NEW ISSUE—BOOK ENTRY ONLY **RATINGS: See "RATINGS"**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2019 CFC Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Bond Counsel also is of the opinion based upon existing law, that interest on the Series 2019 CFC Bonds is exempt from personal income taxation by the State of Oregon. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2019 CFC Bonds. See "TAX MATTERS."

PORT OF PORTLAND

$163,290,000
THE PORT OF PORTLAND
(OREGON)
PORTLAND INTERNATIONAL AIRPORT
CUSTOMER FACILITY CHARGE REVENUE BONDS
SERIES 2019 (FEDERALLY TAXABLE)

Dated: Date of initial delivery **Due:** July 1, as shown on inside cover

The Port of Portland (the "Port") is issuing its Portland International Airport Customer Facility Charge Revenue Bonds, Series 2019 (the "Series 2019 CFC Bonds") to pay, or to reimburse the Port for the payment of the costs of the design, construction, equipping and installation of the consolidated car rental facility located at the Portland International Airport (the "ConRAC"), to repay certain commercial paper notes issued by the Port, the proceeds of which were used to finance certain costs associated with the ConRAC, to make a deposit to the Senior Debt Service Reserve Fund, and to pay costs of issuing the Series 2019 CFC Bonds. U.S. Bank National Association, serves as the trustee, registrar and paying agent for the Series 2019 CFC Bonds. Capitalized terms used on this cover page and not otherwise defined will have the meanings set forth herein.

The Series 2019 CFC Bonds are issuable in denominations of $5,000 and integral multiples thereof within a single maturity. Interest on the Series 2019 CFC Bonds will be payable on each January 1 and July 1 commencing July 1, 2019, at the rates set forth on the inside cover page of this Official Statement.

The Series 2019 CFC Bonds are subject to optional and mandatory redemption prior to their stated maturities as described herein.

When issued, the Series 2019 CFC Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as initial securities depository for the Series 2019 CFC Bonds. Purchases of beneficial interests in the Series 2019 CFC Bonds will be made only in book-entry form. Purchasers will not receive certificates representing their interests in the Series 2019 CFC Bonds, except as described herein. So long as DTC or its nominee is the registered owner of the Series 2019 CFC Bonds, payments of principal of and interest on the Series 2019 CFC Bonds will be made directly to DTC or to such nominee. Disbursements of such payments to DTC's Direct Participants are the responsibility of DTC, and disbursements of such payments to the Beneficial Owners are the responsibility of the Direct Participants and the Indirect Participants, all as described herein.

The Series 2019 CFC Bonds are secured by and payable solely from the Trust Estate, which consists primarily of (i) CFCs, (ii) Remaining Contingent Fee Payments, and (iii) moneys, investments, proceeds and investment earnings held in certain funds and accounts established under the CFC Bond Ordinances. The Series 2019 CFC Bonds shall not, in any manner, or to any extent, be a general obligation of the Port, nor a charge upon any other revenues or property of the Port not specifically pledged thereto by the CFC Bond Ordinances. The Series 2019 CFC Bonds are not secured by any tax revenues or taxing power of the Port or the State of Oregon or its agencies, instrumentalities or political subdivisions.

The Series 2019 CFC Bonds are offered when, as and if issued, subject to receipt of the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Port, and to certain other conditions. Certain legal matters will be passed upon for the Port by its General Counsel and for the Underwriters by their counsel, Kutak Rock LLP. Certain legal matters will be passed upon by Orrick, Herrington & Sutcliffe LLP as disclosure counsel to the Port. It is expected that delivery of the Series 2019 CFC Bonds will be made through the facilities of DTC on or about April 24, 2019.

Citigroup **Goldman Sachs & Co. LLC**

April 3, 2019

$163,290,000
THE PORT OF PORTLAND
(OREGON)
PORTLAND INTERNATIONAL AIRPORT
CUSTOMER FACILITY CHARGE REVENUE BONDS
SERIES 2019 (FEDERALLY TAXABLE)

Due (July 1)	Principal Amount	Interest Rate	Price	CUSIP No.† (735240)
2020	$3,160,000	2.635%	100	Q97
2021	3,240,000	2.711	100	R21
2022	3,330,000	2.769	100	R39
2023	3,420,000	2.848	100	R47
2024	3,520,000	2.948	100	R54
2025	3,625,000	3.114	100	R62
2026	3,735,000	3.214	100	R70
2027	3,855,000	3.315	100	R88
2028	3,985,000	3.465	100	R96
2029	4,120,000	3.565	100	S20
2030	4,270,000	3.715	100	S38
2031	4,425,000	3.765	100	S46
2032	4,595,000	3.865	100	S53

$9,730,000 3.915% Term Bonds due July 1, 2034, Price 100, CUSIP No. † 735240S61
$27,940,000 4.067% Term Bonds due July 1, 2039, Price 100, CUSIP No. † 735240S79
$76,340,000 4.237% Term Bonds due July 1, 2049, Price 100, CUSIP No. † 735240S87

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Port, the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers.

THE PORT OF PORTLAND
7200 NE Airport Way
Post Office Box 3529
Portland, Oregon 97208

Board of Commissioners

Alice M. Cuprill-Comas	President
Thomas E. Chamberlain	Vice President
Linda M. Pearce	Treasurer
Robert L. Levy	Secretary
Michael C. Alexander	Commissioner
Patricia A. McDonald	Commissioner
Sean O'Hollaren	Commissioner
Isao (Tom) Tsuruta	Commissioner
Gary A. Young	Commissioner

Port Management

Curtis Robinhold	Executive Director
Vince Granato	Chief Operating Officer
Daniel Blaufus	General Counsel and Interim Chief Financial Officer‡
Keith Leavitt	Chief Commercial Officer
Kristen Leonard	Chief Public Affairs Officer
Bobbi Stedman	Chief Administration and Equity Officer
Stan Watters	Chief Project Delivery and Safety Officer

ADVISORS AND CONSULTANTS

Orrick, Herrington & Sutcliffe LLP
Bond Counsel & Disclosure Counsel

PFM Financial Advisors LLC
Municipal Advisor

Landrum & Brown, Incorporated
In association with AVK Consulting, Inc. and Partners for Economic Solutions
Airport Consultant

Moss Adams LLP
Independent Accountants

U.S. Bank National Association
Trustee, Registrar and Paying Agent

‡ The Port is actively searching for a new Chief Financial Officer and it expects to make a public announcement of its selection once the process is complete. The Port will update the final Official Statement with information about such an appointment if it occurs between the date of the Preliminary Official Statement and the date of the Official Statement; however, if the appointment occurs after the date of the Official Statement, such information will be publicly available on the Port's website and the Port does not expect to update the Official Statement.

ConRAC Facility Rendering – View From the South

Source: The Port.

No dealer, broker, salesperson or other person has been authorized by the Port or by the Underwriters to give any information or to make any representations with respect to the Port, the Airport or the Series 2019 CFC Bonds other than the information and representations contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any offer, solicitation or sale of the Series 2019 CFC Bonds, by any person in any jurisdiction in which such offer, solicitation or sale is not authorized or in which the person making such offer, solicitation or sale is not qualified to do so or to any person to whom it is unlawful to make such offer, solicitation or sale.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information set forth in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Certain statements contained in this Official Statement, including the appendices, are not historical facts but are 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," "forecast," "project," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. All estimates, projections, forecasts, assumptions and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement. The Port specifically disclaims any obligation to update any forward-looking statements to reflect occurrences or unanticipated events or circumstances after the date of this Official Statement, except to the extent expressly required by the Port's continuing disclosure certificate described herein.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Port since the date of this Official Statement.

In connection with the offering of the Series 2019 CFC Bonds, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Series 2019 CFC Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Series 2019 CFC Bonds to certain dealers (including dealers depositing Series 2019 CFC Bonds into investment trusts) and others at prices lower than the initial offering prices corresponding to the yields set forth on the inside cover, and such initial offering prices may be changed, from time to time, by the Underwriters.

Inactive textual references to the Port's and the Airport's website or to other websites are not hyperlinks, and information and representations contained on such websites are not included in or incorporated into this Official Statement.

INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES

REFERENCES IN THIS SECTION TO THE "ISSUER" MEAN THE PORT OF PORTLAND AND REFERENCES TO "BONDS" OR "SECURITIES" MEAN THE SERIES 2019 CFC BONDS OFFERED HEREBY.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA ("EEA"). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, "MIFID II"); OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2002/92/EC (AS AMENDED, THE "INSURANCE MEDIATION DIRECTIVE"), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN DIRECTIVE 2003/71/EC (AS AMENDED, THE "PROSPECTUS DIRECTIVE"). CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (AS AMENDED, THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

THIS OFFICIAL STATEMENT HAS BEEN PREPARED ON THE BASIS THAT ALL OFFERS OF THE BONDS TO ANY PERSON THAT IS LOCATED WITHIN A MEMBER STATE OF THE EEA WILL BE MADE PURSUANT TO AN EXEMPTION UNDER ARTICLE 3 OF THE PROSPECTUS DIRECTIVE, AS IMPLEMENTED IN MEMBER STATES OF THE EEA, FROM THE REQUIREMENT TO PRODUCE A PROSPECTUS FOR OFFERS OF THE SECURITIES. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE ANY OFFER IN THE EEA OF THE BONDS SHOULD ONLY DO SO IN CIRCUMSTANCES IN WHICH NO OBLIGATION ARISES FOR THE ISSUER OR ANY OF THE UNDERWRITERS TO PRODUCE A PROSPECTUS FOR SUCH OFFER. NEITHER THE ISSUER NOR THE UNDERWRITERS HAVE AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF BONDS THROUGH ANY FINANCIAL INTERMEDIARY, OTHER THAN OFFERS MADE BY THE UNDERWRITERS, WHICH CONSTITUTE THE FINAL PLACEMENT OF THE BONDS CONTEMPLATED IN THIS OFFICIAL STATEMENT.

IN RELATION TO EACH MEMBER STATE OF THE EEA THAT HAS IMPLEMENTED THE PROSPECTUS DIRECTIVE (EACH, A "RELEVANT MEMBER STATE"), WITH EFFECT FROM AND INCLUDING THE DATE ON WHICH THE PROSPECTUS DIRECTIVE IS IMPLEMENTED IN THAT RELEVANT MEMBER STATE, THE OFFER OF ANY BONDS WHICH IS THE SUBJECT OF THE OFFERING CONTEMPLATED BY THIS OFFICIAL STATEMENT IS NOT BEING MADE AND WILL NOT BE MADE TO THE PUBLIC IN THAT RELEVANT MEMBER STATE, OTHER THAN: (A) TO ANY LEGAL ENTITY WHICH IS A "QUALIFIED INVESTOR" AS SUCH TERM IS DEFINED IN THE PROSPECTUS DIRECTIVE; (B) TO FEWER THAN 150 NATURAL OR LEGAL PERSONS (OTHER THAN "QUALIFIED INVESTORS" AS SUCH TERM IS DEFINED IN THE PROSPECTUS DIRECTIVE), SUBJECT TO OBTAINING THE PRIOR CONSENT OF THE RELEVANT INITIAL PURCHASER OR THE ISSUER FOR ANY SUCH OFFER OR (C) IN ANY

OTHER CIRCUMSTANCES FALLING WITHIN ARTICLE 3(2) OF THE PROSPECTUS DIRECTIVE; PROVIDED THAT NO SUCH OFFER OF THE BONDS SHALL REQUIRE THE ISSUER OR THE INITIAL PURCHASERS TO PUBLISH A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS DIRECTIVE OR A SUPPLEMENT TO A PROSPECTUS PURSUANT TO ARTICLE 16 OF THE PROSPECTUS DIRECTIVE.

FOR THE PURPOSES OF THIS PROVISION, THE EXPRESSION AN "OFFER OF SECURITIES TO THE PUBLIC" IN RELATION TO THE BONDS IN ANY RELEVANT MEMBER STATE MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE BONDS TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE THE BONDS, AS THE SAME MAY BE VARIED IN THAT RELEVANT MEMBER STATE BY ANY MEASURE IMPLEMENTING THE PROSPECTUS DIRECTIVE IN THAT RELEVANT MEMBER STATE.

EACH SUBSCRIBER FOR OR PURCHASER OF THE SECURITIES IN THE OFFERING LOCATED WITHIN A RELEVANT MEMBER STATE WILL BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED AND AGREED THAT IT IS A "QUALIFIED INVESTOR" WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE PROSPECTUS DIRECTIVE. THE ISSUER AND EACH INITIAL PURCHASER AND OTHERS WILL RELY ON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATION, ACKNOWLEDGEMENT AND AGREEMENT.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

THIS OFFICIAL STATEMENT IS FOR DISTRIBUTION ONLY TO, AND IS DIRECTED SOLELY AT, PERSONS WHO (I) ARE INVESTMENT PROFESSIONALS AS SUCH TERM IN DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "FINANCIAL PROMOTION ORDER"), (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL PROMOTION ORDER, (III) ARE OUTSIDE THE UNITED KINGDOM, OR (IV) ARE PERSONS TO WHOM AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE "FSMA")) IN CONNECTION WITH THE ISSUE OR SALE OF ANY BONDS MAY OTHERWISE BE LAWFULLY COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THIS OFFICIAL STATEMENT IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFICIAL STATEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS OFFICIAL STATEMENT OR ANY OF ITS CONTENTS. THIS OFFICIAL STATEMENT HAS NOT BEEN APPROVED FOR THE PURPOSES OF SECTION 21 OF THE FSMA AND DOES NOT CONSTITUTE AN OFFER TO THE PUBLIC IN ACCORDANCE WITH THE PROVISIONS OF SECTION 85 OF THE FSMA.

NOTICE TO PROSPECTIVE INVESTORS OF HONG KONG

THE CONTENTS OF THIS OFFICIAL STATEMENT HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY IN HONG KONG. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE OFFER OF THE BONDS. IF YOU ARE IN ANY DOUBT ABOUT ANY OF THE CONTENTS OF THIS OFFICIAL STATEMENT, YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

THIS OFFICIAL STATEMENT HAS NOT BEEN, AND WILL NOT BE, REGISTERED AS A PROSPECTUS (AS DEFINED IN THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CHAPTER 32 OF THE LAWS OF HONG KONG)) IN HONG KONG NOR HAS IT BEEN APPROVED BY THE SECURITIES AND FUTURES COMMISSION OF HONG KONG PURSUANT TO THE SECURITIES AND FUTURES ORDINANCE (CHAPTER 571 OF THE LAWS OF HONG KONG) ("SFO"). ACCORDINGLY, THE BONDS MAY NOT BE OFFERED OR SOLD IN HONG KONG BY MEANS OF THIS OFFICIAL STATEMENT OR ANY OTHER DOCUMENT, AND THIS OFFICIAL STATEMENT MUST NOT BE ISSUED, CIRCULATED OR DISTRIBUTED IN HONG KONG, OTHER THAN TO 'PROFESSIONAL INVESTORS' AS DEFINED IN THE SFO AND ANY RULES MADE UNDER THE SFO. IN ADDITION, NO PERSON MAY ISSUE OR HAVE IN ITS POSSESSION FOR THE PURPOSES OF ISSUE, WHETHER IN HONG KONG OR ELSEWHERE, ANY ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE BONDS, WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC OF HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE SECURITIES LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO BONDS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY (A) TO PERSONS OUTSIDE HONG KONG, (B) TO 'PROFESSIONAL INVESTORS' AS DEFINED IN THE SFO AND ANY RULES MADE UNDER THE SFO.

NOTICE TO PROSPECTIVE INVESTORS IN SWITZERLAND

THIS OFFICIAL STATEMENT IS NOT INTENDED TO CONSTITUTE AN OFFER OR A SOLICITATION TO PURCHASE OR INVEST IN THE BONDS. THE BONDS MAY NOT BE PUBLICLY OFFERED, SOLD OR ADVERTISED, DIRECTLY OR INDIRECTLY, IN, INTO OR FROM SWITZERLAND AND WILL NOT BE LISTED ON THE SIX SWISS EXCHANGE OR ON ANY OTHER EXCHANGE OR REGULATED TRADING FACILITY IN SWITZERLAND. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS CONSTITUTES A PROSPECTUS AS SUCH TERM IS UNDERSTOOD PURSUANT TO ART. 652A OR ART. 1156 OF THE SWISS CODE OF OBLIGATIONS OR A LISTING PROSPECTUS WITHIN THE MEANING OF THE LISTING RULES OF THE SIX SWISS EXCHANGE OR ANY OTHER REGULATED TRADING FACILITY IN SWITZERLAND, AND NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS MAY BE PUBLICLY DISTRIBUTED OR OTHERWISE MADE PUBLICLY AVAILABLE IN SWITZERLAND. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE OFFERING, NOR THE ISSUER, NOR THE BONDS HAVE BEEN OR WILL BE FILED WITH OR APPROVED BY ANY SWISS REGULATORY AUTHORITY. THE BONDS ARE NOT SUBJECT TO SUPERVISION BY ANY SWISS REGULATORY AUTHORITY, E.G., THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY FINMA, AND INVESTORS IN THE BONDS WILL NOT BENEFIT FROM PROTECTION OR SUPERVISION BY SUCH AUTHORITY.

SELLING RESTRICTIONS FOR OFFER OF SECURITIES IN SINGAPORE

THIS OFFICIAL STATEMENT HAS NOT BEEN AND WILL NOT BE REGISTERED AS A PROSPECTUS WITH THE MONETARY AUTHORITY OF SINGAPORE. ACCORDINGLY, THIS OFFICIAL STATEMENT AND ANY OTHER DOCUMENT OR MATERIAL IN CONNECTION WITH THE OFFER OR SALE, OR INVITATION FOR SUBSCRIPTION OR PURCHASE, OF THE BONDS MAY NOT BE CIRCULATED OR DISTRIBUTED, NOR MAY THE BONDS BE OFFERED OR SOLD, OR BE MADE THE SUBJECT OF AN INVITATION FOR SUBSCRIPTION OR PURCHASE, WHETHER DIRECTLY OR INDIRECTLY, TO PERSONS IN SINGAPORE OTHER THAN (I) TO AN INSTITUTIONAL INVESTOR UNDER SECTION 274 OF THE SECURITIES AND FUTURES ACT,

CHAPTER 289 OF SINGAPORE (THE "SFA"), (II) TO A RELEVANT PERSON PURSUANT TO SECTION 275(1), OR ANY PERSON PURSUANT TO SECTION 275(1A), AND IN ACCORDANCE WITH THE CONDITIONS SPECIFIED IN SECTION 275, OF THE SFA, OR (III) OTHERWISE PURSUANT TO, AND IN ACCORDANCE WITH THE CONDITIONS OF, ANY OTHER APPLICABLE PROVISION OF THE SFA.

WHERE THE BONDS ARE SUBSCRIBED OR PURCHASED UNDER SECTION 275 OF THE SFA BY A RELEVANT PERSON WHICH IS:

(A) A CORPORATION (WHICH IS NOT AN ACCREDITED INVESTOR (AS DEFINED IN SECTION 4A OF THE SFA)) THE SOLE BUSINESS OF WHICH IS TO HOLD INVESTMENTS AND THE ENTIRE SHARE CAPITAL OF WHICH IS OWNED BY ONE OR MORE INDIVIDUALS, EACH OF WHOM IS AN ACCREDITED INVESTOR; OR

(B) A TRUST (WHERE THE TRUSTEE IS NOT AN ACCREDITED INVESTOR) WHOSE SOLE PURPOSE IS TO HOLD INVESTMENTS AND EACH BENEFICIARY OF THE TRUST IS AN INDIVIDUAL WHO IS AN ACCREDITED INVESTOR,

SECURITIES (AS DEFINED IN SECTION 239(1) OF THE SFA) OF THAT CORPORATION OR THE BENEFICIARIES' RIGHTS AND INTEREST (HOWSOEVER DESCRIBED) IN THAT TRUST SHALL NOT BE TRANSFERRED WITHIN SIX MONTHS AFTER THAT CORPORATION OR THAT TRUST HAS ACQUIRED SUCH BONDS PURSUANT TO AN OFFER MADE UNDER SECTION 275 OF THE SFA, EXCEPT:

(1) TO AN INSTITUTIONAL INVESTOR (AS DEFINED IN SECTION 4A OF THE SFA) OR TO A RELEVANT PERSON (AS DEFINED IN SECTION 275(2) OF THE SFA), OR TO ANY PERSON ARISING FROM AN OFFER REFERRED TO IN SECTION 275(1A) OR SECTION 276(4)(I)(B) OF THE SFA;

(2) WHERE NO CONSIDERATION IS OR WILL BE GIVEN FOR THE TRANSFER;

(3) WHERE THE TRANSFER IS BY OPERATION OF LAW;

(4) AS SPECIFIED IN SECTION 276(7) OF THE SFA; OR

(5) AS SPECIFIED IN REGULATION 32 OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005 OF SINGAPORE.

NOTICE TO INVESTORS IN INDONESIA

THIS OFFICIAL STATEMENT HAS NOT BEEN AND WILL NOT BE DISTRIBUTED IN THE REPUBLIC OF INDONESIA AND THE BONDS HAVE NOT BEEN AND WILL NOT BE OFFERED OR SOLD IN THE REPUBLIC OF INDONESIA OR TO INDONESIAN CITIZENS WHEREVER THEY ARE DOMICILED, OR TO INDONESIAN RESIDENTS IN A MANNER WHICH CONSTITUTES A PUBLIC OFFERING UNDER LAW NO. 8 OF 1995 ON CAPITAL MARKETS AND THE APPLICABLE REGULATIONS OF THE FINANCIAL SERVICES AUTHORITY (OTORITAS JASA KEUANGAN) (OR PREVIOUSLY, THE CAPITAL MARKETS AND FINANCIAL INSTITUTIONS SUPERVISORY BODY (BADAN PENGAWAS PASAR MODAL DAN LEMBAGA KEUANGAN)).

JAPAN

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT OF JAPAN (NO. 25 OF 1948, AS AMENDED, THE "FIEA"). NEITHER THE BONDS NOR ANY INTEREST THEREIN MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN (AS DEFINED UNDER ITEM 5, PARAGRAPH 1, ARTICLE G OF THE FOREIGN EXCHANGE AND FOREIGN TRADE ACT (ACT NO. 228 OF 1949, AS AMENDED)), OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF, AND OTHERWISE IN COMPLIANCE WITH, THE FIEA AND ANY OTHER APPLICABLE LAWS, REGULATIONS AND MINISTERIAL GUIDELINES OF JAPAN.

NOTICE TO PROSPECTIVE INVESTORS IN TAIWAN

THE OFFER OF THE BONDS HAS NOT BEEN AND WILL NOT BE REGISTERED OR FILED WITH, OR APPROVED BY, THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN AND/OR OTHER REGULATORY AUTHORITY OF TAIWAN PURSUANT TO RELEVANT SECURITIES LAWS AND REGULATIONS, AND THE BONDS MAY NOT BE OFFERED, ISSUED OR SOLD IN TAIWAN THROUGH A PUBLIC OFFERING OR IN CIRCUMSTANCES WHICH CONSTITUTE AN OFFER WITHIN THE MEANING OF THE SECURITIES AND EXCHANGE ACT OF TAIWAN THAT REQUIRES THE REGISTRATION OR FILING WITH OR APPROVAL OF THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN. THE BONDS MAY BE MADE AVAILABLE OUTSIDE TAIWAN FOR PURCHASE BY INVESTORS RESIDING IN TAIWAN (EITHER DIRECTLY OR THROUGH PROPERLY LICENSED TAIWAN INTERMEDIARIES), BUT MAY NOT BE OFFERED OR SOLD IN TAIWAN EXCEPT TO QUALIFIED INVESTORS VIA A TAIWAN LICENSED INTERMEDIARY. ANY SUBSCRIPTIONS OF BONDS SHALL ONLY BECOME EFFECTIVE UPON ACCEPTANCE BY THE ISSUER OR THE RELEVANT DEALER OUTSIDE TAIWAN AND SHALL BE DEEMED A CONTRACT ENTERED INTO IN THE JURISDICTION OF INCORPORATION OF THE ISSUER OR RELEVANT DEALER, AS THE CASE MAY BE, UNLESS OTHERWISE SPECIFIED IN THE SUBSCRIPTION DOCUMENTS RELATING TO THE BONDS SIGNED BY THE INVESTORS.

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OFFICIAL STATEMENT

$163,290,000
THE PORT OF PORTLAND
(OREGON)
PORTLAND INTERNATIONAL AIRPORT
CUSTOMER FACILITY CHARGE REVENUE BONDS
SERIES 2019 (FEDERALLY TAXABLE)

INTRODUCTION

General

This Official Statement, including the cover page, inside cover page, table of contents and appendices, is being provided by The Port of Portland (the "Port") to furnish information in connection with the issuance by the Port of its Portland International Airport Customer Facility Charge Revenue Bonds, Series 2019 (the "Series 2019 CFC Bonds"). The Series 2019 CFC Bonds are being issued to pay, or to reimburse the Port for the payment of, costs of the design, construction, equipping and installation of the consolidated car rental facility located at the Portland International Airport (the "ConRAC"), to repay certain commercial paper notes issued by the Port, the proceeds of which were used to finance certain costs associated with the ConRAC, to make a deposit to the Senior Debt Service Reserve Fund (as defined herein), and to pay costs of issuing the Series 2019 CFC Bonds. See "PLAN OF FINANCE."

Unless otherwise defined in this Official Statement, capitalized terms have the meanings set forth in the CFC Bond Ordinances described below. The definitions of certain terms used in the CFC Bond Ordinances and in this Official Statement are included in APPENDIX C-1.

The Port, a port district of the State of Oregon (the "State"), owns and operates the Portland International Airport (the "Airport") and two general aviation airports. In addition to its aviation operations, the Port owns, operates, develops and/or maintains public maritime terminals, the dredge *Oregon* and other navigation equipment that it uses as a contractor to the U.S. Army Corps of Engineers to maintain the navigation channel on the lower Columbia and Willamette Rivers, and six business and industrial parks.

In connection with the Port's planned issuance of the Series 2019 CFC Bonds, the Port engaged Landrum & Brown, Incorporated ("Landrum & Brown"), in association with AVK Consulting, Inc. and Partners for Economic Solutions (together, the "Airport Consultant"), to provide, among other things, forecasts of rental car activity at the Airport, CFCs (as defined below) to be received by the Port and debt service coverage on the Series 2019 CFC Bonds for Fiscal Years ending June 30, 2019 through 2024. The Report of the Airport Consultant, dated March 20, 2019 (the "Report of the Airport Consultant" or the "Report"), is included in this Official Statement as APPENDIX A. The Report is part of this Official Statement and should be read in its entirety. See "REPORT OF THE AIRPORT CONSULTANT" below and APPENDIX A—"REPORT OF THE AIRPORT CONSULTANT." The Report of the Airport Consultant will be dated as of the date of the Preliminary Official Statement and will not be revised to reflect the final terms of the Series 2019 CFC Bonds.

The Airport

The Airport provides the greater Portland metropolitan area and the surrounding region of northwest Oregon and southwest Washington with scheduled passenger, cargo and charter air services and also serves as a general aviation facility. The Airport is primarily an origin and destination ("O&D") airport and provides the only commercial air service in a seven-county air service area that includes five counties in Oregon and two counties in southwest Washington.

The Series 2019 CFC Bonds

The Series 2019 CFC Bonds are being issued pursuant to the provisions of Sections 778.145 through 778.175 and Chapter 287A of the Oregon Revised Statutes, as amended; Port Ordinance No. 448, enacted by the Board of Commissioners of the Port (the "Board") on December 11, 2013 (the "CFC Levy Ordinance"); Port Ordinance No. 461-B, enacted by the Board on February 13, 2019, and effective on March 15, 2019 (as may be amended and supplemented from time to time, the "Master CFC Bond Ordinance"); and Port Ordinance No. 466-B, enacted by the Board on February 13, 2019, and effective on March 15, 2019 (the "Series 2019 CFC Ordinance" and, collectively with the Master CFC Bond Ordinance, the "CFC Bond Ordinances"). The terms and administrative provisions of the Series 2019 CFC Bonds are to be described in a Certificate of the Executive Director to be dated the date the Series 2019 CFC Bonds are issued (the "Series 2019 CFC Bond Certificate"). See "THE SERIES 2019 CFC BONDS—Authorization of Series 2019 CFC Bonds."

The Series 2019 CFC Bonds are being issued as "Senior Bonds" under the CFC Bond Ordinances and are secured by and payable solely from the Trust Estate, as provided in the CFC Bond Ordinances. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate." The Series 2019 CFC Bonds are the first series of Bonds to be issued by the Port under the CFC Bond Ordinances.

U.S. Bank National Association, Portland, Oregon (the "Trustee"), serves as the trustee, registrar and paying agent for the customer facility charge revenue bonds, issued on a senior or subordinate basis, pursuant to the CFC Bond Ordinances (collectively, the "Bonds"), including the Series 2019 CFC Bonds.

Security and Sources of Payment

Trust Estate. The principal of and interest on the Series 2019 CFC Bonds are secured by and payable solely from the Trust Estate, which consists primarily of (i) CFCs, (ii) Remaining Contingent Fee Payments (each as further described below), and (iii) moneys, investments, proceeds and investment earnings held in certain funds and accounts established under the CFC Bond Ordinances.

The Series 2019 CFC Bonds shall not, in any manner, or to any extent, be a general obligation of the Port, nor a charge upon any other revenues or property of the Port not specifically pledged thereto by the CFC Bond Ordinances. The Series 2019 CFC Bonds are not secured by any tax revenues or taxing power of the Port or the State of Oregon or its agencies, instrumentalities or political subdivisions. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate" and "—Customer Facility Charges."

Customer Facility Charges. As further described herein, the CFC Levy Ordinance authorizes the Port to impose, levy and collect "customer facility charges" from rental car customers who rent cars from rental car companies operating at the Airport (the "CFCs") solely to finance rental car facilities and related projects and program costs. The CFC Levy Ordinance also authorizes the Port to pledge CFCs to the repayment of bonds issued to finance such rental car facilities and the related projects. As of the date of this Official Statement, the Port imposes a CFC on each rental car customer renting a car from one of the rental car companies operating at the Airport of $6.00 per Transaction Day (as defined herein) for a maximum of four Transaction Days. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate" and "—Customer Facility Charges."

The Port sought and received a judicial validation from the Multnomah County Circuit Court with respect to the constitutionality of the CFC Levy Ordinance and related matters (the "Validation"). See "THE SERIES 2019 CFC BONDS—Authorization of Series 2019 CFC Bonds—*Validation Proceedings*."

CFCs are part of the Trust Estate and are pledged to the payment of the principal of, premium, if any, and interest on the Series 2019 CFC Bonds.

Remaining Contingent Fee Payments. The rental car agencies that are signatories to a Concessionaire Agreement (the "Concessionaires" and each a "Concessionaire") have agreed to make contingent fee payments ("Contingent Fee Payments") to the Port if certain events occur, including, among other events, the Port determining that there is a current or upcoming deficiency in CFCs needed to make payments pursuant to the CFC Bond Ordinances, including payments related to debt service on the Series 2019 CFC Bonds and the funding of reserves, or a determination by the Port that it is not, or will not be, in compliance with the Rate Covenant (as described herein). The Concessionaires' obligation to make Contingent Fee Payments to the Port became effective on November 14, 2018, the effective date of the Concessionaire Agreements (the "Effective Date").

Contingent Fee Payments are not part of the Trust Estate and do not secure the Series 2019 CFC Bonds. Contingent Fee Payments are considered general airport "Revenues" under Port Ordinance No. 155, enacted by the Board on November 10, 1971, as amended, restated and supplemented ("Ordinance No. 155"), and Port Ordinance No. 323, enacted by the Board on October 9, 1985, as amended, restated and supplemented ("Ordinance No. 323," and together with Ordinance No. 155, the "Airport Revenue Bond Ordinances"). Pursuant to the Airport Revenue Bond Ordinances, general airport Revenues, including Contingent Fee Payments, are first used to pay Costs of Operation and Maintenance of the Airport. The remaining amounts, or "Net Revenues" under the Airport Revenue Bond Ordinances, are then credited to the General Account established under the Airport Revenue Bond Ordinances. Within the General Account, Net Revenues are disbursed to the Subordinate Lien Bond Fund, the Junior Lien Obligation Fund, and the Third Lien Obligation Fund (each as defined in and established under the Airport Revenue Bond Ordinances) to pay debt service and other obligations secured by general airport "Revenues." ***Amounts, if any, remaining in the General Account after giving effect to the payment and disbursements described in the preceding sentence, are Remaining Contingent Fee Payments, are part of the Trust Estate and pledged to the payment of the principal, and premium, if any, of, and interest on the Series 2019 CFC Bonds. However, the Series 2019 CFC Ordinance provides that in no case will Remaining Contingent Fee Payments exceed the amount of Contingent Fee Payments received by the Port during the applicable period.***

For a summary of the Airport Revenue Bond Ordinances, see APPENDIX C-2—"SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT REVENUE BOND ORDINANCES."

Remaining Contingent Fee Payments have been pledged under the Series 2019 CFC Ordinance as additional security solely for the Series 2019 CFC Bonds, and, unless pledged under a Supplemental Ordinance for a series of Additional Bonds, shall not be pledged as a source of payment for any future Bonds issued pursuant to the CFC Bond Ordinances. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Remaining Contingent Fee Payments" and "RENTAL CAR OPERATIONS AND CONCESSIONAIRE AGREEMENTS—Concessionaire Agreements."

Rate Covenant. Under the Master CFC Bond Ordinance, the Port has covenanted, to the extent permitted by law, to fix, revise from time to time when necessary, impose and collect CFCs and Contingent Fee Payments in each Fiscal Year that will be sufficient to make required payments in accordance with the provisions of the CFC Bond Ordinances. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Rate Covenant."

Additional Bonds, Reimbursement Obligations and Qualified Hedge Agreements. The Master CFC Bond Ordinance permits the Port to issue additional bonds and other obligations (collectively, "Additional Bonds"), and to enter into certain reimbursement obligations (the "Reimbursement Obligations") and interest rate swaps, collars, caps or other functionally similar agreements, as further described in the Master CFC Bond Ordinance (the "Qualified Hedge Agreements"), that are secured by and payable from the Trust Estate on a parity with or subordinate to the pledge securing the Senior Bonds, including the Series 2019 CFC Bonds. Additional Bonds may be issued to pay or reimburse the Port for costs of designing, constructing, equipping and installing the ConRAC and facilities ancillary thereto and to refund obligations issued by the Port under the CFC Bond Ordinances. The Master CFC Bond Ordinance imposes restrictions on issuing Additional Bonds and entering into Reimbursement Obligations and Qualified Hedge Agreements. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Additional Bonds" and APPENDIX C-1—"SUMMARY OF CERTAIN PROVISIONS OF THE CFC BOND ORDINANCES—MASTER CFC BOND ORDINANCE —Reimbursement Obligations" and "—Qualified Hedge Agreements."

Continuing Disclosure

The Port has covenanted for the benefit of the holders of the Series 2019 CFC Bonds to provide certain financial information and operating data and to give notices of certain events to assist the Underwriters in complying with the provisions of paragraph (b)(5) of Securities and Exchange Commission Rule 15c2-12. See "CONTINUING DISCLOSURE" below and APPENDIX F—"Form of Continuing Disclosure Certificate".

Additional Information

Brief descriptions of the Series 2019 CFC Bonds, the CFC Bond Ordinances, the CFC Levy Ordinance, the Airport Revenue Bond Ordinances and certain other documents are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to such documents and agreements and to any other documents, statutes, reports or other instruments described herein are qualified in their entirety by reference to each such document, agreement, statute, report or other instrument. Section headings, table headings and captions are included for convenience only and should not be construed as modifying the text of this Official Statement. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder 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 between the Port or the Board and the purchasers or Owners of any of the Series 2019 CFC Bonds.

PLAN OF FINANCE

The Series 2019 CFC Bonds are being issued to pay, or to reimburse the Port for the payment of, costs of the design, construction, equipping and installation of the ConRAC, to repay certain principal and interest due with respect to commercial paper notes issued by the Port, the proceeds of which were used to finance certain costs associated with the ConRAC, to make a deposit to the Senior Debt Service Reserve Fund, and to pay costs of issuing the Series 2019 CFC Bonds.

The ConRAC is a component of the Port's new parking addition and consolidated rental car facility (collectively referred to by the Port by the acronym "PACR"). The PACR facility will include a new six-level garage (the "PACR garage") and a rental car customer service lobby to be located on the first level of a rental car center (referred to by the Port as the Rental Car Center or the acronym "RCC") to be constructed adjacent to the PACR garage.

The ConRAC component will consist of the first three levels of the PACR garage with approximately 724,000 square feet of space for on-Airport rental car activities and approximately 2,070 parking spaces for rental cars, as well as the 30,000 square foot rental car customer service lobby on the first level of the RCC. The public parking component of PACR is expected to occupy levels four through six of the PACR garage and add approximately 2,450 public parking spaces (the "Public Parking Addition"). The Public Parking Addition and the ConRAC will be connected by a ramp between the third and fourth levels of PACR to provide flexibility for changes in future use. The RCC will be a four-level structure and the upper three levels of the RCC are not part of PACR; any construction work on the upper three levels of the RCC will not be funded with proceeds of the Series 2019 CFC Bonds.

The total cost of PACR is estimated by the Port to be approximately $282.2 million, with the ConRAC costing approximately $156.6 million, and the Public Parking Addition costing approximately $125.6 million. See "Construction of PACR" below. See also "RENTAL CAR OPERATIONS AND CONCESSIONAIRE AGREEMENTS" and "PORTLAND INTERNATIONAL AIRPORT—Airport Capital Improvement Program."

Sources and Uses

The Port expects to apply proceeds to be received from the sale of the Series 2019 CFC Bonds as summarized in Table 1. In addition, the Port expects to use CFCs on hand to make a deposit into the CFC Rolling Coverage Account. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Deposit of CFCs and Flow of Funds—Disposition of Amounts in the CFC Revenue Fund After Substantial Completion—*(i) CFC Surplus and Rolling Coverage Fund*."

TABLE 1
ESTIMATED APPLICATION OF SERIES 2019 CFC BOND PROCEEDS

Sources	
Principal Amount of Series 2019 CFC Bonds	$163,290,000
Total Sources	$163,290,000
Uses	
Deposit to the Construction Fund	$152,280,308
Repayment of interest on Commercial Paper Notes	478,302
Deposit to Senior Debt Service Reserve Fund (1)	9,525,376
Costs of Issuance (2)	1,006,014
Total Uses *	$163,290,000

(1) See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Reserve Fund."
(2) Includes legal, financial advisory, consulting, accounting, trustee and rating agency fees, printing, underwriters' discount and other costs of issuing the Series 2019 CFC Bonds.
* Amounts may not add due to rounding.
Source: The Port.

Other Port Obligations. The Port expects to pay a portion of the costs of the Public Parking Addition in the approximate amount of $85.6 million with proceeds of the Port's Portland International Airport Revenue Bonds, Series Twenty-Five B Bonds, which are expected to be issued concurrently with the Port's Portland International Airport Revenue Bonds, Series Twenty-Five A Bonds (collectively, the "Series Twenty-Five Bonds") and the Series 2019 CFC Bonds. The sale, issuance and delivery of the Series 2019 CFC Bonds is not dependent upon the sale, issuance and delivery of the Series Twenty-Five Bonds. See "PORTLAND INTERNATIONAL AIRPORT—Airport Capital Improvement Program."

Construction of PACR

On January 30, 2017 the Port entered into a design-build public improvement contract (the "Design-Build Agreement"), with JE Dunn Construction Company (the "Design-Build Contractor") for the design and construction of PACR. The initial scope of work was limited to evaluation and validation of the proposed project scope, schematic design, and other work preceding detailed design. The fixed price for this scope of work was $4,194,826.

Effective October 11, 2017 the Port amended the Design-Build Agreement to establish an interim guaranteed maximum price ("GMP") of $88,144,442, which included the fixed price stated above. This scope of work included all project design, plus the construction of certain enabling projects which must be completed before the PACR structure is built. Under the Design-Build Agreement, the Design-Build Contractor is reimbursed for the cost of the work, plus a 3% fee, subject to the GMP.

Under later amendments including the Fourth Design-Build Amendment dated effective November 14, 2018, the GMP for all PACR design and construction was established as $243,435,448. These amendments also provide for the Design-Build Contractor's design and construction of the shell and core of the upper three levels of the RCC, at an additional cost which is not included in the PACR GMP. As described above, design and construction costs for the upper three levels of the RCC are not funded by the proceeds of the Series 2019 CFC Bonds.

The Design-Build Contractor has provided payment and performance bonds in the full amount of the Design-Build Agreement, and will be assessed liquidated damages if the project does not achieve interim or final completion dates.

Design work is currently 90% complete, and all PACR design and permitting work is expected to be complete by July 2019. PACR is expected to be fully operational by November 2021.

The following map illustrates the current layout and location of PACR.

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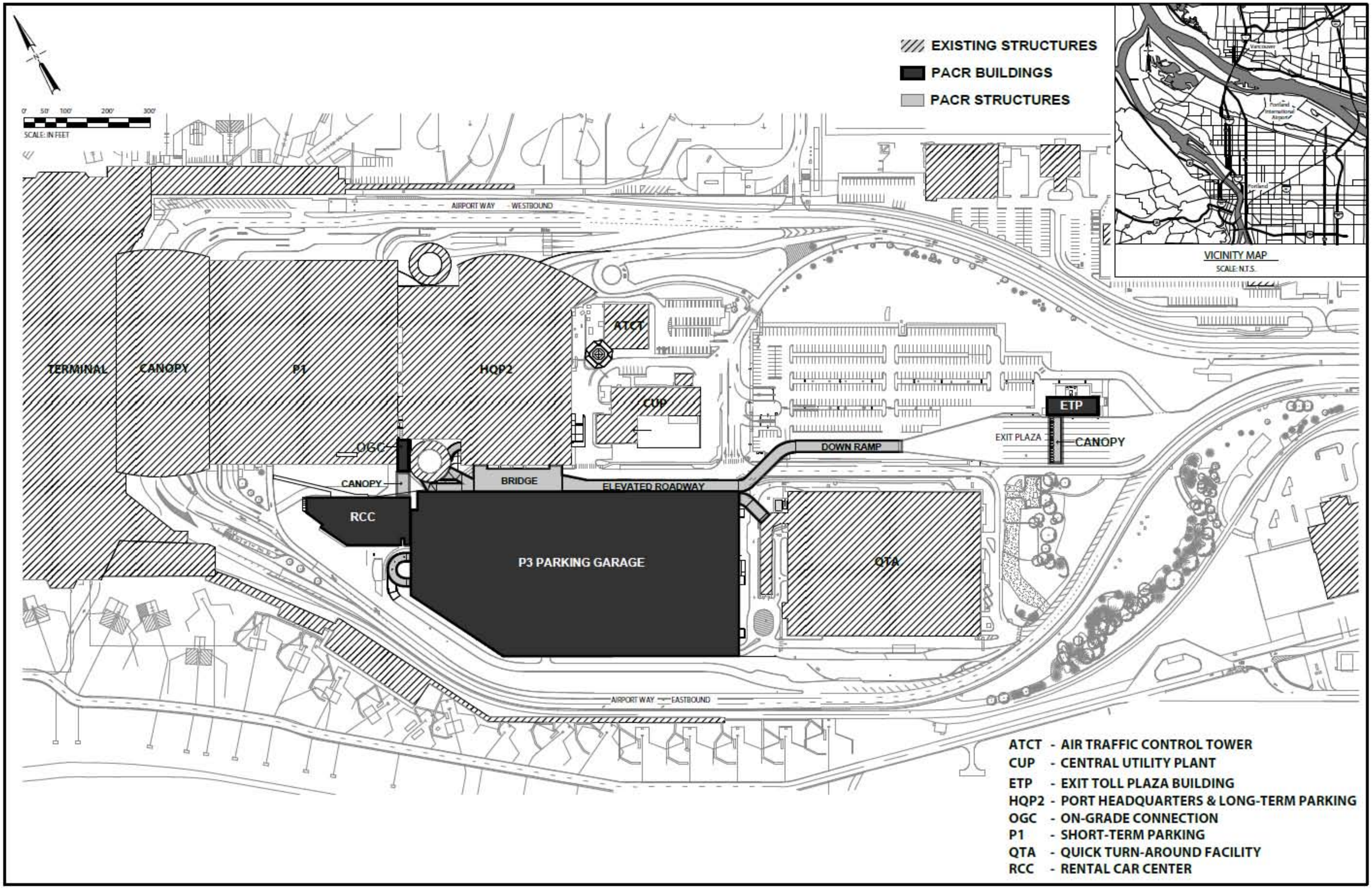

Source: The Port, March 2019.

Operation of the ConRAC

Once operational, the Port will be responsible for maintaining the systems supplying electricity, heating and cooling, water, sewer and gas to the boundary of the ConRAC, in addition to the majority of the systems and facilities throughout the ConRAC. The Port and the Concessionaires are required to maintain the ConRAC, and the Concessionaires are responsible for the costs of such maintenance whether installed by the Concessionaires or the Port. Costs for maintenance of the Common Concessionaire Areas, which are the areas of the ConRAC designated for nonexclusive use by the Concessionaires, are the responsibility of the Concessionaires. Costs for maintenance of the Common Public Areas, which are the areas of the ConRAC designated for nonexclusive use by Airport customers, the Concessionaires and any other authorized user of the ConRAC, will be allocated between the Concessionaires and other authorized users. See APPENDIX D—"FORM OF CONCESSIONAIRE AGREEMENT."

THE SERIES 2019 CFC BONDS

General

The Series 2019 CFC Bonds will be dated the date they are issued and, subject to prior redemption, will mature on July 1 in the years and principal amounts and bear interest at the rates set forth on the inside cover of this Official Statement. Interest on the Series 2019 CFC Bonds will be payable on each January 1 and July 1 (or the next business day if January 1 or July 1 is not a business day), commencing July 1, 2019, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The CFC Bond Ordinances provide that if the date for making any payment is not a business day, such payment may be made on the next succeeding business day and that no interest shall accrue on the payment so deferred.

The Series 2019 CFC Bonds will be issuable only as fully-registered bonds, without coupons, in denominations of $5,000 or any integral multiple thereof within a single maturity. The Series 2019 CFC Bonds initially will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as initial securities depository for the Series 2019 CFC Bonds. So long as the Series 2019 CFC Bonds are in book-entry form, purchasers of Series 2019 CFC Bonds will not receive certificates representing their interest in the Series 2019 CFC Bonds purchased. See APPENDIX E—"DTC AND ITS BOOK-ENTRY ONLY SYSTEM".

Neither the Port nor the Trustee has any responsibility or obligation to DTC Participants or to the persons for whom they act as nominee with respect to the Series 2019 CFC Bonds regarding (1) the accuracy of any records maintained by DTC or any nominee or DTC Participants with respect to any ownership interest in the Series 2019 CFC Bonds; (2) the delivery to any participant or correspondent or to any other person of any notice with respect to the Series 2019 CFC Bonds, including any notice of redemption; (3) the selection by DTC of the beneficial interests in Series 2019 CFC Bonds to be redeemed prior to maturity; or (4) the payment to any nominee, participant, correspondent or any other person other than the registered owner, of any amount with respect to principal of, premium, if any, or interest on the Series 2019 CFC Bonds.

Authorization of Series 2019 CFC Bonds

The Series 2019 CFC Bonds are being issued pursuant to the provisions of Sections 778.145 through 778.175 and Chapter 287A of the Oregon Revised Statutes, as amended, and pursuant to the CFC Bond Ordinances. The terms and administrative provisions of the Series 2019 CFC Bonds are described in the Series 2019 CFC Bond Certificate.

Port Ordinance No. 448 (the CFC Levy Ordinance). The CFC Levy Ordinance was enacted by the Board on December 11, 2013 for the purpose of establishing and imposing customer facility charges on rental car transactions at the Airport, and to fund rental car related projects, programs and expenses. Under the CFC Levy Ordinance, the Port may assign and pledge or otherwise commit the funds received by the Port pursuant to the imposition of CFCs under the CFC Bond Ordinances to repay debt service on Bonds (including the Series 2019 CFC Bonds) issued or other financing used to fund the ConRAC, to fund and replenish reserves and to pay costs associated therewith.

Validation Proceedings. The Port sought and received a validation judgment from the Multnomah County Circuit Court dated September 1, 2017 (the "Validation Judgment") that confirmed, among other things, that the levy, pledge and use of CFCs to finance the ConRAC and related facilities did not violate certain provisions of the Oregon Constitution, and were within the authority of the Port. The Validation Judgment permanently enjoins all persons from instituting any action or proceeding challenging the validity of the Bonds or the CFC Levy Ordinance.

Port Ordinance No. 461-B (the Master CFC Bond Ordinance). The Master CFC Bond Ordinance was enacted by the Board on February 13, 2019, for the purpose of authorizing the issuance of revenue bonds, in one or more series and from time to time, to finance and refinance costs of the ConRAC, to fund reserves, to capitalize all or a portion of the interest on the Bonds, to pay costs of issuing the Bonds and other lawful purposes of the Port, as well as to prescribe the limitations and the terms, conditions, security and form of the Bonds, among other things. The Master CFC Bond Ordinance is the master ordinance prescribing the issuance of the Bonds, and supplemental ordinances thereto will be enacted for the issuance of each individual series of Bonds issued under the Master CFC Bond Ordinance.

Series 2019 CFC Ordinance and Series 2019 CFC Bond Certificate. The Series 2019 CFC Ordinance was enacted by the Board on February 13, 2019, for the purpose of authorizing the Series 2019 CFC Bonds to pay or reimburse the Port for the costs of the design, construction, equipping and installation of the ConRAC, to pay principal and interest due with respect to commercial paper notes issued by the Port, the proceeds of which were used to finance certain costs associated with the ConRAC, to fund certain reserves and to pay costs of issuing the Series 2019 CFC Bonds. The Master CFC Bond Ordinance and the Series 2019 CFC Ordinance prescribe that the establishment and determination of certain terms and other matters related to the issuance of a series of Bonds be set forth in a certificate of the Executive Direction of the Port. Among other things, the Series 2019 CFC Bond Certificate sets forth the terms of sale, establishment of the dated date, principal amount, maturity dates, interest payment dates, interest rates, redemption provisions and other matters, and the creation of funds and accounts related to the Series 2019 CFC Bonds.

Payment of Series 2019 CFC Bonds

So long as the Series 2019 CFC Bonds are in book-entry only form, payment of the principal of the Series 2019 CFC Bonds will be made by wire transfer to DTC or its successor on the applicable maturity date or date fixed for redemption. Payment of interest on the Series 2019 CFC Bonds will be made by wire transfer to DTC or its successor on the interest payment date or on the next business day if the interest payment date is not a business day.

The Master CFC Bond Ordinance and the Series 2019 CFC Bond Certificate provide that if the Series 2019 CFC Bonds cease to be in book-entry form, then payment of principal of the Series 2019 CFC Bonds will be made by check or draft issued upon the presentation and surrender of the Series 2019 CFC Bonds at the principal office of the Trustee and that payment of interest on the Series 2019 CFC Bonds will be made by check or draft mailed (or at the request of the registered owner of $1.0 million or more in aggregate principal amount of Series 2019 CFC Bonds, by wire transfer to a U.S. bank) to the registered owner shown in the registration books of the Trustee at the close of business on the 15th day of the month preceding each interest payment date.

So long as the Series 2019 CFC Bonds are in book-entry only form, all notices and payments required to be made or given to Owners of Series 2019 CFC Bonds by the Trustee or the Port will be made and given only to DTC or its successor and not to participants or beneficial owners. Neither the Port nor the Trustee has any responsibility for notices and payments that are to be made or given by DTC or its successor to participants and beneficial owners. See APPENDIX E—"DTC AND ITS BOOK-ENTRY ONLY SYSTEM".

Redemption of Series 2019 CFC Bonds

Optional Redemption at Par. The Series 2019 CFC Bonds that are stated to mature on or after July 1, 2030, are subject to redemption prior to their stated maturities at the option of the Port, in whole or in part, on any date on or after July 1, 2029, at a redemption price equal to 100% of the principal amount of the Series 2019 CFC Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption.

Make-Whole Optional Redemption. In addition to the foregoing, the Series 2019 CFC Bonds are subject to redemption prior to July 1, 2029, at the option of the Port, in whole or in part (and if in part on a *pro rata* basis), on any date, at a redemption price (the "Make-Whole Price") equal to the greater of:

(1) 100% of the principal amount of the Series 2019 CFC Bonds to be redeemed; or

(2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Series 2019 CFC Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2019 CFC Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Comparable Treasury Yield (defined below) ***plus*** the following amount of basis points with respect to the applicable maturity of the Series 2019 CFC Bonds:

Maturity Date (July 1)	Basis Points
2020	5
2021	5
2022	10
2023	10
2024	10
2025	10
2026	15
2027	15
2028	15
2029	15
2030	20
2031	20
2032	20
2034	20
2039	20
2049	20

plus, in each case, accrued interest on such Series 2019 CFC Bonds to be redeemed to the redemption date.

For purposes of calculating the Make-Whole Price with respect to the optional make-whole redemption of the Series 2019 CFC Bonds, the following terms shall have the following meanings:

"Calculation Agent" means a commercial bank or an investment banking institution of national standing that is a primary dealer of United States government securities in the United States and designated by the Port (which may be one of the institutions that served as an underwriter for the Series 2019 CFC Bonds).

"Comparable Treasury Issue" means the United States Treasury security selected by the Calculation Agent as having a maturity comparable to the remaining term to maturity of the Series 2019 CFC Bonds being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term to maturity of the Series 2019 CFC Bonds being redeemed.

"Comparable Treasury Price" means, with respect to any date on which a Series 2019 CFC Bond or portion thereof is being redeemed, either: (a) the average of five Reference Treasury Dealer quotations for the date fixed for redemption, after excluding the highest and lowest such quotations or (b) if the Calculation Agent is unable to obtain five such quotations, the average of the quotations that are obtained. The quotations will be the average, as determined by the Calculation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of principal amount) quoted in writing to the Calculation Agent, at 5:00 p.m. New York City time at least three business days but no more than 20 business days preceding the date fixed for redemption, as selected by the Port.

"Comparable Treasury Yield" means the yield that represents the weekly average yield to maturity for the preceding week appearing in the most recently published statistical release designated "H.15(519) Selected Interest Rates" under the heading "Treasury Constant Maturities," or any successor publication selected by the Calculation Agent that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity, for the maturity corresponding to the remaining term to maturity of the Series 2019 CFC Bond being redeemed. The Comparable Treasury Yield will be determined at least three business days but no more than 20 business days preceding the date fixed for redemption, as selected by the Department. If the H.15(519) statistical release sets forth a weekly average yield for United States Treasury securities that have a constant maturity that is the same as the remaining term to maturity of the Series 2019 CFC Bonds being redeemed, then the Comparable Treasury Yield will be equal to such weekly average yield. In all other cases, the Comparable Treasury Yield will be calculated by interpolation on a straight-line basis, between the weekly average yields on the United States Treasury securities that have a constant maturity: (i) closest to and greater than the remaining term to maturity of the Series 2019 CFC Bonds being redeemed; and (ii) closest to and less than the remaining term to maturity of the Series 2019 CFC Bonds being redeemed. Any weekly average yields calculated by interpolation will be rounded to the nearest 1/100th of 1%, with any figure of 1/200th of 1% or above being rounded upward. If, and only if, weekly average yields for United States Treasury securities for the preceding week are not available in the H.15(519) statistical release or any successor publication, then the Comparable Treasury Yield will be the rate of interest per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) assuming a price for the Comparable Treasury Issue equal to the Comparable Treasury Price (each as defined herein) as of the date fixed for redemption.

"Reference Treasury Dealer" means a primary dealer of United States Government securities in the United States (which may be one of the institutions that served as an underwriter for the Series 2019 CFC Bonds) appointed by the Port and reasonably acceptable to the Calculation Agent.

Mandatory Redemption of Series 2019 CFC Term Bonds. The Series 2019 CFC Bonds stated to mature on July 1, 2034, are term bonds (the "2034 Series 2019 CFC Term Bonds") and are subject to mandatory sinking fund redemption prior to their stated maturity at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 in the years and principal amounts set forth below:

2034 Series 2019 CFC Term Bonds

Mandatory Redemption Date (July 1)	**Mandatory Redemption Amount**
2033	$4,770,000
2034*	4,960,000

* Final maturity

The Series 2019 CFC Bonds stated to mature on July 1, 2039 are term bonds (the "2039 Series 2019 CFC Term Bonds") and are subject to mandatory sinking fund redemption prior to their stated maturity at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 in the years and principal amounts set forth below:

2039 Series 2019 CFC Term Bonds

Mandatory Redemption Date (July 1)	**Mandatory Redemption Amount**
2035	$5,150,000
2036	5,360,000
2037	5,580,000
2038	5,805,000
2039*	6,045,000

* Final Maturity

The Series 2019 CFC Bonds stated to mature on July 1, 2049 are term bonds (the "2049 Series 2019 CFC Term Bonds" and, together with the 2034 Series 2019 CFC Term Bonds and the 2039 Series 2019 CFC Term Bonds, the "Series 2019 CFC Term Bonds") and are subject to mandatory sinking fund redemption prior to their stated maturity at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 in the years and principal amounts set forth below:

2049 Series 2019 CFC Term Bonds

Mandatory Redemption Date (July 1)	**Mandatory Redemption Amount**
2040	$6,290,000
2041	6,555,000
2042	6,835,000
2043	7,120,000
2044	7,425,000
2045	7,740,000
2046	8,065,000
2047	8,410,000
2048	8,765,000
2049*	9,135,000

* Final Maturity

If requested to do so by the Port, not less than 60 days in advance of a date fixed for mandatory sinking fund redemption of the Series 2019 CFC Term Bonds, the Trustee is to reduce the principal amount of such Series 2019 CFC Term Bonds to be redeemed on the date fixed for mandatory sinking fund redemption by the amount of such Series 2019 CFC Term Bonds previously redeemed at the option of the Port as described above under "—Optional Redemption," or delivered to the Trustee for cancellation, and which have not previously formed the basis for such a reduction.

Selection of Series 2019 CFC Bonds for Redemption. The Series 2019 CFC Bond Certificate provides that if fewer than all the Outstanding Series 2019 CFC Bonds are to be redeemed at the option of the Port, the Trustee, upon written instruction from the Port, shall select the Series 2019 CFC Bonds to be redeemed from the maturities selected by the Port, and by lot within each such maturity; provided, that the portion of any Series 2019 CFC Bond to be redeemed in part is to be in the principal amount of $5,000 or any integral multiple thereof. The Series 2019 CFC Bond Certificate provides that so long as Series 2019 CFC Bonds are registered to DTC or its nominee, selection of a portion of Series 2019 CFC Bonds to be redeemed within a maturity shall be selected on a *pro rata* pass-through distribution of principal basis in accordance with DTC procedures, in the case of the Series 2019 CFC Bonds; provided that, so long as the Series 2019 CFC Bonds are held in book-entry form, the selection for redemption of the Series 2019 CFC Bonds will be made in accordance with the operational arrangements of DTC then in effect, and if the DTC operational arrangements do not allow for redemption on a *pro rata* pass-through distribution of principal basis, all Series 2019 CFC Bonds will be selected for redemption in accordance with DTC procedures by lot; provided further that any such redemption must be performed such that all Series 2019 CFC Bonds remaining outstanding will be in the principal amount of $5,000 or any integral multiple thereof. See APPENDIX E—"DTC AND ITS BOOK-ENTRY ONLY SYSTEM".

In connection with any repayment of principal of the Series 2019 CFC Bonds, including payments of scheduled mandatory sinking fund redemptions, the Trustee will direct DTC to make a pass-through distribution of principal to the owners of the Series 2019 CFC Bonds. A form of Pro Rata Pass-Through Distribution of Principal Notice will be provided to the Trustee that includes a table of factors reflecting the relevant scheduled redemption payments, based on the current schedule of mandatory sinking fund redemptions, which is subject to change upon certain optional redemptions, and DTC's currently applicable procedures, which are subject to change.

For purposes of calculating *pro rata* pass-through distributions of principal, "*pro rata*" means, for any amount of principal or interest to be paid, the application of a fraction to such amounts where: (a) the numerator is equal to the amount due to the owners of the Series 2019 CFC Bonds on a payment date and (b) the denominator is equal to the total original par amount of the Series 2019 CFC Bonds.

It is the Port's intent that redemption allocations made by DTC with respect to the Series 2019 CFC Bonds be made on a *pro rata* pass-through distribution of principal basis as described above. However, neither the Port nor the Underwriters can provide any assurance that DTC, DTC's direct and indirect participants, or any other intermediary will allocate the redemption of these Series 2019 CFC Bonds on such basis.

If the Series 2019 CFC Bonds are not registered in book-entry form and if fewer than all of the Series 2019 CFC Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Series 2019 CFC Bonds of such maturity and bearing such interest rate to be redeemed will be selected on a *pro rata* basis provided that any such redemption must be performed such that all Series 2019 CFC Bonds remaining outstanding will be in the principal amount of $5,000 or any integral multiple thereof.

Notice of Redemption. The Series 2019 CFC Bond Certificate provides that so long as the Series 2019 CFC Bonds are in book-entry only form, notice of redemption is to be given in accordance with DTC's operational arrangements, not less than 20 days prior to the date fixed for redemption unless DTC consents to a shorter period. If the Series 2019 CFC Bonds cease to be in book-entry only form, then notice of redemption is to be given by registered mail to all Owners of such Series 2019 CFC Bonds to be redeemed, not less than 20 days prior to the date fixed for redemption. The Series 2019 CFC Bond Certificate provides that failure to give any required notice of redemption as to any particular Series 2019 CFC Bond or any defect therein will not affect the validity of the notice for redemption of any Series 2019 CFC Bonds in respect of which no such failure or defect has occurred. The Series 2019 CFC Bond Certificate also provides that any notice mailed as provided therein will be effective when sent and will be conclusively presumed to have been given whether or not actually received by any Owner.

Conditional Notice of Optional Redemption. Redemption notices in connection with optional redemption of any Series 2019 CFC Bond may provide that unless money sufficient to pay the principal of and premium, if any, and interest on such Series 2019 CFC Bond has been received by the Trustee prior to the giving of such notice of redemption, such notice may state that such redemption shall be conditional upon the receipt of such money by the Trustee on or prior to the date fixed for redemption. The Series 2019 CFC Bond Certificate provides that if such money is not received, such optional redemption notice shall be of no force and effect, such Series 2019 CFC Bond shall not be redeemed, the redemption price shall not be due and payable and that the Trustee will give notice, in the same manner in which the notice of redemption was given, that such money was not so received and that such Series 2019 CFC Bond will not be redeemed.

Effect of Redemption. As provided in the Series 2019 CFC Bond Certificate, interest on Series 2019 CFC Bonds that have been called for optional redemption will cease to accrue on the date fixed for redemption so long as amounts sufficient to redeem those Series 2019 CFC Bonds have been received by the Trustee on or before the date fixed for redemption. The Series 2019 CFC Bond Certificate also provides that Series 2019 CFC Term Bonds called for mandatory sinking fund redemption shall become due and payable on the date fixed for redemption.

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SCHEDULED DEBT SERVICE REQUIREMENTS

The scheduled annual debt service requirements for the Series 2019 CFC Bonds, rounded to the nearest dollar, are set forth in Table 2.

TABLE 2
DEBT SERVICE SCHEDULE

Fiscal Year Ending June 30(1)	**Series 2019 CFC Bonds Debt Service**		
	Principal	Interest	Total
2019	--	$1,184,552.89	$1,184,552.89
2020	$3,160,000.00	6,364,761.80	9,524,761.80
2021	3,240,000.00	6,281,495.80	9,521,495.80
2022	3,330,000.00	6,193,659.40	9,523,659.40
2023	3,420,000.00	6,101,451.70	9,521,451.70
2024	3,520,000.00	6,004,050.10	9,524,050.10
2025	3,625,000.00	5,900,280.50	9,525,280.50
2026	3,735,000.00	5,787,398.00	9,522,398.00
2027	3,855,000.00	5,667,355.10	9,522,355.10
2028	3,985,000.00	5,539,561.86	9,524,561.86
2029	4,120,000.00	5,401,481.60	9,521,481.60
2030	4,270,000.00	5,254,603.60	9,524,603.60
2031	4,425,000.00	5,095,973.10	9,520,973.10
2032	4,595,000.00	4,929,371.86	9,524,371.86
2033	4,770,000.00	4,751,775.10	9,521,775.10
2034	4,960,000.00	4,565,029.60	9,525,029.60
2035	5,150,000.00	4,370,845.60	9,520,845.60
2036	5,360,000.00	4,161,395.10	9,521,395.10
2037	5,580,000.00	3,943,403.90	9,523,403.90
2038	5,805,000.00	3,716,465.30	9,521,465.30
2039	6,045,000.00	3,480,375.96	9,525,375.96
2040	6,290,000.00	3,234,525.80	9,524,525.80
2041	6,555,000.00	2,968,018.50	9,523,018.50
2042	6,835,000.00	2,690,283.16	9,525,283.16
2043	7,120,000.00	2,400,684.20	9,520,684.20
2044	7,425,000.00	2,099,009.80	9,524,009.80
2045	7,740,000.00	1,784,412.56	9,524,412.56
2046	8,065,000.00	1,456,468.76	9,521,468.76
2047	8,410,000.00	1,114,754.70	9,524,754.70
2048	8,765,000.00	758,423.00	9,523,423.00
2049	9,135,000.00	387,049.96	9,522,049.96
Total	$163,290,000.00	$123,588,918.31	$286,878,918.31

(1) Payments due on July 1 are shown as being made in the prior Fiscal Year.
Source: Port records.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Trust Estate

The principal of and interest on the Series 2019 CFC Bonds and all of the other payments provided for in the CFC Bond Ordinances are secured by and payable solely from the Trust Estate. The Trust Estate consists primarily of (i) CFCs, (ii) Remaining Contingent Fee Payments (with respect to the Series 2019 CFC Bonds), and (iii) moneys, investments, proceeds and investment earnings held in certain funds and accounts established under the CFC Bond Ordinances. For a more comprehensive definition of the Trust Estate, see APPENDIX C-1—"SUMMARY OF CERTAIN PROVISIONS OF THE CFC BOND ORDINANCES—MASTER CFC BOND ORDINANCE AND SERIES 2019 CFC ORDINANCE DEFINITIONS—Trust Estate" and "—MASTER CFC BOND ORDINANCE—Pledge and Security Interest Granted to the Bondholders; Payment of Bonds."

To provide additional security for the payment of the principal and premium, if any, of and interest on the Series 2019 CFC Bonds, and the performance and observance by the Port of all the covenants and conditions expressed or implied in the CFC Bond Ordinances and contained in the Series 2019 CFC Bonds, pursuant to the Series 2019 CFC Ordinance, the Port has pledged, without recourse, the Remaining Contingent Fee Payments, which are amounts remaining in the General Account, if any, after the payment of Costs of the Operation and Maintenance of the Airport and the required disbursements to the Subordinate Lien Bond Fund, the Junior Lien Obligation Fund and the Third Lien Obligation Fund, provided, however, in no case will Remaining Contingent Fee Payments exceed the amount of Contingent Fee Payments received by the Port during the applicable period. **Remaining Contingent Fee Payments have been pledged under the Series 2019 CFC Ordinance as additional security solely for the Series 2019 CFC Bonds, and, unless pledged under a Supplemental Ordinance for a Series of Additional Bonds, shall not be pledged as a source of payment for any other Bonds issued pursuant to the CFC Bond Ordinances.**

Other than the CFCs, and any Remaining Contingent Fee Payments that may be used to pay principal of and interest on the Series 2019 CFC Bonds, no other charges, fees or amounts due and payable by the Concessionaires under the Concessionaire Agreements are pledged to the payment of the Series 2019 CFC Bonds. Additionally, the Series 2019 CFC Bonds shall not, in any manner, or to any extent, be a general obligation of the Port, nor a charge upon any other revenues or property of the Port not specifically pledged thereto by the CFC Bond Ordinances.

The Port has covenanted in the CFC Bond Ordinances that so long as Bonds are outstanding under the CFC Bond Ordinances, it will not take any action or omit to take any action with respect to the CFCs or the Contingent Fee Payments if such action or omission would jeopardize the validity or enforceability of the imposition of CFCs or the Contingent Fee Payments, as the case may be, or impede the Port's ability to impose and collect CFCs or Contingent Fee Payments in the amounts contemplated in the CFC Bond Ordinances, the Concessionaire Agreements and the CFC Levy Ordinance.

In addition, the Port has covenanted to exercise its rights under the Concessionaire Agreements with respect to Security Deposits (as defined under the Concessionaire Agreements and described below), if necessary, in connection with the imposition and collection of Contingent Fee Payments. See "RENTAL CAR OPERATIONS AND CONCESSIONAIRE AGREEMENTS—Concessionaire Agreements."

Customer Facility Charges

The Board established the collection of CFCs on rental car transactions at the Airport pursuant to the CFC Levy Ordinance, in an amount set by the Executive Director of the Port, as may be changed from time to time. Such fee is to be paid by a person or entity renting a vehicle from a RAC (as defined below) (a "Rent-A-Car Customer"), for each twenty-four hour period or fraction thereof for which a Rent-A-Car Customer is provided the use of a rental vehicle, regardless of the duration or length of a rent term (a "Transaction Day"). Commencing on January 15, 2014, the initial CFC of $6.00 per Transaction Day, for a maximum of four Transaction Days, began to be imposed upon Rent-A-Car Customers to help fund the ConRAC. As of the date of this Official Statement, the CFC remains at $6.00 per Transaction Day, for a maximum of four Transaction Days. A "RAC" is defined under the CFC Levy Ordinance as any rental car business operating or using facilities at the Airport either under a Concessionaire Agreement, lease, sublease, permit or any other sort of agreement with the Port or other RAC. See APPENDIX C-1—"SUMMARY OF CERTAIN PROVISIONS OF THE CFC BOND ORDINANCES—CFC LEVY ORDINANCE."

Pursuant to the Concessionaire Agreements, the Port has agreed to construct the ConRAC and the Concessionaires have agreed to pay CFCs on motor vehicles rented at the ConRAC.

Concessionaires will be required to pay CFCs to the Port (regardless of whether such amounts are charged to or collected from the Concessionaires' Rent-A-Car Customers) in accordance with the terms and provisions of the CFC Levy Ordinance and the Concessionaire Agreements. A Concessionaire's election to not charge or collect CFCs will not relieve a Concessionaire from its responsibility to pay the full amount of such CFCs due and payable to the Port.

In addition to the Concessionaires, any rental car business that has not entered into a Concessionaire Agreement, but that uses Airport facilities (i.e., roadways) to pick-up Rent-A-Car Customers at the Airport pursuant to a permit or other agreement with the Port ("Off-Airport RACs"), are required to collect CFCs from their Rent-A-Car Customers and submit such CFCs to the Port. At the time the ConRAC opens, the Port currently expects all RAC's operating at the Airport will be a party to a Concessionaire Agreement and will be operating from the ConRAC, and that no Off-Airport RACs will be operating at the Airport.

CFCs are part of the Trust Estate and pledged to the payment of the principal, and premium, if any, of and interest on the Series 2019 CFC Bonds.

Remaining Contingent Fee Payments

Pursuant to the Concessionaire Agreements, as of the Effective Date, the Concessionaires have agreed to make Contingent Fee Payments to the Port if a Contingent Fee Event occurs. A Contingent Fee Event will be deemed to have occurred when the Port determines that there is a current or upcoming deficiency in CFCs needed to make payments pursuant to the CFC Bond Ordinances, including, without limitation, payments related to debt service on the Series 2019 CFC Bonds and funding of reserves, or a determination by the Port that it is not, or will not be, in compliance with the Rate Covenant (as described herein), based on CFCs (and not including any Remaining Contingent Fee Payments). Contingent Fee Payments due from any particular Concessionaire are based on the Concessionaire's market share among all Concessionaires.

See "RENTAL CAR OPERATIONS AND CONCESSIONAIRE AGREEMENTS—CFC Collections at the Airport and Contingent Fee Events" and APPENDIX D—"FORM OF CONCESSIONAIRE AGREEMENT" for a description of the termination rights and circumstances under which the Concessionaires would no longer be obligated to make Contingent Fee Payments.

The Contingent Fee Payments are not part of the Trust Estate and therefore do not secure the Series 2019 CFC Bonds. Contingent Fee Payments are general airport "Revenues" under the Airport Revenue Bond Ordinances and, therefore, are subject to the pledge and lien granted under the Airport Revenue Bond Ordinances. Pursuant to the Airport Revenue Bond Ordinances, general airport Revenues, including Contingent Fee Payments, are first used to pay Costs of Operation and Maintenance of the

Airport. The remaining amounts, or Net Revenues, are then deposited to the funds in the General Account established under Airport Revenue Bond Ordinances to pay debt service and other obligations secured by general airport Revenues in the following order: First, to the Subordinate Lien Bond Fund (from which payments on all subordinate lien general airport revenue bonds ("SLBs") and any obligations on a parity therewith are made), second to the Junior Lien Obligation Fund (from which payments on the other bonds or obligations that have a lien on Net Revenues that is subordinate to the lien of the SLBs (the "Junior Lien Obligations") are made) and third to the Third Lien Obligation Bond Fund (from which payments of other bonds or obligations that have a lien on Net Revenues that is subordinate to the lien of the SLBs and the Junior Lien Obligations (the "Third Lien Obligations") are made).

Remaining Contingent Fee Payments are the amounts remaining in the General Account, if any, after the disbursements described in the preceding paragraph are made, provided, in no case will Remaining Contingent Fee Payments exceed the amount of Contingent Fee Payments received by the Port during the applicable period. Pursuant to the provisions of the Series 2019 CFC Ordinance, on or before the first day of each month, the Port will transfer Remaining Contingent Fee Payments, if any, from the General Account to the Remaining Contingent Fee Payments Fund and subsequently transfer such amounts to the CFC Revenue Fund. **Remaining Contingent Fee Payments are part of the Trust Estate and, pursuant to the Series 2019 CFC Ordinance, are pledged to the payment of the principal of, and premium, if any, and interest on the Series 2019 CFC Bonds, and, unless pledged under a Supplemental Ordinance for a Series of Additional Bonds, shall not be pledged as a source of payment for any other Bonds issued pursuant to the CFC Bond Ordinances.**

Any other amounts remaining in the General Account after the Remaining Contingent Fee Payments have been transferred to the Remaining Contingent Fee Payments Fund may be used and applied by the Port for any other lawful use or purpose pertaining to the Airport or the aviation or air transport interests of the Port.

See APPENDIX C-2—"SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT REVENUE BOND ORDINANCES."

General Airport Revenue Bonds, General Airport Commercial Paper Notes and Other Obligations Secured by Net Revenues. As of March 1, 2019, the Port had outstanding $615,770,000 aggregate principal amount of SLBs, all issued pursuant to the Airport Revenue Bond Ordinances for the purpose of financing and refinancing the costs of acquiring and constructing Airport and other Port improvements. In addition, concurrently with the issuance of the Series 2019 CFC Bonds, the Port also anticipates the issuance of the Series Twenty-Five Bonds in the aggregate principal amount of $208,255,000.

As of the date of this Official Statement, the Port has no outstanding stand-alone bonds that are Junior Lien Obligations, but certain obligations under outstanding Airport Parity Reimbursement Agreements and Other Swap Obligations (including termination payments and collateralization) are payable from the Junior Lien Obligation Fund.

The Port has issued commercial paper notes for various authorized purposes, including to finance a portion of the costs of the projects expected to be financed with the Series Twenty-Five Bonds (the "Series Twenty-Five Projects" and as further described in "PORTLAND INTERNATIONAL AIRPORT – Airport Capital Improvement Program"). The Port will repay approximately $22 million of the outstanding commercial paper notes with the proceeds of the Series Twenty-Five Bonds. The Port expects to continue to issue commercial paper notes payable from the Third Lien Obligation Fund from time to time in the future. Certain obligations under outstanding reimbursement agreements with respect to the commercial paper notes and Other Swap Obligations (including termination payments and collateralization) are also payable from the Third Lien Obligation Fund.

Limited Obligations

The CFC Bond Ordinances provide that the Bonds, including the Series 2019 CFC Bonds, shall not, in any manner, or to any extent, be a general obligation of the Port, nor a charge upon any other revenues or property of the Port not specifically pledged thereto by the CFC Bond Ordinances. The Series 2019 CFC Bonds are not secured by any tax revenues or taxing power of the Port or the State or its agencies, instrumentalities or political subdivisions.

Creation of Funds and Accounts

The following special funds and accounts have been created under the Master CFC Bond Ordinance and designated as follows: (i) the Construction Fund, and such accounts created therein at the Port's discretion, to be held by the Port and applied in accordance with the terms of the Master CFC Bond Ordinance and any Supplemental Ordinance; (ii) the CFC Revenue Fund to be held and administered by the Port; (iii) the Senior Debt Service Fund, and three separate accounts therein to be known as the Senior Bonds Interest Account, the Senior Bonds Principal and Redemption Account and the Senior Bonds Qualified Hedge Payment Account, each to be held and administered by the Trustee; (iv) the Senior Debt Service Reserve Fund and separate accounts therein for any series of Senior Bonds to be created at the direction of the Port, each to be held and administered by the Trustee; (v) the Subordinate Debt Service Fund, and three separate accounts therein to be known as the Subordinate Bonds Interest Account, the Subordinate Bonds Principal and Redemption Account and the Subordinate Bonds Qualified Hedge Payment Account, each to be held and administered by the Trustee; (vi) the Subordinate Debt Service Reserve Fund and separate accounts therein for any series of Subordinate Bonds to be created at the direction of the Port, each to be held and administered by the Trustee; (vii) the Renewal and Replacement Fund to be held and administered by the Port; (viii) the Major Maintenance Fund to be held and administered by the Port; and (ix) the CFC Surplus and Rolling Coverage Fund to be held and administered by the Port, and two separate accounts therein to be known as the CFC Rolling Coverage Account and the CFC Surplus Account, both to be held and administered by the Port. The funds and accounts created under the Master CFC Bond Ordinance shall be pledged to the payment of the Bonds as described under the subheading "—Trust Estate" above.

Deposit of CFCs and Flow of Funds

On and after the issuance of the Series 2019 CFC Bonds, all CFCs shall be deposited by the Port in the CFC Revenue Fund upon receipt, except as otherwise expressly provided in the Master CFC Bond Ordinance. In addition, pursuant to the provisions of the Series 2019 CFC Ordinance, if there are any Remaining Contingent Fee Payments from the General Account, the Port will transfer such Remaining Contingent Fee Payments to the Remaining Contingent Fee Payments Fund and subsequently transfer such amounts to the CFC Revenue Fund. The CFC Bond Ordinances established certain funds and accounts and the priority for the flow of CFCs and Remaining Contingent Fee Payments, as described below and illustrated by the Flow of Funds Chart below.

Disposition of Amounts in the CFC Revenue Fund Before Substantial Completion. Before the date on which substantial completion of the ConRAC has been deemed to have occurred pursuant to the Concessionaire Agreements ("Substantial Completion"), the moneys in the CFC Revenue Fund, after payment of CFC Administrative Costs, shall be disbursed and applied by the Port, first, to satisfy the deposit requirements in the amounts and manner contemplated in clauses (a) through (f) under the subheading "—Disposition of Amounts in the CFC Revenue Fund After Substantial Completion" and, second, to pay cost overruns or shortfalls in the cost of constructing the ConRAC and its ancillary facilities to the extent the Port anticipates deficiencies in the funds set aside for such purpose in the account established in the Construction Fund. Prior to Substantial Completion, moneys in the CFC Revenue Fund not needed for the purposes described in the preceding sentence shall be deposited in the CFC Surplus Account.

Disposition of Amounts in the CFC Revenue Fund After Substantial Completion. After Substantial Completion, the moneys in the CFC Revenue Fund, after payment of CFC Administrative Costs, shall be disbursed and applied by the Port on or before the first day of each month or on or before the last day of each Fiscal Year, as applicable, only in the manner shown and described below, and in the following order of priority:

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Flow of Funds Chart

Source: Derived from CFC Bond Ordinances.

(a) *Senior Bonds Interest Account and Senior Bonds Qualified Hedge Payment Account*. On or before the first day of each month, the Port shall transfer moneys from the CFC Revenue Fund, in the amounts set forth in the following sentence, to the Trustee, who shall deposit such amounts into the Senior Bonds Interest Account and the Senior Bonds Qualified Hedge Payment Account, as applicable. The Port shall transfer sufficient amounts from the CFC Revenue Fund, which, together with amounts on deposit in the Senior Bonds Interest Account and the Senior Bonds Qualified Hedge Payment Account, as applicable, are necessary to make the amounts on deposit in (i) the Senior Bonds Interest Account equal to the interest component of the Accrued Aggregate Debt Service Requirement for such month with respect to the Senior Bonds, and (ii) the Senior Bonds Qualified Hedge Payment Account equal to any net Qualified Hedge Payment then due or to become due within such month; *provided*, *however*, that such deposits into the Senior Bonds Interest Account shall not be required to be made to the extent sufficient moneys are then on deposit in the Senior Bonds Interest Account either from the proceeds of said Senior Bonds or from any other source.

The moneys in the Senior Bonds Interest Account shall be used only for the payment of the interest on the Senior Bonds, both Serial Bonds and Term Bonds, and the Trustee shall transfer to the Paying Agent the necessary moneys to pay all such interest becoming due on each interest payment date not later than such interest payment date. The moneys in the Senior Bonds Qualified Hedge Payment Account shall be used only for the payment of Qualified Hedge Payments, and the Trustee shall transfer to the counterparty under the respective Qualified Hedge Agreement the necessary moneys to pay such Qualified Hedge Payment on the next respective payment date.

(b) *Senior Bonds Principal and Redemption Account*. On or before the first day of each month, and after making the deposits described in clause (a) above, the Port shall transfer moneys from the CFC Revenue Fund, in the amounts set forth in the following sentence, to the Trustee, who shall deposit such amounts into the Senior Bonds Principal and Redemption Account. The Port shall transfer sufficient amounts from the CFC Revenue Fund, which, together with amounts on deposit in the Senior Bonds Principal and Redemption Account, are necessary to make the amounts on deposit in the Senior Bonds Principal and Redemption Account equal to (i) the principal component of Serial Bonds of the Accrued Aggregate Debt Service Requirement for such month with respect to the Senior Bonds issued as Serial Bonds, and (ii) the Sinking Fund Installment portion of the Accrued Aggregate Debt Service Requirement for such month with respect to Senior Bonds issued as Term Bonds.

The moneys in the Senior Bonds Principal and Redemption Account shall be used only for the payment of the principal of the Senior Bonds issued as Serial Bonds or the mandatory redemption amounts of the Senior Bonds issued as Term Bonds, and the Trustee shall transfer to the Paying Agent the necessary moneys to pay all such principal and/or mandatory redemption amounts becoming due on said Serial Bonds and Term Bonds on each principal maturity date or redemption date prior to such principal maturity date or redemption date.

(c) *Senior Debt Service Reserve Fund*. On or before the first day of each month, and after making the deposits described in clauses (a) and (b) above, the Port shall transfer moneys from the CFC Revenue Fund, in the amounts set forth in the following sentence, to the Trustee, who shall deposit such amounts into the Senior Debt Service Reserve Fund, and pro rata into each separate Reserve Account created therein. The Port shall transfer sufficient amounts from the CFC Revenue Fund, which, together with amounts available under any applicable Reserve Fund Credit Enhancement and amounts currently on deposit in the Senior Debt Service Reserve Fund and each Reserve Account, are necessary to make the amounts on deposit therein equal to the applicable aggregate Reserve Requirement; provided, however, that:

(i) to the extent the deficiency arises in any month from a withdrawal from the Senior Debt Service Reserve Fund and/or any applicable Reserve Account therein to satisfy deposit shortfalls described under clauses (a) and/or (b) above (the deficiency arising from a withdrawal in each such month a "Senior Reserve Deficiency Amount"), the monthly deposit requirements described to this clause (c) will be one twelfth (1/12th) of the Senior Reserve Deficiency Amount until the aggregate Reserve Requirement has been replenished; and

(ii) if Senior Reserve Deficiency Amounts accrue in successive or subsequent months, based on subsequent withdrawals to cure shortfalls described under clauses (a) and/or (b) above, the monthly deposit requirements shall be the sum of one twelfth (1/12th) of each respective monthly Senior Reserve Deficiency Amount that remains un-replenished.

No further deposits shall be required to be made into the Senior Debt Service Reserve Fund or into any separate Reserve Account therein as long as the amounts then on deposit therein are equal to the Reserve Requirement for the Senior Debt Service Reserve Fund or, with respect to the Senior Bonds secured by a separate Reserve Account, for the respective Series of Senior Bonds then Outstanding and secured thereby. See "—Senior Debt Service Reserve Fund" below.

(d) *Subordinate Bonds Interest Account and Subordinate Bonds Qualified Hedge Payment Account*. On or before the first day of each month, and after making the deposits described in clauses (a) through (c), inclusive, above, the Port shall transfer moneys from the CFC Revenue Fund, in the amounts set forth in the following sentence, to the Trustee, who shall deposit such amounts into the Subordinate Bonds Interest Account and the Subordinate Bonds Qualified Hedge Payment Account, as applicable. The Port shall transfer sufficient amounts from the CFC Revenue Fund, which, together with amounts on deposit in the Subordinate Bonds Interest Account and the Subordinate Bonds Qualified Hedge Payment Account, as applicable, are necessary to make the amounts on deposit in (i) the Subordinate Bonds Interest Account equal to the interest component of the Accrued Aggregate Debt Service Requirement for such month with respect to the Subordinate Bonds, and (ii) the Subordinate Bonds Qualified Hedge Payment Account equal to any net Qualified Hedge Payment then due or to become due within such month; provided, however, that such deposits into the Subordinate Bonds Interest Account shall not be required to be made to the extent sufficient moneys are then on deposit in the Subordinate Bonds Interest Account either from the proceeds of said Subordinate Bonds or from any other source.

The moneys in the Subordinate Bonds Interest Account shall be used only for the payment of the interest on the Subordinate Bonds, both Serial Bonds and Term Bonds, and the Trustee shall transfer to the Paying Agent the necessary moneys to pay all such interest becoming due on each interest payment date not later than such interest payment date. The moneys in the Subordinate Bonds Qualified Hedge Payment Account shall be used only for the payment of Qualified Hedge Payments, and the Trustee shall transfer to the counterparty under the respective Qualified Hedge Agreement the necessary moneys to pay such Qualified Hedge Payment on the next respective payment date.

(e) *Subordinate Bonds Principal and Redemption Account*. On or before the first day of each month, and after making the deposits described in clauses (a) through (d), inclusive, above, the Port shall transfer moneys from the CFC Revenue Fund, in the amounts set forth in the following sentence, to the Trustee, who shall deposit such amounts into the Subordinate Bonds Principal and Redemption Account. The Port shall transfer sufficient amounts from the CFC Revenue Fund, which, together with amounts on deposit in the Subordinate Bonds Principal and Redemption Account, are necessary to make the amounts on deposit in the Subordinate Bonds Principal and Redemption Account equal to (i) the principal component of Serial Bonds of the Accrued Aggregate Debt Service Requirement for such month with respect to the Subordinate Bonds issued as Serial Bonds, and (ii) the Sinking Fund Installment portion of the Accrued Aggregate Debt Service Requirement for such month with respect to Subordinate Bonds issued as Term Bonds.

The moneys in the Subordinate Bonds Principal and Redemption Account shall be used only for the payment of the principal of the Subordinate Bonds issued as Serial Bonds or the mandatory redemption amounts of the Subordinate Bonds issued as Term Bonds, and the Trustee shall transfer to the Paying Agent the necessary moneys to pay all such principal and/or mandatory redemption amounts becoming due on said Serial Bonds and Term Bonds on each principal maturity date or redemption date prior to such principal maturity date or redemption date.

(f) *Subordinate Debt Service Reserve Fund*. On or before the first day of each month, and after making the deposits described in clauses (a) through (e), inclusive, above, the Port shall transfer moneys from the CFC Revenue Fund, in the amounts set forth in the following sentence, to the Trustee, who shall deposit such amounts into the Subordinate Debt Service Reserve Fund, and pro rata into each separate Reserve Account created therein. The Port shall transfer sufficient amounts from the CFC Revenue Fund, which, together with amounts available under any applicable Reserve Fund Credit Enhancement and amount currently on deposit in the Subordinate Debt Service Reserve Fund and each Reserve Account, are necessary to make the amounts on deposit therein equal to the applicable aggregate Reserve Requirement; provided, however, that:

(i) to the extent the deficiency arises in any month from a withdrawal from the Subordinate Debt Service Reserve Fund and/or any applicable Reserve Account therein to satisfy deposit shortfalls described under clauses (d) and/or (e) above (the deficiency arising from a withdrawal in each such month a "Subordinate Reserve Deficiency Amount"), the monthly deposit requirements described under this clause (f) will be one twelfth (1/12th) of the Subordinate Reserve Deficiency Amount until the aggregate Reserve Requirement has been replenished; and

(ii) if Subordinate Reserve Deficiency Amounts accrue in successive or subsequent months, based on subsequent withdrawals to cure shortfalls described under clauses (d) and/or (e) above, the monthly deposit requirements shall be the sum of one twelfth (1/12th) of each respective monthly Subordinate Reserve Deficiency Amount that remains un-replenished.

No further deposits shall be required to be made into the Subordinate Debt Service Reserve Fund or into any separate Reserve Account therein as long as the amounts then on deposit therein are equal to the Reserve Requirement for the Subordinate Debt Service Reserve Fund or, with respect to Subordinate Bonds secured by a separate Reserve Account, for the respective Series of Subordinate Bonds then Outstanding and secured thereby. See APPENDIX C-1—"SUMMARY OF CERTAIN PROVISIONS OF THE CFC BOND ORDINANCES—MASTER CFC BOND ORDINANCE—Disposition of Amounts in the CFC Revenue Fund After Substantial Completion—*Subordinate Debt Service Reserve Fund*."

(g) *Renewal and Replacement Fund*. On the last day of each Fiscal Year, and after making the deposits described in clauses (a) through (f), inclusive, above, the Port shall transfer $600,000 from the CFC Revenue Fund to the Renewal and Replacement Fund; provided, however, no such deposit shall be required if the amount on deposit therein equals at least the Renewal and Replacement Fund Requirement.

The Renewal and Replacement Fund Requirement equals $6,000,000 or such greater amount as may be determined by the Port from time to time in its sole discretion.

The moneys in the Renewal and Replacement Fund shall be used only for the payment of costs of renewals, modifications, repairs and replacements of the ConRAC and its ancillary facilities as determined in the Port's sole discretion. Any moneys in said Fund that the Port determines, in its sole discretion, are in excess of the amounts required to be on deposit therein, may be transferred to and deposited in the CFC Surplus Account.

(h) *Major Maintenance Fund*. On the last day of each Fiscal Year, and after making the deposits described in clauses (a) through (g), inclusive, above, the Port shall transfer $1,000,000 from the CFC Revenue Fund to the Major Maintenance Fund; provided, however, no such deposit shall be required if the amount on deposit therein equals at least the Major Maintenance Fund Requirement.

The Major Maintenance Fund Requirement equals $5,000,000 or such greater amount as may be determined by the Port from time to time in its sole discretion.

The moneys in the Major Maintenance Fund shall be used only for the payment of costs of major unexpected maintenance expenses of the ConRAC and its ancillary facilities as determined in the Port's sole discretion. Any moneys in said Fund that the Port determines, in its sole discretion, are in excess of the amounts required to be on deposit therein, may be transferred to and deposited in the CFC Surplus Account.

(i) *CFC Surplus and Rolling Coverage Fund*. On the last day of each Fiscal Year, and after making the deposits described in clauses (a) through (h), inclusive, above, including all deficiencies for prior required deposits and payments, the Port shall withdraw all moneys then remaining in the CFC Revenue Fund and deposit the same into the CFC Surplus Account. The Port may use amounts in the CFC Surplus Account for any lawful purposes consistent with the CFC Levy Ordinance.

Upon the issuance of the Series 2019 CFC Bonds, the Port shall deposit into the CFC Rolling Coverage Account the amount of $2,381,344 (an amount equal to 25% of the Maximum Debt Service Requirement on the Senior Bonds from any lawful source of funds). Amounts in the CFC Rolling Coverage Account may be used for the payment of debt service on the Series 2019 CFC Bonds and any other Senior Bonds and for no other purposes, but only if the Port determines in its sole discretion that certain events of default under the Master CFC Bond Ordinance will result without such payment. Any moneys in said Account that the Port determines, in its sole discretion, are in excess of an amount equal to 25% of the Maximum Debt Service Requirement on Senior Bonds, may be transferred to and deposited in the CFC Surplus Account. The Port may, but shall not be required to, make additional deposits into the CFC Rolling Coverage Account subsequent to the initial deposit described above.

In the event any of the deposits or payments described under clauses (a) to (h), inclusive, above, are not made when due, then such deficiencies shall be added to the deposits or payments to be made on the next deposit or payment date.

By Supplemental Ordinance, the Port may specify that payment of Reimbursement Obligations and Derivative Non-Scheduled Payments shall be secured by and payable from amounts remaining in the Subordinate Bond Principal and Redemption Account after payment of all amounts owing as described under clause (e) above or from amounts in the CFC Surplus Account.

Senior Debt Service Reserve Fund

The moneys in the Senior Debt Service Reserve Fund shall be used only for the payment of the interest on all Senior Bonds, including both Serial Bonds and Term Bonds, the principal of Serial Bonds and the required deposits into the Senior Bonds Principal and Redemption Account for Term Bonds as the same mature or become due, whenever the moneys in the Senior Bonds Interest Account and Senior Bonds Principal and Redemption Account are insufficient therefor. The Senior Debt Service Reserve Fund shall serve as a common reserve fund for all Senior Bonds (including the Series 2019 CFC Bonds) for which a separate Reserve Account has not been established. If separate Reserve Accounts in the Senior Debt Service Reserve Fund have been established for a Series of Senior Bonds, deficiencies in the Senior Bonds Interest Account and Senior Bonds Principal and Redemption Account with respect to such Senior Bonds shall be payable solely from the funds deposited in each respective special Reserve Account created with respect to such Series of Senior Bonds, or from the respective Reserve Fund Credit Enhancement acquired with respect thereto, and not from other funds deposited in the Senior Debt Service Reserve Fund. Funds on deposit in the Senior Debt Service Reserve Fund or the separate Reserve Accounts therein established for a Series of Senior Bonds in excess of the respective Reserve Requirement, may be withdrawn at the Port's request and deposited as directed by the Port. All deficiencies in said Senior Debt Service Reserve Fund, including each Reserve Account created thereunder, shall be restored, to the extent required pursuant to the foregoing, from the first available moneys in the CFC Revenue Fund after making all prior required deposits into the Senior Bonds Interest Account and the Senior Bonds Principal and Redemption Account.

Upon the issuance of a Series of Senior Bonds, or at any time in replacement of moneys then on deposit in the Senior Debt Service Reserve Fund or a separate Reserve Account, in lieu of making a cash deposit to the Senior Debt Service Reserve Fund or a separate Reserve Account therein, or in substitution therefor, the Port may deliver to the Trustee a Reserve Fund Credit Enhancement in an amount which, together with moneys, securities or other Reserve Fund Credit Enhancements on deposit in or credited to the Senior Debt Service Reserve Fund or any Reserve Account therein, as applicable, equals or exceeds the Reserve Account Requirement for the Senior Debt Service Reserve Fund or a separate Reserve Account therein, as applicable, provided that:

(a) All such Reserve Fund Credit Enhancements (i) will name the Trustee as beneficiary or insured, (ii) will have a term of not less than the maturity of such Senior Bonds for which such Reserve Fund Credit Enhancement was issued, or if issued to replace cash proceeds then existing in the Senior Debt Service Reserve Fund or a specific Reserve Account thereunder, the final maturity of the last maturing Senior Bond then Outstanding (provided, however, that the provisions described in this clause (ii) will not apply if such Reserve Fund Credit Enhancement is a Letter of Credit which, by its terms may be drawn upon at least 15 days prior to the stated expiration date thereof if a substitute Letter of Credit, or an extension thereof, with a new term of not less than one year has not theretofore been obtained and credited to the Senior Debt Service Reserve Fund or such Reserve Account) and (iii) will provide by its terms that it may be drawn upon to make up any deficiencies in the Senior Bonds Interest Account or the Senior Bonds Principal and Redemption Account on the due date of any interest or principal payment or mandatory sinking fund redemption with respect to such Senior Bonds with respect to which such Reserve Fund Credit Enhancement was issued;

(b) Any excess funds on deposit in the Senior Debt Service Reserve Fund or Reserve Account, as applicable, after a Reserve Fund Credit Enhancement has been provided shall be deposited into the Senior Bonds Interest Account and/or the Senior Bonds Principal and Redemption Account and used to pay debt service on or redeem Senior Bonds from which such funds were derived or for any other lawful purpose;

(c) The obligation to reimburse the issuer of a Reserve Fund Credit Enhancement for any fees, expenses, claims or draws thereon shall be subordinated to the payment of debt service on the Senior Bonds and, subject to the provisions described in the following sentence, replenishment of the Senior Debt Service Reserve Fund or applicable Reserve Account. Notwithstanding the provisions described in the prior sentence, such issuer's right to reimbursement for claims or draws shall be on a parity with the cash replenishment of the Senior Debt Service Reserve Fund and the Reserve Accounts therein, provided that the Reserve Fund Credit Enhancement shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If the revolving feature is suspended or terminated for any reason, the right of such issuer to reimbursement will be subordinated to cash replenishment of the Senior Debt Service Reserve Fund and the Reserve Accounts therein, to an amount equal to the difference between the full original amount available under the Reserve Fund Credit Enhancement and the amount then available for further draws or claims. If (i) the issuer of the Reserve Fund Credit Enhancement becomes insolvent or (ii) the issuer of the Reserve Fund Credit Enhancement defaults in its payment obligations thereunder or (iii) if any two Rating Agencies then maintaining a rating on the issuer of the Reserve Fund Credit Enhancement withdraw or suspend their ratings on such issuer, or if any two such Rating Agencies drop the rating of such issuer's claims-paying ability below "AA-", if S&P, Fitch or Kroll or "Aa3", if Moody's (or the equivalent rating, if rated by another Rating Agency), the obligation to reimburse the issuer of the Reserve Fund Credit Enhancement shall be subordinated to the cash replenishment of the Senior Debt Service Reserve Fund and the Reserve Accounts therein until the requisite ratings have been re-established;

(d) If the Port chooses to provide or substitute a Reserve Fund Credit Enhancement in lieu of a cash-funded Senior Debt Service Reserve Fund or Reserve Account, any amounts owed by the Port to the issuer of such Reserve Fund Credit Enhancement as a result of a draw thereon or a claim thereunder, as appropriate, shall be included in determining amounts required to be deposited to the credit of the Senior Debt Service Reserve Fund or the applicable Reserve Account and in any other calculation of debt service requirements required to be made pursuant to the provisions of the Ordinance for any purpose, including the issuance of Additional Bonds and the Rate Covenant.

Upon the issuance of the Series 2019 CFC Bonds, the Port will deposit a portion of the proceeds of the Series 2019 CFC Bonds with the Trustee for deposit in the Senior Debt Service Reserve Fund in an amount equal to the Reserve Requirement ($9,525,375.96).

Construction Fund

The moneys in the Construction Fund shall be held by the Port in trust and shall be applied to the payment of the cost of the ConRAC and its ancillary facilities, and pending such application, shall be subject to a lien and charge in favor of the Holders of the Bonds.

Rate Covenant

Pursuant to the Master CFC Bond Ordinance, the Port has covenanted that, to the extent permitted by law, fix, revise from time to time when necessary, impose and collect CFCs and Contingent Fee Payments in each Fiscal Year that will be sufficient to pay, in accordance with the provisions of the CFC Bond Ordinances (the "Rate Covenant"), the greater of:

(a) 100% of the amounts required to (i) pay the CFC Administrative Costs in such Fiscal Year but only to the extent CFC Administrative Costs in such Fiscal Year were greater than amounts on deposit in the CFC Surplus Account on the first day of such Fiscal Year, and (ii) be deposited into the Senior Debt Service Fund, the Senior Debt Service Reserve Fund, the Subordinate Debt Service Fund, the Subordinate Debt Service Reserve Fund, the Renewal and Replacement Fund and the Major Maintenance Fund in such Fiscal Year as described in clauses (a) through (h) under the subheading "—Deposit of CFCs and Flow of Funds—Disposition of Amounts in the CFC Revenue Fund After Substantial Completion;" or

(b) The sum of:

(i) 100% of the amounts required (A) to pay the CFC Administrative Costs in such Fiscal Year but only to the extent CFC Administrative Costs in such Fiscal Year were greater than amounts on deposit in the CFC Surplus Account on the first day of such Fiscal Year, and (B) to be deposited into the Senior Debt Service Reserve Fund and the Subordinate Debt Service Reserve Fund, in such Fiscal Year as described in clauses (c) and (f) under the subheading "—Deposit of CFCs and Flow of Funds— Disposition of Amounts in the CFC Revenue Fund After Substantial Completion;" plus

(ii) 150% of the Debt Service Requirement with respect to Senior Bonds for such Fiscal Year; plus

(iii) 100% of the Debt Service Requirement with respect to the Subordinate Bonds for such Fiscal Year.

For purposes of determining compliance with the Rate Covenant described above (1) unless the Port elects otherwise in writing to the Trustee, amounts in the CFC Rolling Coverage Account at the end of any Fiscal Year up to an amount equal to 25% of the Maximum Debt Service Requirement on Senior Bonds shall be added to CFCs and Contingent Fee Payments in such Fiscal Year, (2) if the Port pays debt service on Senior Bonds in a Fiscal Year from any source of funds other than the CFCs and Contingent Fee Payments collected in such Fiscal Year, including from amounts on deposit in the CFC Surplus Account, the amount of such payment or payments shall be subtracted from the Debt Service Requirement for such Fiscal Year, (3) if the Port is not required to deposit amounts into a particular fund referenced in clauses (a) or (b) above but nevertheless voluntarily deposits amounts into such fund, such deposit will not be considered "required" and the Port need not show coverage with respect to such deposited amounts, and (4) all income earned in a Fiscal Year from the investment of money in the funds and accounts held by the Port under the CFC Bond Ordinances shall be added to CFCs and Contingent Fee Payments in such Fiscal Year, provided the provisions of CFC Bond Ordinances allow such income to be used to pay debt service on the Senior Bonds and/or Subordinate Bonds.

Additional Bonds

The Master CFC Bond Ordinance permits the Port to issue Bonds, other than the Series 2019 CFC Bonds, upon compliance with the provisions of the Master CFC Bond Ordinance (the "Additional Bonds"), to the extent necessary to provide funds to pay the cost of constructing or acquiring the ConRAC and its ancillary facilities, or to refund obligations issued by the Port under the Master CFC Bond Ordinance. Such Additional Bonds shall be dated, shall bear interest at such rate or rates, and shall mature in such years and amounts, all as determined by a Supplemental Ordinance enacted by the Board in connection with the issuance of such Additional Bonds. For this issuance or incurrence of a Series of Bonds or other obligations designated as "Senior Bonds" under a Supplemental Ordinance, either of the following is required:

(i) A certificate of the Executive Director to the effect that the CFCs and Contingent Fee Payments for the last completed Fiscal Year preceding the date of issuance of such Additional Bonds for which audited statements are available were not less than the sum of: (A) 100% of the amounts required (1) to be deposited into the Senior Debt Service Reserve Fund in such Fiscal Year as described in clause (c) under the subheading "—Deposit of CFCs and Flow of Funds— Disposition of Amounts in the CFC Revenue Fund After Substantial Completion," and (2) to pay the CFC Administrative Costs in such Fiscal Year but only to the extent CFC Administrative Costs in such Fiscal Year were greater than amounts on deposit in the CFC Surplus Account on the first day of such Fiscal Year; *plus* (B) 125% of the Maximum Debt Service Requirement in any succeeding Fiscal Year for all Senior Bonds then Outstanding (including the Additional Bonds proposed to be issued but excluding those Outstanding Bonds, if any, to be defeased or refunded by the issuance of such Additional Bonds); or

(ii) A statement of the Airport Consultant that in its opinion the CFCs and Contingent Fee Payments expected to be collected by the Port during the Fiscal Year in which such Additional Bonds are issued and for each Fiscal Year thereafter through the Period of Review referred to below, taking into account, among other factors, anticipated increases in CFC fees and charges, shall not be less than the sum of (A) 100% of the amounts required (1) to be deposited into the Senior Debt Service Reserve Fund in each such Fiscal Year as described in clause (c) under the subheading "—Deposit of CFCs and Flow of Funds—Disposition of Amounts in the CFC Revenue Fund After Substantial Completion," and (2) to pay the CFC Administrative Costs in such Fiscal Year but only to the extent CFC Administrative Costs in such Fiscal Year were greater than amounts on deposit in the CFC Surplus Account on the first day of such Fiscal Year, as estimated by the Airport Consultant; *plus* (B) 125% of the amounts required to be deposited into the Senior Debt Service Fund in each such corresponding Fiscal Year during the Period of Review for all Senior

Bonds Outstanding (including the Additional Bonds proposed to be issued but excluding those Outstanding Bonds, if any, to be defeased or refunded by the issuance of such Additional Bonds).

With respect to the issuance or incurrence of a series of bonds or other obligations designated as "Subordinate Bonds" under a Supplemental Ordinance, either of the following is required:

(i) A certificate of the Executive Director to the effect that the CFCs and Contingent Fee Payments for the last completed Fiscal Year preceding the date of issuance of such Additional Bonds for which audited statements are available were not less than the sum of: (A) 100% of the amounts required (1) to be deposited into the Senior Debt Service Reserve Fund and the Subordinate Debt Service Reserve Fund in such Fiscal Year as described in clauses (c) and (f) under the subheading "—Deposit of CFCs and Flow of Funds— Disposition of Amounts in the CFC Revenue Fund After Substantial Completion," and (2) to pay the CFC Administrative Costs in such Fiscal Year but only to the extent CFC Administrative Costs in such Fiscal Year were greater than amounts on deposit in the CFC Surplus Account on the first day of such Fiscal Year; *plus* (B) 100% of the Maximum Debt Service Requirement in any succeeding Fiscal Year for all Senior Bonds and Subordinate Bonds then Outstanding (including the Additional Bonds proposed to be issued but excluding those Outstanding Bonds, if any, to be defeased or refunded by the issuance of such Additional Bonds); or

(ii) A statement of the Airport Consultant that in its opinion the CFCs and Contingent Fee Payments expected to be collected by the Port during the Fiscal Year in which such Additional Bonds are issued and for each Fiscal Year thereafter through the Period of Review referred to below, taking into account, among other factors, anticipated increases in CFC fees and charges, shall not be less than the sum of (A) 100% of the amounts required (1) to be deposited into the Senior Debt Service Reserve Fund and the Subordinate Debt Service Reserve Fund in each such Fiscal Year as described in clauses (c) and (f) under the subheading "—Deposit of CFCs and Flow of Funds— Disposition of Amounts in the CFC Revenue Fund After Substantial Completion," and (2) to pay the CFC Administrative Costs in such Fiscal Year but only to the extent CFC Administrative Costs in such Fiscal Year were greater than amounts on deposit in the CFC Surplus Account on the first day of such Fiscal Year, as estimated by the Airport Consultant; *plus* (B) 100% of the amounts required to be deposited into the Senior Debt Service Fund and the Senior Debt Service Reserve Fund in each such corresponding Fiscal Year during the Period of Review for all Senior Bonds and Subordinate Bonds Outstanding (including the Additional Bonds proposed to be issued but excluding those Outstanding Bonds, if any, to be defeased or refunded by the issuance of such Additional Bonds).

The "Period of Review" shall be that period beginning on the first day of the Bond Year in which such Additional Bonds are issued and ending on the last day of the Bond Year during which the later of the following events shall occur: (i) the fifth anniversary of the date of issuance of such Additional Bonds or (ii) the third anniversary of the date on which interest on such Additional Bonds is not expected to be payable from the proceeds of such Additional Bonds.

Additional Bonds that are Senior Bonds shall be on a parity and rank equally with all other Senior Bonds issued under the CFC Bond Ordinances (including the Series 2019 CFC Bonds) as to lien on and source and security for payment from the Trust Estate and all funds, accounts and other moneys pledged therefor, as more particularly described under the subheading "—Trust Estate" above (except that Additional Bonds that are Senior Bonds for which a special account in the Senior Debt Service Reserve Fund is established at the time of issuance thereof shall look solely to the Reserve Fund Credit Enhancement with respect to such Additional Bonds or to the cash, if any, deposited into such special account in the Senior Debt Service Reserve Fund established solely for the benefit of such Additional Bonds), and in all other respects, and upon the issuance of any such Additional Bonds all payments into the Senior Debt Service Fund and the separate accounts therein, and the Senior Debt Service Reserve Fund (but only to the extent that a cash deposit to the Senior Debt Service Reserve Fund with respect to such Additional Bonds is required by clause (c) under the subheading "—Deposit of CFCs and Flow of Funds— Disposition of Amounts in the CFC Revenue Fund After Substantial Completion") shall be increased as necessary over the amounts required by the CFC Bond Ordinances to be deposited therein for any other Senior Bonds then Outstanding and secured by the CFC Bond Ordinances, and all of the provisions of the CFC Bond Ordinances, except as to details inconsistent therewith, shall apply to and be for the benefit and security and protection of the Holders of such Additional Bonds as fully and to the same extent as for the Holders of any other Senior Bonds then Outstanding and secured by the CFC Bond Ordinances.

Subordinate Bonds shall be on a parity and rank equally with all other Subordinate Bonds issued under the CFC Bond Ordinances as to lien on and source and security for payment from the Trust Estate and all funds, accounts and other moneys pledged therefor. Subordinate Bonds may be issued or incurred without limitation so long as the Port satisfies the requirements described above and in the CFC Bond Ordinances.

Completion Bonds and Refunding Bonds

The Port may issue Additional Bonds that are Senior Bonds under the Master CFC Bond Ordinance without complying with the provisions set forth above under "—Additional Bonds":

(a) To complete projects specifically authorized and theretofore funded with Bonds issued as Senior Bonds under the CFC Bond Ordinances, provided that the aggregate principal amount of such completion Senior Bonds does not exceed 15% of the aggregate principal amount of the Senior Bonds or portions of Senior Bonds issued to fund such projects, and

(b) To refund any Senior Bond or Bonds Outstanding under the CFC Bond Ordinances, provided that prior to the issuance of refunding Bonds as described under this subheading, the Municipal Advisor or another qualified independent consultant must deliver to the Trustee a statement stating (i) that, in each Bond Year, the debt service with respect to the refunding Senior Bonds will be equal to or less than the debt service with respect to the Senior Bonds to be refunded, or (ii) that the Maximum Debt Service Requirement with respect to all Senior Bonds Outstanding after the issuance of the refunding Senior Bonds (excluding the Senior Bonds to be refunded and including the refunding Senior Bonds) will be equal to or less than the Maximum Debt Service Requirement on all Senior Bonds Outstanding prior to the issuance of the refunding Senior Bonds. For purposes of the foregoing, if the Outstanding Senior Bonds or the proposed refunding Senior Bonds, or both, include Variable Rate Bonds, the assumed interest rate thereon for purposes of the foregoing calculations shall be determined in accordance with the procedures set forth in the definition of Debt Service Requirement in the Master CFC Bond Ordinance, determined on or as of the date of calculation.

CFC Bond Ordinance Covenants

Pursuant to the CFC Bond Ordinances, the Port has agreed to make certain other covenants with respect to the Bonds (so long as any Bonds are Outstanding) and the ConRAC and its ancillary facilities. These covenants include, without limitation, acquiring and constructing the ConRAC and its ancillary facilities for which Bonds have been issued in conformity with law and all requirements of governmental agencies having jurisdiction over the ConRAC and its ancillary facilities; not creating or suffering to be created any lien or charge upon the Trust Estate, except the lien and charge created under the CFC Bond Ordinances; enforcing the collection and remittance of CFCs; requiring the Concessionaires to carry out on-going operation and maintenance of the ConRAC; and carrying, or requiring the Concessionaries to carry, commercial insurance as set forth in the CFC Bond Ordinances.

Events of Default under the Master CFC Bond Ordinance; Remedies

Events of Default. Each of the following events is declared as an "event of default" under the Master CFC Bond Ordinance: (a) payment of the principal and premium, if any, of or for any of the Senior Bonds shall not be made when the same shall become due and payable, either at maturity or on required payment dates by proceedings for redemption or otherwise; or (b) payment of any installment of interest on Senior Bonds shall not be made when the same shall become due and payable on the required payment dates; or (c) payments or transfers by the Port to the funds and accounts described under the subheading "—Deposit of CFCs and Flow of Funds— Disposition of Amounts in the CFC Revenue Fund After Substantial Completion" shall not be made within 30 days after the same shall be required; or (d) an admission of insolvency by the Port or a filing by the Port of a petition under Chapter 9 of the United States Bankruptcy Code; or (e) the Port shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Senior Bonds or in the Master CFC Bond Ordinance, and such default shall continue for 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Port by the Trustee at the direction of the Holders of not less than 10% in principal amount of the Senior Bonds then Outstanding, provided, however, if such default cannot with due diligence and dispatch be wholly cured within 30 days but can be wholly cured, the failure of the Port to remedy such default within such 30-day period shall not constitute a default under the Master CFC Bond Ordinance if the Port shall immediately upon receipt of such notice commence with due diligence and dispatch the curing of such default and, having so commenced the curing of such default, shall thereafter prosecute and complete the same with due diligence and dispatch.

As long as any Senior Bonds remain outstanding, no event of default shall exist or may be declared with respect to any Subordinate Bonds.

Remedies. Upon the happening and continuance of any event of default described in the preceding paragraph, then and in every such case the Trustee may proceed, and upon the written request of the Holders of not less than 25% in principal amount of the Senior Bonds then Outstanding under the CFC Bond Ordinances, and furnished with reasonable indemnity in accordance with the Master CFC Bond Ordinance, shall proceed, subject to the provisions of the Master CFC Bond Ordinance, to protect and enforce its right and the rights of the Senior Bondholders under the laws of the State, or under the CFC Bond Ordinances by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board, body or officer having jurisdiction, either for the specific performance of any covenant or agreement contained in the CFC Bond Ordinances or in aid or execution of any power therein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights. Such remedy shall include the right to the appointment of a receiver for the Trust Estate, which receiver shall be under the duty of collecting and distributing the Trust Estate pursuant to the provisions and requirements of the CFC Bond Ordinances to the extent permitted by law. Additionally, the rights and remedies which the Trustee may or shall exercise include, but are not limited to, all or any of the following; provided, however, that no Bond issued under the CFC Bond Ordinances may be declared due and payable before its scheduled maturity or mandatory redemption date: (a) the right in its own name by any action, writ, or other proceeding to enforce all rights of the Bondholders, including the right to require the Port to perform its duties under the CFC Bond Ordinances; (b) the right to bring an action upon all or any part of the Bonds or claims appurtenant thereto; or (c) the right, by action, to enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders.

See APPENDIX C-1—"SUMMARY OF CERTAIN PROVISIONS OF THE CFC BOND ORDINANCES—MASTER CFC BOND ORDINANCE —Events of Default—Remedies."

RENTAL CAR OPERATIONS AND CONCESSIONAIRE AGREEMENTS

Rental Car Operations at the Airport

As described in the Report of the Airport Consultant, as of 2018, all three major national rental car companies, Avis Budget Car Rental, LLC, EAN Holdings, LLC and The Hertz Corporation, representing eight rental car brands, operate at the Airport. Currently five brands operate on Airport property – Avis, Dollar, Enterprise Rent-A-Car, Hertz and National Car Rental – and three brands operate off Airport property – Alamo Rent A Car, Budget, and Thrifty. Once the ConRAC is operational, it is expected that all of these brands and four additional brands (Payless, Sixt Rent A Car, Enterprise CarShare and ZipCar) will be located in the ConRAC. See Chapter 3 of the Report in APPENDIX A.

Historical Rental Car Activity and CFC Revenues

Table 3 below summarizes the historical rental car activity, represented by rental car transactions and Transaction Days, and the total CFC revenues collected by the rental car companies and remitted to the Port from Fiscal Year 2014 through Fiscal Year 2018.

TABLE 3
HISTORICAL AIRPORT RENTAL CAR TRANSACTION DAYS AND CFC REVENUES [(1)]
FISCAL YEARS 2014-2018

	FY 2014 [(2)]	FY 2015	FY 2016	FY 2017	FY 2018
Total rental car transactions	377,000	818,000	892,000	896,000	885,000
Total Transaction Days	1,262,000	3,302,000	3,685,000	3,654,000	3,650,000
Total Transaction Days (within 4-day cap) [(3)]	942,000	2,372,000	2,614,000	2,636,000	2,625,000
CFC Rate [(3)]	$6.00	$6.00	$6.00	$6.00	$6.00
Total CFC revenues [(4)]	$ 5,600,000	$ 14,241,000	$ 15,347,000	$ 16,147,000	$ 15,551,000

(1) Totals in Table 3 do not always add due to rounding; numbers are rounded to the nearest thousand.
(2) Reflects five and a half months of CFC revenues, as the Port began collecting CFCs at the Airport on January 15, 2014.
(3) The CFC is levied at $6.00 per Transaction Day, for a maximum of four Transaction Days for each Rent-A-Car Customer.
(4) These numbers are extracted by the Port from its annual audited financial statements. Actual amounts are rounded to the nearest thousand dollar and CFC revenues are recorded on an accrual basis. These numbers do not include income earned in a Fiscal Year from the investment of money in funds and accounts held by the Port under the Master CFC Bond Ordinance. See footnote 3 to Table 5 in "REPORT OF THE AIRPORT CONSULTANT" below.
Source: The Port.

Concessionaire Agreements

The Board awarded Rental Car Concession Lease and Operating Agreements (each, a "Concessionaire Agreement") to five Concessionaires representing ten rental car brands and two car sharing brands:

- Avis Budget Car Rental, LLC (Avis, Budget, Payless and ZipCar)
- EAN Holdings, LLC (Enterprise Rent-A-Car, Alamo Rent A Car, National Car Rental and Enterprise CarShare)
- The Hertz Corporation (Hertz and Thrifty)
- Sixt Rent A Car, LLC
- Todd Investment Company (Dollar)

The Concessionaire Agreement is binding on the Port and each Concessionaire as of the Effective Date. The term of each Concessionaire Agreement is to commence upon the opening of the ConRAC, which is currently expected to occur in November 2021. This commencement date (the "Commencement Date") is 180 days following the date when Concessionaires are granted access to the ConRAC (the "Access Date") for the purpose of commencing construction of the individual improvements that a Concessionaire deems necessary or desirable to operate and use its leased portion of the ConRAC (the "Initial Concessionaire Improvements"). The Concessionaire Agreements shall terminate on September 30th following the 20th anniversary of the Commencement Date. In the Concessionaire Agreement, the Port has retained the right and option, in its sole discretion, and after consultation with the Concessionaire, to renegotiate and/or rebid the terms of the Concessionaire Agreement at the tenth anniversary of the Commencement Date. Prior to the expiration of the initial 20-year term, the Port may also, at its sole discretion, and after consultation with the Concessionaire, extend, renegotiate and/or rebid the terms of and the rights granted in the Concessionaire Agreement for one additional ten-year term.

Pursuant to the Concessionaire Agreement, certain portions of the ConRAC, certain portions of a rental car quick turnaround facility (the "QTA") and related improvements, including the Concessionaire's proportionate share of driveways, infrastructure improvements, parking areas, landscaped areas, pipes, fences, sidewalks, paved areas, utility distribution facilities, signs, or any other enhancements or improvements, will be leased to each of the Concessionaires on an exclusive basis (the "Exclusive Premises"), but other portions of such facilities and improvements and the ground upon which the ConRAC will be located and the QTA is located will be used in common by all of the Concessionaires (the "Common Concessionaire Areas"). The Exclusive Premises consists of each Concessionaire's dedicated portion of the Customer Service Area, which includes the office area and customer service counter space; and the area comprising a portion of the ConRAC in which vehicles are parked and/or staged for Airport customer pick-up or return (the "Ready/Return Area") and the areas located within the QTA dedicated to storing, stacking and returning vehicles to the Ready/Return Area, fueling, vacuuming, washing and servicing rental vehicles; and that portion of the Exclusive Premises used by Concessionaires for general office use, storage and network management in connection with their operations and use of the ConRAC and QTA. The Common Concessionaire Areas are those areas of the ConRAC and QTA designed for the non-exclusive use in common by the Concessionaires including, but not limited to, roadways, ramps, or other facilities within, adjacent to and surrounding the ConRAC and QTA.

It is an event of default (an "Event of Default") under the Concessionaire Agreements if the Concessionaire: (a) fails to pay required fees set forth in the Concessionaire Agreement within ten calendar days following the date of written notice by the Port; (b) fails to timely remit any CFCs collected by it to the Port within ten calendar days of the date they are due; or (c) fails to comply with any term, covenant or condition of the Concessionaire Agreement (other than the payment of fees or other amounts) within 30 calendar days after written notice by the Port describing the nature of the Event of Default. If such an Event of Default is of a nature that it cannot be completely remedied within the 30 calendar day period, the Concessionaire will have been deemed to have complied with this 30 calendar day period requirement if it begins correction of the Event of Default within the 30 calendar day period and proceeds in good faith and with reasonable diligence to cure the default as soon as practical, so long as it is done to the satisfaction of the Port.

Notwithstanding the foregoing, the Port need not give notice for a similar type of Event of Default more than two times during any three-year period, and a failure to perform such type of obligation after the second notice constitutes an Event of Default for which no further notice or opportunity to cure need be given. Furthermore, if any Event of Default threatens to cause serious harm to the Port or other tenants or persons, then the Port shall not be required to serve any notice before proceeding to immediately declare an Event of Default and request immediate injunctive relief.

Immediately following an uncured Event of Default or an Event of Default for which there is no cure period, the Port may terminate the Concessionaire Agreement and the Concessionaire's right to possession of the property and may exercise any or all of the remedies provided for in the Concessionaire Agreement or otherwise at law or equity.

The Concessionaires are subject to certain obligations under the Concessionaire Agreements. In addition to CFCs and Contingent Fees Payments, each Concessionaire is required to pay concession fees equal to the greater of (a) the sum of 10% of the Concessionaire's annual gross receipts from any non-car sharing brand and 11% of the Concessionaire's annual gross receipts from any car sharing brand; or (b) the minimum annual guarantee fee of 90% of the previous year's commission fee. Each Concessionaire is also required to pay premises rent under its Concessionaire Agreement based on the square-footage of the ConRAC, the QTA and related improvements that the Concessionaire leases from the Port for administrative, vehicle maintenance and storage facilities. None of the concession fees or premises rent are part of the Trust Estate and therefore, do not secure the payment of the principal of, premium, if any, and interest on the Series 2019 CFC Bonds.

Each Concessionaire Agreement also requires the related Concessionaire to deposit with the Port and continuously maintain throughout the term of such Concessionaire Agreement a Security Deposit, which is cash or an irrevocable stand-by letter of credit. The amount for the Security Deposit is based on one third of the estimated CFCs to be collected in a year, one third of the annual premises rent, one third of the real property taxes for the first lease year or partial lease year, and one third of the minimum annual guarantee fee. The Security Deposit will secure the Concessionaire's full and faithful performance and observance of all the Concessionaire's obligations under the Concessionaire Agreement, among other things. The Port may draw, subject to bankruptcy laws in the event of a bankruptcy of a Concessionaire, upon the Security Deposit to pay any amounts past due under the Concessionaire Agreement, which include CFCs and Contingent Fee Payments. See "CERTAIN INVESTMENT CONSIDERATIONS—Considerations Concerning the Rental Car Industry—*Rental Car Company Bankruptcies*."

See APPENDIX D—"FORM OF CONCESSIONAIRE AGREEMENT."

CFC Collections at the Airport and Contingent Fee Events

Concessionaires will remit all CFCs that were or should have been collected from Airport customers on a monthly basis to the Port, whether or not CFCs have actually been collected by the Concessionaire. Failure to strictly comply with the remittance of CFCs to the Port will be considered a material breach of the Concessionaire's authorization to do business at the Airport.

Pursuant to the Concessionaire Agreement, on and after the Effective Date, if the Port determines that a Contingent Fee Event has occurred, the Concessionaires shall make a Contingent Fee Payment to the Port. On and after the Effective Date, a "Contingent Fee Event" is deemed to have occurred when: (a) the Port determines that there is a current or upcoming deficiency in CFC revenues required to make payments pursuant to the CFC Bond Ordinances including, without limitation, payments related to debt service on the Bonds and funding of reserves; or (b) the Port determines that it is not, or will not be, in compliance with the Rate Covenant based on CFCs, but excluding Contingent Fee Payments. If a Contingent Fee Event occurs, prior to imposing a Contingent Fee Payment, the Port will determine whether or not to increase the CFC and/or adjust the collection days, to address the revenue shortcoming. The Port will make a determination based on factors including, but not limited to: (i) the overall deficiency amount and the amount of the increase that would be required to satisfy the deficiency; (ii) the expected duration of the Contingent Fee Event; (iii) the state of the rental car market at the Airport; (iv) the overall state of the economy; and (v) the potential for a CFC increase to negatively impact the rental car market at the Airport. Should there be adequate funds in the CFC Surplus and Rolling Coverage Fund to fund some or all of the deficiency (which would otherwise result in a Contingent Fee Event), the Port may, in its sole discretion, determine amounts, if any, to be used to offset some or all of such deficiency.

Each Concessionaire's share of the Contingent Fee Payments is based upon the Concessionaire's market share among all Concessionaires, calculated by the Port as close as is reasonably feasible. As soon as reasonably practicable, the Port must provide to Concessionaires written notice of the need to impose a Contingent Fee Payment. If the CFCs have been subsequently increased in a sufficient amount to allow discontinuing the imposition of a Contingent Fee Payment, as determined by the Port, then Concessionaires will not be obligated to pay a Contingent Fee Payment until a new Contingent Fee Event occurs.

See APPENDIX D—"FORM OF CONCESSIONAIRE AGREEMENT."

REPORT OF THE AIRPORT CONSULTANT

The Report of the Airport Consultant is included in this Official Statement as APPENDIX A. The Report is part of this Official Statement, and potential purchasers of the Series 2019 CFC Bonds should read the Report, in its entirety.

The Report of the Airport Consultant provides an overview of rental car activity and demand at the Airport. The primary drivers of demand for rental car services at the Airport are generally similar to the economic and air passenger trends that influence demand for other Airport services. Therefore, the Report of the Airport Consultant examines the economic base of the Air Service Area (as defined in the Report) and the primary economic and demographic variables (including population, personal income, gross regional and domestic product, employment, consumer prices and other economic conditions and events) nationally and in the Air Service Area that drive demand for passenger and cargo air transportation services and a forecast of such variables for Fiscal Years 2019 through 2024, the "forecast period." The Report describes air service at the Airport currently, identifies the primary factors that affect demand for air travel, including factors (such as costs and availability of jet fuel, other industry consolidation costs and national and Airport aviation security and capacity) that influence passenger and cargo airline profitability and decisions, as well as the rental car industry and market at the Airport, and summarizes the Airport Consultant's forecast, and the assumptions behind the forecast, of air traffic, including passenger enplanements, aircraft operations and landed weights, rental car activity and demand, at the Airport for the forecast period.

The Report also describes rental car activity and demand at the Airport and its relationship to visiting O&D passenger levels. The Report describes the factors influencing rental car demand at the Airport, including rental rates and other charges, convenience of the rental car facilities, the availability and convenience of alternative forms of transportation, non-Airport rental car markets, and provides a projection of Airport rental car transaction days.

The Report includes the Airport Consultant's review of existing Airport facilities, the planned construction and financial impact of the ConRAC and a review of the Port's capital improvement program, strategic plan and 2019 forecast budget and existing Port agreements and obligations. The Airport Consultant's conclusion is that based upon the Airport Consultant's approach and assumptions described in the Report, the Port's CFC revenues in each year during the 2019-2024 forecast period will be sufficient to satisfy the Rate Covenant in the Master CFC Bond Ordinance and at the same time to maintain reasonable levels of CFCs and rental car availability.

The Airport Consultant notes that although it believes that its approach and assumptions are reasonable and provide an appropriate basis for the financial forecasts set forth in the Report, any forecast is subject to uncertainties and some assumptions used as basis of the forecasts will not be realized, unanticipated events and circumstances may occur, there are likely to be differences between the financial forecast and actual financial results and those variations could be material. The Report of the Airport Consultant should be read in its entirety for an understanding of the forecasts and the underlying assumptions contained therein. The Airport Consultant has no responsibility to update the Report of the Airport Consultant because of events and transactions occurring after the date of the Report.

This Official Statement, including the Report of the Airport Consultant, contains prospective financial information and other forward-looking statements. The prospective financial information in the Report of the Airport Consultant was not prepared with a view toward compliance with the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. The Port and its management reviewed the prospective financial information and believe that the prospective financial information was prepared on a reasonable basis; however, this prospective information is subjective and should not be relied on as necessarily indicative of future results. Summaries of the prospective financial information from the Report included in the forepart of this Official Statement were prepared by Port management. Moss Adams LLP, independent accountants, which audited the Port's financial statements included in this Official Statement as APPENDIX B, has neither examined nor compiled this prospective financial information or the summary and, accordingly, Moss Adams LLP does not express an opinion or offer any other form of assurance with respect thereto. The Moss Adams LLP report included in APPENDIX B of this Official Statement relates to the Port's historical financial information. It does not extend to the prospective financial information and should not be read to do so.

Forecast of CFC Rental Car Activity and CFC Collections

Table 4 below summarizes the Airport Consultant's forecast of rental car activity at the Airport and CFC collections for the forecast period of Fiscal Years 2019 through 2024. The car rental activity is presented as total Transaction Days (which, for each rental car customer, is subject to a maximum of four Transaction Days). See Chapters 4 and 5 of the Report in APPENDIX A.

Table 5 below summarizes the Airport Consultant's forecast of debt service coverage ratios for the forecast period of Fiscal Years 2019 through 2024. The table presents the debt service coverage ratios calculated with the inclusion of amounts in the CFC Rolling Coverage Account in accordance with the Master CFC Bond Ordinance, as well as the debt service coverage ratios calculated without the inclusion of amounts in the CFC Rolling Coverage Account, which is not required under the Master CFC Bond Ordinance. See Chapters 4 and 5 of the Report in APPENDIX A.

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TABLE 4
FORECAST RENTAL CAR TRANSACTION DAYS AND CFC COLLECTIONS
FISCAL YEARS 2019-2024 [(1)]

	Forecast					
	FY 2019 [(2)]	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**
O&D deplaned passengers [(3)]	8,471,000	8,667,000	8,866,000	9,070,000	9,278,000	9,491,000
% of visiting O&D deplaned passengers [(4)]	54.6%	54.6%	54.6%	54.6%	54.6%	54.6%
Visiting O&D deplaned passengers	4,625,000	4,732,000	4,841,000	4,952,000	5,066,000	5,182,000
% of visiting O&D deplaned passengers using rental car [(5)]	19.5%	19.5%	19.5%	19.5%	19.5%	19.5%
Total rental car transactions	902,000	923,000	944,000	966,000	988,000	1,011,000
Average days per rental car transaction (in days) [(6)]	4.10	4.10	4.10	4.10	4.10	4.10
Total Transaction Days	3,698,000	3,783,000	3,870,000	3,959,000	4,050,000	4,143,000
% of Transaction Days within 4-day cap [(7)]	72%	72%	72%	72%	72%	72%
Total Transaction Days (within 4-day cap) [(8)]	2,662,000	2,724,000	2,786,000	2,851,000	2,916,000	2,983,000
CFC rate	$6.00	$6.00	$6.00	$6.00	$6.00	$6.00
CFC collections	$15,975,000	$16,343,000	$16,719,000	$17,103,000	$17,496,000	$17,898,000

(1) Totals in Table 4 do not always add due to rounding; amounts rounded to nearest thousand.
(2) Estimated Fiscal Year 2019 CFC collections differ from the Port's budgeted Fiscal Year 2019 figures due to the availability of actual figures through the first quarter of Fiscal Year 2019.
(3) Assumes an overall compound growth rates ("CAGR") of 2.3% per annum.
(4) Assumes a constant percentage of 54.6% throughout the forecast period and reflects relative constant trend in visiting O&D deplaned passengers over the last five Fiscal Years.
(5) Assumes a constant percentage of 19.5% throughout the forecast period and leveling of impacts from transportation network companies (Uber, Lyft and Wingz), as further described in the Report of the Airport Consultant.
(6) Assumes a constant ratio of 4.10 over the forecast period and reflects approximate average duration experienced over the last four Fiscal Years.
(7) Assumes a constant percentage of 72.0% throughout the forecast period and reflects relatively constant percentage for the last four Fiscal Years.
(8) The CFC is levied at $6.00 per Transaction Day, for a maximum of four Transaction Days for each Rent-A-Car Customer.
Source: Report in APPENDIX A.

TABLE 5
FORECASTED DEBT SERVICE COVERAGE [(1)]
FISCAL YEARS 2019-2024 (000s)

	Forecast					
	FY 2019	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**
CFC collections [(2)]	$15,975	$16,343	$16,719	$17,103	$17,496	$17,898
Contingent Fee Payments [(3)]	0	0	0	0	0	0
Total	$15,975	$16,343	$16,719	$17,103	$17,496	$17,898
Plus: Investment income [(4)]	95	218	277	340	406	477
Less: CFC Administrative Costs [(5)]	($14)	($14)	($14)	($14)	($14)	($14)
Total amounts available for Senior Bonds debt service (without amounts from CFC Rolling Coverage Account)	$16,056	$16,548	$16,982	$17,430	$17,889	$18,362
Senior Bonds Debt Service Coverage						
Senior Bonds Debt Service Requirement [(6)]	$1,331	$10,873	$10,871	$10,872	$10,872	$10,872
Senior Bonds debt service coverage ratio (without amounts from CFC Rolling Coverage Account) [(7)]	**12.07**	**1.52**	**1.56**	**1.60**	**1.65**	**1.69**
Total amounts available for Senior Bonds debt service (without amounts from CFC Rolling Coverage Account)	16,056	16,548	16,982	17,430	17,889	18,362
Plus: Amounts available in CFC Rolling Coverage Account [(8)]	2,719	2,719	2,719	2,719	2,719	2,719
Total amounts available for Senior Bonds debt service (with amounts from CFC Rolling Coverage Account)	$18,775	$19,266	$19,700	$20,148	$20,607	$21,081
Senior Bonds debt service coverage ratio (with amounts from CFC Rolling Coverage Account) [(9)]	**14.11**	**1.77**	**1.81**	**1.85**	**1.90**	**1.94**
Senior Bonds debt service coverage ratio-requirement	1.50	1.50	1.50	1.50	1.50	1.50

(1) Totals in Table 5 do not always add due to rounding.
(2) Forecasted per annum increase in line with per annum increase of Transaction Days set forth in Table 4.
(3) See "Rental Car Operations and Concessionaire Agreements—CFC Collections at the Airport and Contingent Fee Events."
(4) Represents all income earned in a Fiscal Year from the investment of money in funds and accounts held by the Port under the Master CFC Bond Ordinance. Such income shall be added to the CFCs and Contingent Fee Payments for the purposes of determining compliance with the Rate Covenant but only to the extent such income is allowed to be used to pay debt service on Senior Bonds and/or Subordinate Bonds, all as specified in the Master CFC Bonds Ordinance.
(5) Assumes no increase through the forecast period. The Master CFC Bond Ordinance requires CFC Administrative Costs to be deducted from CFC collections, Contingent Fee Payments, amounts available in CFC Rolling Coverage Account and investment income when determining compliance with the Rate Covenant but only to the extent CFC Administrative Costs in a Fiscal Year were greater than amounts on deposit in the CFC Surplus Account on the first day of such Fiscal Year. For purpose of the presentation in Table 5, CFC Administrative Costs are deducted from CFC collections, Contingent Fee Payments, amounts available in CFC Rolling Coverage Account and investment income.
(6) For purposes of this forecast, the only Senior Bonds are the Series 2019 CFC Bonds. Assumptions include a final maturity of July 1, 2049, true interest cost of 4.91% and level debt service payments. Also assumes that the Port will not pay debt service from sources of funds other than CFCs. Per the Master CFC Bond Ordinance, if the Port pays debt service on Senior Bonds in a Fiscal Year from any source of funds other than CFCs collected in such Fiscal Year and Contingent Fee Payments collected in such Fiscal Year (including from amounts available in the CFC Surplus Account), the amount of such payment or payments shall be subtracted from the Debt Service Requirement for such Fiscal Year for the purposes of determining compliance with the Rate Covenant.
(7) This calculation is not required under the Master CFC Bond Ordinance.
(8) Per the Master CFC Bond Ordinance, amounts in the CFC Rolling Coverage Account at the end of any Fiscal Year up to 25% of Maximum Annual Debt Service on Senior Bonds may be added to CFCs and Contingent Fee Payments in such Fiscal Year for the purposes of determining compliance with the Rate Covenant.
(9) Calculated in accordance with the Master CFC Bond Ordinance.

Source: Report in APPENDIX A.

THE PORT OF PORTLAND

General

The Port was established by an act of the Oregon Legislative Assembly in 1891 and is headquartered in Multnomah County, Oregon. The Port is charged with operating aviation, maritime, commercial and industrial facilities within Multnomah County (including the City of Portland, the "City"), Washington County and Clackamas County. Pursuant to this authority, the Port owns and operates three airports: the Airport (PDX), which provides a seven-county region with scheduled passenger, cargo and charter air services and also is a general aviation facility; and the Troutdale (TTD) and Hillsboro (HIO) general aviation airports (together, the "General Aviation Airports"), which provide facilities for other air services, including recreational and private business uses. In addition to its aviation operations, the Port owns marine terminals, business and industrial parks and other properties. The Port also owns and operates the dredge *Oregon*, as a contractor to the U.S. Army Corps of Engineers, to maintain the navigation channel on the lower Columbia and Willamette rivers. The Port leases portions of its marine and industrial properties, including facilities for the handling of automobiles, grain and other cargo, to commercial tenants. The Port's headquarters are located at the Airport, and the Port has representation in Seoul, South Korea; Tokyo, Japan; Taipei, Taiwan; and Hong Kong, Shanghai and Tianjin, China.

The Airport is operated by the Port as an independent enterprise, separate from the General Aviation Airports and from the Port's marine and other enterprises. The portion of the Port's general administrative expense that is attributable to the Airport is charged to the Airport as a Cost of Operation and Maintenance. The Airport Fund, into which all of the Port's operating revenues from the Airport are deposited, is held by the Port as a separate enterprise fund. Revenues from the Airport are accounted for separately from revenues from the Port's other activities, including the Port's General Aviation Airports, although after all required deposits are made in connection with the SLBs and any Junior Lien Obligations and Third Lien Obligations and any transfers of Remaining Contingent Fee Payments to the CFC Revenue Fund, remaining Net Revenues may be applied to pay certain costs of the Port's other aviation interests, including costs at the General Aviation Airports that are not paid through general aviation revenues or federal grants. The Port has reserved the right (to the extent then permitted by law) to amend the Airport Revenue Bond Ordinances to add to the definition of "Airport" any facilities operated by the Port, whether or not such facilities are related to aviation, and thus to consolidate the revenues and expenses of the Airport with those of the Port's other operations. As of the date of this Official Statement, the use by the Port of aviation-related revenues for non-aviation purposes is not permitted under federal law. See APPENDIX C-2—"SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT REVENUE BOND ORDINANCES."

Board of Commissioners

The Port is governed by a nine-member Board that establishes and controls policy for the Port. The Commissioners serve without compensation but are reimbursed for certain expenses. The Commissioners are appointed by the Governor of the State, and their appointments are confirmed by the State Senate. Commissioners serve for four-year terms (and may serve an additional four-year term if reappointed for a second term) or until their successors have been appointed, confirmed and qualified.

The Board is headed by a President who is appointed by the Governor. The President designates the other officers of the Board, including the Vice President, Treasurer and Secretary. The current Board members and their terms of office are listed in the table below.

TABLE 6
THE PORT OF PORTLAND
BOARD OF COMMISSIONERS

Name and Office	Principal Occupation	Expiration of Term of Appointment
Alice M. Cuprill-Comas President	Executive Vice President and General Counsel Oregon Health and Science University	September 2019
Thomas E. Chamberlain Vice President	President Oregon AFL-CIO	May 2019
Linda M. Pearce Treasurer	EVP and Chief Financial Officer Tillamook County Creamery Association	September 2020
Robert L. Levy Secretary	Owner, L&L Farms, LLC; Member, Windy River Holdings	April 2021
Michael C. Alexander Commissioner	Interim Vice President for Global Diversity and Inclusion Portland State University Formerly, President & CEO The Urban League of Portland	May 2020
Patricia A. McDonald Commissioner	Vice President, Human Resources Group Intel Corporation	February 2020
Sean O'Hollaren Commissioner	Senior Vice President, Government and Public Affairs NIKE, Inc.	May 2022
Isao (Tom) Tsuruta Commissioner	Retired, formerly, Professor and Executive in Residence Marylhurst University	December 2020
Gary A. Young Commissioner	Business Manager/Financial Secretary International Brotherhood of Electrical Workers Local 48	September 2019

Port Management

General. The Port employs an Executive Director and other officers, agents, employees and advisors. The Executive Director and his staff implement the policies established by the Board. In addition to the Executive Director, the senior management team of the Port is comprised of the Chief Operating Officer, the Chief Financial Officer, the General Counsel, the Chief Commercial Officer, the Chief Project Delivery and Safety Officer, the Chief Administration and Equity Officer and Chief Public Affairs Officer.

The Port is actively searching for a new Chief Financial Officer and it expects to make a public announcement of its selection once the process is complete. The Port will update the final Official Statement with information about such an appointment if it occurs between the date of the Preliminary Official Statement and the date of the Official Statement; however, if the appointment occurs after the date of the Official Statement, such information will be publicly available on the Port's web site and the Port does not expect to update the Official Statement.

The following individuals are directly responsible for the executive administration of the Airport, its finances or its legal affairs:

Curtis Robinhold, **Executive Director**, joined the Port in 2014 as Deputy Executive Director, and assumed his current role in July 2017. Prior to joining the Port, Mr. Robinhold served as Chief of Staff to Governor Kitzhaber and before that served as Chief Executive Officer at EnergyRM, an energy efficiency finance company. Prior to that, Mr. Robinhold was Managing Director of BP Alternate Energy's global gas-fired power business in Europe and Asia.

Vince Granato, **Chief Operating Officer**, joined the Port in 1987 and was appointed to his current position in February 2012. From 2009 to 2012, he was Chief Financial Officer and Director of Financial & Administrative Services. From 2005 to 2009, Mr. Granato was General Manager, Financial Services, and from 2000 until 2005, he served as Senior Manager, Aviation Finance.

Daniel Blaufus, **General Counsel and Interim Chief Financial Officer**, joined the Port in 2014. Before joining the Port, Mr. Blaufus served as Senior Vice President and General Counsel at Borden Dairy Company in Dallas, Texas and before that served in various legal capacities at NIKE Inc.

Keith Leavitt, **Chief Commercial Officer**, joined the Port in 1999 and was appointed to his current position in November 2014. From 2008 to 2014, he was the General Manager of Business Development and Properties. Mr. Leavitt has also served in a variety of other capacities at the Port, including Development Project Manager and State Governmental Affairs Manager. Prior to joining the Port, Mr. Leavitt served as Port Division Manager and Economic Development Representative for the Oregon Economic Development Department.

Kristen Leonard, Chief Public Affairs Officer, joined the Port in July 2014. Before joining the Port, Ms. Leonard owned and operated C&E Systems, a Portland-based company specializing in government relations, financial services and software development.

Bobbi Stedman, Chief Administration and Equity Officer, joined the Port in 2013. Previously, Ms. Stedman was Senior Vice President, People and Culture, for Vestas Windsystems and before that was Director of Human Resources at Philips Medical Systems WA.

Stan Watters, Chief Project Delivery and Safety Officer, joined the Port in 2008. Before joining the Port, Mr. Watters was a senior vice president for Pacificorp and president of Portland-based utility Pacific Power.

Aviation Business Line

Airport operations, terminal leasing and concessions development and operations are managed by the Port's Operations Department, which is headed by the Chief Operating Officer. Commercial development and management of general aviation properties at the Airport and at the General Aviation Airports and air service development are managed by the Commercial Department.

At the Airport, the Director of Environmental Operations, PDX Terminal Properties, PDXNext Directing Sponsor, Airports Operations, Planning and Development, and Aviation Public Safety and Security report to the Chief Operating Officer. The Director of Environmental Operations is responsible for integrating environmental considerations into Port planning and operational decisions and for environmental compliance. The Director of PDX Terminal Properties is responsible for the Port's contractual relationships with the various airlines, concessionaires, rental car operators and other tenants providing services at the Terminal. The PDXNext Directing Sponsor is responsible for the oversight of several major projects, including PACR and other larger Capital Improvement Program ("CIP") projects at the Airport. The Director of Airports Operations is responsible for the daily operations and maintenance of the Airport, including airside and landside operations for the Airport and for the General Aviation Airports. This position also is responsible for customer service issues both inside and outside the Terminal, including working with tenants and the general public who use the facility. The Director of Planning and Development is responsible for the planning, development, management and implementation of projects and long-term facilities planning. The Director of Aviation Public Safety and Security is responsible for airport police, fire, security and emergency management communications.

The Directors of Commercial Properties and Air Service Development report to the Chief Commercial Officer. The Director of Commercial Properties is responsible for the commercial development and management of the general aviation, cargo, airline maintenance and commercial Airport properties. The Director of Air Service Development is responsible for the Port's commercial air service development and implementation.

The Director of Environmental Policy reports to the Chief Public Affairs Officer. The Director of Environmental Policy is responsible for developing environmental strategy and policies and serving as the Port's liaison for externally-driven programs such as the Columbia River levee recertification. The Director of Environmental Operations is responsible for integrating these environmental policies into Port planning and operational decisions and for environmental compliance.

PORTLAND INTERNATIONAL AIRPORT

General

The Port has owned and operated the Airport since 1940. The Airport is located approximately 12 miles northeast of the Portland city center. The Airport is the only commercial air service facility within the Air Service Area described below and is relatively isolated from competing commercial air service facilities. Seattle-Tacoma International Airport, which is the closest airport with comparable facilities, is approximately 160 miles (driving distance) away from downtown Portland. The only other commercial service airports in the State are much smaller than the Airport in terms of air service provided.

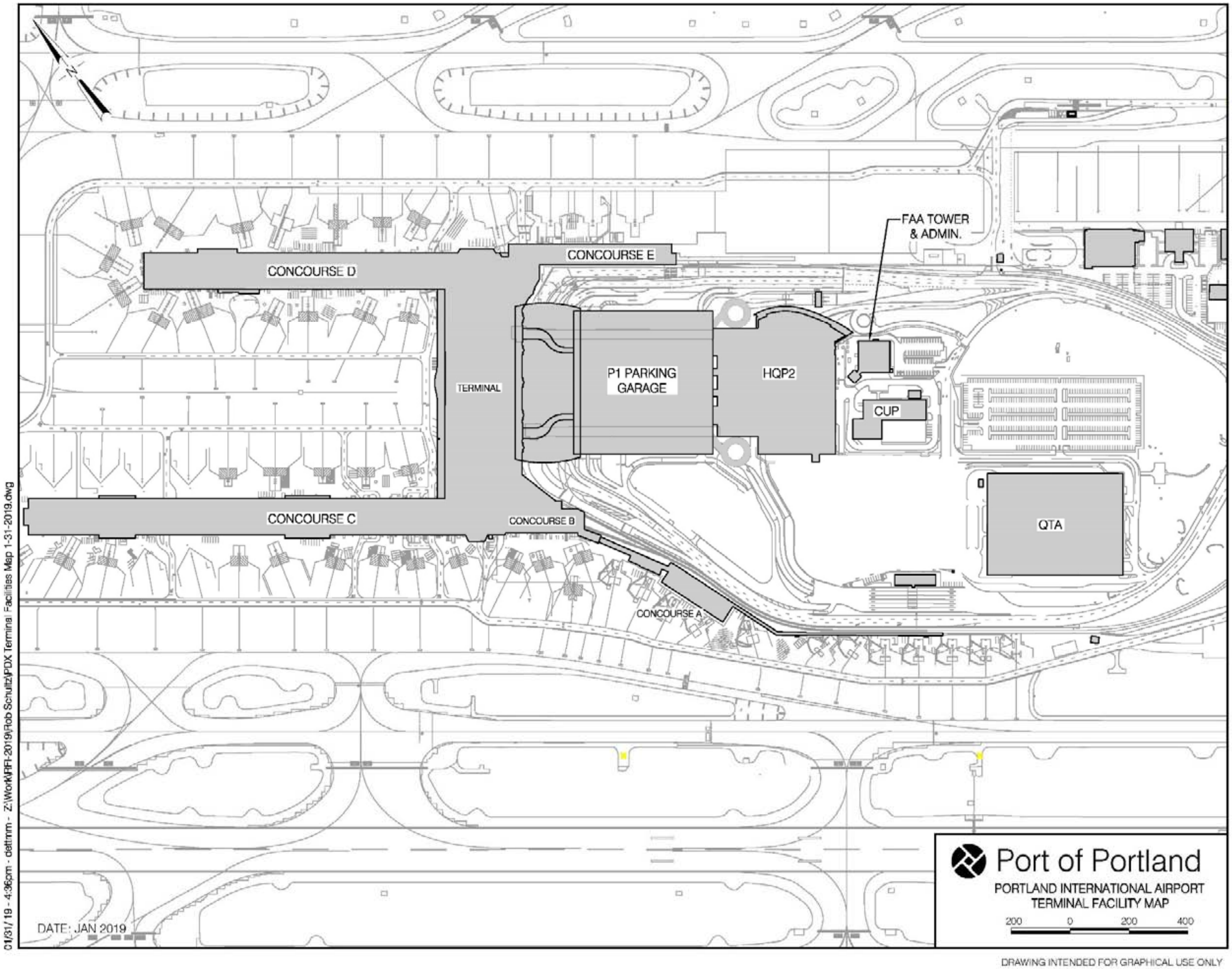
The Airport principally serves O&D passengers, which are estimated by the Federal Aviation Administration (the "FAA") to have accounted for approximately 84.6% of total Airport passengers in the Fiscal Year ended June 30, 2018, with the remaining 15.4% of Airport passengers having connected between flights. Of the approximately 9.7 million enplaned passengers served by the Airport in Fiscal Year 2018, 9.3 million enplaned passengers (95.9% of enplaned passenger traffic) were domestic passengers and approximately 0.4 million were international passengers (4.1% of enplaned passenger traffic).

According to calendar year 2017 data provided by the FAA, the Airport was the 30th busiest airport in the United States in terms of enplaned passengers and has been classified a large-hub airport (enplaning more than 1.0% of the national total of enplaned passengers) by the FAA since 2014. According to data provided by the FAA, In calendar year 2017, the Airport served 9,435,473 enplaned passengers, approximately 4.0% more than the 9,071,154 enplaned passengers the Airport served in calendar year 2016.

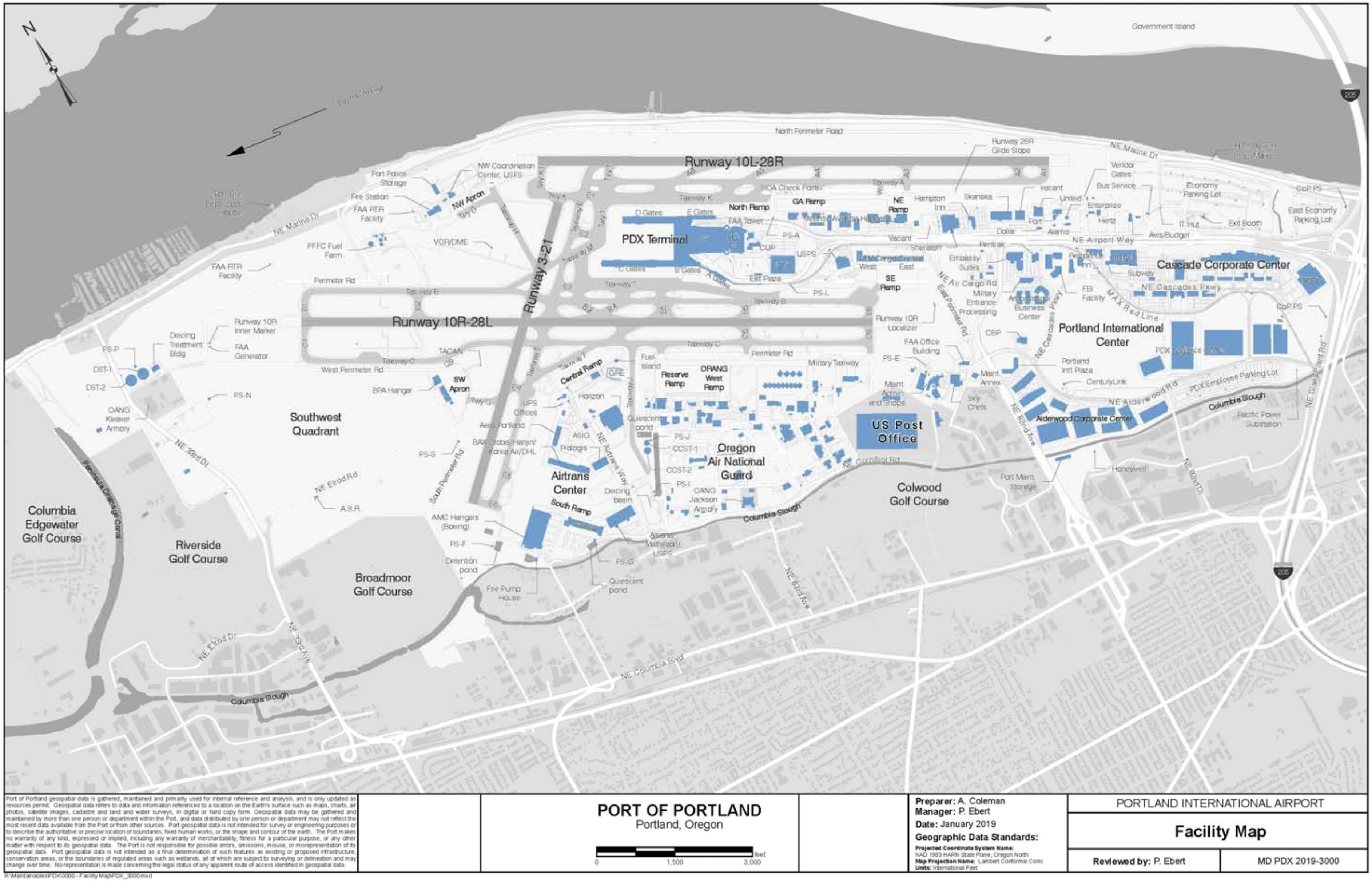
According to data compiled by Airports Council International – North America ("ACI-NA"), in calendar year 2017 the Airport was the 24th busiest airport in the United States in terms of metric tons of cargo (freight and mail) landed, with 236,822 metric tons of cargo landed in calendar year 2017, an increase of approximately 8% compared to calendar year 2016.

Existing Airport Facilities

General. The Airport occupies approximately 3,200 acres of land on the southern edge of the Columbia River. The existing airfield consists of two parallel east/west runways (a south runway and a north runway) and one northeast/southwest crosswind runway, all 150 feet-wide, two constructed of asphalt concrete, one of Portland cement concrete, and all fully lighted. The south runway (Runway 10R-28L, which is 11,000 feet long and was reconstructed in 2011) and the north runway (Runway 10L-28R, which in 2010 was reconstructed and extended to 9,825 feet long) are fully instrumented. Runway 3-21, the northeast/southwest crosswind runway, is 6,000 feet long and is instrumented with localizer/distance measuring equipment to Runway 21 only. The following two maps illustrate the current layout and locations of the Port's existing Airport facilities.



Source: The Port, March 2019.



Source: The Port, March 2019.

Passenger Terminal Complex. The passenger terminal complex (the "Terminal") includes a main terminal building with five attached concourses (Concourses A, B, C, D and E) and a federal inspection station (the "FIS") for international arrivals. The current aircraft parking configuration consists of 46 loading bridge-equipped positions and up to 28 ground-loading positions. Six loading bridge-equipped gates provide accessibility to the FIS for international arrivals but are also used for domestic flight activity when required. Each loading bridge-equipped gate is served by a hold-room to accommodate airline passengers. Hold-rooms for ground loading positions are located in Concourse A (12 parking positions), Concourse B (five parking positions), and Concourse E (11 parking positions). The Port expects to demolish Concourse A, remodel Concourse B and extend Concourse E as a part of its CIP.

The primary public areas in the Terminal are divided into a departure level and an arrival level. An elevated roadway provides vehicle access to the departure level, which provides direct access to the five concourses. Ticket counters and concession areas, including a food court, cafes, pubs, full service restaurants, a spa that offers foot and therapeutic massage treatments, a barbershop, newsstands and retail shops, are located on the departure level. The arrival level is accessible by vehicles via ground-level roadways and contains baggage claim facilities, coffee concessions and a TriMet MAX Light Rail station located near the baggage claim area at the southern end of the Terminal. See "—Airport Capital Improvement Program" below and Chapter 4 of the Report of the Airport Consultant in APPENDIX A.

Parking. Currently, Port-owned parking facilities provide a total of approximately 17,000 public and employee parking spaces and consist of a seven-story, short-term public parking garage, located adjacent to the Terminal (the "Short-Term Parking Garage"); a seven-story long-term parking garage (the "Long-Term Parking Garage"); an economy surface parking lot; and two employee surface parking lots. The Short-Term Parking Garage has approximately 3,300 public parking spaces. The first two floors of the Short-Term Parking Garage are currently utilized by rental car companies. The Long-Term Parking Garage has approximately 3,030 public parking spaces and is located adjacent to the Short-Term Parking Garage. The first floor of the Long-Term Parking Garage is also currently reserved for rental car companies. Tunnels and moving sidewalks connect the Short-Term Parking Garage and the Long-Term Parking Garage to the Terminal. The parking lots and garages include an automated parking payment and revenue control system, and the public floors of the Short-Term Parking Garage and Long-Term Parking Garage include automated parking guidance systems that include a sensor over each covered parking space and signage providing information about available parking spaces.

In addition to parking in the two garages described above, approximately 7,800 surface parking spaces are available in the economy surface parking lot, which is located near Interstate 205 off NE Airport Way. Free parking shuttles operate between the economy lot and the Terminal. Another surface parking lot, with approximately 2,400 spaces, is provided for parking by Port, Airport airline, concessionaire and tenant employees. A 450-space surface parking lot was placed in service in December 2016 for parking by Port employees. See "—Airport Capital Improvement Program" below. To help reduce vehicle traffic congestion in the Terminal area, there are two cell phone waiting areas, including a 30-space cell phone lot at the travel center located approximately one mile east of the Terminal (the "Travel Center"), each approximately three minutes from the Terminal where motorists meeting arriving passengers can wait for free until passengers call to indicate they are ready to be picked up along the Terminal curbside.

Due to the relatively recent rapid growth in passenger traffic and the related increase in demand for parking at the Airport, Airport parking facilities have been approaching capacity. Approximately two to three days per week, the Long-Term Parking Garage is either full or near capacity. On those days, Airport customers that may prefer to utilize the Long-Term Parking Garage instead use the Short-Term Parking Garage (pushing the Short-Term Parking Garage closer to capacity), the economy surface parking lot or off-Airport parking lots.

The Public Parking Addition will be located on floors four through six of the PACR garage and the ConRAC will be located on floors one through three. The Public Parking Addition and the ConRAC will be connected by a ramp between the third and fourth floors of the PACR to provide flexibility for changes in future use. Upon completion of PACR, the Public Parking Addition will add approximately 2,450 public parking spaces, and the rental car companies will relocate their operations currently located in the Short-Term Parking Garage and the Long-Term Parking Garage to the ConRAC. Once the rental car companies have vacated the Short-Term Garage, the first floor will be repurposed into a ground transportation center to accommodate the transportation network company operations, taxis, and executive cars. Additionally, this floor will house the Airport's motorcycle parking, which is currently located under the departure roadway ramp. The second floor of the Short-Term Garage will be available for public parking, creating an additional 300 spaces. Once the rental car companies have vacated the Long-Term Garage, the Port's fleet parking will move from its current location in the Port employee surface lot to the first floor. This area will also be designated for Port employees who park in the Long-Term Garage, removing them from the space available for public parking customers. See "PLAN OF FINANCE—Construction of PACR" for a map of the location of PACR.

Once PACR is completed, there will be approximately 19,780 Port-owned parking spaces available at the Airport, of which approximately 16,880 will be available for public parking.

For further discussion of parking facilities at the Airport and the ConRAC, see Chapter 4 in APPENDIX A.

Ground Transportation. A TriMet MAX Light Rail station located at the southern end of the Terminal connects the Airport to the City, Gresham, Clackamas, Beaverton, Milwaukie and Hillsboro, Oregon. Ground transportation to and from the Airport also is provided by private passenger vehicles, taxis, private bus and shuttle services, limousine services and transportation network companies ("TNCs") such as Uber Technologies Inc. ("Uber"), Lyft, Inc. ("Lyft") and Tickengo, Inc. d/b/a/ Wingz ("Wingz"). Nine rental car brands provide service at the Airport: five currently provide on-Airport service counters and vehicles, three currently provide on-Airport service kiosks and have passenger pick-up and drop-off service to facilities located off-Airport and one currently provides only passenger pick-up and drop-off service to facilities located off-Airport. After the completion of the ConRAC (estimated to be November 2021), the Port expects all rental car companies currently providing service at the Airport to operate from the ConRAC. See Chapter 4 in APPENDIX A.

Cargo and Airline Maintenance Facilities. Air cargo and airline maintenance facilities are located in two main areas at the Airport: the PDX Cargo Center and the AirTrans Center. The PDX Cargo Center consists of two buildings totaling approximately 130,000 square feet. The Port leases these buildings to various passenger airlines, for their belly cargo and ground support equipment ("GSE") maintenance operations. Other GSE operators and freight forwarders also lease space in these buildings. The United States Postal Service ground leases an existing facility to the west of the PDX Cargo Center. In the AirTrans Center, third-party developers, including Aero Portland, LLC, Prologis, L.P., and PDACC1, lease land upon which they have constructed cargo facilities. Distribution Inc. dba FTL and Majestic Terminal Services both ground lease property adjacent to the cargo facilities for truck, trailer, and employee parking. Subtenants of these cargo facilities include Federal Express, DHL Worldwide Express, Summit NW, Hanjin Transportation Co., Ghelany Logistics, the United States Postal Service, Matheson Flight Extenders, and Majestic Terminal Services, Inc. The AirTrans Center is also home to United Parcel Service's northwest regional hub.

Maintenance facilities include Boeing Corporation's paint operation hangars, Triangle Aviation RD and LLC/Ameriflight, LLC facilities and Horizon Air's 150,000 square-foot regional headquarters and maintenance facility. United Airlines ground leases a Port-owned former National Guard hangar adjacent to the AirTrans Center to the west which it plans to rehabilitate for maintenance of United Airlines' aircraft.

Military, Corporate and General Aviation Facilities. The United States, for the benefit of the Oregon Air National Guard (the "ORANG"), leases approximately 213 acres of land on the south side of the Airport, adjacent to the AirTrans Center. The ground lease with ORANG terminates in 2063, although portions of the total premises are subject to scheduled early terminations in 2030. Additionally, a third 75-acre parcel within the premises is subject to early termination at the Port's sole option if the parcel is needed for a third runway. The lease also is subject to early termination at any time at the option of the United States, with 180 days' prior notice to the Port. As with most U.S. military leases at joint-use airports, the United States is required to pay only nominal rent but is required to pay certain costs, including costs related to environmental and other regulatory requirements.

Corporate and general aviation facilities at the Airport are located on the north side of the Airport and include paved aircraft parking areas, aircraft hangars and fixed base operator facilities. In addition to its own facilities, Atlantic Aviation manages certain Port-owned hangars, as well as the general aviation ramp, pursuant to hangar and ramp management agreements. The Port receives rent under these agreements as well as ground rent from other corporate aircraft hangars.

Other general aviation services are provided by the Port at the General Aviation Airports, both of which are located within 35 highway miles of the Airport. The FAA has designated both of the General Aviation Airports as "reliever airports." Reliever airports are intended to reduce congestion at larger commercial service airports primarily by providing an option to accommodate general aviation traffic. The General Aviation Airports are not currently part of the Airport, and their revenues and expenses of operation are accounted for separately from those of the Airport. The Port subsidizes the General Aviation Airports from Net Revenues available after required payments are made from the TLO Fund and any Remaining Contingent Fee Payments are transferred to the CFC Revenue Fund. See "SECURITY AND SOURCES OF PAYMENT OF THE BONDS—Remaining Contingent Fee Payments" and APPENDIX C-2—"SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT REVENUE BOND ORDINANCES—Flow of Funds."

Commercial Facilities. On the eastern side of the Airport, adjacent to Interstate 205 and NE Airport Way, is the Port-owned Cascade Station/Portland International Center (the "CS/PIC") plan district. The CS/PIC development framework was negotiated as part of a development and financing package to extend the regional light rail system through the CS/PIC to the Terminal. The plan district has two distinct areas, Subdistricts A and B.

Cascade Station is the portion known as Subdistrict A. The Cascade Station project was master planned and developed by an experienced retail developer. Of the 120 acres in Cascade Station approximately 97 have been developed by private developers and tenants into a mixed-use commercial area that includes hotels, large and small retailers, and office developments, including the regional office for the Federal Bureau of Investigation. The remaining 23 acres are leased to the Portland Development Commission (the "PDC") and are being marketed for additional office space development.

Subdistrict B, known as Portland International Center (the "PIC"), is south of Cascade Station, and east of NE 82nd Avenue and consists of approximately 327 acres. Developed areas in the PIC include 139 acres for a hotel, warehouse/distribution/office buildings, manufacturing facilities, industrial development and a United States Customs headquarters building. Another 21 acres were developed into Airport employee parking. Future developable areas in the PIC include approximately 94 acres, which are reserved specifically for aviation use. Another 73 acres of land near Interstate 205 is designated as permanently open space.

Other development within CS/PIC (except for roads, which are owned by the City) were constructed and are operated by private parties on Airport land that is leased from the Port under prepaid leases typically with terms of up to 50 years.

Other commercial facilities located at the Airport include two hotels on the north side of the Airport (the Sheraton Airport Hotel and Hampton Inn), which are located on land leased from the Port. The Travel Center near the PDX Cargo Center includes a gas station, a convenience store, a coffee shop and a quick-serve restaurant.

Airport Master Plan

Master Planning Process. Future project and facility needs at the Airport are evaluated as a part of the Port's master planning process. The Port's traditional approach to master planning begins with an inventory of existing conditions and an aviation demand forecast. The inventory and forecast serve as the basis for assessing the ability of the Airport to meet projected demand. Facility requirements triggered by various activity levels are evaluated, defined in the airport master plan report and then depicted on an Airport Layout Plan, a set of drawings that graphically represent the long-term development plan for the Airport. The final step of this process includes phasing the projects necessary to meet requirements at various activity levels tied loosely to a timeline, which are then incorporated into the CIP. The CIP is always subject to change, and projects are evaluated and adjusted (timing and/or scope and budget) consistent with variations in demand and project approach.

Airport Master Plan. The Port updated its master plan for the Airport in 2011 (the "2011 Master Plan"). Among the principal findings of the 2011 Master Plan were that (1) a third parallel runway will not be required during the planning period (through 2035) and (2) the existing Terminal area has good capacity for passenger growth in almost all key elements. The 2011 Master Plan, however, emphasized that the adaptive reuse of the existing terminal to keep pace with the evolving needs of the industry and with new technologies is critical. Concurrently, the City developed a land use plan for the Airport that includes the airport plan district as part of the City's development code. This zoning designation for the Airport enables the Port to implement the 2011 Master Plan and to have by right all facilities necessary for the operation of the Airport.

In an effort to keep the Airport Master Plan current, the Port conducts follow-on studies to monitor passenger and cargo activity, evaluate the impact of emerging industry trends, and refine project definitions. The follow-on studies enable the Port to adjust expectations accordingly and adapt plans to reflect current issues and trends.

Seismic Resilience Planning

In addition to the Port's master planning process and Airport Master Plan, the Port has established a seismic resiliency program to assess and improve response and recovery plans to reduce the Port's vulnerability to and shorten its recovery time following a major earthquake. Creating, updating and enhancing seismic resiliency program elements, including both infrastructure and operational response measures, augment the Airport Master Plan facility performance goals.

Oregon and Washington are located in the Cascadia subduction zone and are at risk of a magnitude 9.0 earthquake with an average recurrent period of once every 500 years. The authors of studies published in 2012 reported that such an earthquake could occur more frequently than once every 500 years and that there is a 37% chance of a magnitude 8.0 to 9.0 earthquake striking somewhere along the Cascadia subduction zone in the next 50 years. The Airport is the only major airport in Oregon and southwest Washington and would be critical for efforts to restore water, fuel, power and other critical infrastructure and services.

The Port's seismic resiliency program is guided by the Oregon Resilience Plan (the "ORP"), adopted by the State in 2013. The ORP provides guidance on priority facilities for response and recovery.

The Port's seismic resiliency program is being designed to include additional risk assessment, training, and the development, funding, design and implementation of a 50-year capital investment program to enable the Port to resume operations and services quickly and to assist with regional recovery following a major seismic event. Understanding the severity of the impact that an earthquake may have on Port infrastructure will inform investment decisions as the Port maintains and expands its passenger and freight serving infrastructure.

Airport Capital Improvement Program

The ConRAC and the Series Twenty-Five Projects are part of the CIP. In addition to the ConRAC and the Series Twenty-Five Projects, the CIP includes the Port's terminal redevelopment (the "Terminal Core Redevelopment") Phase I construction, improvements to existing Airport facilities and the extension of Concourse E to balance the flow of passengers between the north and south side of the Terminal, additional airfield, air cargo facility and Terminal improvements, Airport access road improvements and other projects. With the exception of the ConRAC, CFCs are not pledged to fund these projects. As described below, the Port expects to finance costs of these projects with a combination of available Port funds and proceeds of federal grants, passenger facility charges ("PFCs"), CFCs, additional bonds and Commercial Paper Notes.

ConRAC. See "PLAN OF FINANCE" for a description of the ConRAC that the Port will finance with proceeds of the Series 2019 CFC Bonds.

Series Twenty-Five Projects. The Series Twenty-Five Projects include (a) various development, efficiency and infrastructure improvements, including completing 100% design of phases I and II of the Terminal Core Redevelopment, modernization of terminal restrooms, terminal energy efficiency and infrastructure improvements, and baggage claim conveyor replacement and certain baggage-handling system programs, (b) replacement of certain terminal apron lighting systems, upgrading and replacing certain lighting systems on the taxiway and Runway 10L-28R (North Runway), rehabilitation and realignment of Taxiway K, upgrading the deicing control system, and rehabilitation of vaults and equipment related to the deicing collection system, and (c) the Public Parking Addition. The estimated cost of the Series Twenty-Five Projects is approximately $294.6 million.

Other Capital Improvement Projects. In addition to the ConRAC and the Series Twenty-Five Projects, the Airport CIP includes projects in the Airline Cost Center and the Port Cost Center (the "Other Capital Improvement Projects"). Other Capital Improvement Projects in the Airline Cost Center include the construction of Phase I of the Terminal Core Redevelopment project; rebalancing passenger and aircraft traffic among the terminals and related projects; and rehabilitation of certain taxiways. One goal of these Other Capital Improvement Projects is to accommodate expected passenger growth up to 27 million passengers annually, which is expected to occur in 2035.

Other Capital Improvement Projects in the Port Cost Center include the development and rehabilitation of additional cargo facilities; rehabilitation, reconstruction and major maintenance of Airport access roads; and design of a new interchange at Airport Way/82nd Avenue.

The Port currently expects the cost of these Other Capital Improvement Projects (excluding financing costs) to total approximately $1.75 billion (of which approximately $1.67 billion is scheduled to be incurred through Fiscal Year 2024) and that construction will extend beyond 2024.

Asset Management Program. The Port maintains an asset management program that tracks the condition of existing Port assets and recommends projects to renew those assets as needed. These projects include some of the Series Twenty-Five Projects and others that may be added to the CIP in the future and encompass the range of Airport assets from pavement to buildings to utilities. Projects that are driven by regulatory compliance range from environmental compliance to FAA requirements to new building codes.

Air Service Area

The Airport is primarily an O&D airport, and during Fiscal Year 2018 approximately 84.6% of the Airport's passengers traveled to or from the Airport's general service area and did not simply connect through the Airport to other destinations. The Airport's general service area (the "Air Service Area") consists of Clackamas, Columbia, Multnomah, Washington and Yamhill Counties in the State and Clark and Skamania Counties in the State of Washington. According to information compiled by the Airport Consultant, from 2007 to 2017, the population of the Air Service Area increased by 15.0%, a compound annual growth rate of 1.4%, compared with 1.1% for the State and 0.8% for the United States. During the same period, the population in Oregon increased by 11.1% and the U.S. population increased by 8.2%. In 2017, Multnomah County (where the City and the Airport are located) was the most populous county in the State, accounting for approximately 19.5% of the population of the State and approximately 32.7% of the population of the Air Service Area. In 2017, the Oregon counties in the Air Service Area accounted for approximately 2,458,424 people or 59.4% of the population of the State, and in 2017 the Portland-Vancouver-Hillsboro Metropolitan Statistical Area (the "MSA") was the 25th most populous MSA in the United States.

As described in APPENDIX A, real disposable personal income and employment are among the most significant economic variables that drive air passenger and air freight demand nationally and in the Air Service Area. Estimated per capita personal income for the Air Service Area (in 2017 dollars), for example ($52,692 in 2017, compared with $47,053 for the State and $51,073 for the United States), increased at a compound annual growth rate of 1.2% between 2007 and 2017, compared with 1.2% for the State and 1.0% for the United States. In 2017, approximately 31.6% of households in the Air Service Area were estimated to have household incomes of $100,000 or more, compared with 25.3% in the State and 26.2% in the United States.

From 2007 to 2017, the compound annual growth rate of the Air Service Area civilian labor force was 1.4%, compared with 0.9% for the State and 0.5% for the United States. In December 2018, the unemployment rate in the Air Service Area was 3.8%, compared with 4.1% in the State and 3.7% in the United States (each not seasonally adjusted). For more detailed discussion of unemployment rates and other economic data for the Air Service Area, see Chapters 1 and 2 of the Report of the Airport Consultant and the map of the Air Service Area (Exhibit 1-2) in APPENDIX A.

Airlines Serving the Airport

As shown in the table below, during Fiscal Year 2018, 16 domestic-passenger airlines and six foreign-flag passenger airlines provided scheduled passenger service at the Airport; and 11 airlines provided all-cargo service. In August 2017, PenAir, a domestic regional passenger airline providing scheduled passenger service at the Airport, filed for Chapter 11 bankruptcy protection and ceased all operations at the Airport in December of 2017. See "—Historical Traffic and Activity" below and Chapter 2 in APPENDIX A.

TABLE 7
AIRLINES SERVING THE AIRPORT
(Fiscal Year 2018)

Scheduled passenger service	All-cargo service
United States-flag airlines	ABX Air [7]
Alaska Airlines [1]	Air Transport International [8]
American Airlines	Airpac Airlines
Boutique Air [2]	Ameriflight
Compass Airlines (d/b/a American Eagle and Delta Connection)	Atlas Air [9]
Delta Air Lines	Cathay Pacific Airways
Frontier Airlines	Empire Airlines
Hawaiian Airlines	FedEx Corporation
Horizon Air (d/b/a Alaska Airlines) [1][3]	MartinAire Aviation
JetBlue	United Parcel Service
PenAir [4]	Western Air Express
SkyWest Airlines (d/b/a Alaska Airlines, Delta Connection and United Express)	
Southwest Airlines	
Spirit Airlines	
Sun Country Airlines	
United Airlines	
Virgin America [1]	
Foreign-flag airlines	
Aeroméxico [5]	
Air Canada	
Condor	
Icelandair	
Jazz Aviation [6]	
Volaris	

(1) In December 2016, Alaska Air Group, Inc. ("Alaska Air Group") acquired Virgin America Inc. Virgin America is expected to continue to operate under an individual operating certificate until the end of 2019.
(2) Boutique Air operates scheduled commercial service to Eastern Oregon Regional Airport from the fixed-base operator at the Airport. Therefore, all enplaned passengers, aircraft operations, and landed weight are included as general aviation.
(3) d/b/a as Alaska Airlines pursuant to a capacity purchase agreement with Alaska Airlines. Alaska Airlines and Horizon Air Industries are separately certificated airlines owned by Alaska Air Group.
(4) PenAir filed for Chapter 11 bankruptcy protection in August 2017 and ceased all operations at the Airport in December 2017.
(5) In January 2019, Aeroméxico suspended service in multiple markets including service to Mexico City from the Airport.
(6) Jazz Aviation LP operates in the United States and Canada under the brand name Air Canada Express.
(7) Operates cargo flights for DHL Aviation.
(8) Discontinued scheduled routes in October 2017 and operated charter service until April 2018. Currently has no scheduled operations at the Airport.
(9) Operates cargo flights for Cathay Cargo and some charter service.
Source: Port records and airline websites.

Historical Traffic and Activity

The Airport serves primarily O&D passengers. The FAA estimates that O&D passengers accounted for approximately 84.6% of total Airport passengers in Fiscal Year 2018, with the remaining 15.4% of Airport passengers connecting between flights. The following table summarizes the Airport's top 25 O&D destinations in Fiscal Year 2018. See also Sections 1.1.2 and 2.1.2 and Tables 2-6 and 2-7 in APPENDIX A.

TABLE 8
PORTLAND TOP 25 O&D AIRPORTS
FISCAL YEAR 2018

Destination	Distance (miles)	Percent of Total Passengers	Average Daily Scheduled Departures	Number of Airlines Serving Market
Los Angeles Area, CA[1]	834	12.6%	29	7
San Francisco Bay Area, CA[2]	550	10.9	34	4
Las Vegas, NV	762	4.3	8	5
Phoenix, AZ	1,009	4.0	9	5
Hawaii[3]	2,603	3.9	5	4
Denver, CO	992	3.6	10	3
New York City Area, NY[4]	2,454	3.3	6	4
San Diego, CA	933	3.3	5	2
Chicago, IL[5]	1,739	3.0	9	6
Sacramento, CA	479	2.3	8	2
Washington, DC/Baltimore, MD Area[6]	2,350	2.2	2	3
Dallas/Fort Worth, TX[7]	1,616	2.0	7	3
Salt Lake City, UT	630	1.9	8	2
Orlando, FL	2,534	1.8	1	2
Seattle, WA	129	1.7	30	2
Minneapolis/St. Paul, MN	1,426	1.7	5	3
Boston, MA	2,537	1.5	2	2
Atlanta, GA	2,172	1.3	4	2
Boise, ID	344	1.3	7	1
Austin, TX	1,715	1.2	1	3
Spokane, WA	278	1.1	8	1
Houston, TX[8]	1,825	1.0	3	2
Anchorage, AK	1,542	0.9	3	3
Detroit, MI	1,953	0.9	2	3
Philadelphia, PA	2,865	0.7	0[9]	2
Top 25	--	72.3	205	--
All Other	--	27.7	47	--
Total	**--**	**100.0%**	**252**	**--**

(1) Includes Los Angeles International (LAX), Ontario International (ONT), John Wayne-Orange County (SNA), Long Beach (LGB) and Bob Hope (BUR) Airports.
(2) Includes Oakland International (OAK), San Jose International (SJC) and San Francisco International (SFO) Airports.
(3) Includes Honolulu International (HNL), Kahului/Maui (OGG), Kona International (KOA) and Lihue/Kauai (LIH) Airports.
(4) Includes John F. Kennedy International (JFK) and Newark Liberty International (EWR) Airports.
(5) Includes Chicago O'Hare International (ORD) and Chicago Midway International (MDW) Airports.
(6) Includes Ronald Reagan Washington National (DCA), Washington Dulles International (IAD) and Baltimore Marshall (BWI) Airports.
(7) Includes Dallas/Fort Worth International Airport (DFW) and Dallas-Love Field (DAL).
(8) Includes George Bush Intercontinental (IAH) and William P. Hobby (HOU) Airports.
(9) American Airlines and Alaska Airlines provided seasonal service during the summer months of June through August. In total, there were 160 scheduled departures in Fiscal Year 2018, which equates to less than a daily operation.

Source: The Report in APPENDIX A.

The numbers of enplaned passengers (passengers boarding flights) at the Airport during Fiscal Years ended June 30, 2008 through June 30, 2018 and during the six months ended December 31, 2017 and December 31, 2018 are set forth in the following table. In calendar year 2018, approximately 95.9% of passengers enplaned on domestic flights at the Airport, and the remaining 4.1% enplaned on international flights.

As noted in the Report, AIP entitlement grants and PFC Revenues are based upon enplanements. See Section 2.2.1 and Table 2-8 in APPENDIX A.

TABLE 9
HISTORICAL ENPLANED PASSENGERS
FISCAL YEARS 2008–2018 AND
THE SIX MONTHS ENDED DECEMBER 31, 2017 AND 2018

Fiscal Year Ended June 30	Total Enplaned Passengers	Percent Increase (Decrease)
2008	7,449,917	4.3 %
2009	6,654,126	(10.7)
2010	6,477,286	(2.7)
2011	6,750,420	4.2
2012	6,946,300	2.9
2013	7,335,638	5.6
2014	7,762,027	5.8
2015	8,058,757	3.8
2016	8,792,286	9.1
2017	9,422,565	7.2
2018	9,733,011	3.3

Compound annual growth rate	
FY 2008-2018	2.7%
FY 2010-2018	5.2%

6 Months Ended December 31	Total Enplaned Passengers	Percent Increase (Decrease)
2017	5,075,282	--
2018	5,283,137	4.1 %

Source: For annual enplanements, the Report in APPENDIX A; for monthly enplanements, Port records, from reports by the airlines.

Enplaned passengers by airline at the Airport for Fiscal Year 2018 are listed in the following table.

TABLE 10
ENPLANED PASSENGERS BY AIRLINE

Airline	Fiscal Year 2018 Enplaned Passengers	Fiscal Year 2018 Share
Alaska Air Group (1)		
Alaska Airlines (2)	2,890,917	29.7%
Horizon Air	1,194,422	12.3
Virgin America	114,335	1.2
Southwest	1,715,412	17.6
Delta Air Lines (2) (3) (4)	1,300,422	13.4
United Airlines (2) (4)	1,056,809	10.9
American Airlines (3) (4)	683,936	7.0
jetBlue Airways	181,106	1.9
Frontier Airlines	130,141	1.3
Hawaiian Airlines	116,453	1.2
Spirit Airlines	110,255	1.1
Air Canada (5)	107,360	1.1
Other	131,443	1.4
Total	**9,733,011**	**100.0%**

(1) Alaska Airlines and Horizon Air Industries are separately certificated airlines owned by Alaska Air Group, Inc. In December 2016, Alaska Air Group acquired Virgin America Inc.

(2) Includes enplaned passengers on flights operated by SkyWest Airlines Inc., as an affiliate for Alaska Airlines, Delta Air Lines and United Airlines.

(3) Includes enplaned passengers on flights operated by Compass Airlines, as an affiliate for Delta Air Lines and American Airlines.

(4) Republic Airlines passengers are included with mainline partner.

(5) Pursuant to a capacity purchase agreement with Air Canada, Jazz Aviation LP operates in the United States and Canada under the brand name "Air Canada Express."

Source: Table 2-2 of the Report in APPENDIX A.

Recent Changes in Service at the Airport

Since the Port's most recent Official Statement, dated January 11, 2017, the following changes, among others, in air service have occurred at the Airport:

In 2017, Alaska Airlines began year-round nonstop service between the Airport and Albuquerque International Sunport, Dallas Love Field, Detroit Metropolitan Airport, JFK International Airport and Orlando International Airport and began seasonal nonstop service between the Airport and Baltimore International Airport, General Mitchell International Airport (Milwaukee, Wisconsin) and Philadelphia International Airport. In 2018, Alaska Airlines began year-round nonstop service between the Airport and Bozeman Yellowstone International Airport. In March 2019, Alaska Airlines began daily nonstop service between the Airport and Paine Field Airport in Everett, Washington. Alaska Airlines and Virgin America Inc. merged effective December 2016. The merged airline received a single operating certificate from the FAA in January 2018 and moved to a single reservations system on April 25, 2018 and will operate under the Alaska Airlines Brand. The Virgin America brand is expected to be fully retired by the end of calendar year 2019.

In 2018, Southwest Airlines discontinued its nonstop service between the Airport and San Francisco International Airport, but has increased flights to Oakland International Airport and San Jose International Airport. Delta Air Lines added daily nonstop summer seasonal service between the Airport and London Heathrow Airport. Delta Airlines has announced that it has applied with the U.S. Department of Transportation for a daily nonstop flight between the Airport and Tokyo-Haneda (Tokyo's downtown airport). If approved, the new service is expected to begin in 2020. In 2018 Hawaiian Airlines launched a new nonstop route between the Airport and Kahului Airport (Maui). In 2018 Sun Country Airlines added nonstop routes between the Airport and McCarran International Airport (Las Vegas), Palm Springs International Airport, Daniel K. Inouye International Airport (Honolulu), Phoenix Sky Harbor International Airport and San Francisco International Airport and in 2019 Sun Country Airlines announced new seasonal nonstop routes, including to Nashville International Airport in May 2019, to St. Louis Lambert International Airport and San Antonio International Airport in June 2019.

PenAir filed for Chapter 11 bankruptcy protection in August 2017 and ended all service at the Airport in December 2017.

In 2019 WestJet Airlines announced nonstop daily seasonal service between the Airport and Calgary International Airport for the summer of 2019.

On March 13, 2019, the FAA ordered the temporary grounding of the Boeing 737 MAX aircraft ("737 MAX Grounding") operated by U.S. airlines or in U.S. territory. As of March 26, 2019, the Port has been notified by two airlines, Southwest Airlines and Air Canada, of cancellations or alterations of flights scheduled or to be scheduled at the Airport due to the 737 MAX Grounding. According to Southwest Airlines' schedule information as of March 2019, the aircraft was operated on less than 6% of Southwest Airlines' total average monthly scheduled flights at the Airport. According to information provided by Air Canada, because of the 737 MAX Grounding, Air Canada expects to delay the launch of its summer seasonal service between the Airport and Toronto. Based on information available to the Port from all airlines operating at the Airport, the 737 MAX aircraft represents less than 1% of total average monthly scheduled flights of all airlines at the Airport. The Port cannot predict the timing or effect of the 737 MAX Grounding on the airlines operating at the Airport, including disruptions to airlines not operating the 737 MAX aircraft at the Airport but that operate the 737 MAX aircraft in their fleet, or the likelihood of further service disruptions and alterations in flight schedules at the Airport as airlines adjust operations due to the 737 MAX Grounding. The Port does not expect the 737 MAX Grounding to have a material adverse effect on the finances or operations of the Airport.

The primary factors airlines consider in making route capacity and airport decisions are described in Chapter 2 of APPENDIX A.

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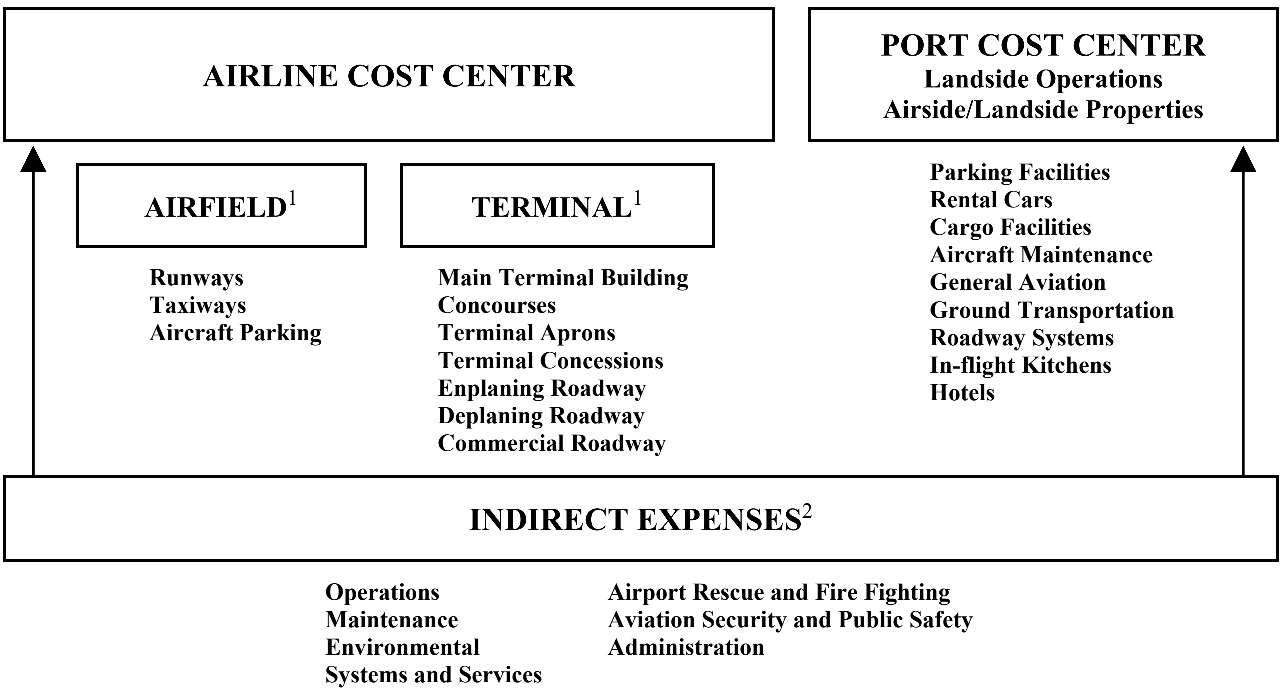
Airport Cost Centers

The Port has used a cost-center structure for the Airport since Fiscal Year 1992. Of the Port's 13 cost centers, six are direct, revenue-producing cost centers and seven are indirect cost centers allocated to the direct cost centers. The Airfield and Terminal direct cost centers, plus their allocated portions of expenses from the indirect cost centers, comprise the Airline Cost Center. Costs of Operations and Maintenance (including allocated expenses from the indirect costs centers), allocated debt service and debt service coverage, Terminal concession revenues and revenues from passenger and cargo carriers are included in the Airline Cost Center. The Port Cost Center includes the Ground Transportation (non-Terminal public access roadways, automobile parking facilities and rental car facilities), Non-Aviation (leased commercial and industrial properties such as the PIC and other hotel, warehousing and office facilities), Other Aviation and Air Cargo direct cost centers, plus their allocated portions of the expenses included in the indirect cost centers. Indirect cost centers include salaries, benefits, materials, equipment and supplies, of the Airport's operations, maintenance, environmental, systems and services, rescue and firefighting, security and public safety and administration staff and facilities, in each to the extent not attributable to a direct cost center. Some of the activities and facilities included in the cost centers are illustrated in the following chart.



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[1] Airfield and Terminal are Residual Cost Centers.
[2] Indirect expenses are allocated to the Airline Cost Center and the Port Cost Center per the airline agreement.
Source: The Port.

Certain Business and Operating Agreements

Parking. The Port contracts with SP Plus Corporation, a parking management company, to operate the Port's on-Airport automobile parking facilities (other than the facilities used by rental car companies), including the automatic payment and revenue systems and valet and automobile detailing services; the shuttle bus system, including round-the-clock shuttle bus services; and the two-level, eight-lane commercial roadways, pursuant to a Landside Management Agreement that unless earlier terminated by the Port, is scheduled to expire on June 30, 2020, which may be extended for two years to June 30, 2022. Under the

Landside Management Agreement, the Port reimburses the operator monthly for direct costs and also pays a fixed, annual fee, subject to adjustment if reimbursable costs vary above or below the operating budget by 25% or more.

Taxi, Shuttle and TNCs. The Port issues permits and charges permit fees and access fees for use of the Airport roadways by commercial transportation vehicles to transport Airport customers. Taxi and shuttle operators pay $2.50/trip, for pickup only. TNCs, such as Uber, Lyft and Wingz, commenced operations at the Airport under ground transportation permits authorized in May 2015. Since then, TNC activity has grown from representing 6% of Airport pick-ups to more than 60%. Effective June 11, 2018, the Port collects from the TNCs per-trip fees of $3.00 for each pick-up and each drop-off and collected more than $3.8 million in per-trip fees paid by the TNCs in Fiscal Year 2018.

Historical Operating Results

The financial data for Fiscal Years ended June 30, 2015 through 2018 set forth in Table 11 is derived from the Airport's financial records, which comprise the Airport segment presented in the Port's audited financial statements.

The financial data is presented to inform investors of the Airport's historical financial performance that is applicable to the SLBs, including Remaining Contingent Fee Payments that are security for the Series 2019 CFC Bonds. The presentation of Net Revenues in Table 11 is not in accordance with generally accepted accounting principles ("GAAP"), but is made to calculate Net Revenues as required by certain covenants in the Airport Revenue Bond Ordinances. The presentation of non-GAAP Net Revenues is not a measure of operating performance or liquidity defined by GAAP and may not be comparable to similarly titled measures presented by other issuers. Items following the Net Revenues subtotal in Table 11 comprise the amounts required to reconcile from Net Revenues as defined by Section 2(r) of Ordinance 155 to GAAP net income per the Airport's audited financial statements.

The financial data set forth in Table 11 should be read in conjunction with the Port's audited financial statements and related notes included in APPENDIX B of this Official Statement. For financial reporting purposes, the Port is considered to be an enterprise similar to a commercial entity. Accordingly, the financial statements included in APPENDIX B are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses when incurred. The accounting and reporting policies of the Port and the Airport conform to GAAP as applicable to proprietary funds of local governments.

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TABLE 11
HISTORICAL FINANCIAL PERFORMANCE
FY 2015–2018
($000s)

	Fiscal Year Ended June 30,			
OPERATING STATEMENT DATA:	**2018**	**2017**	**2016**	**2015**
Operating revenues:				
Airline revenues	$104,680	$100,243	$97,835	$90,373
Terminal concessions	19,138	17,092	15,393	13,901
Parking [1]	66,144	65,434	63,323	58,801
Rental cars	20,336	20,623	18,682	18,600
Other	31,966	28,833	37,173	24,267
Total operating revenues	242,264	232,224	232,406	205,942
Interest income - revenue fund and revenue bond fund	585	489	1,680	849
Total Revenues	242,849	232,714	234,086	206,791
Costs of Operation and Maintenance, excluding depreciation				
Salaries, wages and fringe benefits	48,713	46,389	44,691	43,488
Contract, professional and consulting services	34,260	29,736	29,551	28,397
Materials and supplies	6,006	6,704	5,066	4,364
Utilities	11,567	11,082	10,014	9,107
Equipment rents, repair and fuel	1,435	1,079	1,048	1,542
Insurance	1,842	2,160	2,205	2,075
Rent	0	0	0	0
Travel and management expense	3,703	3,310	1,352	1,325
Allocation of general and administration expense of the Port	18,662	20,856	21,962	20,366
Other	4,019	4,479	14,337	4,328
Total Costs of Operation and Maintenance	130,207	125,796	130,226	114,992
Net Revenues, as defined by Section 2(r) of Ordinance No. 155	$112,642	$106,918	$103,860	$ 91,799
Depreciation	92,410	85,232	80,817	79,687
Other income (expense):				
Interest income – excluding revenue fund and revenue bond fund	4,272	4,390	552	1,428
Interest expense – net	(18,864)	(21,133)	(22,745)	(24,321)
Passenger facility charges	38,141	37,684	34,890	32,182
Customer facility charges[2]	15,551	16,147	15,357	14,241
Other, Net	(3,792)	(10,233)	(3,365)	(6,122)
Total other income (expense)	35,308	26,855	24,689	17,409
Reconciling items: [3]				
Airport allocation of pension bond debt service	3,689	3,536	3,387	4,244
Pension asset amortization	0	0	0	6
GASB 68/75 Adjustment[4]	(6,016)	(8,206)	(18,743)	11,555
Net income	$ 53,213	$ 43,871	$ 32,376	$ 45,325
BALANCE SHEET DATA:				
Airport net position	$947,788	$886,924	$833,594	$780,504

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[1] The Port increased long-term rates by $3.00/day in June 2018.

[2] The CFC program began on January 15, 2014. Beginning in Fiscal Year 2015, CFCs are excluded from "Revenues" under the Airport Revenue Bond Ordinances.

[3] Items treated differently under GAAP than under the Airport Revenue Bond Ordinances.

[4] The Port's financial data for the Fiscal Years ended June 30, 2018 includes the required implementation of Governmental Accounting Standards Board ("GASB") Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" ("GASB 75"), which established standards for recognizing, measuring and presenting information about postemployment benefits other than pensions. The historical operating results presented in Table 11 for periods prior to June 30, 2018 are not retroactively restated for the implementation of GASB 75, and accordingly are not comparable to all prior years presented. For the purposes of Net Revenues, the expense impacts of GASB 68 (Pensions) and GASB 75 (OPEB) are not included in the calculation of Net Revenues.

Source: Extracted by the Port from its audited financial statements.

Other Airport Matters

Labor Relations. During Fiscal Year 2018, the Port employed approximately 772 full-time-equivalent employees ("FTEs") in a variety of work categories and for Fiscal Year 2019 has budgeted for a total of 818.3 FTEs. An FTE represents 2,080 hours of work annually. Of the total number of FTEs budgeted at the Port, approximately 398 are employed at the Airport. Approximately 256.5 FTEs are budgeted for Fiscal Year 2019 in the Port-wide Engineering, Administrative and Project and Technical Services Divisions. At the Airport, five unions collectively represent approximately 312.2 of the Port's Airport employees through four collective bargaining agreements. The collective bargaining agreement with one of the unions representing Airport employees expired on June 30, 2018, although the terms and conditions continue under State law until a successor agreement is reached. Negotiations are currently in progress. The three collective bargaining agreements with the other four unions representing Airport employees expire during the period from June 30, 2020 through June 30, 2022. At the Airport, there have been no strikes or other labor-related disruptions directed against the Port.

Risk Management Programs. The Port has implemented a comprehensive, professionally-administered risk management program. As a part of its risk management program, the Port has adopted a business continuity policy and a cybersecurity policy, among other policies targeting key risk management issues. The risk management program includes cybersecurity insurance to cover losses related to cybersecurity breaches. The Port's comprehensive risk management program uses a combination of self-insurance (up to $1.0 million) and commercial insurance to provide protection from losses involving property, casualty and liability, personnel and financial/net income. Property is insured up to a policy limit of $1.0 billion per occurrence, including flood coverage up to $150 million per occurrence and currently includes earthquake coverage up to $200 million per occurrence. In future years, earthquake coverage may not be obtainable at commercially reasonable prices or at all. Airport liability insurance, including in the event of terrorism at the Airport, currently is maintained at $400 million per occurrence and $150 million war liability and Terrorism Risk Insurance Act.

Exposure to loss is reduced both contractually and by State law. Substantially all of the Port's Airport agreements contain an indemnification clause, requiring contractors, lessees and any other entity that has an agreement with the Port for services or is permitted to use Port facilities to hold the Port harmless for any claims and damages arising out of the activities, services or operations of such entity. The indemnification agreement is secured by various insurance requirements.

The State limits tort claim liability by statute. Under the Oregon Tort Claims Act (the "OTCA"), the State's common law sovereign immunity from suit is waived and claims may be brought against a public body in Oregon, including the Port. In 2007, the Oregon Supreme Court upheld a challenge to the constitutionality of portions of the OTCA, which ultimately led the 2009 Legislative Assembly to increase the liability limits for public bodies and to impose an annual cost-of-living increase on the limits.

Effective July 1, 2018, the liability of a local public body and its officers, employees and agents acting within the scope of their employment or duties to any single claimant for covered personal injury or death claims (and not property claims) arising out of a single accident or occurrence during Fiscal Year 2019 may not exceed $727,200. The liability limits for multiple claimants for covered personal injury or death claims (and not property claims) arising from a single accident or occurrence has increased to $1,454,300 for causes of action arising on or after July 1, 2018 and before July 1, 2019. For causes of action arising on or after July 1, 2018, the liability limits for both a single claimant and for multiple claimants are to be adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided by statutory formula. The adjustment may not exceed 3% for any year.

Effective July 1, 2018, the liability of a public body and its officers, employees and agents acting within the scope of their employment or duties for covered claims for damage and destruction of property occurring before July 1, 2019 is limited as follows: (a) $119,300, adjusted as described below, to any single claimant, and (b) $596,400, adjusted as described below, for multiple claimants. These liability limits are subject to annual adjustment based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided by statutory formula. The adjustment may not exceed 3% for any year.

Under the OTCA, the Port indemnifies its employees for liability that they incur due to negligence within the scope of their work. Accordingly, the Port may be subject to claims up to the levels described above when required to indemnify its employees. At this time, the Port believes that its current airport liability insurance is sufficient to cover the Port adequately from any additional exposure resulting from the increased limits.

Other Obligations of the Port

The Series 2019 CFC Bonds will be the first issue of customer facility revenue bonds issued by the Port; however, the Port has issued or incurred other debt obligations, including general airport revenue bonds, passenger facility charge revenue bonds, reimbursement obligations, junior lien obligations, third lien obligations, including commercial paper notes, special obligations and interest rate swaps, all for the purpose of financing and refinancing capital projects and other Port obligations, as summarized below.

General Airport Revenue Bonds. As described above, as of March 1, 2019, the Port had outstanding $615,770,000 aggregate principal amount of SLBs issued under the Airport Revenue Bond Ordinances. The SLBs are payable from Net Revenues of the Airport pledged pursuant to and described in the Airport Revenue Bond Ordinances. See "PLAN OF FINANCE – Sources and Uses – *Other Port Obligations*" above for a discussion of the Series Twenty-Five Bonds, which are expected to close concurrently with the Series 2019 CFC Bonds.

Reimbursement Obligations. In June 2008, the Port issued $138,890,000 aggregate principal amount of its variable-rate Portland International Airport Refunding Revenue Bonds, Series Eighteen, which as of March 1, 2019 were outstanding in the aggregate principal amount of $64,640,000 (the "Series Eighteen Bonds"). The Series Eighteen Bonds were issued in two subseries, and payment of the principal of and interest on the Series Eighteen Bonds of each subseries and payment of the purchase price of Series Eighteen Bonds of each subseries that are tendered for purchase and not remarketed are secured by an irrevocable, direct-pay letter of credit (each, a "Series Eighteen Letter of Credit"). On August 31, 2016, the Industrial and Commercial Bank of China Limited, New York Branch (the "Bank") issued two letters of credit in substitution for the two expiring letters of credit.

In connection with the issuance of the current Series Eighteen Letters of Credit, the Port and the Bank entered into two Reimbursement Agreements, each dated as of August 1, 2016 (the "Series Eighteen Reimbursement Agreements"). The Series Eighteen Reimbursement Agreements provide that the Port's obligations to reimburse the Bank for drawings under the Series Eighteen Letters of Credit to pay scheduled principal and interest are payable from the Net Revenues deposited with the SLB Fund on a parity with the Series Eighteen Bonds and are SLBs for purposes of the Airport Revenue Bond Ordinances. Other payments required to be made under the Series Eighteen Reimbursement Agreements constitute Junior Lien Obligations. Unless extended, each Series Eighteen Letter of Credit expires on August 30, 2021, subject to prior termination under certain conditions.

Junior Lien Obligations. The amounts payable under each Series Eighteen Reimbursement Agreement constitute Junior Lien Obligations under the Airport Revenue Bond Ordinances rather than

SLBs: (1) amounts due upon acceleration of the obligations under the Series Eighteen Reimbursement Agreement upon the occurrence of an event of default under that Series Eighteen Reimbursement Agreement and (2) amounts due upon a liquidity drawing under the applicable Series Eighteen Letter of Credit if, at the time that liquidity drawing is made (a) the representations and warranties made by the Port under that Series Eighteen Reimbursement Agreement are not true and correct in all material respects, except, in each case, to the extent that those representations and warranties specifically refer to an earlier date, in which case, they are not true and correct as of that earlier date or (b) an event has occurred and is continuing, or would result from the payment of that liquidity drawing, that constitutes a default or an event of default under that Series Eighteen Reimbursement Agreement. Events of default under each Series Eighteen Reimbursement Agreement include, among other events, a downgrade by Moody's (if Moody's assigns a rating) below "A" (or its equivalent) or by S&P or Fitch Ratings, Inc. ("Fitch"), if Fitch assigns a rating, below "A-" (or its equivalent) of the long-term rating assigned to the SLBs or a withdrawal (other than as a result of debt maturity, redemption, non-application or defeasance) or suspension (other than as a result of debt maturity, redemption or defeasance) of such rating.

Third Lien Obligations. Third Lien Obligations are bonds or other obligations that have a lien on the Net Revenues that is subordinate to the lien of the SLBs and Junior Lien Obligations and are payable from the TLO Fund established under the Airport Revenue Bond Ordinances. The Port has authorized the issuance of up to $300 million of its Third Lien Commercial Paper Notes (the "Commercial Paper Notes"), which constitute Third Lien Obligations. In addition to the Commercial Paper Notes, certain other swap obligations are initially payable from the TLO Fund.

Interest Rate Swaps. The Port is authorized under State law to enter into interest rate swaps, and pursuant to the Airport Revenue Bond Ordinances, to pay Scheduled Swap Obligations out of the SLB Fund and to take Scheduled Swap Obligations into consideration for purposes of determining compliance with the Port's rate covenant and satisfying the requirements for issuing Additional SLBs. The Airport Revenue Bond Ordinances provide that Other Swap Obligations (including termination payments) are payable out of the JLO Fund and that Other TLO Swap Obligations (including termination payments) are payable out of the TLO Fund.

On May 28, 2004, the Port entered into interest rate swaps in connection with the Series Eighteen Bonds (the "Series Eighteen Swaps"). As of February 28, 2019, the Series Eighteen Swaps had an estimated negative fair value of approximately $7.1 million. The Series Eighteen Swaps are coterminous with the maturity of the Series Eighteen Bonds (July 1, 2025 and July 1, 2026), and their aggregate notional amounts decline each year in accordance with the scheduled mandatory redemption of the hedged portion of the Series Eighteen Bonds.

On February 6, 2007, the Port entered into interest rate swaps in connection with the expected refunding of certain of the Port's passenger facility charge revenue bonds (the "PFC Bond Swaps"). As of February 28, 2019, the PFC Bond Swaps had an estimated, combined negative fair value of approximately $5.2 million. Because the bonds hedged by the PFC Bond Swaps were refunded, the PFC Bond Swaps are accounted for in the Port's financial records as investment derivatives. The PFC Bond Swaps are coterminous with the maturity of the Series 2012A PFC Bonds (July 1, 2024), and their aggregate notional amounts decline each year approximately in accordance with the scheduled mandatory redemption of the Series 2009A PFC Bonds.

The Board adopted a policy on Interest Rate Exchange Agreements (the "2004 Swap Policy") in 2004 and amended the 2004 Swap Policy in August 2013. Under the amended policy (the "Swap Policy"), the Port may use interest rate exchange agreements to manage payment, interest rate spread or similar exposure undertaken in connection with existing or anticipated obligations made in the exercise of the borrowing powers of the Port. Permitted interest rate exchange agreements are written contracts that provide for an exchange of payments based upon fixed and/or variable interest rates for payments based on levels of or changes in interest rates, or provisions to hedge payment, rate, spread or an interest rate swap floor, cap, collar or an option to enter into such a contract. Under the Swap Policy, the Executive Director or the Chief Financial Officer, in consultation with the Port's General Counsel, is required to ensure that the risks inherent in each agreement are evaluated, presented to the Board and understood before entering into the agreement and that strategies are formulated to minimize the risks, including counterparty risk, rollover risk, basis risk, tax event risk, amortization risk and termination risk.

Under the Swap Policy, the Port may enter into interest rate exchange agreements only with counterparties that have demonstrated experience in such financial instruments and are (1) rated in one of the top three rating categories without graduation by at least two nationally recognized rating agencies or (2) will collateralize the agreement in accordance with all statutory requirements. The statutory collateralization requirements included in the Swap Policy are listed as follows: cash or obligations rated in one of the top three rating categories, without graduation, by at least two nationally recognized rating agencies are deposited with the Port or the State Treasurer, on behalf of the Port, or an agent of the Port; the collateral has a market value to fully collateralize the agreement as determined at the discretion of the Port; and the collateral is marked to market no less frequently than monthly.

No Litigation Relating to the Series 2019 CFC Bonds

As of the date of this Official Statement, management of the Port has not been notified and is not aware of any litigation, filed or threatened, challenging the authority of the Port to issue the Series 2019 CFC Bonds or seeking to enjoin the issuance of the Series 2019 CFC Bonds.

Other Litigation

In addition to the litigation, potential litigation and environmental matters described in this Official Statement, the Port is a named defendant in various legal actions and claims that arise during the normal course of business. Some of these are covered by insurance and some are in amounts the Port does not consider to be material to the Airport. An unfavorable outcome in these matters, taken individually or in the aggregate, in the opinion of Port management will not have a material adverse effect on the operations or financial position of the Airport. In addition, occasionally the Port is a named defendant in legal actions the Port believes to be frivolous.

CERTAIN INVESTMENT CONSIDERATIONS

Investment in the Series 2019 CFC Bonds involves risks, some of which are described below, in APPENDIX A or elsewhere in this Official Statement. Prospective investors are advised to consider the following factors, among others, and other information in this Official Statement, including all of the Appendices, in evaluating whether to purchase Series 2019 CFC Bonds. The factors discussed below are not meant to be a comprehensive or exhaustive list of all of the risks that should be considered, and the order in which these investment risks are presented does not necessarily reflect their relative importance. Any one or more of the risks and other considerations discussed below, among others, could lead to a decrease in the market value and/or in the marketability or liquidity of the Series 2019 CFC Bonds, and no assurance can be given that other risk factors and investment considerations will not become material in the future.

Limited Obligations

The Series 2019 CFC Bonds are secured by and payable solely from the Trust Estate. The Trust Estate consists primarily of (i) CFCs, (ii) Remaining Contingent Fee Payments, and (iii) moneys, investments, proceeds and investment earnings held in certain funds and accounts established under the CFC Bond Ordinances. The Series 2019 CFC Bonds shall not, in any manner, or to any extent, be a general obligation of the Port, nor a charge upon any other revenues or property of the Port not specifically pledged thereto by the CFC Bond Ordinances. The Series 2019 CFC Bonds are not secured by any tax revenues or taxing power of the Port or the State of Oregon or its agencies, instrumentalities or political subdivisions.

Uncertainties of Forecasts and Assumptions

The Report of the Airport Consultant contains certain assumptions and forecasts. Demonstration of compliance with certain of the covenants contained in the CFC Bond Ordinances, including certificates required as a condition to issuing Additional Bonds, also may be based upon assumptions and forecasts. Management of the Port reviewed the Report of the Airport Consultant, including the Airport Consultant's forecasts of air traffic and rental car activity at the Airport and the Airport Consultant's forecast of CFCs and the assumptions upon which such forecasts were based, and determined that the forecasts and assumptions contained in the Report of the Airport Consultant are reasonable. Actual results are likely to differ, however, perhaps materially, from the forecasts described in the Report of the Airport Consultant. In the past, changes in general economic conditions have had significant adverse effects on the finances and operations of the Airport and its revenues. It may be difficult to predict the occurrence of future negative economic changes or the potential effect of such events or changes on the finances and operations of the Airport and its revenues until the extent and duration of such events or changes are known.

The assumptions, forecasts and projections contained in the Report of the Airport Consultant are not necessarily indicative of future performance at the Airport, and neither the Port nor the Airport Consultant can be responsible if actual results differ from those forecast. In addition, certain assumptions with respect to future business and financing decisions of the Port, the airlines, rental car companies or any of the other parties are subject to change. No representation is made or intended, nor should any representation be inferred, with respect to the likely existence of any particular set of facts or circumstances, and prospective purchasers of the Series 2019 CFC Bonds are cautioned not to place undue reliance upon the forecasts in the Report of the Airport Consultant or upon any other forecasts or projections or requirements for forecasts or projections. If actual results are less favorable than the results forecast or projected or if the assumptions used in preparing such forecasts or projections prove to be incorrect, the Port's ability to make timely payment of the principal of and interest on all of its obligations, including the Series 2019 CFC Bonds, may be materially and adversely impaired.

Rate Covenant Not a Guarantee; Failure to Meet Projections

The ability of the Port to pay debt service on the Series 2019 CFC Bonds depends on the ability of the Port to generate collections of the CFCs at the levels required by the CFC Bond Ordinances. Although the Port expects that a sufficient number of rental car customers will rent cars at the Airport and thereby generating sufficient CFCs to meet the Rate Covenant, there is no assurance that such level of car rentals will occur and result in the collection of the CFCs in amounts required to meet the Rate Covenant. As a result, the Rate Covenant does not constitute a guarantee that sufficient collections of the CFCs will be available to make debt service payments on the Bonds.

The operation of the ConRAC and the Port's ability to generate receipts from the collection of the CFCs are affected by a variety of legislative, legal, contractual and practical restrictions, including restrictions in the provisions of the Concessionaire Agreements and extensive federal regulations applicable to all airports.

In addition, all financial forecasts of the Port are based on a number of assumptions. Changes in circumstances could have a material adverse impact on the ability of the Port to pay the principal of and interest on the Bonds.

Factors Affecting the Design, Construction, Equipping and Installation of PACR and Operation of the ConRAC

Construction Risks. The Port's ability to complete the construction of PACR, which includes the ConRAC and the Public Parking Addition, within budget and on schedule may be adversely affected by various factors including: (a) estimating errors; (b) design and engineering errors; (c) material and/or labor shortages; (d) unforeseen site conditions; (e) cost increases; (f) contractor defaults; (g) labor disputes; (h) environmental issues; (i) unavailability of other funding sources; (j) discovery of archaeological artifacts; (k) changes in law; (l) delays in obtaining or renewing required permits; (m) revocation of such permits and approvals; and (n) litigation, among other things.

The Design-Build Contractor has provided a GMP for PACR, which includes the ConRAC and the Public Parking Addition. See "PLAN OF FINANCE—Construction of PACR." The budget for PACR also has contingencies built in. In addition, CFCs at the rate of $6.00 per rental transaction day will accumulate during the construction period for PACR.

In the event that there are schedule delays or cost increases beyond the budgeted amount, the Port may need to issue Completion Bonds. In the event that any sources of funding are less than projected and the Port is not able to issue or sell Completion Bonds, the completion of PACR could be substantially delayed and financing costs could be higher than projected. Further, the Port expects to finance a portion of the costs of the Public Parking Addition portion of PACR with a portion of the proceeds of the Series Twenty-Five Bonds. Any delay in the issuance of the Series Twenty-Five Bonds may require the Port to use alternate sources of funding for the Public Parking Addition, and may result in a delay to the construction of PACR, including the ConRAC.

Events of Force Majeure and Other Delays. In addition to construction risks, operation of the ConRAC is at risk from events of force majeure, such as earthquakes or other natural disasters, war, riots, acts of sabotage, terrorism or civil commotion, and spills of hazardous materials, among other events.

Damage and Destruction. The Port will maintain insurance in the amount and against such risks as are customarily insured against on Airport property. However, there can be no assurance that ConRAC will not suffer extraordinary and unanticipated damage, for which insurance cannot be or has not been obtained. Notwithstanding the foregoing, pursuant to the Concessionaire Agreement the Concessionaires are required to maintain their own insurance. See APPENDIX D—"FORM OF CONCESSIONAIRE AGREEMENT." Any such damage to the ConRAC may result in decreased or complete unavailability of rental cars at the Airport, resulting in a decrease in, or cessation of, the collection of CFCs.

In the event of the complete destruction of the ConRAC for which the Port elects not to repair, replace or reconstruct, the Port will not be required to provide alternative operating areas to the Concessionaires and the Concessionaire Agreement and the obligations of the Concessionaires thereunder will terminate. However, any rental car company making use of any Airport facilities, including using Airport roadways to shuttle customers to an off-Airport facility, would be required to collect CFCs from customers and remit to the Airport.

Factors Affecting Collection of CFCs. The payment of the Series 2019 CFC Bonds is dependent on the generation of sufficient CFCs in each Fiscal Year. CFCs are contingent upon, and the amount generated will be impacted by, a variety of factors, including: aviation activity and the rental of motor vehicles at the Airport; the airlines' service and route networks; the financial health and viability of the airline and rental car industries; levels of disposable income; national and international economic and political conditions, including disruptions caused by airline incidents, acts of war and terrorism; the availability and price of aviation fuel and gasoline; levels of air fares and car rental rates at the Airport; the capacity of the national air traffic control system; the capacity at the Airport and the ConRAC; the financial health and viability of the Concessionaires; and alternate modes of transportation. See the discussion of factors affecting aviation demand at the Airport under "—Demand for Air Travel and Car Rentals" below. The Port has concluded that the current rental car facilities cannot accommodate the growth projections of the Airport. Accordingly, any delay in the completion of PACR, and therefore the ConRAC, could restrict customer growth needed for the ConRAC and concurrently reduce CFC receipts. Furthermore, the Port may intentionally reduce the amount of the CFC collected per Transaction Day or reduce the maximum number of Transaction Days that CFCs are collected from each Rent-A-Car Customer, as allowed by the CFC Levy Ordinance.

Considerations Concerning the Rental Car Industry

General. As described in the Report of the Airport Consultant, rental car demand at the Airport, and the number of Transaction Days to which the CFCs will be applied, is highly correlated to airline passenger travel. The Airport Consultant concludes, based on historic rental car data and the assumptions set forth in their Report, that the number of Transaction Days is primarily a function of the number of visitor arrivals to the Airport, the ratio of number of rental car transactions divided by number of visitors, and average duration of each rental car transaction. Other factors may include cost of car rentals, alternative means of transportation and availability of rental cars. See "—Factors Affecting Collection of CFCs," "—Rental Car Company and Airline Information" and APPENDIX A—"REPORT OF THE AIRPORT CONSULTANT."

Concessionaires. The projections of receipts from the collection of the CFCs are dependent on the ability of the Concessionaires or any new concessionaires to provide a competitive product to potential customers at the Airport. This ability may be affected by factors beyond their control, including the cost and resale value of cars. Competitive factors have limited the profitability of rental car companies in past years, and some rental car companies and franchises have ceased operations or have been acquired by other companies. Prospective purchasers of the Series 2019 CFC Bonds should consider the potential effects of changes to the rental car industry as a whole upon the collections of the CFCs to pay debt service on the Series 2019 CFC Bonds.

Concentration of Rental Car Companies. The Port has entered into Concessionaire Agreements with five Concessionaires representing ten rental car brands. Three of these Concessionaires represent eight brands that generate approximately 89.4% of the gross revenues from on-airport and off-airport rental car activities at the Airport during Fiscal Year 2018. The concentration of the rental car business in a small number of corporate entities amplifies the risk from factors that may impact the operations and activities of the Concessionaires.

Rental Car Company Bankruptcies. A bankruptcy of a rental car company operating at the Airport could result in delays or reductions in payments on the Bonds.

The automatic stay provisions of the Bankruptcy Code could prevent (unless approval of the bankruptcy court was obtained) any action to collect any amount owing by the rental car company to the Port, any action to remove the rental car company from possession of any premises or other space, any action to terminate any agreement with the rental car company, or any action to enforce any obligation of the rental car company to the Port. With the authorization of the bankruptcy court, the rental car company may be able to repudiate some or all of its agreements with the Port and stop performing its obligations (including payment obligations) under such agreements. Such a repudiation could also excuse the other parties to such agreements from performing any of their obligations. The rental car company may be able, without the consent and over the objection of the Port, the Trustee, and the holders of the Bonds, to alter the terms, including the payment terms, of its agreements with the Port, as long as the bankruptcy court determines that the alterations are fair and equitable. In addition, with the authorization of the bankruptcy court, the rental car company may be able to assign its rights and obligations under any of its agreements with the Port to another entity, despite any contractual provisions prohibiting such an assignment. The Trustee and the holders of the Bonds may be required to return to the rental car company as preferential transfers any money that was used to make payments on the Bonds and that was received by the Port or the Trustee from the rental car company during the 90 days immediately preceding the filing of the bankruptcy petition. Claims by the Port under any lease with the rental car company may be subject to limitations.

The rental car company is likely to be in possession of CFCs at the time it goes into bankruptcy. While there are provisions in the agreements between the Port and the rental car companies, as well as the CFC Ordinance, requiring the rental car companies to treat CFCs as trust funds, the enforceability and application of these provisions in a bankruptcy case is not clear. A rental car company in bankruptcy may not be required to turn over to the Port or the Trustee any CFCs in its possession at the time it goes into bankruptcy. Even while the rental car company is in bankruptcy, it may not be required to turn over CFCs that it collects to the Port or the Trustee.

There may be delays in payments on the Bonds while the court considers any of these issues.

There may be other possible effects of a bankruptcy of a rental car company that could result in delays or reductions in payments on, or other losses with respect to, the Bonds.

Regardless of any specific adverse determinations in a rental car company bankruptcy proceeding, the fact of a rental car company bankruptcy proceeding could have an adverse effect on the liquidity and value of the Bonds.

Technological Innovations in Ground Transportation

In recent years, technological change has provided additional ground transportation options for Airport travelers. Although passenger levels are increasing at the Airport, the relative market share of ground transportation is shifting among rental cars, taxis, limousines, TNCs and on-Airport parking. In particular, the popularity of TNCs has risen, due to, among other things, increased availability, technological innovations, convenience of requesting a ride through a mobile application, the ability to pay for service without providing cash or other payment to the hired driver, and competitive pricing. In Fiscal Year 2018, TNCs recorded approximately 1.86 million Airport pick-ups/drop-offs compared to approximately 1.27 million Airport pickups/drop-offs in Fiscal Year 2017. Since 2015, TNC use at the Airport has had a greater impact on taxis, courtesy shuttles and Airport Parking than rental car transactions. For example, from January 2014 to October 2018, the ratio of taxi transactions to enplaned passengers has decreased from 0.050 to 0.021 transactions per enplaned passenger, an overall compound growth rate ("CAGR") of -19.5%. During the same period, the ratio of rental car transactions to enplaned passengers has decreased from 0.107 to 0.093 transactions per enplaned passenger, a CAGR of -3.5%. However, while the relative market share of ground transportation transactions has shifted at the Airport, the total number of transactions per enplaned passenger for all modes of transportation increased consistently since 2014.

New technologies (such as autonomous vehicles and connected vehicles) and innovative business strategies in established markets such as commercial ground transportation and car rental may continue to occur and may result in further changes in Airport passengers' choice of ground transportation mode. While the Port makes every effort to anticipate demand shifts, there may be times when the Port's expectations differ from actual outcomes. In such event, revenue from one or more ground transportation modes may be lower than expected, including CFCs. The Port cannot predict with certainty what impact these innovations in ground transportation will have over time on revenues from rental cars (including CFCs), parking or other ground transportation services. The Port also cannot predict with certainty whether or to what extent it will collect revenues in connection with such new technologies or innovative business strategies.

Restrictions Imposed on Port to Collect CFCs

No assurance can be given that the Port's ability to impose CFCs will not be affected by future legislation or by future legal challenges so as to reduce CFC revenues available to the Port. To the extent that the Port's ability to impose CFCs were reduced or eliminated, the Contingent Fee Payments that the Concessionaires are required to pay would increase pursuant to the terms of the Concessionaire Agreements. The Port cannot predict what, if any, effect increasing the amount of Contingent Fee Payments would have on the Concessionaires.

Demand for Air Travel and Rental Cars

The ability of the Port to generate CFCs sufficient to pay debt service on the Bonds (including the Series 2019 CFC Bonds) and other obligations depends upon demand for rental car services provided at the Airport, which in turn is largely dependent on the demand for air travel and other Airport facilities and services. The principal determinants of passenger demand at the Airport include the population and economy of the Air Service Area; national and international economic conditions; political conditions, including wars; other hostilities and acts of terrorism; airfares and competition from surrounding airports; airline service and route networks; the capacity of the national air transportation system and the Airport; accidents involving commercial passenger aircraft; and the occurrence of pandemics and other natural and man-made disasters. Airfare and airline service are, in turn, affected by the financial condition of the airlines and regulatory requirements imposed on airlines, among other factors. The Signatory Airlines assume most of the responsibility for costs, including debt service and debt service coverage, in connection with the Airfield and the Terminal and thus assume most of the risk of lower passenger and cargo traffic in connection with the Airline Cost Center, but lower passenger traffic would also mean lower parking and rental car concession revenues, which the Port depends upon to pay costs and debt service related to the Port Cost Center, for which the airlines have no responsibility. No assurance can be given that traffic at the Airport, despite a demonstrated level of airline service and operations and despite the Airport's being primarily an O&D airport, will continue to increase or that current traffic levels will continue. The continued presence of the airlines serving the Airport and the level of aviation activity and enplaned passenger and cargo traffic at the Airport depend upon a number of factors, most of which are not within the Port's control.

Demand for airport rental cars is generally influenced by the same economic and air passenger trends described above, and is heavily dependent on O&D activity at the Airport. While rental car rates and other related costs, as well as the availability of other forms of transportation may factor into the decision to rent a car at an airport, generally, as economic activity increase and propensity to travel rises, demand for airport rental cars increases as well.

The Airport Consultant's forecasts do not assume a continuation of the Airport's rapid enplaned passenger traffic growth over the last eight Fiscal Years (compound annual growth of approximately 5.2% for the 2010-2018 Fiscal Year-period), but they do assume some growth based in part upon the economic outlook in the Air Service Area generally. No assurance can be given, however, that even such lower growth will materialize.

Factors not directly related to the health of the Air Service Area, including airline competition and demand in other markets, the financial strength and stability of airlines serving the Airport, including individual airline decisions regarding levels of service at the Airport, are among the determinants of future airline traffic, and therefore rental car activity at the Airport.

Financial Condition of the Airlines

Although underlying economic conditions of the Air Service Area likely will continue to be the most important factor driving passenger demand at the Airport, the ability of the Airport to generate Revenues from operations depends at least in part upon the financial health of the airline industry generally. The economic condition of the airline industry is volatile, and in recent years the industry has undergone significant changes, including mergers, acquisitions, major restructuring, bankruptcies and closures. Airlines operating at the Airport have filed for bankruptcy protection in the past and may do so in the future. See "—Effect of Airline Bankruptcies." Even absent an airline bankruptcy filing, the Port may encounter significant expenses, delays, and potentially nonpayment of amounts owed if it is required to pursue legal action to enforce agreements with the airlines.

The industry is cyclical and subject to intense competition and variable demand and is highly sensitive to a variety of factors, including (i) the cost and availability of labor, fuel, efficient aircraft and insurance, (ii) general economic conditions, (iii) international trade, (iv) currency values, (v) competitive considerations, including the effects of airline ticket pricing, (vi) traffic and airport capacity constraints, (vii) governmental regulation, including security regulations and taxes and fees imposed upon airlines and passengers, (viii) increases in maintenance and environmental requirements and costs, (ix) passenger demand for air travel, (x) disruptions caused by airline accidents, natural disasters, criminal incidents and acts of war or terrorism, (x) strikes and other union activities and (xi) political risk, including regulatory issues and federal funding and/or staffing shortfalls resulting from actions, or inaction, of Congress.

The price of fuel is one of the most significant factors impacting the passenger and cargo airline industry, and for most airlines fuel expense represents a very large percentage of airline total operating expense. Historically, aviation fuel prices have been particularly sensitive to worldwide political instability. Continued or new hostilities in the Middle East or other petroleum producing regions or affecting key shipping lanes could dramatically impact the price and availability of aviation fuel. Economic expansion in emerging markets also contributes to higher aviation fuel prices. Natural disasters affecting refineries may also result in higher aviation fuel prices. Although some airlines hedge fluctuations in fuel prices through the purchase of futures contracts and although fuel prices have declined significantly in the past several years, the substantial increase in fuel prices until late 2014 had a significant impact on profitability and airline aircraft and route decisions at the Airport. Future fuel price increases or sustained higher prices and volatility in supply have affected and likely will continue to affect the financial condition of airlines, their capacity and route decisions and the level of service the airlines provide at the Airport.

Rental Car Company and Airline Information

CFC collections may be affected by the ability of the rental car companies, individually or collectively, to meet their obligations to collect the CFCs and to pay Contingent Fee Payments, rates, rentals, fees and charges imposed on them. Rental car companies as well as the principal domestic airlines serving the Airport, or their respective parent corporations, and foreign airlines serving the Airport with American Depository Receipts ("ADRs") registered on a national exchange are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended, and, in accordance therewith, file reports and other information with the Securities and Exchange Commission (the "SEC"). Certain information, including financial information, concerning such rental car companies or their respective parent corporations and domestic airlines, or their respective parent corporations, and such foreign airlines is disclosed in certain reports and statements filed with the SEC. Such reports and statements can be inspected and copied at the public reference facilities maintained by the SEC, which can be located by calling the SEC at 1-800-SEC-0330. The SEC maintains a website at http://www.sec.gov containing reports, proxy statements and other information regarding registrants that file electronically with the SEC. In addition, each airline is required to file periodic reports of financial and operating statistics with the U.S. Department of Transportation (the "DOT"). Such reports can be inspected at DOT's Office of Airline Information, Bureau of Transportation Statistics, Department of Transportation, Room 4201, 400 Seventh Street, S.W., Washington, D.C. 20590, and copies of such reports can be obtained from DOT at prescribed rates.

Foreign airlines serving the Airport, or foreign corporations operating airlines serving the Airport (unless such foreign airlines have ADRs registered on a national exchange), are not required to file information with the SEC. Such foreign airlines, or foreign corporations operating airlines, serving the Airport file limited information only with DOT.

Neither the Port nor the Underwriters undertake any responsibility for or make any representation as to the accuracy or completeness of: (i) any reports and statements filed with the SEC or DOT, or (ii) any material contained on the SEC's website as described in the preceding paragraph, including, but not limited to, updated information on the SEC's website or links to other Internet sites accessed through the SEC's website.

Limitations on Enforceability

The rights of the owners of the Series 2019 CFC Bonds and the enforceability of the Port's obligation to make payments on the Series 2019 CFC Bonds may be subject to bankruptcy, insolvency, arrangement, fraudulent conveyances or transfer, reorganization, moratorium and other laws affecting creditors' rights under currently existing law or laws enacted in the future, and under certain circumstances also may be subject to the exercise of judicial discretion and to limitations on legal remedies against public entities in the State. The opinion of Bond Counsel as to the enforceability of the Port's obligations to make payment on the Series 2019 CFC Bonds will be qualified as to bankruptcy and such other limitations. See "APPROVAL OF LEGAL MATTERS."

If the Port fails to comply with its covenants under CFC Bond Ordinances, including its covenants to pay principal of or interest on the Series 2019 CFC Bonds, there can be no assurance that available remedies will be adequate to fully protect the interests of the Owners of the Series 2019 CFC Bonds. The ability of the Port to comply with its covenants under CFC Bond Ordinances and to generate CFCs sufficient to pay principal of and interest on the Series 2019 CFC Bonds may be adversely affected by actions and events outside of the control of the Port, or may be adversely affected by actions taken (or not taken) by voters or payers of fees and charges, among others. The ability of the Port to increase its rates, fees and charges and to reduce its expenses will be limited by, among other things, existing contracts and federal law.

Effect of Airline Bankruptcies

Airlines operating at the Airport have filed for bankruptcy protection in the past and may do so in the future. A bankruptcy of an airline that has executed a signatory airline agreement with the Port (a "Signatory Airline") or of any other tenant or concessionaire at the Airport can result in significant delays, significant additional expense and/or significant reductions in payments, or even in non-payments, to the Port, leading to a reduction in the amount of Net Revenues under the Airport Revenue Bond Ordinances and, consequently, a potential reduction in the amount of Remaining Contingent Fee Payments if Contingent Fee Payments were received by the Port during the applicable period.

Although with an O&D airport (like the Airport) that has residual ratemaking for most of the costs of the airfield and the terminal, expectations would be that the amounts other airlines would be required to pay would be sufficient to make up any shortfalls attributable to an airline in bankruptcy. However, the other airlines likely would not be required to make up for unpaid post-bankruptcy usage and rental of terminal and concourse space and ramps, and no assurances can be given that the other airlines would be able to pay such additional amounts when needed, particularly if the bankruptcy occurred during a period in which many of the Signatory Airlines were struggling.

The automatic stay provisions of the Bankruptcy Code could prevent (unless approval of the bankruptcy court was obtained) any action to collect any amount owing by the airline to the Port, any action to remove the airline from possession of any premises or other space, any action to terminate any agreement with the airline, or any action to enforce any obligation of the airline to the Port. With the authorization of the bankruptcy court, the airline may be able to repudiate some or all of its agreements with the Port and stop performing its obligations (including payment obligations) under such agreements. Such a repudiation could also excuse the other parties to such agreements from performing any of their obligations. The airline may be able, without the consent and over the objection of the Port, the Trustee, and the holders of the Series 2019 CFC Bonds, to alter the terms, including the payment terms, of its agreements with the Port, as long as the bankruptcy court determines that the alterations are fair and equitable. In addition, with the authorization of the bankruptcy court, the airline may be able to assign its rights and obligations under any of its agreements with the Port to another entity, despite any contractual provisions prohibiting such an assignment. Any money used to make payments on SLBs, Junior Lien Obligations and Third Lien Obligations that would have been received by the Port or the applicable trustee from the airline during the 90 days immediately preceding the filing of the bankruptcy petition would have to be returned to the airline as preferential transfers, consequently potentially reducing the amount of Remaining Contingent Fee Payments for the Series 2019 CFC Bonds. Claims by the Port under any lease, or any agreement that is determined to be a lease, with the airline may be subject to limitations.

There may be delays in payments on the Series 2019 CFC Bonds while the court considers any of these issues.

There may be other possible effects of a bankruptcy of an airline that could result in delays or reductions in payments on, or other losses with respect to, the Series 2019 CFC Bonds.

In connection with airlines in bankruptcy outside of the United States, the Port cannot predict what types of orders or relief could be issued by foreign tribunals or the extent of delays in connection with such proceedings or the extent to which such orders would be enforceable in the United States.

Regardless of any specific adverse determinations and delays in an airline bankruptcy proceeding, the fact of an airline bankruptcy proceeding, particularly a bankruptcy of a Signatory Airline, could have a material adverse effect on the liquidity and value of the Series 2019 CFC Bonds.

Effect of a Port Bankruptcy

Under existing federal and State law, the Port is not authorized to file a bankruptcy petition under Chapter 9 of the Bankruptcy Code. If federal or State law changes and if the Port becomes a debtor in a bankruptcy case, there may be delays or reductions in payments on the Series Twenty-Five Bonds or other losses with respect to the Series 2019 CFC Bonds.

Aviation Security Concerns

Concerns about the safety of airline travel and the effectiveness and inconvenience of security precautions influence passenger travel behavior and air travel demand. Intensified security precautions instituted by government agencies, airlines and airport operators have vastly increased costs, some of which have been or will be passed on to travelers and airlines. Despite the increased security measures, additional acts of terrorism resulting in disruption to the North American air traffic system, increased passenger and flight delays, damage to the Airport, reductions in Airport passenger traffic, decreased airline profitability and/or reductions in Revenues, remain possible. Terrorist attacks or any other events that undermine confidence in the safety of air travel likely would have an immediate and material effect on air travel demand. See "PORTLAND INTERNATIONAL AIRPORT—Other Airport Matters—*Risk Management Programs*."

Worldwide Health Concerns

Travel restrictions, as well as other public health measures, may be imposed to limit the spread of communicable diseases which may arise. In fall 2009, the World Health Organization and the U.S. Department of Health and Human Services (through the Secretary of the Department of Homeland Security) declared public health emergencies as the result of outbreaks of a serious strain of H1N1 influenza or "flu." In spring 2003, there was an outbreak of a serious strain of bird flu in Asia and Canada called "Severe Acute Respiratory Syndrome" or SARS. The U.S. Centers for Disease Control and Prevention issued travel alerts in 2016 warning pregnant women to avoid travel to areas where outbreaks of the Zika virus, which has been linked to birth defects, were occurring.

Future outbreaks or pandemics may lead to a decrease in air traffic, at least for a temporary period, which in turn could cause a decrease in passenger activity at the Airport and a corresponding decline in Revenues. The Port has plans and procedures in place that are intended to mitigate the potential impacts on the Airport of any such future pandemic. The Port is unable to predict how serious the effect of any future pandemic may become, what effect it may have on air travel to and from the Airport, and whether any such effects will be material.

Seismic and other Force Majeure Events

The Airport's and the Port's ability to generate revenues also are at risk from various events of force majeure, such as extreme weather events and other natural occurrences such as earthquakes or eruptions of volcanos, or fires and explosions, spills of hazardous substances, strikes and lockouts, sabotage, terrorist attacks, wars, blockades or riots. See "—Aviation Security Concerns" above and "—Environmental Matters and Climate Change."

The Airport is located in a seismically active region. Oregon and Washington are located in the Cascadia subduction zone and at risk of a magnitude 9.0 Cascadia subduction zone earthquake or an earthquake with an average recurrent period of once every 500 years. The authors of a study from 2012 have reported that such an earthquake could occur more frequently than once every 500 years and that there is a 37% chance of a magnitude 8.0 to 9.0 earthquake striking somewhere along the Cascadia subduction zone in the next 50 years. The Airport is the only major airport in Oregon and southwest Washington and would be critical for efforts to restore water, fuel, power and other critical infrastructure and services

The Port has made and continues to make upgrades to the seismic stability of some of its facilities. See "PORTLAND INTERNATIONAL AIRPORT—Seismic Resiliency Planning." Nevertheless, the Airport could sustain extensive damage to its facilities in a major earthquake or volcanic eruption. Damage could include pavement displacement (which could, in the worst case, necessitate the closing of one or more runways for extended periods of time), distortions of pavement grades, breaks in utilities, loss of water supply, damage to drainage and sewage lines, displacement or collapse of buildings, and rupture of gas and fuel lines.

While the Port has attempted to address the risk of loss through the purchase of insurance, certain of these events may not be covered. See "—Aviation Security Concerns" above and "—Environmental Matters and Climate Change" below. Further, even for events that are covered by insurance, the Port cannot guarantee that coverage will be sufficient or that insurers will pay claims in a timely manner. From time to time, the Port may change the types of and limits and deductibles on the insurance coverage that it carries.

A major earthquake anywhere in the Pacific Northwest may cause significant temporary and possibly long-term harm to the economy of one or more cities in the Pacific Northwest or the entire region, which could in turn have a negative effect on passenger traffic and on Revenues, and such effect could be material.

Environmental Matters and Climate Change

General. The Port is required to comply with numerous federal, state and local laws and regulations designed to protect the environment, health and safety, and to inform the public of important environmental issues and potential impacts of Port activities. The Port is also directly or indirectly affected by certain laws, regulations and State orders, including, without limitation, air quality regulations and storm water regulations.

The standards for required environmental impact review and for compliance under several state and federal laws and regulations are becoming more rigorous and complex. Permits issued to the Port under such laws and regulations may be frequently amended, often resulting in more stringent and more costly requirements and uncertainty about the scope of the Port's future obligations and associated costs.

These types of changes may result in increased compliance costs that, in turn, significantly delay or affect the Port's efforts to maintain and repair existing infrastructure or to construct additional revenue-generating infrastructure. Additionally, the costs to mitigate environmental impacts, such as impacts to jurisdictional wetlands, obtain regulatory approvals, and manage potential legal or procedural challenges for such projects may result in substantial increases to total project costs and delays in completing the projects. Air quality regulations that directly or indirectly impact the Port may result in the Port's having to, or desiring to, expend funds to assist the Port's business partners in complying with various regulations.

Costs associated with these compliance and related activities may consume an increasingly significant portion of the Port's capital and operating budgets, and the Port may have unanticipated capital or operating expenditures. In addition, for projects with forecasted costs, the Port cannot provide assurances that the actual cost of the required measures will not exceed the forecasted amount. The Port also cannot provide assurances that the cost of compliance and related activities required of the Port and/or its business partners will not negatively affect Port operations and, therefore, Port revenues and/or expenses.

Additional environmental laws and regulations may be enacted and adopted in the future that could apply to the Port or its business partners, which could result in an adverse impact on projected revenues or expenses. The Port is not able to predict with certainty what those laws and regulations may be or the impacts to the Port or its business partners of compliance with such laws and regulations.

Also, certain individuals, organizations and/or regulatory agencies may seek other legal remedies to compel the Port to take further actions to mitigate perceived or identified environmental impacts and/or health hazards or to seek damages in connection with the potential environmental impacts of the Port's

Airport, and Commercial Real Estate activities. The Port has undertaken a number of initiatives over the years to address potential concerns. Nonetheless, there is a risk that, despite the Port's adopted environmental plans, mitigation programs, and policies, legal action challenging the Port could ensue. Such legal action could be costly to defend, could result in substantial damage awards against the Port, and could curtail certain Port developments or operations.

Climate Change. Projections of the impacts of global climate change on the Port and its tenants, and on the Port's operations are complex and depend on many factors that are outside the Port's control. The various scientific studies that forecast the amount and timing of the adverse impacts of global climate change are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the Port is unable to forecast when adverse impacts of climate change (e.g., the occurrence and frequency of 100-year storm events) will occur. In particular, the Port cannot predict the timing or precise magnitude of adverse economic effects, including, without limitation, material adverse impacts on the business operations or financial condition of the Port and the local economy during the term of the bonds. While the impacts of climate change may be mitigated by the Port's past and future investment in adaptation strategies, the Port can give no assurance about the net effects of those strategies and whether the Port will be required to take additional adaptive mitigation measures.

Beyond the direct adverse material impact of global climate change itself, present, pending and possible regulations aimed at curbing the effects of climate change may directly or indirectly materially impact the operations or financial condition of the Port. Of particular importance are regulations pertaining to greenhouse gas ("GHG") emissions. According to the United States Environmental Protection Agency ("EPA"), aircraft account for 12% of all U.S. transportation GHG emissions and 3% of total U.S. GHG emissions. While in 2016 the EPA finalized an endangerment finding that GHG emissions from "U.S. covered aircraft" cause or contribute to air pollution, triggering the Clean Air Act Section 231's requirement to regulate, aircraft GHG emission standards are not yet proposed and there has been no public EPA action in this area since December 2016. Regulations may be implemented in the future. In March 2017, the International Civil Aviation Organization ("ICAO"), a specialized agency within the United Nations, adopted GHG carbon neutral growth targets applicable to (i) new aircraft type designs as of 2020 and (ii) new deliveries of current in-production aircraft models from 2023. The global standard includes a cutoff date of 2028 for production of non-compliant aircraft. The ICAO also passed in October 2016 a market-based mechanism to curb emissions, the Carbon Offsetting and Reduction Scheme for International Aviation ("CORSIA"). CORSIA is designed to achieve carbon-neutral growth for international (but not domestic) civil aviation from 2020 onwards, via pilot, volunteer and mandatory phases. As of January 31, 2018, 73 nations representing 87.7% of international aviation activity, including the United States, have indicated that they will participating in the pilot and volunteer phases of CORSIA.

The Port is unable to predict what additional laws and regulations with respect to GHG emissions or other environmental issues (including but not limited to air, water, hazardous substances and waste regulations) will be adopted, or what effects such laws and regulations will have on the Port, airlines operating at the Airport, other Port tenants, or the local economy. The effects, however, could be material.

Cyber and Data Security

The Port, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations, and faces multiple cybersecurity threats including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, "Systems Technology"). As a recipient and provider of personal, private, or sensitive information, the Port may be the target of cybersecurity incidents that could result in adverse consequences to the Port's Systems Technology, requiring a response action to mitigate the consequences.

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Port's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the Port invests in multiple forms of cybersecurity and operational safeguards. In 2016, the Port adopted a cyber security policy ("Cyber Policy") to support, maintain, and secure critical infrastructure and data systems. The objectives of the Cyber Policy include the protection of critical infrastructure and information, manage risk, improve cyber security event detection and remediation, and facilitate cyber awareness across all Port departments. The Port has established a cybersecurity team to work across all Port departments to implement the Cyber Policy. The Port's Cyber Policy will be reviewed periodically.

While Port cybersecurity and operational safeguards are periodically tested, no assurances can be given by the Port that such measures will ensure against other cybersecurity threats and attacks. Cybersecurity breaches could damage the Port's Systems Technology and cause material disruption to the Port's finances or operations. The costs of remedying any such damage or protecting against future attacks could be substantial. Further, cybersecurity breaches could expose the Port to material litigation and other legal risks, which could cause the Port to incur material costs related to such legal claims or proceedings.

The airlines serving the Airport and other Port tenants also face cybersecurity threats that could affect their operations and finances.

Regulation

The Port is subject to various laws, rules and regulations adopted by local, State and federal governments and their agencies. The Airport is highly regulated by federal agencies, including the FAA, the TSA, Customs and Border Protection and the Department of Health.

Operations and capital improvement at the Airport and the ability of the Port to generate Net Revenues sufficient to pay debt service on the Bonds, including the Series 2019 CFC Bonds, and other obligations are subject to a number of federal, State and local government restrictions and regulations that can limit activities and development and increase costs at or to the Airport. Existing federal, State and City environmental regulations cover a wide variety of areas attributed to the Airport and result in significant costs to the Port and to the airlines and other users of Airport facilities, and additional environmental regulations are being developed, some of which would add or expand limitations on aircraft operations, including but not limited to emissions and noise at and around the Airport.

FAA regulations govern a wide variety of activities at the Airport, including permitted uses of revenue and land at the Airport. Failure to comply with such regulations, even if unintentional, can result in loss of grant and/or PFC eligibility. In the State, State laws may be enacted by citizen initiative as well as by the Oregon Legislative Assembly, and such laws could limit, prohibit or increase the cost of activities at the Airport.

Income Taxation Risk Upon Defeasance of the Series 2019 CFC Bonds

In the event the Port were to defease all or a portion of the Series 2019 CFC Bonds, for federal income tax purposes, the Series 2019 CFC Bonds that are the subject of such a defeasance may be deemed to be retired and "reissued" as a result of the defeasance. In such an event, a Holder who owns such a Series 2019 CFC Bond would recognize gain or loss on the Series 2019 CFC Bond at the time of defeasance. Holders who own Series 2019 CFC Bonds should consult their own tax advisors regarding the tax consequences of a defeasance of the Series 2019 CFC Bonds. See "TAX MATTERS—U.S. Holders—*Defeasance of the Series 2019 CFC Bonds*."

CONTINUING DISCLOSURE

The Port will undertake in a Continuing Disclosure Certificate for the benefit of registered and beneficial Owners of each the Series 2019 CFC Bonds to provide to the Municipal Securities Rulemaking Board (the "MSRB"), on an annual basis not later than nine (9) months after the end of each Fiscal Year of the Port (which shall be April 1 of each year, so long as the Port's Fiscal Year ends on June 30), commencing with the Fiscal Year ending June 30, 2019, certain specified financial information and operating data. In addition, the Port will undertake for the benefit of registered and beneficial Owners of the Series 2019 CFC Bonds, to provide to the MSRB in a timely manner notices of certain material events. This undertaking is to assist the Underwriters in complying with Rule 15c2-12 of the Securities and Exchange Commission. The proposed form of Continuing Disclosure Certificate is contained in APPENDIX F.

In previous years, the Port filed notices of enumerated events except that the Port did not file a notice of every rating change in respect of its credit and liquidity providers (letter of credit banks and bond insurers).

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2019 CFC Bonds is not excluded from gross income for federal income tax purposes under *Section 103 of the Internal Revenue Code of 1986* (the "Code"). Bond Counsel is of the opinion that, based on existing law, interest on the Series 2019 CFC Bonds is exempt from State of Oregon personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Series 2019 CFC Bonds. The proposed form of opinion of Bond Counsel is contained in APPENDIX G hereto.

The following discussion summarizes certain U.S. federal tax considerations generally applicable to holders of the Series 2019 CFC Bonds that acquire their Series 2019 CFC Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the U.S. Internal Revenue Service (the "IRS") with respect to any of the U.S. federal tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Series 2019 CFC Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Series 2019 CFC Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Series 2019 CFC Bonds pursuant to this offering for the issue price that is applicable to such Series 2019 CFC Bonds (i.e., the price at which a substantial amount of the Series 2019 CFC Bonds are sold to the public) and who will hold their Series 2019 CFC Bonds as "capital assets" within the meaning of Section 1221 of the Code.

As used herein, “U.S. Holder” means a beneficial owner of a Series 2019 CFC Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, “Non-U.S. Holder” generally means a beneficial owner of a Series 2019 CFC Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Series 2019 CFC Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Series 2019 CFC Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Series 2019 CFC Bonds (including their status as U.S. Holders or Non-U.S. Holders).

Notwithstanding the rules described below, it should be noted that, under newly enacted law that is effective for tax years beginning after December 31, 2017 (or, in the case of original issue discount, for tax years beginning after December 31, 2018), certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Series 2019 CFC Bonds at the time that such income, gain or loss is recognized on such financial statements instead of under the rules described below.

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Series 2019 CFC Bonds in light of their particular circumstances.

U.S. Holders

Interest. Interest on the Series 2019 CFC Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder’s method of accounting for U.S. federal income tax purposes.

To the extent that the issue price of any maturity of the Series 2019 CFC Bonds is less than the amount to be paid at maturity of such Series 2019 CFC Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2019 CFC Bonds) by more than a de minimis amount, the difference may constitute original issue discount (“OID”). U.S. Holders of Series 2019 CFC Bonds will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

Series 2019 CFC Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Series 2019 CFC Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Series 2019 CFC Bond.

Sale or Other Taxable Disposition of the Series 2019 CFC Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the Port) or other disposition of a Series 2019 CFC Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Series 2019 CFC Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Series 2019 CFC Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Series 2019 CFC Bond (generally, the purchase price paid by the U.S. Holder for the Series 2019 CFC Bond, decreased by any amortized premium, and increased by the amount of any OID previously included in income by such U.S. Holder with respect to such Series 2019 CFC Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Series 2019 CFC Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Series 2019 CFC Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Defeasance of the Series 2019 CFC Bonds. If the Port defeases any Series 2019 CFC Bond, the Series 2019 CFC Bond may be deemed to be retired for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder's adjusted tax basis in the Series 2019 CFC Bond.

Information Reporting and Backup Withholding. Payments on the Series 2019 CFC Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Series 2019 CFC Bonds may be subject to backup withholding at the current rate of 24% with respect to "reportable payments," which include interest paid on the Series 2019 CFC Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2019 CFC Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Non-U.S. Holders

Interest. Subject to the discussions below under the headings "—Information Reporting and Backup Withholding" and "—Foreign Account Tax Compliance Act," payments of principal of, and interest on, any Series 2019 CFC Bond to a Non-U.S. Holder, other than (1) a controlled foreign corporation, a such term is defined in the Code, which is related to the Port through stock ownership and (2) a bank which acquires such Series 2019 CFC Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. federal withholding tax provided that the beneficial owner of the Series 2019 CFC Bond provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "—Information Reporting and Backup Withholding," or an exemption is otherwise established.

Disposition of the Series 2019 CFC Bonds. Subject to the discussions below under the headings "—Information Reporting and Backup Withholding" and "—FATCA," any gain realized by a

Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the Port or a deemed retirement due to defeasance of the Series 2019 CFC Bond) or other disposition of a Series 2019 CFC Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the Port) or other disposition and certain other conditions are met.

U.S. Federal Estate Tax. A Series 2019 CFC Bond that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual's death, provided that, at the time of such individual's death, payments of interest with respect to such Series 2019 CFC Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

Information Reporting and Backup Withholding. Subject to the discussion below under the heading "—FATCA," under current U.S. Treasury Regulations, payments of principal and interest on any Series 2019 CFC Bonds to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the beneficial owner of the Series 2019 CFC Bond or a financial institution holding the Series 2019 CFC Bond on behalf of the beneficial owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a beneficial owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury. The current backup withholding tax rate is 24%.

Foreign Account Tax Compliance Act ("FATCA") – U.S. Holders and Non-U.S. Holders

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest and principal under the Series 2019 CFC Bonds and sales proceeds of Series 2019 CFC Bonds held by or through a foreign entity. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to (i) gross proceeds from the sale, exchange or retirement of debt obligations paid after December 31, 2018 and (ii) certain "passthru" payments no earlier than January 1, 2019. Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Series 2019 CFC Bonds in light of the holder's particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Series 2019 CFC Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

APPROVAL OF LEGAL MATTERS

Issuance of the Series 2019 CFC Bonds is subject to receipt of the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Port. The proposed form of the opinion of Bond Counsel with respect to the Series 2019 CFC Bonds is included in this Official Statement as APPENDIX G. Bond Counsel takes no responsibility for the accuracy, completeness or fairness of this Official Statement. From time to time Orrick, Herrington & Sutcliffe LLP serves as counsel to the Underwriters on matters that do not relate to the Port or to the Series 2019 CFC Bonds.

Certain legal matters will be passed upon for the Port by Daniel Blaufus, Esq., General Counsel to the Port. Certain legal matters will be passed upon by Orrick, Herrington & Sutcliffe LLP as Disclosure Counsel to the Port and for the Underwriters by their counsel, Kutak Rock LLP. Neither the Port's General Counsel nor Underwriters' Counsel is rendering an opinion as to the validity or tax status of the Series 2019 CFC Bonds. Any opinion of Underwriters' Counsel will be rendered solely to the Underwriters, and any opinion of Underwriters' Counsel, Port Counsel or Disclosure Counsel will be limited in scope and cannot be relied upon by investors.

THE TRUSTEE

U.S. Bank National Association, having an office in Portland, Oregon, serves as trustee, registrar and paying agent for the Bonds, including the Series 2019 CFC Bonds. The corporate trust office of the Trustee is currently located at 555 S.W. Oak Street, Portland, Oregon 97204.

The Trustee has undertaken only those duties and obligations that are expressly set forth in the CFC Bond Ordinances and the Series 2019 CFC Bond Certificate. The Trustee has not independently passed upon the validity of the Series 2019 CFC Bonds, the security of payment therefor, the value or condition of any assets pledged to the payment thereof, the adequacy of the provisions for such payment, the status for federal or State income tax purposes of the interest on the Series 2019 CFC Bonds or the investment quality of the Series 2019 CFC Bonds. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and has assumed no responsibility for the nature, content, accuracy or completeness of the information included in this Official Statement.

INDEPENDENT ACCOUNTANTS

The financial statements for the Port, including information for the Airport, for the year ended June 30, 2018, included as APPENDIX B, have been audited by Moss Adams LLP, independent accountants, as stated in their report appearing therein.

MUNICIPAL ADVISOR

PFM Financial Advisors LLC is acting as municipal advisor (the "Municipal Advisor") to the Port with respect to the Series 2019 CFC Bonds. The Municipal Advisor has assisted the Port in the preparation of this Official Statement and in other matters relating to the planning, structuring, execution and delivery of the Series 2019 CFC Bonds. The Municipal Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the Port, and make no guaranty, warranty or other representation relating to the accuracy or completeness of this Official Statement or any of the information contained herein.

Compensation to be received by the Municipal Advisor from the Port for services provided in connection with the planning, structuring, execution and delivery of the Series 2019 CFC Bonds is contingent upon the sale and delivery of the Series 2019 CFC Bonds.

RATINGS

Fitch and S&P have assigned the Series 2019 CFC Bonds a rating of "A-" (stable outlook) and "A-" (stable outlook) respectively. Each rating reflects only the views of the rating agency furnishing such rating, and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing such rating. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. A securities rating is not a recommendation to buy, sell, or hold securities and there is no assurance that such rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agency furnishing the same if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal may have an adverse effect on the market price or the availability of a secondary market for the Series 2019 CFC Bonds.

UNDERWRITING

The Series 2019 CFC Bonds are to be purchased by Citigroup Global Markets Inc. acting on its own behalf and as representative of Goldman Sachs & Co. LLC (collectively, the "Underwriters"), at a price of $162,820,519.84 (representing the aggregate principal amount of the Series 2019 CFC Bonds, less an underwriters' discount of $469,480.16). The Bond Purchase Agreement between the Port and the Underwriters provides that the Underwriters will purchase all of the Series 2019 CFC Bonds, if any Series 2019 CFC Bonds are purchased, and that the purchase of the Series 2019 CFC Bonds is subject to the conditions set forth in the Bond Purchase Agreement.

The Underwriters may offer and sell the Series 2019 CFC Bonds to certain dealers or unit investment trusts and money market or other funds and others at lower prices than the initial offering prices corresponding to the yields set forth on the inside cover, and such initial offering prices may be changed from time to time by the Underwriters without notice.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the Port, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Port.

Citigroup Global Markets Inc., an Underwriter of the 2019 CFC Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts with respect to the 2019 CFC Bonds.

RELATED PARTIES

Orrick, Herrington & Sutcliffe LLP, Bond Counsel and Disclosure Counsel to the Port, also represents the Underwriters on other matters.

Affiliates of the Underwriters are counterparties to certain of the Port's Series Eighteen and PFC Bond Swaps.

MISCELLANEOUS

The descriptions herein and in the appendices of the CFC Bond Ordinances, the Series 2019 CFC Bond Certificate, the Concessionaire Agreements and other documents are brief summaries of certain provisions thereof. Such summaries do not purport to be complete, and reference is made to such documents and contracts, copies of which are on file with the Port, for full and complete statements of their provisions. Section headings, table headings and captions are included for convenience only and should not be construed as modifying the text of this Official Statement.

All estimates and other statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

This Official Statement should not be construed as a contract or agreement between the Port or the Board and the purchasers or holders of any of the Series 2019 CFC Bonds.

The execution and delivery of this Official Statement have been duly authorized by the Port.

THE PORT OF PORTLAND

By: /s/ Daniel Blaufus
Interim Chief Financial Officer

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APPENDIX A

REPORT OF THE AIRPORT CONSULTANT

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PORT OF PORTLAND

Possibility. In every direction.

Appendix A: Report of the Airport Consultant

Portland International Airport Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable)

March 20, 2019

PREPARED FOR
The Port of Portland

PREPARED BY
Landrum & Brown, Incorporated

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March 20, 2019

Mr. Curtis Robinhold
Executive Director
Port of Portland
7200 NE Airport Way
Portland, OR 97218

Re: Report of the Airport Consultant, The Port of Portland (Oregon), Portland International Airport Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable)

Dear Mr. Robinhold:

Landrum & Brown, Incorporated (L&B), in association with AVK Consulting, Inc. and Partners for Economic Solutions, is pleased to submit this Report of the Airport Consultant (Report) for the proposed issuance of The Port of Portland's, Portland International Airport Customer Facility Charge (CFC) Revenue Bonds, Series 2019 (herein referred to as the Series 2019 CFC Bonds). This independent Report has been prepared for The Port of Portland (Port) in support of its issuance of the Series 2019 CFC Bonds pursuant to various provisions in Port Ordinance No. 461-B and Port Ordinance No. 466-B (herein collectively referred to as the CFC Bond Ordinances) and is intended to be included in the Official Statement for the Series 2019 CFC Bonds as Appendix A, Report of the Airport Consultant. All capitalized terms in this Report are used as defined in the Official Statement or the CFC Bond Ordinances, except as otherwise defined herein.

The Portland International Airport (Airport) is owned and operated by the Port. The Port was created by the Oregon Legislature in 1891 to dredge a shipping channel from Portland, Oregon, to the Pacific Ocean. Today, the Port is charged with promoting aviation, maritime, and industrial interests. In addition to the Airport, the Port owns several maritime terminals, two general aviation airports (Hillsboro and Troutdale Airports), and business parks. The Port also owns and operates the dredge *Oregon* as a contractor to the U.S. Army Corps of Engineers to maintain the navigation channel on the lower Columbia and Willamette Rivers. The Port is governed by a nine-member Board of Commissioners that establishes and controls policies for the Port. Board members are appointed by the governor of Oregon and confirmed by the Oregon State Senate.

The Series 2019 CFC Bonds

The Series 2019 CFC Bonds are being issued pursuant to the provisions of the CFC Bond Ordinances. The Port is planning to issue the Series 2019 CFC Bonds to (1) fund the costs of the Consolidated Rental Car (ConRAC) Facility, (2) repay the Port's Commercial Paper Notes used to fund a portion of the costs of the ConRAC Facility, (3) fund a deposit to the debt service reserve account, and (4) pay associated costs of issuance. The Series 2019 CFC Bonds are secured solely by the Trust Estate, including CFCs, Remaining Contingent Fee Payments, if any, and interest income derived from the investment of amounts held by the Port and the Trustee in certain funds and deposited to the CFC Revenue Fund pursuant to the CFC Bond Ordinances. The Series 2019 CFC Bonds are ***not*** secured or payable from the general airport revenues of the Port.

CFC Bond Ordinances

The Port has covenanted in Section 5.01 of CFC Bond Ordinance No. 461-B to the extent permitted by law, to fix, revise from time to time when necessary, impose, and collect CFCs and Contingent Fee Payments in each Fiscal Year sufficient to pay, in accordance with the provisions of the CFC Bond Ordinances the greater of

(a) One hundred percent (100%) of the amounts required to (i) pay the CFC Administrative Costs in such Fiscal Year but only to the extent CFC Administrative Costs in such Fiscal Year[1] were greater than amounts on deposit in the CFC Surplus Account on the first day of such Fiscal Year, and (ii) be deposited into the Senior Debt Service Fund, the Senior Debt Service Reserve Fund, the Subordinate Debt Service Fund, the Subordinate Debt Service Reserve Fund, the Renewal and Replacement Fund and the Major Maintenance Fund in such Fiscal Year; or

(b) The sum of

    (i) One hundred percent (100%) of the amounts required (A) to pay the CFC Administrative Costs in such Fiscal Year but only to the extent CFC Administrative Costs in such Fiscal Year were greater than amounts on deposit in the CFC Surplus Account on the first day of such Fiscal Year, and (B) to be deposited into the Senior Debt Service Reserve Fund and the Subordinate Debt Service Reserve Fund, in such Fiscal Year; plus

    (ii) One hundred fifty percent (150%) of the Debt Service Requirement with respect to Senior Bonds for such Fiscal Year; plus

    (iii) One hundred percent (100%) of the Debt Service Requirement with respect to the Subordinate Bonds for such Fiscal Year.

For purposes of determining compliance with the Rate Covenant set forth above (1) unless the Port elects otherwise in writing to the Trustee, amounts in the CFC Rolling Coverage Account at the end of any Fiscal Year up to an amount equal to twenty-five percent (25%) of the Maximum Debt Service Requirement on Senior Bonds shall be added to CFCs in such Fiscal Year, (2) if the Port pays debt service on Senior Bonds in a Fiscal Year from any source of funds other than the CFCs collected in such Fiscal Year, including from amounts on deposit in the CFC Surplus Account, the amount of such payment or payments shall be subtracted from the Debt Service Requirement for such Fiscal Year, (3) if the Port is not required to deposit amounts into a particular fund referenced in (a) or (b) above but nevertheless voluntarily deposits amounts into such fund, such deposit will not be considered "required" and the Port need not show coverage with respect to such deposited amounts, and (4) all income earned in a Fiscal Year from the investment of money in the funds and accounts held by the Port under the CFC Bond Ordinances shall be added to CFCs in such Fiscal Year, provided the provisions of the CFC Bond Ordinances allow such income to be used to pay debt service on the Senior Bonds and/or the Subordinate Bonds.

Section 2.07 of the CFC Bond No. 461-B permits the Port to issue one or more series of Additional Bonds also payable from and secured by CFCs. As the first series of bonds being issued under the CFC Bond Ordinances, the Series 2019 CFC Bonds are not considered Additional Bonds. Please see Section 5.3.2 of the Report for more information regarding Additional Bonds.

Ordinance Establishing a CFC

On December 11, 2013, Port Ordinance No. 448 (*An Ordinance Establishing A Customer Facility Charge on Rental Car Transactions at The Airport to Fund Rental Car Related Projects, Programs, and Related Expenses*,

[1] The Port's fiscal year is the 12-month period ended June 30.

as amended or replaced from time to time) (Ordinance 448) was enacted which imposed a CFC on rental car customers at the Airport. The CFC is collected and remitted to the Port by the rental car companies. Pursuant to Ordinance 448, effective January 15, 2014, the Port authorized and established a CFC rate of $6.00 per Transaction Day for a maximum of four days. The Port is authorized at any time to change the amount of the CFC or change the limitation on the number of Transaction Days the CFC is to be collected. This amount or limit on the number of days to be collected may be modified within sixty days written notice consistent with Section 8 of Ordinance 448.

Rental Car Concession Lease and Operating Agreement

The Port has entered into new Rental Car Concession Lease and Operating Agreements (RAC Agreement) with the Rental Car Companies (RACs) that will serve the Airport from the new ConRAC. Five RACs have signed the RAC Agreement representing 10 rental car brands and two car-sharing brands, including (Avis Budget Car Rental, LLC, EAN Holdings, LLC. (Enterprise), The Hertz Corporation, Sixt Rent a Car, LLC, and Todd Investment Company (Dollar).

Pursuant to the RAC Agreement and Ordinance 448, the RACs are required to charge and collect CFCs from customers renting a vehicle from the RAC and remit all CFCs on a monthly basis to the Port. CFCs remitted to the Port shall be used in accordance with the CFC Bond Ordinances including, without limitation, to: (a) pay and/or secure debt service with respect to the CFC Bonds; (b) to pay or reimburse the Port for the costs of rental car related facilities and equipment; and (c) create and maintain reasonable reserves, all subject to the limitations and requirements of the CFC Bond Ordinances. Any and all CFCs collected by the RACs shall be deposited with an eligible depository or held in trust by a trustee prior to being remitted to the Port. CFC collections will be applied pursuant to the Flow of Funds under the CFC Bond Ordinances.

Under the RAC Agreement, the RACs shall pay to the Port a Contingent Fee which shall be imposed if a Contingent Fee Event should occur. The RAC's share of the Contingent Fee shall be based upon RAC's Market Share among all On Airport RACs, calculated by the Port as close as reasonably feasible. A Contingent Fee Event shall be deemed to have occurred when: (a) the Port determines that there is a current or upcoming deficiency in CFC revenues required to make payments pursuant to the CFC Bond Ordinances including, without limitation, payments related to debt service on CFC Bonds and funding of reserves; or (b) the Port determines that it is not, or will not be, in compliance with the rate covenant specified in Section 5.01 of the CFC Bond Ordinances based on CFC Revenues, but excluding Contingent Fee Payments (as defined in Ordinance 461). Following the Port's notice, the RACs shall pay to the Port a Contingent Fee in the amount, at the time, and for the duration established by the Port. If the CFCs have been subsequently increased in a sufficient amount to allow discontinuing the imposition of a Contingent Fee, as determined by the Port, then the RACs shall not be obligated to pay a Contingent Fee until a new Contingent Fee Event occurs.

Report of the Airport Consultant

In our preparation of this independent Report, we evaluated the ability of the Port to collect CFCs sufficient to meet the funding requirements and obligations established by the CFC Bond Ordinances during the forecast period of FY 2019 through FY 2024. The following provides an overview of the primary findings and conclusions contained in the Report.

Role of the Airport and Economic Base for Air Traffic

Demand for airport rental cars is generally influenced by economic and air passenger trends. While rental car rates and other costs, as well as the availability of other forms of transportation may factor into the decision to rent a vehicle, generally as economic activity increases and propensity of travel rises, demand for rental cars increases as well. The Airport has been classified by the Federal Aviation Administration (FAA) as a Large Hub facility since 2014 based upon its share of nationwide enplaned passengers.[2] Based on data from the FAA for CY 2017, approximately 9.4 million enplaned passengers boarded aircraft at the Airport ranking it 30th in the U.S.[3] This was an increase of approximately 4.0% as compared to CY 2016. The Airport has a diverse, stable base of air carriers. All of the primary U.S. network airlines along with several low-cost carriers (LCCs) operate at the Airport. Alaska Air Group is the largest airline at the Airport and is the parent company to Alaska Airlines (Alaska), Virgin America, and Horizon Air (Horizon). When combining enplaned passenger market share for Alaska, Virgin America, and Horizon, the carriers comprised approximately 43.1% of enplaned passengers at the Airport for FY 2018.

The Airport is the primary commercial air service facility serving the Portland metropolitan area and the surrounding region and is essentially isolated from other airport competition. For the purposes of this Report, the Airport's "Air Service Area" is defined as the Portland-Vancouver-Hillsboro, OR-WA Metropolitan Statistical Area (MSA) and includes the five Counties of Clackamas, Columbia, Multnomah, Washington, and Yamhill in the state of Oregon; and the two counties of Clark and Skamania in the state of Washington. The Portland-Vancouver-Hillsboro MSA is the 25th most populated MSA in the U.S., with approximately 2.5 million people. The Air Service Area is relatively isolated from competing airport facilities and, hence, the Airport has limited competition for air service.

The Air Service Area's economic strength is evaluated in Chapter 1 of this Report. Growth expectations for population, employment, and household income are forecast to have relatively stronger growth rates in the Air Service Area as compared to the overall U.S., indicating the ongoing capacity of the Air Service Area to continue to generate demand for air travel services during the forecast period.

Air Service and Air Traffic Analysis

Between FY 2008 and FY 2018, enplaned passengers at the Airport increased from approximately 7.4 million to approximately 9.7 million, an overall compound annual growth rate (CAGR) of 2.7% for this period. Enplaned passengers at the Airport increased during nine of those 11 years. The Airport did experience decreases in FYs 2009 and 2010 as the U.S. was in a period of economic recession. Since FY 2013, however, the Airport has experienced relatively rapid growth in enplaned passengers, with a CAGR of 5.8% for FY 2013 through FY 2018. The Airport has seen record levels of enplaned passengers in recent FYs, with FY 2018 setting a new FY record of approximately 9.7 million enplaned passengers.

The Airport is primarily an origin-destination (O&D) airport. In FY 2018, approximately 85% of the Airport's enplaned passengers were O&D passengers. The remaining 15% of the Airport's passengers were connecting passengers. The vast majority of the Airport's connecting passengers were carried by the Alaska Air Group.

The Port prepared the aviation activity forecasts included in this Report for the period of FY 2019 through FY 2024, and L&B reviewed these to include as the basis for financial feasibility analyses. In general, the underlying economic conditions of the Air Service Area are expected to be the primary driver for passenger demand at the Airport, especially as it relates to O&D traffic. Chapter 2 of this Report describes the assumptions incorporated into the long-term aviation activity forecasts for the Airport.

The table below presents historical enplaned passengers for FYs 2014 through 2018, and forecasts enplaned passenger levels for the Airport for the period of FY 2019 through FY 2024.

2 The FAA classifies Large Hub airports as those serving at least 1.0 percent of annual U.S. passenger boardings.
3 FAA hub classification is currently based on CY 2015 enplaned passengers.

Fiscal Year	Enplaned Passengers (in thousands)	Percent Change
ACTUAL		
2014	7,762	5.8%
2015	8,059	3.8%
2016	8,792	9.1%
2017	9,423	7.2%
2018	9,733	3.3%
FORECAST		
2019	9,966	2.4%
2020	10,196	2.3%
2021	10,430	2.3%
2022	10,670	2.3%
2023	10,915	2.3%
2024	11,166	2.3%
COMPOUND ANNUAL GROWTH RATES		
2014-18	5.8%	
2018-24	2.3%	

Source: Port of Portland, Airport management records, November 2018.
Compiled by L&B, December 2018

It is important to note that many of the factors affecting air travel demand are not necessarily quantifiable. As a result, all forecasts of aviation activity are subject to uncertainty. Therefore, this forecast should be viewed as a general indication of future aviation activity as opposed to a precise prediction. Actual future traffic may vary from this forecast, and such variances could be material.

The PACR and ConRAC Facility

The Port is undertaking the Parking Additions and Consolidated Rental Car Facility (PACR) project. This approximately $282.2 million project includes a new six-level garage (PACR Garage) on the site of the former Port employee parking lot (surface lot) and a rental car customer service lobby to be located on the first floor of the Rental Car Center to be constructed adjacent to the PACR Garage. Design work is currently 90% complete, and all PACR design and permitting work is expected to be complete by July 2019. PACR is expected to be fully operational by November 2021.

The ConRAC Facility will consist of levels 1-3 of the new garage, with 724,000 square feet provided for ready cars/return cars and the 30,000 square foot rental car customer service lobby to be located on the first floor of the Rental Car Center. The Public Parking Addition will consist of Levels 4-6 of the PACR Garage, which will be dedicated to public parking and provide 2,450 spaces. The Public Parking Addition and the ConRAC Facility will be connected by a ramp between the third and fourth levels of PACR to provide flexibility for changes in future use.

The ConRAC Facility portion of the PACR project is estimated to cost $156.6 million and will be funded with the proceeds of the Series 2019 CFC Bonds (as described in Chapter 5 of this Report). The Public Parking Addition portion of this project is intended to address the need for additional public parking at the Airport. The Public Parking Addition portion of the project has an estimated project cost of $125.6 million and is expected to be funded with the Series Twenty-Five Bonds.

Financial Analysis

L&B evaluated the ability of the Port to collect CFCs sufficient to meet the funding requirements and obligations established by the CFC Bond Ordinances during the forecast period of FY 2019 through FY 2024. Per our analyses, and as required pursuant to the Rate Covenant, CFCs with Rolling Coverage in each Fiscal Year are forecast to be at least equal to 150% of the CFC Debt Service Requirement for each FY. The Port is able to meet its requirements and obligations established by the CFC Bond Ordinances throughout the forecast period.

The table below presents forecast debt service coverage ratios based on the CFC Bond Ordinances Rate Covenant. In addition, for illustrative purposes, the table below presents additional debt service coverage calculations based on CFC revenues only (excluding the CFC Rolling Coverage Account).

Fiscal Year	CFC Bond Ordinance Debt Service Coverage Ratio	Debt Service Coverage Ratio Without Rolling Coverage
2019	14.11	12.07
2020	1.77	1.52
2021	1.81	1.56
2022	1.85	1.60
2023	1.90	1.65
2024	1.94	1.69

Compiled by L&B, December 2018

In preparing our findings and conclusions, L&B has relied upon the accuracy and completeness of financial and other data provided to it by the referenced sources, without independent verification.

The techniques and methodologies used in preparing this Report are consistent with industry practices for similar studies in connection with airport revenue bond sales. Although L&B believes that the approach and assumptions used are reasonable and provide an appropriate basis for the financial forecasts, any forecast is subject to uncertainties. Inevitably, some assumptions used to derive the forecast contained herein will not be realized, and unforeseeable events may occur. The actual financial results achieved will vary from those forecast, and such variations could be material. We have no responsibility to update this Report for events and/or circumstances occurring after the date of this Report.

L&B is not registered with the U.S. Securities & Exchange Commission as a municipal advisor, is not acting as a municipal advisor, and does not assume any fiduciary duties or provide advisory services as described in Section 15B of the Securities Exchange Act of 1934 or otherwise. L&B does not make recommendations or advice regarding any action to be taken by our clients with respect to any prospective, new, or existing municipal financial products or issuance of municipal securities including with respect to the structure, timing, terms or other similar matters concerning municipal financial products or the issuance of municipal securities.

L&B, in association with AVK Consulting, Inc. and Partners for Economic Solutions, appreciates this opportunity to serve as the Port's Airport Consultant for this proposed financing.

Sincerely,

Landrum & Brown, Incorporated

Landrum & Brown, Incorporated

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1 Role of the Airport and Economic Base for Air Traffic

This chapter introduces the Portland International Airport (Airport) and summarizes the role the Airport serves in accommodating air traffic for the nation and the region as well as an important hub for the Alaska Air Group. This chapter also describes the Portland, Oregon, region's economic base and its ability to continue to support demand for air transportation.

1.1 Role of the Airport

The Airport is owned and operated by The Port of Portland (the Port). The Oregon Legislature created the Port in 1891 to dredge a shipping channel from Portland, Oregon, to the Pacific Ocean. Today, the Port is charged with promoting aviation, maritime, and industrial interests within the Portland region. In addition to the Airport, the Port owns two general aviation airports (Hillsboro Airport and Troutdale Airport), four marine terminals in Oregon's largest port, and six business and industrial parks. The Port also owns and operates the dredge *Oregon* to help maintain the shipping channel on the lower Columbia and Willamette Rivers as a contractor to the U.S. Army Corps of Engineers. As further described in **Section 4.3.2**, Airport Revenue Bonds are not a general obligation of the Port, or a charge upon any other revenues or property of the Port not specifically pledged thereto by the Bond Ordinances (defined herein in **Section 4.3.2** of this Report).

1.1.1 National Role

The Airport is one of the busiest commercial passenger airports in the United States (U.S.). It is one of 30 airports that enplane at least one percent of nationwide enplaned passengers and is consequently designated as a Large Hub airport by the Federal Aviation Administration (FAA). In calendar year (CY) 2017, the Airport was ranked 30th in the U.S. with 9.4 million enplaned passengers who boarded aircraft at the Airport, which equates to a 4.0% increase as compared to CY 2016.[4] **Table 1-1** provides the rankings of U.S. Large Hub airports in terms of total enplaned passengers per the FAA.

The Airport has a diverse, stable base of air carriers. The primary network airlines along with several low-cost carriers (LCCs) operate at the Airport. When combining the passenger market share for all of the airlines under the Alaska Air Group, the carriers accounted for approximately 43.1% of enplaned passengers at the Airport during fiscal year (FY) 2018.[5] Alaska Air Group is the parent company to both Alaska Airlines and Horizon Air. Alaska Air Group completed the acquisition of Virgin America in December 2016. In March 2017, Alaska Air Group announced that Virgin America would merge with Alaska Airlines and the combined airline would operate under the Alaska Airlines brand. The Virgin America brand is expected to be fully retired by the end of CY 2019. **Exhibit 1-1** presents the Airport's enplaned passenger market share for all airlines for FY 2018. Additional details on the Airport's air service and air traffic composition is contained in Chapter 2 of this Report.

In addition to the passenger operations at the Airport, there is a significant amount of air cargo processed at the Airport. According to the Airports Council International–North America (ACI-NA), 236,822 metric tons of air cargo, including both freight and mail, were loaded and unloaded at the Airport in CY 2017. Based on this data from ACI-NA, the Airport ranked as the 24th busiest cargo airport in the U.S. for this period. ACI-NA data indicated that the Airport had 228,949 aircraft operations[6] in CY 2017 (including all-cargo carrier operations), which ranked the

[4] Based on information provided in the FAA's Air Carrier Activity Information System (ACAIS).
[5] The Port's fiscal year is the 12-month period ending June 30.
[6] An aircraft operation includes the landing, takeoff, or touch-and-go procedure by an aircraft on the runway at an airport.

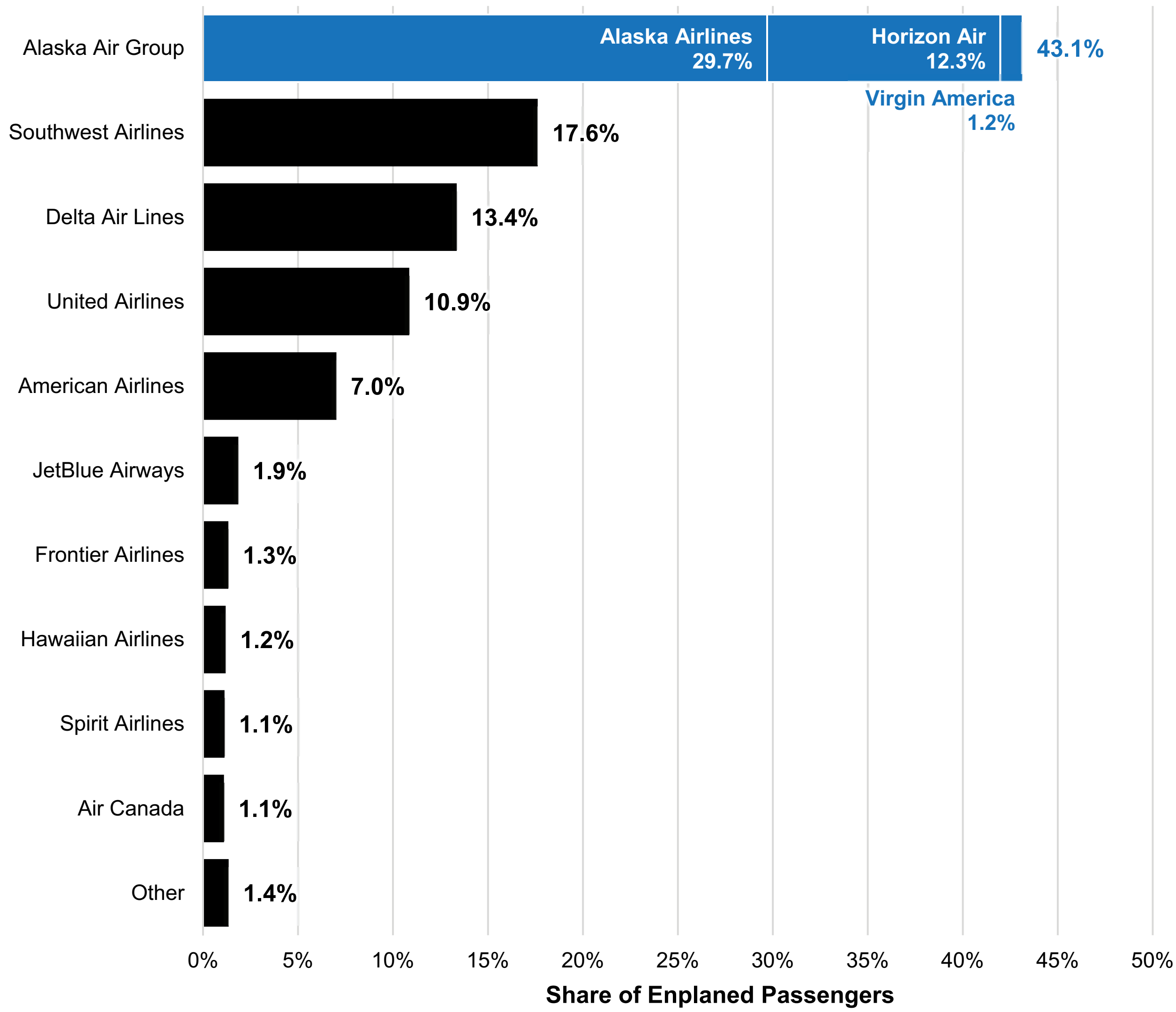
Airport as the 37th busiest airport in the U.S. **Table 1-2** provides the ACI-NA's ranking for cargo and aircraft operations for CY 2017.

TABLE 1-1 U.S. Airport Enplaned Passenger Rankings (Large Hub Airports) – CY 2017

Rank	Code	Airport	Enplaned Passengers
1	ATL	Hartsfield - Jackson Atlanta International	50,251,964
2	LAX	Los Angeles International	41,232,432
3	ORD	Chicago O'Hare International	38,593,028
4	DFW	Dallas-Fort Worth International	31,816,933
5	DEN	Denver International	29,809,097
6	JFK	John F Kennedy International	29,533,154
7	SFO	San Francisco International	26,900,048
8	LAS	McCarran International	23,364,393
9	SEA	Seattle-Tacoma International	22,639,124
10	CLT	Charlotte/Douglas International	22,011,251
11	EWR	Newark Liberty International	21,571,198
12	MCO	Orlando International	21,565,448
13	PHX	Phoenix Sky Harbor International	21,185,458
14	MIA	Miami International	20,709,225
15	IAH	George Bush Intercontinental/Houston	19,603,731
16	BOS	General Edward Lawrence Logan International	18,759,742
17	MSP	Minneapolis-St Paul International/Wold-Chamberlain	18,409,704
18	DTW	Detroit Metropolitan Wayne County	17,036,092
19	FLL	Fort Lauderdale/Hollywood International	15,817,043
20	LGA	LaGuardia	14,614,802
21	PHL	Philadelphia International	14,271,243
22	BWI	Baltimore/Washington International Thurgood Marshall	12,976,554
23	SLC	Salt Lake City International	11,615,954
24	DCA	Ronald Reagan Washington National	11,506,310
25	SAN	San Diego International	11,139,933
26	IAD	Washington Dulles International	11,024,306
27	MDW	Chicago Midway International	10,912,074
28	HNL	Daniel K Inouye International	9,743,989
29	TPA	Tampa International	9,548,580
30	**PDX**	**Portland International**	**9,435,473**

Source: Federal Aviation Administration, Air Carrier Activity Information System (ACIAS), accessed October 2018.

EXHIBIT 1-1 Enplaned Passengers Market Share at the Airport – FY 2018



Notes: Regional affiliates, as applicable, have been included with their appropriate mainline partner. Amounts may not add due to rounding.

Source: Port of Portland, Aviation Statistics – Monthly Traffic Report June 2018.

TABLE 1-2 U.S. Airport Cargo and Aircraft Operations Rankings (Top 37) – CY 2017

Rank	Code	City	Cargo Metric Tons
1	MEM	Memphis TN	4,336,752
2	ANC	Anchorage AK	2,713,230
3	SDF	Louisville KY	2,602,695
4	LAX	Los Angeles CA	2,158,324
5	MIA	Miami FL	2,071,722
6	ORD	Chicago IL	1,721,807
7	JFK	New York NY	1,350,599
8	IND	Indianapolis IN	1,038,620
9	CVG	Cincinnati OH	944,995
10	DFW	Dallas/Fort Worth TX	809,929
11	EWR	Newark NJ	800,000
12	ATL	Atlanta GA	685,338
13	ONT	Ontario CA	593,947
14	OAK	Oakland CA	567,354
15	SFO	San Francisco CA	561,805
16	HNL	Honolulu HI	517,361
17	IAH	Houston TX	450,842
18	SEA	Seattle WA	425,856
19	PHL	Philadelphia PA	419,785
20	PHX	Phoenix AZ	339,822
21	BOS	Boston MA	321,397
22	IAD	Washington DC	299,455
23	DEN	Denver CO	265,240
24	**PDX**	**Portland OR**	**236,822**
25	MSP	Minneapolis MN	229,440
26	MCO	Orlando FL	220,025
27	DTW	Detroit MI	216,183
28	RFD	Rockford IL	195,606
29	CLT	Charlotte NC	191,613
30	SLC	Salt Lake City UT	190,158
31	SAN	San Diego CA	171,937
32	BWI	Baltimore MD	167,845
33	AFW	Fort Worth TX	150,139
34	TPA	Tampa FL	149,605
35	LCK	Columbus OH	116,083
36	BDL	Hartford CT	114,903
37	SAT	San Antonio TX	113,692

Rank	Code	City	Aircraft Operations
1	ATL	Atlanta GA	879,560
2	ORD	Chicago IL	867,049
3	LAX	Los Angeles CA	700,362
4	DFW	Dallas/Fort Worth TX	654,344
5	DEN	Denver CO	574,966
6	CLT	Charlotte NC	553,817
7	LAS	Las Vegas NV	542,994
8	SFO	San Francisco CA	460,343
9	IAH	Houston TX	450,383
10	JFK	New York NY	446,459
11	EWR	Newark NJ	443,249
12	PHX	Phoenix AZ	430,968
13	MSP	Minneapolis MN	416,213
14	SEA	Seattle WA	416,124
15	MIA	Miami FL	413,287
16	BOS	Boston MA	401,371
17	DTW	Detroit MI	395,357
18	LGA	New York NY	379,911
19	DVT	Phoenix AZ	378,777
20	PHL	Philadelphia PA	369,928
21	GFK	Grand Forks ND	331,881
22	MCO	Orlando FL	330,866
23	SLC	Salt Lake City UT	327,292
24	LGB	Long Beach CA	321,797
25	FLL	Fort Lauderdale FL	312,763
26	HNL	Honolulu HI	311,903
27	DAB	Daytona Beach FL	307,976
28	SFB	Sanford FL	307,064
29	SNA	Santa Ana CA	293,649
30	DCA	Washington DC	293,097
31	AZA	Phoenix AZ	290,452
32	ANC	Anchorage AK	276,407
33	IAD	Washington DC	264,587
34	BWI	Baltimore MD	261,707
35	MDW	Chicago IL	251,341
36	OAK	Oakland CA	236,491
37	**PDX**	**Portland OR**	**228,949**

Source: Airports Council International-North America, 2017 North American Airport Traffic Summary, accessed October 2018.

1.1.2 Regional Role

In FY 2018, the Airport had approximately 8.2 million enplaned origin and destination (O&D) passengers, making the Airport the 25th largest O&D market in the U.S. O&D traffic accounted for 84.6% of the total enplaned passengers in FY 2018 and the remaining 15.4% of passengers connected through the Airport on their way to their final destination. The Alaska Air Group handles the vast majority of the connecting passengers at the Airport.

The Airport is the primary commercial air service facility servicing the Portland-Vancouver-Hillsboro, OR-WA Metropolitan Statistical Area (Portland MSA) and its surrounding region. For the purposes of this Report, the Airport's Air Service Area is defined as the Portland MSA. The Air Service Area is comprised of five counties in Oregon (Clackamas, Columbia, Multnomah, Washington, and Yamhill) and two counties in Washington (Clark and Skamania). Although not included as part of the Portland MSA, the counties of Marion, Oregon, and Cowlitz, Washington, have population areas relatively near the Airport and contribute to air traffic as well. In many cases, an air service area can extend beyond the primary MSA depending on the location of other population centers and availability of other commercial service airports. This is the case as competition from other commercial service airports is lacking, especially to the south and east of the Airport. Given these considerations and its relatively high number of destinations served compared to other commercial service airports in the State, the Airport is generally considered the primary commercial service airport in Oregon. However, it is generally the economic strength of the Air Service Area that provides the principal demand for supporting O&D air travel.

The Airport is essentially isolated from other competing airports in the region. The Seattle-Tacoma International Airport (SEA) is the closest comparable airport, about 160 driving miles from the Airport. However, the ability to drive to SEA from Portland within a predictable time frame is highly variable since the section of Interstate 5[7] near SEA has some of the most severe congestion and traffic delays[8] in the Seattle region. This congestion and the resultant erratic drive times contribute to preventing SEA from serving as a viable alternative for air passengers traveling from the Portland metro area.[9]

Exhibit 1-2 illustrates the Air Service Area and other commercial service airports within 200 miles from the Airport. As shown, other commercial airports in the region are smaller facilities and are more than 100 driving-miles from the Airport. There are no other comparable facilities to the Airport within the State of Oregon in terms of air service.

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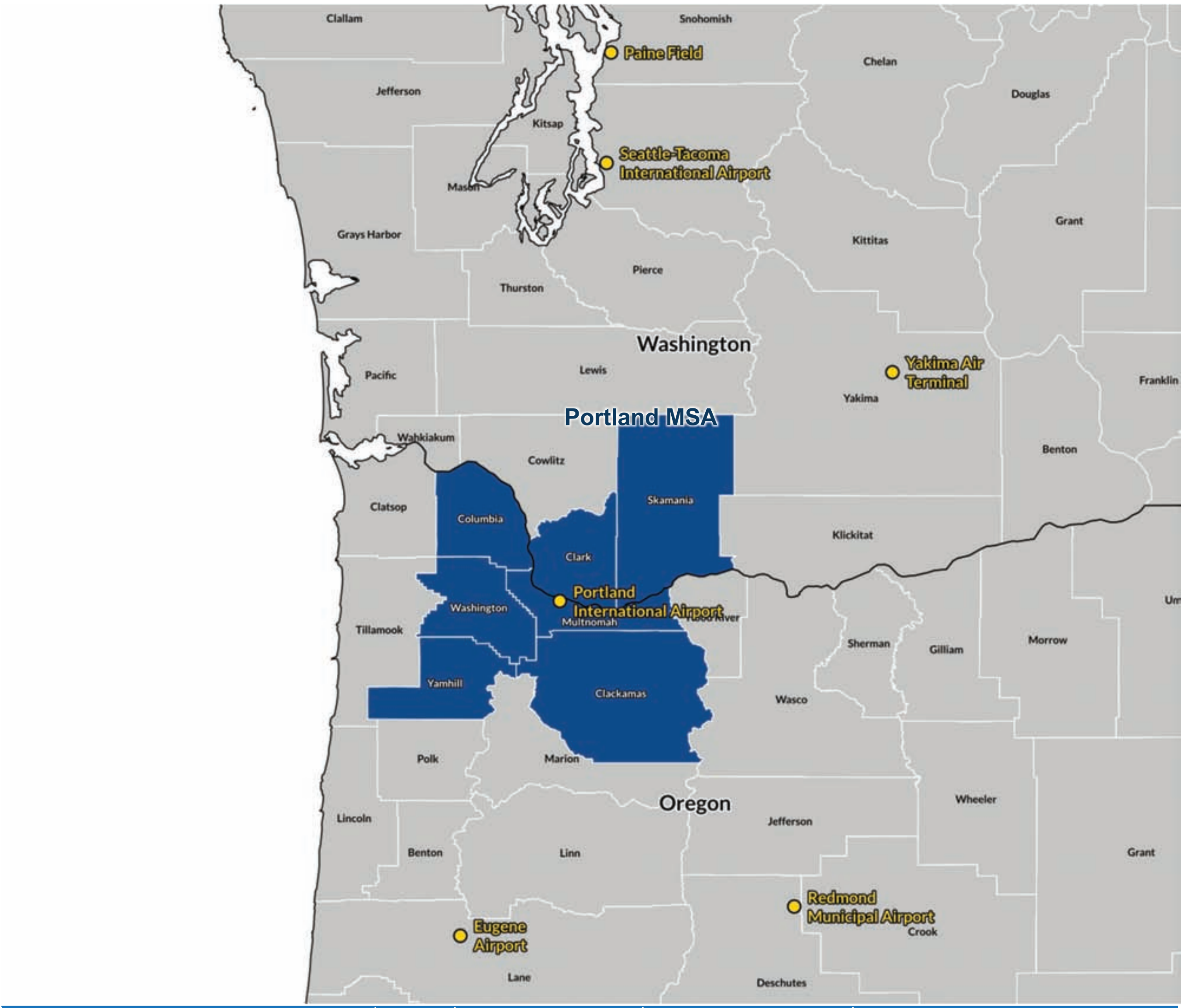
7 Interstate 5 (I-5) is a key commuter and freight transportation corridor in the Seattle metro region.

8 Traffic delay on Interstate 5 is measured as vehicle hours of delay per day, increasing from 16,823 hours per day in 2015 to 19,442 hours per day in 2017, a rise of 15.6%; 2018 Corridor Capacity Report, Washington State Department of Transportation, November 2018, http://wsdot.wa.gov/publications/full text/graynotebook/corridor-capacity-report-18.pdf, accessed December 2018.

9 2018 Corridor Capacity Report, Washington State Department of Transportation, November 2018, http://wsdot.wa.gov/publications/full text/graynotebook/corridor-capacity-report-18.pdf, accessed December 2018.

EXHIBIT 1-2 Air Service Area



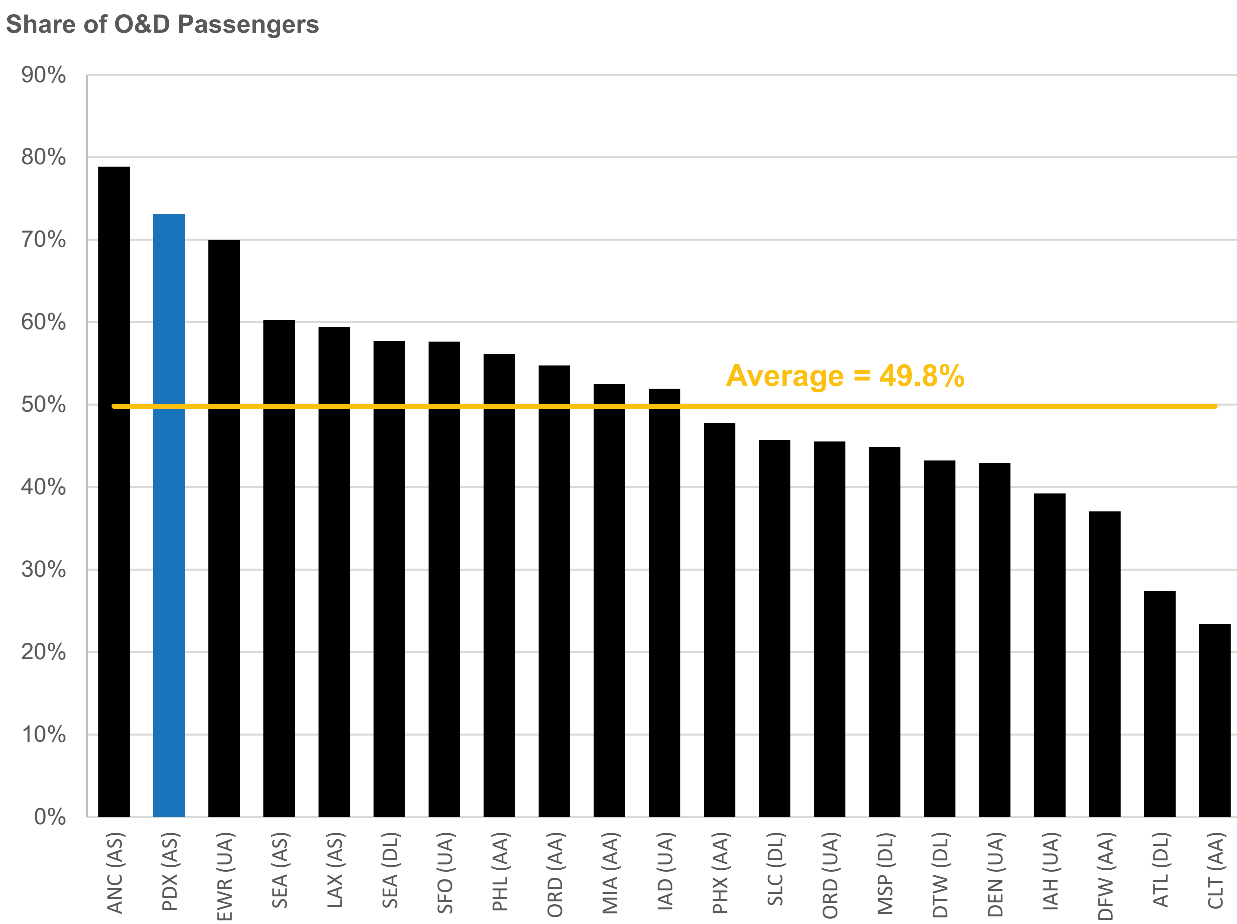
Airport	Code	Airport Category	Distance from PDX	CY 2017 Enplaned Passengers
Portland International Airport	PDX	Large	-	9,435,473
Seattle-Tacoma International Airport	SEA	Large	160 miles	22,639,124
Eugene Airport	EUG	Small	129 miles	529,149
Redmond Municipal Airport	RDM	Non	144 miles	364,921
Yakima Air Terminal	YKM	Non	181 miles	71,547
Paine Field	PAE	Non	195 miles	n/a

Note: Scheduled commercial service at Paine Field, including service to the Airport, began in March 2019.
Source: Federal Aviation Administration, Air Carrier Activity Information System (ACIAS), accessed October 2018.

1.1.3 Role as a Hub for Alaska Air Group

Alaska Airlines, including Virgin America and Horizon Air, are the Airport's largest carriers in terms of passenger market share. The Airport serves as a hub for the Alaska Air Group. The Alaska Air Group operates at the Airport somewhat differently than most other traditional airline hubs. Based on data presented in **Exhibit 1-3** below, on average, an airline's O&D passengers accounted for 49.8% of its passengers at certain hubs for the three major U.S. hubbing airlines (Delta Air Lines, American Airlines, United Airlines) and Alaska Air Group as compared to 73.1% for Alaska Air Group at the Airport. Exhibit 1-3 provides a graphical depiction of the percent of O&D passengers for each hubbing airline at their respective hub airports.

EXHIBIT 1-3 Share of O&D Traffic at Certain U.S. Airline Hubs (FY 2017)



Source: Diio, US DOT Reports DB1A and T100. Accessed October 2018.

1.2 Economic Base for Air Traffic

Air travel demand is largely correlated with the demographic and economic characteristics of the surrounding region. The economic strength of the Air Service Area has a major impact on the aviation activity at the Airport since most of the Airport's passenger demand is O&D activity. The next sections review current economic trends and conditions of the Airport's Air Service Area, and present data indicative of the Air Service Area's capability to generate a growing demand for air transportation throughout the next several years.

1.2.1 Socio-Economic Trends

Data for population, age distribution, educational attainment, income, and gross regional product for the Air Service Area are discussed below and are presented in **Tables 1-3** through **1-14**. Parallel data for Oregon and the U.S. are also shown to provide a basis of comparison of trends in the Air Service Area. Where available, annual data are provided for the 2007-2017 period and represent a 10-year historical trend. In addition, data estimates for 2024 are provided to be consistent with air traffic and financial forecasts presented later in this Report.

1.2.1.1 Population Trends

Population is a significant source of demand for air travel. Table 1-3 includes 2007 and 2017 population data for the Air Service Area, Oregon, and the U.S. Forecasts for 2024 are also included. Between 2007 and 2017, the population in the Air Service Area increased by 15.0% from 2,137,828 to 2,458,424. During the same period, Oregon's population increased by 11.1% and the U.S. population increased by 8.2%. The Air Service Area added approximately 320,000 to its population between 2007 and 2017 (or approximately 32,000 per year).
This represents a compound annual growth rate (CAGR) of 1.4%—higher than that of both Oregon (1.1%) and the U.S. (0.8%).

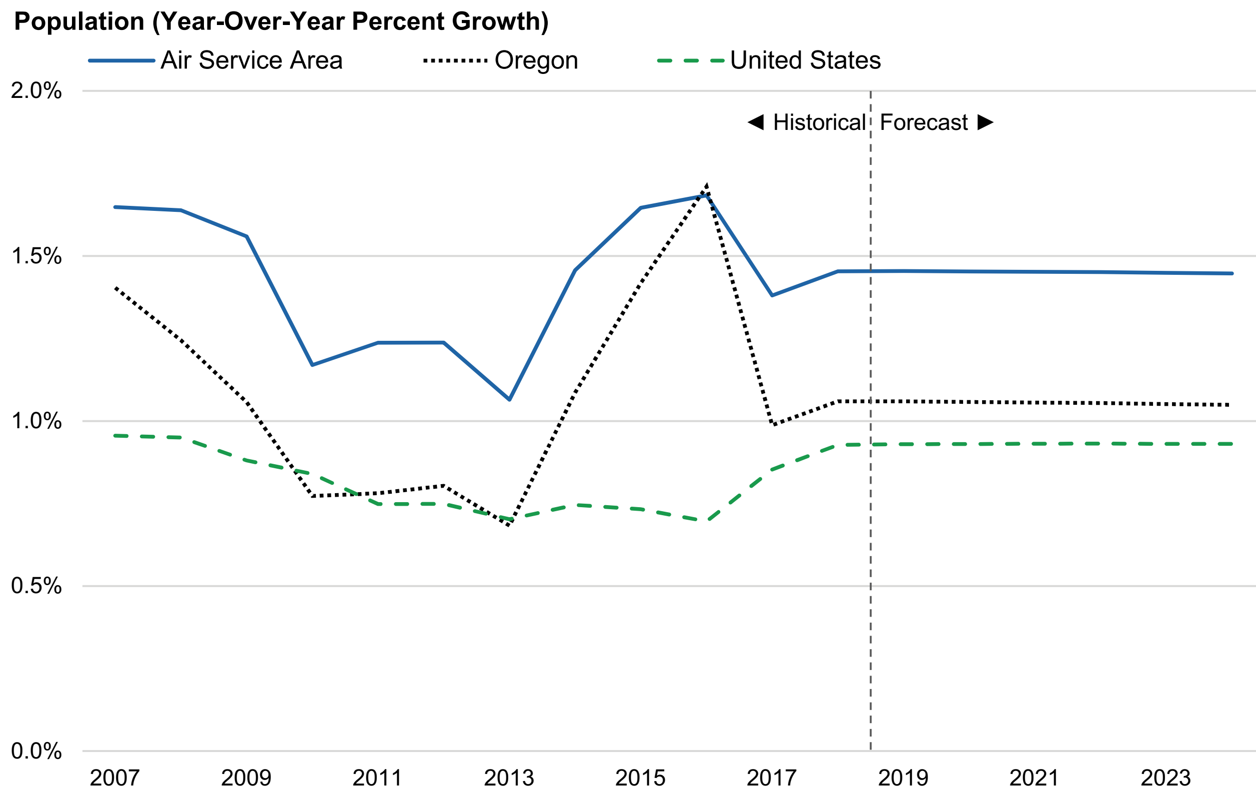
TABLE 1-3 Population Trends (2007-2024)

Region	Population			CAGR[1]	
	Historical		Forecast	2007-2017	2017-2024
	2007	2017	2024		
United States	301,231,167	325,888,129	347,711,883	0.8%	0.9%
Oregon	3,722,417	4,133,885	4,449,160	1.1%	1.1%
Air Service Area	**2,137,828**	**2,458,424**	**2,719,344**	**1.4%**	**1.5%**
Multnomah County, OR	*697,799*	*804,313*	*839,906*	*1.4%*	*0.6%*
Washington County, OR	*508,842*	*594,048*	*681,736*	*1.6%*	*2.0%*
Clark County, WA	*408,820*	*477,912*	*563,660*	*1.6%*	*2.4%*
Clackamas County, OR	*366,808*	*412,940*	*450,383*	*1.2%*	*1.2%*
Yamhill County, OR	*95,875*	*106,274*	*115,785*	*1.0%*	*1.2%*
Columbia County, OR	*48,898*	*51,333*	*55,542*	*0.5%*	*1.1%*
Skamania County, WA	*10,786*	*11,604*	*12,332*	*0.7%*	*0.9%*

Note: [1] Compound annual growth rate.
Source: Woods & Poole Economics, Inc., 2018 Complete Economic and Demographic Data Source, April 2018
Compiled by Partners for Economic Solutions, February 2019.

The Air Service Area's expected population increase between 2017 and 2024 reflects a CAGR of 1.5% and is higher than the estimated CAGR for both Oregon and the U.S. during the same period (1.1% and 0.9%, respectively). The increase in new residents in the Air Service Area (approximately 261,000 between 2017 and 2024) is expected to generate additional demand for air service at the Airport. **Exhibit 1-4** graphically depicts the historical and forecast trends for population in the Air Service Area, Oregon, and the U.S. A significant portion of the growth in Oregon and the Air Service Area from 2013 through 2016 was the result in-migration of people. Although not part of the Portland MSA, Cowlitz County in Washington (pop. 105,899) and Marion County in Oregon (pop. 339,115) are also sources of demand for air travel service at the Airport.[10]

EXHIBIT 1-4 Historical and Forecast Population Growth Rate (2007-2024)



Source: Woods & Poole Economics, Inc., 2018 Complete Economic and Demographic Data Source, April 2018.

[10] Woods & Poole Economics, Inc., *2018 Complete Economic and Demographic Data Source*, April 2018. Woods & Poole Economics Inc. is a data vendor located in Washington, D.C. that specializes in long-term economic and demographic projections for the U.S., 50 states, 3,113 counties, and the District of Columbia. Its database contains approximately 900 variables for every county in the United States including population, age, race, ethnicity, income, and employment by industry. Its demographic projections are revised annually to reflect both new computational techniques and new data sources.

1.2.1.2 Age Distribution

Table 1-4 includes 2017 age data for the Air Service Area, Oregon, and the U.S. The median age in the Air Service Area is 38.1 years, compared to 39.4 years in Oregon and 38.0 years in the U.S. overall. Demand for air travel varies by age group. According to Consumer Expenditure Survey data from the U.S. Bureau of Labor Statistics, persons between the ages of 35 and 54 account for 44% of expenditures on airline fares.[11]

Table 1-4 shows that in 2017, residents in the Air Service Area aged 35 to 54 made up 27.8% of the population, compared with 25.5% of the population in both Oregon and the U.S. This is the age group that generates the most expenditure on airline fares and it is represented in the Air Service Area in a higher proportion than in Oregon and the U.S.

TABLE 1-4 Age Distribution (2017)

Age Range	Air Service Area	Oregon	United States
Total Population	**2,458,424**	**4,133,885**	**325,888,129**
19 and under	24.1%	23.5%	25.3%
20 to 24 years	5.9%	6.4%	6.8%
25 to 34 years	15.1%	14.0%	13.9%
35 to 44 years	**14.5%**	**13.1%**	**12.5%**
45 to 54 years	**13.3%**	**12.4%**	**13.0%**
55 to 64 years	12.5%	13.2%	12.9%
65 and above	14.6%	17.4%	15.6%
Total	100.0%	100.0%	100.0%
Median Age	**38.1 years**	**39.4 years**	**38.0 years**

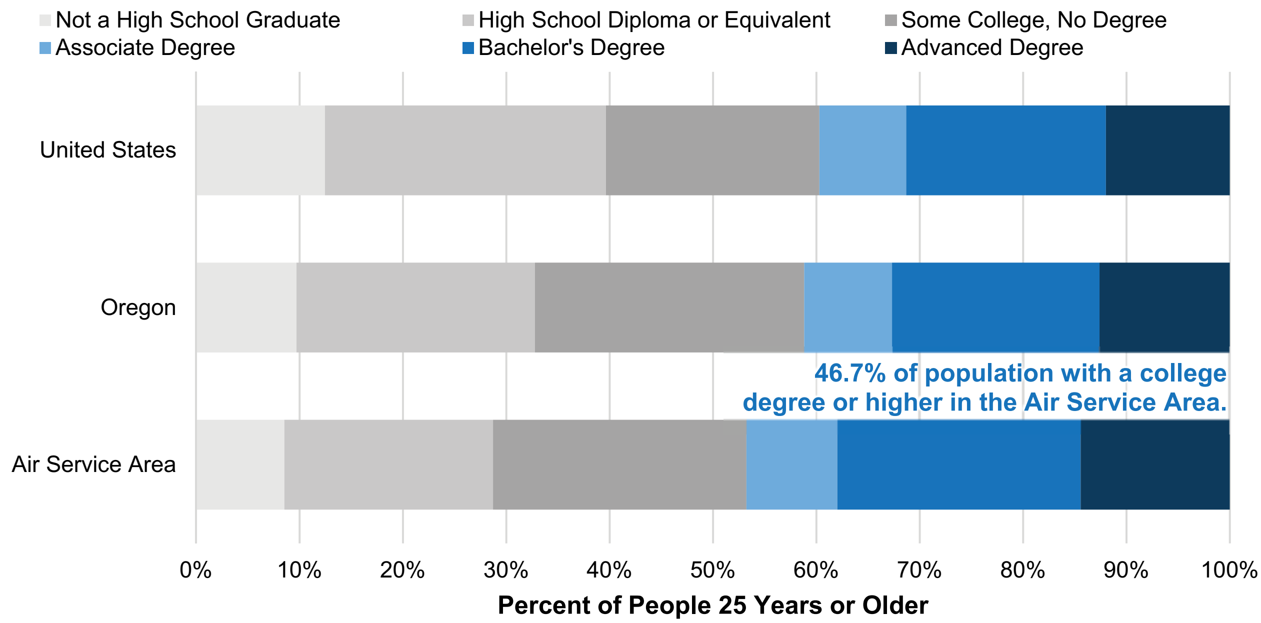
Note: Amounts may not add because of rounding.
Source: Woods & Poole Economics, Inc., 2018 Complete Economic and Demographic Data Source, April 2018
Compiled by Partners for Economic Solutions, November 2018.

[11] *Who's Buying for Travel*, 12th Edition, 2018, New Strategist Publications. Data in *Who's Buying for Travel* are based on the U.S. Bureau of Labor Statistics' Consumer Expenditure Survey, a nationwide survey of household spending.

1.2.1.3 Educational Attainment

Exhibit 1-5 graphically depicts the 2017 educational attainment status for the population over the age of 25 for the Air Service Area, Oregon, and the U.S. The Air Service Area is home to a substantial number of adults with post-secondary education. Approximately 804,000 people, or more than 46.7% of the Air Service Area's population over the age of 25, have a post-secondary degree (associate, bachelor's, graduate, or professional). This percentage is higher than that of both Oregon and the U.S. where, respectively, 41.2% and 39.7% of the population over the age of 25 have a post-secondary degree.

EXHIBIT 1-5 Educational Attainment (2017)



Sources: Woods & Poole Economics, Inc., 2018 Complete Economic and Demographic Data Source, April 2018; Esri Market Profiles for Air Service Area, Oregon, and U.S., June 2018,[12].Compiled by Partners for Economic Solutions, November 2018.

[12] Esri is a leading demographic data vendor that provides current-year estimates and five-year projections of more than 2,000 data variables including population, education, and income. Esri's clients include the United States Army Corps of Engineers, the National Oceanic and Atmosphere Administration (NOAA), the U.S. Department of Homeland Security, and other public agencies at the national, state, and local level.

According to the Oregon Office of Economic Analysis, a majority of migrants to the state hold degrees in STEM+ fields, i.e., science, technology, engineering, and math, plus business, and health. Since college graduates earn higher average wages, have a higher labor force participation rate, and experience less unemployment than other workers, the ability to attract and retain educated migrants has helped Oregon's economic growth.[13]

Consumer Expenditure Survey data from the U.S. Bureau of Labor Statistics show that persons with a college degree generate a high percentage of expenditures on air travel. Data indicate that 74% of airline fares are purchased by college graduates, while 18% of airline fares are purchased by consumers who have had some college or have earned an associate degree. Approximately 8% of airline fares are purchased by consumers who never attended college.[14]

In addition to having a highly-educated population, the Air Service Area is also home to 30 colleges, universities, and technical institutions such as Portland State University, Oregon State University (Portland metro area campus), Oregon Health & Science University, University of Portland, Lewis & Clark College, Washington State University (Vancouver campus), and Reed College. Educational institutions in the Air Service Area have a total enrollment of approximately 174,000 students and generate demand for air travel through academic conferences, visiting professorships, study abroad programs, and individual student and faculty travel.[15]

1.2.1.4 Household Income

Income within the Air Service Area is another key driver for demand for air travel. **Table 1-5** includes estimated 2017 and forecast 2024 median household income data for the Air Service Area, Oregon, and the U.S. Table 1-5 shows that in 2017, the Air Service Area's estimated median household income of $66,511 was approximately 17% higher than Oregon's ($56,671) and that of the U.S. ($56,684). This trend is expected to continue through 2024 as the Air Service Area is expected to reach a median household income level of $78,520, compared to $65,872 in Oregon and $67,369 in the U.S.

According to the State of Oregon's Office of Economic Analysis (OEA), in 2017, Portland's household income growth rate ranked in the Top 5 among the 100 largest metros in the U.S. and was 18% higher than the average large metro area in the U.S.[16]

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13 STEM+ Trends in Oregon: Migration and Educational Attainment by Degree Type among Young Oregonians, Oregon Office of Economic Analysis, January 2016, https://oregoneconomicanalysis.files.wordpress.com/2016/01/oregon-stem-report.pdf; Who Moves to Oregon?, Oregon Office of Economic Analysis, https://oregoneconomicanalysis.com/2016/01/11/who-moves-to-oregon-graph-of-the-week, January 2016; Destination Oregon, Oregon Office of Economic Analysis, https://oregoneconomicanalysis.com/2014/10/16/destination-oregon; Oregon and STEM+, https://oregoneconomicanalysis.files.wordpress.com/2016/01/oregon-stem-slides.pdf, accessed December 2018.

14 *Who's Buying for Travel*, 12th Edition, 2018, New Strategist Publications.

15 Enrollment data from institution web sites of 30 colleges, universities, and technical institutions in the Air Service Area, November 2018.

16 Oregon Economic and Revenue Forecast December 2018, Office of Economic Analysis, Department of Administrative Services, https://www.oregon.gov/das/OEA/Documents/oeaforecast1218.pdf, accessed December 2018.

TABLE 1-5 Median Household Income and Income Distribution (2017-2024) [1, 2]

Income Range	Air Service Area	Oregon	United States
2017 Household Income			
Less than $24,999	15.7%	19.9%	21.1%
$25,000 - $49,999	20.6%	23.3%	22.5%
$50,000 - $74,999	18.2%	18.7%	17.8%
$75,000 - $99,999	13.9%	12.8%	12.4%
$100,000 - $199,999	24.0%	19.9%	19.8%
$200,000 or more	7.6%	5.4%	6.4%
Total	**100.0%**	**100.0%**	**100.0%**
2017 Median Household Income	**$66,511**	**$56,671**	**$56,684**
2024 Household Income			
Less than $24,999	12.5%	15.9%	17.0%
$25,000 - $49,999	18.2%	21.1%	19.8%
$50,000 - $74,999	17.2%	18.0%	17.2%
$75,000 - $99,999	14.0%	13.7%	13.2%
$100,000 - $199,999	28.7%	24.6%	24.3%
$200,000 or more	9.4%	6.7%	8.5%
Total	**100.0%**	**100.0%**	**100.0%**
2024 Median Household Income	**$78,520**	**$65,872**	**$67,369**

Notes: [1] Amounts are shown in current dollars, i.e., 2017 data are shown in 2017 dollars and 2024 data are shown in 2024 dollars.
[2] Calculations of estimated 2017 and forecast 2024 households and income distributions are based on figures published for 2018 and 2023 by Esri.

Sources: Esri Market Profiles for Portland MSA, Oregon and U.S., June 2018.
Compiled by Partners for Economic Solutions, February 2019.

Data in **Table 1-6** show that between 2017 and 2024, the number of households with income greater than $100,000 in the Air Service Area is expected to increase by approximately 111,000. The percentage of higher income households (defined as those earning $100,000 or more annually) within the Air Service Area is another key indicator of potential demand for air travel services. In 2017, approximately 298,000 Air Service Area households were estimated to have an income of $100,000 or more. This is equal to approximately 32% of all Air Service Area households. According to Consumer Expenditure Survey data from the U.S. Bureau of Labor Statistics, 55% of airline fare expenditures are made by households with annual income of $100,000 or more.[17]

TABLE 1-6 Households with Income of $100,000 And Above (2017-2024) [1,2]

Range	Air Service Area	Oregon	United States
Total Households			
2017 estimate	942,992	1,622,337	123,138,325
2024 forecast	1,033,706	1,755,473	130,091,202
CAGR 2017-2024[3]	1.3%	1.1%	0.8%
Households with Income of $100,000 and Above[2]			
2017 estimate	297,986	410,451	32,262,241
2024 forecast	408,855	573,355	44,630,965
CAGR 2017-2024	4.6%	4.9%	4.7%
% of Households with Income of $100,000 and Above[2]			
2017 estimate	31.6%	25.3%	26.2%
2024 forecast	39.1%	32.2%	33.8%

Notes: [1] In current dollars.
[2] Calculations of estimated 2017 and forecast 2024 households and income distributions are based on figures published for 2018 and 2023 by Esri.
[3] CAGR = Compound annual growth rate.

Source: Esri Market Profiles for Portland MSA, Oregon and U.S., June 2018.
Compiled by Partners for Economic Solutions, February 2018.

[17] *Who's Buying for Travel*, 12th Edition, 2018, New Strategist Publications.

1.2.1.5 Per Capita Personal Income

Personal income is a key indicator of a region's demand for air travel and includes the sum of wages and salaries, other labor income, proprietors' income, rental income of persons, dividend income, personal interest income, and transfer payments less personal contributions for government social insurance. Per capita personal income (PCPI) is a measure of the relative affluence of a region's residents and, consequently, of their ability to afford air travel.

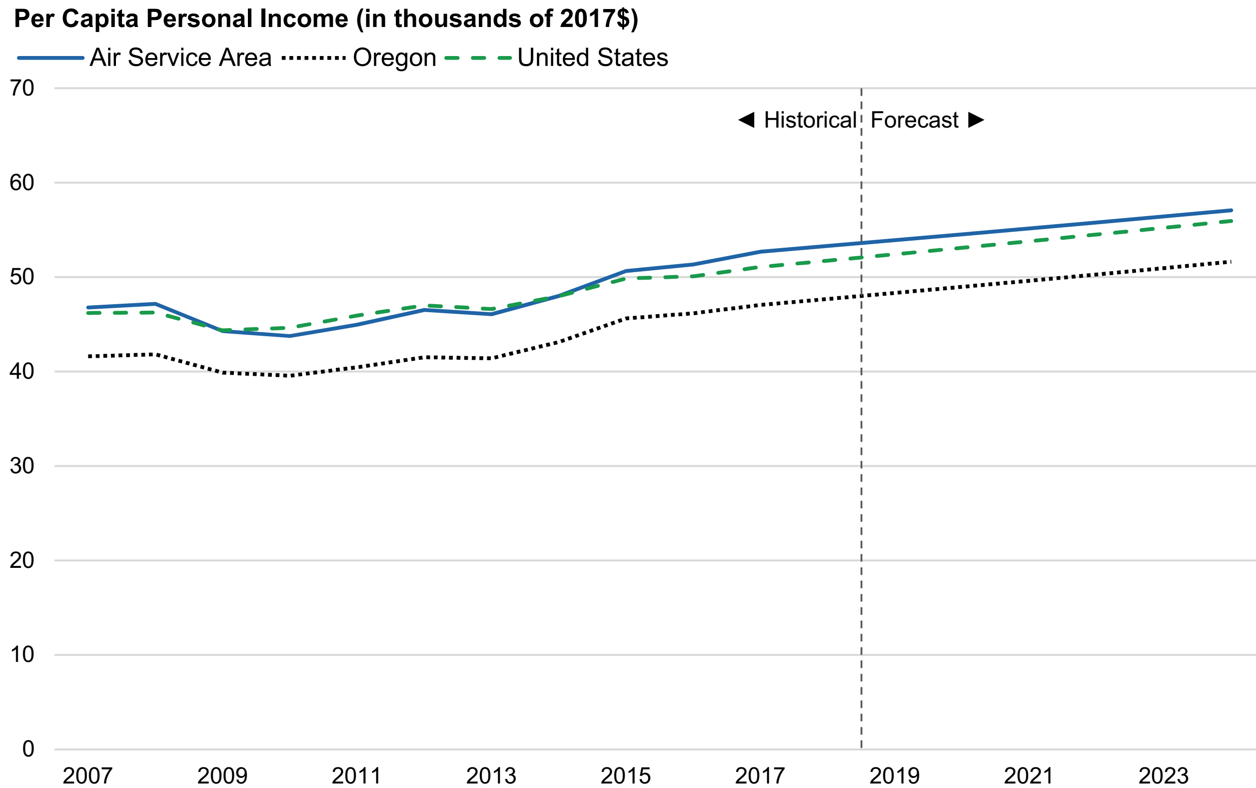
Table 1-7 includes annual per capita income data from 2007 through 2017 for the Air Service Area, Oregon, and the U.S. From 2007 through 2017, per capita personal income in the Air Service Area was higher than that of Oregon by an average of approximately 11%. Between 2007 through 2017, per capita personal income in the Air Service Area was above that of the U.S. by an average of 0.4%. Per capita personal income in the Air Service Area increased at a CAGR of 1.2% between 2007 and 2017, equal to the CAGR for Oregon and above the CAGR of 1.0% for the U.S. during the same period. **Exhibit 1-6** graphically depicts the historical and forecast trends for PCPI for the Air Service Area, Oregon, and the U.S.

TABLE 1-7 Per Capita Personal Income Trends and Forecasts (2007-2024)

Year	Air Service Area	Oregon	U.S.
History			
2007	$46,773	$41,602	$46,201
2008	$47,159	$41,824	$46,252
2009	$44,276	$39,892	$44,361
2010	$43,759	$39,556	$44,638
2011	$44,955	$40,447	$45,930
2012	$46,515	$41,518	$47,010
2013	$46,070	$41,405	$46,615
2014	$48,004	$43,125	$47,986
2015	$50,646	$45,622	$49,857
2016	$51,341	$46,165	$50,077
2017	$52,692	$47,053	$51,073
Forecast			
2024	$57,070	$51,631	$55,936
Compound Annual Growth Rate			
2007-2017	1.2%	1.2%	1.0%
2017-2024	1.1%	1.3%	1.3%

Source: Woods & Poole Economics, Inc., 2018 Complete Economic and Demographic Data Source, April 2018. Compiled by Partners for Economic Solutions, December 2018.

EXHIBIT 1-6 Historical and Forecast per Capita Personal Income



Sources: Woods & Poole Economics, Inc., 2018 Complete Economic and Demographic Data Source, April 2018; Esri Market Profiles for Air Service Area, Oregon, and U.S., June 2018.
Compiled by Partners for Economic Solutions, February 2019.

1.2.1.6 Per Capita Gross Regional Product / Gross Domestic Product

Per capita gross domestic product (GDP) (national level) and per capita gross regional product (GRP) (state- and county-level) are measures of the value of all final goods and services produced within a geographic area, divided by the total population. These per capita measures are general indicators of the economic health of a geographic area and, consequently, of the area's potential demand for air transportation services.

Table 1-8 includes annual per capita GRP and GDP data from 2007 through 2017 for the Air Service Area, Oregon, and the U.S. The Air Service Area's per capita GRP increased from $64,485 in 2007 to $70,572 in 2017. Table 1-8 also shows that per capita GRP for the Air Service Area increased at a CAGR of 0.9% between 2007 and 2017, equal to that of Oregon and higher than the CAGR for the U.S. during the same period (0.7%).

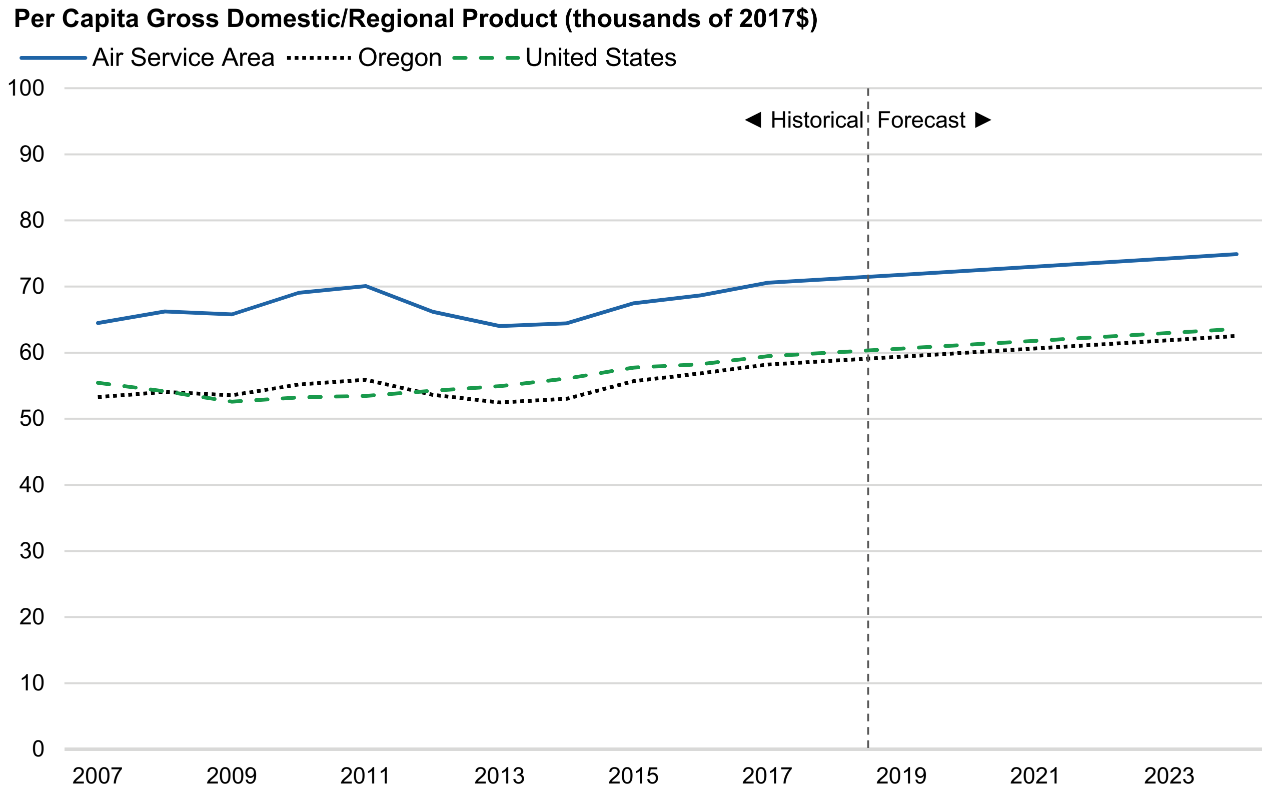
Forecasts for 2024 in Table 1-8 show per capita GRP in the Air Service Area increasing from $70,572 in 2017 to $74,895 in 2024. This increase represents a CAGR of 0.9% for the Air Service Area and is slightly lower than the CAGR for Oregon and the U.S. between 2017 and 2024. **Exhibit 1-7** graphically depicts the historical and forecast trends for per capita GRP for the Air Service Area and Oregon as well as the per capita GDP for the U.S.

TABLE 1-8 Per Capita Gross Regional and Gross Domestic Product Trends (2007-2024)

Year	Air Service Area	Oregon	U.S.
History			
2007	$64,485	$53,279	$55,429
2008	$66,225	$54,051	$54,153
2009	$65,786	$53,547	$52,589
2010	$69,049	$55,188	$53,237
2011	$70,072	$55,911	$53,471
2012	$66,191	$53,630	$54,234
2013	$64,020	$52,466	$54,924
2014	$64,440	$53,032	$56,089
2015	$67,481	$55,693	$57,743
2016	$68,676	$56,859	$58,255
2017	$70,572	$58,192	$59,475
Forecast			
2024	$74,895	$62,525	$63,592
Compound Annual Growth Rate			
2007-2017	0.9%	0.9%	0.7%
2017-2024	0.9%	1.0%	1.0%

Source: Woods & Poole Economics, Inc., 2018 Complete Economic and Demographic Data Source, April 2018.
Compiled by Partners for Economic Solutions, December 2018.

EXHIBIT 1-7 Historical and Forecast Per Capita Gross Domestic/Regional Product

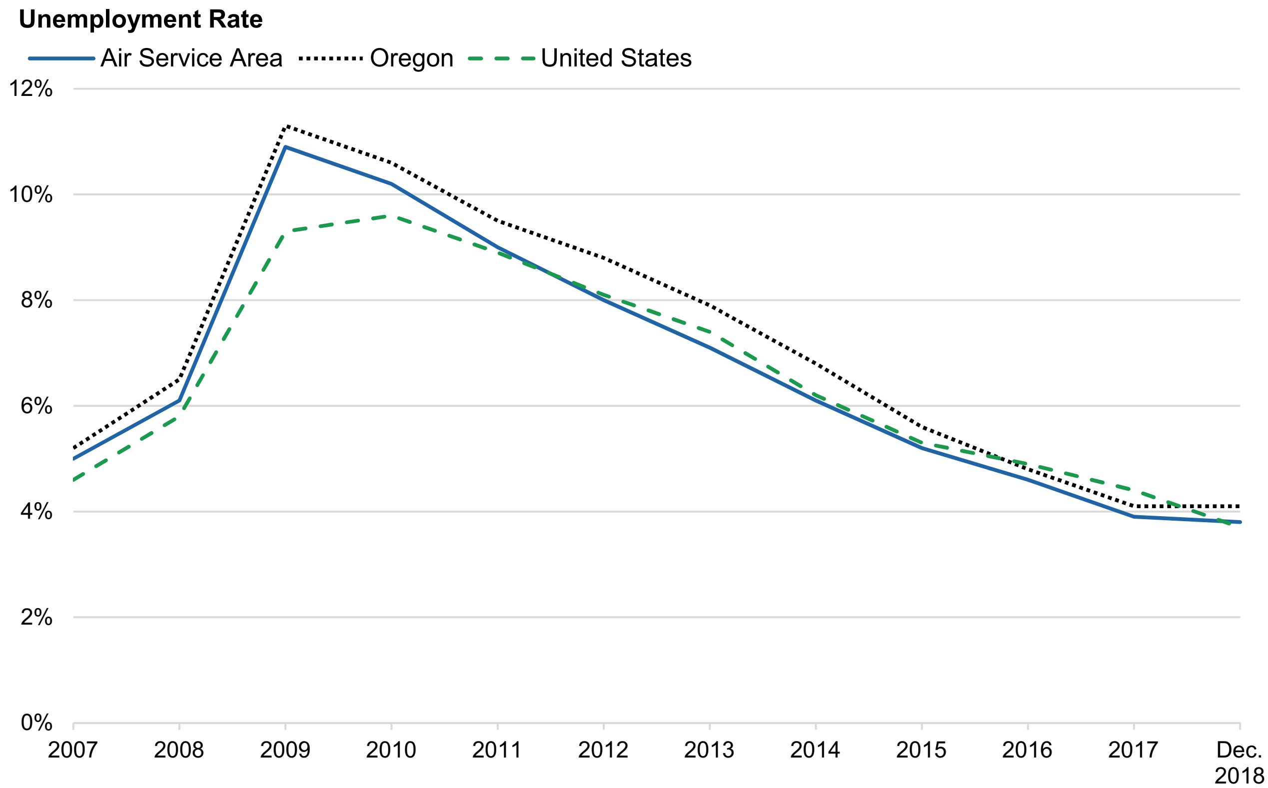


Sources: Woods & Poole Economics, Inc., 2018 Complete Economic and Demographic Data Source, April 2018; Esri Market Profiles for Air Service Area, Oregon, and U.S., June 2018.
Compiled by Partners for Economic Solutions, February 2019.

1.2.2 Labor Market Trends

Civilian labor force data, unemployment rates, and employment by industry data for the Air Service Area are discussed below and are presented in **Table 1-9** and **Table 1-10**. Parallel data for Oregon and the U.S. are also shown to provide a basis of comparison for trends in the Air Service Area.

TABLE 1-9 Civilian Labor Force and Unemployment Rate (2007- December 2018)

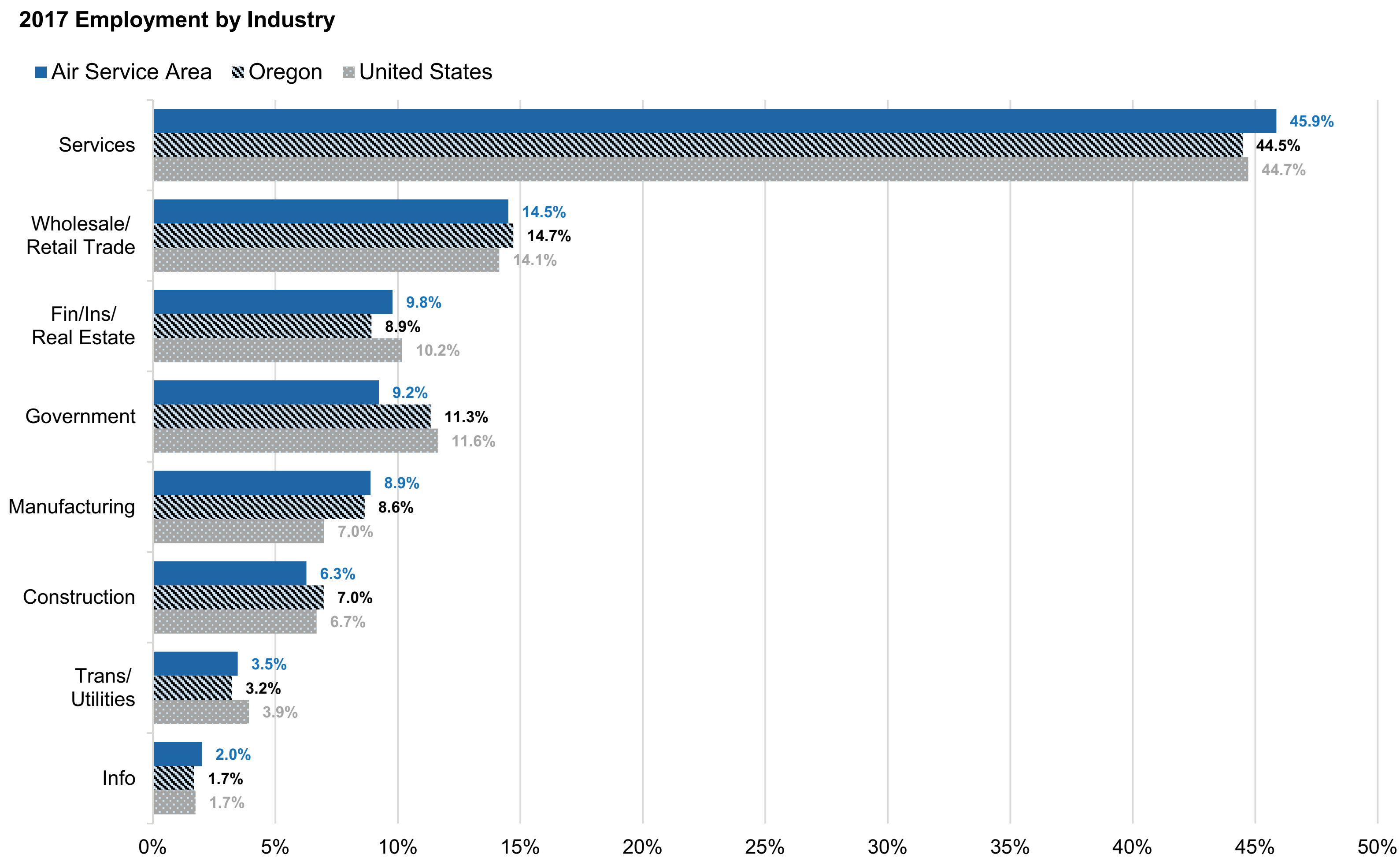


Year	Civilian Labor Force			Unemployment Rate		
	Air Service Area	Oregon	United States	Air Service Area	Oregon	United States
2007	1,144,909	1,921,766	153,124,000	5.0%	5.2%	4.6%
2008	1,170,355	1,955,121	154,287,000	6.1%	6.5%	5.8%
2009	1,184,164	1,976,638	154,142,000	10.9%	11.3%	9.3%
2010	1,207,837	1,984,039	153,889,000	10.2%	10.6%	9.6%
2011	1,214,757	1,993,889	153,617,000	9.0%	9.5%	8.9%
2012	1,198,820	1,953,439	154,975,000	8.0%	8.8%	8.1%
2013	1,180,637	1,910,702	155,389,000	7.1%	7.9%	7.4%
2014	1,199,004	1,935,884	155,922,000	6.1%	6.8%	6.2%
2015	1,229,327	1,978,226	157,130,000	5.2%	5.6%	5.3%
2016	1,273,512	2,049,480	159,187,000	4.6%	4.8%	4.9%
2017	1,310,510	2,104,078	160,320,000	3.9%	4.1%	4.4%
Dec. 2018[1]	1,329,963	2,106,593	162,510,000	3.8%	4.1%	3.7%
Compound Annual Growth Rate						
2007-2017	1.4%	0.9%	0.5%	n.a.	n.a.	n.a.

Note: [1] December 2018 data are not seasonally adjusted. In December 2018, the seasonally adjusted unemployment rate was 4.1% in Oregon and 3.9% in the U.S. Seasonally adjusted civilian labor force data are not available for the Air Service Area.

Source: Bureau of Labor Statistics, U.S. Department of Labor, February 2019.
Compiled by Partners for Economic Solutions, February 2019.

TABLE 1-10 Employment by Industry Trends (2007-2024)



Industry	Air Service Area			Oregon			United States		
	2007	2017	2024	2007	2017	2024	2007	2017	2024
Persons									
Total	1,344,326	1,549,859	1,756,973	2,242,621	2,463,621	2,754,234	175,179,699	194,376,596	215,593,840
Share of Persons									
Services	42.1%	45.9%	47.2%	40.7%	44.5%	45.8%	41.6%	44.7%	45.8%
Wholesale/ Retail Trade	15.2%	14.5%	14.4%	15.2%	14.7%	14.7%	14.6%	14.1%	14.1%
Government[1]	10.2%	9.2%	8.8%	12.4%	11.3%	10.9%	12.7%	11.6%	11.3%
Fin/Ins/Real Estate	9.7%	9.8%	10.2%	8.6%	8.9%	9.1%	9.5%	10.2%	10.4%
Construction[2]	9.9%	8.9%	8.0%	9.7%	8.6%	7.9%	8.3%	7.0%	6.3%
Manufacturing	7.2%	6.3%	6.4%	8.2%	7.0%	7.1%	7.6%	6.7%	6.7%
Transportation/Utilities	3.6%	3.5%	3.2%	3.3%	3.2%	3.0%	3.7%	3.9%	3.7%
Information	2.2%	2.0%	1.8%	1.9%	1.7%	1.5%	2.0%	1.7%	1.6%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Notes: Non-agricultural employment only.
[1] Excludes military.
[2] Includes mining and forestry employment.

Source: Woods & Poole Economics, Inc., 2018 Complete Economic and Demographic Data Source, April 2018
Compiled by Partners for Economic Solutions, February 2019.

1.2.2.1 2007 – 2017 Labor Force and Unemployment Trends

Table 1-9 includes annual civilian labor force and unemployment data from 2007 through 2017 for the Air Service Area, Oregon, and the U.S. Between 2007 and 2017, the Air Service Area's labor force grew at a CAGR of 1.4%—above the labor force CAGR for both Oregon (0.9%), and the U.S. (0.5%). In absolute terms, the labor force in the Air Service Area increased by a total of approximately 173,000 workers between 2007 and 2017.

The annual unemployment rate in the Air Service Area exceeded that of the U.S. from 2007 through 2011 by an average of 0.6 percentage points. From 2012 through 2017, the Air Service Area's annual unemployment rate was below the U.S. rate. The annual unemployment rate in the Air Service Area was lower than Oregon's rate from 2007 through 2017. Table 1-9 shows that in December 2018, the unemployment rate in the Air Service Area was 3.8% (non-seasonally adjusted). The Air Service Area's December 2018 unemployment rate was higher than the non-seasonally adjusted rate in the U.S. (3.7%) and lower than the rate in Oregon (4.1%).[18]

1.2.2.2 Employment by Industry

Data in Table 1-10 shows the number of jobs by major industry divisions in the Air Service Area, Oregon, and the U.S. in 2007 and 2017. Non-agricultural employment in the Air Service Area increased from approximately 1,344,000 workers in 2007 to approximately 1,550,000 in 2017. This increase represents a 1.4% CAGR during this period and is higher than the CAGR for non-agricultural employment in both Oregon (0.9%) and the U.S. (1.0%).

In 2017, employment by industry in the Air Service Area had a higher percentage of jobs in manufacturing, wholesale/retail trade, information, and services compared to the U.S. In all other sectors (construction, transportation/utilities, finance/insurance/real estate, and government), the Air Service Area had a lower proportion of employment compared to the U.S.

Data in Table 1-10 indicates that the Air Service Area has a diversified employment base that is expected to provide the region with a foundation for stable growth.

1.2.3 Regional Economic Profile

This section discusses the Air Service Area's business climate, business attraction and retention initiatives, and major employers.

1.2.3.1 Business Climate

The business climate in the Air Service Area is supported by a skilled workforce, nationally recognized K-12 public schools, and a community college system with specialized workforce training. The Air Service Area also has a favorable tax structure with no taxes levied on sales or inventory (in Oregon), no corporate or personal income tax (in Washington), and tax incentive programs in both states to encourage investment.[19] Cost data indicate that typical operating expenses in the Air Service Area range from 7% to 25% lower compared to other states in the western U.S., depending on the expense category (e.g., insurance, utilities, salaries).[20]

Quality-of-life issues are also an important factor in site selection decisions by U.S. corporate executives, because young, educated, and skilled workers frequently seek a desirable place in which to live as well as to

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18 In November 2018, the seasonally adjusted unemployment rate was 3.9% in Oregon and 3.7% in the U.S.

19 Relocate, Columbia River Economic Development Council, http://www.credc.org/relocate; Oregon's Tax Structure, Business Oregon, https://www.oregon4biz.com/Oregon-Business/Climate/Tax-Structure; Oregon's Incentives, Business Oregon, https://www.oregon4biz.com/Oregon-Business/Tax-Incentives; accessed November 2018.

20 State Data Comparison Tool; Business Oregon, http://www.oregon4biz.com/Economic-Analysis/Comparisons/#, accessed November 2018.

work.[21] With light rail, street cars, and convenient transportation options, along with a temperate climate, urban amenities, and easy access to outdoor recreation, the Air Service Area's quality of life is an important factor in recruiting both businesses and workers.[22]

Business attraction and retention initiatives by Air Service Area economic development agencies include location services, property feasibility study assistance, Enterprise Zone property tax exemptions, start-up assistance, and other programs. Combined efforts by local and state economic development agencies, coordinated under the auspices of Business Oregon, the Columbia River Economic Development Council, and Greater Portland Inc., have resulted in numerous successful efforts to attract and retain employers in the Air Service Area. Since 2016, prominent firms that have moved to or expanded in the Air Service Area include Genentech (South San Francisco), Coinbase (San Francisco), designaffairs (Germany), Element Six (United Kingdom), ReconCraft (Massachusetts), Mercari (Japan), Home Depot QuoteCenter (Atlanta), GTMA (Los Angeles), RealWear (Vancouver), Kyocera (Japan), and AbSci (Vancouver).[23]

Intel recently announced plans to expand its manufacturing and R&D capacity in the Air Service Area to develop the next generation of semiconductor chips. Final details have not been released but a review of planning documents indicates that Intel will build a high-volume semi-conductor manufacturing facility that is likely to focus on research projects and new product innovations. The plant is expected to employ 1,750 new workers and will increase Intel's Oregon workforce by approximately 9%. Intel has a history of developing new classes of microprocessors in Oregon and applying the resultant manufacturing advancements throughout its U.S. and international facilities. According to the Oregon Office of Economic Analysis (OEA), technology manufacturing in the state is dominated by managerial and engineering personnel with an average annual salary of $126,000. OEA predicts that the Air Service Area economy will benefit from Intel's expansion through job growth and high wages, as well as from an innovation and R&D perspective.[24]

1.2.3.2 Major Employers

Fortune magazine publishes a yearly list of the top 1,000 publicly traded companies in the U.S., ranked by annual revenue. **Table 1-11** shows that five "Fortune 1000" corporations are headquartered in Oregon. Led by Nike (ranked 89th), these five companies have combined revenue of approximately $51 billion annually.

[21] 32nd Annual Corporate Survey, Area Development, Q1 2018, http://www.areadevelopment.com/Corporate-Consultants-Survey-Results/Q1-2018/32nd-annual-corporate-survey-14th-annual-consultants-survey.shtml, accessed November 2018.
[22] Choice Location, Greater Portland Inc., https://www.greaterportlandinc.com/talent/choice-location.html, accessed November 2018.
[23] News, Greater Portland Ind., https://www.greaterportlandinc.com/news-events/news.html; Newsroom, Columbia River Economic Development Council, http://www.credc.org/newsroom; News & Media, Business Oregon, https://www.oregon4biz.com/News-&-Media; accessed November 2018.
[24] "Intel factory expansion could boost Oregon's economy," *The Oregonian*, December 17, 2018; "Intel expansion may result in nearly 1,750 new jobs in Hillsboro," *Portland Business Journal*, February 7, 2019.

TABLE 1-11 Oregon Fortune 1000 Company Headquarters (2018)[1]

Company	Fortune 1000 Rank	2017 Revenue ($ billions)	Industry	Location
Nike	89	$34.5	Athletic Apparel and Equipment	Beaverton
Lithia Motors	294	$10.1	Automotive Franchises	Medford
Columbia Sportswear	836	$2.5	Athletic Apparel and Equipment	Portland
The Greenbrier Companies	915	$2.2	Transportation Equipment	Lake Oswego
Portland General Electric	953	$2.0	Utility	Portland

Note: [1] Based on 2017 revenue.
Source: Fortune.com, November 2018.
Compiled by: Partners for Economic Solutions, November 2018

The top 25 employers in the Air Service Area are shown in **Table 1-12**. These firms represent industries such as semiconductors (Intel), retail (Fred Meyer), athletic apparel and equipment (Nike), financial services (Wells Fargo, U.S. Bank), transportation equipment (Daimler Trucks), and industrial equipment (Precision Castparts). Other top employers include health care (Providence Health & Services, Kaiser Permanente), education (Oregon Health & Science University, Portland Public Schools, Portland State University), government (U.S. Department of Veterans Affairs, Multnomah County, City of Portland), and public transportation (TriMet). In addition to contributing to the region's diverse economic base, many of the Air Service Area's top employers are an important source of demand for air passenger and freight service.

0TABLE 1-12 Top 25 Air Service Area Employers

Company	Industry	Location	Local Employees
Intel	Semiconductors	Hillsboro	18,600
Providence Health & Services	Health Care	Portland	16,139
Oregon Health & Science University	Education	Portland	14,963
Kaiser Permanente Northwest	Health Care	Portland	11,898
Fred Meyer	Retail	Portland	10,813
Legacy Health System	Health Care	Portland	8,700
Nike	Athletic Apparel and Equipment	Beaverton	8,500
Portland Public Schools	Education	Portland	6,135
Multnomah County	Government	Portland	5,995
City of Portland	Government	Portland	5,481
Beaverton School District	Education	Beaverton	4,637
Wells Fargo	Financial Services	Portland	4,527
PeaceHealth	Health Care	Vancouver	4,446
Portland Community College	Education	Portland	3,906
U.S. Bank	Financial Services	Portland	3,757
U.S. Postal Service	Government	Portland	3,533
Portland State University	Education	Portland	3,418
U.S. Department of Veterans Affairs	Government	Portland	3,378
Vancouver School District	Education	Vancouver	3,300
Evergreen Public Schools	Education	Vancouver	3,292
Daimler Trucks North America	Transportation Equipment	Portland	3,000
New Seasons Market	Retail	Portland	3,000
Bonneville Power Administration	Utilities	Vancouver	2,946
TriMet	Public Transportation	Portland	2,645
Hillsboro School District	Education	Hillsboro	2,640

Sources: 2018 Book of Lists, Largest Employers in the Portland Metro Area, Portland Business Journal, https://www.biz journals.com/Portland/ecommerce/product/bookoflists; “Clark County’s 5 Largest Employers,” Vancouver Business Journal, May 23, 2018, https://www.vbjusa.com/news/news-briefs/from-the-list-clark-countys-5-largest-employers/2017; Clark County Washington Principal Employers, Clark County Auditor, 2017 Comprehensive Annual Financial Report, https://www.clark.wa.gov/auditor/financial-reports, accessed November 2018. Compiled by Partners for Economic Solutions, December 2018.

1.2.3.3 Tourism Industry

Approximately 11 million people traveled to the Air Service Area in 2017, representing a 6.2% increase over the visitor level in 2015. In addition, over the past five years, approximately 55% of O&D passengers at the Airport were visitors. Visitors generated approximately $5.6 billion in direct spending in the Air Service Area and $295 million in state and local tax revenue in 2017.[25]

With a temperate climate, proximity to natural scenery, cosmopolitan urban zones, and a dynamic arts community, the Air Service Area offers visitors a variety of attractions. These include live music venues, distilleries and micro-breweries, one-of-a-kind restaurants, distinctive shopping districts, frequent festivals, and easy access to the Willamette Valley wine country. With over 200 wineries, the Willamette Valley was recognized as the 2016 Wine Region of the Year by the *Wine Enthusiast* Wine Star Awards. Its temperate climate makes it a year-round destination. In addition to internationally acclaimed wineries, the Willamette Valley offers historic communities, farmer's markets, restaurants, breweries, rivers, hot springs, scenic waterfalls, forests, covered bridges, bed-and-breakfast inns, boutique hotels, and farm stays.[26]

Tourists and business travelers may also explore outdoor attractions accessible from the Air Service Area such as Columbia River Gorge National Scenic Area, Gifford Pinchot National Forest, Mount Hood National Forest, Willamette National Forest, Pacific Crest Trail, Tillamook State Forest, Clatsop State Forest, Fort Vancouver National Historic Site, Willamette River, Clackamas River, Hood River, Multnomah Falls, Willamette Falls, Columbia Gorge Discovery Center, Historic Columbia River Highway, Mount Hood National Scenic Byway, Historic Oregon City, Oregon Trail Interpretive Center, Tualatin River National Wildlife Refuge, Oaks Bottom Wildlife Refuge, Portland Audubon Society Nature Sanctuary, and Hoyt Arboretum. Outdoor recreation activities in the Air Service Area include golf, cycling, skiing, hiking, birdwatching, whitewater rafting, kayaking, and rock climbing.[27]

In addition, Oregon's coast provides visitors with quaint villages, beach towns, and natural beauty. Its 363-mile public coastline is the site of numerous dunes and sandy beaches as well as scenic cliffs and forests. Highlights include Lewis and Clark National Historical Park and Cannon Beach, visited by the Lewis and Clark expedition in 1805-06. The Oregon Dunes National Recreation Area offers the largest expanse of coastal sand dunes in North America.[28]

The Oregon Convention Center (OCC) is a LEED® Platinum building[29] and one of the largest convention centers in the Pacific Northwest. OCC provides delegates with 52 meeting rooms, two grand ballrooms, 255,000 square feet of contiguous exhibition space, and 30,000 square feet of multi-use outdoor space.[30] The facility is currently undergoing a $27 million renovation to upgrade its interior, reconstruct an exterior plaza, and install new landscaping. In 2017, OCC generated $626 million in local spending.[31]

25 2013 Portland Oregon Economic Impacts of Travel; 2014 Portland Metro Travel Impacts; 2017 Portland Region Travel Impacts; 2000-2016 Washington State County Travel Impacts and Visitor Volume; 2000-2017 Washington State County Travel Impacts and Visitor Volume; Dean Runyan Associates

26 The Willamette Valley Visitors Association, www.oregonwinecountry.org/about-us; The Willamette Valley Visitors Association, www.oregonwinecountry.org/visit-our-valley, accessed December 2018.

27 Portland Visitors Guide, www.travelportland.com/wp-content/uploads/2014/03/Portland-Visitors-Guide-English.pdf; National Park Service, www.nps.gov/state/or/index.htm; Pacific Northwest Region 6, U.S. Forest Service, www.fs.usda.gov/main/r6/home, accessed December 2018.

28 Oregon Dunes National Recreation Area, www.fs.usda.gov/Internet/FSE_DOCUMENTS/fseprd595822.pdf, accessed December 2018.

29 LEED, or Leadership in Energy and Environmental Design, is the most widely used green building rating system in the world; U.S Green Building Council, https://new.usgbc.org/leed, accessed November 2018.

30 Oregon Convention Center, https://www.oregoncc.org/about, accessed November 2018.

31 Oregon Convention Center renovation to increase national competitiveness, further driving regional economy, May 16, 2018, https://www.oregoncc.org/news/2018/05/16/oregon-convention-center-renovation-increase-national-competitiveness-further, accessed November 2018.

Travel Portland, the Air Service Area's primary tourism organization, works with OCC staff to provide exhibitor services for conventions, conferences, and events. With a full-time staff of 160 professionals, the OCC is able to provide top quality service to groups ranging in size from 10 to 10,000.[32] Promotion efforts by Travel Portland and the OCC highlight the Air Service Area's affordability, especially with respect to food and lodging, compared with alternative convention destinations such as San Jose, Seattle, San Diego, Long Beach, and Denver.
Other features that make the Air Service Area a delegate-friendly venue are tax-free shopping and light rail access from the Airport to the downtown hotel core.[33]

The 600-room Hyatt Regency headquarters hotel is currently under construction adjacent to the OCC. The $230 million facility has already attracted an additional 26 conventions to OCC after the hotel opens in 2020.[34] The OCC typically hosts 70 conventions per year and the new 600-room Hyatt hotel will help Portland draw larger conventions. In addition, the Hyatt is anticipated to generate $10.3 million in annual state and local tax revenue and create 950 new hospitality jobs.[35]

Sightseeing destinations in the Air Service Area include the Portland Art Museum, Oregon Museum of Science and Industry, Clark County Historical Museum, Oregon Zoo, Fort Vancouver National Historic Site, Portland Japanese Garden, Lan Su Chinese Garden, and the International Rose Test Garden. The Air Service Area's performing arts offerings include the Oregon Ballet Theatre, Vancouver Symphony Orchestra, Portland Opera, Artists Repertory Theatre and Portland Center Stage.

Professional sports teams based in the Air Service Area include the National Basketball Association's Portland Trail Blazers, Major League Soccer's Portland Timbers, and the National Women's Soccer League's Portland Thorns FC. In addition, the Hillsboro Hops is a Minor League Baseball team and the Portland Winterhawks is a major junior ice hockey team in the Western Hockey League.

Numerous travel magazines and web sites such as CNBC.com, CNNTravel.com, *Condé Nast Traveler*, RoughGuides.com, *Travel + Leisure*, and TripAdvisor.com have named Portland a top destination. Portland has also been recognized as a top location for its restaurants, wine and beer, outdoor recreation, cycling, sustainability, and vibrant arts community by LonelyPlanet.com, BusinessInsider.com; *Forbes, Traveller Australia*, *International Traveller* (UK), *Men's Fitness*; *Monocle, Outside, AFAR*, *Sunset*; *The Christian Science Monitor*; *The Guardian* (UK), *The Telegraph* (UK), *Smart Meetings*, *The New York Times*, *The Washington Post,* and VirtualTourist.com.[36] In addition, Travel Portland, the Air Service Area's primary convention and tourism organization, has been an 18-time winner of the Pinnacle Award from *Successful Meetings* magazine in recognition of its meeting planning services. It is also a 16-time recipient of *Meetings & Conventions* magazine's Gold Service Award.[37]

For six consecutive years, from 2013 through 2018, air travelers named Portland International Airport the best airport in the U.S.[38] Amenities cited by respondents to *Travel + Leisure* magazine's annual reader survey included the Airport's easy access to downtown Portland via light rail service, free Wi-Fi, and outstanding food and beverage selections. The survey also cited the Airport's "user friendly" features such as efficient security

32 Oregon Convention Center, https://www.oregoncc.org/about, accessed November 2018.
33 Planning Events in Portland, Top 5 Reasons to Meet in Portland, https://meetings.travelportland.com/top-five-reasons, accessed November 2018.
34 Hyatt Regency Portland and the Oregon Convention Center Exceeding Booking Expectations, https://www.oregonmetro.gov/public-projects/oregon-convention-center-hotel/hotel-progress, accessed November 2018.
35 Future Hyatt Regency Portland at the Oregon Convention Center, https://www.oregoncc.org/about/future-hyatt-hotel, accessed November 2018.
36 Portland in the News, Travel Portland, https://www.travelportland.com/media/archive, accessed November 2018.
37 About Our Services, Travel Portland for Meetings, https://meetings.travelportland.com/about-our-services, accessed November 2018.
38 PDX Named Best Domestic Airport by Travel + Leisure, https://www.portofportland.com/Newsroom/PDX-Named-Best-Domestic-Airport-by-Travel-and-Leisure, accessed November 2018.

checkpoints, art exhibits, and tax-free shopping.[39] In addition in 2016, the Airport ranked highest in satisfaction among large airports for the second consecutive year by J.D. Power. The Airport remained among the top three large airports in the U.S. for customer satisfaction in J.D. Power's 2018 survey.[40] Recent awards won by Portland International Airport and the Port of Portland are shown in **Table 1-13**.

The Air Service Area's wide array of cultural choices and entertainment options are an important factor supporting repeat visitation. The ability to see attractions or undertake activities that were missed on a previous visit significantly influences a visitor's intent to return to a travel destination.[41]

TABLE 1-13 Portland International Airport and Port of Portland Awards (2011-2018)

Year	Award	Organization
2018	Highest Customer Satisfaction Among Large Airports (3rd Place)	J.D. Power 2018 North American Airport Satisfaction Study
2018	America's Best Airport (6th consecutive year)	*Travel + Leisure Magazine*
2017	America's Best Airport (5th consecutive year)	*Travel + Leisure Magazine*
2017	Airport Concession Program Award of Excellence	Airports Council - North America
2017	Best "Green" Concessions Concept or Practice (3rd Place)	Airports Council - North America
2017	STAR Award for Citizen Involvement	Land Conservation and Development Commission
2016	Highest Customer Satisfaction Among Large Airports (1st Place)	J.D. Power 2016 North American Airport Satisfaction Study
2016	America's Best Airport (4th consecutive year)	*Travel + Leisure Magazine*
2016	Airport of the Year	Air Line Pilots Association
2016	Best Large U.S. Airport (2nd consecutive year)	TripAdvisor Traveler's Choice Awards
2016	Best U.S. Airport Shopping	TripAdvisor Traveler's Choice Awards
2016	Best U.S. Airport Dining	TripAdvisor Traveler's Choice Awards
2016	Perfect Inspection Marks	Federal Aviation Administration
2016	Gold Environmental Achievement (Carpet Replacement Project)	Starnet Design Awards
2016	Silver Environmental Achievement (Carpet Replacement Project)	Starnet People's Choice
2016	3rd Place Oregon Public Works Project of the Year (Carpet Replacement Project)	*Portland Daily Journal of Commerce*
2016	Recycler of the Year "Carpet" Diem Award	Association of Oregon Recyclers
2016	Sustainability at Work "Gold" status	City of Portland

39 "The Top 10 Domestic Airports," *Travel + Leisure*, July 10, 2018, https://www.travelandleisure.com/worlds-best/airports-domestic, accessed November 2018.

40 J.D. Power 2018 North America Airport Satisfaction Study, https://www.jdpower.com/business/ratings/study/North-America-Airport-Satisfaction-Study/4973ENG/Large-Airports/3859, accessed November 2018.

41 Jeffrey M. Caneen, "Cultural Determinants of Tourist Intention to Return," published in *Consumer Psychology of Tourism, Hospitality and Leisure*, CABI Publishing, 2004.

Year	Award	Organization
2016	9th in Top 30 Local Government Partners	U.S. Environmental Protection Agency Top Partner Rankings
2016	73rd in Top 100 National Partners	U.S. Environmental Protection Agency Top Partner Rankings
2016	Member of 100 Percent Green Power Users	U.S. Environmental Protection Agency
2016	Industrial Development of the Year (Capstone's PDX Logistics Center)	Commercial Association of Brokers, Society of Industrial and Office Realtors, NAIOP
2016	Oregon's Healthiest Employers (ranked 9th among employers with 500-1499 employees)	*Portland Business Journal*
2015	Highest Customer Satisfaction Among Large Airports	J.D. Power 2015 North American Airport Satisfaction Study
2015	Carbon Accreditation certification (4th in North America to be certified)	Airports Carbon Accreditation Program
2015	Climate Registered™ (voluntary greenhouse gas reporting)	The Climate Registry
2015	Sustainability at Work "Gold" status	City of Portland
2015	ISO 14001 Environmental Management Systems certification	International Organization for Standardization
2015	Partner Award in Innovation (seismic risk and vulnerability analysis)	Oregon Emergency Management Association
2015	Quest for Quality Award (West Coast ports)	Logistics Management Magazine
2015	America's Best Airport	*Travel + Leisure Magazine*
2015	Best Large U.S. Airport	TripAdvisor Traveler's Choice Awards
2014	America's Best Airport	*Travel + Leisure Magazine*
2013	America's Best Airport	*Travel + Leisure Magazine*
2013	#2 Best Airports for Traveling with Kids	*Huffington Post*
2013	#7 World's Best Airports for Shopping Fanatics	*Huffington Post*

Sources: Port of Portland, https://www.portofportland.com/Newsroom; Portland in the News, Travel Portland, https://www.travelportland.com/media/archive; publication web sites, accessed November 2018. Compiled by Partners for Economic Solutions, December 2018

1.2.4 Economic Outlook

U.S. GDP growth during the forecast period is expected to be supported by low unemployment, low inflation, solid growth in consumer spending,[42] moderate gains in real disposable personal income,[43] and household net worth.[44] However, uncertainty regarding international trade tensions, slowing global demand for U.S. goods, rising input costs, and political uncertainty or financial instability in foreign economies would likely have a negative impact on U.S. economic activity.[45]

The most recently published survey of business economists from the National Association for Business Economics (NABE) indicates consensus for annual real GDP growth of 2.7% in 2019. The NABE survey estimates that the average annual U.S. unemployment rate will be 3.6% in 2019.[46] Similarly, the Oregon Economic Forum recently noted continued growth in the State's economy resulting from contributions from expanding employment, low initial unemployment claims, and positive consumer sentiment.[47]

Data in **Table 1-14** show 2017 and forecast 2024 economic variables for the Air Service Area and for the U.S. including population, employment, personal income, and gross regional and domestic product. Growth expectations for these variables are generally higher in the Air Service Area than in the U.S. While the growth rates for per capita income and per capita GRP in the Air Service Area are lower than the U.S. rates, the dollar amounts of the Air Service Area's per capita income and per capital GRP are forecast to remain above those of the U.S. between 2017 and 2024. Notably, population, employment, total personal income, and gross regional product are expected to have relatively stronger growth rates in the Air Service Area, thus indicating the ongoing capacity of the Air Service Area to continue to generate demand for air travel services during the forecast period.

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42 Board of Governors of the Federal Reserve System, Federal Open Market Committee, Minutes of the Federal Open Market Committee November 7-8, 2018, https://www.federalreserve.gov/monetarypolicy/fomcminutes20181108.htm, accessed December 2018.

43 Bureau of Economic Analysis, News Release, Personal Income and Outlays October 2018, https://www.bea.gov/system/files/2018-11/pi1018.pdf, accessed December 2018.

44 Bureau of Economic Analysis, Table S.3.a Households and Nonprofit Institutions Serving Households, Revised October 2012, https://apps.bea.gov/itable/itable.cfm?reqid=14&step=1, accessed December 2018.

45 Board of Governors of the Federal Reserve System, Federal Open Market Committee, Minutes of the Federal Open Market Committee November 7-8, 2018, https://www.federalreserve.gov/monetarypolicy/fomcminutes20181108.htm, accessed December 2018.

46 National Association for Business Economics, *NABE Outlook*, October 2018.

47 State of Oregon Economic Indicators October 2018, Oregon Economic Forum, University of Oregon, https://cpb-us-e1.wpmucdn.com/blogs.uoregon.edu/dist/0/7944/files/2018/12/newindexOct18-23ra1dt.pdf, accessed December 2018.

TABLE 1-14 Passenger Demand Forecast Variables (2017-2024)

Variable[1]	2017	2024	CAGR[2] 2017-2024
Population			
Air Service Area	2,458,424	2,719,344	1.5%
United States	325,888,129	347,711,883	0.9%
Employment			
Air Service Area	1,549,859	1,756,973	1.8%
United States	194,376,596	215,593,840	1.5%
Total Personal Income ($ billion)			
Air Service Area	$129.5	$155.2	2.6%
United States	$16,644.2	$19,449.5	2.3%
Per Capita Personal Income			
Air Service Area	$52,692	$57,070	1.1%
United States	$51,073	$55,936	1.3%
Gross Domestic/Regional Product ($ billion)			
Air Service Area	$173.5	$203.7	2.3%
United States	$19,382.3	$22,111.6	1.9%
Per Capita Gross Domestic/Regional Product			
Air Service Area	$70,572	$74,895	0.9%
United States	$59,475	$63,592	1.0%

Notes: [1] All dollar amounts are in 2017 dollars.
[2] CAGR = Compound annual growth rate.

Source: Woods & Poole Economics, Inc., 2018 Complete Economic and Demographic Data Source, April 2018
Compiled by Partners for Economic Solutions, February 2019.

2 Air Service and Traffic Analysis

This chapter describes and evaluates the current state of air service at the Airport, analyzes historical trends in air traffic, identifies key factors that generally affect demand for air travel, and provides the forecast of air traffic activity.

2.1 Air Service at the Airport

The following sections will evaluate current air service capacity and operating performance for the primary passenger airlines serving the Airport. Airline performance will be evaluated from an economic perspective, by evaluating carrier revenue, yield, and load factor results in total from the Airport and, in some cases, at the route level to generally ascertain current airline profitability. The Airport's overall O&D market will also be assessed at the market level, comparing performance with prior years.

2.1.1 Airlines Operating at the Airport

The Airport has historically experienced diverse air service from the primary U.S. airlines. In FY 2018, the Airport had scheduled passenger service provided by 16 domestic airlines and six foreign-flag airlines. Additionally, cargo service at the Airport was provided by 11 all-cargo airlines. **Table 2-1** provides a list of the scheduled passenger and all-cargo airlines that served the Airport in FY 2018.

In order to illustrate specific trends in changes to the passenger market share, **Table 2-2** provides the enplaned passengers by airline with the associated market share from FY 2014 through FY 2018. Factoring in airline mergers, 12 of the top airlines currently serving the Airport have been operating at the Airport for at least the past five years. The top four airlines at the Airport (Alaska Air Group, Southwest Airlines, Delta Air Lines, and United Airlines) accounted for 85.0% of the total enplaned passengers. It should be noted that due to a pilot shortage for Horizon Air affecting operations, the Alaska Air Group has shifted some capacity to SkyWest Airlines. The change is at least partially the reason for the recent decline in Horizon Air's market share coinciding with a growth in Alaska Airlines' market share.

Table 2-3 compares key airline revenue metrics for each of the major airlines specific to their performance at the Airport for CY 2007 versus CY 2017. This comparison period was chosen because CY 2017 is the latest full year for which data is available and CY 2007 is the last full calendar year representative of the prior peak before the U.S. economic recession. In summary, key revenue metrics have improved dramatically since CY 2007 for the major airlines serving the Airport. All of the major airlines that operate at the Airport have had significant increases in stage length adjusted[48] (SLA) revenue per available seat mile (RASM) and Southwest Airlines exceeded the increase in the national average during the period. In general, air service at the Airport is performing better than it was during the last peak prior to the recession in 2007, given increases RASM, load factor, and yield as presented in Table 2-3. Additional discussion of these airlines and their respective operations at the Airport including their revenue performance is contained in the following sections.

[48] Stage length adjustments are a common practice used to normalize comparisons of passenger yields and revenue per available seat mile. Stage length adjustments for 1,000 miles are made using the formula:
SLA Value = Value * ((observed length of haul/1000)^0.5).

TABLE 2-1 Airlines Serving the Airport – FY 2018

Mainline Air Carriers (11)	Regional/Commuter Airlines (5)	Foreign Flag Airlines (6)	All-Cargo Airlines (11)
Alaska Airlines	Compass Airlines[2]	Aeroméxico[7]	ABX[9]
American Airlines	Horizon Air[3]	Air Canada	Air Transport International[10]
Delta Air Lines	PenAir[4]	Condor	Airpac
Frontier Airlines	SkyWest Airlines[5]	Icelandair	Ameriflight
Hawaiian Airlines	Boutique Air[6]	Jazz Air, LP[8]	Atlas Air[11]
JetBlue Airways		Volaris	Cathay Pacific Airways
Southwest Airlines			Empire
Spirit Airlines Inc.			FedEx
Sun Country Airlines			MartinAire Aviation
United Airlines			United Parcel Service
Virgin America[1]			Western Air Express

Notes:
[1] Acquired by Alaska Airlines in December 2016. Virgin America is expected to continue to operate under an individual operating certificate until the end of 2019.
[2] Affiliate of Delta Air Lines (doing business as Delta Connection) and American Airlines (doing business as American Eagle).
[3] Doing business as Alaska Airlines. Alaska Airlines and Horizon Air are separately certified airlines owned by Alaska Air Group, Inc.
[4] PenAir filed for Chapter 11 bankruptcy protection in August 2017 and subsequently ended all service at the Airport.
[5] Doing business as Alaska Airlines, Delta Connection, and United Express.
[6] Boutique Air operates scheduled commercial service to Eastern Oregon Regional Airport from the fixed-base operator at the Airport. Therefore, all enplaned passengers, aircraft operations, and landed weight are included as general aviation.
[7] In October 2018, Aeroméxico announced it would suspend service in multiple markets including service to Mexico City from the Airport effective January 2019.
[8] Jazz Aviation LP operates in the U.S. and Canada under the brand name Air Canada Express.
[9] Operates cargo flights for DHL Aviation.
[10] Discontinued scheduled routes in October 2017 and operated some charter service up to April 2018. Currently has no scheduled operations at the Airport.
[11] Operates cargo flights for Cathay Cargo and some charter service.

Sources: Port of Portland, Aviation Statistics – Monthly Traffic Report June 2018; Diio Mi, Schedule – Dynamic Table.

TABLE 2-2 Historical Airport Enplaned Passenger Market Share

Airline	Enplaned Passengers					Market Share				
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Alaska Air Group	**3,234,478**	**3,490,098**	**3,787,949**	**4,022,719**	**4,199,674**	**41.9%**	**43.3%**	**43.1%**	**42.7%**	**43.1%**
Alaska Airlines[1]	*1,752,199*	*1,967,453*	*2,275,432*	*2,522,301*	*2,890,917*	*22.7%*	*24.4%*	*25.9%*	*26.8%*	*29.7%*
Horizon Air	*1,392,274*	*1,483,242*	*1,453,863*	*1,384,696*	*1,194,422*	*18.1%*	*18.4%*	*16.5%*	*14.7%*	*12.3%*
Virgin America[2]	*90,005*	*39,403*	*58,654*	*115,722*	*114,335*	*1.2%*	*0.5%*	*0.7%*	*1.2%*	*1.2%*
Southwest Airlines	1,285,341	1,364,490	1,536,290	1,703,206	1,715,412	16.7%	16.9%	17.5%	18.1%	17.6%
Delta Air Lines[1, 3, 5]	929,585	1,099,310	1,241,676	1,267,963	1,300,422	12.1%	13.6%	14.1%	13.5%	13.4%
United Airlines[1, 5]	1,069,165	895,834	904,219	954,983	1,056,809	13.9%	11.1%	10.3%	10.1%	10.9%
American Airlines[3,5]	581,064	569,480	609,592	654,326	683,936	7.5%	7.1%	6.9%	6.9%	7.0%
JetBlue Airways	181,324	178,419	195,366	193,621	181,106	1.7%	2.2%	2.2%	2.1%	1.9%
Frontier Airlines	199,652	148,953	150,840	150,780	130,141	2.6%	1.8%	1.7%	1.6%	1.3%
Hawaiian Airlines	96,944	99,512	101,488	102,543	116,453	1.3%	1.2%	1.2%	1.1%	1.2%
Spirit Airlines	112,159	115,244	123,323	142,665	110,255	1.5%	1.4%	1.4%	1.5%	1.1%
Air Canada[4]	60,246	66,875	77,985	104,244	107,360	0.8%	0.8%	0.9%	1.1%	1.1%
Other	12,069	30,542	63,558	125,515	131,443	0.2%	0.4%	0.7%	1.3%	1.4%
Total	**7,762,027**	**8,058,757**	**8,792,286**	**9,422,565**	**9,733,011**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Notes: [1] SkyWest Airlines passengers are included with the appropriate mainline partner (e.g., Alaska Airlines, Delta Air Lines, United Airlines).
[2] Acquired by Alaska Airlines in December 2016. Expected to continue to operate under individual operating certificate until the end of 2019.
[3] Compass Airlines passengers are included with appropriate mainline partner (e.g., Delta Air Lines, American Airlines).
[4] Includes enplaned passengers for Jazz Aviation doing business as Air Canada Express.
[5] Republic Airlines passengers are including with appropriate mainline partner (e.g. Delta Air Lines, American Airlines, and United Airlines)

Source: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2013-June 2018.

TABLE 2-3 Key Airline Revenue Metrics at the Airport – CY 2007 VS CY 2017

Airline	SLA-RASM			Load Factor			SLA-Yield			Stage Length (miles)			Percent Connecting Traffic		
	CY 2007	CY 2017	% Change	CY 2007	CY 2017	Points Change	CY 2007	CY 2017	% Change	CY 2007	CY 2017	Miles Change	CY 2007	CY 2017	Points Change
Alaska Air Group[1]	9.2¢	10.7¢	16.3%	74.3%	84.3%	10.1	12.4¢	12.9¢	4.0%	467	686	219	32.5%	27.9%	-4.5
Southwest Airlines	7.1¢	9.2¢	29.6%	71.1%	84.8%	13.7	10.3¢	11.0¢	6.8%	645	883	238	5.1%	0.7%	-4.4
Delta Air Lines[2]	11.4¢	13.2¢	15.8%	87.6%	86.3%	-1.3	13.1¢	15.4¢	17.6%	1,619	1,275	-344	11.1%	9.7%	-1.5
United Airlines[3]	9.7¢	11.6¢	19.6%	85.6%	88.8%	3.2	11.7¢	13.1¢	12.0%	782	1,215	433	12.7%	4.6%	-8.1
National Average	**10.1¢**	**12.2¢**	**20.8%**	**80.2%**	**83.5%**	**3.3**	**12.8¢**	**14.7¢**	**14.8%**	**820**	**844**	**24**	**33.5%**	**32.3%**	**-1.3**

Notes: Data includes regional affiliates, as applicable, and do not include airline ancillary fees such as changes for checked bags, etc.
SLA-RASM = Stage Length Adjusted Revenue Per Available Seat Mile
SLA-Yield = Stage Length Adjusted Yield
SLA Value = Value * ((observed length of haul/1,000)^0.5)
[1] Includes Virgin America
[2] Includes Northwest Airlines
[3] Includes Continental Airlines

Sources: Diio, US DOT Reports DB1A and T100. Accessed October 2018

Key airline revenue metrics described in this section include SLA-RASM, load factor, and SLA-yield. RASM is the unit used by airlines, as expressed in cents, to measure revenue received for each available seat mile (ASM). ASMs are measured by airlines for determining capacity and an ASM unit is one seat flying one mile. For example, a 100-seat aircraft operating on a route of 1,000 miles would equate to 100,000 ASMs. For the purpose of this analysis, RASM only measures passenger revenue and does not include other operating revenue received by airlines such as baggage fees. Load factors measure how an airline is performing on a specific route or an aggregate in terms of filling available capacity. Load factors are calculated by dividing revenue passenger miles (RPMs) divided by ASMs. RPMs are the general airline metric for traffic. For example, a revenue passenger flying one mile equates to one RPM. The last measure is airline yield or revenue per passenger mile. While RASM measures revenue on an ASM basis, yield measures it on an RPM basis. In other words, yield measures revenue for each unit sold whereas RASM measures revenue for each unit available to be sold. Yield is the industry measurement for price, while the load factor is a volume-related measurement. RASM factors in both and is considered the key revenue metric.

An important note regarding RASM and yield is that these measures tend to decrease as stage length increases. In theory, the higher the RASM or yield, the more profitable airlines should be. However, this assumes that costs per ASM (CASM) remain constant. Therefore, if an airline increases its overall stage length, it could be expected that RASM and yield would decrease, as would its CASM. In order to account for this, RASM and yields have been adjusted based on the airline's average stage length. For the purposes of this Report, all SLA values are expressed in a base of 1,000 miles.

2.1.1.1 Alaska Air Group

The Airport serves as a hub for the Alaska Air Group. In CY 2017, the Alaska Air Group operated at a system-wide operating profit margin of 15.9%, second to only Southwest Airlines among major network airlines.[49] Alaska Airlines, including Virgin America, generally serves the longer-haul, larger markets from the Airport, whereas Horizon Air typically serves smaller markets or provides service to more short-haul markets with higher frequency, such as Seattle.

In FY 2018, Alaska Air Group had a combined market share of 43.1% of the Airport's total enplaned passengers. The Airport is Alaska Air Group's second largest market in terms of seats, second only to SEA. Based upon published flight schedules for the peak month of July 2018, Alaska Air Group operated nonstop to 53 airports with 143 daily departures from the Airport.[50] In comparison, the other airlines at the Airport operated nonstop to 56 airports (a majority of which are served by Alaska Air Group) with 150 daily departures in July 2018.

Given Alaska Air Group's level of service, its recent growth at the Airport, and relative importance to overall passenger traffic at the Airport, an assessment of Alaska Air Group's performance on each route was conducted. **Table 2-4** compares Alaska Air Group's capacity at the Airport by market for the month of July 2018 versus the month of July 2010. This period was selected as a comparison because during the time between these points the Airport experienced significant levels of growth as spurred in large part by the growth of Alaska Air Group at the Airport. July also serves as the peak month for passengers at the Airport. The top market served by Alaska Air Group from the Airport is SEA, which is the airline's largest hub operation and of major strategic importance. By July 2018, Alaska Air Group added 662 monthly departures to the markets it served in July 2010. This added frequency resulted in a 46.4% increase in departing seats at the Airport. Additionally, Alaska Air Group added service to 34 new markets to its July 2018 schedule as compared to July 2010, but did remove service to Denver from the Airport. Overall, Alaska Air Group added 1,624 departures accounting for 227,352 additional departing

[49] 2018 SEC 10-K filing for Alaska Air Group, United, Delta, American and Southwest.
[50] Based on data from Diio, accessed October 2018.

seats to its July 2018 schedule as compared to July 2010. It should be noted that a number of the markets added include longer-haul routes (i.e. markets on the east coast and Hawaii on larger aircraft). As a result, monthly ASMs increased by 140.5% from July 2010 to July 2018 despite departing seats only increasing 88.0%. In summary, since July 2010, Alaska Air Group has increased its presence and diversified its route network at the Airport.

Although seating capacity and the number of nonstop markets has increased over the past eight years, relative route profitability is a key factor to assess when evaluating an airline's performance at an airport. Unit revenue, or RASM, was analyzed for each of the Airport's nonstop routes served by Alaska Air Group given its overall importance to the Airport. In conjunction with this, load factor and yield performance at the Airport were also assessed. **Exhibit 2-1** plots Alaska Air Group's RASMs against the miles from origin to destination (stage length) for all of the airline's routes less than 1,500 miles for CY 2017. The trend line provides an estimate for the estimated RASM for any route based on the route's stage length. As shown on the chart, RASM decreased as the stage length increased. This trend is the typical curve experienced in the industry with RASM. Therefore, it is important to consider stage length when assessing RASM or yield.

In general, the majority of the Airport's nonstop routes operated by Alaska Air Group are within range of the system average RASM. As noted earlier, Alaska Air Group has grown traffic significantly at the Airport in recent years. Of the 51 nonstop markets served by Alaska Air Group in CY 2017, 41 operated load factors in excess of 80.0% including all but two markets longer than 1,500 miles away from the Airport. Alaska Air Group's average load factor has increased by 10.1 percentage points at the Airport since CY 2007. During this time, Alaska Air Group's yields, and to a lesser degree RASM, have declined at the Airport. However, this is due in large part to the significant increase in nonstop flight distance or stage length experienced by the airline from the Airport. Alaska Airlines has significantly increased their average length of flight (stage length) at the Airport from 466 miles in CY 2007 to 687 in CY 2017. This has resulted in SLA-RASM and SLA-yields to increase by 16.3% and 4.0% respectively during this period. In summary, Alaska Air Group has been able to increase capacity at the Airport while also increasing its SLA-RASM and SLA-yields. Therefore, it is expected that Alaska Air Group is achieving profitability for its nonstop flights at the Airport.

Alaska Air Group has 70 narrow-body aircraft[51] and 20 regional aircraft[52] on order.[53] The airline has indicated that most of the new aircraft will be used to replace older aircraft in its fleet while the remaining orders will be used to accomplish growth. Much of the airline's recent growth has been the result of operating larger aircraft on longer flights. For example, the addition of the Boeing 737-900 aircraft has been an important part of this growth. Additionally, it is expected that Horizon Air and SkyWest Airlines will use the regional aircraft to operate from the Airport to mid-sized cities.

In terms of scheduled departing seats, the Airport is the second largest in the Alaska Air Group system and generally considered of strategic importance – second to only SEA on both accounts. Specifically, the top five airports in Alaska Air Group's network in terms of departing seats for CY 2018 (in descending order) are SEA (14.1 million), the Airport (5.2 million), Los Angeles (3.5 million), San Francisco (3.3 million), and Anchorage (2.3 million).[54] Taking into consideration its future fleet plans along with its performance at the Airport, it appears likely that Alaska Air Group would continue its operation of the Airport as a hub into the foreseeable future and continue to increase its presence in concert with local demand for air service.

51 Includes 32 Boeing 737 Max 9s and six Boeing 737-900ER as well as 30 Airbus A320neo and 2 Airbus 321neo which were part of the Virgin America merger.
52 Includes 20 Embraer 175 to be operated by Horizon Air and SkyWest Airlines.
53 Information gathered from airline's website, Boeing's Orders & Deliveries, and Airbus' Orders and Deliveries, accessed November 2018.
54 Scheduling data accessed through Diio Mi, Schedule – Dynamic Table, accessed March 2019.

TABLE 2-4 Alaska Air Group Capacity by Market – July 2010 Vs July 2018

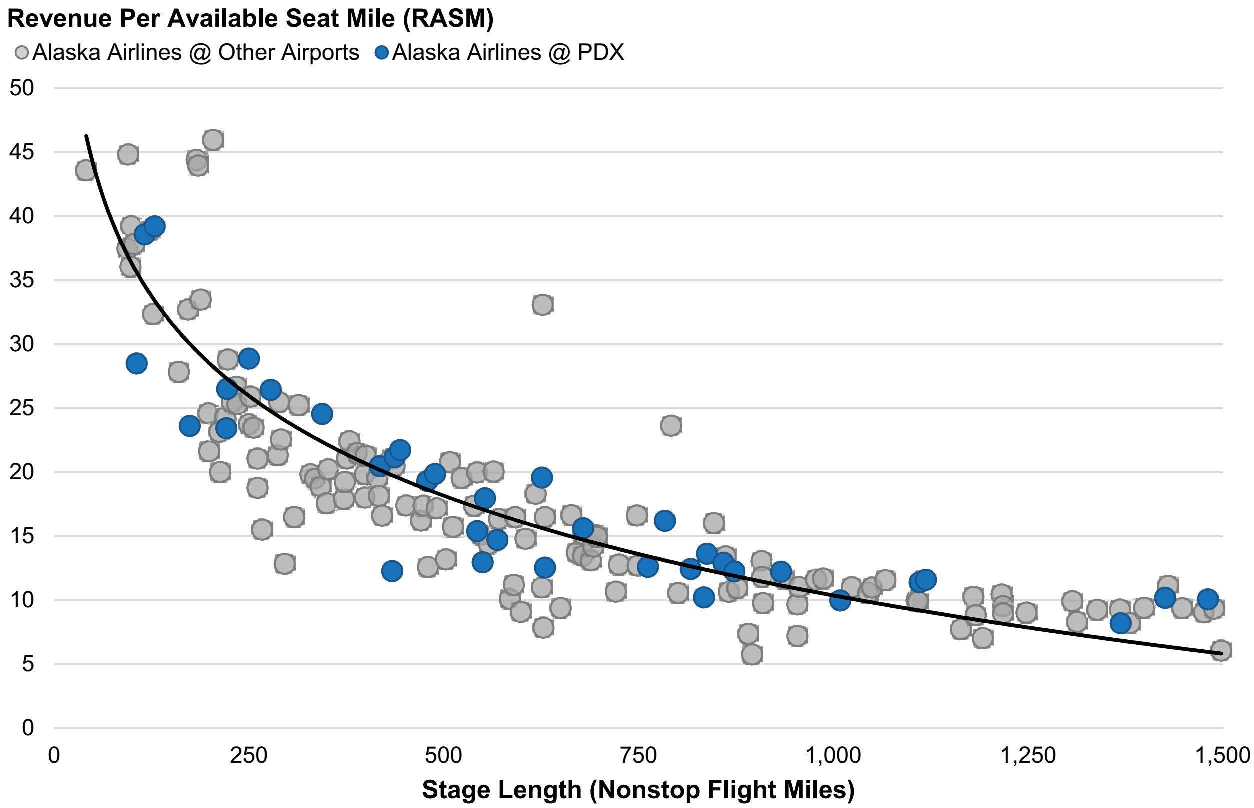
Markets		Code	Stage Length	July 2010			July 2018			Change in Capacity
				Departures	Seats	Avg. Seats	Departures	Seats	Avg. Seats	
Historical Markets	Seattle	SEA	129	617	46,196	75	757	68,771	91	48.9%
	Los Angeles	LAX	834	150	21,435	143	242	37,308	154	74.1%
	San Francisco	SFO	550	175	12,250	70	226	35,605	158	190.7%
	Spokane	GEG	278	144	10,944	76	278	21,128	76	93.1%
	San Diego	SAN	933	93	13,578	146	124	20,951	169	54.3%
	San Jose	SJC	569	146	13,694	94	147	20,873	142	52.4%
	Anchorage	ANC	1,542	92	13,657	148	114	18,128	159	32.7%
	Orange County	SNA	859	118	14,632	124	115	17,165	149	17.3%
	Boise	BOI	344	118	8,596	73	216	16,416	76	91.0%
	Las Vegas	LAS	762	93	12,555	135	89	14,082	158	12.2%
	Medford	MFR	222	92	6,992	76	181	13,756	76	96.7%
	Redmond/Bend	RDM	116	87	6,612	76	150	11,400	76	72.4%
	Boston	BOS	2,537	31	4,867	157	62	10,846	175	122.8%
	Sacramento	SMF	479	145	10,150	70	121	9,196	76	-9.4%
	Burbank	BUR	817	107	7,490	70	89	9,162	103	22.3%
	Kahului	OGG	2,562	31	4,867	157	49	7,791	159	60.1%
	Eugene	EUG	106	87	6,612	76	93	7,068	76	6.9%
	Oakland	OAK	543	118	8,260	70	89	6,764	76	-18.1%
	Chicago	ORD	1,739	31	3,844	124	31	5,480	177	42.6%

Markets		Code	Stage Length	July 2010			July 2018			Change in Capacity
				Departures	Seats	Avg. Seats	Departures	Seats	Avg. Seats	
	Phoenix	PHX	1,009	62	7,721	125	31	4,881	157	-36.8%
	Bellingham	BLI	221	25	1,750	70	62	4,712	76	169.3%
	Santa Rosa	STS	489	31	2,356	76	62	4,712	76	100.0%
	Vancouver	YVR	250	62	4,712	76	62	4,712	76	0.0%
	Ontario	ONT	838	107	7,490	70	61	4,636	76	-38.1%
	Fresno	FAT	626	31	2,170	70	35	2,660	76	22.6%
	Denver	DEN	992	31	4,834	156				-100.0%
New Markets	Salt Lake City	SLC	630				92	10,059	109	
	Reno	RNO	444				93	7,068	76	
	Honolulu	HNL	2,603				40	6,379	159	
	Baltimore	BWI	2,358				31	5,480	177	
	Orlando	MCO	2,534				31	5,081	164	
	New York	JFK	2,454				31	5,043	163	
	Newark	EWR	2,433				31	5,005	161	
	Detroit	DTW	1,953				31	4,986	161	
	Philadelphia	PHL	2,406				31	4,986	161	
	Washington	DCA	2,350				31	4,929	159	
	Dallas/Fort Worth	DFW	1,616				31	4,912	158	
	Austin	AUS	1,715				31	4,738	153	
	Bozeman	BZN	553				62	4,712	76	
	Atlanta	ATL	2,172				26	4,172	160	

Markets	Code	Stage Length	July 2010			July 2018			Change in Capacity
			Departures	Seats	Avg. Seats	Departures	Seats	Avg. Seats	
Kona	KOA	2,611				17	2,703	159	
Albuquerque	ABQ	1,111				31	2,356	76	
Billings	BIL	679				31	2,356	76	
Dallas	DAL	1,626				31	2,356	76	
Kalispell-Glacier	FCA	437				31	2,356	76	
Kansas City	MCI	1,481				31	2,356	76	
Milwaukee	MKE	1,718				31	2,356	76	
Missoula	MSO	418				31	2,356	76	
Minneapolis/St. Paul	MSP	1,426				31	2,356	76	
Omaha	OMA	1,369				31	2,356	76	
Pasco	PSC	174				31	2,356	76	
Santa Barbara	SBA	784				31	2,356	76	
Palm Springs	PSP	873				4	636	159	
Hailey-Sun Valley	SUN	434				8	608	76	
Grand Total			**2,824**	**258,264**	**91**	**4,448**	**485,616**	**109**	**88.0%**

Sources: Diio Mi, Schedule – Dynamic Table.

EXHIBIT 2-1 Alaska Air Group RASM and Stage Length Comparison – CY 2017



Source: Diio, US DOT Reports DB1A and T100.

2.1.1.2 Southwest Airlines

In CY 2017, Southwest Airlines operated at a system-wide operating profit margin of 16.6%.[55] Southwest Airlines is the second largest passenger airline at the Airport in terms of enplaned passengers. In FY 2014, Southwest Airlines accounted for 16.7% of the enplaned passengers at the Airport. Since then, the airline added seven new markets (Burbank, Dallas, Los Angeles, Ontario, San Francisco, Orange County, and St. Louis) while cutting service to two under-performing markets (Reno and Salt Lake City). These changes allowed Southwest Airlines' presence at the Airport to grow significantly during this time. In FY 2017, Southwest Airlines had 1.7 million enplaned passengers, accounting for 18.1% of the total passenger traffic at the Airport. However, in FY 2018, Southwest Airlines only had a modest increase of 0.7% in enplaned passengers, which resulted in the airline's market share declining to 17.6%. This was the result of reduced service to some markets including the cancellation of service to the recently added destination of Orange County because of flight capacity restrictions at the destination.

In July 2018, Southwest Airlines operated nonstop service to 19 markets from the Airport, accounting for 46 daily departures. Southwest Airlines has increased its departing seat capacity by 31.6% since FY 2014 despite growth in total departures increasing only 26.4%. The increase in seating capacity corresponded to an increase in total enplaned passengers of 33.5%. The slightly higher rate of growth for enplaned passengers indicates an increase in average load factors at the Airport. Southwest Airlines accomplished this primarily by eliminating lower performing, shorter-haul routes and adding longer nonstop flights from the Airport.

Southwest Airlines route changes have resulted in significant improvements in its SLA-RASM and expected profitability at the Airport. In terms of SLA-RASM, Southwest Airlines has significantly increased their average length of flight (stage length) at the Airport from 644 miles in CY 2007 to 882 in CY 2017. Southwest Airlines has improved performance, in terms of SLA-RASM, by 29.6% from CY 2007 to 2017, the highest among the major airlines at the Airport. Load factors have also improved significantly since CY 2007, increasing by 13.7 percentage points during this period to a level of 84.8% for CY 2017. SLA-yields have increased by 6.8%.

Southwest Airline's recent actions at the Airport are generally consistent with those throughout its system (i.e., constant evaluation of underperforming routes, adding longer-haul service, and adding service to markets where Southwest Airlines has relative strength). In general, the net effect has been relatively smaller changes in seat capacity combined with stronger traffic growth. This typically results in an improvement to load factors, better revenue production, and more stable/profitable air service overall.

Southwest Airlines has 744 aircraft in its fleet mostly comprised of 143-seat Boeing 737-700 and 175-seat Boeing 737-800. Currently, Southwest Airlines has orders for 30 150-seat Boeing 737 Max 7 and 226 175-seat Boeing 737 Max 8.[56] The orders are anticipated to be used to replace the airline's current aging Boeing 737 fleet and to provide for moderate growth.

In summary, Southwest Airlines has restructured its capacity at the Airport in recent years by eliminating under-performing, shorter haul routes and adding longer-haul flights in markets with higher demand. This has generally resulted in improved revenue performance for Southwest Airlines at the Airport. It is expected that Southwest Airlines will continue to grow its air service from the Airport in line with planned system-wide capacity growth, primarily by continuing to add larger aircraft to longer nonstop markets as demand warrants.

[55] 2018 SEC 10-K filing for Alaska Air Group, United, Delta, American and Southwest.
[56] Information gathered from airline's website, Boeing's Orders & Deliveries, and Airbus' Orders and Deliveries, accessed November 2018.

2.1.1.3 Delta Air Lines

In CY 2017, Delta Air Lines operated at a system-wide operating profit margin of 14.8%.[57] In FY 2014, Delta Air Lines, including its regional affiliates Compass and SkyWest Airlines, had 929,585 enplaned passengers at the Airport accounting for 12.1% of the total enplaned passengers at the Airport. In FY 2018, Delta Air Lines had 1.3 million enplaned passengers at the Airport equating to 13.4% of the total enplaned passengers at the Airport. This 8.8% CAGR in enplaned passengers during this span is the highest among all the large carriers at the Airport. A majority of this recent growth is attributed to the addition of nonstop service to SEA, but is supplemented by increased service to Los Angeles, new service to London, and seasonal service to Honolulu and Las Vegas. SEA and Los Angeles are key international gateway markets for Delta Air Lines and have grown considerably in recent years.

Load factor for Delta Air Lines declined from CY 2007 to CY 2017. However, the airline's average load factor for CY 2017 (86.3%) is still one of the highest at the Airport, as compared to other airlines, and is significantly higher than the Airport average. Meanwhile, Delta Air Lines was able to improve SLA-RASM and SLA-yields at the Airport since CY 2007. During this period, SLA-RASM increased 15.8% and yields increased 17.6%. When evaluating SLA-yield and SLA-RASM for domestic markets, Delta Air Lines, in general, is achieving strong performance. In particular, longer-haul routes to the midwestern and eastern U.S. (Minneapolis-St. Paul, Detroit, Atlanta, and New York) appear to be performing in line with the airline's average in terms of SLA-RASM at the Airport while maintaining load factors in excess of 85.0%. Although load factors are below average for shorter-haul destinations (Los Angeles, Salt Lake City, and Seattle), SLA-RASMs for these markets are all above average.

Delta Air Lines operates daily overseas service from the Airport to Tokyo and Amsterdam as well as seasonal service to London. **Table 2-5** presents key revenue metrics for the airline's overseas operations from the continental U.S. to Tokyo, Amsterdam, and London. Service to Tokyo from the Airport appears to be exhibiting performance slightly behind other airports in terms of SLA-RASM and load factors, but the SLA-yield is generally in line with flights to Tokyo from SEA and Detroit. Load factor, SLA-yields, and SLA-RASM for Delta Air Lines' flights to Amsterdam and London from the Airport are all below average when compared to other airports in the continental U.S. Amsterdam is a relatively small O&D market and is operated primarily as a connecting hub by both Delta Air Lines and KLM Royal Dutch Airlines. Additionally, service to London is relatively new as it began in May 2017, and the revenue metrics may be slightly lower until the market is able to mature. Delta Air Lines has announced that its London service will increase from four times a week to seven starting in the summer of 2019. On comparable routes such as SEA and Salt Lake City, flights from the Airport outperform in terms of SLA-RASM to Amsterdam and London. In addition, Delta announced in February 2019 that the Airport was one of several markets for which it has applied to the U.S. Department of Transportation for non-stop service to Tokyo-Haneda. If approved, the new service is expected to begin in 2020.[58]

Delta Air Lines' current mainline fleet includes 882 narrow-body and wide-body aircraft. The airline has orders for seventy-five 109-seat Airbus A220-100 aircraft, 158 Airbus A321, 26 Boeing 737-900ER, 25 Airbus A330-900neo, and 14 Airbus A350-900.[59] A number of these new aircraft are to replace older aircraft such as the McDonnell Douglas MD-88, McDonnell Douglas MD-90, Boeing 757-200, and Boeing 767-300 aircraft. The remaining aircraft will expand the airline's offerings.

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57 2018 SEC 10-K filing for Alaska Air Group, United, Delta, American and Southwest.

58 "Portland to Tokyo every day? Delta seeking nonstop service in 2020," *The Oregonian*, February 21, 2019, https://www.oregonlive.com/commuting/2019/02/portland-to-tokyo-every-day-delta-seeking-nonstop-service-in-2020.html, accessed February 2019.

59 Information gathered from airline's website, Boeing's Orders & Deliveries, and Airbus' Orders and Deliveries, accessed November 2018.

Given Delta Air Lines' relatively strong performance at the Airport, it could be expected that Delta will continue to grow at the Airport in concert with its overall system. It is also expected that the airline will replace existing aircraft used on longer-haul routes with larger aircraft as the new aircraft become available.

TABLE 2-5 Delta Air Lines International Benchmarks – CY 2017

Destination	Origin	Nonstop Miles	Seats/ Departure	Load Factor (%)	SLA-Yield	SLA-RASM
Amsterdam	DTW	3,940	265.8	83.8	26.3¢	22.0¢
	ATL	4,401	292.5	91.3	23.1¢	21.1¢
	BOS	3,457	292.3	84.1	24.7¢	20.8¢
	JFK	3,644	247.1	89.4	22.4¢	20.0¢
	PDX	**5,004**	**280.4**	**81.2**	**24.6¢**	**20.0¢**
	SLC	4,990	229.9	88.2	22.2¢	19.6¢
	EWR	3,657	224.7	88.2	22.1¢	19.5¢
	MSP	4,166	292.5	86.5	22.3¢	19.3¢
	SEA	4,886	271.2	85.4	22.3¢	19.0¢
London	MSP	4,015	210.0	84.4	30.0¢	25.3¢
	BOS	3,265	208.7	74.9	31.8¢	23.9¢
	DTW	3,766	209.9	78.0	30.4¢	23.7¢
	JFK	3,452	210.5	74.8	30.2¢	22.6¢
	ATL	4,211	212.0	80.1	27.2¢	21.8¢
	PDX	**4,914**	**208.6**	**74.3**	**24.5¢**	**18.2¢**
	SEA	4,801	210.2	65.7	27.0¢	17.7¢
	SLC	4,867	209.9	75.1	22.1¢	16.6¢
	PHL	3,546	165.4	56.6	22.1¢	12.5¢
Tokyo	SEA	4,769	212.4	91.3	26.9¢	24.6¢
	DTW	6,397	363.0	88.1	27.2¢	23.9¢
	ATL	6,850	291.2	93.0	25.7¢	23.9¢
	PDX	**4,822**	**210.2**	**85.9**	**26.6¢**	**22.9¢**

Notes: SLA-RASM = Stage Length Adjusted Revenue Per Available Seat Mile
SLA-Yield = Stage Length Adjusted Yield
SLA Value = Value * ((observed length of haul/1,000)^0.5)

Sources: Diio, US DOT Reports DB1A and T100, accessed October 2018.

2.1.1.4 United Airlines

In CY 2017, United Airlines operated at a system-wide operating profit margin of 9.3%.[60] United Airlines, including its regional affiliate SkyWest Airlines, was once one of the Airport's largest airlines. However, the airline steadily lost market share through FY 2016. In FY 2012, United Airlines accounted for 16.2% of the Airport's enplaned passengers. By FY 2016 the airline's share dropped to 10.3%. However, the airline has maintained its market share since then. In FY 2018, United Airlines made up 10.9% of the Airport's passenger traffic.

In FY 2014 and FY 2015, United Airlines eliminated a number of West Coast routes that operated with smaller aircraft at high frequencies. The airline used the 30-seat Embraer 120 Brasilia for the following routes: Eugene, Los Angeles, Klamath Falls, Redmond, and SEA. When the airline retired the aircraft, it also decided to discontinue these routes. The airline also ended service to Cleveland during this time. With the exception of Newark, the airline reduced the frequency of aircraft operations for remaining routes, namely flights to its hubs. However, the loss of aircraft operations was partially offset by the airline using larger aircraft. While aircraft operations declined 47.2% from FY 2014 to FY 2018, total seating capacity only decreased 7.0%. In FY 2018, United Airlines was the smallest of the major airlines at the Airport in terms of scheduled service. The airline had 7,468 scheduled departures to six destinations with a total seating capacity of 1.2 million seats.

The changes United Airlines has made in recent years have positively impacted its revenue performance at the Airport. United Airlines has increased all of its key revenue metrics since CY 2007: SLA-RASM by 19.6%, SLA-yield by 12.0%, and average load factor by 3.2 points.

United Airlines has 760 aircraft in its fleet. For domestic flights, the airline uses a mix of variants of the Airbus A319, Airbus A320, and Boeing 737. The airline has 263 aircraft on order including 188 narrow-body aircraft (100 Boeing 737 Max 10, 54 Boeing 737 Max 9, and 34 Airbus 319) and 75 wide-body aircraft.[61] It is likely that United Airlines will only use narrow-body aircraft at the Airport as orders are delivered. However, this strategy may shift as United continues to build West Coast hubs.

In summary, it appears likely that United Airlines' capacity reductions have slowed and even possibly reversed. United Airlines has eliminated several non-strategic routes, and its operations at the Airport to its hubs appear to be performing well. United Airlines is expected to continue growth over the next two years and it is possible that the airline will expand its offerings at the Airport. It is expected that United Airlines will maintain capacity to its hub airports. The airline may potentially increase this capacity if it is warranted by demand from the Air Service Area.

2.1.2 O&D Markets

In FY 2018, 84.6% of the Airport's enplaned passengers consisted of O&D passengers. **Table 2-6** provides information regarding the Airport's top O&D markets, including the number of daily O&D enplaned passengers for FY 2018. The table also presents daily departures, daily departing nonstop seats, airports served, and the airlines offering nonstop service for each market. The airlines at the Airport serve all of the Airport's top 25 O&D markets with nonstop service. Nashville, the 30th largest O&D market for the Airport, with a daily average of 120 enplaned passengers, is the largest O&D market currently without nonstop service; however, Sun Country Airlines announced it will be starting seasonal nonstop service to Nashville on a less-than-daily basis starting in May 2019. It should also be noted that given the strong passenger demand in the Airport's top 25 markets, 23 of these markets have more than one airline providing nonstop service from the Airport. In many cases three or more airlines provide nonstop service on these primary O&D markets, which is generally indicative of strong passenger demand on these routes as multiple airlines are competing for service.

60 2018 SEC 10-K filing for Alaska Air Group, United, Delta, American and Southwest.
61 Information gathered from airline's website, Boeing's Orders & Deliveries, and Airbus' Orders and Deliveries, accessed November 2018.

The Airport's top O&D markets reflect travel demand from the region, and consequently, where airline capacity is allocated. The Airport, as with most markets on the west coast, has a large share of demand to cities in the western U.S. There is also demand for the Airport to most major cities in the eastern half of the U.S. The Airport's geographical location in the Pacific Northwest combined with the east coast demand has resulted in an average domestic passenger trip length of 1,294 miles compared to the national average of 1,131 in FY 2018.

Table 2-7 presents the change in the Airport's top O&D markets for FY 2018 compared to FY 2008. This analysis helps illustrate how the Airport's air travel demand has changed since pre-recessionary levels. To an extent, capacity from the Airport has shifted away from the western U.S. to more central and eastern parts of the country. In a majority of the markets, the average airfare has increased, indicating that airline yields have improved at the Airport. However, the change in passengers, fares, and revenues can be a result of airline competition on these routes. For example, if capacity has increased in a market, fares could decrease and revenues may not increase proportionally with passenger volume. On the other hand, if an airline increases its market share in a particular market, it may gain control of pricing and be able to increase both airfares and revenues. As shown for the Airport in total, daily O&D passengers have increased by 32.3%, average airfare increased by 24.7%, and revenues to the airlines increased by 65.0%.

TABLE 2-6 Top 25 O&D Markets – FY 2018

Region	Daily O&D Passengers	Daily Departures	Daily Departing Seats	Airports Served	Airlines
Los Angeles Basin	2,848	29	3,796	LAX, SNA, BUR, ONT, LGB	AS, DL, VX, AA, WN, NK, B6
San Francisco Bay Area	2,451	34	4,991	SFO, SJC, OAK	AS, VX, WN, SY, UA
Las Vegas	980	8	1,303	LAS	AS, DL, WN, NK, SY
Phoenix	895	9	1,400	PHX	AS, AA, F9, WN, SY
Hawaii	888	5	975	HNL, OGG, KOA, LIH	AS, DL, HA, SY
Denver	816	10	1,604	DEN	F9, WN, UA
New York / Newark	741	6	997	JFK, EWR	AS, DL, B6, UA
San Diego	734	5	857	SAN	AS, WN
Chicago	656	9	1,542	ORD, MDW	AS, VX, AA, NK, UA, WN
Sacramento	521	8	945	SMF	AS, WN
Washington / Baltimore	499	2	371	DCA, BWI, IAD	AS, WN, UA
Dallas / Ft. Worth	462	7	1,094	DFW, DAL	AS, AA, WN

Region	Daily O&D Passengers	Daily Departures	Daily Departing Seats	Airports Served	Airlines
Salt Lake City	439	8	1,164	SLC	AS, DL
Central Florida	403	1	172	MCO	AS, SY
Seattle	391	30	2,451	SEA	AS, DL
Minneapolis / St. Paul	379	5	849	MSP	AS, DL, SY
Boston	333	2	296	BOS	AS, B6
Atlanta	292	4	680	ATL	AS, DL
Boise	284	7	485	BOI	AS
Austin	260	1	186	AUS	AS, F9, WN
Spokane	237	8	557	GEG	AS
Houston	229	3	425	IAH, HOU	UA, WN
Anchorage	202	3	454	ANC	AS, B6, SY
Detroit	201	2	323	DTW	AS, DL, NK
Philadelphia	162	0†	73	PHL	AS, AA
Top 25 Total	**16,303**	**205**	**27,989**		
Others	6,256	47	4,184		
Total	**22,559**	**252**	**32,173**		

Notes: AS = Alaska Airlines (includes Horizon Air)
DL = Delta Air Lines
VX = Virgin America
AA = American Airlines
WN = Southwest Airlines
NK = Spirit Airlines
B6 = JetBlue
SY = Sun Country Airlines
F9 = Frontier Airlines
UA = United Airlines
HA = Hawaiian Airlines
† American Airlines and Alaska Airlines provided seasonal service during the summer months of June through August. In total, there were 160 scheduled departures in FY 2018, which equates to less than a daily operation.

Source: Diio; US DOT Reports DB1A, accessed October 2018.

TABLE 2-7 Change at Top 25 O&D Markets – FY 2008 VS FY 2018

Region	Percent Change Daily O&D Passengers	Percent Change Revenue	Percent Change Airfare
Los Angeles Basin	71.9%	44.1%	-16.2%
San Francisco Bay Area	53.8%	43.0%	-7.0%
Las Vegas	34.1%	19.2%	-11.1%
Phoenix	24.0%	37.1%	10.6%
Hawaii	36.1%	58.0%	16.2%
Denver	56.3%	38.4%	-11.5%
New York / Newark	46.9%	52.6%	3.9%
San Diego	54.9%	41.1%	-8.9%
Chicago	45.1%	30.5%	-10.0%
Sacramento	-20.7%	14.7%	44.6%
Washington / Baltimore	30.0%	43.3%	10.2%
Dallas / Ft. Worth	63.5%	47.6%	-9.8%
Salt Lake City	22.9%	29.8%	5.6%
Central Florida	31.0%	58.0%	20.7%
Seattle	-5.5%	31.5%	39.1%
Minneapolis / St. Paul	85.2%	38.3%	-25.4%
Boston	66.0%	81.0%	9.1%
Atlanta	51.6%	49.8%	-1.2%
Boise	-29.2%	19.7%	69.1%
Austin[1]	142.2%	106.4%	-14.8%
Spokane	-35.5%	6.1%	64.4%
Houston	22.3%	35.3%	10.7%
Anchorage	64.2%	36.5%	-16.9%
Detroit	31.6%	30.9%	-0.5%
Philadelphia	10.1%	29.3%	17.5%
Top 25 Total	**38.3%**	**41.8%**	**2.6%**
Others	19.0%	109.8%	76.3%
Total	**32.3%**	**65.0%**	**24.7%**

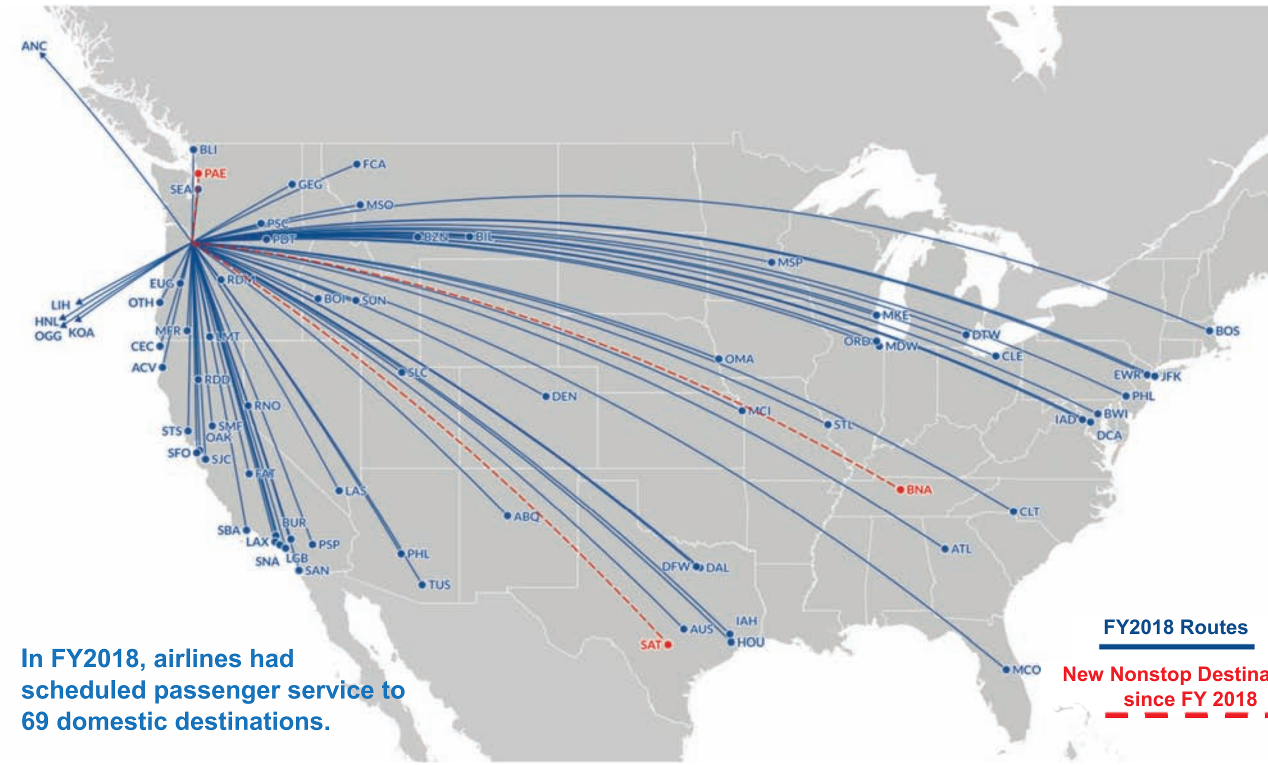
Note: [1] Added new nonstop service which significantly increased O&D passengers and revenue while lowering average airfare to that destination.

Source: Diio; US DOT Reports DB1A, accessed October 2018.

2.1.3 Current Nonstop Service

In FY 2018, there was scheduled service to 69 domestic and 12 international destinations from the Airport.[62] The Airport's largest airline, the Alaska Air Group, provides scheduled nonstop service to 55 domestic and three international destinations in FY 2018. Sun Country Airlines has announced three new seasonal nonstop routes to begin service by the end of FY 2019.[63] **Exhibit 2-2** provides a map of the scheduled nonstop domestic destinations served in FY 2018. **Exhibit 2-3** provides a map of the scheduled nonstop international destinations served in FY 2018.

EXHIBIT 2-2 Map of Domestic Nonstop Destinations



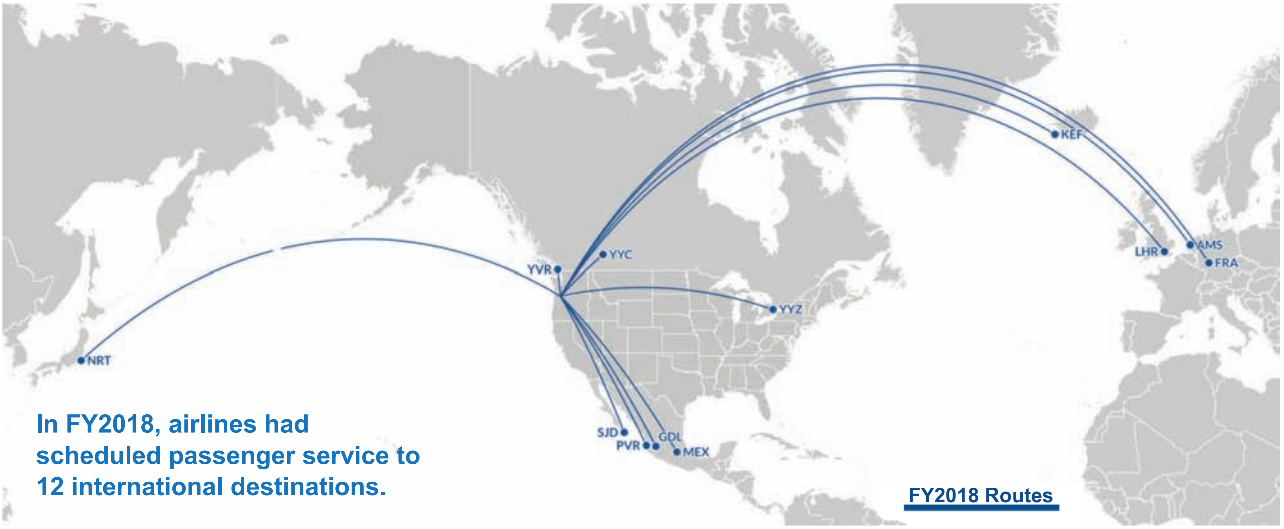
Note: Boutique Air operates scheduled commercial service to Eastern Oregon Regional Airport (PDT) from the fixed-base operator at the Airport.

Source: Diio Mi, Schedule – Dynamic Table, accessed October 2018.

62 These destinations include year-round and seasonal service.

63 Nonstop service to Nashville International Airport is scheduled to begin in May 2019, and nonstop service to St. Louis Lambert International Airport and San Antonio International Airport is scheduled to begin in June 2019.

EXHIBIT 2-3 Map of International Nonstop Destinations



Note: In October 2018, Aeroméxico announced it would suspend service in multiple markets including service to Mexico City from the Airport.

Source: Diio Mi, Schedule – Dynamic Table, accessed October 2018.

2.2 Air Traffic Activity and Trends

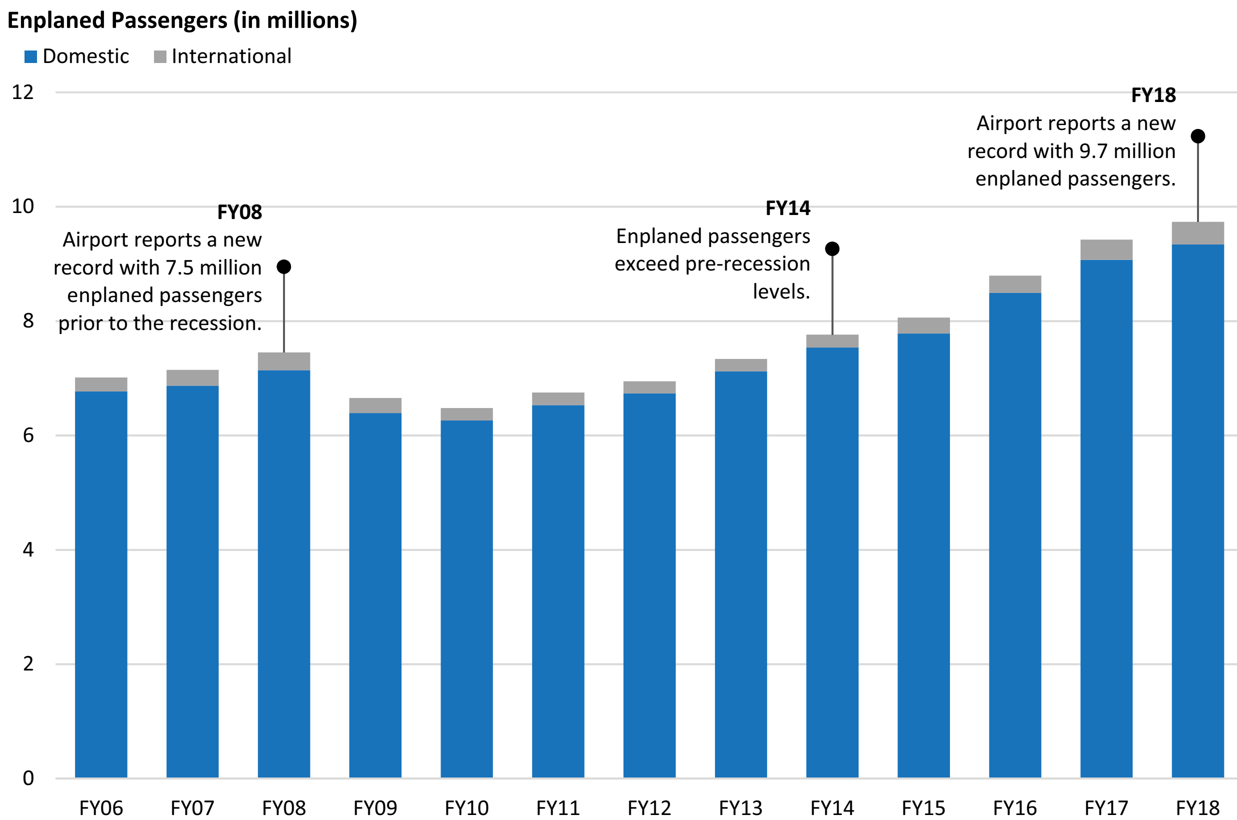
This section analyzes historical trends in air traffic activity at the Airport including enplaned passengers, aircraft operations, and landed weight. It also discusses the primary factors affecting these trends.

2.2.1 Enplaned Passengers

Passenger activity at an airport drives numerous revenues and financial measures including such items as non-airline revenues (e.g., parking, rental cars, terminal concessions, etc.), passenger facility charge (PFC) revenues, and FAA Airport Improvement Program (AIP) entitlement grant distributions. Enplaned passengers are also the denominator for airline costs per enplaned passenger (CPE). The relationship of the enplaned passenger to the financial analysis is discussed in more detail in Chapter 4 of this report.

Enplaned passenger traffic at the Airport has experienced a consistent upward trend since FY 2010 as demonstrated in **Exhibit 2-4**. **Table 2-8** presents total enplaned passengers by domestic and international segments. Total enplaned passengers at the Airport have increased from approximately 7.4 million in FY 2008 to approximately 9.7 million in FY 2018, representing a CAGR of 2.7%. It should be noted that the rate of growth has increased in recent years. From FY 2013 through FY 2018, enplaned passengers increased at a CAGR of 5.8%. The Airport only experienced a decline in passenger activity for two years during this entire 11-year span. More details regarding the historical passenger trends and the key factors behind the changes are discussed below.

EXHIBIT 2-4 Historical Enplaned Passengers



Source: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2005-June 2018.

TABLE 2-8 Historical Enplaned Passengers

Fiscal Year	Domestic	International	Total	Year-Over-Year Growth Rate
2008	7,138,993	310,924	7,449,917	4.3%
2009	6,391,569	262,557	6,654,126	-10.7%
2010	6,261,594	215,692	6,477,286	-2.7%
2011	6,529,105	221,315	6,750,420	4.2%
2012	6,732,262	214,038	6,946,300	2.9%
2013	7,122,688	212,950	7,335,638	5.6%
2014	7,535,257	226,770	7,762,027	5.8%
2015	7,779,753	279,004	8,058,757	3.8%
2016	8,489,185	303,101	8,792,286	9.1%
2017	9,069,224	353,341	9,422,565	7.2%
2018	9,337,800	395,211	9,733,011	3.3%
Compound Annual Growth Rate				
2008-10	-6.3%	-16.7%	-6.8%	
2010-18	5.1%	7.9%	5.2%	
2008-18	2.7%	2.4%	2.7%	

Source: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2007-June 2018.

2.2.1.1 FY 2008 - FY 2010

Enplaned passengers at the Airport declined from approximately 7.4 million in FY 2008 to 6.5 million in FY 2010, representing a CAGR of -6.8%. The U.S. airline industry and the Airport were affected by an increase in oil prices compounded by the national economic recession and global financial crisis. Over this period, there was a net loss of one million annualized enplaned passengers which coincided with a reduction of 15.0% in departing aircraft seating capacity.

In an effort to remain profitable during this span, Alaska Air Group carriers cut service to under-performing routes that were typically shorter-haul and more affected by higher oil prices. While this was successful in keeping the airline profitable, Alaska Air Group still had many under-performing routes at the Airport. Most of the routes with the largest capacity declines were operating at load factors of less than 70%. Consequently, when oil prices spiked and recessionary impacts were experienced, underperforming markets were eliminated, resulting in major capacity declines. As a result, the airline eliminated service to 11 markets and started new service to six markets.

In addition to Alaska Air Group, most other airlines also reduced service from the Airport during this period. Some specifics regarding these changes are provided below:

- The Delta/Northwest and United/Continental mergers were in process during this time contributing to these airlines' consolidating operations.
- United Airlines reduced seat capacity at the Airport by 10.4% during this period, with most of the decreases on underperforming routes to California with load factors under 75%.
- Mexicana and Lufthansa routes were not performing well, and the airlines eliminated service from the Airport. Load factors for Mexicana flights were around 60%.

2.2.1.2 FY 2010 – FY 2018

Enplaned passengers increased 3.3 million - at a CAGR of 5.2% - between FY 2010 and FY 2018. A majority of that growth occurred in the domestic sector, which accounts for 95.5% of the increase in enplaned passengers. International enplaned passengers have been increasing at a faster rate, a CAGR of 7.9% versus 5.1% for domestic. Much of the growth in total enplaned passengers can be attributed to the Alaska Air Group carriers. Alaska Air Group enplaned passengers were up 87.9% when comparing FY 2018 to FY 2010. Alaska Air Group accomplished this growth by adding new service to 29 markets, acquiring Virgin America, and increasing the average seating configuration for aircraft serving the Airport.

All major carriers increased capacity at the Airport since 2010, with the exception of United Airlines, which reduced capacity while consolidating its operations with Continental Airlines. **Table 2-9** provides the change in seating capacity at the Airport since FY 2010. As shown, capacity increased 41.2% by 3.4 million departing seats. Alaska Air Group makes up 63.3% of the total growth in capacity.

TABLE 2-9 Airline Capacity Change – FY 2010 VS FY 2018

Airline	Departing Seats		Percent Change
	FY 2010	FY 2018	
Alaska Air Group	2,949,019	5,125,452	73.8%
Southwest Airlines	1,775,095	2,151,354	21.2%
Delta Air Lines[1]	968,704	1,566,502	61.7%
United Airlines[2]	1,440,074	1,191,055	-17.3%
American Airlines[3]	542,300	785,721	44.9%
Other Airlines	667,125	960,640	44.0%
Total	**8,342,317**	**11,780,724**	**41.2%**

Notes: [1] Includes former Northwest Airlines
[2] Includes former Continental Airlines
[3] Includes former US Airways
Source: Diio Mi, Schedule – Dynamic Table.

From FY 2010 to FY 2018, enplaned passengers for Southwest Airlines increased by 38.3% despite seat capacity increasing only 21.2%. This indicates an increase in the airline's load factors. This was accomplished primarily through restructuring its flight schedule from the Airport, eliminating certain shorter length flights, and adding longer flights to markets where Southwest Airlines has a stronger market presence.

Delta Air Lines had limited growth from FY 2010 to FY 2013 in terms of enplaned passengers. However, in FY 2014, enplaned passengers increased by more than 15%. This growth was primarily driven by the addition of service to Los Angeles where the airline added 11 daily nonstop departures. In FY 2016, Delta Air Lines had another year of significant growth with an increase of 21.1% in enplaned passengers, which coincided with a significant increase in capacity to Salt Lake City, one of the airline's largest hubs allowing for better connectivity for passengers from Portland.

The remainder of the Airport's growth during the past eight years was primarily a result of the introduction of low-cost carriers (LCCs). In FY 2010, Frontier Airlines and JetBlue Airways began service at the Airport. In FY 2010, those airlines accounted for approximately 557,000 total passengers (arriving and departing) accounting for 4.3% of the total passengers at the Airport. Since then, Spirit Airlines and Sun Country Airlines have begun scheduled service at the Airport. In FY 2018, there were approximately 907,000 total LCC passengers at the Airport, accounting for 4.7% of the total passengers at the Airport.[64]

2.2.1.3 Summary

Total enplaned passengers at the Airport have increased from approximately 7.4 million in FY 2008 to a record-setting 9.7 million in FY 2018, representing a CAGR of 2.7%. The Airport was impacted significantly due to the economic recession. The number of enplaned passengers at the Airport declined by 10.7% in FY 2009 and by 2.7% in FY 2010. The Airport has since recovered, and post-recession enplaned passengers have increased at a CAGR of 5.2% with a record number of enplaned passengers each year since FY 2014. In FY 2018, enplaned passengers increased 3.3% over the prior FY.

The top four airlines represent approximately 85.0% of the total enplaned passengers at the Airport. As demonstrated above, these airlines have improved significantly in key performance statistics including SLA-RASMs, load factors, and SLA-yields. Air service at the Airport for the primary passenger airlines appears to be more stable and more profitable in FY 2018 than it was during its pre-recession peak. In summary, passenger air service at the Airport appears to be better positioned than it was prior to the last economic recession.

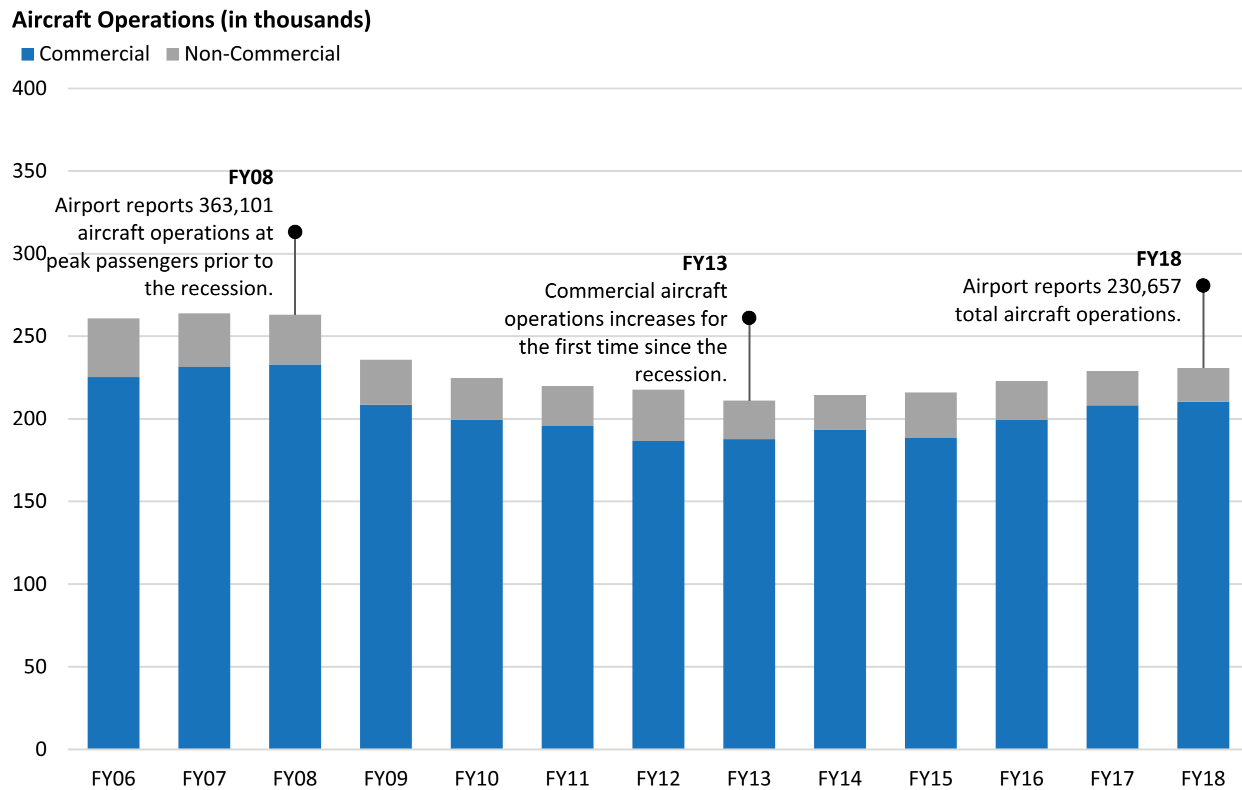
2.2.2 Aircraft Operations

Although aircraft operations have minimal impact on revenue performance, aircraft operations do impact decisions regarding airport capital programs. Airline decisions on aircraft type and the number of operations to accommodate passenger demand ultimately determine overall aircraft landed weight. Airlines are constantly evaluating how to best serve the passenger demand with their available aircraft fleet. In markets that exhibit strong business travel, an airline may choose to serve that particular market by offering more daily frequency. In other words, it may choose to operate smaller aircraft on the route several times per day to offer customers more choice and redundancy. In other cases, an airline may choose to offer larger aircraft and less frequency. Airlines also make decisions to change aircraft capacity on particular routes in reaction to load factors and profitability. Aircraft fleet mix and operations are important considerations for airport operators when planning for the appropriately sized airport facilities and to ensure the airport has sufficient capacity to accommodate operations in the future.

Aircraft operations at the Airport have remained relatively flat since the economic recession as demonstrated in **Exhibit 2-5**. **Table 2-10** provides the aircraft operations by type since FY 2008.

64 Virgin America is considered a LCC but is accounted for in the Alaska Air Group as it was acquired in December 2016.

EXHIBIT 2-5 Historical Aircraft Operations



Note: Commercial operations refers to commercial passenger and all-cargo aircraft operations. Commercial aircraft operations were calculated by subtracting general aviation and military aircraft operations from total aircraft operations included in the Port's aviation statistics.
Non-commercial operations refer to general aviation and military aircraft operations. Boutique Air operates scheduled commercial service to Eastern Oregon Regional Airport from the fixed-base operator at the Airport. Therefore, all of Boutique Air's enplaned passengers, aircraft operations, and landed weight are included in general aviation.

Source: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2005-June 2018.

TABLE 2-10 Historical Aircraft Operations

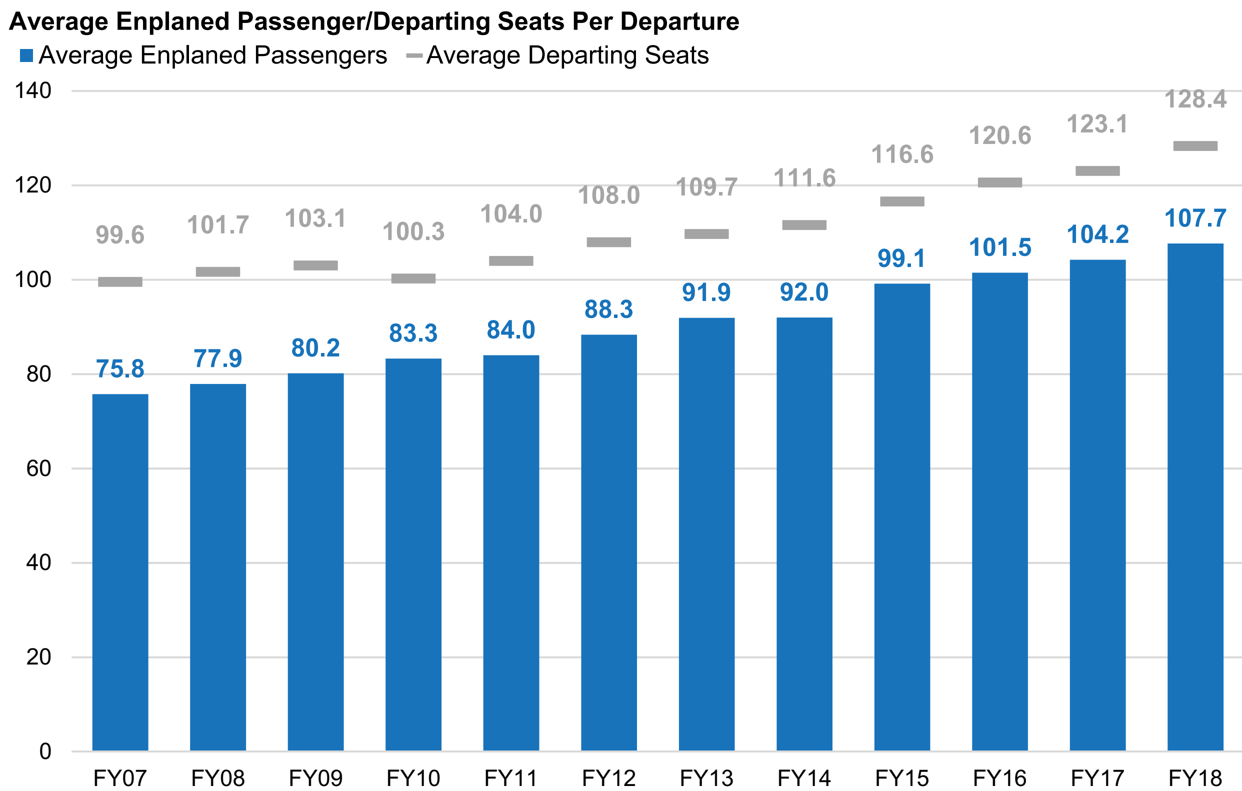
Fiscal Year	Commercial Operations	General Aviation	Military	Total	Year-Over-Year Growth
2008	232,883	26,892	3,326	263,101	-0.3%
2009	208,571	23,021	4,181	235,773	-10.4%
2010	199,478	20,759	4,421	224,658	-4.7%
2011	195,716	20,727	3,554	219,997	-2.1%
2012	186,617	27,305	3,773	217,695	-1.0%
2013	187,574	18,853	4,673	211,100	-3.0%
2014	193,368	16,904	4,007	214,279	1.5%
2015	188,533	22,908	4,525	215,966	0.8%
2016	199,285	20,539	3,155	222,979	3.2%
2017	208,089	16,928	3,829	228,846	2.6%
2018	210,440	16,535	3,682	230,657	0.8%
Compound Annual Growth Rate					
2008-10	-7.4%	-12.1%	15.3%	-7.6%	
2010-18	0.7%	-2.8%	-2.3%	0.3%	
2008-18	-1.0%	-4.7%	1.0%	-1.3%	

Note: Commercial operations refers to commercial passenger and all-cargo aircraft operations. Commercial aircraft operations were calculated by subtracting general aviation and military aircraft operations from total aircraft operations included in the Port's aviation statistics.
Non-commercial operations refer to general aviation and military aircraft operations. Boutique Air operates scheduled commercial service to Eastern Oregon Regional Airport from the fixed-base operator at the Airport. Therefore, all Boutique Air enplaned passengers, aircraft operations, and landed weight are included in general aviation.

Source: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2007-June 2018.

Commercial operations at the Airport refers to commercial passenger and all-cargo aircraft operations. The U.S. economic recession forced airlines to re-examine their operations in an effort to remain financially sound. As a result, many of the airlines have implemented cost-saving measures. The airlines have eliminated many poor performing routes with low load factors. Additionally, the airlines have opted to use larger aircraft where feasible. Small regional jets (aircraft with 50 or fewer seats) have been retired at an accelerated rate. According to the U.S. Department of Transportation Air Carrier Statistics database (T-100), the average number of seats on departing aircraft at the Airport increased from an average of 99.6 seats in FY 2007 to 128.4 seats in FY 2018. This significant change in the aircraft fleet operating at the Airport, combined with higher load factors, has increased the average number of enplaned passengers from approximately 75.8 per departure in FY 2007 to 107.7 in FY 2018. **Exhibit 2-6** graphically depicts the growth in enplaned passengers and aircraft seats per departure during this period. This increase in passengers per operation has allowed airlines to operate fewer flights in order to handle a comparable number of passengers. As a result, although the Airport has experienced strong passenger growth since the economic recession, the number of passenger aircraft operations has remained relatively flat. According to the Airport's records, all-cargo aircraft operations decreased from 32,172 in FY 2008 to 21,030 in FY 2018, representing a CAGR of -4.2%. A majority of the decline in operations occurred during the economic recession. However, the number of all-cargo aircraft operations has failed to recover since the end of the recession.

EXHIBIT 2-6 Passengers Per Operation



Sources: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2006-June 2018. Diio Mi, Schedule – Dynamic Table. U.S. Bureau of Transportation Statistics, U.S. Air Carrier Traffic Statistics.

Non-commercial operations at the Airport refers to general aviation (GA) and military aircraft operations. From FY 2008 to FY 2018, GA aircraft operations have declined at a CAGR of 4.7%. The Port also operates two GA airports: Hillsboro Airport and Troutdale Airport. Both of these facilities are designated as reliever airports to the Airport pursuant to the FAA's National Plan of Integrated Airport Systems (NPIAS). Reliever airports are specially designated GA airports intended to reduce congestion at larger commercial service airports primarily by providing options for accommodating GA traffic. From FY 2008 to FY 2018, military aircraft operations increased at a CAGR of 1.0%. The Oregon Air National Guard (ORANG) leases approximately 213 acres of property at the Airport and is home to the 142nd Fighter Wing, which safeguards the airspace and coastal waters from northern California to the Canadian border with F-15 Eagles on 24-hour alert. Much of the military traffic at the Airport is associated with ORANG operations.

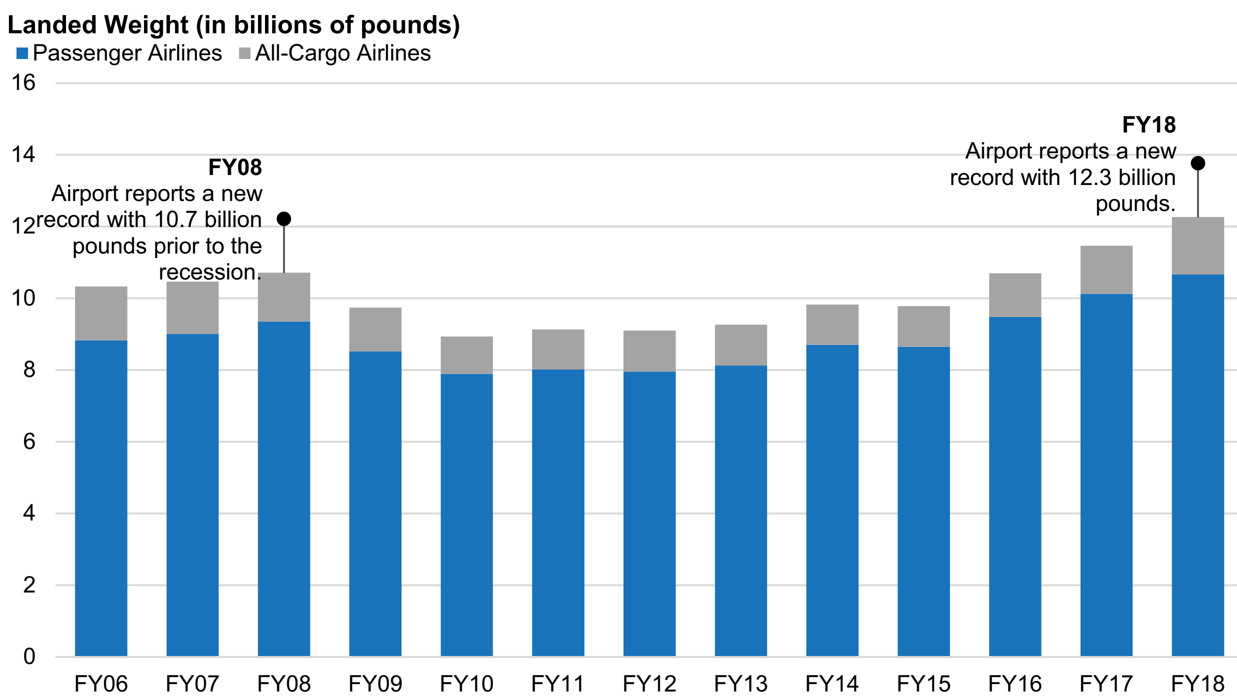
Given current industry trends, it would be expected that aircraft operational activity will continue to lag enplaned passenger growth as airlines, generally, continue to serve passenger demand through increases in load factors and larger aircraft.

2.2.3 Landed Weight

Aircraft landed weight (expressed in 1,000-pound units) is the sum of the maximum gross landed weight as certified by the FAA for passenger and all-cargo aircraft landing at the Airport. Per operating agreements with the airlines that operate at the Airport, aircraft landed weight is the denominator in the calculation of landing fees used to recover the net cost of the Airfield Cost Center. Therefore, landed weight is an important metric for the Port.

Total landed weight increased steadily from 10.3 billion pounds in FY 2006 to 10.7 billion pounds in FY 2008, representing a CAGR of 1.9%. This growth is attributable to the growth in passenger traffic, as landed weight by passenger airlines increased at an average rate of 2.9% compared to a decrease by all-cargo airlines at an average rate of 4.7%. During the decline in both passenger and all-cargo traffic at the Airport resulting from the U.S. recession, landed weight decreased by a CAGR of 8.7%. However, landed weight at the Airport has increased from 8.9 billion in FY 2010 to 12.3 billion in FY 2018, representing a CAGR of 4.0%. Notably, both the passenger airline and all-cargo airline landed weight contributed to this growth, increasing at a CAGR of 3.8% and 5.5%, respectively. As with aircraft operational activity, it would be expected that landed weight will continue to grow moderately as airlines continue to add larger aircraft. A significant portion of the all-cargo landed weight growth can be attributed to an increase in e-commerce traffic at the Airport, particularly due to the airlines operating on behalf of Amazon Prime. **Exhibit 2-7** graphically depict the historical landed weight at the Airport. **Table 2-11** provides the landed weight by category since FY 2008.

EXHIBIT 2-7 Historical Landed Weight



Source: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2005-June 2018.

TABLE 2-11 Historical Landed Weight (in Thousand Pound Units)

Fiscal Year	Passenger Airlines	All-Cargo Airlines	Total	Year-Over-Year Growth
2008	9,350,834	1,362,171	10,713,005	2.4%
2009	8,523,064	1,217,425	9,740,489	-9.1%
2010	7,892,566	1,042,172	8,934,738	-8.3%
2011	8,015,905	1,117,532	9,133,437	2.2%
2012	7,956,842	1,143,111	9,099,953	-0.4%
2013	8,123,435	1,140,494	9,263,929	1.8%
2014	8,699,074	1,126,771	9,825,845	6.1%
2015	8,644,185	1,139,176	9,783,361	-0.4%
2016	9,482,191	1,215,683	10,697,874	9.3%
2017	10,122,815	1,342,179	11,464,994	7.2%
2018	10,662,824	1,599,687	12,262,511	7.0%
Compound Annual Growth Rates				
2008-12	-4.0%	-4.3%	-4.0%	
2012-18	5.0%	5.8%	5.1%	
2008-18	1.3%	1.6%	1.4%	

Source: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2007-June 2018.

2.3 Key Factors Affecting Air Traffic Demand

The forecasts of future air traffic activity at the Airport were prepared partly on the basis of quantitative factors using regression models with socio-economic indicators such as population, employment, and personal income as the independent variables. The following section addresses certain qualitative factors that may impact air traffic activity, both nationwide and at the Airport.

2.3.1 Economic Conditions and Events

Historically, the U.S. economy, as measured by GDP has grown at a relatively steady rate, averaging 3.1 percent per annum between CY 1960 and CY 2017. The rate of growth has been remarkably stable reflecting both the size and maturity of the U.S. economy. Individual years have fluctuated around the long-term trend for a variety of reasons including macroeconomic factors, fuel shocks, war, and terrorist attacks.

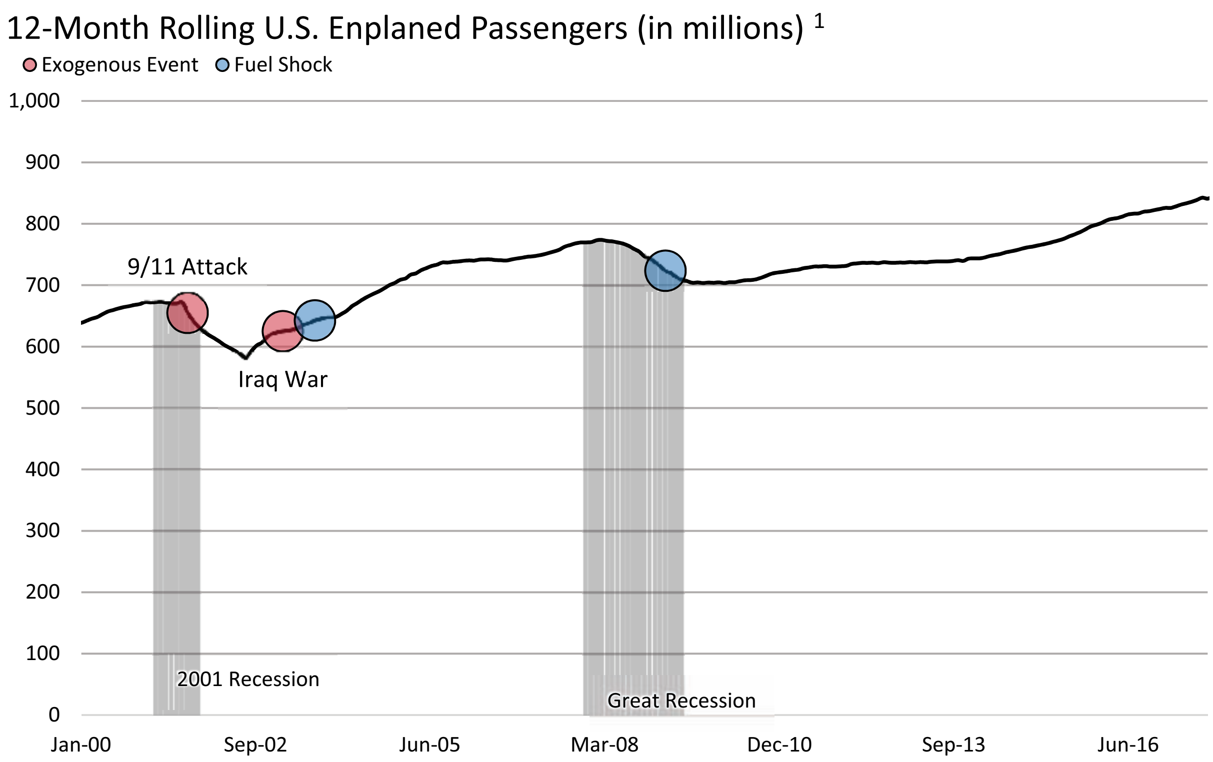
There have been two official economic recessions in the U.S. thus far in the 21st century. The first occurred between March and November of 2001 and was compounded by the September 11, 2001, terrorist attacks. The negative impact of these events on the airline industry is well documented. The recession itself was short-lived by historical standards and the economy returned to positive growth rates quickly, fueled by a gradual but prolonged reduction in interest rates.

The second recession, often referred to as the “Great Recession,” occurred between December 2007 and June 2009.[65] This was the worst financial crisis to affect the U.S. since the ‘Great Depression’ and it was the longest recession since airline industry deregulation[66] in 1978. The nation’s unemployment rate rose from 5.0% in December 2007 to a high of 10.0% in October 2009.[67]

Exhibit 2-8 shows the strong correlation between enplaned passenger traffic in the U.S. and the nation’s economy. During economic contractions, there is a notable decline in passenger volumes and during the subsequent economic expansions, there is significant growth in passenger volumes. Additionally, it is clear that exogenous shocks such as terrorist attacks have a short but significant impact on passenger volumes.

The most recent forecast from the Congressional Budget Office estimates that real U.S. GDP is forecast to increase by 3.1% in CY 2018 and 2.4% in CY 2019. The Congressional Budget Office forecast estimates that from CY 2019 through CY 2022, growth in the GDP will slow to 1.6% before increasing to an average of 1.7% between CY 2023 and CY 2028. Should the U.S. economy deviate greatly from these estimates, aviation activity could vary from the forecasts presented herein.

EXHIBIT 2-8 U.S. Aviation System Shocks and Recoveries



Note: [1] Excludes non-revenue enplaned passengers.
Source: U.S. Bureau of Transportation Statistics, U.S. Air Carrier Traffic Statistics.

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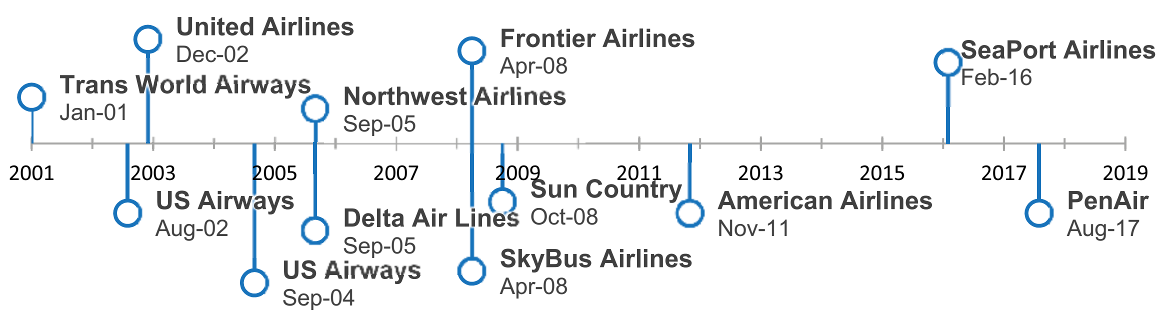
65 National Bureau of Economic Research, U.S. Business Cycle Expansions and Contractions, September 20, 2010.
66 Deregulation refers to the Airline Deregulations Act of 1978, which reduced government control over the commercial aviation industry.
67 National Bureau of Economic Research, U.S. Business Cycle Expansions and Contractions, September 20, 2010.

2.3.2 The U.S. Airline Industry

2.3.2.1 Airline Bankruptcies

Over the past several years, the U.S. airline industry has undergone a significant transformation. Although it has been profitable in recent years, the U.S. airline industry cumulatively experienced losses of approximately $62 billion from 2000 through 2009 on domestic operations.[68] Many airlines filed for Chapter 11 bankruptcy protection and some ceased operations altogether. **Table 2-12** presents the airlines that have operated at the Airport and have declared bankruptcy this century. During this period, airlines suffered from excess capacity, which drove down yields. Yields adjusted for inflation had dropped by approximately 70%. With oil prices spiking to near $150 per barrel in 2008, industry changes were critical. As a result, all of the major network airlines restructured their route networks and reached agreements with lenders, employees, vendors, and creditors to decrease their cost structure.

TABLE 2-12 Airline Bankruptcy Timeline



Airline	Status
Trans World Airways	Filed Chapter 11 in January 2001 as part of the acquisition by American.
US Airways	Filed Chapter 11 in August 2002 and again in September 2004; emerged in September 2005 in conjunction with the acquisition by America West. Acquired by American Airlines in 2013.
United Airlines	Filed Chapter 11 in December 2002; emerged in February 2006.
Northwest Airlines	Filed Chapter 11 in September 2005; emerged in May 2007. Acquired by Delta in 2008.
Delta Air Lines	Filed Chapter 11 in September 2005; emerged in April 2007. Wholly owned subsidiary Comair Airlines taken in bankruptcy with Delta Airlines.
Frontier Airlines	Filed Chapter 11 in April 2008; emerged in October 2009.
American Airlines	Filed Chapter 11 in November 2011. Wholly owned subsidiary American Eagle Airlines took into bankruptcy with American Airlines. Emerged in December 2013.
SeaPort Airlines	Filed Chapter 11 In February 2016. Went out of business when Chapter 11 was converted to Chapter 7 liquidation in September 2016.
PenAir	Filed Chapter 11 in August 2017. Ceased all operations at the Airport.

Source: Airlines for America, U.S. Airline Bankruptcies.

[68] U.S. Department of Transportation, Air Carrier Statistics (Form 41), accessed from Airlines for America, Annual Financial Results: U.S. Passenger Airlines.

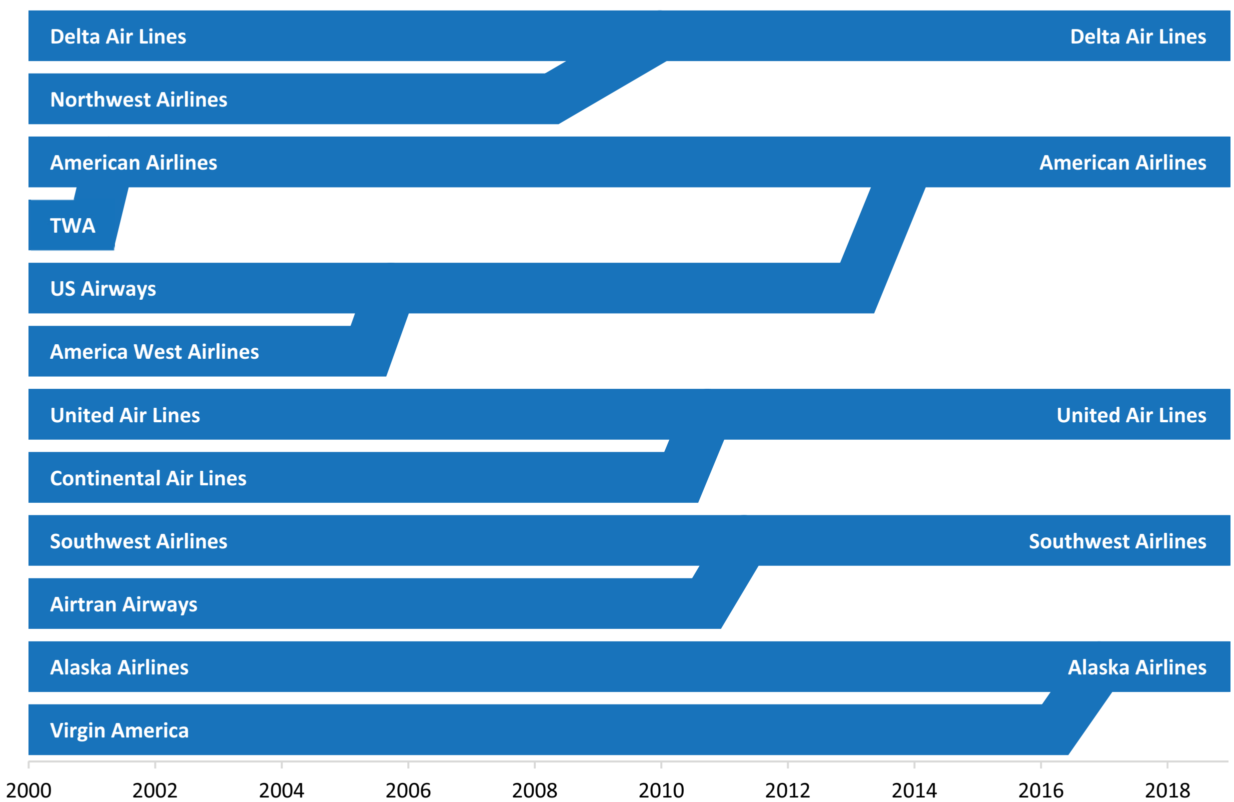
2.3.2.2 Airline Profitability

Since 2008, the U.S. airline industry has decreased capacity, particularly in short-haul markets with smaller, short-range aircraft types. The result has been a significant improvement in yields, unit revenues (RASMs), and subsequently profitability. In recent years, the U.S. airline industry has been at its most stable, profitable point in history. According to the Bureau of Transportation Statistics, the 23 U.S. scheduled passenger airlines reported a pre-tax net operating profit of $21.4 billion in 2017, which marks the ninth consecutive year of pre-tax operating profits. The scheduled passenger airlines reported an operating profit margin of 12.2% in 2017, slightly down from 15.0% in 2016.[69] Profitability can also be attributed to airlines unbundling services and increasing the use of ancillary fees such as charges for checked baggage.

2.3.2.3 Airline Mergers

Industry consolidation has taken place as a result of competitive pressures and economic conditions. Many airlines have merged or been acquired since the turn of the 21st century. **Exhibit 2-9** provides a graphical representation of the major U.S. airline mergers during this period.

EXHIBIT 2-9 Major U.S. Airline Mergers of the 21st Century



Source: Airlines for America, U.S. Airline Mergers and Acquisitions.

These mergers have resulted in significant economic control of passenger ridership. For CY 2018, the four largest U.S. airlines (American Airlines, Southwest Airlines, Delta Air Lines, and United Airlines) account for 80.3% of the

[69] Bureau of Transportation Statistics, 2017 Annual and 4th Quarter U.S. Airline Financial Data.

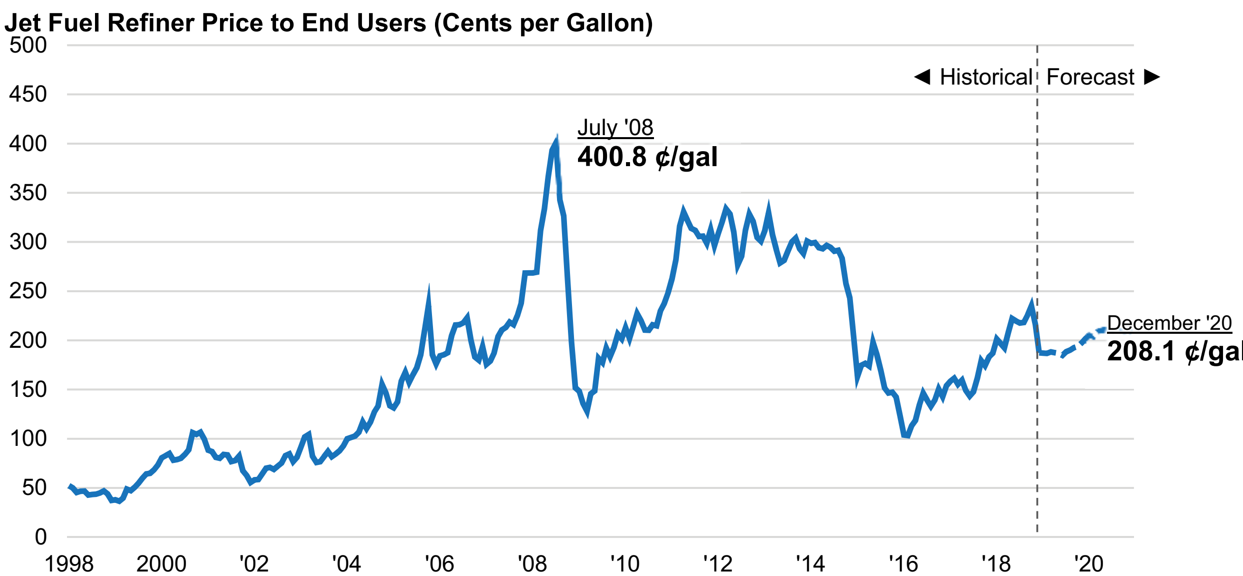
domestic seating capacity.[70] The potential impacts associated with consolidation include limited industry seats capacity growth and continued increase in yields (fares).

2.3.3 Aviation Fuel

The price of oil and the associated cost of jet fuel is the largest single cost affecting the airline industry. In CY 2000, jet fuel to end users averaged $0.89 per gallon. The average cost of jet fuel climbed steadily through CY 2007. However, in CY 2008, crude oil prices and, consequently, jet fuel surged in price as a result of strong global demand, a weak U.S. dollar, commodity speculation, political unrest, and a reluctance to materially increase supply. In July 2008, jet fuel reached an average price of $4.01, nearly double the price the year prior. Reduced demand in CY 2009 stemming from the global financial crisis and subsequent economic downturn resulted in a sharp decline in price. However, as the economic climate improved and political unrest continued in the Middle East, oil prices increased in the subsequent three years. The increase in the price of jet fuel put upwards pressure on airline operating costs. As a result, airlines were faced with cutting capacity or increasing fares, and sometimes both. The average price of jet fuel dropped significantly in CY 2015 and CY 2016, reaching a low of $1.03 per gallon in February 2016. Since then, jet fuel prices have steadily climbed.

The U.S. Energy Information Administration (EIA) provides forecasts of jet fuel refiner price to end users in a report entitled Short-Term Energy Outlook. In the February 2019 release, the EIA projects that jet fuel prices will reach $2.08 per gallon by December 2020. **Exhibit 2-10** presents the historical price for jet fuel refiner price to end users and the EIA's forecast of that price.

EXHIBIT 2-10 Jet Fuel Prices



Source: U.S. Energy Information Administration, Short-Term Energy Outlook (February 2019).

Although fuel cost is of major importance to the airline industry, future prices and availability are uncertain and fluctuate based on numerous factors. These can include supply-and-demand expectations, geopolitical events, fuel inventory levels, monetary policies, and economic growth estimates. Historically, certain airlines have also

[70] Scheduling data accessed through Diio Mi, Schedule – Dynamic Table, accessed October 2018.

employed fuel hedging as a practice to provide some protection against future fuel price increases. While fuel hedging has generally not been used by airlines in recent years, it remains as a potential option to mitigate fuel cost risk. Experts generally agree that longer-term prices are expected to remain high relative to historical levels as demand for energy on a global basis continues to increase.

It is expected that aviation fuel costs will continue to impact the airline industry in the future. If aviation fuel costs increase significantly over current levels, air traffic activity could be negatively affected as airlines attempt to pass costs on to consumers through higher airfares and fees in order to remain profitable. At this time, alternative fuels are not yet commercially cost effective.

2.3.4 Aviation Security

Since the September 11, 2001, terrorist attacks, government agencies, airlines, and airport operators have upgraded security measures to guard against threats and to maintain the public's confidence in the safety of air travel. Security measures have included cargo and baggage screening requirements, deployment of explosive detection devices, strengthening of aircraft cockpit doors, the increased presence of armed air marshals, awareness programs for personnel at airports, and new programs for flight crews. Aviation security is under the control of the federal government through the Transportation Security Administration (TSA).

The threat of terrorism poses risks to the continued growth of the aviation industry. Although terrorist events targeting aviation interests would likely have negative and immediate impacts on the demand for air travel, the industry and demand have historically recovered from such events. There have been recent terrorist attacks at airports internationally including at the Brussels Airport in March 2016, the Istanbul Atatürk Airport in June 2016, and most recently the Orly International Airport in March 2017. So long as government agencies continue to seek processes and procedures to mitigate potential risks and to maintain confidence in the safety of aircraft, without requiring unreasonable levels of costs or inconvenience to the passengers, economic influences are expected to be the primary driver for aviation demand as opposed to security and safety.

2.3.5 National Air Traffic Capacity

The U.S. aviation system has a major impact on the national economy because it provides a means of transporting people and cargo over long distances in a relatively short period. As demand for air travel increases, the national aviation system must maintain sufficient capacity to allow for travel without unacceptable delays or congestion. It is generally assumed that the required infrastructure improvements needed to maintain capacity will keep pace with demand. Although not likely over the forecast period evaluated herein, the inability of the national aviation system to keep pace with demand could create congestion and delays on a national level that could adversely affect the passenger experience and impact future demand.

2.3.6 Alaska Air Group's Integration of Virgin America

Alaska Airlines' purchase of Virgin America Airlines has impacted the airline's operations and subsequently worked to limit seat capacity growth within the combined airline's network. The announcement took place in December 2016, and called for Virgin America to operate its own fleet until April 2018. The integration of Virgin America into the Alaska Airlines fleet is now mostly complete. The last of the Virgin America aircraft will be repainted to Alaska's livery over the next several months.

Prior to the acquisition, Alaska's operational performance, as measured by on-time performance (within 15 minutes of scheduled) was regularly among the best in the industry. For example, in 2016 Alaska's on-time performance was 87%, ranking number one among large carriers for the seventh consecutive year. After the acquisition, operational performance for both Alaska and Virgin deteriorated. For the first half of 2017, Alaska's on-time performance dropped to 81%, down from 88% the prior year. Virgin's on-time performance dropped 12%

year over year, to only 64%. Both were in the bottom half of the industry. The integration challenges partially resulted in sharp drops in Alaska's profitability and resulted in Alaska slowing its capacity growth.

During the past 6 months, the Alaska operation has improved dramatically as the integration process nears completion, and on-time performance and profitability have generally returned to historical (pre-acquisition) levels. Given these recent trends, it appears that Alaska Air Group has recovered from these integration issues and future issues are assumed to be minimal. Also, integration issues experienced by Alaska Air Group and Virgin America for its overall network did not appear to have much of an impact on passenger growth for Alaska Air Group at the Airport as enplaned passengers for these carriers increased in FY 2018 by approximately 4.4% over the prior FY.

2.3.7 Pilot Shortage

Beginning in June of 2017, a shortage of pilots for Horizon Air's Bombardier Q400 aircraft resulted in impacts to the airline's schedule. In the month of June alone, the airline had to cancel more than 300 flights system-wide because it did not have enough pilots. The airline had to curtail its flight schedule for the following fall. The lost routes were ultimately operated by the mainline carrier Alaska Airlines or a Horizon competitor, SkyWest. In order to combat the issue, the airline has increased compensation and lessened the time for pilots to advance their careers. It appears that Horizon has been able to increase hiring and plans to hire 349 pilots in 2018.[71]

This pilot shortage is an industry-wide issue. In March 2018, Great Lake Airlines, another regional carrier, ended service because it couldn't hire enough pilots for its flights. There are several reasons for the pilot shortage. Congress changed duty time rules in 2010 to mitigate pilot fatigue which required airlines to increase pilot staff. Another rule, instituted in the U.S. in 2013, required first officers flying for commercial airlines to have at least 1,500 hours of flight time, instead of the 250 hours previously required. This has decreased the pool of qualified pilots. Other factors include an aging pilot workforce and fewer new pilots coming out of the military. Even with the increased incentives, this makes it harder for small regional airlines to hire qualified new pilots. Additionally, as passenger demand increases, the major carriers also need additional pilots and are generally able to hire them away from the regional carriers, resulting in a shortage for the smaller regional carriers. This could reduce service to some smaller U.S. markets.

2.3.8 The Rise in E-Commerce Cargo

The air cargo industry is in the midst of a fundamental shift. Historically, air cargo has been used as a supply chain for time-sensitive or high-value product. Manufacturing has been a significant driver for air cargo as well as companies that provide the demand for air cargo. These companies have relocated a number of their manufacturing facilities to other parts of the world which has led to a shift to other modes of transportation such as cargo ships. Additionally, rising fuel costs, resulting in higher shipping costs, combined with the global recession led companies to reevaluate the necessity of shipping products by air. As such, companies began to rely on an increased use of trucks and ships to deliver their product. The result is that traditional air cargo has been stagnant at many airports across the United States.

The increased use of e-commerce has resulted in further changes in the air cargo industry. The U.S. Census Bureau projects that 9.8% of retail sales will be e-commerce in the third quarter of 2018 compared to 9.0% in 2017.[72] Most of the current forecasts for e-commerce indicate double-digit growth in the market over the next five years. In e-commerce, vendors are required to ship orders to their costumers fast, such as two-day shipping, which may require the use of air cargo despite the increased cost. Therefore, the growth in e-commerce, non-traditional air cargo, is expected to have a significant impact on air cargo throughput in the U.S. For financial

71 *Oregon Business*, Horizon Air Closes the Gap in Pilot Hiring, July 9, 2018.
72 U.S. Census Bureau, Quietly Retail E-Commerce Sales 3rd Quarter 2018, released November 19, 2018

feasibility purposes and to remain somewhat conservative, the selected forecast for landed weight at the Airport contained herein and as presented below does not include significant increases in landed weight expected to result from e-commerce other than that already incurred in prior fiscal years.

2.4 Port of Portland's Aviation Activity Forecast

The Port develops its own forecast of air traffic demand in order to estimate budgetary needs for the future. The forecasts include an enplaned passenger forecast and a landed weight forecast. The current forecast projects that enplaned passengers will increase from approximately 10.0 million in FY 2019 to approximately 11.2 million in FY 2024, representing a CAGR of 2.3%. It was assumed that landed weight will increase at an annual rate of 0.5% through the forecast period. The Port's forecast of aviation activity through FY 2024 is presented in **Table 2-13**. As a point of comparison the FAA's Terminal Area Forecast (TAF) for the Airport forecasts enplaned passengers to increase at a CAGR of 2.6% over the period of federal fiscal year (FFY) 2018 through FFY 2024, with approximately 11.6 million total enplaned passengers in FFY 2024 .[73] The FAA's TAF is generally used for facility planning purposes as opposed to financial planning; therefore, it is not uncommon for it to forecast higher levels of passengers as compared to forecasts used for financial purposes.

[73] Federal Aviation Administration, Terminal Area Forecast, accessed December 2018. The federal fiscal year is the 12-month period ending September 30th.

TABLE 2-13 Port of Portland Aviation Activity Forecast

Fiscal Year	Enplaned Passengers (in thousands)	Landed Weight (in million-pound units)
2018 (actual)	9,733	12,263
2019	9,966	12,635
2020	10,196	12,698
2021	10,430	12,762
2022	10,670	12,825
2023	10,915	12,890
2024	11,166	12,954
Compound Annual Growth Rates		
2018-19	2.4%	3.0%
2019-24	2.3%	0.5%

Source: Port of Portland, Airport management records, November 2018.

The next section of this Report presents Landrum & Brown, Inc.'s (L&B's) aviation activity forecast analysis to confirm the use of the Port's aviation activity forecast for the purposes of financial feasibility.

2.5 Air Traffic Activity Forecasts

This section presents L&B's forecast analysis for air traffic as well as a discussion of the methodology used to develop these forecasts. The forecast analysis reflects historical airline activity trends, the economic base for air travel demand, and other factors that may affect the demand for air travel over the forecast period.

The forecast analysis presented herein is based on a number of assumptions. Most notably, it assumes that the underlying economic conditions of the Air Service Area are expected to be the primary driver for passenger demand at the Airport, especially as it relates to O&D traffic. Economic disturbances are likely to occur over the forecast period. However, the Airport's current air service appears to be more profitable and, hence, more stable than it was during the last peak experienced prior to the Great Recession. Therefore, year-over-year variations are expected to be milder and shorter in duration than experienced during prior recessionary periods. Additional key assumptions are listed below:

- The Airport will continue primarily serving O&D passengers as well as being a hub for Alaska Air Group.
- The other major carriers currently serving the Airport (i.e., Southwest, Delta, and United) will continue to provide air service to support local demand primarily through larger aircraft and to longer-haul markets.
- Trans-oceanic international service will remain throughout the forecast period. Additional international service will be provided as demand dictates, including seasonal service to leisure markets in Mexico.
- LCC service will continue to operate at the Airport and demand for such services will continue to increase.
- Long-term nationwide growth in air travel will occur over the forecast period.

It is also important to note that many of the factors affecting air travel demand are not necessarily quantifiable. As a result, all forecasts are subject to uncertainty. Therefore, this forecast, as with any forecast, should be viewed as a general indication of future aviation activity as opposed to a precise prediction. Actual future traffic may vary from this forecast, and such variances could be material.

2.5.1 Enplaned Passenger Forecasts

2.5.1.1 Short-Term Forecast

The short-term forecast is an estimate of the activity levels at the Airport for the current FY 2019. The forecasting process began with a review of the Port's budgeted activity levels. According to the Port's FY 2019 budget, the Airport is forecast to have approximately 10.0 million enplaned passengers and 12.6 billion pounds of landed weight.

An independent estimate for FY 2019 was developed based on year-to-date statistics and available schedule data for commercial passenger operations to verify the Port's current budget for FY 2019 for use in the analysis. All recent or expected airline service announcements were reviewed to ensure that the flights were reflected in the current scheduled data.

Airport statistics are available through December 2018. For the first six months of the FY, domestic enplanements are up 3.6% when compared to the same period for the year prior. This increase corresponds to an increase in scheduled domestic departing seats of 3.8%. For the first six months of the FY, international enplanements are up 16.3% when compared to the same period for the year prior. This increase corresponds to an increase in scheduled international departing seats of 13.5%. In total, year-to-date enplaned passengers are 4.1% higher than the year prior, which is almost identical to the increase in available seating which increased 4.2%.

Currently, airline schedules indicate a 2.6% increase in scheduled domestic aircraft departures coinciding with a 3.1% increase in available departing seats for full FY 2019. Currently, the airline schedules indicate a 7.5% increase in scheduled international aircraft departures coinciding with a 10.1% increase in available departing seats for entire FY 2019. Details regarding the major changes anticipated for FY 2019 are provided below:

- Alaska Air Group, including Virgin America, is expected to increase departures by 2.8% and available seats by 2.5% in FY 2019. This growth includes significant increases in frequency to Dallas Love Field (DAL), Sacramento International Airport (SMF), and John Wayne Airport (SNA) among several others.
- Sun Country Airlines only had one seasonal destination for a majority of FY 2018. The airline is scheduled to increase departures by 261.3% and departing seats by 301.1% in FY 2019. This growth is occurring as the airline adds new offerings at the Airport. Sun Country is scheduled to add eight new markets by year's end, including Nashville in May 2019 and San Antonio and St. Louis in June 2019.
- Delta Air Lines is scheduled to increase available departing seats by 5.6% as a result of increased frequency to its hubs combined with an increase in the average size of the aircraft used for these operations.
- Internationally, all of the airlines providing service are expected to increase their departing seats in FY 2019 with the exception of Condor. In October 2018, Aeroméxico announced it would begin suspending service in multiple markets including service to Mexico City from the Airport. Delta Air Lines has announced that it will increase its seasonal service to London from four weekly flights to seven. Alaska Airlines is scheduled to begin service to two new markets in Mexico.

Year-to-date enplaned passenger growth has slightly lagged behind the increase in scheduled departing seats. This is a common occurrence at airports rapidly adding seat capacity and frequency as it takes time for the markets to mature. Therefore, this trend is anticipated to continue through the remainder of the fiscal year. Based on our analysis, the Port's current budget for FY 2019 enplaned passengers of approximately 10.0 million and landed weight of approximately 12.6 billion-pound units appears reasonable for financial feasibility purposes.

2.5.1.2 Long-Term Forecast

A number of standard industry forecasting techniques were considered in order to forecast enplaned passengers such as econometric regression modeling, trend analysis, market share, and time series. It was determined that economic regression models, conducted separately for domestic and international, were the most appropriate to forecast enplaned passengers at the Airport. Econometric regression modeling quantifies the relationship between enplaned passengers and key socio-economic variables. This methodology recognizes that the key independent variables will change over time and assumes that their fundamental relationships to the dependent variables will remain.

The first step in developing the appropriate models was to test the independent, or explanatory, variables against the dependent variables, domestic and international enplaned passengers. In order for an econometric model to be considered appropriate, the following has to be true:

- Adequate test statistics (i.e. high coefficient of determination (R2) values and low p-value statistics), which indicate that the independent variables are good predictors of passengers at the Airport.
- The analysis does not result in theoretical contradictions (e.g., the model indicates that GDP growth is negatively correlated with traffic growth).
- The results are not overly aggressive or conservative or are incompatible with historical averages.

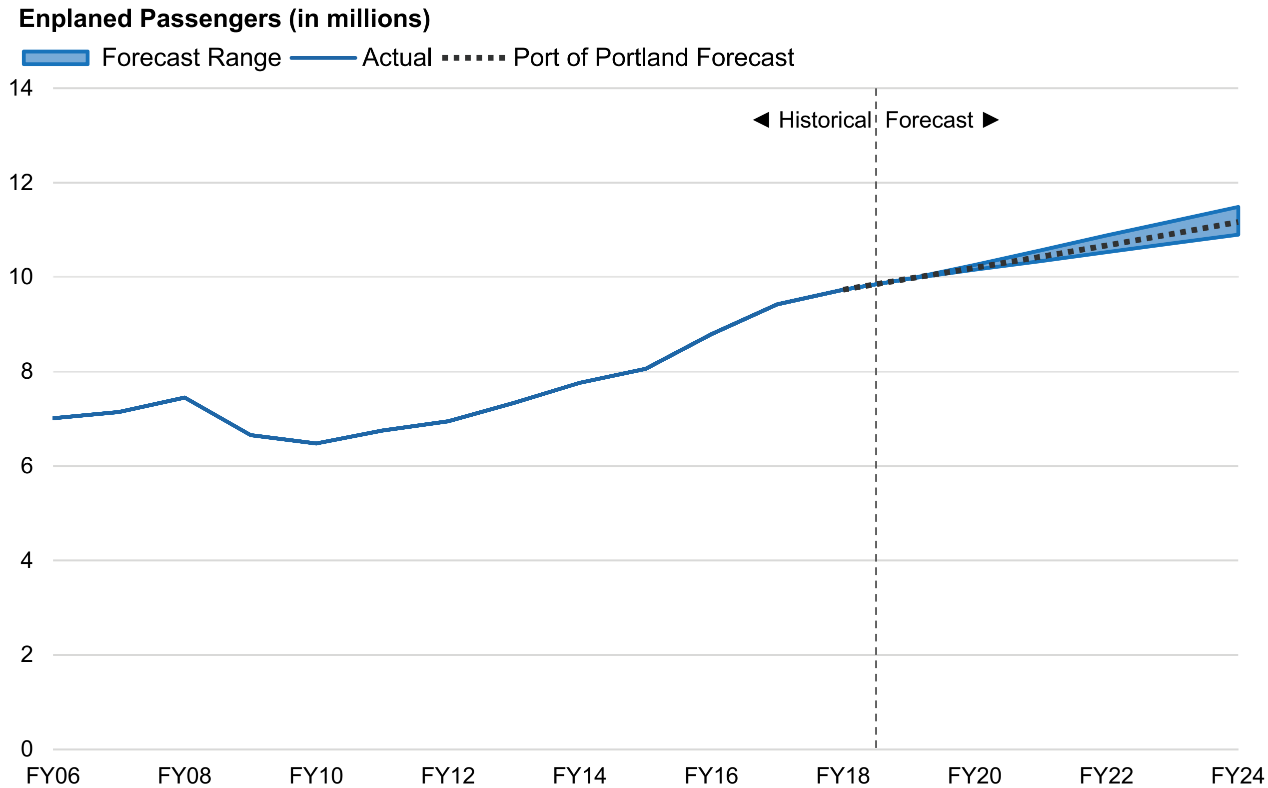
Through the testing of multiple sets of independent variables, two univariate linear models were selected to forecast enplaned passengers at the Airport. For domestic enplaned passengers, a univariate model using the Air Service Area's per capita personal income was selected. For international enplaned passengers, a univariate model using the Air Service Area's GRP was selected. These models exhibit strong regression statistics when compared to models with other combinations of independent variables. In addition to the selected forecast, three linear univariate models were deemed as appropriate for domestic passengers and five were deemed as appropriate for international passengers. Various combinations of these models provided a range of forecasts for enplaned passengers.

2.5.1.3 Forecast Summary

The short-term forecast of enplaned passengers indicates a growth of 2.4% in FY 2019, which is slightly lower than the Port's budgeted growth. Domestic enplaned passengers are forecast to increase by 2.1% in FY 2019 and the international enplaned passengers by 9.6%.

Various sets of models deemed appropriate were combined to find a range of enplaned passengers. Based on models, domestic enplaned passengers are forecast to increase between 1.8% and 2.8% per annum and international enplaned passengers are forecast to increase between 2.6% and 5.6% per annum from FY 2019 to FY 2024. The various combinations of enplaned passenger forecasts for domestic and international passengers provide a range of enplaned passengers of between 10.9 million and 11.5 million in FY 2024. This range equates to growth rates between 1.8% per annum and 2.9% per annum. For comparison, the Port's forecast for enplaned passengers assumes a CAGR of 2.3%. **Exhibit 2-11** compares the range of enplaned passengers forecasts with the Port's current forecast. Given that the Port's forecast for the Airport falls within the forecast range, it appears reasonable to use for financial feasibility purposes.

EXHIBIT 2-11 Enplaned Passenger Forecast

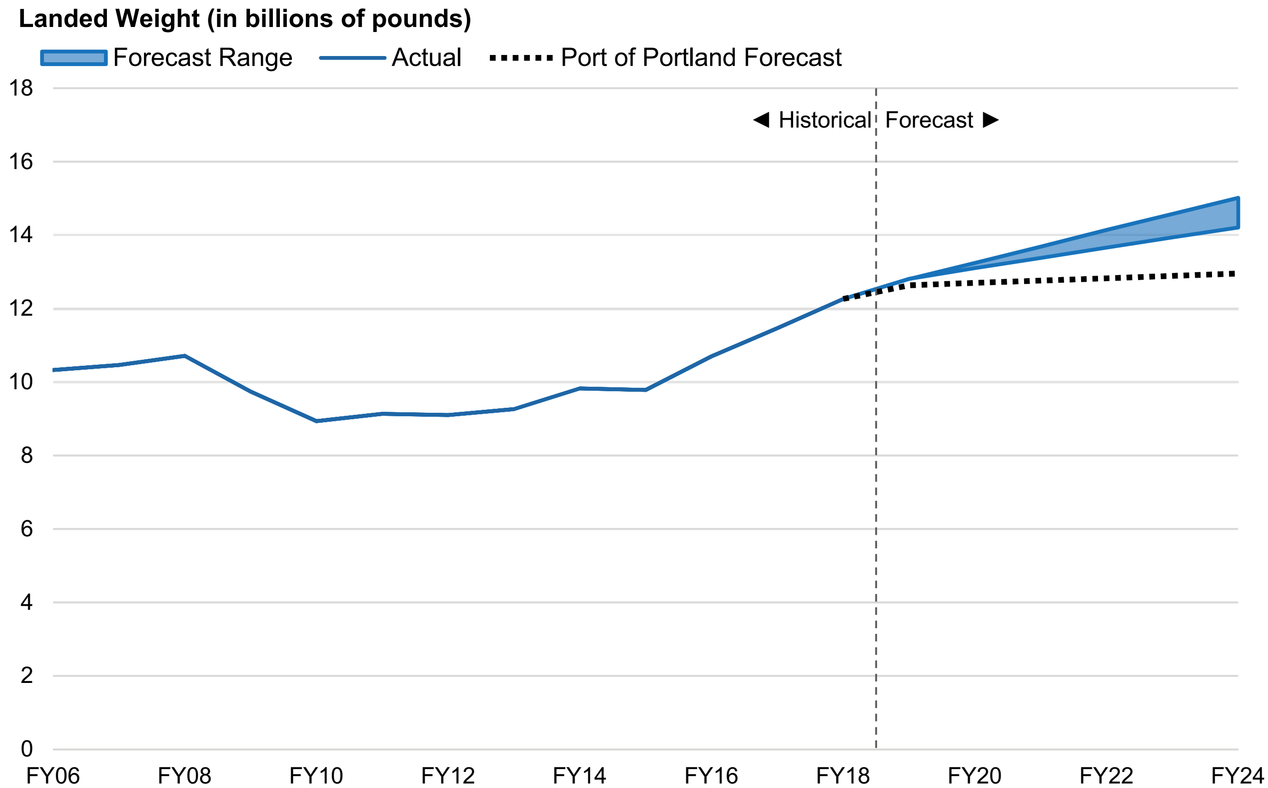


Sources: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2005-June 2018; Landrum & Brown Analysis.

2.5.2 Landed Weight Forecasts

The landed weight forecasts assume that the current industry shift towards larger aircraft will continue to occur. In addition, the forecasts assume further decreases in smaller regional jets as they are retired, especially 50-seat aircraft. Although passenger operations increase at a rate slower than enplaned passengers, the aircraft used per operation will be heavier. Therefore, passenger landed weight growth is forecast to be similar to the enplaned passenger growth. The average landed weight per all-cargo operation has been increasing significantly over the past few years as larger aircraft are being filled at higher loads. Therefore, combined with an anticipated growth in air cargo, the all-cargo landed weight is forecast to increase at a significant rate. **Exhibit 2-12** graphically depicts the range of landed weight forecasts and the Port's current forecast for comparison. While the Port's landed weight forecast is much more conservative than that of the forecast range, it will be used as part of the financial feasibility analysis for this Report.

EXHIBIT 2-12 Landed Weight Forecast



Sources: Port of Portland, Aviation Statistics – Monthly Traffic Report July 2005-June 2018; Landrum & Brown Analysis.

3 Rental Car Industry

This chapter focuses on rental car activity and demand at the Airport and its relationship to visiting O&D passenger levels. The chapter consists of an overview of the rental car industry, a description of recent trends and events occurring in the rental car industry nationwide, and a review of the Airport's rental car market including current rental car operators, historical rental car activity, and the nature of Airport rental car activity.

3.1 Rental Car Industry Overview

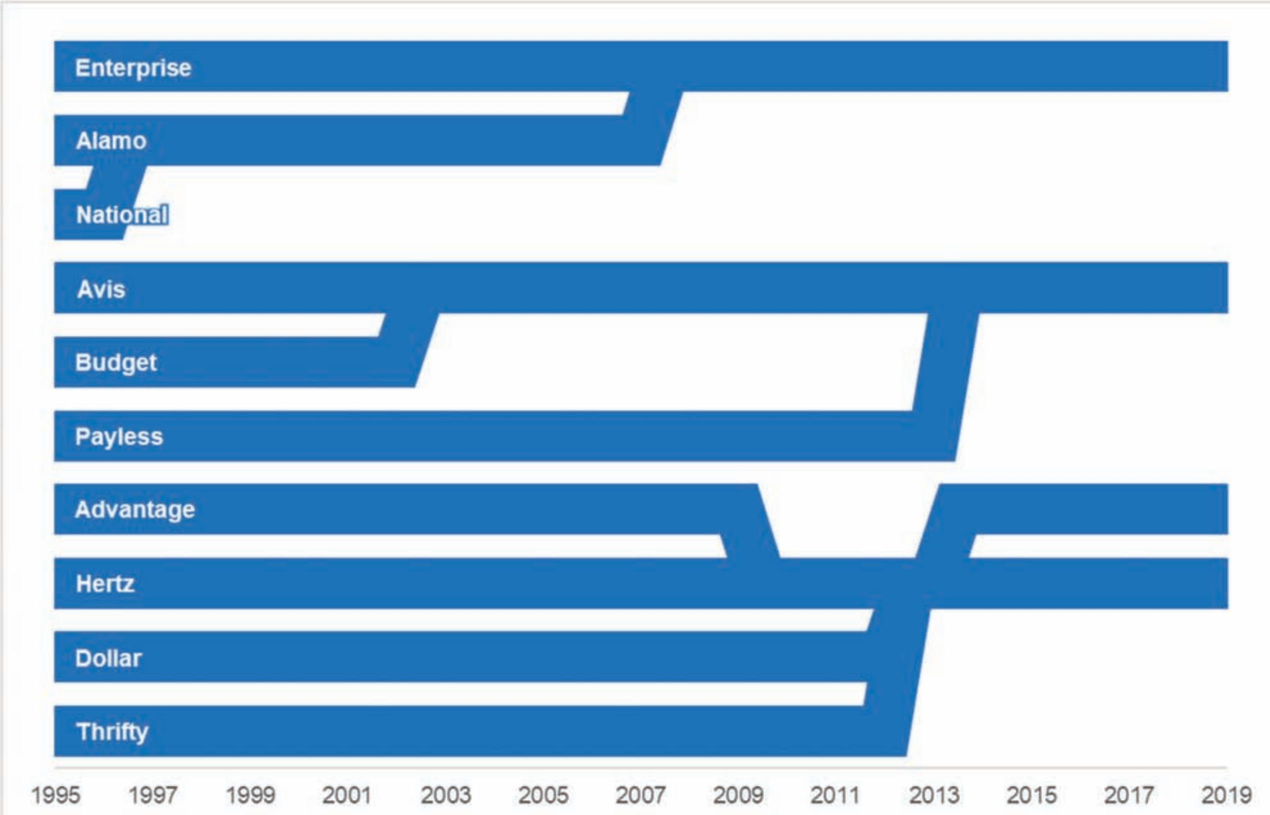
Similar to the U.S. airline industry, in response to economic and competitive pressures, the rental car industry has undergone rapid consolidation over the past decade. **Exhibit 3-1** presents a timeline of the mergers and consolidation of the major rental car companies in the U.S. As shown, the U.S. rental car industry is now dominated by three major rental car companies that operate a total of nine national brands: Enterprise Holdings, Inc. (owner of Enterprise Rent-A-Car, National Car Rental, and Alamo Rent a Car), Hertz Global Holdings, Inc. (owner of Hertz Corporation, Dollar Rent A Car, and Thrifty Car Rental), and Avis Budget Group, Inc. (owner of Avis Car Rental, Budget Rent A Car Systems, and Payless Car Rental, Inc.).[74] While industry consolidation has occurred over the past several years, the major rental car companies have also been successful at maintaining brand segmentation through their various brands which cater to different types of customers, including both business and leisure customers. This brand segmentation has allowed the rental car companies to continue to increase profits over the last decade by catering to different classes of customers, from budget-minded leisure tourists, to less price-sensitive business travelers.

Exhibit 3-2 presents the gross revenue and market share held by the three major rental car companies over the last five years. As shown, since 2013, Enterprise has continued to increase its overall market share from 48.7% in 2013 to 56.3% in 2018. Hertz had a market share of 21.4% and Avis had a market share of 17.3% in 2018. Based on CY 2018 gross revenues, in total, these three companies and their operating brands are estimated to account for 95.0% of the U.S. rental car market.

Table 3-1 presents the number of total cars in service in the U.S. for each rental car company. As shown, since the economic recession in 2008, the rental car companies have been increasing their fleet sizes. Enterprise, currently the company with the largest fleet in the U.S., has added over 350,000 vehicles to its fleet since 2009. Hertz has added nearly 114,000 vehicles, and Avis has increased its fleet by 56,000 vehicles since 2009. Fleet sizes decreased from 2016 to 2017 due primarily to the decision by U.S. carmakers to reduce the sale of low-margin vehicles to the rental car companies in an effort to increase profits. At the same time, the rental car companies restructured their fleets as values for rental cars they resell in the used car market has declined. In 2018, the rental car companies once again increased their fleets by 1.2% over 2017.

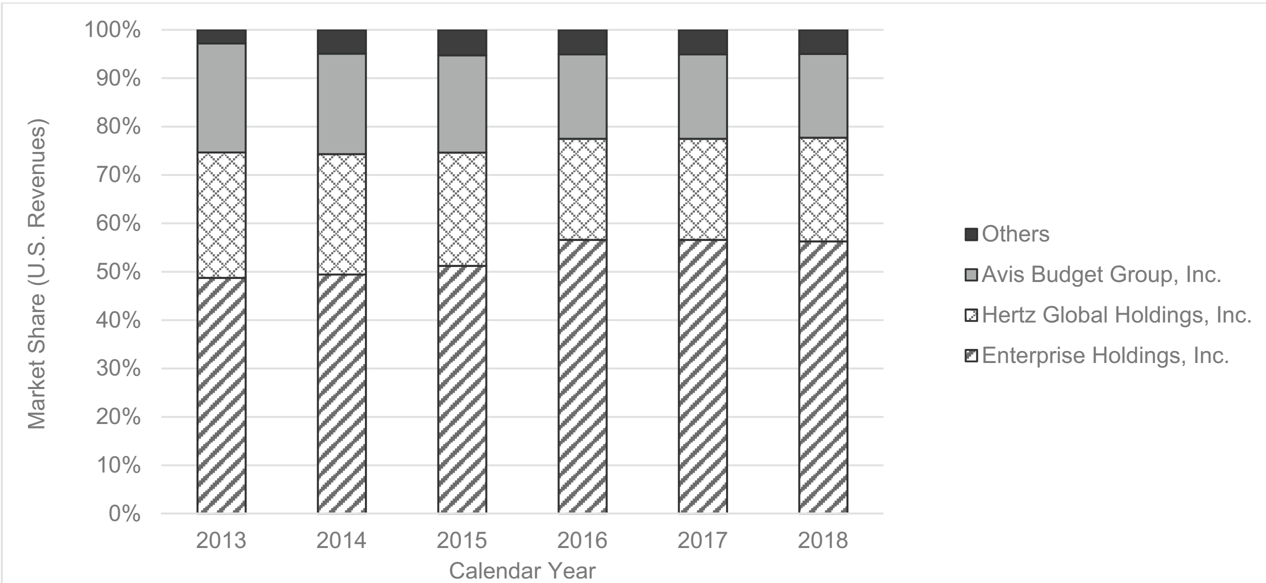
74 While in Chapter 11 bankruptcy protection, the assets of Advantage Rent a Car were acquired by The Hertz Corporation in March 2009. Advantage was later sold by Hertz as a divestiture to receive regulatory approval of Hertz's acquisition of Dollar Thrifty.

EXHIBIT 3-1 Mergers of The Largest U.S. Rental Car Companies



Sources: http://www.avisbudgetgroup.com, https://www.enterprise.com, https://www.hertz.com

EXHIBIT 3-2 Historical U.S. Rental Car Revenues and Market Share



COMPANY	U.S. Gross Revenues ($ millions) 2013	2014	2015	2016	2017	2018	Market Share 2013	2014	2015	2016	2017	2018
Enterprise Holdings, Inc.	$11,900	$12,850	$13,880	$15,314	$16,200	$16,900	48.7%	49.4%	51.2%	53.8%	56.6%	56.3%
Hertz Global Holdings, Inc.	6,324	6,471	6,350	6,114	5,975	6,430	25.9%	24.9%	23.4%	21.5%	20.9%	21.4%
Avis Budget Group, Inc.	5,500	5,407	5,445	5,550	5,000	5,200	22.5%	20.8%	20.1%	19.5%	17.5%	17.3%
Others	690	1,281	1,434	1,461	1,451	1,498	2.8%	4.9%	5.3%	5.1%	5.1%	5.0%
Total	**$24,414**	**$26,009**	**$27,109**	**$28,439**	**$28,626**	**$30,028**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: Auto Rental News

TABLE 3-1 Historical U.S. Rental Car Fleet Sizes

COMPANY [1]	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Enterprise Holdings, Inc.	854,031	842,376	850,689	920,861	941,064	979,370	1,093,411	1,166,828	1,293,027	1,200,000	1,200,000
Hertz Global Holdings, Inc.	451,184	392,245	398,000	438,000	488,000	488,000	495,000	499,100	489,800	485,000	506,200
Avis Budget Group, Inc.	385,000	309,000	279,500	295,000	311,000	344,000	342,000	365,000	375,000	350,000	365,000
Independents	63,000	53,500	52,500	55,000	60,000	62,000	68,000	70,000	73,000	70,000	67,000
All Others	59,475	40,327	48,872	51,900	57,200	76,800	74,900	80,620	82,200	81,700	74,725
Total	**1,812,690**	**1,637,448**	**1,629,561**	**1,760,761**	**1,857,264**	**1,950,170**	**2,073,311**	**2,181,548**	**2,313,027**	**2,186,700**	**2,212,925**
Percent Increase/Decrease	**-**	**-9.7%**	**-0.5%**	**8.1%**	**5.5%**	**5.0%**	**6.3%**	**5.2%**	**6.0%**	**-5.5%**	**1.2%**

Note: [1] Figures include fleets from merged rental car companies.
Source: Auto Rental News

The following section provides profiles of each major rental car company and associated brands, obtained from their respective websites.

Avis Budget Group Inc., Owner of Avis Car Rental, Budget Rent A Car Systems, and Payless Car Rental, Inc.

- Avis Car Rental was founded in 1946 and was the first company to rent cars from airport locations. Avis and its subsidiaries operate approximately 5,500 locations in more than 165 countries.[75]
- Budget Rent A Car Systems was founded in 1958. The company name was chosen to appeal to the "budget-minded" or “value-conscious” renter. Budget currently operates 2,700 locations in more than 120 countries.[76]
- Payless Car Rental, Inc. was founded in 1971 in Spokane Washington. Today, Payless Car Rental operates approximately 120 rental locations. Payless Car Rental serves price-conscious leisure and business travelers and operates with a hybrid model of corporately operated locations along with locations operated by franchisees.[77]

Enterprise Holdings Inc., Owner of Enterprise Rent-A-Car, National Car Rental, Alamo Rent a Car

- Enterprise Rent-A-Car was established in St. Louis, Missouri, in 1957. Enterprise now has more than 7,800 locations, including more than 5,800 fully staffed neighborhood and airport branch offices located within 15 miles of 90% of the U.S. population.[78]
- National Car Rental was founded in August 1947. National provides a premium, internationally recognized brand serving the daily rental needs of frequent airport travelers seeking choice, convenience, and time savings for personal and business trips. National now has over 1,500 locations worldwide.[79]
- Alamo Rent a Car was founded in Florida in 1974. Alamo attracts value-oriented international and U.S. leisure travelers looking for an easy and hassle-free rental experience. Alamo is the largest car rental provider to international travelers visiting North America. Alamo operates 292 self-service kiosks at 82 U.S. locations.[80]

Hertz Global Holdings Inc., Owner of The Hertz Corporation, Hertz, Dollar Rent A Car, and Thrifty Car Rental

- Hertz Corporation is one of the largest worldwide rental companies, and the Hertz brand is one of the most recognized in the world. Additionally, The Hertz Corporation owns the vehicle leasing and fleet management leader Donlen, operates the Firefly vehicle rental brand and Hertz 24/7 car-sharing business in international markets, and sells vehicles through Hertz Car Sales. [81]
- Dollar Rent A Car was founded in 1965 in Los Angeles, where its executive offices remained until 1994. Together with its corporately-owned locations and those of its franchise owners, Dollar Rent A Car has approximately 570 locations in 61 countries, including approximately 260 locations in the United States and Canada with a significant presence also in the Caribbean and Latin America. [82]
- Thrifty Car Rental was founded in 1958. Thrifty operates in 77 countries and territories with over 1,000 locations throughout North, Central, and South America, Africa, Europe, the Middle East, the Caribbean, Asia, and the Pacific. Thrifty is one of the most widely recognized brands in the travel industry that caters to cost-conscious business and leisure travelers. [83]

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75 Source: https://www.avis.com/en/about-avis/company-information/corporate-facts
76 Source: https://www.budget.com/en/about-budget/company-information/leader-profiles/our-factsheet
77 Source: http://www.avisbudgetgroup.com/company-information/our-brands/payless-car-rental/
78 Source: https://www.enterpriseholdings.com/content/dam/ehicom/docs/Enterprise_Holdings_Fact_Sheet.pdf
79 Source: https://www.enterpriseholdings.com/en/total-transportation-solution/airport/national-car-rental.html
80 Source: https://www.enterpriseholdings.com/en/total-transportation-solution/airport/alamo-rent-a-car.html
81 Source: https://ir.hertz.com/company-overview
82 Source: https://www.dollar.com/AboutUs/Background.aspx
83 Source: https://www.thrifty.com/AboutUs/content.aspx

3.1.1 Historical Rental Car Industry Activity

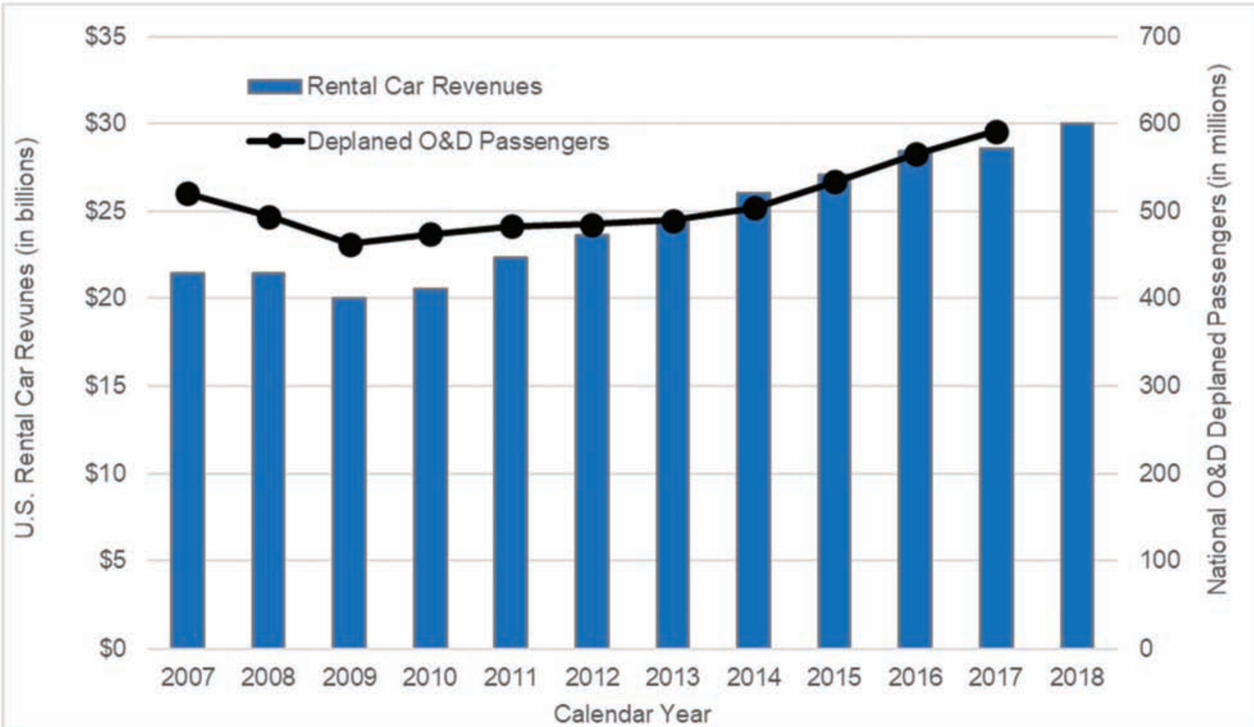
Demand within the U.S. airport rental market is generally influenced by economic and air passenger trends. While rental car rates and other costs, as well as the availability of other forms of transportation may factor into the decision to rent a vehicle, as economic activity increases and propensity of travel rises, demand for rental cars increases as well. In periods of economic weakness, the propensity to travel tends to decline, as does demand for rental cars. Airport-related rental car activity is primarily related to visiting O&D passenger activity in a particular market.

Exhibit 3-3 presents total U.S. rental car gross sales compared to total U.S. domestic O&D deplanements between 2007 and 2018. **Exhibit 3-4** presents year-over-year annual change in Gross Domestic Product (GDP), O&D deplaned passengers, and U.S. rental car gross sales between 2000 and 2017. These two exhibits demonstrate the strong relationship between economic conditions and demand for travel-related services. As shown, following the September 11, 2001, terrorist attack and the nationwide economic recessions in 2002 and again in 2008, GDP, O&D deplaned passengers, and rental car gross sales all decreased nationwide. Both of these periods of decline were then followed by a period of steady growth. Since 2009, GDP, O&D deplaned passengers, and rental car gross sales have increased at compounded annual growth rates (CAGRs) of 3.1 percent, 2.3 percent, and 4.6 percent, respectively. In general, increasing per capita income and low unemployment rates, coupled with continued growth in passengers at U.S. airports have resulted in an increase of rental car industry revenue nationwide. While rental car gross sales increased in 2017, growth slowed over previous years, largely as a result of the impact of TNCs. As shown, however, rental car gross sales rebounded in 2018, increasing by 4.9% over 2017.

Exhibit 3-5 presents the producer price index (PPI) for passenger car rentals for both leisure and business travel since 1999 as calculated by the U.S. Department of Transportation Bureau of Labor Statistics. As shown, rental car prices for both leisure and business travel both increased steadily through 2008. Beginning in late 2008, rental car prices increased dramatically as the RACs increased their rates in order to remain profitable during the nationwide economic recession. Since that time, however, the trends for rental cars for leisure and business rental car prices have been markedly different.

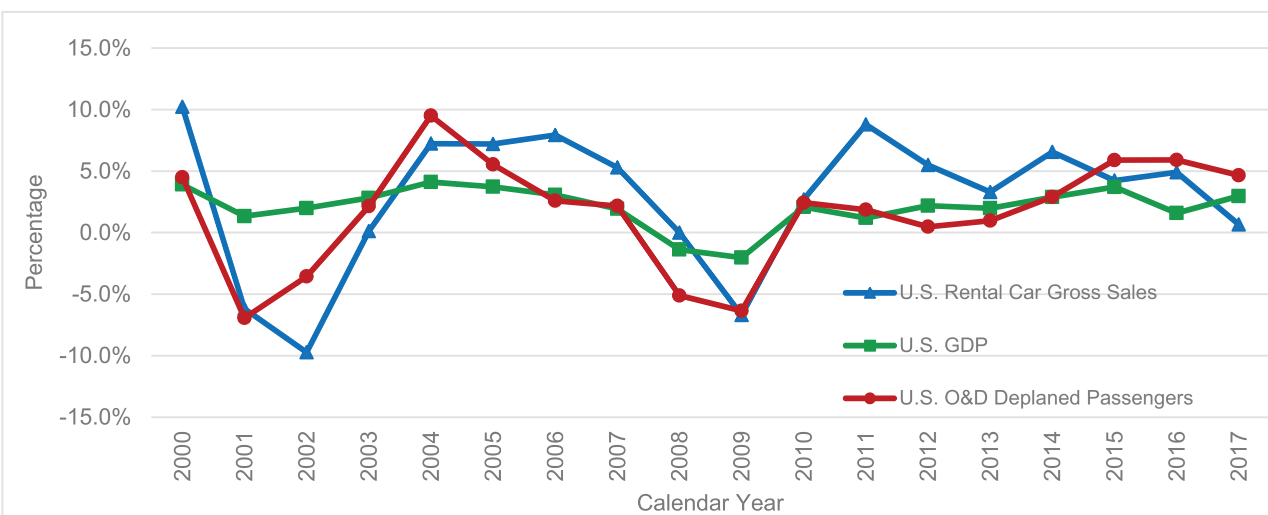
As shown, rental car prices for leisure travel decreased through 2012, and since have remained relatively steady, only fluctuating seasonally. In contrast, rental car prices for business travel increased slightly through 2012 and then continued to fall thereafter. With the exception of a brief spike in 2014 (likely due to industry consolidation), business travel rental car prices continued to fall in late 2017 to their lowest levels since 1999. The decrease in rental car prices for business travel over the last few years is primarily due to the impacts of Transportation Network Companies (TNCs) such as Uber, Lyft, and Wingz, which have had a greater impact on business rental car prices than on leisure rental car prices. Rental car prices for business travel once again started to increase in 2018. Despite decreases in rental car prices over the last several years, total gross rental car sales have continued to show strong growth (as demonstrated in the Exhibits 3-2, 3-3 and 3-4), indicating that demand for rental cars continues to be strong.

EXHIBIT 3-3 Historical National Rental Car Revenues and O&D Deplaned Passengers



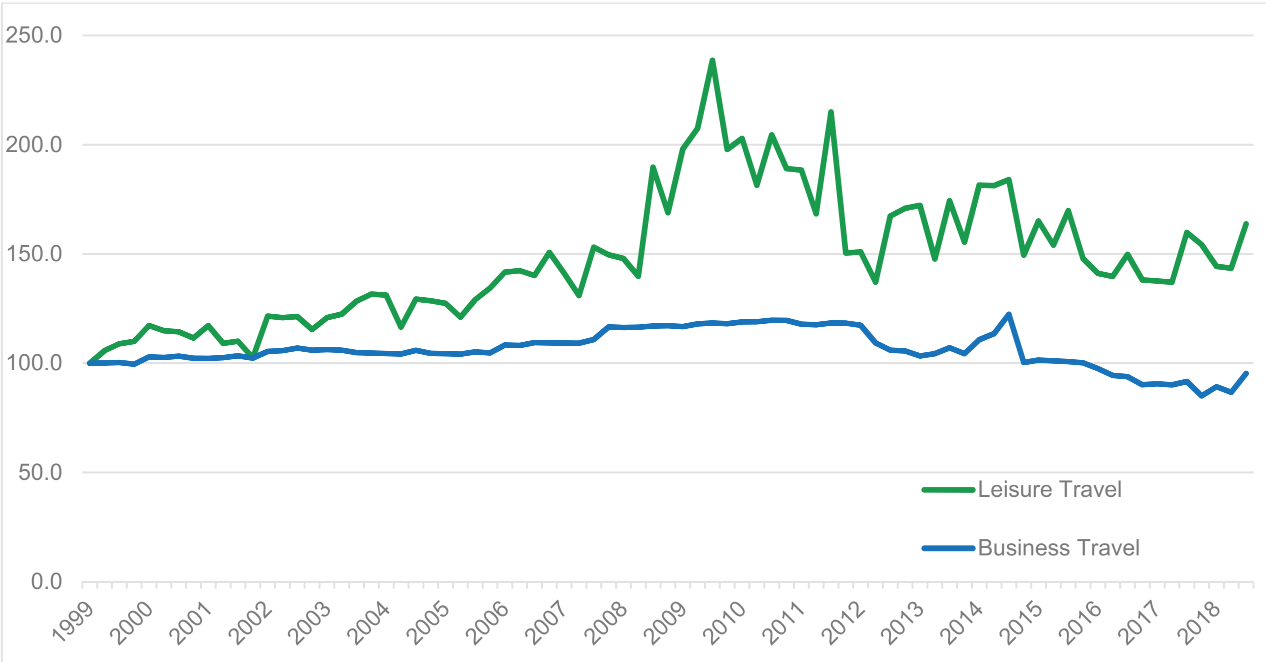
Note: Based on calendar years ending December 31. Deplaned O&D passenger data for 2018 not available.
Sources: U.S. Department of Transportation O&D Data, Auto Rental News

EXHIBIT 3-4 U.S. Rental Car Gross Sales Annual Percent Change Comparison



Note: Based on calendar years ending December 31.
Sources: U.S. Department of Transportation O&D Data, Auto Rental News; Woods & Poole

EXHIBIT 3-5 Producer Price Index – Passenger Car Rental For Leisure and Business Travel



Note: December 1998 index equals 100.
Source: U.S. Bureau of Labor Statistics

3.2 Rental Car Market at the Airport

As of 2018, all three major national rental car companies representing eight rental car brands operate at the Airport. There are currently five brands that operate on Airport property including Avis, Dollar, Enterprise, Hertz, and National. These brands currently operate on the first level of the short-term garage. Three brands operate off Airport property, including Alamo, Budget, and Thrifty. Once the new Airport Consolidated Rental Car (ConRAC) facility opens in late 2021, all of these brands will be located on Airport property and will operate from the new ConRAC Facility (see **Table 3-2**). In addition, two new rental car companies (Payless and Sixt Rent A Car) and two new car-sharing brands (Enterprise CarShare and ZipCar) also expect to operate out of the new ConRAC Facility.

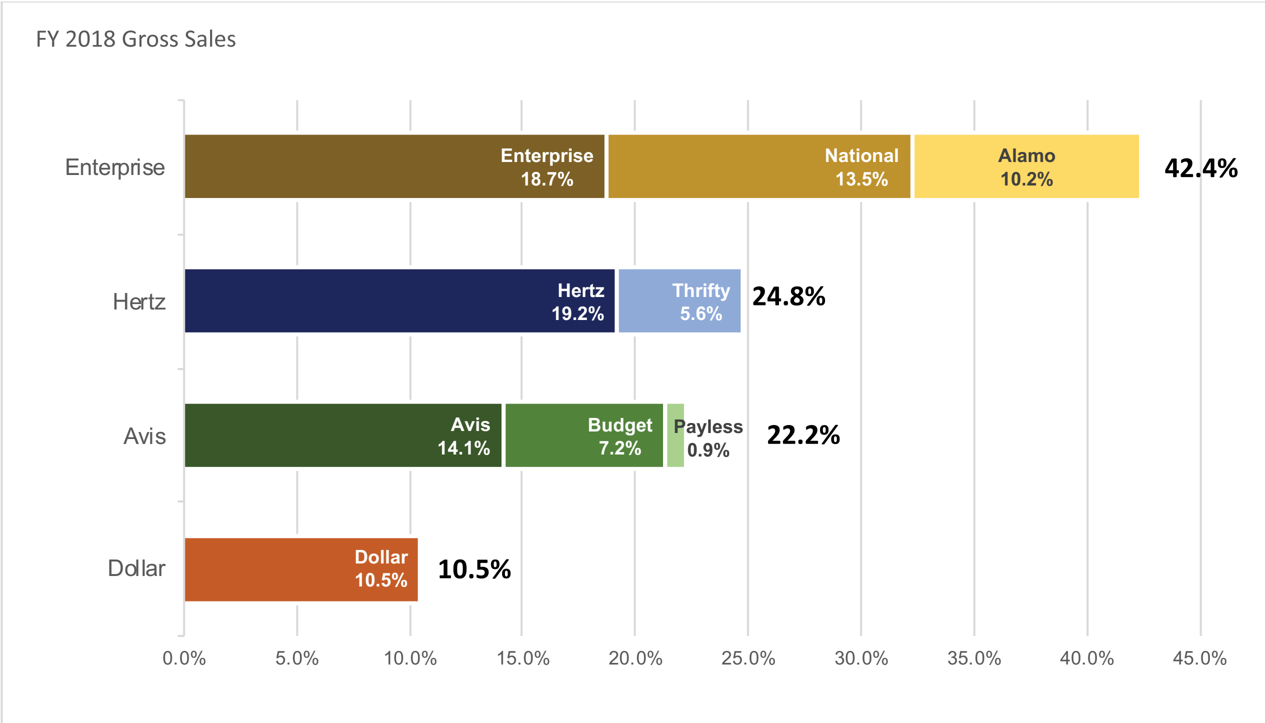
TABLE 3-2 Existing and Future Airport Rental Car Companies

Current Rental Car Brands	Future ConRAC Facility Rental Car Brands
On-Airport Rental Car Brands	**On-Airport Rental Car Brands**
Avis	Avis
Dollar	Dollar
Enterprise	Enterprise
Hertz	Hertz
National	National
	Alamo
Off-Airport Rental Car Brands	Budget
Alamo	Payless
Budget	Sixt Rent A Car
Thrifty	Thrifty
	Enterprise CarShare [1]
	ZipCar [1]

[1] These brands will provide car-sharing services at the Airport.
Source: Port of Portland

Exhibit 3-6 presents the Airport's rental car market share based on gross sales in FY 2018. For FY 2018, Enterprise Holdings, Inc. had the largest market share of gross revenues at the Airport at 42.4%, followed by Hertz Corporation at 35.3%, and Avis Budget Group, Inc. at 22.2%. Hertz was the leading brand at the Airport in FY 2018 with a share of 19.2% and has been the Airport's leading brand since at least 2014.

EXHIBIT 3-6 Rental Car Market Share at the Airport

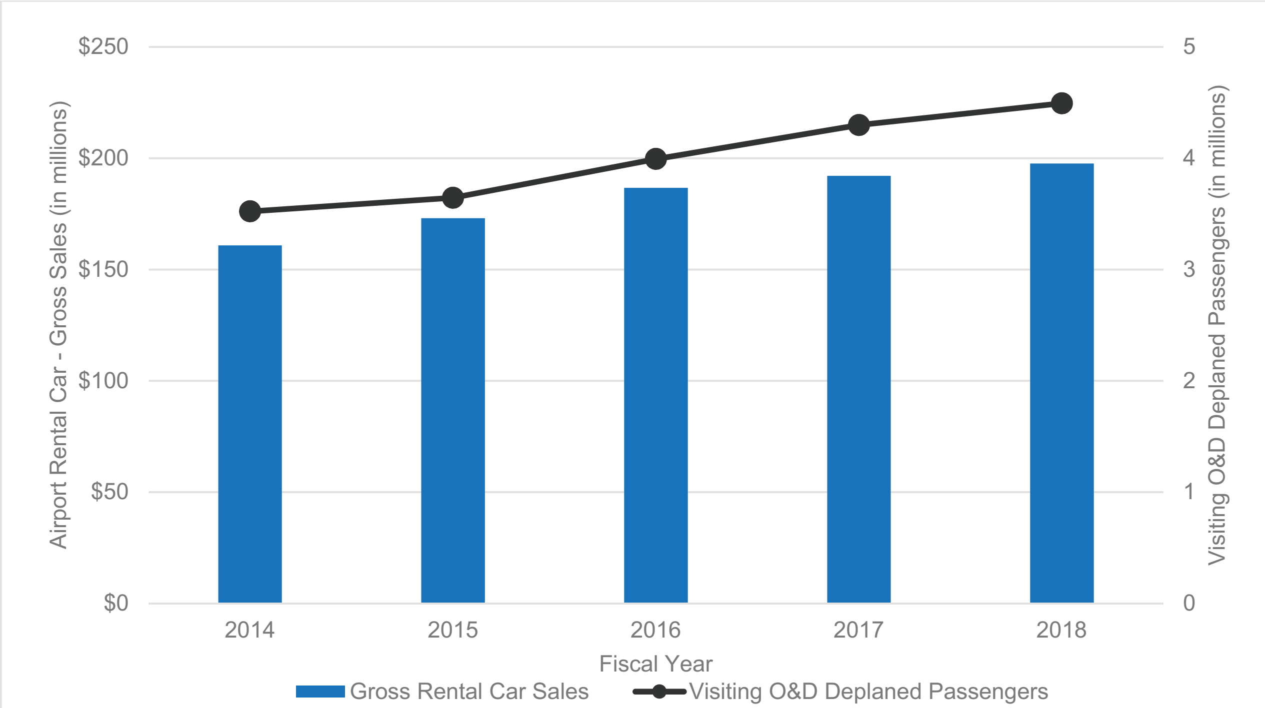


Note: Payless ceased operations at their off-Airport location on March 1, 2019.
Source: Port of Portland, Rental Car Statistics – FY 2018

3.3 Historical Rental Car Demand at the Airport

This section discusses historical rental car activity at the Airport. **Exhibit 3-7** shows the relationship between visiting O&D deplaned passengers and rental car gross sales over the past five years. As shown, both rental car gross sales and visiting O&D deplaned passengers have increased consistently since 2014. Visiting O&D deplaned passengers at the Airport have increased from approximately 3.5 million in FY 2014 to approximately 4.5 million in FY 2018, representing a CAGR of 6.3%. During the same period, rental car gross sales have increased from approximately $160.8 million in FY 2014 to approximately $197.6 million in FY 2018, representing a CAGR of 5.3%.

EXHIBIT 3-7 Airport Rental Car Gross Sales (in millions)



Sources: Port of Portland, Transaction Statistics – July 2014-June 2018
Diio Mi, O&D – Dynamic Table

Rental car demand is primarily measured by the amount of rental car gross sales, the number of rental car transactions and transaction days, and the average number of days per rental car contract, as defined below:

- **Rental car gross sales** – Total gross sales or revenue generated by the rental car companies.
- **Rental car transactions** - Total number of rental car contracts (or cars rented).
- **Rental car transaction days** - Total number of days that cars are rented for all rental car transactions.
- **Average days per transaction** - Average number of days for each rental car contract. Equal to total rental car transaction days divided by total rental car transactions.

Table 3-3 presents the relationships of historical O&D deplaned passengers, visiting O&D deplaned passengers, rental car transactions, and rental car transaction days at the Airport since the initiation of the CFC in January 2014, summarized further below:

- As shown, the percentage of visiting O&D deplaned passengers at the Airport has remained consistent at approximately 55% over the period.
- After remaining steady from FY 2014 through FY 2016 at 22.4%, the percentage of visitors using rental cars has decreased to 19.7% over the last two years, reflecting the impact of TNCs, discussed further in the following section.
- Excluding the first half of FY 2014, the average rental period length has also remained relatively stable, ranging from 4.04 days in FY 2015 to 4.13 days in FY 2016.

- Excluding the first half of FY 2014, the average percentage of rental car transaction days within the 4-day cap has remained relatively stable, averaging 71.7% from FY 2015 to FY 2018.

From FY 2015, the number of rental car transaction days subject to the CFC charge (i.e., at or below the 4-day cap) increased from 2.37 million to 2.64 million in FY 2017, and then decreased slightly to 2.63 million in FY 2018 (0.4 percent decrease). Overall from FY 2015 through FY 2018, the number of rental car transaction days subject to the CFC charge has increased at a CAGR of 3.4%.

TABLE 3-3 Historical Airport Rental Car Transactions

		Actual				
		FY 2014 (1/2 year)[1]	FY 2015	FY 2016	FY 2017	FY 2018
O&D Deplaned Passengers (000s)	[A]	3,035	6,656	7,345	7,886	8,234
% Visiting O&D Deplaned Passengers	[B]	55.4%	54.8%	54.4%	54.5%	54.6%
Visiting O&D Deplaned Passengers (000s)	[C=A*B]	1,683	3,645	3,993	4,298	4,493
% Using Rental Car	[D]	22.4%	22.4%	22.4%	20.8%	19.7%
Total Rental Car Transactions (000s)	[E=C*D]	377	818	892	896	885
Average CFC Collection Duration (Days)	[F]	3.35	4.04	4.13	4.08	4.12
Total Rental Car Transaction Days	[G=E*F]	1,262	3,302	3,685	3,654	3,650
% Transaction Days Within 4-day Cap	[H]	74.7%	71.8%	70.9%	72.1%	71.9%
Total Transaction Days (within 4-Day Cap)	**[I=G*H]**	**942**	**2,372**	**2,614**	**2,636**	**2,625**

Note: [1] The Port started collecting a CFC at the Airport on January 15, 2014
Sources: Port of Portland (Transactions and Transaction Day data only); Diio Mi (O&D deplaned passenger data); all other data was derived by Landrum & Brown.

3.4 Factors Influencing Rental Car Demand

Rental car customers generally make purchase decisions based primarily on rental rates, convenience, and other secondary factors including the presence of alternative forms of transportation. This section discusses specific factors that could influence rental car demand at the Airport, including alternative modes of transportation, rental rates, CFC level, local rental car markets, and other demand factors.

3.4.1 Alternative Modes of Transportation

There are several competing modes of transportation that passengers can use to travel to and from the Airport. Taxis, TNCs, light rail, car sharing, courtesy shuttles, and private cars are all alternative modes of transportation that can, in certain cases, compete with rental cars for passenger access to and from the Airport, especially as it relates to passengers visiting the region.

TNCs, such as Uber and Lyft, have gained acceptance as a convenient and affordable mode of transportation for individuals and for passengers to access airports since they began operations in 2009 and 2012, respectively. The popularity of TNCs has raised questions as to their impact on airport parking, taxi, and rental car revenues. TNCs operated at most airports without operating agreements prior to 2015. The Port entered into operating agreements with Uber, Lyft, and Wingz on May 1, 2015, charging them $2.00 per pick-up and $2.00 per drop-off.

Both of the Airport's TNC fees were subsequently increased to $3.00 per pick-up and drop-off effective June 11, 2018.

Based on information provided by Certify, the TNC's share of all ground transportation receipts at the Airport increased from 59% to 70.5% in the first quarter of 2018 over the same period in 2017. Over the same period, the share of all ground transportation receipts for rental cars decreased from 31% to 23.5% and taxi receipts decreased from 10% to 6%.[84] It is important to note, however, that the rental car companies have questioned the validity of Certify's ground transportation market share data citing concerns that Certify's data only reflects data from certain segments of business users and not the overall travel population.[85]

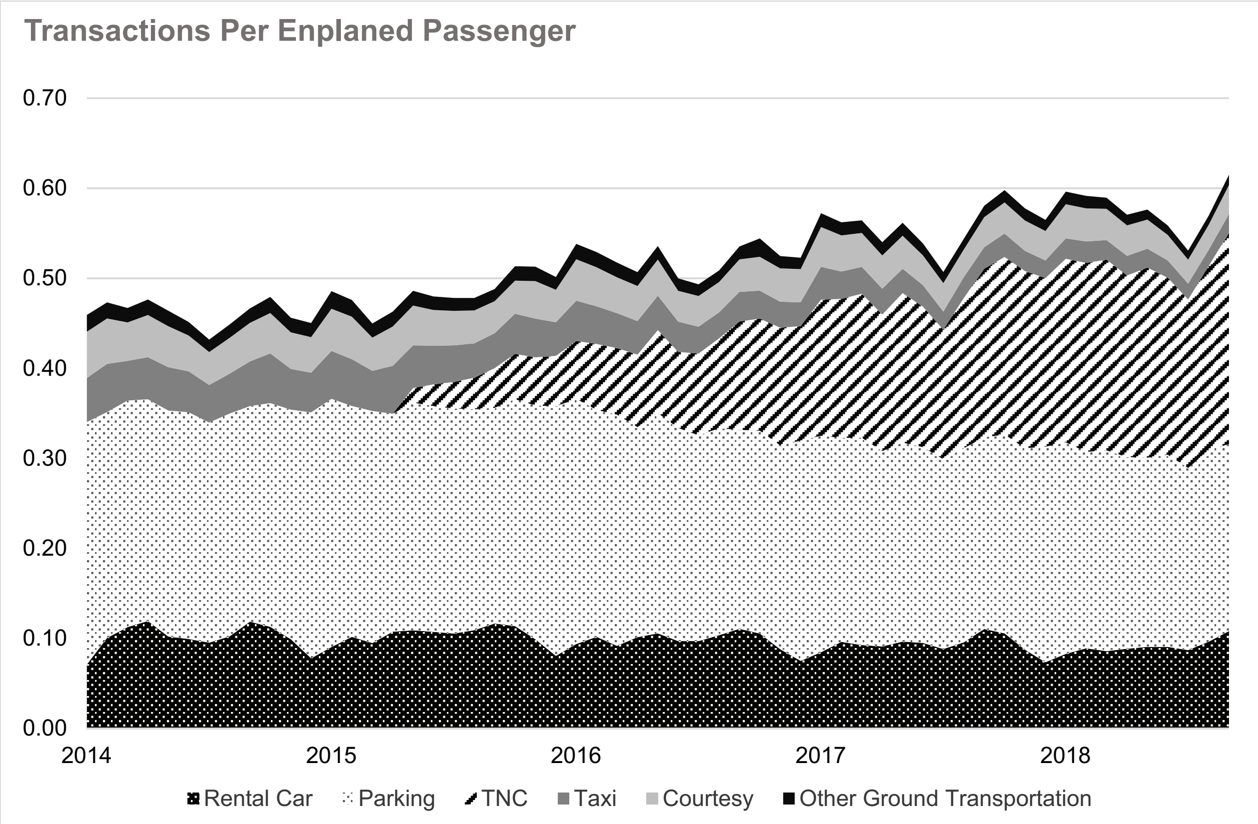
Airports have only recently started collecting and tracking TNC transaction data as they implement new agreements and fees for the TNCs to operate at the airport. Nationwide, the impacts of TNCs on airport parking, taxi, and rental car revenues have varied depending on the airport and the local market. Some airports have experienced dramatic declines in all segments of their ground transportation revenues, including taxis, parking, and rental cars but not necessarily in the same proportions. In other cases, airports have experienced greater impacts on taxi and parking revenues, but little to no impact on rental car revenues, while other airports have experienced little to no impacts to their parking, taxi, and rental car revenues.

Given that the impact of TNCs has varied at each airport, it is important to review historical TNC transaction data at the Airport in conjunction with other ground transportation modes to fully understand what impact the TNCs may have had on parking, taxis, and rental car demand. **Exhibit 3-8** and **Table 3-4** depict how different ground transportation operators and Airport parking have evolved since the CFC was implemented on January 15, 2014, and since TNCs entered the market in May 2015.[86]

As shown on Exhibit 3-8 and Table 3-4, following the introduction of TNCs at the Airport in May 2015, the primary impacts have been to taxis, courtesy shuttles, and airport parking, and to a lesser extent to rental cars. From January 2014 to October 2018 the ratio of taxi transactions to enplaned passengers has decreased from 0.050 to 0.021 transactions per enplaned passenger, a CAGR of -19.5%. From January 2014 to October 2018, the ratio of parking transactions to enplaned passengers has decreased from 0.266 to 0.215 transactions per enplaned passenger, a CAGR of -5.2%. Similarly, during the same period, the ratio of courtesy shuttle transactions to enplaned passengers has decreased from 0.045 to 0.032 transactions per enplaned passenger, a CAGR of -8.4%. As shown, rental cars at the Airport have experienced the lowest decline in transactions per enplaned passengers, decreasing from 0.107 to 0.093 transactions per enplaned passenger, a CAGR of -3.5% from January 2014 to October 2018. Overall, however, it is important to note that the Airport's total number of transactions per enplaned passenger for all of the Airport's ground transportation and parking operators have been consistently increasing since 2014, at a CAGR of 4.7% from 2014 to 2018, which also indicates that the number of non-revenue passengers being dropped off or picked up at the Airport has decreased over the same period.

84 Source: https://www.certify.com/PR-2018-04-30-Certify-Report-Lyft-Use-by-Business-Travelers-Nearly-Doubles-Year-Over-Year. Accessed December 7, 2018.
85 Source: https://www.autorentalnews.com/310486/certifys-spendsmart-report-conclusions-questioned. Accessed December 7, 2018.
86 Ridership figures for the MAX Light rail at the Airport are not tracked and are not available.

EXHIBIT 3-8 Historical Ground Transportation/Parking Operator Transactions Per Enplaned Passenger



Source: Port of Portland, Transaction Statistics – January 2014-October 2018

TABLE 3-4 Historical Ground Transportation/Parking Operator Transactions Per Enplaned Passenger

Calendar Year	Taxis	Courtesy	TNCs	Other	Parking	Rental Car	Total
2014	0.050	0.045	-	0.017	0.266	0.107	0.485
2015	0.044	0.040	0.027	0.016	0.254	0.103	0.483
2016	0.034	0.038	0.098	0.015	0.238	0.098	0.520
2017	0.025	0.035	0.168	0.013	0.222	0.093	0.557
2018 [1]	0.021	0.032	0.211	0.012	0.215	0.093	0.583
CAGR	**-19.5%**	**-8.4%**	**72.5%**	**-9.4%**	**-5.2%**	**-3.5%**	**4.7%**

Notes: [1] Data through October 2018
Source: Port of Portland, Transaction Statistics – January 2014-October 2018

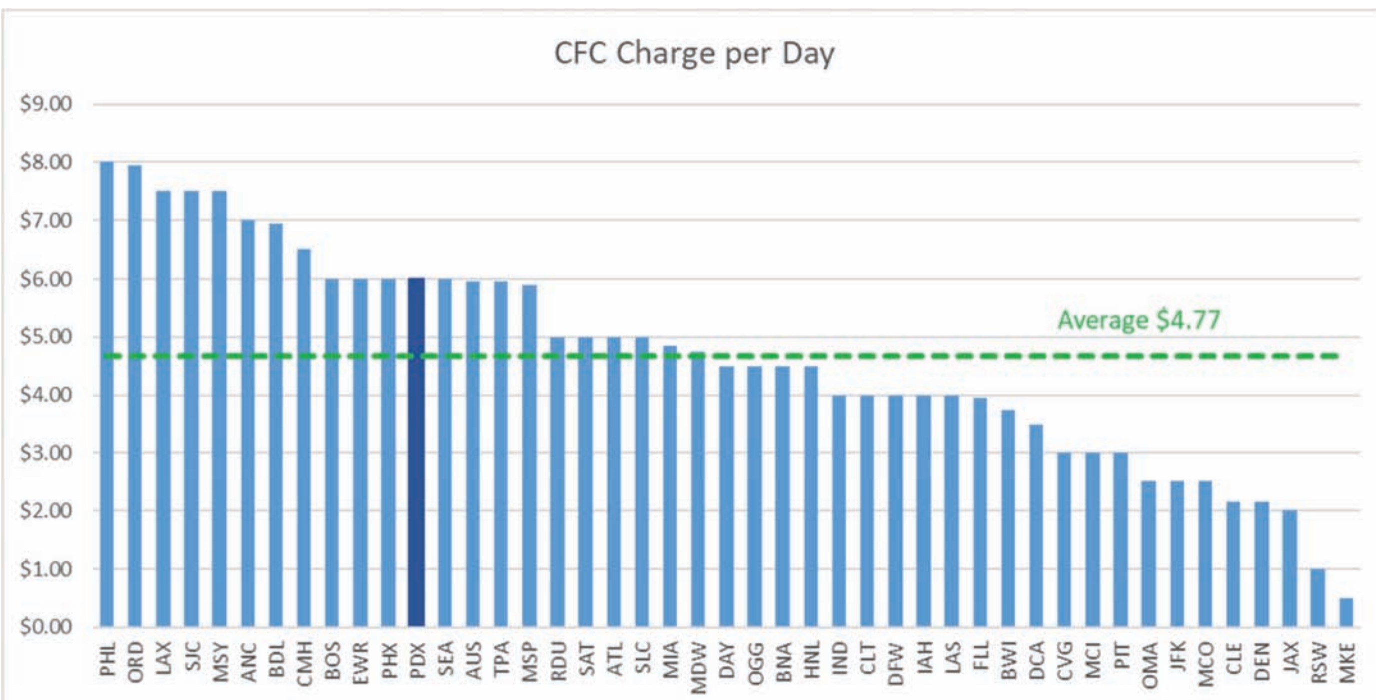
3.4.2 Airport Taxes and Surcharges

Airport taxes and surcharges received a lot of attention from the rental car industry during the 1990s, both in terms of their opposition to new taxes to pay for non-rental car-related facilities (such as convention centers and sports arenas) and their support of actions that allowed them to pass through charges, such as airport concession fees, to their customers. The concept of taxing rental car transactions for non-rental car-related facilities is often a popular option for local governments since they can export part of the tax burden to non-residents. The opponents to this concept point out that it raises the cost of rental cars which, in economic theory, decreases demand.

The rental car companies themselves began passing through certain costs and fees to their customers in the late 1990s as they sought ways to increase profitability. This practice allowed rental car companies to increase fees and outsource some of the expense to the customer, while maintaining their base rental rates. Airport operators also began adding airport user fees to pay for the costs of consolidated rental car facilities and transportation between the facility and terminals. Unlike passenger facility charges at many airports, rental car facility charges and transportation fees are not regulated by the federal government.

On January 15, 2014, the Port began collection of a $6.00 per Transaction Day CFC from Airport customers of the RACs, subject to a cap of four Transaction Days. **Exhibit 3-9** depicts CFC fees charged per transaction day at medium and large hub airports in 2018. At $6.00, the Airport currently ranks in the top 3rd quartile for Large Hub airports in terms of total fees assessed on a per transaction-day basis, which is equal to Seattle International, Newark Liberty International, Boston Logan International, and Phoenix Sky Harbor International Airports. San Diego International Airport has the highest fee per transaction day at $9.00, which is capped at a maximum of five days. Los Angeles International Airport currently charges a $7.50 fee per transaction day, which is capped at a maximum of five days, and is expected increase its CFC to $9.00 per transaction day in the near future.

EXHIBIT 3-9 CFC Levels at Medium And Large Hub Airports



Note: The CFC level at LAX is anticipated to increase to $9 per day when the new LAX ConRAC facility opens in 2023.
Source: Enterprise RAC Airport Fees 2017

Chicago O'Hare International and Philadelphia International Airports have the next highest total fees per transaction day ($8.00) and San Francisco International Airport has the highest fee per transaction at $18.00. At least five airports, Phoenix Sky Harbor International, Houston George Bush Intercontinental, Dallas/Fort Worth International, Kansas City International, and Port Columbus International, levy both a CFC (per transaction day) and a separate fee for busing or facility costs (per transaction) on rental car contracts. The Port does not impose a busing or facility fee on rental car transactions at the Airport. In some cases, airport operators use additional funding sources (airport revenues) or collect additional revenues (other than CFCs or transportation charges) to help finance rental car facilities or fund related operating costs.

3.4.3 Car Rental Rates

Exhibit 3-10 reflects two-day leisure (weekend) and three-day business (weekday) rental car rates for the Airport and six other western large hub airports (SEA, SFO, LAX, SLC, DEN, and PHX). Rental rates were obtained on December 8, 2018, from the websites of several major U.S. rental car companies operating at the Airport and were averaged together to generate the figures shown on Exhibit 3-10. The car rental rates were based on the following:

Two-day weekend rental (leisure):

- Pick up Friday, December 14, 2018, at 5pm
- Drop off Sunday, December 17, 2018, at 5pm
- Standard-size car

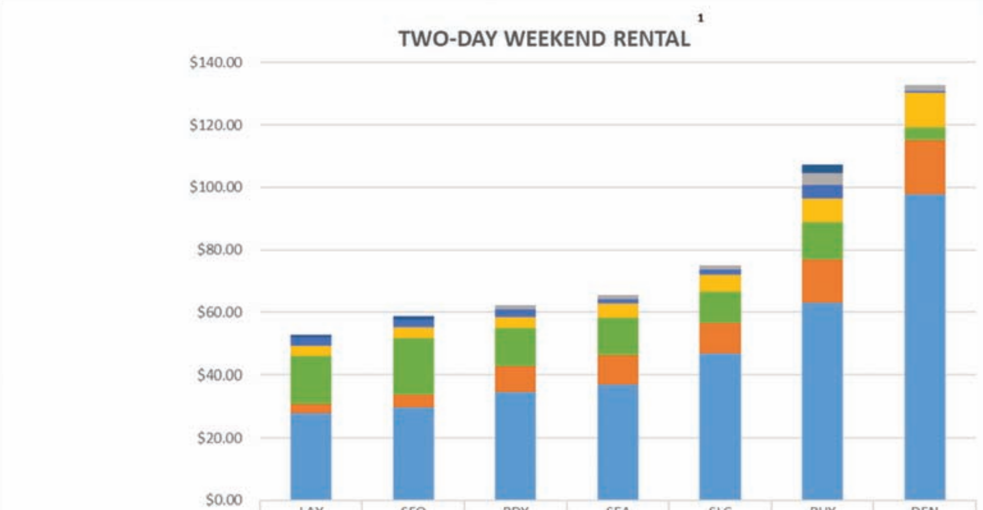
Three-day weekday rental (business):

- Pick up Monday, December 10, 2018, at 10 am
- Drop off Thursday, December 13, 2018, at 10 am
- Standard-size car

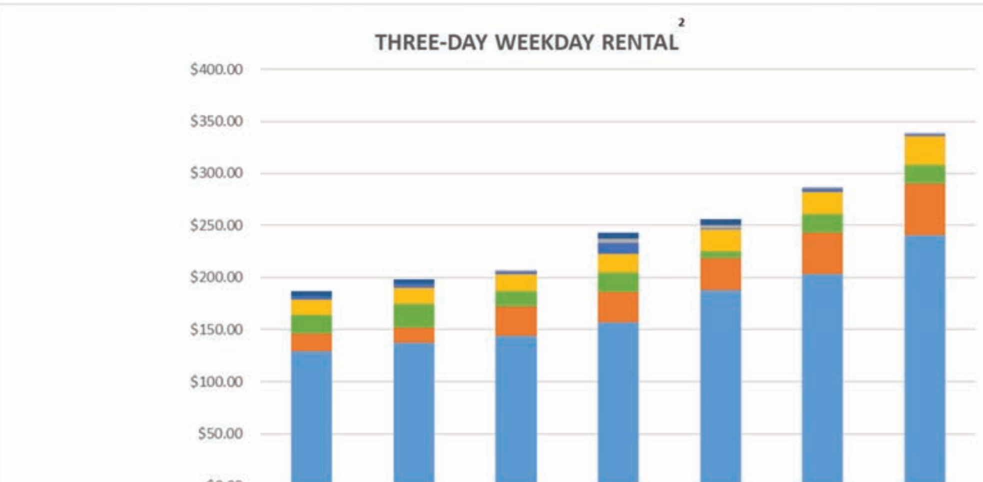
As shown on Exhibit 3-10, the rates at the Airport for a two-day weekend rental is approximately $62, which is the third lowest rate among the sample airports, with LAX and SFO being lower at approximately $53 and $59, respectively. DEN had the highest rate among the sample airports at approximately $133 for the two-day rental. The Airport has the second highest rate in the survey for weekday rentals, with a three-day weekday rental rate of approximately $287. SEA has the highest rates for a three-day rental at approximately $339.

Exhibit 3-10 also reflects the breakdown of other charges and taxes charged at each airport. As shown, CFCs range from $4.30 to $18 of total rental rates for weekend rentals (with the Airport at $12), and from $6.45 to $22.50 of total rental rates for weekday rentals (with the Airport at $18).

EXHIBIT 3-10 Rental Car Rates at Select Western Large Hub Airports



	LAX	SFO	PDX	SEA	SLC	PHX	DEN
Transportation Fee	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Local/State Surcharge	$0.97	$0.99	$0.00	$0.00	$0.00	$2.53	$0.00
Energy Recovery Fee	$0.00	$0.00	$1.35	$1.35	$1.35	$3.72	$1.76
Vehicle License Fee	$2.53	$2.53	$2.36	$1.36	$1.60	$4.57	$0.59
Airport Concession Recovery Fee	$3.37	$3.49	$3.74	$4.38	$5.47	$7.48	$11.05
Customer Facility Charge	$15.00	$18.00	$12.00	$12.00	$10.00	$12.00	$4.30
Taxes	$3.16	$4.14	$8.23	$9.17	$9.92	$13.84	$17.15
Base Rental Rate	$27.80	$29.63	$34.61	$37.16	$46.74	$63.01	$97.86



	SFO	LAX	SLC	PHX	DEN	PDX	SEA
Transportation Fee	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Local/State Surcharge	$4.20	$4.78	$0.00	$5.94	$6.00	$0.00	$0.00
Energy Recovery Fee	$0.00	$0.00	$1.65	$4.02	$2.79	$1.65	$1.65
Vehicle License Fee	$3.80	$3.80	$2.40	$10.87	$0.94	$3.54	$2.04
Airport Concession Recovery Fee	$14.62	$15.61	$16.30	$17.97	$21.08	$20.71	$27.05
Customer Facility Charge	$18.00	$22.50	$15.00	$18.00	$6.45	$18.00	$18.00
Taxes	$16.91	$15.09	$28.74	$29.96	$31.29	$39.74	$50.01
Base Rental Rate	$128.86	$136.68	$143.26	$156.32	$187.49	$203.20	$240.33

Notes: [1] Standardsize car; pick-up Friday, December 14, 2018, at 5:00pm; drop-off Sunday, December 17, 2018, at 5pm
[2] Standard-size car; pick-up Monday, December 10, 2018, at 10:00am; drop-off Thursday, December 13, 2018, at 10am

Sources: www.hertz.com, www.avis.com, www.enterprise.com. Rates for each were averaged. December 8, 2018.

3.4.4 Local (Non-Airport) Rental Car Markets

Rental car customers arriving at the Airport have the option of renting from local market rental car company outlets located throughout downtown Portland and suburban areas. Typically, the overall cost of renting from these locations is lower, since they are not subject to the CFC and the rental car company's airport concession recovery fee. The customer considering renting from a local-market location weighs the lower overall cost against the time, inconvenience, and cost (taxi, public transportation) of getting to the local market location to rent the vehicle and the possibility of not being allowed by the rental car company to return the vehicle directly to the Airport.

3.4.5 Autonomous Vehicles

Globally, a number of technology and auto companies are racing to develop and introduce fully self-driving autonomous vehicles. Some of the more well-known companies included Waymo (Google), Tesla, Apple, Cruise (GM), Uber, Voyage, Aptiv, Daimler-Bosch, Ford, Toyota, Volkswagen, and BMW, among many others. At this time, it is unclear how long it may be before autonomous vehicles are used widely within the U.S. and how quickly autonomous vehicles will be adopted by businesses and the traveling public. Autonomous vehicles are also expected to experience certain legal and regulatory hurdles before they are allowed to be used within the U.S. which could further delay how soon they are put in service. A recent article prepared by *Bloomberg Businessweek* indicated that the adoption of autonomous vehicles may take longer than expected due to perceptions by the public that autonomous vehicles could be unsafe.[87]

Once in service, however, autonomous vehicles are widely expected to reshape transportation services and networks nationwide. While the initial investment in autonomous vehicles is expected to be higher than today's vehicles, they are also expected to reduce overall operating costs through reductions in labor costs. It is expected that both the rental car companies, taxis, TNCs, and other transportation service providers will take advantage of this new technology. The two most popular TNCs, Uber and Lyft (partnered with Aptiv), have been actively developing their own autonomous vehicle technologies. Similarly, the rental car companies have also recently joined in new partnerships in the autonomous vehicle development race. In June 2017, Google's Waymo entered partnership with Avis to store and maintain their autonomous vehicles. In June 2018 Enterprise Holdings Inc., entered into an agreement with Voyage that will allow them to manage the upkeep and servicing of autonomous vehicles designed by startup Voyage. Apple has also been rumored to be leasing a small fleet of cars from Hertz Global Holdings Inc. to test their self-driving technology and software.

At this time, it is too early to know exactly how autonomous vehicles and competitive forces will reshape the business models and services provided by rental car, taxi, and TNC companies in the future.

3.4.6 Other Factors Influencing Rental Car Demand

Other factors that influence rental car demand at the Airport include local and nationwide economic conditions and consumer income. The Air Service Area's stable and diverse local economy, as described in Chapter 1, helps support future long-term growth in Airport passenger travel and the demand for rental cars. The strength of the U.S. economy in large part dictates growth of air travel and rental car demand nationwide. As the U.S. economy expands, consumer income and the demand for goods and services (including rental cars) increases. Conversely, nationwide economic recessions generally decrease consumer income and the demand for goods and services, including rental cars.

[87] https://www.bloomberg.com/news/articles/2018-12-31/self-driving-cars-a-main-event-at-ces-keep-tapping-the-brakes?cmpid=BBD010219_MKT&utm_medium=email&utm_source=newsletter&utm_term=190102&utm_campaign=markets, accessed January 15, 2019.

3.5 Projection of Airport Rental Car Transaction Days

Based on a review of historical rental car activity data, demand for rental cars at the Airport is primarily a function of visiting O&D passenger activity and competition with other transportation modes. Rental car transaction activity at the Airport has followed the trends in visitor passenger activity in each year between 2014 and 2018, but not necessarily at the same growth rate in any given fiscal year. Furthermore, the average number of days per rental car transaction has increased slightly from 4.04 days in 2015, to 4.12 days in 2018. In the long-term, it is expected that these relationships will remain relatively stable.

For purposes of this analysis, specific assumptions were made regarding rental car transactions per visiting passenger and average days per rental car transaction, as follows:

- **Visiting O&D deplaned passengers** - Visiting O&D deplaned passengers are estimated to be 54.6% of total O&D deplaned passengers at the Airport. This assumption is reflective of the relatively constant trend in visiting O&D deplaned passengers over the last five years and assumes a percentage of 54.6% throughout the forecast period.
- **Percent of visiting O&D passengers using rental cars** - Based on historical data, the percentage of visiting O&D passengers using rental cars has decreased over the last five years, from 22.4% in FY 2014 to approximately 19.7% in FY 2018. This decrease in the percentage of visiting O&D passengers using rental cars over the past few years is likely due to the impact of TNCs at the Airport. Based on rental car data for the first quarter of FY 2019, the number of rental car transactions, transaction days, and CFC revenues have increased over the same period from FY 2018 indicating that the impacts from TNCs may have leveled off at the Airport. For projection purposes, the ratio is assumed to remain at 19.5% through the forecast period, which is slightly below FY 2018.
- **Average days per transaction** - Based on historical data, the average number of days per rental car transaction has remained relatively steady over the last four years, ranging from of 4.04 days in FY 2015 to 4.13 days in FY 2016, averaging 4.09 days. For forecast purposes, this ratio is assumed to remain at 4.10 days throughout the forecast period, which is the approximate average duration experienced over the last four years.
- **Percent of transaction days within the four-day cap** - Based on historical data, the percentage of transaction days within the four-day cap has remained relatively constant since FY 2015, averaging approximately 71.7% between FY 2015 and FY 2018. For forecast purposes, the percentage of transaction days within the four-day cap is assumed to remain at 72.0% through the forecast period, which is slightly above FY 2018.

Other assumptions used in developing the projection of rental car transaction days include the following:

- **Local/national economy** - The economic base of the Air Service Area will remain stable and diversified during the Projection Period, as described in Chapter 1 of this report.
- **Passenger levels at the Airport** - Passenger projections will be realized (described earlier in Chapter 2).
- **Car rental rates** - Car rental rates at the Airport will continue to be competitive in relation to other means of transportation and are not anticipated to depress rental car demand.
- **Off-Airport rental car activity** - It is expected that all of the current RACs located on- and off-Airport will be located in the ConRAC upon its opening. As a result, off-Airport rental car activity is not projected to have an effect on rental car demand or rental car transaction days at the Airport. The Port has authority to charge off-Airport RACs that use Airport facilities (i.e., roadways) a CFC, and as such, it is assumed any off-Airport RACs would be required to collect and remit the CFC to the Airport through an off-Airport RAC Agreement.

Based on the methodology and assumptions described above, the projection of rental car transactions and rental car transaction days is presented in **Table 3-5.** As shown, rental car transaction days subject to the four-day cap at the Airport are expected to grow from approximately 2.63 million in FY 2018 to approximately 2.98 million in FY 2024. This represents a CAGR of 2.2% from FY 2018 to FY 2024, which is slightly below the 2.3% CAGR projected for O&D deplaned passengers at the Airport during the same period.

TABLE 3-5 Forecast of Airport Rental Car Transactions

		Actual	Forecast					
		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
O&D Deplaned Passengers (000s)	[A]	8,234	8,471	8,667	8,866	9,070	9,278	9,491
% Visiting O&D Deplaned Passengers	[B]	54.6%	54.6%	54.6%	54.6%	54.6%	54.6%	54.6%
Visiting O&D Deplaned Passengers (000s)	[C=A*B]	4,493	4,625	4,732	4,841	4,952	5,066	5,182
% Using Rental Car	[D]	19.7%	19.5%	19.5%	19.5%	19.5%	19.5%	19.5%
Total Rental Car Transactions (000s)	[E=C*D]	885	902	923	944	966	988	1,011
Average CFC Collection Duration (Days)	[F]	4.12	4.10	4.10	4.10	4.10	4.10	4.10
Total Rental Car Transaction Days (000s)	[G=E*F]	3,650	3,698	3,783	3,870	3,959	4,050	4,143
% Transaction Days Within 4-day Cap	[H]	71.9%	72.0%	72.0%	72.0%	72.0%	72.0%	72.0%
Total Transaction Days (within 4-Day Cap) (000s)	[I=G*H]	2,625	2,662	2,724	2,786	2,851	2,916	2,983

Note: Amounts may not add due to rounding.
Sources: Airport Data; Landrum & Brown Analysis

4 Airport Facilities and the ConRAC Facility

This chapter provides an overview of existing Airport facilities and describes the Series Twenty-Five Projects and other planned capital improvements at the Airport, referred to as "Other Capital Projects" for the purposes of this Report.

4.1 Existing Airport Facilities

The Airport comprises approximately 3,200 acres of land on the southern edge of the Columbia River in Multnomah County. It is located approximately 12 miles northeast of downtown Portland. The Airport is the only commercial air passenger and cargo service facility in northwest Oregon and southwest Washington. Access to the Airport is primarily provided from Interstate 205 via Airport Way. Existing Airport facilities are described in sections below and are graphically illustrated on **Exhibit 4-1**.

4.1.1 Airfield Facilities

The existing airfield consists of two parallel air carrier runways, Runway 10R-28L and Runway 10L-28R, and a crosswind carrier runway, Runway 3-21. Runway 10R-28L is 11,000 feet in length and Runway 10L-28R is 9,825 feet in length. Both runways are 150 feet wide and are equipped with high-intensity runway lighting systems, centerline lighting, and touchdown zone lights. Precision instrument landing systems were installed on both ends of each runway for approaches during instrument flight rules (IFR) conditions. The crosswind runway, Runway 3-21, is 6,000 feet in length and has a width of 150 feet and is lighted and marked as a non-precision runway. Existing runways have adequate capacity to meet forecast operations beyond 2035.[88]

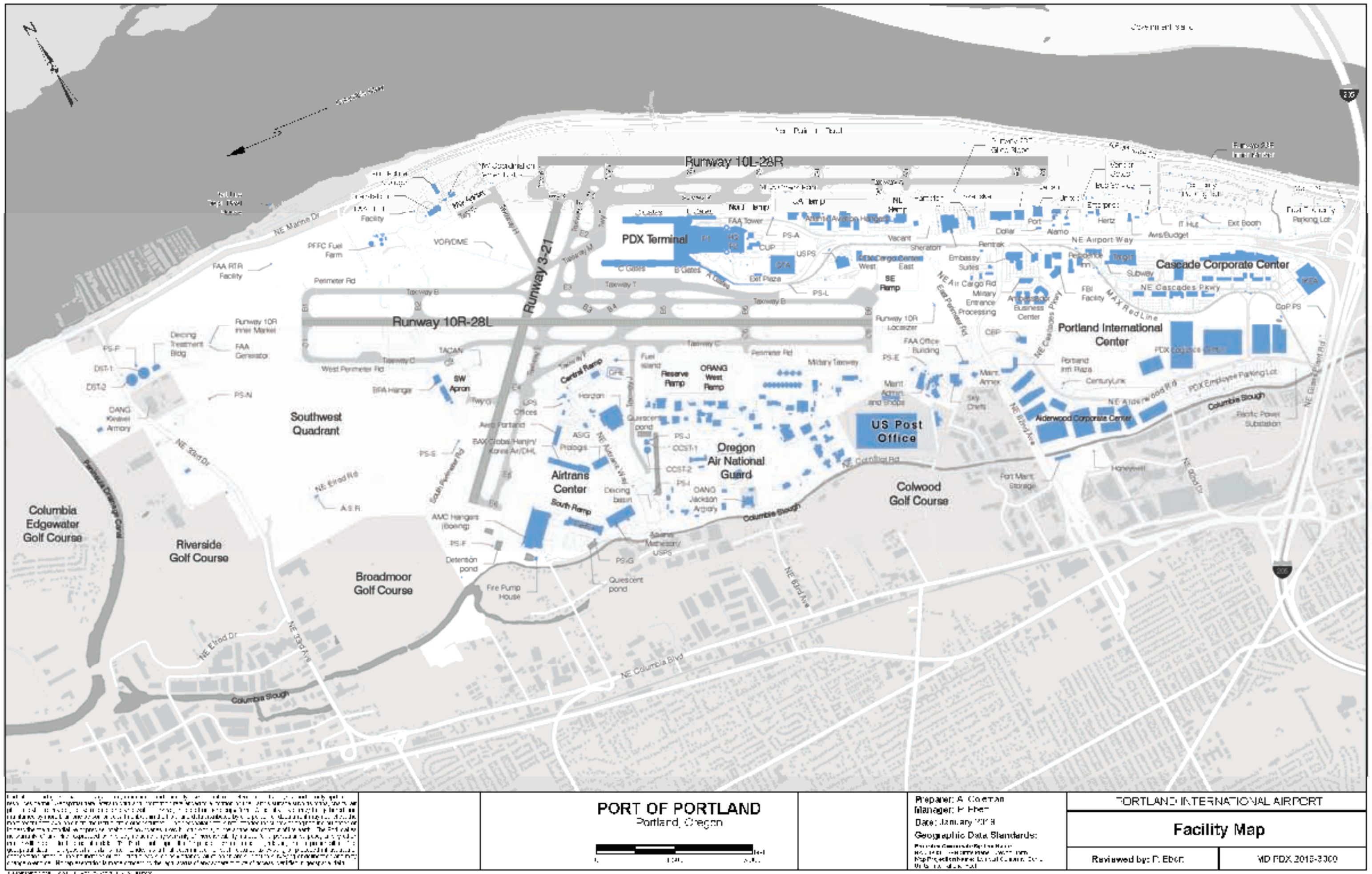
The two main runways at the Airport were rehabilitated as part of a three-year runway rehabilitation project. The North Runway Extension Project (Runway 10L-28R) was the first part of this multi-year runway rehabilitation program, which prepared the runway for the ability to handle larger aircraft that typically would depart on the south runway (Runway 10R-28L). The south runway was then closed for about six months during a complete rehabilitation. The Airport's south runway was reopened in October 2011.

4.1.2 Terminal Facilities

The passenger terminal complex consists of a main terminal building with five attached concourses and a federal inspection station (FIS) for international arrivals. The current aircraft parking configuration consists of 46 loading bridge-equipped positions and up to 28 ground loading positions. Six loading bridge-equipped gates provide accessibility to the FIS but are also used for domestic flight activity when required. Each loading bridge-equipped gate is served by a holdroom to accommodate airline passengers. Holdrooms for ground loading positions are located in Concourse A (12 parking positions), Concourse B (five parking positions), and Concourse E (11 parking positions). A concourse corridor connector beyond security includes moving walkways between the north and south concourses to facilitate passenger movement between the concourses and to reduce transit time for international and domestic passengers with connecting flights. Existing terminal facilities are illustrated on **Exhibit 4-2**.

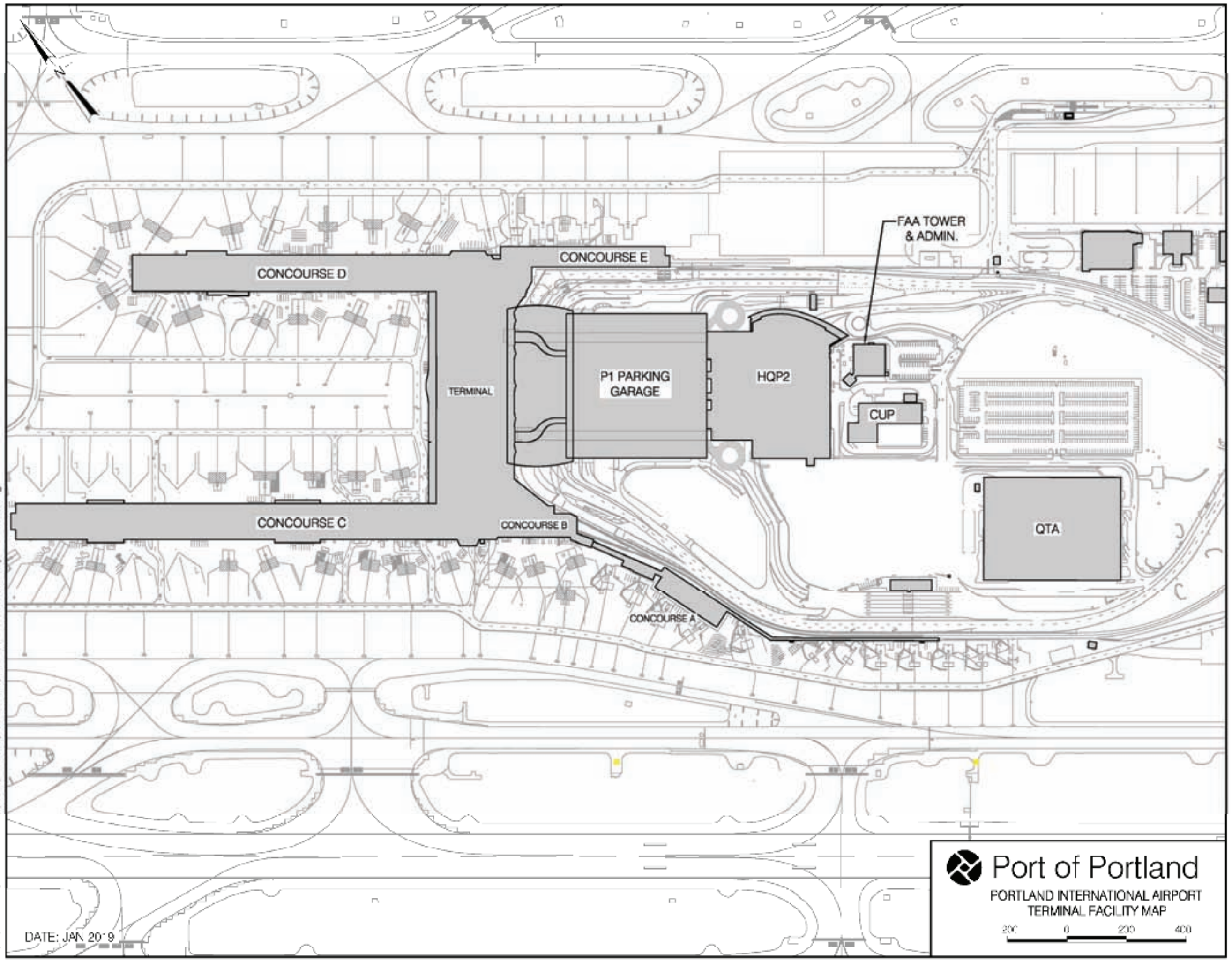
[88] Master Plan Update, Portland International Airport, April 2011.

EXHIBIT 4-1 Airport Layout



Source: The Port of Portland

EXHIBIT 4-2 Terminal Facility Map



Source: The Port of Portland

The primary public areas in the main terminal building are divided into a departure level and an arrival level. An elevated roadway provides vehicle access to the departure level, which provides direct access to the five concourses. Ticket counters and concessions areas, including a food court, cafes, pubs, full service restaurants, a holistic spa (offering foot treatments, chair massage, and full-body therapeutic massage), barber, newsstands, and retail shops, are located on the departure level. The arrival level is accessible by vehicles via ground-level roadways and contains baggage claim facilities and coffee concessions. In 2011, the Port completed a new in-line baggage screening system that provides for the screening of all checked bags in an area beyond public space.

A TriMet MAX Light Rail station is located near the baggage claim area on the arrival level at the Southern end of the main terminal building. TriMet's MAX Light Rail system connects from the Airport to the City of Portland (the City), Gresham, Clackamas, Beaverton, Milwaukie, and Hillsboro.

As part of its capital improvement program (CIP), the Port is addressing the 2011 Master Plan and the Terminal Area Master Plan's recommendations. The Terminal Balancing project, currently underway, will address the current passenger and baggage volume imbalance on the south and north sides of the terminal complex. The Port is also moving forward with the redevelopment of its terminal core to meet demand into the future. Recent rapid growth in passenger traffic has also further increased the need to address terminal facility improvements.

4.1.3 Public Parking Facilities

Port-owned public parking facilities consist of a seven-story short-term public parking garage, a seven-story long-term parking garage, and an economy surface parking lot. The short-term parking garage has nearly 3,300 public parking spaces and is located adjacent to the passenger terminal. The first two floors of the short-term garage are used by rental car companies. The long-term parking garage has approximately 3,030 public parking spaces and is located adjacent to the short-term parking garage. The first floor of the long-term garage is reserved for rental car companies. Tunnels and moving sidewalks connect the short- and long-term parking garages to the passenger terminal. Approximately 7,800 surface parking spaces are available in the economy lot, which is located near Interstate 205 off Airport Way. Free parking shuttles operate regularly between the economy lot and the main passenger terminal.

To help reduce vehicle traffic congestion in the terminal area, a 30-space cell phone waiting lot is available (located on N.E. Air Cargo Road, approximately three minutes away from the passenger terminal) where motorists meeting arriving passengers can wait for free until passengers call to indicate they are ready to be picked up along the terminal curbside.

Because of the relatively recent rapid growth in passenger traffic and, subsequently, the increase in demand for parking, Airport public parking facilities have been approaching capacity. Approximately two to three days per week, the long-term parking garage is either full or near capacity. On those days, it appears that Airport customers who would prefer to use the long-term parking garage are required to use the short-term parking garage, pushing the short-term parking garage closer to capacity. The Port is planning an expansion of its public parking through the implementation of the Parking Additions and Consolidated Rental Car Facility (PACR) project (described in more detail in Section 4.2).

4.1.4 Rental Car Facilities

Eight rental car brands currently operate at the Airport; five provide on-Airport service counters and vehicles (Avis, Dollar, Enterprise, Hertz, and National) and three provide on-Airport service kiosks and have passenger pick-up and drop-off facilities located off-Airport (Alamo, Budget, and Thrifty). On-Airport rental car spaces are located on the first two floors of the short-term parking garage and the first floor of the long-term parking garage.

4.1.5 Cargo and Airline Maintenance Facilities

Air cargo facilities are located in two main areas on the Airport: the PDX Cargo Center and the AirTrans Center. The PDX Cargo Center consists of two buildings totaling approximately 130,000 square feet. The Port leases these buildings to various passenger airlines for their belly cargo and ground support equipment (GSE) maintenance operations. The AirTrans Center maintenance facilities include Boeing Corporation's paint operation hangars, United Parcel Service's northwest regional hub, Triangle Aviation RD and LLC/Ameriflight, LLC facilities and Horizon Air's 150,000 square foot regional headquarters and maintenance facility.

4.1.6 Other Ancillary Facilities

Ancillary facilities support the aviation-related activities at the Airport. The facilities identified as ancillary are categorized as military, general aviation, FAA, Port-owned support facilities, flight kitchens, and commercial facilities.

- **Military -** Pursuant to a ground lease, the United States, for the benefit of the ORANG, leases an approximately 213-acre, 60-building campus on the south side of the Airport, adjacent to the AirTrans Center. The lease was scheduled to expire in 2029, but in 2013 the term was extended for an additional 50 years to 2063, subject to a scheduled early termination of two parcels in 2015 and 2030.
- **General aviation -** Corporate and general aviation facilities are located on approximately 25 acres along the north side of the Airport. This area includes paved aircraft parking areas, aircraft hangars, and fixed-base operator facilities. The Port owns a majority of the aircraft hangars and receives rent from the aircraft hangar tenants. The Port also receives ground lease rent from corporate aircraft maintenance hangars.
- **FAA -** The FAA occupies the Airport Traffic Control Tower (ATCT) and handles all flight arrivals and departures as well as ground movement. The ATCT is located adjacent to the long-term parking garage.
- **Port-owned support facilities -** The Port provides aircraft rescue, fire fighting, and maintenance support facilities at the Airport. In May 2010, the Port's new headquarters were opened, consolidating more than 450 Port staff previously located in separate offices downtown and at the Airport passenger terminal. The Port's offices consist of 205,000 square feet of space situated on three floors built atop the seven-story long-term parking garage at the Airport.
- **Flight kitchen -** Sky Chefs operates a 39,469-square-foot flight kitchen facility located on the southeast side of the Airport that serves the passenger airlines.
- **Commercial facilities -** On the eastern side of the Airport, adjacent to Interstate 205 and NE Airport Way, is the Port-owned Cascade Station/Portland International Center (CS/PIC) plan district. The plan district has two distinct areas, Subdistricts A and B. Cascade Station is the portion known as Subdistrict A. Of the 120 acres in Cascade Station approximately 94 have been developed by private developers and tenants into a mixed-use commercial area, which includes hotels, large and small retailers, and office developments, including the regional offices of the Federal Bureau of Investigation. The remaining 26 acres are leased to the Portland Development Commission and are being marketed for additional office space development.

  Other commercial facilities located at the Airport include two hotels on the north side of the Airport, including the Sheraton Airport Hotel and Hampton Inn on land leased from the Port. A new travel center near the PDX Cargo Center includes a gas station, a convenience store, and a quick-serve restaurant.

4.2 The ConRAC Facility

As passenger activity at airports has grown over the years, consolidated rental car facilities have become a popular means for airport operators to improve customer service, expand rental car and public parking capacity, and/or address roadway congestion. Consolidated rental car facilities increase customer convenience by bringing all on-airport rental car companies together at a single location and by providing a common location for passengers to pick up and drop off their rental cars. In addition, consolidating rental car services, including fueling, cleaning, storage, and customer service in a single facility increases operational efficiency of the rental car operators as well. Where space permits, some airports, similar to the Port's ConRAC Facility, are locating their consolidated rental car facilities adjacent to the terminal building, thus eliminating the need for rental car shuttles entirely.

The Port is undertaking the PACR project to address the increasing demand for rental cars and public parking at the Airport. Over the last five years, the Port defined the need for new rental car facilities and long-term parking expansion through consultant studies and analysis. These studies determined the need for new facilities to provide approximately 724,000 square feet to serve rental car operations, a 30,000 square feet customer service building, and 2,450 long-term parking spaces.

As depicted in **Exhibit 4-3**, the new PACR facility site is located to the south of short-term parking (P1), long-term parking (P2) and the Central Utility Plant (CUP). The facility will be a six-level structure with car ready/return functions located on levels 1-3 providing approximately 2,070 rental car spots. Levels 4-6 will provide approximately 2,450 new long-term public parking spaces. The Public Parking Addition and the ConRAC Facility will be connected by a ramp between the third and fourth levels of PACR to provide flexibility for changes in future use. Parking and rental car customer traffic will exit to a roadway located on the northside of PACR connecting the existing south helix to a parking exit toll plaza. A ramp will allow rental car companies direct access to the Quick Turn Around (QTA) facility from PACR. **Exhibit 4-4** and **Exhibit 4-5** show renderings of the PACR facility from different perspectives.

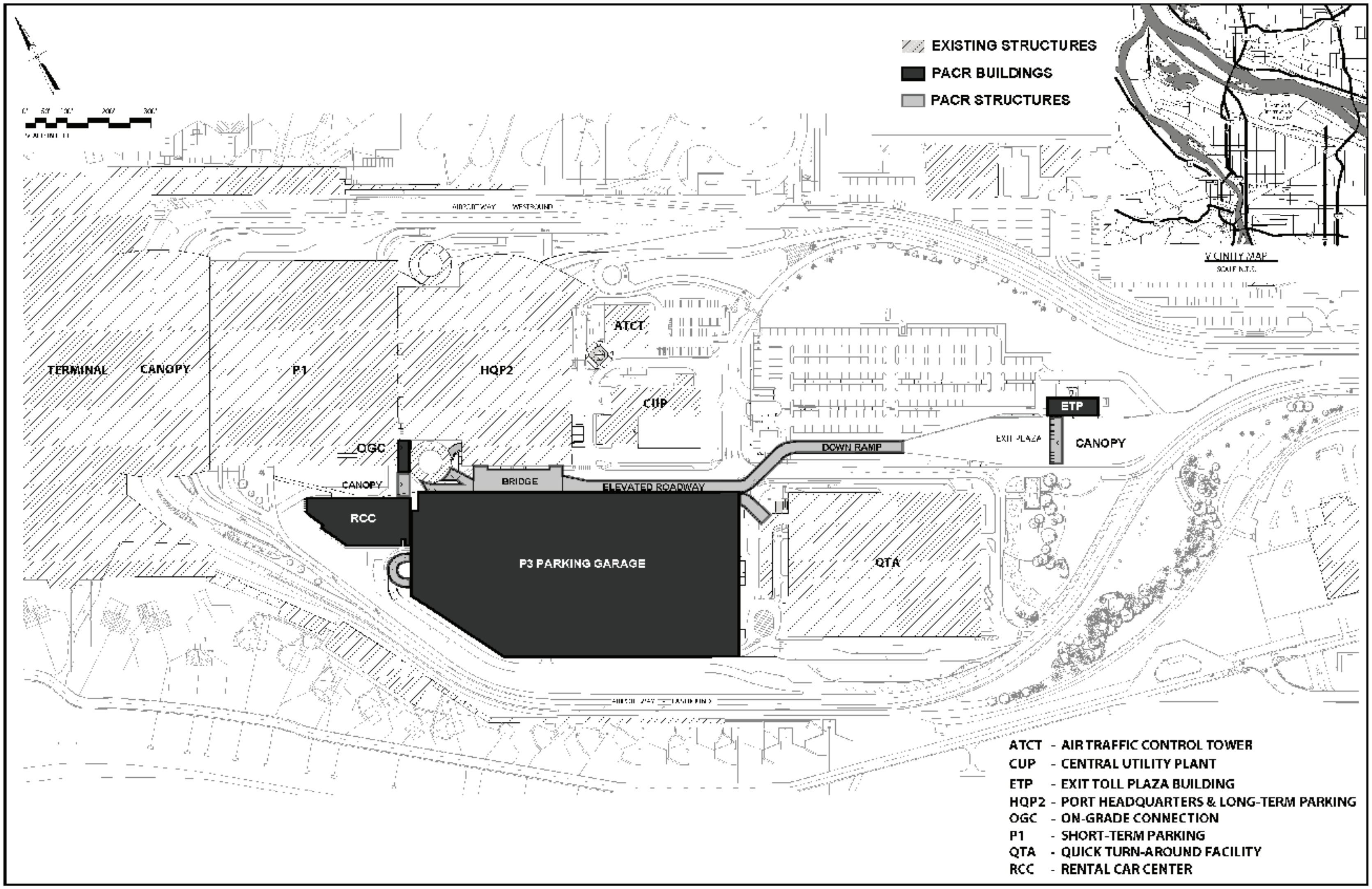
Rental car business office space will be located on the lobby level of the Rental Car Center (RCC) structure to be constructed to the west of the garage. The lobby will have direct escalator access to an existing P1/P2 elevator core to the south pedestrian tunnel. There will also be access from the east through a pedestrian tunnel connection leading directly to PACR through the south tunnel.

In addition to the customer service lobby and garage structure, the project also consists of relocating the parking exit toll plaza to the east of the CUP with the return to terminal loop moving to 82nd Avenue as a U-turn and other enabling projects, including utility relocations, parking lot modifications, reconfiguration of P1/P2 egress ramps from helix exit points, jockey roads, P1/P2 modifications, and infield road modifications. Some of the enabling projects are either already completed or currently underway. Design work is currently 90% complete, and all PACR design and permitting work is expected to be complete by July 2019. PACR is expected to be fully operational by November 2021.

The PACR project is estimated to cost a total of $282.2 million. The ConRAC Facility portion of the project is estimated to cost $156.6 million and will be funded with the proceeds of the Series 2019 CFC Bonds as described in Chapter 5 of this Report. The public parking portion of the project has an estimated project cost of $125.6 million and will be funded with the Series Twenty-Five Bonds. The public parking portion of this project is intended to address the need for additional public parking at the Airport.

The financial impact to the Port in implementing the ConRAC Facility is described in Chapter 5 of this Report and presented on the Exhibits included at the end of this Report.

EXHIBIT 4-3 ConRAC Facility Site Plan



Source: The Port of Portland

EXHIBIT 4-4 ConRAC Facility Rendering – View from South

Source: The Port of Portland

EXHIBIT 4-5 ConRAC Facility Rendering – View from East

Source: The Port of Portland

5 Financial Analysis

This chapter will analyze the Port's ability to meet the rate covenant and to pay debt service as set forth in the CFC Bond Ordinances. In particular, it presents a summary of the key agreements between the Port and the rental car companies; the historical relationship between demand for rental cars at the Airport and CFC collections based on an analysis of the Port's historical financial performance; expected debt service schedules for the Series 2019 CFC Bonds; and projected CFC Revenues, annual debt service coverage, and flow of funds for the CFC Revenue Fund pursuant to the CFC Bond Ordinances. Exhibits contained at the end of this Chapter present actual results for FY 2018 and forecasts for FY 2019 through FY 2024. For the purposes of this Report, the forecast period is defined as the period of FY 2019 through FY 2024.

5.1 Airport Governing Body

The Airport is owned and operated by the Port, which provides the Air Service Area with commercial airline passenger service, air cargo services, and general aviation services. The Port is governed by a nine-member Board of Commissioners that establishes and controls policies for the Port. Board members are appointed by the governor of Oregon and are confirmed by the Oregon State Senate. Board members serve four-year terms and can be reappointed. The Board is headed by a president who is appointed by the Governor. The president designates the other officers of the Board.

The Airport is operated by the Port as an independent enterprise, separate from the General Aviation Airports and from the Port's other enterprises, although the General Aviation Airports serve as reliever airports for the Airport from an operational perspective and are subsidized from Revenue remaining after all other obligations are provided.

5.2 Management Structure

The Port employs an Executive Director and other officers, agents, employees, and advisors. The Executive Director and his staff implement the policies established by the Board. In addition to the Executive Director, the senior management team of the Port is comprised of the Chief Operating Officer, the Chief Commercial Officer, the Chief Financial Officer, the General Counsel, the Chief Project Delivery and Safety Officer, Chief Administration and Equity Officer, and Chief Public Affairs Officer.

Several departments at the Port are responsible for the planning, development, and operation of capital projects and facilities at the Airport, including the ConRAC Facility. The PDXNext Directing Sponsor is responsible for the oversight of PDXNext projects, including some of the Series Twenty-Five Projects, the ConRAC Facility, and other larger capital improvement program projects. The Director of PDX Terminal Properties is responsible for the Port's contractual relationships with the various airlines, concessionaires, rental car operators and other tenants providing services at the Terminal. The Director of Planning and Development is responsible for the planning, development, management, and implementation of projects and long-term facilities planning. Airport operations, planning and development, terminal leasing and concessions development, and operations are managed by the Port's Operations Department, which is headed by the Chief Operating Officer.

5.3 Financial Structure

5.3.1 Ordinance Establishing a CFC

On December 11, 2013, the Port authorized the imposition of a CFC for the benefit of the Port, which is collected and remitted to the Port by the RACs, pursuant to Port Ordinance No. 448, *An Ordinance Establishing A Customer Facility Charge on Rental Car Transactions at The Airport to Fund Rental Car Related Projects, Programs, and Related Expenses*, as amended or replaced from time to time. Pursuant to Ordinance No. 448, effective January 15, 2014, the Port authorized and established a CFC rate of $6.00 per Transaction Day for a maximum of four days. The Port is authorized at any time to change the amount of the CFC or place a limitation on the number of Transaction Days the CFC is to be collected. This amount or limit on the number of days to be collected may be modified within sixty days written notice consistent with Section 8 of Ordinance No. 448.

CFCs may be used for projects related to rental car facilities and any related Port-approved enabling projects and the program costs. Such fees may be related to, but not be limited to, studies, consulting fees, plans and specifications, construction, demolition, and reimbursements to the Port for Port costs associated with operating and maintaining rental car facilities. The Port may also reimburse itself for any costs associated with implementation of the CFC Bond Ordinances, including but not limited to, consulting and legal fees. CFCs may be assigned and pledged or otherwise committed to repay debt service on bonds issued or other financing used to fund rental car facilities and enabling projects, to fund and replenish reserves therefor, and to pay costs associated therewith.

The Port sought and received a validation judgment from the Multnomah County Circuit Court dated September 1, 2017, (the Validation Judgment) that confirmed, among other things, that the levy, pledge, and use of CFCs to finance the ConRAC Facility and related facilities did not violate certain provisions of the Oregon Constitution, and were within the authority of the Port. The Validation Judgment permanently enjoins all persons from instituting any action or proceeding challenging the validity of CFC Bonds or the CFC Levy Ordinance.

5.3.2 CFC Bond Ordinances

The Port intends to issue the Series 2019 CFC Bonds to finance the ConRAC Facility. The Series 2019 CFC Bonds are being issued pursuant to Port Ordinance No. 461-Band Port Ordinance No. 466-B, both enacted by the Board on February 13, 2019 (collectively, the CFC Bond Ordinances). The CFC Bond Ordinances set forth the obligations of the Port to the Trustee and bondholders relative to the Series 2019 CFC Bonds and any subsequent bonds issued on parity with the Series 2019 CFC Bonds, including the pledge of security, covenants with regard to CFCs and Remaining Contingent Fee Payments, requirements precedent to the issuance of additional bonds, and the creation of certain funds and accounts, and the order of priority for the use of CFCs and Remaining Contingent Fee Payments.

Key aspects of the CFC Bond Ordinances related to the repayment of the Series 2019 CFC Bonds are discussed in the following sections. Capitalized terms used in these descriptions are consistent with defined terms in the CFC Bond Ordinances. A summary of certain provisions of the CFC Bond Ordinances is also provided in Appendix C of the Official Statement for the Series 2019 CFC Bonds

5.3.2.1 Security for the Series 2019 CFC Bonds

The Series 2019 CFC Bonds are secured solely by CFCs, Remaining Contingent Fee Payments, if any, and interest income derived from the investment of amounts held by the Port and the Trustee in certain funds and deposited to the CFC Revenue Fund pursuant to the CFC Bond Ordinances for the Series 2019 CFC Bonds. Contingent Fee Payments are the contingent fee payments, if any, made by the RACs to the Port pursuant to Section 8.5 of their respective RAC Agreement (described in more detail in Section 5.3.3 below). Contingent Fee Payments are general airport revenues and must first be used to pay costs of the operation and maintenance of the Airport and then debt service on the general airport revenue obligations. Amounts remaining are Remaining Contingent Fee Payments. However, in no case will Remaining Contingent Fee Payments exceed the amount of Contingent Fee Payments received by the Port during the applicable period.[89]

The Series 2019 CFC Bonds are ***not*** secured or payable from the general airport Revenues of the Port.

5.3.2.2 Flow of Funds

Section 5.02 of CFC Bond Ordinance 461-B creates certain funds and establishes the priority of amounts transferred from the CFC Revenue Fund (the Flow of Funds). Accordingly, the following special funds and accounts have been created and designated as follows: (i) the CFC Revenue Fund to be held and administered by the Port; (ii) the Senior Debt Service Fund, and three separate accounts therein to be known as the Senior Bonds Interest Account, the Senior Bonds Principal and Redemption Account and the Senior Bonds Qualified Hedge Payment Account, each to be held and administered by the Trustee; (iii) the Senior Debt Service Reserve Fund and separate accounts therein for any series of Senior Bonds to be created at the direction of the Port, each to be held and administered by the Trustee; (iv) the Subordinate Debt Service Fund, and three separate accounts therein to be known as the Subordinate Bonds Interest Account, the Subordinate Bonds Principal and Redemption Account and the Subordinate Bonds Qualified Hedge Payment Account, each to be held and administered by the Trustee; (v) the Subordinate Debt Service Reserve Fund and separate accounts therein for any series of Subordinate Bonds to be created at the direction of the Port, each to be held and administered by

[89] Section 7 of Port Ordinance No. 323, as amended by Port Ordinance No. 455-B, established certain funds and accounts and the priority for the flow of Revenues and certain other amounts to such funds and accounts associated with the Port's general airport revenue bonds. Section 7 of Ordinance No. 323 permits any Revenues remaining in the General Account after the transfers to be used by the Port for any lawful aviation-related use or purpose pertaining to the Airport or to aviation or air transport interests of the Port, including general aviation facilities and to be used for Remaining Contingent Fee Payments, as needed. Remaining Contingent Fee Payments consist of amounts remaining, if any, after giving effect to the disbursements from the General Account required pursuant to clauses FIRST through FOURTH (inclusive) of Section 7 of Ordinance No. 323, provided, however, in no case will Remaining Contingent Fee Payments exceed the amount of Contingent Fee Payments received by the Port during the applicable period.

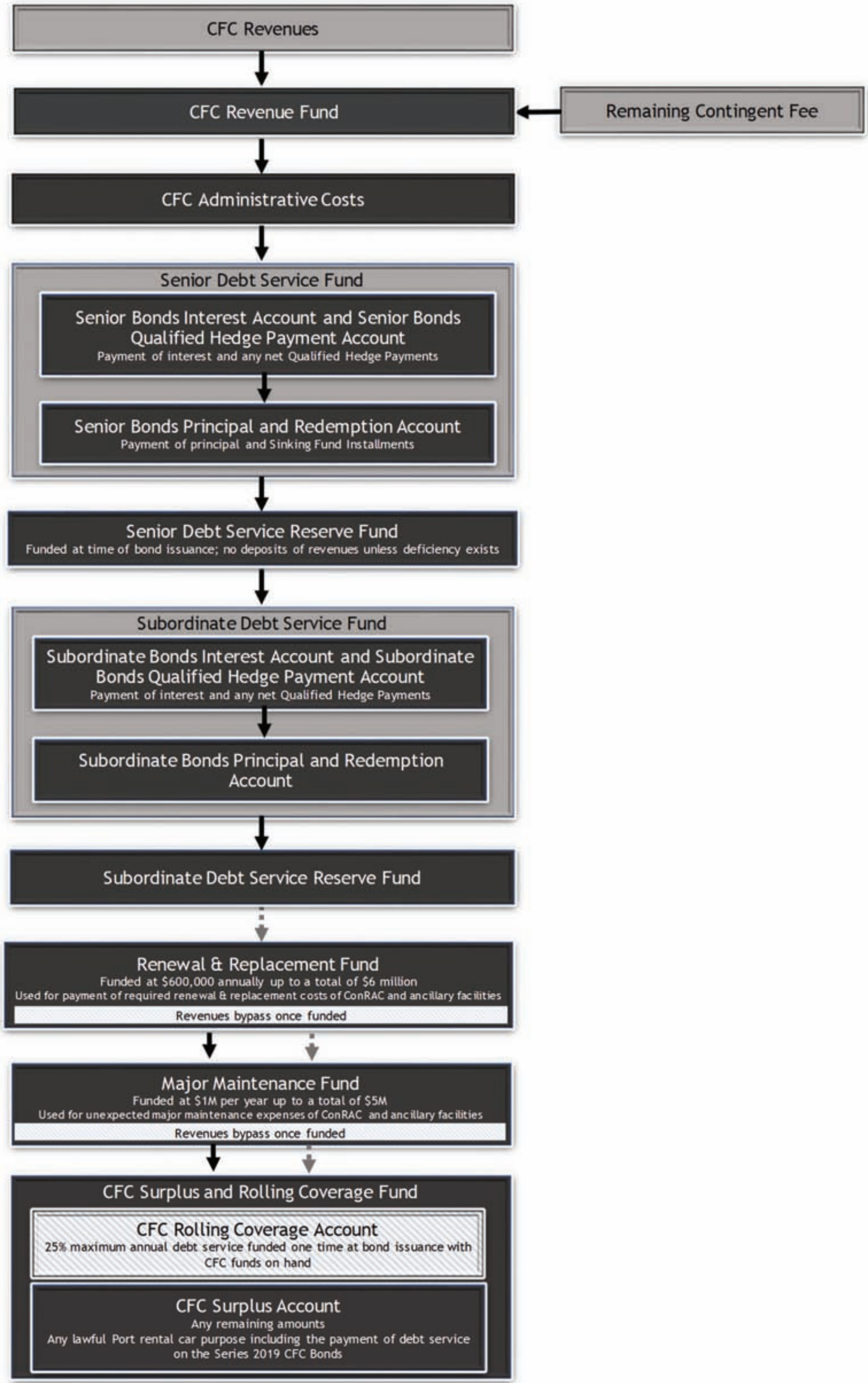
the Trustee; (vi) the Renewal and Replacement Fund to be held and administered by the Port; (vii) the Major Maintenance Fund to be held and administered by the Port; and (viii) the CFC Surplus and Rolling Coverage Fund to be held and administered by the Port, and two separate accounts therein to be known as the CFC Rolling Coverage Account and the CFC Surplus Account, both to be held and administered by the Port.

The Flow of Funds is illustrated graphically in **Exhibit 5-1**. As shown, CFCs shall be deposited in the CFC Revenue Fund upon receipt. In addition, Section 3 of Port Ordinance No. 466-B created and established a special trust fund to be held and administered by the Port to be known and designated as the "Remaining Contingent Fee Payments Fund." The Port is required to set aside and pay into the Remaining Contingent Fee Payments Fund the Remaining Contingent Fee Payments, if any, and shall immediately thereafter transfer all amounts in the Remaining Contingent Fee Payments Fund to the CFC Revenue Fund for application in accordance with CFC Bond Ordinance No. 461-B.

Amounts in the CFC Revenue Fund are first used to pay CFC Administrative Costs, which include the costs and expenses of imposing, collecting and using CFCs, including without limitation, costs related to studies, consultants, plans and specifications, trustees, and attorneys. CFC Administrative Costs do not include the costs of operating and maintaining CFC Projects. As described herein, the cost of operating and maintaining CFC Projects are payable by the rental car companies. After the payment of CFC Administrative Costs, the remaining funds on deposit in the CFC Revenue Fund are then transferred to the aforementioned special funds and accounts created and designated in the CFC Bond Ordinance No. 461-B.

See the section in the Official Statement captioned "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" for a detailed description of the Flow of Funds.

EXHIBIT 5-1 Flow of Funds



Source: Derived from the CFC Bond Ordinances.

5.3.2.3 The Rate Covenant

The Port has covenanted in Section 5.01 of CFC Bond Ordinance No. 461-B to the extent permitted by law, fix, revise from time to time when necessary, impose, and collect CFCs and Contingent Fee Payments in each Fiscal Year sufficient to pay, in accordance with the provisions of the CFC Bond Ordinances the greater of:

(a) One hundred percent (100%) of the amounts required to (i) pay the CFC Administrative Costs in such Fiscal Year but only to the extent CFC Administrative Costs in such Fiscal Year were greater than amounts on deposit in the CFC Surplus Account on the first day of such Fiscal Year, and (ii) be deposited into the Senior Debt Service Fund, the Senior Debt Service Reserve Fund, the Subordinate Debt Service Fund, the Subordinate Debt Service Reserve Fund, the Renewal and Replacement Fund and the Major Maintenance Fund in such Fiscal Year as contemplated in Sections 5.05(a) through (h) hereof; or

(b) The sum of:

   (i) One hundred percent (100%) of the amounts required (A) to pay the CFC Administrative Costs in such Fiscal Year but only to the extent CFC Administrative Costs in such Fiscal Year were greater than amounts on deposit in the CFC Surplus Account on the first day of such Fiscal Year, and (B) to be deposited into the Senior Debt Service Reserve Fund and the Subordinate Debt Service Reserve Fund, in such Fiscal Year as contemplated in Sections 5.05(c) and (f) hereof; plus

   (ii) One hundred fifty percent (150%) of the Debt Service Requirement with respect to Senior Bonds for such Fiscal Year; plus

   (iii) One hundred percent (100%) of the Debt Service Requirement with respect to the Subordinate Bonds for such Fiscal Year.

For purposes of determining compliance with the Rate Covenant set forth above (1) unless the Port elects otherwise in writing to the Trustee, amounts in the CFC Rolling Coverage Account at the end of any Fiscal Year up to an amount equal to twenty-five percent (25%) of the Maximum Debt Service Requirement on Senior Bonds shall be added to CFCs and Remaining Contingent Fee Payments in such Fiscal Year, (2) if the Port pays debt service on Senior Bonds in a Fiscal Year from any source of funds other than the CFCs and Remaining Contingent Fee Payments collected in such Fiscal Year, including from amounts on deposit in the CFC Surplus Account, the amount of such payment or payments shall be subtracted from the Debt Service Requirement for such Fiscal Year, (3) if the Port is not required to deposit amounts into a particular fund referenced in Sections 5.01(a) or (b) above but nevertheless voluntarily deposits amounts into such fund, such deposit will not be considered “required” and the Port need not show coverage with respect to such deposited amounts, and (4) all income earned in a Fiscal Year from the investment of money in the funds and accounts held by the Port under the CFC Bond Ordinances shall be added to CFCs and Remaining Contingent Fee Payments in such Fiscal Year, provided the provisions of the CFC Bond Ordinances allow such income to be used to pay debt service on the Senior Bonds and/or the Subordinate Bonds.

5.3.2.4 Additional Bonds

Section 2.07 of the CFC Bond Ordinance No. 461-B permits the Port to issue one or more series of Additional Bonds also payable from and secured by CFCs and Contingent Fee Payments. Before such Additional Bonds shall be authenticated and delivered by the Trustee, there shall be filed with the Trustee the following:

(a) (i) A certified copy of a Supplemental Ordinance enacted by the Board authorizing the issuance of such Additional Bonds and (ii) a Supplemental Action setting forth the terms of such Additional Bonds to the extent such terms are not set forth in the Supplemental Ordinance, including whether such Additional Bonds are designated as Senior Bonds or Subordinate Bonds;

(b) Certificates, to be executed respectively by the Trustee and the Port with respect to the funds and accounts held by each, stating that all payments into the Senior Debt Service Fund and the Subordinate Debt Service Fund created hereunder have been made in full, as required by the CFC Bond Ordinances to the date of delivery of such Additional Bonds, that all accounts described in Sections 5.05(a) through (f) hereof are current, that there are no deficiencies in the amounts required to be on deposit therein, that, to their knowledge, no default exists hereunder, and that all conditions precedent to the delivery of such Additional Bonds have been fulfilled;

(c) With respect to the issuance or incurrence of Senior Bonds, either of the following:

(i) A certificate of the Executive Director to the effect that the CFCs and Contingent Fee Payments for the last completed Fiscal Year preceding the date of issuance of such Additional Bonds for which audited statements are available were not less than the sum of: (i) one hundred percent (100%) of the amounts required (A) to be deposited into the Senior Debt Service Reserve Fund in such Fiscal Year as contemplated by Section 5.05(c) hereof and (B) to pay the CFC Administrative Costs in such Fiscal Year but only to the extent CFC Administrative Costs in such Fiscal Year were greater than amounts on deposit in the CFC Surplus Account on the first day of such Fiscal Year; plus (ii) one hundred twenty-five percent (125%) of the Maximum Debt Service Requirement in any succeeding Fiscal Year for all Senior Bonds then Outstanding (including the Additional Bonds proposed to be issued but excluding those Outstanding Bonds, if any, to be defeased or refunded by the issuance of such Additional Bonds); or

(ii) A statement of the Airport Consultant that in its opinion the CFCs and Contingent Fee Payments expected to be collected by the Port during the Fiscal Year in which such Additional Bonds are issued and for each Fiscal Year thereafter through the Period of Review referred to below, taking into account, among other factors, anticipated increases in CFC fees and charges, shall not be less than the sum of (i) one hundred percent (100%) of the amounts required (A) to be deposited into the Senior Debt Service Reserve Fund in each such Fiscal Year as contemplated in Section 5.05(c) hereof, and (B) to pay the CFC Administrative Costs in each such Fiscal Year but only to the extent CFC Administrative Costs in each such Fiscal Year are expected to be greater than amounts on deposit in the CFC Surplus Account on the first day of each such Fiscal Year, as estimated by the Airport Consultant; plus (ii) one hundred twenty-five percent (125%) of the amounts required to be deposited into the Senior Debt Service Fund in each such corresponding Fiscal Year during the Period of Review for all Senior Bonds Outstanding (including the Additional Bonds proposed to be issued but excluding those Outstanding Bonds, if any, to be defeased or refunded by the issuance of such Additional Bonds).

(d) With respect to the issuance or incurrence of Subordinate Bonds, either of the following:

(i) A certificate of the Executive Director to the effect that the CFCs and Contingent Fee Payments for the last completed Fiscal Year preceding the date of issuance of such Additional Bonds for which audited statements are available were not less than the sum of: (i) one hundred percent (100%) of the amounts required (A) to be deposited into the Senior Debt Service Reserve Fund and the Subordinate Debt Service Reserve Fund in such Fiscal Year as contemplated by Sections 5.05(c) and (f) hereof, and (B) to pay the CFC Administrative Costs in such Fiscal Year but only to the extent CFC Administrative Costs in such Fiscal Year were greater than amounts on deposit in the CFC Surplus Account on the first day of such Fiscal Year; plus (ii) one hundred percent (100%) of the Maximum Debt Service Requirement in any succeeding Fiscal Year for all Senior Bonds and Subordinate Bonds then Outstanding (including the Additional Bonds proposed to be issued but excluding those Outstanding Bonds, if any, to be defeased or refunded by the issuance of such Additional Bonds); or

(ii) A statement of the Airport Consultant that in its opinion the CFCs and Contingent Fee Payments expected to be collected by the Port during the Fiscal Year in which such Additional Bonds are issued and for each Fiscal Year thereafter through the Period of Review referred to below, taking into account, among other factors, anticipated increases in CFC fees and charges, shall not be less than the sum of (i) one hundred percent (100%) of the amounts required (A) to be deposited into the Senior Debt Service Reserve Fund and the Subordinate Debt Service Reserve Fund in each such Fiscal Year as contemplated in Sections 5.05(c) and (f) hereof, and (B) to pay the CFC Administrative Costs in each such Fiscal Year but only to the extent CFC Administrative Costs in each such Fiscal Year are expected to be greater than amounts on deposit in the CFC Surplus Account on the first day of each such Fiscal Year, as estimated by the Airport Consultant; plus (ii) one hundred percent (100%) of the amounts required to be deposited into the Senior Debt Service Fund and the Subordinate Debt Service Fund in each such corresponding Fiscal Year during the Period of Review for all Senior Bonds and Subordinate Bonds Outstanding (including the Additional Bonds proposed to be issued but excluding those Outstanding Bonds, if any, to be defeased or refunded by the issuance of such Additional Bonds).

The “Period of Review” shall be that period beginning on the first day of the Bond Year in which such Additional Bonds are issued and ending on the last day of the Bond Year during which the later of the following events shall occur: (i) the fifth anniversary of the date of issuance of such Additional Bonds or (ii) the third anniversary of the date on which interest on such Additional Bonds is not expected to be payable from the proceeds of such Additional Bonds.

5.3.3 Rental Car Concession Lease and Operating Agreement

The Series 2019 CFC Bonds are secured, in part, by payments of CFCs and Remaining Contingent Fee Payments (if any) made pursuant to a new Rental Car Concession Lease and Operating Agreement (RAC Agreement) to be executed by Rental Car Companies (RACs) that will serve the Airport from the new ConRAC Facility. Five RACs have signed the RAC Agreement, which represent a total of 10 rental car brands and two car-sharing brands, including (Avis Budget Car Rental, LLC, EAN Holdings, LLC. (Enterprise), The Hertz Corporation, Sixt Rent a Car, LLC, and Todd Investment Company (Dollar)).

Key terms of the RAC Agreement are summarized in the following sections.

5.3.3.1 Term of the RAC Agreement

This Lease is binding upon the Port and the RACs as of the Effective Date and shall commence (Commencement Date) one hundred eighty (180) calendar days following the Access Date, as determined by the Port and shall continue until expiration on September 30th following the twentieth (20th) anniversary of the Commencement Date (Initial Term). The Port shall have the right and option, in its sole discretion, and after consultation with the RACs, to renegotiate and/or rebid the terms of this Lease and the rights granted in this Lease at the tenth (10th) anniversary of the Commencement Date (Rebid Option). Prior to the expiration of the Initial Term, at the sole discretion of the Port, and after consultation with the RACs, the Port shall have the right and option to extend, renegotiate, and/or rebid the terms of and the rights granted in this Lease for one (1) additional ten (10) year term, at the Port's sole discretion (Extension Option).

5.3.3.2 Collection of CFCs

Pursuant to the RAC Agreement and Ordinance 448, the RACs are required to charge and collect CFCs from Airport Customers and remit all CFCs on a monthly basis to the Port. CFCs collected by the Port shall be used in a manner the Port deems appropriate, at the Port's sole discretion, subject to Ordinance 461 including, without limitation, to: (a) pay and/or secure debt service with respect to the CFC Bonds; (b) to pay or reimburse the Port for the costs of rental car related facilities and equipment; and (c) create and maintain reasonable reserves, all subject to the limitations and requirements of Ordinance 461. Any and all CFCs collected by Concessionaire shall be deposited with an eligible depository or held in trust by a trustee prior to being remitted to the Port. CFC collections will be applied pursuant to the CFC Bond Ordinance Flow of Funds as described in the preceding section of this report.

Furthermore, pursuant to the RAC Agreement, the RACs agree that: (a) the CFC is not income, revenue or any other asset to Concessionaire; (b) Concessionaire has no ownership or property interest in the CFC; (c) the RAC hereby waives any claim to a possessory or ownership interest in the CFC; (d) the CFC shall be the property of the Port and shall be held in trust by the RAC for the benefit of the Port; and (e) the Port (or a trustee on its behalf) has complete possessory and ownership rights to the CFC. Each of the RACs must establish a separate account for CFCs.

5.3.3.3 Contingent Fee Payments

The RACs shall pay to the Port a Contingent Fee which shall be imposed if a Contingent Fee Event should occur. The RAC's share of the Contingent Fee shall be based upon RAC’s Market Share among all On Airport RACs, calculated by the Port as close as reasonably feasible. Following the Port's notice, Concessionaire shall pay to the Port a Contingent Fee in the amount, at the time, and for the duration established by the Port. If the CFCs have been subsequently increased in a sufficient amount to allow discontinuing the imposition of a Contingent Fee, as determined by the Port, then the RACs shall not be obligated to pay a Contingent Fee until a new Contingent Fee Event occurs.

A Contingent Fee Event shall be deemed to have occurred when: (a) the Port determines that there is a current or upcoming deficiency in CFC revenues required to make payments pursuant to Ordinance 461 including, without limitation, payments related to debt service on CFC Bonds and funding of reserves; or (b) the Port determines that it is not, or will not be, in compliance with the rate covenant specified in Section 5.01 of Ordinance 461 based on CFC Revenues, but excluding Contingent Fee Payments (as defined in Ordinance 461).

5.3.3.4 Other RAC Agreement Terms

Under the terms of the RAC Agreement, the RACs have also agreed to the following terms and conditions:

- Reallocation shall not occur during the Initial Term or the Extension Term unless changes have occurred that have resulted in the inefficient use of the ConRAC Facility, as determined in the Port's reasonable discretion based on changes in the relative Market Share. If the Port determines reallocation is appropriate, the Port may, in the Port’s sole discretion, reallocate all or any portion of space located in the ConRAC Facility and QTA by written notice to the RACs and the reallocation shall be effective as of the later of: (i) one hundred twenty (120) calendar days following delivery of the Reallocation Notice; (ii) June 30th of the sixth (6th), eleventh (11th), or sixteenth (16th) full Lease Years, as applicable; or (iii) such date as otherwise unanimously agreed between the affected On-Airport RACs, as communicated in writing to the Port. Reallocation shall not occur, notwithstanding the Port’s determination, if the RACs unanimously agree in writing to remain in the same areas that they are occupying at that time and provide written notice to the Port of such agreement within fifteen (15) calendar days following receipt of the Reallocation Notice. Any costs incurred by the Port associated with the reallocation shall be allocated proportionately among the On-Airport RACs based on Market Share and shall be due and payable within thirty (30) calendar days following the Port's invoice to RAC's Facility Manager.

- The ConRAC Facility, including the appropriate share of enabling scope, are intended to be funded with the issuance of CFC Bonds. The Port shall have the right to make reasonable changes to the design of the ConRAC Facility. The Port and RACs acknowledge that there may be also changes in scope and/or design based on factors including, but not limited to, unknown conditions, omitted design features, scope changes, and other project changes that may affect the guaranteed maximum price (GMP) for PACR. The Port shall have the right to determine and approve any ConRAC Project Changes that do not result in more than a five percent (5%) increase, cumulatively or for a single change, to the estimated cost of the ConRAC Facility without a notification to the RACs. In the event the ConRAC Project Changes result in an increase in the cost of the ConRAC Facility of more than five percent (5%), the Port shall provide notice to the RACs and shall consult with all On Airport RACs on the ConRAC Project Changes and increase in costs. The RACs shall have the right to object by notice in writing delivered to the Port within ten (10) calendar days following the date when the Port notifies the RACs of the proposed cost increase. If the RACs do not object to the increase, the RACs shall be deemed to have accepted and agreed to the increase. In the event the RACs timely objects, the Port and the RACs will have fifteen (15) calendar days following the Port's receipt of the objection from the RACs to negotiate, attempt to address, and resolve the objection in good faith and in a reasonable manner.
- The RACs shall be responsible for designing and constructing all Improvements to the RACs exclusive Property that they deem necessary or desirable in connection with the RAC's operation and use of the ConRAC Project.
- At the RAC's own cost, the RACs shall retain a third-party Facility Manager to ensure full performance of the obligations of the Industry Agreement on behalf of the RACs, and to serve as a direct liaison with the Port regarding performance of the RACs use and operation of all portions of the Property including, without limitation, the Property and the QTA Fueling System. The RACs shall be responsible for the cost of the Facility Manager.
- The RACs shall bear all costs of operating on the Property. In addition, the RACs are responsible for directly paying for all utilities for the ConRAC through the Facility Manager.
- As of the Commencement Date, the RACs shall deposit with the Port and continuously maintain throughout the term of the RAC Lease cash or an irrevocable stand by letter of credit equal to one-third (1/3) of the MAG, one-third (1/3) of the estimated annual CFCs, one-third (1/3) of the annual Premises Rent, and one-third (1/3) of the real property Taxes for the first RAC Lease Year or Partial Lease Year. After the first Lease Year or Partial Lease Year, an assessment of real property Taxes shall be conducted on the Property, resulting in a new real property Taxes amount which shall be used to calculate the Security Deposit. The Security Deposit may be subject to annual adjustments each Lease Year, in the sole discretion of the Port, proportionate to any adjustment in the MAG since the previous Security Deposit adjustment.
- For use of the ConRAC each RAC shall pay to the Port a Concession Fee which is the greater of: (a) the sum of Percentage Fee; or (b) the Minimum Annual Guarantee (MAG). The Percentage Fee paid by RACs to the Port shall equal ten percent (10%) of the RAC's annual Gross Receipts for any non-car-sharing Brand and eleven percent (11%) of annual Gross Receipts for any car-sharing rental car brand. The RAC Concession Fee is ***not*** considered as CFC revenue for the Series 2019 CFC Bonds and is considered to be a part of general airport revenues.

- The RACs shall pay Premises Rent based on RAC's Proportionate Share of the Property. As of the Commencement Date, the RACs shall pay rent for the Premises at the rate in existence during the final Lease Year of the prior rental car concession and operating agreement. It is estimated that the rate shall equal approximately of $4.34 per square foot per year; however, the Port shall notify the RACs as to the official rate at least thirty (30) days prior to the Commencement Date. Beginning on the July 1 following the Commencement Date, the Premises Rent shall be adjusted by the Consumer Price Index Rate (CPI) each year. The RAC Premises Rent is ***not*** considered as CFC revenues for the Series 2019 CFC Bonds and is considered to be a part of general airport revenues.
- The RACs are required to comply with all applicable federal, state, and local laws.

5.4 Historical Customer Facility Charge Collections

The Port first implemented a CFC on January 15, 2014, of $6.00 per transaction day subject to a cap of up to four days to help fund rental car projects. **Exhibit A** depicts the Port's historical collections of CFCs on a monthly basis. Through September 2018, the Port has collected a total of $72.3 million in CFC revenues, of which the Port has spent approximately $64.0 million on the construction of the rental car quick turnaround facility (RAC QTA). CFC collections increased at a rate of 10.4% from FY 2015 (the first full year of collections) to FY 2016, from $14.2 million to $15.7 million. CFC collections increased slightly to $15.8 million in FY 2017, followed by a small decrease in FY 2018 to $15.7 million.

Exhibit A also presents the CFC collection history on a quarterly basis and for year-to-date information. As shown, the summer quarter (from July through September) has historically been the strongest quarter in terms of CFC collections with approximately $5 million in CFC revenues collected in each of the last four years. The winter quarter (from January through March) is the lowest quarter of CFC collections, at approximately $3.0 million over the last three years. Through the first quarter of FY 2019, CFC collections are up by 3.5% over the same period in FY 2018.

5.5 Debt Service

Exhibit B presents the projected annual debt service related to the Series 2019 CFC Bonds. For the purposes of this analysis, the debt service projection is based on the following assumptions provided by the Port's Financial Advisor, PFM Financial Advisors LLC (PFM):

- Final Maturity is July 1, 2049.
- The Series 2019 CFC Bonds are issued as taxable bonds.
- Assumed interest rates based on estimated market conditions as of February 13, 2019, plus 50 basis points.
- Funding of a Debt Service Reserve Fund equal to Maximum Annual Debt Service (MADS).
- No capitalized interest.
- Level debt service payments.

5.6 O&M Expenses

Pursuant to the RAC Agreement in Section 13.4, the RACs are required to maintain in good repair and keep in a clean and orderly condition and appearance the ConRAC, including all Improvements located on and within the Property as defined in Exhibit M to the RAC Agreement (Maintenance Matrix). The Maintenance Matrix sets forth the specific items to be maintained by the Port and/or Concessionaire in the Property. O&M Expenses incurred for the operation of the ConRAC Facility are anticipated to be paid for by the RACs or the Port depending on contractual responsibility. Any O&M Expenses that would be the responsibility of the Port are not included within the Flow of Funds pursuant to the Series 2019 CFC Ordinance, and, thus, are not included, in the financial forecast.

Per the CFC Bond Ordinance Flow of Funds, CFC Administrative Costs are to be paid from CFC revenues and includes the costs and expenses of imposing, collecting, and using CFCs, including without limitation, costs related to studies, consultants, plans and specifications, trustees, and attorneys. CFC Administrative Costs associated with the ConRAC are estimated to be approximately $13,500 in 2019 and are estimated to increase at 3.0% annually through FY 2024.

5.7 Forecast of CFC Revenue, Debt Service Coverage, and Flow of Funds

Based on the forecast of rental car activity presented in Chapter 3, L&B has developed projections of CFC revenue, associated interest earnings, debt service coverage, and the Flow of Funds under the CFC Bond Ordinances through the forecast period. Key assumptions made in these forecasts include the following:

- The on-Airport RACs that have signed the RAC Agreement will continue to operate at the Airport for the duration of the forecast period. In the event one or more RACs leave the market, the remaining RACs or new entrant RACs will act to serve demand and capture market share with minimal effect on the collection of CFCs.
- Any off-Airport RACs that may operate in the future after the opening of the ConRAC and will also be required to collect and remit the CFC to the Airport.
- The CFC rate is assumed to remain at $6.00 per transaction day up to a maximum of four days.
- Any delay in the opening of the ConRAC Facility will not affect the collection of CFCs as CFCs are currently being collected and are assumed to continue to be collected until the Opening Date, and CFCs are assumed to be collected on and after the Opening Date.

5.7.1 CFC Revenue

Exhibit C presents forecast CFC revenue through FY 2024, which is derived by multiplying forecast rental car transaction days subject to the four-day cap by the assumed CFC rate for each FY of the forecast period. As discussed previously in this Report, rental car transaction days are forecast to grow primarily as a function of visiting O&D passenger activity at the Airport. As a result, CFC revenues are forecast to increase at a 2.2% CAGR from FY 2018 through FY 2024, in line with O&D visiting passenger activity.

5.7.2 Debt Service Coverage

Exhibit D presents the forecast of the annual coverage ratio of CFCs to debt service pursuant to the Rate Covenant established in the CFC Bond Ordinances. The forecast of the annual coverage ratio is based on the projected CFC revenues, interest earnings in certain funds, and Contingent Fee payments (none assumed in this analysis). Additionally, amounts on deposit in the CFC Rolling Coverage Account (up to 25 percent of the Series 2019 CFC Bond maximum annual debt service established pursuant to the CFC Bond Ordinances) is also included in the annual coverage ratio calculation. As shown, debt service coverage pursuant to the CFC Bond Ordinances exceeds the requirement of 1.50x in each year of the forecast period, ranging from a low of 1.77x in 2020 to a high of 1.94x in 2024.

For illustrative purposes, additional debt service coverage calculations are also presented on Exhibit D, which calculated the debt service coverage based on CFC revenues only (excluding the CFC Rolling Coverage Account). As presented, these debt service coverage ratios range from a low of 1.52x to a high of 1.69x for the CFC revenues only calculation.

5.7.3 Flow of Funds

Exhibit E presents L&B's projection of annual flow of funds as provided for in the CFC Bond Ordinances. In each year of the forecast period, CFCs are sufficient to meet the Port's debt service obligations and make all deposits required under the CFC Bond Ordinances.

5.8 Sensitivity Analysis

To assess the sensitivity of the base financial projections presented herein, two sensitivity scenarios were developed to test hypothetical decreases in enplaned passengers and rental car Transaction Days at the Airport. These sensitivity analyses are provided only for informational purposes and should not be considered expected projections of future results.

5.8.1 Scenario 1 – Decreased Enplaned Passengers

The first sensitivity scenario analyzed the financial impacts associated with a hypothetical decrease in enplaned passengers resulting from an economic recession similar to that experienced at the Airport from the nationwide recession in 2008 and 2009. In reviewing historical enplaned passenger trends, enplaned passengers at the Airport decreased by 10.7% from 2008 levels and then recovered over the next five years. By FY 2014, enplaned passenger levels had increased to their prior levels experienced in FY 2018.

To simulate this, this sensitivity scenario assumed a 10% decrease in enplaned passengers in FY 2020 over projected FY 2019. As a result, total enplaned passengers in FY 2020 were projected to decrease to approximately 9.0 million in FY 2020. Beyond FY 2020, enplaned passengers were then assumed to increase at a CAGR of 4.0% through FY 2022 and then at 3.0% through FY 2024, reaching approximately 10.3 million enplaned passengers in FY 2024. All other CFC projection assumptions remain the same as those assumed in the baseline projections.

Table 5-1 presents a comparison of the enplaned passenger, CFC revenue, and debt service coverage results associated with this sensitivity analysis. As shown, debt service coverage is projected to meet or exceed the requirements set forth in the CFC Bond Ordinances throughout the Projection Period. The Series 2019 CFC Bond debt service coverage (including rolling coverage) under the Sensitivity 1 scenario increases from a low of 1.59x in FY 2020 to 1.80x by FY 2024.

TABLE 5-1 Financial Sensitivity 1 Results

Fiscal Year	Enplaned Passengers (000's)		CFC Revenue (000's) [1]		Debt Service Coverage [2]	
	Baseline	Sensitivity 1	Baseline	Sensitivity 1	Baseline	Sensitivity 1
2019	9,966	9,966	$16,057	$16,057	14.11	14.11
2020	10,196	8,969	$16,549	$14,573	1.77	1.59
2021	10,430	9,328	$16,983	$15,189	1.81	1.65
2022	10,670	9,701	$17,431	$15,833	1.85	1.71
2023	10,915	9,992	$17,890	$16,350	1.90	1.75
2024	11,166	10,292	$18,364	$16,886	1.94	1.80
Compound Annual Growth Rate						
2019 - 2024	2.3%	0.6%	2.7%	1.0%		

[1] Includes investment earnings on CFC bond funds and CFC Administrative Costs.
[2] Includes rolling coverage equal to 25% of Maximum Annual Debt Service.
Source: Landrum & Brown.

5.8.2 Scenario 2 – Decrease in Rental Car Customers

The second sensitivity scenario assesses the financial impacts related to a hypothetical erosion of the percentage of passengers renting cars at the Airport as a result of continued impacts from TNCs. As discussed previously in Chapter 3, historically the percentage of O&D deplaned passengers using rental cars at the Airport has decreased from 22.4% in FY 2016 to 19.7% in FY 2018, assumed to be a result of the impact of TNCs at the Airport. Based on actual data through the first quarter of FY 2019, it appears that this trend has leveled off. However, for the purposes of this sensitivity analysis it was assumed that the percentage of O&D deplaned passengers using rental cars at the Airport would continue to decrease through the Projection Period. As such, the percentage of O&D deplaned passengers using rental cars was assumed to decrease from 19.7% in FY 2018 to 15.8% in FY 2024. All other deplaned passenger and CFC projection assumptions remain the same as those assumed in the baseline projections.

Table 5-2 presents a comparison of rental car transaction days, CFC revenue, and debt service coverage results associated with this sensitivity analysis. As shown, debt service coverage is projected to meet or exceed the requirements set forth in the CFC Bond Ordinances throughout the Projection Period. The Series 2019 CFC Bond debt service coverage (including rolling coverage) under the Sensitivity 2 scenario is projected to remain relatively constant at 1.68x to 1.66x between FY 2020 and FY 2024.

TABLE 5-2 Financial Sensitivity 2 Results

Fiscal Year	RAC Transaction Days (000's)		CFC Revenue (000's) [1]		Debt Service Coverage [2]	
	Baseline	Sensitivity 2	Baseline	Sensitivity 2	Baseline	Sensitivity 2
2019	2,662	2,581	$16,057	$15,563	14.11	13.74
2020	2,724	2,556	$16,549	$15,533	1.77	1.68
2021	2,786	2,543	$16,983	$15,503	1.81	1.68
2022	2,851	2,529	$17,431	$15,462	1.85	1.67
2023	2,916	2,512	$17,890	$15,406	1.90	1.67
2024	2,983	2,494	$18,364	$15,337	1.94	1.67
Compound Annual Growth Rate						
2019 - 2024	2.3%	-0.7%	2.7%	-0.3%		

[1] Includes investment earnings on CFC bond funds and CFC Administrative Costs.
[2] Includes rolling coverage equal to 25% of Maximum Annual Debt Service.
Source: Landrum & Brown.

Exhibit A

HISTORICAL CFC REVENUE COLLECTIONS — **PORT OF PORTLAND**

(Fiscal Years Ending June 30)

	Actual [1]					
	2014 [2]	2015	2016	2017	2018	2019
July		$1,412,520	$1,664,676	$1,651,200	$1,641,606	$1,706,466
August		1,503,252	1,749,270	1,756,560	1,702,668	1,786,788
September		1,389,474	1,511,262	1,595,490	1,597,638	1,621,308
Summer Quarter	**$0**	**$4,305,246**	**$4,925,208**	**$5,003,250**	**$4,941,912**	**$5,114,562**
Annual Percent Change			**14.4%**	**1.6%**	**-1.2%**	**3.5%**
October		$1,297,650	$1,455,030	$1,490,808	$1,474,170	$1,486,548
November		1,019,232	1,156,050	1,146,306	1,150,524	1,193,700
December		873,204	988,542	995,406	984,888	985,536
Fall Quarter	**$0**	**$3,190,086**	**$3,599,622**	**$3,632,520**	**$3,609,582**	**$3,665,784**
Annual Percent Change			**12.8%**	**0.9%**	**-0.6%**	**1.6%**
January	$371,310	$855,876	$964,746	$908,118	$927,498	$927,210
February	829,644	873,852	996,954	973,602	972,078	
March	968,676	1,034,766	1,093,062	1,168,518	1,156,416	
Winter Quarter	**$2,169,630**	**$2,764,494**	**$3,054,762**	**$3,050,238**	**$3,055,992**	**$927,210**
Annual Percent Change		**27.4%**	**10.5%**	**-0.1%**	**0.2%**	**--**
April	$1,004,736	$1,152,600	$1,215,156	$1,209,096	$1,224,030	
May	1,155,210	1,285,992	1,400,454	1,363,146	1,354,290	
June	1,324,842	1,534,554	1,488,792	1,559,268	1,563,870	
Spring Quarter	**$3,484,788**	**$3,973,146**	**$4,104,402**	**$4,131,510**	**$4,142,190**	**$0**
Annual Percent Change		**14.0%**	**3.3%**	**0.7%**	**0.3%**	
Fiscal Year Total	**$5,654,418**	**$14,232,972**	**$15,683,994**	**$15,817,518**	**$15,749,676**	**$9,707,556**
Annual Percent Change		**--**	**10.2%**	**0.9%**	**-0.4%**	

Note: Amounts may not add due to rounding.

[1] CFC collection figures may differ from the Port's annual audited figures due to timing of revenue recording and accrual adjustments.

[2] The Port began imposing a $6.00 CFC per transaction day for a maximum of four (4) days on January 15, 2014.

Source: Port of Portland.

Compiled by Landrum & Brown

Exhibit B

CFC DEBT SERVICE **PORT OF PORTLAND**

(Fiscal Years Ending June 30)

Fiscal Year	Principal	Interest	Total Debt Service
2019	$0	$1,330,571	$1,330,571
2020	2,890,000	7,983,427	10,873,427
2021	2,985,000	7,885,745	10,870,745
2022	3,090,000	7,781,867	10,871,867
2023	3,200,000	7,672,172	10,872,172
2024	3,315,000	7,556,652	10,871,652
2025	3,435,000	7,435,323	10,870,323
2026	3,570,000	7,304,793	10,874,793
2027	3,710,000	7,163,778	10,873,778
2028	3,860,000	7,011,297	10,871,297
2029	4,025,000	6,848,791	10,873,791
2030	4,195,000	6,677,326	10,872,326
2031	4,375,000	6,496,521	10,871,521
2032	4,565,000	6,305,771	10,870,771
2033	4,770,000	6,102,172	10,872,172
2034	4,990,000	5,884,660	10,874,660
2035	5,220,000	5,652,126	10,872,126
2036	5,475,000	5,397,390	10,872,390
2037	5,740,000	5,130,210	10,870,210
2038	6,020,000	4,850,098	10,870,098
2039	6,315,000	4,556,322	10,871,322
2040	6,625,000	4,248,150	10,873,150
2041	6,960,000	3,911,600	10,871,600
2042	7,315,000	3,558,032	10,873,032
2043	7,685,000	3,186,430	10,871,430
2044	8,075,000	2,796,032	10,871,032
2045	8,485,000	2,385,822	10,870,822
2046	8,920,000	1,954,784	10,874,784
2047	9,370,000	1,501,648	10,871,648
2048	9,845,000	1,025,652	10,870,652
2049	10,345,000	525,526	10,870,526

Note: Amounts may not add due to rounding.

Source: PFM Financial Advisors LLC (PFM)

Compiled by Landrum & Brown

Exhibit C

FORECAST CFC COLLECTIONS
(dollars in thousands except for rates)
(Fiscal Years Ending June 30)

		Estimated [1]	Forecast				
		2019	2020	2021	2022	2023	2024
Total Transaction Days (within 4-Day Cap)	[A]	2,662	2,724	2,786	2,851	2,916	2,983
CFC Rate	[B]	$6.00	$6.00	$6.00	$6.00	$6.00	$6.00
CFC Collections	[C=A*B]	$15,975	$16,343	$16,719	$17,103	$17,496	$17,898

Note: Amounts may not add due to rounding.

[1] Estimated FY 2019 CFC collections differ from the Port's budgeted FY 2019 figures due to the availabilty of actual figures through the second quarter of FY 2019.

Source: Port of Portland management records (budget); Landrum & Brown (forecast)

Compiled by Landrum & Brown

Exhibit D

SERIES 2019 CFC BOND DEBT SERVICE COVERAGE **PORT OF PORTLAND**

(dollars in thousands)

(Fiscal Years Ending June 30)

		Forecast					
		2019	2020	2021	2022	2023	2024
CFC Revenue:							
CFC Collections	[A]	$15,975	$16,343	$16,719	$17,103	$17,496	$17,898
Contingent Fee Payments [1]	[B]	0	0	0	0	0	0
Total	[C]=[A]+[B]	$15,975	$16,343	$16,719	$17,103	$17,496	$17,898
Plus: Interest earnings	[D]	95	218	277	340	406	477
Less: CFC Administrative Costs	[E]	(14)	(14)	(14)	(14)	(14)	(14)
Total amounts available for Senior Bonds debt service (without amounts from CFC Rolling Coverage Account)	[F]=[C]+[D]+[E]	$16,056	$16,548	$16,982	$17,430	$17,889	$18,362
Senior Bonds Debt Service Coverage							
Senior Bonds Debt Service Requirement	[G]	$1,331	$10,873	$10,871	$10,872	$10,872	$10,872
Senior Bonds debt service coverage ratio (without amounts from CFC Rolling Coverage Account)	[H]=[F]/[G]	12.07	1.52	1.56	1.60	1.65	1.69
Total amounts available for Senior Bonds debt service (without amounts from CFC Rolling Coverage Account)	[F]	$16,056	$16,548	$16,982	$17,430	$17,889	$18,362
Plus: Amounts available in CFC Rolling Coverage Account	[I]	2,719	2,719	2,719	2,719	2,719	2,719
Total amounts available for Senior Bonds debt service (with amounts from CFC Rolling Coverage Account)	[J]=[F]+[I]	$18,775	$19,266	$19,700	$20,148	$20,607	$21,081
Senior Bonds debt service coverage ratio (with amounts from CFC Rolling Coverage Account)	[K]=[J]/[G]	14.11	1.77	1.81	1.85	1.90	1.94
Senior Debt Service Coverage Ratio - Requirement		1.50	1.50	1.50	1.50	1.50	1.50

Note: Amounts may not add due to rounding.

[1] Additional fees to be collected from the rental car companies, if required, for the Port to meet the Rate Covenant requirements of the Master CFC Bond Ordinance.

[2] Amounts available in the CFC Surplus and Rolling Coverage Fund limited to 25% of maximum annual debt service.

Source: Port of Portland management records (budget); Landrum & Brown (forecast)

Compiled by Landrum & Brown

Exhibit E

CFC REVENUE FLOW OF FUNDS **PORT OF PORTLAND**

(dollars in thousands)

(Fiscal Years Ending June 30)

		Forecast					
		2019	2020	2021	2022	2023	2024
CFC Revenue Fund							
Beginning Balance	[A]	$5,324	$0	$0	$0	$0	$0
Deposits:							
CFC Collections		$15,975	$16,343	$16,719	$17,103	$17,496	$17,898
Contingent Fee Payments [1]		0	0	0	0	0	0
Transfer In Interest Earnings		95	218	277	340	406	477
Total CFC Revenue	[B]	$16,069	$16,561	$16,995	$17,443	$17,902	$18,375
Less: CFC Administrative Costs	[C]	($14)	($14)	($14)	($14)	($14)	($14)
Net CFC Revenues	[D=B+C]	$16,056	$16,548	$16,982	$17,430	$17,889	$18,362
Transfers Out:							
Senior Debt Service Fund		$1,331	$10,873	$10,871	$10,872	$10,872	$10,872
Senior Debt Service Reserve Fund		0	0	0	0	0	0
Renewal and Replacement Fund		0	0	0	600	600	600
Major Maintenance Fund		0	0	0	1,000	1,000	1,000
CFC Surplus and Rolling Coverage Fund [2]		20,050	5,674	6,111	4,958	5,416	5,890
Total Transfers Out	[E]	$21,380	$16,548	$16,982	$17,430	$17,889	$18,362
Ending Balance	[F=A+D-E]	$0	$0	$0	$0	$0	$0

		2019	2020	2021	2022	2023	2024
Senior Debt Service Fund:							
Beginning Balance		$0	$0	$0	$0	$0	$0
Transfer from CFC Revenue Fund		$1,331	$10,873	$10,871	$10,872	$10,872	$10,872
Payment of CFC Bond Debt Service		(1,331)	(10,873)	(10,871)	(10,872)	(10,872)	(10,872)
Ending Balance		$0	$0	$0	$0	$0	$0
Senior Debt Service Reserve Fund:							
Beginning Balance		$0	$10,929	$11,039	$11,150	$11,262	$11,375
Transfer from CFC Revenue Fund		$0	$0	$0	$0	$0	$0
Reserve Deposit from Bond Issue		10,875	0	0	0	0	0
Interest Earnings		55	110	111	112	113	114
Ending Balance		$10,929	$11,039	$11,150	$11,262	$11,375	$11,490

Exhibit E

CFC REVENUE FLOW OF FUNDS **PORT OF PORTLAND**

(dollars in thousands)

(Fiscal Years Ending June 30)

	Forecast					
	2019	2020	2021	2022	2023	2024
Renewal and Replacement Fund:						
Beginning Balance	$0	$0	$0	$0	$600	$870
Reserve Deposit from Bond Issue	$0	$0	$0	$0	$0	$0
Transfer from CFC Revenue Fund	0	0	0	600	600	600
Interest Earnings	0	0	0	3	7	12
Transfer Interest Earnings to CFC Revenue Fund	0	0	0	(3)	(7)	(12)
Repair & Replacement Expenses	0	0	0	0	(330)	0
Ending Balance	$0	$0	$0	$600	$870	$1,470
Major Maintenance Fund:						
Beginning Balance	$0	$0	$0	$0	$1,000	$2,000
Transfer from CFC Revenue Fund	$0	$0	$0	$1,000	$1,000	$1,000
Interest Earnings	0	0	0	5	15	25
Transfer Interest Earnings to CFC Revenue Fund	0	0	0	(5)	(15)	(25)
Major Maintenance Expenses	0	0	0	0	0	0
Ending Balance	$0	$0	$0	$1,000	$2,000	$3,000
CFC Surplus and Rolling Coverage Fund: [2]						
Beginning Balance	$0	$18,935	$24,609	$30,720	$35,678	$41,095
Transfer from CFC Revenue Fund	$20,050	$5,674	$6,111	$4,958	$5,416	$5,890
Interest Earnings	95	218	277	332	384	440
Transfer Interest Earnings to CFC Revenue Fund	(95)	(218)	(277)	(332)	(384)	(440)
RAC QTA Development	(3,833)	0	0	0	0	0
Rolling Coverage	2,719	0	0	0	0	0
Ending Balance	$18,935	$24,609	$30,720	$35,678	$41,095	$46,985

Note: Amounts may not add due to rounding.

[1] Additional fees to be collected from the rental car companies, if required, for the Port to meet the Rate Covenant requirements of the CFC Bond Ordinance.

[2] Surplus CFC amounts to be used for any lawful Port rental car purpose, and amounts for Rolling Coverage are limited to 25% of maximum annual debt service.

Source: Port of Portland management records (budget); Landrum & Brown (forecast)
Compiled by Landrum & Brown

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APPENDIX B

AUDITED FINANCIAL STATEMENTS

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THE PORT OF PORTLAND

(A Municipal Corporation)

REPORT ON AUDITED FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

(Containing Audit Comments and Disclosures Required by State Regulations)

FOR THE YEAR ENDED JUNE 30, 2018

with comparative totals for the year ended June 30, 2017

THE PORT OF PORTLAND

(a municipal corporation)

THE PORT OF PORTLAND

COMMISSIONERS AS OF JUNE 30, 2018

Name	Term Expires
Alice Cuprill-Comas, President 3181 SW Sam Jackson Park Road Portland, Oregon 97239	September 30, 2019
Tom Chamberlain, Vice President 2110 State Street Salem, Oregon 97303	May 9, 2019
Robert L. Levy, Secretary 822 S Hwy 395, No. 423 Hermiston, Oregon 97838	April 30, 2021
Linda M. Pearce, Treasurer 4185 Highway 101 North Tillamook, Oregon 97141	September 30, 2020
Michael C. Alexander 7200 NE Airport Way Portland, Oregon 97218	May 31, 2020
Pat McDonald 3100 NE Shute Road Hillsboro, Oregon 97229	February 16, 2020
Sean O'Hollaren One Bowerman Drive Beaverton, OR 97005	May 22, 2022
Tom Tsuruta P.O. Box 261 Marylhurst, Oregon 97036	December 12, 2020
Gary Young 15937 NE Airport Way Portland, Oregon 97230	September 30, 2019

Curtis Robinhold, Executive Director

REGISTERED AGENT AND OFFICE
Daniel Blaufus
7200 NE Airport Way
Portland, Oregon 97218

Telephone: 503-415-6000

THE PORT OF PORTLAND
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REPORT OF INDEPENDENT AUDITORS

Report of Independent Auditors

The Board of Commissioners
Port of Portland

Report on the Financial Statements

We have audited the accompanying balance sheets and the related statements of revenues, expenses, and changes in net position and cash flows of the Airport and Marine & Other activities as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Port of Portland's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Airport and Marine & Other activities of the Port of Portland as of June 30, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Port of Portland's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 24, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of changes in total OPEB liability and related ratios, schedule of proportionate share of PERS net pension liability (asset), and schedule of contributions to PERS 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 basic 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Port of Portland's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. These schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 22, 2018, on our consideration of the Port's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

James C. Lanzarotta

James Lanzarotta, Partner
for Moss Adams LLP
Portland, Oregon
October 22, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

(UNAUDITED)

This discussion and analysis of the Port of Portland's (Port) financial performance provides an overview of the Port's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the Port's financial statements, which follow this section.

Overview of the Financial Statements:
These financial statements consist of four parts – management's discussion and analysis (this section), the basic financial statements (including notes), required supplementary information, and supplementary information. The report is guided by accounting and reporting principles established by the Governmental Accounting Standards Board (GASB), and also by the Oregon Secretary of State (OSS). The basic financial statements are prepared on the accrual basis, similar to a private business, whereby revenues are recognized when earned and expenses are recognized when incurred, regardless of when cash is received or paid. The basic financial statements consist of a balance sheet, which includes the Port's assets, including deferred outflows, liabilities, including deferred inflows, and net position at year end; statement of revenues, expenses, and changes in net position, which includes all revenues, expenses, and grants expended for construction for the year; and statement of cash flows, which presents the sources and uses of cash for the year. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. Following the financial statements is a section of supplementary information, nearly all of which is required by the GASB, the OSS, or bond ordinances. The Port's two activities are Airport (Portland International Airport) and Marine & Other (marine terminals, industrial development, environmental, navigation, general aviation, engineering, and administration). These activities are described in Notes 1 and 2 to the financial statements. Of special significance to readers of the financial statements is that, with certain limited exceptions, Airport monies are restricted by bond ordinances and Federal Aviation Administration regulations for use at the Airport only. Airport net revenues (essentially operating revenues less operating expenses other than depreciation) are largely determined by bond ordinances and contracts with airlines, as more fully explained in Note 6 to the financial statements.

During fiscal 2018, the Port applied new reporting standards for postemployment benefits other than pension (OPEB) as required by GASB Statement No. 75 (GASB 75). GASB 75 had an impact on the Port's balance sheet and the statement of revenues, expenses, and changes in net position. Accounting changes were applied retroactively to conform with the provisions of GASB 75, and fiscal 2017 has been restated. Further discussion of the impacts of the implementation of GASB 75 can be found in Notes 1 and 9 to the financial statements.

Financial Results:
The Port's total net position increased $51.1 million from the 2017 amount, or 4.0 percent. Unrestricted net position – the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants or legal requirements – increased slightly by $0.6 million, or 0.5 percent during that same time. In comparison, last year total net position increased by $95.3 million, or 8.0 percent. The analysis in Table 1 (below) focuses on the net position of the Airport and of the Port's Marine & Other activities separately.

Table 1
Net Position
($ millions)

	Airport		Marine & Other		Total Port		Total Percentage Change
	2018	2017	2018	2017	2018	2017	2017-2018
Current and other assets	$ 617.8	$ 649.3	$ 301.3	$ 293.6	$ 889.8 *	$ 912.7	(2.5)%
Capital assets	1,348.2	1,264.3	325.0	336.3	1,673.2	1,600.6	4.5%
Deferred outflows	42.6	58.9	17.1	29.6	59.7	88.5	(32.5)%
Total assets	2,008.6	1,972.5	643.4	659.5	2,622.7 *	2,601.8	0.8%
Long-term debt outstanding	862.4	873.7	86.7	93.3	949.1	967.0	(1.9)%
Other liabilities	196.2	213.2	161.7	161.1	328.6 *	344.1	(4.5)%
Deferred inflows	2.2	0.7	2.6	0.9	4.8	1.6	200.0%
Total liabilities	1,060.8	1,087.6	251.0	255.3	1,282.5 *	1,312.7	(2.3)%
Net position:							
Net investment in capital assets	598.1	578.7	303.9	312.7	902.0	891.4	1.2%
Restricted	310.9	271.0	2.7	2.7	313.6	273.7	14.6%
Unrestricted	38.8	35.2	85.8	88.8	124.6	124.0	0.5%
Total net position	$ 947.8	$ 884.9	$ 392.4	$ 404.2	$ 1,340.2	$ 1,289.1	4.0%

* Receivables and payables between activities are eliminated in the Total Port column.

Total net position of the Airport increased by $62.9 million, or 7.1 percent, as a result of net income and capital grants. Net investment in capital assets increased $19.4 million, or 3.4 percent, as a result of increases in capital additions and construction spending. Restricted net position increased by $39.9 million, or 14.7 percent, primarily due to net income restricted for debt service and construction. Unrestricted net position increased by $3.6 million, or 10.2 percent, primarily as a result of net operating income.

Total net position of Marine & Other decreased from the 2017 balance by $11.8 million, or 2.9 percent, primarily the result of a net loss for the year, offset in part by capital grants. Net investment in capital assets decreased $8.8 million, or 2.8 percent, primarily as a result of normal capital asset depreciation. Unrestricted net position decreased by $3.0 million or 3.4 percent, again primarily due to a net loss for the year.

Several factors caused changes in net position (Table 2, below) to decrease $44.4 million from 2017.

Airport changes in net position increased $9.5 million when compared to the prior year due mainly to increased operating revenues in 2018. Marine & Other changes in net position decreased $53.9 million primarily due to lower operating revenues, higher operating expenses, and lower capital contributions versus the prior year, partially offset by increased nonoperating revenues.

Table 2
Changes in Net Position
($ millions)

	Airport 2018	Airport 2017	Marine & Other 2018	Marine & Other 2017	Total Port 2018	Total Port 2017	Total Percentage Change 2017-2018
Revenues:							
Operating revenues							
Charges for services	$ 242.0	$ 232.1	$ 50.8	$ 72.0	$ 292.8	$ 304.1	(3.7)%
Land sales			7.8	37.4	7.8	37.4	(79.1)%
Other			1.2	0.2	1.2	0.2	500.0%
Nonoperating revenues							
Property tax revenue			12.1	11.6	12.1	11.6	4.3%
Interest revenue	4.8	4.9	3.4	2.9	8.2	7.8	5.1%
PFC revenue	38.1	37.7			38.1	37.7	1.1%
CFC revenue	15.6	16.1			15.6	16.1	(3.1)%
Other nonoperating revenue			9.9	3.3	9.9	3.3	200.0%
Total revenues	300.5	290.8	85.2	127.4	385.7	418.2	(7.8)%
Expenses:							
Operating expenses	224.7	215.5	93.9	89.1	318.6	304.6	4.6%
Nonoperating expenses	22.6	31.4	5.3	5.6	27.9	37.0	(24.6)%
Total expenses	247.3	246.9	99.2	94.7	346.5	341.6	1.4%
Income (loss) before contributions and transfers	53.2	43.9	(14.0)	32.7	39.2	76.6	(48.8)%
Capital contributions	10.3	9.9	1.6	9.0	11.9	18.9	(37.0)%
Transfers (out) in	(0.6)	(0.4)	0.6	0.4			
Increase (decrease) in net position	$ 62.9	$ 53.4	$ (11.8)	$ 42.1	$ 51.1	$ 95.5	(46.5)%

Total revenues for the Port decreased by approximately $32.5 million from the prior year. Total expenses increased approximately $4.9 million during the same timeframe.

At the Airport, operating revenues increased by $9.9 million, or 4.3 percent, when compared to the prior year; this was primarily due to increases in airline and concessions revenues. The increase of about $9.2 million in operating expenses was primarily attributable to higher depreciation and outside services expense versus the prior year; this was partially offset by decreased central services costs. Nonoperating expenses decreased $8.8 million, or 28.0 percent, as a result of higher capitalized interest in 2018 (which offsets/ reduces interest expense), and costs related to asset demolition recorded in 2017, offset partially by higher revenue bond interest expense in 2018.

For Marine & Other, charges for services operating revenues decreased $21.2 million from the prior year, primarily the result of $23.0 million in revenue recorded from a terminated lease at the marine container terminal in 2017, offset partially by higher intermodal rail shuttle revenues at Terminal 6 in 2018. Land sales revenue decreased $29.6 million from the prior year as a result of reduced industrial property sales. During 2018, operating expenses increased $4.8 million due to the impacts of higher environmental accrual expenses, longshore labor expense, and central services costs; these increases were offset in large part by lower cost of land sold expense.

Budgetary Highlights:
The Port's budget for fiscal 2018 was adopted by the Port Commission and certified by the Multnomah County Tax Supervising and Conservation Commission (TSCC) in June 2017. Budget appropriations at the Airport were adjusted during the year to reflect establishment of a commercial paper program and to pay related fees, to remove two budgeted Airport bond issues as a result of the new commercial paper program, for increased expenditures for snow and ice removal activity at the Airport during the winter, and for costs associated with the write-off of noncapitalized design costs in the terminal. Appropriations in the budget for Marine & Other resources were adjusted to reflect increased revenues associated with new service at Terminal 6, proceeds from settlement of an environmental insurance recovery claim, and to

account for reimbursement revenue from the US Army Corps of Engineers for equipment financings. Marine & Other appropriations for expenditures were increased for higher costs associated with the new service at Terminal 6, to allow for payment of a contingent fee associated with an environmental insurance recovery claim, for unforeseen General Aviation repair and project cancellation costs at Hillsboro, and to provide for non-cash budgetary impacts of accounting accruals for environmental liabilities, including natural resources restoration. While legally a local government subject to governmental budgeting requirements, the Port operates much like a business, with expenditure levels driven by business needs, and utilizes the accrual basis of accounting. Revisions to reflect expenditure patterns are, therefore, common for an entity like the Port. As explained in Note 1 to the financial statements, Oregon budget laws differ, in certain situations, from accounting principles generally accepted in the United States of America.

On a budgetary basis, Airport capital expenditures were $143.6 million, 57.8 percent below the $340.3 million budget, as the latest capital expansion program at the Airport got underway more slowly than budgeted. Capital grants during the year were $10.3 million, 30.8 percent below the budget of $14.9 million as a result of incurring fewer grant eligible costs than anticipated. Both operating revenues and operating expenditures tracked tightly against the budget. Airport operating revenues of $241.9 million were 0.5 percent above the $240.7 million budget. Operating expenditures of $108.2 million were 0.5 percent above the $107.6 million budgeted amount. Other significant budgetary resource variances included issuances under the Airport's new commercial paper program, which were lower than anticipated as a result of lower capital expenditures.

Fiscal 2018 budgetary capital expenditures for Marine & Other were $13.3 million, 69.8 percent below the budget of $44.1 million, largely due to timing delays and project deferrals. Capital grants for the year were $1.6 million, less than the budget of $4.4 million, due to incurring fewer grant eligible costs. Budgetary operating revenues for industrial development were $13.9 million, or 52.0 percent, below the budget of $26.7 million due to delays in the timing of industrial property sales. Budgetary operating expenditures were $5.3 million below budget for administration, primarily due to lower than anticipated outside service costs resulting from delays in timing of projects and initiatives, as well as cost controls undertaken as part of an organizational financial sustainability initiative. Other environmental budgetary operating expenditures were $7.4 million under budget, largely as a result of delays in the timing of costs associated with environmental liabilities in the Portland Harbor superfund site.

Capital Assets:
At the end of fiscal 2018, the Port had over $1.6 billion invested in a broad range of capital assets. This amount represents an increase (essentially additions offset by depreciation expense) of $76.8 million versus last year, as outlined in Table 3 (below).

Table 3
Capital Assets
($ millions)

	Airport		Marine & Other		Total Port		Total Percentage Change
	2018	2017	2018	2017	2018	2017	2017-2018
Land	$ 68.0	$ 68.0	$ 83.4	$ 83.4	$ 151.4	$ 151.4	
Construction in progress	174.2	125.8	23.9	25.7	198.1	151.5	
Total capital assets not being depreciated	242.2	193.8	107.3	109.1	349.5	302.9	15.4%
Land improvements	853.8	790.1	288.6	281.2	1,142.4	1,071.3	
Buildings and equipment	1,455.9	1,404.1	249.7	260.2	1,705.6	1,664.3	
Total capital assets being depreciated	2,309.7	2,194.2	538.3	541.4	2,848.0	2,735.6	4.1%
Less: accumulated depreciation	(1,203.8)	(1,123.7)	(377.9)	(375.8)	(1,581.7)	(1,499.5)	5.5%
Total capital assets being depreciated, net	1,105.9	1,070.5	160.4	165.6	1,266.3	1,236.1	2.4%
Total capital assets, net	$ 1,348.1	$ 1,264.3	$ 267.7	$ 274.7	$ 1,615.8	$ 1,539.0	5.0%

This year's major capital asset spending included:

Airport:

Terminal improvements - $59.9 million
Rental car facility construction - $24.0 million
Public parking and consolidated rental car facility - $22.0 million
Taxiway and runway rehabilitation and improvements - $21.2 million

Marine & Other:

Terminal 4 berth rehabilitation and improvements - $2.8 million
Industrial property improvements - $2.4 million
Crane and crane improvements - $1.3 million
Terminal 6 auto staging facility - $1.0 million

Please see Note 5 to the financial statements for more detailed information of capital asset activity.

The Port's 2019 capital budget estimates spending another $259 million on capital projects at the Airport and nearly $27 million in Marine & Other. Spending at the Airport is primarily slated for terminal improvements; a new public parking and consolidated rental car facility; pavement rehabilitation projects; and aircraft loading bridge replacements. These projects are budgeted to be funded by Airport operating revenues, federal grants, debt proceeds, PFC revenues, and CFC revenues. Capital spending for Marine & Other is budgeted principally for dry docking the dredge Oregon, infrastructure improvements at marine terminal and Rivergate facilities, industrial land improvements, and general aviation airport runway reconstruction. Funding for these projects is budgeted from operating revenues, property taxes, and federal, state, and other grants.

Debt Administration:

At the end of 2018, the Port had over $888 million in bonds, commercial paper, contracts and loans payable outstanding. This is a decrease from the prior year, as seen in Table 4 (below).

Table 4
Outstanding Long-Term Debt
($ millions)

	Airport		Marine & Other		Total Port		Total Percentage Change
	2018	2017	2018	2017	2018	2017	2017-2018
Pension bonds			$ 62.0	$ 65.4	$ 62.0	$ 65.4	(5.2)%
Revenue bonds	$ 645.2	$ 672.9			645.2	672.9	(4.1)%
PFC revenue bonds	127.8	135.3			127.8	135.3	(5.5)%
Contracts and loans payable			24.7	27.9	24.7	27.9	(11.6)%
	$ 773.0	$ 808.2	$ 86.7	$ 93.3	$ 859.7	$ 901.5	(4.6)%

The outstanding amount of Airport long-term debt decreased due to scheduled bond payments, offset partially by issuances under a new Airport commercial paper program. As of the end of fiscal 2018, the Airport revenue bonds were rated AA- by Standard & Poor's, which is among the highest underlying ratings for airport revenue bonds rated by that rating agency. The balance of PFC revenue bonds also decreased as a result of regularly scheduled bond payments.

In Marine & Other, the amount of outstanding long-term debt decreased as a result of scheduled payments made on pension bonds, contracts and loans payable.

Please see Note 6 to the financial statements for more detailed information of long-term debt activity.

Economic Factors and Next Year's Budgets and Rates:
As part of the Port's strategic planning and business planning process, regional, national, and global economic trends and forecasts are reviewed and assumptions regarding passenger, cargo, and population growth are coupled with these trends and forecasts to produce the annual budget. As our region continues to grow, most business lines are projected to show growth in fiscal 2019. Fiscal 2019 airline passenger volumes are forecast to increase 2.7 percent over the fiscal 2018 budget to a new historic high of 19.9 million passengers. At the Port's Marine & Other facilities and business parks, we see strong growth for our auto business, strong demand for our industrial properties, new business activity at Terminal 6, and our mineral bulk (soda ash and potash) tenants have made significant investments to position them to take advantage of trade growth resulting from economic growth in the region.

In the Port's 2019 adopted budget, total Port operating revenue is budgeted to increase about 9.0 percent over 2018 results to approximately $329.1 million largely as a result of revenues associated with increased land sales, throughput revenue at Terminal 6, and parking revenues. Total operating expenses (excluding depreciation and the non-cash impacts of GASB 68 on pension expense) are budgeted to increase by about 5.8 percent to approximately $205.0 million, reflecting higher costs related to increased land sales, longshore labor costs at Terminal 6, and increased salary and benefits costs, offset in part by lower environmental expense accruals in 2019.

Operating revenues for the Airport are budgeted to increase 2.2 percent to $247.4 million in the fiscal 2019 budget due primarily to parking and transportation network company revenues resulting from increased passenger volumes in 2019. Airport operating expenses (excluding depreciation and GASB 68 non-cash pension expense) are budgeted to increase about 5.8 percent to $132.9 million as a result of increased salary and benefits costs, outside services costs, and internal central services costs.

In Marine & Other, operating revenues are budgeted to increase by 36.6 percent to $81.7 million, primarily due to higher revenues for industrial land sales, Navigation division dredging, and throughput at Terminal 6 budgeted in fiscal 2019. Operating expenses (excluding depreciation and GASB 68 non-cash pension expense) are budgeted to increase by 5.7 percent to $72.1 million due to higher costs of property sold resulting from more budgeted land sales, longshore labor costs associated with increased activity at Terminal 6, higher salary and benefits costs, and higher insurance costs, offset in part by lower accrued environmental expenses in 2019. Property taxes are budgeted to comprise less than 1.0 percent of Port resources on a legal budget basis.

Contacting the Port's Financial Management:
This financial report is designed to provide users with a general overview of the Port's finances. If you have questions about this report or need additional financial information, contact the Port of Portland's Controller's Office, PO Box 3529, Portland, OR 97208.

BASIC FINANCIAL STATEMENTS

THE PORT OF PORTLAND
BALANCE SHEET
as of June 30, 2018
with comparative totals as of June 30, 2017

	2018			2017
	Airport	Marine & Other	Total	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 38,080	$ 47,462,291	$ 47,500,371	$ 36,391,524
Equity in pooled investments	110,152,416	206,857,337	317,009,753	313,769,341
Restricted cash and equity in pooled investments	73,839,620		73,839,620	76,145,788
Receivables, net of allowance for doubtful accounts of $485,000 in 2018 and $212,000 in 2017 for Airport and $180,000 in 2018 and $349,000 in 2017 for Marine & Other	16,583,620	11,828,525	28,412,145	25,276,599
Prepaid insurance and other assets	4,321,219	2,499,127	6,820,346	6,659,050
Total current assets	204,934,955	268,647,280	473,582,235	458,242,302
Noncurrent assets:				
Restricted assets:				
Cash and equity in pooled investments	399,835,985	2,728,553	402,564,538	436,256,370
Receivables	10,578,731		10,578,731	13,568,343
Total restricted assets	410,414,716	2,728,553	413,143,269	449,824,713
Land held for sale		57,280,912	57,280,912	61,661,577
Depreciable properties, net of accumulated depreciation	1,105,863,635	160,412,841	1,266,276,476	1,236,047,263
Nondepreciable properties	242,284,909	107,255,070	349,539,979	302,882,728
Unamortized bond issue costs	788,424	145,015	933,439	1,148,113
Due from Airport		29,310,530	*	*
Other noncurrent assets	1,686,228	517,454	2,203,682	3,330,149
Total noncurrent assets	1,761,037,912	357,650,375	2,089,377,757	2,054,894,543
Deferred outflows of resources:				
Deferred charges on refunding bonds	22,571,834		22,571,834	25,220,991
Deferred charges on pensions and OPEB	14,146,018	17,091,584	31,237,602	54,059,388
Cumulative decrease in fair value of hedging derivative	5,864,000		5,864,000	9,202,000
Total deferred outflows of resources	42,581,852	17,091,584	59,673,436	88,482,379
Total assets	$ 2,008,554,719	$ 643,389,239	$ 2,622,633,428	$ 2,601,619,224
LIABILITIES				
Current liabilities (payable from current assets):				
Current portion of long-term debt	$ 28,500,000	$ 4,446,288	$ 32,946,288	$ 4,231,403
Accounts payable and other accrued liabilities	22,142,502	27,151,818	49,294,320	33,008,137
Accrued wages, vacation and sick leave pay	5,554,245	5,266,566	10,820,811	13,369,377
Workers' compensation and other accrued liabilities	3,124,104	4,524,424	7,648,528	7,382,970
Total current liabilities (payable from current assets)	59,320,851	41,389,096	100,709,947	57,991,887
Restricted liabilities (payable from restricted assets)				
Current portion of long-term debt and other	38,370,768		38,370,768	36,290,686
Accrued interest payable	16,476,516		16,476,516	16,360,939
Accounts payable	16,563,717		16,563,717	21,648,700
Contract retainage payable	2,428,619		2,428,619	1,845,463
Total restricted current liabilities (payable from restricted assets)	73,839,620		73,839,620	76,145,788
Total current liabilities	133,160,471	41,389,096	174,549,567	134,137,675
Noncurrent liabilities:				
Long-term environmental and other accruals	12,698,087	47,605,532	60,303,619	75,243,133
Long-term debt	795,499,965	82,232,012	877,731,977	926,475,795
Unearned revenue and other	45,345,708	26,673,422	72,019,130	71,854,027
Net pension and OPEB liability	42,547,957	50,508,217	93,056,174	103,193,124
Due to Marine & Other	29,310,530		*	*
Total noncurrent liabilities	925,402,247	207,019,183	1,103,110,900	1,176,766,079
Deferred inflows of resources:				
Deferred pension inflows	2,203,826	2,606,781	4,810,607	1,617,435
Total deferred inflows of resources	2,203,826	2,606,781	4,810,607	1,617,435
Total liabilities	1,060,766,544	251,015,060	1,282,471,074	1,312,521,189
NET POSITION				
Net investment in capital assets	598,048,797	303,902,259	901,951,056	891,369,870
Restricted for capital and debt service	310,911,048	2,728,553	313,639,601	273,712,581
Unrestricted	38,828,330	85,743,367	124,571,697	124,015,584
Total net position	947,788,175	392,374,179	1,340,162,354	1,289,098,035
Total liabilities and net position	$ 2,008,554,719	$ 643,389,239	$ 2,622,633,428	$ 2,601,619,224

* Receivables and payables between activities are eliminated in the Total columns.

The accompanying notes are an integral
part of these financial statements.

THE PORT OF PORTLAND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
for the year ended June 30, 2018
with comparative totals for the year ended June 30, 2017

	2018			2017
	Airport	Marine & Other	Total	Total
Operating revenues:				
Charges for services	$ 241,977,057	$ 50,761,895	$ 292,738,952	$ 304,075,436
Land sales		7,830,309	7,830,309	37,429,282
Other	10,119	1,204,411	1,214,530	163,699
Total operating revenues	241,987,176	59,796,615	301,783,791	341,668,417
Operating expenses:				
Salaries, wages and fringe benefits	53,006,225	43,974,574	96,980,799	96,330,712
Longshore labor and fringe benefits		4,106,598	4,106,598	779,744
Contract, professional and consulting services	34,259,947	22,634,772	56,894,719	35,583,353
Materials and supplies	6,005,588	1,688,128	7,693,716	9,110,754
Utilities	11,566,831	3,570,010	15,136,841	13,348,615
Equipment rents, repair and fuel	1,434,655	2,020,989	3,455,644	2,721,649
Insurance	1,841,819	955,815	2,797,634	3,826,226
Rent		2,634,380	2,634,380	2,308,778
Travel and management expense	3,702,878	1,214,229	4,917,107	4,553,943
Intra-Port charges and expense allocations	20,385,321		20,385,321	23,360,636
Cost of land sold		6,885,637	6,885,637	24,197,983
Other	1,574,701	1,230,059	2,804,760	3,575,769
Less expenses for capital projects	(1,520,900)	(17,164,151)	(18,685,051)	(18,625,097)
Total operating expenses, excluding depreciation	132,257,065	73,751,040	206,008,105	201,073,065
Operating income before depreciation	109,730,111	(13,954,425)	95,775,686	140,595,352
Depreciation expense	92,410,076	20,183,339	112,593,415	103,547,969
Total operating expenses, including depreciation	224,667,141	93,934,379	318,601,520	304,621,034
Operating income (loss)	17,320,035	(34,137,764)	(16,817,729)	37,047,383
Nonoperating revenues (expenses):				
Property tax revenue		12,055,459	12,055,459	11,585,839
Passenger facility charge revenue	38,140,595		38,140,595	37,683,868
Customer facility charge revenue	15,551,097		15,551,097	16,147,364
Interest expense, net of capitalized construction period interest of $17,301,142 in 2018 and $10,530,085 in 2017 for Airport	(18,863,735)	(5,322,583)	(24,186,318)	(26,725,498)
Interest revenue	4,856,547	3,367,831	8,224,378	7,828,225
Other (expense) income, including loss on disposal of properties	(3,791,903)	9,934,565	6,142,662	(6,973,785)
Nonoperating revenues	35,892,601	20,035,272	55,927,873	39,546,013
Income (loss) before contributions and transfers	53,212,636	(14,102,492)	39,110,144	76,593,396
Capital contributions and reversions	10,338,147	1,616,028	11,954,175	18,858,752
Transfers (out) in	(609,043)	609,043		
Change in net position	62,941,740	(11,877,421)	51,064,319	95,452,148
Total net position - beginning of year	884,846,435	404,251,600	1,289,098,035	1,193,645,887
Total net position - end of year	$ 947,788,175	$ 392,374,179	$ 1,340,162,354	$ 1,289,098,035

The accompanying notes are an integral part of these financial statements.

THE PORT OF PORTLAND
STATEMENT OF CASH FLOWS
for the year ended June 30, 2018
with comparative totals for the year ended June 30, 2017

	2018			2017
	Airport	Marine & Other	Total	Total
Cash flows from operating activities:				
Cash received from customers	$ 240,091,576	$ 57,871,435	$ 297,963,011	$ 337,718,549
Cash payments to employees	(50,040,250)	(40,792,881)	(90,833,131)	(105,963,131)
Cash payments to suppliers and vendors	(56,250,304)	(31,744,970)	(87,995,274)	(68,511,594)
Cash payments (to) from other funds	(22,560,955)	22,560,955		
Net cash provided by operating activities	111,240,067	7,894,539	119,134,606	163,243,824
Cash flows from noncapital financing activities:				
Property taxes		12,071,897	12,071,897	11,547,907
Net cash provided by noncapital financing activities		12,071,897	12,071,897	11,547,907
Cash flows from capital and related financing activities:				
Capital expenditures	(162,669,385)	(16,158,336)	(178,827,721)	(149,194,419)
Sale of properties	(29,019)	103,261	74,242	181,311
Net proceeds from issuance of debt	28,500,000		28,500,000	264,284,067
Interest paid	(38,896,321)	(6,942,090)	(45,838,411)	(36,351,395)
Proceeds from passenger facility charges	37,900,189		37,900,189	36,183,847
Proceeds from customer facility charges	16,116,008		16,116,008	15,542,977
Principal payments and redemptions on long-term debt	(35,110,000)	(4,974,103)	(40,084,103)	(39,634,927)
Contributions from governmental agencies	13,003,885	4,900,715	17,904,600	15,499,671
Cash transfers (to) from other Port divisions, net	(609,043)	609,043		
Other, primarily nonoperating expense	(3,754,463)	9,903,167	6,148,704	(6,521,111)
Net cash (used in) provided by capital and related financing activities	(145,548,149)	(12,558,343)	(158,106,492)	99,990,021
Cash flows from investing activities:				
Interest received	2,306,300	2,944,948	5,251,248	3,571,486
Investment activity:				
Purchases	(197,127,201)	(87,023,141)	(284,150,342)	(561,502,879)
Proceeds from sales or maturities	229,118,783	87,789,147	316,907,930	270,236,985
Net cash provided by (used in) investing activities	34,297,882	3,710,954	38,008,836	(287,694,408)
Net (decrease) increase in cash and cash equivalents	(10,200)	11,119,047	11,108,847	(12,912,656)
Cash and cash equivalents - beginning of year	48,280	36,343,244	36,391,524	49,304,180
Cash and cash equivalents - end of year	$ 38,080	$ 47,462,291	$ 47,500,371	$ 36,391,524
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ 17,320,035	$ (34,137,764)	$ (16,817,729)	$ 37,047,383
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	92,410,076	20,183,339	112,593,415	103,547,969
Cost of land sales		6,885,637	6,885,637	24,197,983
Non cash pension and OPEB expense	3,492,470	5,203,764	8,696,234	11,576,744
Amortization of unearned revenue	(866,155)	(2,119,754)	(2,985,909)	(7,434,491)
Non cash revenue for fixed assets received				(7,401,100)
Change in assets and liabilities:				
Receivables and other current assets	(3,749,050)	(1,346,763)	(5,095,813)	(771,071)
Land held for sale				(12,594,849)
Accounts payable and accruals	3,237,589	11,256,782	14,494,371	4,729,824
Long-term environmental and other accruals	(3,411,415)	676,169	(2,735,246)	(1,058,845)
Additions to unearned revenue	2,806,517	1,293,129	4,099,646	11,404,277
Net cash provided by operating activities	$ 111,240,067	$ 7,894,539	$ 119,134,606	$ 163,243,824
Noncash investing, capital, and related financing activities:				
Interest payable in future years		$ 576,035	$ 576,035	$ 717,495

The accompanying notes are an integral
part of these financial statements.

1. Description of the Port and Summary of Significant Accounting Policies:

The Port

The Port of Portland (the Port) is a special municipal district created by the Oregon State Legislature. It is governed by a nine-member Board of Commissioners who are appointed by the Governor of the State; Commissioners serve four year terms without compensation. The Port facilitates aviation and marine trade within the Port District (Multnomah, Clackamas, and Washington Counties), and its influence spreads over a multi-state region. The Port owns and operates Portland International Airport (the Airport), which provides the metropolitan area with commercial airline passenger service, air cargo services, and general aviation service. The Port also owns two general aviation airports, four marine terminals, a dredge, six industrial and business parks, and develops land principally to support, enhance, and expand its core transportation operations. Principal funding sources are charges to users, revenue bonds, grants, interest earnings, passenger facility charges, customer facility charges, and, to a lesser extent, property tax levies. Its activities are carried out by a staff of approximately 772 full-time equivalent persons.

Basis of Accounting

The accounting and reporting policies of the Port conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to proprietary funds of local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Accordingly, the Port utilizes the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

Intra-Port Charges and Expense Allocations

Labor and associated costs for services performed by one functional area of the Port to another area, most commonly by administrative departments, are charged in the accounting records as an expense to the receiver of services and as a credit to expense to the provider of services. The amount charged includes labor, fringe benefits, and an allocated portion of other costs, including materials and supplies, utilities, contract services, insurance, rent and depreciation. All other administrative department costs not charged in this manner are allocated as overhead based on a formula involving full time equivalent positions, legal services rendered, and operating expenses.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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. Actual results could differ from those estimates.

Operating Revenues and Expenses

Revenues and expenses that are earned or incurred during the course of normal business operations are classified as operating. Revenues and expenses that are earned or incurred outside of the course of normal operations, including interest income and expense, property tax revenue, customer facility charges, and passenger facility charges, are classified as nonoperating.

Restricted Assets and Related Liabilities

Assets and related liabilities restricted to specific purposes by state statute, bond indenture or otherwise are segregated on the balance sheet. These assets and liabilities are primarily restricted for construction and debt service purposes. When both restricted and unrestricted resources are available for use, it is the Port's policy to generally consider restricted assets to be used first over unrestricted assets.

1. Description of the Port and Summary of Significant Accounting Policies, continued:

Land Held for Sale

Land held for sale includes costs of land acquisition and development on property held for eventual sale. Land held for sale is stated at the lower of average cost or net realizable value. Costs that are capitalized consist of acquisition and development costs incurred to bring the land to salable condition, including interest. At closing, sales and related cost of land are recorded as operating revenues and expenses.

Properties and Depreciation

Properties, other than lease improvements acquired upon termination of operating leases, are stated at cost less accumulated depreciation, including capitalized interest. Interest income earned on investments from tax-exempt debt is offset against capitalized interest expense. Properties with an individual purchase cost exceeding $5,000 with a useful life exceeding one year are capitalized, and depreciable properties are depreciated over their estimated useful lives on a straight-line basis. The useful lives generally range from 5 to 40 years for land improvements; 5 to 40 years for buildings, building components, and terminals; and 2 to 15 years for equipment. Normal maintenance and repairs are charged to operating expense as incurred; expenditures for major additions, improvements, infrastructure, and replacements are capitalized. The cost of assets retired or otherwise disposed of and related accumulated depreciation are eliminated from the accounts in the year of disposal with the resulting gain or loss credited or charged to nonoperating revenue or expense.

Amortization of Bond Issue Costs

Bond issue costs related to prepaid insurance costs are amortized over the life of the related debt and reported as a noncurrent asset on the balance sheet. The difference between the reacquisition price and the net carrying amount of old debt arising from defeasance and refunding transactions is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is reported as a deferred outflow of resources on the balance sheet. Amortization is included in interest expense. All other bond issuance costs are expensed as incurred.

Accrued Vacation and Sick Leave Pay

Vacation and sick leave pay are accrued as earned for most employees, based on length of past service, up to a maximum number of hours per employee. Vacation and sick leave liabilities are reduced when leave is taken, and unused portions are paid off upon termination to the extent allowed for in Port policy.

Unearned Revenue

Unearned revenue typically represents prepaid lease financing related to real property development projects and transactions and is generally amortized over the life of the related lease. Lease terms generally range from 5 to 55 years. Unearned revenue is reported as a noncurrent liability on the balance sheet.

Accounting for Contributions from Federal Government and Other

Capital grants and other contributions from governmental agencies are recorded as net position when earned. Operating grants are recorded as revenue when earned. Lease improvements acquired upon termination of leases are included in properties and credited to net position at estimated fair value at date of acquisition.

Property Taxes

Property taxes are used for capital and debt service purposes. Property taxes are recorded as nonoperating revenue in the year levied. Property taxes are levied and attached as an enforceable lien on property as of July 1. Taxes are payable in three installments on November 15, February 15, and May 15.

Cash and Cash Equivalents

Highly liquid investments (excluding restricted investments) with a maturity of three months or less when purchased are considered cash equivalents.

1. Description of the Port and Summary of Significant Accounting Policies, continued:

Environmental Remediation Liabilities

The Port records future pollution remediation costs that meet measurement criteria outlined in GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations." Those criteria require accrual of pollution remediation obligation amounts when a) one of certain obligating events occurs, and b) the amount can be reasonably estimated. Obligating events include imminent endangerment to public health or welfare or the environment; violation of a pollution prevention-related permit or license; evidence that the Port will be named as a responsible party, or potentially responsible party, for sharing costs; evidence that the Port will be named in a lawsuit to compel participation in remediation; and the Port commencing or legally obligating itself to commence pollution remediation. Costs for pollution remediation obligations are expensed unless expenditures meet specific criteria which allow them to be capitalized. Capitalization criteria include preparation of an asset for sale; preparation of property for use when the property was acquired with known or suspected pollution that was expected to be remediated; performing pollution remediation that restores a pollution-caused decline in service utility that was recognized as an asset impairment; and acquisition of property, plant and equipment that have a future alternative use.

Passenger Facility Charges

Passenger facility charges (PFCs) are imposed on enplaned passengers at the Airport. PFC revenue is recorded as nonoperating revenue and is required to be used to fund Federal Aviation Administration approved expenditures for capital projects or debt repayments eligible under federal legislation permitting the imposition of PFCs.

Customer Facility Charges

Customer facility charges (CFCs) are imposed on rental car transactions at the Airport. CFC revenue is recorded as nonoperating revenue and is required by Port ordinance to be used to fund rental car-related projects, programs and related expenses.

Cash and Investments

The Port pools the majority of its cash and investments and uses a controlled disbursement system in order to maximize earnings on available funds. Investments are stated at fair value based upon evaluated quotes from independent pricing vendors. Oregon Revised Statutes, Chapter 294 or Port ordinances, if more restrictive, authorize the Port to invest in obligations of the U.S. Treasury and U.S. Government agencies and instrumentalities, bankers' acceptances guaranteed by an Oregon financial institution, repurchase agreements, and certain corporate indebtedness. In addition, the Marine & Other activity is authorized to invest in a State of Oregon local government investment pool and various interest bearing municipal bonds.

Budgets

The Port budgets all funds in accordance with the requirements of State of Oregon (State) law. The Port Commission authorizes appropriations for each fund, setting the level by which expenditures cannot legally exceed appropriations. Total expenditures by department in the General Fund, operating expenditures in the Airport Revenue Fund, and capital outlay and debt service in the other funds are the levels of control for each fund. The detail budget document, however, is required to contain more specific, detailed information for the above mentioned expenditure categories. Appropriations lapse at the end of each fiscal year.

With the approval of the Port Commission, unexpected additional resources may be appropriated through the use of a supplemental budget. The original and supplemental budgets require budget hearings before the public, publications in newspapers, and approval by the Commission for submittal to the Multnomah County Tax Supervising and Conservation Commission (TSCC). The TSCC conducts a review and certification of the original and certain supplemental budgets to comply with State law. After TSCC certification, such budgets are presented to the Port Commission for adoption. Original and supplemental budgets may be modified during the fiscal year by the use of appropriations transfers between the legal categories. Such transfers require approval by the Port Commission. The Port adopted one supplemental budget for the year ended June 30, 2018 and no supplemental budgets for the year ended June 30, 2017.

1. Description of the Port and Summary of Significant Accounting Policies, continued:

The Port budgets all funds on an accrual basis. For budgetary reporting purposes, State law requires that charges for services provided and certain expense allocations, from one fund to another fund, be reported as transfers to other funds, rather than as operating or capital expenditures.

Transfers Between Activities

The Port's policy is to fund certain general aviation (Marine & Other activity) requirements from the Airport activity. Amounts funded in this manner are reported as transfers on the statement of revenues, expenses, and changes in net assets.

Internal Receivables and Payables

Intra-Port receivables and payables between activities are eliminated in the total column of the balance sheet.

Prior Year Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a complete presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Port's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Reclassifications

Certain 2017 amounts have been reclassified to conform to current year classification. These reclassifications have no effect on previously reported net income, net position, or cash flows.

New Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," (GASB 75) effective for the Port's fiscal year beginning July 1, 2017. The statement establishes standards for governmental employer recognition, measurement, and presentation of information about postemployment benefits other than pensions (OPEB), and also establishes requirements for reporting information about financial support provided by certain nonemployer entities for OPEB that is provided to the employees of other entities. Accounting changes adopted to conform to the provisions of GASB 75 have been applied retroactively, and fiscal 2017 has been restated. The impacts of the restatement are summarized in the following table (in thousands):

Balance Sheet	As previously reported	As restated
Noncurrent assets:		
Other noncurrent assets	$ 3,495	$ 3,330
Deferred outflows of resources:		
Deferred charges on pensions and OPEB	53,688	54,059
Noncurrent liabilities:		
Long-term environmental and other accruals	70,169	75,243
Net position:		
Unrestricted	128,883	124,016
Statement of Revenues, Expenses, and Changes in Net Position		
Operating expenses:		
Salaries, wages, and fringe benefits	116,510	116,355
Change in net position:		
Total net position - beginning of year (July 1, 2016)	1,198,668	1,193,646

1. Description of the Port and Summary of Significant Accounting Policies, continued:

In March 2016, the GASB issued Statement No. 81, "Irrevocable Split-Interest Agreements," effective for the Port's fiscal year beginning July 1, 2017. The statement establishes accounting and financial reporting standards for irrevocable split-interest agreements created through trusts in which a donor irrevocably transfers resources to an intermediary who administers these resources for the unconditional benefit of a government and at least one other beneficiary. The adoption of this statement did not have a material effect on the Port's financial statements.

In November 2016, the GASB issued Statement No. 83, "Certain Asset Retirement Obligations," effective for the Port's fiscal year beginning July 1, 2018. This statement establishes standards of accounting and financial reporting for certain asset retirement obligations. The statement establishes criteria for determining the timing and pattern of recognition for a liability and a corresponding deferred outflow of resources for asset retirement obligations. The Port is currently evaluating the effects this statement will have on its financial statements.

In January 2017, the GASB issued Statement No. 84, "Fiduciary Activities," effective for the Port's fiscal year beginning July 1, 2019. The statement establishes standards of accounting and financial reporting for fiduciary activities. The Port is currently evaluating the effects this statement will have on its financial statements.

In March 2017, the GASB issued Statement No. 85, "Omnibus 2017," effective for the Port's fiscal year beginning July 1, 2018. The statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and pensions and other postemployment benefits. The Port is currently evaluating the effects this statement will have on its financial statements.

In May 2017, the GASB issued Statement No. 86, "Certain Debt Extinguishment Issues," effective for the Port's fiscal year beginning July 1, 2017. The statement establishes standards of accounting and financial reporting for in-substance defeasance transactions in which a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish debt. The statement also requires that any prepaid insurance associated with the debt be included in the net carrying amount of that debt and establishes additional disclosure requirements. The adoption of this statement did not have a material effect on the Port's financial statements.

In June 2017, the GASB issued Statement No. 87, "Leases," effective for the Port's fiscal year beginning July 1, 2020. The statement establishes standards of accounting and financial reporting for leases by lessees and lessors, and establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Port is currently evaluating the effects this statement will have on its financial statements.

In March 2018, the GASB issued Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements," effective for the Port's fiscal year beginning July 1, 2018. The statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement disclosure requirements related to debt obligations of governments. The Port is currently evaluating the effects this statement will have on its financial statements.

In June 2018, the GASB issued Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period," effective for the Port's fiscal year beginning July 1, 2020. The statement establishes accounting requirements for interest cost incurred before the end of a construction period. The Port is currently evaluating the effects this statement will have on its financial statements.

2. Identifiable Activity Information:

The Airport is an identifiable activity in and of itself, providing commercial airline passenger service, air cargo services, and general aviation services. The activities comprising Marine & Other are the Port's marine terminals, which load, unload, and transfer commodities to and from trucks, railcars, barges, and ships; industrial development, which is responsible for real estate development and related services; environmental, which includes costs and recoveries associated with environmental cleanup not directly attributable to specific Port facilities, or which pertain to facilities for which operations have been discontinued; navigation, which performs maintenance dredging for the Columbia River channel and maintains a river level reporting system; general aviation, which provides general aviation relief services; engineering,

2. Identifiable Activity Information, continued:

which provides drafting, environmental planning, permit coordination, and engineering support for the Port; and administrative departments (admin), which provide support and services to the Port's operating departments.

Balance sheet information for Marine & Other is not available at the identifiable activity level. Identifiable activity information available for Marine & Other for the year ended June 30, 2018 was as follows (in thousands):

	Marine Terminals	Industrial Development	Environmental	Navigation	General Aviation	Engineering & Admin	Total
Operating revenues	$ 26,051	$ 13,257		$ 15,700	$ 4,626	$ 163	$ 59,797
Operating expenses	31,932	13,317	$ 12,052	13,212	4,741	(1,502)	73,752
Depreciation expense	11,084	793		2,690	3,951	1,665	20,183
Operating (loss) income	$ (16,965)	$ (853)	$ (12,052)	$ (202)	$ (4,066)	$	$ (34,138)
Capital contributions	$ 323	$ 1,594			$ (301)		$ 1,616
Properties activity:							
Additions	$ 6,315	$ 2,912		$ 3,308	$ 1,408	$ 1,746	$ 15,689
Deletions	(9,590)			(6,371)	(30)	(2,446)	(18,437)

3. Cash and Investments:

Following are the Port's balance sheet classifications for cash and investments:

Balance sheet classification:	2018			2017
	Airport	Marine & Other	Total	Total
Unrestricted cash and cash equivalents	$ 38,080	$ 47,462,291	$ 47,500,371	$ 36,391,524
Unrestricted equity in pooled investments	110,152,416	206,857,337	317,009,753	313,769,341
Restricted cash and equity in pooled investments	473,675,605	2,728,553	476,404,158	512,402,158
	$ 583,866,101	$ 257,048,181	$ 840,914,282	$ 862,563,023

At June 30, 2018, the Port had the following cash and investments and maturities for the Airport:

	Investment Maturities (in years)				
	Less than 1	1 - 2	2 - 3	3 - 5	Value
U.S. Treasuries	$ 31,453,385	$ 13,535,674	$ 5,526,994	$ 11,761,548	$ 62,277,601
U.S. Agencies	113,441,196	91,701,827	66,021,259	34,298,762	305,463,044
Municipal debt	4,662,251	2,617,746	1,383,041	1,416,302	10,079,340
Corporate indebtedness	48,304,154	21,860,803	15,691,647	11,083,102	96,939,706
	$ 197,860,986	$ 129,716,050	$ 88,622,941	$ 58,559,714	474,759,691
Cash and cash equivalents					38,080
Restricted deposits held in trust accounts					109,068,330
					$ 583,866,101

3. Cash and Investments, continued:

Following are the cash and investments and maturities for Marine & Other at June 30, 2018:

	Investment Maturities (in years)				
	Less than 1	1 - 2	2 - 3	3 - 5	Value
U.S. Treasuries	$ 3,458,000	$ 2,173,306	$ 3,237,806	$ 6,890,112	$ 15,759,224
U.S. Agencies	38,960,319	45,064,201	38,676,356	20,092,788	142,793,664
Municipal debt	2,731,224	1,533,519	810,208	829,693	5,904,644
Corporate indebtedness	16,636,839	12,806,423	9,192,429	6,492,667	45,128,358
	$ 61,786,382	$ 61,577,449	$ 51,916,799	$ 34,305,260	209,585,890
State of Oregon local government investment pool					40,413,046
Cash and deposits with financial institutions					7,049,245
					$ 257,048,181

Deposits with financial institutions include bank demand deposits. The total bank balance as shown on the bank statements was $14,447,167. Of these deposits, $250,000 was covered by federal depository insurance and $14,197,167 was covered by collateral pledged by the Port's qualified depositories. In accordance with ORS 295, the collateral pledged is held by the agent of the qualified depositories; is designated as subject to the Pledge Agreement between the agent, the qualified depositories, and the Oregon Office of the State Treasurer (OST); and is held for the benefit of the OST on behalf of the Port.

Fair value is defined in accounting standards as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair values hierarchy is based upon the activity level in the market for the security type and the inputs used to determine fair market value, as follows:

Level 1 – Unadjusted quoted prices in active markets for identical instruments.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

Not leveled – Cash and cash equivalents and the Oregon Short-Term Fund investment pool are not measured at fair value and, thus, are not subject to the fair value disclosure requirements.

The Port's investments are valued using evaluated quotes from independent pricing vendors. The third-party vendors use a variety of methods when pricing these securities that incorporate relevant observable market data to arrive at an estimate of what a buyer in the marketplace would pay for a security under current market conditions. All of the Port's investments at June 30, 2018 are considered level 2.

To address interest rate risk and limit its exposure to fair value losses arising from rising interest rates, the Port's investment policy places restrictions on the maturities of the Port's investment portfolio. Investment maturities are limited as follows:

Maturity	Minimum Investment
Two years and under	55% of par value
Three years and under	75% of par value
Five years and under	100% of par value

3. Cash and Investments, continued:

Oregon Revised Statutes (ORS) limit investments in corporate indebtedness to those rated P-1 or Aa or better by Moody's Investors Service or A-1 or AA or better by Standard and Poor's Corporation or equivalent rating by any nationally recognized statistical rating organization. Port investment policy on credit risk follows ORS requirements. At June 30, 2018, all corporate indebtedness in the Port's investment portfolio met or exceeded these ratings requirements.

Oregon Revised Statutes (ORS) limit investments in municipal debt to those lawfully issued debt obligations of the agencies and instrumentalities of the State of Oregon and its political subdivisions that have a long-term rating of A or an equivalent rating or better or are rated on the settlement date in the highest category for short-term municipal debt by a nationally recognized statistical rating organization. In addition, lawfully issued debt obligations of the agencies and instrumentalities of the States of California, Idaho and Washington and political subdivisions of those states are authorized if the obligations have a long-term rating of AA or an equivalent rating or better or are rated on the settlement date in the highest category for short-term municipal debt by a nationally recognized statistical rating organization. Port investment policy on credit risk follows ORS requirements. At June 30, 2018, all municipal debt in the Port's investment portfolio met or exceeded these ratings requirements.

A portion of the Port's investments are invested in an external investment pool, the Oregon Short-Term Fund (Fund). Numerous local governments in Oregon, as well as State agencies, participate in the Fund. The fair value of the Port's position in the pool is the same as the value of the pool shares. The Fund is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by Oregon Revised Statutes and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council. Investments in the Fund are further governed by portfolio guidelines issued by the Fund Board. While the Fund itself is not rated, the Fund's policies provide that the composite minimum weighted average credit quality rating for the Fund's holdings are the equivalent of AA for Standard and Poor's.

As required by federal law, the Port held investments (classified as restricted assets) with a par value of $2,550,000 at June 30, 2018 and 2017, as collateral for certain accrued liabilities for workers' compensation (Note 10). Federal law requires these investments to be in only certain prescribed negotiable securities.

Certain investment earnings are paid to the Airport from the Port General Fund pooled investments when earned. At June 30, 2018 and 2017, approximately $353,468,000 and $310,354,000, respectively, of the Airport's investments represent a share of the Port's total investments.

4. Receivables:

Port operations are concentrated within the aviation industry for the Airport and the industrial property market and marine shipping industry for Marine & Other. Principal customers in these industries are national airlines, tenants of large Port industrial properties, and international steamship lines/agents. Each of these principal customers is affected by changes in industry market and other economic conditions. The Port evaluates the financial capacity of prospective and current customers to determine their ability to pay amounts due on a timely basis. Various forms of collateral, including irrevocable standby letters of credit and pledges from other related industry customers under a joint agreement, are obtained from certain customers, mainly for the Airport, where these pledges encompass substantially all trade receivables. Accounts receivable are monitored on an ongoing basis, and allowances for doubtful accounts are established and maintained. Total trade receivables for the aviation industry were approximately $24,400,000 at June 30, 2018 and $21,100,000 at June 30, 2017. Total trade receivables for the marine shipping industry were approximately $2,500,000 at June 30, 2018 and $1,600,000 at June 30, 2017. Total grants receivable for the Airport were approximately $3,100,000 at June 30, 2018 and $5,700,000 at June 30, 2017. Total grant receivables for marine and other were approximately $1,400,000 at June 30, 2018 and $4,800,000 at June 30, 2017. Other significant receivables include interest on investments and a dredging contract.

5. Properties:

Properties activity for the year ended June 30, 2018 was as follows:

Airport:	Beginning Balances	Additions	Disposals & Transfers	Completed Projects	Ending Balances
Capital Assets being depreciated:					
Land improvements	$ 790,120,748		$ (1,730,438)	$ 65,500,796	$ 853,891,106
Buildings and equipment	1,404,127,690		(10,471,946)	62,194,721	1,455,850,465
Total capital assets being depreciated	2,194,248,438		(12,202,384)	127,695,517	2,309,741,571
Less accumulated depreciation:					
Land improvements	420,345,852	$ 33,766,381	(1,730,438)		452,381,795
Buildings and equipment	703,408,458	58,643,695	(10,556,012)		751,496,141
Total accumulated depreciation	1,123,754,310	92,410,076	(12,286,450)		1,203,877,936
Total capital assets being depreciated, net	1,070,494,128	(92,410,076)	84,066	127,695,517	1,105,863,635
Capital assets not being depreciated:					
Land	68,042,167				68,042,167
Construction in progress	125,744,977	176,176,305	16,977	(127,695,517)	174,242,742
Total capital assets not being depreciated	193,787,144	176,176,305	16,977	(127,695,517)	242,284,909
Airport capital assets, net	$ 1,264,281,272	$ 83,766,229	$ 101,043	$	$ 1,348,148,544
Marine & Other:					
Capital Assets being depreciated:					
Land improvements	$ 281,220,418		$ (984,449)	$ 8,304,139	$ 288,540,108
Buildings and equipment	260,159,588		(17,147,295)	6,720,819	249,733,112
Total capital assets being depreciated	541,380,006		(18,131,744)	15,024,958	538,273,220
Less accumulated depreciation:					
Land improvements	186,494,785	$ 10,195,747	(984,450)		195,706,082
Buildings and equipment	189,332,086	9,987,592	(17,165,381)		182,154,297
Total accumulated depreciation	375,826,871	20,183,339	(18,149,831)		377,860,379
Total capital assets being depreciated, net	165,553,135	(20,183,339)	18,087	15,024,958	160,412,841
Capital assets not being depreciated:					
Land	83,417,483				83,417,483
Construction in progress	25,678,100	13,361,862	(177,417)	(15,024,958)	23,837,587
Total capital assets not being depreciated	109,095,583	13,361,862	(177,417)	(15,024,958)	107,255,070
Marine & Other capital assets, net	$ 274,648,718	$ (6,821,477)	$ (159,330)	$	$ 267,667,911

The ordinances authorizing the issuance of Airport revenue and PFC revenue bonds do not convey title to or mortgage the Airport or any part thereof; however, the Port covenants not to encumber or dispose of Airport properties other than as specifically permitted in the ordinances and in certain grant agreements. In Marine & Other, the Port has granted a lender a first lien on two watercraft used by its navigation activity as security for related loans.

The Port leases to others certain land, buildings, and equipment at various locations for terms ranging from 2 to 92 years. All leases are accounted for as operating leases. Costs of properties leased at June 30, 2018 included above are:

	Airport	Marine & Other	Total Port
Land and improvements	$ 4,446,566	$ 31,420,645	$ 35,867,211
Building & equipment	695,052,835	41,798,523	736,851,358
	699,499,401	73,219,168	772,718,569
Accumulated depreciation	(439,705,653)	(33,393,283)	(473,098,936)
	$ 259,793,748	$ 39,825,885	$ 299,619,633

5. Properties, continued:

Minimum future rentals receivable on noncancelable operating leases for the five succeeding fiscal years and thereafter are:

	Airport	Marine & Other	Total Port
2019	$ 49,728,000	$ 16,694,000	$ 66,422,000
2020	46,653,000	13,703,000	60,356,000
2021	24,700,000	13,363,000	38,063,000
2022	19,015,000	10,677,000	29,692,000
2023	13,720,000	9,447,000	23,167,000
Thereafter	69,404,000	135,132,000	204,536,000
Total	$ 223,220,000	$ 199,016,000	$ 422,236,000

Contingent rental revenues are included in operating revenues, primarily for Airport terminal area space, and were as follows in 2018 and 2017:

	Airport	Marine & Other	Total Port
2018	$ 75,500,000	$ 4,200,000	$ 79,700,000
2017	$ 72,400,000	$ 4,600,000	$ 77,000,000

6. Long-Term Debt:

At June 30, 2018, long-term debt consisted of the following:

	Pension	Airport Revenue	Passenger Facility Charge Revenue	Commercial Paper
Limited Tax Pension bonds:				
2002 Series (issued in fiscal 2002, original issue $54,952,959):				
7.36% to 7.41%, due serially through fiscal 2020	$ 1,734,398			
6.85%, due serially from fiscal 2020 through fiscal 2028	37,320,000			
6.6%, due fiscal 2025	6,205,000			
2005 Series (issued in fiscal 2006, original issue $20,230,000):				
4.859%, due fiscal 2020	2,085,000			
5.004%, due fiscal 2028	12,995,000			
Portland International Airport revenue bonds:				
Series Eighteen (issued in fiscal 2008, original issue $138,890,000 variable interest rate):				
currently 1.60%, due fiscal 2027		$ 36,830,000		
currently 1.58%, due fiscal 2027		36,835,000		
Series Twenty (issued in fiscal 2011, original issue $157,050,000):				
5.0%, due serially through fiscal 2029		67,055,000		
3.0% to 5.0%, due serially through fiscal 2031		19,230,000		
4.25%, due fiscal 2041		16,640,000		
Series Twenty-One A and B (issued in fiscal 2011, original issue $56,770,000):				
5.0%, due serially through fiscal 2019		8,210,000		
Series Twenty-One C (issued in fiscal 2012, original issue $27,685,000):				
4.375% to 5.0%, due serially through fiscal 2024		27,685,000		
Series Twenty-Two (issued in fiscal 2015, original issue $90,050,000):				
4.0% to 5.0%, due serially through fiscal 2035		41,695,000		
5.0%, due fiscal 2040		21,245,000		
5.0%, due fiscal 2045		27,110,000		
Series Twenty-Three (issued in fiscal 2015, original issue $109,440,000):				
5.0%, due serially through fiscal 2036		86,190,000		
5.0%, due fiscal 2039		23,250,000		
Series Twenty-Four (issued in fiscal 2017, original issue $233,240,000):				
5.0%, due serially through fiscal 2038		113,110,000		
5.0%, due fiscal 2043		52,770,000		
5.0%, due fiscal 2048		67,360,000		
Passenger Facility Charge revenue bonds:				
Series 2011A (issued in fiscal 2012, original issue $75,670,000):				
3.0% to 5.5%, due serially through fiscal 2032			$ 67,300,000	
Series 2012A (issued in fiscal 2013, original issue $57,725,000 variable interest rate):				
currently 2.56%, due fiscal 2025			57,195,000	
Series 2012B (issued in fiscal 2013, original issue $25,070,000):				
5.0%, due serially through fiscal 2019			3,330,000	
Portland International Airport commercial paper:				
Series B (issued in fiscal 2018)				$ 14,800,000
1.60%, due fiscal 2019				
Series C (issued in fiscal 2018)				13,700,000
2.20%, due fiscal 2019				
Totals, including $1,886,618, $29,445,000, $7,830,000, and $28,500,000 respectively, due within one year	$ 60,339,398	$ 645,215,000	$ 127,825,000	$ 28,500,000

6. Long-Term Debt, continued:

	Contracts and Loans Payable at June 30, 2018
City of Portland, local improvement district installment payment contract (issued in fiscal 2003, original amount $10,189,218), 5.32%, payable in monthly installments ranging from $53,476 due on July 1, 2018 to $55,887 due on April 1, 2023, including $660,507 due within one year	$ 3,461,397
State of Oregon Department of Transportation, Multimodal Transportation Funds loan (issued in fiscal 2009, original amount available $2,000,000), 0.0%, payable in annual installments of $200,000 due March 31, 2019 through March 31, 2021, including $200,000 due within one year	600,000
State of Oregon Department of Transportation, Multimodal Transportation Funds loan (issued in fiscal 2011, original amount available $7,427,000), 0.0%, payable in annual installments of $742,700 due July 1, 2019 through July 1, 2022	2,970,800
State of Oregon Business Development Department Special Public Works Fund loan (issued in fiscal 2009, original amount available $8,700,000), 3.00% to 4.00%, payable in annual installments ranging from $379,332 due December 1, 2018 to $573,262 due December 1, 2030, including $379,332 due within one year	6,036,263
Banc of America Leasing & Capital, LLC, (issued in fiscal 2013, original amount $15,100,000), 4.5%, payable in monthly installments ranging from $73,947 due August 1, 2018 to $115,011 due June 1, 2028, including $905,901 due within one year	11,065,255
Banc of America Leasing & Capital, LLC, (issued in fiscal 2014, original amount $2,303,000), 2.84%, payable in monthly installments ranging from $34,047 due August 1, 2018 to $35,193, due October 1, 2019, including $413,930 due within one year	519,260
Total, including $2,559,670 due within one year	$ 24,652,975

Future debt service requirements on bonds, contracts and loans payable for the five succeeding fiscal years and in five year increments thereafter are:

	Revenue Bonds		Airport Passenger Facility Charge Revenue Bonds		Commercial Paper		Marine & Other	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	$ 29,445,000	$ 28,817,241	$ 7,830,000	$ 4,978,006	$ 28,500,000	$ 59,458	$ 4,446,288	$ 6,813,773
2020	26,265,000	27,763,845	8,105,000	4,778,332			5,276,106	6,741,857
2021	30,670,000	26,780,175	8,505,000	4,570,411			7,991,484	4,284,447
2022	32,175,000	25,596,400	8,930,000	4,352,084			8,574,443	3,870,282
2023	29,470,000	24,371,562	9,370,000	4,122,940			9,200,364	3,408,530
2024-2028	133,380,000	104,620,888	45,250,000	15,716,030			47,845,094	8,769,854
2029-2033	89,660,000	79,486,850	39,835,000	4,421,201			1,658,594	132,233
2034-2038	88,795,000	56,710,562						
2039-2043	106,350,000	31,693,600						
2044-2048	79,005,000	11,021,875						
	$ 645,215,000	$ 416,862,998	$ 127,825,000	$ 42,939,004	$ 28,500,000	$ 59,458	$ 84,992,373	$ 34,020,976

6. Long-Term Debt, continued:

Changes in long-term debt on the balance sheet for the year ended June 30, 2018 were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Airport:				
Long-term debt outstanding	$ 808,150,000		$ (35,110,000)	$ 773,040,000
less: current portion of long-term debt	(35,110,000)	$ (37,275,000)	35,110,000	(37,275,000)
Unamortized bond issue premium	64,372,448		(4,637,483)	59,734,965
Long-term debt	$ 837,412,448	$ (37,275,000)	$ (4,637,483)	$ 795,499,965
Marine & Other:				
Long-term debt outstanding	$ 89,966,476		$ (4,974,103)	$ 84,992,373
less: current portion of long-term debt	(4,231,403)	$ (4,446,288)	4,231,403	(4,446,288)
Long-term bond interest payable	3,328,274	576,035	(2,218,382)	1,685,927
Long-term portion outstanding	$ 89,063,347	$ (3,870,253)	$ (2,961,082)	$ 82,232,012

In addition, at June 30, 2018 and 2017, the Port has recorded $15,785,140 and $17,303,181 respectively, within the Airport activity, for the difference between the reacquisition price and the net carrying amount of refunded bonds, which is recorded as a deferred outflow of resources on the balance sheet.

CONTRACTS, LOANS AND PENSION BONDS

Contracts and loans in Marine & Other are payable from revenues of the Port, including existing property tax levies.

Limited Tax Pension Bonds were issued to fund the Port's estimated unfunded actuarial accrued liability as of April 1, 2002 (Note 8). These bonds are backed by a pledge of the full faith and credit of the Port's Marine & Other activity, and debt service is payable from Marine & Other revenues, including existing property tax levies. Additional property taxes may not be levied for debt service on these bonds. Bonds maturing on June 1, 2025 are redeemable at the option of the Port on or after June 1, 2007 at par, in whole or in part, by lot, on any date up to June 1, 2025. Bonds maturing on June 1, 2028 are subject to mandatory redemption, at par, prior to maturity, in part, by lot, beginning June 1, 2020, and on each June 1 thereafter. Interest for certain of the 2002 Limited Tax Pension Bonds is payable only at maturity.

Limited Tax Pension Bonds were also issued to fund the Port's estimated unfunded actuarial accrued liability as of October 1, 2005 (Note 8). These bonds are backed by a pledge of the full faith and credit of the Port's Marine & Other activity, and debt service is payable from Marine & Other revenues, including existing property tax levies. Additional property taxes may not be levied for debt service on these bonds. These bonds are subject to optional redemption by the Port, in whole or in part, on any date, at a price equal to the greater of par or a discounted value, as defined. Bonds maturing on June 1, 2020 are subject to mandatory redemption, at par, prior to maturity, in part, beginning June 1, 2015, and on each June 1 thereafter. Bonds maturing on June 1, 2028 are subject to like mandatory redemption, beginning June 1, 2021, and on each June 1 thereafter.

PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS

Port Ordinance No. 155, enacted November 10, 1971, and Ordinance No. 323, enacted October 9, 1985, both subsequently amended (Ordinances), authorize the issuance of Portland International Airport Revenue Bonds (Airport revenue bonds) to pay the costs of acquiring and constructing Airport and other Port improvements. Port Ordinance No. 323 further restricts sales of Airport revenue bonds except for the purpose of paying the costs of construction of additions, expansion, and improvements at the Airport and the costs of acquisition and construction of general aviation airports. Both Ordinances also allow for the issuance of refunding bonds. The revenue bonds are not in any manner or to any extent a general obligation, a lien on tax revenues of the Port, or a charge upon any revenues or property of the Port not specifically pledged thereto. The proceeds of all such revenue bonds issued to date have been deposited in funds (accounts) designated for, and have been used for, Airport purposes only.

6. Long-Term Debt, continued:

These Ordinances require that Airport revenues and costs of operation and maintenance be accounted for in an Airport revenue fund. Any excess of revenues over costs other than depreciation is to be credited in the following order for uses specified in Ordinance No. 155:

- General account for payment to an Airport revenue bond fund to provide for the punctual payment of bond interest and principal.

- General account for all other permitted uses.

Proceeds from sales of bonds not expended for allowable acquisitions or construction shall be used for repayment of bonds.

These Ordinances established debt service reserve accounts in an Airport revenue bond fund to accumulate the maximum debt service requirements, as defined in the Ordinances, for any future fiscal year for all outstanding bonds. Debt service reserve insurance may be substituted for any portion of the bond reserve requirement. For all outstanding Airport revenue bonds, the bond reserve requirement has been met.

Section 16(ii) of Ordinance No. 155 and Section 5f of Ordinance No. 323 further stipulate that defined net revenues in each fiscal year must equal at least 130 percent of defined debt service requirements. The Airport has complied with this provision of the Ordinances for the years ended June 30, 2018 and 2017.

On July 1, 2015, ten year contracts with major airline customers became effective in which the airlines have provided financial guarantees sufficient to meet the net revenues requirement for airline supported activities, primarily airfield and terminal operations. Net revenues of other activities, primarily parking, air cargo, and a portion of rental car operations are neither guaranteed nor limited to specified levels by these contracts. The contracts also contain an annual revenue sharing provision through June 30, 2025 in which fees to signatory airlines are discounted $6,000,000 annually. The annual discount is subject to certain 1) reductions, contingent on the Port managing operating expenses to a defined target level, and 2) increases, contingent on Airport coverage ratio thresholds. The discount amount was increased by $4,754,434 for fiscal 2018 and by $4,463,809 for fiscal 2017.

Series Twenty-Four bonds maturing on or before July 1, 2027 are not subject to optional redemption prior to maturity. Series Twenty-Four bonds maturing on or after July 1, 2028 are redeemable at the option of the Port on or after July 1, 2027 at 100 percent of the principal amount plus accrued interest.

Series Twenty-Three bonds maturing on or before July 1, 2025 are not subject to optional redemption prior to maturity. Series Twenty-Three bonds maturing on or after July 1, 2026 are redeemable at the option of the Port on or after July 1, 2025 at 100 percent of the principal amount plus accrued interest.

Series Twenty-Two bonds maturing on or before July 1, 2024 are not subject to optional redemption prior to maturity. Series Twenty-Two bonds maturing on or after July 1, 2025 are redeemable at the option of the Port on or after July 1, 2024 at 100 percent of the principal amount plus accrued interest.

Series Twenty-One C bonds maturing on or before July 1, 2021 are not subject to optional redemption prior to maturity. Series Twenty-One C bonds maturing on or after July 1, 2022 are redeemable at the option of the Port on or after July 1, 2021 at 100 percent of the principal amount plus accrued interest.

Series Twenty-One B bonds are not subject to redemption prior to maturity.

Series Twenty bonds maturing on or before July 1, 2020 are not subject to redemption prior to maturity. Series Twenty bonds maturing on or after July 1, 2021 are redeemable at the option of the Port, at par, in part, by lot, on or after July 1, 2020.

6. Long-Term Debt, continued:

Series Nineteen bonds maturing on or before July 1, 2018 are not subject to redemption prior to maturity. Series Nineteen bonds maturing on or after July 1, 2019 were advance refunded and defeased during fiscal 2015 by placing proceeds from the Series Twenty-Three bonds in an irrevocable trust with an escrow agent. As a result, the trust account assets and the liability for the defeased bonds are not included in the financial statements. At June 30, 2018, $112,795,000 of the Series Nineteen defeased debt was still outstanding.

Series Eighteen variable rate demand bonds bear an interest rate that is generally reset weekly by remarketing agents, and cannot exceed 12.0 percent. Payments of principal and interest on the Series Eighteen bonds and the purchase price of Series Eighteen bonds that are subject to optional or mandatory purchase and not remarketed will be payable by draws on an irrevocable direct pay letter of credit. Series Eighteen bonds are redeemable at the option of the Port, at par, prior to maturity, in whole or in part, by lot, on any business day. In the event that Series Eighteen bonds are not remarketed and the irrevocable direct pay letter of credit is drawn upon, the draw will constitute a liquidity advance by the letter of credit bank. The Port must repay the liquidity advance over a term of three years at a variable rate of interest that increases over time, reaching a maximum rate of the greater of the federal funds rate plus 2.5 percent, or the bank's prime rate plus 2.0 percent.

All Airport revenue bonds principal and interest are payable solely from revenues derived from the operation and related services of the Airport.

PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REVENUE BONDS

Port Ordinance No. 395-B, enacted June 10, 1999, authorized the issuance of Portland International Airport Passenger Facility Charge Revenue Bonds (PFC revenue bonds) to pay the costs of construction of certain Federal Aviation Administration approved PFC projects. The PFC revenue bonds are backed by a pledge and assignment of PFC revenues. The PFC revenue bonds are not in any manner or to any extent a general obligation, a lien on tax revenues of the Port, or a charge upon any other revenues or property of the Port not specifically pledged thereto. The proceeds of all PFC revenue bonds issued to date have been deposited in funds (accounts) designated for, and have been used for, prescribed purposes only.

Ordinance No. 395-B established a debt service reserve account in an amount equal to the maximum annual debt service. The reserve account was fully funded from PFC bond proceeds. Ordinance No. 395-B requires that PFC revenues be accounted for in a PFC fund and used for, in order of priority, payments into a PFC bond fund to provide for payment of PFC bond interest and principal, payments into the reserve account, any required payments into an obligations account, any required payments into an obligations reserve account, and then to a PFC capital account. The capital account may be used to pay costs of construction, additions, improvements, repairs to, or extensions of approved PFC projects or be used for any other lawful Port purpose to the extent permitted by PFC regulations. Until so applied, amounts in the capital account are pledged to payment of and subject to a lien and charge in favor of registered owners of the PFC revenue bonds.

In connection with the PFC revenue bonds, the Port has also covenanted to comply with PFC laws and regulations, noise regulations, and to manage the PFC program so that remaining PFC authority (as defined in Ordinance No. 395-B) less contractual commitments, shall exceed 105 percent of defined unpaid debt service.

The Series 2012A variable rate bonds were issued in the form of index bonds bearing an interest rate that is generally reset weekly based on an applicable spread of 63.5 basis points plus 70 percent of 1 month LIBOR, and cannot exceed 12.0 percent. The Series 2012A bonds have a maturity date of July 1, 2024 and are subject to mandatory sinking account payments prior to maturity. The Series 2012A bonds were directly purchased by a single buyer for an initial purchase period ending June 1, 2020. Series 2012A bonds are redeemable at the option of the Port, at par, prior to maturity, in whole or in part. At the end of the initial purchase period, the Port may repurchase the outstanding bonds at par, or redeem the bonds in installments over a three year period with an interest rate based on the greater of the prime rate plus 1.0 percent, the federal funds rate plus 2.0 percent, or 7.0 percent.

Series 2012B bonds are not subject to redemption prior to their stated maturities.

6. <u>Long-Term Debt</u>, continued:

Series 2011A bonds maturing on or before July 1, 2021 are not subject to optional redemption prior to maturity. Series 2011A bonds maturing on or after July 1, 2022 are redeemable at the option of the Port on or after July 1, 2021 at 100 percent of the principal amount plus accrued interest.

PFC revenue bonds principal and interest are payable solely from PFC revenues.

PORTLAND INTERNATIONAL AIRPORT COMMERCIAL PAPER

Port Ordinance No. 463-CP, enacted November 8, 2017, authorized the issuance of Portland International Airport Third Lien Commercial Paper Notes (commercial paper) of up to $300 million aggregate principal amount outstanding at any one time to pay, refinance, or reimburse the Port for the payment of costs of constructing, renovating, acquiring, equipping and installing improvements at the Airport, to pay costs of issuing commercial paper, and for any other lawful purposes of the Port. Commercial paper is issued pursuant to Section 6B of Port Ordinance 323 and is payable solely from the defined net revenues of the Airport that are available in the Third Lien Obligation Fund.

In fiscal 2018, the Port issued Series B and Series C commercial paper to fund the costs of constructing improvements at the Airport and to pay interest on maturing commercial paper. Commercial paper outstanding totaled $28,500,000 at June 30, 2018. Commercial paper is included in current portion of long-term debt on the balance sheet.

DERIVATIVE INSTRUMENTS

At June 30, 2018, the Airport had the following hedging derivative instruments outstanding:

Item	Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Fair Value
A	Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2008 Series 18 bonds	$ 3,737,500	7/1/2005	7/1/2025	Pay 5.1292%, receive 68% 1 month LIBOR	$ (275,000)
B	Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2008 Series 18 bonds	$ 3,737,500	7/1/2005	7/1/2025	Pay 5.1339%, receive 68% 1 month LIBOR	$ (275,000)
C	Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2008 Series 18 bonds	$32,595,000	7/1/2006	7/1/2026	Pay 4.9356%, receive 68% 1 month LIBOR	$ (2,567,000)
D	Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2008 Series 18 bonds	$32,595,000	7/1/2006	7/1/2026	Pay 4.9403%, receive 68% 1 month LIBOR	$ (2,567,000)

At the inception of each interest rate swap agreement, the fixed rate on each of the swaps was off-market such that the Airport received an up-front payment; for derivative instruments A, B, C, and D, collectively, the Airport received three equal up-front payments totaling $9,293,538. As such, each swap is comprised of a derivative instrument, an at-market swap, and a companion borrowing instrument represented by the upfront payment. The fair value of the derivatives was negative $5,864,000 at June 30, 2018 and is recorded on the Airport's balance sheet as a noncurrent liability; the unamortized balance of the borrowing is recorded on the Airport's balance sheet as a restricted current liability of $496,838 and a noncurrent liability of $1,439,704 at June 30, 2018. Hedge accounting is applied to the derivatives, and accordingly, the cumulative change in fair value of the derivatives (at-market interest rate swaps) were recorded as deferred outflows of $5,864,000, which is a decrease of $3,338,000 from the June 30, 2017 amount.

The fair values of the at-market interest rate swaps are estimated using the zero-coupon method. The method calculated the future net settlement payments required by the swaps, assuming that the current forward rates implied by the yield curves correctly anticipate future spot interest rates. These payments are discounted using the spot rates implied by the current yield curves for the hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

6. Long-Term Debt, continued:

Credit risk. The Airport has two separate counterparties for these interest rate swaps. To minimize its exposure to loss related to credit risk, it is the Port's policy to enter into interest rate swaps with counterparties which have demonstrated experience in these types of financial instruments and either 1) rated in one of the top three rating categories by at least two nationally recognized rating agencies, or 2) will collateralize in accordance with all statutory requirements. The June 30, 2018 credit rating for each of the counterparties is as follows:

Derivative Instrument	Counterparty Credit Rating
Derivative A and C	A+ / Aa3
Derivative B and D	AA- / Aa2

Interest rate swaps with positive fair values are exposed to credit risk; interest rate swaps with negative fair values are not exposed to credit risk. At June 30, 2018, none of the Airport's interest rate swaps were exposed to credit risk.

Interest rate risk. The Airport is exposed to interest rate risk on its pay-fixed, receive 68% of 1 month LIBOR interest rate swaps. As 1 month LIBOR decreases, the Airport's net payment on the swaps increases; this is offset substantially by decreases in the Airport's interest payments on the bonds.

Basis risk. The variable rate debt hedged by the Airport's interest rate swaps A, B, C, and D are variable rate demand obligation (VRDO) bonds that are remarketed weekly. The Airport is exposed to basis risk on its pay-fixed interest rate swap derivative instruments that are hedging the VRDO bonds, because the variable rate payments received by the Airport on these derivative instruments are based on a rate or index other than the interest rates the Airport pays on the VRDO bonds. At June 30, the weighted-average interest rate on the Airport's VRDO bonds is 1.590 percent, while 68 percent of 1 month LIBOR is approximately 1.360 percent.

Termination risk. The Airport or its counterparty may terminate an interest rate swap if the other party fails to perform under the terms of the contract. In addition, the swap may be terminated if the Airport or a swap counterparty's rating drops below BBB- / Baa3. At termination, the Airport may owe a termination payment if there is a realized loss based on the fair value of the terminated interest rate swap.

Derivative instruments A, B, C and D require the Airport to post collateral in the event that its Standard & Poors credit rating drops below A-. The collateral posted is to be in the form of cash or U.S. Treasury securities in the amount of the negative fair value of the interest rate swap. The Airport's credit rating is AA- at June 30, 2018; therefore, no collateral has been posted for these derivative instruments.

At June 30, 2018, the Airport had the following investment derivative instruments outstanding:

Item	Type	Notional Amount	Effective Date	Maturity Date	Terms	Fair Value
E	Pay-fixed interest rate swap	$ 34,317,000	7/1/2009	7/1/2024	Pay 4.975%, receive 68% 1 month LIBOR	$ (2,187,000)
F	Pay-fixed interest rate swap	$ 22,878,000	7/1/2009	7/1/2024	Pay 4.955%, receive 68% 1 month LIBOR	$ (1,431,000)

At the inception of each interest rate swap agreement, the fixed rate on each of the swaps was off-market such that the Airport received an up-front payment; for derivative instruments E and F, the Airport received an up-front payment totaling $5,453,000. As such, each swap is comprised of a derivative instrument, an at-market swap, and a companion borrowing instrument represented by the upfront payment. The fair value of the derivatives was negative $3,618,000 at June 30, 2018 and is recorded on the Airport's balance sheet as a noncurrent liability; the unamortized balance of the borrowing is recorded on the Airport's balance sheet as a restricted current liability of $598,930 and a noncurrent liability of $1,478,316 at June 30, 2018. In fiscal 2013, the 2009A PFC variable rate bonds hedged by derivative instruments E

6. Long-Term Debt, continued:

and F were refunded; therefore, for accounting and financial reporting purposes, these derivatives are considered investment derivative instruments. Accordingly, the decrease in fair value of the swaps of $2,548,000 during fiscal 2018 was recorded in interest revenue on the statement of revenues, expenses, and changes in net position.

The fair values of the at-market interest rate swaps are estimated using the zero-coupon method. The method calculated the future net settlement payments required by the swaps, assuming that the current forward rates implied by the yield curves correctly anticipate future spot interest rates. These payments are discounted using the spot rates implied by the current yield curves for the hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Credit risk. The Airport has two separate counterparties for these interest rate swaps. To minimize its exposure to loss related to credit risk, it is the Port's policy to enter into interest rate swaps with counterparties which have demonstrated experience in these types of financial instruments and either 1) rated in one of the top three rating categories by at least two nationally recognized rating agencies, or 2) will collateralize in accordance with all statutory requirements. The June 30, 2018 credit rating for each of the counterparties is as follows:

Derivative Instrument	Counterparty Credit Rating
Derivative E	A+ / Aa3
Derivative F	A- / A3

Interest rate swaps with positive fair values are exposed to credit risk; interest rate swaps with negative fair values are not exposed to credit risk. At June 30, 2018, none of the Airport's interest rate swaps were exposed to credit risk.

Basis risk. The variable rate debt hedged by the Airport's interest rate swaps E and F are index rate bonds with rates that are reset weekly. The Airport is exposed to basis risk on its pay-fixed interest rate swap derivative instruments that are hedged to the index rate bonds, because the variable rate payments received by the Airport on these derivative instruments are based on a rate other than the interest rate the Airport pays on the index rate bonds. At June 30, the weighted–average interest rate on the Airport's index rate bonds is approximately 2.560 percent, while 68 percent of 1 month LIBOR is approximately 1.395 percent.

Derivative instrument E requires the Airport to post collateral in the event that its Standard & Poors credit rating drops below A- or if the negative fair value of that derivative instrument exceeds $15 million. The Airport's credit rating is AA- at June 30, 2018, and the negative fair value of derivative instrument E does not exceed $15 million; therefore, no collateral has been posted for this derivative instrument. Derivative instrument F requires the Airport to post collateral in the event that its Standard & Poors credit rating drops below BBB- or if there is a negative fair value of that derivative instrument. Derivative instrument F has a negative fair value at June 30, 2018; therefore, the Airport has posted $2,440,000 in collateral with the counterparty (included in restricted cash and equity in pooled investments on the Airport's balance sheet).

As rates vary, variable rate bond interest payments and net swap payments will vary. Although not a prediction by the Port of future interest cost of the variable rate bonds or of the impact of interest rate swaps, following are debt service requirements of the Airport's hedged variable rate debt and related net swap payments, using rates as of June 30, 2018:

	Variable Rate Airport Revenue Bonds			
	Principal	Interest	Interest Rate Swaps, net	Total
2019	$ 9,025,000	$ 1,171,273	$ 2,133,629	$ 12,329,902
2020	9,410,000	1,027,776	1,794,036	12,231,812
2021	9,865,000	878,157	1,436,731	12,179,888
2022	10,310,000	721,303	1,136,753	12,168,056
2023	6,590,000	557,374	896,780	8,044,154
2024-2028	28,465,000	1,131,522	1,286,258	30,882,780
	$ 73,665,000	$ 5,487,405	$ 8,684,187	$ 87,836,592

6. Long-Term Debt, continued:

	Variable Rate Passenger Facility Charge Bonds			
	Principal	Interest	Interest Rate Swaps, net	Total
2019	$ 2,790,000	$ 1,464,181	$ 1,801,507	$ 6,055,688
2020	7,955,000	1,392,757	1,509,904	10,857,661
2021	8,370,000	1,189,111	1,203,119	10,762,230
2022	8,805,000	974,840	880,346	10,660,186
2023	9,265,000	749,434	540,693	10,555,127
2024-2028	20,010,000	774,906	366,535	21,151,441
	$ 57,195,000	$ 6,545,229	$ 6,302,104	$ 70,042,333

7. Industrial Revenue Bonds:

The Port facilitates the issuance of industrial revenue bonds by others to finance construction of industrial facilities within the Port district which it leases or sells on installment contracts to the industrial users. Such facilities and the related receipts from lease rentals and contract payments are pledged for payment of the bonds. The bonds are not a liability or contingent liability of the Port or a lien on any of its properties or revenues other than the industrial facilities for which they were issued. Accordingly, the bond liability and related receivables are not reflected in the Port's financial statements.

Industrial revenue bonds for Airport industrial facilities were outstanding in the amount of $17,300,000 at both June 30, 2018 and 2017.

8. Pension Plans and Deferred Compensation Plan:

Most employees, after six months of employment, are participants in the State of Oregon Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan (Plan), administered by PERS, to which employees and employers both contribute. Benefits generally vest after five years of service. Retirement is allowed at age 58 with unreduced benefits, but retirement is generally available after age 55 with reduced benefits. Retirement benefits are generally based on salary and length of service or retiree account balance, are calculated using a formula, and are payable in a lump sum or monthly using several payment options. Monthly benefits are adjusted annually through cost-of-living adjustments (COLA). A prospective cap on the COLA which took effect in fiscal 2015 and beyond varies based upon the amount of the annual benefit. PERS also provides death and disability benefits. These benefit provisions and other requirements are established by state statutes.

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of PERS, and additions to/deductions from PERS' fiduciary net position, have been determined on the same basis as they are reported by PERS. PERS uses accrual basis accounting for all funds, recognizing revenues when earned, contributions when due, benefits in the month they are earned, and withdrawals in the month they are due and payable. PERS issues a publicly available financial report, which may be obtained at www.oregon.gov/pers or by writing to PERS, PO Box 23700, Tigard, Oregon 97281.

The rate of employee contributions (6 percent of annual covered salary) is established by state statute, and the rate of employer contributions to PERS is set periodically by PERS based on actuarial valuations. The Port's contribution rates were 15.57 percent and 13.40 percent of annual covered payroll for fiscal years 2018 and 2017, respectively. The Port also pays the required employee contribution. The Port, by electing to join the State and Local Government Rate Pool, effective January 1, 2002, is part of the cost-sharing multiple-employer segment of the pension plan. Limited tax pension bonds were issued to fund the Port's estimated unfunded actuarial accrued liability of $54,068,039 as of April 1, 2002, and $20,012,029 as of October 1, 2005. The proceeds from these bond issues are held by PERS in side accounts specific to the Port, and are factors in the calculation of the Port's employer contribution rates and the Port's proportionate share of the

8. Pension Plans and Deferred Compensation Plan, continued:

collective Net Pension Liability (NPL) or Net Pension Asset (NPA). Of these bond issue amounts, $25,550,920 and $11,244,225 were applicable to the Airport, and were recorded on the Airport balance sheet as liabilities (due to Marine & Other). The Airport liability is reduced proportionately as the Marine & Other activity makes principal payments on the pension bonds. Principal payments on the pension bonds were made in the amounts of $1,768,815 and $1,652,546 in fiscal 2018 and 2017, respectively, of which $914,079 and $850,201 were applicable to the Airport.

The 2003 Oregon legislature adopted a number of amendments to the benefit structure of PERS, later modified by the Oregon Supreme Court. In addition to adopting amendments to the benefit structure of PERS, the 2003 legislature passed HB 2020, which established a successor pension plan to PERS, the Oregon Public Service Retirement Plan (OPSRP). All public employees hired on or after August 29, 2003, unless membership was previously established in PERS, become participants in OPSRP, generally after six months of employment. OPSRP is a hybrid pension plan with two components, the Pension Program (a defined benefit program) and the Individual Account Program (IAP) (a defined contribution program), and is administered by PERS, the agency. The Pension Program is funded by employer contributions. For general service members, normal retirement age is 65 or age 58 with 30 years of service, and for police and fire members, normal retirement age is 60 or age 53 with 25 years of service. Retirement benefits under the Pension Program are calculated using a formula based on final average salary, as defined, and years of service. The IAP is funded by a 6 percent employee contribution (which may be paid by the employer for the employee). The Port pays the employee contribution. Employee contributions are placed in an employee account, accounts are adjusted for earnings or losses, and are paid at retirement, either as a lump sum or in installments. Effective January 1, 2004, required 6 percent employee contributions for PERS members are paid to the member’s IAP account rather than the member’s PERS account, as required by the 2003 legislation. The Port’s employer contribution rate to OPSRP, set periodically by PERS based on actuarial valuations, was 8.02 percent of annual covered payroll for general service members and 12.79 percent for police and fire members for fiscal 2018, and 7.33 percent of annual covered payroll for general service members and 11.44 percent for police and fire members for fiscal 2017; the Port also pays the required employee contributions of 6 percent of annual covered salary.

The Port’s fiscal 2018 and 2017 contributions recognized by PERS were $8,143,225 and $5,549,206. Actuarial determinations are not made solely as to Airport employees. PERS contributions of $3,854,851 and $2,545,409 were applicable to the Airport for fiscal years 2018 and 2017, respectively, based upon payroll expense.

GASB Statement No. 68 (GASB 68) establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense. For defined benefit pensions, GASB 68 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. GASB 68 requires the liability of employers to employees for defined benefit plans (NPL or NPA) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees’ past periods of service (Total Pension Liability (TPL) or Total Pension Asset (TPA)), less the amount of the pension plan’s fiduciary net position. Employers participating in cost-sharing plans recognize their proportionate share of the collective pension amounts for all benefits provided through the plan based on an allocation methodology.

The Port recognizes its proportion of the PERS NPL or NPA, Deferred Outflows of Resources, Deferred Inflows of Resources, and pension expense. The TPL at June 30, 2018 was determined based on an actuarial valuation as of December 31, 2015 and rolled forward to the measurement date of June 30, 2017; the TPL at June 30, 2017 was determined based on an actuarial valuation as of December 31, 2014 and rolled forward to the measurement date of June 30, 2016. The basis for the Port’s proportion is actuarially determined by comparing the employer’s projected long-term contribution effort to the Plan with the total projected long-term contribution effort of all employers.

For the year ended June 30, 2018, the Port’s proportionate share of the collective NPL of PERS is $86,772,304, or 0.64370965 percent of the total, and the Port recognized pension expense of $17,866,439 as its proportionate share of PERS pension expense. For the year ended June 30, 2017, the Port’s proportionate share of the collective NPL of PERS is $103,193,124, or 0.687390 percent of the total, and the Port recognized pension expense of $18,513,130 as its proportionate share of PERS pension expense. Actuarial determinations are not made solely as to Airport employees. For the year ended June 30, 2018, $39,036,170 of the NPL, and $8,233,507 of pension expense, was applicable to the Airport. For the year ended June 30, 2017, $46,540,609 of the NPL, and $8,281,256 of pension expense, was applicable to the Airport.

8. Pension Plans and Deferred Compensation Plan, continued:

Actuarial assumptions used in the 2015 valuation rolled forward to the measurement date of June 30, 2017, and in the 2014 valuation rolled forward to the measurement date of June 30, 2016, were as follows:

- Investment Rate of Return: 7.50 percent per annum
- Projected Salary Increases: 3.50 percent overall payroll growth
- Inflation Rate: 2.50 percent per annum

Mortality assumptions for healthy retirees and beneficiaries are based on RP-2000 sex-distinct, generational per Scale BB. Active members' mortality rates are a percentage of healthy retiree rates that vary by group. Disabled retirees mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 sex-distinct, generational per Scale BB, disabled mortality table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study, which reviewed experience for the four-year period ended on December 31, 2014.

GASB 68 generally requires that a blended discount rate be used to measure the TPL (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is PERS' independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

The discount rate used to measure the TPL of PERS was 7.50 percent for the measurement dates of June 30, 2017 and 2016. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, PERS' fiduciary net position was projected to be available to make all projected future benefit payments of current PERS members. Therefore, the long-term expected rate of return on PERS investments was applied to all periods of projected benefit payments to determine the TPL.

For fiscal 2018, the Port's $86,772,304 proportionate share of the NPL was calculated using the discount rate of 7.50 percent as of the measurement date of June 30, 2017. If a discount rate 1 percentage point lower (6.50%) were used in the calculation, it would result in a NPL for the Port of $147,875,850. If a discount rate 1 percentage point higher (8.50%)

8. Pension Plans and Deferred Compensation Plan, continued:

were used in the calculation, it would result in a NPL for the Port of $35,678,425. For fiscal 2017, the Port's $103,193,124 proportionate share of the NPL was calculated using the discount rate of 7.50 percent as of the measurement date of June 30, 2016. If a discount rate 1 percentage point lower (6.50%) were used in the calculation, it would result in a NPL for the Port of $166,622,488. If a discount rate 1 percentage point higher (8.50%) were used in the calculation, it would result in a NPL for the Port of $50,177,274.

To develop an analytical basis for the selection of the long-term expected rate of return assumption used in the calculation of the TPL at June 30, 2018 and 2017, the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors in July 2015. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset class	2017 Target allocation*	2017 Compound annual (geometric) return
Core fixed income	8.00%	4.00%
Short-term bonds	8.00%	3.61%
Bank/leveraged loans	3.00%	5.42%
High yield bonds	1.00%	6.20%
Large/mid cap U.S. equities	15.75%	6.70%
Small cap U.S. equities	1.31%	6.99%
Micro cap U.S. equities	1.31%	7.01%
Developed foreign equities	13.13%	6.73%
Emerging market foreign equities	4.12%	7.25%
Non-U.S. small cap equities	1.88%	7.22%
Private equity	17.50%	7.97%
Real estate (property)	10.00%	5.84%
Real estate (REITs)	2.50%	6.69%
Hedge fund of funds - diversified	2.50%	4.64%
Hedge fund - event driven	0.63%	6.72%
Timber	1.88%	5.85%
Farmland	1.88%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.88%	4.58%
Assumed inflation - mean	n/a	2.50%

* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of December 3, 2014. The revised allocation was adopted at the June 3, 2015 OIC meeting.

Deferred items are calculated at the PERS level and allocated to the Port based upon its proportionate share. For the measurement dates of June 30, 2017 and 2016, there were deferred outflows and inflows of resources related to the following sources:

8. Pension Plans and Deferred Compensation Plan, continued:

	Deferred outflow of resources		Deferred inflow of resources	
Measurement date of June 30,	2017	2016	2017	2016
Differences between expected and actual experience	$ 4,196,345	$ 3,414,080		
Changes of assumptions	15,817,043	22,008,614		
Net difference between projected and actual earnings on plan investments	893,958	20,386,632		
Changes in proportionate share	2,468,300	3,216,269	3,036,866	111,129
Differences between contributions and Port's proportionate share of system contributions			2,454,453	2,393,294
Total deferred outflow (inflow) of resources	$ 23,375,646	$ 49,025,595	$ 5,491,319	$ 2,504,423

Port employer contributions for PERS made after the measurement date are reported as deferred outflows on the balance sheet at June 30, 2018 and 2017 in the amount of $8,143,225 and $5,549,206, respectively; these contributions are recognized as a reduction in the Port's NPL in the ensuing year. $3,854,851 and $2,545,409 of the deferred outflows were applicable to the Airport at June 30, 2018 and 2017, respectively.

Cumulative deferred inflows and outflows related to PERS will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Deferred Outflow/ (Inflow) of Resources - Airport	Deferred Outflow/ (Inflow) of Resources - Marine & Other	Deferred Outflow/ (Inflow) of Resources - Total
2019	$ 1,440,854	$ 1,838,626	$ 3,279,480
2020	4,566,006	5,826,526	10,392,532
2021	3,115,122	3,975,101	7,090,223
2022	(1,206,946)	(1,540,143)	(2,747,089)
2023	(57,476)	(73,343)	(130,819)
Total	$ 7,857,560	$ 10,026,767	$ 17,884,327

Subsequent to the measurement date, the PERS Board adopted a new long-term rate of return assumption of 7.2%. This change will be reflected in the next year's actuarial valuations. The effect of this decision is expected to be significant to the plan liabilities.

The Port offers all its employees a deferred compensation plan created in accordance with IRC Section 457. The plan permits eligible employees to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of an employee trust, held for the exclusive benefit of participants and their beneficiaries, and are not subject to the claims of the Port's general creditors. The Port has little administrative involvement with the plan and does not perform the investing function. Therefore, the plan assets are not included on the balance sheet.

9. Postemployment Healthcare Benefits:

The Port administers a single-employer defined-benefit healthcare plan which provides certain qualifying employees retiring under PERS or OPSRP with Port-paid healthcare coverage for the qualifying retiree until age 65. This program is being phased out and is closed to any employees that did not meet age and length-of-service eligibility requirements by December 31, 2011. The Port does not issue a publicly available report on the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75, and contributions to the plan are made on a pay-as-you-go basis.

Under Oregon State law, employees retiring under PERS or OPSRP may make a one-time election at retirement to continue their health insurance coverage through the Port until eligible for Medicare (usually age 65). Coverage may be elected for the retiring employee, their spouse, and for qualifying dependents. Premiums are paid by the retiree at the Port's pooled rate, which is the same rate paid for active employees. Retirees, on average, are expected to have higher health care costs than active employees, primarily due to the older average age of retirees. Since the same premium applies to both groups, the premiums paid for active employees by the Port are subsidizing the premiums for retirees. As a result, there is an 'implicit subsidy' paid by the Port; the implicit subsidy associated with retiree health care costs paid during the last year is also considered to be a contribution from the Port.

At June 30, 2017, the following employees were covered by the benefits terms of the plan:

Inactive employees currently receiving benefit payments	54
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	723
	777

For the year ended June 30, 2018, the Port's total other postemployment benefit (OPEB) liability of $6,283,870 was determined based upon a July 1, 2017 actuarial valuation, measured as of June 30, 2017, rolled forward to a reporting date of June 30, 2018. The Port recognized OPEB expense of $337,178 in fiscal 2018, with $190,112 of OPEB expense applicable to the Airport. For the year ended June 30, 2017, the Port's total other postemployment benefit (OPEB) liability of $6,318,267 was determined based upon a July 1, 2017 actuarial valuation, measured as of June 30, 2017. The Port recognized OPEB expense of $331,248 in fiscal 2017, with $186,852 of OPEB expense applicable to the Airport. The OPEB liability in the July 1, 2017 actuarial valuation measured as of June 30, 2017 was determined using the following actuarial assumptions:

- A discount rate of 3.13 percent based on the S&P Municipal Bond 20-Year High Grade Index as of June 30, 2017
- A healthcare cost trend rate of 7.5 percent graded uniformly to 5.0 percent over a 10-year period
- Mortality rates were based on the RP-2014 Mortality Table adjusted to 2006 with generational mortality improvement under Projection Scale MP-2016

Changes in the total OPEB liability during fiscal 2018 are shown in the following table:

Balance at 6/30/2017	$ 6,318,267
Service cost	146,462
Interest	190,716
Benefit payments	(371,575)
Net change	(34,397)
Balance at 6/30/2018	$ 6,283,870

The following table presents the total OPEB liability of the Port, as well as what the Port's total OPEB liability would have been if it were calculated using a health care trend rate assumption that is 1-percentage-point lower or 1-percentage-point higher than the current health care trend rate assumption:

9. Postemployment Healthcare Benefits, continued:

	1% Decrease decreasing to 4%)	Healthcare Cost Trend Rate decreasing to 5%)	1% increase decreasing to 6%)
Total OPEB liability, 6/30/2018	$ 5,713,925	$ 6,283,870	$ 6,952,692
Total OPEB liability, 6/30/2017	$ 5,792,516	$ 6,318,267	$ 6,934,597

The following table presents the total OPEB liability of the Port, as well as what the Port's total OPEB liability would have been if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (2.13%)	Discount Rate (3.13%)	1% increase (4.13%)
Total OPEB liability, 6/30/2018	$ 6,819,834	$ 6,283,870	$ 5,800,690
Total OPEB liability, 6/30/2017	$ 6,871,933	$ 6,318,267	$ 5,821,323

Port benefits payments made after the measurement date are reported as deferred outflows on the balance sheet at June 30, 2018 and 2017 in the amount of $399,443 and $371,575, respectively. These payments are recognized as a reduction in the Port's total OPEB liability in the ensuing year. $229,781 and $213,750 of the deferred outflows were applicable to the Airport at June 30, 2018 and 2017, respectively.

10. Risk Management:

The Port has a comprehensive risk management program which primarily utilizes commercial insurance, with certain self-insurance, to provide protection from losses involving property, liability, injuries to personnel and errors and omissions, with various deductibles and self-insured retentions.

The Airport is a full participant in the Port's risk management program. The Airport's expenses related to this program are recorded when incurred, with cash being paid to the Port's General Fund for ease of administration.

The Port self-insures for certain workers' compensation losses for amounts up to $1,000,000 per accident. For amounts in excess of self-insured limits, insurance in the amount of the statutory limit per loss (unlimited) is maintained. Claim expenses and liabilities are recorded when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

Liabilities include an estimate for claims that have been incurred but not reported. Claims liabilities are based on the estimated ultimate cost of settling the claims, using past experience adjusted for current trends through a case-by-case review of all claims. Effective May 8, 1993, certain workers' compensation losses incurred after such date are the responsibility of an independent marine terminal management company.

Changes in the reported liability for workers' compensation resulted from the following:

	Fiscal Year Ended June 30,	
	2018	2017
Beginning liability	$ 1,309,654	$ 1,217,014
Current year claims and changes in estimates	205,678	470,983
Claim payments	(434,566)	(378,343)
Ending liability	$ 1,080,766	$ 1,309,654

Approximately $711,332 and $998,420 of the liability was applicable to the Airport at June 30, 2018 and 2017, respectively.

11. Commitments and Contingencies:

At June 30, 2018, land acquisition and construction contract commitments aggregated approximately $288,700,000 for the Airport, $17,700,000 for Marine & Other, and $306,400,000 in total.

The Port, in the regular course of business, is named as a defendant in lawsuits. Although litigation is inherently uncertain, management of the Port does not believe that the ultimate resolution of these lawsuits and other contingencies which, for the most part, are normal to the Port's business, will have any material effect upon its financial statements.

The Port is subject to federal, state, and local environmental laws and regulations. Pursuant to these laws and regulations, the Port has identified a number of contaminated sites on Port properties that will require remedial investigation and action. Some properties owned or operated by the Port may have unacceptable levels of contaminants in soil, sediments, or groundwater. In some cases, the Port has been designated by Federal or State government as a potentially responsible party (PRP) for the investigation and cleanup of properties owned by the Port or where the Port may have contributed to site contamination.

In December 2000, the Environmental Protection Agency (EPA) listed the Portland Harbor, including uplands portions, on the National Priorities List of Superfund sites pursuant to the Comprehensive Environmental Response Compensation and Liability Act. The EPA and the Oregon Department of Environmental Quality (DEQ) have identified the Port and other PRPs as potentially liable for cleanup of the site. The Port and other PRPs have signed an Administrative Order on Consent (AOC) to perform remedial investigation and evaluation activities for the site. Uplands activities are being conducted under the supervision of the DEQ. The Port has accrued approximately $560,000 for its estimated remaining share of the costs of these Portland Harbor investigative activities at June 30, 2018. In January 2017, the EPA released a Record of Decision (ROD) for the Portland Harbor. Cleanup costs for the Portland Harbor remain uncertain under the ROD and are not yet estimable under GAAP, and the Port’s ultimate share of cleanup costs is not known. Within the Portland Harbor, there are certain Port-owned, or formerly owned facilities that require remedial investigation and/or cleanup. The Port entered into a separate AOC with the EPA governing early action cleanup activities on one of these sites. The Port has accrued approximately $24,900,000 in estimated costs for this cleanup at June 30, 2018. At another site, the Port has accrued approximately $22,100,000 in estimated remaining costs at June 30, 2018. Both these sites are accounted for within the Marine & Other activity.

Operating expense and the corresponding liability measured at current value using the expected cash flow method have been recognized for certain pollution remediation obligations that may not have been previously required to be recognized. Certain other environmental contingencies may have limited measurable transactions and events at initial recognition, but estimates will increase over time as more components become reasonably estimable. Liabilities will also be remeasured when new information indicates increases or decreases in estimated outlays.

Changes in estimated long-term environmental liabilities were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Airport:				
Environmental liabilities	$ 4,779,000		$ 226,000	$ 5,005,000
less: current portion	(1,724,000)	$ (1,897,809)	444,309	(3,177,500)
Long-term liability	$ 3,055,000	$ (1,897,809)	$ 670,309	$ 1,827,500
Marine & Other:				
Environmental liabilities	$ 52,109,787	$ 17,882,226	$ (5,807,027)	$ 64,184,986
less: current portion	(4,502,974)	(14,415,107)	2,101,998	(16,816,083)
Long-term liability	$ 47,606,813	$ 3,467,119	$ (3,705,029)	$ 47,368,903

11. Commitments and Contingencies, continued:

The Port leases from others, under operating leases, warehouse and office space, office equipment, and submerged lands. These leases expire at varying times through fiscal 2023. Total rental expense (all minimum rentals) for operating leases approximated $196,000 and $199,000 for Marine & Other in 2018 and 2017, respectively, and $206,000 and $212,000 for the Airport in 2018 and 2017, respectively. Future minimum rental payments on noncancelable operating leases for the five succeeding fiscal years and five year increments thereafter are:

	Airport	Marine & Other	Total Port
2019	$ 204,647	$ 84,281	$ 288,928
2020	203,786	28,379	232,165
2021	11,541	5,303	16,844
2022	8,510	5,303	13,813
2023		442	442
Total	$ 428,484	$ 123,708	$ 552,192

12. Tax Abatements:

The Port is subject to property tax abatements granted by counties within the Port District pursuant to State statute. Tax abatements granted within the Port District reduce the amount of property taxes collected under the Port's property tax levy in each county. Port property tax revenues were reduced by approximately $178,000 under agreements entered into by Multnomah County, $279,000 under agreements entered into by Clackamas County, and $1,034,000 under agreements entered into by Washington County.

13. Budget Overexpenditure:

In the Airport Revenue Fund, the Port overexpended one budget appropriation item for operating expenditures. The overexpenditure of $564,256 was caused by revision of an estimated accrued environmental liability after final appropriations were made for the fiscal year, and does not represent a cash overexpenditure.

REQUIRED SUPPLEMENTARY INFORMATION

(UNAUDITED)

THE PORT OF PORTLAND

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

	2018	2017
Total OPEB liability - beginning	$ 6,318,267	$ 6,332,670
Service cost	146,462	139,488
Interest	190,716	191,760
Benefit payments	(371,575)	(345,651)
Net change	(34,397)	(14,403)
Total OPEB liability - ending	$ 6,283,870	$ 6,318,267
Covered-employee payroll	$ 62,444,085	$ 62,444,085
Total OPEB liability as a percentage of covered-employee payroll	10.1%	10.1%

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria of paragraph 4 of Statement 75.

THE PORT OF PORTLAND

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF PERS NET PENSION LIABILITY (ASSET)

Measurement date as-of June 30,	**2017**	**2016**	**2015**	**2014**	**2013**
Port share of Net Pension Liability (Asset) - percentage	0.643710%	0.687390%	0.627646%	0.636022%	0.636022%
Port share of Net Pension Liability (Asset) - amount [A]	$ 86,772,304	$ 103,193,124	$ 36,036,033	$ (14,416,804)	$ 32,457,134
Port covered-employee payroll [B]	$ 70,942,000	$ 66,585,000	$ 66,637,000	$ 61,267,000	$ 60,855,267
Port share of Net Pension Liability (Asset) as a percentage of Port covered-employee payroll [A/B]	122.3%	155.0%	54.1%	(23.5)%	53.3%
PERS fiduciary net position as a percentage of TPL	83.1%	80.5%	91.9%	103.6%	92.0%

THE PORT OF PORTLAND

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS TO PERS ($000)

Fiscal Year:	2018	2017	2016 (1)	2015	2014	2013	2012	2011	2010	2009
Actuarially Determined Contribution	$ 8,143	$ 5,549	$ 5,549	$ 5,332	$ 4,831	$ 5,030	$ 4,966	$ 1,902	$ 1,764	$ 3,614
Contribution in relation to Actuarially Determined Contribution	8,143	5,549	5,549	5,332	4,831	5,030	4,966	1,902	1,764	3,614
Contribution Deficiency (Excess)	$	$	$	$	$	$	$	$	$	$
Covered Employee Payroll	$ 71,239	$ 70,942	$ 66,585	$ 66,637	$ 61,267	$ 60,855	$ 60,447	$ 56,138	$ 54,943	$ 55,905
Contribution as a percentage of Covered Employee Payroll	11.4%	7.8%	8.3%	8.0%	7.9%	8.3%	8.2%	3.4%	3.2%	6.5%

(1) Effective in Port fiscal year 2016, the actuarial methodology utilized by PERS for determining employer contributions changed from projected unit credit to entry age normal.

SUPPLEMENTARY INFORMATION

(UNAUDITED)

THE PORT OF PORTLAND
ORGANIZATION AND INTERNAL FUND DIVISIONS

The Port of Portland is a municipal corporation created in its present form by the 1971 merger of The Port of Portland and the Commission of Public Docks. A nine-member commission establishes and maintains Port policy for a staff under the guidance of an executive director.

The original Port of Portland was created in 1891 by the Oregon Legislative Assembly with the objective of dredging and maintaining a channel between Portland and the Pacific Ocean. As its operations and responsibilities increased, the Port acquired its aviation and land development interests.

The City of Portland in 1910 created the Commission of Public Docks to promote and develop maritime commerce through Portland Harbor and, in 1970, the voters approved a merger of these two organizations. In 1973, the Port district was expanded to include all of Multnomah, Clackamas, and Washington Counties.

For financial reporting and operating purposes, management considers the activities of the Port to be that of a unitary enterprise operation. For budgetary and bond ordinance requirement purposes only, the primary divisions of the accounts of the Port consist of the following funds (accounts):

General Fund

Used to finance the general operations of the Port and, subject to restrictions of the local budget law, its assets may be transferred to another fund for any authorized purpose. Principal revenue sources are marine facilities operations, land sales, and leases.

Bond Construction Fund

This fund finances the acquisition, construction, expansion, and improvement of new and existing structures and facilities. Resources are from transfers from the General Fund, grants, interest on investments, and a property tax levy for Port improvements.

Airport Revenue Fund

This fund is to be held and administered by the Port as long as any Portland International Airport Revenue Bonds are outstanding. The monies deposited in this fund are not commingled with any other monies of the Port and are used and applied only in the manner as specified by Section 13, Ordinance No. 155 and Section 6, Ordinance No. 323. Airport operations are accounted for in this fund. Principal revenue sources are flight fees, rentals, parking, and concession income.

Airport Revenue Bond Fund

This fund is administered by a trustee appointed under Section 11, Ordinance No. 323. The monies in this fund are used solely for the payment of principal and interest due on Portland International Airport Revenue Bonds. Principal resources are revenue bond proceeds, interest, and transfers from the Airport Revenue Fund and the Airport Construction Fund.

Airport Construction Fund

The monies credited to this fund are used and applied solely to the payment of costs of additions, expansions, and improvements to the Airport in accordance with Section 12, Ordinance No. 155 and Section 8, Ordinance No. 323. Principal resources are interest, grants, and revenue bond proceeds.

PFC Fund

This fund is used to account for PFC revenue. Amounts credited to this fund are used to provide for debt service on Portland International Airport Passenger Facility Charge Revenue Bonds and to construct certain assets in accordance with Section 2, Ordinance No. 395-B. Principal resources are PFC revenue, bond proceeds, and interest.

PFC Bond Fund

This fund, created in accordance with Section 8, Ordinance No. 395-B, is administered by a trustee, for the payment of principal and interest on Portland International Airport Passenger Facility Charge Revenue Bonds. Principal resources are transfers from the PFC Fund, bond proceeds, and interest.

CFC Fund

This fund is used to account for CFC revenues. The monies credited to this fund are used and applied solely to the payment of costs of projects related to rental car facilities, related Port-approved enabling projects, and program costs at the Airport in accordance with Section 4, Ordinance No. 448. The principal resources for this fund are a customer facility charge imposed on rental car customers who rent automobiles from Airport facilities and interest.

CFC Bond Fund

This fund, created in anticipation of future issuance of Portland International Airport Customer Facility Charge Revenue Bonds (CFC revenue bonds), will be administered by a trustee for the payment of principal and interest on CFC revenue bonds. Principal resources are anticipated to be transfers from the CFC Fund, bond proceeds, and interest.

THE PORT OF PORTLAND

RECONCILIATION OF BUDGETARY REVENUES AND EXPENDITURES TO INCOME BEFORE CONTRIBUTIONS AND TRANSFERS

for the year ended June 30, 2018

	Budgetary Basis *		Excess
	Revenues	Expenditures	Revenues (Expenditures)
Port Funds:			
General Fund	$ 70,590,020	$ 116,889,845	$ (46,299,825)
Bond Construction Fund	14,161,092	13,346,733	814,359
Airport Revenue Fund	271,476,537	136,802,406	134,674,131
Airport Revenue Bond Fund	690,580	61,264,797	(60,574,217)
Airport Construction Fund	11,626,926	143,587,262	(131,960,336)
PFC Fund	38,252,374	29,651	38,222,723
PFC Bond Fund	226,584	14,814,257	(14,587,673)
CFC Fund	15,671,427		15,671,427
Totals - budgetary reporting basis	$ 422,695,540	$ 486,734,951	(64,039,411)
Add (deduct) adjustments to budgetary reporting basis which are necessary to reflect results of operations on financial reporting basis in accordance with generally accepted accounting principles:			
Capital outlay expenditures			156,800,812
Internal costs on capital projects			18,316,108
Interest expense capitalized			17,301,142
Depreciation and amortization expense			(112,593,415)
Expenses that will be expended in future years			2,270,210
Contributions from governmental agencies			(11,954,175)
Bond and contract payable principal expenditures			47,101,475
Change in unearned revenues and certain noncurrent receivables			3,036,373
Difference between income and proceeds from sales of land			(6,885,637)
Noncash pension and OPEB expense			(9,559,741)
Amortization of bond issuance costs and deferred charges on refunding bonds			(2,863,831)
Other			2,180,234
Income before contributions and transfers per Statement of Revenues, Expenses, and Changes in Net Assets			$ 39,110,144

* The Port budgets all funds on the accrual basis of accounting.

THE PORT OF PORTLAND

RECONCILIATION OF AIRPORT BUDGETARY REVENUES AND EXPENDITURES TO INCOME BEFORE CONTRIBUTIONS AND TRANSFERS

for the year ended June 30, 2018

	Budgetary Basis *		Excess Revenues
	Revenues	Expenditures	(Expenditures)
Airport Funds:			
Airport Revenue Fund	$ 271,476,537	$ 136,802,406	$ 134,674,131
Airport Revenue Bond Fund	690,580	61,264,797	(60,574,217)
Airport Construction Fund	11,626,926	143,587,262	(131,960,336)
PFC Fund	38,252,374	29,651	38,222,723
PFC Bond Fund	226,584	14,814,257	(14,587,673)
CFC Fund	15,671,427		15,671,427
Totals - budgetary reporting basis	$ 337,944,428	$ 356,498,373	(18,553,945)
Add (deduct) adjustments to budgetary reporting basis which are necessary to reflect results of operations on financial reporting basis in accordance with generally accepted accounting principles:			
Capital outlay expenditures			143,454,079
Internal costs on capital projects			1,520,900
Interest expense capitalized			17,301,142
Depreciation and amortization expense			(92,410,076)
Expenses that will be expended in future years			2,032,300
Contributions from governmental agencies			(10,338,147)
Bond principal expenditures			41,912,483
Change in unearned revenues and certain noncurrent receivables			2,194,640
Noncash pension and OPEB expense			(4,292,562)
Amortization of bond issuance costs and deferred charges on refunding bonds			(2,840,991)
Intra-Port services received, provided, and overhead			(24,177,325)
Allocation of pension debt service			(3,688,846)
Other			1,098,984
Income before contributions and transfers per Statement of Revenues, Expenses, and Changes in Net Assets			$ 53,212,636

* The Airport budgets all funds on the accrual basis of accounting.

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
GENERAL FUND
(BUDGETARY BASIS)
for the year ended June 30, 2018

	Resources				Over
	Original	Transfers In (Out)	Budget	Actual	(Under) Budget
REVENUES:					
Operating revenues:					
Administration	$ 160,000		$ 160,000	$ 162,521	$ 2,521
Marine	20,973,106	$ 4,300,000	25,273,106	25,878,628	605,522
Industrial Development	26,714,735		26,714,735	12,809,815	(13,904,920)
Navigation	14,336,130		14,336,130	15,492,974	1,156,844
General Aviation	4,334,478		4,334,478	4,583,381	248,903
	66,518,449	4,300,000	70,818,449	58,927,319	(11,891,130)
Interest	2,922,700	500,000	3,422,700	3,306,633	(116,067)
Fixed asset sales and other		8,500,000	8,500,000	8,356,068	(143,932)
Total revenues	69,441,149	13,300,000	82,741,149	70,590,020	(12,151,129)
TRANSFERS FROM OTHER FUNDS:					
Bond Construction Fund	3,532,182		3,532,182	2,855,477	(676,705)
Airport Construction Fund	12,685,554		12,685,554	13,939,733	1,254,179
Airport Revenue Fund	29,642,884		29,642,884	29,099,438	(543,446)
Total transfers	45,860,620		45,860,620	45,894,648	34,028
Total revenues and transfers	115,301,769	13,300,000	128,601,769	116,484,668	(12,117,101)
BEGINNING WORKING CAPITAL	156,457,245		156,457,245	213,362,890	56,905,645
Total resources	$ 271,759,014	$ 13,300,000	$ 285,059,014	$ 329,847,558	$ 44,788,544

THE PORT OF PORTLAND

SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
GENERAL FUND
(BUDGETARY BASIS), Continued
for the year ended June 30, 2018

	Appropriations				(Over)
	Original	Transfers In (Out)	Revised	Actual	Under Budget
EXPENDITURES:					
Administration	$ 53,818,390		$ 53,818,390	$ 48,544,286	$ 5,274,104
Marine	19,794,072	$ 6,100,000	25,894,072	25,556,817	337,255
Industrial Development	5,099,705		5,099,705	4,245,731	853,974
Navigation	11,095,474		11,095,474	10,531,426	564,048
General Aviation	3,358,955	500,000	3,858,955	3,654,574	204,381
Long-term debt payments	12,411,555		12,411,555	12,131,082	280,473
System development charges/other	250,000	2,000,000	2,250,000	1,931,522	318,478
Other environmental	3,204,812	14,500,000	17,704,812	10,294,407	7,410,405
Contingencies	133,140,614	(9,800,000)	123,340,614		123,340,614
Total expenditures	242,173,577	13,300,000	255,473,577	116,889,845	138,583,732
TRANSFERS TO OTHER FUNDS:					
Bond Construction Fund	29,201,305		29,201,305		29,201,305
Airport Revenue Fund	384,132		384,132	204,080	180,052
Total transfers	29,585,437		29,585,437	204,080	29,381,357
Total expenditures and transfers	$ 271,759,014	$ 13,300,000	$ 285,059,014	117,093,925	$ 167,965,089
ENDING WORKING CAPITAL				$ 212,753,633	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
BOND CONSTRUCTION FUND
(BUDGETARY BASIS)
for the year ended June 30, 2018

	Budget	Actual	Over (Under) Budget
REVENUES:			
Interest and other	$ 244,000	$ 468,439	$ 224,439
Grants	4,363,312	1,616,028	(2,747,284)
	4,607,312	2,084,467	(2,522,845)
Tax and tax items:			
Current property tax levy - net	11,919,999	12,055,459	135,460
Interest on taxes		21,166	21,166
	11,919,999	12,076,625	156,626
Total revenues	16,527,311	14,161,092	(2,366,219)
TRANSFERS FROM OTHER FUNDS:			
General Fund	29,201,305		(29,201,305)
Airport Revenue Fund	1,974,906	498,934	(1,475,972)
Total transfers	31,176,211	498,934	(30,677,277)
BEGINNING WORKING CAPITAL	10,000,000	16,069,307	6,069,307
Total resources	$ 57,703,522	30,729,333	$ (26,974,189)

	Appropriations	Actual	(Over) Under Budget
EXPENDITURES:			
Capital outlay	$ 44,116,255	13,346,733	$ 30,769,522
Contingencies	10,000,000		10,000,000
Total expenditures	54,116,255	13,346,733	40,769,522
TRANSFERS TO OTHER FUNDS:			
General Fund	3,532,182	2,855,477	676,705
Airport Revenue Fund	55,085	22,572	32,513
Total transfers	3,587,267	2,878,049	709,218
Total expenditures and transfers	$ 57,703,522	16,224,782	$ 41,478,740
ENDING WORKING CAPITAL		$ 14,504,551	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
AIRPORT REVENUE FUND
(BUDGETARY BASIS)
for the year ended June 30, 2018

	Resources Original	Resources Transfers In (Out)	Resources Revised	Actual	Over (Under) Budget
REVENUES:					
Operating revenue - Portland International Airport	$ 240,729,359		$ 240,729,359	$ 241,933,884	$ 1,204,525
Interest and other	2,268,700		2,268,700	1,042,653	(1,226,047)
Commercial paper proceeds		$ 200,000,000	200,000,000	28,500,000	(171,500,000)
Total revenues	242,998,059	200,000,000	442,998,059	271,476,537	(171,521,522)
TRANSFERS FROM OTHER FUNDS:					
General Fund	384,132		384,132	204,080	(180,052)
Bond Construction Fund	55,085		55,085	22,572	(32,513)
Airport Construction Fund	2,081,643		2,081,643	3,105,443	1,023,800
CFC Fund	200,000		200,000	169,611	(30,389)
Total transfers	2,720,860		2,720,860	3,501,706	780,846
Total revenues and transfers	245,718,919	200,000,000	445,718,919	274,978,243	(170,740,676)
BEGINNING WORKING CAPITAL	94,740,916		94,740,916	94,672,430	(68,486)
Total resources	$ 340,459,835	$ 200,000,000	$ 540,459,835	369,650,673	$ (170,809,162)

	Appropriations Original	Appropriations Transfers In (Out)	Appropriations Revised	Actual	(Over) Under Budget
EXPENDITURES:					
Operating expenditures	$ 105,105,896	$ 2,500,000	$ 107,605,896	108,170,152	$ (564,256)
Commercial paper debt service payments		100,950,000	100,950,000	28,629,693	72,320,307
Other	605,000		605,000	2,561	602,439
Contingencies	104,460,000	(1,500,000)	102,960,000		102,960,000
Total expenditures	210,170,896	101,950,000	312,120,896	136,802,406	175,318,490
TRANSFERS TO OTHER FUNDS:					
General Fund	29,642,884		29,642,884	29,099,438	543,446
Bond Construction Fund	1,974,906		1,974,906	498,934	1,475,972
Airport Construction Fund	41,011,815	60,050,000	101,061,815	63,551,523	37,510,292
Airport Revenue Bond Fund	57,659,334		57,659,334	54,308,411	3,350,923
CFC Fund		38,000,000	38,000,000	13,615,477	24,384,523
Total transfers	130,288,939	98,050,000	228,338,939	161,073,783	67,265,156
Total expenditures and transfers	$ 340,459,835	$ 200,000,000	$ 540,459,835	297,876,189	$ 242,583,646
ENDING WORKING CAPITAL				$ 71,774,484	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
AIRPORT REVENUE BOND FUND
(BUDGETARY BASIS)
for the year ended June 30, 2018

	Resources Original	Resources Transfers In (Out)	Resources Revised	Actual	Over (Under) Budget
REVENUES:					
Interest and other	$ 121,760		$ 121,760	$ 690,580	$ 568,820
Bond sale proceeds	9,000,000	$ (9,000,000)			
Total revenues	9,121,760	(9,000,000)	121,760	690,580	568,820
TRANSFERS FROM OTHER FUNDS:					
Airport Revenue Fund	57,659,334		57,659,334	54,308,411	(3,350,923)
Airport Construction Fund	8,500,000	(4,500,000)	4,000,000	6,891,937	2,891,937
Total transfers	66,159,334	(4,500,000)	61,659,334	61,200,348	(458,986)
Total revenues and transfers	75,281,094	(13,500,000)	61,781,094	61,890,928	109,834
BEGINNING RESTRICTED NET ASSETS AVAILABLE FOR FUTURE DEBT SERVICE	36,994,752		36,994,752	37,073,586	78,834
Total resources	$ 112,275,846	$ (13,500,000)	$ 98,775,846	98,964,514	$ 188,668

	Appropriations Original	Appropriations Transfers In (Out)	Appropriations Revised	Actual	(Over) Under Budget
EXPENDITURES:					
Long-term debt payments	$ 66,281,094	$ (4,500,000)	$ 61,781,094	61,264,797	$ 516,297
Total expenditures	66,281,094	(4,500,000)	61,781,094	61,264,797	$ 516,297
UNAPPROPRIATED BALANCE	45,994,752	(9,000,000)	36,994,752		
	$ 112,275,846	$ (13,500,000)	$ 98,775,846		
ENDING RESTRICTED NET ASSETS AVAILABLE FOR FUTURE DEBT SERVICE				$ 37,699,717	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
AIRPORT CONSTRUCTION FUND
(BUDGETARY BASIS)
for the year ended June 30, 2018

	Resources Original	Resources Transfers In (Out)	Resources Revised	Actual	Over (Under) Budget
REVENUES:					
Grants	$ 14,945,759		$ 14,945,759	$ 10,338,147	$ (4,607,612)
Interest and other	1,601,800	$ (1,000,000)	601,800	1,288,779	686,979
Bond sale proceeds	120,000,000	(120,000,000)			
Total revenues	136,547,559	(121,000,000)	15,547,559	11,626,926	(3,920,633)
TRANSFERS FROM OTHER FUNDS:					
Airport Revenue Fund	41,011,815	60,050,000	101,061,815	63,551,523	(37,510,292)
CFC Fund	80,000,000	(14,000,000)	66,000,000	35,594,911	(30,405,089)
PFC Fund	38,000,000		38,000,000	29,274	(37,970,726)
Total transfers	159,011,815	46,050,000	205,061,815	99,175,708	(105,886,107)
BEGINNING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION	270,174,532		270,174,532	265,664,078	(4,510,454)
Total resources	$ 565,733,906	$ (74,950,000)	$ 490,783,906	376,466,712	$ (114,317,194)

	Appropriations Original	Appropriations Transfers In (Out)	Appropriations Revised	Actual	(Over) Under Budget
EXPENDITURES:					
Capital outlay	$ 340,341,864		$ 340,341,864	143,587,262	$ 196,754,602
Bond issue costs/other	1,000,000		1,000,000		1,000,000
Contingencies	201,124,845	$ (70,450,000)	130,674,845		130,674,845
Total expenditures	542,466,709	(70,450,000)	472,016,709	143,587,262	328,429,447
TRANSFERS TO OTHER FUNDS:					
General Fund	12,685,554		12,685,554	13,939,733	(1,254,179)
Airport Revenue Fund	2,081,643		2,081,643	3,105,443	(1,023,800)
Airport Revenue Bond Fund	8,500,000	(4,500,000)	4,000,000	6,891,937	(2,891,937)
Total transfers	23,267,197	(4,500,000)	18,767,197	23,937,113	(5,169,916)
Total expenditures and transfers	$ 565,733,906	$ (74,950,000)	$ 490,783,906	167,524,375	$ 323,259,531
ENDING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION				$ 208,942,337	

THE PORT OF PORTLAND

SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS

PFC FUND

(BUDGETARY BASIS)

for the year ended June 30, 2018

	Budget	Actual	Over (Under) Budget
REVENUES:			
Interest and other	$ 1,172,700	$ 111,779	$ (1,060,921)
Passenger facility charges	37,567,107	38,140,595	573,488
Total revenues	38,739,807	38,252,374	(487,433)
BEGINNING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION	85,077,809	98,241,915	13,164,106
Total resources	$ 123,817,616	136,494,289	$ 12,676,673

	Budget	Actual	(Over) Under Budget
EXPENDITURES:			
Other	$ 50,750	29,651	$ 21,099
Contingencies	70,962,041		70,962,041
Total expenditures	71,012,791	29,651	70,983,140
TRANSFERS TO OTHER FUNDS:			
PFC Bond Fund	14,804,825	14,733,582	71,243
Airport Construction Fund	38,000,000	29,274	37,970,726
Total transfers	52,804,825	14,762,856	38,041,969
Total expenditures and transfers	$ 123,817,616	14,792,507	$ 109,025,109
ENDING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION		$ 121,701,782	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
PFC BOND FUND
(BUDGETARY BASIS)
for the year ended June 30, 2018

	Budget	Actual	Over (Under) Budget
REVENUES:			
Interest and other	$ 65,000	$ 226,584	$ 161,584
Total revenues	65,000	226,584	161,584
TRANSFERS FROM OTHER FUNDS:			
PFC Fund	14,804,825	14,733,582	(71,243)
BEGINNING RESTRICTED NET ASSETS AVAILABLE FOR FUTURE DEBT SERVICE	14,399,016	14,450,178	51,162
Total resources	$ 29,268,841	29,410,344	$ 141,503

	Budget	Actual	(Over) Under Budget
EXPENDITURES:			
Long-term debt payments	$ 14,869,825	14,814,257	$ 55,568
Total expenditures	14,869,825	14,814,257	$ 55,568
UNAPPROPRIATED BALANCE	14,399,016		
	$ 29,268,841		
ENDING RESTRICTED NET ASSETS AVAILABLE FOR FUTURE DEBT SERVICE		$ 14,596,087	

THE PORT OF PORTLAND
CFC FUND
(BUDGETARY BASIS)
for the year ended June 30, 2018

	Resources Original	Resources Transfers In (Out)	Resources Revised	Actual	Over (Under) Budget
REVENUES:					
Interest and other	$ 18,500		$ 18,500	$ 120,330	$ 101,830
Bond sale and other debt proceeds	160,000,000	$ (160,000,000)			
Customer facility charges	16,239,214		16,239,214	15,551,097	(688,117)
Total revenues	176,257,714	(160,000,000)	16,257,714	15,671,427	(586,287)
TRANSFERS FROM OTHER FUNDS:					
Airport Revenue Fund		38,000,000	38,000,000	13,615,477	(24,384,523)
Total transfers		38,000,000	38,000,000	13,615,477	(24,384,523)
Total revenues and transfers	176,257,714	(122,000,000)	54,257,714	29,286,904	(24,970,810)
BEGINNING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION	17,730,166		17,730,166	11,801,768	(5,928,398)
Total resources	$ 193,987,880	$ (122,000,000)	$ 71,987,880	41,088,672	$ (30,899,208)

	Appropriations Original	Appropriations Transfers In (Out)	Appropriations Revised	Actual	(Over) Under Budget
EXPENDITURES:					
Bank fees and other	$ 1,000,000	$ (900,000)	$ 100,000		$ 100,000
Contingencies	106,787,880	(101,100,000)	5,687,880		5,687,880
Total expenditures	107,787,880	(102,000,000)	5,787,880		5,787,880
TRANSFERS TO OTHER FUNDS:					
Airport Revenue Fund	200,000		200,000	169,611	30,389
Airport Construction Fund	80,000,000	(14,000,000)	66,000,000	35,594,911	30,405,089
CFC Bond Fund	6,000,000	(6,000,000)			
Total transfers	86,200,000	(20,000,000)	66,200,000	35,764,522	30,435,478
UNAPPROPRIATED BALANCE					
Total expenditures and transfers	$ 193,987,880	$ (122,000,000)	$ 71,987,880	35,764,522	$ 36,223,358
ENDING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION				$ 5,324,150	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
CFC BOND FUND
(BUDGETARY BASIS)
for the year ended June 30, 2018

	Resources Original	Resources Transfers In (Out)	Resources Revised	Actual	Over (Under) Budget
REVENUES:					
Bond sale and other debt proceeds	$ 12,000,000	$ (12,000,000)	$	$	$
Total revenues	12,000,000	(12,000,000)			
TRANSFERS FROM OTHER FUNDS:					
CFC Fund	6,000,000	(6,000,000)			
Total transfers	6,000,000	(6,000,000)			
Total revenues and transfers	18,000,000	(18,000,000)			
BEGINNING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION					
Total resources	$ 18,000,000	$ (18,000,000)	$		$

	Appropriations Original	Appropriations Transfers In (Out)	Appropriations Revised	Actual	(Over) Under Budget
EXPENDITURES:					
Long-term debt payments	$ 6,000,000	$ (6,000,000)	$		$
Total expenditures	6,000,000	(6,000,000)			
UNAPPROPRIATED BALANCE	12,000,000	(12,000,000)			
Total expenditures and transfers	$ 18,000,000	$ (18,000,000)	$		$
ENDING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION				$	

THE PORT OF PORTLAND
COMBINING BALANCE SHEET – ALL FUNDS
June 30, 2018

ASSETS	Combined All Funds	Total Marine & Other	General Fund (Marine & Other)	Bond Construction Fund (Marine & Other)	Total Airport	Revenue Fund (Airport)	Revenue Bond Fund (Airport)	Construction Fund (Airport)	PFC Fund (Airport)	PFC Bond Fund (Airport)	CFC Fund (Airport)
Current assets:											
Cash and cash equivalents	$ 47,500,371	$ 47,462,291	$ 47,416,844	$ 45,447	$ 38,080	$ 38,080					
Equity in pooled investments	317,009,753	206,857,337	193,408,180	13,449,157	110,152,416	110,152,416					
Restricted cash and equity in pooled investments	73,839,620				73,839,620		$ 44,307,894	$ 18,991,086	$ 600,180	$ 9,940,460	
Receivables, net of allowance for doubtful accounts	28,412,145	11,828,525	9,529,345	2,299,180	16,583,620	16,583,620					
Prepaid insurance and other assets	6,820,346	2,499,127	2,499,127		4,321,219	4,321,219					
Total current assets	473,582,235	268,647,280	252,853,496	15,793,784	204,934,955	131,095,335	44,307,894	18,991,086	600,180	9,940,460	
Noncurrent assets:											
Restricted assets:											
Cash and equity in pooled investments	402,564,538	2,728,553	2,728,553		399,835,985	22,150,643	37,699,717	206,015,135	115,400,933	14,596,087	$ 3,973,470
Receivables	10,578,731				10,578,731			2,927,202	6,300,849		1,350,680
Total restricted assets	413,143,269	2,728,553	2,728,553		410,414,716	22,150,643	37,699,717	208,942,337	121,701,782	14,596,087	5,324,150
Land held for sale	57,280,912	57,280,912	23,025,200	34,255,712							
Depreciable properties, net of accumulated depreciation	1,266,276,476	160,412,841	160,412,841		1,105,863,635	1,105,863,635					
Nondepreciable properties	349,539,979	107,255,070	83,447,833	23,807,237	242,284,909	68,042,167		174,242,742			
Unamortized bond issue costs	933,439	145,015	145,015		788,424	674,116			114,308		
Due from other funds		29,310,530 *	29,310,530 *								
Other noncurrent assets	2,203,682	517,454	517,454		1,686,228	1,686,228					
Total noncurrent assets	2,089,377,757	357,650,375	299,587,426	58,062,949	1,761,037,912	1,198,416,789	37,699,717	383,185,079	121,816,090	14,596,087	5,324,150
Deferred outflows of resources:											
Deferred charges on refunding bonds	22,571,834				22,571,834	15,261,969			7,309,865		
Deferred charges on pensions and OPEB	31,237,602	17,091,584	17,091,584		14,146,018	14,146,018					
Cumulative decrease in fair value of hedging derivative	5,864,000				5,864,000		5,864,000				
Total deferred outflows of resources	59,673,436	17,091,584	17,091,584		42,581,852	29,407,987	5,864,000		7,309,865		
Total assets	$ 2,622,633,428	$ 643,389,239	$ 569,532,506	$ 73,856,733	$ 2,008,554,719	$ 1,358,920,111	$ 87,871,611	$ 402,176,165	$ 129,726,135	$ 24,536,547	$ 5,324,150
LIABILITIES											
Current liabilities (payable from current assets):											
Current portion of long-term debt	$ 32,946,288	$ 4,446,288	$ 4,446,288		$ 28,500,000	$ 28,500,000					
Accounts payable	49,294,320	27,151,818	25,862,585	$ 1,289,233	22,142,502	22,142,502					
Accrued wages, vacation and sick leave pay	10,820,811	5,266,566	5,266,566		5,554,245	5,554,245					
Workers' compensation and other accrued liabilities	7,648,528	4,524,424	4,524,424		3,124,104	3,124,104					
Total current liabilities (payable from current assets)	100,709,947	41,389,096	40,099,863	1,289,233	59,320,851	59,320,851					
Restricted liabilities (payable from restricted assets):											
Current portion of long-term debt and other	38,370,768				38,370,768		$ 29,941,838		$ 598,930	$ 7,830,000	
Accrued interest payable	16,476,516				16,476,516		14,366,056			2,110,460	
Accounts payable	16,563,717				16,563,717			$ 16,562,467	1,250		
Contract retainage payable	2,428,619				2,428,619			2,428,619			
Total restricted current liabilities (payable from restricted assets)	73,839,620				73,839,620		44,307,894	18,991,086	600,180	9,940,460	
Total current liabilities	174,549,567	41,389,096	40,099,863	1,289,233	133,160,471	59,320,851	44,307,894	18,991,086	600,180	9,940,460	
Noncurrent liabilities:											
Long-term environmental and other accruals	60,303,619	47,605,532	47,605,532		12,698,087	3,216,087	5,864,000		3,618,000		
Long-term debt	877,731,977	82,232,012	82,232,012		795,499,965	671,907,681			123,592,284		
Unearned revenue and other	72,019,130	26,673,422	26,673,422		45,345,708	42,427,688	1,439,704		1,478,316		
Net pension and OPEB liability	93,056,174	50,508,217	50,508,217		42,547,957	42,547,957					
Due to other funds					29,310,530 *	29,310,530 *					
Total noncurrent liabilities	1,103,110,900	207,019,183	207,019,183		925,402,247	789,409,943	7,303,704		128,688,600		
Deferred inflows of resources:											
Deferred pension inflows	4,810,607	2,606,781	2,606,781		2,203,826	2,203,826					
Total deferred inflows of resources	4,810,607	2,606,781	2,606,781		2,203,826	2,203,826					
Total liabilities	1,282,471,074	251,015,060	249,725,827	1,289,233	1,060,766,544	850,934,620	51,611,598	18,991,086	129,288,780	9,940,460	
NET POSITION											
Net investment in capital assets	901,951,056	303,902,259	245,839,310	58,062,949	598,048,797	468,838,820	(29,445,000)	286,271,088	(119,786,111)	(7,830,000)	
Restricted for capital and debt service	313,639,601	2,728,553	2,728,553		310,911,048	318,341	65,705,013	96,913,991	120,223,466	22,426,087	$ 5,324,150
Unrestricted	124,571,697	85,743,367	71,238,816	14,504,551	38,828,330	38,828,330					
Total net position	1,340,162,354	392,374,179	319,806,679	72,567,500	947,788,175	507,985,491	36,260,013	383,185,079	437,355	14,596,087	5,324,150
Total liabilities and net position	$ 2,622,633,428	$ 643,389,239	$ 569,532,506	$ 73,856,733	$ 2,008,554,719	$ 1,358,920,111	$ 87,871,611	$ 402,176,165	$ 129,726,135	$ 24,536,547	$ 5,324,150

* Amount eliminated in the Combined All Funds column.

THE PORT OF PORTLAND
PORTLAND INTERNATIONAL AIRPORT
SCHEDULE OF NET REVENUES
for the year ended June 30, 2018

Operating revenues:	
Airline revenues	$ 104,680,072
Concessions and other rentals	135,184,377
Other	2,399,976
	242,264,425
Interest income - revenue fund and revenue bond fund	584,820
	242,849,245
Costs of operation and maintenance, excluding depreciation:	
Salaries, wages and fringe benefits	48,713,662
Contract, professional and consulting services	34,259,947
Materials and supplies	6,005,588
Utilities	11,566,831
Equipment rents, repair and fuel	1,434,655
Insurance	1,841,819
Travel and management expense	3,702,878
Allocation of general and administration expense of the Port of Portland	18,662,051
Other	4,019,896
	130,207,327
Net revenues, as defined by Section 2(r) of Ordinance No. 155 *	$ 112,641,918

* Presented in accordance with provisions of Ordinance Nos. 155 and 323 (ordinances authorizing issuance of Airport revenue bonds), which are different from generally accepted accounting principles.

THE PORT OF PORTLAND
PORTLAND INTERNATIONAL AIRPORT
SCHEDULE OF COMPLIANCE WITH ORDINANCE NOS. 155 AND 323
DEBT SERVICE COVERAGE REQUIREMENTS
for the year ended June 30, 2018

Section 16(ii) of Ordinance No. 155 and Section 5f of Ordinance No. 323 authorizing the issuance of Portland International Airport revenue bonds require that net revenues, as defined by Ordinance No. 155, in each fiscal year must equal at least 130 percent of the prior lien bond (PLB) and subordinate lien bond (SLB) debt service requirements, as defined, for such fiscal year on all outstanding Portland International Airport revenue bonds. The Airport paid off the last of the PLBs in 1993, and has covenanted not to issue any further PLBs.

The Airport has complied with this provision computed in accordance with ordinance definitions as follows:

Net revenues, per accompanying schedule of net revenues		$ 112,641,918
SLB debt service requirement:		
Interest and principal amount	$ 52,827,050	
	x 130%	
Total net revenues required		68,675,165
Excess of net revenues over 130% of SLB debt service requirement		$ 43,966,753

Section 5f of Ordinance No. 323 also requires that in a fiscal year when there is excess principal due, as defined in Section 5f of Ordinance No. 323, the net revenues in excess of 130% of the SLB debt service requirement equal 100% of such excess principal amount.

Excess of net revenues over 130% of SLB debt service requirement		$ 43,966,753
Excess principal amount	$	
	x 100%	
Total additional net revenues required		
Excess of net revenues over 130% of SLB debt service requirement and 100% of excess principal requirement		$ 43,966,753

In addition, Section 5f of Ordinance No. 323 requires that the net nevenues, together with other amounts that are available to pay other swap obligations, as defined in Ordinance No. 323, are sufficient to pay all other swap obligations and junior lien obligations (Other Obligations) when due.

Excess of net revenues over 130% of SLB debt service requirement and 100% of excess principal requirement		$ 43,966,753
Other amounts available to pay other swap obligations		
Total available to pay Other Obligations		43,966,753
Other swap obligations	$	
Junior lien obligations		
Total Other Obligations		
Excess amount over 130% of SLB debt service requirement, 100% of excess principal requirement, and Other Obligations		$ 43,966,753

THE PORT OF PORTLAND
PORTLAND INTERNATIONAL AIRPORT
SCHEDULE OF REVENUE BOND
CONSTRUCTION ACCOUNT ACTIVITY
for the year ended June 30, 2018

	Bond Proceeds Portion	Capitalized Interest Portion
Construction account, June 30, 2017	$ 164,958,783	$ 22,835,297
Excess issuance cost proceeds	17,697	
Interest income	1,668,259	224,510
	166,644,739	23,059,807
Construction expenditures	69,177,148	
Transfers to revenue bond fund		8,499,052
Construction account, June 30, 2018	$ 97,467,591	$ 14,560,755

NOTE: This schedule is provided in compliance with Section 8d. of Ordinance No. 323.

THE PORT OF PORTLAND
PORTLAND INTERNATIONAL AIRPORT
SCHEDULE OF GENERAL ACCOUNT AMOUNT AVAILABLE FOR
PAYMENT TO AIRPORT REVENUE BOND FUND AND RATIO TO
REVENUE BOND DEBT SERVICE REQUIREMENT
for the year ended June 30, 2018

Net revenues, per accompanying schedule of net revenues	$ 112,641,918	
Less revenue bond fund interest income	(690,580)	
Applied to General Account, available to be applied to debt service of bonds	$ 111,951,338	(1)
Bond debt service requirement, per accompanying schedule of compliance with Ordinance Nos. 155 and 323	$ 52,827,050	(2)
Ratio (1)/(2)	2.12	
Required ratio	1.30	

NOTE: This schedule is provided in compliance with Section 5f of Ordinance No. 323.

THE PORT OF PORTLAND
PORTLAND INTERNATIONAL AIRPORT
SCHEDULE OF PASSENGER FACILITY CHARGE ACTIVITY
for the year ended June 30, 2018

	First Lien Bond Account	First Lien Reserve Account	Capital Account
Balances at June 30, 2017	$ 139,477	$ 14,310,701	$ 98,241,915
PFC revenues:			
PFC bond account	14,733,582		
Capital account			23,407,013
Interest earnings		226,584	88,035
Transfer from reserve account to bond account	226,584	(226,584)	
Bond payments to trustee	(14,814,257)		
Costs of approved PFC projects			(29,274)
Other, net			(5,907)
Balances at June 30, 2018	$ 285,386	$ 14,310,701	$ 121,701,782

NOTE: This schedule is provided in compliance with Section 9(d) of Ordinance No. 395-B.

THE PORT OF PORTLAND

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES

for the year ended June 30, 2018

Fiscal Year	Property Taxes Receivable June 30, 2017	Current Levy as Extended by Assessors	Deduct Cash Collections	Deduct Discounts Allowed	Cancellations and Adjustments	Property Taxes Receivable June 30, 2018	Interest Collected
2017-18		$ 12,524,063	$ (11,928,726)	$ (333,003)	$ (77,156)	$ 185,178	$ (20,671)
2016-17	$ 217,252		(81,919)		(28,204)	107,129	8,618
2015-16	122,205		(26,679)		(19,145)	76,381	3,954
2014-15	92,222		(21,506)		(4,524)	66,192	5,117
2013-14	65,006		(10,416)		(2,426)	52,164	2,899
2012-13 and prior	172,068		(2,651)		(4,146)	165,271	810
	$ 668,753	$ 12,524,063	$ (12,071,897)	$ (333,003)	$ (135,601)	$ 652,315	$ 727

Reconciliation to income from property taxes:

Current levy	$ 12,524,063
Deduct discounts allowed	(333,003)
Cancellations and adjustments	(135,601)
	$ 12,055,459

THE PORT OF PORTLAND

SCHEDULE OF BOND AND OTHER LONG-TERM DEBT PRINCIPAL TRANSACTIONS – BY SERIES
FOR THE YEAR ENDED JUNE 30, 2018

	Maturity Date	Outstanding at June 30, 2017	2017-2018 Transactions: Issued	2017-2018 Transactions: Matured	2017-2018 Transactions: Redeemed	Outstanding June 30, 2018: Total	Outstanding June 30, 2018: Due Within One Year
LIMITED TAX PENSION BONDS:							
Series 2002A, 2.00% to 7.41%	06/01/20	$ 2,628,213		$ 893,815	$ 893,815	$ 1,734,398	$ 901,618
Series 2002B, 6.60% to 6.85%	06/01/28	43,525,000				43,525,000	
Series 2005, 4.00% to 5.50%	06/01/28	15,955,000		875,000	875,000	15,080,000	985,000
Total Limited Tax Pension Bonds		62,108,213		1,768,815	1,768,815	60,339,398	1,886,618
PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS:							
Series 18A, 1.60% *	07/01/26	41,265,000		4,435,000	4,435,000	36,830,000	4,510,000
Series 18B, 1.58% *	07/01/26	41,265,000		4,430,000	4,430,000	36,835,000	4,515,000
Series 19, 4.00% to 5.50%	07/01/38	2,945,000		2,945,000	2,945,000		
Series 20A, 3.00% to 5.00%	07/01/40	18,685,000		1,660,000	1,660,000	17,025,000	1,745,000
Series 20B, 2.00% to 4.50%	07/01/40	19,350,000		505,000	505,000	18,845,000	525,000
Series 20C, 4.00% to 5.00%	07/01/28	72,915,000		5,860,000	5,860,000	67,055,000	6,165,000
Series 21B, 2.00% to 5.00%	07/01/18	16,040,000		7,830,000	7,830,000	8,210,000	8,210,000
Series 21C, 4.375% to 5.00%	07/01/23	27,685,000				27,685,000	
Series 22, 4.00% to 5.00%	07/01/44	90,050,000				90,050,000	
Series 23, 5.00%	07/01/38	109,440,000				109,440,000	3,065,000
Series 24A, 5.00%	07/01/47	21,965,000				21,965,000	
Series 24B, 5.00%	07/01/47	211,275,000				211,275,000	710,000
Total Portland Int'l Airport Revenue Bonds		672,880,000		27,665,000	27,665,000	645,215,000	29,445,000
PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REVENUE BONDS:							
Series 2011A, 2.50% to 5.50%	07/01/31	68,950,000		1,650,000	1,650,000	67,300,000	1,710,000
Series 2012A, 2.56% *	07/01/24	57,315,000		120,000	120,000	57,195,000	2,790,000
Series 2012B, 5.00% to 5.75%	07/01/18	9,005,000		5,675,000	5,675,000	3,330,000	3,330,000
Total Portland Int'l Airport Passenger Facility Charge Revenue Bonds		135,270,000		7,445,000	7,445,000	127,825,000	7,830,000
Total Port Bonds		$ 870,258,213		$ 36,878,815	$ 36,878,815	$ 833,379,398	$ 39,161,618
CONTRACTS & LOANS PAYABLE:							
City of Portland LID, Series 2003, 5.32%	04/01/23	$ 4,087,757		$ 626,360	$ 626,360	$ 3,461,397	$ 660,507
Oregon Department of Transportation, MMTF-0001, 0%	03/31/21	800,000		200,000	200,000	600,000	200,000
Oregon Department of Transportation, MMTF-0003, 0%	07/01/22	3,713,500		742,700	742,700	2,970,800	
Oregon Business Development Dept., B08005, 2.00% to 4.00%	12/01/30	6,404,026		367,763	367,763	6,036,263	379,332
Banc of America Leasing & Capital, LLC, 2.84%	10/01/19	921,613		402,353	402,353	519,260	413,930
Banc of America Leasing & Capital, LLC, 4.5%	06/01/28	11,931,367		866,112	866,112	11,065,255	905,901
Total Contracts & Loans Payable		$ 27,858,263		$ 3,205,288	$ 3,205,288	$ 24,652,975	$ 2,559,670
TOTAL PORT LONG-TERM DEBT		$ 898,116,476		$ 40,084,103	$ 40,084,103	$ 858,032,373	$ 41,721,288

Note: Interest rates relate to original issue. Certain coupons are no longer outstanding.
* Interest rate at June 30, 2018. Rate is variable, depending on weekly resets.

THE PORT OF PORTLAND

SCHEDULE OF BOND AND OTHER LONG-TERM DEBT INTEREST TRANSACTIONS – BY SERIES

FOR THE YEAR ENDED JUNE 30, 2018

	Outstanding at June 30, 2017	2017 - 18 Transactions Issued	Interest Matured and Paid	Interest Fluctuations and Redemptions	Outstanding at June 30, 2018	Maturing Within One Year
LIMITED TAX PENSION BONDS:						
Series 2002A, 2.00% to 7.41%	$ 6,471,788		$ 1,961,185		$ 4,510,603	$ 2,218,383
Series 2002B, 6.60% to 6.85%	23,084,728		2,965,950		20,118,778	2,965,950
Series 2005, 4.00% to 5.50%	5,311,344		794,096		4,517,248	751,580
Total Limited Tax Pension Bonds	34,867,860		5,721,231		29,146,629	5,935,913
PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS:						
Series 18A, 1.60% *	1,656,432		436,749	$ (1,541,037)	2,760,720	589,280
Series 18B, 1.58% *	1,639,466		436,874	(1,524,093)	2,726,685	581,993
Series 19, 4.00% to 5.50%	73,625		73,625			
Series 20A, 3.125% to 5.00%	8,024,054		716,131		7,307,923	631,006
Series 20B, 2.00% to 4.50%	11,048,326		768,650		10,279,676	748,050
Series 20C, 4.00% to 5.00%	23,140,125		3,499,250		19,640,875	3,198,625
Series 21B, 2.00% to 5.00%	811,500		606,250		205,250	205,250
Series 21C, 4.375% to 5.00%	6,030,031		1,320,962		4,709,069	1,320,962
Series 22, 4.00% to 5.00%	79,511,500		4,484,700		75,026,800	4,484,700
Series 23, 5.00%	72,553,000		5,472,000		67,081,000	5,395,375
Series 24A, 5.00%	31,333,658		475,908		30,857,750	1,098,250
Series 24B, 5.00%	200,844,875		4,577,625		196,267,250	10,563,750
Total Portland Int'l Airport Revenue Bonds	436,666,592		22,868,724	(3,065,130)	416,862,998	28,817,241
PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REVENUE BONDS:						
Series 2011, 2.50% to 5.50%	39,816,850		3,506,325		36,310,525	3,430,575
Series 2012A, 2.56% *	3,813,775		559,503	(3,290,957)	6,545,229	1,464,181
Series 2012B, 5.00% to 5.75%	391,625		308,375		83,250	83,250
Total Portland Int'l Airport Passenger Facility Charge Revenue Bonds	44,022,250		4,374,203	(3,290,957)	42,939,004	4,978,006
Total Port Bonds	$ 515,556,702		$ 32,964,158	$ (6,356,087)	$ 488,948,631	$ 39,731,160
CONTRACTS & LOANS PAYABLE:						
City of Portland LID, Series 2003, 5.32%	$ 664,446		$ 202,342		$ 462,104	$ 168,195
Oregon Business Development Dept., B08005, 2.00% to 4.00%	1,960,078		230,069		1,730,009	220,875
Banc of America Leasing & Capital, LLC, 2.84%	30,848		20,963		9,885	9,386
Banc of America Leasing & Capital, LLC, 4.5%	3,191,542		519,193		2,672,349	479,404
Total Contracts & Loans Payable	$ 5,846,914		$ 972,567		$ 4,874,347	$ 877,860
TOTAL PORT LONG-TERM DEBT	$ 521,403,616		$ 33,936,725	$ (6,356,087)	$ 493,822,978	$ 40,609,020

Note: Interest rates relate to original issue. Certain coupons are no longer outstanding.
* Interest rate at June 30, 2018. Rate is variable, depending on weekly resets.

THE PORT OF PORTLAND

SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF BONDED AND OTHER LONG-TERM DEBT – BY SERIES

AS OF JUNE 30, 2018

		Date of Issue	Total Requirements	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 to 2027-28	2028-29 to 2032-33	2033-34 to 2037-38	2038-39 to 2042-43	2043-44 to 2047-48
LIMITED TAX PENSION BONDS:													
Series 2002A	-Principal	03/28/02	$ 1,734,398	$ 901,618	$ 832,780								
2.00% to 7.41%	-Interest		4,510,603	2,218,383	2,292,220								
Series 2002B	-Principal	03/28/02	43,525,000		265,000	$ 3,695,000	$ 4,240,000	$ 4,840,000	$ 30,485,000				
6.60% to 6.85%	-Interest		20,118,778	2,965,950	2,965,950	2,947,797	2,694,690	2,404,250	6,140,141				
Series 2005	-Principal	09/23/05	15,080,000	985,000	1,100,000	1,230,000	1,365,000	1,510,000	8,890,000				
4.00% to 5.50%	-Interest		4,517,248	751,580	703,719	650,270	588,721	520,416	1,302,542				
Total Limited Tax Pension Bonds	-Principal		$ 60,339,398	$ 1,886,618	$ 2,197,780	$ 4,925,000	$ 5,605,000	$ 6,350,000	$ 39,375,000				
Total Limited Tax Pension Bonds	-Interest		$ 29,146,629	$ 5,935,913	$ 5,961,889	$ 3,598,067	$ 3,283,411	$ 2,924,666	$ 7,442,683				
PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS:													
Series 18A	-Principal	06/11/08	$ 36,830,000	$ 4,510,000	$ 4,705,000	$ 4,935,000	$ 5,155,000	$ 3,295,000	$ 14,230,000				
1.60% **	-Interest		2,760,720	589,280	517,120	441,840	362,880	280,400	569,200				
Series 18B	-Principal	06/11/08	36,835,000	4,515,000	4,705,000	4,930,000	5,155,000	3,295,000	14,235,000				
1.58% **	-Interest		2,726,685	581,993	510,656	436,317	358,423	276,974	562,322				
Series 20A	-Principal	11/02/10	17,025,000	1,745,000	685,000	705,000	725,000	745,000	4,140,000	$ 2,980,000	$ 3,105,000	$ 2,195,000	
3.125% to 5.00%	-Interest		7,307,923	631,006	577,106	556,256	534,353	510,919	2,142,045	1,406,575	807,394	142,269	
Series 20B	-Principal	11/02/10	18,845,000	525,000	545,000	570,000	590,000	615,000	3,380,000	4,080,000	4,995,000	3,545,000	
2.00% to 4.50%	-Interest		10,279,676	748,050	726,650	702,925	680,881	661,669	2,974,477	2,252,900	1,301,668	230,456	
Series 20C	-Principal	11/02/10	67,055,000	6,165,000	4,845,000	5,085,000	5,335,000	5,600,000	32,515,000	7,510,000			
4.00% to 5.00%	-Interest		19,640,875	3,198,625	2,923,375	2,675,125	2,414,625	2,141,250	6,100,125	187,750			
Series 21B	-Principal	04/05/11	8,210,000	8,210,000									
2.00% to 5.00%	-Interest		205,250	205,250									
Series 21C	-Principal	08/10/11	27,685,000		5,040,000	5,250,000	5,560,000	5,785,000	6,050,000				
4.375% to 5.00%	-Interest		4,709,069	1,320,962	1,194,963	937,712	681,363	426,100	147,969				
Series 22	-Principal	09/25/14	90,050,000		1,780,000	1,850,000	1,940,000	2,040,000	11,835,000	15,105,000	19,265,000	24,590,000	$ 11,645,000
4.00% to 5.00%	-Interest		75,026,800	4,484,700	4,449,100	4,367,250	4,272,500	4,173,000	19,188,625	15,836,375	11,561,125	6,104,750	589,375
Series 23	-Principal	03/31/15	109,440,000	3,065,000	3,215,000	3,380,000	3,545,000	3,720,000	21,605,000	27,580,000	20,080,000	23,250,000	
5.00%	-Interest		67,081,000	5,395,375	5,238,375	5,073,500	4,900,375	4,718,750	20,532,875	14,414,500	6,604,125	203,125	
Series 24A	-Principal	01/25/17	21,965,000										21,965,000
5.00%	-Interest		30,857,750	1,098,250	1,098,250	1,098,250	1,098,250	1,098,250	5,491,250	5,491,250	5,491,250	5,491,250	3,401,500
Series 24B	-Principal	01/25/17	211,275,000	710,000	745,000	3,965,000	4,170,000	4,375,000	25,390,000	32,405,000	41,350,000	52,770,000	45,395,000
5.00%	-Interest		196,267,250	10,563,750	10,528,250	10,491,000	10,292,750	10,084,250	46,912,000	39,897,500	30,945,000	19,521,750	7,031,000
Total Portland Int'l Airport Revenue Bonds	-Principal		$ 645,215,000	$ 29,445,000	$ 26,265,000	$ 30,670,000	$ 32,175,000	$ 29,470,000	$ 133,380,000	$ 89,660,000	$ 88,795,000	$ 106,350,000	$ 79,005,000
Total Portland Int'l Airport Revenue Bonds	-Interest		$ 416,862,998	$ 28,817,241	$ 27,763,845	$ 26,780,175	$ 25,596,400	$ 24,371,562	$ 104,620,888	$ 79,486,850	$ 56,710,562	$ 31,693,600	$ 11,021,875
PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REVENUE BONDS:													
Series 2011A	-Principal	11/10/11	$ 67,300,000	$ 1,710,000	$ 150,000	$ 135,000	$ 125,000	$ 105,000	$ 25,240,000	$ 39,835,000			
2.50% to 5.50%	-Interest		36,310,525	3,430,575	3,385,575	3,381,300	3,377,244	3,373,506	14,941,124	4,421,201			
Series 2012A	-Principal	08/15/12	57,195,000	2,790,000	7,955,000	8,370,000	8,805,000	9,265,000	20,010,000				
2.56%**	-Interest		6,545,229	1,464,181	1,392,757	1,189,111	974,840	749,434	774,906				
Series 2012B	-Principal	10/31/12	3,330,000	3,330,000									
5.00% to 5.75%	-Interest		83,250	83,250									
Total Portland Int'l Airport PFC Revenue Bonds	-Principal		$ 127,825,000	$ 7,830,000	$ 8,105,000	$ 8,505,000	$ 8,930,000	$ 9,370,000	$ 45,250,000	$ 39,835,000			
Total Portland Int'l Airport PFC Revenue Bonds	-Interest		$ 42,939,004	$ 4,978,006	$ 4,778,332	$ 4,570,411	$ 4,352,084	$ 4,122,940	$ 15,716,030	$ 4,421,201			
Total Port Bonds	-Principal		$ 833,379,398	$ 39,161,618	$ 36,567,780	$ 44,100,000	$ 46,710,000	$ 45,190,000	$ 218,005,000	$ 129,495,000	$ 88,795,000	$ 106,350,000	$ 79,005,000
Total Port Bonds	-Interest		$ 488,948,631	$ 39,731,160	$ 38,504,066	$ 34,948,653	$ 33,231,895	$ 31,419,168	$ 127,779,601	$ 83,908,051	$ 56,710,562	$ 31,693,600	$ 11,021,875

THE PORT OF PORTLAND

SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF BONDED AND OTHER LONG-TERM DEBT – BY SERIES
AS OF JUNE 30, 2018, Continued

		Date of Issue	Total Requirements	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 to 2027-28	2028-29 to 2032-33	2033-34 to 2037-38	2038-39 to 2042-43	2043-44 to 2047-48
CONTRACTS & LOANS PAYABLE:													
City of Portland LID	-Principal	04/01/03	$ 3,461,397	$ 660,507	$ 696,516	$ 734,487	$ 774,529	$ 595,358					
5.32%	-Interest		462,104	168,195	132,187	94,215	54,173	13,334					
Oregon Department of Transportation MMTF-0001	-Principal	05/10/09	600,000	200,000	200,000	200,000							
Oregon Department of Transportation MMTF-0003	-Principal	07/06/10	2,970,800		742,700	742,700	742,700	742,700					
Oregon Business Development Dept. B08005	-Principal	08/31/10	6,036,263	379,332	386,262	398,250	415,639	428,111	$ 2,370,075	$ 1,658,594			
2.00% to 4.00%	-Interest		1,730,009	220,875	209,495	197,907	183,968	169,421	616,110	132,233			
Banc of America Leasing & Capital, LLC	-Principal	11/01/13	519,260	413,930	105,330								
2.84%	-Interest		9,885	9,386	499								
Banc of America Leasing & Capital, LLC	-Principal	06/06/13	11,065,255	905,901	947,518	991,047	1,036,575	1,084,195	6,100,019				
4.5%	-Interest		2,672,349	479,404	437,787	394,258	348,730	301,109	711,061				
Total Contracts & Loans Payable	-Principal		$ 24,652,975	$ 2,559,670	$ 3,078,326	$ 3,066,484	$ 2,969,443	$ 2,850,364	$ 8,470,094	$ 1,658,594			
Total Contracts & Loans Payable	-Interest		$ 4,874,347	$ 877,860	$ 779,968	$ 686,380	$ 586,871	$ 483,864	$ 1,327,171	$ 132,233			
TOTAL PORT LONG-TERM DEBT	-Principal		$ 858,032,373	$ 41,721,288	$ 39,646,106	$ 47,166,484	$ 49,679,443	$ 48,040,364	$ 226,475,094	$ 131,153,594	$ 88,795,000	$ 106,350,000	$ 79,005,000
TOTAL PORT LONG-TERM DEBT	-Interest		$ 493,822,978	$ 40,609,020	$ 39,284,034	$ 35,635,033	$ 33,818,766	$ 31,903,032	$ 129,106,772	$ 84,040,284	$ 56,710,562	$ 31,693,600	$ 11,021,875

Note: Interest rates relate to original issue. Certain coupons are no longer outstanding.
** Interest rate at June 30, 2018. Rate is variable, depending on weekly resets.

		Date of Issue	Total Requirements	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 to 2027-28
INDUSTRIAL DEVELOPMENT REVENUE BONDS:									
Horizon Air Project:	-Principal	08/07/97	$ 17,300,000						$ 17,300,000
1997 Series, 1.633%*	-Interest		2,514,411	$ 281,990	$ 281,990	$ 281,990	$ 281,990	$ 281,990	1,104,461
TOTAL INDUSTRIAL REVENUE BONDS	-Principal		$ 17,300,000						
TOTAL INDUSTRIAL REVENUE BONDS	-Interest		$ 2,514,411	$ 281,990	$ 281,990	$ 281,990	$ 281,990	$ 281,990	$ 1,104,461

* Interest rate at June 30, 2018. Rate is variable, depending on prime.
Note: Interest rates relate to original issue. Certain coupons are no longer outstanding. This schedule is provided for information purposes only. Industrial development revenue bonds are not a liability or contingent liability of the Port.

AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS

MOSSADAMS

Report of Independent Auditors on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Oregon Municipal Auditing Standards*

The Board of Commissioners
Port of Portland

We have audited the basic financial statements of the Port of Portland (the Port), as of and for the year ended June 30, 2018, and have issued our report thereon dated October 22, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the Port's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-0000 to 162-10-0330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

OAR	Section	Instances of Non-Compliance Identified?
162-010-0000	Preface	None Noted
162-010-0010	Definitions	None Noted
162-010-0020	Introduction	None Noted
162-010-0030	General Requirements	None Noted
162-010-0050	Financial Statements	None Noted
162-010-0115	Required Supplementary Information (RSI)	None Noted
162-010-0120	Other Supplementary Information	None Noted
162-010-0130	Schedule of Revenues, Expenditures / Expenses, and Changes in Fund Balances, / Net Position, Budget and Actual (Each Fund)	None Noted
162-010-0140	Schedule of Accountability for Independently Elected Officials	Not applicable
162-010-0150	Schedule of Property Tax Transactions or Acreage Assessments	None Noted
162-010-0160	Schedule of Bonded or Long-Term Debt Transactions	None Noted
162-010-0170	Schedule of Future Requirements for Retirement of Bonded or Long-Term Debt	None Noted
162-010-0190	Other Financial or Statistical Information	None Noted
162-010-0200	Required Disclosures and Independent Auditors Comments	None Noted
162-010-0230	Accounting Records and Internal Control	None Noted
162-010-0240	Public Fund Deposits	None Noted
162-010-0250	Indebtedness	None Noted
162-010-0260	Budget	Yes
162-010-0270	Insurance and Fidelity Bonds	None Noted
162-010-0280	Programs Funded from Outside Sources	None Noted
162-010-0295	Highway Funds	Not applicable
162-010-0300	Investments	None Noted
162-010-0310	Public Contracts and Purchasing	None Noted
162-010-0315	State School Fund	Not applicable
162-010-0316	Public Charter Schools	Not applicable
162-010-0320	Other Comments and Disclosures	None Noted
162-010-0330	Extensions of Time to Deliver Audit Reports	Not applicable

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. The Port experienced a budgetary over-expenditure in one fund which is disclosed in the notes to the financial statements.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Port's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

This report is intended solely for the information of the Board of Commissioners, management, and the State of Oregon, and is not intended to be and should not be used by anyone other than those specified parties.

James C. Lanzarotta

James Lanzarotta, Partner
for Moss Adams LLP
Portland, Oregon
October 22, 2018

APPENDIX C-1

SUMMARY OF CERTAIN PROVISIONS OF THE CFC BOND ORDINANCES

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APPENDIX C-1

SUMMARY OF CERTAIN PROVISIONS OF THE CFC BOND ORDINANCES

The following is a summary of certain provisions of the CFC Levy Ordinance, the Master CFC Bond Ordinance and the Series 2019 CFC Ordinance. This summary does not purport to be complete or definitive and reference should be made to such documents, copies of which are on file with the Port, for full and complete statements of their provisions.

CFC LEVY ORDINANCE DEFINITIONS

The following are definitions of certain terms used in the CFC Levy Ordinance.

"Airport" means Portland International Airport, including all facilities and roads located within the geographical boundaries of Port land designated as Portland International Airport, which, for purposes of the CFC Levy Ordinance, shall include, but is not limited to, the Airport terminal building, the Airport parking garages, the commercial roadway, all Airport parking lots, the airfield, all of Airport Way running from Interstate 205 on the East end and extending West to the Airport terminal building, and all of the frontage roads and adjacent facilities running parallel to Airport Way, including Portland International Center and other adjacent Airport Port owned property.

"Annual Report" means a report itemizing the number of Transaction Days each RAC had during the prior Port Fiscal Year and the amount of CFCs calculated, collected, and remitted.

"Concession Agreement" means an agreement entered into with the Port whereby the RAC pays a percentage of its gross revenues to the Port for the privilege of operating on or from the Airport, or any other similar agreement.

"Customer Facility Charge" or "CFC" means the charge imposed on the Rent-A-Car Customer by the Port for the benefit of the Port and collected and remitted to the Port by the RAC pursuant to the CFC Levy Ordinance.

"Enabling Projects" means projects and costs necessitated by the construction, maintenance, demolition, or operation of Rental Car Facilities.

"Executive Director" or "Director" means the Executive Director of the Port, or the Executive Director's designee.

"Implementation Date" means January 15, 2014, the commencement date on which the CFC was charged to the Rent-A-Car Customers.

"Port Fiscal Year" means July 1st of any calendar year to June 30th of the following calendar year.

"Port International Airport Rule(s)" means those rules and regulations issued and published by the Port pertaining to, among other things, the use of the Airport parking garages and Rental Car Facilities.

"Port Policies/Policy" means any policy adopted by the Port intended to implement or define any portion of the CFC Levy Ordinance.

“RAC” means any rental car business operating or using Airport facilities at the Airport either under a Concession Agreement, lease, sublease, permit, or any other sort of agreement with the Port or other RAC.

“Rent-A-Car Customer” means any person or entity renting a vehicle from a RAC operating at, or from, the Airport under a Concession Agreement, lease, sublease, permit, or any other sort of agreement with the Port or other RAC.

“Rental Car” means an automobile rented from a RAC.

“Rental Car Facilities” means those facilities which relate to rent-a-car operations and are used either exclusively or in part by the RACs.

“The Port of Portland” or “Port” means the port district of the State of Oregon that owns and operates the Airport pursuant to Oregon Revised Statutes, Chapter 778.005 through Chapter 778.990, as amended from time to time.

“Transaction Day” means a twenty-four (24) hour period or fraction thereof for which a Rent-A-Car Customer is provided the use of a Rental Car regardless of the duration or length of the rental term. However, if the same Rental Car is rented to more than one Rent-A-Car Customer within such continuous twenty-four (24) hour period, then each such rental shall be calculated as a ‘Transaction Day’ except that a partial day that is a grace period of no more than 2 hours after the last twenty-four (24) hour day booked shall not be considered a separate Transaction Day. In the event the Transaction Day or the rental agreement that includes the Transaction Day covers a portion of two different months or Port Fiscal Years, the Transaction Day shall be considered to have taken place and be reported during the month the rental agreement closed.

CFC LEVY ORDINANCE

Customer Facility Charge

Beginning on the Implementation Date, each Rent-A-Car Customer shall pay a fee for the use of the Airport Rental Car Facilities set by the Executive Director, as may be changed from time to time, for each Transaction Day a Rent-A-Car Customer rents an automobile. Each RAC shall collect and remit such fee to the Port.

Each RAC shall maintain records and controls that are sufficient to demonstrate the accuracy of the CFC revenues collected and the amount of CFC revenue collections remitted. These accounting records must be made available for inspection and examination with reasonable notice at all reasonable times to the Port or a duly authorized representative. The Port may audit each RAC’s books and records at any time to verify compliance with the CFC Levy Ordinance.

Eligible Projects

The Customer Facility Charge collected pursuant to the program shall be expended for projects related to Rental Car Facilities and any related Port approved Enabling Projects and program costs. Such projects, Enabling Projects, and related program costs shall be determined and approved by the Port, and may include, but not be limited to, studies, consulting fees, plans and specifications, construction, demolition, and reimbursements to the Port for Port costs associated with operating and maintaining Rental Car facilities. For the purposes of the CFC Levy Ordinance, projects related to Rental Car Facilities shall include the construction of Rental Car Facilities and any improvements made to existing Rental Car Facilities after the Effective Date of the CFC Levy Ordinance and the maintenance, operation, and demolition of such. Nothing in the CFC Levy Ordinance shall preclude the Port from reimbursing itself for any costs associated with implementation of the CFC Levy Ordinance, including but not limited to, consulting and legal fees. CFCs may be assigned and pledged or otherwise committed to repay debt service on bonds issued or other financing used to fund Rental Car facilities and Enabling Projects, to fund and replenish reserves therefor, and to pay costs associated therewith.

Collection

Each RAC must hold the CFC revenues collected by it in trust in a fiduciary capacity for the Port. All CFC revenue collected and held will be considered the property of the Port and will be excluded from gross revenues under Concession Agreements.

Each CFC shall be collected from all Rent-A-Car Customers, including Rent-A-Car Customers receiving complimentary or discounted Rental Cars.

Each RAC shall remit all CFCs that were collected or those that should have been collected, regardless of whether or not actually collected by the RAC, from Rent-A-Car Customers on a monthly basis to the Port together with the monthly statement of Transaction Day transactions in a format approved by the Port, which shall include Transaction Days. The CFCs shall be remitted and received by the Port no later than the twentieth (20th) of the month following the month in which the CFCs were collected. Failure to strictly comply with the provisions described under this caption shall be considered a violation of the CFC Levy Ordinance and those remedies set forth in the CFC Levy Ordinance shall be available to the Port. If the Port so directs in its sole discretion, the RAC shall remit the CFCs to a Trustee appointed by the Port for the purpose of retaining the CFCs in trust.

The RAC shall not be entitled to any compensation for collection and remittance of the CFCs, and shall make no attempt to charge or collect from any Rent-A-Car Customer any such fee for such collection or remittance.

Port Reservation of Rights

The Executive Director is authorized to issue and publish additional Port Policies to implement the CFC Levy Ordinance as is deemed necessary by the Director. Should the CFC Levy Ordinance conflict with the Port Policies, the CFC Levy Ordinance shall prevail, but the Port Policies must be applied to the fullest extent that they do not conflict.

The Executive Director is authorized, at any time and from time to time, as the Director deems necessary, to change the amount of the CFC or place a limitation on the number of Transaction Days the CFC is to be collected from a single Rent-A-Car Customer within a single rent-a-car transaction. This amount or limit on the number of days to be collected, may be modified with sixty (60) days written notice consistent with the CFC Levy Ordinance to the RACs.

Violation of Ordinance

In the event that a RAC violates any provision of the CFC Levy Ordinance or the Portland International Airport Rules pertaining to the CFC, or any applicable law or Port Policy pertaining to collection of the CFCs, the Port may, in addition to any other rights or remedies allowed by the CFC Levy Ordinance, at law or in equity, deem such violation to be a default under the RAC's Concession Agreement, or any other agreement the RAC may have with the Port.

Civil Penalties

Pursuant to ORS 836.210(2), if allowed by law, the Port shall be entitled to impose civil penalties for the violations of the CFC Levy Ordinance pertaining to the Customer Facility Charge imposed by the CFC Levy Ordinance. Such penalty shall be equal to twenty five percent (25%) of the CFC involved. Where the RAC is required to pay, collect, and/or remit a fee, charge, or toll to the Port, each calendar day the fee, charge, or toll is past due shall be considered a separate violation.

MASTER CFC BOND ORDINANCE AND SERIES 2019 CFC ORDINANCE DEFINITIONS

The following are definitions of certain terms used in the Master CFC Bond Ordinance and the Series 2019 CFC Ordinance

"Accrued Aggregate Debt Service Requirement" means, as of any date of calculation and for such period or periods referenced herein, an amount equal to the sum of the amounts of accrued and unpaid Debt Service Requirement with respect to all Series of Bonds then Outstanding for the period in question, calculating the accrued Debt Service Requirement separately with respect to each such Series, provided, however, interest on Bonds which has been fixed to maturity, shall be deemed to accrue annually on the basis of a year containing twelve 30-day months.

"Additional Bonds" means Bonds, other than the initial Series of Bonds issued under the Master CFC Bond Ordinance, authenticated and delivered under and pursuant to the provisions of the Master CFC Bond Ordinance.

"Airport" means the Portland International Airport and any additions, extensions and improvements.

"Airport Consultant" means an independent airport consultant or engineer or architect or firm of airport consultants or engineers or architects of favorable repute and having national recognition or experience in relation to the operation and maintenance of civil airports and other civil aviation facilities (including rental car facilities), the recommending of schedules of rentals and other charges for the use of the services and facilities of civil airports and other civil aviation facilities (including rental car facilities) and the estimating of revenues to be derived from the operation of civil airports and other civil aviation facilities (including rental car facilities), as may be employed by the Port from time to time to perform the duties of the Airport Consultant set forth in the Master CFC Bond Ordinance.

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

"Board" means the Board of Commissioners of the Port, or any successor thereto as provided by law.

"Bond Insurer" means any bond insurance company or companies issuing a policy or policies which insure the payment of the principal of and interest on any Bonds.

"Bond Obligation" means, as of the date of computation, the sum of: (i) the principal amount of all Bonds then Outstanding paying interest at least annually, and (ii) if Capital Appreciation Bonds are issued pursuant to a Supplemental Ordinance, the Compounded Amount of such Capital Appreciation Bonds as provided in such Supplemental Ordinance.

"Bond Register" means books kept by the Trustee, as Bond Registrar, for the registration and transfer of the Bonds.

"Bond Registrar" means the Trustee, as keeper of the Bond Register.

"Bond Year" means (i) the annual period beginning with and including July 1 of each year and ending with and including the next June 30; provided that when such term is used to describe the period during which deposits are to be made to amortize the principal and interest on the Bonds maturing or becoming subject to mandatory redemption, the principal and interest maturing or becoming subject to redemption on July 1 of any year shall be deemed to mature or become subject to redemption on the last day of the preceding Bond Year or (ii) any other annual period specified in writing by the Port to the Trustee.

"Bonds" means, except where the context refers to particular Bonds, all Bonds issued and Outstanding under the Master CFC Bond Ordinance, including the initial Series of Bonds issued under the Master CFC Bond Ordinance and any Additional Bonds authenticated and delivered pursuant to the Master CFC Bond Ordinance. Bonds includes both Senior Bonds and Subordinate Bonds.

"Book-Entry Bond" means a Bond issued to, and (except as otherwise provided in the Master CFC Bond Ordinance) restricted to being registered in the name of, a Securities Depository for the Participants in such Securities Depository or Beneficial Owners.

"Book-Entry System" means the system of registration and beneficial ownership contemplated in the Master CFC Bond Ordinance.

"Business Day" means, except as otherwise provided in a Supplemental Ordinance with respect to a Series of Bonds issued under the Master CFC Bond Ordinance, any day except Saturday, Sunday or any day on which banking institutions located in the states of New York or Oregon are required or authorized to close or on which the New York Stock Exchange is closed.

"Capital Appreciation Bonds" means any Bonds issued under the Master CFC Bond Ordinance as to which interest is compounded periodically on each of the applicable periodic dates designated for compounding and payable in an amount equal to the then current Compounded Amount only at the maturity, earlier redemption or other payment date therefor, all as so designated by the Supplemental Ordinance relating to the issuance thereof, and which may be either Serial Bonds or Term Bonds. In the case of Capital Appreciation Bonds that are convertible to Bonds with interest payable prior to maturity or prior to redemption of such Bonds, such Bonds shall be considered Capital Appreciation Bonds only during the period of time prior to such conversion.

"Cede" means Cede & Co., as nominee of DTC.

"CFC Administrative Costs" means the costs and expenses of imposing, collecting and utilizing CFCs, including without limitation, costs related to studies, consultants, plans and specifications, trustees and attorneys, provided, however, CFC Administrative Costs shall not include the costs of operating and maintaining CFC Projects or debt service on Bonds.

"CFC Ordinance" means the CFC Levy Ordinance, which is Ordinance No. 448 enacted by the Board on December 11, 2013, as amended, supplemented, restated or replaced from time to time.

"CFC Projects" means, collectively, the design, construction, equipping and installation of the ConRAC and facilities ancillary thereto, including any expansions, additions, extensions and/or improvements to such facilities, and any other projects directly or indirectly related to or affecting rental car operations at the Airport or benefiting the Concessionaires or their customers, as determined by the Port including, without limitation, a quick turnaround facility, and storage and service facilities for rental car maintenance.

"CFC Revenue Fund" means the fund created by that name pursuant to the Master CFC Bond Ordinance.

"CFC Rolling Coverage Account" means the account created by that name in the CFC Surplus and Rolling Coverage Fund pursuant to the Master CFC Bond Ordinance.

"CFC Surplus Account" means the account created by that name in the CFC Surplus and Rolling Coverage Fund pursuant to the Master CFC Bond Ordinance.

"CFC Surplus and Rolling Coverage Fund" means the fund created by that name pursuant to the Master CFC Bond Ordinance.

"CFCs" means the funds received by the Port pursuant to the Port's imposition of "customer facility charges" under the CFC Ordinance.

"Compounded Amounts" means the principal amount of the Capital Appreciation Bonds plus the amount of interest that has accreted on such Bonds, compounded semiannually, to the date of calculation, determined by reference to accretion tables contained in each such Bond or offering circular with respect thereto. The Compounded Amounts for such Bonds as of any date not stated in such tables shall be calculated by adding to the Compounded Amount for such Bonds as of the date stated in such tables immediately preceding the date of computation a portion of the difference between the Compounded Amount for such preceding date and the Compounded Amount for such Bonds as of the date shown on such tables immediately succeeding the date of calculation, apportioned on the assumption that interest accretes during any period in equal daily amounts on the basis of a year of twelve 30-day months.

"Concessionaire" means each rental car or car sharing entity that, at the time, is a signatory to a Concessionaire Agreement.

"Concessionaire Agreement" means each Rental Car Concession Lease and Operating Agreement between the Port and a Concessionaire that, among other things, entitle the applicable Concessionaire to exclusive or common premises at the ConRAC pursuant to the terms thereof, as the same may be re-named, re-executed, modified, amended or replaced from time to time.

"ConRAC" means a consolidated rental car facility located at the Airport, including all associated repairs and improvements to the main terminal associated therewith and all associated structures, roadways, commercial curbs, facilities, utilities, and other infrastructure improvements related thereto including, without limitation, (i) customer service area; (ii) the exclusive premises for the Concessionaires; (iii) a ready/return area; (iv) a dedicated roadway for rental vehicle use; (v) storage/service facilities; and (v) common concessionaire areas and common public areas, in each case together with any other ancillary facilities and any expansions, additions, extensions and/or improvements thereto.

"Construction Fund" means the fund created by that name pursuant to the Master CFC Bond Ordinance.

"Consulting Engineers" means an engineer or firm of engineers of favorable repute and having national recognition and experience in the design and construction of civil airports and other civil aviation facilities (including rental car facilities similar to the ConRAC) who at the time is employed by the Port to perform and carry out the duties imposed on said Consulting Engineers by the Master CFC Bond Ordinance.

"Contingent Fee Payments" means the contingent fee payments, if any, received by the Port from Concessionaires pursuant to their respective Concessionaire Agreements (or any successor provisions thereof).

"Credit Facility" means, with respect to the Bonds of a Series or a maturity within a Series, an insurance policy, letter of credit, surety bond or any other similar obligation acquired or secured by the Port, under which the Credit Provider is unconditionally obligated to pay when due, the principal of and interest on such Bonds as the same become due, directly or after the Port has defaulted in the payment thereof. The term "Credit Facility" shall not include any secondary market facilities to which the Port shall not have expressly consented.

"Credit Provider" means a person or entity that is designated in a Supplemental Ordinance as a Credit Provider with respect to a Series of Bonds or portion thereof issued under the Master CFC Bond Ordinance, and that provides a Credit Facility to secure the principal of and interest on such Bonds.

"Debt Service Requirement" means for a given Bond Year the sum of (after subtracting any principal or interest that is payable in such Bond Year from proceeds of one or more Series of Bonds):

(i) The amount required to pay the interest coming due on Bonds during that Bond Year, including the accreted interest component of the Compounded Amount of Capital Appreciation Bonds maturing during that Bond Year;

(ii) The amount required to pay the principal of Serial Bonds maturing in that Bond Year, the principal amount of Capital Appreciation Bonds maturing in that Bond Year and the principal of Term Bonds maturing in that Bond Year that are not included in the Sinking Fund Installments for such Term Bonds; and

(iii) The Sinking Fund Installments for all Series of Term Bonds for that Bond Year.

The calculation of the Debt Service Requirement under the Master CFC Bond Ordinance shall be subject to the following rules:

(1) Interest and Principal Installments for such Series shall be calculated on the assumption that no Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof.

(2) Tender option features of any Option Bond shall be ignored for purposes of this calculation.

(3) If the calculation of the Reserve Requirement for any separate account in the Senior Debt Service Reserve Fund or the Subordinate Debt Service Reserve Fund, respectively, created for a specific Series of Bonds takes into account the Debt Service Requirement, then, for purposes of such calculation, the Debt Service Requirement shall be calculated only with respect to the Bonds of the Series secured thereby.

(4) With respect to Bonds which are Variable Rate Bonds:

(A) the interest rate on such Bonds for any period prior to the date of calculation shall be the actual interest borne by such Bonds through the date of calculation; and

(B) for any forward looking period after the date of calculation, if interest on such Variable Rate Bonds is determined based on an index plus a stated spread, the interest rate on such Bonds shall be assumed to be the average of such designated index for the twelve (12) full months preceding the date of calculation, plus the stated spread, and for all other Variable Rate Bonds: (1) if the interest on such Variable Rate Bonds was intended at the time of issuance to be excluded from the gross income of the Holders thereof for federal tax purposes, the interest rate on such Bonds shall be assumed to be the average of the SIFMA Municipal Swap Index for the twelve (12) full months preceding the date of calculation, plus one quarter of one percent (0.25%) per annum, or (2) if the interest on such Variable Rate Bonds is expected at the time of issuance to be included in the gross income of the Holders thereof for federal tax purposes, the interest rate on such Bonds shall be assumed to be the LIBOR Swap Rate on the date of calculation, plus one quarter of one percent (0.25%) per annum.

(5) If the Port has entered into a Qualified Hedge Agreement with respect to Derivative Bonds, the interest on such Bonds (but only during the related Derivative Period) shall be calculated by adding (x) the amount of interest payable by the Port on such Derivative Bonds pursuant to its terms (applying, as appropriate, the assumptions for Variable Rate Bonds set forth above) and (y) the Qualified Hedge Payments payable by the Port under the related Qualified Hedge Agreement(s), based on the notional amount thereof and the interest rate assumptions stated therein (applying, as appropriate, the assumptions for Variable Rate Bonds set forth above to any variable rate payable by the Port under such Qualified Hedge Agreement(s), whether or not such variable rate is calculated based on the SIFMA Municipal Swap Index or LIBOR Index), and subtracting (z) the Qualified Hedge Receipts payable by the counterparty(ies) under the related Qualified Hedge Agreement(s), using the same notional amount and the interest rate assumptions stated therein (applying, as appropriate, the assumptions for Variable Rate Bonds set forth above to any variable rate payable by such counterparty(ies) under the related Qualified Hedge Agreement(s), whether or not such variable rate is calculated based on the SIFMA Municipal Swap Index or LIBOR Index); provided, however, that (A) Derivative Non-Scheduled Payments and Derivative Non-Scheduled Receipts due or that may become due under any Qualified Hedge Agreement(s) shall not be taken into account and (B) from and after the expiration or termination of a Qualified Hedge Agreement relating to Derivative Bonds, the amount of interest payable on such Derivative Bonds shall be the interest calculated pursuant to the terms of such Derivative Bonds as if such Qualified Hedge Agreement had not been executed.

(6) For purposes of calculating the Debt Service Requirement with respect to Designated Maturity Bonds for use in connection with the Additional Bond tests under the Master CFC Bond Ordinance, the unamortized principal coming due on any date that exceeds twenty-five percent (25%) of the original principal amount of such Designated Maturity Bonds and which the Port reasonably anticipates it will refinance on maturity, as reflected in the Annual Budget and/or a certificate of the Executive Director, shall not be included, and in lieu thereof there shall be included in the Debt Service Requirement for the Bond Year in which such amount becomes due and in each subsequent Bond Year during a period not to exceed thirty (30) years from the original issue date of such Designated Maturity Bonds, only the principal amount thereof the Port certifies that it

reasonably anticipates to become due in each such Bond Year, taking into account any such anticipated refinancing of such Designated Maturity Bonds.

(7) Payments arising from any redemption other than from Sinking Fund Installments shall be ignored.

"Derivative Bond" means one or more Bonds of a Series for which the Port shall have entered into a Qualified Hedge Agreement, as identified in a Supplemental Ordinance with respect to such Bonds or pursuant to a certificate of the Executive Director filed with the Trustee.

"Derivative Non-Scheduled Payments" means (without duplication) payments due from the Port (other than Qualified Hedge Payments) under a Qualified Hedge Agreement, including without limitation (i) any termination payments (whether as a result of optional, elective, early or mandatory termination), (ii) any periodic payments not based on notional amounts or indices to keep such Qualified Hedge Agreement in effect, and (iii) any payments in respect of fees, costs, indemnities, interest or expenses with respect to such Qualified Hedge Agreement.

"Derivative Non-Scheduled Receipts" means (without duplication) payments due to the Port (other than Qualified Hedge Receipts) under a Qualified Hedge Agreement, including without limitation, (i) any termination payments (whether as a result of optional, elective, early or mandatory termination), (ii) any periodic payments not based on notional amounts or indices to keep a Qualified Hedge Agreement in effect, and (iii) any payments in respect of fees, costs, indemnities, interest or expenses with respect to such Qualified Hedge Agreement.

"Derivative Period" means the period during which a Qualified Hedge Agreement is in effect with respect to related Derivative Bonds.

"Designated Maturity Bonds" means all of the Bonds of a Series so designated by the Port by the Supplemental Ordinance enacted in connection with the issuance thereof, more than twenty-five percent (25%) of the original principal amount of which matures in a single Bond Year and for which no mandatory debt service redemption requirements have been established.

"DTC" means The Depository Trust Company, New York, New York or any substitute Securities Depository appointed pursuant to the Master CFC Bond Ordinance.

"DTC Participant" or "Participant" means one of the entities which is a member of the Securities Depository and deposits securities, directly or indirectly, in the Book-Entry System.

"Electronic Means" means the following communication methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services under the Master CFC Bond Ordinance.

"EMMA" means the Electronic Municipal Market Access system provided by the Municipal Securities Rulemaking Board, any successor thereto, or such other nationally recognized electronic data distribution service for governmental issuers approved by the Securities Exchange Commission for dissemination of such electronic data.

"Escrow Obligations" shall include direct obligations of the United States of America and any of the following:

(i) Cash;

(ii) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series – "SLGs");

(iii) Direct obligations of the Treasury which have been stripped by the Treasury itself;

(iv) Resolution Funding Corp. (REFCORP) Strips. Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book-entry form are acceptable;

(v) Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P. If however, the issue is only rated by S&P (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals to satisfy this condition; or

(vi) Obligations issued by the following agencies, but only to the extent they are backed by the full faith and credit of the U.S.:

(a) U.S. Export-Import Bank (Eximbank)

Direct obligations or fully guaranteed certificates of beneficial ownership.

(b) Farmers Home Administration (FmHA)

Certificates of beneficial ownership.

(c) Federal Financing Bank

(d) General Services Administration

Participation certificates.

(e) U.S. Maritime Administration

Guaranteed Title XI financing.

(f) U.S. Department of Housing and Urban Development (HUD)

Project Notes

New Communities Debentures – U.S. government guaranteed debentures

U.S. Public Housing Notes and Bonds – U.S. government guaranteed public housing notes and bonds.

"Executive Director" means the Executive Director of the Port, the Chief Financial Officer of the Port or such other person as may be designated from time to time by Ordinance of the Board or by a certificate of the Executive Director.

"Fiscal Year" for the purposes of the Master CFC Bond Ordinance means the period beginning with and including July 1 of each year and ending with and including the next June 30.

"Fitch" means Fitch Ratings, its successors and their assigns, and, if Fitch shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other Rating Agency designated by the Port by notice to the Trustee.

"General Account" has the meaning prescribed to it in APPENDIX C-2—"SUMMARY OF CERTAIN PROVISION OF THE AIRPORT REVENUE BOND ORDINANCES—Definitions".

"Holder" or "Bondholder", or any similar term means any person who shall be the registered owner of any Outstanding Bond or Bonds as reflected on the registration books maintained by the Trustee as Bond Registrar under the Master CFC Bond Ordinance.

"Interest Payment Date" means January 1 and July 1 of each year, or such other dates specified as such in the Supplemental Ordinance pertaining to each Series of Bonds issued under the Master CFC Bond Ordinance.

"Kroll" means Kroll Bond Rating Agency, Inc. or its successors and assigns, and, if Kroll shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Kroll" shall be deemed to refer to any other Rating Agency designated by the Port by notice to the Trustee.

"LIBOR Index" means "USD-LIBOR-BBA" as such term is defined in the 2006 ISDA Definitions, as amended, published by the International Swaps and Derivatives Association, Inc. with a designated maturity of one (1) month. If the Port determines that (i) the LIBOR Index is no longer published or available, (ii) the LIBOR Index is no longer widely accepted in the municipal bond market, or (iii) the use of the LIBOR Index has been restricted pursuant to the administrator of the LIBOR Index, or by an applicable regulatory supervisor or authority, then the Port may, acting in good faith and in a commercially reasonable manner, select an alternative source or methodology for the LIBOR Index for purposes of determining the Debt Service Requirement under this Ordinance, which alternative will be selected after giving consideration to any replacement rates or other fallbacks published, recommended or accepted by any relevant industry group.

"LIBOR Swap Rate" means, the fixed rate, determined by the Port as of the date of calculation, that would be paid by a party to an interest rate swap agreement to receive payments based upon the LIBOR Index assuming (i) a maturity date on such swap agreement equal to the maturity date of the related Variable Rate Bonds, (ii) the notional amount of such swap agreement amortizes in the same manner and on the same timing as the scheduled amortization of the principal amount of such related Variable Rate Bonds and (iii) the payment dates under the interest rate swap agreement match or are substantially similar to the payment dates of such related Variable Rate Bonds.

"Liquidity Facility" means a letter of credit, standby bond purchase agreement, line of credit, loan guaranty or similar agreement, provided by a Liquidity Provider to provide liquidity support to pay the tender price of Option Bonds of any Series or subseries tendered for purchase in accordance with the provisions of any Supplemental Ordinance authorizing the issuance of Option Bonds.

"Liquidity Provider" means the provider of a Liquidity Facility, and its successors and permitted assigns.

"Major Maintenance Fund" means the fund created by that name pursuant to the Master CFC Bond Ordinance.

"Major Maintenance Fund Requirement" means five million dollars ($5,000,000) or such greater amount as may be determined by the Port from time to time in its sole discretion.

"Maximum Debt Service Requirement" means, as of any particular date of calculation, the highest Debt Service Requirement for any remaining Bond Year, except that with respect to any Bonds for which Sinking Fund Installments have been established, the amount of principal coming due on the final maturity date with respect to such Bonds shall be reduced by the aggregate principal amount, or Compounded Amounts as the case may be, of such Bonds that are to be redeemed from Sinking Fund Installments to be made in prior Bond Years.

"Moody's" means Moody's Investor Services, Inc. and its successors and their assigns, and, if Moody's shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other Rating Agency designated by the Port by notice to the Trustee.

"Municipal Advisor" means a nationally recognized financial advisory or consulting firm as duly registered as a municipal advisor with the Municipal Securities Rulemaking Board and other applicable federal regulatory agencies, that routinely provides services to or on behalf of an issuer with respect to the issuance of municipal securities, including advice with respect to the structure, timing, terms and other similar matters concerning such issues, as may be employed by the Port from time to time to perform the duties of the Municipal Advisor set forth in this Ordinance.

"Option Bonds" means Bonds which by their terms may be tendered by and at the option of the Holder thereof for payment or purchase by or on behalf of the Port prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the Holder thereof.

"Outstanding," "Bonds Outstanding" or "Outstanding Bonds," means as of any date, Bonds theretofore or thereupon being authenticated and delivered under the Master CFC Bond Ordinance except:

(i) Bonds cancelled (or, in the case of Book-Entry Bonds, to the extent otherwise provided in the Master CFC Bond Ordinance, portions thereof deemed to have been cancelled) by the Trustee after purchase in the open market or because of payment at or redemption prior to maturity;

(ii) Bonds (or portions of Bonds) the payment or redemption of which Escrow Obligations, equal to the principal amount or redemption price thereof, as the case may be, together with interest to the date of maturity or redemption date, shall be held in trust under the Master CFC Bond Ordinance and irrevocably set aside for such payment or redemption (whether at or prior to the maturity or redemption date) in accordance with the provisions of the Master CFC Bond Ordinance, provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given or provision satisfactory to the Trustee shall have been made for the giving of such notice as provided in the Master CFC Bond Ordinance or the applicable Supplemental Ordinance or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee;

(iii) Bonds which are deemed paid pursuant to the Master CFC Bond Ordinance or in lieu of which other Bonds have been authenticated under the Master CFC Bond Ordinance;

(iv) Bonds deemed to have been paid as provided in the Master CFC Bond Ordinance; and

(v) Bonds (or, in the case of Book-Entry Bonds, to the extent otherwise provided in the Master CFC Bond Ordinance) deemed to have been purchased pursuant to the provisions of any Supplemental Ordinance in lieu of which other Bonds have been authenticated and delivered as provided in such Supplemental Ordinance.

"Paying Agent" means the Trustee and any other banks or trust companies designated by the Port to serve as Paying Agent under the Master CFC Bond Ordinance that have agreed to arrange for the timely payment of the principal of, interest on and premiums, if any, with respect to the Bonds to the registered owners thereof.

"Period of Review" shall have the meaning ascribed to that term in the Master CFC Bond Ordinance.

"Permitted Investments" means any investments which are legal for the Port under the laws of the State of Oregon, provided that such investments are those typically permitted for the investment of debt service and reserve funds of revenue bonds which have credit ratings similar to the credit ratings then in effect for the Bonds.

"Port" means The Port of Portland, an Oregon port district and political subdivision of the State, as now or hereafter constituted, or the corporation, authority, board, body, commission, department or officer succeeding to the principal functions of the Port or to whom the powers vested in the Port shall be given by law.

"Principal Installment" means, for any principal payment date of any Series of Bonds, (i) the principal amount of the Serial Bonds of such Series scheduled to become due on such principal payment date, and (ii) the principal amount (determined as provided in the Master CFC Bond Ordinance) thereof of any Sinking Fund Installments due on such principal payment date established for Term Bonds of such Series.

"Qualified Hedge Agreement" means any agreement evidenced by any form of master agreement published by the International Swaps and Derivatives Association, Inc., including any schedule thereto, any credit support annex thereto, and any confirmation(s), entered into by the Port with respect to the Bonds or a portion thereof issued under the Master CFC Bond Ordinance such as an interest rate swap, collar, cap, or other functionally similar agreement, between the Port and a counterparty whose long-term unsecured debt at the time of entering into such agreement is rated, or whose obligations are guaranteed by an entity whose long-term unsecured debt at the time of entering into such agreement is rated in one of the two (2) highest rating categories (without regard to gradations) by at least two (2) Rating Agencies, which agreement requires that if such counterparty or guarantor, as the case may be, does not maintain a rating in one of the three (3) highest rating categories (without regard to gradations) from at least two (2) Rating Agencies, one of the following shall occur (a) such counterparty shall provide a new guarantor, or some form of credit facility from any entity, whose long-term unsecured debt is then rated in one of the three (3) highest rating categories (without regard to gradations), or (b) such counterparty shall be obligated to post collateral for the benefit and protection of the Port under the terms of a credit support annex or comparable agreement; provided that the Qualified Hedge Receipts to be paid by the counterparty to the Port thereunder have been pledged to the payment of the Bonds.

"Qualified Hedge Payments" means the net payment obligations of the Port arising under a Qualified Hedge Agreement under which the Port has expressly granted a lien on the Trust Estate securing such obligations on a parity with the lien thereon granted to Bondholders of the Series of Bonds related to such Qualified Hedge Agreement, which net payments are calculated on the basis of interest on a notional amount which may correspond with the principal amount of the Series of Bonds related to such Qualified

Hedge Agreement or a particular maturity thereof, based upon a fixed or a variable rate index or formula. Qualified Hedge Payments include only regularly scheduled payments under a Qualified Hedge Agreement determined by reference to interest on a notional amount and shall not include any other payments under such agreement (for example, any termination payment, fee for extension, indemnification obligations or other Derivative Non-Scheduled Payments payable to the counterparty).

"Qualified Hedge Receipts" means the net payment obligations of the counterparty to the Port arising under a Qualified Hedge Agreement which are calculated on the basis of interest on a notional amount which may correspond with the principal amount of certain Bonds issued under the Master CFC Bond Ordinance, or a particular Series or maturity thereof, based upon a fixed or variable rate index or formula. Qualified Hedge Receipts include only regularly scheduled payments under a Qualified Hedge Agreement determined by reference to interest on a notional amount and shall not include any other payments under such agreement (for example, any termination payment, fee for extension, indemnification obligations or other Derivative Non-Scheduled Receipts payable to the Port).

"Rate Covenant" means the Port's covenant contained in the Master CFC Bond Ordinance to fix, revise, maintain and collect CFCs and Contingent Fee Payments, in the manner prescribed therein.

"Rating Agency" means any person now or hereafter created meeting the criteria established by the United States Securities and Exchange Commission as a "nationally recognized statistical rating organization."

"Reimbursement Obligations" means obligations issued by the Port to Credit Providers or Liquidity Providers pursuant to the Master CFC Bond Ordinance in connection with the execution of any Credit Facility or Liquidity Facility, to evidence the Port's obligations to repay advances or loans made thereunder.

"Remaining Contingent Fee Payments" means amounts remaining in the General Account, if any, after giving effect to the disbursements from the General Account required pursuant to clauses First through Fourth (inclusive) as described in APPENDIX C-2—"SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT REVENUE BOND ORDINANCES—Flow of Funds," provided, however, in no case will Remaining Contingent Fee Payments exceed the amount of Contingent Fee Payments received by the Port during the applicable period.

"Remaining Contingent Fee Payments Fund" means the fund created by that name pursuant to the Series 2019 CFC Bond Ordinance.

"Renewal and Replacement Fund" means the fund created by that name pursuant to the Master CFC Bond Ordinance.

"Renewal and Replacement Fund Requirement" means six million dollars ($6,000,000) or such greater amount as may be determined by the Port from time to time in its sole discretion.

"Reserve Account" means the account or accounts in the Senior Debt Service Reserve Fund or the Subordinate Debt Service Reserve Fund, as applicable, created with respect to one or more Series of Bonds pursuant to the Master CFC Bond Ordinance and the Supplemental Ordinance pertaining to such Bonds.

"Reserve Requirement" means, as of the date of each applicable calculation, with respect to any Series of Bonds, the amount specified in the Supplemental Ordinance enacted in connection with the issuance of such Bonds. If, pursuant to any such Supplemental Ordinance, the Port is authorized to fund the initial designated amount, or deficiencies therein, over time, the Reserve Requirement for any period shall include only the incremental portion of the deposit requirement for that Series of Bonds as specified in the Supplemental Ordinance authorizing the issuance of such Bonds. For the avoidance of doubt, the Port may designate in a Supplemental Ordinance that a Series of Bonds issued thereunder and under the Master CFC Bond Ordinance shall not be secured by any Reserve Account. The Reserve Requirement for any such Series of Bonds shall be zero.

"Reserve Fund Credit Enhancement" means an irrevocable letter of credit, insurance policy, surety bond or other credit enhancement issued to satisfy, in whole or in part, the Port's deposit requirements under the Master CFC Bond Ordinance with respect to the Senior Debt Service Reserve Fund and under the Master CFC Bond Ordinance with respect to the Subordinate Debt Service Reserve Fund, and issued by a financial institution, whose claims paying ability at the time such credit enhancement is issued is rated by at least one Rating Agency and that such rating is at least in the "AA" category, if rated by S&P, Fitch or Kroll or the "Aa" category, if rated by Moody's, or the equivalent rating if rated by another Rating Agency (without regard to sub-rating designations).

"Revenues" has the meaning prescribed to it in APPENDIX C-2—"SUMMARY OF CERTAIN PROVISION OF THE AIRPORT REVENUE BOND ORDINANCES—Definitions".

"S&P" means the S&P Global Ratings its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other Rating Agency designated by the Port by notice to the Trustee.

"Securities Depository" means, initially, DTC, and its successors and assigns.

"Senior Bonds" means any Series of bonds or other obligations designated as "Senior Bonds" in the Supplemental Ordinance enacted with respect to such Series of Bonds or other obligations.

"Senior Bonds Interest Account" means the account created by that name in the Senior Debt Service Fund pursuant to the Master CFC Bond Ordinance.

"Senior Bonds Principal and Redemption Account" means the account created by that name in the Senior Debt Service Fund pursuant to the Master CFC Bond Ordinance.

"Senior Bonds Qualified Hedge Payment Account" means the account created by that name in the Senior Debt Service Fund pursuant to the Master CFC Bond Ordinance.

"Senior Debt Service Fund" means the fund created by that name pursuant to the Master CFC Bond Ordinance and all accounts therein established from time to time pursuant to this Ordinance or a Supplemental Ordinance.

"Senior Debt Service Reserve Fund" means the fund created by that name pursuant to the Master CFC Bond Ordinance and, unless the context otherwise requires, all accounts therein as may be established from time to time pursuant to Supplemental Ordinances.

"Serial Bonds" means the Bonds of an issue of Bonds, or any part of an issue of Bonds, maturing in annual installments (or more frequent installments as provided for in a Supplemental Ordinance) and the principal of which is payable from moneys deposited in the Senior Bonds Principal and Redemption Account or the Subordinate Bonds Principal and Redemption Account, as applicable.

"Series" means all of the Bonds authenticated and delivered on original issuance and identified pursuant to the Master CFC Bond Ordinance or pursuant to the Supplemental Ordinance authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Master CFC Bond Ordinance, regardless of variations in maturity, interest rate, Sinking Fund Installments, or other provisions.

"SIFMA Municipal Swap Index" means the "USD-SIFMA Municipal Swap Index" as such term is defined in the 2006 ISDA Definitions, as amended, published by the International Swaps and Derivatives Association, Inc., or if such index is no longer published, any successor index that the Trustee, in consultation with the Port, deems substantially equivalent thereto.

"Sinking Fund Installment" means with respect to Term Bond maturities (including the final maturity thereof), the mandatory redemption amounts specified in the Supplemental Ordinance with respect to the Bonds of such Series for each applicable payment date prior to and on the maturity thereof.

"State" means the State of Oregon.

"Subordinate Bonds" means any Series of bonds or other obligations designated as "Subordinate Bonds" in the Supplemental Ordinance enacted with respect to such Series of bonds or other obligations.

"Subordinate Bonds Interest Account" means the account created by that name in the Subordinate Debt Service Fund pursuant to the Master CFC Bond Ordinance.

"Subordinate Bonds Principal and Redemption Account" means the account created by that name in the Subordinate Debt Service Fund pursuant to the Master CFC Bond Ordinance.

"Subordinate Bonds Qualified Hedge Payment Account" means the account created by that name in the Subordinate Debt Service Fund pursuant to the Master CFC Bond Ordinance.

"Subordinate Debt Service Fund" means the fund created by that name pursuant to the Master CFC Bond Ordinance, unless the context otherwise requires, all accounts therein as may be established from time to time pursuant to Supplemental Ordinances.

"Subordinate Debt Service Reserve Fund" means the fund created by that name pursuant to the Master CFC Bond Ordinance and, unless the context otherwise requires, all accounts therein as may be established from time to time pursuant to Supplemental Ordinances.

"Substantial Completion" means the date on which substantial completion of the ConRAC shall be deemed to have occurred pursuant to the Concessionaire Agreement.

"Supplemental Action" means a certificate of the Executive Director, which may be executed from time to time in his or her discretion, including in connection with the issuance of Bonds.

"Supplemental Ordinance" means an ordinance supplemental to the Master CFC Bond Ordinance, that is enacted by the Board in accordance with the terms of the Master CFC Bond Ordinance, in connection with the issuance of any series of Bonds or otherwise.

"Term Bonds" means the Bonds of an issue of Bonds, or any part of an issue of Bonds maturing on one principal maturity date and the principal of which is payable from Sinking Fund Installments deposited in each year to the Senior Bonds Principal and Redemption Account or the Subordinate Bonds Principal and Redemption Account, as applicable, for the payment of such principal on or prior to maturity.

"Trust Estate" means, collectively, the revenues, cash flows and other amounts pledged by the Port under the Master CFC Bond Ordinance and described as items (i) through (iv) of subsection (a) under the caption "MASTER CFC BOND ORDINANCE—Pledge and Security Interest Granted to Bondholders; Payment of Bonds," and to the extent pledged pursuant to a Supplemental Ordinance, any other legally available revenues of the Port expressly pledged by the Port to secure the Bonds issued under the Master CFC Bond Ordinance.

"Trustee" means U.S. Bank National Association, a national banking association, which is authorized under the laws of the State to exercise corporate trust powers, and its successors in interest, or any other successor Trustee appointed pursuant to the Master CFC Bond Ordinance.

"Variable Rate Bond" means any Bond not bearing interest throughout its term at a specified rate or specified rates determined at the time of issuance of the Series of Bonds of which such Bond is one.

MASTER CFC BOND ORDINANCE

Additional Bonds

To the extent necessary to provide funds to pay the cost of constructing or acquiring CFC Projects, or to refund obligations later issued by the Port, Additional Bonds (which term, for the avoidance of doubt, shall not include the initial Series of Bonds issued under the Master CFC Bond Ordinance) may be issued under and secured by the Master CFC Bond Ordinance, at one time or from time to time, in addition to the Bonds issued under the provisions of the . Such Additional Bonds shall be dated, shall bear interest at such rate or rates, and shall mature in such years and amounts, all as shall be determined by a Supplemental Ordinance enacted by the Board in connection with the issuance of such Additional Bonds.

Such Additional Bonds shall be executed substantially in the form and manner set forth in such Supplemental Ordinance, with such changes as may be necessary or appropriate to conform to the provisions of the Supplemental Ordinance authorizing the issuance of such Additional Bonds, and deposited with the Trustee for authentication, but before such Additional Bonds shall be authenticated and delivered by the Trustee, there shall be filed with the Trustee the following:

(a) (i) A certified copy of a Supplemental Ordinance enacted by the Board, authorizing the issuance of such Additional Bonds and (ii) a Supplemental Action setting forth the terms of such Additional Bonds to the extent such terms are not set forth in the Supplemental Ordinance, including whether such Additional Bonds are designated as Senior Bonds or Subordinate Bonds;

(b) Certificates, to be executed respectively by the Trustee and the Port with respect to the funds and accounts held by each, stating that all payments into the Senior Debt Service Fund and the Subordinate Debt Service Fund created under the Master CFC Bond Ordinance have been made in full, as required by the Master CFC Bond Ordinance to the date of delivery of such Additional Bonds, that all accounts described in the Master CFC Bond Ordinance are current, that there are no deficiencies in the amounts required to be on deposit therein, that, to their knowledge, no default exists under the Master CFC Bond Ordinance, and that all conditions precedent to the delivery of such Additional Bonds have been fulfilled;

(c) With respect to the issuance or incurrence of Senior Bonds, either of the following:

(i) A certificate of the Executive Director to the effect that the CFCs and Contingent Fee Payments for the last completed Fiscal Year preceding the date of issuance of such Additional Bonds for which audited statements are available were not less than the sum of: (i) one hundred percent (100%) of the amounts required (A) to be deposited into the Senior Debt Service Reserve Fund in such Fiscal Year and (B) to pay the CFC Administrative Costs in such Fiscal Year but only to the extent CFC Administrative Costs in such Fiscal Year were greater than amounts on deposit in the CFC Surplus Account on the first day of such Fiscal Year; plus (ii) one hundred twenty-five percent (125%) of the Maximum Debt Service Requirement in any succeeding Fiscal Year for all Senior Bonds then Outstanding (including the Additional Bonds proposed to be issued but excluding those Outstanding Bonds, if any, to be defeased or refunded by the issuance of such Additional Bonds); or

(ii) A statement of the Airport Consultant that in its opinion the CFCs and Contingent Fee Payments expected to be collected by the Port during the Fiscal Year in which such Additional Bonds are issued and for each Fiscal Year thereafter through the Period of Review referred to below, taking into account, among other factors, anticipated increases in CFC fees and charges, shall not be less than the sum of (i) one hundred percent (100%) of the amounts required (A) to be deposited into the Senior Debt Service Reserve Fund in each such Fiscal Year, and (B) to pay the CFC Administrative Costs in each such Fiscal Year but only to the extent CFC Administrative Costs in each such Fiscal Year are expected to be greater than amounts on deposit in the CFC Surplus Account on the first day of each such Fiscal Year, as estimated by the Airport Consultant; plus (ii) one hundred twenty-five percent (125%) of the amounts required to be deposited into the Senior Debt Service Fund in each such corresponding Fiscal Year during the Period of Review for all Senior Bonds Outstanding (including the Additional Bonds proposed to be issued but excluding those Outstanding Bonds, if any, to be defeased or refunded by the issuance of such Additional Bonds).

(d) With respect to the issuance or incurrence of Subordinate Bonds, either of the following:

(i) A certificate of the Executive Director to the effect that the CFCs and Contingent Fee Payments for the last completed Fiscal Year preceding the date of issuance of such Additional Bonds for which audited statements are available were not less than the sum of: (i) one hundred percent (100%) of the amounts required (A) to be deposited into the Senior Debt Service Reserve Fund and the Subordinate Debt Service Reserve Fund in such Fiscal Year, and (B) to pay the CFC Administrative Costs in such Fiscal Year but only to the extent CFC Administrative Costs in such Fiscal Year were greater than amounts on deposit in the CFC Surplus Account on the first day of such Fiscal Year; plus (ii) one hundred percent (100%) of the Maximum Debt Service Requirement in any succeeding Fiscal Year for all Senior Bonds and Subordinate Bonds then Outstanding (including the Additional Bonds proposed to be issued but excluding those Outstanding Bonds, if any, to be defeased or refunded by the issuance of such Additional Bonds); or

(ii) A statement of the Airport Consultant that in its opinion the CFCs and Contingent Fee Payments expected to be collected by the Port during the Fiscal Year in which such Additional Bonds are issued and for each Fiscal Year thereafter through the Period of Review referred to below, taking into account, among other factors, anticipated increases in CFC fees and charges, shall not be less than the sum of (i) one hundred percent (100%) of the amounts required (A) to be deposited into the Senior Debt Service Reserve Fund and the Subordinate Debt Service Reserve Fund in each such Fiscal Year, and (B) to pay the CFC Administrative Costs in each such Fiscal Year but only to the extent CFC Administrative Costs in each such Fiscal Year are expected to be greater than amounts on deposit in the CFC Surplus Account on the first day of each such Fiscal Year, as estimated by the Airport Consultant; plus (ii) one hundred percent (100%) of the amounts required to be deposited into the Senior Debt Service Fund and the Subordinate Debt Service Fund in each such corresponding Fiscal Year during the Period of Review for all Senior Bonds and Subordinate Bonds Outstanding (including the Additional Bonds proposed to be issued but excluding those Outstanding Bonds, if any, to be defeased or refunded by the issuance of such Additional Bonds).

(e) For purposes of the Master CFC Bond Ordinance, the "Period of Review" shall be that period beginning on the first day of the Bond Year in which such Additional Bonds are issued and ending on the last day of the Bond Year during which the later of the following events shall occur: (i) the fifth anniversary of the date of issuance of such Additional Bonds or (ii) the third anniversary of the date on which interest on such Additional Bonds is not expected to be payable from the proceeds of such Additional Bonds.

In determining compliance with the requirements set forth in subsections (c) and (d) above, the following rules will apply:

(i) The Airport Consultant may assume (a) that the rate of the levy of CFCs in effect on the date of issuance of such Additional Bonds will be in effect for the entire forecast period, or (b) a higher rate to the extent the Port reasonably anticipates an increase in the rate of the levy of CFCs during the forecast period;

(ii) In making its forecast, the Airport Consultant may take into account projected rental transactions days based in part on its projection of the growth in passengers at the Airport for the Period of Review, as reflected in an accompanying financial analysis provided in connection with the issuance of such Additional Bonds; and

(iii) The Airport Consultant, in making its forecast, may assume that each of the Concessionaires will pay its respective share of any Contingent Fee Payments as required pursuant to its respective Concessionaire Agreement.

Additional Bonds that are Senior Bonds shall be on a parity and rank equally with all other Senior Bonds issued under the Master CFC Bond Ordinance as to lien on and source and security for payment from the Trust Estate and all funds, accounts and other moneys pledged therefor, (except that Additional Bonds that are Senior Bonds for which a special account in the Senior Debt Service Reserve Fund is established at the time of issuance thereof shall look solely to the Reserve Fund Credit Enhancement with respect to such Additional Bonds or to the cash, if any, deposited into such special account in the Senior Debt Service Reserve Fund established solely for the benefit of such Additional Bonds) and in all other respects, and upon the issuance of any such Additional Bonds all payments into the Senior Debt Service Fund and the separate accounts therein, and the Senior Debt Service Reserve Fund (but only to the extent that a cash deposit to the Senior Debt Service Reserve Fund with respect to such Additional Bonds is required by the Master CFC Bond Ordinance) shall be increased as necessary over the amounts required by the Master CFC Bond Ordinance to be deposited therein for any other Senior Bonds then Outstanding and secured by the Master CFC Bond Ordinance, and all of the provisions of the Master CFC Bond Ordinance, except as to details inconsistent therewith, shall apply to and be for the benefit and security and protection of the Holders of such Additional Bonds as fully and to the same extent as for the Holders of any other Senior Bonds then Outstanding and secured by the Master CFC Bond Ordinance.

Additional Bonds that are Subordinate Bonds shall be on a parity and rank equally with all other Subordinate Bonds issued under the Master CFC Bond Ordinance as to lien on and source and security for payment from the Trust Estate and all funds, accounts and other moneys pledged therefor (except that Additional Bonds that are Subordinate Bonds for which a special account in the Subordinate Debt Service Reserve Fund is established at the time of issuance thereof shall look solely to the Reserve Fund Credit Enhancement with respect to such Additional Bonds or to the cash, if any, deposited into such special account in the Subordinate Debt Service Reserve Fund established solely for the benefit of such Additional Bonds) and in all other respects, and upon the issuance of any such Additional Bonds all payments into the Subordinate Debt Service Fund and the separate accounts therein, and the Subordinate Debt Service Reserve Fund (but only to the extent that a cash deposit to the Subordinate Debt Service Reserve Fund with respect to such Additional Bonds is required by the Master CFC Bond Ordinance) shall be increased as necessary over the amounts required by the Master CFC Bond Ordinance to be deposited therein for any other Subordinate Bonds then Outstanding and secured by the Master CFC Bond Ordinance, and all of the provisions of the Master CFC Bond Ordinance, except as to details inconsistent therewith, shall apply to and be for the benefit and security and protection of the Holders of such Additional Bonds as fully and to the same extent as for the Holders of any other Subordinate Bonds then Outstanding and secured by the Master CFC Bond Ordinance.

The proceeds (excluding accrued interest and any amounts of capitalized interest which the Port shall deem necessary or advisable for said Additional Bonds, which shall be deposited in the Senior Bonds Interest Account in the Senior Debt Service Fund or the Subordinate Bonds Interest Account in the Subordinate Debt Service Fund, as applicable) of all Additional Bonds issued under the provisions of the Master CFC Bond Ordinance for CFC Projects shall be deposited at the direction of the Port and used for any lawful purpose consistent with the CFC Ordinance.

Completion Bonds and Refunding Bonds

(a) The Port may issue Additional Bonds that are Senior Bonds under the Master CFC Bond Ordinance without complying with the requirements described in subsection (c) under the caption "Additional Bonds":

(i) to complete projects specifically authorized and theretofore funded with Bonds issued as Senior Bonds under this Ordinance, provided that the aggregate principal amount of such completion Senior Bonds does not exceed fifteen percent (15%) of the aggregate principal amount of the Senior Bonds or portions of Senior Bonds issued to fund such projects, and

(ii) to refund any Senior Bond or Bonds Outstanding under the Master CFC Bond Ordinance, provided that prior to the issuance of refunding Bonds under the Master CFC Bond Ordinance, the Municipal Advisor or another qualified independent consultant must deliver to the Trustee a statement stating (i) that, in each Bond Year, the debt service with respect to the refunding Senior Bonds will be equal to or less than the debt service with respect to the Senior Bonds to be refunded, or (ii) that the Maximum Debt Service Requirement with respect to all Senior Bonds Outstanding after the issuance of the refunding Senior Bonds (excluding the Senior Bonds to be refunded and including the refunding Senior Bonds) will be equal to or less than the Maximum Debt Service Requirement on all Senior Bonds Outstanding prior to the issuance of the refunding Senior

Bonds. For purposes of the foregoing, if the Outstanding Senior Bonds or the proposed refunding Senior Bonds, or both, include Variable Rate Bonds, the assumed interest rate thereon for purposes of the foregoing calculations shall be determined in accordance with the procedures set forth in the definition of Debt Service Requirement therein, determined on or as of the date of calculation.

(b) The Port may issue Additional Bonds that are Subordinate Bonds under the Master CFC Bond Ordinance without complying with the requirements of subsection (d) under the caption "Additional Bonds":

(i) to complete projects specifically authorized and theretofore funded with Bonds issued as Subordinate Bonds under the Master CFC Bond Ordinance, provided that the aggregate principal amount of such completion Subordinate Bonds does not exceed fifteen percent (15%) of the aggregate principal amount of the Subordinate Bonds or portions of Subordinate Bonds issued to fund such projects, and

(ii) to refund any Subordinate Bond or Bonds Outstanding under the Master CFC Bond Ordinance, provided that prior to the issuance of refunding Bonds under the Master CFC Bond Ordinance, the Municipal Advisor or another qualified independent consultant must deliver to the Trustee a statement stating (i) that, in each Bond Year, the debt service with respect to the refunding Subordinate Bonds will be equal to or less than the debt service with respect to the Subordinate Bonds to be refunded, or (ii) that the Maximum Debt Service Requirement with respect to all Senior Bonds and Subordinate Bonds Outstanding after the issuance of the refunding Subordinate Bonds (excluding the Subordinate Bonds to be refunded and including the refunding Subordinate Bonds) will be equal to or less than the Maximum Debt Service Requirement on all Senior Bonds and Subordinate Bonds Outstanding prior to the issuance of the refunding Subordinate Bonds. For purposes of the foregoing, if the Outstanding Subordinate Bonds or the proposed refunding Subordinate Bonds, or both, include Variable Rate Bonds, the assumed interest rate thereon for purposes of the foregoing calculations shall be determined in accordance with the procedures set forth in the definition of Debt Service Requirement therein, determined on or as of the date of calculation.

Reimbursement Obligations

(a) One or more issues of Reimbursement Obligations may be issued concurrently with the issuance of the Bonds of a Series authorized pursuant to the provisions of the Master CFC Bond Ordinance for which a Credit Facility or Liquidity Facility, or both, is being provided with respect to such Bonds (or a maturity or maturities) by a third party. Such Reimbursement Obligations shall be issued for the purpose of evidencing the Port's obligation to repay any advances or loans made to, or on behalf of, the Port in connection with such Credit Facility or Liquidity Facility; provided, however, that the stated maximum principal amount of any such issue of Reimbursement Obligations shall not exceed the aggregate principal amount of the Bonds with respect to which such Credit Facility or Liquidity Facility is being provided, plus such number of days' interest thereon as the Port shall determine prior to the issuance thereof computed at the maximum interest rate applicable thereto.

(b) Except as otherwise provided in a Supplemental Ordinance authorizing an issue of Reimbursement Obligations, for the purposes of (i) receiving payment of a Reimbursement Obligation, whether at maturity or upon redemption or (ii) computing the principal amount of Bonds held by the Holder of a Reimbursement Obligation in giving to the Port any notice, consent, request, or demand pursuant to this Ordinance for any purpose whatsoever, the principal amount of a Reimbursement Obligation shall be deemed to be the actual principal amount that the Port shall owe thereon, which shall equal the aggregate of the amounts advanced to, or on behalf of, the Port in connection with the Bonds of the Series or portions thereof for which such Reimbursement Obligation has been issued to evidence the Port's obligation to repay any advances or loans made in respect of any Credit Facility or Liquidity Facility provided for such Bonds, less any prior repayments thereof.

Qualified Hedge Agreements

(a) The Port may, to the extent permitted by law, enter into one or more Qualified Hedge Agreements concurrently with or at any time after the issuance of the Bonds under the Master CFC Bond Ordinance.

(b) Unless the counterparty to any Qualified Hedge Agreement shall agree that regularly scheduled payments with respect thereto shall be subordinate to payments on the Bonds or shall be unsecured, (i) the Port shall by Supplemental Ordinance prior to the effective date of such Qualified Hedge Agreement cause the Qualified Hedge Receipts thereunder to be pledged as part of the Trust Estate and (ii) Qualified Hedge Payments under such Qualified Hedge Agreement shall be on parity with interest payments on the Bonds. Unless otherwise specified in a Supplemental Ordinance, Qualified Hedge Payments under any Qualified Hedge Agreement shall only be paid in the manner and to the extent specified in the Master CFC Bond Ordinance. Neither Qualified Hedge Payments nor other payments due under any Qualified Hedge Agreement shall be secured by funds on deposit in the Renewal and Replacement Fund, the Major Maintenance Fund, the Construction Fund, the CFC Rolling Coverage Account, the Senior Debt Service Reserve Fund and any Reserve Accounts therein, the Subordinate Debt Service Reserve Fund and any Reserve Accounts therein or, unless otherwise specified by the Port in a Supplemental Ordinance, the CFC Surplus Account.

Establishment of Construction Fund

The Construction Fund shall be held by the Port and applied in accordance with the terms of the Master CFC Bond Ordinance and any Supplemental Ordinance. The Port may create and maintain one or more accounts within the Construction Fund at its discretion.

The moneys in the Construction Fund shall be held by the Port in trust and shall be applied to the payment of the cost of the CFC Projects, and pending such application, shall be subject to a lien and charge in favor of the Holders of the Bonds.

Description of CFC Project Costs

For the purpose of the Master CFC Bond Ordinance, the cost of any CFC Project to be financed with the proceeds of a Series of Bonds may include, without intending thereby to limit or restrict or to extend any proper definition of such cost under the provisions of law, the following:

(a) Obligations incurred for labor and materials and to contractors, builders and materialmen in connection with the construction and acquisition of said CFC Project for machinery and equipment, and for the restoration or relocation of property damaged or destroyed in connection with such construction or acquisition;

(b) The cost of acquiring by purchase, if such purchase shall be deemed expedient, and the amount of any award or final judgment in or any settlement or compromise of any proceeding to acquire by condemnation, such lands, property rights, rights-of-way, franchises, easements and other interest as may be deemed necessary or convenient and authorized for the construction and acquisition of said CFC Project, options and partial payments thereon, and the amount of any damages incident to or consequent upon the construction and acquisition of said CFC Project;

(c) The fees and expenses of the Trustee and municipal or governmental charges, if any, lawfully levied or assessed upon said CFC Project or any property acquired therefor, and premiums on insurance, if any, in connection with said CFC Project;

(d) The expenses necessary or incident to determining the design and construction of the CFC Project and fees and expenses for making studies, surveys, appraisals and estimates of cost and of revenues and other estimates and for preparing plans and specifications and supervising construction, as well as for the performance of all other duties set forth herein in relation to the construction and acquisition of said CFC Project, or the issuance of Bonds therefor;

(e) Legal, engineering and Airport Consultant fees and expenses, financing charges, cost of audits during the construction of said CFC Project and of preparing and issuing the Bonds, and all other items of expense not elsewhere in this Section specified incident to the construction, acquisition and equipment of said CFC Project, the financing thereof, the placing of the same in operation, and the cost of acquisition of lands, property rights, rights-of-way, franchises, easements, servitudes, and interests therein.

Completion, Disposition of Excess Proceeds

When the construction and acquisition of a CFC Project shall have been completed, as determined by the Port in its sole discretion, the balance of any bond proceeds in the Construction Fund not reserved by the Port for the payment of any remaining part of the cost of said CFC Project may be applied to any lawful purpose consistent with the CFC Ordinance at the discretion of the Port.

Rate Covenant

The Port will, to the extent permitted by law, fix, revise from time to time when necessary, impose and collect CFCs and Contingent Fee Payments in each Fiscal Year that will be sufficient to pay, in accordance with the provisions of this Ordinance the greater of:

(a) One hundred percent (100%) of the amounts required to (i) pay the CFC Administrative Costs in such Fiscal Year but only to the extent CFC Administrative Costs in such Fiscal Year were greater than amounts on deposit in the CFC Surplus Account on the first day of such Fiscal Year, and (ii) be deposited into the Senior Debt Service Fund, the Senior Debt Service Reserve Fund, the Subordinate Debt Service Fund, the Subordinate Debt Service Reserve Fund, the Renewal and Replacement Fund and the Major Maintenance Fund in such Fiscal Year; or

(b) The sum of:

(i) One hundred percent (100%) of the amounts required (A) to pay the CFC Administrative Costs in such Fiscal Year but only to the extent CFC Administrative Costs in such Fiscal Year were greater than amounts on deposit in the CFC Surplus Account on the first day of such Fiscal Year, and (B) to be deposited into the Senior Debt Service Reserve Fund and the Subordinate Debt Service Reserve Fund, in such Fiscal Year; plus

(ii) One hundred fifty percent (150%) of the Debt Service Requirement with respect to Senior Bonds for such Fiscal Year; plus

(iii) One hundred percent (100%) of the Debt Service Requirement with respect to the Subordinate Bonds for such Fiscal Year.

For purposes of determining compliance with the Rate Covenant set forth above (1) unless the Port elects otherwise in writing to the Trustee, amounts in the CFC Rolling Coverage Account at the end of any Fiscal Year up to an amount equal to twenty-five percent (25%) of the Maximum Debt Service Requirement on Senior Bonds shall be added to CFCs and Contingent Fee Payments in such Fiscal Year, (2) if the Port pays debt service on Senior Bonds in a Fiscal Year from any source of funds other than the CFCs and Contingent Fee Payments collected in such Fiscal Year, including from amounts on deposit in the CFC Surplus Account, the amount of such payment or payments shall be subtracted from the Debt Service Requirement for such Fiscal Year, (3) if the Port is not required to deposit amounts into a particular fund referenced in paragraphs (a) or (b) under this caption but nevertheless voluntarily deposits amounts into such fund, such deposit will not be considered "required" and the Port need not show coverage with respect to such deposited amounts, and (4) all income earned in a Fiscal Year from the investment of money in the funds and accounts held by the Port under the Master CFC Bond Ordinance shall be added to CFCs and Contingent Fee Payments in such Fiscal Year, provided the provisions of the Master CFC Bond Ordinance allow such income to be used to pay debt service on the Senior Bonds and/or the Subordinate Bonds.

Creation of Funds and Accounts

The following special funds and accounts are created under the Master CFC Bond Ordinance: (i) the CFC Revenue Fund to be held and administered by the Port; (ii) the Senior Debt Service Fund, and three separate accounts therein to be known as the Senior Bonds Interest Account, the Senior Bonds Principal and Redemption Account and the Senior Bonds Qualified Hedge Payment Account, each to be held and administered by the Trustee; (iii) the Senior Debt Service Reserve Fund and separate accounts therein for any series of Senior Bonds to be created at the direction of the Port, each to be held and administered by the Trustee; (iv) the Subordinate Debt Service Fund, and three separate accounts therein to be known as the Subordinate Bonds Interest Account, the Subordinate Bonds Principal and Redemption Account and the Subordinate Bonds Qualified Hedge Payment Account, each to be held and administered by the Trustee; (v) the Subordinate Debt Service Reserve Fund and separate accounts therein for any series of Subordinate Bonds to be created at the direction of the Port, each to be held and administered by the Trustee; (vi) the Renewal and Replacement Fund to be held and administered by the Port; (vii) the Major Maintenance Fund to be held and administered by the Port; and (viii) the CFC Surplus and Rolling Coverage Fund to be held and administered by the Port, and two separate accounts therein to be known as the CFC Rolling Coverage Account and the CFC Surplus Account, both to be held and administered by the Port. The funds and accounts created pursuant to the Master CFC Bond Ordinance shall be pledged to the payment of the Bonds as provided in the Master CFC Bond Ordinance.

Deposit of CFCs

On and after the issuance of the initial Series of Bonds under the Master CFC Bond Ordinance, all CFCs shall be deposited by the Port in the CFC Revenue Fund upon receipt, except as otherwise expressly provided in the Master CFC Bond Ordinance.

Disposition of Amounts in CFC Revenue Fund Before Substantial Completion

Before Substantial Completion, the moneys in the CFC Revenue Fund, after payment of CFC Administrative Costs, shall be disbursed and applied by the Port, first, to satisfy the deposit requirements in the amounts and manner described in paragraphs (a) through (f) under the caption "Disposition of Amounts in the CFC Revenue Fund After Substantial Completion" and, second, to pay cost overruns or shortfalls in the cost of constructing the CFC Projects to the extent the Port anticipates deficiencies in the funds set aside for such purpose in the Construction Fund. Prior to Substantial Completion, moneys in the CFC Revenue Fund not needed for the purposes described in the preceding sentence shall be deposited in the CFC Surplus Account.

Disposition of Amounts in the CFC Revenue Fund After Substantial Completion

After Substantial Completion, the moneys in the CFC Revenue Fund, after payment of CFC Administrative Costs, shall be disbursed and applied by the Port on or before the first day of each month or on or before the last day of each Fiscal Year, as applicable, only in the following manner and order of priority:

(a) *Senior Bonds Interest Account and Senior Bonds Qualified Hedge Payment Account*. On or before the first day of each month, the Port shall transfer moneys from the CFC Revenue Fund, in the amounts set forth in the following sentence, to the Trustee, who shall deposit such amounts into the Senior Bonds Interest Account and the Senior Bonds Qualified Hedge Payment Account, as applicable. The Port shall transfer sufficient amounts from the CFC Revenue Fund, which, together with amounts on deposit in the Senior Bonds Interest Account and the Senior Bonds Qualified Hedge Payment Account, as applicable, are necessary to make the amounts on deposit in (i) the Senior Bonds Interest Account equal to the interest component of the Accrued Aggregate Debt Service Requirement for such month with respect to the Senior Bonds, and (ii) the Senior Bonds Qualified Hedge Payment Account equal to any net Qualified Hedge Payment then due or to become due within such month; provided, however, that such deposits into the Senior Bonds Interest Account shall not be required to be made to the extent sufficient moneys are then on deposit in the Senior Bonds Interest Account either from the proceeds of said Senior Bonds or from any other source.

The moneys in the Senior Bonds Interest Account shall be used only for the payment of the interest on the Senior Bonds, both Serial Bonds and Term Bonds, and the Trustee shall transfer to the Paying Agent the necessary moneys to pay all such interest becoming due on each interest payment date not later than such interest payment date. The moneys in the Senior Bonds Qualified Hedge Payment Account shall be used only for the payment of Qualified Hedge Payments, and the Trustee shall transfer to the counterparty under the respective Qualified Hedge Agreement the necessary moneys to pay such Qualified Hedge Payment on the next respective payment date.

A separate subaccount shall be set up and maintained in the Senior Bonds Interest Account for each Series of Senior Bonds.

(b) *Senior Bonds Principal and Redemption Account*. On or before the first day of each month, and after making the deposits provided for in subsection (a) above, the Port shall transfer moneys from the CFC Revenue Fund, in the amounts set forth in the following sentence, to the Trustee, who shall deposit such amounts into the Senior Bonds Principal and Redemption Account. The Port shall transfer sufficient amounts from the CFC Revenue Fund, which, together with amounts on deposit in the Senior Bonds Principal and Redemption Account, are necessary to make the amounts on deposit in the Senior Bonds Principal and Redemption Account equal to (i) the principal component of Serial Bonds of the Accrued Aggregate Debt Service Requirement for such month with respect to the Senior Bonds issued as Serial Bonds, and (ii) the Sinking Fund Installment portion of the Accrued Aggregate Debt Service Requirement for such month with respect to Senior Bonds issued as Term Bonds.

The moneys in the Senior Bonds Principal and Redemption Account shall be used only for the payment of the principal of the Senior Bonds issued as Serial Bonds or the mandatory redemption amounts of the Senior Bonds issued as Term Bonds, and the Trustee shall transfer to the Paying Agent the necessary moneys to pay all such principal and/or mandatory redemption amounts becoming due on said Serial Bonds and Term Bonds on each principal maturity date or redemption date prior to such principal maturity date or redemption date.

A separate subaccount shall be set up and maintained in the Senior Bonds Principal and Redemption Account for each Series of Senior Bonds.

The Port may satisfy its obligations described in this paragraph (b) with respect to the Sinking Fund Installments, on or before the forty-fifth (45th) day next preceding each principal payment date on which the Senior Bonds issued as Term Bonds are to be retired pursuant to the Sinking Fund Installments, by delivering to the Trustee for cancellation, Term Bonds that are Senior Bonds of the Series and maturity required to be redeemed on such principal payment date in any aggregate principal amount desired. Upon such delivery, the Port will receive a credit against the amounts required to be deposited into the Senior Bonds Interest Account and the Senior Bonds Principal and Redemption Account on account of such Term Bonds in an amount equal to one hundred percent (100%) of the principal amount thereof so purchased and cancelled and the interest accruing thereon to the next succeeding Interest Payment Date.

(c) *Senior Debt Service Reserve Fund*. On or before the first day of each month, and after making the deposits provided for in subsections (a) and (b) above, the Port shall transfer moneys from the CFC Revenue Fund, in the amounts set forth in the following sentence, to the Trustee, who shall deposit such amounts into the Senior Debt Service Reserve Fund, and pro rata into each separate Reserve Account created therein. The Port shall transfer sufficient amounts from the CFC Revenue Fund, which, together with amounts available under any applicable Reserve Fund Credit Enhancement and amounts currently on deposit in the Senior Debt Service Reserve Fund and each Reserve Account, are necessary to make the amounts on deposit therein equal to the applicable aggregate Reserve Requirement; provided, however, that:

(i) to the extent the deficiency arises in any month from a withdrawal from the Senior Debt Service Reserve Fund and/or any applicable Reserve Account therein to satisfy deposit shortfalls required under subsections (a) and/or (b) above (the deficiency arising from a withdrawal in each such month a "Senior Reserve Deficiency Amount"), the monthly deposit requirements pursuant to this subsection (c) will be one twelfth (1/12th) of the Senior Reserve Deficiency Amount until the aggregate Reserve Requirement has been replenished; and

(ii) if Senior Reserve Deficiency Amounts accrue in successive or subsequent months, based on subsequent withdrawals to cure shortfalls under subsections (a) and/or (b) above, the monthly deposit requirements shall be the sum of one twelfth (1/12th) of each respective monthly Senior Reserve Deficiency Amount that remains un-replenished.

No further deposits shall be required to be made into the Senior Debt Service Reserve Fund or into any separate Reserve Account therein as long as the amounts then on deposit therein are equal to the Reserve Requirement for the Senior Debt Service Reserve Fund or, with respect to the Senior Bonds secured by a separate Reserve Account, for the respective Series of Senior Bonds then Outstanding and secured thereby.

The moneys in the Senior Debt Service Reserve Fund shall be used only for the payment of the interest on all Senior Bonds, including both Serial Bonds and Term Bonds, the principal of Serial Bonds and the required deposits into the Senior Bonds Principal and Redemption Account for Term Bonds as the same mature or become due, whenever the moneys in the Senior Bonds Interest Account and Senior Bonds Principal and Redemption Account are insufficient therefor. The Senior Debt Service Reserve Fund shall serve as a common reserve fund for all Senior Bonds for which a separate Reserve Account has not been established. If separate Reserve Accounts in the Senior Debt Service Reserve Fund have been established for a Series of Senior Bonds, deficiencies in the Senior Bonds Interest Account and Senior Bonds Principal and Redemption Account with respect to such Senior Bonds shall be payable solely from the funds deposited in each respective special Reserve Account created with respect to such Series of Senior Bonds, or from the respective Reserve Fund Credit Enhancement acquired with respect thereto, and not from other funds deposited in the Senior Debt Service Reserve Fund. Funds on deposit in the Senior Debt Service Reserve Fund or the separate Reserve Accounts therein established for a Series of Senior Bonds in excess of the respective Reserve Requirement, may be withdrawn at the Port's request and deposited as directed by the Port. All deficiencies in said Senior Debt Service Reserve Fund, including each Reserve Account created thereunder, shall be restored, to the extent required pursuant to the foregoing, from the first available moneys in the CFC Revenue Fund after making all prior required deposits into the Senior Bonds Interest Account and the Senior Bonds Principal and Redemption Account.

Upon the issuance of a Series of Senior Bonds, or at any time in replacement of moneys then on deposit in the Senior Debt Service Reserve Fund or a separate Reserve Account, in lieu of making a cash deposit to the Senior Debt Service Reserve Fund or a separate Reserve Account therein, or in substitution therefor, the Port may deliver to the Trustee a Reserve Fund Credit Enhancement in an amount which, together with moneys, securities or other Reserve Fund Credit Enhancements on deposit in or credited to the Senior Debt Service Reserve Fund or any Reserve Account therein, as applicable, equals or exceeds the Reserve Requirement for the Senior Debt Service Reserve Fund or a separate Reserve Account therein, as applicable, provided that:

(A) All such Reserve Fund Credit Enhancements (i) will name the Trustee as beneficiary or insured, (ii) will have a term of not less than the maturity of such Senior Bonds for which such Reserve Fund Credit Enhancement was issued, or if issued to replace cash proceeds then existing in the Senior Debt Service Reserve Fund or a specific Reserve Account thereunder, the final maturity of the last maturing Senior Bond then Outstanding (provided, however, that the provisions of this clause (ii) will not apply if such Reserve Fund Credit Enhancement is a Letter of Credit which, by its terms may be drawn upon at least fifteen (15) days prior to the stated expiration date thereof if a substitute Letter of Credit, or an extension thereof, with a new term of not less than one year has not theretofore been obtained and credited to the Senior Debt Service Reserve Fund or such Reserve Account) and (iii) will provide by its terms that it may be drawn upon to make up any deficiencies in the Senior Bonds Interest Account or the Senior Bonds Principal and Redemption Account on the due date of any interest or principal payment or mandatory sinking fund redemption with respect to such Senior Bonds with respect to which such Reserve Fund Credit Enhancement was issued.

(B) Any excess funds on deposit in the Senior Debt Service Reserve Fund or Reserve Account, as applicable, after a Reserve Fund Credit Enhancement has been provided shall be deposited into the Senior Bonds Interest Account and/or the Senior Bonds Principal and Redemption Account and used to pay debt service on or redeem Senior Bonds from which such funds were derived or for any other lawful purpose.

(C) The obligation to reimburse the issuer of a Reserve Fund Credit Enhancement for any fees, expenses, claims or draws thereon shall be subordinated to the payment of debt service on the Senior Bonds and, subject to the provisions in the following sentence, replenishment of the Senior Debt Service Reserve Fund or applicable Reserve Account. Notwithstanding the provisions of the prior sentence, such issuer's right to reimbursement for claims or draws shall be on a parity with the cash replenishment of the Senior Debt Service Reserve Fund and the Reserve Accounts therein, provided that the Reserve Fund Credit Enhancement shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If the revolving feature is suspended or terminated for any reason, the right of such issuer to reimbursement will be subordinated to cash replenishment of the Senior Debt Service Reserve Fund and the Reserve Accounts therein, to an amount equal to the difference between the full original amount available under the Reserve Fund Credit Enhancement and the amount then available for further draws or claims. If (a) the issuer of the Reserve Fund Credit Enhancement becomes insolvent or (b) the issuer of the Reserve Fund Credit Enhancement defaults in its payment obligations thereunder or (c) if any two Rating Agencies then maintaining a rating on the issuer of the Reserve Fund Credit Enhancement withdraw or suspend their ratings on such issuer, or if any two such Rating Agencies drop the rating of such issuer's claims-paying ability below "AA-", if S&P, Fitch or Kroll or "Aa3", if Moody's (or the equivalent rating, if rated by another Rating Agency), the obligation to reimburse the issuer of the Reserve Fund Credit Enhancement shall be subordinated to the cash replenishment of the Senior Debt Service Reserve Fund and the Reserve Accounts therein until the requisite ratings have been re-established.

(D) If the Port chooses to provide or substitute a Reserve Fund Credit Enhancement in lieu of a cash-funded Senior Debt Service Reserve Fund or Reserve Account, any amounts owed by the Port to the issuer of such Reserve Fund Credit Enhancement as a result of a draw thereon or a claim thereunder, as appropriate, shall be included in determining amounts required to be deposited to the credit of the Senior Debt Service Reserve Fund or the applicable Reserve Account and in any other calculation of debt service requirements required to be made pursuant to the Master CFC Bond Ordinance for any purpose.

(d) *Subordinate Bonds Interest Account and Subordinate Bonds Qualified Hedge Payment Account*. On or before the first day of each month, and after making the deposits provided for in subsections (a) through (c), inclusive, above, the Port shall transfer moneys from the CFC Revenue Fund, in the amounts set forth in the following sentence, to the Trustee, who shall deposit such amounts into the Subordinate Bonds Interest Account and the Subordinate Bonds Qualified Hedge Payment Account, as applicable. The Port shall transfer sufficient amounts from the CFC Revenue Fund, which, together with amounts on deposit in the Subordinate Bonds Interest Account and the Subordinate Bonds Qualified Hedge Payment Account, as applicable, are necessary to make the amounts on deposit in (i) the Subordinate Bonds Interest Account equal to the interest component of the Accrued Aggregate Debt Service Requirement for such month with respect to the Subordinate Bonds, and (ii) the Subordinate Bonds Qualified Hedge Payment Account equal to any net Qualified Hedge Payment then due or to become due within such month; provided, however, that such deposits into the Subordinate Bonds Interest Account shall not be required to be made to the extent sufficient moneys are then on deposit in the Subordinate Bonds Interest Account either from the proceeds of said Subordinate Bonds or from any other source.

The moneys in the Subordinate Bonds Interest Account shall be used only for the payment of the interest on the Subordinate Bonds, both Serial Bonds and Term Bonds, and the Trustee shall transfer to the Paying Agent the necessary moneys to pay all such interest becoming due on each interest payment date not later than such interest payment date. The moneys in the Subordinate Bonds Qualified Hedge Payment Account shall be used only for the payment of Qualified Hedge Payments, and the Trustee shall transfer to the counterparty under the respective Qualified Hedge Agreement the necessary moneys to pay such Qualified Hedge Payment on the next respective payment date.

A separate subaccount shall be set up and maintained in the Subordinate Bonds Interest Account for each Series of Subordinate Bonds.

(e) *Subordinate Bonds Principal and Redemption Account*. On or before the first day of each month, and after making the deposits provided for in subsections (a) through (d), inclusive, above, the Port shall transfer moneys from the CFC Revenue Fund, in the amounts set forth in the following sentence, to the Trustee, who shall deposit such amounts into the Subordinate Bonds Principal and Redemption Account. The Port shall transfer sufficient amounts from the CFC Revenue Fund, which, together with amounts on deposit in the Subordinate Bonds Principal and Redemption Account, are necessary to make the amounts on deposit in the Subordinate Bonds Principal and Redemption Account equal to (i) the principal component of Serial Bonds of the Accrued Aggregate Debt Service Requirement for such month with respect to the Subordinate Bonds issued as Serial Bonds, and (ii) the Sinking Fund Installment portion of the Accrued Aggregate Debt Service Requirement for such month with respect to Subordinate Bonds issued as Term Bonds.

The moneys in the Subordinate Bonds Principal and Redemption Account shall be used only for the payment of the principal of the Subordinate Bonds issued as Serial Bonds or the mandatory redemption amounts of the Subordinate Bonds issued as Term Bonds, and the Trustee shall transfer to the Paying Agent the necessary moneys to pay all such principal and/or mandatory redemption amounts becoming due on said Serial Bonds and Term Bonds on each principal maturity date or redemption date prior to such principal maturity date or redemption date.

A separate subaccount shall be set up and maintained in the Subordinate Bonds Principal and Redemption Account for each Series of Subordinate Bonds.

The Port may satisfy its obligations described in this paragraph (e) with respect to the Sinking Fund Installments, on or before the forty-fifth (45th) day next preceding each principal payment date on which the Subordinate Bonds issued as Term Bonds are to be redeemed pursuant to the Sinking Fund Installments, by delivering to the Trustee for cancellation, Term Bonds that are Subordinate Bonds of the Series and maturity required to be redeemed on such principal payment date in any aggregate principal amount desired. Upon such delivery, the Port will receive a credit against the amounts required to be deposited into the Subordinate Bonds Interest Account and the Subordinate Bonds Principal and Redemption Account on account of such Term Bonds in an amount equal to one hundred percent (100%) of the principal amount thereof so purchased and cancelled and the interest accruing thereon to the next succeeding Interest Payment Date.

(f) *Subordinate Debt Service Reserve Fund*. On or before the first day of each month, and after making the deposits provided for in subsections (a) through (e), inclusive, above, the Port shall transfer moneys from the CFC Revenue Fund, in the amounts set forth in the following sentence, to the Trustee, who shall deposit such amounts into the Subordinate Debt Service Reserve Fund, and pro rata into each separate Reserve Account created therein. The Port shall transfer sufficient amounts from the CFC Revenue Fund, which, together with amounts available under any applicable Reserve Fund Credit Enhancement and amounts currently on deposit in the Subordinate Debt Service Reserve Fund and each Reserve Account, are necessary to make the amounts on deposit therein equal to the applicable aggregate Reserve Requirement; provided, however, that:

(i) to the extent the deficiency arises in any month from a withdrawal from the Subordinate Debt Service Reserve Fund and/or any applicable Reserve Account therein to satisfy deposit shortfalls required under subsections (d) and/or (e) above (the deficiency arising from a withdrawal in each such month a "Subordinate Reserve Deficiency Amount"), the monthly deposit requirements pursuant to this subsection (f) will be one twelfth (1/12th) of the Subordinate Reserve Deficiency Amount until the aggregate Reserve Requirement has been replenished; and

(ii) if Subordinate Reserve Deficiency Amounts accrue in successive or subsequent months, based on subsequent withdrawals to cure shortfalls under subsections (d) and/or (e) above, the monthly deposit requirements shall be the sum of one twelfth (1/12th) of each respective monthly Subordinate Reserve Deficiency Amount that remains un-replenished.

No further deposits shall be required to be made into the Subordinate Debt Service Reserve Fund or into any separate Reserve Account therein as long as the amounts then on deposit therein are equal to the Reserve Requirement for the Subordinate Debt Service Reserve Fund or, with respect to Subordinate Bonds secured by a separate Reserve Account, for the respective Series of Subordinate Bonds then Outstanding and secured thereby.

The moneys in the Subordinate Debt Service Reserve Fund shall be used only for the payment of the interest on all Subordinate Bonds, including both Serial Bonds and Term Bonds, the principal of Serial Bonds and the required deposits into the Subordinate Bonds Principal and Redemption Account for Term Bonds as the same mature or become due, whenever the moneys in the Subordinate Bonds Interest Account and Subordinate Bonds Principal and Redemption Account are insufficient therefor. The Subordinate Debt Service Reserve Fund shall serve as a common reserve fund for all Subordinate Bonds for which a separate Reserve Account has not been established. If separate Reserve Accounts in the Subordinate Debt Service Reserve Fund have been established for a Series of Subordinate Bonds, deficiencies in the Subordinate Bonds Interest Account and Subordinate Bonds Principal and Redemption Account with respect to such Subordinate Bonds shall be payable solely from the funds deposited in each respective special Reserve Account created with respect to such Series of Subordinate Bonds, or from the respective Reserve Fund Credit Enhancement acquired with respect thereto, and not from other funds deposited in the Subordinate Debt Service Reserve Fund. Funds on deposit in the Subordinate Debt Service Reserve Fund or the separate Reserve Accounts therein established for a Series of Subordinate Bonds in excess of the respective Reserve Requirement, may be withdrawn at the Port's request and deposited as directed by the Port. All deficiencies in said Subordinate Debt Service Reserve Fund, including each Reserve Account created thereunder, shall be restored, to the extent required pursuant to the foregoing, from the first available moneys in the CFC Revenue Fund after making all prior required deposits into the Subordinate Bonds Interest Account and the Subordinate Bonds Principal and Redemption Account.

Upon the issuance of a Series of Subordinate Bonds, or at any time in replacement of moneys then on deposit in the Subordinate Debt Service Reserve Fund or a separate Reserve Account, in lieu of making a cash deposit to the Subordinate Debt Service Reserve Fund or a separate Reserve Account therein, or in substitution therefor, the Port may deliver to the Trustee a Reserve Fund Credit Enhancement in an amount which, together with moneys, securities or other Reserve Fund Credit Enhancements on deposit in or credited to the Subordinate Debt Service Reserve Fund or any Reserve Account therein, as applicable, equals or exceeds the Reserve Requirement for the Subordinate Debt Service Reserve Fund or a separate Reserve Account therein, as applicable, provided that:

(A) All such Reserve Fund Credit Enhancements (i) will name the Trustee as beneficiary or insured, (ii) will have a term of not less than the maturity of such Subordinate Bonds for which such Reserve Fund Credit Enhancement was issued, or if issued to replace cash proceeds then existing in the Subordinate Debt Service Reserve Fund or a specific Reserve Account thereunder, the final maturity of the last maturing Subordinate Bond then Outstanding (provided, however, that the provisions of this clause (ii) will not apply if such Reserve Fund Credit Enhancement is a Letter of Credit which, by its terms may be drawn upon at least fifteen (15) days prior to the stated expiration date thereof if a substitute Letter of Credit, or an extension thereof, with a new term of not less than one year has not theretofore been obtained and credited to the Subordinate Debt Service Reserve Fund or such Reserve Account) and (iii) will provide by its terms that it may be drawn upon to make up any deficiencies in the Subordinate Bonds Interest Account or the Subordinate Bonds Principal and Redemption Account on the due date of any interest or principal payment or mandatory sinking fund redemption with respect to such Subordinate Bonds with respect to which such Reserve Fund Credit Enhancement was issued.

(B) Any excess funds on deposit in the Subordinate Debt Service Reserve Fund or Reserve Account, as applicable, after a Reserve Fund Credit Enhancement has been provided shall be deposited into the Subordinate Bonds Interest Account and/or the Subordinate Bonds Principal and Redemption Account and used to pay debt service on or redeem Subordinate Bonds from which such funds were derived or for any other lawful purpose.

(C) The obligation to reimburse the issuer of a Reserve Fund Credit Enhancement for any fees, expenses, claims or draws thereon shall be subordinated to the payment of debt service on the Subordinate Bonds and, subject to the provisions in the following sentence, replenishment of the Subordinate Debt Service Reserve Fund or applicable Reserve Account. Notwithstanding the provisions of the prior sentence, such issuer's right to reimbursement for claims or draws shall be on a parity with the cash replenishment of the Subordinate Debt Service Reserve Fund and the Reserve Accounts therein, provided that the Reserve Fund Credit Enhancement shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If the revolving feature is suspended or terminated for any reason, the right of such issuer to reimbursement will be subordinated to cash replenishment of the Subordinate Debt Service Reserve Fund and the Reserve Accounts therein, to an amount equal to the difference between the full original amount available under the Reserve Fund Credit Enhancement and the amount then available for further draws or claims. If (a) the issuer of the Reserve Fund Credit Enhancement becomes insolvent or (b) the issuer of the Reserve Fund Credit Enhancement defaults in its payment obligations thereunder or (c) if any two Rating Agencies then maintaining a rating on the issuer of the Reserve Fund Credit Enhancement withdraw or suspend their ratings on such issuer, or if any two such Rating Agencies drop the rating of such issuer's claims-paying ability below "AA-", if S&P, Fitch or Kroll or "Aa3", if Moody's (or the equivalent rating, if rated by another Rating Agency), the obligation to reimburse the issuer of the Reserve Fund Credit Enhancement shall be subordinated to the cash replenishment of the Subordinate Debt Service Reserve Fund and the Reserve Accounts therein until the requisite ratings have been re-established.

(D) If the Port chooses to provide or substitute a Reserve Fund Credit Enhancement in lieu of a cash-funded Subordinate Debt Service Reserve Fund or Reserve Account, any amounts owed by the Port to the issuer of such Reserve Fund Credit Enhancement as a result of a draw thereon or a claim thereunder, as appropriate, shall be included in determining amounts required to be deposited to the credit of the Subordinate Debt Service Reserve Fund or the applicable Reserve Account and in any other calculation of debt service requirements required to be made pursuant to the Master CFC Bond Ordinance for any purpose.

(g) *Renewal and Replacement Fund*. On or before the last day of each Fiscal Year, and after making the deposits provided for in subsections (a) through (f), inclusive, above, the Port shall transfer $600,000 from the CFC Revenue Fund to the Renewal and Replacement Fund; provided, however, no such transfer shall be required if the amount on deposit therein equals at least the Renewal and Replacement Fund Requirement.

The moneys in the Renewal and Replacement Fund shall be used only for the payment of costs of renewals, modifications, repairs and replacements of the CFC Projects as determined in the Port's sole discretion. Any moneys in said Fund that the Port determines, in its sole discretion, are in excess of the amounts required to be on deposit therein, may be transferred to and deposited in the CFC Surplus Account.

(h) *Major Maintenance Fund*. On or before the last day of each Fiscal Year, and after making the deposits provided for in subsections (a) through (g), inclusive, above, the Port shall transfer $1,000,000 from the CFC Revenue Fund to the Major Maintenance Fund; provided, however, no such transfer shall be required if the amount on deposit therein equals at least the Major Maintenance Fund Requirement.

The moneys in the Major Maintenance Fund shall be used only for the payment of costs of major unexpected maintenance expenses of the CFC Projects as determined in the Port's sole discretion. Any moneys in said Fund that the Port determines, in its sole discretion, are in excess of the amounts required to be on deposit therein, may be transferred to and deposited in the CFC Surplus Account.

(i) *CFC Surplus and Rolling Coverage Fund*. On or before the last day of each Fiscal Year, and after making the deposits provided for in subsections (a) through (h), inclusive, above, including all deficiencies for prior required deposits and payments, the Port shall withdraw all moneys then remaining in the CFC Revenue Fund and deposit the same into the CFC Surplus Account. The Port may use amounts in the CFC Surplus Account for any lawful purposes consistent with the CFC Ordinance.

Upon the issuance of the initial Series of Bonds, the Port shall deposit into the CFC Rolling Coverage Account an amount equal to twenty-five percent (25%) of the Maximum Debt Service Requirement on Senior Bonds from any lawful source of funds. Amounts in the CFC Rolling Coverage Account may be used for the payment of debt service on Senior Bonds and for no other purposes, but only if the Port determines in its sole discretion that an event of default described in paragraphs (a) and (b) under the caption "Events of Default" will result without such payment. Any moneys in said Account that the Port determines, in its sole discretion, are in excess of an amount equal to twenty-five percent (25%) of the Maximum Debt Service Requirement on Senior Bonds, may be transferred to and deposited in the CFC Surplus Account. The Port may, but shall not be required to, make additional deposits into the CFC Rolling Coverage Account subsequent to the initial deposit described above.

(j) In the event any of the deposits or payments required under subsections (a) to (h), inclusive, above, are not made when due, then such deficiencies shall be added to the deposits or payments to be made on the next deposit or payment date.

(k) By Supplemental Ordinance, the Port may specify that payment of Reimbursement Obligations and Derivative Non-Scheduled Payments shall be secured by and payable from amounts remaining in the Subordinate Bond Principal and Redemption Account after payment of all amounts owing under paragraph (e) under the caption "Disposition of Amounts in the CFC Revenue Fund After Substantial Completion" or from amounts in the CFC Surplus Account.

(l) The Port may elect to make final payments on Bonds from any fund or account established under the Master CFC Bond Ordinance so long as no Bonds remain Outstanding after such payment.

Subordinate Indebtedness Covenant

The Port covenants that any obligations or indebtedness issued by it other than in accordance with the terms of the Master CFC Bond Ordinance, and payable from and secured by the Trust Estate and the other security described in the Master CFC Bond Ordinance, shall contain an express statement that such obligations are junior and subordinated in all respects to the Senior Bonds and the Subordinate Bonds issued under the Master CFC Bond Ordinance as to lien on, source of and security for payment from, the Trust Estate and the other security described in the Master CFC Bond Ordinance.

Funds Held in Trust

Subject to the terms and conditions set forth in the Master CFC Bond Ordinance, moneys to the credit of the Senior Bonds Interest Account, the Senior Bonds Principal and Redemption Account, the Subordinate Bonds Interest Account and the Subordinate Bonds Principal and Redemption Account shall be held in trust and disbursed by the Trustee for (a) the payment of interest on all Senior Bonds and Subordinate Bonds, as applicable, issued under the Master CFC Bond Ordinance as such interest falls due, and (b) the payment of principal of all applicable Serial Bonds as such principal falls due and for the making of all required payments into the Senior Bonds Principal and Redemption Account or the Subordinate Bonds Principal and Redemption Account for applicable Term Bonds as the same become due, and such moneys are pledged to and charged with the payments mentioned in the Master CFC Bond Ordinance.

Depositories

All amounts held under the Master CFC Bond Ordinance in the Senior Debt Service Fund, the Senior Debt Service Reserve Fund, the Subordinate Debt Service Fund and the Subordinate Debt Service Reserve Fund shall be deposited with the Trustee, to the extent herein required, or with one or more other banks or trust companies designated by the Port (each such depository, including the Trustee, being therein referred to as a "Depository"). All moneys deposited under the provisions of the Master CFC Bond Ordinance with the Trustee or any other Depository shall be held in trust and applied only in accordance with the provisions of the Master CFC Bond Ordinance, and shall not be subject to lien or attachment by any creditor of the Port. All moneys deposited with each Depository, including the Trustee, shall be credited to the particular Fund or Account to which such moneys belong.

Investment of Certain Funds, Valuation, Disposition of Investment Income

Moneys on deposit with the Trustee to the credit of the Senior Debt Service Fund, the Senior Debt Service Reserve Fund, the Subordinate Debt Service Fund and the Subordinate Debt Service Reserve Fund shall be invested and reinvested in Permitted Investments. Such investments or reinvestments shall mature not later than the respective dates, as estimated by the Port, when the moneys held for the credit of said Funds or Accounts will be needed for the purposes of such Funds or Accounts, except that the moneys in the Senior Debt Service Reserve Fund and the Subordinate Debt Service Reserve Funds may be invested and reinvested for a period of not exceeding fifteen years from the date of the making of such investments or reinvestments.

The Port will direct the Trustee in writing with respect to the investment and reinvestment of amounts held in the funds and accounts held by the Trustee under the Master CFC Bond Ordinance. Amounts held by the Port under the Master CFC Bond Ordinance shall be invested in Permitted Investments at the Port's discretion.

All income derived from the investment of moneys in the Senior Debt Service Fund, the Senior Debt Service Reserve Fund, the Subordinate Debt Service Fund and the Subordinate Debt Service Reserve Fund shall be retained in such funds or accounts. Income derived from the investment of moneys in all other funds and accounts established under the Master CFC Bond Ordinance shall be credited or transferred to the CFC Revenue Fund.

Pledge and Security Interest Granted to the Bondholders; Payment of Bonds

(a) *Pledge and Security Interest*. For and in consideration of the premises and the mutual covenants therein contained, of the acceptance by the Trustee of the trusts thereby created, and of the purchase and acceptance of the Bonds by the Bondholders thereof from time to time, and for other good and valuable consideration, the receipt and sufficiency of which are thereby acknowledged, in order to secure the payment of the principal, and premium, if any, of and interest on the Bonds which are at any time Outstanding, and the performance and observance by the Port of all the covenants and conditions expressed or implied therein and contained in the Bonds, effective when the initial Bonds are issued, the Port grants, bargains, sells, conveys, assigns, pledges, transfers and sets over to the Trustee, its successors in trust and their assigns, without recourse, all of the following:

(i) the CFCs;

(ii) with respect to the Senior Bonds, all moneys, investments and proceeds of Senior Bonds on deposit in the Construction Fund, the CFC Revenue Fund, the Senior Debt Service Fund (including the Senior Bonds Interest Account, the Senior Bonds Principal and Redemption Account and the Senior Bonds Qualified Hedge Payment Account), the Senior Debt Service Reserve Fund and any Reserve Account established thereunder (provided that the applicable Series of Senior Bonds is secured by the Senior Debt Service Reserve Fund or any separate Reserve Account as provided in a Supplemental Ordinance), the Subordinate Debt Service Fund (except for any proceeds of Subordinate Bonds or earnings on such proceeds that are on deposit in the Subordinate Debt Service Fund), any Subordinate Debt Service Reserve Fund (except for any proceeds of Subordinate Bonds or earnings on such proceeds that are on deposit in any Subordinate Debt Service Reserve Fund), the Renewal and Replacement Fund, the Major Maintenance Fund and the CFC Surplus and Rolling Coverage Fund (including the CFC Rolling Coverage Account and the CFC Surplus Account) and interest and investment earnings thereon, subject to the provisions of the Master CFC Bond Ordinance regarding moneys for the benefit of the holders of a particular Series of Senior Bonds,

(iii) with respect to the Subordinate Bonds, subject to the prior lien granted to the Owners of the Senior Bonds, all moneys, investments and proceeds of Subordinate Bonds on deposit in the Construction Fund, the CFC Revenue Fund, the Subordinate Debt Service Fund (including the Subordinate Bonds Interest Account, the Subordinate Bonds Principal and Redemption Account and the Subordinate Bonds Qualified Hedge Payment Account), any Subordinate Debt Service Reserve Fund and any Reserve Account established thereunder (provided that the applicable Series of Subordinate Bonds is secured by the Subordinate Debt Service Reserve Fund or any separate Reserve Account as provided in a Supplemental Ordinance), the Renewal and Replacement Fund, the Major Maintenance Fund and the CFC. Surplus Account and interest and investment earnings thereon, subject to the provisions of the Master CFC Bond Ordinance regarding moneys for the benefit of the holders of a particular Series of Subordinate Bonds, and

(iv) all other moneys, revenues, investments and rights granted, pledged or assigned by the Port to the Trustee under the Master CFC Bond Ordinance, under a Supplemental Ordinance or under any other Ordinance, instrument or agreement of the Port.

(b) *Payment of Bonds*. The Port covenants that it will promptly pay the principal of and the interest on every Bond issued under the provisions of the Master CFC Bond Ordinance at the places, on the dates and in the manner provided therein and in said Bonds and any premium required for the retirement of said Bonds by purchase or redemption, according to the true intent and meaning thereof. The principal of, and interest and premium, if any, on the Bonds are payable solely from the Trust Estate in the manner, in the order of priority and to the extent provided in the Master CFC Bond Ordinance. The Bonds shall not in any manner or to any extent constitute general obligations of the Port or the State, or of any political subdivision of the State.

Covenants with Respect to CFC's and Contingent Fee Payments

The Port covenants that so long as Bonds are outstanding under the Master CFC Bond Ordinance, it will not take any action or omit to take any action with respect to the CFCs or the Contingent Fee Payments if such action or omission would jeopardize the validity or enforceability of the imposition of CFCs or the Contingent Fee Payments, as the case may be, or impede the Port's ability to impose and collect CFCs or Contingent Fee Payments in the amounts contemplated in the Master CFC Bond Ordinance, in the Concessionaire Agreements and the CFC Ordinance. The Port covenants to exercise its rights under the Concessionaire Agreements with respect to Security Deposits (as such term is defined in the Concessionaire Agreement), if necessary, in connection with its levy, imposition and collection of Contingent Fee Payments.

Construction of CFC Projects

The Port covenants that upon the receipt of the proceeds of the initial Series of Bonds issued under the Master CFC Bond Ordinance, and any Additional Bonds issued under the provisions of the Master CFC Bond Ordinance (with respect to Completion Bonds), it will to the full extent of its legal powers, proceed to acquire and construct the CFC Projects for which such Bonds were issued, substantially in accordance with the plans and specifications therefor, and in conformity with law and all requirements of all governmental agencies having jurisdiction over such CFC Projects, and that it will complete such acquisition and construction with all expedition practicable.

Liens

The Port covenants that it will not create or suffer to be created any lien or charge upon the Trust Estate except the lien and charge created under the Master CFC Bond Ordinance in favor of the Bonds secured under the Master CFC Bond Ordinance and the lien and charge thereon in favor of Reimbursement Obligations and Qualified Hedge Payments.

CFC Ordinance

The Port covenants that so long as any of the Bonds remain Outstanding, it will levy and collect CFCs pursuant to the CFC Ordinance.

Operation and Maintenance of the ConRAC

As long as any Bonds remain Outstanding, and for so long as the ConRAC is being used as Rental Car Facilities (as such term is defined in the CFC Ordinance), the Port shall exercise its rights under the Concessionaire Agreements to require the Concessionaires to operate and maintain the ConRAC in good condition for the purposes for which it was constructed, reasonable wear and tear excepted, all as determined by the Port in its reasonable discretion.

Insurance

The Port will carry, or require the Concessionaires to carry, insurance with generally recognized responsible insurers for risks, accidents or casualties with respect to the ConRAC at least to the extent that similar insurance is usually carried by airport operators operating properties similar to the ConRAC, provided, however, the Port may self-insure against such risks, accidents or casualties in its reasonable discretion, and provided further, the Port will be deemed to be in compliance with the Master CFC Bond Ordinance so long as it is in compliance with its obligations with respect to insurance set forth in the Concessionaire Agreements.

Events of Default

Each of the following events is an "event of default":

(a) payment of the principal and premium, if any, of or for any of the Senior Bonds shall not be made when the same shall become due and payable, either at maturity or on required payment dates by proceedings for redemption or otherwise; or

(b) payment of any installment of interest on Senior Bonds shall not be made when the same shall become due and payable on the required payment dates; or

(c) payments or transfers by the Port required by the Master CFC Bond Ordinance as described under the caption "Disposition of Amounts in the CFC Revenue Fund After Substantial Completion" shall not be made within thirty (30) days after the same shall be required; or

(d) an admission of insolvency by the Port or a filing by the Port of a petition under Chapter 9 of the United States Bankruptcy Code; or

(e) the Port shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Senior Bonds or in the Master CFC Bond Ordinance, and such default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Port by the Trustee at the direction of the Holders of not less than ten percent (10%) in principal amount of the Senior Bonds then Outstanding, provided, however, if such default cannot with due diligence and dispatch be wholly cured within 30 days but can be wholly cured, the failure of the Port to remedy such default within such 30-day period shall not constitute a default under the Master CFC Bond Ordinance if the Port shall immediately upon receipt of such notice commence with due diligence and dispatch the curing of such default and, having so commenced the curing of such default, shall thereafter prosecute and complete the same with due diligence and dispatch.

AS LONG AS ANY SENIOR BONDS REMAIN OUTSTANDING, NO EVENT OF DEFAULT SHALL EXIST OR MAY BE DECLARED WITH RESPECT TO ANY SUBORDINATE BONDS.

Remedies

Upon the happening and continuance of any event of default specified in the Master CFC Bond Ordinance, then and in every such case the Trustee may proceed, and upon the written request of the Holders of not less than twenty-five percent (25%) in principal amount of the Senior Bonds then Outstanding under the Master CFC Bond Ordinance, and furnished with reasonable indemnity in accordance with the Master CFC Bond Ordinance, shall proceed, subject to the provisions of the Master CFC Bond Ordinance, to protect and enforce its right and the rights of the Senior Bondholders under the laws of the State, or under the Master CFC Bond Ordinance by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board, body or officer having jurisdiction, either for the specific performance of any covenant or agreement contained therein or in aid or execution of any power therein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights. Such remedy shall include the right to the appointment of a receiver for the Trust Estate, which receiver shall be under the duty of collecting and distributing the Trust Estate pursuant to the provisions and requirements of the Master CFC Bond Ordinance to the extent permitted by law. Additionally, the rights and remedies which the Trustee may or shall exercise include, but are not limited to, all or any of the following; provided, however, that no Bond issued under the Master CFC Bond Ordinance may be declared due and payable before its scheduled maturity or mandatory redemption date:

(a) The right in its own name by any action, writ, or other proceeding to enforce all rights of the Bondholders, including the right to require the Port to perform its duties under the Master CFC Bond Ordinance;

(b) The right to bring an action upon all or any part of the Bonds or claims appurtenant thereto; or

(c) The right, by action, to enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders.

In the enforcement of any remedy under the Master CFC Bond Ordinance the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining due from the Port for principal, premium, interest or otherwise under any of the provisions of the Master CFC Bond Ordinance or of the Bonds and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bond together with any and all costs and expenses of collection and of all proceedings under the Master CFC Bond Ordinance and under such Bonds without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce judgment or decree against the Port, but solely as provided herein and in such Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect (but solely from moneys in the Senior Debt Service Fund or the Subordinate Debt Service Fund, as applicable, and any other moneys available for such purpose) in any manner provided by law, the moneys adjudged or decreed to be payable.

Application of Funds After Default

(a) If at any time the moneys in the Senior Debt Service Fund shall not be sufficient to pay the principal of or the interest on the applicable Senior Bonds and the applicable Qualified Hedge Payments as the same become due and payable, such moneys, together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in the Master CFC Bond Ordinance or otherwise, shall be applied as follows:

(i) Unless the principal of all the Senior Bonds shall have become due and payable, all such moneys shall be applied (1) to the payment of all installments of interest and Qualified Hedge Payments then due, in the order of the maturity of the installments of such interest and Qualified Hedge Payments, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Senior Bonds or the Qualified Hedge Payments, and (2) to the payment of all installments or principal then due in the order of the maturity of such installments of principal.

(ii) If the principal of all the Senior Bonds shall have become due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Senior Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Senior Bond over any other Senior Bond, or any Qualified Hedge Payment over any payment due with respect to the Senior Bonds, ratably, according to the amounts due, respectively, for principal, interest and Qualified Hedge Payments, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Senior Bonds.

(b) If at any time the moneys in the Subordinate Debt Service Fund shall not be sufficient to pay the principal of or the interest on the applicable Subordinate Bonds and the applicable Qualified Hedge Payments as the same become due and payable, such moneys, together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in the Master CFC Bond Ordinance or otherwise, after payment in full of all amounts owing with respect to any Senior Bonds, shall be applied as follows:

(i) Unless the principal of all the Subordinate Bonds shall have become due and payable, all such moneys shall be applied (1) to the payment of all installments of interest and Qualified Hedge Payments then due, in the order of the maturity of the installments of such interest and Qualified Hedge Payments, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Subordinate Bonds or the Qualified Hedge Payments, and (2) to the payment of all installments or principal then due in the order of the maturity of such installments of principal.

(ii) If the principal of all the Subordinate Bonds shall have become due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Subordinate Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Subordinate Bond over any other Subordinate Bond, or any Qualified Hedge Payment over any payment due with respect to the Subordinate Bonds, ratably, according to the amounts due, respectively, for principal, interest and Qualified Hedge Payments, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Subordinate Bonds.

The provisions of this Section are in all respects subject to the provisions of the Master CFC Bond Ordinance.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of the Master CFC Bond Ordinance, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future;

the deposit of any of such moneys with any of the Paying Agent, or otherwise setting aside such moneys, in trust for the proper purpose shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the Port to any Bondholder or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances and ultimately applies the same in accordance with such provisions of this Ordinance as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an interest payment date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date, and shall not be required to make payment to the holder of any Bond unless such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Holders' Control of Proceeding

Anything in the Master CFC Bond Ordinance to the contrary notwithstanding, the Holders of a majority in principal amount of the Senior Bonds then Outstanding under the Master CFC Bond Ordinance shall have the right, subject to the provisions of the Master CFC Bond Ordinance, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Master CFC Bond Ordinance, provided that such direction shall not be otherwise than in accordance with law or the provisions of the Master CFC Bond Ordinance, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

Restriction on Bondholder's Action

No holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Master CFC Bond Ordinance or for any other remedy under the Master CFC Bond Ordinance unless such holder previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be taken, and unless the Holders of not less than twenty-five percent (25%) in principal amount of the Senior Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers thereinabove granted or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are thereby declared in every such case, at the option of the Trustee, to be conditions precedent to the enactment of the powers and trusts of the Master CFC Bond Ordinance or for any other remedy under the Master CFC Bond Ordinance. It is understood and intended that no Holder of the Bonds secured shall have any right in any manner whatever by his or her or their action to affect, disturb or prejudice the security of the Master CFC Bond Ordinance, or to enforce any right under the Master CFC Bond Ordinance except in the manner therein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner therein provided and for the benefit of all Holders of the Outstanding Bonds.

Supplements Not Requiring Bondholder Consent

The Port may, from time to time and at any time, enact such Supplemental Ordinances as shall not be inconsistent with the terms and provisions of the Master CFC Bond Ordinance (which Supplemental Ordinances shall thereafter form a part thereof):

(a) To provide for the issuance of Additional Bonds pursuant to the Master CFC Bond Ordinance; or

(b) To cure any ambiguity or formal defect or omission in the Master CFC Bond Ordinance or in any Supplemental Ordinance; or

(c) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders or the Trustee;

(d) To provide for the issuance of Subordinate Bonds, including without limitation, to provide covenants and agreements of the Port with respect to Subordinate Bonds; or

(e) To make any other changes or modifications to or to otherwise amend the Master CFC Bond Ordinance in any manner that does not, in the reasonable judgment of the Port, materially adversely affect the interests or rights of any of the Holders of the Bonds issued pursuant to the terms hereof and then Outstanding.

No such amendment shall affect the payment of debt service on the Bonds when due unless the Bond Insurer, if any, shall have first consented to such amendments.

Modifications Requiring Bondholder Consent

Subject to the terms and provisions contained in this Section and not otherwise, the Holders of not less than a majority in aggregate principal amount of the Senior Bonds then Outstanding, shall have the right, from time to time, anything contained in the Master CFC Bond Ordinance to the contrary notwithstanding, to consent to and approve the enactment by the Port of such Supplemental Ordinances as shall be deemed necessary or desirable by the Port for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Master CFC Bond Ordinance or in any Supplemental Ordinance; provided, however, that nothing herein contained shall permit, or be construed as permitting (a) an extension of the maturity of principal of or the interest on any Bond issued under the Master CFC Bond Ordinance, or (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (c) the creation of a lien upon or pledge of the Trust Estate ranking prior to the lien or pledge created by the Master CFC Bond Ordinance for the Senior Bonds, or (d) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Ordinance. Nothing therein contained, however, shall be construed as making necessary the approval by Bondholders of the enactment of any Supplemental Ordinance as authorized in the Master CFC Bond Ordinance.

If at any time the Port shall propose to enact any Supplemental Ordinance for any of the purposes of this Section, the Trustee shall cause notice of the proposed enactment of such Supplemental Ordinance to be posted on EMMA and delivered by Electronic Means to all registered owners of Senior Bonds then Outstanding, at their addresses as they appear on the registration books and to all other Senior Bondholders who shall have filed their names and addresses with the Trustee for such purpose. Such notice shall briefly set forth the nature of the proposed Supplemental Ordinance and shall state that a copy thereof is on file at the office of the Trustee for inspection by all Senior Bondholders. The Trustee shall not, however, be subject to any liability to any Senior Bondholder by reason of its failure to deliver the notice required in this Section, and any such failure shall not affect the validity of such Supplemental Ordinance when consented to and approved as provided in this Section.

Holders of Bonds issued pursuant to Supplemental Ordinances containing amendments and providing that the Holders of such Bonds, by acceptance thereof, consent to and approve the terms thereof, shall be deemed to have consented to such amendments for all purposes thereof.

If the Holders of not less than a majority of the Senior Bond Obligation Outstanding at the time of the enactment of such Supplemental Ordinances shall have consented to and approved the execution thereof as therein provided, no holder of any Bonds shall have any right to object to the enactment of such Supplemental Ordinance or to object to any of the terms and provisions contained therein or in the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Port from executing the same or from taking any action pursuant to the provisions thereof.

Upon the enactment of any Supplemental Ordinance pursuant to the provisions of this Section, the Master CFC Bond Ordinance shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Master CFC Bond Ordinance of the Port, the Trustee and all Holders of Bonds then Outstanding, shall thereafter be determined, exercised and enforced under the Master CFC Bond Ordinance, subject in all respects to such modifications and amendments.

Defeasance

If, when the Bonds secured shall have become due and payable in accordance with their terms or otherwise as provided in the Master CFC Bond Ordinance, or shall have been duly called for redemption, or irrevocable instructions to call the Bonds for redemption shall have been given by the Port to the Trustee, the whole amount of the principal and the interest and the premium, if any, so due and payable upon all of the Bonds then Outstanding shall be paid, or sufficient moneys shall be held by the Trustee or the Paying Agent which, when invested in Escrow Obligations maturing not later than the maturity dates of such principal, interest and redemption premiums, if any, will, together with the income realized on such investments, be sufficient to pay all such principal, interest and redemption premiums, if any, on said Bonds at the maturity thereof or the date upon which such Bonds have been called for redemption prior to maturity, and provisions shall also be made for paying all Qualified Hedge Payments, Reimbursement Obligations and Derivative Non-Scheduled Payments in accordance with their terms and all other sums payable under the Master CFC Bond Ordinance by the Port, then and in that case the right, title and interest of the Trustee shall thereupon cease, determine and become void, and the Trustee in such case, on demand of the Port, shall release the Master CFC Bond Ordinance and shall execute such documents to evidence such release as may be reasonably required by the Port, and shall turn over to the Port, or such officer, board or body as may then be entitled by law to receive the same, any surplus in any account in the Debt Service Fund or the Subordinate Debt Service Fund, as applicable, and all balances remaining in any other funds or accounts other than moneys held for redemption or payment of Bonds; otherwise this Ordinance, shall be, continue and remain in full force and effect.

Establishment of Remaining Contingent Fee Payment Fund and Deposit of Remaining Contingent Fee Payments

On or before the first day of each month, the Port shall set aside and pay into the Remaining Contingent Fee Payment Fund the Remaining Contingent Fee Payments, if any, and shall immediately thereafter transfer all amounts in the Remaining Contingent Fee Payment Fund to the CFC Revenue Fund for application in accordance with the Master CFC Bond Ordinance. For the avoidance of doubt, other than the Remaining Contingent Fee Payments, no other Revenues are required to be transferred into the Remaining Contingent Fee Payment Fund.

APPENDIX C-2

SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT REVENUE BOND ORDINANCES

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APPENDIX C-2

SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT REVENUE BOND ORDINANCES

This appendix summarizes certain provisions of the Airport Revenue Bond Ordinances as of the date the Series 2019 CFC Bonds are issued. The Official Statement, including this appendix, occasionally uses terms that differ from terms that are used in the Airport Revenue Bond Ordinances. For example, Ordinance No. 323 uses the term "Subordinate Lien Bonds" because the obligations secured by a pledge of the Revenues that is on a parity with the pledge securing the Series Twenty-Five Bonds had a subordinate claim on the Revenues when Ordinance No. 323 originally was enacted by the Port. All senior lien obligations have been retired, and the "Subordinate Lien Bonds" are now secured by a prior pledge of the Net Revenues, so the Official Statement, including this appendix, uses the term "SLB" in place of "Subordinate Lien Bond" to avoid confusion.

Definitions

Unless the context clearly requires otherwise, capitalized terms used in this appendix have the meanings assigned such terms in this "Definitions" section, and capitalized terms used in this appendix that are not defined in this "Definitions" section have the meanings assigned such terms in the front portion of this Official Statement or the Airport Revenue Bond Ordinances.

"Additional SLBs" means obligations issued on parity with Outstanding SLBs and in compliance with the requirements of the SLB Ordinance. See "Additional SLBs."

"Airport" means the (1) the presently existing airport owned or operated by the Port known as the "Portland International Airport" and (2) the Portland International Airport as enlarged, expanded, changed and improved, pursuant to the Airport Capital Improvement Program, as amended from time to time. The term "Airport" does not include: (a) properties sold or transferred in compliance with the limitations of Ordinance No. 155; (b) except as otherwise provided in the Airport Revenue Bond Ordinances, properties subject to a Net Rent Lease; and (c) General Aviation Airports. The Port has reserved the right to amend the definition of "Airport." See "Amendments of the Airport Revenue Bond Ordinances—Special Amendments."

"Airport Consultant" means an independent firm or corporation not in the regular employ or under the control of the Port and who shall have a widely known and favorable reputation for special skill, knowledge, and experience in methods of the development, operation and management of airports of the approximate size and character as the properties constituting the Airport. The Airport Consultant shall be available to advise the Port upon request, and make such investigations, certifications and determinations as may be necessary or required from time to time under the provisions of Ordinance No. 155.

"Airport Fund" means the special fund of the Port created pursuant to Ordinance No. 155, designated "The Port of Portland Airport Revenue Fund."

"Commercial Airport" means any airport, a major portion of the revenues derived from which are realized (1) from the operations of certificated air carriers engaged in the public utility business of transporting passengers or freight, or both, by air, whether such operations be on a scheduled or non-scheduled basis, and (2) from the supplying by the owner or operator of such airport of goods and services to the customers, patrons and passengers of such carriers.

"Completion Bonds" means Additional SLBs issued to pay the cost of completing any project for which SLBs have been previously issued, and which are issued under the provisions of the SLB Ordinance.

"Contingent Fee Payments" means the contingent fee payments, if any, received by the Port from a rental car or car sharing entity that, at the time, is a signatory to a Rental Car Concession Lease and Operating Agreement, as further described in Ordinance No. 461-B.

"Costs of Operation and Maintenance" means the reasonable and necessary current expenses of the Port included as a Cost of Operation and Maintenance in the annual Airport budget for operating, maintaining and repairing the Airport, including among other expenses costs of general administration of the Port reasonably and properly allocable to the Airport; costs of collecting Revenues and from making any refunds therefrom lawfully due to others; engineering, audit, legal and other overhead expenses directly related to the administration, operation, maintenance and repair of the Airport; costs of salaries, wages and other compensation and benefits to employees, including self-insurance for the foregoing; costs of routine repairs. replacements, renewals and alterations occurring in the usual course of business; taxes, assessments and other governmental charges imposed on the Airport or on the operation thereof or income therefrom; costs of utility services, supplies, contractual and professional services; costs of insurance and fidelity bonds; costs of carrying out the provisions of the Airport Revenue Bond Ordinances; costs of lease payments due under capital leases for items customarily used in the operation or maintenance of airport facilities or equipment and all other costs and expenses or operating, maintaining and repairing the Airport arising in the routine and normal course of business. The term "Costs of Operation and Maintenance" does not include: (1) any allowance for depreciation or any amounts for capital replacements, renewals, repairs and maintenance not recurring annually (or at shorter intervals) or reserves therefor; (2) costs of extensions, enlargements, betterments and improvements or reserves therefor, other than cost of preliminary planning; (3) reserves for operation, maintenance and repairs occurring in the normal course of business; (4) payment (including redemption) of bonds or other evidences of indebtedness or interest and premium thereof or reserves therefor; and (5) any operation and maintenance expenses pertaining to Special Facilities or expenses incurred by any lessee under a Net Rent Lease. See "Amendments of the Airport Revenue Bond Ordinances—Special Amendments."

"Credit Facility" means a letter of credit, a surety bond, a bond insurance policy or other credit facility that provides for the payment when due of principal of and interest on SLBs other than Parity Reimbursement Agreements.

"Fiscal Year" means the fiscal year for the Port as established from time to time by the Port; currently such period being from July 1 in any year to and including the following June 30.

"Fund" means a fund, account or other accounting category which the Port uses to account for funds relating to the Airport. A "Fund" does not need to appear in the Port's budgets as a separate fund. The Port may commingle amounts in different Funds for investment purposes.

"General Account" means the special account held by the Port established under the Airport Fund.

"General Aviation Airport" means an airport known in the air transport industry as a "general aviation airport," being an airport, the major portion of the revenues derived from which is not realized from the operations of aircraft operated by certificated air carriers (except possibly air taxi or air tour operations) and from the supplying of goods and services to the people utilizing such aircraft, but is realized from the activities of private, nonpublic aircraft, flying schools, the supplying of goods and services to the foregoing and similar operations not normally part of a public utility business (except possibly air tour or air taxi operations).

"Governmental Obligations" means any of the following which are non-callable and which at the time are legal investments for the moneys proposed to be invested therein: (1) direct general obligations of, or obligations the payment of the principal and interest of which are unconditionally guaranteed by, the

United States of America; or (2) except in connection with defeasance of SLBs secured by a letter of credit or alternate Credit Facility, Public Housing Bonds, Temporary Notes, or Preliminary Loan Notes, fully secured by contracts with the United States.

"JLO Fund" means the Junior Lien Obligation Fund.

"Junior Lien Obligations" means bonds or other obligations that have a lien on the Net Revenues that is subordinate to the lien of the SLBs and Scheduled Swap Obligations and are payable from amounts deposited in the JLO Fund.

"Liquidity Facility" means a letter of credit, line or credit, standby purchase agreement, bond insurance, surety bond or other credit or liquidity facility that supports the payment of the purchase price of SLBs (other than Parity Reimbursement Agreements). A Credit Facility such as a direct-pay letter of credit may constitute a Liquidity Facility as well as a Credit Facility.

"Net Rent Lease" means a lease of a Special Facility under which the lessee agrees to pay to the Port the amounts required to pay the Special Obligation Bonds, to fund reserves and pay fees for the Special Obligation Bonds, and, unless ground rental is payable to the Port, to pay a share of the Port's administrative costs, and to pay in addition all costs connected with the ownership, operation, maintenance, repair, renewals and rehabilitation of the leased property (including, without limitation, insurance, utilities, taxes or payments in lieu of taxes and assessments).

"Net Revenues" means for any past period the aggregate of the Revenues actually paid into the Airport Fund during such past period, and for any future period the aggregate of the Revenues estimated to be paid into the Airport Fund during such future period, minus for any such past period the aggregate of the Costs of Operation and Maintenance of the Airport actually paid or accrued during such past period, or minus for any such future period the aggregate of the Costs of Operation and Maintenance of the Airport estimated to be paid or accrued during such future period, as the case may be.

"Ordinance No. 155" means Port Ordinance No. 155, as amended, restated and supplemented. The SLB Ordinance requires the Port to comply with certain covenants in Ordinance No. 155 for the benefit of Owners.

"Ordinance No. 323" means Ordinance No. 323, as amended, restated and supplemented

"Ordinance No. 461-B" means Ordinance No. 461-B, enacted by the Board of Commissioners of the Port on February 13, 2019, establishing authorization for the issuance of the Port's customer facility charge revenue bonds, as the same may be amended, restated and supplemented from time to time.

"Other Swap Obligations" means any payments owed by the Port to a Qualified Swap Provider which are not Scheduled Swap Obligations, including, without limitation, termination payments, fees, charges or indemnifications.

"Other TLO Swap Obligations" means any payments owed by the Port to a Qualified TLO Swap Provider (as defined in the SLB Ordinance) which are not Scheduled TLO Swap Obligations, including without limitation termination payments, fees, charges or indemnifications. See "Third Lien Obligations."

"Owner" means the person listed in the SLB register on that date as the owner of an Outstanding SLB.

"Parity Reimbursement Agreement" means an agreement of the Port entered into in compliance with the SLB Ordinance to reimburse the provider of a Credit Facility and/or Liquidity Facility for amounts paid by the provider under a Credit Facility or Liquidity Facility.

“Project Certificate” means a certificate signed by an assistant Secretary of the Port and filed with the closing documents for a series of SLBs: (1) describing each project which is expected to be completed with the proceeds of that series of SLBs, and estimating the total cost of each project and the portion of that cost expected to be paid from proceeds of that series of SLBs; and (2) certifying that the foregoing cost estimates are reasonable.

“Qualified Swap” means: (a) any financial arrangement with respect to SLBs which; (i) is entered into by the Port with an entity that is a Qualified Swap Provider at the time such arrangement is entered into; (ii) is a cap, floor or collar, forward rate, future rate, swap (such swap may be based on an amount equal either to the principal amount of such SLBs as may be designated or a notional principal amount relating to all or a portion of the principal amount of such SLB), asset, index, price or market-linked transaction or agreement, other exchange or rate protection transaction agreement, other similar transaction (however designated), or any combination thereof, or any option with respect to any of the foregoing; and (iii) has been designated as a Qualified Swap with respect to such SLBs in a written determination of the Port filed with the SLB Trustee; and, (b) any letter of credit, line of credit, policy of insurance, surety bond, guarantee or similar instrument securing the obligations of the Port under any financial arrangement described in clause (a).

“Qualified Swap Provider” means an entity whose senior unsecured long term obligations, financial program rating, counterparty risk rating or claims paying ability, or whose payment obligations under a Qualified Swap are guaranteed by an entity whose senior unsecured long term obligations, financial program rating, counterparty risk rating or claims paying ability, are rated at the time of the execution of such Qualified Swap at least as high as the third highest Rating Category by at least two Rating Agencies then maintaining a rating for the Qualified Swap Provider or its guarantor, provided that each such Qualified Swap Provider executes an agreement with the Port to deposit collateral with the Port, or in trust for the Port, with a trustee acceptable to the Port, for the benefit of the Port, in the event such ratings are not maintained.

“Rating Agency” means each nationally recognized securities rating agency.

“Rating Category” means a generic rating category used by any Rating Agency, without regard to any “+” or “-” or other qualifier.

“Remaining Contingent Fee Payments” means amounts remaining in the General Account, if any, after giving effect to the disbursements from the General Account required pursuant to clauses FIRST through FOURTH (inclusive), as described below under the section “Flow of Funds;” provided, however, in no case will Remaining Contingent Fee Payments exceed the amount of Contingent Fee Payments received by the Port during the applicable period.

“Remaining Contingent Fee Payments Fund” means the fund created by that name pursuant to Ordinance No. 323.

“Revenues” means and includes all income, receipts and moneys derived by the Port from its ownership or operation and management of the Airport or the furnishing and supplying of the services, facilities and commodities thereof, including (i) all income, receipts and moneys derived from the rates, rentals, fees and charges fixed, imposed and collected by the Port for the use and services of the Airport or otherwise derived from or arising through the ownership, operation and management of the Airport by the Port or derived from the rental by the Port of all or part of the Airport or from the sale or rental by the Port of any commodities or goods in connection with the Airport; (ii) earnings on and the income from the investment of moneys held under the Airport Revenue Bond Ordinances to the extent such earnings or income are deposited in the Airport Fund, but not including any such earnings or income credited to the

Airport Construction Fund; and (iii) to the extent provided in the Airport Revenue Bond Ordinances, income derived by the Port from a Net Rent Lease. The term "Revenues" does not include (1) moneys received as proceeds from the sale of SLBs or as grants or gifts, the use of which is limited by the grantor or donor to the construction of capital improvements, except to the extent that any such moneys shall be received as payments for the use of the Airport, (2) passenger facility charges or similar charges that are imposed under authority of federal law and are limited by federal law to expenditure on specific projects or activities and/or on debt service and financing costs related to specific projects or activities or (3) customer facility charges (or any portion thereof) that may be levied by the Port and collected by rental car companies from their customers; and in no event does the term "Revenues" include tax revenues or tax-derived revenues. See "SECURITY AND SOURCES OF PAYMENT FOR THE SLBs—Pledge of Revenues."

"Scheduled Swap Obligations" means, with respect to any Qualified Swap, the net regularly scheduled payments owed by the Port to the Qualified Swap Provider. The net regularly scheduled payments owed by the Port to the Qualified Swap Provider shall be calculated by subtracting the regularly scheduled payments owed to the Port by the Qualified Swap Provider from the regularly scheduled payments owed by the Port to the Qualified Swap Provider. The Term "Scheduled Swap Obligations" does not include any termination payments, fees, charges or indemnifications.

"Short Term/Demand Obligations" means each series of bonds, notes and other obligations issued as SLBs pursuant to the SLB Ordinance (a) the payment of principal of which is either (i) payable on demand by or at the option of the holder at a time sooner than a date on which such principal is deemed to be payable for purposes of computing SLB Debt Service Requirements, or (ii) scheduled to be payable within one year from the date of issuance of additional Short Term/Demand Obligations pursuant to a commercial paper or other similar financing program and (b) the purchase price, payment or refinancing of which is additionally supported by a Credit Facility and/or a Liquidity Facility.

"SLB Construction Account" means the Subordinate Lien Revenue Bond Construction Account in the Construction Fund created under the SLB Ordinance.

"SLB Debt Service Requirement" means, as of any date of calculation, an amount equal to the sum of the following for any period and with respect to all or any portion of the SLBs: (1) interest scheduled to accrue during such period on SLBs, except to the extent provision has been made for the payment of interest from SLB proceeds or earnings thereon according to a schedule contained in a Capitalized Interest Certificate; plus (2) that portion of the principal amount of such SLBs scheduled to be payable during such period (either at maturity or by reason of scheduled mandatory redemptions, but after taking into account all prior optional and mandatory SLB redemptions) which would accrue if such principal amount were deemed to accrue daily in equal amounts, during such period; less (3) earnings on the SLB Reserve Account for that period; and less, (4) any payments due to the Port under an agreement to enter into a Qualified Swap, if the payments are due before the Qualified Swap takes effect and the Port commits to use those payments to pay SLBs or Qualified Swaps.

Provided, however, that the following rules apply to the computation of SLB Debt Service Requirement for Short Term/Demand Obligations, for SLBs that bear interest a floating or variable rate, for Qualified Swaps and for Parity Reimbursement Agreements:

For any series of Short Term/Demand Obligations: future SLB Debt Service Requirements shall be computed on the assumption that the principal amount of such series of Short Term/Demand Obligations shall be refinanced in the first fiscal year for which interest on such Short Term/Demand Obligations has not been capitalized or otherwise funded or provided for, with a series of SLBs which shall be assumed to be amortized over a period not to exceed 30 years from the date of issue in such manner that the maximum Debt Service Requirement in any 12-month period shall not exceed 130% of the minimum Debt Service

Requirement for any other 12-month period, and shall be assumed to bear interest at a fixed interest rate calculated as described in clause (b) of the following paragraph.

Except as otherwise specifically provided, Short Term/Demand Obligations and any series of SLBs which bear interest at a variable or adjustable rate shall be assumed to bear interest as follows: (a) for any series of SLBs then Outstanding, at the greater of: (1) the average interest rate derived from the variable or adjustable interest rate borne by, such series of SLBs during a 12- month period ending within 30 days prior to the date of computation; or (2) the actual interest rate derived from such variable or adjustable interest rate formula or computation, or actual interest rate derived from such variable or adjustable interest rate formula or computation, or actual interest rate payable on such series of SLBs, on the date of such calculation; (b) for any series of SLBs then proposed to be issued, at an interest rate estimated by the Port's underwriter to be the average rate of interest such series of SLBs will bear during the period, or periods, for which SLB Debt Service Requirements are being calculated, plus one percent (1%); (c) for the principal amount of any series of SLBs in connection with which the Port has entered into a Qualified Swap that provides that the Port is to pay to the Qualified Swap Provider an amount determined based upon a fixed rate of interest on the notional amount of such Qualified Swap corresponding to the principal amount of such SLBs, at the fixed rate of interest to be paid by the Port in accordance with such Qualified Swap; and, (d) for any series of SLBs in connection with which the Port has entered into a Qualified Swap, such as an interest rate cap, that provides that the Qualified Swap Provider is to pay to the Port an amount determined based upon the amount by which the rate at which such SLBs bear interest or a floating rate index exceeds a stated rate of interest on all or any portion of such SLBs, at the lesser of: (1) the rate calculated in accordance with clause (a) above; or (2) the rate of interest in excess of which the Qualified Swap Provider is to make payment to the Port in accordance with such Qualified Swap. In addition, solely for purposes of the rate covenant in the SLB Ordinance, SLBs that bear interest at a variable rate and that are not subject to a Qualified Swap, shall have an SLB Debt Service Requirement that is equal to the actual principal and interest that is required to be paid on those SLBs.

If the Port has entered into a Qualified Swap in connection with any SLBs which bear interest at a fixed rate, and the Qualified Swap provides that the Port is to pay to the Qualified Swap Provider an amount determined based on a variable rate of interest on the notional amount of such Qualified Swap, corresponding to the principal amount of such SLBs, then those SLBs shall be assumed to bear interest at a variable rate of interest that is equal to the rate the Port is required to pay under the Qualified Swap. In addition, the SLB Debt Service Requirements shall be calculated on the assumption that no SLBs Outstanding at the date of calculation will cease to be Outstanding, except by reason of the payment of scheduled principal maturities or scheduled mandatory redemptions of such SLBs, except as provided above for Short Term/Demand Obligations.

Only the principal and interest actually due under a Parity Reimbursement Agreement as a result of the purchase of SLBs by the provider of the Liquidity Facility that is secured by the Parity Reimbursement Agreement shall be included in SLB Debt Service Requirement; and the following shall not be included in the SLB Debt Service Requirement: repayments of amounts advanced by the provider to pay scheduled interest or principal payments on SLBs under a "direct-pay" Liquidity Facility or Credit Facility, and that are required to be repaid by the Port within five business days, and amounts the Port would have been required to pay on SLBs if those SLBs had not been purchased by the provider.

"SLB Fund" means The Port of Portland Subordinate Lien Airport Revenue Bond Fund.

"SLB Ordinance" means Ordinance No. 323, as amended, restated and supplemented.

"SLB Principal and Interest Account" means the SLB Principal and Interest Account in the SLB Fund.

"SLB Reserve Account" means the SLB Reserve Account in the SLB Fund.

"SLB Reserve Fund Requirement" means an amount equal to the maximum SLB Debt Service Requirement in any future fiscal year; provided that if the ordinance authorizing issuance of a series of SLBs so provides: the portion of the SLB Reserve Fund Requirement attributable to that series may be funded in equal monthly installments over a period of not more than four years, with the first installment due not more than 45 days after that series is issued; or, debt service reserve insurance from a company rated at the time the insurance is issued in the highest category by S&P or Moody's, or their successors, or any insurer who holds the highest policyholder rating accorded insurers by A. M. Best & Co. or any comparable service, may be substituted for any portion of the SLB Reserve Fund Requirement attributable to that series. The portion of the maximum SLB Debt Service Requirement that is calculated for Short Term/Demand Obligations and SLBs that bear interest at a variable rate shall be recalculated only when a series of Additional SLBs is issued. Changes in interest rates that occur at other times shall not affect the calculation of the SLB Reserve Fund Requirement.

"SLB Trustee" means the entity appointed to act as SLB Trustee under the SLB Ordinance.

"SLBs" means the Additional SLBs and Parity Reimbursement Agreements issued pursuant to the SLB Ordinance.

"Special Facilities" means facilities that are financed with Special Obligation Bonds and are subject to a Net Rent Lease.

"Special Obligation Bonds" means obligations that are issued to finance a Special Facility and that are payable from amounts due from the lessee under a Net Rent Lease and are not payable from Net Revenues. See "Special Facilities, Special Obligation Bonds and Net Rent Leases."

"Swap Obligations" means Scheduled Swap Obligations and Other Swap Obligations.

"Third Lien Obligations" means bonds or other obligations, including Other TLO Swap Obligations, that have a lien on the Net Revenues that is subordinate to the lien of the SLBs and Junior Lien Obligations and are payable from amounts deposited in the TLO Fund.

"TLO Fund" means the Third Lien Obligation Fund created under the SLB Ordinance and held and administered by the Port.

"Trustee" means the SLB Trustee.

Limitation on Purposes for with SLBs May Be Issued

The Port may issue Additional SLBs pursuant to the SLB Ordinance only to pay cost of additions, expansions and improvements at the Airport and General Aviation Airports and to refund Outstanding SLBs. SLBs shall have principal and interest payments due only on July 1 or January 1 of any year, unless the SLBs are Short Term Demand Obligations or Parity Reimbursement Agreements. See "Additional SLBs."

Parity Reimbursement Agreements

The Port may enter into a Parity Reimbursement Agreement only if: (1) the agreement requires the Port to repay amounts paid by the provider under the related Liquidity Facility or Credit Facility in substantially equal annual amounts over a period of no less than five years; and, (2) the obligations of the

Port under the agreement are not subject to acceleration unless all SLBs are accelerated or subject to tender. The limitation in clause (1) of the preceding sentence does not apply to the Port's obligation to pay the provider of the Liquidity Facility or Credit Facility for: (a) amounts advanced by the provider to pay scheduled interest or principal payments on SLBs under a "direct-pay" Liquidity Facility or Credit Facility, and that are required to be repaid by the Port within five business days; (b) interest required to be paid by the Port on amounts drawn under the Liquidity Facility or Credit Facility; or (c) fees and expenses of the provider of the Liquidity Facility or Credit Facility. Fees and expenses due under a Parity Reimbursement Agreement shall be treated as Costs of Operation and Maintenance of the Airport.

SLBs are Special, Limited Obligations of the Port

Principal, interest and premium, if any, on the SLBs, and any Scheduled Swap Obligations, shall be payable solely from the Net Revenues that are available for deposit in the General Account, and from moneys in the SLB Fund and SLB Construction Account, as provided in the SLB Ordinance. The SLBs and any Swap Obligations shall not, in any manner, or to any extent, be a general obligation of the Port, nor a charge upon any other revenues or property of the Port not specifically pledged thereto by the SLB Ordinance.

General Covenants

In the SLB Ordinance, the Port covenants and agrees with the SLB Trustee, the owners of the SLBs, and Qualified Swap Providers, that so long as any SLBs are Outstanding or the Port is obligated to make payments under a Qualified Swap:

1. The Port shall pay, when due, all principal, interest, and premium, if any, on the SLBs and any Scheduled Swap Obligations, but solely from the Net Revenues, as provided in the Airport Revenue Bond Ordinances.

2. The Port shall pay, when due, any Other Swap Obligations, but solely from the Net Revenues that are available for deposit in the JLO Fund and shall pay any Other TLO Swap Obligations, but solely from the Net Revenues that are available for deposit in the TLO Fund.

3. The Port will, for the benefit of the owners of the SLBs and Qualified Swap Providers, keep certain covenants made by it in Ordinance No. 155.

4. The Port shall not issue any obligations payable from the Revenues or moneys in the General Account which have a claim prior to the claim of the SLBs and Scheduled Swap Obligations.

5. The Port shall not issue obligations having a claim to payment from the Revenues or moneys in the General Account which are equal to, or on a parity with, the claim of the SLBs, except for Qualified Swaps and Additional SLBs.

6. The Port shall impose and prescribe such schedule of rates, rentals, fees, and other charges for the use and services of the facilities and commodities furnished by the Airport, shall revise the same from time to time, whenever necessary, and shall collect the income, receipts, and other moneys derived therefrom, so that:

(a) The Revenues shall be sufficient to discharge all claims, obligations and indebtedness payable from or secured by the Revenues;

(b) The Net Revenues in each fiscal year shall be at least equal to 130% of the SLB Debt Service Requirement for such fiscal year on all SLBs then Outstanding; and

(c) The Net Revenues, together with other amounts that are available to pay Other Swap Obligations, are sufficient to pay all Other Swap Obligations and any Junior Lien Obligations when due.

For purposes of determining the Port's compliance with the rate covenants described above, non-cash, unrealized gains, losses, expenses and/or revenues, including fair value of Qualified Swaps, Qualified TLO Swaps, other swap agreements or other derivative products are to be disregarded.

7. Within 120 days after the close of each fiscal year, the Port shall file with the SLB Trustee and the Airport Consultant, a signed copy of the annual report of the Accountant for the preceding fiscal year showing, among other things, for such year (a) Revenues and Net Revenues; (b) the SLB Debt Service Requirement; and, (c) the aggregate amount of money which was deposited in the General Account and available for the payments into the SLB Fund due under the SLB Ordinance, and the ratio of such amount to the SLB Debt Service Requirement.

The SLB Ordinance provides that in the event that any such report so filed shows that the Revenues and Net Revenues for said preceding fiscal year did not equal at least the amounts covenanted to be produced by, and required for the purposes described in paragraph 6 above for said fiscal year, or that the Revenues were not sufficient to restore any deficiency in the amounts then required to be credited to the SLB Reserve Account, and to pay or discharge all other claims, charges and liens whatsoever against the Revenues when due and payable, then the Port shall promptly thereafter cause the Airport Consultant to file with the Port and the SLB Trustee, a certificate stating, if deemed necessary by the SLB Trustee, specific changes in operating procedures which may be made, or suggested revisions in the schedule of rates, rentals, fees, and charges, and recommendations respecting any increases thereto, any other changes, or any combination of the foregoing, which will, in the aggregate, in the SLB Trustee's opinion, result in Revenues and Net Revenues estimated as sufficient to make up any existing deficiency and to produce the amounts covenanted to be produced as described in the preceding paragraphs of this section. For purposes of determining the Port's compliance with such rate covenants, non-cash, unrealized gains, losses, expenses and/or revenues, including the fair value of Qualified Swaps, Qualified TLO Swaps, other swap agreements or other derivative products are to be disregarded. The Port is required to send a copy of each such certificate to the SLB Trustee, each Qualified Swap Provider and to any owner of SLBs filing with the Port a request for the same.

Thereafter, if the Port, in its sole discretion, deems any changes in its operating fees and charges, any other changes, or any combination of the foregoing, are necessary to produce the Revenues and Net Revenues required to make up any deficiency and produce the amounts covenanted to be produced by the preceding paragraphs of this section, it shall, as soon as possible, effect such changes in its operating procedures, or such revisions in such schedule of rates, rentals, fees, and charges, or effect such other charges, or take any combination of the foregoing actions, which, in its opinion and sole discretion, are necessary for such purposes. When determining compliance with the Port's covenants, non-cash, unrealized gains, losses, expenses and/or revenues, including the fair value of swaps or other derivative products, shall be disregarded.

8. The Port shall prepare an estimated budget for each fiscal year of Revenues and of Costs of Operation and Maintenance; costs of renewals, repairs and replacements; SLB Debt Service Requirements; and other expenditures for such fiscal year.

9. The Port covenants that it owns the Airport and will keep the Airport free from liens and encumbrances, except as permitted by the Airport Revenue Bond Ordinances, and that it will keep the Airport in good operating condition in conformity with standards customarily followed in the aviation industry for airports of like size and character.

10. The Port shall comply with the requirements of the federal government of grants-in-aid accepted by the Port and shall operate and maintain the Airport as a revenue-producing enterprise and shall manage the same in the most efficient manner consistent with sound economy and public advantage.

11. The Port shall maintain proper books and records for the Airport in accordance with generally accepted accounting principles applicable to enterprises such as the Port, and shall have the financial statements of the Airport audited by an independent certified public accountant.

12. The Port shall retain and appoint from time to time an Airport Consultant.

13. The Port shall not create or give, or cause to be created or given, or permit to be created or given, any mortgage, lien, pledge, charge or other encumbrance upon any real or personal property constituting the Airport or upon the Revenues and the money in the Airport Fund, other than the liens, pledges and charges specifically created in the Airport Revenue Bond Ordinances or specifically permitted thereby. The Port shall not sell, lease or dispose of all, or substantially all, of the properties constituting the Airport without simultaneously with such sale, lease or other disposition depositing with the SLB Trustee cash or governmental securities in an amount sufficient so that no SLBs are any longer deemed outstanding. The Port may, however, execute leases, licenses, easements and other agreements of or pertaining to properties constituting the Airport in connection with the operation of the Airport and in the normal and customary course of business thereof for aviation or non-aviation purposes, according to the schedule of rates, rentals, fees and charges of the Port or according to commercially reasonable terms in light of the business of the Airport as a whole. All amounts due the Port under such agreements and that will be recognized as Revenues shall be deposited in the Airport Revenue Fund when and to the extent required by the Airport Revenue Bond Ordinances. The Port may also enter into Net Rent Leases as described below under "Special Facilities, Special Obligation Bonds and Net Rent Leases."

In the event any Airport properties shall be taken by the exercise of the power of eminent domain, the amount of the award received by the Port as a result of such taking shall be held by the Port under the Airport Revenue Bond Ordinances and either used for the acquisition or construction of revenue-producing properties to constitute part of the Airport or be applied to the redemption or purchase of SLBs.

14. The Port will carry insurance with generally recognized responsible insurers with policies payable to the Port against risks, accidents or casualties at least to the extent that similar insurance is usually carried by airport operators operating properties similar to the Airport.

15. The Port shall not construct Commercial Airports or General Aviation Airports that compete with the Revenues except as permitted by Ordinance No. 155. Ordinance No. 155 generally permits the Port to construct and operate apart from Ordinance No. 155 a Commercial Airport or General Aviation Airport that the Port certifies to the SLB Trustee is substantially non-competitive with the Airport. The following facilities and structures shall be considered substantially non-competitive with the Airport and shall not be considered "competing for Revenues otherwise available for payment of the SLBs":

(a) Facilities and structures which are not part of a Commercial Airport or a General Aviation Airport and which, at the time they are approved by the Port, are reasonably expected to be used for purposes which do not benefit directly and substantially from close proximity to aircraft, passengers or cargo while traveling through the Airport; and

(b) Facilities and structures which are not part of a Commercial Airport or a General Aviation Airport and which, at the time they are approved by the Port, are reasonably expected to benefit directly and substantially from close proximity to aircraft, passengers or cargo while traveling through the

Airport, if the Board reasonably determines that the construction and operation of the facilities or structures will not have a material, adverse effect on the Revenues.

For purposes the preceding clause (b): (1) ”material, adverse effect” means a reduction in the Revenues: (A) which would otherwise be projected for the Airport during any of the five full fiscal years following the projected completion of the proposed facility or structure; and, (B) which is directly attributable to the proposed facility or structure; and, (C) which is greater than or equal to five percent of the Net Revenues for the fiscal year immediately preceding a determination of the Board, or which would reduce the Net Revenues below the level required by the rate covenant shown in paragraph 6 above.

A determination of the Board shall be conclusively presumed to be reasonable if it is made in reliance upon a projection of the Airport Consultant that the construction and operation of the proposed facilities or structures will not have a material, adverse effect on the Revenues.

The SLB Fund

The Port has created the SLB Fund as a special trust fund to be held by the SLB Trustee. The Port shall set aside and pay into the SLB Fund from the first moneys available in the General Account, to the extent necessary to provide for the punctual payment of: (1) the principal and interest and premium, if any, on the SLBs as and when the same become due, whether at maturity or by redemption or declaration as provided in the SLB Ordinance or otherwise; and (2) any Scheduled Swap Obligations as and when the same become due. The moneys in the SLB Fund shall be used solely for the payment of principal, interest, and premium, if any, due on the SLBs and Scheduled Swap Obligations. As described below, the SLB Ordinance provides for the maintenance as separate accounts within the SLB Fund of, among other accounts, the SLB Principal and Interest Account and the SLB Reserve Account.

SLB Principal and Interest Account. The SLB Trustee shall maintain a separate account in the SLB Fund to be known as the “SLB Principal and Interest Account.” So long as the Port remains obligated to make payments on SLBs or Qualified Swaps:

1. In the case of SLBs and any Qualified Swap for which interest or Scheduled Swap Obligations are due semi-annually, or less frequently, on the first business day of each month, the Port shall pay to the SLB Trustee from moneys in the General Account for deposit in the SLB Principal and Interest Account (a) an amount such that, if the same amount were so credited to this account in each succeeding month thereafter, prior to the next date upon which an installment of interest falls due on the SLBs, the aggregate of such amounts, plus other moneys previously deposited and available in the SLB Principal and Interest Account to pay interest on SLBs, or scheduled to be deposited therein pursuant to a Capitalized Interest Certificate, will equal the installment of interest falling due on the SLBs on such interest payment date; plus (b) an amount such that, if the same amount were so credited to this account in each succeeding month thereafter, prior to the next date upon which a Scheduled Swap Obligation is due, the aggregate of such amounts, plus other moneys previously deposited and available in the SLB Principal and Interest Account and available to pay Scheduled Swap Obligations, will equal those Scheduled Swap Obligations on that payment date.

2. In the case of all SLBs and any Qualified Swap for which interest or Scheduled Swap Obligations are due more frequently than semi-annually: on the business day immediately preceding each interest payment date for such SLBs and each payment date for that Scheduled Swap Obligation, the Port shall pay to the SLB Trustee from moneys in the General Account for deposit in the SLB Principal and Interest Account: (a) an amount that, together with any other moneys previously deposited and available in the SLB Principal and Interest Account to pay interest on SLBs, will equal the installment of interest falling due on the next succeeding interest payment date for those SLBs; plus (b) an amount that, together with

moneys previously deposited and available in the SLB Principal and Interest Account to pay Scheduled Swap Obligations, will equal the Scheduled Swap Obligations due on the next succeeding payment date for such Scheduled Swap Obligations.

3. Accrued interest received on the sale of SLBs, payments received by the Port under an agreement to enter into a Qualified Swap, as described in clause (4) of the definition of "SLB Debt Service Requirement," and any regularly scheduled payment that is received by the Port (or the SLB Trustee on behalf of the Port) from a Qualified Swap Provider under a Qualified Swap that exceeds the amount paid by the Port, shall promptly be deposited in the SLB Principal and Interest Account.

4. If, at any time, the amounts in the SLB Principal and Interest Account are not sufficient to pay all interest payments on SLBs and Scheduled Swap Obligations that are then due, the SLB Trustee shall apply amounts in the SLB Principal and Interest Account to pay, on a pro rata basis, interest on SLBs and any amounts due in respect of Scheduled Swap Obligations.

On the first business day of each month, so long as any SLBs are Outstanding, commencing with the month which is 12 months prior to the first principal payment of any SLB maturing serially or the date on which SLBs are subject to scheduled mandatory redemption, the Port shall pay to the SLB Trustee, from moneys in the General Account for deposit in the SLB Principal and Interest Account, an amount that, if the same amount were so credited to this account in each succeeding month thereafter, prior to the next date upon which principal, if any, on the SLBs maturing serially becomes due and payable or the next date upon which SLBs are subject to scheduled mandatory redemption (excluding any principal due as Excess Principal), the aggregate of the amounts on deposit in this account will equal the amount of principal on such SLBs on such principal payment date.

SLB Reserve Account. The SLB Trustee shall maintain a separate account in the SLB Fund, to be known as the "SLB Reserve Account." The Port shall pay to the SLB Trustee, from Revenues in the General Account or from SLB proceeds, for deposit in the SLB Reserve Account, moneys sufficient to fund the SLB Reserve Fund Requirement, in accordance with the schedule provided in each ordinance authorizing issuance of a series of SLBs.

Except as described below in this paragraph, moneys in the SLB Reserve Account shall be used only to pay principal of, interest, and any premium on, SLBs and Scheduled Swap Obligations, and only when moneys in the SLB Principal and Interest Account are insufficient for such purposes. In the event that the balance in the SLB Reserve Account is reduced below the SLB Reserve Fund Requirement, then on the first business day of each month, the Port shall pay to the SLB Trustee from Revenues in the General Account for deposit in the SLB Reserve Account, an amount equal to twenty percent (20%) of the amounts required to be paid to the SLB Trustee on that day, pursuant to the preceding three paragraphs of this Section, until there is on deposit in the SLB Reserve Account an amount equal to the SLB Reserve Fund Requirement. If the amounts on deposit in the SLB Reserve Account exceed the SLB Reserve Fund Requirement, and there is no deficiency in any other account in the SLB Fund, the SLB Trustee shall, upon written request of the Port, disburse the excess to the Port for deposit in the General Account.

Investments. Moneys in the SLB Fund shall be invested and reinvested, to the extent reasonable and practicable by the SLB Trustee, and at the direction of the Port, in Investment Securities which are legal investments for the Port under the laws of the State. Such investments shall mature on, or prior to, the date on which moneys are required to be disbursed from the SLB Fund. All earnings on the SLB Fund that are not required to pay rebates on the SLB Fund that are due to the United States under Section 148 of the Internal Revenue Code of 1986, as amended, shall be credited to the SLB Reserve Account, unless and until there is on credit to said account, an amount equal to the SLB Reserve Fund Requirement on all SLBs then Outstanding, in which event such earnings shall be credited to the SLB Principal and Interest Account.

The JLO Fund

The Port has created the JLO Fund as a special trust fund to be held by the SLB Trustee. The Port is required to set aside and pay into the JLO Fund from the first money available in the General Account after required payments to the SLB Fund: (1) an amount sufficient, with other amounts available in the JLO Fund, to pay any Other Swap Obligations when due; and, (2) any amounts the Port subsequently agrees to deposit into the JLO Fund for the benefit of Junior Lien Obligations. The Port has pledged the Net Revenues that are available for deposit into the JLO Fund under the Airport Revenue Bond Ordinances to pay Other Swap Obligations. On or before the date on which any of the following payments are due, and so long as the Port is obligated to make payments under a Qualified Swap or has Junior Lien Obligations outstanding, the Port is required to deposit into the JLO Fund money sufficient to: (i) pay any Other Swap Obligations that are then due; and (ii) to collateralize any Qualified Swap in accordance with its terms. The Port may covenant to make additional deposits into the JLO Fund to pay Junior Lien Obligations and fund reserves for Junior Lien Obligations.

The TLO Fund

The Port has created the TLO Fund as a special trust fund to be held by the Port and within the TLO Fund a Qualified Swap Termination Payment Fund. The SLB Ordinance permits the Port to create other funds and accounts within the TLO Fund for the payment of Third Lien Obligations and permits the Port to transfer to a qualified trustee the TLO Fund or any of its accounts and funds. The Port is required to set aside and to pay into the TLO Fund from the first money available in the General Account after required payments to the SLB Fund and the JLO Fund: (1) except as otherwise required in the SLB Ordinance, an amount sufficient, with other amounts available in the TLO Fund, to pay any Other TLO Swap Obligations when due; and, (2) any amounts the Port subsequently agrees to deposit into the TLO Fund for the benefit of Third Lien Obligations. The Port has pledged the Net Revenues that are available for deposit into the TLO Fund under the Airport Revenue Bond Ordinances to pay Other TLO Swap Obligations. On or before the date on which any of the following payments are due, and so long as the Port is obligated to make payments under a Qualified TLO Swap (and has not determined to make all payments with respect to a Qualified TLO Swap from the Subordinate Lien Obligations Account established under Ordinance No. 395-B, as amended, for the payment of Subordinate Lien PFC Obligations) or has Third Lien Obligations outstanding, the Port is required to deposit into the TLO Fund money sufficient to: (i) pay any Other TLO Swap Obligations that are then due; and (ii) to collateralize any Qualified TLO Swap in accordance with its terms. The Port may covenant to make additional deposits into the TLO Fund to pay Third Lien Obligations and fund reserves for Third Lien Obligations.

Flow of Funds

The Port shall deposit all Revenues in the Airport Fund, and shall, on the first day of each month, credit all Airport Revenues that remain after paying Costs of Operation and Maintenance to the General Account, a separate special account within the Airport Fund. The Airport Fund and the General Account are held and administered by the Port. The SLB Ordinance provides, however, that in the event amounts in the General Account are insufficient to pay the amounts due thereunder on the date such amounts are to be paid, all moneys then in the General Account and all moneys subsequently available for deposit in the General Account be immediately transferred to the SLB Trustee for deposit to the SLB Fund and provides that no moneys from the General Account shall be disbursed for any other purpose until all payments then due under the SLB Ordinance have been made. If such an insufficiency occurs, the Port shall credit Net Revenues in the General Account to the following Funds in the following order of priority:

FIRST: to the Trustee for deposit to the SLB Principal and Interest Account, until all required deposits to that account have been made;

SECOND: to the Trustee for deposit to the SLB Reserve Account, until all required deposits to that account have been made;

THIRD: to the Port for deposit in the Junior Lien Obligation Fund (the "JLO Fund") described below, until all required deposits to that fund have been made; and

FOURTH: to the Port for deposit in the Third Lien Obligation Fund (the "TLO Fund") described below, until all required deposits to that fund have been made.

Amounts remaining in the General Account after these credits have been made may be used and applied by the Port for any other lawful use or purpose pertaining to the Airport or the aviation or air transport interests of the Port, including without limitation the General Aviation Airports, to pay or secure the payment of Special Obligation Bonds and for any other lawful use or purpose necessary to carry out the Airport Revenue Bond Ordinances, including making payments or credits to pay Costs of Operation and Maintenance of the Airport and making payments of credits to other funds or accounts.

On or before the first day of each month, the Port shall set aside and pay into the Remaining Contingent Fee Payment Fund the Remaining Contingent Fee Payments, if any, and shall immediately thereafter transfer all amounts in the Remaining Contingent Fee Payment Fund to the CFC Revenue Fund for application in accordance with Ordinance No. 461-B. For the avoidance of doubt, other than the Remaining Contingent Fee Payments, no other Revenues are required to be transferred into the Remaining Contingent Fee Payment Fund.

The SLB Construction Account

The Port has created the SLB Construction Account to hold certain proceeds of SLBs. The SLB Construction Account is held by the Port.

Pledge of Revenues

The Port pledges to the payment of all Outstanding SLBs, heretofore or hereafter issued, and to the payment of all Scheduled Swap Obligations, the following:

1. All Revenues,

2. All moneys on deposit, from time to time, in the SLB Construction Account; and

3. All moneys on deposit, from time to time, in the SLB Fund.

Additional Bonds

Additional SLBs. The Port may issue one or more series of Additional SLBs, provided that no Additional SLBs may be issued unless all of the following conditions are satisfied:

1. The SLB Trustee certifies that no default exists in the payment of principal of, or interest and premium on any SLBs;

2. The SLB Trustee certifies that, upon the issuance of such series of SLBs, the accounts in the SLB Fund for the SLBs will each contain the amounts required to be on deposit therein;

3. An Assistant Secretary of the Port certifies that, for either the Port's most recent complete fiscal year or for any consecutive 12 out of the most recent 18 months, Net Revenues were equal to at least 130% of the SLB Debt Service Requirement on all then Outstanding SLBs for such period;

4. Either:

(a) An Airport Consultant provides a written report setting forth projections which indicate:

(i) the estimated Net Revenues for each of three consecutive fiscal years beginning in the earlier of (A) the first fiscal year following the estimated date of completion and initial use of all revenue-producing facilities to be financed with such series of SLBs, based upon a certified written estimated completion date by the consulting engineer for such facility or facilities, or (B) the first fiscal year in which the Port will have scheduled payments of interest on or principal of the series of SLBs to be issued for the payment of which provision has not been made as indicated in the report of such Airport Consultant from proceeds of such series of SLBs, investment income thereon or from other appropriated sources (other than Net Revenues); and,

(ii) that the estimated Net Revenues for each fiscal year are equal to at least 130% of the SLB Debt Service Requirements on all SLBs scheduled to occur during that fiscal year after taking into consideration the additional SLB Debt Service Requirements for the series of SLBs to be issued; or

(b) An Assistant Secretary of the Port certifies that, for either the Port's most recent complete fiscal year or for any consecutive 12 out of the most recent 18 months, Net Revenues were equal to at least 130% of the maximum SLB Debt Service Requirement on all Outstanding SLBs on any future fiscal year and the series of SLBs proposed to be issued;

5. In the ordinance authorizing a series of SLBs to be issued, provision is made for the satisfaction of the SLB Reserve Fund Requirement;

6. If interest is to be capitalized, the Port provides a Capitalized Interest Certificate; and,

7. The Port provides a Project Certificate.

The Airport Revenue Bond Ordinances provide that when determining compliance with the conditions to the issuance of Additional SLBs, non-cash, unrealized gains, losses, expenses and/or revenues, including the fair value of Qualified Swaps, Qualified TLO Swaps, other swap agreements or other derivative products, shall be disregarded.

Completion Bonds. The Port reserves the right to issue one or more series of Completion Bonds. Prior to the issuance of any series of Completion Bonds the Port must provide, in addition to all of the requirements described above in paragraphs 1, 2 and 5 under "Additional SLBs," (1) a certificate from the engineer or architect engaged by the Port to design the project for which the Completion Bonds are to be issued, stating that such project has not been materially changed in scope since its Project Certificate was filed and setting forth the aggregate cost of the project which, in the opinion of such consulting engineer, has been or will be incurred; and (2) a certificate of an Assistant Secretary stating (a) that all amounts allocated to pay the costs of the project from the most recent series of SLBs issued in connection with the project for which the Completion Bonds are being issued were used or are still available to be used to pay costs of such project, (b) that the aggregate cost of that project (furnished in the consulting engineer's certificate described above) exceeds the sum of the costs of the project paid to such date plus the moneys available at such date within any construction fund established therefor or other like account applicable to the project plus any other moneys which an Assistant Secretary, in his discretion, has determined are available to pay such costs in any other funds, and (c) that, in the opinion of an Assistant Secretary, the issuance of the Completion Bonds is necessary to provide funds for the completion of the project.

Refunding Bonds. If SLBs are being issued for the purpose of refunding previously issued SLBs, the certifications described in paragraphs 3 and 4 under "Additional SLBs" above are not required unless the aggregate debt service payable on the refunding bonds exceeds the aggregate debt service payable on the bonds which are being refunded. However, if SLBs are issued to refund Short Term/Demand Obligations, the certifications described in paragraph 3 under "Additional SLBs" above are required.

Junior Lien Obligations and Third Lien Obligations. The Port also reserves the right to issue or incur, for any lawful Airport purpose, Junior Lien Obligations and Third Lien Obligations, which may be further secured by any other source of payment lawfully available for such purposes.

Qualified Swaps

The Board may authorize Qualified Swaps by resolution and without amending or supplementing the terms of the Airport Revenue Bond Ordinances. The Port may enter into agreements with Qualified Swap Providers regarding the interpretation and application of the Airport Revenue Bond Ordinances and those agreements shall be binding on the Port unless they are inconsistent with the express provisions of the Airport Revenue Bond Ordinances. The SLB Ordinance provides that so long as the obligations of the Port to any Qualified Swap Provider have not been discharged and satisfied, such Qualified Swap Provider shall be a third-party beneficiary of every provision of the SLB Ordinance and that such provision and covenant shall be enforceable by such Qualified Swap Provider as provided in the SLB Ordinance. The SLB Ordinance also provides that the adjustments to the "SLB Debt Service Requirement" that result from execution of a Qualified Swap shall be allocated to Airport cost centers in the same manner as debt service for the SLBs for which the Qualified Swap was executed or in accordance with the terms of any new or amended Airline Agreement as negotiated in the future.

SLB Ordinance to Constitute Contract

The SLB Ordinance provides that so long as any of the SLBs are Outstanding, each of the obligations, duties, limitations and restraints imposed upon the Port by the SLB Ordinance shall be deemed to be a covenant between the Port and every Owner and that the SLB Ordinance and the provisions of Sections 778.005 to 778.260 of the Oregon Revised Statutes shall constitute a contract with every Owner and shall be enforceable by any Owner by mandamus or other appropriate action or proceeding as provided in the SLB Ordinance.

Special Facilities, Special Obligation Bonds and Net Rent Leases

The Airport Revenue Bond Ordinances provide that the Port may acquire, construct, remodel, renovate or rehabilitate a Special Facility such as a hangar, overhaul, maintenance or repair building or shop, or other aviation or airport or air navigation facility, including hotels, garages and other buildings and facilities incident or related to the Airport and lease such Special Facility under the following conditions:

1. No Special Facility will be constructed or acquired and leased for use or occupancy (a) if the Special Facility would provide services, facilities, commodities or supplies which then may be adequately made available through the Airport as then existing, and (b) if the use or occupancy of such Special Facility under the contract, lease or agreement therefor would result in a reduction of Revenues below the minimum amount of Revenues covenanted to be produced and maintained in accordance with Ordinance No. 155;

2. A Net Rent Lease shall be entered into between the Port, as lessor, and the user or occupier of such Special Facility, as lessee, pursuant to which the lessee shall agree to pay the Port in each year during the term thereof, (a) fixed rentals in periodic installments which will be sufficient to pay during such

term as the same respectively matures the principal of and interest on all Special Obligation Bonds to be issued to pay the cost of construction or acquisition of the Special Facility, (b) such further rentals as shall be necessary or required to provide or maintain all reserves required for such Special Obligation Bonds and to pay all trustee's, fiscal agents' and paying agents' fees and expenses in connection therewith, and (c) unless a ground rental shall be provided for as described in paragraph 3 below, an additional rental payable in periodic installments and free and clear of all charges under said Net Rent Lease, in an amount equal to a properly allocable share of the administrative costs of the Port arising out of such Net Rent Lease and the issuance and servicing of such Special Obligation Bonds;

3. If the land on which the Special Facility is to be constructed constitutes a part of the Airport, the Net Rent Lease referred to in paragraph 2 above shall provide for payment to the Port of a ground rental for the ground upon which such Special Facility is or is to be located. Such ground rental shall when said Net Rent Lease is executed be in amounts not less than required according to the rates, rentals, fees, and charges of the Port then in effect, shall be free and clear of all charges under said Net Rent Lease and shall be in addition to the rentals described in paragraph 2 above; and shall constitute Revenues and be paid into the Airport Fund, to be used and applied as are other moneys deposited therein; and

4. If located on land included in the Airport, the Net Rent Lease shall provide that all rentals payable thereunder as described in paragraph 2 above which are not required to pay the Special Obligation Bonds issued for the Special Facility leased thereby, including reserves for such Special Obligation Bonds, or required to pay trustee's, fiscal agents' and paying agents' fees and expenses in connection therewith, or required to pay the aforesaid administrative costs of the Port, shall be paid to the Port for its own use and purposes. To the extent permitted by law, such excess amounts shall constitute Revenues and be paid into the Airport Fund, to be used and applied as are other moneys deposited therein.

The Airport Revenue Bond Ordinances provide that the Port may issue Special Obligation Bonds to finance Special Facilities and to refund Special Obligation Bonds. Special Obligation Bonds may not be issued, however, unless, among other requirements, a certificate of the Airport Consultant has been filed with the Port certifying that the construction or acquisition and leasing for use or occupation of such Special Facility would not result in a reduction of Revenues below the minimum amount of Revenues the Port has covenanted to produce in Ordinance No. 155.

Special Obligation Bonds are to be payable solely from rentals payable by the lessee under the Net Rent Lease for the Special Facility being financed with the proceeds of such Special Obligation Bonds, provided that to the extent any Net Revenues remain after making all deposits and transfers described above under "Flow of Funds, the Port may apply such remaining Net Revenues toward the payment of such Special Obligations. See "Amendments of the Airport Revenue Bond Ordinances—Special Amendments."

The SLB Trustee

The SLB Trustee shall, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertake to perform such duties and only such duties as are specifically set forth in the SLB Ordinance and no implied covenants or obligations shall be read into the SLB Ordinance against the SLB Trustee.

Except in case an Event of default under the SLB Ordinance has occurred and has not been cured, the SLB Trustee agrees to perform such trusts as an ordinarily prudent trustee. The SLB Trustee is entitled to rely upon a certificate of the Port as to the existence or non-existence of any fact and as to the sufficiency or authenticity of any instrument or proceeding and shall not be liable for any action it takes or omits to take in good faith, except that the SLB Trustee may not be relieved from liability for its own negligent action or negligent failure to act or for its willful misconduct.

Before taking any action under the SLB Ordinance regarding an Event of Default, the SLB Trustee may require that it be furnished an indemnity satisfactory to it for the reimbursement of all expenses to which it may be put and to protect it against all liability except liability which results from the negligent action of SLB Trustee, its negligent failure to act or its willful misconduct. However, the SLB Trustee shall not be entitled to any such indemnity as a condition precedent to its drawing upon any Letter of Credit or Alternate Credit Facility given as security for the payment of any SLBs, but upon the occurrence of an Event of Default and an acceleration of the Outstanding SLBs, the SLB Trustee shall promptly draw upon such Letter of Credit or Alternate Credit Facility in accordance with its terms and use the amounts so drawn solely for the purpose of paying the SLBs secured by such Letter of Credit or Alternate Credit Facility.

Upon an Event of Default, but only upon an Event of Default and except as otherwise provided in the SLB Ordinance in connection with SLBs secured by certain Credit Facilities, the SLB Trustee shall have a first lien on the SLB Fund, with right of payment prior to payment of any SLB, for such fees, advances, counsel fees on trial or on appeal, costs and expenses incurred by it.

Provided a successor SLB Trustee is reasonably available, the SLB Trustee and any successor SLB Trustee may at any time resign from the trusts created by the SLB Ordinance by giving 30 days' written notice to the Port and by first class mail to each Owner; provided that no such resignation shall become effective until a successor SLB Trustee has been appointed and has agreed to act as such.

The SLB Trustee may be removed at any time by the Port, or by an instrument or concurrent instruments in writing delivered to the SLB Trustee and to the Port, signed by the owners of a majority in aggregate principal amount of SLBs then Outstanding; provided that no such removal shall become effective until a successor SLB Trustee has been appointed and has agreed to act as such.

In case the SLB Trustee shall resign or be removed, or be dissolved or shall be in course of dissolution or liquidation, or otherwise become incapable of acting under the SLB Ordinance, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Port, or by the owners of a majority in aggregate principal amount of SLBs then Outstanding. No such appointment shall be effective without the written consent of the Port, which consent shall not be withheld unreasonably. Nevertheless in case of such vacancy the Port by resolution of its governing body may appoint a temporary SLB Trustee to fill such vacancy until a successor SLB Trustee shall be so appointed by the Owners; and any such temporary SLB Trustee so appointed by the Port shall immediately and without further act be superseded by the SLB Trustee so appointed by the Owners. In the event the SLB Trustee resigns or is removed and a successor is not appointed or has not agreed to act as such within 30 days from the date of such resignation or removal, the existing SLB Trustee may petition a court of competent jurisdiction for the appointment of a successor SLB Trustee.

Amendments of the Airport Revenue Bond Ordinances

Amendments Without Owner Consent. The Port may amend the Airport Revenue Bond Ordinances without the consent of Owners (a) to make any changes or modifications thereof or amendments or additions thereto or deletions therefrom which may be required to permit the Airport Revenue Bond Ordinances to be qualified under the Trust Indenture Act of 1939, as amended from time to time, and (b) if the provisions of such amendment shall not adversely affect the rights of the Owners, for any one or more of the following purposes:

1. To make any changes or corrections in the Airport Revenue Bond Ordinances as to which the Port shall have been advised by its counsel that the same are verbal corrections or changes or are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provision or omission or mistake or manifest error contained in the Airport Revenue Bond Ordinances, or to insert such

provisions clarifying matters or questions arising under the Airport Revenue Bond Ordinances as are necessary or desirable;

2. To add additional covenants and agreements of the Port for the purpose of further securing the payment of the SLBs;

3. To surrender any right, power or privilege reserved to or conferred upon the Port by the terms of the Airport Revenue Bond Ordinances;

4. To confirm as further assurance any lien, pledge or charge, or the subjection to any lien, pledge or charge, created or to be created by the provision of any of the Airport Revenue Bond Ordinances;

5. To grant to or confer upon the holders of the SLBs any additional rights, remedies, powers, authority or security that lawfully may be granted to or conferred upon them, or to grant to or confer upon the SLB Trustee for the benefit of the holders of the SLBs any additional rights, duties, remedies, power or authority;

6. To prescribe further limitations and restrictions upon the issuance of the SLBs and the incurring of indebtedness by the Port payable from the Revenues; and

7. To modify in any other respect any of the provisions of the Airport Revenue Bond Ordinances; provided that such modifications shall have no adverse effect as to any SLB or SLBs which are then outstanding.

Special Amendments. The Port has reserved the right to amend the Airport Revenue Bond Ordinances without the consent of the Owners of SLBs to remove references to "Excess Principal" and (but only if the right to make such amendment is expressly reserved in the Supplemental Ordinance providing for the issuance of such SLBs) for, but not limited to, the following purposes.

(1) To amend the definition of "Airport" to add any facilities operated by the Port whether or not such facilities are related to aviation.

(2) To provide that the Airport Fund (other than the SLB Fund) may be invested in any securities that are legal investments for the Port under the laws of the State.

(3) To provide that the SLB Fund may be invested only in Investment Securities, and to define Investment Securities to include those securities that are then typically permitted for the investment of debt service and the reserve funds of revenue bonds that have credit ratings similar to the credit ratings then in effect for the SLBs.

(4) To permit the Port's obligations under derivative products (including interest rate swaps, collars, hedges, caps and similar transactions) to be treated as SLBs and to make other changes which are desirable in order to permit use of derivative products in connection with SLBs.

(5) To permit obligations that are subordinate to the SLBs to be issued for any lawful Port purpose.

(6) To provide that balloon obligations will be treated as if they were refinanced with long-term obligations for purposes of calculating the SLB Debt Service Requirement and making certain deposits to the SLB Fund.

(7) To provide that any "put" or other right of Owners to require the purchase of SLBs shall not be treated as a maturity or mandatory redemption and may be ignored when calculating the SLB Debt Service Requirement and the amounts to be deposited to the SLB Fund, but only if bond insurance, a line or letter of credit, a standby bond purchase agreement or other liquidity or credit enhancement is in effect which is expected to pay for the purchase of the SLBs when the Owners exercise that right, if the SLBs are not remarketed or refunded.

(8) To provide that certain amounts in the SLB Serial Bond Principal Account and the SLB Term Bond Principal Account (now part of the combined SLB Principal and Interest Account) may be used for redemption or purchase for cancellation of SLBs.

(9) To reduce the SLB Reserve Fund Requirement to an amount equal to the maximum amount of proceeds of tax-exempt bonds which the Code permits to be deposited in a reserve account without yield restriction, and to specify either that separate reserve accounts will be held for each series of SLBs, or that a single reserve account will secure all series of SLBs.

(10) To modify the requirements for funding the Rebate Account or to eliminate the Rebate Account.

(11) To combine Ordinance No. 155 and Ordinance No. 323, to delete outdated provisions, to delete provisions that interfere with the business operations of the Port but that do not provide substantial security for owners of SLBs, to clarify and simplify the remaining provisions, to substitute modern, more flexible provisions, and to restate those amended ordinances as a single ordinance.

(12) To amend the definition of "SLB Debt Service Requirement" so that for purposes of calculating compliance with the Port's rate covenants, the amount of principal and/or interest on SLBs and/or the amount of Scheduled Swap Obligations paid or to be paid from moneys not then included in the definition of "Revenues" or "Net Revenues" shall be disregarded and not included in any calculation of "SLB Debt Service Requirement."

(13) To amend Ordinance No. 323 to provide that for purposes of determining compliance with the provisions of Ordinance No. 323 relating to Additional SLBs, the amount of passenger facility charges, customer facility charges, state and federal grants or other payments and/or other moneys that are not then included in the definition of "Revenues" or "Net Revenues" but that are committed irrevocably to the payment of debt service on SLBs and to the payment of Scheduled Swap Obligations or that are held by the SLB Trustee for the sole purpose of paying debt service on SLBs and paying Scheduled Swap Obligations may be disregarded and not included in the calculation of SLB Debt Service Requirement for the period in which such amounts are irrevocably committed or are held by the SLB Trustee.

(14) To delete certain provisions of Ordinance No. 155 relating to the filing and recording of ordinances and the annual delivery of legal opinions relating thereto.

(15) To permit all or a portion of the Remaining Balance, as hereinafter defined, to be taken into account as "Revenues" when determining compliance by the Port with its rate covenants. For this purpose, "Remaining Balance" means for any fiscal year the amount of unencumbered funds on deposit or anticipated to be on deposit on the first day of such fiscal year in the General Account (after all deposits and payments required to be made into the SLB Fund or the JLO Fund under Ordinance No. 323 have been made as of the last day of the immediately preceding fiscal year).

(16) To permit the application of proceeds received from the sale of SLBs or of Junior Lien Obligations to make termination payments incurred in connection with terminating swap agreements or other derivative products.

Amendments with Owner Consent. The consent of the Owners of not less than sixty-six and two-thirds per centum (66 ⅔%) of the principal amount of the SLBs then outstanding is required for any amendment not described in the preceding two sections. However, the consent of each affected Owner is required for any amendment to: (1) change the fixed maturity date for the payment of the principal of any SLB or the dates for the payment of interest thereon or the terms of the redemption thereof, or reduce the principal amount of any SLB or the rate of interest thereon or any premium payable upon the redemption or payment thereof; or (2) reduce the aforesaid percentage of SLBs, the Owners of which are required to consent to any such amendment, or (3) give to any SLB or SLBs any preference over any other SLB or SLBs secured by the SLB Ordinance; or (4) authorize the creation of any pledge of the Revenues or any lien thereon prior or superior or equal to the pledge and lien created in the SLB Ordinance for the payment and security of the SLBs; or (5) deprive any Owner of the security afforded by the Airport Revenue Bond Ordinances.

Events of Default

Each of the following shall constitute an "Event of Default":

1. If payment of the principal and premium (if any) of any SLB, whether at maturity or by proceedings for redemption (whether by voluntary redemption or a mandatory redemption) or otherwise, shall not be made when the same shall become due and payable; or

2. If payment of any installment of interest on any SLB shall not be made when the same shall become due and payable; or

3. If the Port shall fail in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the SLBs or in the SLB Ordinance or in any ordinance supplemental thereto on the part of the Port to be performed, and such failure shall continue for 90 days after written notice specifying such failure and requiring the same to be remedied shall have been given to the Port by the SLB Trustee or by the owners of not less than twenty percent (20%) in principal amount of the SLBs then Outstanding or any committee therefor; provided that if any such failure shall be such that it cannot be cured or corrected within such 90-day period, it shall not constitute an Event of Default under the SLB Ordinance if curative or corrective action is instituted within said period and diligently pursued until the failure of performance is cured or corrected; or

4 If any proceedings shall be instituted with the consent or acquiescence of the Port for the purpose of effecting a composition between the Port and its creditors and if the claim of such creditors is in any circumstance payable from any of the Revenues or any other moneys pledged and charged in the SLB Ordinance or in any ordinance supplemental thereto or for the purpose of adjusting the claims of such creditors, pursuant to any federal or State statute now or hereafter enacted; or

5. If an order or decree shall be entered (a) with the consent or acquiescence of the Port, appointing a receiver or receivers of the Airport or any of the buildings and facilities thereof, or (b) without the consent or acquiescence of the Port, appointing a receiver or receivers of the Airport or any of the buildings and facilities thereof, and such order or decree having been entered, shall not be vacated or discharged or stayed on appeal within 60 days after the entry thereof; or

6. If, under the provisions of any applicable bankruptcy laws or any other law for the relief or aid of debtors, (a) any court of competent jurisdiction shall assume custody or control of the Airport or any of the buildings and facilities thereof, and such custody or control shall not be terminated within 90

days from the date of assumption or such custody or control; or (b) any court of competent jurisdiction shall approve of any petition for the reorganization of the Airport or rearrangement or readjustment of the obligations of the Port under the SLB Ordinance.

Notice to Owners of Events of Default

The SLB Trustee is required to give to Owners notice of all Events of Default known to the SLB Trustee, within 30 days after the occurrence of an Event of Default unless such Event of Default has been cured, provided that except in the case of a payment default, the SLB Trustee shall be protected in withholding such notice if and so long as the SLB Trustee in good faith determines that the withholding of such notice is in the interest of the Owners.

Remedies Upon Occurrence of Event of Default

1. Upon the occurrence of an Event of Default under the SLB Ordinance, the SLB Trustee (a) for and on behalf of the Owners, shall have the same rights under the SLB Ordinance which are possessed by any Owner; (b) shall be authorized to proceed, in its own name and as trustee of an express trust; (c) may, and upon the written request of the Owners of not less than a majority in aggregate principal amount of Outstanding SLBs shall, declare all Outstanding SLBs immediately due and payable; (d) may pursue any available remedy by action at law or suit in equity to enforce the payment of the principal of and interest on the SLBs; (e) may, and upon the written request of the Owners of twenty-five percent (25%) in aggregate principal amount of the SLBs then Outstanding shall, proceed to protect and enforce all rights of the Owners and the SLB Trustee under the SLB Ordinance; and (f) exercise other remedies provided in the Airport Revenue Bond Ordinances.

2. The owners of not less than a majority in principal amount of the SLBs at the time Outstanding shall be authorized and empowered (a) to direct the time, method, and place of conducting any proceeding for any remedy available to the SLB Trustee or to the holders of the SLBs, or exercising any trust or power conferred upon the SLB Trustee under the SLB Ordinance; or (b) on behalf of the owners of the SLBs then Outstanding, to consent to the waiver of any Event of Default or its consequences, and the SLB Trustee shall waive any Event of Default and its consequences and rescind any declaration of maturity upon the written request of the owners of such majority.

3. Notwithstanding any other provision of the SLB Ordinance the right of any owner of any SLB to receive payment of the principal of and interest on such SLB, on or after the respective due dates expressed in such SLB, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such owner.

4. All moneys received by the SLB Trustee following an Event of Default under the SLB Ordinance pursuant to any right given or action taken under the provisions of the SLB Ordinance shall, after payment to the SLB Trustee of its reasonable fees and expenses with respect thereto, be applied to the payment of the principal of and interest on the Outstanding SLBs then due and unpaid, ratably according to the amounts due and payable on the Outstanding SLBs, without preference or priority of any kind.

Discharge of Liens and Pledges; SLBs No Longer Outstanding Under the SLB Ordinance

The obligations of the Port under the SLB Ordinance and the liens, pledges, charges, trusts, assignments, covenants and agreements of the Port therein made or provided for, shall be fully discharged and satisfied as to any SLB and such SLB shall no longer be deemed to be Outstanding thereunder:

1. When such SLB shall have been cancelled, or shall have been purchased by the SLB Trustee from moneys in the SLB Fund, or

2. As to any SLB not cancelled or so purchased, when payment of the principal of and the applicable redemption premium, if any, on such SLB, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption or prepayment or otherwise), either

(a) shall have been made or caused to be made in accordance with the terms thereof, or

(b) shall have been provided by irrevocably depositing with the SLB Trustee or Paying Agent for such SLB, in trust and irrevocably appropriated and set aside exclusively for such payment,

(i) moneys sufficient to make such payment or

(ii) Governmental Obligations maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the SLB Trustee and said Paying Agents pertaining to the SLB with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the SLB Trustee and said Paying Agents.

At such time as an SLB shall be deemed to be no longer Outstanding under the SLB Ordinance, as aforesaid, such SLB shall cease to draw interest from the due date thereof (whether such due date be by reason of maturity, or upon redemption or prepayment or by declaration as aforesaid, or otherwise) and, except for the purposes of any such payment from such moneys or Governmental Obligations shall no longer be secured by or entitled to the benefits of the SLB Ordinance, including all Supplemental SLB Ordinances.

If any SLBs shall not be presented for payment when the principal thereof shall become due, whether at maturity or at the date fixed for the redemption thereof, or otherwise, and if moneys or Governmental Obligations shall at such due date be held by the SLB Trustee, or a Paying Agent therefor, in trust for that purpose and sufficient and available to pay the amounts due upon presentment of such SLBs on such due date, then interest shall cease to accrue on such SLBs, all liability of the Port for such payment shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the SLB Trustee or such Paying Agent, to hold said moneys or Governmental Obligations, without liability to such Owner for interest thereon, in trust for the benefit of the holder of such SLB, who thereafter shall be restricted exclusively to said moneys or Governmental Obligations for any claim of whatever nature on his part on or with respect to said SLB, including any claim for the payment thereof.

Notwithstanding any provision of any other section of the SLB Ordinance which may be contrary to the provisions of this section, all moneys or Governmental Obligations set aside and held in trust pursuant to the provisions described in this section for the payment of SLBs (including interest and premium thereon, if any) shall be applied to and used solely for the payment of the particular SLB (including interest and premium thereon, if any) with respect to which such moneys and Governmental Obligations have been so set aside in trust.

Notwithstanding anything in the SLB Ordinance to the contrary, the obligations of the Port under the SLB Ordinance and the liens, pledges, charges, trusts, assignments, covenants and agreements of the Port therein made or provided for, shall not be discharged and satisfied until the Port has paid all amounts it is obligated to pay under any Qualified Swap.

No Personal Liability

No Commissioner of the Port and no officer, director or employee thereof shall be individually or personally liable for the payment of the principal of or interest or premium on the SLBs; but nothing contained in the SLB Ordinance shall relieve any such Commissioner, officer, director or employee from the performance of any duty provided or required by law, including the SLB Ordinance.

Limitation of Rights

With the exception of rights or benefits expressly conferred in the SLB Ordinance, nothing expressed or mentioned in or to be implied from the SLB Ordinance or the SLBs is intended or shall be construed to give to any person other than the Port, the SLB Trustee and the Owners of the SLBs, any legal or equitable right, remedy or claim under or in respect to the SLB Ordinance or any covenants, conditions and provisions therein contained; the SLB Ordinance and all of the covenants, conditions and provisions thereof being intended to be and being for the sole and exclusive benefit of the Port, the SLB Trustee and the Owners of the SLBs as therein provided.

APPENDIX D

FORM OF CONCESSIONAIRE AGREEMENT

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RENTAL CAR CONCESSION LEASE AND OPERATING AGREEMENT

BETWEEN

THE PORT OF PORTLAND

AND

____

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DEFINITIONS

EXHIBITS

RENTAL CAR CONCESSION LEASE AND OPERATING AGREEMENT

This RENTAL CAR CONCESSION LEASE AND OPERATING AGREEMENT ("Lease") effective ________________, 2018 ("Effective Date") is between **THE PORT OF PORTLAND**, a port district of the State of Oregon ("Port") and ____ ("Concessionaire").

RECITALS

A. The Port is the owner and operator of Portland International Airport in Portland, Oregon ("Airport"). The Airport includes all property owned by the Port adjacent to it, or in its vicinity including, but not limited to, the Airport terminal ("Terminal"), all general aviation facilities, the Portland International Center, and Cascade Station.

B. The Port has recently completed construction of a new quick turnaround facility for the washing, fueling and storage of rental car vehicles. In addition, the Port intends to develop a new joint use consolidated rental car facility and parking structure to be located adjacent to the quick turnaround facility in order to support the growth of rental car operations at the Airport and to enhance customer service. The joint use facility shall serve as a consolidated public parking and rental car facility.

C. Concessionaire is a rental car company pursuant to this Lease and seeks a nonexclusive right to operate a rental car concession at and from the Airport for the business of renting Vehicles (as defined in Section 6.1) to the public ("Airport Customers") by entering into this Lease for a portion of the Property (as defined in Section 3) at the Airport together with other similarly situated rental car concessionaires ("On-Airport Concessionaire") that are also entering in a rental car concession lease and operating agreement with the Port for the remainder of the Property.

D. The Port finds it to be advantageous to the operation of the Airport, and in the best interest of Airport Customers, to grant Concessionaire the nonexclusive right to operate an on Airport rental car concession under the terms and conditions specified herein.

E. The Port initially solicited bids through an Invitation to Bid (Solicitation No. 7585) ("ITB") for the operation of a nonexclusive rental car concession at the Airport, in response to which Concessionaire submitted a bid. The ITB was canceled prior to award, and the Port subsequently entered into direct negotiations with Concessionaire and all other On-Airport Concessionaires (collectively constituting all parties that submitted bids in response to the ITB), whereby the Port and Concessionaire agreed to the terms and conditions as set forth in this Lease.

F. Concessionaire operates, owns, licenses with, controls or is otherwise authorized to do business under the trade names or the rental car brands (or car sharing brands) listed on **Exhibit A**, attached hereto ("Brands"). For the purposes of this Lease, "Concessionaire" shall include all Brands.

NOW, THEREFORE, the Port and Concessionaire intending to be legally bound by the terms and conditions of this Lease and in consideration of the mutual covenants and the benefits accruing respectively to the Port and Concessionaire, the Port and Concessionaire agree as follows.

1. TERMINATION OF OLD LEASE

As of the Commencement Date (as defined in Section 2), this Lease represents the entire agreement between the Port and Concessionaire relating to the Property (as defined in Section 3), and supersedes all previous communications, representations, or agreements, whether verbal or written between the parties hereto with respect to such leasing, including, without limitation, the *Rental Car Concession Lease and Operating Agreement* (**___________________**) and *Rental Car Limited Service Kiosk Lease* (**_______________________**) between the Port and Concessionaire, effective **________________** ("Old Lease"). Notwithstanding the foregoing, this Section shall not limit or reduce any obligation of Concessionaire or the Port under the Old Lease arising out of the occupancy or use of the properties described therein prior to the Commencement Date and Concessionaire shall be responsible for all obligations of Concessionaire under the Old Lease. As of the Commencement Date, the Old Lease shall terminate with or without a notice of termination from the Port to Concessionaire.

2. TERM

This Lease shall be binding upon the Port and Concessionaire as of the Effective Date and shall commence one hundred eighty (180) calendar days following the Access Date (as defined in Section 11.6), as determined by the Port ("Commencement Date") and shall continue until expiration on September 30th following the twentieth (20th) anniversary of the Commencement Date ("Initial Term"), unless sooner terminated pursuant to the provisions of this Lease. The Port shall provide Concessionaire at least ninety (90) calendar days' notice prior to the Access Date. Each one (1) year period beginning on July 1 and ending on June 30 shall be considered a "Lease Year", except for any "Partial Lease Year", which will include any periods preceding the first (1st) full Lease Year or following the last full Lease Year.

2.1 Port's Right to Rebid or Renegotiate at Year Ten

The Port shall have the right and option, in its sole discretion, and after consultation with Concessionaire, to renegotiate and/or rebid the terms of this Lease and the rights granted in this Lease at the tenth (10th) anniversary of the Commencement Date ("Rebid Option"). The Port shall exercise the Rebid Option by giving Concessionaire and all other On-Airport Concessionaires written notice at least twelve (12) months prior to the tenth (10th) anniversary of the Commencement Date. If the Port elects to exercise the Rebid Option, this Lease shall terminate as of the Commencement Date of the lease entered into at the time with successful bidders, provided that Concessionaire has fulfilled all duties pursuant to the timeline and requirements of this Lease. Should Concessionaire fail to timely perform the duties required by this Lease and vacate the Property (as defined in Section 3) by the termination date following a rebid, then the Port shall have the right to treat Concessionaire as a Holdover Tenant or a Tenant at Sufferance (as defined in Section 20.6), without limiting any other remedies available to the Port.

2.2 Port's Right to Extend the Lease, Rebid, or Terminate at Year Twenty

Prior to the expiration of the Initial Term, at the sole discretion of the Port, and after consultation with Concessionaire, the Port shall have the right and option to extend, renegotiate, and/or rebid the terms of and the rights granted in this Lease for one (1) additional ten (10) year term, at the Port's sole discretion ("Extension Option"). The Port shall exercise the Extension Option by giving Concessionaire and all other On-Airport Concessionaires written notice at least twelve (12) months prior to the expiration of the Initial Term. If the Port exercises the Extension Option, this Lease shall be extended automatically, and all terms and conditions shall remain in full effect during the extension term.

3. PROPERTY

As of the Commencement Date, the Port shall lease to Concessionaire the following "Property" consisting of certain portions of the following areas at the Airport owned by the Port: (a) a consolidated rental car facility ("ConRAC"); (b) a quick turnaround facility ("QTA"); and (c) all related Improvements, as they are shown on **Exhibit B**, attached hereto. The Property shall include Concessionaire's proportionate share of driveways, infrastructure improvements, parking areas, landscaped areas, pipes, fences, sidewalks, paved areas, utility distribution facilities, signs, or any other enhancement or improvement in, under, or upon the Property, placed or constructed by the Port or Concessionaire, whether now existing or hereafter added ("Improvements"). "Proportionate Share" shall be the percentage determined by dividing the aggregate square footage of Concessionaire's exclusive Property by the aggregate square footage of the exclusive Property of all On-Airport Concessionaires, as shown on **Exhibit C**, or otherwise as determined by the Port from time to time. The Port and Concessionaire acknowledge that, as of the Effective Date, the configuration of certain portions of the Property is still being designed and determined, and that upon complete and final construction, **Exhibit B** shall be replaced to incorporate the final configuration based on as-builts without the need for a formal amendment to this Lease.

3.1 ConRAC

The ConRAC is the facility constructed and owned by the Port consisting of: (a) the Customer Service Area (as defined in Section 3.1.1); (b) the Ready/Return Area (as defined in Section 3.1.2); (c) the Common Concessionaire Area (as defined in Section 3.1.3); and (d) the Common Public Areas (as defined in Section 3.1.4).

3.1.1 Customer Service Area

The "Customer Service Area includes the office area and the customer service counter space used by Concessionaire for Vehicle (as defined in Section 6.1) rental, Vehicle return, and related transactions, and for general office use, including storage and network management in connection with Concessionaire's operations and use of the Property.

3.1.2 Ready/Return Area

The "Ready/Return Area" includes the area where Airport Customers may pick up and/or drop off Vehicles (as defined in Section 6.1), and where Vehicles are to be stored awaiting such pick up and drop off.

3.1.3 Common Concessionaire Area

The "Common Concessionaire Area" is an area of the ConRAC and QTA designated for nonexclusive use in common by all On-Airport Concessionaires and includes, but is not limited to, roadways, ramps, or other facilities within, adjacent to, and surrounding the ConRAC and QTA.

3.1.4 Common Public Area

The "Common Public Area" is an area of the ConRAC designated for nonexclusive use in common by Airport Customers, On-Airport Concessionaires, and any other authorized user of the ConRAC and includes, but is not limited to, public circulation space, lobbies, elevators, or other facilities. Concessionaire's share of the Common Public Area shall be determined based on Concessionaire's Proportionate Share of the total Common Public Area.

3.2 Quick Turnaround Area

The Quick Turnaround Area ("QTA") is the facility constructed and owned by the Port consisting of: (a) the Queuing/Maneuvering Area (as defined in Section 3.2.1); (b) the Fuel Fill Pad Area (as defined in Section 3.2.2); (c) the Fuel/Wash Area (as defined in Section 3.2.3); (d) the Stacking/Storage Area (as defined in Section 3.2.4); (e) the Administrative Area (as defined in Section 3.2.5); and (f) the Common Concessionaire Area. The QTA shall only be used to fuel and wash Vehicles (as defined in Section 6.1), for storage, stacking, and return to the Ready/Return Area, subject to the limitations of Section 3.2.1, and other uses as approved in writing by the Port pursuant to Section 5.

3.2.1 Queuing/Maneuvering Area

The "Queuing/Maneuvering Area" shall be used by Concessionaire to queue Vehicles (as defined in Section 6.1) prior to entering the Fuel/Wash Area (as defined in Section 3.2.3).

3.2.2 Fuel Fill Pad Area

The "Fuel Fill Pad Area" shall be used in common by all On-Airport Concessionaires for transferring fuel to the underground storage tank facility owned by the Port. The Fuel Fill Pad Area shall be included with the Common Concessionaire Area.

3.2.3 Fuel/Wash Area

The "Fuel/Wash Area" shall be used by Concessionaire to fuel, vacuum, and wash the Vehicles (as defined in Section 6.1), and any other uses, as permitted by the Port in writing.

3.2.4 Stacking/Storage Area

The "Stacking/Storage Area" shall be used by Concessionaire to stack and store Vehicles (as defined in Section 6.1).

3.2.5 Administrative Area

The "Administrative Area" shall be used by Concessionaire for general office use, storage, and network management in connection with Concessionaire's operations and use of the Property.

4. CONCESSIONAIRE REALLOCATION

4.1 Initial Term Reallocation

Reallocation shall not occur during the Initial Term unless changes have occurred that have resulted in the inefficient use of the ConRAC, as determined in the Port's reasonable discretion based on changes in the relative Market Share (as defined in Section 7.6) of Concessionaire and the On-Airport Concessionaires as reflected by the Annual Report (as defined in Section 7.13) of Concessionaire and the reports of each other On-Airport Concessionaire for the fifth (5^{th}), tenth (10^{th}), and fifteenth (15^{th}) full Lease Years, as applicable. If the Port determines reallocation is appropriate, the Port may, in the Port's sole discretion, reallocate all or any portion of space located in the ConRAC and QTA by written notice to Concessionaire and all other On-Airport Concessionaires ("Reallocation Notice "), and the reallocation shall be effective as of the later of: (i) one hundred twenty (120) calendar days following delivery of the Reallocation Notice; (ii) June 30^{th} of the sixth (6^{th}), eleventh (11^{th}), or sixteenth (16^{th}) full Lease Years, as applicable; or (iii) such date as otherwise unanimously agreed between the Concessionaire and the affected On-Airport Concessionaire(s), as communicated in writing to the Port. Reallocation shall not occur, notwithstanding the Port's determination, if Concessionaire and all other On-Airport Concessionaires unanimously agree in writing to remain in the same areas that they are occupying at that time and provide written notice to the Port of such agreement within fifteen (15) calendar days following receipt of the Reallocation Notice. Any costs incurred by the Port associated with the reallocation shall be allocated proportionately among the On-Airport Concessionaires based on Market Share (as defined in Section 7.6) and shall be due and payable within thirty (30) calendar days following the Port's invoice to Concessionaire's Facility Manager. Upon the effective date of any reallocation, **Exhibit B**, **Exhibit C**, and **Exhibit D** shall be amended automatically to reflect the addition or subtraction of space from the Property and Premises Rent (as defined in Section 7.2) shall be adjusted accordingly.

4.2 Extension Term Reallocation

Reallocation shall not occur during the extension term, unless changes have occurred that have resulted in the inefficient use of the ConRAC, as determined in the Port's reasonable discretion based on changes in the relative Market Share (as defined in Section 7.6) of Concessionaire and the On-Airport Concessionaires as reflected by the Annual Report (as defined in Section 7.13) of Concessionaire and the reports of each other On-Airport Concessionaire for the twentieth (20^{th}) and twenty-fifth (25^{th}) full Lease Years, as applicable, provided the Port has exercised the Extension Option and this lease is still in effect. If the Port determines reallocation is appropriate, the Port may, in the Port's sole discretion, reallocate all or any portion of space located in the ConRAC and QTA by providing a Reallocation Notice, and the reallocation shall be effective as of the later of(i) one hundred twenty (120) calendar days following delivery of the Reallocation Notice; (ii) June 30^{th} of the twenty-first (21^{st}) or twenty-sixth (26^{th}) full Lease Years, as applicable; or (iii) such date as otherwise unanimously agreed between the Concessionaire and the affected On-Airport Concessionaire(s), as communicated in writing to the Port. Reallocation shall not occur, notwithstanding the Port's determination, if all On-Airport Concessionaires unanimously agree in writing to remain in the same areas that they are occupying at that time and provide written notice to the Port of such agreement within fifteen (15) calendar days following receipt of the Reallocation Notice. Any costs incurred by the Port associated with the reallocation shall be allocated proportionately among the On-Airport Concessionaires based on Market Share (as defined in Section 7.6) and shall be due and payable within thirty (30) calendar days following the Port's invoice to Concessionaire's Facility Manager. Upon the effective date of any reallocation, **Exhibit B**, **Exhibit C**, and **Exhibit D** shall be amended automatically to reflect the addition or subtraction of space from the Property and Premises Rent (as defined in Section 7.2) shall be adjusted accordingly.

5. DUTIES WITH RESPECT TO REALLOCATED SPACE

Concessionaire shall reasonably cooperate with the Port and all other On-Airport Concessionaires in connection with any reallocation. Concessionaire and all other On-Airport Concessionaires shall be responsible for their own costs associated with reallocation. Concessionaire shall vacate any portion of the Property reallocated to any of the other On-Airport Concessionaires and shall have performed all applicable duties under Section 20.1 with respect to such reallocated space as of the effective date of reallocation at Concessionaire's cost. If Concessionaire is reallocated additional space, then: (i) following receipt of the applicable Reallocation Notice, Concessionaire shall promptly take any necessary steps to commence the Port's tenant improvement process outlined herein, including filing for a Port construction permit and required City of Portland building permits; (ii) Concessionaire shall promptly occupy any such additional space as of the effective date of reallocation, all at Concessionaire's cost.

6. USE OF THE PROPERTY

Concessionaire may use the Property only for conducting the uses described in this Section and in Section 3 and any individual portion of the Property may be used only for the purposes for which it was designed. Except as provided in this Section or elsewhere in this Lease, the Property may be used for no other use without the Port's prior written consent, which the Port may withhold or condition in its sole discretion.

6.1 Nonexclusive Use

Concessionaire shall have the nonexclusive right to operate a rental car concession at the Airport under the Brand family described on **Exhibit A** in accordance with the provisions of this Lease for the purpose of renting Concessionaire's rental vehicles, whether owned or not owned by Concessionaire ("Vehicles") to Airport Customers ("Permitted Uses"). Concessionaire shall use the Property for no other purpose than expressly provided in this Lease and shall not operate under any assumed business name or Brand without the prior written consent of the Port, which the Port may grant or deny in its sole discretion. The Port reserves the right to allow others to conduct the same or similar operations and/or sell the same or similar services or equipment at the Airport under the same terms and conditions described in this Lease.

6.1.1 Rental of Vehicles

Concessionaire shall use the Property to operate the rental of Vehicles and the related incidental provision of loss and collision damage waiver protection, insurance (including but not limited to personal injury insurance), and such other incidental services, items and equipment reasonably associated with the rental of Vehicles (but not including any items for which any exclusive right to provide such services, items or equipment has been or may in the future be granted to others at the Airport). Any other services, merchandise or equipment which Concessionaire desires to provide must be approved in advance, in writing, by the Port. The Port shall have sole discretion in determining what incidental sales and services may be provided and may require Concessionaire to terminate any incidental sales or services that the Port does not deem appropriate.

6.1.2 General Limits on Use

6.1.2.1 Concessionaire shall not, without the prior written consent of the Port, use any device which would violate any local noise ordinance or cause substantial noise, vibration, fumes, debris, or electronic interference on or adjacent to the Property. Without limiting the generality of the foregoing, Concessionaire acknowledges the concerns of the community with respect to noise issues. Concessionaire agrees to actively participate with the Port in developing, implementing, and adhering to noise abatement procedures, policies and programs. Concessionaire agrees, at Concessionaire's sole expense, to implement reasonable measures to minimize noise concerns as may be required by the Port from time to time.

6.1.2.2 Concessionaire shall not use or permit anyone else to use the Property, nor shall Concessionaire permit anything to be done on the Property which: (a) adversely affects or is likely to adversely affect the Property; (b) creates any condition that may be a safety hazard or violates Federal Aviation Administration ("FAA") regulations; (c) creates or tends to create a hazard or a nuisance; or (d) adversely interferes in any way with Airport operations.

6.1.2.3 Without limiting the generality of any other provision of this Lease, and without the Port's written consent, which consent the Port may withhold or condition in its sole discretion, and except as allowed in the Permitted Uses, Concessionaire shall not use the Property: (a) to provide any facilities, services, commodities or supplies, now or hereafter made available at or through the Airport; (b) to operate any airline flight kitchen or other facilities providing meal services to aircraft crews or passengers, public parking for hire, lodging facilities or facilities for the preparation, storage or distribution of merchandise for sale or consumption aboard aircraft; (c) for parking for passengers or Airport Customers (other than parking for Airport Customers while at the Property), or charge any fee for parking of motor vehicles at the Property; (d) for the installation or operation of any antennae, satellite dish or other system for third party transmission, reception or relay of voice or data communications, pay phones, Internet kiosks, ATMs, advertising displays, except for standard telephone, telex or fax machines; (e) use any portion of the Property for fueling activities other than the Fuel/Wash Area; or (f) for the retail sale of any Vehicle or the storage of damaged Vehicles.

6.1.2.4 No parking is permitted, except as otherwise allowed in Section 6.2. No Vehicle, equipment, or machinery shall be left in an inoperable condition or staged in the Property by Concessionaire, or employees, agents, Contractors (as defined in Section 11.12), guests, patrons, licensees, invitees, and suppliers of materials and furnishers of services of Concessionaire or of the Brands ("Concessionaire's Representatives").

6.1.2.5 Concessionaire shall not use the Property for the retail sale of any Vehicles or the storage of damaged Vehicles.

6.1.2.6 Unless otherwise agreed to in writing by the Port, Concessionaire shall not perform any service or heavy maintenance of Vehicles on the Property. If Concessionaire leases from the Port a facility located on Frontage Road at the Airport for administrative offices and Vehicle maintenance and storage ("Remote Service Facility"), service and heavy maintenance of Vehicles shall occur at the Remote Service Facility. Heavy maintenance of Vehicles shall mean any activity not approved by the Port at the Property including, but not limited to, oil changes, tire rotations and repairs, windshield replacement and repair, body damage repairs, or any other activity not allowed by the Port.

6.1.2.7 Concessionaire shall not transport Airport Customers to the Terminal in the Vehicles without prior written consent of the Port, except to accommodate disabled Airport Customers.

6.1.2.8 Concessionaire shall not park the Vehicles in public parking lots on the Airport or permit Concessionaire's Representatives to park the Vehicles in public parking lots without prior written consent of the Port.

6.1.2.9 Concessionaire may not transport Airport Customers to or from the Property to the Remote Service Facility and rent Vehicles to any party from the Remote Service Facility, if Concessionaire leases a Remote Service Facility.

6.2 Employee Parking

Parking for employees of Concessionaire is permitted within the Property, although the Port reserves the right to designate certain areas of the property for such uses or prohibit employee parking within the Property at any time to ensure adequate space for the rental of Vehicles. Additional employee parking is provided on a space available basis in the employee parking area of the Airport for use in common with employees of other Airport tenants, airlines and other users of the Airport. The Port will charge Concessionaire a monthly parking fee for any of Concessionaire's employees who park in the employee parking area. As of the Effective Date, the monthly parking fee is THIRTY-FIVE DOLLARS AND NO CENTS ($35.00) per employee, per month. The Port shall also make available to Concessionaire one (1) parking space in the Short Term Parking Garage for a monthly fee of EIGHTY DOLLARS AND NO CENTS ($80.00). Parking fees and Port parking polices may be changed by the Port at any time, upon giving Concessionaire at least thirty (30) calendar days' advance written notice. Parking fees will be billed to Concessionaire monthly and will be due thirty (30) calendar days following the date of invoice. Concessionaire shall pay for parking for Concessionaire's employees.

6.3 Appurtenant Rights

Concessionaire shall have the nonexclusive appurtenant rights specified in this Section, subject to the terms and conditions of this Lease and to the Airport Rules (as defined in Section 6.4.1). No other appurtenant rights shall be implied as a part of this Lease. Nothing stated herein shall be construed to limit in any way the general power and right of the Port to exercise its governmental powers in any way, including such as may affect the Airport, the Property, or any other area under the jurisdiction of the Port.

6.3.1 Public Areas

Subject to all applicable Port ordinances, rules, regulations or policies governing the use of the Airport, the Port grants to Concessionaire the nonexclusive right to use, in common with others, certain areas of the Airport designated by the Port to be public or common use areas including, but not limited to, walkways, streets, roadways, waiting rooms, hallways, restrooms and other passenger conveniences ("Public Areas") for Airport Customers, Concessionaire's Representatives for the uses for which Public Areas were designed. Concessionaire's rights under this Section shall include the right of ingress and egress to and from the Property. The Port reserves the right to modify the Public Areas at any time and in any way it deems appropriate including, but not limited to, reconfiguration of the Public Areas, expansion or contraction of the Public Areas, or changing access points to and from the Public Areas.

6.4 Compliance with Laws

Concessionaire and Concessionaire's Representatives shall comply with: (a) all applicable federal, state, and local laws, rules, regulations and ordinances, including laws governing its relationship with its employees including, but not limited to, laws, rules, regulations and policies concerning workers' compensation, and minimum and prevailing wage requirements; (b) laws, rules and regulations and policies relative to occupational safety and health; (c) all Environmental Law (as defined in Section 15.1.4); and (d) ordinances and rules adopted by the Port.

6.4.1 Airport Rules

Concessionaire and Concessionaire's Representatives shall comply with the rules, regulations, and policies adopted by the Port including, without limitation, the *Portland International Airport Rules*, as any of the same may be amended from time to time, with respect to the use of, entry on or access to, or possession of the Port's property at the Airport or contiguous property owned by the Port ("Airport Rules"). Copies of the current Airport Rules may be found on the Port's website. The Port shall not discriminate against Concessionaire in the enforcement of the Airport Rules.

6.5 Fire Safety

Concessionaire shall exercise due and reasonable care and caution to prevent and control fire on the Property and to that end shall provide and maintain such fire suppression and other fire protection equipment as may be required pursuant to applicable governmental laws, ordinances, statutes and codes for the purpose of protecting the Improvements adequately and restricting the spread of any fire from the Property to any property adjacent to the Property.

6.6 Business Licenses

Concessionaire shall obtain and maintain all federal, state and local licenses and permits necessary or required by law for the operation of Concessionaire's business. Concessionaire shall keep such licenses and permits displayed on the Property, as required by law. Not less than thirty (30) calendar days prior to the Access Date (as defined in Section 11.6), Concessionaire shall provide the Port with a certificate of existence issued by the Oregon Secretary of State indicating that Concessionaire is registered, in good standing, and authorized to do business in the State of Oregon.

6.7 Compliance with Americans with Disabilities Act

Except to the extent of the Port's obligations regarding the ConRAC Project (as defined in Section 10.1), Concessionaire shall comply in all aspects with the Americans with Disabilities Act ("ADA") at Concessionaire's own cost.

6.8 No Smoking

The Airport is a nonsmoking facility except for designated areas outside of the Terminal. Smoking is not permitted within the Terminal or at the Property.

6.9 Security Services

Concessionaire may, but shall not be obligated to, provide any additional or supplemental security services that Concessionaire may desire, at its own expense, except that such additional security must be approved, in writing, by the Port. Any extra security protection shall be subject to the authority granted to the Port's police force and shall in no way interfere with the duties of the Port police force.

6.9.1 Ready/Return Security

Concessionaire shall provide security at the ConRAC, including at Ready/Return area(s) to ensure a fully secure operation of the Property to the benefit of all On-Airport Concessionaires. Any security measures, including physical barriers, security cameras, gate arms, tiger teeth, and other equipment necessary to maintain the ConRAC secure, shall be installed by Concessionaire at Concessionaire's cost, as permitted by the Port.

7. FEES PAYMENTS AND DEPOSITS

Concessionaire shall pay monthly "Fees" for the Property beginning on the Commencement Date. Fees shall include any of the following fees or rents applicable to Concessionaire under the terms of this Lease: (a) the Concession Fee (as defined in Section 7.1); (b) Percentage Fee (as defined in Section 7.1.1); (c) Minimum Annual Guarantee Fee (as defined in Section 7.1.2); (d) Premises Rent (as defined in Section 7.2); and (e) Additional Fees (as defined in Section 7.4).

7.1 Concession Fee

For use of the Property each Lease Year Concessionaire shall pay to the Port a "Concession Fee" which is the greater of: (a) the sum of Percentage Fee (as defined in Section 7.1.1); or (b) the MAG (as defined in Section 7.1.2).

7.1.1 Percentage Fee

Percentage Fee paid by Concessionaire to the Port shall equal ten percent (10%) of Concessionaire's annual Gross Receipts (as defined in Section 7.3) for any non car sharing Brand identified on **Exhibit A** and eleven percent (11%) of annual Gross Receipts for any car sharing rental car brand identified on **Exhibit A** ("Percentage Fee").

7.1.2 Minimum Annual Guarantee Fee

The "Minimum Annual Guarantee Fee" ("MAG") for the first (1^{st}) full Lease Year shall be in the amount of ____. The MAG for the second (2^{nd}) Lease Year shall equal the greater of: (i) the MAG for the first full Lease Year, or ninety percent (90%) of the Percentage Fee paid during the first (1^{st}) Lease Year. Each Lease Year thereafter, the MAG amount will be adjusted effective as of July 1 to equal to the greater of: (i) ninety percent (90%) of the Concession Fee payable during the previous Lease Year; or (ii) the first (1^{st}) full Lease Year MAG (or MAG as adjusted pursuant to Section 7.1.3.5, if applicable). Although each new MAG will be effective as of July 1 of each year, the Port may not finalize calculation of the new MAG until sometime thereafter. Once the new MAG has been calculated by the Port, based upon information supplied to the Port by Concessionaire, in accordance with Section 7.9 and Section 7.13, the Port shall send Concessionaire written notice of the new MAG amount. If an amount is due, within thirty (30) calendar days of the date of that written notice, Concessionaire shall pay the Port the difference, or the Port will credit Concessionaire the difference between any previously invoiced MAG amount in the current Lease Year and the new MAG amount, depending upon whether the new MAG amount is more or less than the previous MAG invoiced. Notwithstanding the foregoing, unless the MAG is adjusted pursuant to Section 7.1.3.3 or Section 7.1.3.4, the MAG for any Lease Year shall never be less than the greater of: (i) the first (1st) full Lease Year MAG (or MAG as adjusted pursuant to Section 7.1.3.5, if applicable); or (ii) ninety percent (90%) of the previous year. The MAG for any Partial Lease Year shall be calculated as the first (1st) full Lease Year MAG divided by twelve (12) and then multiplied by the number of months of the Partial Lease Year, and shall be calculated the same as any other Lease Year; however, it shall be payable in monthly installments prorated over the number of months included in the Partial Lease Year.

7.1.3 Contingent MAG Reductions

7.1.3.1 Aggregate MAG, Minimum Amount

"Aggregate MAG" means the aggregate of the MAG payable to the Port by Concessionaire plus the minimum annual guarantee fees payable to the Port by all other On-Airport Concessionaires per Lease Year. For the first full Lease Year, the Aggregate MAG is TWENTY-TWO MILLION THREE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS AND NO CENTS ($22,375,000.00). During each Lease Year thereafter, the Aggregate MAG shall equal the greater of: (i) TWENTY-TWO MILLION THREE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS AND NO CENTS ($22,375,000.00) ("Minimum Amount"); or (ii) ninety percent (90%) of the Concession Fee payable to the Port by Concessionaire plus the concession fees payable to the Port by all other On-Airport Concessionaires for the previous Lease Year.

7.1.3.2 Aggregate Percentage Fee

"Aggregate Percentage Fee" means the Percentage Fee payable to the Port by Concessionaire plus the percentage fee payable to the Port by all other On-Airport Concessionaires per Lease Year.

7.1.3.3 Following Tenth Lease Year During Initial Term

If the Port does not exercise its Rebid Option and the Aggregate Percentage Fee during the tenth (10th) full Lease Year is less than that Aggregate MAG, then, effective as of July 1st of the eleventh (11th) full Lease Year, Concessionaire's MAG shall be adjusted so that it equals Concessionaire's Proportionate Share of an amount equal to ninety percent (90%) of the Aggregate Percentage Fee payable to the Port during the tenth (10th) Lease Year, and the Minimum Amount shall be prospectively reset to an amount equal to ninety percent (90%) of the Aggregate Percentage Fee payable to the Port during the tenth (10th) Lease Year.

7.1.3.4 At Commencement of Extension Term

If the Port exercises its Extension Option and the Aggregate Percentage Fee payable to the Port during the twentieth (20th) Lease Year is less than that Aggregate MAG, then, effective as of July 1st of the twenty-first (21st) full Lease Year, Concessionaire's MAG shall be adjusted so that it equals Concessionaire's Proportionate Share of an amount equal to ninety percent (90%) of the Aggregate Percentage Fee payable to the Port during the twentieth (20th)

Lease Year, and the Minimum Amount shall be prospectively reset to an amount equal to ninety percent (90%) of the Aggregate Percentage Fee payable to the Port during the twentieth (20^{th}) Lease Year.

7.1.3.5 Adjustment of MAG for Reallocation

If the Port reallocates space in the ConRAC and/or QTA pursuant to Section 4, then Concessionaire's MAG shall be adjusted effective contemporaneously with such reallocation and shall be calculated based on Concessionaires Proportionate Share of the Aggregate MAG as determined as of the effective date of reallocation. In no event shall such adjustment, together with the corresponding adjustments to the minimum annual guarantee fees payable by all other On-Airport Concessionaires, result in a decrease in the Aggregate MAG payable to the Port by Concessionaire together with all other On-Airport Concessionaires, unless necessary pursuant to Sections 7.1.3.3 and 7.1.3.4.

7.1.4 MAG Abatement

Concessionaire's obligation to pay the MAG pursuant to Section 7.1.2 may be fully or partially abated, in an amount to be determined in the Port's sole discretion, if the Port determines that a reduction in deplaning passengers is contributing or is likely to contribute to a major curtailment of Gross Receipts (as defined in Section 7.5). The Port shall have no obligation to abate the MAG, unless and until the number of passengers deplaning on scheduled airline flights at the Airport during three (3) or more consecutive calendar months shall be less than eighty-five percent (85%) of the number of such deplaning passengers in the same calendar months of the immediately preceding calendar year. In the event that the payment of the MAG is abated, the period of abatement shall commence with the calendar month following the calendar month in which the abatement requirements are satisfied, and the payment of the MAG shall recommence with the calendar month following the calendar month in which the Port determines that the requirements of this Section are no longer satisfied. If an abatement occurs, Concessionaire shall be notified in writing by the Port regarding the date of the beginning and of the end of the abatement period. During any period of abatement of the MAG, Percentage Fee shall continue to be due and payable as required under this Lease.

7.2 Premises Rent

Premises Rent shall be based on Concessionaire's Proportionate Share of the Property as shown on **Exhibit D** ("Premises"). As of the Commencement Date, Concessionaire shall pay rent for the Premises ("Premises Rent") at the rate in existence during the final Lease Year of the prior rental car concession and operating agreement. It is estimated that the rate shall equal approximately of FOUR DOLLARS AND THIRTY-FOUR CENTS ($4.34) per square foot per year; however, the Port shall notify Concessionaire as to the official rate at least thirty (30) days prior to the Commencement Date. The Port and Concessionaire acknowledge that, as of the Effective Date, the configuration of certain portions of the Premises is still being designed and determined and that upon complete and final construction, **Exhibit D** shall be replaced to incorporate the final configuration based on as-builts without the need for a formal amendment to this Lease.

7.3 Adjustment to Premises Rent

Beginning on the July 1 following the Commencement Date, and if this Lease is then in effect each July 1 thereafter (each an "Adjustment Date"), the Lease rate per square foot used to calculate Premises Rent shall adjust by the Consumer Price Index Rate (as defined in Section 7.3.1); provided, however, in no event shall any Lease rate be adjusted downward.

7.3.1 Consumer Price Index Rate

The Consumer Price Index Rate shall be an amount equal to the Port's calculation of the percentage change over the preceding twelve (12) month period of the *Consumer Price Index - U.S. City Average for all Items for All Urban Consumers (1982-84=100)* published in the Monthly Labor Review by the Bureau of Labor Statistics of the United States Department of Labor ("CPI-U"), using the CPI-U published sixty (60) calendar days prior to the Adjustment Date as the ending date of the twelve (12) month period. In the event that the change in the CPI-U for the relevant period decreases, the Lease rate used to calculate Premises Rent shall remain unchanged. If the CPI-U base year 1982-84 (or other base year for a substituted index) is changed, the denominator figure used in making the computation in this Section shall accordingly be changed so that all increases in the CPI-U from the base year are taken into account notwithstanding any such change in such CPI-U base year.

7.3.2 Effective Date of Adjustment; Payment of Adjustments

Concessionaire acknowledges that adjustments to Premises Rent shall be effective and payable as of the Adjustment Date, even though the new rate may not be able to be calculated until sometime after the Adjustment Date. Concessionaire agrees to: (a) pay the new rate upon receipt of the Port's invoice containing the new rate; and (b) pay any difference between Premises Rent actually paid to the Port after the Adjustment Date and the amount due for such period within thirty (30) calendar days after the Port's invoice therefore.

7.4 Additional Fees

All amounts required to be paid by Concessionaire to the Port under this Lease, other than those defined as Fees, shall be deemed "Additional Fees." Additional Fees shall include, but not be limited to, Delinquency Charges (as defined in Section 7.10.2), returned check fees, late fees, utilities, Taxes (as defined in Section 7.20), and the Contingent Fee (as defined in Section 8.5).

7.5 Gross Receipts

"Gross Receipts" shall mean the charges for all services provided by Concessionaire in, at and from the Property for cash, credit or otherwise, without reservation or deduction for uncollected amounts, credit card fees or charges, or collection costs including, but not limited to: (a) all charges including, but not limited to, time and mileage charges and separately stated fees for rental of Vehicles and other related or incidental services or merchandise, and any other items or services, made at or from the Airport, regardless of where the Vehicles or services are delivered to or returned; (b) all amounts charged to Airport Customers for insurance offered by Concessionaire incidental to the rental of Vehicles including, but not limited to, personal accident insurance; (c) all charges attributable to any Vehicle originally rented at the Airport which is exchanged at any other location; (d) all proceeds from the long term lease of Vehicles from any location on the Airport; (e) all amounts charged to Airport Customers and which are separately stated on the rental agreement between Airport Customers and Concessionaire as an optional charge for waiver by Concessionaire of its right to recover from Airport Customers for damage to or loss of the Vehicle rented; (f) all amounts charged to Airport Customers at the commencement or the conclusion of the rental transaction for the cost of furnishing and/or replacing fuel provided by Concessionaire; (g) all amounts charged by Concessionaire (as described in Section 7.15) as a pass through to Airport Customers of Percentage Fee; (h) total revenue from the retail sale of any Vehicles on the Airport except for a sale of a Vehicle resulting from a rental commencing at the Airport in which the rental car is not returned, but rather is purchased by the Airport Customer that commences at the Airport, in which case only the initial rental and associated fees shall be included; (i) any other amounts, whether "above the line" or "below the line" associated with any rental transaction; (j) all monies, fees, or other consideration received from airlines, travel agents or other consolidators/organizers as part of any package and/or promotion that features Concessionaire's services, fees or rates as part of a package; (k) service fees for toll transponders or similar license plate recognition services; (l) revenues from the rental of cellular phones, global positioning navigation systems, and child restraints; (m) intercity and/or drop charges; (n) fees for additional, underage, and overage drivers; (o) guaranteed reservation fees; (p) vehicle sharing and/or valet services; and (q) revenues from the sale of permitted mobile phone and other accessories.

7.5.1 Exclusions from Gross Receipts

Excluded from Gross Receipts shall be: (a) only those sales, excise or Taxes (as defined in Section 7.20) imposed by a governmental authority and collected from Airport Customers, and then directly paid by Concessionaire to the governmental authority; (b) any amounts received as insurance proceeds or otherwise for damage to Vehicles or other property of Concessionaire, or for loss, conversion or abandonment of such Vehicles; (c) revenue from the wholesale transfer of salvage Vehicles; (d) all non-revenue rentals to employees of Concessionaire; (e) CFCs (as defined in Section 8); and (f) amounts received as Contingent Fee Reimbursement (as defined in Section 8.5.2). Corporate or volume discounts or rebates or any other discount that is not stated on the face of the rental agreement at the time the rental is returned may not reduce Gross Receipts and cannot be deducted from Gross Receipts. Concessionaire shall not pass through, unbundle or list any fees payable to Port as a separate item on customer invoices without the Port's prior written approval, except for the Concession Recovery Fee (as defined in Section 7.15) or Concession Recoupment Fee (as defined in Section 7.15), and CFCs.

7.6 Market Share

"Market Share" means the percentage of Concessionaire's Gross Receipts during any Lease Year, as reported by Concessionaire to the Port for the payment of Percentage Fee, as compared to the total Gross Receipts of all On-Airport Rental Car Concessionaires for the applicable twelve (12) month Market Share measurement period.

7.7 Recording of Gross Receipts

To record all sales generated in, at, or from the Property, Concessionaire shall use a computerized registration system acceptable to the Port, which is capable of producing duplicate sales slips or printouts on which each sale is identified, itemized, and recorded. Concessionaire shall adhere to a record handling policy developed by Concessionaire and provided to the Port when requested. Concessionaire's failure to have and adhere to a record handling policy shall be deemed a violation of the terms of this Lease.

7.8 Schedule of Fees/Charges

When requested by the Port, Concessionaire shall provide the Port a detailed schedule of fees and or charges which Concessionaire includes on customer invoices or rental agreements. The schedule must include a specific definition of the fee and/or charge, what type of Airport Customer it applies to, and how it will be determined. If Concessionaire intends to change the schedule, Concessionaire shall notify the Port promptly in writing. Notices of changes in schedule must include a complete description of the fee(s) and/or charge(s) proposed to be deleted and/or added and any pertinent justifications.

7.9 Monthly Statements and Concession Fee Payments

The monthly Concession Fee payment to be submitted by Concessionaire to the Port shall be the greater of one twelfth ($^{1}/_{12}$) of the MAG or the Percentage Fee for the previous month. On or before the twentieth (20th) day of each month, Concessionaire shall pay to the Port the Concession Fee due for the previous month. Payment shall be accompanied by a "Monthly Statement" showing the actual total Gross Receipts for the previous month, using the form attached hereto as **Exhibit E** (or similar, as revised from time to time). The Monthly Statement and Concession Fee payment shall be remitted to the Port either by ACH or by check to the following address:

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On or before the twentieth (20th) day of each month, Concessionaire shall submit the Monthly Statement by e-mail to the Port at: ________________________. If the Port has not received the Monthly Statement on the date due, and after ten (10) calendar days written notice, the Port reserves the right, in addition to all of its rights in Section 0 and Section 18, to immediately thereafter, and without further notice, to invoice the Concession Fee to Concessionaire based on the Port's estimate of the Gross Receipts and to draw on the Security Deposit (as defined in Section 7.19), based on the Port's estimate of what is due, and to assess a Delinquency Charge (as defined in Section 7.10.2) on any amount that was not paid when due. Any such draw against the Security Deposit by the Port shall not release Concessionaire from the obligation of providing the actual Monthly Statement or being charged the Monthly Statement Late Fee (as defined in Section 7.10.3). The Port may, at any time, upon advance written notice to Concessionaire, require Concessionaire to change the timing of the Monthly Statement, or to modify the form of the Monthly Statement.

7.9.1 Premises Rent Payment

Premises Rent shall be paid in equal monthly installments, in advance, on the first (1st) day of each month. The Premises Rent payment shall be remitted to the Port either by electronic ACH or by check to the following address:

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7.10 Late Payments or Late Monthly Statement

7.10.1 Delinquent Fees Payment

If Concessionaire is delinquent in paying to the Port any Fees owed to the Port under this Lease, Concessionaire shall pay to the Port the then prevailing Delinquency Charge (as defined in Section 7.10.2), assessed on the delinquent amount. The Delinquency Charge shall accrue from the date Fees is due until it is paid in full.

7.10.2 Delinquency Charge

All Fees shall bear a delinquency charge of eighteen percent (18%) per annum ("Delinquency Charge") or the maximum rate of interest allowed by law, whichever is less, from the date such Fees are due until it is paid in full. The Delinquency Charge is subject to periodic change by the Port. No change in the Delinquency Charge shall occur, however, without at least thirty (30) calendar days prior written notice to Concessionaire. Imposition of a Delinquency Charge shall not constitute a waiver of any other remedies available to the Port due to Concessionaire's failure to timely pay any Fees.

7.10.3 Delinquent Monthly Statement

If Concessionaire is delinquent for ten (10) calendar days or more in furnishing to the Port any of the Monthly Statements required under this Lease, Concessionaire shall be subject to pay the Port a ONE HUNDRED DOLLARS AND NO CENTS ($100.00) late fee ("Monthly Statement Late Fee") per delinquent Monthly Statement, for each month or partial month that the Monthly Statement is delinquent, as liquidated damages for the additional administrative costs incurred by the Port in processing, reviewing, and/or demanding the delinquent Monthly Statement. The Port and Concessionaire have agreed that this is a fair and reasonable estimate of the Port's costs incurred in processing delinquent Monthly Statements. Imposition of a Delinquency Charge shall not constitute a waiver of any other remedies available to the Port due to Concessionaire's failure to timely pay the Monthly Statement Late Fee.

7.11 Returned Checks

If Concessionaire's check for payment of any Fees is returned to the Port for any reason, the payment shall be considered not to have been made and shall be delinquent. In addition to the Delinquency Charge, the Port may charge Concessionaire a returned check fee of FIFTY DOLLARS AND NO CENTS ($50.00) per returned check, which Concessionaire agrees is a reasonable fee for the additional administrative time and expense incurred by the Port in having to deal with the returned check. The Delinquency Charge shall continue to accrue until the returned check fee is paid, the check can be cashed, and the Port receives all funds due. Imposition of a Delinquency Charge shall not constitute a waiver of any other remedies available to the Port due to Concessionaire's failure to timely pay a returned check fee.

7.12 Remedies Nonexclusive

The remedies provided by Section 0 and by Section 7.11 are in addition to all other rights and remedies that the Port may have for an Event of Default (as defined in Section 18.1). Nothing in Section 0 and in Section 7.11 shall be deemed to be a waiver by the Port of any breach or violation, nor shall it be deemed to estop the Port from terminating this Lease or from asserting any other of its other rights or remedies under this Lease, or at law or in equity. Nothing contained in this Lease shall be construed to require the Port to accept delinquent Fees. Acceptance of late or partial payment of delinquent Fees shall not constitute a waiver of any of the Port's other rights and remedies under Section 18.

7.13 Annual Report

Within ninety (90) calendar days of the end of any Lease Year, Concessionaire shall provide to the Port a written report signed by Concessionaire's Chief Financial Officer or highest ranking financial manager with actual knowledge of the Gross Receipts, or an independent certified public accounting firm, stating that the Concession Fee paid by Concessionaire during the previous Lease Year was properly calculated and paid in accordance with the terms of this Lease ("Annual Report"). Any Annual Reports for Partial Lease Years shall be submitted to the Port in the same manner as Annual Reports for full Lease Years, or they may be included with the Annual Report for the following full Lease Year, with the Port's approval. The Annual Report shall be in the form attached hereto as **Exhibit F** (or similar, as revised from time to time), and shall contain a complete, itemized statement of Concessionaire's: (a) annual total Gross Receipts broken out monthly, as shown on the books and records of Concessionaire, detailed as used to compute the Concession Fee and Percentage Fee during the period covered by the Annual Report; (b) the total Concession Fees; and (c) the total Percentage Fee. The Annual Report must be received prior to the calculation of the annual adjustment described in Section 7.14.

7.13.1 Delinquent Annual Report

If Concessionaire is delinquent for ten (10) calendar days or more in furnishing to the Port the Annual Report, Concessionaire shall be subject to pay the Port a ONE HUNDRED DOLLARS AND NO CENTS ($100.00) late fee ("Annual Report Late Fee") for each month or partial month that the Annual Report is delinquent, as liquidated damages for the additional administrative costs incurred by the Port in processing, reviewing, and demanding the delinquent Annual Report. The Port and Concessionaire have agreed that this is a fair and reasonable estimate of the Port's costs incurred in processing a delinquent Annual Report. Imposition of a Delinquency Charge shall not constitute a waiver of any other remedies available to the Port due to Concessionaire's failure to timely pay the Annual Report Late Fee.

7.14 Annual Adjustment

The Annual Report will be used to determine whether Concessionaire owes a Concession Fee to the Port or is entitled to a credit from the Port, if Concessionaire has been invoiced more Concession Fee during the Lease Year than Concessionaire was required to pay. If Concessionaire has been invoiced the Concession Fee in excess of the greater of the MAG amount or the total annual Percentage Fee due, then the excess Concession Fee invoiced shall be credited toward Concessionaire's next payment(s) due under this Lease. If this Lease terminates before all credit has been given under this Section, the balance will be refunded to Concessionaire by the Port. If Concessionaire owes a Concession Fee amount, based on the annual adjustment calculation, payments will be due on or before September 30th of each Lease Year.

7.15 Allowable Concession Recovery Fee or Concession Recoupment Fee

Concessionaire acknowledges that Percentage Fee payments by Concessionaire to the Port under this Lease are for Concessionaire's privilege to use the Airport facilities and access the Airport market, and not fees imposed by the Port upon Airport Customers. The Port does not require, but will not prohibit, a separate statement of Percentage Fee on customer invoices or rental agreements, provided that such separate statement of Percentage Fee meets all of the following conditions: (a) the Percentage Fee pass through must be titled "Concession Recovery Fee" or "Concession Recoupment Fee"; (b) the Concession Recovery Fee or Concession Recoupment Fee must be shown on the Airport Customer rental car agreement and invoiced with other Concessionaire charges; (c) the Concession Recovery Fee or Concession Recoupment Fee as stated on the invoice and charged to the Airport Customer shall be no more than eleven point eleven percent (11.11%); (d) Concessionaire shall neither identify, treat, or refer to Percentage Fee as a tax, nor imply that the Port is requiring the pass through of Percentage Fee; (e) if Concessionaire elects to include a Concession Recovery Fee or Concession Recoupment Fee on customers invoices, it will be considered part of Gross Receipts; and (f) Concessionaire shall comply with all applicable laws, including Federal Trade Commission requirements and the *Oregon Unfair Trade Practices Act* (ORS 646.605 to 646.656), and any commitment to or contractual obligation by Concessionaire with the Attorney General of Oregon or any group of State Attorneys General. In the event it is discovered Concessionaire has charged more than eleven point eleven percent (11.11%) in Concession Recovery Fee or Concession Recoupment Fee, any amount collected in excess of eleven point eleven percent (11.11%) shall be immediately paid to the Port, along with any applicable Delinquency Charge or any other fee or fine.

7.16 Financial Accountability

Concessionaire shall maintain an internal control structure designed to provide reasonable assurance that Concessionaire's assets are safeguarded from loss or unauthorized use, that transactions are executed in accordance with management authority, and that the financial records are reliable for the purposes of preparing financial statements. Concessionaire shall prepare financial statements in conformity with generally accepted accounting principles, applying certain estimates and informed judgments, as required. The internal control structure shall be supported by the selection, training and development of qualified personnel, by an appropriate segregation of duties, and by the dissemination of written policies and procedures. Concessionaire shall keep full and accurate books and records showing the Gross Receipts. Books and records shall be kept in accordance with generally accepted accounting principles for at least six (6) years after the end of the Lease Year to which they pertain. If the records are kept in a location outside of Portland, Oregon, upon request of the Port they shall be produced at Portland, Oregon, within ten (10) Business Days (as defined in Section 22.4), for the Port's inspection, audit or copying at any time during the term of this Lease and for a period of six (6) years after the expiration or earlier termination of this Lease or, at Concessionaire's option, Concessionaire may make such records available to the Port at a location other than Portland, Oregon provided Concessionaire pays the Port auditor's expenses, including travel, lodging and meals, incurred to travel to the place where the records are being kept for any inspection, audit or copying. Such books and records made available to the Port shall include the general ledger, original rental contracts, profit/loss statement specific to the Airport (expense portion may be redacted), daily and monthly business reports and any other books or records the Port deems appropriate. Concessionaire shall issue sequential rental agreement numbers for rentals at the Airport or, in the alternative and upon request by the Port, provide the Port with detailed rental agreement information for the rental agreement numbers issued between those rental agreement numbers issued at the Airport (such as information about at what airport those missing numbers were issued).

7.17 Audit of Records

The Port may audit Concessionaire's books and records maintained pursuant to Section 7.16 at any time to verify compliance with this Lease. The Port may perform audits under this Section or may engage an independent certified public accountant to perform the audit. If an audit reveals that Concessionaire has understated the Gross Receipts by three percent (3%) or more, the entire expense of the audit shall be borne by Concessionaire. In any case, Concessionaire shall pay any additional amounts that the audit determines are due to the Port within thirty (30) calendar days of the Port's invoice, with interest at the Port's then prevailing Delinquency Charge. Interest shall accrue from the date any Fees were due under this Lease. The Port reserves the right to request that Concessionaire provide to the Port a revised audited Annual Report, at Concessionaire's sole cost, if any underpayments are identified.

7.18 Fines for Not Complying with Audit

In the event the Port requests inspection of records for the purposes of an audit as set forth in Section 7.16 and Section 7.17, and Concessionaire does not produce such records which meet the Port's request within ten (10) Business Days or as otherwise agreed upon between the parties, Concessionaire shall be fined ONE HUNDRED DOLLARS AND NO CENTS ($100.00). In the event Concessionaire does not then produce such records within fifteen (15) Business Days from the Port's request and the Port then must make an additional request, Concessionaire shall be charged an additional ONE HUNDRED DOLLARS AND NO CENTS ($100.00) per day until such time as the requested records are produced. This amount is intended to compensate the Port for time and resources needed to conduct the audit. The Port and Concessionaire have agreed that this is a fair and reasonable estimate of the Port's costs incurred in processing, reviewing, and/or demanding the delinquent requested records necessary for the Port to complete an audit. These fines may be immediately deducted from the Security Deposit (as defined in Section 7.19) without notice as described in Section 18.2.6. Imposition of a Delinquency Charge shall not constitute a waiver of any other remedies available to the Port due to Concessionaire's failure to timely pay the audit fines.

7.19 Security Deposit

As of the Commencement Date, Concessionaire shall deposit with the Port and continuously maintain throughout the term of this Lease cash or an irrevocable stand-by letter of credit drawn on a bank acceptable to the Port, in a form acceptable to the Port, in the amount of

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("Security Deposit"), based on one third ($^{1}/_{3}$) of the MAG, one third ($^{1}/_{3}$) of the estimated annual CFCs, one third ($^{1}/_{3}$) of the annual Premises Rent, and one third ($^{1}/_{3}$) of the real property Taxes (as defined in Section 7.20) for the first (1^{st}) Lease Year or Partial Lease Year. After the first Lease Year or Partial Lease Year, an assessment of real property Taxes shall be conducted on the Property, resulting in a new real property Taxes amount which shall be used to calculate the Security Deposit. The Security Deposit may be subject to annual adjustments each Lease Year, in the sole discretion of the Port, proportionate to any adjustment in the MAG since the previous Security Deposit adjustment. Any such adjustment to the Security Deposit will become effective at the same time each year that the MAG is adjusted. Concessionaire shall have thirty (30) calendar days after receipt of written notification from the Port of the new Security Deposit amount to adjust the Security Deposit by increasing the cash amount or amending the letter of credit. The Security

Deposit shall secure Concessionaire's full and faithful performance and observance of all of Concessionaire's obligations under: (a) this Lease; (b) Concessionaire’s Facility Lease, if applicable; and, (c) Concessionaire’s permit for parking for overflow, if applicable. The Security Deposit shall not be considered to be held in trust by the Port for the benefit of Concessionaire and shall not be considered an advance payment of Fees, or a measure of the Port's damages in the case of an Event of Default (as defined in Section 18.1). The Port may, but shall not be obligated to, draw upon and apply the Security Deposit to: (a) pay any Fees past due and the Port shall not be required to give notice or opportunity to cure before drawing on the Security Deposit; and/or (b) remedy any other violation of this Lease, or other related agreements described herein, after Concessionaire has received notice and opportunity to cure, as provided in Section 18.2.5. Further, the Port may draw on the entire Security Deposit immediately, without notice to Concessionaire, upon the commencement of a bankruptcy case or other insolvency proceeding by or against Concessionaire, or upon receipt of a notice of non-renewal. If the Port applies any of the Security Deposit to any of the above, Concessionaire shall immediately upon demand replenish the Security Deposit to its full amount. If Concessionaire fully performs all of its obligations under this Lease and the other related agreements described herein, the Security Deposit, or any balance remaining, will be released within thirty (30) calendar days from the expiration or earlier termination of this Lease and delivery of the Property to the Port. However, if any question exists concerning Concessionaire's full compliance with this Lease or the other related agreements described herein, or if there is any obligation under this Lease or the other related agreements described herein, to be performed after the expiration or earlier termination of this Lease or the other related agreements described herein, the Port shall be entitled to require that the Security Deposit remain in place until the Port is fully satisfied that there has been no violation of this Lease or the other related agreements described herein, and all obligations due under this Lease or the other related agreements described herein] have been fully performed, even if it takes the Port longer than thirty (30) calendar days to make such a determination to the Port's satisfaction.

7.20 Taxes and Assessments

Concessionaire agrees to pay, when due, all taxes, assessments, user fees, applicable storm water and related fees, and other charges, however named, which become due, levied, or charged by the state, county, city, district or any other governing body upon the Property, the revenue generated through the use of the Property, or any Improvements located on the Property, or upon any interest of Concessionaire acquired pursuant to this Lease, or any possessory right which Concessionaire may have in or to the Property or the Improvements thereon by reason of Concessionaire's occupancy thereof, as well as all taxes, assessments, user fees or other charges on all property, real or personal, owned or leased by Concessionaire in or about the Property, together with any other tax or charge levied, wholly or partly, in lieu thereof (collectively, "Taxes"). If available by law, rule or order of the taxing authority, Concessionaire may make payments in installments. To the extent that Concessionaire qualifies for tax exempt status, Concessionaire may apply for such exemption. However, unless an exemption is obtained, Concessionaire shall timely pay all Taxes due under this Section. Concessionaire may contest the validity of an assessment against the Property as long as Concessionaire deposits sufficient funds to satisfy any amount determined to be owing at the conclusion of the proceeding to contest the assessment with an escrow agent approved in writing by the Port with irrevocable written instructions to pay such funds to the taxing authority upon unilateral written instruction from the

Port. By June 30 of each year Concessionaire shall provide the Port with a copy of the receipts and vouchers showing that the annual real property tax payment has been made, as required by this Section. In the event that Concessionaire fails to pay Taxes on or before their due date, then, in addition to all other remedies set forth in Section 18, the Port shall automatically have the right, but not the obligation, to pay the Taxes and any interest and penalties due thereon, with no notice to Concessionaire, and Concessionaire shall immediately reimburse the Port for any amounts so paid. Concessionaire understands that the Property is exempt from real property taxes until leased to a taxable entity. Concessionaire understands and agrees that in the event that the term of this Lease ends before the end of any tax year, Concessionaire, unless exempt, shall be responsible for payment of real property Taxes for the entire tax year without proration or, in the event of any change in property tax law, for any Taxes due under such law (currently the tax year runs from July 1 to June 30). Concessionaire agrees that Multnomah County, Oregon, is an intended third party beneficiary of Concessionaire's obligation under this Lease to pay Taxes owed to Multnomah County, and that Multnomah County may enforce such obligation directly, by an action for a money judgment, without affecting any right or remedy available under this Lease or otherwise. See the *Notice to Tenants* attached hereto as **Exhibit G**.

7.21 Liquidated Damages

Notwithstanding any other provision in this Lease and except in the event of Force Majeure (as defined in Section 22.12), if Concessionaire is not open for business on the Commencement Date, liquidated damages shall be due and payable from Concessionaire to the Port and shall equal ONE THOUSAND DOLLARS AND NO CENTS ($1,000.00) for each Brand for every day until Concessionaire is open for business, unless otherwise extended in writing by the Port. This payment shall be in addition to Fees required under this Lease and the Old Lease, pursuant to Section 1.

8. CUSTOMER FACILITY CHARGE

The Port has adopted a Customer Facility Charge ("CFC") for the benefit of the Port, which shall be collected and remitted to the Port by Concessionaire, pursuant to Port Ordinance No 448, *An Ordinance Establishing A Customer Facility Charge On Rental Car Transactions At The Airport To Fund Rental Car Related Projects, Programs, And Related Expenses*, as amended or replaced from time to time ("Ordinance No. 448"). Concessionaire agrees that: (a) the CFC is not income, revenue or any other asset to Concessionaire; (b) Concessionaire has no ownership or property interest in the CFC; (c) Concessionaire hereby waives any claim to a possessory or ownership interest in the CFC; (d) the CFC shall be the property of the Port and shall be held in trust by Concessionaire for the benefit of the Port; and (e) the Port (or a trustee on its behalf) has complete possessory and ownership rights to the CFC. Concessionaire must establish a separate account for CFCs.

8.1 CFC Revenue Bonds

Pursuant to Port Ordinance No 461-B, *Portland International Airport, Customer Facility Charge Revenue Bonds*, as amended from time to time, ("Ordinance No. 461"), the Port has assigned and pledged CFCs to pay debt service on bonds issued or other financing used to fund rental car facilities and related projects at the Airport ("CFC Bonds").

8.2 CFC Payments

Concessionaire shall remit all CFCs that were or should have been collected from Airport Customers on a monthly basis to the Port together with a CFC Monthly Statement pursuant to Section 8.3, whether or not actually collected by Concessionaire. CFCs shall be remitted and received by the Port no later than the twentieth (20th) day of the month following the month in which the CFCs were or should have been collected by Concessionaire pursuant to this Lease and Ordinance 448. Failure to strictly comply shall be considered a material breach of Concessionaire's authorization to do business at the Airport. CFCs collected by the Port shall be used in a manner the Port deems appropriate, at the Port's sole discretion, subject to Ordinance 461 including, without limitation, to: (a) pay and/or secure debt service with respect to the CFC Bonds; (b) to pay or reimburse the Port for the costs of rental car related facilities and equipment; and (c) create and maintain reasonable reserves, all subject to the limitations and requirements of Ordinance 461. Any and all CFCs collected by Concessionaire shall be deposited with an eligible depository or held in trust by a trustee prior to being remitted to the Port. For the purposes of computing Gross Receipts, it is understood that the CFC is not included in the definition of Gross Receipts and in no event shall more than the amount required to be collected by the Port in CFCs be passed through to the Airport Customer.

8.3 CFC Monthly Statement

The monthly CFC payment to be remitted by Concessionaire to the Port shall be accompanied by a "CFC Monthly Statement" showing the actual CFC revenues for the previous month, using the form provided by the Port and attached hereto as **Exhibit H** (as revised from time to time). The monthly CFC payment due shall be submitted to the Port on or before the twentieth (20th) day of each month to the address described in Section 7.9.1, and a Monthly Statement shall be sent by email to the Port at: ______________________________. If Concessionaire is delinquent for ten (10) calendar days or more in providing to the Port the CFC Monthly Statement, the provisions of Section 7.10.3 shall apply.

8.4 CFC Annual Report

Within ninety (90) calendar days of the end of any Lease Year or Partial Lease Year, Concessionaire shall provide to the Port a written report ("CFC Annual Report") using the form provided by the Port and attached hereto as **Exhibit I**, (as revised from time to time) signed by Concessionaire's Chief Financial Officer or highest ranking financial manager or employee, or an independent certified public accounting firm, stating that the CFCs paid by Concessionaire during the preceding Lease Year were properly calculated and paid in accordance with the provisions of Section 7.21. If Concessionaire is delinquent for ten (10) calendar days or more in providing to the Port the CFC Annual Report, the provisions of Section 7.13.1 shall apply.

8.5 Contingent Fee

Concessionaire shall pay to the Port a "Contingent Fee" which shall be imposed if a Contingent Fee Event (as defined in Section 8.5.1) should occur. Concessionaire's share of the Contingent Fee shall be based upon Concessionaire's Market Share among all On-Airport Concessionaires, calculated by the Port as close as reasonably feasible. As soon as reasonably practicable, the Port shall provide to Concessionaire written notice of the need to impose a Contingent Fee. Following the Port's notice, Concessionaire shall pay to the Port a Contingent

Fee in the amount, at the time, and for the duration established by the Port. If the CFCs have been subsequently increased in a sufficient amount to allow discontinuing the imposition of a Contingent Fee, as determined by the Port, then Concessionaire shall not be obligated to pay a Contingent Fee until a new Contingent Fee Event occurs.

8.5.1 Contingent Fee Event

As of the Effective Date, a "Contingent Fee Event" shall be deemed to have occurred when: (a) the Port determines that there is a current or upcoming deficiency in CFC revenues required to make payments pursuant to Ordinance 461 including, without limitation, payments related to debt service on CFC Bonds and funding of reserves; or (b) the Port determines that it is not, or will not be, in compliance with the rate covenant specified in Section 5.01 of Ordinance 461 based on CFC Revenues, but excluding Contingent Fee Payments (as defined in Ordinance 461). If a Contingent Fee Event occurs, prior to imposing a Contingent Fee, the Port shall determine whether or not to increase the CFC and/or adjust the collection days, to address the revenue shortcoming in order to adequately fund the CFC account. The Port shall make a determination based on factors including, but not limited to: (i) the overall deficiency amount and the amount of the increase that would be required to satisfy the deficiency; (ii) the expected duration of the Contingent Fee Event; (iii) the state of the rental car market at the Airport; (iv) the overall state of the economy; and (v) the potential for a CFC increase to negatively impact the rental car market at the Airport. If the Port increases the CFC, the Port shall provide notice of the increase pursuant to Ordinance No. 448. Should there be adequate funds in the CFC Surplus and Rolling Coverage Fund (as defined in Ordinance 461) to fund some or all of the deficiency (which would otherwise result in a Contingent Fee Event), the Port may, in its sole discretion, determine amounts, if any, to be used to offset some or all of such deficiency.

8.5.2 Contingent Fee Reimbursement

"Contingent Fee Reimbursement" shall mean the payment made to Concessionaire from funds deposited in the CFC Surplus Fund, as available, (as defined in Ordinance 461) as full or partial reimbursement for all or any portion of any Contingent Fee paid in the current Lease Year or any prior Lease Year. Any Contingent Fee Reimbursement paid to Concessionaire shall be paid based upon the Port's determination, as close as reasonably feasible, of Concessionaire's share among all On-Airport Concessionaires of Contingent Fee paid but not yet reimbursed. The Port shall determine the timing of such Contingent Fee Reimbursement and the method in which the Contingent Fee Reimbursement is made, so that payment does not occur unless funds are available for reimbursement and shall not result in a subsequent Contingent Fee Event in the Lease Year that follows. Without limiting the Port's right to consider and make determinations with respect to this Section and provided the conditions of this Section are satisfied, Contingent Fee Reimbursements shall occur as soon as reasonably feasible.

8.5.3 Year-End Calculations

Within one hundred twenty (120) calendar days following the close of each fiscal year during the term of the Lease, the Port will perform final calculations to ensure compliance with the requirements specified in Ordinance 461. If during such final calculations, it is determined that a Contingent Fee Event has occurred, the Port shall notify Concessionaire as soon as reasonably practical, and invoice Concessionaire for such Contingent Fee amounts due for that fiscal year, which amounts shall be due and payable by Concessionaire within thirty (30) calendar days of the Port's invoice.

8.6 Priority of Uses

In the event the Port issues CFC Bonds, the Port shall use and apply CFCs in the order of priority specified in Ordinance 461, any related financing documents and any future ordinances. As of the Effective Date, Ordinance 461 provides that CFCs deposited in the CFC Revenue Fund (as defined in Ordinance 461) after payment of CFC Administration Costs (as defined in Ordinance 461) shall be used to fund the following funds and accounts in the following order of priority (as all are defined in Ordinance 461): (a) Senior Debt Service Fund and three (3) separate accounts therein to be known as Senior Bonds Interest Account, Senior Bonds Principal and Redemption Account, and Senior Bonds Qualified Hedge Payment Account, each to be held and administered by the Trustee; (b) Senior Debt Service Reserve Fund and separate accounts therein for any series of Senior Bonds to be created at the direction of the Port, each to be held and administered by the Trustee; (c) Subordinate Debt Service Fund and three (3) separate accounts therein to be known as Subordinate Bonds Interest Account, Subordinate Bonds Principal and Redemption Account, and Subordinate Bonds Qualified Hedge Payment Account, each to be held and administered by the Trustee; (d) Subordinate Debt Service Reserve Fund and separate accounts therein for any series of Subordinate Bonds to be created at the direction of the Port, each to be held and administered by the Trustee; (e) Renewal and Replacement Fund to be held and administered by the Port; (f) Major Maintenance Fund to be held and administered by the Port; and (g) CFC Surplus and Rolling Coverage Fund to be held and administered by the Port. Notwithstanding the above, the Port's obligations with respect to the use of CFCs shall be as set forth in Ordinance 448 and Ordinance 461. In the event any provision of this Lease conflicts with Ordinance 448 or Ordinance 461, the provisions of Ordinance 448 or Ordinance 461 shall control, as applicable.

9. OPERATING STANDARDS

9.1 Concessionaire's Manager

The operation and management of the Property shall be under the constant and direct supervision of a well-trained, qualified and experienced manager employed by Concessionaire ("Manager"). The Manager shall have the authority to make all decisions necessary in the day to day operations on the Property including, without limitation, decisions regarding services, equipment, returns or credits, Airport Customers complaints and concerns, Port complaints and concerns, quality and price of services or equipment, and employee conduct. The Manager shall be available on site during the majority of operating hours and when not on the Property, the Manager shall appoint an assistant Manager, or shift lead, with authority to act on the Manager's behalf, and/or the ability to immediately contact the Manager in order to be able to promptly respond to Airport Customers or Port concerns. Concessionaire may be required to employ more than one (1) Manager to meet the requirements of this Section. The Port shall have the right to require changes in management, if operating standards are consistently not being met. Concessionaire shall give the Port at least twenty-four (24) hours advance notice of any change in management. Concessionaire shall provide the Port with emergency telephone numbers at which the Manager may be reached twenty-four (24) hours a day.

9.2 Hours of Service

Concessionaire shall keep the Property open for service every day of the year, during such times as may be necessary to meet reasonable demands for Vehicle rental services and to properly and adequately serve the public, as determined by the Port. At a minimum, Concessionaire shall provide Vehicle rental services to Airport Customers during all hours of passenger air carrier operations at the Airport. Except in case of an emergency, Concessionaire's customer service counter located in the Customer Service Area shall be staffed during all hours of operation. In the event employees cannot be available during hours of operations, Concessionaire shall provide a telephone, free of charge to the Airport Customer, with direct communication to employees who can provide service to the Airport Customer.

9.3 Service Standards

Concessionaire shall recruit, train, supervise, direct and employ the number of employees necessary to promptly provide Vehicle rental services to all Airport Customers in accordance with Concessionaire's established service standards. Concessionaire's employees and managers shall wear an Airport identification badge and Concessionaire's identification name tag at all times, displaying the name of Concessionaire and the name of the employee. Concessionaire's employees and managers shall follow the guidelines of PDXpectations, the Port's customer service program, at all times. PDXpectations training materials can be obtained through the Port's Concession Operations Manager.

9.4 Accessibility, Assistance Obligations

Concessionaire shall provide or ensure the provision of assistance requested by or on behalf of an Airport Customer with a disability, or offered by an airline or other operator at the Airport and accepted by an Airport Customer with a disability, in transportation from, to, and between the Terminal entrance (or vehicle drop-off point adjacent to the entrance), the ConRAC, and the Ready/Return Area. This requirement includes assistance in accessing key functional areas of the ConRAC and the Ready/Return Area, such as public facing portions of the Customer Service Area (e.g. customer service counters). This requirement also includes a brief stop upon the Airport Customer's request at the entrance to a rest room (including an accessible rest room when requested). As part of the obligations set forth in this Section, Concessionaire shall also provide or ensure the provision of assistance to Airport Customers with disabilities who are unable to carry their luggage because of a disability with transporting their checked (or to be checked) or carry-on luggage from, to, and between the Terminal entrance (or vehicle drop-off point adjacent to the entrance), the ConRAC, and the Ready/Return Area.

9.4.1 Coordination with Airlines and Airline Subcontracted Service Providers

In fulfilling its obligations under Section 9.4, Concessionaire shall use commercially reasonable efforts to coordinate with airlines operating at the Airport, or their respective subcontractors, to ensure that uninterrupted assistance is provided Airport Customers with disabilities in transportation to, from and between the ConRAC, and the Ready/Return Area and the Terminal gate for Airport Customers' departing or arriving flights, as applicable. Notwithstanding the foregoing, Concessionaire shall not be obligated to provide assistance to Airport Customer with a disability in transportation within the Terminal.

9.4.2 Subcontracting for Wheelchair Services

Concessionaire may fulfill its obligations under Section 9.4 by subcontracting with a passenger assistance or wheelchair service provider ("Wheelchair Service Provider "), either directly or under the Industry Agreement (as defined in Section 12.1) through the Facility Manager (as defined in Section 12.2), provided that the Wheelchair Service Provider must enter or have previously entered into an operating agreement with the Port, in a form reasonably acceptable to the Port, before beginning any services on behalf of the Concessionaire.

9.5 Complaints

If the Port receives and forwards to Concessionaire any complaint concerning Concessionaire's operations or the failure to meet PDXpectations, Concessionaire shall promptly respond to the complaint in writing, copying the Port's Concessions Operations Manager, within five (5) calendar days of receipt and shall make a good faith attempt to resolve the cause of the complaint.

9.6 Vehicle Standards

Vehicles shall be models of the current year or the year immediately prior, except as may be allowed under Section 9.6.2. All Vehicles shall be maintained in good and safe operating order, free from any known mechanical defects and be in clean, neat, and attractive condition inside and outside. Concessionaire shall furnish good, prompt and efficient service and shall at all times have available a sufficient number of Vehicles to meet all reasonably foreseeable demands of Airport Customers.

9.6.1 Alternative Fuel Vehicles

Concessionaire shall offer to Airport Customers Vehicles that run on alternative fuel sources such as compressed natural gas, electricity, or hybrid fuel systems.

9.6.2 Antique, Luxury or Other Vehicles

Concessionaire may offer for rental antique, vintage, classic, or luxury or prestige Vehicles, or Vehicles modified to accommodate people with disabilities. The Port shall have the right to prohibit Concessionaire from offering for rental any such Vehicles which the Port determines not to meet the mechanical or appearance standards described in Section 9.6.

9.6.3 Vehicle Safety

Concessionaire shall operate the Vehicles in a safe manner and in accordance with all applicable Airport Rules. Concessionaire's employees shall strictly observe all posted speed limits and other traffic and safety signs. The Port reserves the right to ban from the Airport certain shuttle drivers and/or Concessionaire's employees that the Port has identified as a risk to safety.

9.7 Multi-Branding

Subject to the provisions regarding assignment in Section 17, Concessionaire shall be prohibited from operating at the Airport under any Brand name or trade name other than the Brand name(s) or trade name(s) identified in **Exhibit A**, attached hereto. During the term of this Lease, Concessionaire shall operate and maintain all signage for the Brands only under the Brand or trade name(s) set forth in **Exhibit A**. No other Brand or trade name shall be used or displayed by Concessionaire at the Airport or upon the Property. If Concessionaire uses any particular Brand or trade name under a license or franchise agreement, Concessionaire represents and warrants to the Port that Concessionaire has been granted the right to use any such Brand or trade name that may be used the term of this Lease, pursuant to a franchise or license agreement ("Franchise Agreement") with the Brand or trade name owner ("Franchisor"). At the Port's request, Concessionaire agrees to provide the Port with a copy of the Franchise Agreement and reasonable evidence that the Franchise Agreement is in full force and effect. Concessionaire agrees that the termination of Concessionaire's right either to use Brands or trade names at the Property or to operate at the Property of the type then conducted by or under license from the Franchisor of such Brands or trade names shall constitute a material breach of Concessionaire's obligations under this Lease. During the term of this Lease, Concessionaire shall operate and maintain all signage only under the Brand(s) or trade name(s) listed on **Exhibit A**. Concessionaire shall be prohibited from operating at the Airport under any Brand or trade name(s) other than those listed on **Exhibit A**. No other Brand or trade name(s) shall be used or displayed by Concessionaire upon the Property during the term of this Lease.

9.8 Reservation System

Concessionaire shall provide a national reservation system for any services Concessionaire provides at the Airport.

9.9 Surveys

Concessionaire may take marketing and customer satisfaction surveys of Airport Customers provided they are approved in writing by the Port prior to issuance. Concessionaire agrees to give the Port a copy of the results of any survey approved by the Port and administered by Concessionaire.

9.10 Signs

The Port will permit Concessionaire to install and operate signs on the Property, but Concessionaire shall not install any sign until the sign has been approved, in writing, by the Port. Concessionaire shall request the Port's approval by submitting a written request, accompanied by a detailed rendering or drawing of the proposed sign. All signs must conform to the minimum requirements established by the signage standards contained in the *Master Specifications and Design Standards*, as they may be amended from time to time ("Design Standards"), which may be found on the Port's public website. Non-professionally produced signs, hand-written signs and/or graphics, going out of business, and similar signs are prohibited at all times and are not to be displayed on the Property.

9.11 Sales and Dignified Use

No public or private auction, fire, going out of business, bankruptcy or similar types of event shall be conducted in or from the Property. The Property shall be used only in a dignified and ethical manner, consistent with the general high standards of operations in the Airport.

9.12 No Food or Beverages Sales or Distribution

Concessionaire shall not sell or give away food or beverages on the Property, except to its employees. No vending machines shall be permitted on the Property for sale of food, beverages or any other items, except within the exclusive use office areas for employee access only. The

Port reserves the right to install and maintain, or to authorize third-parties to install and maintain, vending machines and concessions to meet the needs of Airport Customers.

9.13 Noninterference With Utilities

Concessionaire shall do nothing, and shall permit nothing to be done, that could interfere with the drainage or sewage systems, fire hydrants, heating, ventilation and air conditioning systems, electrical systems, domestic hot or cold water, gas, fire suppression systems, fire alarm systems, storm water harvesting systems, non-potable water systems, or plumbing on the Property or elsewhere at the Airport, without the prior written consent of the Port.

9.14 Sanitation, Hygiene and Cleanliness

Concessionaire shall keep the Property free of debris, trash and hazardous conditions, shall keep the Public Areas free of hazardous conditions originating from Concessionaire's operations, and shall promptly notify the Port orally of other hazardous conditions in the Public Areas upon actual knowledge of any such hazardous conditions. Concessionaire shall provide a proper arrangement for the adequate sanitary disposal of all trash and other refuse on the Property and shall provide for its timely removal to the central collection point provided by the Port, as more particularly described in Section 9.15. Concessionaire shall take appropriate action in the handling of waste materials to prevent the presence of rodents and other vermin. Concessionaire shall keep all garbage materials in durable fly proof, rodent proof and fireproof containers that are approved by the Port and are easily cleaned. The containers shall have tight fitting lids, doors or covers, and shall be kept tightly covered when material is not being deposited in them. Concessionaire shall clean the containers, as necessary, to prevent odors. Concessionaire shall not allow boxes, cartons, barrels or other similar items to remain within view of Public Areas. Concessionaire shall be required to transport any refuse that may contain liquids to the central recycling area in leak proof containers. Concessionaire shall be responsible for any costs associated with maintenance or cleaning associated with spills or leaks that may occur as a result of failure or lack of using leak proof containers. The Port shall be responsible for handling and removal of trash and other refuse deposited by the public in the Public Areas. Concessionaire shall not deposit any of its trash or other refuse in any containers except those designated for Concessionaire's trash, as provided in Section 9.15.

9.15 Waste Disposal and Recycling

In compliance with the *Rental Car Waste Minimization Strategy/Operational Requirements* attached hereto as **Exhibit J**, Concessionaire, in common with the other On-Airport Concessionaires and through the Facility Manager (as defined in Section 12.2), shall gather, sort and transport daily all garbage, refuse, and recyclable materials resulting from Concessionaire's operations to a consolidated waste and recycling collection area serving the Property ("Collection Area"). Concessionaire shall participate in the waste minimization and materials management programs implemented by the Port. Concessionaire shall place all garbage, refuse, and recyclable materials in the appropriate containers at the Collection Area, which shall be maintained in accordance with Port standards. The Port has the specific right to conduct no notice inspections of the Collection Area and equipment to ensure that the required level of maintenance is being provided and that progress towards meeting the City of Portland's and the Port's business waste diversion standards is being achieved. Subject to the notice requirement set forth below, if the Port determines that Concessionaire is not adequately maintaining the Collection Area, the Port shall have the right to hire a third party to undertake the maintenance and repair of the Collection Area, at Concessionaire's sole cost, for the remainder of the term of the Lease. Notwithstanding the foregoing, the Port will provide up to two (2) written notices in any calendar year to Concessionaire, with time for cure as set forth in Section 18.1, before the Port may exercise the option to contract with a third party to perform maintenance of the Collection Area. The Port also reserves the right to recover the cost of repair of maintenance of other facilities or systems that are damaged or adversely impacted by Concessionaire's failure to properly maintain the Collection Area.

9.15.1 Inspection by the Port

The Port shall have the right to conduct no-notice inspections of the Collection Area and the equipment to ensure that the required level of maintenance is being provided by Concessionaire. The Port, at its own expense, shall perform a baseline waste audit within the first twelve (12) months of the Commencement Date in order to establish compliance with the City of Portland's recycling business requirements and the PDX Rules. A copy of the baseline waste audit shall be provided to Concessionaire. Based upon the baseline waste audit, the Port may assist Concessionaire with waste receptacle signage and placement and employee outreach. Concessionaire shall have twelve (12) months to remedy any deficiencies identified in the baseline waste audit and at any time thereafter the Port may perform follow up audits to assess Concessionaire's continued compliance. If any follow-up waste audit determines that Concessionaire is not adequately diverting recyclable materials, Concessionaire shall reimburse the Port for any documented costs associated with the follow-up waste audit and the minimization support services. The Port shall have the right to hire a third party to manage materials and maintain and repair the Collection Area, at Concessionaire's sole cost, upon sending Concessionaire no more than two (2) written notices in any calendar year, with the time for cure as set forth in Section 13.6.

10. CONSTRUCTION OF CONRAC

10.1 ConRAC Design and Construction

The Port has commenced the design of the ConRAC and as design is completed, the Port intends to commence construction, as more specifically described on **Exhibit K** attached hereto ("ConRAC Project"). The ConRAC Project is expected to include any and all necessary work in connection with construction of the ConRAC including, without limitation, earthwork, roadwork, transportation related improvements, relocation and extension of utilities, storm water drainage, and water retention or detention. The Port and Concessionaire acknowledge that completion of the ConRAC Project could be delayed or canceled because of, among other reasons: (a) Force Majeure (as defined in Section 22.12) delays; (b) delays caused by governmental regulations or requirements; (c) lack of funding; and/or (d) requirements and delays attributable to the acts or omissions of Concessionaire. The Port shall not be liable to Concessionaire in any event for delays in or cancellations of the completion of the ConRAC and Concessionaire expressly waives any right to make a claim for any delays or loss of use.

10.2 ConRAC Project Funding and Costs

The Port anticipates funding the design and construction of the ConRAC Project with multiple revenue sources. The rental car related portions of the ConRAC Project, including the appropriate share of enabling scope, are intended to be funded with the issuance of CFC Bonds. The guaranteed maximum price for the CFC funded portion of the ConRAC project ("CFC GMP") shall be____.

10.3 ConRAC Project Changes

The Port and Concessionaire acknowledge that during the course of final ConRAC design and/or construction there may be changes in design and schedule resulting in changes to the cost of the ConRAC. Both parties agree to work cooperatively and to meet regularly. The Port shall have the right to make reasonable changes to the design of the ConRAC Project. The Port shall keep Concessionaire reasonably apprised regarding the progress of the ConRAC Project. The Port and Concessionaire acknowledge that there may be also changes in scope and or design based on factors including, but not limited to, unknown conditions, omitted design features, scope changes, and other project changes ("ConRAC Project Changes") that may affect the CFC GMP. The Port shall have the right to determine and approve any ConRAC Project Changes that do not result in more than a five percent (5%) increase, cumulatively or for a single change, to the CFC GMP without a notification to Concessionaire. In the event the ConRAC Project Changes result in an increase in the CFC GMP of more than five percent (5%), the Port shall provide notice to Concessionaire and shall consult with all On-Airport Concessionaires on the ConRAC Project Changes and the increase to the CFC GMP. Concessionaire shall have the right to object by notice in writing delivered to the Port within ten (10) calendar days following the date when the Port notifies Concessionaire of the increase of the CFC GMP. If Concessionaire does not object to the increase, Concessionaire shall be deemed to have accepted and agreed to the increase. In the event Concessionaire timely objects, the Port and Concessionaire will have fifteen (15) calendar days following the Port's receipt of the objection from Concessionaire to negotiate, attempt to address, and resolve the objection in good faith and in a reasonable manner. Failing resolution, the Port shall have the right to determine the amount of increase to the CFC GMP, if any, in the Port's sole discretion.

11. CONSTRUCTION RESPONSIBILITIES OF CONCESSIONAIRE

11.1 "As Is" Condition of the Property

Subject only to Concessionaire's right to inspect the ConRAC Project as set forth below in Section 11.2, Concessionaire accepts the Property in "as is" condition with absolutely no warranties as to condition or suitability for use being given by the Port, and releases the Port from any liability in connection with such condition. All Improvements made to the Property shall be made and maintained by Concessionaire, at Concessionaire's sole cost and expense, unless otherwise specified in Section 14. Subject only to Concessionaire's right to inspect the ConRAC Project as set forth below in Section 11.2, Concessionaire's occupancy of the Property shall be conclusive evidence that Concessionaire has accepted the Property in "as is, where is, and with all faults" condition and that the Property was in good and satisfactory condition for the use intended at the time such possession was taken.

11.2 Acceptance of the Property

All On-Airport Concessionaires, through the Facility Manager (as defined in Section 12.2), shall participate with the Port in the pre-final and final inspections associated with the construction of the ConRAC Project. As the Property is turned over to Concessionaire, Concessionaire shall promptly examine the ConRAC Project following the date on which each portion is turned over. In addition, Concessionaire shall promptly examine the Common Use Area within the ConRAC Project after it is turned over to the Concessionaire. Concessionaire shall have accepted the ConRAC Project in its current condition subject only to the applicable warranties provided by the Port's contractor and materials suppliers, unless Concessionaire provides the Port with written notice of: (a) any patent defect or problem in the ConRAC Project within ten (10) calendar days of the date on which the particular portion of the ConRAC Project in which the patent defect or problem exists is turned over to Concessionaire; and (b) any latent defect or problem in any portion of the ConRAC Project, including without limitation the Common Use Area within the ConRAC Project, within ninety (90) calendar days of the date on which the particular portion of the ConRAC Project is turned over to Concessionaire. In the event that Concessionaire provides the Port with written notice of any defect as set forth above, the Port shall promptly remedy any defect in the ConRAC Project at the Port's expense; provided, however, such expense shall be considered a cost of the ConRAC Project.

11.3 Initial Concessionaire Improvements

A portion of the Property that Concessionaire is leasing includes the ConRAC Project that has yet to be built. Concessionaire shall be responsible for designing and constructing all Improvements to Concessionaire's exclusive Property that Concessionaire deems necessary or desirable in connection with Concessionaire's operation and use of the ConRAC Project ("Initial Concessionaire Improvements") and pursuant to the *Improvement Responsibility Matrix* attached hereto as **Exhibit L**.

11.4 Approval of Plans and Specifications for Initial Concessionaire Improvements

Concessionaire shall prepare and submit for Port review preliminary conceptual plans and projected specifications (collectively "Development Plans") and a proposed construction progress and completion schedule. Development Plans shall also show architectural design, as well as planned furnishings and decorative effects. Prior to submission of Development Plans, Concessionaire shall carefully review the Design Standards, which outline the process for preparing the Development Plans and for working with the Port in obtaining approval of Development Plans. All Development Plans and construction documents must be prepared, stamped, and signed by an architect or engineer licensed to practice in the State of Oregon. Beginning of construction pursuant to the Development Plans shall not occur until the Port has received a temporary certificate of occupancy and the Port has provided to Concessionaire an Access Date (as defined in Section 11.6). Unless otherwise agreed to in writing by the Port, all development must be completed by the Commencement Date. Once Concessionaire has started, Concessionaire shall diligently construct and substantially complete Concessionaire's Improvements as required by this Lease, notwithstanding any Force Majeure (as defined in Section 22.12) events or delays caused by the Port. If Concessionaire's Improvements do not comply with the provisions of this Lease, the Port reserves the right to issue Concessionaire a stop work order and take the necessary steps to make corrections. If Concessionaire refuses or neglects to correct Improvements that are not in compliance with this Lease, the Port shall have the right to complete the Improvements on behalf of and for Concessionaire. The correction work shall be paid for by Concessionaire within ten (10) calendar days following written request by the Port to the Facility Manager for payment at the Port's standard rates, plus overhead. If the correction work is performed by a contractor hired by the Port, Concessionaire shall reimburse the Port for the cost including, but not limited to, any administrative costs.

11.5 Construction Standards

All construction performed by Concessionaire including, without limitation, construction and installation of all Concessionaire's Improvements, shall conform in all respects to the Design Standards, Port ordinances, the Airport Rules, any Port permit requirements, the *Construction Master Specifications* (which can be found on the Port's public website), all applicable statutes, ordinances, building codes, fire codes, state, and federal Occupational Safety and Health Act safety requirements, and the ADA. Any approval given by the Port shall not constitute a representation or warranty that Concessionaire has conformed to the requirements outlined above. Responsibility for conformity shall remain with Concessionaire at all times. Before beginning any construction work on the Property, Concessionaire must obtain at Concessionaire's expense, a Port construction permit and required City of Portland building permits, copies of which must be supplied to the Port before construction may begin. All construction shall be performed by State of Oregon certified and licensed contractors. In order to achieve the Commencement Date necessary for full and complete operations by the On-Airport Concessionaires, Concessionaire understands and acknowledges that Concessionaire’s use of the Port's contractor for the Initial Concessionaire Improvements in the ConRAC is recommended. Notwithstanding the foregoing recommendation, Concessionaire may use any contractor to construct the Initial Concessionaire Improvements provided that: (a) such contractor meets all of the qualifications and requirements of this Lease; (b) Concessionaire shall be solely responsible for coordinating access to the Property with the Port’s contractor; (c) the Port shall have no liability for any delay in Concessionaire’s completion of the Initial Concessionaire Improvements arising out of or related to Concessionaire’s contractor’s inability to access the Property or difficulties coordinating access with the Port’s contractor, and such inability to access or difficulty coordinating access to the property shall in no event constitute a Force Majeure (as defined in Section 22.12); (d) Concessionaire’s contractor shall not interfere with the Port’s contractor or the Port’s completion of the ConRAC Project; and (e) Concessionaire understands and acknowledges that there shall be no extension of the Commencement Date or abatement of liquidated damages otherwise due pursuant to Section 7.21 in the event of any delay in Concessionaire’s completion of the Initial Concessionaire Improvements arising out of or related to Concessionaire’s choice of contractor.

11.6 Access for Initial Concessionaire Improvements

The Port shall allow Concessionaire to access the ConRAC Project for the purpose of commencing construction of the Initial Concessionaire Improvements. Access will be granted pursuant to this Section at such time as the ConRAC Project is sufficiently completed, as determined by the Port, in the Port's sole discretion, and Concessionaire shall be reasonably able to begin construction of Initial Concessionaire Improvements ("Access Date"). The Port shall provide Concessionaire at least ninety (90) calendar days' notice prior to the Access Date.

11.7 ConRAC Project Substantial Completion Notice

Substantial completion of the ConRAC Project shall be deemed to occur at such time as the ConRAC Project and Initial Concessionaire Improvements have been sufficiently completed, other than minor punch list items or items which shall not materially and adversely affect the use or occupancy of the ConRAC, in the Port's sole discretion, and a Temporary Certificate of

Occupancy has been issued by the appropriate jurisdiction(s), such that Concessionaire is reasonably and lawfully able to take possession of the Property. The Port shall provide to Concessionaire written notice that substantial completion of the ConRAC Project has been reached.

11.8 Joint Inspection of the ConRAC

If applicable, within ten (10) Business Days after the Port has notified Concessionaire in writing that substantial completion of the ConRAC has occurred, the Port and Concessionaire shall conduct a joint inspection of the Property and shall agree upon punch list items identifying touch-up work, minor repairs, and incomplete items necessary to complete the ConRAC Project. As soon as reasonably practicable, both the Port and Concessionaire shall promptly commence work on their respective punch list items and shall diligently pursue such work to completion. In the event that Concessionaire fails to participate in the joint inspection of the ConRAC Project, Concessionaire shall be deemed to have accepted the Property as completed.

11.9 Concessionaire's Completion of Work

Concessionaire acknowledges that Initial Concessionaire Improvements required to be constructed in order to commence operations must be complete and Concessionaire operational on the Property on the Commencement Date. Concessionaire shall have installed all furniture, trade fixtures and office equipment, completed all systems/process testing, and otherwise be ready to commence operations on or before the Commencement Date. In addition, Concessionaire shall not operate from the premises under the Old Lease on or after the Commencement Date. Concessionaire acknowledges and agrees that the Access Date allows Concessionaire one hundred eighty (180) calendar days for the construction of Initial Concessionaire Improvements, which Concessionaire agrees and acknowledges is adequate time. Prior to the Commencement Date, Concessionaire shall complete design, construction and installation of all Initial Concessionaire Improvements including: (a) the installation of any furniture, trade fixtures and office equipment not installed as part of Initial Concessionaire Improvements; (b) all systems/process testing; and (c) anything and everything else necessary to be fully operational on the Commencement Date. If Concessionaire does not begin operations on the Commencement Date, Concessionaire shall be liable for liquidated damages pursuant to Section 7.21. Concessionaire may operate only from the parts of the Property where Initial Concessionaire Improvements are complete and have been approved by the Port.

11.10 Construction Following Initial Concessionaire Improvements

Any subsequent construction work performed by Concessionaire following completion of the Initial Concessionaire Improvements, including all repairs, refurbishments and remodeling, shall be subject to the prior written approval of the Port and the City of Portland and, if required in the determination of the Port, a Port construction permit. Concessionaire shall follow the Port's tenant improvement process outlined herein and on the Port's public website, unless otherwise directed by the Port, for all subsequent construction remodeling, repairs, and/or refurbishment.

11.11 No Liens

Concessionaire shall not create, permit, or suffer to be created or to remain, any mechanics' or materialmen's lien to be filed against the Property or the Port by reason of construction, labor, services or materials performed or furnished at the request of Concessionaire, or any of

Concessionaire's Representatives. If any such lien shall at any time be filed, Concessionaire may contest the same in good faith. Notwithstanding such contest, within fifteen (15) calendar days after the filing thereof, Concessionaire shall cause such lien to be released of record by payment, bond, or order of a court of competent jurisdiction. In the event Concessionaire fails to clear the record of any such lien within the aforesaid period, the Port may remove said lien by paying the full amount thereof, or by bonding, or in any other manner the Port deems appropriate, without investigating the validity thereof, and irrespective of the fact that Concessionaire may contest the propriety or the amount of the lien thereof. Thereafter Concessionaire shall, upon demand, remit to the Port the amount paid by the Port in connection with the discharge of said lien, together with interest thereon at the Delinquency Charge and all reasonable expenses incurred in connection therewith, including reasonable attorneys' fees, which amounts are due and payable to the Port as Additional Fees on the first (1st) day of the following month. Nothing contained in this Lease shall be construed as a consent on the part of the Port to subject the Property to any lien or liability. Concessionaire's obligation to observe and perform any of the provisions of this Section shall survive the expiration or earlier termination of this Lease.

11.12 Required Insurance for Contractor

Concessionaire shall ensure that Concessionaire's contractors and consultants engaged for work under this Lease ("Contractor") shall maintain commercial insurance in the types and amounts specified and with the minimum requirements requested in Section 11.12.1, Section 11.12.2, Section 11.12.3, Section 11.12.4 and Section 11.12.5. The Port, its commissioners, directors, executives, officers, agents, and employees shall be named as additional insureds in each general liability policy for any occurrence arising out of this Lease. Insurance must include coverage for the acts and omissions of Contractor, any subcontractors and anyone directly or indirectly employed by Contractor. Coverage shall be primary and shall not seek contribution from any coverage or policies maintained by the Port. Each policy shall include a waiver of subrogation in favor of the Port, and its commissioners, directors, executives, officers, agents, and employees. Concessionaire shall provide to the Port a thirty (30) calendar days written notice of cancellation or material change in coverage. Coverage shall be continuous, without interruption, throughout the term of this Lease.

11.12.1 General Liability Insurance

Contractor shall maintain commercial general liability insurance in an amount not less than ONE MILLION DOLLARS AND NO CENTS ($1,000,000.00) combined single limit per occurrence and shall afford coverage for all premises, operation, completed operations of contractor, property damage, bodily injury, and personal and advertising injury.

11.12.2 Automobile Liability Insurance

In the event that motor vehicles are used in connection with construction, an occurrence form automobile liability shall be maintained insuring against liability for damage because of bodily injury, death, or damage to property, including loss thereof, for owned, hired, and non-owned vehicles. Coverage shall be in an amount not less than ONE MILLION DOLLARS AND NO CENTS ($1,000,000.00).

11.12.3 Workers' Compensation Insurance

Contractor and Contractor's subcontractor(s) shall maintain in force workers' compensation insurance for all of Contractor's employees in accordance with all requirements of Oregon law. Contractor shall also maintain employer's liability coverage in an amount not less than ONE MILLION DOLLARS AND NO CENTS ($1,000,000.00) per accident and ONE MILLION DOLLARS AND NO CENTS ($1,000,000.00) per employee for disease.

11.12.4 Professional Liability Insurance

If required by the Port at the time of plan review, Contractor shall maintain professional liability insurance in an amount not less than ONE MILLION DOLLARS AND NO CENTS ($1,000,000.00) per occurrence or claim, and not less than TWO MILLION DOLLARS AND NO CENTS ($2,000,000.00) policy aggregate.

11.12.5 Builder's Risk Insurance

During any construction activity, Contractor shall obtain and maintain for the benefit of the Port, Concessionaire, and Contractor, as their interest may appear, "all risk" builder's risk insurance equal to one hundred percent (100%) of the value of the ConRAC Project. Coverage shall include: (a) form work in place; (b) form lumber and form components on site; (c) temporary structures; (d) equipment; and (e) supplies related to the work while at the site. In the event Contractor fails to maintain such insurance, the Port may, at the Port's sole option, arrange therefore, and any administrative costs and premiums incurred shall be reimbursed by Contractor to the Port upon demand.

11.13 Construction Payment and Performance Bonds

Prior to the commencement of any construction, alteration, or repair by Concessionaire which exceeds ONE HUNDRED THOUSAND DOLLARS AND NO CENTS ($100,000.00), Concessionaire shall furnish to the Port, at Concessionaire's sole cost, at the Port's sole option and direction, a performance bond and a payment bond issued by a surety company licensed to do business in the State of Oregon and approved by the Port, in a form approved by the Port. The penal amount of each bond shall not be less than one hundred percent (100%) of the total contract cost of the contract or contracts for the construction, alteration, or repair. In the event that such contracts involve construction, alteration, or repair on or to the Port's facilities, the Port may require that performance and payment bonds be posted regardless of the dollar value of the work. The payment bond required by this Section shall guarantee the prompt payment to all persons supplying labor, materials, provisions, supplies, and equipment used directly or indirectly by any contractor, subcontractor(s), and suppliers doing construction, alteration, or repair work pursuant to this Lease. The performance bond shall guarantee the full performance of any construction, alteration, or repair work and shall protect the Port from any liability, losses, or damages arising from construction, alteration, or repair work.

11.14 Costs of ADA Compliance

If, as a result of Concessionaire's use or occupancy of the Property, or the making of any alterations, additions, or Improvements therein, any additions, alterations, or Improvements must be made by the Port in order to comply with any requirements of the ADA, or any other laws, codes or regulations, Concessionaire shall reimburse the Port, on demand, for the costs incurred by the Port to effect such compliance.

11.15 Port's Consent Required

Except as otherwise provided in this Lease, Concessionaire shall make no Improvements or alterations on or to the Property of any kind, including Initial Concessionaire Improvements, without first obtaining the Port's written consent. In addition to any other requirements imposed by applicable law, Concessionaire shall not commence work on any permitted Improvement unless Concessionaire obtains a Port construction permit. In connection with such approval and permit process, the Port may impose reasonable requirements on Concessionaire and on the Contractors performing work on behalf of Concessionaire including, but not limited to, the requirement to submit plans and specifications in such detail and quantity as is determined necessary by the Port. The Port shall have thirty (30) calendar days from the date of the submission of all required information concerning the work to approve, disapprove or approve subject to conditions the proposed work. If approved, the work shall be performed only in accordance with the approved plans and specifications, and with any conditions imposed upon such approval. All work performed on the Property shall be performed in a workmanlike manner and, once commenced, shall be completed promptly thereafter.

11.16 Notice of Non-Responsibility

At least three (3) calendar days prior to commencing any work upon the Property which may give rise to a right to place a statutory lien upon the Property, Concessionaire shall give written notice to the Port of the date upon which any such work is to commence upon the Property so that the Port may post, at appropriate places, statutory notices of non-responsibility.

11.17 Inspection of Construction

The Port, its agents, employees and representatives, shall at all times, without advance notice, have the right to come upon the Property for purposes of inspecting the construction of any Improvements. When exercising its rights under this Section, the Port agrees to interfere as little as is reasonably practicable with Concessionaire's use and occupancy of the Property and the construction work in progress.

11.18 Submission of Drawings

Within ninety (90) calendar days after the completion of any work requiring consent under Section 11, Concessionaire shall deliver to the Port complete and fully detailed "as built" drawings, together with an electronic copy of such "as built" drawings, of the completed Improvements prepared by an architect or engineer licensed by the State of Oregon, in the format described in the Design Standards. Failure to supply "as built" drawings for any work within the required time period will result in the imposition of a fee of FIVE HUNDRED DOLLARS AND NO CENTS ($500.00) per month for each month thereafter until the "as built" drawings are supplied.

11.19 Ownership of Improvements

Subject to the Port's reversionary rights set out in Section 20.2, Concessionaire shall be the owner of all the Improvements constructed on the Property by Concessionaire.

12. INDUSTRY AGREEMENT

12.1 Participation in Agreement

Concessionaire has entered as a signatory into a *Rental Car Concessionaire Industry Agreement*, effective July 5, 2017, with the other On-Airport Concessionaires ("Industry Agreement," as amended) for the joint use and operation of the Property during the term of the Lease, or other uses as the Port deems necessary. Any On-Airport Concessionaire who has not entered as a signatory into the Industry Agreement will be required to fully execute prior to the Access Date. Concessionaire with all other On-Airport Concessionaires have formed a management committee ("Management Committee") pursuant to the Industry Agreement. The Port shall be entitled to appoint a non-voting representative to the Management Committee who shall receive all communications, meeting notices, or other communication that would otherwise be afforded a voting member of the Management Committee. The appointment of a Port representative is for information and advisory purposes only and does not obligate the Port in any way to the duties and obligations of the Management Committee. The terms and conditions of the Industry Agreement (as amended) shall be subject to the review and approval of the Port. Concessionaire must continue full participation in the Industry Agreement and meet all obligations thereunder for the term of the Lease, which shall also continue and survive the expiration or earlier termination of this Lease.

12.2 Facility Manager

At Concessionaire's own cost, the Management Committee shall retain a third party manager ("Facility Manager") to ensure full performance of the obligations of the Industry Agreement on behalf of the Management Committee, and to serve as a direct liaison with the Port regarding performance of Concessionaire's use and operation of all portions of the Property including, without limitation, the Property and the QTA Fueling System (as defined in Section 15.3). Concessionaire, along with all other On-Airport Concessionaires, shall be responsible for the cost of the Facility Manager. The Port shall participate in the selection process and approve in advance the proposed scope of duties and obligations of the Facility Manager which, at a minimum, shall include those set forth in this Lease. Once selected, there shall be no change of Facility Manager without the Port's prior written approval. Thirty (30) calendar days prior to engaging a Facility Manager or ninety (90) calendar days prior to proposing any change in the Facility Manager or the terms of any contract with the Facility Manager, Concessionaire shall submit to the Port for its review and approval any such information as the Port may reasonably request regarding the experience, financial strength and/or operational plan associated with any such Facility Manager and a complete copy (including all exhibits or attachments) of any proposed contract(s) between Concessionaire and the Facility Manager. Such contract(s) shall, at a minimum: (a) be consistent with the provisions of this Lease; (b) be consistent with operating agreements customary in the facilities management industry; (c) require the Facility Manager to defend and indemnify the Port from any damages, claims or the like resulting from the Facility Manager's acts or omissions; (d) require the Facility Manager to procure insurance of like kind and amount required of Concessionaire as set forth in this Lease and cause the Port to be an additional insured under such policies, and provide to the Port any certificates of insurance, as amended; (e) provide that such contracts may not be cancelled or terminated without prior written notice to the Port; (f) allow for amendments and or extensions of term, if necessary; and (g) require that the Facility Manager perform the duties set forth in the Industry Agreement and approved by the Port.

The Facility Manager shall have at least five (5) years of experience in the management and operation of commercial facilities similar to the Property in a competent and professional manner in accordance with operating standards and policies standard in the industry; and financial strength and management competency, with personnel having appropriate experience to operate, maintain and manage the Property. The contract between the Management Committee and the Facility Manager shall specifically bind the Facility Manager to those obligations to be performed by the Facility Manager or the Management Committee through the Facility Manager under this Lease, and the Port shall specifically be a third party beneficiary of any such terms. The Facility Manager shall participate in a Port orientation within thirty (30) calendar days of being appointed. The Management Committee shall give the Port the name and telephone number for the Facility Manager, who shall be available twenty-four (24) hours a day, seven (7) days a week for issues related to operation of the QTA and the ConRAC and shall be on the Property during all hours that the QTA and the ConRAC are in operation.

12.3 Duties of Facility Manager

The duties of the Facility Manager shall include, but be not limited to, the following:

(a) Administer Concessionaire's obligations under the Lease;

(b) receive, review, and process information, documents, and invoices from Concessionaire, the Port and third party contractors pursuant to the obligations of Concessionaire under this Lease;

(c) Allocate costs appropriately

(d) prepare and solicit proposals for the maintenance of the Property to include Common Area, Common Circulation, which shall be in accordance with the standards and specifications described in the Maintenance Matrix;

(e) comply and abide by the directions of the Management Committee;

(f) report to the Management Committee as required;

(g) act in accordance with any services agreement between the Port, Concessionaire and the Facility Manager;

(h) keep minutes of meetings of the Management Committee and provide them to the Port after every meeting;

(i) provide the Port with an executed copy of the agreement Facility Manager has entered into with Concessionaire, and any and all amendments upon execution;

(j) make available on demand to the Port books or account, records, vouchers, checks, papers, and documents kept or maintained by the Facility Manager related to the Management Committee;

(k) train and oversee Concessionaire's employees, vendors, contractors, and invitees;

(l) perform maintenance that is Concessionaire's responsibility pursuant to the Maintenance Matrix;

(m) schedule, coordinate, monitor, respond to, and notify the Port about required maintenance and preventative maintenance which is the responsibility of the Port, as provided in the Maintenance Matrix;

(n) create a training program for operational standards of the QTA and the ConRAC, which shall be approved by the Port in advance;

(o) facilitate the orderly collection and sorting of trash and all waste stream, pursuant to Chapter 17.102, Solid Waste & Recycling Collection of the Code and Charter of the City of Portland;

(p) manage and coordinate locks, keys, and access control cards for the Property in accordance with the Maintenance Matrix and Port policies;

(q) monitor and order fuel, window washing fluid and other associated supplies;

(r) manage Concessionaire's employees, vendors, contractors, and invitees access to the Property;

(s) coordinate with the Port Improvements and changes made by Concessionaire to the Property;

(t) provide to the Port a billing address for the Facility Manager for notifications regarding billing;

(u) Set-up all utility accounts, to include, but not limited to, electrical service, domestic water, sewer, storm water, gas, and any other utilities directly on behalf of the Concessionaire; and

(v) any other duties as required by the Port.

12.4 Operations Manual

As of Commencement Date, Concessionaire, in common with all On-Airport Concessionaires and through the Facility Manager, shall prepare and provide to the Port an operations manual ("Operations Manual") that addresses the operation of the Property, including without limitation the QTA Fueling System (as defined in Section 15.3), and the ConRAC for the Port's review and approval. The Operations Manual shall: (a) be updated as required to be consistent with the standards and operating requirements at similar facilities where Concessionaire operates; (b) be prepared in coordination with the Port; and (c) with respect to any equipment located in, on or about the QTA and the ConRAC, be consistent with warranty requirements, manufacturer's recommendations and Best Management Practices (as defined in Section 15.1.1) approved by the Port.

12.5 Office Space for Facility Manager

The Facility Manager shall have the use of an office space and nonexclusive use of a conference room collectively ("Office Space"). The Facility Manager may use the Office Space only for conducting the duties described in Section 12.3 and any individual portion of the Office Space may be used only for the purposes for which it was designed. Except as provided in this Section or elsewhere in this Lease, the Office Space may be used for no other use without the Port's prior written consent, which the Port may withhold or condition in its sole discretion.

12.6 Quarterly Condition Survey

After the Commencement Date, the Port and Concessionaire, through the Facility Manager, shall conduct an inspection of the Property quarterly to observe and note the condition of, cleanliness of and existing damage to the Property and to determine repairs and maintenance required to be performed.

12.7 Facility Manager Handling of Port Invoices, Billing, and Payment

The Port may, in its sole discretion, send invoices for charges or other amounts due payable by Concessionaire under this Lease either directly to Concessionaire or to the Facility Manager. Notwithstanding any other provision of this Lease, any invoice issued by the Port and delivered to the Facility Manager shall be deemed to have been delivered to Concessionaire. The Port shall also have the right, in the Port's sole discretion, to issue consolidated invoices to the Facility Manager for charges or other amounts due and payable by Concessionaire together with all other On-Airport Concessionaires. If the Port issues a consolidated invoice, the Facility Manager shall be responsible, to the extent applicable, for allocating amounts due and payable by Concessionaire and each of the other On-Airport Concessionaires. Concessionaire may elect to remit payment to the Port through the Facility Manager and the Port shall accept payments from the Facility Manager made on Concessionaire's behalf, provided such election shall be at Concessionaire's sole risk. Concessionaire understands and agrees that in no event shall Concessionaire's payment obligations under this Lease be deemed satisfied unless and until amounts due are actually received by the Port, notwithstanding Concessionaire's delivery of funds to the Facility Manager.

13. CONCESSIONAIRE'S RIGHTS AND OBLIGATIONS

13.1 Diversion of Airport Customers Prohibited

Concessionaire shall not intentionally divert or encourage the diversion of any prospective Airport Customers from the Airport to another location. Intentional diversion shall include, without limitation, Concessionaire advising, directing, or otherwise suggesting to a customer or prospective customer arriving at the Airport that such customer or prospective customer rent a Vehicle at any off-Airport location, whether from Concessionaire or another rental car provider, regardless of the basis or reason for such advice, direction, or suggestion. If any such diversion does occur, the diverted transaction shall be deemed to have occurred at the Airport and as such shall be included in the Gross Receipts. In addition, Concessionaire shall be obligated to pay to the Port all CFCs that would otherwise have been collected from the diverted customers.

13.2 Relationship with Competitors

Concessionaire shall maintain cooperative, albeit competitive, relationships with all On-Airport Concessionaires, and shall not engage in open, notorious, or public disputes, disagreements, or conflicts with competitors or other ground transportation providers that would tend to interfere with quality of the rental car concessions at the Airport.

13.3 Solicitation Prohibited

Concessionaire shall not permit its agents or employees to use pressure sales tactics or to solicit Airport Customers for car rentals or related services offered by Concessionaire under this Lease. The Port shall be the sole judge of whether conduct amounts to a violation of this Section.

Upon written notice from the Port, Concessionaire shall take all necessary steps to immediately eliminate conduct in violation of this Section and to prevent its recurrence.

13.4 Maintenance

Concessionaire shall, at all times and at Concessionaire's sole expense, maintain in good repair and keep in a clean and orderly condition and appearance the Property, including all Improvements located on and within the Property, whether installed by Concessionaires or by the Port. The Port shall be the sole judge of the quality of such maintenance. Without limiting the generality of the foregoing, Concessionaire shall maintain those specific items noted as the responsibility of Concessionaire on the *Maintenance Matrix*, attached hereto as **Exhibit M**. The *Maintenance Matrix* sets forth the specific items to be maintained by the Port and/or Concessionaire in the Property. All maintenance, repair and replacement in the Property, whether performed by the Port or Concessionaire as provided in the *Maintenance Matrix*, shall be at Concessionaire's cost, jointly and severally with all other On-Airport Concessionaires. Any such cost shall include, but not be limited to, maintenance personnel, overhead, insurance, and any other costs or expenses incurred by the Port in connection with maintenance of the Property. Concessionaire shall reimburse the Port for all maintenance costs incurred by the Port no later than thirty (30) calendar days of the date of the Port's invoice, which may be submitted or invoiced to the Facility Manager for payment in accordance with Section 12.7. The Facility Manager shall be responsible to notify the Port promptly of all needed maintenance, replacements and repairs to the Property, whether the Port or Concessionaire are responsible pursuant to the *Maintenance Matrix*, and the Port and Concessionaire shall coordinate with each other so that any maintenance, replacements and repairs can be performed promptly, in order for the Property to be at all times maintained in good repair and kept in a clean and orderly condition and appearance, including all Improvements. The Port shall be the sole judge of the quality of maintenance. Any damage caused to the Property by Concessionaire shall be the responsibility of Concessionaire, except that damage to those items that are the Port's responsibility on the *Maintenance Matrix* shall be repaired by the Port at Concessionaire's cost, jointly and severally with all On-Airport Concessionaires. Required maintenance activities shall not constitute constructive eviction of Concessionaire and there shall not be any Fees abatement during maintenance activities.

13.4.1 Common Concessionaire Area Maintenance

Maintenance for the Common Public Area shall be allocated among On-Airport Concessionaires.

13.4.2 Common Public Area Maintenance

Maintenance for the Common Public Area shall be allocated among On-Airport Concessionaires and other authorized users.

13.4.3 Major Maintenance

"Major Maintenance" shall mean any unexpected repair or replacement in, of, or to the Property, or any portion of the Property that: (a) extends the useful life of an Improvement in or part of the Property by more than three (3) years with a total value in excess of the Port's then current capitalization policy; (b) replaces an Improvement in or part of the Property that is otherwise at the end of its useful life with a total value in excess of the Port's then current capitalization policy; or (c) is expected to cost, under estimates of the repair costs prepared by

Concessionaire more than FOUR HUNDRED NINETY NINE THOUSAND NINE HUNDRED NINETY NINE DOLLARS AND NINETY-NINE CENTS ($499,999.99), which amount shall be adjusted each Lease Year by any change in CPI. The Port will establish a fund for Major Maintenance funded, as available, from CFC receipts and subject to bond obligations. Cumulative costs incurred by Concessionaire for a single and specific repair that meet this threshold, as evidenced by Concessionaire, may also be considered Major Maintenance, in the Port's sole discretion.

13.4.4 Renewal and Replacement of Port Constructed Facilities

In order to preserve Port-constructed Improvements, the Port shall establish a Renewal and Replacement Fund. The Renewal and Replacement Fund shall be used for known and/or anticipated capital costs to systems, facilities, equipment and asset renewals. Use of the Renewal and Replacement Fund shall be subject to the Port's bond obligations, availability of CFC receipts and of balances in the Renewal and Replacement Fund.

13.5 Repairs, Replacements and Remodeling

All repairs, replacements, or remodeling to the Property done by or on behalf of Concessionaire shall be of high quality in both materials and workmanship and shall be equal to or better than the original materials and workmanship. Except in emergency situations requiring immediate response, all repairs, replacements, or remodeling must have the prior written approval of the Port. All repairs, replacements, or remodeling shall conform to the Design Standards and all applicable rules and regulations of any federal, state, or local authority having jurisdiction over construction work performed on the Property. The Port shall be the sole judge of the quality of the repairs, replacements or remodeling performed. Except for the above described emergency repairs, prior to beginning any repair, replacement or remodeling work, Concessionaire shall notify the Port of what type of repairs, replacements, or remodeling work Concessionaire intends to do and must secure written Port approval of the same before beginning any such work. In the event of an emergency repair situation, Concessionaire must notify the Port of the repair or replacement as soon as possible. Following such notice, the Port may inspect the repair or replacement work and require alterations if the repair or replacement is not satisfactory to the Port.

13.6 Failure to Maintain or Repair

If Concessionaire refuses or neglects to undertake the proper maintenance or repair which is Concessionaire's responsibility under this Lease, the Port shall have the right to make such repairs on behalf of and for Concessionaire. Such work shall be paid for by Concessionaire within ten (10) calendar days following written demand, delivered by the Port to the Facility Manager at the Port's option, for said payment at the Port's standard rates, plus the Port's overhead. If the work is performed by a contractor hired by the Port, the Port shall be reimbursed the Port's actual cost including, but not limited to, the Port's administrative costs.

13.7 Damage Caused to Other Property

Any damage caused by Concessionaire to the Airport or any Port property or operations, or the property of any other tenant, person or entity, either by act or omission, or as a result of the operations of Concessionaire, shall be the sole responsibility of Concessionaire. Concessionaire shall reimburse the Port or other party for any such damage within thirty (30) calendar days of written demand by the Port. Any amounts for which Concessionaire is liable under this Section, but are paid by the Port, shall bear the Delinquency Charge from the date paid by the Port until the Port has been fully repaid. If the same type of damage is caused by Concessionaire more than one (1) time, then the Port must review and approve Concessionaire's plan of repair or, if such plan is unsatisfactory in the sole determination of the Port, the Port shall have the right to require that Concessionaire allow the Port to make the repair and then reimburse the Port for the cost of such repair.

13.8 Operation Costs

Concessionaire shall bear all costs of operating Concessionaire's business on the Property.

13.9 Hazard, Potential Hazard, Nuisance, or Annoyance

Any hazardous or potentially hazardous condition, nuisance, or annoyance on or emanating from the Property, shall be corrected immediately upon Concessionaire's actual knowledge of the condition, or receipt of oral or written notice from the Port. If, in the Port's sole discretion, a hazard or potentially hazardous condition presents an unreasonable and imminent risk of bodily injury, the Port may require Concessionaire to close its business and bar the public from the Property until the hazard or potentially hazardous condition has been abated. Closure of the operation under the circumstances of this Section shall not excuse Concessionaire from paying Fees as required in this Lease. Nothing in this Section shall be deemed to preclude the Port from pursuing any available remedy for Default (as defined in Section 18.1) of this Lease. Concessionaire's failure to promptly correct a nuisance, annoyance or hazardous or potentially hazardous condition under this Section shall be a material breach of this Lease.

14. PORT RESPONSIBILITIES AND RIGHT OF ACCESS

14.1 No Maintenance of the Property

The Port shall have no responsibility to maintain, repair, or replace any portion of the Property, except as provided on the *Maintenance Matrix* or in Section 13.4 and Section 14.3.

14.2 Utilities

Premises Rent does not include the cost of utilities, which Concessionaire is responsible for jointly and severally with all On-Airport Concessionaires. Where possible, Concessionaire shall contract directly and pay for all utilities for the Property jointly with the On-Airport Concessionaires, through the Facility Manager. The Port shall bill the Facility Manager monthly for utilities unable to be contracted directly. Concessionaire shall be responsible for the installation and operation of Concessionaire's own telephone and internet systems. Should Concessionaire install electric vehicle charging stations and/or other equipment necessary for Concessionaires exclusive operations, necessary utilities for such Improvements shall be the responsibility of Concessionaire and appropriate meters shall be installed to account for direct utility uses and shall be paid directly by Concessionaire.

14.2.1 Port Not Responsible

The Port shall not be responsible in any way to Concessionaire for any failure or defect in the supply or character of electrical energy, water, sewer or other utility service furnished to the Property by reason of any requirement, act or omission of the public utility providing such service or for any other reason. The Port shall have the right to shut down electrical or any other utility services to the Property when necessitated by safety, repairs, alterations, connections, upgrades, relocations, reconnections to the utility system, or for any other reason, regardless of whether the need for utility work arises in respect of the Property. Whenever possible, the Port shall give Concessionaire no less than two (2) calendar days' prior notice for utility shutdown by the Port.

14.3 Maintenance of Utility Systems

Pursuant to the obligations of the Port and Concessionaire as set forth in the *Maintenance Matrix*, the Port shall be responsible for the maintenance of the systems supplying electricity, heating and cooling, water, sewer and/or gas to the boundary of the Property, unless the Port determines, in its sole discretion, that Concessionaire caused damage to any of these systems by misuse, errors, omissions, negligence, overloading, or otherwise. In that case, the Port will repair the damage and charge Concessionaire the full cost of repair, which Concessionaire shall be obligated to repay to the Port within ten (10) calendar days of the date of the Port's invoice for such repair work. If Concessionaire installs any special utilities that service the Property, then Concessionaire shall be responsible for their maintenance and upkeep. The Port will attempt to make any repairs that it is responsible to make to the utility systems in a prompt and reasonable fashion. Concessionaire shall give the Port, or the Port's contractor, whatever access to the Property that the Port deems useful or necessary in order to repair any problems with the utilities provided by the Port, or to maintain any systems which are the Port's responsibility under this Lease. Notwithstanding the foregoing, the Port shall have no responsibility or liability whatsoever for any interruption in utility services, including blackouts, brownouts or other cessation in service. If Concessionaire's construction requires alteration of the fire protection system (i.e., the sprinkler system and alarm and detection unit) in any way, or impacts the HVAC, electrical, plumbing, or causes any structural alterations of the Property, Concessionaire must notify the Port in writing, in advance, and Concessionaire shall not proceed with the alteration until written Port approval is given to proceed with such alteration. Concessionaire shall pay all costs in connection with any such alteration, which includes sole source control for certain building systems.

14.4 Port's Right of Access

In addition to any other rights of access granted or reserved to the Port under this Lease, the Port shall have the right to enter the Property, from time to time, at reasonable times, to examine the Property, and to make such repairs, alterations, Improvements, or additions as the Port is required or authorized to make under this Lease. During the last six (6) months of the term of this Lease, the Port may show the Property to prospective tenants. In addition, during any emergency, the Port, or its agents, may enter the Property forcibly, if necessary, without liability, and without in any manner affecting Concessionaire's obligations under this Lease. However, nothing contained herein shall be deemed to impose upon the Port any obligation, responsibility, or liability whatsoever for any care, maintenance, or repair, except as otherwise expressly provided for in this Lease. The Port shall also have the right, at all times during this Lease, with reasonable notice, to enter the Property in order to determine whether Concessionaire has complied with the terms and conditions of this Lease, including U.S. Department of Homeland Security's Transportation and Security Administration ("TSA") audits and other inspections that may be required by any governmental agency with jurisdiction at the Airport. The Port shall have the right to enter the Property to cure any breach that remains uncured by Concessionaire after reasonable notice and opportunity to cure have been given to Concessionaire.

14.5 Port's Obligation to Operate Airport, Terminate Lease Early

Concessionaire acknowledges the Port's responsibility to the public to prudently operate, maintain and develop the Port's facilities. In executing this responsibility, the Port shall have the right to undertake developments, renewals, and replacements which the Port deems prudent or necessary. Such right shall include the right of the Port to terminate this Lease early in the event that Concessionaire's possession of the Property conflicts with, limits or interferes with proposed Port development, renewal, replacement or expansion of Port properties or operation of the Airport, subject to the notice requirements contained in Section 22.29.

15. ENVIRONMENTAL MANAGEMENT AND COMPLIANCE

Concessionaire shall conduct all of its activities at the Property in accordance with Environmental Law (as defined in Section 15.1.4), in accordance with Section 15, and in a manner that does not result in a Hazardous Substance Release (as defined in Section 15.1.6) to the Property or to any other areas of the Airport.

15.1 Definitions

For the purposes of this Lease, the following definitions shall apply.

15.1.1 Best Management Practices

"Best Management Practices" shall mean: (a) environmental or operational standards or guidelines that establish common and accepted practices for Concessionaire's operations on the Property; and (b) standards or guidelines as stated by pertinent trade associations, professional associations and/or regulatory agencies.

15.1.2 Environmental Audit

"Environmental Audit" shall mean an environmental site assessment and compliance audit satisfying, at a minimum, all the appropriate inquiry requirements of the *Comprehensive Environmental Response, Compensation and Liability Act*, as amended, 42 USC 9601, et. seq., Section 101(35)(B) (42 USC 9601(35)(B)), 40 CFR 312, the *Oil Pollution Act*, 33 USC 2701, et seq., 33 USC 2703(d), 33 CFR 137, ORS 465.255(6), and American Society for Testing and Materials ("ASTM") *International Standard E1527 13, Standard Practice for Environmental Site Assessments: Phase 1 Environmental Site Assessment Process,* and any other compliance assessment or auditing standards, including *ASTM Standard E2107 06, Standard Practice for Environmental Regulatory Compliance Audits*, relevant and appropriate to the Permitted Uses, or the successors to any of these criteria or standards. If the Environmental Audit recommends additional appropriate investigation to detect and provide greater certainty regarding the presence of a Hazardous Substance Release (as defined in Section 15.1.6), the Environmental Audit shall include the results of such additional appropriate investigation scoped and performed in accordance with commercially reasonable practices.

15.1.3 Environmental Costs

"Environmental Costs" shall mean damages, fines, costs and fees arising from: (a) any violation of or noncompliance with applicable Environmental Law (as defined in Section 15.1.4); or (b) any violation of the environmental provisions of this Lease. Environmental Costs shall also include the cost of: (i) immediate response, complete remediation and restoration actions; (ii) natural resources damage; (iii) self-help pursuant to Section 15.13; (iv) oversight and participation of governmental agencies, including natural resource trustees; (v) reasonable and documented fees of project managers, attorneys, legal assistants, engineers, consultants, accountants, and experts, whether or not employees of the damaged party and whether or not taxable as costs, incurred prior to, at or after any administrative or judicial proceeding, including appeals and other forms of judicial review; and (vi) diminution in value, loss or restriction on use of the Property including, but not limited to, costs resulting from dealing with residual Hazardous Substances (as defined in Section 15.1.5).

15.1.4 Environmental Law

"Environmental Law" shall mean any and all federal, State of Oregon, regional and local laws, regulations, rules, permit terms, codes, ordinances and legally enforceable guidance documents, now or hereafter in effect, as the same may be amended from time to time, and applicable decisional law, which in any way govern materials, substances, regulated wastes, emissions, pollutants, water, storm water, ground water, wellfield and wellhead protection, cultural resources protection, animals or plants, noise, or products and relate to the protection of health, safety, the environment, or natural resources including land, sediments, water, storm water and ground water.

15.1.5 Hazardous Substance

"Hazardous Substance" shall mean any and all substances, contaminants, pollutants, materials, or products defined or designated as hazardous, toxic, radioactive, dangerous or regulated wastes or materials or any other similar term in or under any applicable Environmental Law. Hazardous Substance shall also include, but not be limited to, fuels, petroleum and petroleum derived products.

15.1.6 Hazardous Substance Release

"Hazardous Substance Release" shall mean the threatened or actual spilling, discharge, deposit, injection, dumping, emitting, releasing, leaking, placing, migrating, leaching and seeping of any Hazardous Substance into the air or into or on any land, sediment, systems or waters.

15.2 General Environmental Obligations of Concessionaire

Concessionaire shall manage and conduct all of its activities on or relating to the Property: (a) in compliance with Environmental Law and the environmental provisions of this Lease; (b) in cooperation with the Port in the Port's efforts to comply with Environmental Law; and (c) in adherence with Best Management Practices applicable to Concessionaire's use of the Property. Concessionaire shall take prompt and reasonable steps to correct non-compliance with Environmental Law or the environmental provisions of this Lease. In addition, Concessionaire shall manage and, as appropriate, secure the Property and Concessionaire's occupation or use of the Property so as to prevent any violation of Environmental Law by any party on or relating to the Property.

15.3 Liability for QTA Fueling System

As part of the QTA, the Port has installed a fueling system, including an underground storage tanks facility and associated fuel receiving and dispensing infrastructure ("QTA Fueling

System"), as described in **Exhibit N**, attached hereto. Concessionaire shall have the use of the QTA Fueling System, in common with the other On-Airport Concessionaires, for the purpose of transferring, storing and dispensing fuel for the Vehicles. Concessionaire shall be jointly and severally liable with the other On-Airport Concessionaires to ensure full compliance with all requirements under Environmental Law and the Lease regarding: (a) Concessionaire's and each of the other On-Airport Concessionaire's use of all or any portion of the QTA Fueling System; (b) any associated response, remediation, restoration or other corrective action for which Concessionaire or any other On-Airport Concessionaire is responsible under Section 15; and (c) compliance and oversight for the receiving and distribution of fuel.

15.4 Operation of the QTA Fueling System

Concessionaire shall manage and conduct all of Concessionaire's activities on or relating to its use of the QTA Fueling System: (a) in compliance with Environmental Law, the environmental provisions of the Lease, and any other applicable laws and regulations; (b) in cooperation with the Port in the Port's efforts to comply with applicable Environmental Law; (c) in adherence with Best Management Practices applicable to Concessionaire's use of the QTA fueling system; and (d) and in accordance with any applicable requirements included in the Operations Manual.

15.4.1 Air Contaminant Discharge Permit

Operation of the QTA Fueling System shall be regulated through a pending modification to the Port's Air Contaminant Discharge Permit ("Air Discharge Permit"). Concessionaire, as operator of the QTA Fueling System, is responsible to maintain compliance with the requirements of the Air Discharge Permit and all applicable rules as they relate to the QTA Fueling System including, without limitation, recordkeeping, inspection, and operational requirements. All Air Discharge Permit requirements shall be included in the Operations Manual and updated by the Port as necessary upon each reissue or renewal of the Air Discharge Permit. Concessionaire shall provide to the Port QTA Fueling System recordkeeping documentation within the timeframe necessary to ensure regulatory compliance with the Air Discharge Permit.

15.4.2 Hazardous Substance Release Response

Concessionaire is responsible to respond, mitigate and fully clean up any Hazardous Substance Releases originating on the Property caused by Concessionaire or Concessionaire's Representatives. Concessionaire shall comply with any applicable provisions of the *PDX Spill Prevention Control and Countermeasures Plan* and incorporate those requirements into a written site-specific spill prevention and response plan ("SPAR") for Hazardous Substances stored, transferred, dispensed, or used on the Property. Concessionaire shall train Concessionaire's employees regarding proper implementation of the SPAR. A current copy of the SPAR shall be maintained on site and provided to the Port upon request. In the event that Concessionaire is unable or unwilling to adequately respond to a Hazardous Substance Release caused by Concessionaire or Concessionaire's Representatives, the Port shall implement, and Concessionaire shall pay for, any Environmental Costs incurred by the Port, including all costs associated with any response by the Port.

15.5 Use of Hazardous Substances

In conjunction with and in the ordinary course of the Permitted Uses, and without further written consent other than that granted by this Section, Concessionaire shall be permitted to use, handle or store, for their intended purposes in accordance with all manufacturer's instructions, Hazardous Substances consisting of: (a) small quantities of ordinary landscape, office and janitorial supplies available at retail; (b) petroleum derived products fully contained within motor vehicles; (c) Hazardous Substances to the extent reasonably and necessarily used in the course of Concessionaire's normal business operations; and (d) small quantities of used petroleum products to be recycled.

15.6 Hazardous Substance Storage Tanks

No aboveground, underground or mobile storage tanks (including fueling trucks) for the storage of Hazardous Substances shall be installed or operated by Concessionaire on the Property (except for the QTA Fueling System), except with the prior written consent of the Port, which consent may be granted or denied in the Port's sole discretion.

15.7 Storm Water Management System and Wash Water Discharges

At Concessionaire's sole cost, Concessionaire must manage storm water associated with the Property prior to discharge into any storm sewer system. Concessionaire shall not discharge storm water to any storm sewer system without complying with: (a) applicable Environmental Law; (b) terms, conditions and Best Management Practices of applicable storm permits; (c) Port Ordinance No. 361, *An Ordinance Regulating Storm Water*, and (d) any requirements of the Oregon Department of Environmental Quality ("DEQ") or the City of Portland, as each may be amended from time to time. If during the term of this Lease it becomes necessary for Concessionaire to treat storm water associated with the Property to meet the terms, conditions, and Best Management Practices or Environmental Law, then the Port shall have the right, but not the duty, to approve or disapprove the method, design or installation of any such additional treatment system in order to ensure the Port's compliance with all applicable storm water permit terms or other DEQ mandated requirements. Concessionaire shall only discharge wash water or other industrial process water into the City of Portland's sanitary sewer system. The discharges shall be made in accordance with all applicable regulations and/or required permits. All washing activities shall be conducted in designated areas within the Fuel/Wash Area where the wash water is contained and discharged into the sanitary sewer. At no time shall wash water be discharged to the ground, ground water, surface water or any Port-owned conveyance or storage system. The Operations Manual shall include procedures for any washing activities including, without limitation, the washing of Vehicles and equipment, and Concessionaire shall obtain the Port's prior written consent before undertaking any such washing activities. At the time of the Exit Audit (as defined in Section 15.8.3) Concessionaire shall clean the portion of the storm water system located in the QTA and provide the Port with documentation of such cleaning.

15.7.1 Permit and Associated Fees

To the extent that Concessionaire's activities at the Property trigger a requirement for a storm water permit pursuant to Environmental Law, Concessionaire is required to become a co-permittee on the Port's industrial storm water discharge permit ("Permit"). The Port reserves the right to require Concessionaire to obtain a separate industrial storm water discharge permit.

As a co-permittee, Concessionaire is responsible for ensuring that Concessionaire complies with Best Management Practices, terms and conditions of the Permit and the Port's storm water pollution control plan. Concessionaire shall defend, indemnify and hold the Port harmless from and against, and reimburse the Port for any liability associated with Concessionaire's discharges into any storm sewer system including, without limitation, noncompliance with the Permit. If Concessionaire is a co-permittee on the Permit, Concessionaire shall pay to the Port by August 1 of each year this Lease is in effect an industrial permit user fee in the amount of TWO HUNDRED FIFTY DOLLARS AND NO CENTS ($250.00) ("Permit User Fee"), which shall be used to defray costs of administering and complying with the Permit. The Port may adjust the Permit User Fee from time to time to reflect changes in the Port's costs to administer and comply with the Permit. The Port shall give Concessionaire at least thirty (30) calendar days' written notice prior to the beginning of the fiscal year in which an adjustment to the Permit User Fee is to be effective. In addition to the Permit User Fee, the Port reserves the right to impose on Concessionaire reasonable fees also imposed on similarly situated users for the repair, maintenance, and regulation of the storm sewer system. The Port shall provide Concessionaire with at least sixty (60) calendar days' prior written notice of the imposition of, or any increase in, any such fees.

15.7.2 Storm Water Records

The Port compiles information required for agency submittals to ensure compliance with the Permit. Concessionaire shall cooperate with the Port and respond in a timely manner to Port or agency requests for information associated with action plans, annual reports, or other required Permit submittals. Upon request, Concessionaire shall make available all documents required to be maintained by Concessionaire pursuant to the Permit including, but not limited to, inspection records, cleanout records, maintenance records, data, reports, and the SPAR.

15.7.3 Off-Site Waste-Like Materials

Concessionaire shall not store, manage, treat, deposit, place or dispose of off-site waste-like material defined as slag, debris, construction or demolition debris, wood waste, dredged material posing an unacceptable risk to health or the environment, Hazardous Substance contaminated solid waste material or other solid or liquid wastes brought to the Property from an off-site location without the prior written approval of the Port, which approval may be granted or denied in the Port's reasonable discretion, taking into account the extent to which such materials contain levels of Hazardous Substances posing an unacceptable risk to health or the environment or constitute a nuisance.

15.8 Environmental Audits

15.8.1 Initial Audit

An Environmental Audit of the QTA was performed by Maul Foster &Alongi, Inc. on April 3, 2018, which resulted in a written report entitled PHASE I ENVIRONMENTAL SITE ASSESSMENT, and an Environmental Audit of the ConRAC will be performed within 30 – 60 days of the Commencement Date, attached hereto as **Exhibit O** ("Initial Audit"). The Port and Concessionaire acknowledge that for the purposes of this Lease the Initial Audit shall be used as a baseline to assist in the determination of future environmental liability, as described in Section 15.10.2.

15.8.2 Special Audit

If the Port, at any time during the term of this Lease or any extension thereof, has reason to suspect that Hazardous Substances are being or have been created, used, handled, stored, generated, disposed, placed and/or transported contrary to the requirements of this Lease, or in any manner that has resulted, or is likely to result, in a Hazardous Substance Release in violation of applicable Environmental Law or the environmental provisions of this Lease, then the Port may, after written communication of those reasons to Concessionaire, without limiting its other rights and remedies, conduct a special audit of the Property, at the Port's expense, with respect to the environmental matters of concern to the Port ("Special Audit"). If a Hazardous Substance Release or a violation of Environmental Law or of any environmental provisions of this Lease by Concessionaire is discovered, then Concessionaire will reimburse the Port for the full cost of the Special Audit.

15.8.3 Exit Audit

Upon expiration or earlier termination of this Lease, the Port, at its sole option, shall conduct and Concessionaire shall pay for an Environmental Audit of the Property ("Exit Audit") to determine: (a) the environmental condition of the Property; (b) whether any Hazardous Substance Release has occurred during the term of this Lease on or about the Property; and (c) whether there is evidence of any violation of applicable Environmental Law or the environmental provisions of this Lease. The scope of the Exit Audit may be more extensive than that of the Initial Audit, if the Port has reason to believe that there has been a Hazardous Substance Release or a violation of the environmental provisions of this Lease, or a violation of Environmental Law.

15.8.4 Audit Requirements

The scope of all Environmental Audits, except the Initial Audit, shall be determined solely by the Port. If any Environmental Audit performed under this Lease recommends additional testing or analysis or recommends an additional audit then, unless otherwise agreed to, in writing, by the Port and Concessionaire, Concessionaire shall perform the additional recommended testing, analysis or audit, and the records and results of such additional work shall be considered a part of the audit that triggered the need for the additional work. The Port and Concessionaire shall each receive a signed copy of any Environmental Audit report prepared pursuant to this Lease.

15.9 Environmental Inspection

The Port reserves the right, at any time and from time to time, after notice to Concessionaire, to inspect the Property, Concessionaire's operations on and use of the Property, and Concessionaire's environmental records.

15.10 Concessionaire's Liability

15.10.1 Hazardous Substance Releases

Except as provided in Section 15.11.4, Concessionaire shall be responsible for all response to, remediation and restoration of any Hazardous Substance Release and associated Environmental Costs on or from the Property, on other properties, in the air or in adjacent or nearby surface waters and ground water which results from or occurs in connection with Concessionaire's occupancy or use of the Property, and which either occurs during the term of this Lease or continues after the termination of this Lease.

15.10.2 Excluded Hazardous Substance Releases

Notwithstanding anything to the contrary in this Lease, it is the Port's and Concessionaire's intent not to have this Lease cover sources of Hazardous Substance Releases that may exist in the vicinity of the Property that fall within 42 USC 9607(q) or equivalent Oregon law.

15.10.3 Presumption

If a Hazardous Substance Release at, to or from the Property, a violation of applicable Environmental Law or a violation of Section 15 is discovered that was not disclosed in the Initial Audit, then a rebuttable presumption will exist, as to matters within the scope of the Initial Audit, that Concessionaire is responsible for all response, remediation, restoration and Environmental Costs arising from such Hazardous Substance Release, violation of applicable Environmental Law or of Section 15. The presumption established by this Section shall expire after the results of the Exit Audit have been obtained, Concessionaire no longer occupies the Property and Concessionaire has completed all response, remediation, restoration and full payment of Environmental Costs for which Concessionaire is responsible.

15.10.4 Concessionaire's Liability for Environmental Costs

Except for the limitations on Concessionaire's liability as set forth in Section 15.10.5, Concessionaire shall be responsible for all Environmental Costs arising under this Lease.

15.10.5 Limitation of Concessionaire's Liability

Concessionaire and Concessionaire's Representatives shall have no responsibility for Hazardous Substance Releases or associated Environmental Costs caused by the Port or the agents, employees, contractors or other tenants of the Port after the Effective Date.

15.11 Corrective Action and Remediation

At Concessionaire 's sole expense, Concessionaire shall promptly undertake all actions necessary to ensure that any violation of Environmental Law or any provision of this Lease by Concessionaire or Concessionaire's Representatives in any way associated with the Property is promptly and completely corrected.

15.11.1 Immediate Response

In the event of a Hazardous Substance Release or the threat of or reasonable suspicion of a Hazardous Substance Release for which Concessionaire is responsible under this Lease, Concessionaire shall immediately undertake and diligently pursue, at Concessionaire's sole expense, all actions necessary and appropriate to investigate, contain, stop, remove, and perform interim remediation regarding the Hazardous Substance Release and accomplish source control.

15.11.2 Complete Remediation

At Concessionaire's sole expense, Concessionaire shall promptly undertake all actions necessary and appropriate to ensure that any Hazardous Substance Release by Concessionaire or Concessionaire's Representatives in any way associated with the Property is completely remediated to such a condition that a "No Further Action" or "Completion of Cleanup" determination, or equivalent, not conditioned upon facility or use description is obtained from the governmental agency with jurisdiction over the Hazardous Substance Release. Alternatively, Concessionaire may request the Port's prior written approval of remediation to risk-based levels and involving a "No Further Action" or "Completion of Cleanup" determination, or equivalent, conditioned upon maintenance and use restrictions. The Port may approve such an alternative approach on the condition that Concessionaire assumes responsibility for any liability under Environmental Law and any Environmental Costs of the Port resulting from the residual risks associated with the alternative approach.

15.11.3 Port Right to Notice, Review and Comment

At Concessionaire's sole cost, Concessionaire shall copy the Port on all immediate response, remediation or restoration deliverables submitted to regulatory agencies. Concessionaire shall allow the Port a reasonable amount of time to submit comments to Concessionaire, based on the circumstances. Within thirty (30) calendar days following completion of any immediate response, remediation or restoration action required by this Lease, at Concessionaire's sole cost, Concessionaire shall provide the Port with a report outlining, in detail, what has been accomplished.

15.11.4 Port's Approval Rights

Except in case of an emergency or a regulatory agency order requiring immediate action, Concessionaire shall give the Port advance notice before beginning any immediate response, remediation or restoration action required by this Lease or applicable Environmental Law. The Port shall have the right to approve or disapprove the proposed immediate response, remediation or restoration action and the companies and individuals performing such immediate response, remediation or restoration action.

15.12 Notice

Concessionaire shall promptly notify the Port and the Facility Manager upon becoming aware of: (a) a violation or alleged violation of applicable Environmental Law related to the Property or of Section 15; and (b) any Hazardous Substance Release resulting in operational, life-safety or environmental impacts on, under, from or adjacent to the Property or threat of or reasonable suspicion of any of the same. In addition, Concessionaire shall notify the Port by calling the Port's twenty-four (24) hour, seven (7) days a week environmental hotline at: (503) 335-1111. If Concessionaire fails to notify the Port pursuant to this Section, Concessionaire shall be liable for any exacerbation of a violation or a Hazardous Substance Release that could reasonably have been avoided if notification to the Port had been provided.

15.13 Port's Right of Self-Help

Except in the event of an emergency or a governmental agency order requiring immediate action, when significant notice cannot be given, the Port shall have the right, upon giving Concessionaire seven (7) calendar days written notice, stating the obligations at issue, to perform Concessionaire's obligations arising under Section 15 and Environmental Law, and charge Concessionaire the resulting Environmental Costs and the Delinquency Charge from the date any costs were incurred into by the Port. The Port may not commence performance on behalf of Concessionaire under this Section if, within the seven (7) calendar day notice period, Concessionaire promptly notifies the Port, then begins and thereafter continually and diligently pursues to completion the performance of the obligations set forth in the Port's notice.

15.14 Port's Option to Treat Concessionaire as Holdover Tenant

Until such time as Concessionaire has fulfilled all of its obligations under Section 15 and all applicable Environmental Law, the Port may, in the Port's sole discretion, treat Concessionaire as a Holdover Tenant or Tenant at Sufferance, as provided in Section 20.6.

16. INDEMNITY AND INSURANCE REQUIREMENTS

16.1 Concessionaire's General Indemnity; Reimbursement of Damages

Concessionaire agrees to defend (using legal counsel acceptable to the Port), indemnify, and hold harmless the Port from and against and reimburse the Port for any and all actual or alleged claims, damages, expenses, costs, fees (including, but not limited to, attorney, accountant, paralegal, expert, and escrow fees), fines, Environmental Costs and/or penalties (collectively, "Costs") which may be imposed upon, claimed against or incurred or suffered by the Port before or after the Commencement Date, and which, in whole or in part, directly or indirectly, arise from or are in any way connected with any of the following, except to the extent resulting from the Port's negligence or willful misconduct: (a) any act, omission or negligence of Concessionaire, (b) any use, occupation, management or control of the Property by Concessionaire, whether or not due to Concessionaire's own act or omission and whether or not occurring on the Property; (c) except as provided in Section 15.10.5, any condition created in or about the Property by any party, including any accident, injury or damage occurring on or about the Property after the Effective Date; and (d) any breach, violation, or nonperformance of any of Concessionaire's obligations under this Lease. For the purposes of Section 16.1(a) through (d), Concessionaire shall be deemed to include Concessionaire and Concessionaire's Representatives. This indemnification shall require Concessionaire to reimburse the Port for any diminution in value of the Property or other adjacent or nearby Port property, caused by Hazardous Substances, including damages arising from any adverse impact on the leasing of property in or near the Property, including other Port property.

16.2 Insurance Requirements

The insurance requirements set forth below do not in any way limit the amount or scope of liability of Concessionaire under this Lease. The amounts listed indicate only the minimum amounts of insurance coverage that the Port is willing to accept to help insure full performance of all terms and conditions of this Lease. All insurance required by Concessionaire under this Lease shall meet the following minimum requirements.

16.2.1 Certificates; Notice of Cancellation

On or before the Access Date and throughout the term of this Lease, Concessionaire shall provide the Port with current certificates of insurance, including an additional insured endorsement, executed by a duly authorized representative of each insurer, evidencing the existence of all insurance policies required under Section 16.3. No insurance policy may be cancelled, materially revised or allowed to expire without at least thirty (30) calendar days prior written notice being given to the Port. Insurance must be maintained without any lapse in coverage during the term of this Lease. Upon written request, the Port shall also be provided copies of

Concessionaire's certificates of insurance. Failure of the Port to demand such certificates or other evidence of full compliance with these insurance requirements or failure of the Port to identify any deficiency from evidence that is provided, shall not be construed as a waiver of Concessionaire's obligations to maintain the insurance required by this Lease. Unless otherwise directed by the Port, Concessionaire shall submit certificates of insurance to the Port or to a third party designated by the Port.

16.2.2 Additional Insured, Separation of Insureds

The Port shall be named as an additional insured under liability coverages, but only with respect to operations of Concessionaire as the Port's interests may appear in each general liability policy and as additional insured and loss payee in each property insurance policy. Such insurance shall provide cross-liability coverage equivalent to the Standard Separation of Insureds clause published by the Insurance Services Offices or a successor organization.

16.2.3 Primary Coverage

The required policies shall provide that the coverage is primary and will not seek any contribution from any insurance or self-insurance carried by the Port.

16.2.4 Company Ratings

All policies of insurance must be written by companies having an A.M. best rating of "A-" or better, or equivalent. The Port may, upon thirty (30) calendar days written notice to Concessionaire, require Concessionaire to change any insurance carrier whose rating drops below an "A-" rating.

16.3 Required Insurance

At all times during the term of this Lease, Concessionaire shall provide and maintain the following types of coverage.

16.3.1 General Liability Insurance

Concessionaire shall maintain an occurrence form commercial general liability policy or policies, insuring Concessionaire against liability for damages because of personal injury, bodily injury, death and damage to property (including loss of use thereof), including coverage for contractual liability, airport premises liability, personal injury and advertising injury, and liability insured under an insured contract (including the tort liability of another assumed in a business contract) occurring on or in any way related to the Property or occasioned by reason of the operations of Concessionaire. Such coverage shall be in an amount not less than FIVE MILLION DOLLARS AND NO CENTS ($5,000,000.00) per occurrence.

16.3.2 Property Insurance

Concessionaire is responsible for insuring Improvements, trade fixtures, inventory, and all other property owned by Concessionaire or under Concessionaire's care in accordance with Section 16.4. Notwithstanding the provisions of Section 16.4, the Port reserves the right to require Concessionaire to insure Concessionaire's Improvements with "all risk" property insurance in an amount equal to one hundred percent (100%) of the replacement value naming the Port as additional insured and loss payee and providing for the insurer's waiver of subrogation in accordance with Section 16.6.

16.3.3 Automobile Liability Insurance

In the event that motor vehicles are used in connection with Concessionaire's business or operations at the Airport, Concessionaire shall maintain an occurrence form automobile liability policy or policies insuring against liability for damage because of bodily injury, death, or damage to property (including loss of use thereof), and occurring in any way related to the use, loading or unloading of any of Concessionaire's motor vehicles (including owned, hired and non-owned motor vehicles) on and around the Airport. Coverage shall be in an amount of not less than ONE MILLION DOLLARS AND NO CENTS ($1,000,000.00) each accident.

16.3.4 Worker's Compensation Insurance

Concessionaire shall maintain in force workers' compensation and employers' liability insurance for all of Concessionaire's employees in accordance with all requirements of Oregon law. In lieu of such insurance, Concessionaire may maintain a self-insurance program meeting the requirements of the State of Oregon and a policy of excess workers' compensation and employer's liability insurance. Concessionaire shall also maintain employer's liability coverage in an amount not less than ONE MILLION DOLLARS AND NO CENTS ($1,000,000.00) per accident and ONE MILLION DOLLARS AND NO CENTS ($1,000,000.00) per employee for disease.

16.3.5 Builder's Risk Insurance

During any construction activity, Concessionaire shall obtain and maintain for the benefit of the Port and Concessionaire, as their interest may appear, "all risk" builder's risk insurance equal to one hundred percent (100%) of the value of the project. Coverage shall include: (a) form work in place; (b) form lumber and form components on site; (c) temporary structures; (d) equipment; and (e) supplies related to the work while at the site. In the event Concessionaire or Contractor fails to maintain such insurance, the Port may, at the Port's sole option, arrange therefore, and any administrative costs and premiums incurred shall be reimbursed by Concessionaire and Contractor to the Port upon demand.

16.4 Concessionaire's Risk

Concessionaire shall be responsible for obtaining any insurance it deems necessary to cover its own risks including, without limitation: (a) business interruptions, such as business income, extra expense or similar coverage; (b) Personal Property (as defined in Section 20.3); and (c) motor vehicle physical damage and/or theft. In no event shall the Port be liable for: (i) business interruption or other consequential loss sustained by Concessionaire; (ii) damage or loss of Personal Property; or (iii) damage to or loss of a motor vehicle, whether or not such loss or losses are insured, even if such loss is caused by the negligence of the Port.

16.5 Periodic Review

The Port shall have the right to periodically review the types, limits and terms of insurance coverage. In the event the Port determines that such types, limits, and/or terms should be changed, the Port will give Concessionaire a minimum of thirty (30) calendar days' notice of such determination and Concessionaire shall modify its coverage to comply with the new insurance requirements of the Port. Concessionaire shall also provide the Port with proof of such compliance by giving the Port an updated certificate of insurance within fifteen (15) calendar days.

16.6 Waiver of Subrogation

If any of Concessionaire's property or automobile insurance policies do not allow the insured to waive the insurer's right of subrogation prior to loss, Concessionaire shall cause such policies to be endorsed with a waiver of subrogation that allows the waivers required by this Section. Concessionaire and the Port waive any right of action that they and/or their insurance carriers might have against each other (including their respective employees, officers, commissioners, or agents) or against other tenants of the Airport for any loss, cost, damage, or expense (collectively, "Loss") to the extent that such Loss is covered by any property insurance policy or policies maintained or required to be maintained pursuant to this Lease and to the extent that such proceeds (which proceeds are free and clear of any interest of third parties) are received by the party claiming the Loss. Concessionaire waives any right of action Concessionaire and/or Concessionaire's insurance carrier might have against the Port (including its employees, officers, commissioners, or agents) for any Loss to the extent such Loss is covered under any applicable automobile liability policy or policies required by this Lease. Concessionaire waives any right of action Concessionaire and/or Concessionaire's insurance carrier might have against the Port (including its employees, officers, commissioners, or agents) for any Loss, whether or not such Loss is insured.

16.7 Environmental Indemnity

16.7.1 Environmental Impairment Liability Insurance

Concessionaire shall provide coverage for claims arising out of environmental impairment liability for gradual, sudden and accidental Hazardous Substance Releases on land and water and first party cleanup of the Property or other Port property from Concessionaire's operations in an amount of not less than TWO MILLION DOLLARS AND NO CENTS ($2,000,000.00) per occurrence. Such coverage shall specifically address and cover loading and unloading of Hazardous Substances. If coverage is claims made: (a) the retroactive date shall be on or before the Effective Date or the retroactive date of prior insurance coverage, whichever is earlier; (b) coverage shall be maintained continuously in effect until the later of two (2) years after expiration or earlier termination of this Lease or all obligations under this Lease have been completed; and (c) if coverage or insurer is replaced, continuity of coverage shall be maintained through extended reporting endorsements and prior acts coverage on replaced and replacement policies. Insurance coverage provided under this Section shall name the Port as additional insured and may not have a deductible in excess of FIVE HUNDRED THOUSAND DOLLARS AND NO CENTS ($500,000.00), without the express written consent of the Port, which consent may be given or withheld in the sole discretion of the Port.

16.7.2 Other Environmental Costs Arising Through Concessionaire's Action

To the extent of a Hazardous Substance Release or violation of Environmental Law related to Concessionaire's occupation and use of the Property not covered by the indemnity in Section 15.10.5 and Section 16.7.1, because the Hazardous Substance Release or violation of Environmental Law occurs outside of the Property, Concessionaire shall be responsible for and agrees to defend (using legal counsel acceptable to the Port), indemnify and hold harmless the Port from and against, and reimburse the Port for all Environmental Costs claimed against or assessed against the Port arising, directly or indirectly, from acts or omissions of Concessionaire or Concessionaire's Representatives.

16.7.3 No Indemnification if Caused by Port

The indemnities provided in Section 16 shall be subject to the provision of Section 16.6 regarding waiver of subrogation, and not apply to environmental contamination or violations of Environmental Law caused by the Port or the Port's employees, agents or contractors.

16.8 Survival of Indemnities

The indemnity agreements set forth in Section 16 and elsewhere in this Lease shall survive the expiration or earlier termination of this Lease and be fully enforceable thereafter.

17. ASSIGNMENT, SUBLEASE, MORTGAGE AND TRANSFER

17.1 No Assignment or Other Transfer Without Port Consent

This Lease is personal to Concessionaire. No part of the Property nor any Improvements on the Property, nor any interest in this Lease, may be sold, assigned, pledged, transferred, mortgaged, or subleased by Concessionaire, nor may a right of use of any portion of the Property be conveyed or conferred on any third party by Concessionaire ("Transferee") by any other means (all of the foregoing sometimes referred to in this Lease as a "Transfer") including, without limitation, any Transfer of any Brands, without the prior written consent of the Port. Whether to deny or grant any such Transfer shall be in the Port's sole discretion.

17.1.1 Application

Section 17.1 shall apply to all Transfers, including any that may occur by operation of law. If Concessionaire or Concessionaire Parties is a corporation or other entity, any change in ownership resulting in a change of more than one third ($^1/_3$) of the equity or voting interest in the stock of the corporation or ownership interest in such other entity, through sale, exchange, merger, consolidation or other transfer, shall be deemed a Transfer requiring the Port's consent.

17.1.2 Fee for Review of Requests for Transfers

The Port reserves the right to charge a fee for time spent in the review of Concessionaire's requests for the Port's consent to a Transfer. This fee may be imposed by the Port whether or not consent is granted, but in no case shall exceed the usual fees charged by the Port for the review of requests for assignment for similar tenants of the Port.

17.2 Assignment to Successor or Affiliate

Notwithstanding anything to the contrary in Section 17.1, and subject to the requirements of Section 17.1.1 and Section 17.1.2, the Port shall not unreasonably condition or withhold its consent to an assignment or other transfer of this Lease to: (a) any corporation or other legal entity which at the time of the assignment or other transfer is the parent or a wholly-owned subsidiary of Concessionaire; (b) any corporation or other legal entity with which Concessionaire may merge or consolidate with; or (c) any person who acquires all or substantially all of Concessionaire's rental car business or assets (each a "Special Transferee"); provided, however, in each instance the Special Transferee expressly assumes in writing the Lease obligations of Concessionaire and has a consolidated net worth (after giving effect to the consolidation, merger or transfer) at least equal to the greater of: (i) the net worth of Concessionaire as of the date of this Lease; or (ii) the net worth of Concessionaire immediately prior to the consolidation, merger or transfer, and also owns and/or operates each of the Brands. Net worth as used in this Section shall mean the difference obtained by subtracting total liabilities from total assets of Concessionaire and all the Brands in accordance with generally accepted accounting principles. Without any limitations of the foregoing, Transferee shall agree to collect CFCs pursuant to this Lease.

17.3 Sublease Required

Notwithstanding this Section, no proposed Transferee shall be permitted to succeed to sublease any portion of the Property under a sublease, unless the Transferee executes a sublease for space within the Property on the same terms of the Lease or otherwise obtains rights under the Lease as required by the Port. Without limitation of the foregoing, any Transferee shall agree to collect CFCs pursuant to this Lease.

17.4 Effect of Consent

No Transfer shall relieve Concessionaire of any obligation under this Lease and Concessionaire shall remain fully liable hereunder unless a specific written release is given by the Port. Any consent by the Port to a particular Transfer shall not constitute the Port's consent to any other or subsequent Transfer. If consent is granted, Concessionaire shall provide a copy of the signed Transfer document to the Port promptly after execution. The Transfer document shall contain a provision requiring that the Transferee perform and observe all terms and conditions of this Lease and shall provide that the Port have the right to enforce such terms and conditions directly against such Transferee.

17.5 Unpermitted Transfer Void

Any Transfer or attempted Transfer without the Port's prior written consent or as otherwise permitted herein shall be void. In addition to any other rights which the Port may have in the event of a Transfer or attempted Transfer without the Port's consent, the Port shall be entitled to preliminary and permanent injunctive relief and, as a matter of right, to the appointment of a receiver of rents and profits of any part or the whole of the Property without notice, with power to manage and operate the Property, and with such other powers as may be deemed necessary, and who, after deducting all proper charges and expenses attending the execution of the trust as receiver, shall apply the residue of the rents and profits to the obligations of Concessionaire under this Lease, including the costs of any reasonable attorney fees for the appointment of such receiver, in such order of priority as the Port shall elect.

17.6 Transfer by the Port

The Port shall have the right to transfer its interest in the Property or in this Lease. In the event of such a transfer, Concessionaire shall attorn to said Transferee and recognize Transferee as the new landlord under this Lease. Thereafter, the Port shall be relieved, upon notification to Concessionaire of the name and address of the Port's successor, of any obligations accruing from and after the date of the transfer so long as the Transferee agrees to assume all obligations of the Port under this Lease.

17.7 Estoppel Certificates

The Port and Concessionaire agree to execute and deliver to the other, at any time and within ten (10) Business Days (as defined in Section 22.4) after written request, a statement certifying, among other things: (a) that this Lease is unmodified and is in full force and effect (or if there have been modifications, stating the modifications); (b) the dates to which Fees have been paid; (c) whether or not the other party is in Default in performance of any of its obligations under this Lease and, if so, specifying the nature of each such default; and (d) whether or not any event has occurred which, with the giving of notice, the passage of time, or both, would constitute such a default by the other party and, if so, specifying the nature of each such event. Each party shall also include in any such statement such other commercially reasonable information concerning this Lease as the other party reasonably requests. The Port and Concessionaire agree that any statement delivered pursuant to this Section shall be deemed a representation of the party giving the statement which may be relied upon by the other party and by potential or actual purchasers and lenders with whom the party may be dealing, regardless of independent investigation.

18. DEFAULT

18.1 Event of Default

The occurrence of any of the following shall constitute an "Event of Default" (also referred to as a "Default").

18.1.1 Default in Fees

An Event of Default shall occur if Concessionaire fails to pay any Fees or Additional Fees within ten (10) calendar days following the date of written notice by the Port.

18.1.2 Failure to Timely Remit CFCs

An Event of Default shall occur if Concessionaire fails to timely remit any CFCs collected by Concessionaire to the Port within ten (10) calendar days of the date they are due.

18.1.3 Default in Other Covenants

An Event of Default shall occur if Concessionaire fails to comply with any term, covenant or condition of this Lease (other than the payment of Fees or other amounts) within thirty (30) calendar days after written notice by the Port describing the nature of the Default. If the Default is of such a nature that it cannot be completely remedied within the thirty (30) calendar day period, this provision shall be complied with if Concessionaire begins correction of the Default within the thirty (30) calendar day period and thereafter proceeds in good faith and with reasonable diligence to effect the cure as soon as practical, so long as done to the satisfaction of the Port. Notwithstanding the foregoing, the Port need not give notice for a similar type of Default more than two (2) times during any three (3) year period of this Lease, and a failure to perform such type of obligation after the second (2nd) notice constitutes an Event of Default for which no further notice or opportunity to cure need be given. Furthermore, if any Event of Default threatens to cause serious harm to the Port or other tenants or persons, then the Port shall not be required to serve any notice before proceeding to immediately declare an Event of Default and request immediate injunctive relief.

18.1.4 Insolvency

To the extent permitted by the United States Bankruptcy Code, insolvency of Concessionaire shall be deemed to include: (a) an assignment by Concessionaire for the benefit of creditors; (b) the filing by Concessionaire of a voluntary petition in bankruptcy; (c) an adjudication that Concessionaire is bankrupt or the appointment of a receiver of the properties of Concessionaire and the receiver is not discharged within thirty (30) calendar days; (d) the filing of an involuntary petition of bankruptcy and failure of Concessionaire to secure a dismissal of the petition within thirty (30) calendar days after filing; and (e) attachment of or levying of execution on the leasehold interest and failure of Concessionaire to secure discharge of the attachment or release of the levy of execution within ten (10) calendar days. All of the above (a) through (e) shall constitute an Event of Default. In these instances, no notice that an Event of Default has occurred shall be required from the Port.

18.1.5 Cross Default

The occurrence of an uncured breach, violation, or Event of Default under any other agreement between the Port and Concessionaire shall be, at the option of the Port, an Event of Default under this Lease.

18.1.6 Material Misrepresentation

An Event of Default for which no notice or opportunity to cure need be given may be declared, at the Port's option, if the Port discovers that Concessionaire made a material misrepresentation to the Port which induced the Port to enter into this Lease.

18.2 Remedies on Default

Immediately following an uncured Event of Default or an Event of Default for which there is no cure period, the Port may terminate this Lease and Concessionaire's right to possession of the Property and may exercise any or all of the following remedies, in addition to any other rights and remedies provided in this Lease or otherwise at law or equity.

18.2.1 Re-Entry

The Port may re-enter the Property, or any part thereof, by suitable action or proceeding at law, or by force or otherwise, without being liable for indictment, prosecution or damages therefore, and may repossess the Property and remove any person or property therefrom, to the end that the Port may have, hold and enjoy the Property.

18.2.2 Reletting

The Port, at its option, may relet the whole or any part of the Property from time to time, either in the name of the Port or otherwise, to such tenants, at such rental rate, and upon such conditions (including concessions and free rent periods) as the Port, in its sole discretion, may determine to be appropriate. To the extent allowed under Oregon law, the Port shall not be liable for refusal to relet the Property or, in the event of any such reletting, for failure to collect any Fees due upon such reletting, and no such failure shall operate to relieve Concessionaire of any liability under this Lease or otherwise affect any such liability. The Port may make such physical changes to the Property as the Port, in its sole discretion, considers advisable or necessary in connection with any such reletting or proposed reletting, without relieving Concessionaire of any liability under this Lease or otherwise affecting Concessionaire's liability. If there is other unleased space at the Airport, the Port shall have no obligation to attempt to relet the Property prior to leasing such other space at the Airport. The Port, under its obligation to mitigate its damages, shall not be required to attempt to relet the Property to a potential lessee with whom the Port has been negotiating a lease for other space owned by the Port or to whom the Port has shown other space owned by the Port and the Port shall be entitled to use its best efforts to lease such other space owned by the Port to such prospective tenant.

18.2.3 Fees Recovery

Whether or not the Port retakes possession of or relets the Property, the Port shall have the right to recover unpaid Fees, any unremitted CFCs, and all damages caused by the Default. Damages shall include, without limitation: (a) all Fees lost; (b) all legal expenses and other related costs incurred by the Port as a result of the Default; (c) that portion of any leasing commission paid by the Port as a result of this Lease which can be attributed to the unexpired portion of this Lease; (d) all costs incurred by the Port in restoring the Property to good order and condition, or in remodeling, renovating or otherwise preparing the Property for reletting; and (e) all costs incurred by the Port in reletting the Property including, without limitation, any brokerage commissions and the value of the Port's time expended as a result of the Default.

18.2.4 Right to Sue More than Once

The Port may sue periodically to recover damages during the period corresponding to the remainder of the term of this Lease, and no action for damages shall bar a later action for damages subsequently accruing.

18.2.5 Inducement Recapture

If this Lease is terminated due to an Event of Default, the Port shall be entitled to recover any type of credit against Fees or the cost of any Improvements made by the Port to the Property for the benefit of Concessionaire.

18.2.6 Right to Draw on Security Deposit

In the case of an Event of Default, the Port may draw on the Security Deposit immediately. In the event of a bankruptcy or insolvency, the Port may immediately draw on the Security Deposit, as provided in Section 7.19, to cure any and all Lease violations, whether or not any cure period has elapsed and whether or not all required notices have been given. In the case of failure to pay Fees that may be remedied, or partially remedied, by the payment of money, the Port shall be entitled to draw on the Security Deposit ten (10) calendar days as of the date of written notice to Concessionaire by the Port.

18.2.7 Replacement Brand

In the event any On-Airport Concessionaire ceases to operate a particular Brand due to insolvency, bankruptcy, or other Default, at the Airport at any time during the term of this Lease, in addition to all other rights and remedies under this Lease, at law or in equity, the Port may, but shall not be obligated to, enter into a new lease of the Property with a comparable replacement concessionaire. If the Port decides not to enter into a new lease of the Property with a replacement concessionaire, the Port may in its sole discretion, but will not be obligated to, reassign and reallocate any part of the Property among the remaining On-Airport Concessionaires based on Market Share.

18.3 Remedies Cumulative and Nonexclusive

Each right and remedy in this Lease will be cumulative and will be in addition to every other right or remedy in this Lease or existing at law or in equity including, without limitation, suits for injunctive relief and specific performance. The exercise or beginning of the exercise, by the Port of any such rights or remedies will not preclude the simultaneous or later exercise by the Port of any other such rights or remedies. All such rights and remedies are nonexclusive.

18.4 Lease Continuation

Even if Concessionaire has breached this Lease, this Lease shall continue for as long as the Port does not terminate Concessionaire's right to possession, and the Port may enforce all of its rights and remedies under this Lease, including the right to recover Fees as they become due under this Lease. Acts of maintenance or preservation or efforts to relet the Property or the appointment of a receiver upon initiative of the Port to protect the Port's interest under this Lease shall not constitute a termination of Concessionaire's rights to possession unless written notice of termination is given by the Port to Concessionaire. Any notice to terminate may be given before or within the cure period for Default and may be included in a notice of failure of compliance. No such termination shall prejudice the Port's right to claims for damages for such breach or any other rights and remedies of the Port.

18.5 Curing Concessionaire's Default

If Concessionaire fails to perform any of Concessionaire's obligations under this Lease, the Port, without waiving rights with respect to such failure, may (but shall not be obligated to) perform the same for the account of and at the expense of Concessionaire, without notice in a case of emergency, and in any other cases, only if such failure continues after the expiration of thirty (30) calendar days from the date the Port gives Concessionaire notice of the failure. The Port shall not be liable to Concessionaire for any claim for damages resulting from such action by the Port. Concessionaire agrees to reimburse the Port upon demand any amounts the Port may spend in complying with the terms of this Lease on behalf of Concessionaire. The Port shall have the same rights and remedies in the event of the nonpayment of amounts due to be reimbursed under this Section as in the case of Default by Concessionaire in the payment of any other Fees.

18.6 Default by the Port

In the event of any default by the Port, Concessionaire's exclusive remedy shall be an action for actual damages. Prior to being entitled to maintain such action, Concessionaire shall give the Port written notice specifying such default with particularity, and the Port shall have thirty (30) calendar days within which to cure any such default, or if such default cannot reasonably be cured within thirty (30) calendar days, the Port shall then have thirty (30) calendar days to commence cure and shall diligently prosecute cure to completion. Unless and until the Port fails to cure such default after such notice, Concessionaire shall not have any remedy or cause of action by reason thereof. All obligations of the Port hereunder shall be construed as covenants, not conditions, and all such obligations shall be binding upon the Port only during the period of its ownership of the Property and not thereafter, subject to Section 17.6.

19. DAMAGE OR DESTRUCTION OF THE PROPERTY

19.1 Damage or Destruction of the Property

In the event the Property is damaged by fire or other casualty and, if the total cost of repair does not exceed the Port's insurance deductible and/or self-insured retention, the Property (not including furniture, fixtures and equipment owned by Concessionaire) shall be repaired with due diligence by the Port. Notwithstanding the foregoing, in the event that the Property is damaged or completely destroyed and the total cost of repair exceeds the Port's insurance deductible and/or self-insurance retention, the Port shall be under no obligation to repair and reconstruct the Property and/or any Concessionaire's Improvements, and the Port may terminate this Lease by giving thirty (30) calendar days' notice. If the Port elects to restore the Property, the Port's obligations shall be limited to the repair or reconstruction of the Property, not including Concessionaire's Improvements, to substantially the same condition as when delivered to Concessionaire and shall further be limited to the extent of the insurance proceeds available to the Port for such repair or reconstruction. Concessionaire shall be responsible, at Concessionaire's own cost, without regard for the cause of the loss, for all repair, restoration and redecoration, and for replacement of Concessionaire's Improvements, furniture, equipment and supplies, all of equivalent quality to those originally installed. No damages, compensation or claim shall be payable to Concessionaire by the Port for business interruption arising from any repair or restoration of the Property. The Port shall not be obligated to insure or protect against loss by fire or other casualty, nor to repair any damage to or replace any Improvements paid for by Concessionaire or any of Concessionaire's equipment, inventory or Personal Property (as defined in Section 20.3). Concessionaire is responsible for maintaining insurance coverage for all Personal Property located on the Property, including Concessionaire's trade fixtures in accordance with Section 16.3.2 and Section 16.4.

19.2 Damage Caused by Concessionaire

If Concessionaire caused any damage, Concessionaire shall pay for the full rebuilding costs, except to the extent of the waiver of subrogation set forth in Section 16.6.

19.3 Limits of the Port's Obligations Defined

It is understood that, in the application of Section 19.1, the Port's obligations shall be limited to the repair or reconstruction of the Property to its condition as of the Effective Date. Redecoration, Improvements, trade fixtures, inventory, and replacement of all of Concessionaire's furniture, equipment, inventory and supplies shall be the sole responsibility of Concessionaire and any such redecoration and refurnishing/re equipping shall be of equivalent quality to that originally installed under the terms of this Lease.

19.4 Damage or Destruction of Improvements

Should Concessionaire's Improvements, or any part of them, sustain damage or destruction, in all instances they shall be repaired or replaced by Concessionaire, whether or not the damage or destruction is covered by insurance. If Concessionaire fails to repair or replace the damaged Improvements in accordance with a schedule agreed to by the Port and Concessionaire, and provided that this Lease has not been terminated, the Port may make such repairs or replacements and recover from Concessionaire the cost and expense of such repairs or replacements, including all of its own administrative costs and fees. The amount due to the Port shall bear the Delinquency Charge from the date the money is spent by the Port through the date it is repaid.

19.5 No Duty to Protect

Protection against loss by fire or other casualty to any of the contents of the Property shall not, at any time, be an obligation of the Port.

20. TERMINATION

20.1 Duties on Termination

By the expiration or earlier termination of this Lease, Concessionaire must have fully performed all of its obligations under this Lease, including: (a) delivery to the Port of all keys to any doors and to any Improvements located on the Property; (b) removal of all Personal Property (as defined in Section 20.3); (c) surrender of the Property in good and clean condition, ordinary wear and tear excepted; and (d) performance of any other obligations required to be performed pursuant to this Lease, prior to termination under this Lease including, without limitation, the Exit Audit and all obligations pursuant to Section 15. Ordinary wear and tear shall not include deterioration that could have been prevented by proper maintenance practices, or by Concessionaire performing all of Concessionaire's obligations under this Lease.

20.2 Title to Improvements

Improvements erected or installed by the Port including, without limitation, the Property, shall be the sole property of the Port. In addition, at the Port's sole option, any Improvements erected or installed by Concessionaire shall become the property of the Port upon expiration or earlier termination of this Lease. Notwithstanding the foregoing, the Port reserves the right to require Concessionaire to remove all or any portion of Concessionaire's Improvements from the Property upon the expiration or earlier termination of this Lease, in which case Concessionaire's Improvements shall be removed in accordance with Section 20.5.

20.3 Title to Trade Fixtures and Personal Property

Trade fixtures, including Concessionaire's nonattached removable decorations, detached floor coverings, and furnishings that are not in any way attached to the Property, inventory and other nonattached personal property (collectively, "Personal Property") shall remain the property of Concessionaire, and unless otherwise agreed to, in writing, by the Port, must be removed. In addition, all Brand specific signage attached to the Property and any trade fixtures that cannot reasonably be repurposed or reused shall be removed at Concessionaire's sole cost and expense, unless otherwise agreed to in writing by the Port. At or before the expiration or earlier termination of this Lease, Concessionaire shall remove from the Property any and all Personal Property and shall repair any damage to the Property resulting from the removal of Personal Property. Personal Property may not be placed or abandoned in the Collection Area unless otherwise agreed to by the Port. Any items of Personal Property which remain on the Property after the actual termination of this Lease may either be: (a) retained by the Port without any requirement to account to Concessionaire for said Personal Property; or (b) removed and disposed of by the Port, with the Port being entitled to recover all costs thereof from Concessionaire.

20.4 Termination of Remote Service Facility

Concessionaire agrees that upon expiration or earlier termination of this Lease, the Remote Service Facility lease, if any, will also terminate provided, however, that Concessionaire shall continue to pay all rent due under the Remote Service Facility lease until Concessionaire completely vacates the Property and completes all requirements upon termination, including environmental requirements, under the Remote Service Facility lease, including all required environmental remediation of Hazardous Substance Releases caused by Concessionaire or Concessionaire's Representatives. The Port may, in the Port's sole discretion, treat Concessionaire as a Holdover Tenant or Tenant at Sufferance (as defined in Section 20.6) until all requirements under the Remote Services Facility lease are met. After expiration or earlier termination of this Lease, Concessionaire will not be able to conduct any operations from the Remote Service Facility except to meet all requirements of the Remote Service Facility lease that are due on termination.

20.5 Time for Removal

The time for removal of any Personal Property, which Concessionaire is required to remove from the Property upon expiration or earlier termination of this Lease shall be as follows: (a) by the expiration of this Lease; or (b) if this Lease is terminated prior to the expiration due to an uncured Event of Default or for any other reason, then all removal must occur within thirty (30) calendar days of the actual termination date, and Concessionaire must continue to pay all Fees during that period, including the MAG amount in effect just prior to termination. If removal is not completed within the thirty (30) calendar day time period, Section 20.3 and Section 20.6 shall apply.

20.6 Holding Over

If Concessionaire holds over after the expiration or earlier termination of this Lease with the consent of the Port, and the Port and Concessionaire have not agreed to, in writing, to the terms and provisions of a new lease (or to the extension of this Lease) prior to such expiration or earlier termination, Concessionaire shall be deemed a month-to-month holdover tenant ("Holdover Tenant") or a tenant at sufferance ("Tenant at Sufferance") at the Port's sole discretion, and Concessionaire shall remain bound by all terms, covenants, and agreements hereof, except that that: (a) the tenancy shall be month to month; (b) the MAG shall continue to adjust annually, using the same formula for MAG adjustment as provided in Section 7.1.2; (c) title to Concessionaire's Improvements shall vest in the Port as of the expiration or earlier termination of this Lease; (d) the Port shall have the right to adjust any Fees payments or amounts due by Concessionaire upon thirty (30) calendar days written notice to Concessionaire; and (e) such month-to-month tenancy may be terminated at any time by thirty (30) calendar days prior written notice from either party to the other. In the event that Concessionaire is a Holdover Tenant or a Tenant at Sufferance beyond June 30 of any Lease Year, Concessionaire shall be responsible for payment of Taxes for the entire following tax year without proration. In the event that the Port deems Concessionaire a Holdover Tenant or a Tenant at Sufferance, the Port shall be entitled to evict Concessionaire, but may still collect Fees and Additional Fees due by Concessionaire as set forth herein.

21. AIRPORT CONCESSIONS DISADVANTAGED BUSINESS ENTERPRISE PROGRAM

This agreement is subject to the requirements of the U.S. Department of Transportation's regulations, 49 CFR part 23. The Concessionaire or contractor agrees that it will not discriminate against any business owner because of the owner's race, color, national origin, or sex in connection with the award or performance of any concession agreement, management contract, or subcontract, purchase or lease agreement, or other agreement covered by 49 CFR 23. The Concessionaire or contractor agrees to include the above statements in any subsequent concession agreement or contract covered by 49 CFR part 23, that it enters and cause those businesses to similarly include the statements in further agreements. In the administration of this Lease, Concessionaire shall comply with the requirements of 49 CFR 23 and 49 CFR 26, as amended, and with guidance issued by the FAA regarding the interpretation of regulations including, but not limited to, joint venture guidance. If Concessionaire proposes to terminate, substitute or modify the participation of an Airport Concession Disadvantaged Business Enterprise ("ACDBE") joint venture partner, team member, subcontractor or sub-concessionaire in this Lease before or after the Effective Date, prior to such change Concessionaire shall immediately submit for review and approval to the Port reasonable documentation regarding the proposed change in the ACDBE participation. Concessionaire shall include the specific reasons for the change in ACDBE participation and produce any and all documents and information regarding the proposed change. Concessionaire shall make a good faith effort, as defined in 49 CFR 26.5(2), to replace an ACDBE that has failed to complete its permit, concession arrangement, joint venture commitment, lease, or subcontracting arrangement with a certified ACDBE, to the extent needed to meet the concession goal which, as of the Commencement Date, shall equal TWO POINT ONE (2.1%) percent. Concessionaire shall also comply with this Section regarding any proposed change in ACDBE participation arising from or relating to any assignment, sublease, or transfer of the obligations under this Lease. Concessionaire shall timely submit reports and verifications requested by the Port and shall provide such financial information or other information deemed necessary by the Port to support and document the ACDBE commitment for this Lease. Up to three (3) years after the expiration or earlier termination of this Lease, the Port shall have the right, at a reasonable time and place, to review books, records and financial information of Concessionaire and, where applicable, of all individuals, joint venture partners or team members or other business entities that are a party or engaged in concession activity under this Lease, in order to substantiate compliance with 49 CFR 23 and 49 CFR 26, as amended, and any guidance issued by the FAA regarding the interpretation of federal regulations. The ACDBE participation percentage commitment made by Concessionaire as of the Effective Date is deemed to be contractual in nature.

21.1 Online Reporting Requirement

The Port is using an online reporting system called B2G to track and report all concessions revenue and ACDBE participation to the FAA as required under 49 CFR 23. Concessionaire must track and report all monthly revenue, supplier spend and ACDBE participation that occurs as a result of a contract, procurements, purchase orders, subleases, joint ventures, goods, services or other arrangements involving sub tier participation, and enter them quarterly online at ______________________________. Concessionaire must fill out a *Concessions Revenue and ACDBE Reporting Assignment* form and designate a point of contact responsible for the online reporting requirement.

22. GENERAL PROVISIONS

22.1 Airport Security

Concessionaire recognizes its obligations to comply with federal airport security regulations applicable to the Airport. The Port shall notify Concessionaire of any such federal airport security regulations which are or may become applicable to Concessionaire's use or occupancy of the Property. As of the Effective Date, there are no applicable federal airport security regulations that apply to the use or occupancy of the Property.

22.2 Attorney Fees

If a suit, action, or other proceeding of any nature whatsoever (including any proceeding under the U.S. Bankruptcy Code), is instituted in connection with any controversy arising out of this Lease or to interpret or enforce any rights or obligations hereunder, the prevailing party shall be entitled to recover attorney, paralegal, accountant, and other expert fees and all other fees, costs, and expenses actually incurred and reasonably necessary in connection therewith, as determined by the court at trial or on any appeal or review, in addition to all other amounts provided by law. If the Port or Concessionaire are required to seek legal assistance to enforce any term of this Lease, such fees shall include all of the above fees, whether or not a proceeding is initiated. Payment of all such fees shall also apply to any administrative proceeding, trial, and/or any appeal or petition for review. Whenever this Lease requires either party to defend the other, it is agreed that such defense shall be by legal counsel acceptable to the party to whom such defense is owed.

22.3 Broker

Neither party has been represented by a broker in this transaction. No obligation to pay a commission shall arise from the execution of this Lease and each party shall hold the other party harmless from any commission claims arising out of this transaction.

22.4 Calculation of Time

"Legal Holiday" shall mean any holiday observed by the federal government. "Business Day" shall mean Monday through Friday and shall exclude Saturday, Sunday and Legal Holidays. Unless referred to as Business Days, all periods of time referred to herein shall include Saturdays, Sundays and Legal Holidays. However, if the last day of any period falls on a Saturday, Sunday or Legal Holiday, then the period shall be extended to include the next day which is not a Saturday, Sunday or Legal Holiday.

22.5 Capacity to Execute

The Port and Concessionaire warrant and represent to one another that this Lease constitutes a legal, valid and binding obligation of that party. The individuals executing this Lease personally warrant that they have full authority to execute this Lease on behalf of the party or parties for whom they purport to be acting.

22.6 Compliance with Public Contracting Requirements

In letting contracts related to any Improvements, Concessionaire shall comply with any applicable public bidding rules and prevailing wage requirements, and any other similar or related requirements, and shall work cooperatively with the Port in taking any steps deemed necessary and appropriate to comply with such requirements. These steps may include, but not be limited to, as appropriate, competitively advertising and bidding the improvement contracts, exempting improvement contracts from competitive bidding, and ensuring that all proper bonding, insurance and licenses are in place.

22.7 Counterparts

This Lease may be executed in one or more counterparts and each counterpart when executed and delivered shall be an original, but all of which shall constitute one instrument.

22.8 Covenants, Conditions and Restrictions

This Lease is subject to the effects of any covenants, conditions, restrictions, easements, mortgages, deeds of trust, ground leases, rights of way, FAA, U.S. Department of Homeland Security or TSA regulations or policies, or their respective successors in interest, restrictions or regulations, and any other matters of record pertaining to the Airport or the Property.

22.9 Defined Terms

Capitalized terms shall have the meaning given them in the text herein.

22.10 Entire Agreement

As of the Commencement Date, this Lease represents the entire agreement between the Port and Concessionaire relating to Concessionaire's leasing of the Property. It is understood and agreed by Concessionaire that neither the Port nor the Port's agents or employees have made any representations or promises with respect to this Lease or the making of or entry into this Lease, except as expressly set forth in this Lease. No claim for liability shall be asserted based on any claimed breach of any representations or promises not expressly set forth in this Lease. All oral agreements, if any, are void and expressly waived by Concessionaire. This Lease has been thoroughly negotiated between the Port and Concessionaire; therefore, in the event of ambiguity, there shall be no presumption that such ambiguity should be construed against the drafter.

22.11 Exhibits Incorporated by Reference

Any and all exhibits attached hereto are incorporated by reference in this Lease for all purposes.

22.12 Force Majeure

If the performance by either the Port or Concessionaire of their respective obligations under this Lease (excluding monetary obligations) is delayed or prevented, in whole or in part, by any extraordinary act of terrorism, nature, explosion, epidemic, war, civil disorder, change in laws, or unexpected and unavoidable labor strike or material shortage that could not have been reasonably anticipated or avoided by the impacted party (collectively, "Force Majeure"), then that party shall be excused from performance of its obligations until the Force Majeure event has resolved without liability so long as the impacted party promptly notifies the other party following the Force Majeure event, and performance occurs as soon as reasonably possible, to the extent performance can occur.

22.13 Governing Law

This Lease shall be governed, construed and enforced in accordance with the laws of the State of Oregon without reference to any conflict of law provision that would call for the application of the law of another jurisdiction. The exclusive forum for the resolution of any dispute, action, or proceeding arising out of or related to this Lease shall be the state or federal courts located in Multnomah County, Oregon. Each party hereby waives any objection to personal jurisdiction, venue or forum non conveniens with respect to any such suit, action or proceeding, and agrees to voluntarily appear and submit to the jurisdiction of such courts.

22.14 Headings, Table of Contents and Table of Definitions

The section headings, table of contents and table of definitions contained herein are for convenience in reference only and shall not be interpreted to define, modify or limit the scope of any provision of this Lease.

22.15 Interpretation of Lease; Status of Parties

This Lease is the result of arm's length negotiations between the Port and Concessionaire and shall not be construed against either party. Nothing contained in this Lease, including the method of computation of rentals or construction of Improvements on the Property, shall be deemed or construed as creating the relationship of principal and agent, partners, joint venturers, or any other similar such relationship, between the parties hereto.

22.16 Joint and Several Liability

If Concessionaire operates more than one (1) Brand under this Lease, the obligations of Concessionaire and each Brand shall be joint and several.

22.17 Lease Subject to Agreements with United States

This Lease shall be subject to the provisions of any existing or future agreements between the Port and the United States relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the development of the Airport.

22.18 Lease Subject to Avigation Priority

Concessionaire's right to use the Property for the purposes as set forth in this Lease shall be secondary and subordinate to the operation of the Airport. Concessionaire acknowledges that because of the close location of the Property to the Airport, noise, vibrations, fumes, debris and other interference with the use of the Property will be caused by Airport operations. Concessionaire hereby waives any and all rights or remedies against the Port arising out of any noise, vibrations, fumes, debris and other interference that is caused by the operation of the Airport. The Port specifically reserves for itself, and for the public, a right of flight for the passage of aircraft in the airspace above the surface of the Property together with the right to cause in said airspace such noise, vibration, fumes, debris and other interferences as may be inherent in the present and future operation of aircraft. If continued flight operations so require, height restrictions on buildings and other Improvements may be imposed on the Property.

22.19 Lease Subject to Bonds and Ordinances

This Lease shall be subject and subordinate to the bonds and ordinances which create liens and encumbrances affecting the Property. Concessionaire agrees that the Port may hereafter adopt bond ordinances which impose liens or encumbrances on the Property, and Concessionaire shall, upon request of the Port, execute and deliver agreements of subordination consistent herewith. Furthermore, in order to comply with the requirements of existing Port bond ordinances, Concessionaire hereby makes an irrevocable commitment not to claim depreciation, cost recovery, or an investment credit with respect to the Property, space or to any Improvements constructed by the Port using Port funds or Port bond funds or constructed by Concessionaire or someone else, but paid for using Port funds or Port bond proceeds.

22.20 Limitation on Port Liability

The Port shall have no liability to Concessionaire for loss, damage or injury suffered by Concessionaire on account of theft or any act or omission of a third party, including other tenants. The Port shall only be liable for its own willful misconduct or negligence and then only to the extent of actual and not consequential damages. Although this Lease gives the Port certain rights of inspection, such rights shall impose no obligation on the Port to make any inspections nor impose liability on the Port if the Port fails to make such inspections.

22.21 Mediation

Should any dispute arise between the Port and Concessionaire other than and excepting disputes regarding: (a) failure to pay Fees or Additional Fees, as required by this Lease; (b) possession; (c) hours of operation; or (d) any other matters stated elsewhere in this Lease as not being subject to mediation, then it is agreed that such other dispute will be submitted to non-binding mediation prior to any litigation. The Port and Concessionaire shall exercise good faith efforts to select a mediator who shall be compensated equally by both the Port and Concessionaire. Mediation shall be conducted in a location agreed to by both the Port and Concessionaire. Both the Port and Concessionaire agree to exercise good faith efforts to resolve disputes through the mediation process. If a party requests mediation and the other party fails to respond within ten (10) Business Days, then the party failing to respond shall, at the option of the requesting party, be deemed to have waived any right to require mediation, and the requesting party may immediately initiate court proceedings. If the Port and Concessionaire fail to agree on a mediator within ten (10) Business Days, either party may request a mediator be appointed by the presiding judge of the Multnomah County Circuit Court. The Port and Concessionaire agree that mediation shall occur on an expedited schedule and that they shall not attempt to delay mediation, the scheduling of the mediation, or continue the mediation once it has been set. The Port and Concessionaire shall retain all rights at law or in equity with respect to any dispute not covered by this Section and also with respect to those disputes covered by this Section, after mediation has been completed.

22.22 Modification

This Lease may not be modified or amended except by a written instrument duly executed by the authorized signatories for the parties hereto.

22.23 No Exclusive Rights

Nothing in this Lease shall be deemed to grant Concessionaire any exclusive right or privilege or the exclusive right of conduct of any activity on the Airport except that, subject to the terms and provisions of this Lease, Concessionaire shall have the right to possess and use the Property.

22.24 No Implied Warranty

In no event shall any consent, approval, acquiescence, or authorization by the Port be deemed a warranty, representation, or covenant by the Port that the matter approved, consented to, acquiesced in or authorized is appropriate, suitable, practical, safe or in compliance with any applicable law or this Lease. Concessionaire shall be solely responsible for such matters and the Port shall have no liability therefore.

22.25 No Intended Third Party Benefit

Nothing in this Lease gives or shall be construed to create a benefit to any party who is not a signatory party to this Lease.

22.26 No Light or Air Easement

The reduction or elimination of Concessionaire's light, air or view will not affect Concessionaire's obligations under this Lease, nor will it create any liability of the Port to Concessionaire.

22.27 No Limit on Port's Powers

Nothing in this Lease shall limit, in any way, the power and right of the Port to exercise its governmental rights and powers, including its powers of eminent domain.

22.28 Nondiscrimination Assurance

Concessionaire for itself, its successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree that in the event facilities are constructed, maintained, or otherwise operated on the Airport for a purpose for which a U.S. Department of Transportation ("DOT") program or activity is extended or for another purpose involving the provision of similar services or benefits, Concessionaire shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR 21, *Nondiscrimination in Federally Assisted Programs of the Department of Transportation*, as said regulations may be amended. Concessionaire for itself, its successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree that: (a) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities; (b) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; (c) that Concessionaire shall use the Property in compliance with all other requirements imposed by or pursuant to 49 CFR 21, *Nondiscrimination in Federally Assisted Programs of the Department of Transportation*, and as said requirements may be amended. Concessionaire assures that it will comply with pertinent statutes, Executive Orders and such rules as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted with or benefiting from federal assistance. This provision obligates Concessionaire or its transferee for the period during which federal assistance is extended to the airport program, except where federal assistance is to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon. In these cases, the provision obligates Concessionaire or any transferee for the longer of the following periods: (i) the period during which the property is used by the Port or any transferee for a purpose for which federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (ii) the period during which the Port or any transferee retains ownership or possession of the property. In the case of contractors, this Section binds the contractors from the bid solicitation period through the completion of the contract. In addition, Concessionaire agrees that, whether or not this Lease is conducted with, or benefits from, federal assistance, it shall in all matters pertaining to the performance of this Lease conduct its business in a manner which assures fair, equal and nondiscriminatory treatment of all persons without respect to race, sex, age, color, creed, sexual preference, marital status, national origin, or the presence of any sensory, mental or physical handicap. Concessionaire will maintain open hiring and employment practices and will welcome applications for employment in all positions from all qualified individuals. It is the policy of the DOT that disadvantaged business enterprises, as defined in the *Airport and Airway Improvement Act of 1982*, as amended and as implemented by federal regulations, shall have the maximum opportunity to participate in the performance of leases as defined in 49 CFR 23.5. Consequently, this Lease is subject to 49 CFR 23, as applicable. Concessionaire will, at the timely request of the Port, provide any information needed in preparation of necessary reports, forms, documents and other data relative to equal employment. Concessionaire hereby assures that it will include the above clauses in any subleases approved by the Port and cause sublessees to similarly include clauses in further subleases.

22.29 Notices

All notices required under this Lease shall be deemed to be properly served if sent by overnight service with a reputable carrier, certified mail, return receipt requested, delivered by hand to the last address furnished by the Port and Concessionaire, or sent by email. Until hereafter changed by the Port and Concessionaire by notice in writing, notices shall be sent as follows:

to the Port at:

____
____
____
____
____

with a copy to:

____
____
____
____
____

to Concessionaire at:

____
____
____
____

with a copy to:

____
____
____
Attention: ________________

The date of service of such notice by mail is agreed to be three (3) calendar days after the date such notice is deposited in a post office of the United States Postal Service, postage prepaid, return receipt requested, certified mail or, if delivered by hand, overnight service or email, then the actual date of delivery.

22.30 No Waiver

Waiver by the Port of strict performance of any provision of this Lease shall not be deemed a waiver of or prejudice the Port's right to require strict performance of the same provision in the future or of any other provision of this Lease.

22.31 Port Consent or Action

In the event this Lease is silent as to the standard for any consent, approval, determination or similar discretionary action, the standard shall be in the reasonable discretion of the Port. If Concessionaire requires the Port's consent or approval pursuant to any provision of this Lease, such consent or approval shall not be unreasonably withheld.

22.32 Provisions Applicable to Others

All provisions of this Lease governing Concessionaire's use of the Property and Concessionaire's activities and conduct on, about or from the Property shall apply to Concessionaire's Representatives.

22.33 Recitals

The Recitals above are true and are incorporated into and are a part of this Lease.

22.34 Severability

If any provision contained herein is held to be invalid or unenforceable, the remaining provisions, or the application of such provisions to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby, and each provision contained herein shall be valid and enforceable to the fullest extent permitted by law.

22.35 Successors; Parties

The rights, liabilities and remedies provided for in this Lease shall extend to the heirs, legal representatives and, so far as the terms of this Lease permit, successors and assigns of the Port and Concessionaire. The words Port and Concessionaire and their accompanying verbs or pronouns, wherever used in this Lease, shall apply equally to all persons, firms, or corporations which may be or become such parties hereto.

22.36 Survival

Any covenant or condition (including, but not limited to, indemnification provisions) set forth in this Lease, the full performance of which is not specifically required prior to the expiration or earlier termination of this Lease, and any covenant or condition which by their terms are to survive the termination of this Lease, shall survive the expiration or earlier termination of this Lease and shall remain fully enforceable thereafter.

22.37 Time of the Essence

Time is of the essence in the performance of and adherence to each and every covenant and condition contained herein.

EXHIBIT A

Concessionaire shall have the nonexclusive right to operate a rental car concession at the Airport under the Brand family described below. Concessionaire operates, owns, licenses with, controls or is otherwise authorized to do business under the trade names or the rental car brands listed.

Concessionaire shall be prohibited from operating at the Airport under any Brand name or trade name other than the Brand name(s) or trade name(s) identified below.

Rental Car Company: ___________________________________

Rental Car Brands:

____

____

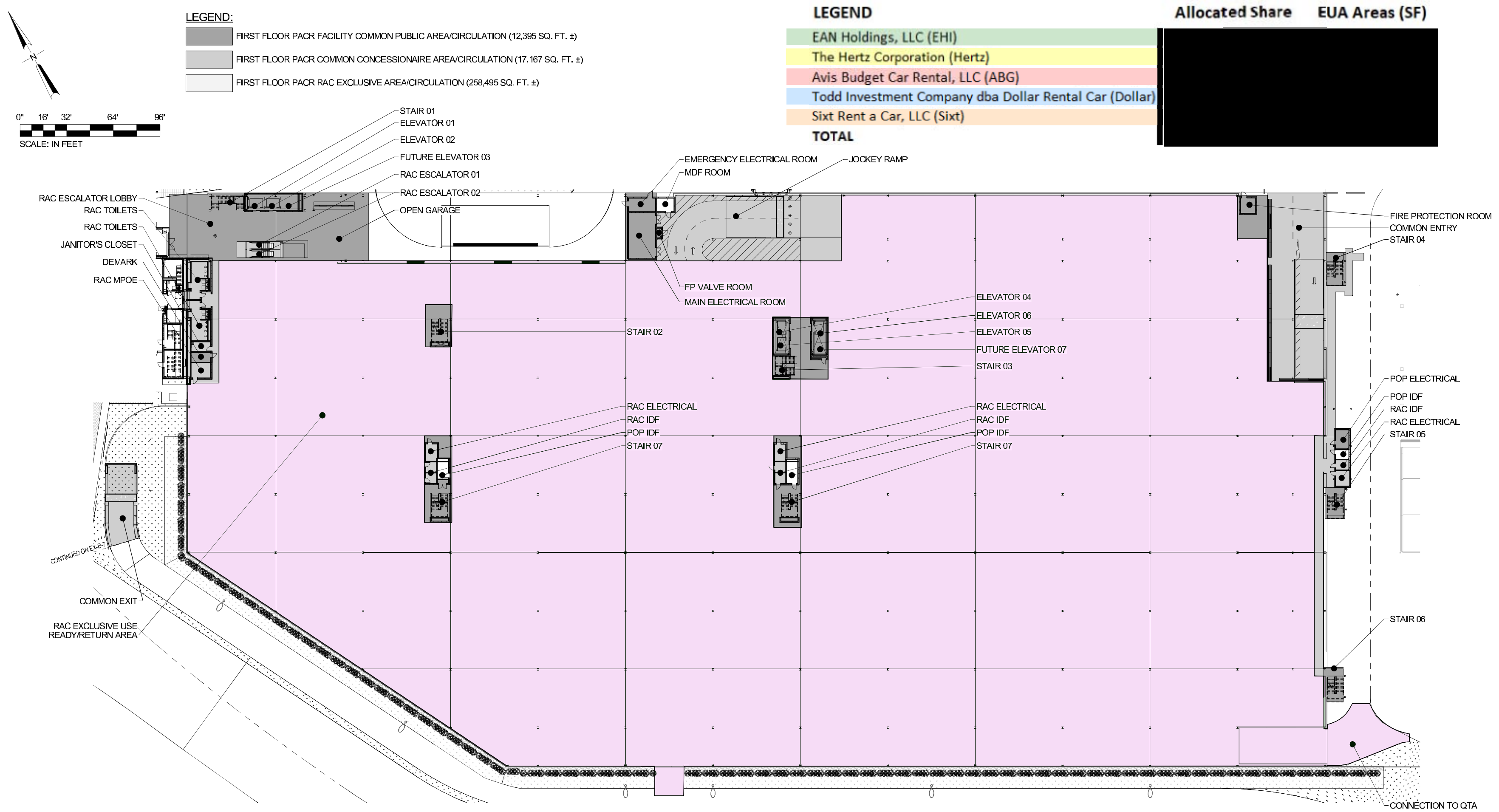
Car Sharing Brand:

____

LEGEND:

- FIRST FLOOR PACR FACILITY COMMON PUBLIC AREA/CIRCULATION (12,395 SQ. FT. ±)
- FIRST FLOOR PACR COMMON CONCESSIONAIRE AREA/CIRCULATION (17,167 SQ. FT. ±)
- FIRST FLOOR PACR RAC EXCLUSIVE AREA/CIRCULATION (258,495 SQ. FT. ±)

LEGEND	Allocated Share	EUA Areas (SF)
EAN Holdings, LLC (EHI)	[redacted]	
The Hertz Corporation (Hertz)		
Avis Budget Car Rental, LLC (ABG)		
Todd Investment Company dba Dollar Rental Car (Dollar)		
Sixt Rent a Car, LLC (Sixt)		
TOTAL		



Preliminary – Subject to Updates for Final Design and As-Built Condition

CAN YOU SEE THE AIRPLANES? THE ADJACENT SAMPLES SHOW THREE DIFFERENT LEVELS OF SHADING. SETTINGS FOR VIEWING AND PRINTING DRAWING CONTENT ARE OPTIMIZED WHEN ALL THREE PLANES ARE VISIBLE. THIS GUIDANCE IS PROVIDED FOR REFERENCE ONLY.

NO.	DATE	BY	REVISIONS	APP'VD	CK'D
H	10/19/2018		90% REVIEW SET		
F	7/6/2018		60% REVIEW SET		
C	5/14/2018		STEEL MILL ORDER SET		
A	4/26/2018		30% REVIEW SET		

PORT OF PORTLAND
PORTLAND, OREGON

YOST GRUBE HALL ARCHITECTURE

PGAL LLC

2015D038 DESIGN NUMBER

102171 PROJECT NUMBER

PRELIMINARY, NOT FOR CONSTRUCTION

DESIGNED BY Designer
DRAWN BY Author
CHECKED BY Checker
DATE 07/13/18
SCALE AS SHOWN

PORTLAND INTERNATIONAL AIRPORT

PARKING AND CONSOLIDATED RENTAL FACILITY (PACR)
FIRST FLOOR - PACR

SUBMITTED BY GRANT EVENHUS PROJECT ENGINEER

TYPE CD | DRAWING NO. PDX 2019-0500 | SHEET NO. Approver | DISC. SHT. NO. EX-B-1

PRINTED: 11/2/2018 1:27:58 PM C:\@RevitLocals\PDX-xxxx-102170-P3-02-ARCH-RAC-Main_PHarrell.rvt

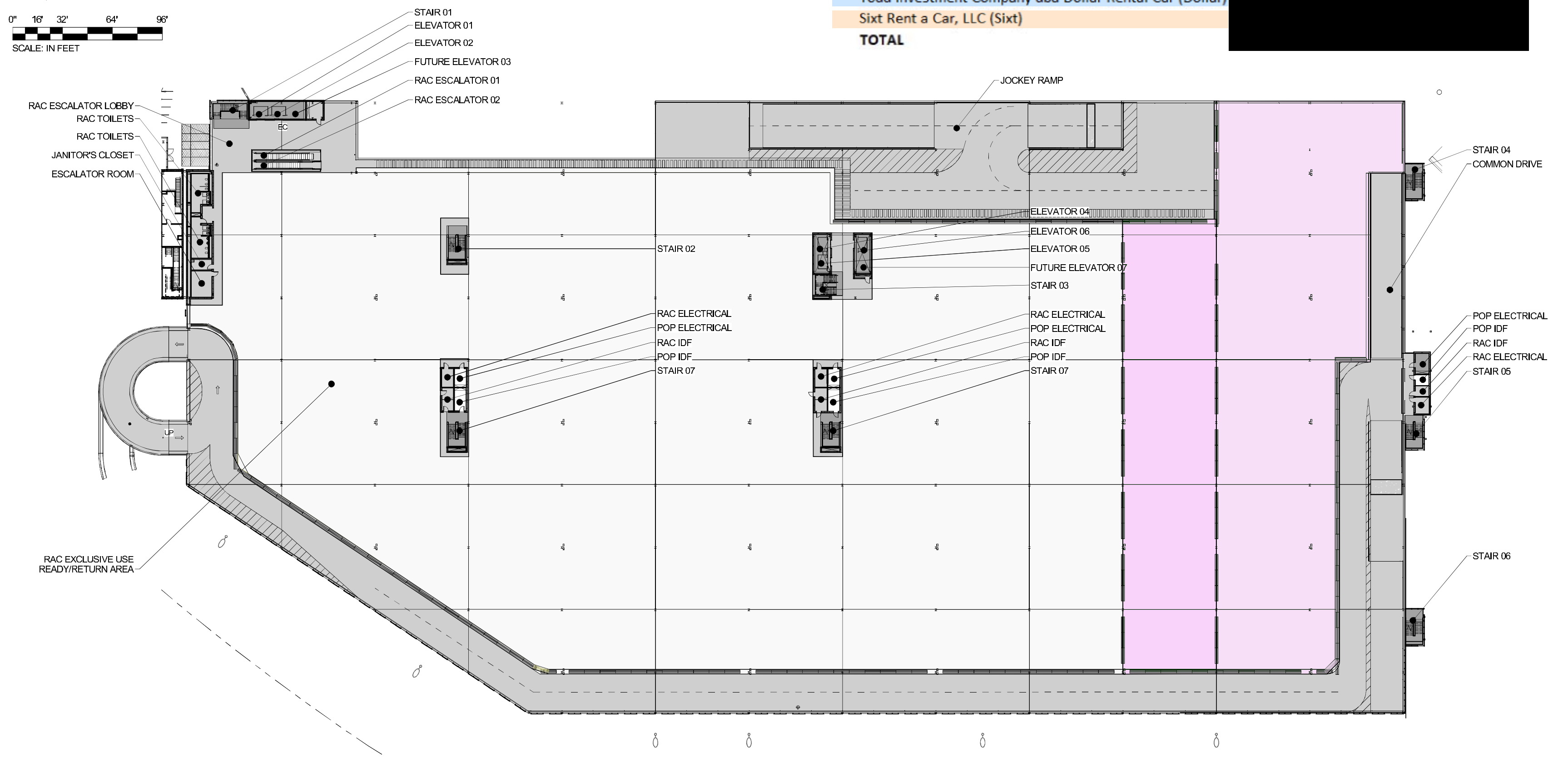
DRAWING SCALE IS REDUCED 50% WHEN SHEET SIZE IS 11" x 17".

Exhibit B
Diagram 1

LEGEND:

- SECOND FLOOR PACR COMMON PUBLIC AREA/CIRCULATION (3,895 SQ. FT. ±)
- SECOND FLOOR PACR RAC COMMON CONCESIONAIRE AREA/CIRCULATION (69,200 SQ. FT. ±)
- SECOND FLOOR PACR RAC EXCLUSIVE AREA/CIRCULATION (213,510 SQ. FT. ±)

LEGEND	Allocated Share	EUA Areas (SF)
EAN Holdings, LLC (EHI)	[redacted]	
The Hertz Corporation (Hertz)		
Avis Budget Car Rental, LLC (ABG)		
Todd Investment Company dba Dollar Rental Car (Dollar)		
Sixt Rent a Car, LLC (Sixt)		
TOTAL		



Preliminary – Subject to Updates for Final Design and As-Built Condition

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light gray / dark gray / black

NO.	DATE	BY	REVISIONS	APP'VD	CK'D	NO.	DATE	BY	REVISIONS	APP'VD	CK'D
						H	10/19/2018		90% REVIEW SET		
						F	7/6/2018		60% REVIEW SET		
						C	5/14/2018		STEEL MILL ORDER SET		
						A	4/26/2018		30% REVIEW SET		

PORT OF PORTLAND
PORTLAND, OREGON

YOST GRUBE HALL ARCHITECTURE
707 SW Washington Street | Suite 1200
Portland, OR 97205
t 503 221 0150 f 503 295 0840

PGAL

PGAL LLC
1425 Ellsworth Industrial Blvd
Suite 15
Atlanta, GA 30318
t 404 602 3800 f 404 602 3810

2015D038
DESIGN NUMBER

102171
PROJECT NUMBER

PRELIMINARY, NOT FOR CONSTRUCTION

DESIGNED BY Designer
DRAWN BY Author
CHECKED BY Checker
DATE 07/19/18
SCALE AS SHOWN

PORTLAND INTERNATIONAL AIRPORT

PARKING AND CONSOLIDATED RENTAL FACILITY (PACR)
SECOND FLOOR - PACR

SUBMITTED BY	TYPE	DRAWING NO.	SHEET NO.	DISC. SHT. NO.
GRANT EVENHUS PROJECT ENGINEER	CD	PDX 2019-0500	Approver	EX-B-2

PRINTED: 11/2/2018 1:28:13 PM C:\@RevitLocals\PDX-xxxx-102170-P3-02-ARCH-RAC-Main_PHarrell.rvt

DRAWING SCALE IS REDUCED 50% WHEN SHEET SIZE IS 11" x 17".

Exhibit B
Diagram 2

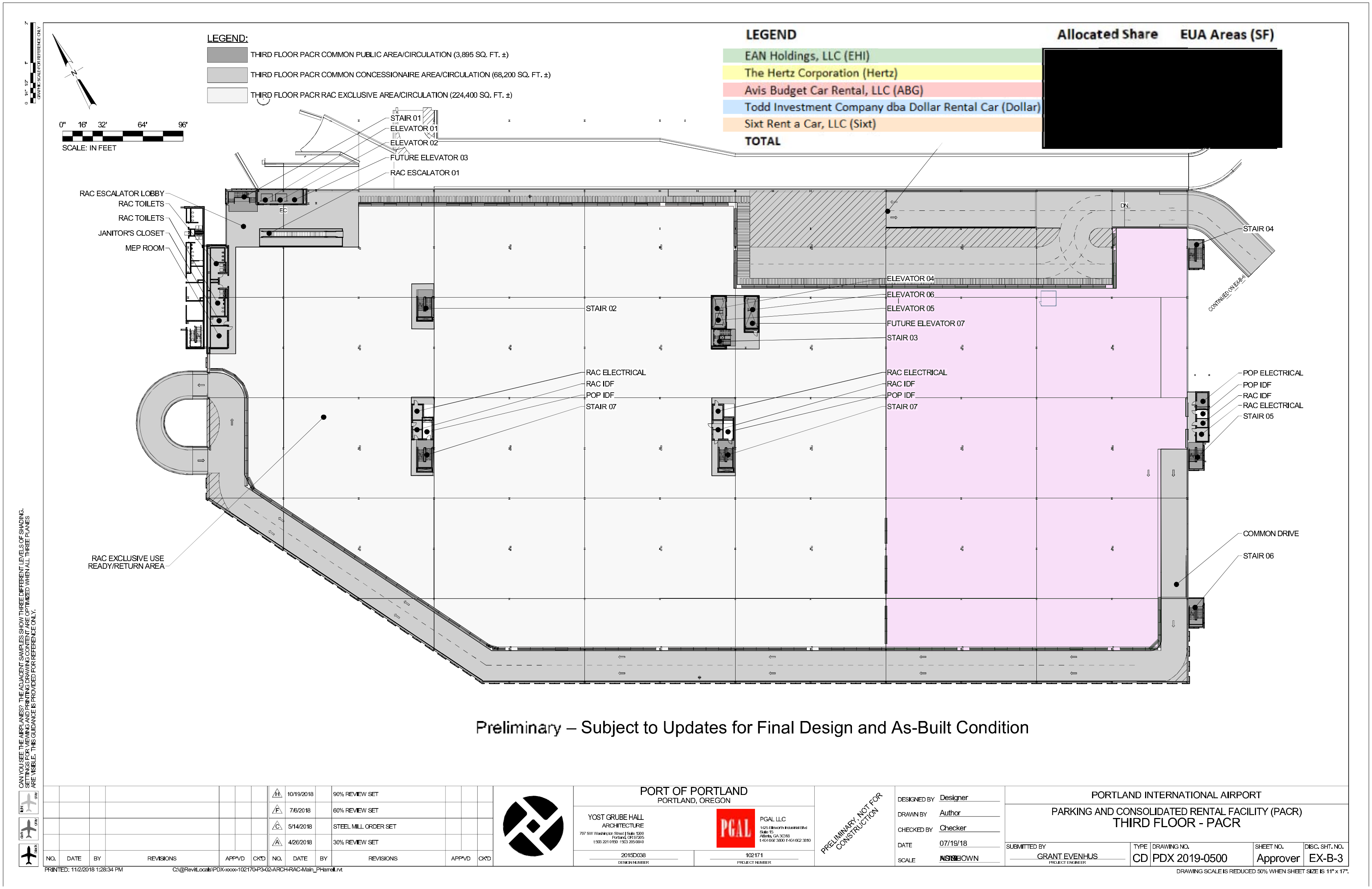


Exhibit B
Diagram 3

LEGEND:

CUSTOMER SERVICE COMMON PUBLIC AREA/CIRCULATION (684 SQ. FT. ±)

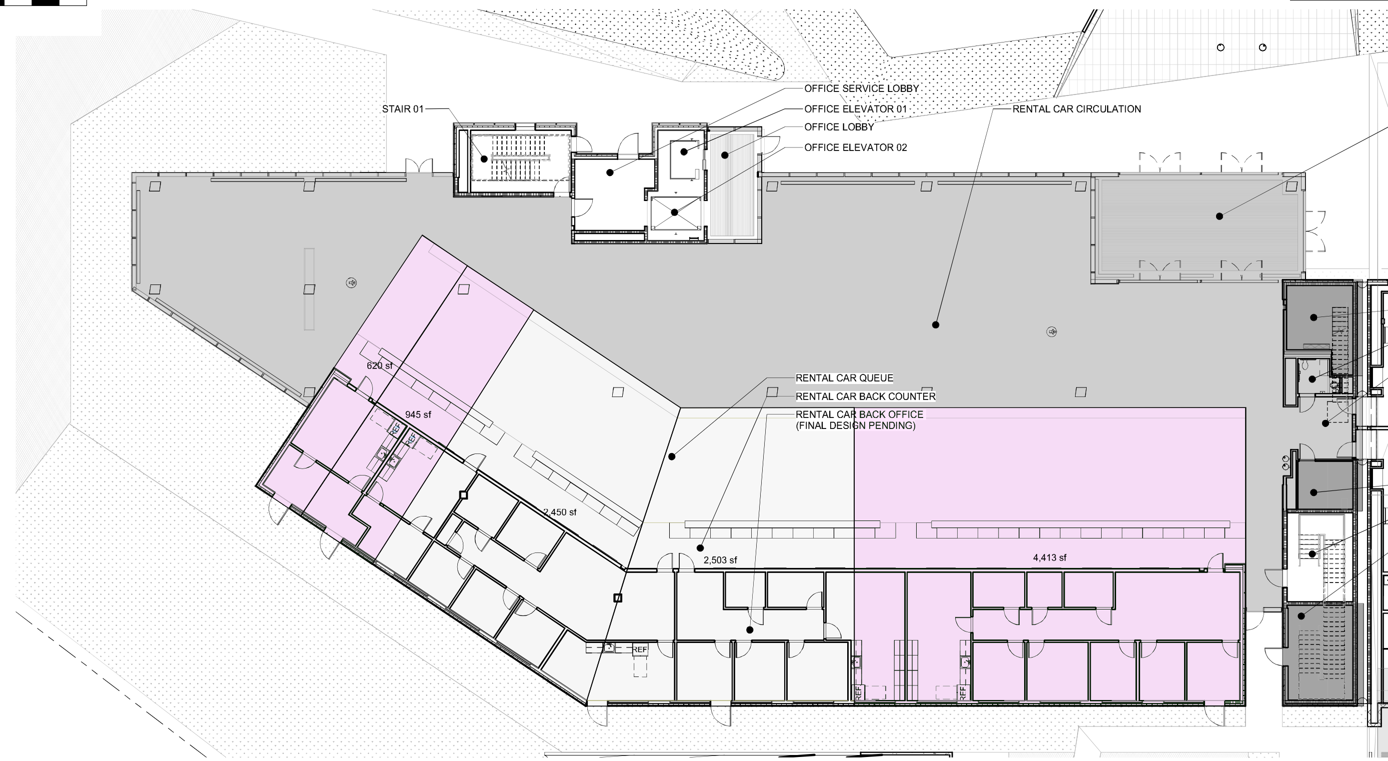
CUSTOMER SERVICE COMMON CONCESSIONAIRE AREA/CIRCULATION (8,735 SQ. FT. ±)

CUSTOMER SERVICE RAC EXCLUSIVE AREA/CIRCULATION (10,931 SQ. FT. ±)

0' 4' 8' 16' 32'

SCALE: IN FEET

LEGEND - QTA	Allocated Share	EUA (Linear Feet)
EAN Holdings, LLC (EHI)	[redacted]	
The Hertz Corporation (Hertz)		
Avis Budget Car Rental, LLC (ABG)		
Todd Investment Company dba Dollar Car Rental (Dollar)		
Sixt Rent a Car, LLC (Sixt)		
TOTAL		



Preliminary – Subject to Updates for Final Design and As-Built Condition

CAN YOU SEE THE AIRPLANES? THE ADJACENT SAMPLES SHOW THREE DIFFERENT LEVELS OF SHADING. SETTINGS FOR VIEWING AND PRINTING DRAWING CONTENT ARE OPTIMIZED WHEN ALL THREE PLANES ARE VISIBLE. THIS GUIDANCE IS PROVIDED FOR REFERENCE ONLY.

NO.	DATE	BY	REVISIONS	APP'VD	CK'D	NO.	DATE	BY	REVISIONS	APP'VD	CK'D
4	MM/DD/YY	CH	THIS IS A DESCRIPTION				10/17/2018	CH	90% REVIEW SET		
4	MM/DD/YY	CH	THIS IS A DESCRIPTION				7/6/2018	CH	60% REVIEW SET		
4	MM/DD/YY	CH	THIS IS A DESCRIPTION				5/14/2018		STEEL MILL ORDER SET		
1	MM/DD/YY	CH	THIS IS A DESCRIPTION				4/26/2018		30% REVIEW SET		

PORT OF PORTLAND
PORTLAND, OREGON

YOST GRUBE HALL ARCHITECTURE

PGAL LLC

2015D038 DESIGN NUMBER

102171 PROJECT NUMBER

PRELIMINARY, NOT FOR CONSTRUCTION

DESIGNED BY Designer
DRAWN BY Author
CHECKED BY Checker
DATE 07/13/18
SCALE AS SHOWN

PORTLAND INTERNATIONAL AIRPORT

PARKING AND CONSOLIDATED RENTAL FACILITY (PACR)
FIRST FLOOR - CSB

SUBMITTED BY GRANT EVENHUS PROJECT ENGINEER

TYPE	DRAWING NO.	SHEET NO.	DISC. SHT. NO.
CD	PDX 2019-0500	Approver	EX-B-4

DRAWING SCALE IS REDUCED 50% WHEN SHEET SIZE IS 11" x 17".

PRINTED: 11/2/2018 1:28:43 PM C:\@RevitLocals\PDX-xxxx-102170-P3-02-ARCH-RAC-Main_PHarrell.rvt

Exhibit B
Diagram 4

LEGEND:

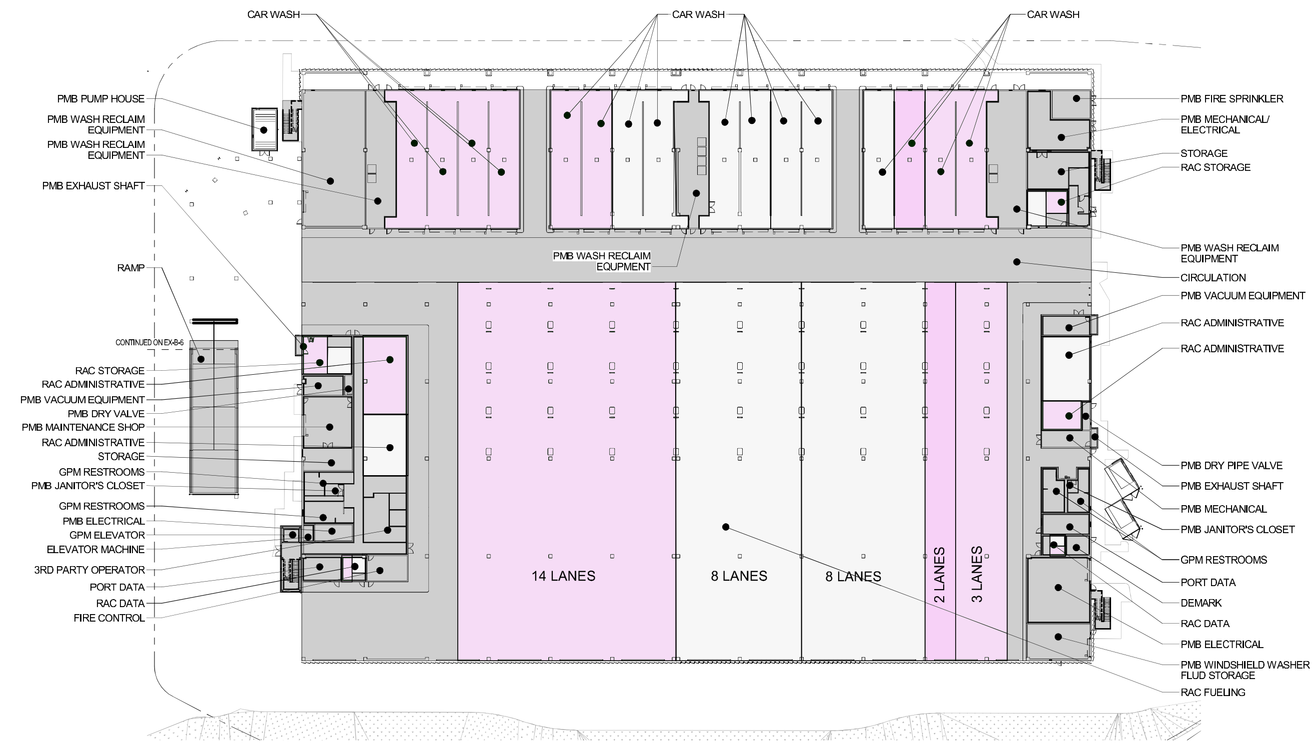
FIRST FLOOR QTA COMMON CONCESSIONAIRE AREA/CIRCULATION (63,233 SQ. FT. ±)

FIRST FLOOR QTA RAC EXCLUSIVE AREA/CIRCULATION (99,357 SQ. FT. ±)

0" 16' 32' 64' 96'

SCALE: IN FEET

LEGEND - QTA - Level 1	Allocated Share	Total EUA Area (SF)	Fuel Positions	Car Washes	Queuing (SF)	Admin
EAN Holdings, LLC (EHI)	[redacted]					
The Hertz Corporation (Hertz)						
Avis Budget Car Rental, LLC (ABG)						
Todd Investment Company dba Dollar Car Rental (Dollar)						
Sixt Rent a Car, LLC (Sixt)						
TOTAL						



Preliminary – Subject to Updates for Final Design and As-Built Condition

CAN YOU SEE THE AIRPLANES? THE ADJACENT SAMPLES SHOW THREE DIFFERENT LEVELS OF SHADING. SETTINGS FOR VIEWING AND PRINTING DRAWING CONTENT ARE OPTIMIZED WHEN ALL THREE PLANES ARE VISIBLE. THIS GUIDANCE IS PROVIDED FOR REFERENCE ONLY.

NO.	DATE	BY	REVISIONS	APP'VD	CK'D
H	10/19/2018		90% REVIEW SET		
F	7/6/2018		60% REVIEW SET		
C	5/14/2018		STEEL MILL ORDER SET		
A	4/26/2018		30% REVIEW SET		

PORT OF PORTLAND
PORTLAND, OREGON

YOST GRUBE HALL ARCHITECTURE

PGAL LLC

2015D038 DESIGN NUMBER

102171 PROJECT NUMBER

PRELIMINARY, NOT FOR CONSTRUCTION

DESIGNED BY Designer
DRAWN BY Author
CHECKED BY Checker
DATE 07/20/18
SCALE AS SHOWN

PORTLAND INTERNATIONAL AIRPORT

PARKING AND CONSOLIDATED RENTAL FACILITY (PACR)
FLOOR 1 - QTA

SUBMITTED BY GRANT EVENHUS PROJECT ENGINEER

TYPE CD | DRAWING NO. PDX 2019-0500 | SHEET NO. Approver | DISC. SHT. NO. EX-B-5

PRINTED: 11/2/2018 1:28:58 PM

DRAWING SCALE IS REDUCED 50% WHEN SHEET SIZE IS 11" x 17".

Exhibit B
Diagram 5

LEGEND:

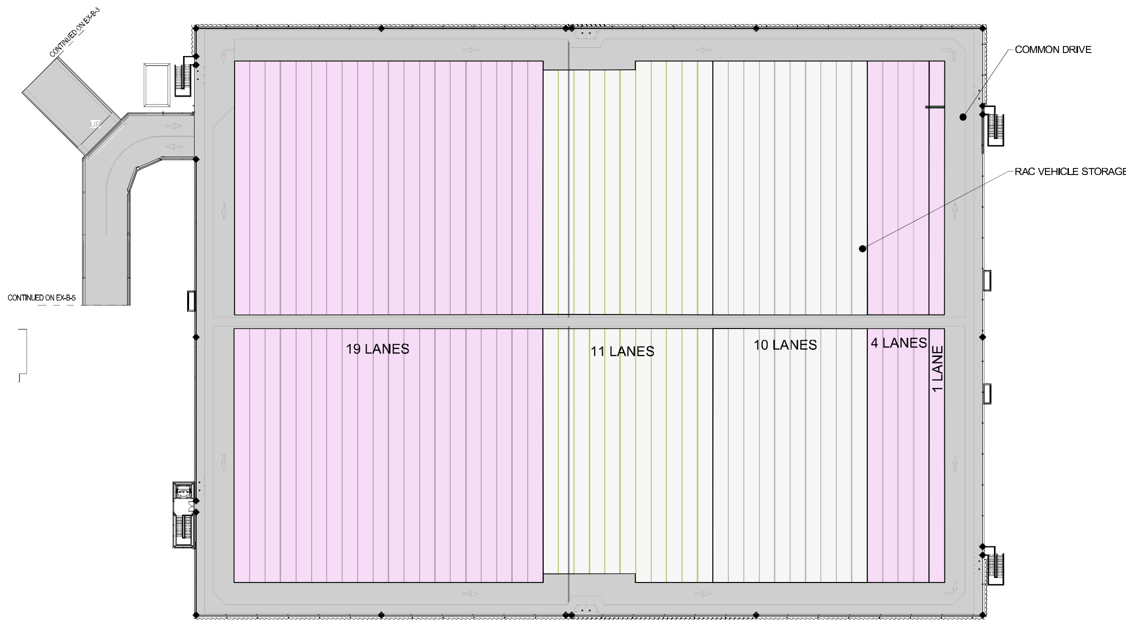
SECOND FLOOR QTA COMMON CONCESSIONAIRE AREA/CIRCULATION (42,420 SQ. FT. ±)

SECOND FLOOR QTA RAC EXCLUSIVE AREA/CIRCULATION (121,095 SQ. FT. ±)

0" 16' 32' 64' 96'

SCALE: IN FEET

LEGEND - QTA - Level 2	Allocated Share	Total EUA Area (SF)
EAN Holdings, LLC (EHI)	[redacted]	
The Hertz Corporation (Hertz)		
Avis Budget Car Rental, LLC (ABG)		
Todd Investment Company dba Dollar Car Rental (Dollar)		
Sixt Rent a Car, LLC (Sixt)		
TOTAL		



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						H	10/19/2018		90% REVIEW SET		
						F	7/6/2018		60% REVIEW SET		
						C	5/14/2018		STEEL MILL ORDER SET		
						A	4/26/2018		30% REVIEW SET		

PORT OF PORTLAND
PORTLAND, OREGON

YOST GRUBE HALL ARCHITECTURE

PGAL LLC

2015D038
DESIGN NUMBER

102171
PROJECT NUMBER

PRELIMINARY, NOT FOR CONSTRUCTION

DESIGNED BY Designer
DRAWN BY Author
CHECKED BY Checker
DATE 07/23/18
SCALE AS SHOWN

PORTLAND INTERNATIONAL AIRPORT

PARKING AND CONSOLIDATED RENTAL FACILITY (PACR)
FLOOR 2 - QTA

SUBMITTED BY	TYPE	DRAWING NO.	SHEET NO.	DISC. SHT. NO.
GRANT EVENHUS PROJECT ENGINEER	CD	PDX 2019-0500	Approver	EX-B-6

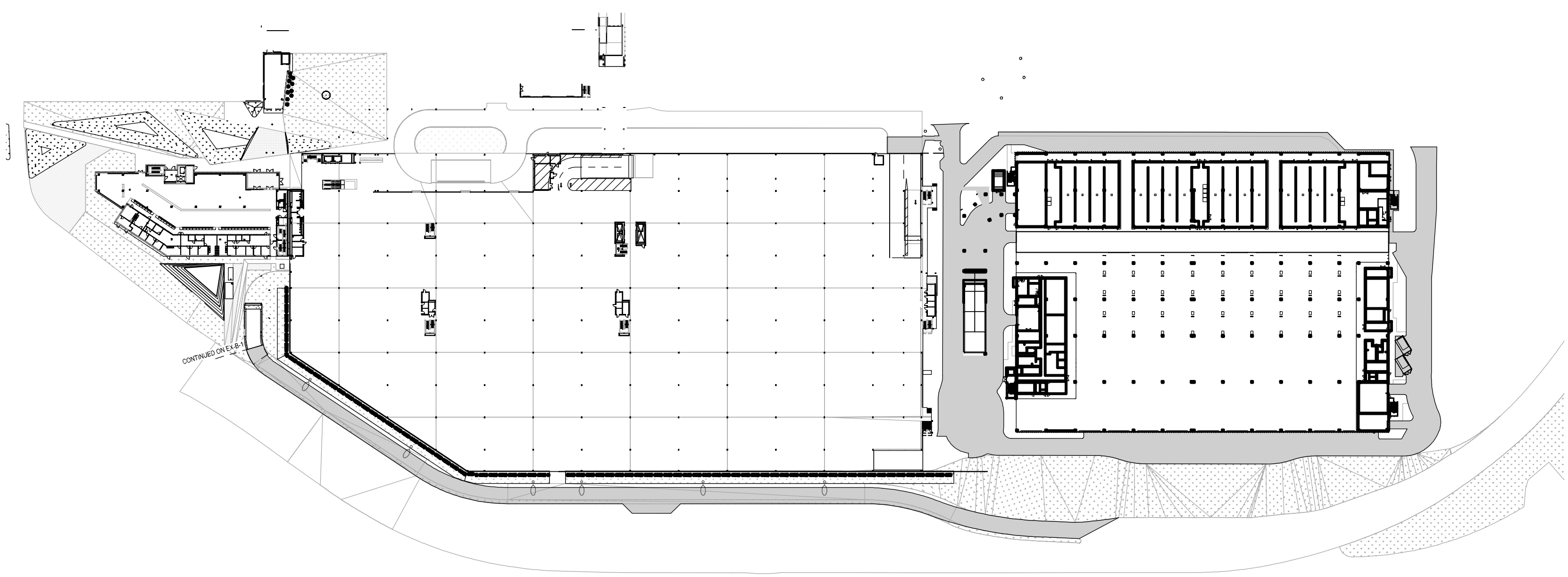
PRINTED: 11/2/2018 1:29:13 PM C:\@RevitLocals\PDX-xxxx-102170-P3-02-ARCH-RAC-Main_PHarrell.rvt

DRAWING SCALE IS REDUCED 50% WHEN SHEET SIZE IS 11" x 17".

Exhibit B
Diagram 6

LEGEND:

EXTERIOR FOOTPRINT COMMON CONCESSIONAIRE AREA/CIRCULATION (90,008 SQ. FT. ±)



Preliminary – Subject to Updates for Final Design and As-Built Condition

CAN YOU SEE THE AIRPLANES? THE ADJACENT SAMPLES SHOW THREE DIFFERENT LEVELS OF SHADING. SETTINGS FOR VIEWING AND PRINTING DRAWING CONTENT ARE OPTIMIZED WHEN ALL THREE PLANES ARE VISIBLE. THIS GUIDANCE IS PROVIDED FOR REFERENCE ONLY.

NO.	DATE	BY	REVISIONS	APP'VD	CK'D	NO.	DATE	BY	REVISIONS	APP'VD	CK'D
						H	10/19/2018		90% REVIEW SET		
						F	7/6/2018		60% REVIEW SET		
						C	5/14/2018		STEEL MILL ORDER SET		
						A	4/26/2018		30% REVIEW SET		

PORT OF PORTLAND
PORTLAND, OREGON

YOST GRUBE HALL ARCHITECTURE
707 SW Washington Street | Suite 1200
Portland, OR 97205
t 503 221 0150 f 503 295 0840

PGAL LLC
1425 Ellsworth Industrial Blvd
Suite 15
Atlanta, GA 30318
t 404 602 3800 f 404 602 3810

2015D038 DESIGN NUMBER

102171 PROJECT NUMBER

PRELIMINARY, NOT FOR CONSTRUCTION

DESIGNED BY Designer
DRAWN BY Author
CHECKED BY Checker
DATE 07/20/18
SCALE AS SHOWN

PORTLAND INTERNATIONAL AIRPORT

PARKING AND CONSOLIDATED RENTAL FACILITY (PACR)
EXTERIOR FOOTPRINT - COMMON

SUBMITTED BY	TYPE	DRAWING NO.	SHEET NO.	DISC. SHT. NO.
GRANT EVENHUS PROJECT ENGINEER	CD	PDX 2019-0500	Approver	EX-B-7

PRINTED: 11/2/2018 1:29:52 PM C:\@RevitLocals\PDX-xxxx-102170-P3-02-ARCH-RAC-Main_PHarrell.rvt

DRAWING SCALE IS REDUCED 50% WHEN SHEET SIZE IS 11" x 17".

Exhibit B
Diagram 7

Port of Portland

Proportionate Share Calculation

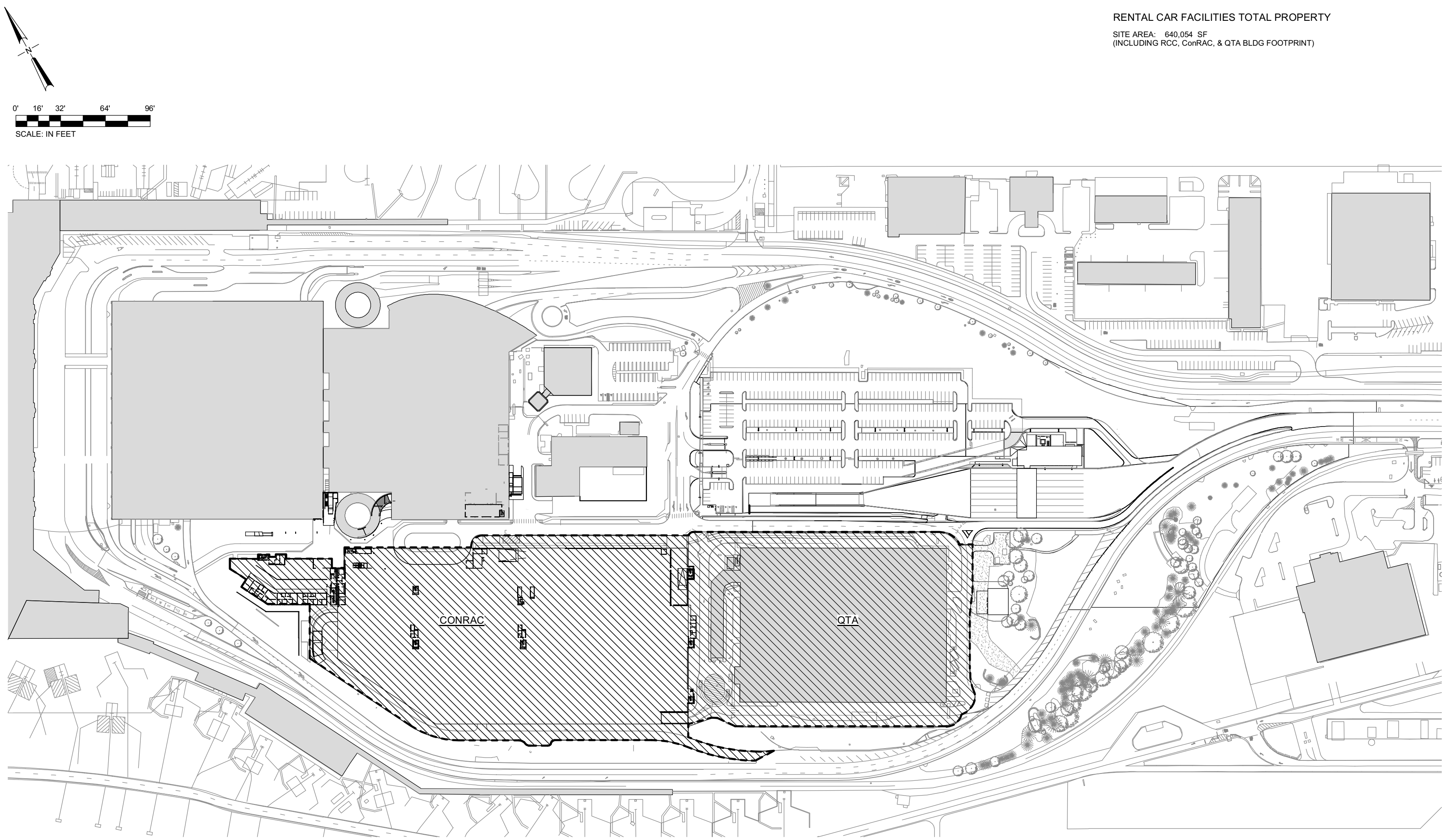
Aggregate square footage- All On-Airport Concessionaires:

Rental Car Company	Square Footage	Proportionate Share
EAN Holdings, LLC		
The Hertz Corporation		
Avid Budget Car Rental, LLC		
Todd Investment Company dba Dollar Rental Car		
Sixt Rent a Car, LLC		
Total Square Feet	**927,788**	**100%**

Section 3.- Property defines Proportionate Share as follows: *"Proportionate Share" shall be the percentage determined by dividing the aggregate square footage of Concessionaire's exclusive Property by the aggregate square footage of the exclusive Property of all On Airport Concessionaires.*

RENTAL CAR FACILITIES TOTAL PROPERTY

SITE AREA: 640,054 SF
(INCLUDING RCC, ConRAC, & QTA BLDG FOOTPRINT)



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NO.	DATE	BY	REVISIONS	APP'VD	CK'D	NO.	DATE	BY	REVISIONS	APP'VD	CK'D

PORT OF PORTLAND
PORTLAND, OREGON

YOST GRUBE HALL
ARCHITECTURE
707 SW Washington Street | Suite 1200
Portland, OR 97205
t 503 221 0150 f 503 295 0840

EXHIBIT D

2015D038
DESIGN NUMBER

102171
PROJECT NUMBER

PRELIMINARY, NOT FOR CONSTRUCTION

DESIGNED BY Designer
DRAWN BY Author
CHECKED BY Checker
DATE 05/17/18
SCALE 1" = 100'-0"

PORTLAND INTERNATIONAL AIRPORT

PARKING AND CONSOLIDATED RENTAL FACILITY
COMBINED CONRAC LEASABLE AREA

SUBMITTED BY	TYPE	DRAWING NO.	SHEET NO.	DISC. SHT. NO.
GRANT EVENHUS PROJECT ENGINEER	DD	PDX 2019-0500	Approver	P3-09.B

PRINTED: 6/26/2018 4:16:16 PM C:\~Revit Projects\PDX-xxxx-102170-P3-02-ARCH-Main_MatthewC.rvt

DRAWING SCALE IS REDUCED 50% WHEN SHEET SIZE IS 11" x 17".

EXHIBIT E

Monthly Statement
Portland International Airport

Port of Portland

This Monthly Statement and payment must be submitted to the Port of Portland at ________________________ by the twentieth (20th) of each month.

Rental Car Company (Concessionaire) ____

PORTLAND OREGON

Month ________________________ Year ____

Car-Sharing Rental Brand Gross Receipts (as defined in Rental Car Concession Lease and Operating Agreement)	**Dollars $**	**%**	**Concession Fee (Dollars $)**
(a) All charges including, but not limited to, time and mileage charges and separately stated fees for rental of Vehicles and other related or incidental services or merchandise, and any other items or services, made at or from the Airport, regardless of where the Vehicles or services are delivered to or returned.			0.00
(b) All amounts charged to Airport Customers for insurance offered by Concessionaire incidental to the rental of Vehicles including, but not limited to, personal accident insurance.			0.00
(c) All charges attributable to any Vehicle originally rented at the Airport which is exchanged at any other location.			0.00
(d) All proceeds from the long term lease of Vehicles from any location on the Airport.			0.00
(e) All amounts charged to Airport Customers and which are separately stated on the rental agreement between Airport Customers and Concessionaire as an optional charge for waiver by Concessionaire of its right to recover from Airport Customers for damage to or loss of the Vehicle rented.			0.00
(f) All amounts charged to Airport Customers at the commencement or the conclusion of the rental transaction for the cost of furnishing and/or replacing fuel provided by Concessionaire.			0.00
(g) All amounts charged by Concessionaire as a pass through to Airport Customers of Percentage Fee.			0.00
(h) Total revenue from the retail sale of any Vehicles on the Airport except for a sale of a Vehicle resulting from a rental commencing at the Airport in which the rental car is not returned, but rather is purchased by the Airport Customer that commences at the Airport, in which case only the initial rental and associated fees shall be included.			0.00
(i) Any other amounts, whether "above the line" or "below the line" associated with any rental transaction.			0.00
(j) All monies, fees, or other consideration received from airlines, travel agents or other consolidators/organizers as part of any package and/or promotion that features Concessionaire's services, fees or rates as part of a package.			0.00
(k) Service fees for toll transponders or similar license plate recognition services.			0.00
(l) Revenues from the rental of cellular phones, global positioning navigation systems, and child restraints.			0.00
(m) Intercity and/or drop charges.			0.00
(n) Fees for additional, underage, and overage drivers.			0.00
(o) Guaranteed reservation fees.			0.00
(p) Vehicle sharing and/or valet services.			0.00
(q) Revenues from the sale of permitted mobile phone and other accessories.			0.00
Total Gross Revenue:	**0.00**		

Total Percentage Fee	0.00
Monthly Minimum (1/12th of MAG)	
Concession Fee (Greater of Percentage Fee and Monthly Minimum)	**0.00**

Report must be signed to be valid.

I certify the above amounts to be correctly stated to the best of my knowledge.

Signed: ________________________________

Title: ________________________________

Contact Phone or Email: ________________________________

Date: ________________________________

Questions? Contact [name] [phone number]

Monthly Statement
Portland International Airport

Port of Portland

This Monthly Statement and payment must be submitted to the Port of Portland at ______________________________ by the twentieth (20th) of each month.

Rental Car Company (Concessionaire) ______________________________

PORTLAND OREGON Month ____________________ Year ______________________________

Gross Receipts (as defined in Rental Car Concession Lease and Operating Agreement)

Gross Receipts	Dollars $	%	Concession Fee (Dollars $)
(a) All charges including, but not limited to, time and mileage charges and separately stated fees for rental of Vehicles and other related or incidental services or merchandise, and any other items or services, made at or from the Airport, regardless of where the Vehicles or services are delivered to or returned.			0.00
(b) All amounts charged to Airport Customers for insurance offered by Concessionaire incidental to the rental of Vehicles including, but not limited to, personal accident insurance.			0.00
(c) All charges attributable to any Vehicle originally rented at the Airport which is exchanged at any other location.			0.00
(d) All proceeds from the long term lease of Vehicles from any location on the Airport.			0.00
(e) All amounts charged to Airport Customers and which are separately stated on the rental agreement between Airport Customers and Concessionaire as an optional charge for waiver by Concessionaire of its right to recover from Airport Customers for damage to or loss of the Vehicle rented.			0.00
(f) All amounts charged to Airport Customers at the commencement or the conclusion of the rental transaction for the cost of furnishing and/or replacing fuel provided by Concessionaire.			0.00
(g) All amounts charged by Concessionaire as a pass through to Airport Customers of Percentage Fee.			0.00
(h) Total revenue from the retail sale of any Vehicles on the Airport except for a sale of a Vehicle resulting from a rental commencing at the Airport in which the rental car is not returned, but rather is purchased by the Airport Customer that commences at the Airport, in which case only the initial rental and associated fees shall be included.			0.00
(i) Any other amounts, whether "above the line" or "below the line" associated with any rental transaction.			0.00
(j) All monies, fees, or other consideration received from airlines, travel agents or other consolidators/organizers as part of any package and/or promotion that features Concessionaire's services, fees or rates as part of a package.			0.00
(k) Service fees for toll transponders or similar license plate recognition services.			0.00
(l) Revenues from the rental of cellular phones, global positioning navigation systems, and child restraints.			0.00
(m) Intercity and/or drop charges.			0.00
(n) Fees for additional, underage, and overage drivers.			0.00
(o) Guaranteed reservation fees.			0.00
(p) Vehicle sharing and/or valet services.			0.00
(q) Revenues from the sale of permitted mobile phone and other accessories.			0.00
Total Gross Revenue:	**0.00**		

Total Percentage Fee	0.00
Monthly Minimum (1/12th of MAG)	
Concession Fee (Greater of Percentage Fee and Monthly Minimum)	**0.00**

Report must be signed to be valid.

I certify the above amounts to be correctly stated to the best of my knowledge.

Signed: ______________________________

Title: ______________________________

Contact Phone or Email: ______________________________

Date: ______________________________

Questions? Contact [name] [phone number]

EXHIBIT F

Annual Report
Portland International Airport

This Annual Report shall be submitted annually to the Port of Portland at ________________________ by September 30th

Rental Car Company (Concessionaire): ______________________________

Lease Number: ______________________________

Location: ______________________________

Lease Year: ______________________________

Car-Sharing Rental Brand? (Y/N) ______________________________

Period	Gross Sales	Percentage Rent	Minimum Annual Guarantee	Amount Paid
July				
August				
September				
October				
November				
December				
January				
February				
March				
April				
May				
June				
Totals:	$ -	$ -	$ -	$ -

Total Percentage Rent for Lease Year =	
Minimum Annual Guarantee =	
Total Rent Owed (Greater of % Rent and MAG) =	
Total Amount Previously Invoiced/Paid =	
(Credit)/Invoice Due =	

Report must be signed to be valid.

I certify the above amounts to be correctly stated to the best of my knowledge.
(Must be signed by Concessionaire's Chief Financial Officer or highest ranking financial manager, or an independent CPA firm.)

Signed: ______________________________

Type Name: ______________________________

Title: ______________________________

Contact Phone or Email: ______________________________

Date: ______________________________

Questions? Contact [name] [phone number]

EXHIBIT G

NOTICE TO TENANTS

Dear Tenant:

As you are aware, your agreement with the Port of Portland requires you to pay all property taxes assessed against the property you occupy. The Port of Portland and Multnomah County take this obligation seriously, and will strictly enforce it. If taxes are not paid promptly when due, the Port may pursue remedies for default, including termination of your agreement. Multnomah County may also pursue a collection action for unpaid taxes.

Property tax statements are sent by Multnomah County each November. If you wish to have your property tax statements sent to a different address, please contact the Multnomah County Division of Assessment and Taxation at:

Multnomah County
Division of Assessment and Taxation
501 S.E. Hawthorne Blvd.
Portland, OR 97214

EXHIBIT H

Port of Portland

Fill in green shaded areas.

Customer Facility Charge
Monthly Statement
Portland International Airport (PDX)

Concessionaire (Rental Car Company): ____________________

Reporting month: __________ **Agreement #:** __________

Year: __________ **Port of Portland Customer #:** __________

The Customer Facility Charge payment shall be due and payable on or before the twentieth day of each month for the preceding month as required by Ordinance No. 448. "Each RAC Company shall remit all CFC's collected or those that should have been collected regardless of whether or not actually collected by the RAC."

CFC Calculation: $6.00 per day / 4 day cap per contract:

# of Days in Contract	# of Transactions	# of Days in Contract	# of Transactions
1	-	9	-
2	-	10	-
3	-	11	-
4	-	12	-
5	-	13	-
6	-	14	-
7	-	15+	-
8	-		
Total		#VALUE!	

Total Rental Car Transactions:	0
Total Rental Car Days:	
Total CFC eligible days	0
Daily CFC Rate:	$6.00
CFC Amount Due	$0.00

I certify that this is a true and accurate statement of Customer Facility Charge revenue in accordance with the terms and conditions of the Concession and Lease Agreement at Portland International Airport for the month and year listed above.

Signed: ____________________

Title: ____________________

Date Submitted: ____________________

Contact Phone: ____________________

Contact Email: ____________________

Please email this digital form to Port of Portland Aviation Finance @ the following address:

EXHIBIT I

If you have questions on how to fill out this report please note the "Instructions" tab in this workbook. If you have further questions please contact us at the email address listed on this form.

Please fill in ALL green shaded areas:

Customer Facility Charge
Annual Report
Portland International Airport (PDX)

Rental Car Company:

CFC Reporting Period: July 1, 20XX - June 30, 20XX

Port of Portland Customer #:

Agreement #:

CFC Calculation: $6.00 per day / 4 day cap per contract:

# of Days in Contract	# of Transactions	# of Days in Contract	# of Transactions
1		9	
2		10	
3		11	
4		12	
5		13	
6		14	
7		15+	
8			
Total		#VALUE!	

Annual Total Transactions	#VALUE!
Annual Total Transaction Days	
CFC Eligible Transaction Days	0
CFC Rate Per Day	$ 6.00
Total CFCs	$ -

DRAFT

Variances

Month	Previously Reported CFC Eligible Transaction Days	Previous CFC Payment Received	Actual CFC Eligible Transaction Days	Actual CFC Payment Due	Variance Qty	Variance $
Jul-XX		$ -		$ -	-	$ -
Aug-XX		$ -		$ -	-	$ -
Sep-XX		$ -		$ -	-	$ -
Oct-XX		$ -		$ -	-	$ -
Nov-XX		$ -		$ -	-	$ -
Dec-XX		$ -		$ -	-	$ -
Jan-XX		$ -		$ -	-	$ -
Feb-XX		$ -		$ -	-	$ -
Mar-XX		$ -		$ -	-	$ -
Apr-XX		$ -		$ -	-	$ -
May-XX		$ -		$ -	-	$ -
Jun-XX		$ -		$ -	-	$ -
TOTAL:	0	$ -	-	$ -	-	$ -

If total Variance $ is a positive figure, please remit this amount. If total Variance $ is negative, this amount is due from the Port.

I certify that this is a true and accurate statement of Customer Facility Charge revenue in accordance with the terms of Ordinance 448.

Signed:

Title:

Date Submitted:

Contact Phone:

Contact Email:

EXHIBIT J

RENTAL CAR WASTE MINIMIZATION STRATEGY AND OPERATIONAL REQUIREMENTS

1. BACKGROUND

The purpose of this waste minimization strategy is to facilitate car rental tenants (RACs) compliance with the Port and City of Portland materials management goals and business recycling requirements. The Waste Management Plan developed as a requirement of the New QTA's Envision Certification will provide the operational foundation for the RACs to follow in pursuit of this goal.

2. EXPECTATIONS

The Rental Car companies will work together to operate a single waste and recycling collection area for the QTA, customer counter and garage facilities. The RACs will hire a single vendor to provide waste and recycling containers as well as transport services. The Port will conduct a waste and recycling assessment to establish baseline waste generation and recycling rates ("baseline assessment") within one year after the RACs have moved into the new QTA. The Port will conduct an annual waste assessment of the new QTA facility to assess progress towards the City of Portland Waste Minimization Goal and provide data that can be used by the RACs to reduce future waste-related operating expenses. Through this materials management effort the RACs will continuously improve the operation's waste diversion rate compared to the baseline assessment with the goal of reaching, the City of Portland business recycling requirements.

3. OPERATIONAL REQUIREMENTS

The RACs will:

(a) not deposit recyclable materials in the landfill waste stream;

(b) train and incentivize existing and new employees to minimize waste and recycle appropriate materials;

(c) utilize and promote the use of Port approved, waste and recycling collection containers and equipment in public areas;

(d) collect recyclables consistent with those items currently identified by the City of Portland and Metro (typically referred to as "curbside" recyclables). The RACs may also collect other recyclable or salvageable materials if desired;

(e) have paired recycling containers (commingled recycling and landfill waste) appropriate in size and design for use in the given area by rental car customers and RAC employees at garage pickup and drop off areas and customer counter areas. RACs will have separate containers in pick up and drop off areas for glass recycling if glass is not allowed in the commingled recyclables mix;

(f) will have appropriate containers in the quick turnaround area to promote collection of recyclable materials;

(g) manage all wastes/recyclables generated by RAC operations in the counter areas, garages and QTA at the QTA consolidated waste Collection Area. However, at the Port's discretion the counter areas may be excluded from the QTA waste assessments.

4. IMPLEMENTATION

(a) The Port will perform a baseline waste and recycling assessment for the QTA waste Collection Area within twelve (12) months of the New QTA Date of Occupancy. A copy of the assessment will be provided to the RACs. The Port will perform this assessment at its own expense.

(b) Based on the baseline assessment results, the Port will assist the RACs with waste receptacle signage placement and Concessionaire employee outreach.

(c) The Port may perform follow up waste and recycling assessments as often as annually to assess the RACs progress toward compliance with City recycling requirements (currently 75% of all waste generated must be diverted). The assessment will be conducted by a third party selected by the Port Waste Minimization Program and the cost will be paid by the RACs.

(d) Data from the assessments will be used by the RACs to improve performance with the goal of meeting the City of Portland Business Recycling Requirements. Within 60 days of receiving the annual waste assessment results the RACs will provide a list of actions implemented to achieve continual improvement toward this goal.

(e) To increase efficiency and reduce traffic/congestion RACS shall agree to use one waste hauler to provide waste and recycling services for all of the On-Airport Concessionaires.

(f) The Port may provide the RACs waste related technical assistance and support as needed.

EXHIBIT K

Consolidated Rental Car Project – All listed square footage is approximate based on design and may change at the completion of construction based on as-builts.

Project Overview:

The PDX Consolidated Rental Car Facility is part of the Parking Additions and ConRAC (PACR) Project. PACR is located to the south of the HQP2 parking structure and the Central Utility Plant (CUP). The 1,630,400 square foot open parking structure consists of 6 levels of above grade parking. The top tier of PACR is approximately 61'-0" above grade. The top two tiers, levels 5 and 6, step back from the south face to stay below the FAR Part 77 surface. The primary functions and features of PACR consist of the following:

- 842,090sf of Rental Car ready/return program on levels 1 through 3
- 762,250sf of Long Term Public parking on levels 4 through 6
- Two pedestrian connections to the existing south tunnel connecting PACR to the Terminal: The On Grade Connector and an east extension of the existing south tunnel.
- A cantilevered roadway at level 3 connecting the south helix exit ramp to the east exit plaza
- Bridges on levels 4 through 6 connecting PACR to P2
- Helix at SW corner of PACR to exit rental car customers

On Grade Connector:

The On Grade Connector is located south of P2 between P1 and the south helix. The 4,350 square foot day lit tunnel extension interconnects the south pedestrian tunnel at P2 with Level 1 of P1. Passengers at tunnel level using the existing southwest P2 elevator bank converge with passengers using the new stair, escalators, and elevator at an on-grade lobby. The new enclosed lobby exits to a covered walkway that connects to the RCC main entry. The primary functions and features of the On Grade Connector consist of the following:

- 4,350 sf glass enclosed lobby area, expanding the existing P1 level 1 core.
- New ramp from P1 elevator lobby to at grade lobby
- Two new 40" wide escalators from tunnel to at grade lobby
- New 8'-0" wide stairs from tunnel to at grade lobby
- New continuous skylight over stairs and escalators

Rental Car Center (RCC):

The RCC building is located south of the P1 parking structure and west of PACR. The 19,785 square foot rental car center customer lobby is on the ground floor of a 4 story office building. The RCC provides access to the RAC floors of PACR via a circulation core located in the NW corner of the parking structure. The core includes stairs, escalators, and elevators. It is programmatically connected to the south tunnel of the Terminal via new escalators that carry RAC customers up to a covered canopy connecting them to the RCC main entry. The RAC customer lobby is a double height lobby and single story back of house support spaces for the rental car companies. The primary functions and features of the CSB consist of the following:

- 13,000 sf of customer service lobby / queuing area
- 196 lineal feet of rental car counter
- 2,000 sf behind counter work area
- 6,300 sf back of house area for RAC support spaces
- 2,100 sf (700 sf each floor) of toilet facilities at levels 1, 2 and 3 in PACR for RAC customers/staff

Improvement Responsibility Matrix

***All Concessionaire improvements are required to go through the Port Tenant Improvement Process for approval.**

		Responsible Party			
AREA	**ITEM**	**PACR Project Base Build**	**Concessionaire**	**FINISH**	**COMMENTS**
A - PACR Garage Structure					
A.1	Footings and Foundation	X			
A.2	Superstructure (Columns, Girders, Beams)	X			
A.3	Concrete Slab-on-Grade / Elevated Decks (Levels 2-6)	X			Finish TBD - Levels 1-3; finish to be reviewed with Tenant
A.4	Bottom of Deck / Steel Structure Finish	X		Paint	White
A.5	Garage Weatherproofing (Roofing Membrane / Traffic Coating)	X			Where applicable
A.6	Access and Egress Roadways	X			
A.7	Ramp Structures (speed ramps between PACR Structure and Existing Parking Garages 1 and 2 and between PACR Structure and QTA; Tenant Exit Helix)	X			
A.8	Pedestrian Circulation Cores	X			Includes all Elevators, Escalators, Stairs and code required common building signage
A.9	Toilet Core (Garage Levels 1-3)	X			Includes all Finishes, Fixtures, Equipment, Electrical, HVAC and Plumbing
A.10	Shuttle Bus Drop-off/Pick-up Area	X			
A.11	Canopy (if applicable)/Signage at Shuttle Bus Drop-off/Pick-up Area	X			
A.12	Exterior Architectural Treatment	X			
A.13	Exterior Building Signage / Lighting (as applicable)	X			

Improvement Responsibility Matrix

***All Concessionaire improvements are required to go through the Port Tenant Improvement Process for approval.**

		Responsible Party			
AREA	**ITEM**	**PACR Project Base Build**	**Concessionaire**	**FINISH**	**COMMENTS**
A.14	Doors, Hardware and Access Control	X			Access control beyond base build (cipher, card access, etc.) is considered Tenant improvement. Limited non-electronic cipher locks to be considered by base build where necessary. Keys during initial base build to be ordered by Tenant and provided by PACR Project.
A.15	Garage Lighting	X			Fc to be determined based on energy code and efficiency requirements; typical lighting level is between 5-10 fc.
A.16	Main electrical service including conduit, raceway and grounding	X			Electrical service will be sized to provide adequate capacity to support all current and future PDX and Tenant Improvement requirements, as appropriate.
A.17	Port Electrical / Fire Protection Equipment Rooms (Service Entry Section, Transformers and Port Panelboards and required climate control)	X			Includes standard Finishes and Lighting. Exhaust fan only, no climate control.
A.18	Tenant Electrical Equipment Rooms including Tenant Panelboards and climate control (as required)	X			Includes standard Finishes and Lighting. Exhaust fan only, no climate control. Includes a single panelboard in each of the Tenant electrical rooms. Individual Tenants will not have a dedicated panelboard.
A.19	Conduit and Electrical Feeders between Port Panelboards and Tenant Panelboards	X			Includes feeder terminations to ready Tenant Panels for Tenant conductor and breaker installation.
A.20	Fire Suppression System	X	X		PACR Project to provide base building main system; Tenant to extend based on Tenant design/ improvements; Tenant scope includes extending system to Exclusive Use Area in accordance with Code. Dry fire sprinkler trunk will be provided in the documents with a capped connection for Tenant on all three floors in the premium booth areas only.

Improvement Responsibility Matrix

***All Concessionaire improvements are required to go through the Port Tenant Improvement Process for approval.**

		Responsible Party			
AREA	ITEM	PACR Project Base Build	Concessionaire	FINISH	COMMENTS
A.21	Fire/Life/Safety Annunciator System	X	X		PACR Project to provide base building main system; Performance specified system that will match existing Port requirements. Portions of the system will be identified on the documents. Tenant Scope includes extending system to Exclusive Use Area improvements in accordance with Code.
A.22	Fresh Air Make-up System and Ductwork at Customer Service Booth zone	X	X		PACR Project to provide four exhaust duct risers in the premium booth areas. Tenant scope includes branch ductwork attachment to booths and risers for both premium and exit booths.
A.23	Condensate Drain System to Garage floor drains		X		System will be tied into the sanitary system.
A.24	Roof Drains / Overflow Drains (as applicable), Vertical and Horizontal Roof Drain Leaders / piping protection	X			Locations of piping to be coordinated with Tenant.
A.25	Port IT Equipment Rooms with applicable lighting and climate control	X			To be located within PACR floor plates, as designed.
A.26	Fiber and Copper (copper if available) Backbone Cabling service to Port IT Equipment Rooms	X			Cabling size to be confirmed with Port IT / Tenant requirements and provided to CenturyLink.
A.27	Site Manhole for LEC and Cable Service Provider use	X			Port to confirm requirements with LEC / Cable Service provider.
A.28	Conduit Pathway between Site Manhole and Port IT Equipment Room(s)	X			Cabling installation to be coordinated by Port with LEC / Cable Service provider.
A.29	Fiber conduit/pathway between Port IT Equipment Rooms and Tenant IT Equipment Rooms	X			Includes pull boxes spaced as appropriate and dedicated conduit for each Tenant.

Improvement Responsibility Matrix

***All Concessionaire improvements are required to go through the Port Tenant Improvement Process for approval.**

		Responsible Party			
AREA	ITEM	PACR Project Base Build	Concessionaire	FINISH	COMMENTS
A.29.1	Fiber conduit/pathway between Tenant IT rooms and NEMA-rated boxes at Garage Operational Floor Plates		X		
A29.2	Fiber cabling between Port IT Equipment Rooms and Tenant IT Equipment Rooms		X		
A29.3	Fiber cabling between Port IT Equipment Rooms and NEMA-rated boxes at Garage Operational Floor Plates		X		
A.30	Cable tray systems (as applicable) for Fiber and Copper (copper if available) Backbone Cabling distribution within Port Equipment Rooms	X			
A.30.1	Cable tray systems (as applicable) for Fiber and Copper Backbone Cabling distribution within Tenant IT Equipment Rooms		X		
A.31	Tenant IT Equipment Rooms with applicable lighting and climate controls	X			PACR Project to provide mini ductless split for minimum climate control in each Tenant IT room. Climate control requirements to be verified with Tenant.
A.32	NEMA-rated IT boxes for cabling terminations at Garage Operational Floor Plates - including Quad 120v Receptacle and climate control - power conduit and terminations to Tenant Power panel		X		Box locations to be coordinated with Customer Service Booth and Exit Booth Zones at each Operational Floor Plate.

Improvement Responsibility Matrix

***All Concessionaire improvements are required to go through the Port Tenant Improvement Process for approval.**

		Responsible Party			
AREA	**ITEM**	**PACR Project Base Build**	**Concessionaire**	**FINISH**	**COMMENTS**
A.33	Grounding Buss(es) and connection to Base Building Grounding System	X			PACR Project to provide ground bus bar connection that is tied into the main building grounding system, in each Tenant IT room. Separate grounding electrode conductor and ground bus bar will be provided for Tenant; locations to be coordinated with Tenant IT Enclosures within Tenant IT Equipment Rooms.
A.34	Quad 120v Receptacle, conduit and feeders for connection to Port Power panel	X			Locations to be coordinated with Tenant IT Enclosures within Tenant IT Equipment Rooms. 120V receptacle to be connected to Tenant electrical panel. Code-required minimum convenience receptacles in each Tenant electrical room. No convenience receptacles in Tenant IT rooms.
A.35	Chain link IT Equipment Room sub-divisions with lockable gates at multi-Tenant floorplates, if applicable	X			
A.36	Wall or Floor-mounted IT Equipment racks at Tenant IT Equipment Rooms		X		
A.37	Exterior Landscaping	X			
A.38	Exterior Hardscaping	X			
A.39	Directional Signage (non-Tenant Exclusive Use Area) - internal and external on Access Roadways, at Ramp Structures and at Pedestrian Vertical Circulation Core	X			Tenant to provide "camera-ready" artwork; Port to review final signage layout / artwork / construction with Tenant prior to fabrication.
A.40	Code Required Signage	X			
A.41	Public Art (as applicable)	X			
A.42	Luggage Carts - Electrical / Data Connection points	X			Provision of Luggage Cart corrals / management of carts by others. Confirm corral location(s) with Tenant.

Improvement Responsibility Matrix

***All Concessionaire improvements are required to go through the Port Tenant Improvement Process for approval.**

		Responsible Party			
AREA	ITEM	PACR Project Base Build	Concessionaire	FINISH	COMMENTS
A.43	Concrete Demising Barriers	X			PACR Project provide barriers along Perimeter Customer Exit Drive. Tenant provides barriers between individual Tenant Exclusive Use Areas (as applicable); barrier type to be determined by Design Team And communicated to Tenants; additional barriers beyond base build considered Tenant Improvement.
A.44	Customer Service Booth Floor		X		Reinforced Area Provided by PACR Project
A.45	Customer Service Booth Ceiling		X		
A.46	Customer Service Booth Enclosure Walls		X		
A.47	Customer Service Booths		X		
A.48	Customer Service Booth HVAC		X		
A.49	Customer Service Booth Electrical Conduit		X		
A.50	Customer Service Booth Electrical Wiring		X		
A.51	Customer Service Booth Data/Communications Conduit		X		From Tenant IT Equipment Room
A.52	Customer Service Booth Data/Communications Wiring		X		From Tenant IT Equipment Room
A.53	Customer Service Booth Data/Communications Installation		X		
A.54	Customer Service Booth Data/Communications Systems		X		
A.55	Customer Service Signage		X		Signage standards to be determined by Port.
A.56	Customer Service Booth HVAC/Elec Conduit/Data Conduit		X		

Improvement Responsibility Matrix

***All Concessionaire improvements are required to go through the Port Tenant Improvement Process for approval.**

		Responsible Party			
AREA	**ITEM**	**PACR Project Base Build**	**Concessionaire**	**FINISH**	**COMMENTS**
A.57	Tenant Branding		X		
A.58	EUA Stall Signage (overhead, slab-mounted, column mounted)		X		Signage standards to be determined by Port.
A.59	Floor Striping - Common & regulatory pavement markings; Customer Circulation, QTA Access Circulation, Code-Required	X			Base build will provide striping outside Exclusive Use Areas (common paths (pedestrian and vehicular).
A.60	Exclusive Use Area Pavement markings (Stalls, Return Lanes, Stall Numbering, Exclusive Walk Path, Arrows, Stop bars, etc.)		X		
A.61	Exit Booths		X		
A.62	Exit Booth HVAC		X		
A.63	Exit Booth Electrical Conduit		X		
A.64	Exit Booth Electrical Wiring		X		
A.65	Exit Data/Communications Conduit		X		From Tenant IT Equipment Room
A.66	Exit Booth Data/Communications Wiring Back to IDF		X		From Tenant IT Equipment Room
A.67	Exit Booth Data/Communications Installation		X		
A.68	Exit Booth Data/Communications Systems		X		
A.69	Exit Booth Signage		X		Illuminated
A.70	Exit Booth Vehicle Barricades (Tiger Teeth and Crash Barriers)		X		
A.71	Exit Booth Gate Arms		X		

Improvement Responsibility Matrix

***All Concessionaire improvements are required to go through the Port Tenant Improvement Process for approval.**

		Responsible Party			
AREA	**ITEM**	**PACR Project Base Build**	**Concessionaire**	**FINISH**	**COMMENTS**
A.72	Exit Booth Barricade Operational Systems		X		
A.73	Return Lane Barrier & System		X		
A.74	Exit Booth Vehicle Security		X		Including Cameras
B - Customer Service Building					
B.1	Footings and Foundation	X			
B.2	Superstructure (Columns, Girders, Beams)	X			
B.3	Concrete Slab-on-Grade / Elevated Decks	X			Customer Service Lobby is a double height space and includes 3 floors above.
B.4	Pedestrian Circulation Core (2)	X			Includes all Elevators, Escalators and Stairs.
B.5	Exterior Curtainwall / Storefront	X			
B.6	Exterior Canopy Structure	X			
B.7	Electrical Service including all conduit, raceway and grounding	X			Electrical service will be sized to provide adequate capacity to support all current and future PDX and Tenant Improvement requirements.
B.8	Port Electrical / Fire Protection Equipment Rooms (Service Entry Section, Transformers and Port Panelboards and required climate control)	X			Includes standard Finishes and Lighting.
B.9	Lobby / Vestibule Lighting	X			
B.10	Back of House Lighting (Conduit, Wiring and Fixtures)	X			
B.11	Back of House Electrical Distribution (Conduit and Wiring)	X			Appropriately sized Back of House feeders and conduit pathway will be provided in the documents.

Improvement Responsibility Matrix

***All Concessionaire improvements are required to go through the Port Tenant Improvement Process for approval.**

		Responsible Party			
AREA	**ITEM**	**PACR Project Base Build**	**Concessionaire**	**FINISH**	**COMMENTS**
B.12	Tenant Electrical Equipment Rooms including Tenant Panelboards and climate control (as required)	X			Located as designed - location(s) to be coordinated with Tenant, includes standard finishes and lighting. Includes a single panelboard in each of the Tenant electrical rooms. Individual Tenants will not have a dedicated panelboard.
B.13	Conduit and Electrical Feeders between Port Panelboards and Tenant Panelboards	X			Appropriately sized feeders and conduit/pathway will be provided in the documents; includes all feeder terminations to ready Tenant Panels for Tenant conductor and breaker installation.
B.14	Conduit Distribution from Tenant Electrical Equipment Rooms to pull-boxes at Linear Counter	X			Appropriately sized conduit/pathway will be provided in the documents; underground conduit to be coordinated with Tenant / conduit installation in/under Slab on Grade (SOG).
B.15	Conduit/pathway Distribution from Tenant Electrical Equipment Rooms to floor boxes at Kiosk Locations in Lobby	X			Appropriately sized conduit/pathway will be provided in the documents; underground conduit to be coordinated with Tenant / conduit installation in/under Slab on Grade (SOG).
B.16	Fire Suppression System	X			PACR Project based on Tenant layout for base build only; all future modifications by Tenant; Wet sprinklers will be provided in BOH base build improvements.
B.17	Fire/Life/Safety Annunciator System	X			PACR Project based on Tenant layout for base build only; all future modifications by Tenant; Performance specified system that will match existing Port requirements. Back of House space included in base build and system will be provided in Back of House during base build.
B.18	Port IT Equipment Rooms with applicable lighting and climate control	X			Includes standard Finishes and Lighting.
B.19	Fiber and Copper Backbone Cabling service to Port IT Equipment Rooms	X			Cabling size to be confirmed with Port IT / Tenant requirements.

Improvement Responsibility Matrix

***All Concessionaire improvements are required to go through the Port Tenant Improvement Process for approval.**

		Responsible Party			
AREA	**ITEM**	**PACR Project Base Build**	**Concessionaire**	**FINISH**	**COMMENTS**
B.20	Fiber conduit/pathway between Port IT Equipment Rooms and Tenant IT Equipment Rooms	X			PACR Project to provide EZ pass through rated walls or conduit across hard lid ceilings as applicable. Complete conduit/pathway distribution to each Tenant IT room or other locations is not included. Single conduit provided from MDF room to Tenant IT room and single conduit into each Tenant cage.
B.20.1	Fiber cabling between Port IT Equipment Rooms and Tenant IT Equipment Rooms		X		
B.21	Cable tray systems (as applicable) for Fiber and Copper (copper if available) Backbone Cabling distribution within Port Equipment Rooms	X			
B.21.1	Cable tray systems (as applicable) for Fiber and Copper Backbone Cabling distribution within Tenant IT Equipment Rooms		X		
B.22	Tenant IT Equipment Rooms with applicable lighting and climate controls	X			Located as necessary based on design with Tenant input.
B.23	Grounding Buss(es) and connection to Base Building Grounding System	X	X		PACR Project to provide ground bus bar connection, that is tied into the main building grounding system, in each Tenant IT room. Separate grounding electrode conductor and ground bus bar will be provided to Tenants. Locations to be coordinated with Tenant IT Enclosures within Tenant IT Equipment Rooms; Tenant scope includes actual grounding of Tenant IT equipment to grounding buss.
B.24	Quad 120v Receptacle, conduit and feeders for connection to Port Power panel	X			Locations to be coordinated with Tenant IT Enclosures within Tenant IT Equipment Rooms. 120V receptacle to be connected to Tenant electrical panel. Code-required minimum convenience receptacles in each Tenant electrical room. No convenience receptacles in Tenant IT rooms.
B.25	Chain link IT Equipment Room sub-divisions with lockable gates, if applicable	X			

Improvement Responsibility Matrix

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		Responsible Party			
AREA	**ITEM**	**PACR Project Base Build**	**Concessionaire**	**FINISH**	**COMMENTS**
B.26	Wall- or Floor-mounted IT Equipment racks at Tenant IT Equipment Rooms		X		
B.27	Counter Electrical Distribution / Conduit / J-boxes / Devices	X			Main pathways to be coordinated and provided to j-boxes for Tenant extension/termination to point of use Easy access to be provided by base building for running conduit, power, fiber, copper, etc.
B.28	Counter IT Distribution Conduit / J-boxes / Devices	X			Main pathways to be coordinated and provided to j-boxes for Tenant extension/termination to point of use. Easy access to be provided by base building for running conduit, power, fiber, copper, etc.
B.29	Counter Backwall Electrical Distribution / Conduit / J-boxes / Devices	X	X		Main pathways to be coordinated and provided to j-boxes for Tenant extension/termination to point of use. Easy access to be provided by base building for running conduit, power, fiber, copper, etc.
B.30	Data cabling between Tenant IT Equipment Rooms to Linear Counter and Kiosk Locations		X		Access to be provided by base building for Tenant running, power, fiber, copper, etc.
B.31	HVAC System	X			Includes "Zone Level" Equipment for each Tenant Exclusive Use Area including T-Stats / Wiring.
B.32	HVAC	X			PACR Project based on Tenant layout for base build only; all future modifications by Tenant; Includes distribution within Exclusive Use Area / Installation of Port-provided T-Stats.
B.33	Back of House Office Plumbing Rough-in (Water, Sewer and Venting)	X			Coordinate with Tenant during Design Phase.
B.34	Back of House Plumbing (Breakroom Counter) - Plumbing Fixtures and Trim & counters	X			Coordinate with Tenant during Design Phase.
B.35	Exterior Building Signage / Lighting (as applicable)	X			

Improvement Responsibility Matrix

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		Responsible Party			
AREA	**ITEM**	**PACR Project Base Build**	**Concessionaire**	**FINISH**	**COMMENTS**
B.36	Doors, Hardware and Access Control, including Counter Backwall	X	X		Access control beyond base-build (cipher, card access, etc.) is considered Tenant improvement. Limited non-electronic cipher locks to be considered by base build where necessary. Keys during initial base build to be ordered by Tenant and provided by PACR Project.
B.37	Flight Information Display Systems (FIDS)	X			If applicable
B.38	Linear Transaction Counter Shell / Countertop	X		TBD	Counter Shell Facing (back side) shall be removable to facilitate installation of Tenant Improvement Electrical / IT Scope. Finish materials (i.e. standard solid surface counter) to be determined by Port and Design Team.
B.39	Counter Dividers / Screens	X		TBD	Low panel included. Coordinate height / material options with Tenant.
B.40	Counter Inserts		X		
B.41	Counter Backwall Finish		X	Level 4	Base building to provide Level 4 drywall finish for the installation of wallcovering, paint, signage, monitors, graphics, etc.
B.42	Tenant Suite Numbering	X			
B.43	Counter Backwall Signage		X		Base building to include support backing along entire back wall. Two bands, 6" tall, at 4ft AFF and 8ft AFF the length of the counter back wall. No audio signage. Final signage standards to be determined.
B.44	Back of House Office Perimeter Walls	X		Steel Studs / Gypsum Wallboard (GWB) / Sound Insulation	PACR Project to provide Back of House Tenant Improvement build-out per Tenant planning requirements. To include all floor, wall, ceiling finishes & lighting as specified by the Port.

Improvement Responsibility Matrix

***All Concessionaire improvements are required to go through the Port Tenant Improvement Process for approval.**

		Responsible Party			
AREA	ITEM	PACR Project Base Build	Concessionaire	FINISH	COMMENTS
B.45	Back of House Office Exclusive Use Area Demising Walls	X		Steel Studs / Gypsum Wallboard (GWB) / Sound Insulation	PACR Project to provide Back of House Tenant Improvement build-out per Tenant planning requirements. To include floor, wall, ceiling finishes & lighting as specified by the Port.
B.46	Exclusive Use Area Partitions / Finish(s)	X		TBD	PACR Project to provide Customer Lobby build out per Tenant planning requirements. To include floor, wall, ceiling finishes & lighting as specified by the Port.
B.47	Exclusive Use Area Flooring Finish(s)	X		TBD	PACR Project to provide Back of House & Customer Lobby Tenant Improvement build-out per Tenant planning requirements. To include floor, wall, ceiling finishes & lighting as specified by the Port.
B.48	Exclusive Use Area Ceiling Finish(s)	X		TBD	PACR Project to provide Back of House & Customer Lobby Tenant Improvement build-out per Tenant planning requirements. To include floor, wall, ceiling finishes & lighting as specified by the Port.
B.49	Walk-off flooring at Vestibule(s) Doors	X			
B.50	Lobby / Vestibule (2 locations) Flooring / Base	X		TBD	Finishes to be determined by Port and Design Team.
B.51	Flooring Behind Counters (Cushioned)	X			PACR Project to provide cushioned floor as specified in the documents.
B.52	Flooring Transitions - (all)	X			
B.53	Ceiling Finish - Lobby / Vestibule / Back of House	X			
B.54	Tenant Check-in/Reservations Systems		X		
B.55	Tenant Telephone Communications Systems		X		
B.56	Tenant Computer/ WAN Other Systems		X		

Improvement Responsibility Matrix

***All Concessionaire improvements are required to go through the Port Tenant Improvement Process for approval.**

		Responsible Party			
AREA	ITEM	PACR Project Base Build	Concessionaire	FINISH	COMMENTS
B.57	Tenant Furniture, Fixtures and Equipment (FFE)		X		
B.58	Directional Signage (non-Tenant Exclusive Use Area)	X			Tenant to provide "camera-ready" artwork; Port to review final signage layout / artwork / construction with Tenant prior to fabrication.
B.59	Code Required Signage	X			
B.60	Public Seating / Waste Receptacles	X			
B.61	Future Concession Area	X			If applicable
B.62	Queuing Stanchions		X		Standards and queue area to be determined.
B.63	Kiosks		X		Locations to be determined by Port and Tenant prior to finalizing design.
B.64	Back of House Vending Machines		X		
C - Terminal Access Walkways / Vertical Circulation (2 locations)					
C.1	Stairs, Escalators / Elevators	X			
C.2	Structure	X			
C.3	Finishes - Floors / Walls / Ceiling	X			
C.4	Mechanical / Electrical / Plumbing	X			
C.5	Fire/Life/Safety Systems	X			
C.6	Security and Safety Systems	X			
C.7	Signage and Wayfinding	X			

EXHIBIT M

RENTAL CAR MAINTENANCE MATRIX

Except as otherwise provided for in this *Maintenance Matrix*, Concessionaire shall, at Concessionaire's expense, keep all of the systems, utilities and improvements pertaining to the Property, in first class repair, operating condition, working order and appearance, and fully functional for which the systems, utilities and improvements were designed. The Port shall not have any responsibility for maintenance, repair, or replacement of any system, utility, or improvement on the Property unless expressly stated in this *Maintenance Matrix* or otherwise provided for in the Lease. Costs for items listed as Port responsibility may be charged back to Concessionaire, as provided for in the Lease.

The Facility Manager shall be responsible to notify the Port promptly of all needed maintenance, repairs, and replacements to the Property, whether the Port or Concessionaire are responsible pursuant to the Maintenance Matrix, and Concessionaire and the Port each shall coordinate with the other party so that any maintenance, repair, and/or replacement can be performed promptly, in order for the Property to be at all times maintained in good repair and kept in a clean and orderly condition and appearance, including all Port Improvements. All items not expressly assigned to the Port in this *Maintenance Matrix* or the Lease, are the exclusive responsibility of Concessionaire in accordance with the requirement set forth herein.

The Consolidated Rental Car Facility ("ConRAC") consists of the Customer Service Area, Ready/Return Area, Common Concessionaire Areas and Common Public Areas.

The Quick Turnaround Area ("QTA") consists of the Queuing/Maneuvering Area, Fuel Fill Pad Area, Fuel/Wash Area, Stacking/Storage Area, Administrative Area and Common Concessionaire Area.

	MAINTAINED BY:	
	PORT	**CONCESSIONAIRE**
1. QTA and ConRAC UTILITIES AND SYSTEMS		
Common and Exclusive Use Areas		
1.1 Electrical power supply from main to panel	✓	
1.2 Incoming water supply line, pipes and valves from main to fixture	✓	
1.3 QTA well and associated systems	✓	
1.4 Potable water system	✓	
1.5 Backflow preventers	✓	
1.6 Sanitary sewer lines and vent piping	✓	

	MAINTAINED BY:	
	PORT	**CONCESSIONAIRE**
1.7 Natural gas from meter to building	✓	
1.8 HVAC building system maintenance, air distribution and radiant heaters	✓	
1.9 HVAC equipment installed by Concessionaire		✓
1.10 Inspection, maintenance and pumping of oil/water separators	✓	
1.11 Cleaning/pumping of storm sewer catch basins	✓	
1.12 Storm water drainage system	✓	
1.13 Fire alarm system	✓	
1.14 Automatic sprinkler and fire protection system	✓	
1.15 Fire suppression system, Concessionaire installed	✓	
1.16 Annual inspection of fire protection system and associated components	✓	
1.17 Fresh air make-up system and ductwork, Concessionaire installed		✓
1.18 Condensate drain system, Concessionaire installed		✓
1.19 Security camera system, Port installed	✓	
1.20 Security camera system, Concessionaire installed		✓
1.21 All equipment, Concessionaire installed		✓

	MAINTAINED BY:	
	PORT	**CONCESSIONAIRE**
2. QTA and ConRAC AREA AND GROUNDS		
Common Use and Exclusive Use Areas		
2.1 Roads, including pavement, pavement markings, curbs, gutters and sidewalks	✓	
2.2 Pavement markings, Concessionaire installed and Exclusive Use Areas		✓
2.3 Traffic control system, including signage, posts and frames	✓	
2.4 Non-traffic control signage – Common Use Areas	✓	
2.5 Non-traffic control signage – Exclusive Use Areas		✓
2.6 Way finding signage – Common Use Areas	✓	
2.7 Way finding signage- Common Use Areas, port installation of brand signs provided by Concessionaire	✓	
2.8 Branded signage - Exclusive Use Areas		✓
2.9 All signage installed by Concessionaire		✓
2.10 Fencing, manual gates and retaining walls	✓	
2.11 Security gates and associated security features – Common Use Areas	✓	
2.12 Security gates and associated security features - Exclusive Use Areas		✓
2.13 Parking and area lighting/electrical system/relamping	✓	
2.14 QTA Pump house	✓	
2.15 Landscaping and irrigation.	✓	
2.16 Trash/Recycling enclosures		✓

	MAINTAINED BY:	
	PORT	**CONCESSIONAIRE**
2.17 QTA - sweeping and power washing		✓
2.18 ConRAC walkways and parking areas – sweeping and power washing, Exclusive and Common Use Areas		✓
2.19 ConRAC walkways and parking areas – sweeping and power washing, Common Public Areas	✓	
2.20 QTA walkways, stairs, ramps, roadways and parking areas - snow removal		✓
2.21 ConRAC walkways ramps, and parking areas – snow removal, Exclusive and Common Use Areas		✓
2.22 ConRAC stairs, ramps, roadways, and parking areas – snow removal, Common Public Areas	✓	
2.23 All equipment, Concessionaire installed		✓
2.24 Storm water pollution prevention plan (SWPPP).		✓
2.25 Monthly stormwater inspection of all catch basins, fuel transfer areas, garbage and recycling areas or any other area where pollutants may be exposed to stormwater		✓
2.26 QTA and ConRAC product for deicing.	✓	
2.27 QTA Application of deicing product – Common and Exclusive Use Areas		✓
2.28 ConRAC application of deicing product – Exclusive and Common Use Areas		✓
2.29 ConRAC application of deicing product – Common Public Areas	✓	

	MAINTAINED BY:	
	PORT	**CONCESSIONAIRE**
3. QTA and ConRAC BUILDINGS- EXTERIOR		
Common Use and Exclusive Use Areas		
3.1 Security gates, barriers and associated security features - Exclusive Use Areas		✓
3.2 Security gates, barriers and associated security features - Common Use Areas	✓	
3.3 Building structural components, including, but not limited to, foundation, column, posts, and beams	✓	
3.4 Load-bearing structures including roof/vehicle parking storage deck and ramp	✓	
3.5 Guardrails	✓	
3.6 Stairs, handrails and guards	✓	
3.7 Exterior siding, including perforated screen panels and metal panel siding	✓	
3.8 Curtain walls glazing system	✓	
3.9 Doors, windows and louvers	✓	
3.10 Insulation and weather stripping	✓	
3.11 Roof drainage system	✓	
3.12 Exterior lighting on building and light poles	✓	
3.13 Lockset and Keys - Locks and keys are Port provided, billable to Concessionaire	✓	
3.14 Non-traffic control signage - Common Use Areas	✓	
3.15 Non-traffic control signage – Exclusive Use Areas		✓

	MAINTAINED BY:	
	PORT	CONCESSIONAIRE
3.16 Concessionaire customer service booth floors, ceiling, walls, HVAC, electrical/communications conduit and wiring		✓
3.17 Concessionaire exit booth floors, ceiling, walls, HVAC, electrical/communications conduit and wiring		✓
3.18 All equipment and signage, Concessionaire installed		✓
4. QTA and ConRAC BUILDINGS - INTERIOR		
Common Use and Exclusive Use Areas		
4.1 QTA and ConRAC Ceiling - grid and tiles, Exclusive Use Areas		✓
4.2 QTA and ConRAC Ceiling - grid and tiles, Common Use Areas	✓	
4.3 QTA and ConRAC doors and windows – Exclusive Use Areas		✓
4.4 QTA and ConRAC doors and windows – Common Use Areas	✓	
4.5 QTA and ConRAC flooring – carpet, tile or other, Exclusive Use Areas		✓
4.6 QTA and ConRAC flooring – carpet, tile or other, Common Use Areas	✓	
4.7 Locksets and Keys - Locks and keys are Port provided, billable to Concessionaire	✓	
4.8 Customer service counter shell and inserts		✓
4.9 Cabinets, counters, countertops		✓
4.10 Furnishing and fixtures		✓
4.11 QTA and ConRAC paint and wall finishes Exclusive Use Areas		✓

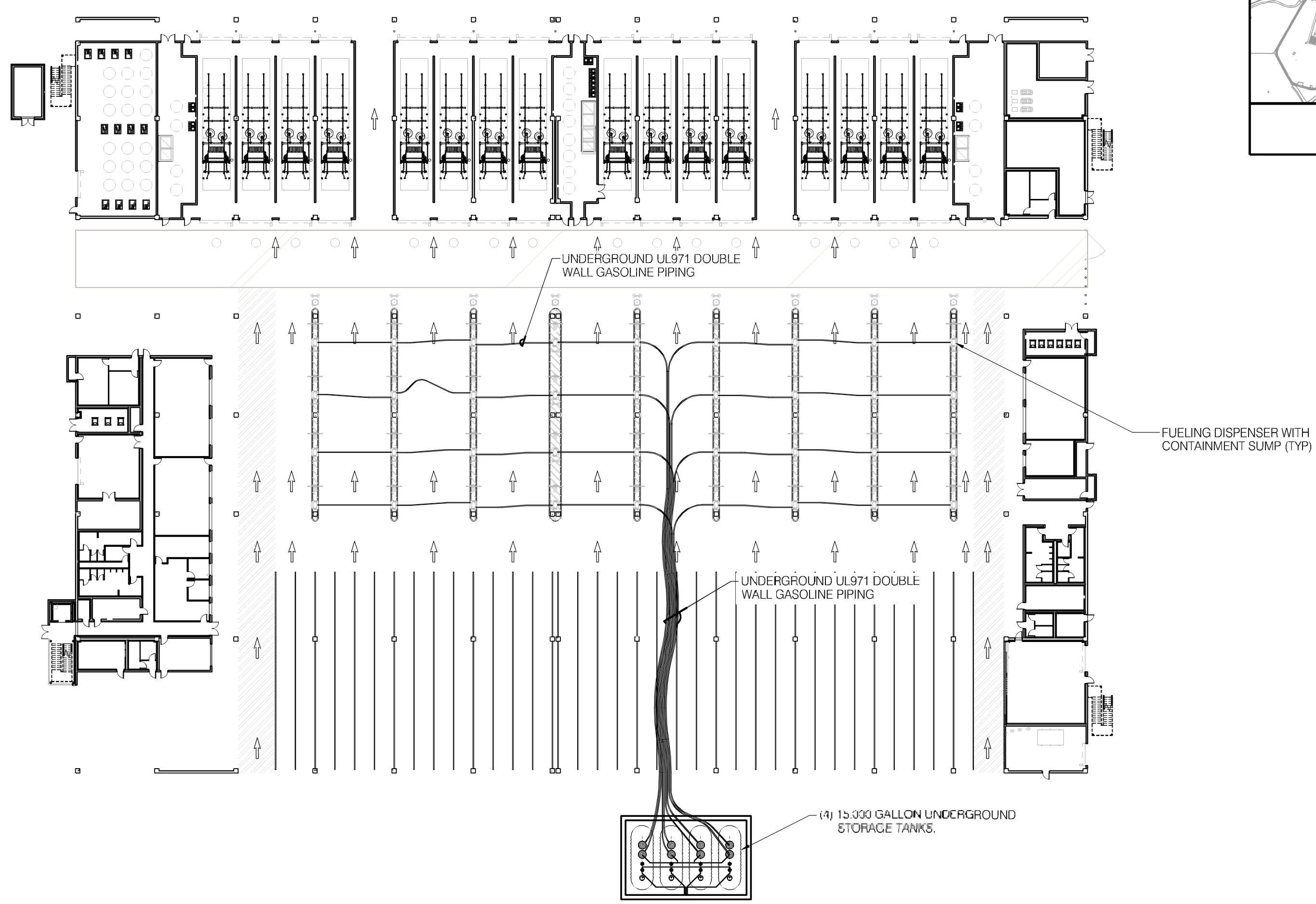
	MAINTAINED BY:	
	PORT	**CONCESSIONAIRE**
4.12 QTA and ConRAC paint and wall finishes – Common Use Areas	✓	
4.13 Elevators and escalators	✓	
4.14 Stair, handrails and guards	✓	
4.15 Utility fixtures (sinks, toilets, fountains, etc.). Common Use Areas	✓	
4.16 Utility fixtures (sinks, toilets, fountains, etc.) Exclusive Use Areas		✓
4.17 Lighting fixtures to include relamping – Common Use Areas	✓	
4.18 Lighting fixtures to include relamping – Exclusive Use Areas		✓
4.19 Water heater and refrigeration units – Common Use Areas	✓	
4.20 Water heater and refrigeration units – Exclusive Use Areas		✓
4.21 Signage - Common Use Areas	✓	
4.22 Signage, Concessionaire installed and Exclusive Use Areas		✓
4.23 Security and associated security features - Exclusive Use Areas		✓
4.24 Enclosed/non-exposed wiring - Exclusive Use Areas.	✓	
4.25 Electrical power supply to include panel, breakers, switches and outlets - Exclusive Use Areas		✓
4.26 Exposed piping, fixtures and valves– Exclusive Use Areas		✓

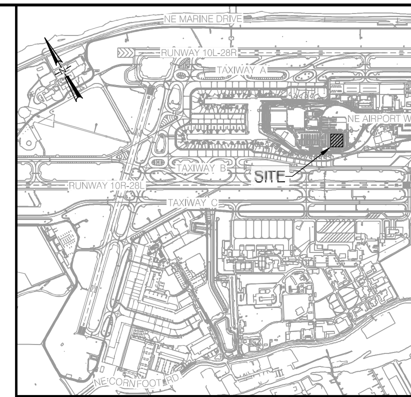
		MAINTAINED BY:
	PORT	CONCESSIONAIRE
4.27 Enclosed/non-exposed piping– Exclusive Use Areas	✓	
4.28 Telecommunication lines and conduits, Concessionaire installed		✓
4.29 Fiber cabling and conduits, Concessionaire installed		✓
4.30 Fire extinguishers		✓
4.31 All equipment and signage, Concessionaire installed		✓
5. QTA BUILDING – SPECIALIZED EQUIPMENT		
Common Use and Exclusive Use Areas		
5.1 Vacuum system to include island tool posts.	✓	
5.2 Vacuum receiver tanks daily cleaning		✓
5.3 Vacuum car care kits, to include clearing debris from vacuum hoses up to hard pipe		✓
5.4 Car wash equipment inspections, calibrations	✓	
5.5 Car wash soap dispensers and associated equipment, Concessionaire installed		✓
5.6 Windshield washer fluid system to include hose reel system and dispenser nozzle	✓	
5.7 Reverse osmosis system and water storage	✓	
5.7 Compressed air system to include hose reel and tire fill nozzles on fuel islands	✓	

		MAINTAINED BY:
	PORT	CONCESSIONAIRE
6. FUEL MANAGEMENT SYSTEM		
Common Use and Exclusive Use Areas		
6.1 Routine maintenance of aboveground fuel dispensing system to include fuel dispensers, hoses, nozzles, filters, spill buckets, electrical repairs, card readers and controllers.	✓	
6.2 Monitor leak-detection system operation, review automated system testing and alarm results, maintain associated records, and promptly notify the Port when system inadequacies are noted. At a minimum, conduct and document walkthrough inspections of the facility every thirty (30) calendar days to include spill prevention equipment, release detection equipment, and spill cleanup supplies. Upon request provide copies of inspection and monitoring records to the Port.		✓
6.3 Maintain DEQ Underground Storage Tank (UST) Certificate to Operate and provide required permits, signage and labeling. A designated responsible person shall maintain training and certification as a Class A/B UST operator. Schedule and oversee required testing to the UST system to include distribution piping, tanks, secondary containment, dispensers, and leak detection and prevention equipment. All testing to be completed by certified and licensed UST service providers at the required intervals.	✓	
6.4 Ensure that fuel dispenser meters operate within acceptable calibration standards. All testing and adjustments to be completed by certified and licensed service providers at the required intervals.	✓	

		MAINTAINED BY:
	PORT	**CONCESSIONAIRE**
6.5 Maintain License to operate fuel dispenser meters in commercial transactions. Requires annual renewal and fee payment to Oregon Department of Agriculture (DOA) Weights & Measures Division.		✓
6.6 Perform scheduling and oversight of fuel deliveries and dispensing operations at the New QTA. Promptly report system alarms or any issues that require maintenance by the Port.		✓
6.7 Corrective actions, repairs and upgrades required as determined by licensed UST service provider testing or as identified by Concessionaire on the basis of visual inspections or monitoring results.	✓	
6.8 The Facility Manager or a designated responsible person shall maintain training and certification as a Class A/B UST Operator. All personnel dispensing or transferring fuel or who may be required to respond to an emergency (such as spills, leaks, overflows, or fires) shall be trained as a Class C UST Operator before assuming duties.		✓
6.9 Develop, maintain and implement a SPAR plan for the New QTA. Maintain adequate spill response materials on site to respond as indicated in the SPAR plan.		✓
6.10 Inspection/cleaning of fuel pad catch basins, debris removal, and/or pumping.		✓
7. CUSTODIAL SERVICES		
Common Use and Exclusive Use Areas		
7.1 QTA windows - interior and exterior		✓

MAINTAINED BY:		
	PORT	CONCESSIONAIRE
7.1 ConRAC windows - interior, Exclusive Use Areas		✓
7.2 ConRAC windows – exterior, Exclusive and Common Use Areas	✓	
7.3 ConRAC high dusting	✓	
7.4 Trash/refuse/recycling collection in the QTA, ConRAC and surrounding areas to include, but not limited to, queuing, staging, fueling (including surface areas around catch basins), car wash bays, ready/return, customer service, and trash/recycling areas – Common Use and Exclusive Use Areas		✓
7.5 Trash/refuse/recycling collection and disposal from adjacent roadways and landscaping		✓
7.6 Trash/refuse/recycling hauling and recycling		✓
7.7 Restrooms		✓
7.8 QTA Pest control – Exclusive and Common Use Areas		✓
7.9 ConRAC pest control – Exclusive and Common Use Areas	✓	
7.10 Interior walls, ceilings, floors (all flooring including carpet)		✓
7.11 Customer Service Area, Administrative Area, common corridors, kiosks, customer service and exit booths		✓





VICINITY MAP
SCALE: N.T.S.

EXHIBIT N
Page 1 of 1

CAN YOU SEE THE AIRPLANES? THE ADJACENT SAMPLES SHOW THREE DIFFERENT LEVELS OF SHADING. SETTINGS FOR VIEWING AND PRINTING DRAWING CONTENT ARE OPTIMIZED WHEN ALL THREE PLANES ARE VISIBLE. THIS GUIDANCE IS PROVIDED FOR REFERENCE ONLY.

light gray | dark gray | black

GRAPHIC SCALE - FOR REFERENCE ONLY
0 1/4" 1/2" 1" 2"

NO.	DATE	BY	REVISIONS	APPVD	CKD

PORT OF PORTLAND
PORTLAND, OREGON

2016ZGEN — DESIGN NUMBER
1334 — PROJECT NUMBER

DESIGNED BY
DRAWN BY L. VOGT
CHECKED BY M. CAMPBELL
DATE NOV 2016
SCALE 1" = 40'-0"

PORTLAND INTERNATIONAL AIRPORT

RENTAL CAR QUICK TURNAROUND FACILITY (QTA)
FUEL SYSTEM PIPING PLAN

SUBMITTED BY	TYPE	DRAWING NO.	SHEET NO.	DISC. SHT. NO.
LEE VOGT LEASE PLAT ADMINISTRATOR	LP	PDX 2016-	1/1	A-1

PRINTED: 10/28/2016 1:34:08 PM VOGTL s:\vogtl\ce work in progress\qta 2016\qta first floor overall with fuel lines.dwg

DRAWING SCALE IS REDUCED 50% WHEN SHEET SIZE IS 8.5" x 11".

EXHIBIT O

QTA and ConRAC Initial Audit:

The Quick Turnaround Area ("QTA") consists of the Queuing/Maneuvering Area, Fuel Fill Pad Area, Fuel/Wash Area, Stacking/Storage Area, Administrative Area and Common Concessionaire Area.

At the request of Port of Portland, Maul Foster & Alongi, Inc. (MFA) conducted a Phase I ESA of the new rental car quick turnaround (QTA) facility located at 7300 NE Airport Way, Portland, OR 97218 (the Property). The final Initial Audit was provided to all On-Site Airport Concessionaires who currently operate in the building. A copy of the final audit can be provided to new On-Site Concessionaires upon request.

The Consolidated Rental Car Facility ("ConRAC") consists of the Customer Service Area, Ready/Return Area, Common Concessionaire Areas and Common Public Areas.

ConRAC Audit: Within 30 – 60 days of the Commencement Date of the ConRAC, a summary of all operations that take place within the ConRAC will be prepared along photos for documentation purposes. The final Initial Audit will be provided to all On-Site Concessionaires.

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APPENDIX E

DTC BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES

The information set out under this caption is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear Bank S.A./N.V. as operator of the Euroclear System ("Euroclear") or Clearstream Banking, société anonyme, Luxembourg ("Clearstream Banking") (DTC, Euroclear and Clearstream Banking together, the "Clearing Systems") currently in effect. The information under this caption concerning the Clearing Systems has been obtained from sources that the Port believes to be reliable, but neither the Port nor the Underwriters take any responsibility for the accuracy of the information under this caption. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Port nor the Underwriters will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Series 2019 CFC Bonds held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

DTC Book-Entry Only System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2019 CFC Bonds. The Series 2019 CFC 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 Series 2019 CFC Bond certificate will be issued for each maturity of the Series 2019 CFC Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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 ("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 ("Indirect Participants"). DTC has a S&P 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.

Purchases of Series 2019 CFC Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019 CFC Bonds on DTC's records. The ownership interest of each actual purchaser of a Series 2019 CFC Bond ("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 Series 2019 CFC 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 Series 2019 CFC Bonds, except in the event that use of the book-entry system for the Series 2019 CFC Bonds is discontinued.

To facilitate subsequent transfers, all Series 2019 CFC 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 Series 2019 CFC 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 Series 2019 CFC Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2019 CFC 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.

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 Series 2019 CFC Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2019 CFC Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2019 CFC Ordinance and the Series 2019 CFC Bond Certificate. For example, Beneficial Owners of Series 2019 CFC Bonds may wish to ascertain that the nominee holding the Series 2019 CFC 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 Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2019 CFC Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2019 CFC 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 Series 2019 CFC Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Series 2019 CFC 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 Trustee, 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 Trustee, or the Port, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Port or the Trustee, 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.

DTC may discontinue providing its services as depository with respect to the Series 2019 CFC Bonds at any time by giving reasonable notice to the Port or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2019 CFC Bond certificates are required to be printed and delivered.

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, Series 2019 CFC Bond certificates will be printed and delivered to DTC.

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.

Euroclear and Clearstream Banking

Euroclear and Clearstream Banking have advised the Port as follows:

Euroclear and Clearstream Banking each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream Banking provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream Banking also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream Banking have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream Banking customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream Banking is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system, either directly or indirectly.

Clearing and Settlement Procedures

Series 2019 CFC Bonds sold in offshore transactions will be initially issued to investors through the book-entry facilities of DTC, or Clearstream Banking and Euroclear in Europe if the investors are participants in those systems, or indirectly through organizations that are participants in the systems. For any of such Series 2019 CFC Bonds, the record holder will be DTC's nominee. Clearstream Banking and Euroclear will hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream Banking's and Euroclear's names on the books of their respective depositories.

The depositories, in turn, will hold positions in customers' securities accounts in the depositories' names on the books of DTC. Because of time zone differences, the securities account of a Clearstream Banking or Euroclear participant as a result of a transaction with a participant, other than a depository holding on behalf of Clearstream Banking or Euroclear, will be credited during the securities settlement processing day, which must be a business day for Clearstream Banking or Euroclear, as the case may be, immediately following the DTC settlement date. These credits or any transactions in the securities settled during the processing will be reported to the relevant Euroclear participant or Clearstream Banking participant on that business day. Cash received in Clearstream Banking or Euroclear as a result of sales of securities by or through a Clearstream Banking participant or Euroclear participant to a DTC Participant, other than the depository for Clearstream Banking or Euroclear, will be received with value on the DTC settlement date but will be available in the relevant Clearstream Banking or Euroclear cash account only as of the business day following settlement in DTC.

Transfers between participants will occur in accordance with DTC rules. Transfers between Clearstream Banking participants or Euroclear participants will occur in accordance with their respective rules and operating procedures. Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream Banking participants or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the relevant depositories; however, cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in the system in accordance with its rules and procedures and within its established deadlines in European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its depository to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream Banking participants or Euroclear participants may not deliver instructions directly to the depositories.

The Port will not impose any fees in respect of holding the Series 2019 CFC Bonds; however, holders of book-entry interests in the Series 2019 CFC Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in the Clearing Systems.

Initial Settlement

Interests in the Series 2019 CFC Bonds will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the Series 2019 CFC Bonds through Euroclear and Clearstream Banking accounts will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in the Series 2019 CFC Bonds will be credited to Euroclear and Clearstream Banking participants' securities clearance accounts on the business day following the date of delivery of the Series 2019 CFC Bonds against payment (value as on the date of delivery of the Series 2019 CFC Bonds). DTC participants acting on behalf of purchasers electing to hold book-entry interests in the Series 2019 CFC Bonds through DTC will follow the delivery practices applicable to securities eligible for DTC's Same Day Funds Settlement system. DTC participants' securities accounts will be credited with book-entry interests in the Series 2019 CFC Bonds following confirmation of receipt of payment to the Port on the date of delivery of the Series 2019 CFC Bonds.

Secondary Market Trading

Secondary market trades in the Series 2019 CFC Bonds will be settled by transfer of title to book-entry interests in the Clearing Systems. Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear, Clearstream Banking or DTC, as the case may be, in accordance with their respective procedures. Book-entry interests in the Series 2019 CFC Bonds may be transferred within Euroclear and within Clearstream Banking and between Euroclear and Clearstream Banking in accordance with procedures established for these purposes by Euroclear and Clearstream Banking. Book-entry interests in the Series 2019 CFC Bonds may be transferred within DTC in accordance with procedures established for this purpose by DTC. Transfer of book-entry interests in the Series 2019 CFC Bonds between Euroclear or Clearstream Banking and DTC may be effected in accordance with procedures established for this purpose by Euroclear, Clearstream Banking and DTC.

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "***Disclosure Certificate***") is executed and delivered by The Port of Portland (the "***Port***") in connection with the issuance of $163,290,000 aggregate principal amount of its Portland International Airport Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable) (the "Series 2019 CFC Bonds"). The Series 2019 CFC Bonds are being issued pursuant to (a) the provisions of Sections 778.145 through 778.175 and Chapter 287A of the Oregon Revised Statutes, as amended, (b) Port Ordinance No. 448, enacted by the Board of Commissioners of the Port (the "***Board***") on December 11, 2013 (the "***CFC Levy Ordinance***"), (c) Port Ordinance No. 461-B, enacted by the Board on February 13, 2019 (as may be amended and supplemented from time to time, the "***Master CFC Bond Ordinance***"), and (d) Port Ordinance No. 466-B, enacted by the Board on February 13, 2019, as supplemented by the Certificate of the Executive Director Establishing and Determining Certain Terms of and Other Matters Relating to the Series 2019 CFC Bonds, dated the date hereof (the "***Series 2019 CFC Ordinance***," and collectively with the CFC Levy Ordinance and the Master CFC Bond Ordinance, the "***CFC Ordinances***"). The Port covenants and agrees as follows:

Section 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Port for the benefit of the Owners and Beneficial Owners of the Series 2019 CFC Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission (the "***Commission***") Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Airport Revenue Bond Ordinances, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Port pursuant to, and as described in, Sections 3 and 4 hereof.

"Beneficial Owner" shall mean any person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2019 CFC Bonds (including persons holding Series 2019 CFC Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2019 CFC Bonds for federal income tax purposes.

"Dissemination Agent" shall mean the Port, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Port.

"Financial Obligation" shall mean, for purposes of the Listed Events set out in Section 5(a)(10) and Section (5)(b)(8) hereof, a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"EMMA" shall mean the MSRB's Electronic Municipal Market Access system, currently located at http://emma.msrb.org, or such other electronic system designated by the MSRB.

"Fiscal Year" shall mean the one-year period ending on June 30 of each year or such other period of 12 months designated by the Port as its Fiscal Year.

"GASB" shall mean the Governmental Accounting Standards Board.

"Listed Events" shall mean any of the events listed in Section 5(a) or (b) hereof.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Commission, filings with the MSRB are to be made through EMMA.

"Official Statement" shall mean the final official statement of the Port relating to the Series 2019 CFC Bonds.

"Owner" shall mean a registered owner of the Series 2019 CFC Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Series 2019 CFC Bonds required to comply with the Rule in connection with offering of the Series 2019 CFC Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Port shall, or shall cause the Dissemination Agent, if the Dissemination Agent is other than the Port, to, not later than nine (9) months after the end of each Fiscal Year (which shall be April 1 of each year, so long as the Port's Fiscal Year ends on June 30), commencing with the report for the Fiscal Year ending June 30, 2019, provide to the MSRB through EMMA, in an electronic format and accompanied by identifying information all as prescribed by the MSRB, an Annual Report relating to the immediately preceding Fiscal Year that is consistent with the requirements of Section 4 hereof, which Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 hereof; provided, that any audited financial statements may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Fiscal Year for the Port changes, the Port shall give notice of such change in the same manner as for a Listed Event under Section 5(e) hereof.

(b) If in any year, the Port does not provide the Annual Report to the MSRB by the time specified above, the Port shall instead file a notice to the MSRB through EMMA stating that the Annual Report has not been timely completed and, if known, stating the date by which the Port expects to file the Annual Report.

(c) If the Dissemination Agent is not the Port, the Dissemination Agent shall:

1. file a report with the Port certifying that the Annual Report has been filed pursuant to this Disclosure Certificate and listing the date(s) of the filing(s); and

2. take any other actions mutually agreed to between the Dissemination Agent and the Port.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the Port for the preceding Fiscal Year, prepared in accordance with the laws of the State of Oregon and in accordance with generally accepted accounting principles as promulgated from time to time by GASB. If the Port's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements of the Port, the Annual Report also shall contain for the preceding Fiscal Year the following historical financial information and operating data of the type set forth in the Official Statement (with capitalized terms used in this subsection and not defined having the meanings described in the Official Statement and table numbers to the Official Statement provided for cross-reference purposes only):

1. List of car rental companies operating at the Airport and entities that are parties to the Concessionaire Agreements;

2. The information of the type shown in Table 3 under the caption "RENTAL CAR OPERATIONS AND CONCESSIONAIRE AGREEMENTS – Historical Rental Car Activity and CFC Revenues";

3. The historical debt service coverage (of the type shown in Table 5 under the caption "REPORT OF THE AIRPORT CONSULTANT"); and

4. The historical financial performance of the Port (of the type shown in Table 11 under the caption "PORTLAND INTERNATIONAL AIRPORT").

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Port or related public entities, that have been submitted to the MSRB through EMMA.

Section 5. Reporting of Significant Events.

(a) The Port shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2019 CFC Bonds not later than ten (10) business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions with respect to the tax status of the Series 2019 CFC Bonds or the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) with respect to the Series 2019 CFC Bonds, if applicable;

6. Tender offers;

7. Defeasances;

8. Rating changes;

9. Bankruptcy, insolvency, receivership or similar event of the obligated person; or

10. 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.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the 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 governmental 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.

(b) The Port shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2019 CFC Bonds, ***if material***, not later than ten (10) business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5) above, adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Series 2019 CFC Bonds or other material events affecting the tax status of the Series 2019 CFC Bonds, if applicable;

2. Modifications to rights of the Owners of the Series 2019 CFC Bonds;

3. Optional, unscheduled or contingent Series 2019 CFC Bond calls;

4. Release, substitution or sale of property securing repayment of the Series 2019 CFC Bonds;

5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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;

7. Appointment of a successor or additional trustee or the change of name of a trustee; or

8. Incurrence of a Financial Obligation of the Port, or agreement 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.

(c) The Port shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3(a) hereof, as provided in Section 3 hereof.

(d) Whenever the Port obtains knowledge of the occurrence of a Listed Event described in Section 5(b) hereof, the Port shall determine if such event would be material under applicable federal securities laws.

(e) If the Port learns of an occurrence of a Listed Event described in Section 5(a) hereof, or determines that knowledge of a Listed Event described in Section 5(b) hereof would be material under applicable federal securities laws, the Port shall within ten (10) business days of occurrence file a notice of such occurrence with the MSRB through EMMA in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Events described in Sections 5(a)(7) or 5(b)(3) hereof need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected Series 2019 CFC Bonds pursuant to the Airport Revenue Bond Ordinances.

(f) The Port intends to comply with the Listed Events described in Section 5(a)(10) and Section 5(b)(8) hereof, and the definition of "Financial Obligation" in Section 1, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Commission in Release No. 34-83885, dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

Section 6. Termination of Obligation. The Port's obligations under this Disclosure Certificate shall terminate upon the maturity, legal defeasance, prior redemption or payment in full of all of the Series 2019 CFC Bonds. In addition, in the event that the Rule shall be amended, modified or repealed such that compliance by the Port with its obligations under this Disclosure Certificate no longer shall be required in any or all respects, then the Port's obligations hereunder shall terminate to a like extent. If such termination occurs prior to the final maturity of the Series 2019 CFC Bonds, the Port shall give notice of such termination in the same manner as for a Listed Event under Section 5(e) hereof.

Section 7. Dissemination Agent. The Port may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent. If at any time there is not any other designated dissemination agent, the Port shall be the dissemination agent. The initial dissemination agent shall be the Port.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Port may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule. The Port shall give notice of any amendment in the same manner as for a Listed Event under Section 5(e) hereof.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Port from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Port chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Port shall not thereby have any obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Port to comply with any provision of this Disclosure Certificate, any Owner or Beneficial Owner of the Series 2019 CFC Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Port to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed a default under the Airport Revenue Bond Ordinances and the sole remedy under this Disclosure Certificate in the event of any failure of the Port to comply with this Disclosure Certificate shall be an action to compel performance. Under no circumstances shall any person or entity be entitled to recover monetary damages hereunder in the event of any failure of the Port to comply with this Disclosure Certificate.

No Owner or Beneficial Owner of the Series 2019 CFC Bonds may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the Port satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the Port shall have refused to comply therewith within a reasonable time.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. Any Dissemination Agent appointed hereunder shall have only such duties as are specifically set forth in this Disclosure Certificate, and shall have such rights, immunities and liabilities as shall be set forth in the written agreement between the Port and such Dissemination Agent pursuant to which such Dissemination Agent agrees to perform the duties and obligations of Dissemination Agent under this Disclosure Certificate.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Port, the Dissemination Agent, if any, the Participating Underwriter and the Owners and Beneficial Owners from time to time of the Series 2019 CFC Bonds, and shall create no rights in any other person or entity. This Disclosure Certificate is not intended to create any monetary rights on behalf of any person based upon the Rule.

Section 13. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Port shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof, and the Beneficial Owners of the Series 2019 CFC Bonds shall retain all the benefits afforded to them hereunder. The Port hereby declares that it would have executed and delivered this Disclosure Certificate and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 14. Governing Law. This Disclosure Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that tot the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed in accordance with such federal securities laws, and official interpretations thereof.

IN WITNESS WHEREOF, the Port has executed this Continuing Disclosure Certificate this 24th day of April, 2019.

THE PORT OF PORTLAND

By: ____

Daniel Blaufus
Interim Chief Financial Officer

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APPENDIX G

PROPOSED FORM OF OPINION OF BOND COUNSEL

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APPENDIX G

PROPOSED FORM OF OPINION OF BOND COUNSEL

April 24, 2019

The Port of Portland
Portland, Oregon

$163,290,000
The Port of Portland
Portland International Airport
Customer Facility Charge Revenue Bonds
Series 2019
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to The Port of Portland (the "Port") in connection with the issuance of $163,290,000 aggregate principal amount of The Port of Portland, Portland International Airport Customer Facility Charge Revenue Bonds, Series 2019 (the "Bonds"), issued pursuant to the authority of Ordinance No. 466-B enacted on February 13, 2019, as supplemented by the Certificate of the Executive Director Establishing and Determining Certain Terms of and Other Matters Relating to the Bonds, dated April 24, 2019 (collectively, the "Series 2019 CFC Bond Ordinance"). The Bonds are issued in accordance with the provisions of the Port's Ordinance No. 461-B enacted on February 13, 2019 (the "Master CFC Bond Ordinance"). The Series 2019 CFC Bond Ordinance and the Master CFC Bond Ordinance are collectively referred to herein as the "Ordinances." Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Ordinances.

In such connection, we have reviewed the Ordinances, the opinion of counsel to the Port, certificates of the Port, U.S. Bank National Association, as bond trustee (the "Trustee"), and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Port. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinions referred to in the second paragraph hereof.

Furthermore, we have assumed compliance with all covenants and agreements contained in the Ordinances. We call attention to the fact that the rights and obligations under the Bonds and the Ordinances and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against port districts in the State of Oregon. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Ordinances or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Port.

2. The Bonds are payable from the Trust Estate.

3. The Ordinances have been duly and legally enacted by the Port and constitute the valid and binding obligations of the Port. The Ordinances create a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Trust Estate, and any other amounts held by the Port or the Trustee in any fund or account established pursuant to the Ordinances, subject to the provisions of the Ordinances permitting the application thereof for the purposes and on the terms and conditions set forth therein.

4. Interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Bonds is exempt from State of Oregon personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

THE PORT OF PORTLAND (OREGON) • PORTLAND INTERNATIONAL AIRPORT CUSTOMER FACILITY CHARGE REVENUE BONDS, SERIES 2019 (FEDERALLY TAXABLE)

PORT OF PORTLAND

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