Comprehensive Annual Financial Report

Port of Tacoma, Washington

As of and for the years ended December 31, 2019 and 2018

Port of Tacoma

COMPREHENSIVE ANNUAL FINANCIAL REPORT

As of and for the years ended December 31, 2019 and 2018

This report was prepared by the Finance Department

Port of Tacoma, Washington, U.S.A.

PORT OF TACOMA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2019

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Prepared by the Finance Department, Port of Tacoma

INTRODUCTORY SECTION

June 20, 2020

Commissioners and Chief Executive Officer
Port of Tacoma

Ladies and Gentlemen:
The Comprehensive Annual Financial Report of the Port of Tacoma (the Port) for the fiscal year ended December 31, 2019, is submitted herewith.

Responsibility for both the accuracy and the completeness, and the fairness of the presentation, including all disclosures, rests with management of the Port. On the basis that the cost of internal controls should not outweigh their benefits, the Port has established a comprehensive framework of internal controls to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Port is legally required to have its financial statements audited annually. We believe this is an essential element in financial control. A firm of independent auditors is engaged each year to conduct an audit of the Port's financial statements in accordance with auditing standards generally accepted in the United States of America. The goal of the independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The audit includes an examination, on a test basis, of the evidence supporting the amounts and disclosures in the financial statements, assessment of the accounting principles used and significant estimates made by management, as well as the overall presentation of the financial statements. In planning and performing their audit, the independent auditors give consideration to the Port's comprehensive framework of internal controls in order to determine auditing procedures for the purpose of expressing an opinion on the financial statements. The independent auditor's report is presented as the first component in the Financial Section following this letter. The statistical section of this report is not covered by the auditor's opinion.

This letter of transmittal is designed to complement the MD&A, which provides a narrative introduction, overview, and analysis of the basic financial statements, and should be read in conjunction with it.

Profile of the Port

The Port is a municipal corporation of the State of Washington created in 1918 under provisions of the Revised Code of Washington 53.04.010 et seq. The Port has geographic boundaries coextensive with Pierce County, Washington, and is situated on Commencement Bay in Puget Sound.

The Port is governed by a five-member Commission elected at large by voters of the county for four-year terms. The Commission appoints the Chief Executive Officer (CEO), who oversees daily operations of the organization. Through resolutions and directives, the Commission sets policy for the Port, which are then carried out by the CEO and executive staff.

The Port's business activities are comprised of 1) the Real Estate line of business: a portfolio of warehouse/industrial sites, a grain terminal, and office space that are leased for periods of time ranging from month-to-month to fifty years, and 2) an Auto line of business: a lease and operating agreement with an auto processor to receive, process and ship both import and export automobiles, and 3) the Northwest Seaport Alliance (NWSA): a Port Development Authority created by the Ports of Tacoma and Seattle (Home Ports) in August, 2015 to market and manage the marine terminal businesses of each port. The NWSA is a separate legal and governmental entity accounted for as a joint venture of the home ports. Operation of certain marine cargo businesses of the Ports of Tacoma and Seattle is exclusively licensed to the NWSA and the net income and operating cash generated by the NWSA are distributed to the ports of Tacoma and Seattle on a 50/50 basis.

The Port operates on a calendar year budget cycle. The operating budget and the capital budget are the Port's plan for meeting the current needs of its customers, and for implementation of the Strategic Plan initiatives. The annual budget development begins with the development of strategic objectives and initiatives which are reviewed by the Commission and the Executive Director. The Commission and Executive Director communicate any strategy changes or policy concerns and gather additional input. Then, the Finance team works with the Port's business leaders and departments to draft operating and capital budgets, based on these strategic objectives and initiatives, market assumptions, cargo forecasts, and organizational priorities. The draft budgets are then presented to the Commission during a study session, usually in early October. Over the next few weeks, based on input from the Commission and Executive leadership, any necessary changes are made and the budgets are finalized.

In November, a public hearing is held to address public interest, and to adopt the statutory budget and tax levy. After the Commission approves and adopts the statutory budget, it is submitted, with the Commission resolutions, to the Pierce County Council and the Office of the Assessor Treasurer on or before November 30th. Once filed, the statutory budget is a legal, public document and can be amended only after proper notification is given and a public hearing is held. Any amendments to the budget must be submitted with amended resolutions to the Pierce County Council's office.

After filing the original statutory budget, the Port conducts a subsequent mid-year forecast of operating revenue and expenses and makes any necessary adjustments based on a monthly budget-to-actual analysis. This helps management measure how the Port is progressing. The mid-year update is not filed with the County or adopted by the Commission.

Information Useful in Assessing the Port's Economic Condition

1. Local Economy - The Port district is located in Pierce County. The county's main employment contributors are military, healthcare and social assistance, retail trade, and educational services. Trade, transportation and utilities jobs are the largest source of employment for Pierce County residents, followed by government and education and health service-related jobs.

   The joint military base located in Pierce County supports a strong retail trade. Total taxable retail sales in the county were $18.3 billion in FY 2019, up 5.7 percent from the previous year. Retail trade was the largest sector, followed by construction and spending in accommodations and food services. A large portion of the cargo exported and imported through the Port originates in or is destined for the Midwestern or Eastern United States. Business fluctuations in the local economy generally do not significantly impact operating trade volumes.

   Original forecasts for 2020 anticipated 1.6 percent growth in jobs in the county, 3.2 percent rise in total real income, real personal income per capita to grow by 1.2 percent, and taxable retail sales to grow by 4.7 percent. Due to the novel coronavirus pandemic, however, the local and national economies have been significantly negatively impacted as unemployment rates soared to unprecedented levels and pauses in manufacturing have resulted in significant drops in cargo volumes. While these are anticipated to be temporary, the magnitude and duration of the overall impact on the economy due to the pandemic is difficult to predict.

Since the start of the coronavirus outbreak, the Port has followed the guidance of public health organizations and federal agencies in implementing protocols to support the health, safety, and wellbeing of employees, tenants, longshore, construction workers, and customers while maintaining the essential functions of the Port.

2. Major Initiatives- In 2019, the Port completed the development of the new auto processing facility on the former Kaiser Aluminum smelter site. After years of removal of the old smelter and cleanup, the new facility received the first inbound Nissan cars in December 2018 and became fully operational in 2019.

   In 2019, the Port committed to contribute to the completion of State Route 167. This project will provide essential connections to the Ports of Tacoma and Seattle and will help ensure people and goods move more reliably through the Puget Sound region.

   The Port's five-year capital improvement plan anticipates widening the Blair Waterway, construction of long tracks along SR509, maintenance and rehabilitation of Port assets, and environmental cleanups for land stewardship.

   In partnership with the Port of Seattle, the Port provides funding for the NWSA's capital improvement plan. In 2019, the NWSA completed the installation of four super Post Panamax cranes capable of servicing 18,000 TEU vessels at Terminal 4 in addition to the four purchased in 2018. These eight cranes will make Terminal 4 capable of handling two ultra-large container ships simultaneously.

   Other significant projects the NWSA will complete the redevelopment of Terminal 5, rehabilitation of Terminal 46 and stormwater infrastructure improvements at Terminal 18 as well as the removal of obsolete cranes on two terminals.

3. Long-Term Financial Planning - For 2020, the Port of Tacoma developed an overall operating budget with projected revenues of $60.1 million and operating expenses of $48.7 million, resulting in forecasted net operating income of $11.4 million. This represents a decrease of $22.0 million and 66 percent compared with 2019. Of this anticipated decrease, $8.8 million is due to the adoption of the new lease accounting standard (GASB 87) in 2020 that transfers a portion of revenues from operating to non-operating. NWSA joint venture revenue is expected to decrease $6.0 million and Port operating expenses are expected to increase $6.7 million. The expected decrease in NWSA joint venture revenue is driven by forecasted increases in operating expenses of $12.9 million.

   The budgeted change in joint venture revenue is due to increased NWSA expenses related to depreciation, higher administration costs, primarily for IT services, and higher maintenance expenses.

   The expected increase in operating expenses of $6.7 million is due to increased depreciation due to the new POT auto facility and increased environmental expenses.

   The Port's net non-operating expense in 2019 of $15.7 million is expected to decrease to be non-operating revenue of $9.8 million in 2020, driven primarily by one-time non-operating expense for the commitment to SR-167 that occurred in 2019 and $8.8 million of lease revenue reported as non-operating due to the new lease accounting standard (GASB 87) in 2020. The result of all revenue and expense components is a budgeted increase in net position of $21.3 million for 2020 compared to $17.7 million in 2019.

   Historically, the Port has used long-term debt and operating profit to finance capital asset acquisitions, some expensed projects, and construction. For the five-year period from 2020 through 2024, the capital program anticipates spending $200.2 million for Port of Tacoma projects, including $182.3 million for real estate acquisition and improvements and $16.5 million for rail improvements. Additionally, the Port will fund 50 percent of the $440.7 million Northwest Seaport Alliance capital program, which includes $368.3 million for major terminal improvements at the North Harbor's Terminal 5; stormwater utility upgrade at Terminal 18, and dock rehabilitations at Terminals 18, 30 and 46, including design construction, and fender replacements at various other terminals.

Given the unpredictability of the effect of the coronavirus pandemic on future financial results, management is closely monitoring revenues and expenses and assessing potential actions it can take to minimize the impact, such as deferring or foregoing projects, implementing operational efficiencies, and reducing or eliminating discretionary spending.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Port of Tacoma, Washington, for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2018. This was the 33rd consecutive year that the Port has received this prestigious award. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR in which the contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express appreciation to all members of the department who assisted and contributed to its preparation. I would also like to thank the Port Commissioners for their interest and support in planning and conducting the financial operations of the Port in a responsible and progressive manner.

Sincerely,

Erin Galeno

ERIN GALENO, CPA
Chief Financial and Administrative Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Port of Tacoma

Washington

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2018

Christopher P. Morrill

Executive Director/CEO

2019 Port of Tacoma Leadership

The five-member Port of Tacoma Commission is the governing body of the Port of Tacoma and sets policy and authorizes major expenditures. The Commission appoints an Executive Director, who is responsible for the executive leadership of the Port. Voters of Pierce County, Washington elect commissioners to four-year terms. The Commission holds regular public meetings at the Fabulich Center, 3600 Port of Tacoma Road. Meeting dates, times and agendas are available at www.portoftacoma.com.

Commissioner Don Johnson

Elected to the Commission in 2007, Don Johnson retired as Vice President and General Manager of Simpson Tacoma Kraft in March 2008. Johnson serves on the Puget Sound Regional Council's Transportation Policy Board and Goodwill Finance Committee. He is Chair of the Goodwill Foundation Board and is a past Chair of the MultiCare Health Care Foundation. He also serves as Chair of the Port of Tacoma Audit Committee. He is a previous Chair of the Tacoma-Pierce County Chamber Board and former Chair of the University of Washington Business School Advisory Board, the United Way of Pierce County Board and the United Way's Annual Campaign. He is a member of the Tacoma Transportation Club and Tacoma Propeller Club and holds a Bachelor's Degree in mechanical engineering from the University of Washington.

Commissioner Richard P. Marzano

Dick Marzano was elected to the Commission in 1995. A Tacoma longshore worker for more than 37 years, he served as President of the ILWU Local 23 for six years. Marzano is the Co-Chair of the SR-167 Completion Coalition and serves on the Washington Public Ports Association's Board of Trustees, Puget Sound Regional Council's Executive Board, Pierce County Sheriff's Office Executive Advisory Board and the Valley Cities Association Board. He has served on WPPA's six-member Executive Committee. He is a former member of the Freight Mobility Strategic Investment Board. Marzano is also a member of the Tacoma Propeller Club, Tacoma Transportation Club and a former board member of the Foss Waterway Development Authority and St. Leo's Hospitality Kitchen.

Commissioner John McCarthy

A former Pierce County District and Superior Court judge for more than 22 years, John McCarthy recently retired from the bench. He worked as a longshoreman for 10 years and served previously on the Port of Tacoma Commission from 1983 to 1992. McCarthy has been a member of the Washington State Bar Association since 1975 and volunteers at Mount Rainier National Park. He is an honorary life member of the Washington Public Ports Association. He also serves on the Pierce County Regional Council and as the Port of Tacoma's Tribal Liaison. He was the first member of the Boys and Girls Club of South Puget Sound's to be selected to their Alumni Hall of Fame, and he continues to officiate high school football. He earned a bachelor's degree in Science with a minor in Mathematics from Seattle University and a law degree from the University of San Francisco.

Commissioner Don Meyer

Don Meyer is the former Executive Director of the Foss Waterway Development Authority and a former Deputy Executive Director of Port of Tacoma. He joined the Commission in 2010. Meyer currently serves on the Pierce County Regional Council, Tacoma-Pierce County Economic Development Board, South King County Transportation Board, the University of Washington Tacoma Urban Studies Advisory Board, the Regional Access Mobility Partnership and Tacoma Waterfront Association. He is a member of the Alaska State Chamber of Commerce, the Fife/Milton/Edgewood Area Chamber of Commerce and the Tacoma Transportation Club. He recently served on the Connecting Washington Task Force on transportation issues and is a member of Tacoma Rotary #8. Born and raised on a South Dakota farm, Meyer holds a Bachelor's Degree in business from Pacific Lutheran University and a MBA from the University of South Dakota.

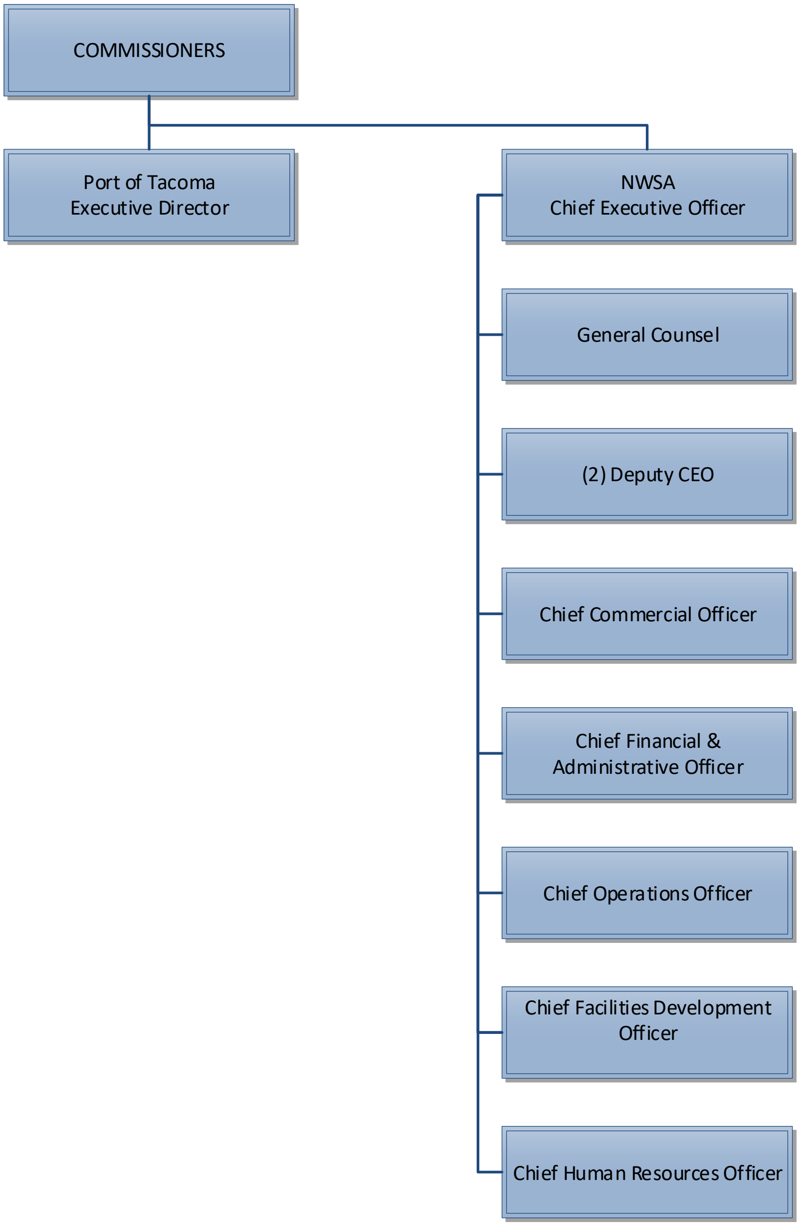
Commissioner Clare Petrich

A Commissioner since 1995, Clare Petrich is a small business owner with strong ties to Tacoma's maritime heritage. She is co-founder of the Commencement Bay Maritime Fest. Petrich serves on the Joint Municipal Action Committee, the City of Tacoma's Mayor's Commission on International Relations, as well as the boards of the Local Emergency Planning Committee, Pacific Northwest Waterways Association, the Youth Marine Foundation, the Flood Control Zone District Committee and the Washington Council on International Trade. She is a past President of the Puget Sound Regional Council's Economic Development District Board and continues to serve on this board. She is also a past President and Secretary for the Trade Development Alliance of Greater Seattle. Petrich is a graduate of Manhattanville College in New York and received her Master's Degree from the University of Virginia.

Executive Director Eric D. Johnson

Eric Johnson began as the Executive Director of the Port of Tacoma in June of 2019. He also serves on the boards of the Tacoma-Pierce County Chamber of Commerce and the Tacoma Economic Development Board (EDB), as well as the EDB Executive Committee. He served as the Executive Director of the Washington Public Ports Association from 2009 to 2019. In that role he represented port district interests to state and federal elected officials, including the Washington legislature and state agencies. In addition to government relations, he was responsible for numerous specialized seminars and conferences. His duties also included advising Washington's 75 port districts on issues relating to governance, operations, planning and strategy. Eric joined the Washington Public Ports Association in 1988 as the Environmental Affairs Director, where he developed many of the fundamental environmental laws and policies that are still in place today for ports across the state. He was promoted to Deputy Director in 2006. He is a native of Pierce County, and holds a bachelor's degree in biology and political science from Pacific Lutheran University. He also has a Master's of Public Administration with a concentration in environmental policy and natural resources management from the University of Washington. Prior to joining the WPPA, Eric worked on the staff of the Washington State Senate.

PORT OF TACOMA
Organizational Chart
As of December 31, 2019



NOTE: Northwest Seaport Alliance officers listed above serve in dual roles as these key positions support both organizations.

PORT OF TACOMA

LIST OF PRINCIPAL OFFICIALS

December 31, 2019

Title	Name
Executive Director	Eric Johnson
Chief Executive Officer, Northwest Seaport Alliance	John Wolfe
Deputy Chief Executive Officer, Northwest Seaport Alliance	Don Esterbrook
Deputy Chief Executive Officer, Northwest Seaport Alliance	Kurt Beckett
Chief Financial & Administrative Officer, Northwest Seaport Alliance	Erin Galeno
Chief Commercial Officer, Northwest Seaport Alliance	Tong Zhu
Chief Facilities Development Officer, Northwest Seaport Alliance	Dakota Chamberlain
Chief Human Resources Officer, Northwest Seaport Alliance	Jean West
General Council	Carolyn Lake

NOTE: Northwest Seaport Alliance officers listed above serve in dual roles as these key positions support both organizations.

FINANCIAL SECTION

RSM

RSM US LLP

Independent Auditor's Report

The Board of Commissioners
Port of Tacoma
Tacoma, Washington

Report on the Financial Statements
We have audited the accompanying financial statements of the Enterprise Fund and the Post-Employment Health Care Benefits Trust Fund of Port of Tacoma (the Port) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which, collectively, comprise the Port'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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Port'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 Port'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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Enterprise Fund and the Post-Employment Health Care Benefits Trust Fund of the Port of Tacoma as of December 31, 2019 and 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, 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 audits 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2020, on our consideration of the Port's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control over financial reporting and compliance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The introductory and statistical sections are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

RSM US LLP

Tacoma, Washington
March 30, 2020

Port of Tacoma
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2019 and 2018

INTRODUCTION

The Port of Tacoma's (the Port) Management Discussion and Analysis (MD&A) of financial activities and performance introduces the Port's 2019 and 2018 financial statements, which include the Enterprise Fund as well as the Post-Employment Health Care Benefits Trust Fund. Port management prepared this MD&A and readers should consider it in conjunction with the financial statements and the notes thereto.

The Enterprise Fund accounts for all activities and operations of the Port except for the activities included within the Post-Employment Health Care Benefits Trust Fund.

The notes are essential to a full understanding of the data contained in the financial statements. This report also presents certain required supplementary information regarding pension and other post-employment benefits.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this annual report consists of three parts: MD&A, the basic financial statements and the notes to the financial statements. The financial statements include: the statements of net position, the statements of revenues, expenses and changes in net position, and the statements of cash flows of the Enterprise Fund. The report also includes the following two basic financial statements for the Post-Employment Health Care Benefits Trust Fund: statements of net position and statements of changes in net position.

The statements of net position and the statements of revenues, expenses and changes in net position illustrate whether the Port's financial position has improved as a result of the year's activities. The statements of net position present information on all of the Port's assets and deferred outflows, and liabilities and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the Port is improving or deteriorating. The statements of revenues, expenses and changes in net position show how the Port's net position changed during the year. These changes are reported in the period in which the underlying event occurs, regardless of the timing of related cash flows.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Port uses two funds, an Enterprise Fund, which is a type of proprietary fund that reports business-type activities, and the Post-Employment Health Care Benefits Trust Fund.

Formation of The Northwest Seaport Alliance

The ports of Seattle and Tacoma (home ports) joined forces in August 2015 to unify management of marine cargo facilities and business to strengthen the Puget Sound gateway and attract more marine cargo and jobs to the region by creating The Northwest Seaport Alliance (NWSA). The NWSA is a special purpose governmental entity established as a Port Development Authority (PDA), similar to Public Development Authorities formed by cities and counties. The PDA is governed by the two ports as equal members (each a "Managing Member" and, collectively, "Managing Members") with each port acting through its elected commissioners. As approved, the charter for the NWSA (Charter) may be amended only by mutual agreement of the Managing Members. Each port will remain a separate legal entity, independently governed by its own elected commissioners.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Membership Interests

The home ports made an initial contribution of certain cargo terminals and related marine cargo business activities to the NWSA through license agreements (Licensed Properties). Under these agreements, the NWSA was charged with managing the properties as an agent on behalf of the Managing Members.

The initial contribution of each home port to the NWSA was 50% (based on the value of the contributed facilities using cash flow forecasts for each parcel that went to the NWSA) with a revaluation review that was completed during 2019 by the Managing Members.

The basis of the revaluation review was to determine if material changes in cash flows from the Licensed Properties occurred since the initial valuation. A change in the valuation of the cash flow forecasts of these facilities could result in a change in Membership Interests. The Charter requires Managing Members approve any change in Membership Interest by vote, to include provision for addressing any change to distributions and allocations as a result of the change in Membership Interest. Changes in Membership Interest do not affect a Managing Member's voting rights under the Charter, as votes are not weighted by or otherwise determined by Membership Interest.

In April 2019, the Managing Members and the Port of Seattle commission authorized the completion of the one-time Membership Interest Affirmation of 50/50 for each home port in satisfaction of the NWSA Charter. In lieu of completing the required reevaluation of Membership Interest, the Port of Seattle agreed to pay up to $32 million additional contribution to the NWSA. This additional contribution was in recognition that certain forecasted revenue streams not secured by long-term contractual agreements in the initial valuation may not be achieved without the redevelopment of Terminal 5. This additional contribution by the Port of Seattle will be made to the NWSA in three installments. The first two installments of $11 million each will be made on or around March 31, 2020 and 2021. The final installment will be made in 2024 and may be adjusted if the actual redevelopment costs are less than the program authorization.

As part of the Membership Interest Affirmation, the Managing Members also authorized the distribution of these affirmation payments to the home ports equally after the NWSA receives the funds from the Port of Seattle. These transactions do not impact NWSA's net position but will increase cash and reduce investment in JV for the Port of Tacoma. These distributions will be recorded as they are incurred.

Financial Framework

The NWSA intends to support the credit profiles of both home ports, and its financial framework will preserve both ports' commitment to financial strength and fiscal stewardship. The NWSA distributes cash to each home port based on cash flow from operations, calculated pursuant to Generally Accepted Accounting Principles. Cash distributions are to be made no less than quarterly based on each home port's membership interests.

The NWSA is responsible for capital investments, including renewal and replacement projects and new development. Such capital investments, or post-formation assets, will be treated as tenant improvements owned by the NWSA. The ports of Seattle and Tacoma work cooperatively with the NWSA to develop an annual capital investment plan for approval by each Managing Member. Funding will be provided by joint contributions from the home ports; cash flow from operations will be distributed to the home ports and not retained by the NWSA for funding capital investments. Each Managing Member must approve its capital contributions.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The NWSA Charter recognizes that each home port's respective share of revenues received by the NWSA with respect to the Licensed Properties has been, or may be, pledged in connection with the home port's bond obligations. Under the Charter, the Managing Members instruct the Chief Executive Officer (CEO) to manage the PDA in a prudent and reasonable manner in support of the home ports' respective bond covenants. The home ports shall keep the CEO and the NWSA management informed of their respective bond obligations, and each shall notify the other home port of any proposed change to such home port's governing bond resolutions as soon as practicable before adoption. The Charter does not modify or alter the obligations of each home port with respect to its own bond obligations. The NWSA does not assume any obligations to the home ports' bond holders.

With respect to bonds of each home port that were outstanding at the time of the formation of the NWSA, the Managing Members shall establish and maintain a requirement for the NWSA to calculate and establish a minimum level of net income from the NWSA equal to the amount required for the home ports to meet their bond rate covenants in effect at the time of formation of the NWSA (Bond Income Calculation). The Managing Members shall require the Bond Income Calculation to be reviewed annually as part of the NWSA budget process and the Managing Members may adjust the Bond Income Calculation so long as it does not cause any home port to fail to comply with its rate covenant in effect at the time of formation of the NWSA. The NWSA may not take any action that reasonably would reduce the NWSA income below the minimum level established by the Bond Income Calculation unless each Managing Member separately votes to approve that action. Such a vote by each Managing Member must occur even if the action is within the CEO's delegated authority. The Bond Income Calculation is subject to adjustment, including reductions from payment or refunding of bonds outstanding at the time of the formation of the NWSA.

Funding

Working capital cannot be redirected to fund capital construction as defined in the Charter. Future funding needs are evaluated during the annual budget process or if the working capital reserve should decline below a target minimum established by the Managing Members. Managing Members must vote affirmatively to approve additional working capital contributions. The NWSA has generated enough cash from operations to cover its working capital requirements through 2019 and the 2020 NWSA budget did not anticipate additional funding needs.

Funding of NWSA capital construction projects from formation of the NWSA through December 31, 2019, totaled $297.2 million. The majority of this capital was used for container terminal improvements at Terminals 5 and 46 in the North Harbor and Terminal 4 in the South Harbor.

Further information on the formation and operations of the NWSA can be found in Note 1, Summary of Significant Accounting Policies, and Note 17, Joint Venture.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Financial position summary - Enterprise Fund: The statements of net position present the financial position of the Enterprise Fund of the Port. The statements include all of the Port's assets and liabilities of the Enterprise Fund. Net position serves as an indicator of the Port's financial position. The Port's current assets consist primarily of cash, investments and accounts receivable. A summarized comparison of the Port's Enterprise Fund assets, liabilities and net position at the close of calendar year-end follows (dollars in thousands):

	2019	2018	2017
Current assets	$ 241,813	$ 232,735	$ 196,208
Capital and intangible assets, net	936,166	952,435	955,557
Long-term investments	19,784	30,638	60,230
Investment in Joint Venture	177,197	142,508	104,273
Other assets	15,702	14,862	12,386
Total assets	$ 1,390,662	$ 1,373,178	$ 1,328,654
Deferred outflows of resources	$ 74,154	$ 60,910	$ 71,811
Current liabilities	69,653	68,537	58,572
Long-term debt, net	609,000	626,610	643,866
Other long-term liabilities	156,763	127,326	130,417
Total liabilities	835,416	822,473	832,855
Deferred inflows of resources	6,086	5,968	3,225
Net investment in capital assets	295,714	310,430	327,335
Restricted - bond reserves	17,536	13,251	13,496
Unrestricted	310,064	281,966	223,554
Total net position	$ 623,314	$ 605,647	$ 564,385

**Beginning net position for 2018 was adjusted for the adoption of GASB 75 (see Note 1).*

The Port's total net position increased by $17.7 million and 2.9% over the prior year to $623.3 million at December 31, 2019. Of this amount, $295.7 million is the net investment in capital assets, $17.5 million is restricted for bond reserves and $310.1 million is unrestricted and can be used to finance operating activities.

The Port's net investment in capital assets represents infrastructure and capital assets for Port terminal and real estate facilities. In 2019, the net investment in capital assets decreased by $14.7 million due primarily to a decrease in remaining unspent bond proceeds from the 2016 Revenue Bonds of $15.1 million, and a $16.3 million decrease in net capital assets, offset by a net decrease in outstanding debt of $16.7 million.

At December 31, 2018, the Port's total net position increased by $41.2 million and 7.3% over the prior year to $605.6 million. Of this amount, $310.4 million is the net investment in capital assets, $13.2 million is restricted for bond reserves and $282.0 million is unrestricted and can be used to finance operating activities.

In 2018, the net investment in capital assets decreased by $16.9 million due primarily to a decrease in remaining unspent bond proceeds from the 2016 Revenue Bonds of $29.3 million, a net decrease in outstanding debt of $15.6 million and a $3.1 million decrease in net capital assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

At December 31, 2017, the Port's total net position increased by $27.1 million and 5.0% over the prior year to $564.4 million. Of this amount, $327.3 million was the net investment in capital assets, $13.5 million was restricted for bond reserves and $223.6 million was unrestricted and could be used to finance operating activities.

Restricted components of net assets at December 31, 2019, 2018 and 2017, of $17.5 million, $13.3 million and $13.5 million, respectively, are required reserves for the 2016 and 2014 revenue bonds held in restricted investments.

The change in net position is an indicator of whether the overall fiscal condition of the Enterprise Fund has improved or worsened during the year. The following summary compares operating results for 2019, 2018 and 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Statements of Revenues, Expenses and Changes in Net Position (dollars in thousands):

	2019	2018	2017
Operating income:			
Operating revenues	$ 27,372	$ 23,607	$ 21,687
Joint Venture income	47,979	55,992	54,925
Total	75,351	79,599	76,612
Operating expenses	41,954	44,598	44,899
Total operating income	33,397	35,001	31,713
Non-operating revenues (expenses):			
Ad valorem tax revenues	20,921	18,588	16,631
Interest on general obligation bonds	(4,804)	(4,933)	(5,482)
Net ad valorem tax revenues	16,117	13,655	11,149
Interest income	5,733	4,789	3,618
Net increase (decrease) in the fair value of investments	2,137	(1,125)	156
Interest expense	(20,085)	(19,926)	(19,717)
Other non-operating income (expenses), net	1,645	3,823	(931)
Total non-operating revenues (expenses), net	5,547	1,216	(5,725)
Increase in net position before capital contributions and special item	38,944	36,217	25,988
Capital grant contributions	700	3,624	1,093
Increase in net position before special item	39,644	39,841	27,081
Special Item	21,977	-	-
Increase in net position	17,667	39,841	27,081
Net position, beginning of year, as previously reported	605,647	564,385	537,304
Adjustment related to adoption of GASB 75	-	1,421	-
Net position, beginning of year, as restated	605,647	565,806	537,304
Net position, end of year	$ 623,314	$ 605,647	$ 564,385

**Beginning net position for 2018 was adjusted for the adoption of GASB 75 (see Note 1).*

2019 Revenues, Expenses and Changes in Net Position versus the Prior Year

The Port's revenue for 2019 of $75.4 million was $4.2 million and 5.3% less than the prior year.

Port operating revenue was up $3.8 million, as the new the auto processing center built on the former Kaiser Aluminum site generated $2.1 million of new revenue in its first full year of operations and several new leases and annual escalations resulted in $1.8 million of additional revenues from real estate rentals. The Port also received $0.2 million more than the prior year for infrastructure repairs and terminal security; however, auto storage revenue was down $0.4 million.

The NWSA Joint Venture income of $48.0 million was $8.0 million and 14.3% less than the prior year, as NWSA net income dropped by $16.0 million versus the prior year. Much of this decrease is attributable to higher planned current-year operating expenses for depreciation of $5.0 million and $2.4 million to remove old cranes associated with capital improvement projects, various paving repairs and higher costs to operate four additional cranes. Additionally, there was a prior-year contribution of $3.1 million in stormwater improvements that increased 2018 NWSA net income.

Operating expense in 2019 of $42.0 million was $2.6 million and 5.8% less than the prior year, driven by asset disposals of $4.0 million in the prior year related to the T4 reconfiguration project, and higher current-year costs for equipment and facility repairs of $1.1 million, which included repairs for damaged fiber lines along Port of Tacoma road, increased administrative costs for consulting services and IT hardware/software maintenance and data services.

As a result of the above, operating income of $33.4 million was $1.6 million less than the prior year.

Non-operating income and expense: The 2019 net non-operating income was $5.5 million compared to $1.2 million in the prior year.

Ad valorem tax revenue increased by $2.3 million compared to the prior year due to new construction and property valuation increases in Pierce County. The tax revenue increase, paired with lower interest rates on General Obligation debt due to a bond refunding in the prior year, increased net ad valorem tax revenue by $2.5 million.

Interest income and fair market value adjustments were up $4.2 million as the non-cash market value increase on investments was $3.3 million more than the prior year and interest income was up $1.0 million due to rising rates. Interest expense was $0.2 million more than the prior year due to variable interest rates.

Other non-operating income was $2.2 million less than the prior year, primarily due to the prior year receipt of a claim settlement with Thurston County for the Maytown property of $8.6 million that was offset by the $2.1 million Upper Clear Creek settlement and current-year gains on the sale of property of $3.5 million and the current-year expense of $0.5 million for the Tide Flats Subarea plan.

Capital grant contributions were $2.9 million less than the prior year due to the Kaiser Remediation grant of $2.3 million and Security grants of $0.6 million in 2018.

Special Item: In December 2019, the Port Commission approved a resolution committing the Port to providing a contribution of up to $22.0 million in the form of cash and land to the State Route 167 (SR-167) Completion Project which is part of the Puget Sound Gateway Program. The SR 167 Completion Project will build the remaining four miles of SR 167 between Meridian Avenue in Puyallup and I-5, completing a long-planned connection to I-5 in Fife. Completion of SR-167 provides a direct link from Kent and Puyallup River valleys and helps to ensure that people and goods move more reliably through the Puget Sound region. The Port has concluded this transaction qualifies for treatment as a special item in the accompanying statements of net position. (See Note 18)

As a result of the above, the increase in net position was $17.7 million and $22.2 million less than the prior year.

2018 Revenues, Expenses and Changes in Net Position Versus the Prior Year

The Port's revenue for 2018 of $79.6 million was $3.0 million and 3.9% above the prior year. Port operating revenue was up $1.9 million due to new leases and rent escalations on existing leases. December was the first month of activity from a 30-year lease with Wallenius Wilhelmsen Logistics (WWL) who is operating a state-of the-art automotive processing center on the former Kaiser Aluminum site.

The NWSA Joint Venture income of $56.0 million was $1.1 million and 1.9% more than the prior year, as increased grant and non-operating income of $7.8 million offset the $5.6 million decrease in operating income. The NWSA's operating income was down due to a decrease in revenue of $2.4 million driven by an early lease termination payment of $5.7 million in the prior year from APM Terminals offset by higher container volume at T18, which increased revenue by $2.6 million. The NWSA operating expenses increased by $3.2 million, as depreciation expense increased by $3.9 million due to capital improvements at Pier 4 in the south harbor, offset by lower operating costs.

Port operating expense in 2018 of $44.6 million was $0.3 million less than the prior year. Operations costs were up $3.5 million, primarily for the write-off of net book values of assets disposed in connection with the Pier 4 reconfiguration project in the current year. Administration costs were up $0.5 million due to increases in wages and benefits for annual increases, the filling of vacant positions and for temps and consultants. Offsetting the increases, environmental costs were down $2.5 million due to lower project spending and prior year's increase in environmental remediation liability of $2.1 million and depreciation expense was below the prior year by $1.6 million and 6.0% due to assets becoming fully depreciated and replacement assets capitalized by the NWSA.

As a result of the above, operating income of $35.0 million was $3.3 million more than the prior year.

Non-operating income and expense: The 2018 net non-operating income was $1.2 million compared to non-operating expense of $5.7 million in the prior year.

Ad valorem tax revenue increased by $2.0 million compared to the prior year due to new construction and property valuation increases in Pierce County. The tax revenue increase, paired with lower interest rates on General Obligation debt due to a bond refunding in the prior year, increased net ad valorem tax revenue by $2.5 million.

Interest income, net of fair market value adjustments was $0.1 million lower than the prior year, as the non-cash market value decrease on investments was $1.3 million more than the prior year, offset by interest income up $1.2 million due to rising rates. Interest expense was $0.2 million more than the prior year due to variable interest rates.

Capital grant contributions were $2.5 million more than the prior year due to the Kaiser Remediation grant of $2.3 million.

Net other non-operating income was $4.8 million more than the prior year, primarily due to the claim settlement with Thurston County for Maytown property of $8.6 million, offset by the unfavorable Upper Clear Creek mediated settlement of $2.1 million and non-operating project costs.

As a result of the above, the increase in net position was $39.8 million, and $12.7 million more than the prior year (additionally, 2018 beginning net position increased $1.4 million due to adoption of GASB 75).

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Capital assets: The Port's investment in capital assets, net of depreciation, for its business activities as of December 31, 2019, amounted to $936.2 million. This investment in capital assets includes land, buildings, improvements, machinery and equipment, intangible assets and construction in process. The Port's investment in capital assets, net of depreciation, for its business activities as of December 31, 2018, amounted to $952.4 million. See Note 3, Capital and Intangible Assets, for additional information. Capital additions by category in 2019 are presented in the table below (dollars in thousands):

Description:		
Auto terminal development	$	10,422
Facility and building improvements		1,833
Information technology infrastructure		1,146
Machinery and equipment		714
Rail improvements		65
Property acquisition		10
	$	14,190

Debt Administration

Long-term debt: At December 31, 2019, the Port's long-term debt, including current portion, outstanding totaled $623.8 million. Of this amount, general obligation bonds outstanding were $165.4 million and revenue bonds outstanding were $458.4 million. At December 31, 2018, the Port's long-term debt, including current portion, outstanding totaled $641.2 million. Of this amount, general obligation bonds outstanding were $171.0 million and revenue bonds outstanding were $470.2 million.

The Port utilizes interest rate payment agreements (derivatives) to manage interest rate risk. The swap agreements synthetically fix or "lock-in" interest rates on variable-rate revenue bond debt by providing cash flows that are intended to offset the variable-rate bond payments, leaving the Port with the fixed payment identified in each swap agreement. The Port does not hold or issue derivative financial instruments for trading purposes. These instruments are designated as cash-flow hedges on the trade date and are recognized on the statements of net position at fair value.

To reduce interest rate mismatch between the interest rate swaps and the interest paid on the bonds, in September 2019, the Port refunded the 2014A subordinate lien direct borrowings with the bank of $82.1 million by issuing $40.5 million of variable-rate demand obligations on Weekly Interest Rate mode and $41.6 million of fixed-rate bonds for the unhedged portion of the variable debt. The Port also changed the mode on the 2009 and 2008 subordinate lien bonds from Index Interest Rate mode to publicly traded Weekly Interest Rate mode. The refunding bonds are described in more detail in Note 5 of this report.

The Port requests bond ratings prior to issuing debt. Moody's and Standard & Poor's rated the Port's debt as follows:

Description	Moody's	Standard & Poor's
General Obligation (Senior Lien)	Aa2	AA
Revenue Bonds (Senior Lien)	Aa3	AA-
Revenue Bonds (Subordinate)	A1	A+

MANAGEMENT'S DISCUSSION AND ANALYSIS (Concluded)

Post-Employment Health Care Benefits Trust Fund: The Post-Employment Health Care Benefits Trust Fund (the Trust) accounts for the assets of the employee benefit plan held by the Port in a trustee capacity. A summarized comparison of the assets, liabilities and net position of the Trust as of December 31, 2019, 2018 and 2017, and changes in net position for the years ended December 31, 2019, 2018 and 2017, are as follows (dollars in thousands):

	2019	2018	2017
Total assets	$ 4,930	$ 4,986	$ 5,120
Total liabilities	-	-	-
Total net position	$ 4,930	$ 4,986	$ 5,120
Total additions	$ 172	$ 85	$ 44
Total deductions	(228)	(219)	(431)
Decrease in net position	(56)	(134)	(387)
Net position - beginning of year	4,986	5,120	5,507
Net position - end of year	$ 4,930	$ 4,986	$ 5,120

Subsequent event: On March 11, 2020, the World Health Organization characterized COVID-19 as a global pandemic. A significant portion of the cargo that moves through our gateway is to and from Asia, specifically China. As the recent outbreak of COVID-19 continues to spread throughout the supply chain, we believe it has the potential to have a negative impact on our operating results and financial condition. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on supply chains and supply chain employees, which, at this time, are uncertain and cannot be predicted. Given these uncertainties, we cannot reasonably estimate the related impact to our business, operating results and financial condition.

REQUEST FOR INFORMATION

The Port of Tacoma designed this financial report to provide our citizens, customers, investors and creditors with an overview of the Port's finances. If you have questions or need additional information, please visit our website at www.portoftacoma.com or contact: Chief Financial Officer, P.O. Box 1837, 1 Sitcum Way, Tacoma, Washington, 98401-1837, Telephone 253.383.5841, Fax 253.597.7573.

Financial Statements

Port of Tacoma

Enterprise Fund
Statements of Net Position
December 31, 2019 and 2018
(Dollars in Thousands)

		2019		2018
Assets				
Current assets:				
Cash	$	1,207	$	2,091
Investments		216,020		215,802
Trade accounts receivable, net of allowance for doubtful accounts		964		817
Grants receivable		-		387
Taxes receivable		498		432
Related-party receivables - Joint Venture		16,308		5,043
Prepayments and other current assets		6,816		8,163
Total current assets		241,813		232,735
Non-current assets:				
Long-term investments:				
Restricted investments at fair value		2,248		17,387
Restricted bond reserves at fair value		17,536		13,251
Long-term investments		19,784		30,638
Capital and intangible assets:				
Land		567,120		568,289
Buildings		102,792		100,658
Improvements		683,388		649,705
Machinery and equipment		87,409		87,960
Intangible assets		32,264		32,264
Construction in process		7,313		35,338
Total cost		1,480,286		1,474,214
Less accumulated depreciation		544,120		521,779
Capital and intangible assets, net		936,166		952,435
Investment in joint venture		177,197		142,508
Assets held for sale		7,840		7,840
Net OPEB asset		2,079		1,932
Other assets		5,783		5,090
Total non-current assets		1,148,849		1,140,443
Total assets	$	1,390,662	$	1,373,178
Deferred outflows of resources:				
Accumulated decrease in fair value of hedging derivatives	$	65,717	$	51,744
OPEB deferred outflow		305		441
Pension deferred outflow		1,997		1,955
Advance refunding deferred losses		6,135		6,770
Total deferred outflows of resources	$	74,154	$	60,910

**Beginning net position for 2018 was adjusted for the adoption of GASB 75 (see Note 1).*

See notes to financial statements.

Port of Tacoma

Enterprise Fund
Statements of Net Position
December 31, 2019 and 2018
(Dollars in Thousands)

	2019	2018
Liabilities and Net Position		
Current liabilities:		
Accounts payable and accrued liabilities	$ 14,602	$ 18,455
Payroll and taxes payable	5,423	5,183
Accrued interest	2,039	1,887
Related-party payables - Joint Venture	7,754	3,460
Commercial paper	25,000	25,000
Current portion of long-term debt	14,835	14,552
Total current liabilities	69,653	68,537
Non-current liabilities:		
Long-term debt:		
General obligation bonds	161,182	166,840
Revenue bonds	447,818	459,770
Net long-term debt	609,000	626,610
Other long-term liabilities:		
Interest rate payment agreement	65,717	51,744
Net pension liability	8,176	10,652
Environmental liability	28,312	28,803
Other liabilities (Note 18)	54,558	36,127
Other long-term liabilities	156,763	127,326
Total non-current liabilities	765,763	753,936
Total liabilities	$ 835,416	$ 822,473
Deferred inflows of resources:		
OPEB deferred inflow	$ 496	$ 655
Pension deferred inflow	5,590	5,313
Total deferred inflows of resources	$ 6,086	$ 5,968
Net position:		
Net investment in capital assets	$ 295,714	$ 310,430
Restricted - bond reserves	17,536	13,251
Unrestricted	310,064	281,966
Total net position	$ 623,314	$ 605,647

**Beginning net position for 2018 was adjusted for the adoption of GASB 75 (see Note 1).*

See notes to financial statements.

Port of Tacoma

Enterprise Fund
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2019 and 2018
(Dollars in Thousands)

	2019	2018
Operating revenues:		
Property rentals	$ 27,372	$ 23,607
Joint Venture income	47,979	55,992
Total operating revenues	75,351	79,599
Operating expenses:		
Operations	3,892	8,017
Maintenance	4,677	3,607
Administration	4,021	3,347
Security	265	377
Environmental	2,244	2,328
Total operating expenses, before depreciation	15,099	17,676
Depreciation	26,855	26,922
Total operating expenses	41,954	44,598
Operating income	33,397	35,001
Non-operating revenues (expenses):		
Ad valorem tax revenue	20,921	18,588
Interest on general obligation bonds	(4,804)	(4,933)
Net ad valorem tax revenues	16,117	13,655
Interest income	5,733	4,789
Net increase (decrease) in the fair value of investments	2,137	(1,125)
Interest expense	(20,085)	(19,926)
Other non-operating income, net	1,645	3,823
Total non-operating income, net	5,547	1,216
Increase in net position, before capital grant contributions and special item	38,944	36,217
Capital grant contributions	700	3,624
Increase in net position before special item	39,644	39,841
Special Item	21,977	-
Increase in net position	17,667	39,841
Net position:		
Net position, beginning of year, as previously reported	605,647	564,385
Adjustment related to adoption of GASB 75	-	1,421
Net position, beginning of year as restated	605,647	565,806
End of year	$ 623,314	$ 605,647

**Beginning net position for 2018 was adjusted for the adoption of GASB 75 (see Note 1).*

See notes to financial statements.

Port of Tacoma

Enterprise Fund
Statements of Cash Flows
Years Ended December 31, 2019 and 2018
(Dollars in Thousands)

	2019	2018
Cash flows from operating activities:		
Cash received from customers	$ 26,529	$ 22,669
Cash received for settlements	-	27,500
Cash paid to suppliers for goods and services	(15,905)	(21,081)
Cash paid to employees	(6,941)	(6,595)
Cash (paid to) received from related party - Joint Venture	(6,544)	12,670
Cash (paid) received for other operating (expense) income	(1,540)	5,230
Net cash (used in) provided by operating activities	(4,401)	40,393
Cash flows from non-capital financing activities:		
Cash received from operating grants	485	607
Net cash provided by non-capital financing activities	485	607
Cash flows from capital and related financing activities:		
Proceeds from sale of property, plant and equipment	6,995	46
Borrowings on commercial paper	125,000	150,000
Repayments on commercial paper	(125,000)	(150,000)
Principal paid on general obligation and revenue bonds and other debt	(14,552)	(13,603)
Proceeds from refunding bond issues including bond premium	82,120	-
Payments to escrow for refunded bonds	(82,120)	-
Acquisition and construction of capital assets	(14,167)	(25,663)
Interest paid on general obligation and revenue bonds and other debt	(26,722)	(27,237)
Cash received from federal and state grants	602	2,744
Cash received from property taxes for general obligation bonds	20,856	18,604
Net cash used in capital and related financing activities	(26,988)	(45,109)
Cash flows from investing activities:		
Purchases of investments	(169,008)	(203,420)
Proceeds from sales and maturities of investment securities	181,450	183,513
Cash used to fund investment in NWSA	(40,737)	(43,077)
Cash distributions received from Joint Venture	52,250	60,700
Interest received on investments	6,065	4,980
Net cash provided by investing activities	30,020	2,696
Net decrease in cash	(884)	(1,413)
Cash:		
Beginning of year	2,091	3,504
End of year	$ 1,207	$ 2,091

(Continued)

Port of Tacoma

Enterprise Fund
Statements of Cash Flows (Continued)
Years Ended December 31, 2019 and 2018
(Dollars in Thousands)

	2019	2018
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income	$ 33,397	$ 35,001
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation	26,855	26,922
Cash (paid) received for non-operating (expense) income	(1,540)	5,230
Cash distributions received from related party - Joint Venture	(52,250)	(60,700)
Gain on disposal of facilities	-	4,391
Changes in assets and liabilities:		
(Increase) decrease in related-party receivable - Joint Venture	(5,193)	10,274
(Increase) decrease in accounts receivable	(148)	1,746
Increase in other assets, long-term	(694)	(543)
Increase in prepayments and other assets	(56)	(634)
Decrease in investment in Joint Venture	4,271	4,708
Increase (decrease) in accounts payable and accrued liabilities	(6,751)	6,273
(Decrease) increase in environmental reserves	(491)	8,564
Decrease in payroll and taxes payable	(2,174)	(5,248)
Increase in long-term liabilities	309	2,079
Decrease in net pension liablity and OPEB assets and related deferred inflows/outflows	64	2,330
Total adjustments and changes	(37,798)	5,392
Net cash (used in) provided by operating activities	$ (4,401)	$ 40,393
Noncash investing and financing activities:		
Capital asset additions and other purchases financed with accounts payable	$ 2,539	$ 2,528
Capital construction payable to related party - Joint Venture	$ (7,028)	$ (3,460)
Distributions receivable from related party - Joint Venture	$ 9,135	$ 3,790
Increase (decrease) in fair value of investments	$ 2,137	$ (1,125)

See notes to financial statements.

Port of Tacoma

Post-Employment Health Care Benefits Trust Fund
Statements of Net Position
December 31, 2019 and 2018
(Dollars in Thousands)

	2019	2018
Assets		
Cash	$ 134	$ 216
Fixed-income securities, at fair value	4,796	4,770
Total assets	4,930	4,986
Plan Liabilities	-	-
Net position held in trust for other post-retirement benefits and other purposes	$ 4,930	$ 4,986

See notes to financial statements.

Port of Tacoma

Post-Employment Health Care Benefits Trust Fund
Statements of Changes in Net Position
Years Ended December 31, 2019 and 2018
(Dollars in Thousands)

	2019	2018
Additions:		
Employer contributions	$ -	$ -
Net decrease in fair value of investments	83	(1)
Interest	89	86
Total additions	172	85
Deductions:		
Benefit payments	216	207
Administrative expenses	12	12
Total deductions	228	219
Change in net position	(56)	(134)
Net position held in trust for other post retirement benefits and other purposes:		
Beginning of year	4,986	5,120
End of year	$ 4,930	$ 4,986

See notes to financial statements.

Note 1. Summary of Significant Accounting Policies

Reporting entity: The Port of Tacoma (the Port) is a municipal corporation of the State of Washington created in 1918 under provisions of the Revised Code of Washington (RCW) 53.04.010 et seq. The Port has geographic boundaries coextensive within Pierce County, Washington, and is situated on Commencement Bay in Puget Sound.

The Port is independent from Pierce County government and is administered by a five-member Board of Commissioners elected by Pierce County voters. The Commission delegates administrative authority to an Executive Director and administrative staff to conduct operations of the Port. The County levies and collects taxes on behalf of the Port. Pierce County provides no funding to the Port. Additionally, Pierce County does not hold title to any of the Port's assets, nor does it have any right to the Port's surpluses.

In August 2015, the ports of Seattle and Tacoma formed the NWSA, a special purpose governmental entity established as a Port Development Authority (PDA) under provisions of the RCW 53.04.010 et seq. similar to Public Development Authorities formed by cities and counties. Each Port Commission is a Managing Member of the NWSA. The NWSA's financial activity began effective January 1, 2016.

The Port of Seattle and Port of Tacoma (home ports) made an initial contribution of certain cargo terminals and related marine cargo business activities to the NWSA through license agreements (Licensed Properties).

The State Legislature granted qualifying ports the authority to create a PDA for the management of maritime activities and to allow ports to act cooperatively and use financial resources strategically, while remaining separate entities and complying with federal regulations. Pursuant to the PDA statute, if a PDA is created jointly by more than one port district, the PDA must be managed by each port district as a member, in accordance with the terms of the statute and the Charter. Any port district that creates a PDA must oversee the affairs, operations and funds of the PDA to correct any deficiency, and ensure that the purposes of each program undertaken are reasonably accomplished. The statute permits a PDA, in managing maritime activities of a port district or districts, to own and sell real and personal property; to enter into contracts; to sue and be sued; to loan and borrow funds; to issue bonds, notes and other evidences of indebtedness; to transfer funds, real or personal property, property interests or services; and to perform community services related to maritime activities managed by the PDA. As discussed below, the statute allows, but the Charter prohibits, the NWSA to issue bonds, borrow funds or enter into other debt instruments. By statute, PDAs do not have the power of eminent domain or the power to levy taxes or special assessments. In transferring real property to a PDA, the port district or districts creating the PDA must impose appropriate deed restrictions necessary to ensure the continued use of the property for the public purpose for which the property is transferred.

The NWSA is governed by its Managing Members, with each Managing Member acting pursuant to the Charter through its elected commissioners. The Managing Members appoint a Chief Executive Officer (CEO) who is responsible for hiring staff and entering into service agreements with the Managing Members as needed. Staff is comprised of certain Port of Tacoma and former Port of Seattle employees assigned either in full or in part to work in roles in the NWSA. In addition, both Managing Members may provide services through shared service agreements with a portion of staff time allocated to, and paid by, the NWSA.

Effective January 1, 2016, the accounting for revenues and expenses associated with Licensed Properties became the responsibility of the NWSA and the ownership of the Managing Members is accounted for as a joint venture by the home ports. Additional information about the formation of the NWSA is presented in the MD&A and Note 17, Joint Venture.

Note 1. Summary of Significant Accounting Policies (Continued)

The Port reports all of its activities and operations except for the activities included with the Post-Employment Health Care Benefits Trust Fund in the Enterprise Fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises with the intent that the cost of providing goods and services to customers is financed or recovered primarily through user charges. The Port tracks activity of the Post-Employment Heath Care Benefits Trust in a Fiduciary Fund. Fiduciary Funds are used to accumulate resources to fund pension and other post-employment benefit (OPEB) plans.

Nature of business: The Enterprise Fund is used to account for the general operations of the Port, as more fully described below:

The Port is authorized by Washington law to provide and charge rentals, tariffs and other fees for docks, wharves and similar harbor facilities, including associated storage and traffic handling facilities, for waterborne commerce. The Port may also provide freight and passenger terminals, and transfer, as well as storage facilities for other modes of transportation, including air, rail and motor vehicles. The Port may acquire and improve lands for sale or lease for industrial or commercial purposes and may create industrial development districts.

Measurement focus, basis of accounting and presentation: The financial statements of the Port have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units, and the Port is accounted for as a business-type activity. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Port accounts for its activities in its Enterprise Fund and Fiduciary Fund on a flow of economic resources measurement focus and the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The accounting records of the Port are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW. The Port also follows the Uniform System of Accounts for Port Districts in the State of Washington.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant estimates also affect the reported amounts of revenues and expenses during the reporting period. Significant estimates made by the Port include depreciation and environmental liabilities. Actual results could differ from those estimates.

Significant risks and uncertainties: The Port is subject to certain business risks that could have a material impact on future operations and financial performance. These risks include economic conditions, collective bargaining disputes, federal, state and local government regulations, and changes in law.

The formation of the NWSA is intended to eliminate pricing competition between the home ports by creating a unified gateway to allow for coordination of customer relationships, to improve capacity utilization between the home ports and to rationalize strategic capital investments. The formation of the NWSA may or may not successfully address these risks, and may create new risks, including the risks associated with undertaking a new joint venture with an outside entity, the risk associated with the operating and financial performance of additional facilities, and exposure to the financial strength of the Port of Seattle to make future capital expenditures.

Note 1. Summary of Significant Accounting Policies (Continued)

Under the NWSA Interlocal Agreement and the Charter, the Port has agreed to work cooperatively with the Port of Seattle and, accordingly, has agreed not to act unilaterally with respect to certain matters. Decisions that could have a material effect on the Port, including new business agreements and leases or amendments to existing agreements and leases and future capital contributions to the NWSA, must be approved by each Managing Member and, accordingly, the Port will need to reach agreement with the Port of Seattle on these matters prior to executing any changes.

The Charter requires that the NWSA maintain the Bond Income Calculation and not take any action that would reasonably reduce its income below this minimum net operating income level unless each Managing Member votes separately to approve that action. This minimum net operating level is established based on the amount required at formation of the NWSA for the home ports to meet their then-current bond rate covenants and may not always reflect the amount required to meet bond rate covenants on a go-forward basis.

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

The NWSA selected as its CEO, the CEO of the Port of Tacoma, who served in those dual roles until the Port of Tacoma hired an Executive Director in June 2019.

Cash: Cash represents cash and demand deposits. The Port maintains its cash in bank deposit accounts which are covered by the Public Deposit Protection Commission of the State of Washington.

Trade accounts receivable: Trade accounts receivable are carried at original invoice amount less an estimate made for doubtful accounts based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying delinquent accounts and by using historical experience applied to an aging of accounts. Trade accounts receivable are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. The allowance for doubtful accounts at December 31, 2019 and 2018, was $23,000 and $10,000, respectively.

Investments: Investments, unrestricted and restricted, are stated at fair value, which is the price that would be received in an orderly transaction between market participants at the measurement date. The Port also has investments in the Washington State Local Government Investment Pool (LGIP). The LGIP is similar to a money market fund recognized by the Securities and Exchange Commission. The LGIP invests in U.S. Agency Securities, Repurchase Agreements, U.S. Treasury Securities, Interest Bearing Bank Deposits and Certificates of Deposit. The investments are limited to high-quality obligations with limited maximum and average maturities. The pool is valued at amortized cost. Interest income on investments is recognized in non-operating revenues as earned. Changes in the fair value of investments are recognized on the statements of revenues, expenses and changes in net position. The Port's general policy is to not hold more than 20% of its holdings in any one investment. See Note 2 for further information.

Note 1. Summary of Significant Accounting Policies (Continued)

Investment in joint venture: The Port adopted joint-venture accounting beginning January 1, 2016, to account for its 50% share in the NWSA. The Port's investments and the Port's 50% share of NWSA's net income and cash distributions will be presented on the statements of net position as investment in joint venture. The Port's 50% of the NWSA's net income and losses are presented on the statements of revenues, expenses and changes in net position as Joint Venture income. Additional information about the NWSA is presented in the MD&A and Note 17, Joint Venture.

Bond reserves - restricted: Required bond reserves and unspent bond proceeds, if any, are not available for current expenses when constraints placed on their use are legally enforceable due to 1) externally imposed requirements by creditors; 2) laws or regulations of other governments; and 3) constitutional provisions or enabling legislation are included in this category.

Prepayments and other current assets: Consists of prepaid expenses for various items as well as maintenance supplies. Maintenance supply inventories of $3,663,000 and $4,998,000 at December 31, 2019 and 2018, respectively, are valued at net realizable value, which approximates cost using the weighted-average method.

Capital assets and depreciation: Capital assets are recorded at cost. Donated assets are recorded at acquisition value on the date donated.

The Port's policy is to capitalize all asset additions greater than $20,000 and with an estimated life of more than three years. Depreciation is computed on the straight-line method. The following lives are used:

	Years
Buildings and improvements	10-75
Machinery and equipment	3-20

Preliminary costs incurred for proposed projects are reported as construction in process in the statements of net position during construction of the facility. As projects are constructed, the project costs are transferred to the appropriate capital asset account; charges that relate to abandoned projects are expensed when the project is abandoned.

Intangible assets: Intangible assets consist of assets that lack physical substance, are nonfinancial in nature and whose initial useful life extends beyond one reporting period. Intangible assets primarily consist of a land exchange and right-of-way rights and are classified with capital assets in the accompanying financial statements. Management has determined that there are no factors that would limit the useful life of these assets; therefore, they are considered indefinite lived assets and are not being amortized. Intangible assets totaled $32,264,429 at December 31, 2019 and 2018.

Capitalized interest: The Port follows the policy of capitalizing interest as a component of the cost of capital assets constructed for projects greater than $300,000 that are not funded by capital grant contributions. Interest incurred on funds used during construction is capitalized as part of the cost of construction. This process is intended to remove the cost of financing construction activity from the statements of revenues, expenses and changes in net position and to treat such cost in the same manner as construction labor and material costs by taking the monthly average of construction in process balance times the average interest rate of the outstanding long-term borrowing.

Note 1. Summary of Significant Accounting Policies (Continued)

During 2019, total interest incurred, excluding interest on general obligation bonds, was $20,085,000, net of capitalized interest of $12,000. During 2018, total interest incurred, excluding interest on general obligation bonds, was $19,926,000, net of capitalized interest of $227,000.

Net position: Net position consists of net investment in capital assets, restricted and unrestricted net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflow of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debts should be included in this component of net position. This calculation excludes unspent debt proceeds, if any.

The Port's net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Port or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Net investment in capital assets consists of the following at December 31 (dollars in thousands):

	2019	2018
Capital and intangible assets, net	$ 936,166	$ 952,435
Revenue bond proceeds restricted for construction	2,248	17,387
Less:		
Net bond premium	51,571	47,346
Net advance refunding deferred losses	(6,135)	(6,770)
Long-term debt, including current portion	572,264	593,816
Commercial paper	25,000	25,000
Net investment in capital assets end of year	$ 295,714	$ 310,430

The restricted component of net position was $17,536,000 and $13,251,000 at December 31, 2019 and 2018, respectively, and consisted primarily of bond reserves, as required per certain bond agreements.

The unrestricted component of net position is the net amount of the assets and deferred outflows of resources, less liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Retentions payable: The Port enters into construction contracts that may include retention provisions such that a certain percentage of the contract amount is held for payment until completion of the contract and acceptance by the Port. The Port's policy is to pay the retention due only after completion and acceptance have occurred. Retentions payable totaled $89,000 and $659,000 at December 31, 2019 and 2018, respectively. Retentions payable are included in accounts payable and accrued liabilities on the accompanying statements of net position.

Federal and state grants: The Port may receive federal and state grants as reimbursement for construction of facilities, environmental programs and terminal security infrastructure and maintenance. These grants are recognized on a reimbursement basis and included in capital contributions on the accompanying statements of revenues, expenses and changes in net position.

Note 1. Summary of Significant Accounting Policies (Continued)

Commercial paper and current portion of long-term debt: Commercial paper includes borrowings with original maturities of less than one year and current portion of long-term debt is the portion of long-term debt payable within 12 months (see Notes 4 and 5).

Interest rate payment agreements: The Port accounts for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) on the statements of net position at fair value. The payment instruments were designated as highly effective cash flow hedges at December 31, 2019 and 2018 (see Note 5).

Refunds of debt: Proceeds from bond defeasance are deposited in an irrevocable trust, with an escrow agent to service the debt on the refunded bonds. Accordingly, the defeased bonds and the related Trust, are not recorded on the Port's financial statements. The difference between the reacquisition price and the carrying amount of defeased debt results in either a gain or loss that is amortized over the life of the new debt or old debt, whichever is shorter (see Note 5).

Employee benefits: The Port accrues unpaid vacation and sick leave benefit amounts as earned and payable upon termination. These benefits are accrued at current rates of compensation. Accrued vacation and sick leave included in payroll and taxes payable amounted to $1,099,000 and $604,000, respectively, at December 31, 2019, and $1,022,000 and $700,000, respectively, at December 31, 2018.

Vacation and sick leave paid in 2019 was $1,205,000 and $867,000, respectively, and $1,154,000 and $757,000, respectively, in 2018. The estimated total amount of vacation and sick leave expected to be paid in 2020 is $1,242,000 and $893,000, respectively.

The Port provides health care benefits for eligible employees through the HRA VEBA Trust, which is a non-profit, multiple employer voluntary employees' beneficiary association (VEBA) authorized under Internal Revenue Code 501(c)(9). The HRA VEBA Trust offers a funded health reimbursement arrangement (HRA) plan available to certain governmental employers in the Northwest (Washington, Oregon and Idaho). The Trust is managed by a Board of Trustees elected by the plan participants, participating employers, or the Board itself, depending on the Trustee position. The Port has two plans, one of which was closed to new employees hired after July 1, 2015 (VEBA5), the second plan is open to all eligible employees. The Port contributed $479,000 and $490,000 to eligible employee VEBA accounts in 2019 and 2018, respectively.

The Port offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Port employees, permits them to defer a portion of their salary until future years. In accordance with GASB authoritative guidance, accounting and reporting for Internal Revenue Code Section 457 deferred compensation plans, employee assets are not reflected in the Port's financial statements. This plan is fully funded and held in an external trust.

Post-Employment Health Care Benefit Trust: The Port provides major medical coverage for eligible retired employees through the single-employer Post-Employment Defined Benefit Health plan (the Plan). The Plan is administered through the Port's self-insured medical plan. The Port established the Port of Tacoma Post-Employment Healthcare Funding Obligation Trust (the Trust) to be used solely for the cost of medical coverage for eligible Plan participants and for the payment of the cost of administering the Plan. The Port is the sole administrator and fiduciary of the Trust.

The net other post-employment benefits (OPEB) other than pensions asset complied with the provisions of GASB Statements 74 and 75 (see Note 9). The Plan's audited financial statements for 2019 and 2018 may be found on pages 18 and 19 of this report.

Note 1. Summary of Significant Accounting Policies (Continued)

Pensions: The Port participates in the Washington Department of Retirement Systems (the Plan) cost-sharing, multiple-employer, defined benefit public employee retirement plans. This Plan covers substantially all of the Port's full-time and qualifying part-time employees. The Port's contribution rates are determined by the Plan each year and are based on covered payroll of the qualifying participants.

The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Washington State Department of Retirement Systems Plan (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value (see Note 8).

Environmental remediation costs: The Port environmental remediation policy requires accrual of pollution remediation obligation amounts when (a) one of the following specific obligating events is met and (b) the amount can be reasonably estimated. Obligating events include imminent endangerment to the public; permit violation; Port named as party responsible for sharing costs; Port named in a lawsuit to compel participation in pollution remediation; or commenced or legally obligated to commence pollution remediation. Potential cost recoveries such as insurance proceeds, if any, are evaluated separately from the Port's pollution remediation obligation. Costs incurred for pollution remediation obligations are typically recorded as non-operating environmental expenses unless the expenditures relate to the Port's principal ongoing operations, in which case, they are recorded as operating expenses. Costs incurred for pollution remediation obligations can be capitalized if they meet specific criteria. Capitalization criteria include preparation of property in anticipation of a sale; preparation of property for use if the property was acquired with known or suspected pollution that was expected to be remediated; performance of pollution remediation that restores a pollution-caused decline in service utility that was recognized as an asset impairment; or acquisition of property, plant and equipment that have a future alternative use not associated with pollution remediation efforts. See Note 12 for additional details.

Operating and non-operating revenues and expenses: Property rental revenues are charges for use of the Port's facilities and are reported as operating revenue. Joint Venture income is the Port's proportionate share of the NWSA net income earned on licensed home port assets and is reported as operating revenue. Ad valorem tax levy revenues and other revenues generated from non-operating sources are classified as non-operating.

Operating expenses are costs primarily related to property rental activities. Interest expense and other expenses incurred not related to the normal operations of the Port's property rental activities are classified as non-operating.

Deferred outflow and inflow of resources: Deferred outflow of resources is a consumption of net position that is applicable to a future reporting period(s). The Port reports deferred outflows on the statements of net position for its pension and OPEB plans and for the deferred cost of advance refunded bonds. Deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period(s). The Port records deferred inflow of resources on the statements of net position for its pension and OPEB plans.

Reclassifications: Certain reclassifications have been made to prior year amounts to conform to the current presentation. These reclassifications have no effect on previously reported changes in net position.

Note 1. Summary of Significant Accounting Policies (Concluded)

Recent accounting pronouncements:

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. The Port is currently evaluating the effect of the adoption of this standard on its financial statements and related disclosures, and the adoption is expected to have a significant impact on the statements of net position.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period.* This statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. The Port is currently evaluating the effect of the adoption of this standard on its financial statements and related disclosures.

Recent accounting pronouncements, adopted:

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. The requirements of this statement are effective for reporting periods beginning after June 15, 2018. The Port adopted this standard, which did not have a material effect on its financial statements and related disclosures.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities.* The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported, and this statement establishes criteria for identifying fiduciary activities of all state and local governments. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. The Port evaluated and adopted this standard and concluded that there was no material impact to the financial statements and related disclosures.

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2018. The Port evaluated and adopted this standard and has updated disclosures in Note 5 to reflect this adoption.

The Port adopted GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in 2018, which resulted in a restatement of net position to reflect the Port's net OPEB asset. The restatement increased net position at January 1, 2018, by $1.4 million and an offsetting OPEB asset of $1.4 million. There were no deferred inflows or outflows recognized as a part of this restatement. The prescribed disclosures are in Note 9, Post-Employment Health Care Benefits Trust Fund.

Note 2. Deposits and Investments

Discretionary deposits: The Port's cash and cash equivalents of $1.2 million and $2.1 million as of December 31, 2019 and 2018, respectively, were deposited in qualified depositories as required by state statute. Deposits in excess of federal depository insurance coverage are covered by the Public Deposit Protection Commission of the State of Washington (PDPC). The PDPC is a statutory authority under Chapter 39.58 RCW. Currently, all well capitalized public depositories with the state are required to collateralize uninsured public deposits at 50%.

Investments: State of Washington statutes authorize the Port to invest in direct obligations of the U.S. Government, certificates of deposit, bankers' acceptances, repurchase agreements, commercial paper, certain corporate notes, supranationals and municipal bonds. These investments must be placed with or through qualified public depositories of the State of Washington.

Risks:

Concentration risk: Concentration of credit risk is the risk of loss attributable to the magnitude of an investment in a single issuer. The Port's investment guidelines require diversification and sets limits on amount of investments by security and by issuer.

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Port's investment guideline is to maximize investment return while preserving liquidity. To the extent possible, the Port will attempt to match its investments with anticipated cash flow requirements using the specific-identification method.

Credit risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Washington State LGIP is an unrated external investment pool, as defined by the GASB.

Custodial credit risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Port will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. To minimize this risk, the Port's policy requires that all security transactions are settled "delivery versus payment." This means that payment is made simultaneously with the receipt of the security. These securities are delivered to the Port's safekeeping bank. With the exception of the Washington State LGIP, the Port's investment securities are registered, or held by Port of Tacoma or its agent in the Port of Tacoma's name. The certificates of deposit are covered by the PDPC of the State of Washington. The PDPC is a statutory authority under Chapter 39.58 RCW. The PDPC approves which banks and thrifts can hold state and local government deposits and monitors collateral pledged to secure uninsured public deposits. This secures public treasurers' deposits when they exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC) by requiring banks and thrifts to pledge securities as collateral.

The LGIP manages a portfolio of securities that meet the maturity, quality, diversification and liquidity requirements set forth by the GASB for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. The funds are limited to high-quality obligations with regulated maximum and average maturities to minimize both market and credit risk.

Note 2. Deposits and Investments (Continued)

The LGIP transacts with its participants at a stable net asset value per share of $1.00, the same method used for reporting. LGIP participants may contribute and withdraw funds on a daily basis. Participants must inform the Office of the State Treasurer of any contribution or withdrawal over $1 million no later than 9 a.m. on the same day the transaction is made. Contributions or withdrawals for $1 million or less can be requested at any time prior to 10 a.m. on the day of the transaction. However, participants may complete transactions greater than $1 million when notification is made between 9 a.m. and 10 a.m., at the sole discretion of Office of the State Treasurer. All participants are required to file with the State Treasurer documentation containing the names and titles of the officials authorized to contribute or withdraw funds.

Investments and restricted investments for unspent bond proceeds and revenue bond reserves for the Enterprise Fund on the statements of net position at December 31 are as follows (dollars in thousands):

	2019	2018
Investments	$ 216,020	$ 215,802
Unspent bond proceeds	2,248	17,387
Bond reserves	17,536	13,251
Total deposits and investments	$ 235,804	$ 246,440

See Note 9 for disclosures regarding the fiduciary fund investments.

Note 2. Deposits and Investments (Continued)

The tables below identify the type of investments, concentration of investments in any one issuer, and maturities of the Port investment portfolio (excluding investments held by the Post-Employment Health Care Benefits Trust Fund, see Note 9 for investment detail for the Trust) as of December 31 (dollars in thousands):

	2019				
	Maturities (in years)				
Investment Type	Carrying Value	Less than 1	1-3	More than 3	Percentage of Total Portfolio
Certificate of Deposit	$ 335	$ 335	$ -	$ -	0.1%
Escrow Deposit with US Bank	55	55	-	-	0.0%
Federal Agricultural Mtg Corp	2,006	2,006	-	-	0.9%
Federal Farm Credit Bank	6,012	-	4,007	2,005	2.5%
Federal Home Loan Bank	5,014	-	5,014	-	2.1%
Federal Home Loan Mortgage Corporation	5,006	2,006	3,000	-	2.1%
Federal National Mortgage Association	3,981	-	3,981	-	1.7%
Municipal Bonds	50,321	6,123	2,225	41,973	21.3%
Supranationals	6,037	6,037	-	-	2.6%
United States Treasury Bonds	2,941	2,009	-	932	1.3%
State Local Investment Pool*	154,096	154,096	-	-	65.4%
Total investments	$ 235,804	$ 172,667	$ 18,227	$ 44,910	100.0%
Percentage of total portfolio		73.2%	7.7%	19.1%	100.0%

***** Investments in Washington State Local Government Investment Pool. The investments in the pool are valued at amortized cost of the pool shares.

	2018				
	Maturities (in years)				
Investment Type	Carrying Value	Less than 1	1-3	More than 3	Percentage of Total Portfolio
Certificate of Deposit	$ 327	$ 327	$ -	$ -	0.1%
Escrow Deposit with US Bank	53	53	-	-	0.0%
Federal Agricultural Mortgage Corp	1,983	-	1,983	-	0.8%
Federal Farm Credit Bank	9,866	6,959	-	2,907	4.0%
Federal Home Loan Bank	4,942	-	1,963	2,979	2.0%
Federal Home Loan Mortgage Corporation	5,987	4,010	1,977	-	2.4%
Federal National Mortgage Association	8,809	4,949	1,946	1,914	3.6%
Municipal Bonds	65,920	-	7,123	58,797	26.7%
United States Treasury Bonds	12,576	4,489	-	8,087	5.1%
State Local Investment Pool*	135,977	135,977	-	-	55.3%
Total investments	$ 246,440	$ 156,764	$ 14,992	$ 74,684	100.0%
Percentage of total portfolio		63.6%	6.1%	30.3%	100.0%

***** Investments in Washington State Local Government Investment Pool. The investments in the pool are valued at amortized cost of the pool shares.

Note 2. Deposits and Investments (Concluded)

The tables below identify the credit risk of the Port's investment portfolio as of December 31 (dollars in thousands):

	2019						
	Moody's Equivalent Credit Ratings						
Investment Type	Fair value	A1	Aa3	Aa2	Aa1	Aaa	No Rating
Certificate of Deposit	$ 335	$ -	$ -	$ -	$ -	$ -	$ 335
Escrow Deposit with US Bank	55	-	-	-	-	-	55
Federal Agricultural Mtg Corp	2,006	-	-	-	-	-	2,006
Federal Farm Credit Bank	6,012	-	-	-	-	6,012	-
Federal Home Loan Bank	5,014	-	-	-	-	5,014	-
Federal Home Loan Mtg Corp	5,006	-	-	-	-	5,006	-
Federal National Mtg Assn	3,981	-	-	-	-	3,981	-
Municipal Bonds	50,321	2,078	1,067	11,697	18,866	16,613	-
Supranationals	6,037	-	-	-	-	6,037	-
United States Treasury Bonds	2,941	-	-	-	-	2,009	932
State Local Investment Pool*	154,096	-	-	-	-	-	154,096
Total	$ 235,804	$ 2,078	$ 1,067	$ 11,697	$ 18,866	$ 44,672	$ 157,424

***** Investments in Washington State Local Government Investment Pool. The investments in the pool are valued at amortized cost of the pool shares.

	2018						
	Moody's Equivalent Credit Ratings						
Investment Type	Fair value	A1	Aa3	Aa2	Aa1	Aaa	No Rating
Certificate of Deposit	$ 327	$ -	$ -	$ -	$ -	$ -	$ 327
Escrow Deposit with US Bank	53	-	-	-	-	-	53
Federal Agricultural Mortgage Corporation	1,983	-	-	-	-	-	1,983
Federal Farm Credit Bank	9,866	-	-	-	-	9,866	-
Federal Home Loan Bank	4,942	-	-	-	-	4,942	-
Federal Home Loan Mortgage Corporation	5,987	-	-	-	-	5,987	-
Federal National Mortgage Association	8,809	-	-	-	-	8,809	-
Municipal Bonds	65,920	2,090	9,524	14,199	27,914	12,193	-
United States Treasury Bonds	12,576	-	-	-	-	7,424	5,152
State Local Investment Pool*	135,977	-	-	-	-	-	135,977
Total	$ 246,440	$ 2,090	$ 9,524	$ 14,199	$ 27,914	$ 49,221	$ 143,492

***** Investments in Washington State Local Government Investment Pool. The investments in the pool are valued at amortized cost of the pool shares.

See Note 16 for fair value measurement disclosures of the Port's investments.

Note 3. Capital and Intangible Assets

The following activity took place in capital and intangible assets during 2019 (dollars in thousands):

	2019				
	Beginning of Year	Additions	Transfers	Retirements and Other	End of Year
Capital and intangible assets not being depreciated:					
Land	$ 568,289	$ -	$ -	$ (1,169)	$ 567,120
Intangible assets	32,264	-	-	-	32,264
Construction in process	35,338	14,178	(40,692)	(1,511)	7,313
Total capital and intangible assets not being depreciated	635,891	14,178	(40,692)	(2,680)	606,697
Capital assets being depreciated:					
Buildings	100,658	-	2,166	(32)	102,792
Improvements	649,705	-	35,739	(2,056)	683,388
Machinery and equipment	87,960	-	2,787	(3,338)	87,409
Total capital assets being depreciated	838,323	-	40,692	(5,426)	873,589
Less accumulated depreciation:					
Buildings	(71,626)	(2,891)	-	32	(74,485)
Improvements	(377,520)	(20,617)	-	1,144	(396,993)
Machinery and equipment	(72,633)	(3,347)	-	3,338	(72,642)
Total accumulated depreciation	(521,779)	(26,855)	-	4,514	(544,120)
Net, capital assets being depreciated	316,544	(26,855)	40,692	(912)	329,469
Net, capital and intangible assets	$ 952,435	$ (12,677)	$ -	$ (3,592)	$ 936,166

Note 3. Capital and Intangible Assets (Concluded)

The following activity took place in capital and intangible assets during 2018 (dollars in thousands):

	2018				
	Beginning of Year	Additions	Transfers	Retirements and Other	End of Year
Capital and intangible assets not being depreciated:					
Land	$ 567,869	$ -	$ 689	$ (269)	$ 568,289
Intangible assets	32,264	-	-	-	32,264
Construction in process	30,272	25,890	(23,125)	2,301	35,338
Total capital and intangible assets not being depreciated	630,405	25,890	(22,436)	2,032	635,891
Capital assets being depreciated:					
Buildings	104,413	-	21	(3,776)	100,658
Improvements	632,697	-	20,622	(3,614)	649,705
Machinery and equipment	114,517	-	1,793	(28,350)	87,960
Total capital assets being depreciated	851,627	-	22,436	(35,740)	838,323
Less accumulated depreciation:					
Buildings	(71,369)	(3,022)	-	2,765	(71,626)
Improvements	(360,655)	(20,108)	-	3,243	(377,520)
Machinery and equipment	(94,451)	(3,792)	-	25,610	(72,633)
Total accumulated depreciation	(526,475)	(26,922)	-	31,618	(521,779)
Net, capital assets being depreciated	325,152	(26,922)	22,436	(4,122)	316,544
Net, capital and intangible assets	$ 955,557	$ (1,032)	$ -	$ (2,090)	$ 952,435

Note 4. Commercial Paper

The Port is authorized to use Subordinate Lien Revenue Notes (commercial paper) in an amount not to exceed $100 million. The Port issues commercial paper to provide interim financing for capital asset projects. The draws are secured by a bank letter of credit that was renewed in March 2019 to extend the expiration date to March 15, 2022.

The term of the commercial paper ranges from 1 to 270 days and the interest rate on the amount outstanding at December 31, 2019, was 1.4%. At December 31, 2018, the interest rate on the amount outstanding was 1.88%.

The terms in this agreement are consistent with the Port’s publicly issued variable rate bonds and do not contain unusual clauses for additional events of default or termination events different than the Port’s publicly traded bonds and are not subject to acceleration in the event of default.

Note 4. Commercial Paper (Concluded)

Commercial paper activity during 2019 and 2018 was as follows (dollars in thousands):

Beginning balance, January 1, 2018	$ 25,000
Advances	150,000
Repayments	(150,000)
Balance, December 31, 2018	25,000
Advances	125,000
Repayments	(125,000)
Balance, December 31, 2019	$ 25,000

Note 5. Long-Term Debt

The Port has outstanding general obligation bonds and direct borrowings related to governmental activities and revenue bonds and direct borrowings related to business-type activities. The Port's long-term debt activity by type of debt for 2019 and 2018 is presented in the following tables (dollars in thousands):

Description and Date of Issue		Type	Original Coupon Rate	Original True Interest Cost	2019 Earliest Year of Call	Last Year of Maturity	December 31, 2018	Issuance	Refundings/ Repayments	December 31, 2019
General Obligation Bonds										
02/25/16		DB	1.06-2.36%	1.994%	*	2025	$ 24,893	$ -	$ (3,387)	$ 21,506
09/08/16	A	Bonds	3.00-5.00%	2.705%	2026	2038	106,155	-	-	106,155
09/06/17		Bonds	2.50-3.40%	3.177%	2027	2038	19,410	-	(740)	18,670
							150,458	$ -	$ (4,127)	146,331
Net premium							20,509			19,042
Less current portion							4,127			4,191
Total long-term general obligation bonds, net of current portion							$ 166,840			$ 161,182
Revenue Bonds										
03/07/08		Bonds	Variable Rate	Variable Rate	*	2036	$ 65,190	$ -	$ (2,960)	$ 62,230
07/15/09**		Bonds	Variable Rate	Variable Rate	*	2044	122,180	-	-	122,180
06/04/14	A	DB	2.50%	2.536%	*	2021	6,473	-	(2,105)	4,368
06/11/14	A	DB	Variable Rate	Variable Rate	*	2035	82,120	-	(82,120)	-
10/24/14	B	DB	2.55%	2.550%	*	2029	28,455	-	(2,380)	26,075
09/08/16	A	Bonds	4.00-5.00%	2.552%	2026	2034	36,535	-	-	36,535
09/08/16	B	Bonds	2.00-5.00%	3.642%	2026	2043	102,405	-	(605)	101,800
09/30/19	A	Bonds	5.00%	1.822%	N/A	2031	-	34,630	-	34,630
09/30/19	A	Bonds	Variable Rate	Variable Rate	*	2035	-	40,490	(2,375)	38,115
							443,358	$ 75,120	$ (92,545)	425,933
Net premium							26,837			32,529
Less current portion							10,425			10,644
Total long-term revenue bonds, net of current portion							$ 459,770			$ 447,818

* Currently callable by the Port but intent is to pay off in accordance with stated maturity dates.

** This bond issue was originally issued as 2008B and, during 2009, the bonds were reissued to secure a better rate. The new bond issue is still referred to as 2008B in all official documents.

NOTE: Original True Interest Cost (TIC) is the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the new issue of bonds. TIC considers the time value of money and all costs associated with issuing the bonds. Direct Borrowings (DB) are bonds held by banks.

Note 5. Long-Term Debt (Continued)

Description and Date of Issue		Type	Original Coupon Rate	Original True Interest Cost	2018 Earliest Year of Call	Last Year of Maturity	December 31, 2017	Issuance	Refundings/ Repayments	December 31, 2018
General Obligation Bonds										
02/25/16		DB	1.06-2.36%	1.994%	*	2025	$ 25,344	$ -	$ (451)	$ 24,893
09/08/16	A	Bonds	3.00-5.00%	2.705%	2026	2038	108,650	-	(2,495)	106,155
09/06/17		Bonds	2.50-3.40%	3.177%	2027	2038	19,995	-	(585)	19,410
							153,989	$ -	$ (3,531)	150,458
Net premium							21,958			20,509
Less current portion							3,531			4,127
Total long-term general obligation bonds, net of current portion							$ 172,416			$ 166,840
Revenue Bonds										
03/07/08		DB	Variable Rate	Variable Rate	*	2036	$ 68,040	$ -	$ (2,850)	$ 65,190
07/15/09**		DB	Variable Rate	Variable Rate	*	2044	122,180	-	-	122,180
06/04/14	A	DB	2.50%	2.536%	*	2021	8,525	-	(2,052)	6,473
06/11/14	A	DB	Variable Rate	Variable Rate	*	2035	84,390	-	(2,270)	82,120
10/24/14	B	DB	2.55%	2.550%	*	2029	30,775	-	(2,320)	28,455
09/08/16	A	Bonds	4.00-5.00%	2.552%	2026	2034	36,535	-	-	36,535
09/08/16	B	Bonds	2.00-5.00%	3.642%	2026	2043	102,985	-	(580)	102,405
							453,430	$ -	$ (10,072)	443,358
Net premium							28,092			26,837
Less current portion							10,072			10,425
Total long-term revenue bonds, net of current portion							$ 471,450			$ 459,770

* Currently callable by the Port but intent is to pay off in accordance with stated maturity dates.

** This bond issue was originally issued as 2008B and, during 2009, the bonds were reissued to secure a better rate. The new bond issue is still referred to as 2008B in all official documents.

NOTE: Original True Interest cost (TIC) is the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the new issue of bonds. TIC considers the time value of money and all costs associated with issuing the bonds. Direct Borrowings (DB) are bonds held by banks.

General obligation bonds: General obligation bonds are limited tax general obligations of the Port. The Port has outstanding bonds that are publicly issued or bonds that are direct borrowings held by a bank. The Port uses ad valorem tax revenues to pay the general obligation bond principal and the related interest. Ad valorem tax revenues may not be used to pay revenue bond debt. Per Chapter 53.36 RCW, the Port may incur general obligation bond debt up to 0.25% of the assessed value of the taxable property in the Port district without a vote. At December 31, 2019, the assessed value of the taxable property was $125,834,422,000; therefore, total general obligation bond debt allowable without a vote was $314.6 million. The Port's outstanding non-voted general obligation bond debt as of December 31, 2019 was $146.3 million, resulting in a remaining non-voted general obligation bond capacity of $168.3 million.

Direct borrowing general obligation bonds: The 2016 general obligation bonds with an outstanding balance at December 31, 2019, of $21.5 million are refunding bonds held by a bank (direct borrowing) that expire in 2025. The bonds are fixed-rate bonds with original coupon rates between 1.06% and 2.36%. The bonds are funded by the Port's tax levy. The terms in the direct borrowing agreement are consistent with the Port's publicly issued general obligation bonds and contain similar clauses that address significant default and termination events. In addition, the direct borrowing agreement is not subject to acceleration upon an event of default.

Note 5. Long-Term Debt (Continued)

Revenue bonds: The revenue bonds are secured by a pledge of the Port's net operating revenues as defined by bond documents. The outstanding revenue bonds are publicly issued or are held by banks through direct borrowings. Revenue bond proceeds finance acquisition, expansion, improvement and equipping Port terminal and industrial development facilities. The Port has pledged future net operating revenues to repay $617.6 million in bond principal and interest through 2044. During 2019, revenue bond principal and interest paid and total revenues were $23.0 million and $75.4 million, respectively. The revenue bonds contain coverage requirements related to maintaining adequate net revenues to support debt service.

Prior to September 30, 2019, the Port had three subordinate lien revenue bonds in the "Index Interest Rate" mode totaling $269.0 million held by commercial banks (Direct Borrowings). "Mode" refers to how the interest is calculated for the bonds. Of the $269.0 million of subordinate lien revenue bonds, there are $227.1 million that are "matched" to $227.1 million of interest rate swaps, resulting in "fixed rate" bonds at approximately 4%. The remaining $41.9 million are not matched to the swaps (unhedged portion).

The interest paid to the banks from these bonds is exempt from the Alternative Minimum Tax and provide a tax advantage to the banks. Until late 2018, the interest paid by the Port on subordinate lien revenue bonds in the Index Interest Rate mode and the variable interest received by the Port from the interest rate swaps were an exact match. However, in 2018, changes to the United States tax code resulted in the tax exemption from the interest paid by the Port being less valuable to the banks. As a result, the banks required that the Index Interest Rate mode agreements be adjusted/renewed such that the interest paid to the banks was more than the interest received from the swap partners.

To reduce the interest rate mismatch between the interest rate swaps and the interest paid on the bonds, in September 2019, the Port refunded all $82.1 million of the 2014A subordinate lien direct borrowings held by the bank by issuing $40.5 million of variable rate demand obligations in Weekly Interest Rate mode and refunding $41.6 million, including bond premiums, into fixed-rate bonds. The Port also changed the mode on the 2008 and 2009 subordinate lien bonds from Index Interest Rate mode to publicly traded Weekly Interest Rate mode. The refunding bonds are described in more detail below:

The fixed rate refunding bonds issued were Senior Lien Revenue Bonds (AMT) with a par value of $34,630,000, a premium of $7,146,000, and an interest rate of 5%. After paying issuance costs of $334,000, the net proceeds were $41,442,000. As a result of the partial refunding of the 2014A Subordinate Lien Revenue Bonds, the Port reduced its total debt service requirements by $1,851,000, which accumulates into an estimated economic gain (difference between the present value of the debt service payments on the old and new debt) of $969,000 over the life of the bonds.

The variable interest rate refunding bonds issued were Subordinate Lien Revenue Bonds (AMT) with a par value of $40,490,000, with variable interest rates. After paying issuance costs of $106,000 out of current funds, the net proceeds were $40,490,000. As a result of the partial refunding of the 2014A Subordinate Lien Revenue Bonds into the weekly interest rate mode, the Port reduced its total debt service requirements by $1,468,000, which accumulates into an estimated economic gain (difference between the present value of the debt service payments on the old and new debt) of $1,113,000 over the life of the bonds.

The refunding of the 2014A bonds with the fixed and variable bonds met the requirements for an in-substance debt defeasance and $82,120,000 of the Series 2014A Subordinate Lien Revenue Bonds were removed from the Port's financial statements.

Note 5. Long-Term Debt (Continued)

In September 2019, the Port also changed the mode on the 2008 and 2009 subordinate lien bonds from Index Interest Rate mode to publicly traded Weekly Interest Rate Mode. The mode change converted these bonds to publicly issued variable rate demand bonds from variable rate direct borrowings held by banks.

Revenue bond direct borrowings: The Port has two direct borrowing agreements with banks for the Port's fixed rate bonds. The Port has a direct borrowing agreement with a bank for the 2014A fixed-rate revenue bonds that expires in December 2021, and a direct borrowing agreement with a bank for the 2014B fixed-rate bonds that expires in December 2029. The terms in these agreements are consistent with the Port's publicly issued variable-rate bonds and contain similar clauses that address events of default and termination events. In addition, the direct borrowing agreements are not subject to acceleration in the event of default.

Variable-rate servicing agreements: The Port entered into reimbursement agreements with banks to provide Letter of Credit support on its variable-rate bonds. The reimbursement agreements have terms that are between three and three and a half years.

Interest rate payment agreements (swaps): The Port entered into four swaps so that it may mitigate interest rate risk associated with the Port's variable-rate debt. The swaps synthetically fix or "lock-in" interest rates on variable revenue bond debt by requiring the Port to pay a fixed interest rate on the nominal value of the swap and receive variable interest rate cash flows that are intended to offset the variable-rate bond payments, leaving the Port with the fixed payments identified in each swap agreement.

The Port's existing swap contracts and the outstanding notional amounts at December 31, 2019, are detailed as follows. No cash was paid from the Port to the counterparty when the swaps were created (dollars in thousands):

SWAP Reference	Type	Original Notional Amount	Outstanding Notional Amount	Options	Contract Start Date	Effective Date	Maturity Date	Terms
2	Pay-fixed interest rate swap	$ 30,000	$ 21,905	None	9/25/08	9/25/08	12/1/36	Pay 3.320%, receive 70% of LIBOR (1)
3	Pay-fixed interest rate swap	80,000	68,755	None	9/20/07	7/28/11	12/1/40	Pay 4.155%, receive 70% of LIBOR (1)
4	Pay-fixed interest rate swap	130,000	112,855	None	9/20/07	7/26/12	12/1/41	Pay 4.200%, receive 70% of LIBOR (1)
5	Pay-fixed interest rate swap	20,000	17,515	None	9/20/07	7/25/13	12/1/42	Pay 4.229%, receive 70% of LIBOR (1)
		$ 260,000	$ 221,030					

(1) One-month London Interbank Offered Rate.

Note 5. Long-Term Debt (Continued)

The following table reflects the outstanding variable-rate debt that is matched to outstanding swap agreements (dollars in thousands):

Variable-Rate Debt	Outstanding Principal December 31, 2019	Outstanding Principal December 31, 2018
2008	$ 62,230	$ 65,190
2008B	122,180	122,180
2014A	-	82,120
2019A	38,115	-
Unhedged debt	(1,495)	(41,902)
	$ 221,030	$ 227,588

The following summarizes the change in fair value of the Port's pay-fixed, receive variable interest rate payment agreements at December 31, 2019 (dollars in thousands):

SWAP	2019 Changes in Fair Value		Fair Value at 12/31/19		Original Notional
Reference	Classification	Amount	Classification	Amount	Amount
2	Deferred outflow	$ (3,737)	Debt	$ (3,942)	$ 30,000
3	Deferred outflow	(6,565)	Debt	(20,480)	80,000
4	Deferred outflow	(2,414)	Debt	(35,502)	130,000
5	Deferred outflow	(1,257)	Debt	(5,793)	20,000
		$ (13,973)		$ (65,717)	$ 260,000

Note: Swap Reference 1 was terminated in 2016.

The following summarizes the change in fair value of the Port's pay-fixed, receive variable interest rate payment agreements at December 31, 2018 (dollars in thousands):

SWAP	2018 Changes in Fair Value		Fair Value at 12/31/18		Original Notional
Reference	Classification	Amount	Classification	Amount	Amount
2	Deferred outflow	$ 3,243	Debt	$ (205)	$ 30,000
3	Deferred outflow	5,470	Debt	(13,915)	80,000
4	Deferred outflow	775	Debt	(33,088)	130,000
5	Deferred outflow	869	Debt	(4,536)	20,000
		$ 10,357		$ (51,744)	$ 260,000

Note: Swap Reference 1 was terminated in 2016.

Note 5. Long-Term Debt (Continued)

Risks: The Port mitigates swap-related risk by following its Payment Agreement Guidelines. These guidelines are published in the Port's Annual Budget document within its Debt Guidelines. The guidelines manage each of the risks below:

Counterparty or credit risk: The Port's derivative instruments are held by three separate counterparties. By agreement, the Port requires posting of collateral when the counterparty owes to the Port on the swap termination value (market value). The credit ratings for each of the counterparties are as follows (dollars in thousands):

SWAP Reference	Notional Amount	Bank Counterparty	Credit Worthiness of Counterparty Moody's	S&P	Termination Value
2	$ 30,000	Goldman Sachs	A1	A+	$ (3,942)
3	80,000	Dexia	Baa3	BBB	(20,480)
4	130,000	Dexia	Baa3	BBB	(35,502)
5	20,000	Merrill Lynch	A3	A-	(5,793)
	$ 260,000				$ (65,717)

Note: Swap Reference 1 was terminated in 2016.

***Termination risk*:** The Port or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. If the swap counterparty's credit rating deteriorates below A3/A- (Moody's/Standard & Poor's), the Port may terminate the swap at market value; however, the Port may, at its option, continue in the swap. The Port requires the posting of collateral and works with financially strong counterparties to help mitigate this risk.

Basis risk: The Port pays a daily interest rate to its bondholders and receives 70% of one-month London Interbank Offered Rate (LIBOR) from its swap counterparties. In exchange for the fixed swap rates associated with using the LIBOR index, the Port bears the risk that it could incur a shortfall between the variable rate paid on the bonds and the variable rate received on the swaps.

Rollover risk: The Port matched the term of its existing swap contracts to the term of the underlying debt so that it minimizes its exposure to rollover risk.

Foreign currency risk: The Port's derivative instruments are denominated in U.S. dollars.

Contingencies: If the Port's credit rating falls below A3/A- (Moody's/Standard & Poor's) for the swap with Goldman Sachs or below Baa2/BBB (Moody's/Standard & Poor's) for the other swaps, the Port bears the risk that its counterparties may terminate the agreement. The Port is prohibited by RCW 39.96 from posting collateral. The Port's subordinate lien credit rating is A1/A+ (Moody's/Standard & Poor's) at December 31, 2019.

Note 5. Long-Term Debt (Concluded)

Debt service for fixed- and variable-rate bonds estimated future payments: The debt service requirements for fixed-rate general obligation, revenue bonds and the debt service requirements for the 2008 Subordinate-Lien Variable Rate Revenue Bonds, 2008B Subordinate-Lien Variable Rate Revenue Bonds, 2019A Subordinate-Lien Variable Rate Revenue Bonds and active swaps outstanding as of December 31, 2019, are as follows (dollars in thousands):

	Fixed-Rate Bonds			Variable-Rate Bonds			
	Principal	Interest	Total	Principal	Interest	Interest Rate Swap, Net (1)	Total
Years ending December 31:							
2020	$ 11,755	$ 15,165	$ 26,920	$ 3,080	$ 3,485	$ 5,488	$ 12,053
2021	14,397	14,837	29,234	3,205	3,435	5,329	11,969
2022	14,690	14,369	29,059	3,330	3,384	5,165	11,879
2023	15,211	13,853	29,064	3,465	3,330	4,993	11,788
2024	15,753	13,303	29,056	3,605	3,274	4,815	11,694
2025-2029	87,073	56,630	143,703	20,305	15,454	21,138	56,897
2030-2034	73,305	37,177	110,482	57,670	12,956	15,467	86,093
2035-2039	73,475	20,659	94,134	5,685	9,439	8,674	23,798
2040-2044	44,080	5,551	49,631	122,180	9,347	1,725	133,252
	$ 349,739	$ 191,544	$ 541,283	$ 222,525	$ 64,104	$ 72,794	$ 359,423

(1) This amount represents the cash that is due to the counterparty based on the terms of the pay-fixed interest rate swap. The amounts for the subsequent years are based on the assumption that interest rate conditions that existed during 2019 will remain the same over the term of the derivative contracts.

The fixed and variable debt obligations estimated future payments separated by direct borrowings as of December 31, 2019, are as follows (dollars in thousands):

	Governmental Activities				Business Activities				Interest Rate Swaps
	GO Bonds		Direct Borrowing		Revenue Bonds		Revenue Direct Borrowing		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Swap, Net (1)
Years ending December 31:									
2020	$ 760	$ 5,435	$ 3,431	$ 421	$ 6,045	$ 12,021	$ 4,599	$ 774	$ 5,488
2021	3,095	5,416	3,483	369	6,310	11,829	4,714	658	5,329
2022	3,235	5,281	3,540	311	8,675	11,622	2,570	539	5,165
2023	3,350	5,163	3,606	246	9,085	11,301	2,635	473	4,993
2024	3,495	5,014	3,683	171	9,480	10,986	2,700	406	4,815
2025-2029	36,070	21,629	3,763	89	54,320	49,405	13,225	962	21,138
2030-2034	45,625	11,583	-	-	85,350	38,550	-	-	15,467
2035-2039	29,195	2,898	-	-	49,965	27,199	-	-	8,674
2040-2044	-	-	-	-	166,260	14,898	-	-	1,725
	$ 124,825	$ 62,419	$ 21,506	$ 1,607	$ 395,490	$ 187,811	$ 30,443	$ 3,812	$ 72,794

(1) This amount represents the cash that is due to the counterparty based on the terms of the pay-fixed interest rate swap. The amounts for the subsequent years are based on the assumption that interest rate conditions that existed during 2019 will remain the same over the term of the derivative contracts.

The paying agent for the Port's bonded debt is:

U.S. Bank
Fiscal Agencies - 7 East
101 Barclay Street
New York, NY 10286

Note 6. Risk Management

The Port is exposed to various risks of loss related to torts; damage to, theft of and destruction of assets or cargo; natural disasters; and employee injuries. To limit its exposure, the Port purchases a variety of insurance policies. For general liability, the Port purchases $150 million in coverage, subject to a $25,000 deductible. All risk property insurance is purchased on a replacement value basis for most properties, subject to a limit of $500 million and a per-occurrence deductible of $250,000 in 2019 and $150,000 in 2018. For flood losses, a sub-limit of $75 million applies and a per-occurrence deductible of $100,000 to $250,000 for all flood zones. For earthquake and business interruption losses, sub-limits of $100 million apply. Insurance coverage for earthquakes is subject to a deductible defined as 5% of the value of the damaged property, with a minimum of $100,000.

With the exception of losses which may arise from employee injuries, earthquakes and/or floods, no deductible exceeds $250,000 in 2019 or $150,000 in 2018. The self-insured retention for workers' compensation coverage is $1,250,000.

Insurance coverage for the past three years has been sufficient to cover all claim settlements.

The Port is self-insured for its regular medical coverage. The liability for unpaid medical claims is included in payroll and taxes payable on the accompanying statements of net position and is expected to be paid in 2020. Excess loss coverage has been purchased through an outside provider to limit individual loss to $110,000. Self-insured claim activity for December 31, 2019, 2018 and 2017 were as follows (dollars in thousands):

	2019	2018	2017
Claims liability, beginning of year	$ 1,645	$ 1,030	$ 762
Claims reserve	5,684	5,441	4,397
Payments on claims	(5,474)	(4,826)	(4,129)
Claims liability, end of year	$ 1,855	$ 1,645	$ 1,030

The Port maintains a self-insurance program for workers' compensation. The estimated liability for workers' compensation is included in payroll and taxes payable on the accompanying statements of net position. At December 31, 2019, the estimated self-insurance liability for workers' compensation was $578,000 and this amount is expected to be paid in 2020. At December 31, 2018, the estimated self-insurance liability for workers' compensation was $458,000. The liability for unpaid claims represents the estimated future indemnity, medical, rehabilitation and legal costs for all open claims.

Workers' compensation claim activity for December 31 was as follows (dollars in thousands):

	2019	2018	2017
Claims liability, beginning of year	$ 458	$ 447	$ 238
Claims incurred during the year	238	189	454
Changes in estimate for prior-year claims	447	510	220
Payments on claims	(565)	(688)	(465)
Claims liability, end of year	$ 578	$ 458	$ 447

Note 7. Lease Commitments

The Port leases land, office space and other equipment under operating leases that expire through 2037. Minimum future lease payments under non-cancelable operating leases are as follows (dollars in thousands):

Years ending December 31:		
2020	$	37
2021		20
2022		15
2023		15
2024		14
Thereafter		168
Total minimum payments required	$	269

Total rent expense for the years ended December 31, 2019 and 2018, was $144,000 and $147,000, respectively.

The Port, as a lessor, leases land and facilities under terms of 1 to 50 years. In addition, some properties are rented on a month-to-month basis. Minimum future rental revenue under non-cancelable operating leases and subleases are as follows (dollars in thousands). Leases for NWSA licensed properties are reported by NWSA and not included here.

Years ending December 31:		
2020	$	14,650
2021		13,296
2022		12,734
2023		11,990
2024		11,365
Thereafter		283,138
Total minimum future rents	$	347,173

Assets held for rental and leasing purposes as of December 31, 2019, are as follows (dollars in thousands):

Land	$	275,827
Buildings, improvements and equipment, net		52,230
Total, net of accumulated depreciation	$	328,057

Note 8. Pension Plans

Pension plan: The Port's full-time and qualifying part-time employees participate in one of the statewide local government retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit retirement plans.

Note 8. Pension Plans (Continued)

Historical trend and other information regarding each plan are presented in the Washington State Department of Retirement Systems comprehensive annual financial report. A copy of this report may be obtained at:

Department of Retirement Systems
Communications Unit
P. O. Box 48380
Olympia, WA 98504-8380
Internet Address: www.drs.wa.gov

Plan description and benefits: PERS was established in 1947, and its retirement benefit provisions are contained in chapters 41.34 and 41.40 RCW. PERS is a cost-sharing, multiple-employer retirement system composed of three separate pension plans for membership purposes. PERS Plan 1 and PERS Plan 2 are defined benefit plans, and PERS Plan 3 is a defined benefit plan with a defined contribution component.

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the Legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs.

PERS is composed of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3 and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members.

Although members can only be a member of either Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as the terms of the plans define. Therefore, Plan 2/3 is considered a single plan for accounting purposes.

As of June 30, 2019, 309 employers and 840 non-employer contributing entities were participating in PERS Plan 1. The plan is closed to new entrants. PERS 1 members were vested after the completion of five years of eligible service. PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are calculated using 2% of the member's Average Final Compensation (AFC) times the member's years of service. AFC is the average of the member's 24 consecutive highest-paid service credit months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service.

PERS Plan 1 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Members retiring from inactive status before the age of 65 may also receive actuarially reduced benefits. Other benefits include duty and nonduty disability payments, an optional Cost-of-Living Adjustment (COLA), and a one-time, duty-related death benefit, if found eligible by the Washington State Department of Labor & Industries.

The PERS Plan 1 member contribution rate is established by statute at 6%. The employer contribution rate is developed by the Office of the State Actuary (OSA) and includes an administrative expense component that is currently set at 0.18%.

Note 8. Pension Plans (Continued)

PERS Plan 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service or after five years of service if 12 months of that service are earned after age 44. PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits for Plan 2 are calculated using 2% of the member's AFC times the member's years of service. Retirement defined benefits for Plan 3 are calculated using 1% of AFC times the member's years of service. AFC is the monthly average of the member's 60 consecutive highest-paid service credit months. PERS Plan 2/3 has no cap on years of service credit.

Members are eligible for retirement with a full benefit at age 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a reduced benefit. The benefit is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and nonduty disability payments; a COLA based on the Consumer Price Index, capped at 3% annually; and a one-time, duty-related death benefit, if found eligible by the Washington State Department of Labor & Industries.

The PERS Plan 2/3 employer and employee contribution rates are developed by the OSA to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 unfunded actuarial accrued liability, currently set at 5.31%, and an administrative expense that is currently set at 0.18%.

PERS Plan 3 members are immediately vested in the defined contribution portion of their plan. PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate when joining membership and can change rates only when changing employers. As established by chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%; members have six rate options to choose from. Employers do not contribute to the defined contribution benefits.

Contributions: The required contribution rates, expressed as a percentage of covered payrolls, as of December 31, 2019, were:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	12.83%	12.83%	12.83%**
Employee	6.00%	7.41%	***

The required contribution rates, expressed as a percentage of covered payrolls, as of December 31, 2018, were:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	12.70%	12.70%	12.70%**
Employee	6.00%	7.38%	***

* The employer rates include the employer administrative expense fee of 0.18% for 2019 and 2018
** Plan 3 defined benefit portion only
*** Rate selected by PERS 3 members, 5% minimum to 15% maximum

Note 8. Pension Plans (Continued)

The Port made contributions of $1,018,000 to PERS 1 and $1,770,000 to PERS 2/3 during 2019 and $1,118,000 to PERS 1 and $1,641,000 to PERS 2/3 during 2018, and the employees made the required contributions. The Port's required contributions for the years ended December 31 are as follows (dollars in thousands):

Year	PERS Plan 1	PERS Plan 2	PERS Plan 3	Total
2019	$ 1,189	$ 1,332	$ 457	$ 2,978
2018	1,032	1,216	415	2,663

Pension liabilities, pension expense, and deferred inflows and outflows of resources related to pensions: At December 31, 2019 and 2018, the Port reported a liability of approximately $8.2 million and $10.7 million, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and 2018, the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Port's proportion of the net pension liability was based on a projection of the Port's long-term share of contributions to the pension plan relative to the projected contributions of all participating agencies, actuarially determined. At June 30, 2019, the Port's proportionate share of net pension liability and the change in proportionate share from June 30, 2018, are presented in the following tables (dollars in thousands):

Port's proportionate share of the net pension liability	PERS 1	PERS 2/3	Total
2019	$ 6,172	$ 2,004	$ 8,176
2018	7,165	3,487	10,652

Port's proportionate share of the net pension liability	PERS 1	PERS 2/3
2019	0.1605%	0.2063%
2018	0.1604%	0.2042%
Change in proportionate share	0.0001%	0.0021%

Port's pension benefit:	PERS 1	PERS 2/3	Total
2019	$ (784)	$ (1,457)	$ (2,241)
2018	(1,362)	(1,937)	(3,299)

Note 8. Pension Plans (Continued)

At December 31, 2019 and 2018, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (dollars in thousands):

2019	PERS 1	PERS 2/3	Total
Sources of deferred outflow of resources:			
Net difference between projected and actual earnings on pension plan investments (2)	$ -	$ -	$ -
Changes in assumptions (1)	-	51	51
Differences between expected and actual experience (1)	-	574	574
Changes in proportionate share and differences between Port contributions and proportionate share of contributions (1)	-	58	58
Port contributions subsequent to measurement date	493	821	1,314
Total	$ 493	$ 1,504	$ 1,997
Sources of deferred inflow of resources:			
Net difference between projected and actual earnings on pension plan investments (2)	$ (412)	$ (2,916)	$ (3,328)
Changes in assumptions (1)	-	(841)	(841)
Differences between expected and actual experience (1)	-	(431)	(431)
Changes in proportionate share and differences between Port contributions and proportionate share of contributions (1)	-	(990)	(990)
Total	$ (412)	$ (5,178)	$ (5,590)

2018	PERS 1	PERS 2/3	Total
Sources of deferred outflow of resources:			
Net difference between projected and actual earnings on pension plan investments (2)	$ -	$ -	$ -
Changes in assumptions (1)	-	41	41
Differences between expected and actual experience (1)	-	427	427
Changes in proportionate share and differences between Port contributions and proportionate share of contributions (1)	-	75	75
Port contributions subsequent to measurement date	574	838	1,412
Total	$ 574	$ 1,381	$ 1,955
Sources of deferred inflow of resources:			
Net difference between projected and actual earnings on pension plan investments (2)	$ (285)	$ (2,140)	$ (2,425)
Changes in assumptions (1)	-	(992)	(992)
Differences between expected and actual experience (1)	-	(611)	(611)
Changes in proportionate share and differences between Port contributions and proportionate share of contributions (1)	-	(1,285)	(1,285)
Total	$ (285)	$ (5,028)	$ (5,313)

(1) The recognition period for each plan is equal to the average of the expected remaining service lives of all employees provided with pensions through the pension plan, which was determined at the beginning of the measurement date.
(2) The recognition period is a closed, five-year period for all plans.

Note 8. Pension Plans (Continued)

As of December 31, 2019, deferred outflows of resources related to pensions resulting from the Port's contributions subsequent to the measurement date were $1.3 million and will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (dollars in thousands):

	PERS 1	PERS 2/3	Total
Years ending December 31,			
2020	$ (91)	$ (1,089)	$ (1,180)
2021	(216)	(1,691)	(1,907)
2022	(77)	(858)	(935)
2023	(28)	(549)	(577)
2024	-	(306)	(306)
Thereafter	-	(2)	(2)
Total	$ (412)	$ (4,495)	$ (4,907)

As of December 31, 2018, deferred outflows of resources related to pensions resulting from the Port's contributions subsequent to the measurement date were $1.4 million and will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (dollars in thousands):

	PERS 1	PERS 2/3	Total
Years ending December 31,			
2019	$ 12	$ (563)	$ (551)
2020	(62)	(912)	(974)
2021	(187)	(1,508)	(1,695)
2022	(48)	(683)	(731)
2023	-	(377)	(377)
Thereafter	-	(442)	(442)
Total	$ (285)	$ (4,485)	$ (4,770)

Actuarial assumptions: The 2019 pension liability (TPL) for each of the plans was determined by an actuarial valuation as of June 30, 2018, with the results rolled forward to June 30, 2019. Besides the discount rate, the actuarial assumptions used in the June 30, 2018 valuation were based on the results of the 2007-2012 Experience Study Report and the 2017 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report.

The 2018 TPL for each of the plans was determined by an actuarial valuation as of June 30, 2017, with the results rolled forward to June 30, 2018. Besides the discount rate, the actuarial assumptions used in the valuation are summarized in the Actuarial Section of Washington State Department of Retirement Systems' (DRS) Comprehensive Annual Financial Report located on the DRS employer-resource GASB webpage. These assumptions reflect the results of OSA's 2007-2012 Experience Study and the 2017 Economic Experience Study.

Note 8. Pension Plans (Continued)

The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2019. Plan liabilities were rolled forward from June 30, 2018, to June 30, 2019, reflecting each plan's normal cost (using the entry age cost method), assumed interest and actual benefit payments. Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report, and are as follows:

Inflation: 2.75% total economic inflation; 3.50% salary inflation. (2018: 2.75% for total economic inflation; 3.50% for salary inflation).

Salary increases: In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity (2018: salaries were expected to grow 3.50%).

Investment rate of return: 7.40% (2018: 7.40%)

***Mortality rates*:** Mortality rates were based on the *RP-2000* report's Combined Healthy Table and Combined Disabled Table, which the Society of Actuaries publishes. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100% Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year throughout their lifetime.

Long-term expected rate of return: The OSA selected a 7.40% long-term expected rate of return on pension plan investments using a building-block method (2018: 7.4% long-term expected rate of return). In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA) and simulated expected investment returns the Workplace Safety & Insurance Board (WSIB) provided.

The CMAs contain three pieces of information for each class of assets WSIB currently invests in:

- Expected annual return
- Standard deviation of the annual return
- Correlations between the annual returns of each asset class with every other asset class

The WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various future time horizons.

Note 8. Pension Plans (Continued)

Estimated rates of return by asset class: Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30 is summarized in the tables below:

2019

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed income	20%	2.20%
Tangible assets	7%	5.10%
Real estate	18%	5.80%
Global equity	32%	6.30%
Private equity	23%	9.30%
	100%	

2018

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed income	20%	1.70%
Tangible assets	7%	4.90%
Real estate	18%	5.80%
Global equity	32%	6.30%
Private equity	23%	9.30%
	100%	

The inflation component used to create the table is 2.20% for June 30, 2019 and 2018, and represents WSIB's most recent long-term estimate of broad economic inflation.

Discount rate: The discount rate used to measure the total pension liability was 7.40% for all plans (2018: 7.40%). To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Consistent with current law, the asset sufficiency test included an assumed 7.50% long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. Consistent with the long-term expected rate of return, a 7.40% future investment rate of return on invested assets was assumed for the test.

Note 8. Pension Plans (Continued)

Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS Plans 2 and 3, whose rates include a component for the PERS Plan 1 liability). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.40% was used to determine the total liability (2018: 7.40%).

Sensitivity net pension liability to changes in the discount rate: The table below presents the net pension liability of employers, calculated using the discount rate of 7.40% as well as what employers' net pension liability would be if it were calculated using a discount rate 1 percentage point lower (6.40%) or 1 percentage point higher (8.40%) than the current rate (dollars in thousands):

	Pension Trust	1% Decrease	Discount Rate	1% Increase
December 31, 2019:				
Discount rate		6.40%	7.40%	8.40%
Proportionate share of net pension liability	PERS 1	$ 7,729	$ 6,172	$ 4,821
Proportionate share of net pension liability/(asset)	PERS 2/3	15,368	2,004	(8,963)
December 31, 2018:				
Discount rate		6.40%	7.40%	8.40%
Proportionate share of net pension liability	PERS 1	$ 8,805	$ 7,165	$ 5,744
Proportionate share of net pension liability/(asset)	PERS 2/3	15,951	3,487	(6,731)

Detailed information about the pension plan's fiduciary net position is available in the separately issued DRS financial reports. Additional actuarial and pension plan information is included in the DRS 2019 Comprehensive Annual Financial Report, including descriptions of actuarial data, assumptions, methods, and plan provisions relied on for the preparation of GASB 67 and GASB 68. Additional details regarding this information are included in OSA's 2018 Actuarial Valuation Report on the OSA website.

Change in assumptions and methods related to the June 30, 2019, actuarial valuation: Actuarial results that OSA provided within this publication reflect the following changes in assumptions and methods:

- OSA updated modeling to reflect providing benefit payments to the date of initial retirement eligibility for terminated vested members who delay application for retirement benefits.

- OSA updated Cost-of-Living Adjustment (COLA) programming to reflect legislation signed during the 2018 Legislative Session (C151 L18). This law provides PERS Plan 1 annuitants who are not receiving a basic minimum, alternate minimum, or temporary disability benefit with a one-time permanent 1.5% increase to their monthly retirement benefit, not to exceed a maximum of $62.50 per month.

Note 8. Pension Plans (Concluded)

DRS accounting and reporting changes: DRS reported increases to the beginning Net Position Restricted for Pensions in PERS Plan 2/3 defined benefit plans. These increases were recorded as reductions to the beginning Net Position Restricted for Pensions in the defined contribution component of the PERS 3 plan. The restatement of the beginning Net Position Restricted for Pensions in the Plan 2/3 plans, DB and DC, is the result of GASB 67 implementation for the Plan 3 Total Allocation Portfolio annuities previously recorded within the financial statements as Plan 3 DC. The Plan 3 TAP annuity balances were immaterial to the Plan 2/3 DB balances prior to the fiscal year ended June 30, 2019, and therefore provisions of GASB 67 for TAP annuities were not implemented in prior fiscal years. The restatement of beginning net position of the DRS report had no effect on the Port's pension liability of net position for pensions or the total change in fiduciary net position.

Note 9. Post-Employment Health Care Benefits Trust Fund

The Port provides major medical coverage for eligible retired employees through the Plan. The Plan is administered through the Port of Tacoma's self-insured medical plan. The Port established the Trust to be used solely for the cost of medical coverage for eligible Plan participants and for payment of the cost of administering the Trust. The Port is the sole administrator and fiduciary of the Trust. Management and funding of the Trust is the responsibility of the Port Treasurer. The Port shall have the right at any time, and from time to time, to modify, alter or amend the Plan in whole or in part effective as of a specified date, pursuant to the laws of the State of Washington.

The Plan's audited financial statements for December 31, 2019 and 2018, may be found on pages 18 and 19 of this report.

Plan description: The Plan provides major medical coverage, subject to a deductible, and a maximum benefit limit of $2,000,000 per person for eligible retired employees and qualified dependent spouses. Retirees and their spouses are eligible for Port-paid, post-employment medical benefits upon attainment of age of 60 through the age of 69, provided they have completed a minimum of 15 years of service and are eligible to retire under PERS. Employees retiring before the age of 60 are eligible for Port-paid, post-employment medical benefits for up to 10 years, provided they have completed 20 years of service and are eligible to retire under PERS. The Plan is closed to employees hired on or after March 15, 2007. The Plan does not require employee or retiree contributions. There are 12 active members, 17 inactive members and zero inactive members entitled to, but not yet receiving, benefits in the Plan.

The Port will fund the Plan as necessary to enable the Plan to pay vested accrued benefits to participants as they become due. However, the Trust was fully funded at its inception and it has not needed additional contributions from the Port.

Summary of accounting policies: The financial statements are prepared using the accrual basis of accounting. Medical benefits that are in accordance with the Plan are recognized when due. Contributions to the Plan, if required, will be recognized in the period that the contributions are made.

The Plan is administered through a qualifying trust per paragraph 4, item (b), of GASB 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*, which the Port adopted during 2018. The adoption of GASB 75 in 2018 resulted in a restatement of net position at January 1, 2018, to reflect the Port's net OPEB asset. The restatement increased the 2018 beginning balance of net position by $1.4 million with an offsetting OPEB asset of $1.4 million. The measurement date is December 31, 2019, for the current year and December 31, 2018, for the prior year.

Note 9. Post-Employment Health Care Benefits Trust Fund (Continued)

Rate of return: The long-term expected rate of return on OPEB plan investments was decreased from 3.41% at December 31, 2018, to 3.26% in December 31, 2019 (the December 31, 2019, Municipal Bond 20-Year High Grade Rate Index), to better reflect future expectation.

The changes in net OPEB asset were as follows at December 31, 2019 (dollars in thousands):

	Total OPEB Liability a	Plan Net Position b	Net OPEB (Asset) Liability (a-b)
Beginning balance, December 31, 2018	$ 3,054	$ 4,986	$ (1,932)
Service cost	72	-	72
Interest	103	-	103
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(210)	-	(210)
Changes of assumptions	48	-	48
Benefit payments	(216)	(216)	-
Contributions - employer	-	-	-
Net investment income	-	172	(172)
Administrative expense	-	(12)	12
Net changes	(203)	(56)	(147)
Ending balance, December 31, 2019	$ 2,851	$ 4,930	$ (2,079)

OPEB Expense for December 31, 2019, is as follows (dollars in thousands):

Service cost	$ 72
Interest	103
Net investment income	(159)
Administrative expense	12
Deferred (inflows) outflows of resources:	
Differences between expected and actual experience	(380)
Net difference between projected and actual earnings on OPEB plan investments	46
Changes in assumptions	135
Contributions - employer	-
OPEB expense	$ (171)

Note 9. Post-Employment Health Care Benefits Trust Fund (Continued)

The changes in net OPEB asset were as follows at December 31, 2018 (dollars in thousands):

	Total OPEB Liability a	Plan Net Position b	Net OPEB (Asset) Liability (a-b)
Beginning balance, December 31, 2017	$ 3,699	$ 5,120	$ (1,421)
Service cost	75	-	75
Interest	101	-	101
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(983)	-	(983)
Changes of assumptions	369	-	369
Benefit payments	(207)	(207)	-
Contributions - employer	-	-	-
Net investment income	-	85	(85)
Administrative expense	-	(12)	12
Net changes	(645)	(134)	(511)
Ending balance, December 31, 2018	$ 3,054	$ 4,986	$ (1,932)

Service cost	$ 75
Interest	101
Net investment income	(176)
Administrative expense	12
Deferred (inflows) outflows of resources:	
Differences between expected and actual experience	(328)
Net difference between projected and actual earnings on OPEB plan investments	49
Changes in assumptions	123
Contributions - employer	-
OPEB expense	$ (144)

Actuarial methods and assumptions: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The actuarial present value of accumulated plan benefits is determined by an independent actuary. The results are based on the December 31, 2018, actuarial valuation date rolled forward to December 31, 2019, the measurement date and reporting date (prior year was based on December 31, 2017, actuarial valuation date rolled forward to December 31, 2018).

Note 9. Post-Employment Health Care Benefits Trust Fund (Continued)

The 2019 actuarial valuation method used was entry age normal; the assumption for salary increases was 3.0%. The Mortality table was changed to PubG-2010 Combined Fully Generational Mortality Table with projected mortality improvements under Projection Scale MP-2019 (male and female scales).

The 2018 actuarial valuation method used was entry age normal; the assumption for salary increases was 3.0%. Mortality rates were based on RP-2014 Combined Fully Generational Mortality Table with projected mortality improvements after year 2006 under Projection Scale MP-2018 (male and female scales).

Discount rate: The discount rate for 2019 used to measure the total OPEB liability was 3.26% based on the December 31, 2019, Municipal Bond 20 Year High Grade Rate Index to better reflect future expectation. The discount rate for 2018 used to measure the total OPEB liability was 3.41% based on the November 30, 2018, S&P Municipal Bond Index. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB asset to changes in the discount rate: The following presents the net OPEB asset of the Port for December 31, 2019, as well as what the Port's net OPEB asset would be 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	Discount Rate	1% Increase
Tuesday, December 31, 2019	2.26%	3.26%	4.26%
	$ 1,961	$ 2,079	$ 2,191
Monday, December 31, 2018	2.41%	3.41%	4.41%
	$ 1,806	$ 1,932	$ 2,052

Sensitivity of the net OPEB asset to changes in the health care cost trend rates: The 2019 health care cost trend rate was 6.33% in 2020 graded down to 5.0% in 2022 and applying the SOA Getzen Model with baseline long-run growth factors. The 2018 health care cost trend rate was 7.0% in 2019 graded down to 5.0% in 2022 and applying the SOA Getzen Model with baseline long-run growth factors.

Note 9. Post-Employment Health Care Benefits Trust Fund (Continued)

The following presents the net OPEB asset of the Plan, as well as what the Plan's net OPEB asset would be if it were calculated using health care cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current health care cost trend rates (dollars in thousands):

	1% Decrease 5.33% decreasing to 4% in three years	Discount Rate 6.33% decreasing to 5% in three years	1% Increase 7.33% decreasing to 6% in three years
December 31, 2019	$ 2,228	$ 2,079	$ 1,918

	1% Decrease 6.0% decreasing to 4% over four years	Discount Rate 7.0% decreasing to 5% over four years	1% Increase 8.0% decreasing to 6% over four years
December 31, 2018	$ 2,114	$ 1,932	$ 1,734

For the year ended December 31, 2019, the recognized OPEB benefit was $171,000 and deferred outflows of resources and deferred inflows of resources related to OPEB were as follows (dollars in thousands):

2019	Deferred Outflow of Resources	Deferred Inflow of Resources
Net difference between projected and actual earnings on OPEB plan investments	$ 146	$ (11)
Change in assumptions	159	-
Differences between expected and actual experience	-	(485)
Total	$ 305	$ (496)

For the year ended December 31, 2018, the recognized OPEB expense was $144,000 and deferred outflows of resources and deferred inflows of resources related to OPEB were as follows (dollars in thousands):

2018	Deferred Outflow of Resources	Deferred Inflow of Resources
Net difference between projected and actual earnings on OPEB plan investments	$ 195	$ -
Change in assumptions	246	-
Differences between expected and actual experience	-	(655)
Total	$ 441	$ (655)

At December 31, 2019, differences between expected and actual experience are amortized over the average remaining service lives of all participants, which for the current period is three years. Changes in actuarial assumptions are amortized over the average remaining service lives of all participants, three years.

Note 9. Post-Employment Health Care Benefits Trust Fund (Continued)

Net difference between projected and actual earnings on OPEB plan investments are amortized over five years.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (dollars in thousands):

Years ending December 31:		
2020	$	(199)
2021		6
2022		6
2023		(4)
Total	$	(191)

At December 31, 2018, differences between expected and actual experience are amortized over the average remaining service lives of all participants, which for the current period is three years. Changes in actuarial assumptions are amortized over the average remaining service lives of all participants, three years. Net difference between projected and actual earnings on OPEB plan investments are amortized over five years.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (dollars in thousands):

Years ending December 31:		
2019	$	(156)
2020		(156)
2021		49
2022		49
Total	$	(214)

Investments:

Investment policy: As of December 31, 2019 and 2018, the Plan's investments were deposited in qualified depositories as required by state statutes. Those statutes authorize the Trust to invest in direct obligations of the U.S. Government, certificates of deposit, bankers' acceptances, repurchase agreements, commercial paper and certain municipal bonds. Investments are valued at fair value. The following is the Plan's asset allocation at December 31:

	Target Allocation	
Asset Class	2019	2018
Fixed income	97%	96%
Cash	3%	4%
	100%	100%

Rate of return: The annual money-weighted rate of return on the OPEB plan investments, net of investment expense for December 31, 2019 and 2018, was 3.34% and 1.49%, respectively. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for changing amounts actually invested.

Note 9. Post-Employment Health Care Benefits Trust Fund (Continued)

Risks:

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Port's investment guideline is to maximize investment return while preserving liquidity. To the extent possible, the Port will attempt to match its investments with anticipated cash flow requirements using the specific-identification method. The tables below present investment types, durations and amount by issuer.

Credit risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The tables below present investment types, durations and amount by issuer.

Custodial credit risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty or the Trust, the Port will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. The deposits are covered by the PDPC of the State of Washington. The PDPC is a statutory authority under Chapter 39.58 RCW. The PDPC approves which banks and thrifts can hold state and local government deposits and monitors collateral pledged to secure uninsured public deposits. This secures public treasurers' deposits when they exceed the amount insured by the FDIC by requiring banks and thrifts to pledge securities as collateral. The tables below present investment types, durations and amount by issuer.

Concentration risk: Concentration of credit risk is the risk of loss attributable to the magnitude of an investment in a single issuer. The Port's investment guidelines require diversification and set limits on amount of investments by security and by issuer.

Trust deposits and investments: The Trust's cash and cash equivalents of $134,000 and $216,000 as of December 31, 2019 and 2018, respectively, were deposited in qualified depositories as required by state statute.

Note 9. Post-Employment Health Care Benefits Trust Fund (Continued)

The Trust follows the Port's investment guidelines as presented in Note 2, Deposits and Investments. The tables below identify the type of investments, concentration of investments in any one issuer and maturities of the Trust portfolio as of December 31 (dollars in thousands):

	2019				
	Maturities (in years)				
Investment Type	Fair value	Less than 1	1-3	More than 3	Percentage of Total Portfolio
Federal Farm Credit Bank	$ 253	$ 253	$ -	$ -	5.3%
Federal Home Loan Bank	1,214	300	914	-	25.3%
Federal National Mortgage Association	1,203	451	752	-	25.1%
United States Treasury Bonds	2,126	250	504	1,372	44.3%
Total investments	$ 4,796	$ 1,254	$ 2,170	$ 1,372	100.0%
Percentage of total portfolio		26.1%	45.3%	28.6%	100.0%

	2018				
	Maturities (in years)				
Investment Type	Fair value	Less than 1	1-3	More than 3	Percentage of Total Portfolio
Federal Farm Credit Bank	$ 251	$ -	$ 251	$ -	5.3%
Federal Home Loan Bank	1,490	299	893	298	31.3%
Federal Home Loan Mortgage Corporation	199	199	-	-	4.1%
Federal National Mortgage Association	1,679	500	933	246	35.2%
United States Treasury Bonds	1,151	100	247	804	24.1%
Total investments	$ 4,770	$ 1,098	$ 2,324	$ 1,348	100.0%
Percentage of total portfolio		23.0%	48.7%	28.3%	100.0%

The Trust investments are rated AAA by Moody's equivalent credit rating as of December 31, 2019 and 2018.

The Plan's investments are measured and reported on a fair value basis classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Additional information about the Port's application of fair value measurements can be found in Note 16, Fair Value Measurements.

Note 9. Post-Employment Health Care Benefits Trust Fund (Concluded)

Fair value of Trust investments as of December 31, 2019:

	Level 1	Level 2	Total
Federal Farm Credit Bank	$ -	$ 253	$ 253
Federal Home Loan Bank	602	612	1,214
Federal National Mortgage Association	1,203	-	1,203
United States Treasury Bonds	2,126	-	2,126
Total Post-Employment Health Care Benefits Trust Fund	$ 3,931	$ 865	$ 4,796

Fair value of Trust investments as of December 31, 2018:

	Level 1	Level 2	Total
Federal Farm Credit Bank	$ -	$ 251	$ 251
Federal Home Loan Bank	597	893	1,490
Federal Home Loan Mortgage Corporation	199	-	199
Federal National Mortgage Association	1,427	252	1,679
United States Treasury Bonds	1,151	-	1,151
Total Post-Employment Health Care Benefits Trust Fund	$ 3,374	$ 1,396	$ 4,770

Note 10. Property Taxes

The County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Taxes are levied annually on January 1, on property values listed as of the prior May 31. The lien date is January 1. Assessed values are established by the County Assessor at 100% of fair market value. A revaluation of all property is required every six years.

Taxes are due in two equal installments on April 30 and October 31. Collections are distributed monthly to the Port by the County Treasurer. Property taxes are recognized as revenue in the year for which they are levied.

The Port is permitted by law to levy up to 45 cents per $1,000 of assessed valuation for general Port purposes. The rate may be adjusted for either of the following reasons:

(a) Washington State law in RCW 84.55 limits the growth of regular property taxes, but it allows additional amounts for new construction. The Port is allowed to raise revenues in excess of the limit if approved by a majority of the voters as provided in RCW 84.55.050.

(b) The Port may voluntarily levy taxes at a lower rate.

Special levies approved by the voters are not subject to the above limitations.

In 2019, the Port’s regular tax levy was $0.183 per $1,000 on total assessed valuation of $114,163,259,000 for a total regular levy amount of $20,938,000. In 2018, the Port’s regular tax levy was $0.184 per $1,000 on a total assessed valuation of $101,393,431,000 for a total regular levy amount of $18,623,000.

Note 11. Commitments and Other Long-Term Liabilities

Commitments: The Port has entered into contractual agreements for terminal maintenance, infrastructure improvements, environmental projects and professional services. At December 31, 2019, these future commitments are as follows (dollars in thousands):

Description		Remaining Commitments
Terminal projects	$	1,426
Environmental		1,755
Consulting and other		4,047
	$	7,228

Included in the commitments above are $98,477 of remaining commitments on contracts issued by the Port as an agent for the NWSA during the transition period. These commitments will be reimbursed by the NWSA.

The Port agreed to purchase support services from the NWSA during NWSA's startup and transition period. The support services received by the Port include executive management, commercial management, planning and environmental support services. During the transition period, the agreements will be renewed annually. Additional information regarding commitments of the NWSA is presented in Note 17, Joint Venture.

Other long-term liabilities: Other long-term liabilities consist primarily of environmental liabilities (see Note 12) and other deferred commitments as further discussed below.

In 2013, the Port executed a land swap with a joint venture comprised of the Puyallup Tribe (the Tribe) and private parties. This agreement was initially approved by the Port commission in 2008. This agreement is deemed essential for the development of the Blair waterway and the continued relationships with the Port's customers.

The agreement required the Port to transfer 24.4 acres of land to the Tribe, and in exchange, the Tribe will cutback 12.5 acres of the Blair waterway for the Port's use as a right-of-way. As a part of this agreement, the Port agreed to pay for dredging the channel width from 650 feet to 850 feet at some point in the future. The estimated cost of this project is $28.0 million. The $28.0 million is recorded in other long-term liabilities on the statements of net position at December 31, 2019 and 2018.

The Port accounted for this transaction as a "like-kind" property exchange without commercial substance. The assets received in this exchange have an indefinite life and therefore per GASB 51, *Accounting and Financial Reporting for Intangible Assets*, will be recorded as intangible assets in the statements of net position. Also, since the acquired assets have an indefinite life, they will not be amortized.

Note 12. Environmental Liabilities

The Port monitors properties throughout the tideflats for current and potential effects of hazardous substances. The Port has identified or in some cases has been designated by state or federal government with the responsibility to address remediation activities such as site assessments and cleanups.

Note 12. Environmental Liabilities (Concluded)

Existing environmental liabilities on property and facilities licensed to NWSA will remain the responsibility of the Port. However, environmental liabilities that arise from development of new facilities for NWSA customers will be the responsibility of NWSA.

Future expenditures for environmental remediation obligations using the expected cash flow technique were $28.3 million and $28.8 million at December 31, 2019 and 2018, respectively. This liability is included in environmnetal liability on the accompanying statements of net position. Recoveries of environmental remediation costs from other parties are recorded as a reduction of the related costs using the expected cash flow technique. Significant remediation obligations are discussed in the following paragraphs:

In 2017, a feasibility study was completed for the re-development of a log processing facility for future terminal expansion. In 2018, a settlement was reached with the previous owner and a cash payment of $8.6 million was received to pay for future environmental costs. Those costs are expected to be capitalized and are included in the environmental liability. The capital and expense environmental remediation obligation was $11.4 million and $11.1 million at December 31, 2019 and 2018, respectively.

In 2014, the Port recorded $5.2 million for contamination discovered on a parcel on the Blair Peninsula that entered the pre-design stage for a new terminal. The environmental remediation obligation was $4.8 million and $4.7 million at December 31, 2019 and 2018, respectively.

The Port transferred land to the Tribe in 1988 under the 1988 Puyallup Land Settlement Agreement. The terms of the agreement obligated the Port to remediate the property in the event of future development. In April 2008, the parties entered into a land swap agreement for several of the same parcels for the development of marine terminals. The environmental remediation obligation was $5.3 million and $5.2 million at December 31, 2019 and 2018, respectively.

The Port owns land within the boundaries of the Commencement Bay near the Shore Tideflats Superfund Site, for which a Remedial Investigation and Feasibility Study have been performed by the U.S. Environmental Protection Agency and the Washington State Department of Ecology, pursuant to the Federal Comprehensive Environmental Response Compensation and Liability Act and the Model Toxics Control Act. Remedial actions are currently underway or complete at all known sites. The environmental remediation obligation for the Hylebos waterway superfund site was $1.1 million and $1.2 million at December 31, 2019 and 2018, respectively.

At December 31, 2019, the estimated cost of the environmental remediation projects expected to be capitalized in future periods is approximately $13.3 million.

Note 13. Contingencies

The Port owns land within the boundaries of the Commencement Bay near the Shore Tideflats Superfund Site, for which a Remedial Investigation and a Feasibility Study have been performed by the U.S. Environmental Protection Agency and the Washington State Department of Ecology, pursuant to the Federal Comprehensive Environmental Response Compensation and Liability Act and the Model Toxics Control Act. Remedial actions are currently underway or complete at all known sites. The Port will continue to have liability exposure until the cleanup is complete.

The Port is named as a defendant in various other lawsuits incidental to carrying out its function. The Port believes its ultimate liability, if any, will not be material to the financial statements.

Note 14. Major Customers

Effective January 1, 2016, the accounting for revenues and expenses associated with Licensed Properties became the responsibility of the NWSA and that activity is reflected on the statements of revenues, expenses and changes in net position as Joint Venture income. Joint Venture income in 2019 and 2018 was $48.0 million and $56.0 million, respectively, and 63.7% and 70.3% of total revenue, respectively. Further information on Joint Venture activity with the NWSA can be found in Note 17, Joint Venture.

Note 15. Related-Party Transactions

The commissioners of the Port, the CEO and the Deputy Executive Officer also serve as officers and directors of other private and public agencies. The Revised Code of Washington, Section 53, authorizes the Port District to cooperate and invest with such agencies, including trade centers, economic development and other municipal entities. The Port supports such agencies in its normal course of business.

The Port commissioners also govern the NWSA. The NWSA is a separate governmental entity established as a Port Development Authority and is governed by the ports of Tacoma and Seattle as equal members (each a "Managing Member" and, collectively, "Managing Members") with each port acting through its elected commissioners.

The Port hired an Executive Director in June 2019, replacing the previous CEO that served dual roles as the CEO of the Port and NWSA. Additional information on the formation of NWSA and related-party activities are presented in the MD&A, Note 1, Summary of Significant Accounting Policies, and Note 17, Joint Venture.

Note 16. Fair Value Measurements

The Port's assets and liabilities that are measured and reported on a fair value basis are classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the Port performs a detailed analysis of the assets and liabilities that are subject to the guidance. The Port's fair value measurements are evaluated by an independent third-party vendor. The third-party vendor uses 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. Level 1 inputs are quoted prices in active markets for identical assets assessed at the measurement date. An active market for the asset is a principal market in which transactions for the asset are open to many and occur with sufficient frequency and volume. Level 2 inputs include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets where there isn't sufficient activity, and/or where price quotations vary substantially either over time or among market makers (some brokered markets, for example), or in which little information is released publicly. Level 2 investments that do not have observable trade data are valued using the present value of expected future cash flow model option or the adjusted discounted cash flow model technique. The Port does not have any Level 3 assets or liabilities at December 31, 2019 and 2018.

Note 16. Fair Value Measurements (Concluded)

The Port has four swaps outstanding so that it may mitigate interest rate risk. The swaps synthetically fix or “lock-in” interest rates on variable revenue bond debt by providing cash flows that are intended to offset the variable-rate bond payments, leaving the Port with the fixed payment identified in each swap agreement. The fair value of the interest rate swap agreement (used for purposes other than trading) are the estimated amounts the Port would pay to terminate the swap agreement at the reporting date, taking into account current interest rates for the swap agreement and the creditworthiness of the swap counterparty and the third-party bond insurer.

The tables below present the balances of assets and liabilities measured at fair value by level within the hierarchy at December 31, 2019 and 2018 (dollars in thousands):

Fair Value of Assets and Liabilities as of December 31, 2019

	Level 1	Level 2	Total
Investments - Enterprise Fund:			
Federal Agricultural Mortgage Corporation	$ -	$ 2,006	$ 2,006
Federal Farm Credit Bank	2,005	4,007	6,012
Federal Home Loan Bank	-	5,014	5,014
Federal Home Loan Mortgage Corporation	-	5,006	5,006
Federal National Mortgage Association	1,999	1,982	3,981
Municipal Bonds	11,410	38,911	50,321
Supranationals	-	6,037	6,037
United States Treasury Bonds	2,008	933	2,941
Total investments - Enterprise Fund	$ 17,422	$ 63,896	$ 81,318
Long-term debt - interest rate swaps	$ -	$ 65,717	$ 65,717

Fair Value of Assets and Liabilities as of December 31, 2018

	Level 1	Level 2	Total
Investments - Enterprise Fund:			
Federal Agricultural Mortgage Corporation	$ -	$ 1,983	$ 1,983
Federal Farm Credit Bank	-	9,866	9,866
Federal Home Loan Bank	-	4,942	4,942
Federal Home Loan Mortgage Corporation	1,013	4,974	5,987
Federal National Mortgage Association	3,926	4,883	8,809
Municipal Bonds	11,718	54,202	65,920
United States Treasury Bonds	7,424	5,152	12,576
Total investments - Enterprise Fund	$ 24,081	$ 86,002	$ 110,083
Long-term debt - interest rate swaps	$ -	$ 51,744	$ 51,744

Note 17. Joint Venture

The home ports share net income and cash distributions from the NWSA on a 50/50 basis. The Port’s 50% share of NWSA net income and cash distributions are presented on the statements of net position as investment in joint venture. The NWSA Joint Venture income is recorded monthly and the cash distributions from the NWSA are generally received in the following month.

Note 17. Joint Venture (Continued)

The investment in Joint Venture as of December 31, 2019, is presented as follows (dollars in thousands):

	January 1, 2019	2019 Activity	December 31, 2019
Description:			
Working capital contributions	$ 25,500	$ -	$ 25,500
Capital construction contributions	104,293	44,305	148,598
Noncash capital work-in-process	8,906	-	8,906
Total contributions	138,699	44,305	183,004
Joint Venture income	172,501	47,979	220,480
Distributions from Joint Venture	(168,692)	(57,595)	(226,287)
End balance	$ 142,508	$ 34,689	$ 177,197

The investment in Joint Venture as of December 31, 2018, is presented as follows (dollars in thousands):

	January 1, 2018	2018 Activity	December 31, 2018
Description:			
Working capital contributions	$ 25,500	$ -	$ 25,500
Capital construction contributions	62,630	41,663	104,293
Noncash capital work-in-process	8,906	-	8,906
Total contributions	97,036	41,663	138,699
Joint Venture income	116,509	55,992	172,501
Distributions from Joint Venture	(109,272)	(59,420)	(168,692)
End balance	$ 104,273	$ 38,235	$ 142,508

Cash distributions from the NWSA are generally received in the following month. The Port's receivable for cash distributions earned through December 31, 2019 and 2018, were $9.1 million and $3.8 million, respectively, and are presented on the statements of net position as related-party receivables - joint venture.

The Port and the NWSA have entered into agreements to provide support services to each other during NWSA's start-up and transition period as the NWSA works to set up back office infrastructure and staff positions. The support services provided by the Port to the NWSA include equipment and facilities maintenance, security, facilities development, finance and accounting, procurement, public affairs, information technology, risk management and office infrastructure. The costs for these services provided by the Port to the NWSA are based on agreed-upon direct charges and allocations. These support services totaled $32.5 million in 2019 and $29.9 million in 2018.

Support services provided by the NWSA to the Port include executive management, commercial management, planning and environmental support services. The costs for these services provided by the NWSA to the Port are based on agreed-upon direct charges and allocations. These support services totaled $1.4 million in 2019 and $1.4 million in 2018.

Note 17. Joint Venture (Concluded)

The Port invoices the net amount of the support services, capital construction spending and operating costs incurred for NWSA operations to the NWSA monthly and payments are typically received in the following month. The net amount of these receivables at December 31, 2019 and 2018, was $7.2 million and $1.2 million, respectively, and is included in related-party receivables - joint venture on the statements of net position.

A summarized statement of net position of the NWSA and its statement of revenues, expenses and changes in net position for the years ended December 31, 2019 and 2018, is as follows (dollars in thousands):

	2019	2018
Total assets and deferred outflows	$ 429,308	$ 343,804
Total liabilities and deferred inflows	75,932	59,805
Total net position	$ 353,376	$ 283,999
Total operating revenues	$ 195,022	$ 192,574
Total operating expenses	100,501	89,132
Non-operating income, net	(2,431)	4,638
Capital grant contributions	3,868	3,905
Increase in net position before Managing Member contributions and distributions	95,958	111,985
Managing Member contributions and distributions, net	(26,581)	(35,514)
Increase in net position	69,377	76,471
Net position, beginning of year	283,999	207,528
Net position, end of year	$ 353,376	$ 283,999

The NWSA financial report may be obtained at: https:www.nwseaportalliance.com/

Note 18. Special Item

In December 2019, the Port Commission approved a resolution committing the Port to providing a contribution of up to $27.0 million in the form of cash and land to the State Route 167 (SR-167) Completion Project, which is part of the Puget Sound Gateway Program. The SR 167 Completion Project, one of two Puget Sound Gateway Program projects will build the remaining four miles of SR 167 between Meridian Avenue in Puyallup and I-5, completing a long-planned connection to I-5 and will help ensure that people and goods move more reliably through the Puget Sound region. The Port evaluated the treatment of this transaction under GASB 62, and has concluded this transaction qualifies for treatment as a special item based on the unusual nature of the transaction and because the Port does not have the ability to control or own the asset being built. At December 31, 2019, the Port has recognized special item expense totaling approximately $21,977,000 and will also transfer certain assets, valued at approximately $5.0 million, in satisfaction of this resolution. The liability, totaling approximately $21,977,000, is included in other liabilities in the accompanying statements of net position.

Note 19. Subsequent Events

Subsequent event: On March 11, 2020, the World Health Organization characterized COVID-19 as a global pandemic. A significant portion of the cargo that moves through our gateway is to and from Asia, specifically China. As the recent outbreak of COVID-19 continues to spread throughout the supply chain, we believe it has the potential to have a negative impact on our operating results and financial condition. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on supply chains and supply chain employees, which, at this time, are uncertain and cannot be predicted. Given these uncertainties, we cannot reasonably estimate the related impact to our business, operating results and financial condition.

REQUIRED SUPPLEMENTAL INFORMATION

Enterprise Fund
Schedule of Port of Tacoma's Share of Net Pension Asset/Liability (NPA/NPL)
December 31, 2019, 2018, 2017, 2016 and 2015
(Dollars in Thousands)

	2019	2018	2017	2016	2015 (1)
PERS Plan 1					
Port's proportion of NPL	0.161%	0.160%	0.177%	0.190%	0.187%
Port's proportionate share of NPL	$ 6,172	$ 7,165	$ 8,412	$ 10,213	$ 9,803
Port's covered payroll (plan year)	$ 38	$ 72	$ 70	$ 67	$ 84
Port's proportionate share of the net pension liability (asset) as a percentage of its covered payroll (plan year)	16391.8%	9951.4%	12017.1%	15243.3%	11732.9%
Plan fiduciary net pension position as a percentage of the total pension liability	67.1%	63.2%	61.2%	57.0%	59.1%
Contractually required contribution	$ 1,189	$ 1,032	$ 1,059	$ 1,136	$ 954
Contributions in relation to the contractually required contribution	(1,108)	(1,118)	(963)	(1,152)	(954)
Contribution deficiency (excess)	$ 81	$ (86)	$ 96	$ (16)	$ -
Port's covered payroll (Port's fiscal year)	$ -	$ 72	$ 70	$ 67	$ 84
Contributions as a percentage of covered payroll (Port's fiscal year)	N/A	1532%	1376%	1719%	1141%
PERS Plan 2/3					
Port's proportion of NPL	0.206%	0.2042%	0.2265%	0.2395%	0.2397%
Port's proportionate share of NPL	$ 2,004	$ 3,487	$ 7,869	$ 12,057	$ 8,565
Port's covered payroll (plan year)	$ 23,210	$ 21,200	$ 20,352	$ 23,892	$ 21,554
Port's proportionate share of the net pension liability (asset) as a percentage of its covered payroll (plan year)	8.6%	16.4%	38.7%	50.5%	39.7%
Plan fiduciary net pension position as a percentage of the total pension liability	97.8%	95.8%	91.0%	85.8%	89.2%
Contractually required contribution	$ 1,789	$ 1,631	$ 1,479	$ 1,526	$ 1,252
Contributions in relation to the contractually required contribution	(1,770)	(1,641)	(1,479)	(1,526)	(1,252)
Contribution deficiency (excess)	$ 19	$ (10)	$ -	$ -	$ -
Port's covered payroll (Port's fiscal year)	$ 22,405	$ 21,887	$ 20,352	$ 23,892	$ 21,554
Contributions as a percentage of covered payroll (Port's fiscal year)	7.9%	7.5%	7.1%	6.2%	5.8%

(1) Schedule is intented to show information for ten years, however due to implementation of GASB Statement 68 in 2015, prior years not available.
Notes to Required Supplementary Information:
See Note 8 of the financial statements for additional information on the plan.

Post-Employment Health Care Benefits Trust Fund
Schedule of Changes in Port of Tacoma's Net OPEB Asset and Related Ratios
December 31, 2019, 2018 and 2017
(Dollars in Thousands)

	2019	2018	2017
Total OPEB liability:			
Service cost	$ 72	$ 75	$ 89
Interest	103	101	111
Change of benefit terms	-	-	-
Differences between expected and actual experience	(210)	(983)	-
Changes of assumptions	48	369	-
Benefit payments	(216)	(207)	(384)
Net change in total OPEB liability	(203)	(645)	(184)
Total OPEB liability - beginning	3,054	3,699	3,883
Total OPEB liability - ending (a)	2,851	3,054	3,699
Plan fiduciary net position:			
Contributions - employer	-	-	-
Net investment income	172	85	44
Benefit payments	(216)	(207)	(418)
Administrative expense	(12)	(12)	(13)
Net change in fiduciary net position	(56)	(134)	(387)
Plan fiduciary net position - beginning	4,986	5,120	5,507
Plan fiduciary net position - ending (b)	4,930	4,986	5,120
Net OPEB asset ending (a)-(b)	$ 2,079	$ 1,932	$ 1,421
Plan fiduciary net position as a percentage of the total OPEB liability	172.9%	163.3%	138.4%
Covered-employee payroll	$ 1,440	$ 1,615	$ 1,488
Net OPEB liability as a percentage of the total OPEB liability	144.4%	119.6%	95.5%

Post-Employment Health Care Benefits Trust Fund
Schedule of Port of Tacoma's Contributions
December 31, 2019, 2018 and 2017
(Dollars in Thousands)

	2019	2018	2017
Schedule of contributions:			
Actuarially determined contribution	$ 89	$ 93	$ 106
Contribution in relation to the actuarially determined contribution	-	-	-
Contribution deficiency	$ 89	$ 93	$ 106
Contributions as a percentage of covered-employee payroll	0.0%	0.0%	0.0%
Schedule of investment returns:			
Annual money-weighted rate of return, net of investment expense	3.34%	1.49%	0.59%

STATISTICAL SECTION

PORT OF TACOMA

STATISTICAL SECTION (unaudited)

For the Year Ended December 31, 2019

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FINANCIAL TRENDS

These schedules contain trend information to assess how the Port's financial performance and well-being have changed over time.

REVENUE CAPACITY

These schedules contain information on the Port's revenue sources and their fluctuations over time.

DEBT CAPACITY

These schedules present information to assist the reader in assessing the affordability of the Port's current level of outstanding debt and the ability to issue aditional debt in the future.

DEMOGRAPHIC INFORMATION

These schedules offer demographic and economic indicators regarding the environment within which the Port's financial activities take place.

OPERATION INFORMATION

These schedules contain information about services the Port provides and the activities it performs.

PORT OF TACOMA
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	2019	2018	2017	2016	2015	2014[1]	2013	2012	2011[2]	2010[2]
Net Investment in Capital Assets	$ 295,714	$ 310,430	$ 327,335	$ 339,143	$ 302,092	$ 299,404	$ 280,507	$ 272,154	$ 315,238	$ 335,366
Restricted	17,536	13,251	13,496	13,077	9,429	9,230	16,395	17,411	16,788	16,170
Unrestricted	310,064	281,966	223,554	185,084	191,684	174,734	202,935	210,193	144,952	104,132
Total Net Assets	$ 623,314	$ 605,647	$ 564,385	$ 537,304	$ 503,205	$ 483,368	$ 499,837	$ 499,758	$ 476,978	$ 455,668

(1) As restated per adoption of GASB 68

(2) As restated per adoption of GASB 65

PORT OF TACOMA
CHANGES IN NET POSITION
Last Ten Fiscal Years
(dollars in thousands)

	2019	2018	2017	2016	2015	2014[1]	2013	2012	2011[2]	2010[2]
OPERATING REVENUES										
Property rentals	$ 27,372	$ 23,607	$ 21,687	$ 23,545	$ 102,428	$ 99,410	$ 95,815	$ 93,876	$ 88,172	$ 83,459
Terminal services	-	-	-	-	41,469	34,912	29,527	30,501	25,923	19,891
NWSA - Joint Venture Income	47,979	55,992	54,925	61,584	-	-	-	-	-	-
Total operating revenues	75,351	79,599	76,612	85,129	143,897	134,322	125,342	124,377	114,095	103,350
OPERATING EXPENSES										
Operations	3,892	8,015	4,357	3,939	34,067	33,597	30,769	30,361	26,084	23,610
Maintenance	4,677	3,607	3,926	4,120	14,860	14,463	15,473	16,013	13,137	13,421
Administration	4,021	3,348	2,886	2,428	14,909	14,477	14,844	13,655	13,812	13,381
Security	265	378	367	381	3,870	3,952	3,988	3,734	3,782	3,574
Environmental	2,244	2,328	4,857	1,788	5,385	14,681	3,139	2,100	2,783	2,077
Total before depreciation	15,099	17,676	16,393	12,656	73,091	81,170	68,213	65,863	59,598	56,062
Depreciation	26,855	26,922	28,506	30,300	31,520	31,546	30,802	30,283	30,229	30,303
Total operating expenses	41,954	44,598	44,899	42,956	104,611	112,716	99,015	96,146	89,827	86,365
Operating income	33,397	35,001	31,713	42,173	39,286	21,606	26,327	28,231	24,268	16,985
NON-OPERATING REVENUES (EXPENSES)										
Ad valorem tax revenues	20,921	18,588	16,631	14,972	14,198	13,083	12,600	13,672	14,592	16,196
Interest on general obligation bonds	(4,804)	(4,933)	(5,482)	(7,609)	(8,759)	(9,000)	(9,456)	(9,566)	(9,661)	(9,718)
Net ad valorem tax revenues	16,117	13,655	11,149	7,363	5,439	4,083	3,144	4,106	4,931	6,478
Interest income	5,733	4,789	3,618	2,271	2,293	2,704	2,421	3,153	2,733	2,632
Net increase (decrease) in the fair value of investments	2,137	(1,125)	156	47	72	2,505	(5,135)	777	892	534
Interest expense	(20,085)	(19,926)	(19,717)	(20,011)	(17,712)	(20,908)	(23,048)	(20,117)	(15,810)	(15,643)
Other income (expenses), net	1,645	3,823	(931)	(3,601)	(10,861)	(7,131)	(10,365)	(6,935)	(3,878)	(5,393)
Total non-operating revenues (expenses), net	5,547	1,216	(5,725)	(13,931)	(20,769)	(18,747)	(32,983)	(19,016)	(11,132)	(11,392)
Increase (decrease) in net position, before capital contribution and special item	38,944	36,217	25,988	28,242	18,517	2,859	(6,656)	9,215	13,136	5,593
CAPITAL CONTRIBUTION	700	3,624	1,093	5,857	1,320	2,271	6,735	13,565	8,173	16,295
Increase (decrease) in net position, before special item	39,644	39,841	27,081	34,099	19,837	5,130	79	22,780	21,309	21,888
Special Item	21,977	-	-	-	-	-	-	-	-	-
Increase (decrease) in net position	17,667	39,841	27,081	34,099	19,837	5,130	79	22,780	21,309	21,888
NET POSITION										
Beginning of year, as previously reported	605,647	564,385	537,304	503,205	483,368	499,837	499,758	482,169	461,093	439,438
Adjustment related to adoption of GASB 53	-	-	-	-	-	-	-	-	-	-
Adjustment related to adoption of GASB 65	-	-	-	-	-	-	-	(5,191)	(5,424)	(5,658)
Adjustment related to adoption of GASB 68	-	-	-	-	-	(21,599)	-	-	-	-
Adjustment related to adoption of GASB 75	-	1,421	-	-	-	-	-	-	-	-
Net Position, beginning of year as restated	605,647	565,806	537,304	503,205	483,368	478,238	499,758	476,978	455,669	433,780
End of year	$ 623,314	$ 605,647	$ 564,385	$ 537,304	$ 503,205	$ 483,368	$ 499,837	$ 499,758	$ 476,978	$ 455,668

(1) As restated per adoption of GASB 68

(2) As restated per adoption of GASB 65

PORT OF TACOMA

OPERATING REVENUES BY LINE OF BUSINESS

Last Ten Fiscal Years

(dollars in thousands)

	Actual Revenues Earned					As a Percentage of the Port's Total				
Year [1]	Containers	Non-Container	Real Estate	NWSA	Total	Containers	Non-Container	Real Estate	NWSA	Total
2019		2,299	25,073	47,979	75,351	0%	3%	33%	64%	100%
2018		242	23,365	55,992	79,599	0%	0%	29%	70%	100%
2017			21,687	54,925	76,612	0%	0%	28%	72%	100%
2016			23,545	61,584	85,129	0%	0%	28%	72%	100%
2015	107,712	23,236	15,876		146,824	73%	16%	11%	0%	100%
2014	98,386	20,363	15,573		134,322	73%	15%	12%	0%	100%
2013	91,461	18,938	14,943		125,342	73%	15%	12%	0%	100%
2012	93,576	17,991	12,810		124,377	75%	14%	10%	0%	100%
2011	85,471	15,119	13,505		114,095	75%	13%	12%	0%	100%
2010	80,395	10,275	12,680		103,350	78%	10%	12%	0%	100%

(1) Beginning in 2016, the Container and Non-Container businesses were licensed to the Northwest Seaport Alliance, so the gross revenues are not reported by the Port. NWSA revenues represent 50% of the net income earned by the joint venture.

PORT OF TACOMA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year(1)	Assessed Value	Estimated Actual Value	Total Direct Tax Rate (Per $1,000 of Assessed Value)	Ratio of Total Assessed Value to Total Estimated Actual Value
2019	$ 114,163,259	$ 129,817,248	0.1834	87.9%
2018	101,393,431	115,716,295	0.1837	87.6%
2017	90,491,815	104,056,740	0.1841	87.0%
2016	84,211,137	97,251,916	0.1827	86.6%
2015	77,383,384	89,052,785	0.1837	86.9%
2014	71,547,737	82,865,128	0.1833	86.3%
2013	69,124,566	80,268,630	0.1833	86.1%
2012	75,697,858	87,438,842	0.1814	86.6%
2011	81,262,532	88,539,162	0.1819	91.8%
2010	88,468,118	98,128,826	0.1840	90.2%

Source: Pierce County Assessor-Treasurer

(1) Real Property taxes are levied in the current year based on prior year assessed valuations

PORT OF TACOMA

PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS [1]

Last Ten Fiscal Years

(per $1,000 of assessed value)

Fiscal Year	Port of Tacoma	State	County	Rural Library	Cities and Towns	Fire Protection Districts	Park Districts	Schools	Flood Control	Misc. Districts	Total Direct & Overlapping Rates
2019	$ 0.1834	$ 1.3108	$ 2.6183	$ 0.4890	$ 1.1655	$ 0.7748	$ 0.4518	$ 3.7097	$ 0.0762	-	$ 11.8394
2018	0.1837	1.4553	2.8466	0.4213	1.2761	0.8815	1.2611	5.1674	0.0830	0.0911	13.9976
2017	0.1841	2.0670	3.1088	0.4668	1.2862	0.9611	1.0688	5.8568	0.0917	0.1054	14.0788
2016	0.1827	2.2339	3.3403	0.4904	1.4643	1.0680	0.1092	6.1747	0.1000	1.1150	14.6778
2015	0.1837	2.3863	3.4433	0.4910	1.3631	0.7516	0.5696	6.3389	0.1016	0.1188	14.9560
2014	0.1833	2.5271	3.6681	0.4923	1.5086	1.1466	0.7123	6.2153	0.1012	0.1366	15.0233
2013	0.1833	2.6293	3.6997	0.4924	1.7038	1.2241	0.5236	6.3320	0.0998	0.1495	15.3572
2012	0.1814	2.4079	3.3047	0.5009	2.4088	1.8288	0.9239	5.5633	0.0000	0.1293	13.8043
2011	0.1819	2.2738	3.0093	0.5011	2.2147	1.9713	0.8992	4.9769	0.0000	0.1186	12.8830
2010	0.1840	2.0674	2.6969	0.4706	2.0392	1.9200	0.6622	4.2758	0.0000	0.1043	11.3748

(1) The tax rates for each type of district are an average of the levies for each individual district based upon the countywide assessed valuation. Information provided by the Assessor's - Treasurer's Office of Pierce County.

PORT OF TACOMA

PRINCIPLE PROPERTY TAX PAYERS

2019 and 2010

(dollars In thousands)

TAXPAYER	TYPE OF BUSINESS	2019 [1] ASSESSED VALUATION [1]	2019 [1] % OF TOTAL ASSESSED VALUATION	2010 [2] ASSESSED VALUATION [2]	2010 [2] % OF TOTAL ASSESSED VALUATION
The Boeing Company	Airplane Manufacturer	$ 533,440	0.47%	$ 542,347	0.61%
Puget Sound Energy/Gas	Electric and Natural Gas Utility	510,854	0.45%	459,928	0.52%
Tacoma Mall Partnership	Retail Shopping Mall	285,699	0.25%	208,474	0.24%
Puget Sound Energy/Electric	Electric and Natural Gas Utility	280,243	0.25%	-	-
Rocktenn CP LLC	Telecommunications	205,591	0.18%	-	-
Prologis Targeted US Logistics Fund LP	Real Estate	180,562	0.16%	-	-
Northwest Building LLC	Industrial Park	177,460	0.16%	125,543	0.14%
Comcast Cable Communications Management	Communications	170,835	0.15%	-	-
Toray Composites America Inc	Aerospace Manufacturing	163,083	0.14%	-	-
Costco Wholesale Corporation	Retail Sales	150,640	0.13%	131,491	0.15%
Qwest Corporation	Communications	139,334	0.12%	166,554	0.19%
Total Assessed Valuation of Principal Taxpayers		$ 2,797,741	2.45%	$ 1,634,337	1.85%
Total Assessed Valuation of Pierce County [3]		$ 114,163,259	100.00%	$ 88,468,118	100.00%

(1) 2018 taxable value is basis for 2019 property tax levies.

(2) 2009 taxable value is basis for 2010 property tax levies.

(3) Totals include valuation of real, personal and operating properties.

PORT OF TACOMA

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

(dollars in thousands)

Fiscal Year	Original Tax Levy	Supplements / Cancellations	Final Tax Levy	Collected In Year Due	Percent of Levy Collected In Year Due	Collected in Subsequent Years	Collected as of 12/31/19	Percent of Levy Collected As of 12/31/2019
2019	$ 20,938	$ (17)	$ 20,921	$ 20,578	98.36%	-	$ 20,578	98.36%
2018	18,623	$ (35)	18,588	18,296	98.43%	192	18,488	99.46%
2017	16,660	$ (29)	16,631	16,325	98.16%	258	16,583	99.71%
2016	15,013	$ (41)	14,972	14,677	98.03%	291	14,968	99.97%
2015	14,217	$ (19)	14,198	13,885	97.80%	312	14,197	99.99%
2014	13,116	$ (32)	13,083	12,740	97.38%	343	13,083	100.00%
2013	12,668	$ (69)	12,600	12,229	97.06%	369	12,599	99.99%
2012	13,729	$ (56)	13,673	13,218	96.67%	454	13,672	99.99%
2011	14,979	$ (205)	14,774	13,469	91.17%	1,305	14,774	100.00%
2010	16,283	$ (87)	16,196	15,519	95.82%	677	16,196	100.00%

PORT OF TACOMA
TAX LEVY AMOUNTS AND RATES
Last Ten Fiscal Years

Fiscal Year	Port District Assessed Valuation[1]	Maximum Levy[2]	Budget Tax Levy[3]	Total Tax Levy Rate[4]
2019	$ 114,163,258,951	$ 25,656,149	$ 20,938,250	0.1834
2018	101,393,431,414	24,938,396	18,623,291	0.1837
2017	90,491,814,980	24,402,621	16,659,514	0.1841
2016	81,750,009,927	24,392,636	15,013,389	0.1836
2015	77,353,617,531	23,908,810	14,205,992	0.1837
2014	71,417,153,388	23,121,298	13,115,760	0.1836
2013	69,124,565,890	22,363,370	12,665,791	0.1832
2012	75,697,857,587	22,007,602	13,719,043	0.1812
2011	81,262,532,281	21,620,574	14,731,007	0.1813
2010	88,468,117,832	21,584,044	16,275,174	0.1840

Sources: Pierce County Assessor's Office and the Port

(1) Per the County's Certification of Assessed Valuation delivered to the Port in the November prior to the fiscal year for which the levy is assessed.
(2) Maximum dollar amount shown in the County's Certification of Assessed Valuation delivered to the Port as the maximum amount that would be permitted to be collected within the statutory levy limitation.
(3) Tax levy allocable for general purposes plus tax levy allocable for limited tax general obligation bonds Budgeted tax levy before any adjustments..
(4) Per $1,000 of assessed valuation.

PORT OF TACOMA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Fiscal Year	General Obligation Bonds[1]	Revenue Bonds	Other Obligations	Total Debt[2]	Ratio of Debt to Personal Income[3]	Total Debt Per Capita[3]
2019	$ 165,373	$ 458,462	$ -	$ 623,835	1.3%	702
2018	170,967	470,195	-	$ 641,162	1.5%	735
2017	175,947	481,522	-	$ 657,469	1.5%	765
2016	182,614	507,709	-	$ 690,323	1.7%	817
2015	185,440	392,200	-	$ 577,640	1.5%	696
2014	190,732	400,534	-	$ 591,266	1.6%	720
2013	198,668	415,135	-	$ 613,803	1.8%	754
2012	208,553	422,531	-	$ 631,084	1.9%	781
2011	207,407	429,333	-	$ 636,740	2.0%	794
2010	209,319	436,128	-	$ 645,447	2.1%	812

(1) Presented net of unamortized premiums and discounts

(2) Debt includes bond and other obligations (see notes 4 and 5 in the financial statements)

(3) Personal income and population information used to find *Ratio of Debt to Personal Income* and *Total Debt per Capita* , respectively, can be found in Demographic Statistics

PORT OF TACOMA

RATIOS OF GENERAL OBLIGATION BONDS

Last Ten Fiscal Years

(dollars in thousands, except G. O. Bonds Per Capita)

Fiscal Year	G. O. Bonds[1]	Ratio of G. O. Bonds to Assessed Value of Taxable Property[2]	G. O. Bonds Per Capita[3]	Per Capita Assessed Valuation	Ratio of Direct and Estimated Overlapping Debt to Assessed Valuation	Per Capita Direct and Estimated Overlapping Dept
2019	$ 165,373	0.14%	$ 186	$ 128,519	2.28%	$ 2,924
2018	170,967	0.17%	196	116,248	2.44%	2,834
2017	175,947	0.19%	205	105,297	2.77%	2,912
2016	182,614	0.22%	216	99,718	2.74%	2,734
2015	185,440	0.24%	223	93,220	2.70%	2,517
2014	190,732	0.27%	232	87,115	2.77%	2,412
2013	198,668	0.29%	244	84,867	2.85%	2,416
2012	208,553	0.28%	258	93,662	2.52%	2,364
2011	207,407	0.26%	259	101,306	2.38%	2,408
2010	209,319	0.24%	263	111,249	2.23%	2,486

(1) Presented net of unamortized premiums and discounts

(2) See Assessed and Estimated Actual Value of Taxable Property

(3) See Demographics for Pierce County Population data

PORT OF TACOMA

LIMITED TAX GENERAL OBLIGATION BOND DEBT SERVICE REQUIREMENTS

(Years Ending December 31)

Year	Principal	Interest	Total Debt Service
2020	$ 4,191,000	$ 5,855,636	$ 10,046,636
2021	6,578,000	5,785,171	12,363,171
2022	6,775,000	5,591,978	12,366,978
2023	6,956,000	5,408,659	12,364,659
2024	7,178,000	5,184,853	12,362,853
2025	7,408,000	4,948,972	12,356,972
2026	7,600,000	4,697,265	12,297,265
2027	7,885,000	4,404,770	12,289,770
2028	8,275,000	4,030,430	12,305,430
2029	8,665,000	3,636,315	12,301,315
2030	9,080,000	3,222,265	12,302,265
2031	9,510,000	2,786,679	12,296,679
2032	9,965,000	2,329,641	12,294,641
2033	10,445,000	1,849,871	12,294,871
2034	6,625,000	1,394,400	8,019,400
2035	6,890,000	1,137,128	8,027,128
2036	7,150,000	869,184	8,019,184
2037	7,435,000	590,832	8,025,832
2038	7,720,000	301,120	8,021,120
Totals	$ 146,331,000	$ 64,025,170	$ 210,356,170

PORT OF TACOMA

COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT

December 31, 2019

JURISDICTION		NET DEBT OUTSTANDING[1]	PERCENTAGE APPLICABLE TO PIERCE COUNTY[2]		AMOUNT APPLICABLE TO PIERCE COUNTY
Direct Debt:					
Pierce County	$	121,660,000	100%	$	121,660,000
Overlapping Debt:					
Port of Tacoma		146,331,000	100%		146,331,000
City of Tacoma		189,994,000	100%		189,994,000
Metro Park Districts		155,815,000	100%		155,815,000
Pierce County School Districts		1,983,691,385	100%		1,983,691,385
Total Overlapping Debt		2,475,831,385	100%		2,475,831,385
Total Direct And Overlapping Debt	$	2,597,491,385		$	2,597,491,385

(1) Presented at par, excluding unamortized premiums and discounts.

(2) Each of the tax jurisdictions are within the geographical boundaries of Pierce County, therefore 100% of the net outstanding debt of those is applicable to Pierce County

Source: Port of Tacoma and above-listed agencies

PORT OF TACOMA
COMPUTATION OF LEGAL DEBT MARGIN
Last Ten Fiscal Years
(dollars in thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Value of taxable property in the taxing district [1]	$ 114,163,259	$ 101,393,431	$ 90,491,815	$ 84,211,137	$ 77,383,384	$ 71,547,737	$ 69,124,566	$ 75,697,858	$ 81,262,532	$ 88,468,118
Legal limit at 3/4 of 1% on property value	856,224	760,451	678,689	631,584	580,375	536,608	518,434	567,734	609,469	663,511
Indebtedness Incurred										
G.O. bond liabilities:	146,331	150,458	153,989	158,966	179,575	184,465	189,110	198,445	200,140	201,760
Less cash and investments:	-	-	-	-	-	-	-	-	-	-
Excess liabilities over assets	146,331	150,458	153,989	158,966	179,575	184,465	189,110	198,445	200,140	201,760
Margin of indebtedness still available	709,893	609,993	524,700	472,618	400,800	352,143	329,324	369,289	409,329	461,751
Legal limit at 1/4 of 1% on property value without a vote of the people	$ 285,408	$ 253,484	$ 226,230	$ 210,528	$ 193,458	$ 178,869	$ 172,811	$ 189,245	$ 203,156	$ 221,170
Margin of indebtedness still available without a vote of the people	139,077	103,026	72,241	51,562	13,883	-	-	-	3,016	19,410

(1) Taxable property information received from Assessor's - Treasurer's Office of Pierce County

PORT OF TACOMA
SENIOR LIEN REVENUE BONDS COVERAGE BY TYPE
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	Gross Revenue[1]	Net Expenses Per Bond Covenants[2]	Net Revenue Available for Debt Service	Debt Service Requirements Principal	Debt Service Requirements Interest	Total	Coverage
2019	$ 87,160	$ 7,424	79,735	$ 5,090	$ 8,009	13,099	6.09
2018(3)	84,066	8,220	75,847	4,952	7,849	12,802	5.92
2017(3)	80,291	13,724	66,568	1,820	7,893	9,713	6.85
2016	83,414	11,401	72,012	1,375	4,156	5,531	13.02
2015	146,277	72,430	73,847	1,250	3,149	4,399	16.79
2014	127,850	66,836	61,013	1,000	6,403	7,403	8.24
2013	127,633	63,396	64,237	2,780	8,990	11,770	5.46
2012	116,926	55,907	61,018	2,660	9,114	11,774	5.18
2011	106,003	50,982	55,021	2,560	9,231	11,791	4.67
2010	93,092	42,488	50,604	2,465	9,333	11,798	4.29

Above schedule does not include levies for general obligation bond issues outstanding

(1) Includes operating revenues and interest earned on investments of Revenue Bond Redemption Funds, Revenue Bond Reserve Fund, and Commercial Paper
(2) Includes operating expenses (except depreciation) and non-operating bank service fees.
(3) Adjusted for non-cash pension liabilities.

NOTE: The decrease in Gross Revenue and Net Expenses Per Bond Covenants starting in 2016 through the present are due to the formation of the NWSA and adoption of joint venture accounting. Bond coverage is not negatively significantly affected by this change.

PORT OF TACOMA
DEMOGRAPHIC STATISTICS
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	2019	2018	2017	2016	2015(4)	2014(4)	2013(4)	2012(4)	2011(4)	2010(4)
Pierce County										
Population (in thousands)[1]	888	872	859	844	830	821	815	808	802	795
Total Personal Income[2]	N/A	$ 46,449,056	$ 43,148,793	$ 40,228,355	$ 37,957,559	$ 36,076,766	$ 33,923,202	$ 32,941,576	$ 31,619,327	$ 30,256,545
Per Capita Personal Income[2]	N/A	$ 52.1	$ 49.2	$ 46.7	$ 45.0	$ 43.5	$ 41.4	$ 40.6	$ 39.4	$ 38.0
Unemployment Rate[3]	4.7%	5.4%	5.2%	6.0%	6.3%	6.8%	7.6%	8.9%	9.8%	10.1%
Washington State										
Population (in thousands)[1]	7,546	7,428	7,310	7,184	7,061	6,968	6,882	6,818	6,768	6,725
Total Personal Income[2]	N/A	$ 467,399,039	$ 428,765,189	$ 404,232,131	$ 384,651,032	$ 362,951,551	$ 335,890,860	$ 328,949,369	$ 303,939,314	$ 286,732,273
Per Capita Personal Income[2]	N/A	$ 62.0	$ 57.9	$ 54.6	$ 53.1	$ 50.9	$ 47.8	$ 47.3	$ 44.2	$ 42.2
Unemployment Rate[3]	4.0%	4.5%	4.7%	5.1%	5.6%	5.8%	6.5%	7.4%	8.7%	9.6%

(1) Washington State Office of Financial Management
(2) US Department of Commerce, Bureau of Economic Analysis
(3) Annual Employment rates per Washington State Employment Security Department
(4) Total Personal Income and Per Capita Personal Income restated per Bureau of Economic Analysis data update November 2017

PORT OF TACOMA

NUMBER OF EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Fiscal Year	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Administration	81	76	80	76	91	93	99	103	100	108
Operations	60	63	67	68	80	79	81	86	86	49
Maintenance	96	98	102	88	81	83	86	85	80	84
Total	237	237	249	232	252	255	266	274	266	241

Note: Number of employees reported includes regular, project, and part-time employees as of the last day of each year.

Source: Port of Tacoma payroll database.

PORT OF TACOMA
PIERCE COUNTY MAJOR EMPLOYERS
For 2019 and 2010

Pierce County Major Corporate Employers	2019 Number of Employees	2019 Rank	2019 Percentage of Total Pierce County Employment	2010 Number of Employees	2010 Rank	2010 Percentage of Total Pierce County Employment
Federal Government	60,008	1	14.37%	58,189	1	15.85%
Local Government	38,205	2	9.14%	35,410	2	9.64%
Multicare Health System	8,264	3	1.98%	6,410	3	1.75%
Franciscan Health System	5,682	4	1.36%	5,028	4	1.37%
Safeway Stores, Inc.	2,106	5	0.50%	1,123	10	0.31%
Boeing Company, The	1,550	6	0.37%	1,440	6	0.39%
State Farm Insurance Company	1,461	7	0.35%	–		–
Fred Meyer	1,364	8	0.33%	1,301	8	0.35%
Amazon Distribution Centers	1,200	9	0.29%	2,105	5	0.57%
Costco	1,200	10	0.29%	1,151	9	0.31%
Wal-Mart	–		–	1,406	7	0.38%
Total	121,040		28.96%	113,563		30.93%
Total Employment In Pierce County	417,896			367,170		

Source: Pierce County

PORT OF TACOMA
MARINE TERMINAL TONNAGE AND STATISTICS
Last Ten Fiscal Years
(Short Tons 2009-2015 Metric Tons 2016-2019)

	Vessels / Tonnage		Major Import Commodities					Major Export Commodities			
Year[(1)]	Vessels	Total Tonnage	General Cargo	Ore	Containerized Cargo	Autos	Gypsum	General Cargo	Logs	Containerized Cargo	Grain
2019	1,870	29,982,608	179,588	-	13,971,324	305,816	251,342	66,824	75,757	14,700,489	3,056,904
2018	1,930	30,173,621	181,782	-	14,108,932	228,295	221,054	67,273	116,790	14,759,193	4,621,958
2017	1,946	27,570,924	141,785	-	11,464,747	224,864	229,111	68,940	278,078	14,640,983	4,664,523
2016	1,995	28,026,869	123,754	-	11,650,074	246,421	281,361	57,617	176,928	15,116,184	4,226,602
2015	1,276	19,000,558	174,400	-	6,988,091	298,446	246,296	48,605	260,758	8,155,080	2,828,882
2014	1,240	20,415,736	165,270	-	6,844,034	278,140	198,691	52,267	304,930	8,239,774	4,332,630
2013	1,278	17,938,799	166,789	-	6,002,229	249,560	234,207	38,333	428,843	8,073,144	2,745,694
2012	1,106	17,917,598	196,103	-	4,966,993	224,506	243,848	63,812	377,418	7,040,653	4,804,265
2011	1,006	17,270,252	97,598	-	3,832,127	259,552	133,835	56,780	584,529	6,375,809	5,930,022
2010	1,019	16,532,709	52,014	-	3,808,976	187,580	145,359	39,787	403,225	5,747,212	6,148,556

(1) As of January 1, 2016, the Port's marine terminal operation was licensed to the NWSA; hence starting in 2016, volume reported represents total activities in the joint venture.

Source: Port of Tacoma (2009-2015) and Northwest Seaport Alliance (2016-2019) records.

PORT OF TACOMA
MARINE TERMINAL DESCRIPTION
December 31, 2019

Total Property Ownership	2,493	acres (approximately)
Warehouses and Other Buildings	1,862,874	square feet +/-
Early Business Center Buildings	299,390	square feet +/-
Port Business Center Building	75,031	square feet +/-
Grain Storage	3	million bushels
Foreign Trade Zone (designated)	1,459	acres
Intermodal Rail Facilities	4	dockside intermodal yards

Terminal Facilities	
Berths	31
Container Cranes	30
Whirley Cranes	2
Truck Scales	27
Container Straddle Carriers (Port owned)	34
Fork Lifts (Port owned)	36
Vehicles	129

Note: Beginning January 1, 2016, facilities and equipment associated with the Port's marine terminal operations were licensed to and operated by the NWSA.

PORT OF TACOMA
AGGREGATE COMPARATIVE OPERATING STATISTICS
Last Ten Fiscal Years

Year[(1)]	Vessels	Percent change	Tonnage[(2)]	Percent change	Twenty-foot Equivalent units (TEUs)	Percent change	Intermodal Lifts	Percent change	Autos (units)	Percent change
2019	1,870	-3.1	29,982,608	-0.6	3,775,303	-0.6	737,279	-3.5	155,930	10.5
2018	1,930	-0.8	30,173,621	9.4	3,797,626	3.6	764,136	6.3	141,143	-0.5
2017	1,946	-2.5	27,570,924	-1.6	3,665,329	1.4	764,095	-4.6	146,885	-11.3
2016	1,995	56.3	28,026,869	47.5	3,615,752	70.2	800,854	50.6	165,687	-9.6
2015	1,276	2.9	19,000,558	-6.9	2,124,680	5.1	531,818	3.2	183,305	4.3
2014	1,240	-3.0	20,415,736	13.8	2,022,051	6.9	515,544	6.0	175,802	9.6
2013	1,278	15.6	17,938,799	0.3	1,891,570	10.5	486,365	10.6	160,419	8.2
2012	1,106	9.9	17,890,719	3.6	1,711,290	14.9	439,760	29.7	148,239	-8.7
2011	1,006	-1.3	17,270,252	4.5	1,488,799	2.3	338,958	0.3	162,434	34.2
2010	1,019	-16.5	16,532,709	-4.8	1,455,466	-5.8	337,863	19.0	120,996	3.1

(1) As of January 1, 2016, the Port's marine terminal operation was licensed to the NWSA; hence starting in 2016, volume reported represents total activities in the joint venture.

(2) Measured in short tons for years 2010-2015 and metric tons for years 2016-2019.