $ 34,352 | $ 24,818 | $ 9,857 | $ 18,303 | $ 22,841 |
| Port's covered payroll | $ 24,512 | $ 24,778 | $ 22,343 | $ 22,322 | $ 20,753 |
| Port's proportionate share of the NPA as a percentage of its covered payroll | 140.14% | 100.16% | 44.12% | 82.00% | 110.06% |
| Plan fiduciary net position as a percentage of the total pension liability | 118.50% | 113.36% | 106.04% | 111.67% | 116.75% |

(Concluded)

# Schedule of Port of Seattle's Contributions Enterprise Fund Pension Plans[a]

Last Ten Fiscal Years (in thousands)

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| **PERS Plan 1** | | | | | |
| Contractually required contribution | $ 33 | $ 53 | $ 88 | $ 127 | $ 149 |
| Contributions in relation to the contractually required contribution | (33) | (53) | (88) | (127) | (149) |
| Contribution deficiency (excess) | $ | $ | $ | $ | $ |
| Port's covered payroll | $ 334 | $ 521 | $ 758 | $ 1,000 | $ 1,174 |
| Contributions as a percentage of covered payroll | 9.88% | 10.17% | 11.61% | 12.70% | 12.69% |
| **PERS Plan 2/3** | | | | | |
| Contractually required contribution | $ 17,327 | $ 16,313 | $ 14,813 | $ 18,653 | $ 15,993 |
| Contributions in relation to the contractually required contribution | (17,327) | (16,313) | (14,813) | (18,653) | (15,993) |
| Contribution deficiency (excess) | $ | $ | $ | $ | $ |
| Port's covered payroll | $ 177,292 | $ 161,113 | $ 127,209 | $ 146,750 | $ 126,312 |
| Contributions as a percentage of covered payroll | 9.77% | 10.13% | 11.64% | 12.71% | 12.66% |
| **LEOFF Plan 2** | | | | | |
| Contractually required contribution | $ 2,821 | $ 2,393 | $ 1,904 | $ 2,170 | $ 2,107 |
| Contributions in relation to the contractually required contribution | (2,821) | (2,393) | (1,904) | (2,170) | (2,107) |
| Contribution deficiency (excess) | $ | $ | $ | $ | $ |
| Port's covered payroll | $ 39,962 | $ 34,010 | $ 27,216 | $ 30,638 | $ 29,274 |
| Contributions as a percentage of covered payroll | 7.06% | 7.04% | 7.00% | 7.08% | 7.20% |

(Continued)

[a] LEOFF Plan 1 is fully funded and no further employer or employee contributions have been required since June 2000.

# Schedule of Port of Seattle's Contributions Enterprise Fund Pension Plans[a]

Last Ten Fiscal Years (in thousands)

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|
| **PERS Plan 1** | | | | | |
| Contractually required contribution | $ 173 | $ 151 | $ 164 | $ 146 | $ 137 |
| Contributions in relation to the contractually required contribution | (173) | (151) | (164) | (146) | (137) |
| Contribution deficiency (excess) | $ | $ | $ | $ | $ |
| Port's covered payroll | $ 1,398 | $ 1,289 | $ 1,490 | $ 1,474 | $ 1,515 |
| Contributions as a percentage of covered payroll | 12.37% | 11.71% | 11.01% | 9.91% | 9.04% |
| **PERS Plan 2/3** | | | | | |
| Contractually required contribution | $ 13,920 | $ 12,882 | $ 10,979 | $ 9,761 | $ 8,243 |
| Contributions in relation to the contractually required contribution | (13,920) | (12,882) | (10,979) | (9,761) | (8,243) |
| Contribution deficiency (excess) | $ | $ | $ | $ | $ |
| Port's covered payroll | $ 110,897 | $ 109,605 | $ 99,808 | $ 98,556 | $ 91,306 |
| Contributions as a percentage of covered payroll | 12.55% | 11.75% | 11.00% | 9.90% | 9.03% |
| **LEOFF Plan 2** | | | | | |
| Contractually required contribution | $ 1,837 | $ 1,723 | $ 1,663 | $ 1,596 | $ 1,478 |
| Contributions in relation to the contractually required contribution | (1,837) | (1,723) | (1,663) | (1,596) | (1,478) |
| Contribution deficiency (excess) | $ | $ | $ | $ | $ |
| Port's covered payroll | $ 25,389 | $ 24,355 | $ 23,911 | $ 22,624 | $ 21,022 |
| Contributions as a percentage of covered payroll | 7.24% | 7.07% | 6.95% | 7.05% | 7.03% |

(Concluded)

# Schedule of Changes in Total OPEB Liability and Related Ratios
# LEOFF Plan 1 Members' Medical Services Plan

Last Six Fiscal Years[(a)] (in thousands)

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Interest expense | $ 224 | $ 126 | $ 146 | $ 200 | $ 262 |
| Changes of assumptions | 870 | (893) | (41) | 476 | 772 |
| Contributions | (593) | (577) | (492) | (668) | (824) |
| Net change in total OPEB liability | 501 | (1,344) | (387) | 8 | 210 |
| Total OPEB liability—beginning | 5,541 | 6,885 | 7,272 | 7,264 | 7,054 |
| Total OPEB liability—ending[(b)] | $ 6,042 | $ 5,541 | $ 6,885 | $ 7,272 | $ 7,264 |
| Covered-employee payroll[(c)] | n/a | n/a | n/a | n/a | n/a |
| Total OPEB liability as a percentage of covered-employee payroll | n/a | n/a | n/a | n/a | n/a |

| | 2018 |
|---|---|
| Interest expense | $ 240 |
| Changes of assumptions | 107 |
| Contributions | (525) |
| Net change in total OPEB liability | (178) |
| Total OPEB liability—beginning | 7,232 |
| Total OPEB liability—ending[(b)] | $ 7,054 |
| Covered-employee payroll[(c)] | n/a |
| Total OPEB liability as a percentage of covered-employee payroll | n/a |

[(a)] This schedule is presented prospectively starting in 2018 resulting from the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*.

[(b)] The plan has no assets accumulated in a trust or equivalent arrangement.

[(c)] Annual covered-employee payroll was not applicable as LEOFF Plan 1 has no active employees.

# Schedule of Changes in Total OPEB Liability and Related Ratios
# Retirees Life Insurance Plan

Last Six Fiscal Years[a] (in thousands)

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Service cost | $ 224 | $ 416 | $ 464 | $ 349 | $ 250 |
| Interest expense | 412 | 258 | 264 | 316 | 357 |
| Difference between expected and actual experience | | (16) | | (107) | |
| Changes of assumptions | 425 | (4,131) | 361 | 1,348 | 1,667 |
| Benefit payments | (410) | (150) | (366) | (356) | (345) |
| Net change in total OPEB liability | 651 | (3,623) | 723 | 1,550 | 1,929 |
| Total OPEB liability—beginning | 10,264 | 13,887 | 13,164 | 11,614 | 9,685 |
| Total OPEB liability—ending[b] | $ 10,915 | $ 10,264 | $ 13,887 | $ 13,164 | $ 11,614 |
| Covered-employee payroll | $ 153,143 | $ 121,668 | $ 120,237 | $ 121,647 | $ 103,868 |
| Total OPEB liability as a percentage of covered-employee payroll | 7.1% | 8.4% | 11.5% | 10.8% | 11.2% |

| | 2018 |
|---|---|
| Service cost | $ 286 |
| Interest expense | 343 |
| Changes of assumptions | (1,003) |
| Benefit payments | (336) |
| Net change in total OPEB liability | (710) |
| Total OPEB liability—beginning | 10,395 |
| Total OPEB liability—ending[b] | $ 9,685 |
| Covered-employee payroll | $ 100,356 |
| Total OPEB liability as a percentage of covered-employee payroll | 9.7% |

[a] This schedule is presented prospectively starting in 2018 resulting from the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*.

[b] The plan has no assets accumulated in a trust or equivalent arrangement.

# Schedule of Changes in Net Pension Liability and Related Ratios
# Warehousemen's Pension Trust Fund

Last Ten Fiscal Years (in thousands)

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| **Total pension liability** | | | | | |
| Interest expense | $ 925 | $ 946 | $ 990 | $ 1,055 | $ 1,092 |
| Difference between expected and actual experience | | 348 | | (290) | |
| Changes of assumptions | | | | | |
| Benefit payments | (1,596) | (1,657) | (1,667) | (1,760) | (1,791) |
| Net change in total pension liability | (671) | (363) | (677) | (995) | (699) |
| Total pension liability—beginning | 15,022 | 15,385 | 16,062 | 17,057 | 17,756 |
| Total pension liability—ending | $ 14,351 | $ 15,022 | $ 15,385 | $ 16,062 | $ 17,057 |
| **Plan fiduciary net position** | | | | | |
| Employer contributions | $ 1,500 | $ 1,500 | $ 1,500 | $ 1,500 | $ 1,500 |
| Net investment income (loss) | 1,451 | (1,715) | 1,103 | 1,215 | 1,575 |
| Benefit payments | (1,596) | (1,657) | (1,667) | (1,760) | (1,791) |
| Administrative expenses | (50) | (51) | (50) | (51) | (49) |
| Professional fees | (39) | (29) | (39) | (30) | (48) |
| Net change in plan fiduciary net position | 1,266 | (1,952) | 847 | 874 | 1,187 |
| Plan fiduciary net position—beginning | 9,779 | 11,731 | 10,884 | 10,010 | 8,823 |
| Plan fiduciary net position—ending | $ 11,045 | $ 9,779 | $ 11,731 | $ 10,884 | $ 10,010 |
| **Net pension liability** | | | | | |
| Total pension liability—ending | $ 14,351 | $ 15,022 | $ 15,385 | $ 16,062 | $ 17,057 |
| Plan fiduciary net position—ending | (11,045) | (9,779) | (11,731) | (10,884) | (10,010) |
| Net pension liability—ending | $ 3,306 | $ 5,243 | $ 3,654 | $ 5,178 | $ 7,047 |
| Plan fiduciary net position as a percentage of total pension liability | 77.0% | 65.1% | 76.2% | 67.8% | 58.7% |
| Covered payroll[a] | n/a | n/a | n/a | n/a | n/a |

(Continued)

[a] Annual covered payroll was not applicable as the operation was terminated in 2002.

# Schedule of Changes in Net Pension Liability and Related Ratios
# Warehousemen's Pension Trust Fund

Last Ten Fiscal Years (in thousands)

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|
| **Total pension liability** | | | | | |
| Interest expense | $ 1,239 | $ 1,280 | $ 1,255 | $ 1,306 | $ 1,384 |
| Difference between expected and actual experience | (1,616) | | 105 | | (512) |
| Changes of assumptions | | | 1,044 | | |
| Benefit payments | (1,863) | (1,946) | (2,093) | (2,079) | (2,091) |
| Net change in total pension liability | (2,240) | (666) | 311 | (773) | (1,219) |
| Total pension liability—beginning | 19,996 | 20,662 | 20,351 | 21,124 | 22,343 |
| Total pension liability—ending | $ 17,756 | $ 19,996 | $ 20,662 | $ 20,351 | $ 21,124 |
| **Plan fiduciary net position** | | | | | |
| Employer contributions | $ 1,500 | $ 1,500 | $ 1,500 | $ 1,500 | $ 1,500 |
| Net investment income (loss) | (611) | 1,352 | 554 | (116) | 408 |
| Benefit payments | (1,863) | (1,946) | (2,093) | (2,079) | (2,091) |
| Administrative expenses | (49) | (46) | (45) | (46) | (45) |
| Professional fees | (28) | (47) | (41) | (57) | (66) |
| Net change in plan fiduciary net position | (1,051) | 813 | (125) | (798) | (294) |
| Plan fiduciary net position—beginning | 9,874 | 9,061 | 9,186 | 9,984 | 10,278 |
| Plan fiduciary net position—ending | $ 8,823 | $ 9,874 | $ 9,061 | $ 9,186 | $ 9,984 |
| **Net pension liability** | | | | | |
| Total pension liability—ending | $ 17,756 | $ 19,996 | $ 20,662 | $ 20,351 | $ 21,124 |
| Plan fiduciary net position—ending | (8,823) | (9,874) | (9,061) | (9,186) | (9,984) |
| Net pension liability—ending | $ 8,933 | $ 10,122 | $ 11,601 | $ 11,165 | $ 11,140 |
| Plan fiduciary net position as a percentage of total pension liability | 49.7% | 49.4% | 43.9% | 45.1% | 47.3% |
| Covered payroll[(a)] | n/a | n/a | n/a | n/a | n/a |

(Concluded)

## Schedule of Employer Contributions Warehousemen's Pension Trust Fund[(a)]

Last Ten Fiscal Years (in thousands)

| Years ended December 31, | Actuarially determined contribution | Actual contribution | Contribution deficiency (excess) |
|---|---|---|---|
| 2023 | $ 749 | $ 1,500 | $ (751) |
| 2022 | 531 | 1,500 | (969) |
| 2021 | 681 | 1,500 | (819) |
| 2020 | 856 | 1,500 | (644) |
| 2019 | 1,021 | 1,500 | (479) |
| 2018 | 1,108 | 1,500 | (392) |
| 2017 | 1,218 | 1,500 | (282) |
| 2016 | 1,147 | 1,500 | (353) |
| 2015 | 1,118 | 1,500 | (382) |
| 2014 | 1,201 | 1,500 | (299) |

[(a)] Annual covered payroll was not applicable as the operation was terminated in 2002.

## Schedule of Investment Returns Warehousemen's Pension Trust Fund

Last Ten Fiscal Years

| Years ended December 31, | Annual money-weighted rate of return, net of investment expense |
|---|---|
| 2023 | 15.1% |
| 2022 | (14.8) |
| 2021 | 10.3 |
| 2020 | 12.4 |
| 2019 | 18.3 |
| 2018 | (6.4) |
| 2017 | 15.4 |
| 2016 | 6.3 |
| 2015 | (1.2) |
| 2014 | 4.1 |

# Notes to Required Supplementary Information Warehousemen's Pension Trust Fund for the Year Ended December 31, 2023

**Methods and Assumptions Used in Calculations of Actuarially Determined Contributions**
The actuarially determined contribution rates in the schedule are calculated as of December 31, 2023, for the year of 2023. Valuations of the accrued liability are performed bi-annually (odd years), and a roll-forward liability calculation is made in the off (even) years. Actual assets are valued each year to determine a new actuarially determined contribution.

The following actuarial methods and assumptions were used to determine contribution rates reported in this schedule:

| | |
|---|---|
| Valuation Date: | January 1, 2023 |
| Actuarial cost method | Entry age normal |
| Amortization method | Level dollar, closed |
| Remaining amortization period | 12 years as of January 1, 2023 |
| Asset valuation method | Market value |
| Investment rate of return | 6.5% |
| Discount rate | 6.5% |
| Retirement age | 100% assumed retirement at the earliest eligibility age—age 55 for members with at least 10 years of service and age 62 for members with less than 10 years of service. |
| Mortality | RP-2014 Blue Collar Combined Healthy Mortality Table with blue-collar adjustments projected with Scale MP-2016. |
| Other information | There were no benefit changes during the year.<br>Employer contributions are determined such that contributions will fund the projected benefits over a closed, 11-year funding period as of January 1, 2024. |

# APPENDIX B

# ADDITIONAL PORT INFORMATION

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## THE AIRPORT

The Airport is located on a 2,500-acre site, approximately 12 miles south of downtown Seattle. Currently, the Airport has facilities for commercial passengers, air cargo, general aviation and maintenance. These facilities include the Main Terminal, the South and North Satellites accessed via underground train, a parking garage, and a consolidated rental car facility. The Airport has three runways that are 11,900 feet, 9,425 feet, and 8,500 feet in length, respectively.

The Airport is the largest airport in the State and was the 12th busiest airport in the country in 2022 as measured by enplaned passengers, according to Airports Council International Statistics. The Airport serves as the primary airport for the Seattle Metropolitan Area—the major population and business center in the State—which includes King, Snohomish and Pierce Counties, and much of the western State. Comparable airports in the region that currently provide commercial passenger and cargo service include Portland International Airport in Oregon, approximately 160 miles to the south of the Airport, and Vancouver International Airport in British Columbia, approximately 155 miles to the north of the Airport. In addition, the Spokane International Airport, approximately 270 miles to the east of the Airport, provides domestic and international passenger service. Several smaller regional airports in the Seattle region offer cargo services, commercial passenger service and general aviation services, including Seattle Paine Field International Airport ("Paine Field"), a two-gate commercial passenger terminal located approximately 40 miles north of the Airport. In 2023 and 2022 Paine Field reported 318,268 and 271,370 total passengers, respectively. Other regional airports also may be able to add or expand commercial passenger service in the future.

*Assessment of State's Aviation Capacity Needs.* In 2019, the Legislature created a Commercial Aviation Coordinating Commission ("CACC") to review the State's long-range commercial aviation facility needs, and recommend a preferred site for a new primary commercial aviation facility to be developed by 2040. In 2023, the CACC submitted a final report to the Legislature in which a majority of commissioners agreed that the State's future commercial aviation capacity needs can only be met through development of a greenfield site yet to be identified. The CACC was divided on whether a new primary commercial aviation facility can be complete and functional by 2040, with most commissioners believing this is possible only after 2050. The majority of commissioners agreed that Paine Field will continue to add commercial capacity. In 2023, the Legislature created a Commercial Aviation Work Group ("CAWG") to replace the CACC. The CAWG will evaluate the State's long-range commercial aviation and transportation needs, alternatives for developing additional aviation capacity (including expansion of existing aviation facilities), and multi-modal opportunities. The CAWG will submit a progress report to the State Governor and the Legislature by July 1, 2024, and annually thereafter.

### Passenger Activity at the Airport

*Passenger Enplanements*. The Airport served approximately 23.0 million enplaned (embarked) passengers in 2022 and approximately 25.4 million enplaned (embarked) passengers in 2023, a 10.5 percent increase from 2022. Approximately 2.2 million (9.5 percent) of enplaned passengers were on nonstop flights to international destinations in 2022 and approximately 2.9 million (11.3 percent) of enplaned passengers were on nonstop flights to international destinations in 2023, a 31.3 percent increase from 2022. The Airport has served 5.3 million passengers through March 2024, a 1.7 percent increase from the same period in 2023.

*[Remainder of page left intentionally blank]*

The following table illustrates the changes in enplanements at the Airport from 2019 through 2023, and from January through March 2024 compared to January through March 2023.

**TABLE B-1**
**SEATTLE-TACOMA INTERNATIONAL AIRPORT**
**HISTORICAL ENPLANED PASSENGERS**
**2019 – 2023**

| Year | Domestic | Year-over-Year Percentage Increase/(Decrease) | International | Year-over-Year Percentage Increase/(Decrease) | Total Enplaned Passengers | Year-over-Year Percentage Increase/(Decrease) |
|---|---|---|---|---|---|---|
| 2023 | 22,502,280 | 8.3 | 2,869,156 | 31.3 | 25,371,436 | 10.5 |
| 2022 | 20,780,867 | 20.5 | 2,185,252 | 166.0 | 22,966,119 | 27.1 |
| 2021 | 17,251,456 | 84.0 | 821,470 | 22.5 | 18,072,926 | 79.9 |
| 2020 | 9,373,402 | (59.3) | 670,325 | (76.5) | 10,043,727 | (61.2) |
| 2019 | 23,015,911 | 3.7 | 2,857,964 | 6.1 | 25,873,875 | 3.9 |

**YEAR-TO-DATE COMPARISON**
**JANUARY – MARCH 2023 AND 2024**

| Year | Domestic | Year-over-Year Percentage Increase/(Decrease) | International | Year-over-Year Percentage Increase/(Decrease) | Total Enplaned Passengers | Year-over-Year Percentage Increase/(Decrease) |
|---|---|---|---|---|---|---|
| 2024 | 4,654,815 | 0.1 | 655,947 | 14.5 | 5,310,762 | 1.7 |
| 2023 | 4,648,875 | -- | 572,804 | -- | 5,221,679 | -- |

*Source*: *Port of Seattle*.

*O&D and Connecting Passenger Traffic*. Generally, more than two-thirds of the Airport's domestic passenger activity is origin and destination ("O&D") activity, meaning that passengers either begin or end their trips at the Airport. In 2022, the estimated percentage of O&D passenger traffic at the Airport was 68.4 percent, based upon 2022 O&D data from the U.S. Department of Transportation's database compared to 66.8 percent in 2021. The Airport's predominately O&D nature means that activity levels at the Airport are closely linked to the population and underlying economic strength of the geographic area served by the Airport. See "APPENDIX F—DEMOGRAPHIC AND ECONOMIC INFORMATION." The Airport's top domestic O&D markets with at least one percent of market share in 2023 together represented approximately 70.7 percent of enplaned passengers, and all but two were medium- or long-haul markets at least 500 miles from Seattle.

Connecting traffic is considered more discretionary than O&D traffic, because passengers may choose other connecting airports based on the price and/or convenience of routes established by airlines. Additionally, connecting traffic can be influenced by airline decisions to shift connecting activity from one airport to another.

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**TABLE B-2**
**SEATTLE-TACOMA INTERNATIONAL AIRPORT**
**TOP DOMESTIC PASSENGER ORIGIN-DESTINATION MARKETS AND AIRLINE SERVICE**
**(WITH AT LEAST ONE PERCENT OF MARKET SHARE) 2023**

| Rank | Market of Origin or Destination[1] | Approximate air miles from Seattle | Share of market, based on enplaned passengers (%)[2] |
|---|---|---|---|
| 1 | Los Angeles, CA | 952 | 11.2 |
| 2 | San Francisco Bay, CA | 674 | 7.8 |
| 3 | Phoenix, AZ | 1,107 | 4.7 |
| 4 | Las Vegas, NV | 866 | 4.7 |
| 5 | New York City, NY | 2,450 | 4.4 |
| 6 | San Diego, CA | 1,050 | 3.5 |
| 7 | Denver, CO | 1,024 | 3.4 |
| 8 | Chicago, IL | 1,761 | 3.1 |
| 9 | Dallas / Ft. Worth, TX | 1,722 | 2.6 |
| 10 | Washington, DC | 2,408 | 2.2 |
| 11 | Boston, MA | 2,496 | 2.1 |
| 12 | Honolulu, HI | 2,676 | 2.1 |
| 13 | Sacramento, CA | 2,378 | 2.0 |
| 14 | Atlanta, GA | 2,182 | 1.9 |
| 15 | Salt Lake City, UT | 689 | 1.8 |
| 16 | Orlando, FL | 2,553 | 1.7 |
| 17 | Minneapolis, MN | 1,399 | 1.7 |
| 18 | Houston, TX | 1,909 | 1.5 |
| 19 | Austin, TX | 1,770 | 1.5 |
| 20 | Boise, ID | 404 | 1.3 |
| 21 | Anchorage, AK | 1,434 | 1.3 |
| 22 | Spokane, WA | 223 | 1.2 |
| 23 | Detroit, MI | 1,927 | 1.1 |
| 24 | Palm Springs, CA | 986 | 1.1 |
| 25 | Kahului, HI | 2,639 | 1.1 |
| | | Subtotal | 70.7 |
| | | All other cities | 29.3 |
| | | **Total** | 100.00 |

Note: Totals may not add due to rounding.
(1) Each market includes the major airports within the market.
(2) Compiled by the Port from U.S. Department of Transportation Statistics (U.S. DOT OD1A database; Official Airline Guide).
*Source: Port of Seattle.*

*Passenger Airlines Serving the Airport*. Passenger enplanements at the Airport are spread over a variety of air carriers, with Alaska Airlines ("Alaska") and Horizon Air Industries, Inc. ("Horizon") accounting for the largest share of enplaned passengers at the Airport in 2022 (54.4 percent) and in 2023 (52.8 percent). Alaska and Horizon operate a regional hub at the Airport that serves passengers connecting to and from regional destinations. Alaska and Horizon are separately certificated airlines both owned by the Alaska Air Group.

Delta Airlines ("Delta") accounted for the second largest share of enplaned passengers at the Airport in 2022 and in 2023 (24.3 percent). Three other airlines accounted for a combined 13.5 percent of enplanements during 2023. The following table illustrates the market shares in 2023 and 2022 (as well as the year that is five years prior to 2023 (2019) to provide a historical reference point) of the passenger airlines with a one percent or greater share of enplaned passengers at the Airport. Because Alaska and Delta together represent more than 50 percent of market share at the Airport, the Port is required to submit a competition plan to the FAA. The most recent competition plan update was approved in 2018; no further updates are required at this time.

**TABLE B-3**
**SEATTLE-TACOMA INTERNATIONAL AIRPORT**
**AIRLINES RANKED BY ENPLANED PASSENGER TRAFFIC**
**(2019, 2022 and 2023)**

| Airline | 2019 Enplanements | 2019 Enplanements Share (%) | 2022 Enplanements | 2022 Enplanements Share (%) | 2023 Enplanements | 2023 Enplanements Share (%) |
|---|---|---|---|---|---|---|
| Alaska Airlines[1] | 10,201,801 | 39.4 | 10,528,154 | 45.8 | 12,193,563 | 48.1 |
| Horizon Airlines | 2,582,284 | 10.0 | 1,964,563 | 8.6 | 1,193,602 | 4.7 |
| **Alaska Air Group Subtotal** | 12,784,085 | 49.4 | 12,492,717 | 54.4 | 13,387,165 | 52.8 |
| Delta Air Lines[2] | 6,313,912 | 24.4 | 5,582,462 | 24.3 | 6,164,818 | 24.3 |
| American Airlines[3] | 1,320,903 | 5.1 | 960,717 | 4.2 | 1,104,405 | 4.4 |
| Southwest Airlines | 1,446,899 | 5.6 | 1,078,276 | 4.7 | 1,050,947 | 4.1 |
| United Airlines[4] | 1,493,062 | 5.8 | 1,122,268 | 4.9 | 1,271,151 | 5.0 |
| All Others[5] | 2,515,014 | 9.7 | 1,729,679 | 7.5 | 2,392,950 | 9.4 |
| **Airport Total** | **25,873,875** | **100.0%** | **22,966,119** | **100.0%** | **25,371,436** | **100.0%** |

Note: Totals may not foot due to rounding.
(1) Includes flights operated by SkyWest.
(2) Includes Delta Connections (operated by SkyWest and Compass Airlines).
(3) American Airlines includes flights operated by American Eagle/Skywest.
(4) Includes United Express (operated by Skywest).
(5) Includes all airlines with a market share of one percent or less in 2023.
*Source: Port of Seattle.*

The Port also provides facilities for air cargo services. In 2023, air cargo at the Airport totaled 417,052 metric tons compared to 456,289 metric tons in 2022 and 498,741 metric tons in 2021. Revenue from air cargo facility leases are included in "Other" in Table B-4 and the Port also collects landing fees from both cargo-only carriers and the passenger airlines that provide much of the cargo service at the Airport.

*[Remainder of page left intentionally blank]*

**Airport Business Agreements**

The following table shows Aviation Division operating revenue by major source, and net operating income before depreciation for fiscal years ended December 31, 2019 through 2023. In its audited financial statements, the Port does not account for non-operating CFC revenue, federal capital grant receipts, federal COVID-19 relief grant receipts or PFCs as operating revenue and, accordingly, such proceeds are not included in the following summaries of operating results.

**TABLE B-4**
**AVIATION DIVISION NET OPERATING INCOME**
**($ IN THOUSANDS)**

| Sources | 2019 | 2020 | 2021[1] | 2022[1] | 2023[1] |
|---|---|---|---|---|---|
| *Aeronautical Revenues* | | | | | |
| Terminal[2] | $206,958 | $179,249 | $195,575 | $249,281 | $293,295 |
| Airfield[2] | 129,157 | 88,537 | 95,270 | 121,679 | 156,411 |
| Other[3] | 21,483 | 30,123 | 26,667 | 31,580 | 29,991 |
| Total Aeronautical Revenues | $357,598 | $297,909 | $317,512 | $402,540 | $479,697 |
| *Non-Aeronautical Revenues* | | | | | |
| Public parking | $82,125 | $34,502 | $64,104 | $88,899 | $110,940 |
| Airport dining and retail/Terminal leased space | 68,013 | 30,916 | 41,219 | 42,501 | 72,494 |
| Rental car | 36,793 | 14,720 | 30,687 | 42,330 | 44,600 |
| Commercial properties | 15,773 | 6,853 | 8,297 | 12,565 | 16,238 |
| Ground transportation | 20,765 | 6,557 | 11,947 | 20,804 | 24,878 |
| Utilities | 7,431 | 5,672 | 6,350 | 7,943 | 8,666 |
| Customer facility charges for operations[4] | 15,773 | - | 2,018 | 12,171 | 16,954 |
| Other[5] | 22,364 | 11,105 | 12,552 | 22,620 | 23,982 |
| **Total Non-Aeronautical Revenues** | **$269,037** | **$110,325** | **$177,174** | **$249,833** | **$318,752** |
| **Total Aviation Division Operating Revenues[6]** | **$626,635** | **$408,234** | **$494,686** | **$652,373** | **$798,449** |
| Total Aviation Division Operating Expenses | 356,634 | 328,805 | 291,752 | 380,268 | 445,691 |
| **Net Operating Income Before Depreciation** | **$270,001** | **$79,429** | **$202,934** | **$272,105** | **$352,758** |

(1) In 2023, the Port adopted Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements, and restated 2021 and 2022 financial statements.
(2) Net of revenue sharing with the signatory airlines. See "—The Airline Agreements."
(3) Consists primarily of revenues from airfield commercial area, aircraft overnight parking, and badging fees.
(4) Excludes CFCs accounted for as non-operating revenue, which are used to pay debt service. Total CFCs in 2023 were $41.6 million; $16.9 million were accounted for as operating revenues and $24.7 million as non-operating revenues. Total CFCs in 2022 were $36.6 million; $12.2 million were accounted for as operating revenues and $24.5 million as non-operating revenues.
(5) Consists primarily of employee parking revenues.
(6) In 2022, the Port adopted GASB Statement No. 87, Leases, by restating the financial statements for 2021 and 2020. The restatement included separately recognizing the related lease revenue and non-operating lease interest income.

*Source: Port of Seattle.*

**The Airline Agreements**

*Status of Airline Agreements*. In February 2018, the Port reached agreement on key terms for a new Signatory Lease and Operating Agreement ("SLOA IV"), which took effect on June 1, 2018, and applied retroactively to January 1, 2018; the agreement was extended in 2022 and expires on December 31, 2024. The current agreement may be extended, the Port and the airlines may enter into a new agreement or the Port may impose rates and charges pursuant to FAA guidelines (see below). The Airport is currently in discussion with the airlines.

*SLOA IV Terms*. The Airport derives a significant portion of its revenues from air carriers using the Airport. Pursuant to FAA guidelines, the Airport passes aeronautical costs on to the air carriers. Traditionally this has been accomplished through lease and operating agreements at the Airport. Many of the terms of the SLOA IV agreement are similar to the prior "SLOA III" agreement; key changes include the reduction in revenues shared with the airlines as described under the heading "Revenue Sharing" below and changes in the gate allocation methodology. SLOA IV limits the number of gates that the Airport can withhold for common use, while also establishing a minimum of six aircraft turns per day for preferential use gates. This provides greater certainty of preferential gate use to airlines while allowing the Airport to maintain adequate flexibility to accommodate carriers at common use gates.

*Fee Structure*. In calculating each type of rate and charge under SLOA IV, the Port is required to reduce the applicable capital or operating costs by any amounts reimbursed or covered by government grants or PFCs, any insurance or condemnation proceeds or other third-party payments, any reimbursements made by an airline in connection with projects undertaken for the benefit of an airline and any premiums paid by non-signatory airlines. Total costs are comprised of operating and capital costs allocated to the various components of the Airfield (as defined below) and the terminal.

Capital costs include a charge for cash-funded assets placed into service on or after 1992, debt service costs (net of PFCs) allocable to revenue bond-funded capital improvements placed into service, and a debt service coverage fee if necessary to maintain total Airport-related debt service coverage at no less than 125 percent of debt service for that fiscal year. The debt service coverage fee provides a mechanism for the Port to increase charges if necessary to achieve 1.25 times Airport-related debt service coverage.

*Revenue Sharing.* SLOA IV also provides that if the Airport's net revenue (calculated as provided in SLOA IV) exceeds 125 percent of total Airport-related debt service in any fiscal year, 20 percent of the amount in excess of that threshold will be credited to the signatory airlines for 2019 and 0 percent in 2020-2024. The primary source of revenue shared with the airlines is from non-aeronautical sources.

*Airfield Rates and Charges.* As defined in SLOA IV, the "Airfield" is comprised of three areas: the Airfield Apron Area (the area immediately adjacent to the terminal building and areas for overnight aircraft parking), the Airfield Movement Area and the Airfield Commercial Area (including, but not limited to, the land, taxi lanes, ramps and the terminal used primarily for cargo activities and aircraft maintenance). Costs and fees are calculated separately for each area. The most significant fee is the landing fee charged for use of the landing areas, runways, taxiways, adjacent field areas and related support facilities that comprise the Airfield Movement Area. The landing fee is computed by (i) adding budgeted capital costs (including Airport-related debt service and debt service coverage, if required) and operating expenses allocable to the Airfield Movement Area, (ii) subtracting other fees for use of the Airfield Movement Area and any nonsignatory airline premium payments, and then (iii) dividing the total by the maximum gross landed weight estimated by the Port for the next fiscal year. Similarly, fees for use of the Airfield Apron Area are calculated based on the operating and capital costs, including Airport-related debt service and Airport-related debt service coverage if required, allocable to those areas and charged to carriers based on landed weight. The Airfield Commercial Area is a separate compensatory (not cost recovery) cost center.

*Terminal Rates and Charges.* Airline terminal rental rates are based in part on the Terminal Building Requirement, which is computed by multiplying the total of budgeted operating expenses and capital costs, including Airport-related debt service and Airport-related debt service coverage (if required) allocated to the terminal, by the ratio of airline rentable space to total rentable space, less any non-signatory airline premiums included in rent payable by non-signatory airlines. Excluded from the cost recovery formula is any publicly accessible airline office or club space that is vacant. Use of the baggage system, passenger loading bridges, airline support systems and equipment and the federal inspection facility is calculated and charged separately; these are also based upon operating expenses and capital costs, and the Port may use non-aeronautical revenues to offset costs associated with the federal inspection facility cost center.

Rates may be adjusted mid-year upon 30 days of notice to the airlines if actual results are expected to vary from budget projections by more than 10 percent. A final adjustment is made each year for the actual results of the prior year.

*Capital Project Approval.* SLOA IV includes a list of previously approved capital improvement projects totaling approximately $3 billion. SLOA IV provides that if, by the time the Port elects to proceed with construction, the capital cost of any project on that approved list exceeds 110 percent of the cost to be included in the airline rate base presented in the agreement and the increase is not otherwise exempt under the agreement, the Port will notify the airlines and a Majority-in-Interest of the airlines may request a delay of 180 days on the project. A Majority-in-Interest is defined in SLOA IV as air carriers that account for more than 55 percent of the signatory carriers and also account for more than 55 percent of the revenues of the cost center affected by the capital costs subject to the MII. The cost centers are the Airfield Movement Area, Airfield Apron Area, Terminal and Federal Inspection Area. The Airport must notify the signatory airlines if it intends to construct any new project not included in the list of previously approved projects and above a threshold of $10 million of costs that will be added to airline rates. If, within 30 days after the Port's notice, a Majority-in-Interest objects to the new project, the Airport must delay construction for 12 months.

**Rates and Charges Alternatives.** Pursuant to FAA guidelines, the Port can establish rates and charges by a lease and use operating agreement or, if a lease and use operating agreement is not in effect, by resolution. In 2013, the Port adopted Resolution No. 3677, as amended, unilaterally establishing rates and charges for airlines serving the Airport. Upon execution of SLOA III in 2013, the implementation of Resolution No. 3677, as amended, was suspended and it remains suspended. Prior to any implementation of the resolution, the Port would review it for consistency with current regulations.

**Other Airport Businesses and Agreements.** The Aviation Division's non-airline revenues include revenue from public parking, terminal concession agreements, ground transportation, rental car and other concession fees, employee parking fees, common use lounge operations, and revenue from Airfield cargo leases, terminal space rent, and other commercial property leases. Revenue from most of these businesses are generally affected by passenger levels at the Airport.

*Public Parking.* The Aviation Division operates an eight-floor parking garage for short-term and long-term public parking and for use by employees. The Port also provides approximately 1,500 parking spaces in a remote lot operated by a third party. In addition, privately-owned parking facilities compete with Airport parking. There are a number of privately owned and operated parking facilities offering a range of quality, cost and service, including facilities very near the Airport.

*Rental Cars.* The Airport leases space in a consolidated facility to rental car operators and receives a concession fee based upon the gross revenues of rental car operations at the Airport subject to a Minimum Annual Guarantee ("MAG") of 85 percent of the prior year's revenue; the alternative MAG based on 2012 revenues (at the beginning of the lease term) is being eliminated. All rental car companies are required either to operate from the consolidated rental car facility or to use the facility to drop off or pick up their customers. Currently, nearly all of the rental car companies currently serving the Airport operate from the consolidated rental car facility. Ground transportation alternatives include transportation network companies, car-sharing, and light rail options.

*Passenger Terminal Concession Agreements—Dining and Retail.* The Airport offers a range of dining and retail options to the traveling public, including restaurants, specialty retail, convenience retail, duty-free goods, and personal services. The Port currently uses a direct leasing model at the Airport. The Port takes a staggered approach to handling these leases by soliciting proposals in groups of leasing opportunities. The Port manages the program to provide passengers with a range of dining and retail options throughout the terminal. Under the lease agreements, Airport dining and retail tenants pay rent based on a percentage of gross sales subject to a minimum annual guarantee. Under the exceptional circumstances clause of the tenant leases, if enplanements decline by more than 20 percent of the prior year's level, the MAG adjusts to reflect the lower enplanement levels. The tenants are subject to Port oversight of operations and quality assurance standards. The tenants also must adhere to a policy requiring that prices charged at the Airport be consistent with local prices at comparable businesses located off of airport property, commonly referred to as "street pricing." To accommodate an increase in the minimum wage within the City of SeaTac, where the Airport is located, the street pricing policy was modified to include a 10 percent premium over comparable local prices; this premium gradually declined on an annual basis, and reached zero by January 1, 2020. Beginning January 1, 2020, certain concessionaires may charge five percent over comparable local prices, increasing to 10 percent in 2021, if they meet certain employee wage and benefit standards established by the Port.

*Ground Transportation.* The Airport has agreements with a variety of ground transportation companies, under which the Port receives either per-trip fees or permit fees. These include taxi and transportation network company services (Uber, Lyft, etc.). Various shuttle services also serve the Airport and pay a per-trip fee.

*Miscellaneous Business Arrangements and Revenues.* There are standard land leases and various fees for other aeronautical and non-aeronautical tenants and users at the Airport, such as in-flight kitchen food providers and cargo hardstand revenues.

**Regulation**

*Rates and Charges Regulation; Federal Statutes.* Federal statutes and FAA regulations require that an airport maintain a rate structure that is as self-sustaining as possible and generally (with certain exceptions) limit the use of all revenue (including local taxes on aviation fuel and other airport-related receipts) generated by an airport receiving federal financial assistance to purposes related to the airport. Federal statutes also provide that, without air carrier approval, an airport may not include in its rate base debt service allocable to projects not yet completed and in service.

Federal statutes include provisions requiring that airline rates and charges set by airports receiving federal assistance be "reasonable," and authorizing the U.S. Secretary of Transportation to review rates and charges complaints brought by air carriers.

The Port operates the Airport pursuant to an airport operating certificate issued annually by the FAA after an on-site review. In addition to this operating certificate, the Airport is required to obtain other permits and/or authorizations from the FAA and other regulatory agencies and is bound by contractual agreements included as a condition to the grants the Port receives under the FAA's grant programs. Federal law also governs certain aspects of rate-setting and restricts grants of exclusive rights to conduct an aeronautical activity at an airport that receives or has received federal grants and other property. All long-term facility planning is subject to the FAA's approval; the Port is subject to periodic audits by the FAA; the Port's use of Airport revenues is subject to review by the FAA; and the Port's use of PFC revenue and grant proceeds is also subject to FAA approval, audit and review. The Port is also required to comply with the provisions of the federal Aviation and Transportation Security Act, with other federal security statutes and with the regulations of the Transportation Security Administration (the "TSA"). Security is regulated by the FAA and the TSA.

*Other Regulation*. The Port also is regulated by the federal Environmental Protection Agency and the State Department of Ecology in connection with various environmental matters, including the handling of deicing materials and airline fuels and lubricants, protection of wetlands and other natural habitats, and disposal of storm water and construction wastewater runoff. The Port's handling of noise, including restrictions and abatement programs, is also subject to the requirements of federal and State statutes and regulations.

**Passenger Facility Charges**

PFCs are fees collected from enplaned, paying passengers to finance eligible, approved airport-related project costs, subject to FAA regulation. Airport operators are required to apply to the FAA for approval before imposing or using PFCs. The FAA has authorized the Port to impose a PFC of $4.50 per paying enplaned passenger, the maximum allowable under current law.

PFCs are imposed by the Port, collected by the airlines from paying passengers enplaning at the Airport and remitted to the Port (net of a handling fee, currently equal to $0.11 for each PFC collected). The annual amount of PFCs collected by the Port depends upon the number of passenger enplanements at the Airport and the timely remittance of PFCs by the airlines. In 2023, the Port received $95.7 million in PFC revenue compared to $88.3 million in 2022. No assurance can be given that PFCs actually will be received in the amounts or at the times contemplated by the Port in its capital funding plans. In addition, the FAA may terminate or reduce the Port's authority to impose PFCs, subject to informal and formal procedural safeguards, if the FAA determines that the Port has violated certain provisions of federal law or other federal regulations pertaining to PFCs, or if the FAA determines that PFC revenue is not being used for approved PFC projects or that implementation of such projects did not begin within the time frames specified in the PFC statute or the PFC regulations. Future PFC applications may be denied if the FAA determines that the Port violated any of its federal grant assurances or violated certain federal statutes and regulations applicable to airports. Amounts received or receivable under the PFC program are also subject to audit and adjustment by the FAA. The Port has never been found in violation by the FAA as being out of compliance with federal grant assurances or applicable federal statutes and regulations.

**Customer Facility Charges**

Pursuant to RCW 14.08.120(1)(g) (the "CFC Act"), the Port is authorized, at rates determined by the Port, to impose a CFC upon customers of rental car companies accessing the Airport. The CFC Act limits the uses for which the Port may collect the CFC. Specifically, the Port may impose the CFC only "for the purposes of financing, designing, constructing, operating, and maintaining consolidated rental car facilities and common use transportation equipment and facilities that are used to transport the customer between the consolidated car rental facilities and other airport facilities."

The Port has been collecting the CFC since 2006.

The Port has exclusive rate-setting ability with respect to CFCs, and the CFC Act does not limit the per-transaction or total dollar amount of CFCs that may be collected. Initially set at $6 per rental car transaction day, the CFC currently is set at $7.50 per rental car transaction day. The Port can use CFCs to pay both operating and capital costs associated with the consolidated rental car facility. The portion of CFC revenues used to pay debt service on applicable bonds is accounted for as non-operating revenue, while all other CFCs are accounted for as operating revenue and are used to pay operating costs, including the costs of operating the shuttle bus service between the facility and the Airport terminal building. Any CFC revenue not needed to pay operating expenses in the current year may be set aside for future eligible operating or capital costs. In 2023, the Port used CFCs to pay $9.5 million of operating costs.

## NORTHWEST SEAPORT ALLIANCE

**General; Formation of Seaport Alliance**

The Port is engaged in several maritime and real estate businesses, the most significant of which is the ownership of container cargo terminals. On August 4, 2015 (the "Effective Date"), the Port and the Port of Tacoma jointly formed the Northwest Seaport Alliance (the "Seaport Alliance") to manage all of the two ports' container terminals as well as certain industrial properties and other cargo terminals. The Port's container terminals are located on the Seattle waterfront in central Puget Sound, and the Port of Tacoma's container terminals are located on the Tacoma waterfront in south Puget Sound, approximately 30 miles south of Seattle.

The Port faces significant competition for container shipping business and formed the Seaport Alliance in an effort to improve its competitive position. The purpose of the Seaport Alliance is to coordinate customer relationships, improve capacity utilization between the two ports, eliminate pricing competition between the ports by creating a unified gateway, and rationalize strategic capital investments at both ports. The Seaport Alliance is designed to unify management and operation of both ports' "Marine Cargo" (defined in the hereinafter defined Charter to mean waterborne goods other than grain, liquefied natural gas, or methanol) businesses.

**Legal Framework**

The Seaport Alliance is a port development authority (a "PDA"), pursuant to a provision in Title 53 RCW that grants ports the authority to create separate PDAs. The Seaport Alliance operates under a charter originally dated as of August 4, 2015, as amended by the First Amended Charter adopted on January 19, 2016 (the "Charter"), for an indefinite term until dissolution. The statute allows, but the Charter prohibits, the Seaport Alliance to issue bonds, borrow funds, or enter into other debt instruments. By statute, PDAs do not have the power of eminent domain or the power to levy taxes or to impose special assessments. The Charter may be amended only by mutual agreement of both the Port and the Port of Tacoma and subject to approval by the Federal Maritime Commission.

**Key Seaport Alliance Documents**

A brief description of certain Seaport Alliance foundational documents follows.

*Charter*. The Charter establishes the ownership and management structure of the Seaport Alliance, including the separate existence of the Seaport Alliance from the member ports. The Charter provides for valuation of each port's Membership Interests (defined below), allocation of environmental costs, authorization of improvements by the Seaport Alliance to "Licensed Properties" defined below, accounting, budgeting and capital planning. The Charter provides for the initial and continuing contributions of working capital, as well as capital expenditure contributions, by the member ports. The Charter outlines quarterly distributions of distributable cash revenues. Under the Charter, the Seaport Alliance acknowledges its members' debt obligations and their obligations to cause their assets and facilities to be managed in a manner that will permit them to meet their rate and operating covenants. The Charter also provides that the Seaport Alliance shall not have authority to issue debt or to own real property. The Charter provides for dispute resolution and dissolution procedures. The Charter may be amended from time to time; amendments require the approval of the Managing Members and thereafter, the Federal Maritime Commission. The Charter, as amended, provides the flexibility for a homeport to make operating contributions in excess of its 50 percent Membership Interest share. This is similar to a provision that allows for disproportionate Capital Construction contributions. Any disproportionate contribution would require approval by both homeports and would not change the Membership Interest.

*Property License Agreements*. Each port entered into a License for Management of Property with the Seaport Alliance on August 4, 2015 (each a "License"), licensing certain properties to the Seaport Alliance (the "Licensed Properties"). The Licenses designate the Seaport Alliance as manager and agent for the member port, authorize the Seaport Alliance to negotiate lease and other use agreements, fulfill the port's landlord and owner obligations under existing use agreements, remit revenues from the Licensed Properties to the Seaport Alliance, and comply with State Department of Natural Resources requirements as well as State and federal tax obligations. The Seaport Alliance agrees to provide property insurance for the Licensed Properties (or reimburse the member ports for insurance costs), and the License includes certain indemnifications from the member ports to the Seaport Alliance.

*Authorizing Resolutions*. On August 4, 2015, each port adopted an authorizing resolution to establish the PDA and approve the Charter (Port of Seattle Resolution No. 3711 and Port of Tacoma Resolution No. 2015-03).

*Interlocal Agreements for Support Services and for Staffing*. The member ports have entered into interlocal agreements for Seaport Alliance support services, describing service level expectations and allocating rates and charges for administrative, operational, maintenance and facilities development services.

**Governance and Management**

The Seaport Alliance is governed by the two ports as "Managing Members," with each port acting pursuant to the Charter through its elected commissioners. The Managing Members have appointed a CEO who is responsible for hiring staff and entering into service agreements. In addition to Seaport Alliance staff, both ports provide certain services through service agreements with a portion of service departments' costs allocated to and paid by the Seaport Alliance.

The Managing Members appointed John Wolfe, as the Seaport Alliance CEO upon formation of the Seaport Alliance. Pursuant to Resolution No. 2015-01, the Managing Members have delegated administrative authority within prescribed limits for the Seaport Alliance to the CEO.

*John Wolfe, CEO*. Wolfe has served as the CEO of the Seaport Alliance since its formation in 2015. Wolfe also served as CEO of the Port of Tacoma between 2010 and May, 2019. Before being named CEO of the Port of Tacoma, Wolfe served as the Port of Tacoma's deputy executive director since 2005. Prior to joining the Port of Tacoma, Wolfe served for two years as the executive director of the Port of Olympia, and before that as the Port of Olympia's director of operations and marine terminal general manager. Wolfe also spent ten years with Maersk Sealand/APM Terminals in Tacoma, most recently as the terminal's operations manager. Wolfe has served on various boards including the American Association of Port Authorities ("AAPA"). Wolfe is an executive board member of the Economic Development Board for Tacoma-Pierce County. Wolfe earned a bachelor's degree in business administration from Pacific Lutheran University.

**Membership Interests**

Each port has a "Membership Interest" of 50 percent. Under the Charter, Membership Interest determines Managing Member shares of Seaport Alliance Net Income or Losses and Distributable Cash (defined below) as well as required contributions. Changes in Membership Interest will affect these distributions and contributions, but do not affect a Managing Member's voting rights under the Charter, as votes are not weighed by or otherwise determined by Membership Interest.

**Funding and Financial Framework**

*Cash Distributions*. The Seaport Alliance distributes cash to each Managing Member based on Distributable Cash as defined in the Charter. Cash distributions are to be made no less than quarterly based on each Managing Member's Membership Interest. This cash-based calculation is different from the calculation of Net Income described below.

*Net Income.* The Seaport Alliance is treated as a joint venture for accounting purposes and the Port recognizes (commencing in 2016) as Gross Revenue its (currently 50 percent) share of the Seaport Alliance's Net Income and Losses. The terms "Net Income" and "Losses" are defined in the Charter to mean, for each fiscal year or other period, an amount equal to the Seaport Alliance's net operating income or losses less depreciation plus non-operating income or losses, including extraordinary and special items for such fiscal year or other period, determined in accordance with GAAP. The calculation of Distributable Cash and of Net Income or Losses will differ due to differences in the GAAP treatment for cash flow statements, which are cash-based, compared to income statements, which are accrual-based. The Seaport Alliance recognized a total of $115.4 million in Net Income (as defined in the Charter) in Fiscal Year 2023. Revenues from container terminal leases and operations provided the largest source of revenues.

*Post-Formation Improvements; Capital Investments.* By vote, the member ports may authorize the Seaport Alliance to acquire or construct Post-Formation Improvements. Post-Formation Improvements will be recorded as Seaport Alliance assets and the associated depreciation is included in the calculation of Net Income.

*Recognition of Managing Member's Revenue Bond Obligations.* The Charter recognizes that each Managing Member's respective share of revenues received by the Seaport Alliance with respect to the Licensed Properties has been or may be pledged in connection with such Managing Member's revenue bond obligations.

Under the Charter, the Managing Members instruct the CEO to manage the Seaport Alliance in a prudent and reasonable manner in support of the Managing Members' respective revenue bond covenants. The Charter provides that the Managing Members shall keep the Seaport Alliance CEO and management informed of their respective revenue bond obligations, and shall notify the other Managing Member of any proposed change to such Managing Member's governing revenue bond resolutions as soon as practicable before adoption. The Charter does not modify or alter the obligations of each Managing Member with respect to its own bond obligations. The Seaport Alliance does not assume any obligations to the Managing Members' respective bondholders.

Pursuant to the Charter, if net income before depreciation of the Seaport Alliance is not sufficient for either Managing Member to be in compliance with a revenue bond rate covenant (as described in each Managing Member's governing bond resolutions in effect as of the Effective Date), then: (i) upon that Managing Member's request, the Seaport Alliance shall hire an independent third-party consultant to perform analysis and make recommendations for actions needed to achieve revenue bond covenant compliance; (ii) if the consultant recommends an action that the Seaport Alliance is unwilling, unable or refuses to undertake, either Managing Member can require dissolution of the Seaport Alliance following the dispute resolution process even if within the "Initial Period" (as defined in the Charter, a period of 20 years following the Seaport Alliance's formation); and (iii) the Seaport Alliance shall have at least four months to respond, act and/or dissolve following its receipt of the consultant's recommended action, unless a shorter time is required by the applicable revenue bond covenants.

With respect to bonds of each Managing Member that were outstanding at the time of the formation of the Seaport Alliance (other than bonds paid by Airport revenues), the Managing Members established and maintain a requirement for the Seaport Alliance to calculate and establish a minimum level of net income from the Seaport Alliance equal to the amount required for the Managing Members to meet their revenue bond rate covenants based on then outstanding revenue bonds (excluding bonds issued to fund Airport facilities) and in effect at the time of formation of the Seaport Alliance ("Bond Income Calculation," initially calculated to be $90 million). All applicable bonds are no longer outstanding and the Bond Income Calculation is no longer in effect.

**Dispute Resolution; Dissolution**

*Dispute Resolution.* The Charter provides for good faith discussion followed by mediation in the event of a dispute between the members; certain matters (relating to the Licenses and distributions upon dissolution) are subject to binding arbitration. The Seaport Alliance and the member ports have waived any right to seek recourse in court for any dispute regarding the Seaport Alliance, the Charter, or the transactions or other documents contemplated by the Charter (a "Dispute"), and agree that the dispute resolution procedures under the Charter are to be the exclusive remedies available for resolution of such Disputes.

*Dissolution.* Except under limited circumstances described in the Charter, no Managing Member may take any action to dissolve, terminate, or liquidate the Seaport Alliance. No Managing Member may require re-valuation, apportionment, appraisal or partition of the Seaport Alliance or any of its assets, or file a bill for an accounting, except as specifically provided in the Charter. Each Managing Member, to the fullest extent permitted by applicable law, has waived any rights to take any such actions under applicable law, including any right to petition a court for judicial dissolution. The Charter also provides for the orderly distribution of assets should dissolution occur.

**Licensed Properties**

The ports have licensed container terminals, certain industrial properties and other cargo terminals to the Seaport Alliance for operation and management, including capital improvements. Ownership of the Licensed Properties remains with the licensing ports.

The Port licensed to the Seaport Alliance its four international container terminals (including two on-dock intermodal yards) and nine industrial properties that support domestic container trade or non-containerized trade. The Port of Tacoma properties licensed to the Seaport Alliance consist of six container terminals (four engaged in international trade and two in domestic trade), four intermodal yards (serving domestic and international trade), eight properties that accommodate non-containerized cargo (such as autos, breakbulk, and logs) and supporting industrial properties.

*Licensed North Harbor/South Harbor Container Facilities and Terminal Lease Agreements.* The following 10 container terminals are licensed to the Seaport Alliance: four North Harbor (located in Seattle) container terminals (Terminal 5, Terminal 18, Terminal 30 and Terminal 46) owned by the Port, and six South Harbor (located in Tacoma) container terminals (Husky Terminal (encompasses Terminal 3 and Terminal 4), Washington United Terminal ("WUT"), West Sitcum Terminal, East Sitcum Terminal, Pierce County Terminal ("PCT"), and Totem Ocean Trailer Express ("TOTE")), owned by the Port of Tacoma.

Several terminals have long-term leases; however, leases are subject to amendments and modifications that may impact Seaport Alliance revenue (and therefore Port revenue) and are renegotiated from time to time to reflect the fluctuating businesses of the ports and tenants. Certain container terminals may become less useable for international container terminal operations as ship size increases; the Seaport Alliance may work with customers to optimize facility use in order to remain a competitive gateway. The following table identifies the port owner, primary lessee, terminal area and lease expiration date for the container terminals licensed to the Seaport Alliance.

**TABLE B-5**
**CONTAINER FACILITY LEASES**

| | Terminal 5 | Terminal 18 | Terminal 30 | Terminal 46[3] | West Sitcum | Husky | East Sitcum | PCT | WUT | TOTE |
|---|---|---|---|---|---|---|---|---|---|---|
| **Port Owner** | Port of Seattle | Port of Seattle | Port of Seattle | Port of Seattle | Port of Tacoma | Port of Tacoma | Port of Tacoma | Port of Tacoma | Port of Tacoma | Port of Tacoma |
| **Primary Lessee** | SSA Terminals, LLC | SSA Terminals, LLC and SSA Containers, Inc. | SSA Terminals (Seattle), LLC | Port of Seattle | SSA Terminals (Tacoma), LLC | Husky Terminal and Stevedoring, Inc. | Husky Terminal and Stevedoring, Inc. | Evergreen Marine Corporation | Washington United Terminals | TOTE |
| **Primary Terminal Area** | 180 acres[1] | 196 acres | 70 acres | 88 acres | 135 acres | 118 acres | 54 acres | 153 acres | 111acres | 48 acres |
| **Lease Expiration** | 2051 | 2049[2] | 2039 | 2043 | 2032 | 2046[4] | 2046[4] | 2027 | 2028 | 2034 |

(1) 147.6 acres under lease. Occupancy began in March, 2024.
(2) Lease extended from 2039 to 2049.
(3) The Port will pay the Seaport Alliance for use of 29 acres through 2043 pursuant to an interlocal agreement. The remaining acres will be available for other maritime use.
(4) 98 acres leased to Husky at the Husky Terminal and 20 acres leased to Husky Terminals at East Sitcum through 2046.
*Source*: *Seaport Alliance.*

The Seaport Alliance receives rent paid under Port, the Port of Tacoma and Seaport Alliance container terminal leases. Under the current Port lease structure, tenants at Terminals T5, 18 and 30 pay a per-acre rate derived from a Minimum Annual Guarantee ("MAG") of container volumes (regardless of size of container and whether loaded or empty) through the facility, plus an additional per-container charge for any volumes in excess of the MAG; the Terminal 5 lease terms include a MAG for the intermodal yard. Under the current Port of Tacoma lease structure, tenants pay per-acre rent and pay volume-based fees for use of equipment and intermodal facilities; some of these fees are subject to a MAG. Generally, terminal lease rates have periodic adjustments based on inflation or market value. Some carriers have discretion as to which terminal they may call. Because different terminals have different lease agreements, revenues to the Seaport Alliance may be affected by these carrier decisions.

*Terminal 5.* On April 2, 2019, the Seaport Alliance took several actions in support of the reactivation of Terminal 5 that had previously been leased to Eagle Marine Services until it terminated its lease under a negotiated agreement in 2014. The actions included approving modernization of the terminal and entering into a long-term lease agreement (amended on June 1, 2021) with SSA Terminals, LLC ("SSAT") for an initial 65 acres that commenced on January 1, 2022. SSAT added another approximately 82.6 acres in March 2024. The lease at Terminal 18 also was extended an additional 10 years. The Terminal 5 lease requires additional redevelopment that will be funded by increased lease payments. See "—Capital Planning."

*Terminal 46.* The Terminal 46 lease with Terminals Investment Limited was terminated early at the end of 2019 to allow for consolidation of container volumes and the repurposing of capacity at Terminal 46 to other maritime uses, consistent with the original Seaport Alliance Strategic Business Plan. Through an interlocal agreement, a portion of Terminal 46 will be used by the Port through 2043; the Port will pay the Seaport Alliance for 29 acres and had planned to develop for a new cruise terminal; those plans are on hold. On May 4, 2021 the Seaport Alliance authorized a lease with Pacific Maritime Association for seven acres for 10 years; execution is pending final negotiation.

*Husky Terminal*. On April 7, 2016, the Seaport Alliance amended the lease at Husky Terminal and extended the lease until 2046. The tenant is required to pay a per-acre rate and to pay MAG fees for crane and intermodal yard usage. The Seaport Alliance has completed improvements to the wharves and has provided eight super post-Panamax cranes. The U.S. Maritime Administration awarded the Seaport Alliance an approximately $54 million

Port Infrastructure Development Program grant for the expansion of Husky terminal. The vast majority of this grant will be passed through to Husky Terminal and Stevedoring, Inc., which is funding approximately $120 million of improvements to the terminal.

*West Sitcum Terminal.* The West Sitcum Terminal serves the domestic shipping market. SSA Terminals (Tacoma) signed an initial lease on approximately 135 acres to support Matson operations for Hawaii and Alaska through October 2027. In 2022, SSA signed a lease extension through 2032, which included updated rent adjustment calculations, clarified maintenance and repair requirements, clarified requirements for the use of vessel shore power when the capability exists, and implemented a clean truck program.

*East Sitcum Terminal.* The lease for East Sitcum Terminal expired on June 30, 2017. The terminal requires significant upgrades to support cranes necessary to accommodate larger ships. In May 2019, Husky Inc. agreed to lease 20 acres for its operations. At this time, there are no plans to make the improvements to the East Sitcum Terminal required to support larger cranes. The additional acres available at East Sitcum Terminal are being used to support the Seaport Alliance's auto and breakbulk operations.

*Other Licensed Facilities.* In addition to the container terminals, certain other facilities are licensed to the Seaport Alliance. These facilities include industrial properties owned by the Port that support domestic container trade or non-containerized trade, and the following properties owned by the Port of Tacoma: four intermodal yards (one domestic and three international), eight properties that accommodate non-containerized cargo (autos, breakbulk, logs etc.) and supporting industrial properties.

**Containerized Cargo**

*Container Trade through the Seaport Alliance.* The Port and the Port of Tacoma lease containerized cargo facilities, licensed to the Seaport Alliance, to terminal operators. The terminal operators provide service to carriers and indirectly to the cargo owners (shippers). Carriers are the steamship lines that transport containers. Overall, the shipping industry is affected by global or domestic economic and financial factors and can be volatile. There is significant competition for container traffic among North American ports, including the Seaport Alliance. Shippers regularly contract with a number of carriers, and larger shippers also may direct traffic to one or more ports and terminal facilities. In addition, carriers form alliances that can affect their decisions on routing cargo. The ability of a terminal operator to attract and move cargo efficiently is important to the success and value of a container facility. Neither the Port nor the Seaport Alliance is a participant in the agreements between and among the terminal operators, carriers and shippers, and do not have any control over these agreements including the rates that carriers pay the terminal operators to call at Seaport Alliance facilities.

Success of terminal operators in attracting cargo volumes depends largely on the size of the local market and the cost and efficiency of a port and inland transportation systems compared to alternative gateways. Due to the relatively small population in the Pacific Northwest, a significant portion of the cargo that passes through the Seaport Alliance either comes from or is destined for other regions. As such, the Seaport Alliance ports are considered discretionary ports. Discretionary cargo can be shifted to other ports generally based on the cost efficiency and reliability of moving cargo from its point of origin to its final destination; these routing decisions are made by carriers and shippers. Therefore, the Seaport Alliance competes with other ports on the West Coast (including the United States, Canada and Mexico) and on the Gulf and East Coasts. The cost, efficiency and quality of competing ports and the intermodal connections serving them may change and cause cargo volumes to shift to more cost-efficient routes and ports. Alternatively, cargo may shift to the Seaport Alliance when competitor ports are experiencing inefficiencies. These factors are beyond the control of the Seaport Alliance or the Port. However, the Seaport Alliance may make decisions and investments to improve the competitiveness of the gateway. In 2023 TEUs decreased by 12.1 percent compared to 2022, primarily as a result of cargo diversion to the Gulf and East coasts due to uncertainty around the U.S. Pacific coast longshore contract. Additionally, lighter volumes in 2023 caused the withdrawal of carriers from the transpacific trade, which had entered at the height of pandemic restocking, and a reduction in shipping services for the carriers that remained as the market cooled. As of March, 2024, TEUs have increased 2.9 percent compared to the same time period in 2023.

The following table summarizes total container traffic through the Seaport Alliance's North Harbor and South Harbor from 2019 through 2023, and from January through March 2024 compared to January through March 2023. TEU volumes include international containers (all of which are handled through Seaport Alliance facilities) and domestic containers (some of which are transported by barge to and from private terminals that are not managed by the Seaport Alliance or by either port).

**TABLE B-6**
**CONTAINER VOLUMES FOR SEAPORT ALLIANCE**
**2019-2023**
**(IN THOUSANDS)**

| | International Containers | | | | Domestic Containers | Total Containers |
|---|---|---|---|---|---|---|
| | Imports | Exports | | | | |
| Year | Full TEUs | Full TEUs | Empty TEUs | Total Intl. TEUs | TEUs | TEUs |
| 2023 | 1,078 | 589 | 570 | 2,237 | 738 | 2,974 |
| 2022 | 1,250 | 561 | 839 | 2,650 | 734 | 3,384 |
| 2021 | 1,465 | 691 | 836 | 2,992 | 744 | 3,736 |
| 2020 | 1,254 | 791 | 591 | 2,636 | 685 | 3,320 |
| 2019 | 1,369 | 913 | 776 | 3,058 | 717 | 3,775 |

**YEAR-TO-DATE COMPARISON**
**JANUARY – MARCH 2024 AND 2023**
**(IN THOUSANDS)**

| | International Containers | | | | Domestic Containers | Total Containers |
|---|---|---|---|---|---|---|
| | Imports | Exports | | | | |
| Year | Full TEUs | Full TEUs | Empty TEUs | Total Intl. TEUs | TEUs | TEUs |
| 2024 | 255 | 156 | 125 | 536 | 163 | 699 |
| 2023 | 241 | 136 | 142 | 519 | 160 | 680 |

Note: Totals might not equal the sum of component parts due to rounding.
*Source*: *Seaport Alliance.*

**Insurance**

The Seaport Alliance has purchased its own general liability and public officials' liability insurance policy, protecting the entity and its officers and Commissioners, effective August 2015. Currently, the member ports procure property insurance on Licensed Properties and Seaport Alliance improvements located on Licensed Properties, and the Seaport Alliance reimburses the member ports for these costs. The Licenses include certain indemnifications from the member ports to the Seaport Alliance.

The Charter specifies the terms and identifies the allocation of risk and indemnity obligations. Ownership of the Licensed Properties remains primarily with the licensing ports; thus, both the Port and the Port of Tacoma continue to purchase property insurance individually for their respective properties and for the equipment and improvements on these properties owned by the Seaport Alliance. Approximately $1.1 billion worth of Port property and associated Seaport Alliance improvements are insured under the Port's property insurance policy, which was renewed on July 1, 2023.

On October 1, 2023, for liability insurance renewal, the Seaport Alliance purchased marine general liability insurance policies with limits of $150 million and added the Port as an additional insured; the Port purchased excess marine liability insurance with limits of $50 million for its non-Northwest Seaport Alliance operations. The Seaport

Alliance maintains a public officials' liability policy with limits of $10 million for claims against the Managing Members of the Seaport Alliance.

The Seaport Alliance is in compliance with State industrial insurance (workers compensation) requirements for the workforce and all Seaport Alliance employees are covered for industrial insurance (workers compensation) via a program of self-insurance in accordance with Title 51 RCW.

## OTHER PORT BUSINESSES

Other Port Businesses include management of facilities for non-containerized cargo, cruise, commercial and recreational marinas, and commercial and industrial properties.

The Maritime Division manages the Port's facilities for cruise, grain, marinas and certain properties and docks and the Economic Development Division manages the Port's central waterfront facilities and certain properties as well as property development and economic development programs.

The Port also offers handling facilities for certain non-containerized cargo including the breakbulk grain terminal. Volumes of non-containerized cargoes, including grain, have fluctuated from year to year; the Port's revenues from the lease of the grain terminal include a minimum annual guarantee and otherwise depend on volume. In 2023, the facility handled 2.7 million metric tons of grain.

The Port owns two cruise ship terminals, one located at Pier 66 on the Central Harbor waterfront, just west of downtown Seattle, and the second at Terminal 91, north of downtown Seattle. The cruise ship terminals principally serve ships bound for the state of Alaska cruise market. The Port competes with the City of Vancouver, British Columbia, which also has cruise ship facilities used by cruise lines that serve the state of Alaska cruise market. The Port's revenues from the cruise ship facilities leases and agreements depend primarily upon the number of cruise ship passengers and vessel calls. The Port, in conjunction with Norwegian Cruise Lines, completed an upgrade to its Pier 66 facility to accommodate larger ships.

**TABLE B-7**
**SEATTLE HARBOR CRUISE TRAFFIC**
**2019-2023**

| Year | Cruise Ship Vessel Calls | Cruise Ship Passengers |
|---|---|---|
| 2023 | 291 | 1,777,984 |
| 2022 | 295 | 1,309,306 |
| 2021 | 82 | 229,060 |
| 2020 | 0 | 0 |
| 2019 | 211 | 1,210,722 |

*Source*: *Port of Seattle.*

The Port also derives revenues from leases, dockage and other fees from various other industrial uses and marinas. The most significant sources of lease revenue are seafood processing and cold storage companies. Dockage, moorage and wharfage fees are primarily from fishing vessels, some of which offload seafood at docks adjacent to seafood processing and cold storage facilities. The Port owns and operates commercial and recreational marinas.

The Port's storm water utility provides surface water and storm water management and pollution control facilities and services to Port properties. The SWU revenues collected by the Port (derived from rates and charges imposed by the SWU) are required to be used to pay related expenses and capital investments.

## OTHER MATTERS

### Investment Policy

The Port has an investment policy, adopted as of June 11, 2002, and last amended May 22, 2018. For investment and operational efficiencies, the Port consolidates its various cash sources, including bond proceeds, into one investment pool (the "Pool"), governed by this investment policy. Separate funds are established within the Pool for accounting and tracking purposes, and investment earnings from the Pool are allocated monthly to each participating fund, based upon the average daily fund balances.

Authorized investments are made in accordance with and subject to restrictions of RCW 36.29.020. The investment policy allows diversification among various types of securities including:

(i) U.S. Treasury securities;

(ii) U.S. agency securities, including agency mortgage-backed securities limited to (1) collateralized mortgage pools having a stated final maturity not exceeding the maturity limits of the investment policy (10 years), and (2) planned amortization and sequential pay classes of collateralized mortgage obligations collateralized by 15-year agency-issued pooled mortgage securities having a stated final maturity not exceeding the maturity limits of the investment policy;

(iii) Certificates of Deposit with State banks authorized by the State's Public Deposit Protection Commission;

(iv) Bankers' Acceptances, purchased on the secondary market, issued by any of the top 50 world banks in terms of assets;

(v) Repurchase agreements, provided that (1) the repurchase agreement does not exceed 60 days; (2) the underlying collateral is a security authorized by the investment policy for purchase as provided in the policy; and (3) all underlying securities used for repurchase agreements are settled on a delivery versus payment basis. Securities collateralizing repurchase agreements must be marked to market daily and have a value of at least 102 percent of the cost of the repurchase agreements having maturities less than 30 days and 105 percent for those having maturities that exceed 30 days; and

(vi) Washington State Local Government Investment Pool.

Other permitted investments include reverse repurchase agreements with maturities not exceeding 60 days, commercial paper purchased on the secondary market, rated no lower than A1/P1 as authorized by State Investment Board guidelines, and certain municipal bonds rated "A" or better by at least one nationally-recognized credit rating agency.

Although the investment policy allows diversification among various types of securities, it provides risk controls by setting limits for each security type. 100 percent of the Pool may be invested in U.S. Treasury securities, 60 percent in U.S. agency securities, excluding agency discount notes, 20 percent in agency discount notes, 10 percent in agency mortgage-backed securities, 15 percent in certificates of deposit, 20 percent in bankers' acceptances, 20 percent in commercial paper, 20 percent in municipal securities, 15 percent in overnight repurchase agreements, 25 percent in term repurchase agreements, and five percent in reverse repurchase agreements.

To meet its investment objectives, the policy includes additional risk controls that impose further restrictions on the types of securities. These include limiting the maturity date of securities purchased to be no more than 10 years from the settlement date and a portfolio target modified duration of two years, plus or minus six months.

See Note 2 in the Port's financial statements included in Appendix A.

**Labor Relations**

The Port budgeted for 2,595.3 regular full-time-equivalent ("FTE") employees in 2024, an increase of approximately 3.0 percent from 2,518.6 in the 2023 budget. Approximately 1,087 actual employees (employees can differ from FTEs) belong to bargaining units under 26 labor contracts.

**Pension Plans**

Substantially all full-time and qualifying part-time employees of the Port participate in one of two retirement systems, the Public Employees Retirement System ("PERS") or the Law Enforcement Officers' and Fire Fighters' Fund ("LEOFF"). The State Department of Retirement Systems (the "DRS") administers these and other defined benefit retirement plans, including plans that cover both State and local government employees. PERS plan benefits are funded by a combination of funding sources: (1) contributions from employers (including the State as employer and the Port and other governmental employers); (2) contributions from employees; and (3) investment returns. PERS funds are held in the Commingled Trust Fund ("CTF") invested in accordance with policies established by the Washington State Investment Board, a 15-member board created by the Legislature. The average annualized dollar-weighted return on the investment of the CTF for the 10-year period ended June 30, 2023 was 9.72%.

Contribution rates for the plans for the upcoming biennium are adopted by the State during even-numbered years according to a statutory rate-setting process. The process begins with the Office of the State Actuary (the "OSA") performing an actuarial evaluation of each plan and determining recommended contribution rates. The OSA provides preliminary results and recommended contribution rates to the Select Committee on Pension Policy, a committee of the Legislature (the "SCPP"), and the Pension Funding Council (the "Pension Council"). The rates adopted by the Pension Council are subject to revision by the Legislature, and the Legislature may adopt, and has adopted, contribution rates lower than those suggested by the OSA and adopted by the Pension Council.

Using the Entry Age Normal methodology, and as of June 30, 2022, OSA calculated the funded status of the State-administered plans in which the Port participates is as follows: PERS Plan 1 is 75% funded, and PERS Plans 2 and 3 are 97% funded. This funded status calculation relies on the following key assumptions: a valuation interest rate of 7.00%, a general salary growth rate of 3.25%, an inflation rate of 2.75%, and growth in plan membership of 1.00%. For each of LEOFF Plans 1 and 2, the value of plan assets exceeds that of plan liabilities on an actuarial basis. From time to time, OSA has revised its key assumptions and may continue to do so. All employers in PERS and certain other pension plans are required to contribute at a rate (percentage of payroll) determined by the OSA every two years for the sole purpose of amortizing the PERS Plan 1 unfunded actuarial accrued liability within a rolling 10-year period (the "UAAL Rate"). The UAAL Rate became effective in 2015, cannot be less than 3.5%, and will remain in effect until the actuarial value of assets in PERS Plan 1 equals 100% of the actuarial accrued liability of PERS Plan 1. The current UAAL Rate of 2.97% for PERS Plans is included in the employer contribution rates, which are subject to change by future legislation.

The information above in this section has been obtained from information on the OSA's and DRS's websites. The OSA website includes information regarding the values, funding levels and investments of these retirement plans. These websites are not incorporated by reference.

The DRS website also includes audited Schedules of Collective Pension Amounts and Schedules of Employer Allocations for all of the plans DRS administers, for use by those employers required to implement GASB 68, including the Port.

See Note 8 in Appendix A for more pension information including the Port's required contributions to, and contribution rates for, PERS and LEOFF for the year ended December 31, 2023, as well as the Port's proportionate share of the net pension liability or asset, proportionate share of contributions and pension expense for each plan.

On May 25, 2004, the Port adopted an amended plan and trust agreement for the Warehousemen's Pension Plan that gives the Port sole administrative control of the pension plan and guarantees that the Port will pay all accrued benefits for former employees of the warehouse and distribution business, which was closed in 2002. The Warehousemen's Pension Plan is a defined benefit plan. The Warehousemen's Pension Plan is closed and provides that only service credited and compensation earned prior to April 1, 2004, will be utilized to calculate benefits. As of December 31, 2023, the net pension liability was $3,306,000 and the plan fiduciary net position as a percentage of total pension liability was 77.0 percent. For the year ended December 31, 2023, the Warehousemen's Pension Plan reported an annual investment rate of return of 15.1 percent, net of plan investment expense. The long-term expected rate of return on the Warehousemen's Pension Plan is 6.5 percent, net of plan investment expense and including inflation. See Appendix A, Note 15.

**Other Post-Employment Benefits**

In addition to pension benefits described in Note 8 of the audited financial statements included in Appendix A, the Port provides other post-employment benefits ("OPEB"). As of December 31, 2023, the Port had an actuarial accrued liability of $6,042,000 for LEOFF Plan 1 Members' Medical Services Plan benefits. As of December 31, 2023, the Port had a net OPEB obligation associated with life insurance coverage for eligible retired employees of $10,915,000. See Note 9 in Appendix A.

**Environmental Concerns**

*Overview.* The Port has been notified by federal and State environmental agencies that it is potentially liable for some or all of the costs of environmental investigation and cleanup activities on certain properties. The Port has identified a number of contaminated sites on its properties and facilities that must be investigated for the presence of hazardous substances and remediated in compliance with federal and State environmental laws and regulations. Some Port facilities may require asbestos abatement, and some properties owned or operated by the Port may have unacceptable levels of contaminants in soil, sediments and/or groundwater. In some cases, the Port has been designated by the federal government as a "Potentially Responsible Party," and/or by the State government as a "Potentially Liable Person" for the investigation and cleanup of properties owned by the Port or where the Port may have contributed to site contamination. Although the Port may not bear ultimate liability for the contamination, under federal and State law, the Port is presumptively liable as the property owner, and it is often practically and financially beneficial for the Port to take initial responsibility to manage and pay for the cleanup. In each of these matters, the Port is cooperating with the notifying agency and taking appropriate action with other parties to investigate and remediate environmental damage or contamination. Currently, it is not possible to determine the full extent of the Port's liability in these matters.

*Lower Duwamish Waterway ("LDW") Superfund.* The Port is one of many Potentially Responsible Parties ("PRP") at the LDW Superfund Site. The Port, as a member of the Lower Duwamish Waterway Group, along with King County, the City of Seattle and the Boeing Company, has funded the Remedial Investigation and Feasibility Study for the LDW Site. In November 2014, the EPA released a Record of Decision ("ROD") for the in-waterway portion of the site cleanup. The ROD included a cleanup cost estimate of $342 million (present value discounted at 2.3 percent based on a study completed in 2012). The EPA updated its estimate in January 2023 to $668 million. Final costs are expected to exceed these estimated values, primarily due to timing delays and expected construction cost growth in excess of the discount value. Currently, the Port's working assumption is that the total costs to be borne by all responsible parties may be approximately $1 billion in nominal dollars, possibly more. A more precise estimate will not be available until after completion of an extensive sampling and design effort. Design of the first third of the waterway cleanup was completed in 2023 and the construction phase is expected to commence in 2024. The design sampling and development of the design for the middle third of the waterway in underway. The Port's share of liability for the cleanup at the LDW Superfund Site is uncertain. The Port's and other PRPs' shares may be resolved through a confidential alternative dispute resolution process, through direct negotiation with other PRPs, or through litigation.

*East Waterway Superfund*. The Port also is one of several PRPs at the Harbor Island/East Waterway Superfund Site and is a member of the East Waterway Group ("EWG"), along with the County and the City of Seattle. Among other remedial actions, the EWG funded the Supplemental Remedial Investigation and Feasibility Study, which was finalized in 2019. The EPA has not yet released a ROD for the East Waterway Site cleanup remedy. The Feasibility Study bracketed range of cost estimates, excluding a no action alternative, was between $256 million and $411 million (based on current value in 2016 dollars). The EPA issued a proposed plan for the cleanup in 2023 and is expected to issue a ROD selecting a remedy in 2024. The EPA requested that EWG prepare an updated cost estimate based on the EPA's preferred alternative in the Proposed Plan, which came to $419 million. The EPA acknowledged there is significant uncertainty as to the accuracy of this estimate. A more accurate estimate of the Port's liability will not be available until after selection of a remedy, completion of an extensive sampling and design effort, and allocation of costs between PRPs.

*Recognizing Liabilities*. The Port has developed a procedure consistent with current accounting rules to recognize liabilities for environmental cleanups, to the extent that such liabilities can be reasonably estimated. As of

December 31, 2023, the Port recognized a total environmental remediation liability of $133,036,000 which includes liabilities associated with environmental cleanups and natural resource damages ("NRD") and is reported net of estimated unrealized recoveries. Where appropriate, the Port is pursuing financial reimbursement from State funding agencies, from other Potentially Responsible Parties and Potentially Liable Persons, and from its insurers. The Port is in ongoing settlement negotiations regarding NRD and in 2021 recorded, as a special item, $34.9 million in environmental expenses reflecting the cost to construct habitat restoration projects. See Note 1— Summary of Significant Accounting Policies and Note 10—Environmental Remediation Liabilities in Appendix A.

*Allocation of Seaport Alliance Environmental Costs.* The Seaport Alliance charter allocates environmental costs between the Seaport Alliance and the ports as follows. Remediation costs that are associated with contamination on Licensed Properties that occurred before the effective date of the Seaport Alliance remain the responsibility of the Port owner. For any Post-Formation Improvement (defined in the Charter) not owned by either port prior to the effective date, remediation costs are the responsibility of the Seaport Alliance. All cost allocations may be revised on a project-specific basis by a vote of the Managing Members.

*Change in Regulations.* The Port must comply with various environmental regulations in the operations of its businesses. New regulations can be added, or compliance standards changed, and these additions or changes can add operating and/or capital costs that the Port must absorb. New or modified regulations go through a multi-step process in order to be finalized and then typically have a phased implementation. For example, the EPA has identified polyfluoroalkyl substances ("PFAS") as a newly regulated contaminant under the Safe Drinking Water Act. PFAS are widely used, including their use in firefighting foam common at airports. The EPA has developed a strategic roadmap with three goals: research, restrict, and remediate. At this time, the Port does not know what specific action will be required or the potential costs of those actions. Also, the Washington Department of Ecology may expand its industrial stormwater requirements to include additional facilities at the Port and the Seaport Alliance. The Port and the Seaport Alliance can seek various ways to comply with any new standards including operational changes or capital investments.

## INSURANCE

### General Overview

The Port has a comprehensive risk management program that financially protects the Port against loss from adverse events to its property, operations, third-party liabilities, and employees. The Port's insurance year for liability coverage runs from October 1, 2023 to October 1, 2024. The Port's insurance year for property coverage runs from July 1, 2023 to July 1, 2024. The Port utilizes the services of Alliant Insurance Services for the placement of its liability and property insurance. Alliant was selected through a competitive selection process. All of the Port's insurance carriers are rated "A" or better by the A.M. Best & Company and include American International Group, Liberty Mutual, Atlantic Specialty Company, Lexington, Navigators Insurance, and National Union. See also "NORTHWEST SEAPORT ALLIANCE—Insurance."

### Property Insurance

The Port maintains a comprehensive property insurance program for loss of and damage to Port property, including business interruption and equipment breakdown with a $500 million per-occurrence limit and a $500,000 per-occurrence retention for Aviation Division properties (including Pier 69) and a $250 million per occurrence limit and $1 million per-occurrence retention elsewhere. Terrorism coverage is purchased through the London market and is provided with a sub-limit of $350 million per occurrence. Coverage for flood is capped at an annual aggregate of $50 million above a flat $500,000 deductible. The total estimated replacement cost of insured Port property is $8.0 billion. The Port does not purchase earthquake insurance for its insured property unless it is part of a builder risk property insurance policy specific to a project under construction. Property insurance coverage extends to contractors of the Port working on Port assets, for property damage to the work or improvements that are in the contractor's scope of work, and that have been scheduled to the Port's insurer. Property not in the scope of work, not scheduled with the insurer, and adjacent Port property the contractor is not working on, is not covered for the contractor. This "course of construction" coverage has a deductible of $50,000 and a maximum limit of $50 million per project with no underwriting and increased to $110 million with underwriting. Many of these types of projects are upgrades or restoration to existing assets, in which a new asset is not created, such as re-reroofing an existing roof or runway re-paving.

**Builder Risk (Property Insurance for Construction in Process)**

Larger projects, typically over $50 million in completed values, require separate property insurance during the time the assets are being constructed. If these projects are not placed as "course of construction" on the Port's main property policy, then a separate builder risk property insurance policy is purchased for the duration of the project. These are referred to as builder risk policies and they cover the "work" or assets as they are constructed and completed. Both the owner and contractor have an insurable interest in the policy for physical loss to the asset up until the completion of the project. Upon project completion, the value of the asset is then transferred to the owner's insurance policy for coverage throughout its operational life cycle. Builder risk insurance is currently in place for the construction of the C-1 Concourse Expansion and the North Main Terminal Renovation ("SEA Gateway") projects. The builders' risk policies described above insure the interests of both the Port and the related contractors and include coverage for terrorism, flood, and earthquake.

The Port has two projects over $50 million that were underwritten to be on the Port's main property insurance policy as "course of construction." Those projects are the Delta Sky Lounge and the Phase Two Baggage Optimization projects. These two projects insure the interests of both the Port and the related contractors and include coverage for terrorism, flood, but do not include earthquake coverage.

The Port, which takes care and custody of the TSA's explosion detection systems at the airport, insures these for first party property insurance coverage under a separate and specific policy. The various builders' risk policies will insure the interests of both the Port and the related contractors. Coverage for terrorism, flood, and earthquake is included in the builders' risk policies.

**Liability Insurance**

The Port purchases excess non-aviation commercial general liability (namely bodily injury and property damage coverage) insurance, which covers losses involving actual or alleged bodily injury and/or property damage that arises from claims made against the Port by third parties. This is a primary policy with a $1 million per occurrence (claim) retention for general liability occurrences and a limit of $10 million per occurrence. In addition to this primary policy is an excess marine policy with coverage up to a $50 million per occurrence limit, which provides coverage for Port marine exposures (cargo, cruise, marina, and terminal operations). This excess liability policy also includes coverage for the Port's non-aviation operational, automobile, employee benefits, and foreign liability exposures. Coverage includes claims resulting from bodily injury and property damage arising from terrorism acts (under the Terrorism Risk Insurance Program Reauthorization Act of 2007 and reauthorized in 2015). The Port also has a London-based terrorism liability policy that offers $15 million of limits per occurrence and in the annual aggregate for acts of terrorism (whether certified or not) that would apply to any Port operation at any Port location.

The Port purchases a separate airport operator's primary and excess liability insurance policy which covers liability claims from third parties that involve property damage and/or bodily injury arising out of airport operations. The limit of liability is $500 million with a $1 million per occurrence (claim) retention. The annual policy retention aggregate is $1 million. Coverage for events stemming from terrorism and/or war (malicious acts) is included under the Airport operator's primary insurance policy up to a limit of $100 million.

Liability insurance is also purchased to cover exposures and liabilities that could stem from the wrongful or non-intentional acts of Port employees, directors, and Commissioners (Public Official Liability), and employment practices liability ($10 million aggregate limit/$1.5 million per claim retention); fiduciary liability ($5 million limit/no deductible), and law enforcement liability ($15 million limit/$1.5 million per wrongful act retention). The Port also purchases an employee dishonesty policy (also known as a fidelity bond) protecting the Port from liability due to the dishonesty and/or fraudulent acts of Port employees. This policy has a $5 million limit. The Port self-insures its workers' compensation exposure. The Port also insures its vessels for liability under a separate policy with limits of $1 million per occurrence. The Port has a foreign liability master policy that provides liability coverage for property damage and bodily injury for Port employees when engaged in foreign travel. This policy also has coverage for emergency medical expenses and coverage for kidnap and ransom. Finally, the Port has a cyber-liability policy that provides limits up to $5 million in the annual aggregate for various cyber exposures and liability, including breach notification response and expenses, cyber extortion, and damage to data including business interruption.

**Third-Party Agreements**

The Port's contractors, tenants, and lessees are required to carry at least $1 million of commercial general liability insurance (up to $25 million or more for large construction projects and higher-risk projects) and automobile liability insurance of at least $1 million ($5 million for automobiles operated on the non-movement part of the aircraft operations area and $1 million for automobiles operated on the aircraft movement area of the aircraft operations area).

The Port requires certain airlines with aircraft operations on the airfield at the airport and operating under an operating permit or license to provide between $25 million and $300 million per-occurrence liability limits. Ground handlers, working for the airlines on the airfield and under license to the Port, are required to carry a minimum of $5 million per occurrence of general liability insurance and $5 million per occurrence of automobile liability insurance. Contractors and other third-party vendors working for the Port must also provide proof of workers' compensation coverage for their employees as well as State "stop-gap" coverage that covers employers' liability. The Port requires all contractors, tenants, and lessees to include the Port as an "additional insured" on their policies of commercial general liability insurance, along with a waiver of subrogation in favor of the Port, and endorsement that requires these parties' insurance to be primary and non-contributory relative to any general liability insurance the Port carries. All contracts and lease agreements require that the Port and its employees, officers, and Commissioners are to be held harmless and indemnified for all actual and alleged claims that arise out of the acts of the Port's contractors, consultants, vendors, licensees, and lessees. Professionals such as engineers, architects, and surveyors are also required to carry professional liability (errors and omissions) insurance for work they do for the Port, with minimum limits of $1 million per claim or wrongful act.

## APPENDIX C

## PROPOSED FORMS OF BOND COUNSEL OPINION

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July 9, 2024

Port of Seattle

BofA Securities, Inc.
New York, New York

Re: Port of Seattle
Limited Tax General Obligation Refunding Bonds, 2024A (Non-AMT) — $94,695,000

Ladies and Gentlemen:

We have acted as bond counsel to the Port of Seattle (the "Port") and have examined a certified transcript of all of the proceedings taken in the matter of the issuance by the Port of its Limited Tax General Obligation Refunding Bonds, 2024A (Non-AMT), in the aggregate principal amount of $94,695,000 (the "2024A Bonds"), issued pursuant to Resolution No. 3822 of the Port Commission (the "Resolution"), for the purpose of refunding certain outstanding obligations of the Port, and paying costs of issuing the 2024A Bonds. Simultaneously with the issuance of the 2024A Bonds, the Port is issuing its Limited Tax General Obligation Bonds, 2024B (AMT), and its Limited Tax General Obligation Bonds, 2024C (Taxable). Capitalized terms used in this opinion which are not otherwise defined shall have the meanings given to such terms in the Resolution.

The 2024A Bonds are subject to redemption prior to their stated maturities as set forth in the Official Statement for the 2024 Bonds dated June 20, 2024.

As to questions of fact material to our opinion, we have relied upon representations of the Port contained in the Bond Resolution and in the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The 2024A Bonds have been legally issued and constitute valid and binding obligations of the Port, except to the extent that the enforcement of the rights and remedies of the holders and owners of the 2024A Bonds may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion.

2. Both principal of and interest on the 2024A Bonds are payable out of annual levies of ad valorem taxes to be made upon all of the taxable property within the Port permitted to be levied without a vote of the electorate in amounts which, together with other available funds, will be sufficient to pay such principal and interest as the same shall become due.

3. Interest on the 2024A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in the preceding sentence is subject to the condition that the Port comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the 2024A Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Port has covenanted to comply with all applicable requirements. Failure to comply with certain of such covenants may cause interest on the 2024A Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2024A Bonds.

4. Interest on the 2024A Bonds is taken into account in determining "adjusted financial statement income" of certain corporations for purposes of computing the alternative minimum tax imposed on "applicable corporations" for tax years beginning after December 31, 2022.

The 2024A Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material relating to the 2024A Bonds (except to the extent, if any, stated in a separate opinion), and we express no opinion relating thereto or relating to the undertaking of the Port to provide ongoing disclosure pursuant to Securities and Exchange Commission Rule 15c2-12.

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the 2024A Bonds. Owners of the 2024A Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the 2024A Bonds, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

**K&L GATES LLP**

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July 9, 2024

Port of Seattle

Truist Securities, Inc.
Charlotte, North Carolina

Re: Port of Seattle
Limited Tax General Obligation Bonds, 2024B (AMT) — $65,745,000

Ladies and Gentlemen:

We have acted as bond counsel to the Port of Seattle (the "Port") and have examined a certified transcript of all of the proceedings taken in the matter of the issuance by the Port of its Limited Tax General Obligation Bonds, 2024B (AMT), in the aggregate principal amount of $65,745,000 (the "2024B Bonds"), issued pursuant to Resolution No. 3822 of the Port Commission (the "Resolution"), for the purpose of financing or refinancing certain improvements to Port facilities and paying costs of issuing the 2024B Bonds. Simultaneously with the issuance of the 2024B Bonds, the Port is issuing its Limited Tax General Obligation Refunding Bonds, 2024A (Non-AMT), and its Limited Tax General Obligation Bonds, 2024C (Taxable). Capitalized terms used in this opinion which are not otherwise defined shall have the meanings given to such terms in the Resolution.

The 2024B Bonds are subject to redemption prior to their stated maturities as set forth in the Official Statement for the 2024B Bonds dated June 20, 2024.

As to questions of fact material to our opinion, we have relied upon representations of the Port contained in the Bond Resolution and in the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The 2024B Bonds have been legally issued and constitute valid and binding obligations of the Port, except to the extent that the enforcement of the rights and remedies of the holders and owners of the 2024B Bonds may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion.

2. Both principal of and interest on the 2024B Bonds are payable out of annual levies of ad valorem taxes to be made upon all of the taxable property within the Port permitted to be levied without a vote of the electorate in amounts which, together with other available funds, will be sufficient to pay such principal and interest as the same shall become due.

3. Interest on the 2024B Bonds is excludable from gross income for federal income tax purposes, except for interest on any 2024B Bonds for any period during which such 2024B Bonds is held by a "substantial user" of the facilities financed or refinanced by the 2024B Bonds, or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"); however, interest on the 2024B Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in this paragraph is subject to the condition that the Port comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2024B Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Port has covenanted to comply with all such requirements. Failure to comply with certain of such covenants may cause interest on the 2024B

Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2024B Bonds.

4. Interest on the 2024B Bonds is taken into account in determining “adjusted financial statement income” of certain corporations for purposes of computing the alternative minimum tax imposed on “applicable corporations” for tax years beginning after December 31, 2022.

The 2024B Bonds are not “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material relating to the 2024B Bonds (except to the extent, if any, stated in a separate opinion), and we express no opinion relating thereto or relating to the undertaking of the Port to provide ongoing disclosure pursuant to Securities and Exchange Commission Rule 15c2-12.

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the 2024B Bonds. Owners of the 2024B Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the 2024B Bonds, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

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July 9, 2024

Port of Seattle

Truist Securities, Inc.
Charlotte, North Carolina

Re: Port of Seattle
Limited Tax General Obligation Bonds, 2024C (Taxable) — $95,775,000

Ladies and Gentlemen:

We have acted as bond counsel to the Port of Seattle (the "Port") and have examined a certified transcript of all of the proceedings taken in the matter of the issuance by the Port of its Limited Tax General Obligation Bonds, 2024C (Taxable), in the aggregate principal amount of $95,775,000 (the "2024C Bonds"), issued pursuant to Resolution No. 3822 of the Port Commission (the "Resolution"), for the purpose of financing or refinancing certain improvements to Port facilities, and paying costs of issuing the 2024C Bonds. Simultaneously with the issuance of the 2024C Bonds, the Port is issuing its Limited Tax General Obligation Refunding Bonds, 2024A (Non-AMT), and its Limited Tax General Obligation Bonds, 2024B (AMT). Capitalized terms used in this opinion which are not otherwise defined shall have the meanings given to such terms in the Resolution.

The 2024C Bonds are subject to redemption prior to their stated maturities as set forth in the Official Statement for the 2024C Bonds dated June 20, 2024.

As to questions of fact material to our opinion, we have relied upon representations of the Port contained in the Bond Resolution and in the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The 2024C Bonds have been legally issued and constitute valid and binding obligations of the Port, except to the extent that the enforcement of the rights and remedies of the holders and owners of the 2024C Bonds may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion.

2. Both principal of and interest on the 2024C Bonds are payable out of annual levies of ad valorem taxes to be made upon all of the taxable property within the Port permitted to be levied without a vote of the electorate in amounts which, together with other available funds, will be sufficient to pay such principal and interest as the same shall become due.

3. Interest on the 2024C Bonds is not excludable from gross income for federal income tax purposes under existing law.

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We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material relating to the 2024C Bonds (except to the extent, if any, stated in a separate opinion), and we express no opinion relating thereto or relating to the undertaking of the Port to provide ongoing disclosure pursuant to Securities and Exchange Commission Rule 15c2-12.

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the 2024C Bonds. Owners of the 2024C Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the 2024C Bonds, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

K&L GATES LLP

# APPENDIX D

## BOOK-ENTRY ONLY SYSTEM

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## BOOK-ENTRY ONLY SYSTEM

*The following information has been provided by The Depository Trust Company, New York, New York ("DTC"). The Port makes no representation regarding the accuracy or completeness thereof. Each actual purchaser of a Bond (a "Beneficial Owner") should therefore confirm the following with DTC or the Participants (as hereinafter defined).*

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for the aggregate principal amount of the Bonds, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the

Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Port as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Port or the Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar, or the Port, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Port or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Port or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

10. To the extent permitted by law, the Port may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Port believes to be reliable, but the Port takes no responsibility for the accuracy thereof.

# APPENDIX E

## PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE

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**CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the "Disclosure Certificate") dated as of June [13], 2024 is executed and delivered by the Port of Seattle (the "Port") in connection with the issuance of its Limited Tax General Obligation Refunding Bonds, 2024A (Non-AMT) (the "2024A Bonds"), its Limited Tax General Obligation Bonds, 2024B (AMT) (the "2024B Bonds"), and its Limited Tax General Obligation Bonds, 2024C (Taxable) (the "2024C Bonds" and, together with the 2024A Bonds and 2024B Bonds, the "Bonds"). The Port covenants and agrees as follows:

For purposes of the Port's undertaking (the "undertaking") pursuant to Securities and Exchange Commission Rule 15c2-12 (the "Rule"), "beneficial owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond, including persons holding Bonds through nominees or depositories or other intermediaries.

(a) *Financial Statements/Operating Data.*

(1) *Annual Disclosure Report*. The Port covenants and agrees that not later than six months after the end of each fiscal year (the "Submission Date"), commencing June 30, 2025 for the fiscal year ending December 31, 2024, the Port shall provide or cause to be provided to the Municipal Securities Rulemaking Board (the "MSRB"), an annual report (the "Annual Disclosure Report") that is consistent with the requirements of part (2) of this subsection (a). The Annual Disclosure Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in part (2) of this subsection (a); provided that any audited annual financial statements may be submitted separately from the balance of the Annual Disclosure Report and later than the Submission Date if such audited financial statements are not available by the Submission Date. If the Port's fiscal year changes, the Port shall give notice of such change in the same manner as notice is to be given of the occurrence of an event listed in subsection (b), and if for any fiscal year the Port does not furnish an Annual Disclosure Report to the MSRB, by the Submission Date, the Port shall send to MSRB notice of its failure to furnish such report pursuant to subsection (c).

(2) *Content of Annual Disclosure Reports*. The Port's Annual Disclosure Report shall contain or include by reference the following:

(A) *Audited financial statements*. Audited financial statements, prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units using the accrual basis accounting, except that if any audited financial statements are not available by the Submission Date, the Annual Disclosure Report shall contain audited financial statements in a format similar to the audited financial statements most recently prepared for the Port, and the Port's audited financial statements shall be filed in the same manner as the Annual Disclosure Report when and if they become available.

(B) *Operating and Financial Information.* Annual financial information and operating data with respect to the Port, including historical financial information and operating data of the type provided in the final Official Statement for the Bonds dated June 20, 2024, under the headings "Tax Levy Rates, Records and Procedures," "Debt Information," and "Port Financial Matters" and under the headings "The Airport" and Tables B-5 and B-6 of the "Northwest Seaport Alliance" in Appendix B—"ADDITIONAL PORT INFORMATION."

Any or all of the listed items may be included by specific reference to other documents, including official statements of debt issues of the Port, or of any related entity, that have been submitted to the MSRB. If the document included by reference is a final official statement, it must be available from the MSRB. The Port shall identify clearly each document so included by reference.

(b) *Listed Events*. The Port agrees to provide or cause to be provided to the MSRB, in a timely manner, not in excess of 10 business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2024A Bonds, or other material events affecting the tax status of the 2024A Bonds;

7. Modifications to the rights of Bond owners, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution or sale of property securing repayment of the Bonds, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Port;[1]

13. The consummation of a merger, consolidation, or acquisition involving the Port or the sale of all or substantially all of the assets of the Port, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a financial obligation of the Port, if material, or agreements to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Port, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Port, any of which reflect financial difficulties.

(c) *Financial Obligation*. The term "financial obligation" means (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(d) *Obligated Person*. The term "Obligated Person" means the Port and any person who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to

[1] For the purposes of the event identified in (b)(12), the event is considered to occur when any of the following occur: there is an appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities).

(e) *Notice Upon Failure to Provide Financial Data*. The Port agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of its failure to provide the annual financial information described in subsection (a) above on or prior to the Submission Date.

(f) *Format for Filings with the MSRB*. All notices, financial information and operating data required by this undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking must be accompanied by identifying information as prescribed by the MSRB.

(g) *Termination/Modification*. The Port's obligations to provide annual financial information and notices of material events shall terminate upon the legal defeasance (if notice of such defeasance is given as provided above) or payment in full of all of the Bonds. The undertaking, or any provision hereof, shall be null and void if the Port (1) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require the undertaking, or any such provision, have been repealed retroactively or otherwise do not apply to the Bonds; and (2) notifies the MSRB of such opinion and the cancellation of the undertaking. The Port may amend the undertaking and any provision of the undertaking may be waived, in accordance with the Rule; *provided that* (A) if the amendment or waiver relates to the provisions of subsections (a)(1), (a)(2) or (b) above, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an Obligated Person with respect to the Bonds, or the type of business conducted; (B) the undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (C) the amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the beneficial owners of the Bonds.

In the event of any amendment of or waiver of a provision of the undertaking, the Port shall describe such amendment in the next Annual Disclosure Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Port. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a material event under subsection (b), and (ii) the Annual Disclosure Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

(h) *Registered Owner's and Beneficial Owners' Remedies Under the Undertaking*. A Registered Owner's and the beneficial owners' right to enforce the provisions of the undertaking shall be limited to a right to obtain specific enforcement of the Port's obligations under the undertaking, and any failure by the Port to comply with the provisions of the undertaking shall not be a default under the Resolutions.

(i) *Additional Information*. Nothing in the undertaking shall be deemed to prevent the Port from disseminating any other information, using the means of dissemination set forth in the undertaking or any other means of communication, or including any other information in any Annual Disclosure Report or notice of occurrence of an event, in addition to that which is required by the undertaking. If the Port chooses to include any information in any Annual Disclosure Report or notice of the occurrence of an event in addition to that specifically required by this undertaking, the Port shall have no obligation under the Resolutions to update such information or to include it in any future Annual Disclosure Report or notice of occurrence of an event.

PORT OF SEATTLE

By: ___________________________________
Designated Port Representative

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# APPENDIX F

# DEMOGRAPHIC AND ECONOMIC INFORMATION

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## DEMOGRAPHIC AND ECONOMIC INFORMATION

### Population

The following table includes historical and current population figures for King County, Pierce County and Snohomish County (collectively, the "Seattle Metropolitan Area"), the two largest cities in King County, the unincorporated areas of King County, and the State.

**TABLE F-1**
**POPULATION[1]**

| Year | Washington | King County | Pierce County | Snohomish County | City of Seattle | City of Bellevue | Unincorporated King County |
|---|---|---|---|---|---|---|---|
| 2023 | 7,951,150 | 2,347,800 | 946,300 | 859,800 | 779,200 | 154,600 | 249,060 |
| 2022 | 7,864,400 | 2,317,700 | 937,400 | 847,300 | 762,500 | 153,900 | 248,160 |
| 2021 | 7,766,975 | 2,287,050 | 928,200 | 837,800 | 742,400 | 152,600 | 247,385 |
| 2020 | 7,707,047 | 2,269,675 | 921,130 | 827,957 | 737,015 | 151,854 | 246,266 |
| 2019 | 7,546,410 | 2,226,300 | 888,300 | 818,700 | 747,300 | 145,300 | 248,275 |

(1) Estimates are as of April 1 of each year.
*Source: State of Washington, Office of Financial Management.*

### Per Capita Income

The following table presents per capita personal income for the Seattle Metropolitan Area, King County, the State, and the United States.

**TABLE F-2**
**PER CAPITA INCOME**

| | 2022[1] | 2021 | 2020 | 2019[1] | 2018 |
|---|---|---|---|---|---|
| Seattle Metropolitan Area [2] | $ 80,938 | $ 79,489 | $ 72,570 | $ 67,956 | $ 63,959 |
| King County | 113,819 | 111,117 | 99,372 | 93,620 | 87,809 |
| State of Washington | 75,332 | 74,188 | 67,674 | 63,405 | 59,827 |
| United States | 65,470 | 64,430 | 59,153 | 55,547 | 53,309 |

(1) Most recent data available.
(2) Average of King County, Pierce County, and Snohomish County.
*Source: U.S. Bureau of Economic Analysis, U.S. Department of Commerce.*

## Construction

The table below lists the value of housing construction for which building permits have been issued by entities within King County. The value of public construction is not included in this table.

**TABLE F-3**
**RESIDENTIAL BUILDING PERMIT VALUES[(1)]**
**KING COUNTY**

| | New Single Family Units | | New Multi-Family Units | | |
|---|---|---|---|---|---|
| **Year** | **Number** | **Value** | **Number** | **Value** | **Total Value** |
| 2024[(2)] | 534 | $ 260,745,722 | 2,564 | $ 534,258,336 | $ 795,004,058 |
| 2023 | 2,238 | 1,125,326,291 | 8,363 | 1,378,995,889 | 2,504,322,180 |
| 2022 | 2,801 | 1,205,252,419 | 16,029 | 2,571,765,404 | 3,777,017,823 |
| 2021 | 3,251 | 1,257,561,067 | 16,298 | 2,657,702,046 | 3,915,263,113 |
| 2020 | 3,688 | 1,448,194,320 | 8,649 | 1,059,067,656 | 2,507,261,976 |

(1) Estimates with imputation.
(2) Through March 2024.
*Source: U S. Bureau of the Census.*

## Retail Activity

The following table presents taxable retail sales in King County, Pierce County, Snohomish County and the City of Seattle.

**TABLE F-4**
**TAXABLE RETAIL SALES**

| Year | King County | Pierce County | Snohomish County | City of Seattle |
|---|---|---|---|---|
| 2023[(1)] | $ 65,725,607,667 | $ 17,379,825,537 | $ 16,386,762,702 | $ 25,939,776,993 |
| 2022 | 86,667,372,188 | 23,881,668,344 | 21,704,357,054 | 33,660,750,206 |
| 2021 | 78,440,949,141 | 22,863,160,384 | 20,277,789,997 | 30,047,705,303 |
| 2020 | 66,955,895,952 | 19,407,955,285 | 17,079,322,746 | 25,904,879,115 |
| 2019 | 53,511,071,448 | 13,820,249,304 | 12,307,843,682 | 21,962,409,065 |

(1) Preliminary, through the third quarter. For comparison purposes, taxable retail sales through the third quarter 2022 for King County, Pierce County, Snohomish County and the City of Seattle were $63,911,188,938, $17,846,554,351, $16,053,715,484 and $24,761,766,724, respectively.
*Source: Washington State Department of Revenue.*

## Industry and Employment

The following table presents State-wide employment data for certain major employers in the Puget Sound area.

**TABLE F-5**
**MAJOR EMPLOYERS**

| Employer | Full-Time Employees in the State |
|---|---|
| Amazon.com Inc. | 90,000 |
| The Boeing Company | 60,244 |
| Microsoft Corp. | 58,400 |
| Joint Base Lewis-McChord | 55,000 |
| University of Washington | 51,849 |
| Navy Region Northwest | 33,800 |
| Albertsons Cos. dba Safeway, Haggen, Albertsons | 24,500 |
| Wal-Mart Stores Inc. | 23,000 |
| Providence Swedish | 22,771 |
| Kroger Co.(1) | 21,497 |
| Costco Wholesale Corp. | 21,000 |
| Multicare Health System | 20,369 |
| Virginia Mason Franciscan Health | 18,000 |
| Alaska Air Group Inc. | 10,874 |
| Starbucks Coffee Co. | 10,700 |
| Seattle Children's Foundation | 9,444 |
| Kaiser Permanente | 8,123 |
| Meta | 8,000 |
| T-Mobile US Inc. | 7,600 |
| Google Inc. | 7,200 |
| Seattle Public Schools | 7,010 |
| Nordstrom Inc. | 6,600 |
| Fred Hutchinson Cancer Center(2) | 6,042 |
| Pacific Northwest National Laboratory(3) | 5,106 |
| EvergreenHealth | 4,960 |

(1) Kroger owns grocery store chains Fred Meyer Stores and QFC.
(2) Fred Hutchinson Cancer Research Center and Seattle Cancer Care Alliance merged to form Fred Hutchinson Cancer Center in April 2022.
(3) Managed and operated by Battelle for the Department of Energy.
*Source: Puget Sound Business Journal Book of Lists, as of June 23, 2023.*

**TABLE F-6**
**RESIDENT CIVILIAN LABOR FORCE AND EMPLOYMENT**
**SEATTLE METROPOLITAN DIVISION**
**(KING AND SNOHOMISH COUNTIES)**
**(NOT SEASONALLY ADJUSTED)**

| | 2024(1) | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Civilian Labor Force | 1,796,122 | 1,812,500 | 1,769,748 | 1,717,137 | 1,725,078 |
| Total Employment | 1,722,004 | 1,752,606 | 1,716,836 | 1,643,197 | 1,587,345 |
| Total Unemployment | 74,118 | 59,894 | 52,912 | 73,940 | 137,733 |
| Percent of Labor Force | 4.1% | 3.3% | 3.0% | 4.3% | 8.0% |

(1) Preliminary average through April 2024.
*Source: Washington State Employment Security Department.*

**TABLE F-7**
**RESIDENT CIVILIAN LABOR FORCE AND EMPLOYMENT**
**WASHINGTON STATE**
**(NOT SEASONALLY ADJUSTED)**

| | 2024[1] | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Civilian Labor Force | 4,006,089 | 4,058,533 | 3,990,343 | 3,898,707 | 3,936,084 |
| Total Employment | 3,800,835 | 3,895,393 | 3,822,319 | 3,695,705 | 3,603,370 |
| Total Unemployment | 205,254 | 163,140 | 168,024 | 203,002 | 332,714 |
| Percent of Labor Force | 5.1% | 4.0% | 4.2% | 5.2% | 8.5% |

(1) Preliminary average through April 2024.
*Source: Washington State Employment Security Department.*

**TABLE F-8**
**RESIDENT CIVILIAN LABOR FORCE AND EMPLOYMENT**
**UNITED STATES**
**(SEASONALLY ADJUSTED)[1]**

| | 2024[2] | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Civilian Labor Force[3] | 167,532 | 167,767 | 164,706 | 162,139 | 160,783 |
| Total Employment[3] | 161,195 | 161,443 | 158,838 | 155,379 | 149,951 |
| Total Unemployment[3] | 6,337 | 6,324 | 5,868 | 6,761 | 10,833 |
| Percent of Labor Force | 3.8% | 3.8% | 3.6% | 4.2% | 6.7% |

(1) Data extracted on May 17, 2024.
(2) Through the first quarter.
(3) Numbers in thousands.
*Source: U.S. Department of Labor Bureau of Labor Statistics.*

**TABLE F-9**
**NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT**
**SEATTLE-BELLEVUE-EVERETT METROPOLITAN STATISTICAL AREA**
**(KING AND SNOHOMISH COUNTIES)**
**(NOT SEASONALLY ADJUSTED)**

| NAICS INDUSTRY[1] | 2024[2] | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| TOTAL NONFARM | 1,784,133 | 1,785,825 | 1,764,667 | 1,688,892 | 1,661,467 |
| Total Private | 1,564,500 | 1,573,308 | 1,559,600 | 1,481,358 | 1,451,800 |
| Goods Producing | 252,200 | 253,175 | 249,383 | 243,825 | 252,692 |
| Mining and Logging | 700 | 700 | 708 | 733 | 775 |
| Construction | 99,533 | 104,625 | 105,442 | 104,017 | 99,825 |
| Manufacturing | 151,967 | 147,850 | 143,233 | 139,075 | 152,092 |
| Service Providing | 1,531,933 | 1,532,650 | 1,515,283 | 1,445,067 | 1,408,775 |
| Trade, Transportation, and Utilities | 285,167 | 286,608 | 283,883 | 281,892 | 271,700 |
| Information | 134,533 | 139,308 | 144,800 | 137,542 | 131,550 |
| Financial Activities | 86,400 | 87,908 | 89,383 | 87,225 | 86,158 |
| Professional and Business Services | 345,433 | 348,592 | 355,000 | 325,583 | 314,883 |
| Educational and Health Services | 239,800 | 234,425 | 226,742 | 221,125 | 215,042 |
| Leisure and Hospitality | 160,833 | 163,392 | 152,217 | 128,783 | 122,692 |
| Other Services | 60,133 | 59,900 | 58,192 | 55,383 | 57,083 |
| Government | 219,633 | 212,517 | 205,067 | 207,533 | 209,667 |
| Workers in Labor/Management Disputes | 0 | 0 | 0 | 0 | 0 |

(1) "NAICS" means the, "North American Industry Classification System," which is the standard used by federal statistical agencies in classifying entity establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.
(2) Annual average through March 2024.
*Source: Washington State Employment Security Department.*

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Port of Seattle

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

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