

PORT OF PORTLAND FINANCE OVERVIEW

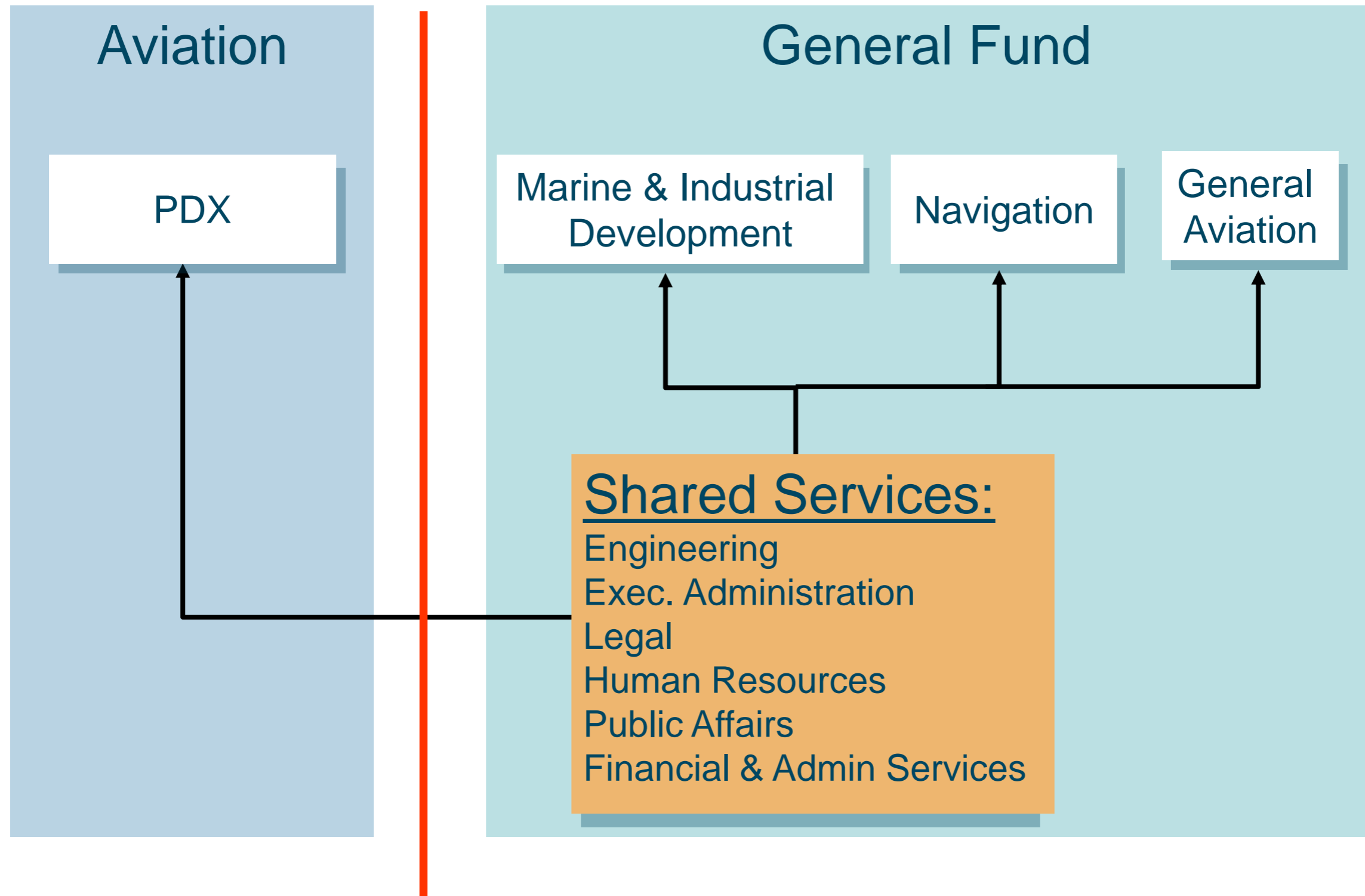
June 16, 2009



Financial Overview

- Port “Funds”
- FAA Requirements
- Bond Ordinance
- Airline Operating Agreement
- Sources and Uses of Funds
- Capital

Port Financial Structure - Departments



FAA Requirements

- Airport revenues must be used only for airport related uses (revenue diversion)
- Airports must maintain reasonable rates and charges
- Airports must set rates and charges that allow for financial self-sufficiency
- FAA provides a process to resolve rate disputes with airlines

FAA Requirements

- Airfield charges limited to historical costs
- Restrictions on the sale of airport properties
- Restrictions on development of airport land
- FAA approves grant and PFC funded projects

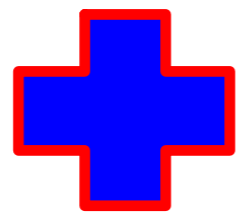
PDX Bond Ordinance

- Establishes airport financial structure
- PDX is a stand alone financial entity
- Requires minimum financial revenues
- Provides cash from operations to fund future capital improvements

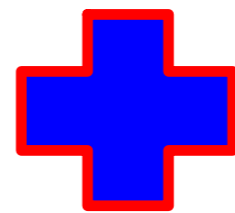
PDX Bond Ordinance

Net Revenues must be greater than or equal to the sum of:

Operating
Expenses



Debt
Service



30% Debt
Coverage

Airline Operating Agreement

- Divides airport into three financial areas
- Airlines have financial risk & control for the Terminal & Airfield (Residual)
- Port has financial risk & control for other airport areas

Airline Lease & Operating Agreement Financial Structure

AIRLINE

TERMINAL

AIRFIELD

Main Terminal Building
Concourses
Terminal Aprons
Terminal Concessions
Enplaning Roadway
Deplaning Roadway
Commercial Roadway

Runways
Taxiways
Aircraft Parking

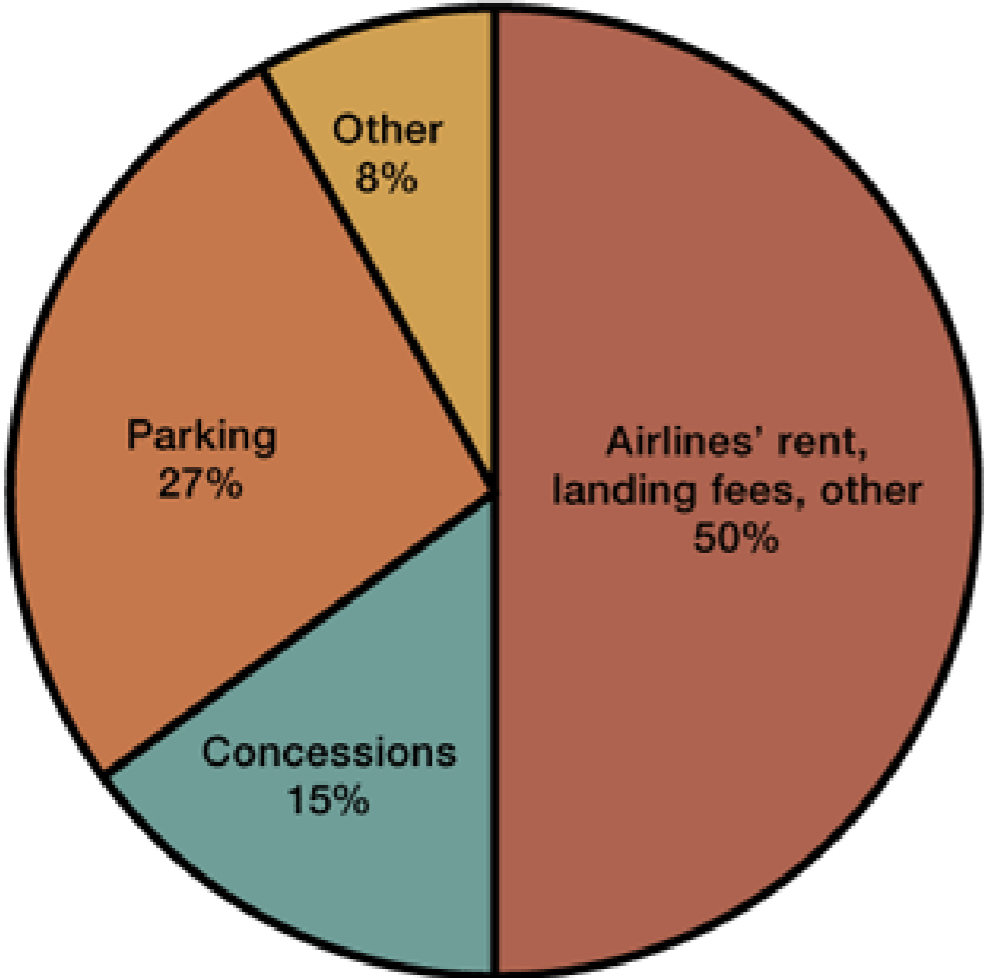
Airline Lease & Operating Agreement Financial Structure

PORT

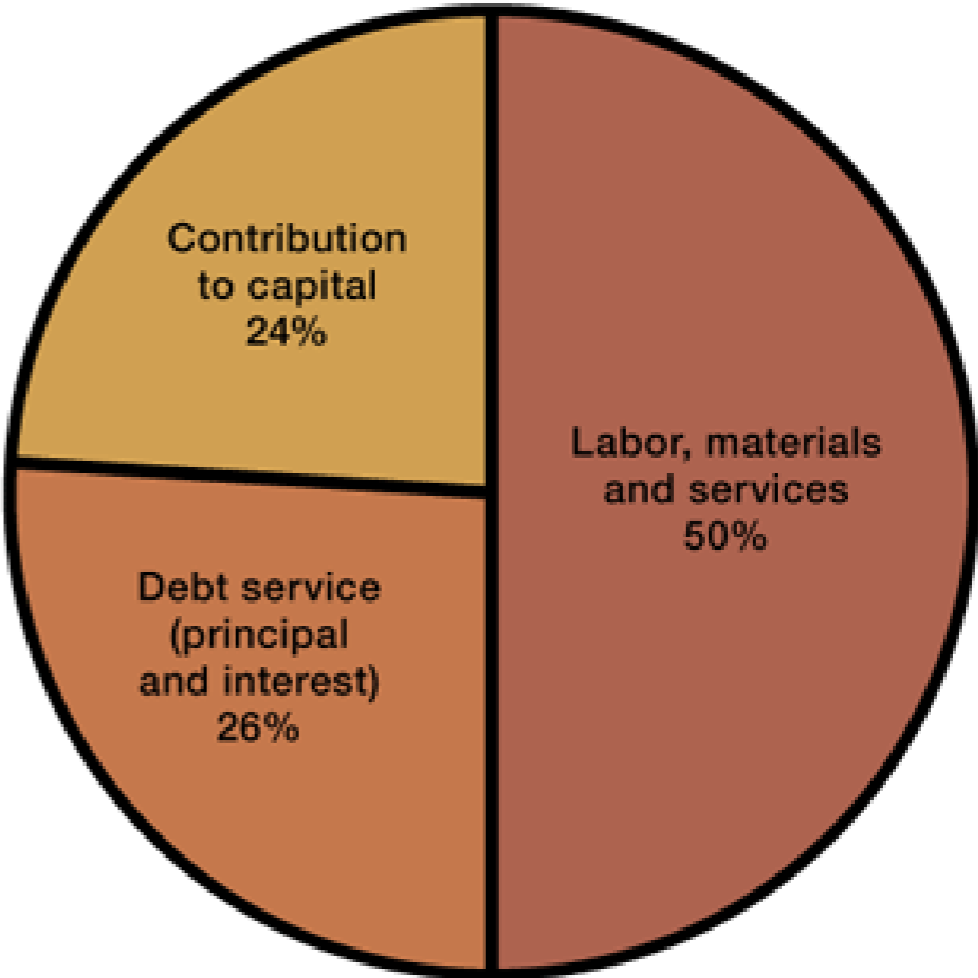
Auto Parking Facilities
Roadway Systems
Cargo Facilities
In-flight Kitchens
Aircraft Maintenance
Rental Car Facilities
Rental Car Privilege Fees
General Aviation
Hotels

PDX – Sources & Uses of Operating Budget

Revenue from Operations
\$167.9 million



Uses of Revenue
\$167.9 million



*Audited financial results July 1, 2006 – June 30, 2007

Sources Of Capital Funding

- Airport revenue bonds
- Passenger Facility Charges
- Debt service coverage
- Grants (FAA, TSA, other)
- Port Cost Center Income

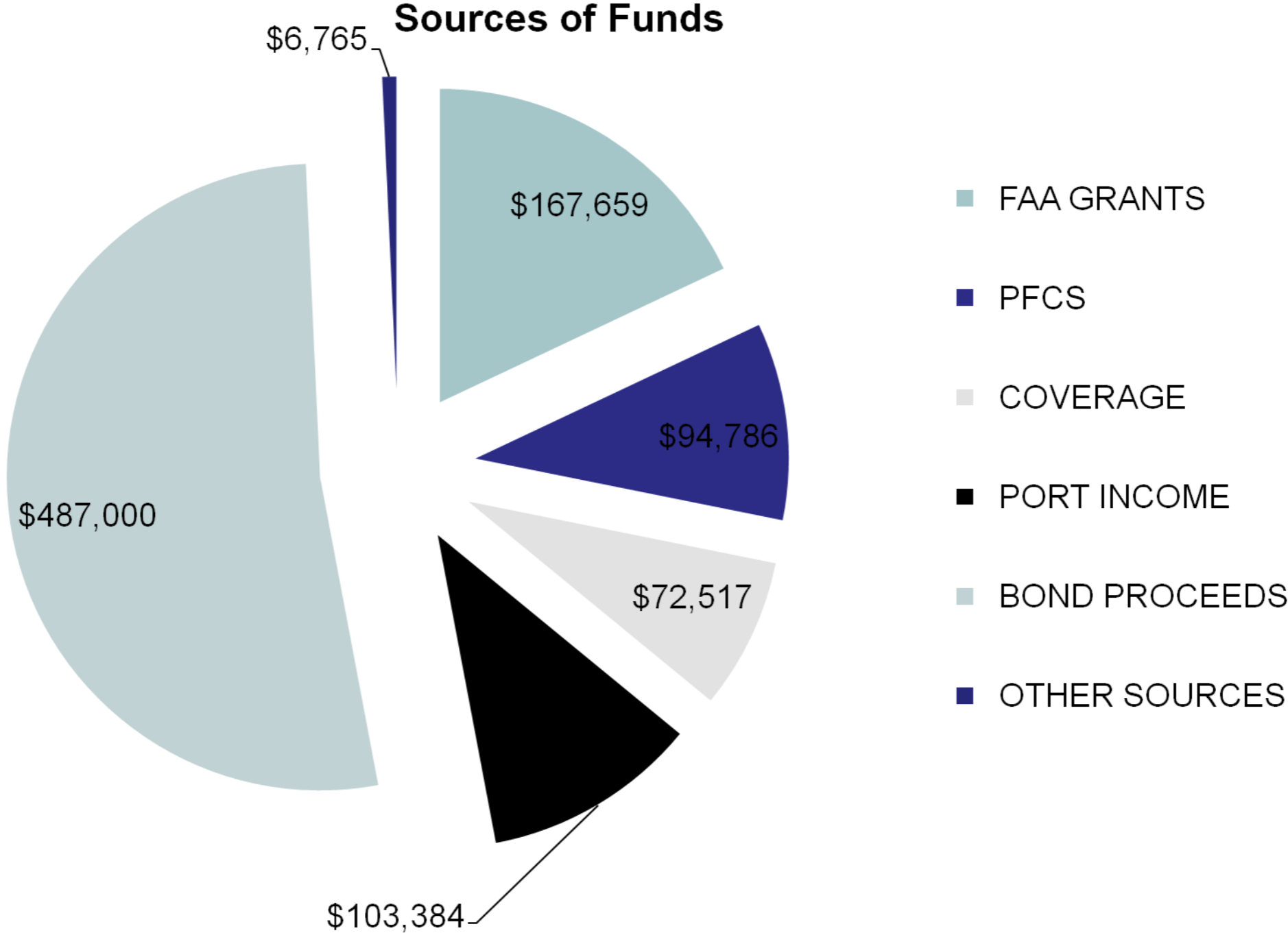
Airport Revenue Bonds

- Traditional airport financing
- Bonds generally tax exempt
- Port must demonstrate ability to meet bond ordinance requirements
- Impact to airline costs

Passenger Facility Charges (PFC)

- FAA requirements – enhance safety, security or capacity; reduce noise; or increase competition
- PFC charge of \$1, \$2, \$3, or \$4.50 per passenger per airport
- Maximum of \$18 in PFC per round trip ticket
- Approximately \$25M per year annual revenue to Port
- Requires airline review, FAA approval

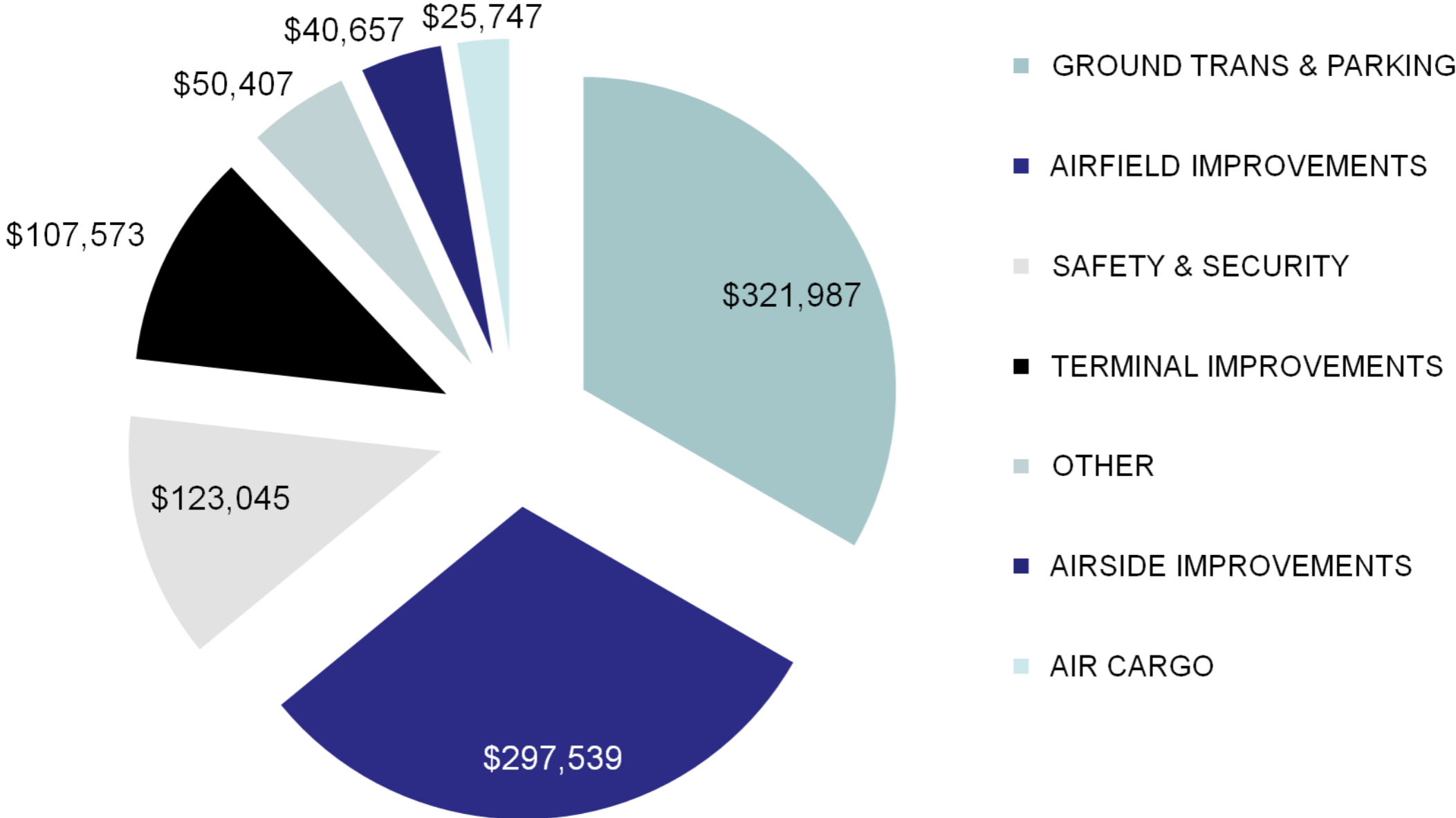
PDX - Sources & Uses of Capital



*Estimated 5 Year Plan – FY09 – FY13 – Dollars in Thousands

PDX - Sources & Uses of Capital

Uses of Funds

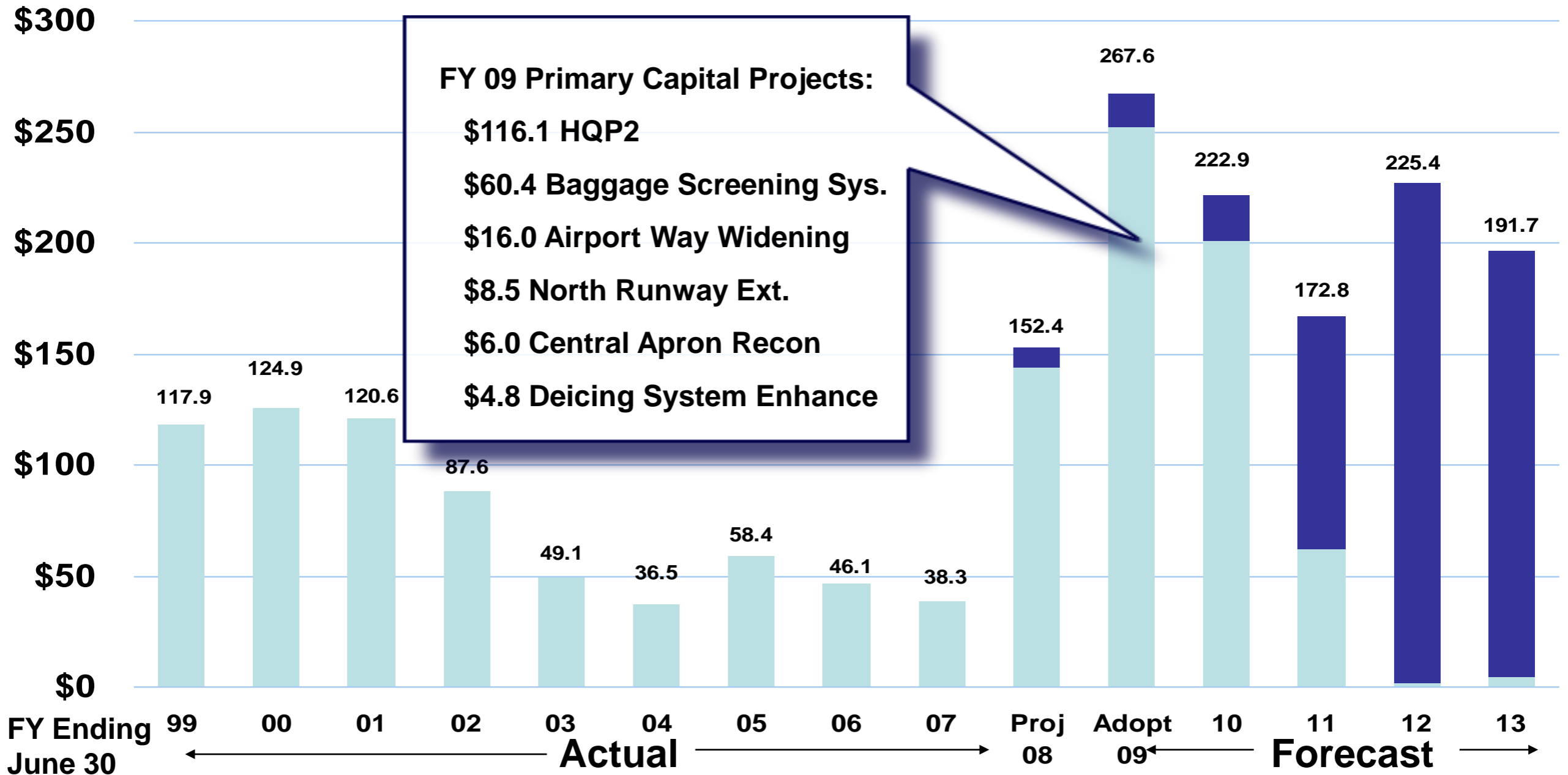


*Estimated 5 Year Plan – FY09 – FY13 – Dollars in Thousands

Aviation Capital Investment

(\$ in millions)

Actual or Open Candidate



Financial Goals

- Maintain competitive rates and charges for the airlines
- Maintain competitive rates and charges for passengers
- Maintain strong financial position of PDX