

PORT OF NEWPORT REGULAR MONTHLY COMMISSION MEETING AGENDA

Tuesday, January 28, 2020, 6:00 p.m.
South Beach Activities Room
2120 SE Marine Science Drive, Newport, OR 97365

If you want to comment on a particular agenda item during the meeting, please complete a comment form and submit before the meeting is called to order.

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SDAO Annual ConferenceFeb 6 – 9

Ardor Adventures Run Love Run RaceFeb 8

President’s Day, Port Office ClosedFeb 17

Newport Seafood & Wine FestivalFeb 20 – 23

Regular Commission MeetingFeb 25
SDAO Mission to WashingtonMar 1 – 5

- X. Public Comment (3 minutes limit per person)
- XI. Adjournment

Regular Monthly Meetings are scheduled for the fourth Tuesday of every month at 6:00 pm.

The Port of Newport South Beach Marina and RV Park Activity Room is accessible to people with disabilities. A request for an interpreter for the hearing impaired or for other accommodations for persons with disabilities should be made at least 48 hours in advance of the meeting to Port of Newport Administration Office at 541-265-7758.

Link for directions to the RV Park Activity Room:
<https://www.portofnewport.com/recreational-marina-rv-parks-maps>

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PORT OF NEWPORT MINUTES

December 17, 2019

Regular Commission Meeting

This is not an exact transcript. The audio of the session is available on the Port’s website.

Agenda Item

**Audio
Time**
0:00

I. CALL TO ORDER

Commission President Sara Skamser called the Regular Commission Meeting of the Port of Newport Board of Commissioners to order at 6:00 pm at the South Beach Activities Room, 2120 SE Marine Science Drive, Newport, Oregon.

Commissioners Present: Walter Chuck (Pos. #1), Secretary/Treasurer; Sara Skamser (Pos. #2), President; Gil Sylvia (Pos. #3); Jeff Lackey (Pos. #4); and Jim Burke, Vice-President (Pos. #5).

Management and Staff: Paula J. Miranda, General Manager; Aaron Bretz, Director of Operations; Mark A. Brown, Director of Finance & Business Services; and Karen Hewitt, Administrative Supervisor.

Members of the Public and Media: Jim Shaw, South Beach resident; Dietmar Goebel, Newport City Council; Rex Capri, Newport resident.

II. CHANGES TO THE AGENDA

0:15

There were no changes to the Agenda.

III. PUBLIC COMMENT

0:24

There was no public comment at this time.

IV. CONSENT CALENDAR

0:38

- A. Minutes 2019
 - 1. Meeting Nov 19
- B. Financial Reports
- C. Contracts
 - 1. Sylvia Media & Events – 2020 Good Sam Guide
 - 2. Suzuki Outboard Engine

A motion was made by Chuck and second by Lackey to approve the Consent Calendar as presented. The motion passed 5 – 0.

V. OLD BUSINESS

1:10

- A. Items Removed from Consent Calendar

No items were removed from the Consent Calendar.

B. <u>Accounts Paid</u>	1:16
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A motion was made by Burke and seconded by Chuck to approve the Accounts paid. The motion passed 5 - 0.

C. <u>NOAA Bond Purchase Agreement (Information Only)</u>	2:14
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Skamser commented on the hard work by staff on this agreement. Miranda referred to her staff report (VII (C) page 117 in the Meeting Packet) which included some information about this agreement, including almost a 15% savings. She added that the Port had hoped for an AA rating, but found the A+ rating was given in part because there was not a trustee holding the funds. Miranda had considered purchasing insurance, but that may have taken time potentially resulting in decreased saving. She added that S&P had given an A+ rating on the GO Bonds, and referenced the savings to the public. She expressed thanks to Brown on his help with the refinancing, and his follow through while she was out the week prior to this meeting. Miranda commented that they had a good group to work with in this process, which went smoothly. She added that the Port would now be holding less of a reserve for the NOAA Bond payments, so some of the current reserve was put toward paying down the debt. Brown said the annual payment was reduced from \$2.1MM to \$1.7MM. Miranda said the intent was to put the savings over the next 10 years toward matching funds for grants and loans. Skamser said this refinance spoke to Paula’s vision. Sylvia asked what the impact would have been if the bonds had received an AA rating. Brown said it would have been between 10 – 100 basis points and would depend on the market. Sylvia offered congratulations and recognized staff’s effort. Miranda add that this was pursued after talking with the municipal advisor at SDAO, and thanked David Ulbricht in particular.

D. GO Bond Purchase Agreement (Information Only)

Brown advised this document was not yet available.

VI. NEW BUSINESS

A. <u>Business Process Modeling</u>	10:23
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Brown introduced the staff report included in the Meeting Packet. He said that the analysis would map out processes as the Port moved from manual to computerized systems, with input from current staff. Brown commented that Larry Ridgely Consulting was highly recommended, and he had seen his previous work. Skamser asked how much time it would take for the analyst. Brown said Ridgely was semi-retired and could work as needed; Brown expected no more than 30 days as a whole, and the total to be less than the not to exceed amount. Sylvia asked what the work product would be. Brown said that Ridgely would analyze processes, provide a proposed system structure and the potential savings. The analyst would not be able to provide cash flow implications. Miranda said is important to determine if spending money on systems was worth it and what the pay-off time would be. At that point, staff will come to the Commission with a proposal to proceed. Burke commented that this tied in with the Strategic Business Plan. Miranda said creating efficiencies moving forward will save money and time.

A motion was made by Chuck and seconded by Burke to authorize the General Manager to contract with Larry Ridgely Consulting at a rate of \$100.00 per hour plus reasonable travel expenses (plus reasonable and preapproved travel expenses at the GSA rate) not to exceed \$12,500 in order to perform System Analysis and to assist in the development of an RFP for a new financial system. The motion passes 5 – 0.

VII. STAFF REPORTS

A. Director of Finance & Business Services 17:30
1. November Occupancy Report

Brown introduced the Staff Report included in the Meeting packet, and the reports comparing year-to-date this year vs. year-to-date last year. South Beach was not included but can be provided if needed. Referring to page 104, Brown noted that the increase in administrative personnel expense included the new General Manager and Director of Finance and Business Services positions. He added that leases were now not reported under administration. For the Commercial Marina, Brown said there was better profitability than previous years, and the expenses now included depreciation. He said NIT was ahead of last year if depreciation were removed. He added that including depreciation in the profit centers helps to show the real picture. There is positive cash flow, but negative income. Brown commented that NIT has an extra person now and is capturing more revenues. Skamser said this additional person helped to recover costs, and Burke added it was also a great safety factor. Miranda said providing service over the weekend had not been practical with only one employee. Brown referred to page 17 in the Meeting Packet, a statement of cash flows, showing a net cash increase fiscal-year-to-date of \$929K. He highlighted on page 9 the decline in net assets which reflected transferred items from the General Operating Fund to the NOAA fund. Brown noted on page 11 that for the year any income greater than 44% was positive and any expense below 44% was good. The Port is meeting or exceeding the budget on most items, and has a positive net income for the year including depreciation. It is to be expected that income will decline in the next few months. Referring to page 12, Brown said beginning next month the Admin report would include a line item transfer out allocated to the profit centers. NIT is on trend and if depreciation isn't included shows a profit, as would the Commercial Marina and NOAA. South Beach is profitable even with depreciation. NOAA's depreciation is expensive because the facilities are new. Brown said that Bretz would be reviewing the length of life of the facility. The facilities at South Beach and the Commercial Marina have lasted longer than predicted. Brown said the Port had received six responses to the RFP for banking services that would need to be reviewed by a committee. He asked for a Commissioner to join him, Miranda and Bretz on the review committee. Sylvia will serve. Brown said staff had started working on the budget, and Bretz's team had started putting together maintenance budget items.

B. Director of Operations..... 32:22

Bretz introduced the Staff Report included in the Meeting Packet and mentioned there were some updates since it was submitted. He had been busy this month with bids, proposals and permits. The EDA grant is moving again, SHPO compliance was confirmed, so the grant has cleared the EDA in Seattle and is moving to DC. He advised that the comment period for the storm sewer permits closes December 21, and permits are expected shortly thereafter. Six proposals had been received and were under review. Bretz said this was issued as an RFP looking to spend less on engineering and have the contractors provide practical solutions. He expected the Commission may hear about this project and the NOAA Cathodic Protection project prior to the next Regular Meeting. Bretz highlighted there was a lot of staff turnover in the commercial marina staff, which was tough this time of year. Another employee is expected to leave in the next couple of weeks, which would leave the most tenured employee here only six months. There is not a management staff member on duty on the weekends, so the Port depends on the experience of staff. In the exit interviews, the employees mentioned low pay and other opportunities as reasons for leaving. The lack of automation in processes means the Port relies on personal rather than institutional knowledge, which is a challenge. Bretz said he also didn't want to miss the opportunity for the second shift at

the hoist dock during crab season, which brings in additional revenues. The approval of ACOE funding for the feasibility study for dredging the commercial marina was an important step forward on the 5-year plan, since access is a big issue. He received word today that the Safety Grant was approved. Miranda added that the Port can apply for that grant every year, and will be looking to do that to apply to different locations. Burke asked if TCB analyzed the video footage; Bretz said they can, and it has been used with exclusions and criminal activity. Bretz invited the Commissioners to view the new siding in South Beach. Bretz mentioned the potential impact to the demand on Port parking depending on how the City's permits mesh with Port permits.

Sylvia asked if the employees who leave take jobs in similar fields. Bretz said this has to be looked at generally, since Port labor includes forklift, maintenance and equipment skills. Most are staying in marine jobs with a couple of exceptions. Miranda said our pay is way below similar ports. Even with the salary survey, there were limits to increases in this year's budget. Newport also has a higher cost of living than other areas. She anticipates asking for quite a bit more for salaries in the next fiscal year budget. Turnover is expensive, and trained personnel have left. Salaries need to be increased to help with retention. Bretz said there is a lot of pressure from customers on the level of service; the Port can't demand a high degree of service and pay at the bottom of the scale. Trained and experienced operators are key. Brown commented that salary is not just an issue for maintenance staff. Miranda said she may be requesting close to an additional \$120K in the new budget for personnel.

Burke asked about the status of the Rogue wastewater pretreatment; Bretz said it is projected to be up and running mid-January. There is current discussion about a footprint issue. Skamser asked if the second shift at the hoist dock was manned by temporary staff. Bretz said it was generally offered to the most senior staff, since it is paid at a higher rate. Burke asked if recreational marina staff could be used. Bretz said they are not interested. Skamser asked about the extent of the ACOE dredging. Bretz said it would be -20" into the marina to the hoist dock and a turning basin. He said this is an ACOE project, so they would be responsible for eel grass issues. Miranda offered kudos to Bretz for working with ACOE on this. Burke asked when the marina was last dredged. Bretz said at least 30 years ago, but there is some natural scouring. The new dredging is looking to change the shape of the marina to accommodate modern vessels. He added the Port will also be working on a reconfiguration of the dock, with the plan to have those projects closely coincide. Skamser asked about the camels at the NOAA pier; Bretz said the Port would need to contract out to have that work done, given the time of year and the absence of a maintenance crew. Skamser asked for clarification about the potential parking issues. Bretz said the Port will need to negotiate with the City. Miranda added that some people don't understand the difference between the City and the Port, and the Port's needs to generate operating funds – the Port lot is not for public use in general.

Chuck left the meeting at 7:00 pm.

C. General Manager

1:00:56

Miranda referred to the Staff Report included in the Meeting Packet, saying that most of the topics had already be addressed. In reference to the training grant, she said she will be working with someone locally to provide training to staff on working together and helping supervisors work with their staff. The intent is to have a good team moving forward who works well together, and works for the Port with one goal. Skamser added the training also would make staff feel valued. Miranda said the permit for the Chamber of Commerce Seafood & Wine permit was in place.

Miranda explained that Pac/West Communications focused on communicating with legislators, and she had met with them on a referral from Senator Roblan’s office. She said there are no issues at this time for which the Port would engage them, but perhaps they could be used for future state/federal level issues or grant issues. Miranda said there was a good portion of legislators at the Oregon Business Plan Summit, and she met with some to keep them apprised of Port actions. Miranda said she had received a call from the people who did the 4th of July fireworks at NIT last year, who were interested in going there again and making a plan. Miranda spoke with Bretz, and unless the Commission objected, would move forward with the Special Use Permit.

Miranda said the Port had already reserved hotels in Seaside for the upcoming SDAO Conference and would like to know as soon as possible which Commissioners would be interested in attending. She commented that this conference usually has good material for Commissioners. Miranda said regarding the issues Bretz had mentioned she may ask for a Special Meeting in the next couple of weeks to discuss the anode replacement and storm drain projects so that the Port doesn’t run into issues with the in-water work period expiration. Bretz added that there is a 3-week order time for parts after a contract would be rewarded. Miranda suggested this could possibly be held as a call-in meeting – still a public meeting open to the public and recorded. Sylvia asked if the Port had a legislative agenda. Miranda spoke of several groups that lobby for ports in general, and particularly Mark Landauer of OPPA. She added that Landauer sends out a list every year of legislation that may impact ports. When that list is sent, Miranda will bring that to the Commission

VIII. COMMISSIONER REPORTS/COMMENTS.....

1:24:10

Sylvia said he was working with the City on the 2040 strategic planning, and suggested the Port might want to have a discussion with that committee. He mentioned the subcommittee working on economic development is looking to associate with marine business, and the committee is interested in looking at points of alignment with other organizations. Miranda suggested the committee could bring someone to a Port Commission Meeting to present what may impact the Port, and perhaps the Port could share expectations. Miranda added that the Commission has not recently held a work session, which could be dedicated to learning or discussing issues not necessarily for approval. She suggested may scheduling a work session in the new year to discuss some of those topics.

Burke said he will be attending the Association of Pacific Ports conference in January. He said he attended the SDAO conference last year, which he found valuable, in particular the port caucus.

IX. CALENDAR/FUTURE CONSIDERATIONS.....

1:29:06

Item	2019
Christmas Holiday, Port Office Closed	Dec 25
	2020
New Year’s Holiday, Port Office Closed	Jan 1
Resolution Run & Polar Bear Plunge	Jan 4
Martin Luther King Day, Port Office Closed	Jan 20
Association of Pacific Ports Annual Conference	Jan 22 - 24
Regular Commission Meeting	Jan 28
SDAO Annual Conference	Feb 6 - 9
Presidents’ Day, Port Office Closed	Feb 17
Newport Seafood & Wine Festival	Feb 20 - 23
Regular Commission Meeting	Feb 25
PNWA Mission to Washington	Mar 1 – Mar 5

There were no changes to the Calendar/Future Considerations.

X. PUBLIC COMMENT 1:30:10

Jim Shaw wished every a Merry Christmas and Happy New Year.

Dietmar Goebel said he thought a joint meeting with the City Council was a great idea.

XI. ADJOURNMENT 1:31:02

Having no further business, the meeting adjourned at 7:32 pm.

ATTESTED:

Sara Skamser, President

Walter Chuck, Secretary/Treasurer

PORT OF NEWPORT MINUTES

January 7, 2019
Commission Special Meeting
Conference Phone Only
Phone Number: 1-877-820-7831
Participant Code 421575

This is not an exact transcript. The audio of the session is available on the Port’s website.

Agenda Item

**Audio
Time**
0:00

I. CALL TO ORDER

Commission President Sara Skamser called the Commission Special Meeting of the Port of Newport Board of Commissioners to order at 12:00 pm.

Commissioners Present: Walter Chuck (Pos. #1), Secretary/Treasurer; Sara Skamser (Pos. #2), President; Gil Sylvia (Pos. #3); and Jim Burke, Vice President (Pos. #5). Jeff Lackey (Pos. #4), did not attend.

Management and Staff: Paula J. Miranda, General Manager; Aaron Bretz, Director of Operations; Mark A. Brown, Director of Finance & Business Services; Jim Durkee, NOAA MOC-P Facilities Manager; and Karen Hewitt, Administrative Supervisor.

Members of the Public and Media: There were no members of the public or media present on the conference call.

II. 2019 NOAA CATHODIC PROTECTION SYSTEM ANODE REPLACEMENT CONTRACT WITH ASSOCIATED UNDERWATER SERVICES.....

1:13

Bretz introduced the Staff Report included in the Meeting Packet, which was prepared by Durkee. Bretz explained this repair would address one-third of the cathodic protection system at the NOAA pier. He spoke about conditions leading to the degrading of the system earlier than expected, and the steps taken to evaluate and correct the condition. Bretz said the recommendation represented the best value for the Port. Durkee responded to questions from the Commission about the monitoring of the system and the contractor used for annual inspection. Chuck asked if there was any recourse available from the inspection contractor for the early degrading. Bretz spoke about the challenges in identifying error in this highly technical field where opinions differed. Bretz will follow up. In response to Sylvia’s questions, Bretz explained that the pier has remained protected, but both the left and right thirds of the system will need anode replacement. This represents one of those two needed jobs, which should last for the next 10 – 20 years. Sylvia asked about the bids. Durkee explained the choices and the recommendation to go back to the contractor who originally installed the system.

A motion was made by Burke and seconded by Sylvia to approve a contract for NOAA Cathodic Protection System Anode Replacement with Associated Underwater Services in the amount of \$42,210.00

III. PUBLIC COMMENT..... 14:20

There was no public comment.

IV. ADJOURNMENT 14:38

The meeting was adjourned at 12:15, and immediately reconvened.

Sylvia asked about the need to seek Commission approval for the contract and whether it was related to the dollar amount. Miranda explained her approval authority up to \$6,500 even on budgeted items, which she expects to ask in the future to increase to \$10,000.

Having no further business, the meeting adjourned at 12:17 pm.

ATTESTED:

Sara Skamser, President

Walter Chuck, Secretary/Treasurer

Port of Newport
Statement of Cash Flows
For Fiscal Year to Date

	Jul - Dec 19
OPERATING ACTIVITIES	
Net Income	109,439.86
Adjustments to reconcile Net Income to net cash provided by operations:	
11200 · Accounts Receivable	-1,331.93
11200 · Accounts Receivable:11205 · A/R Leases & Other	-539.64
11200 · Accounts Receivable:11210 · A/R Commercial Marina	-106,519.19
11200 · Accounts Receivable:11215 · A/R SB Marina & RV Park	6,894.42
11250 · AR Property Tax	-9,912.07
11300 · Prepaid Expenses:11310 · General Liab. & Property	72,135.24
11300 · Prepaid Expenses:11320 · Docks & Marine	4,389.00
11300 · Prepaid Expenses:11340 · Worker's Comp.	-21,547.94
11300 · Prepaid Expenses:11350 · Employee Draws	-242.00
11300 · Prepaid Expenses:11360 · DSL Lease	6,230.16
11300 · Prepaid Expenses:11370 · Other Prepaid Expenses	-9,803.15
11400 · Due from Other Funds:11406 · Due from Fac. Maint. Res. Fund	-2,569.28
11400 · Due from Other Funds:11408 · Due From Construction Fund	-1,755.00
11400 · Due from Other Funds:11410 · Due from NOAA Fund	-7,795.62
12000 · Accounts Payable	-39,789.64
12020 · Lodging/Room Tax Payable:12022 · City Room Tax Payable	-292.16
12020 · Lodging/Room Tax Payable:12024 · State Lodging Tax Payable	-2,981.17
12100 · Payroll Liabilities:12105 · Accrued Payroll	8,513.42
12100 · Payroll Liabilities:12110 · Accrued PTO	1,941.51
12100 · Payroll Liabilities:12115 · Payroll Tax & Deducts Payable:12118 · Payroll Liabilities	5,034.11
12100 · Payroll Liabilities:12115 · Payroll Tax & Deducts Payable:12140 · PERS	-107.14
12100 · Payroll Liabilities:12115 · Payroll Tax & Deducts Payable:12145 · 125 Plan	432.68
12250 · Deferred Revenue:12260 · Prepaid Moorage:12270 · South Beach Marina	-5,572.40
12250 · Deferred Revenue:12280 · Prepaid RV Park Revenue	990.71
Net cash provided by Operating Activities	5,242.78
INVESTING ACTIVITIES	
11500 · Capital Assets:11520 · Land Improvements	8,844,362.00
11500 · Capital Assets:11525 · Buildings	11,576,886.00
11500 · Capital Assets:11530 · Docks & Piers	17,589,709.00
11500 · Capital Assets:11535 · Vehicles & Equipment	9,643.00
11500 · Capital Assets:11550 · Accum Dep-Land Improvements	-2,269,480.00
11500 · Capital Assets:11555 · Accum Dep - Buildings	-3,018,247.00
11500 · Capital Assets:11560 · Accum Dep - Docks & Piers	-6,349,315.00
11500 · Capital Assets:11565 · Accum Dep - Vehicles & Equip	11,671.00
Net cash provided by Investing Activities	26,395,229.00
FINANCING ACTIVITIES	
12400 · Long Term Debt:12405 · Full Faith & Credit (2013)	-205,000.00
12400 · Long Term Debt:12424 · SPWF-L00012	-5,305.01
12400 · Long Term Debt:12425 · SPWF-Q10001	-31,866.44
12400 · Long Term Debt:12432 · 11-13-576 (NIT Forgivable Loan)	-2,083.33
12400 · Long Term Debt:12442 · OCB - #10032077	-14,777.72
12400 · Long Term Debt:12453 · 2017 CM Toyota Forklift	-3,439.54
12400 · Long Term Debt:12454 · 2017 NIT Hyster Forklift	-5,165.60
12400 · Long Term Debt:12470 · City of Newport SDC - 2016	-5,576.87
12400 · Long Term Debt:12471 · Oregon Brewing Co-MUA 2016	-14,975.22
13000 · Fund Balance	-2,587,902.79
13075 · FB - Prior Period Adj	27,658.59
13110 · FB - Capital Asset Additions	-25,020.00
13150 · FB - Depreciation	3,237,352.00
13200 · FB - Debt Principal	-489,330.80
13275 · FB - Accrued Interest	-1,194.00
13300 · FB - Equity Transfers	-25,747,479.00
Net cash provided by Financing Activities	-25,874,105.73
Net cash increase for period	526,366.05

**Port of Newport
Statement of Cash Flows
For Fiscal Year to Date**

	<u>Jul - Dec 19</u>
Cash at beginning of period	<u>3,057,649.46</u>
Cash at end of period	<u><u>3,584,015.51</u></u>

Port of Newport - General Operating Fund

Balance Sheet

As of December 31, 2019

	<u>Dec 31, 19</u>	<u>Dec 31, 18</u>	<u>\$ Change</u>	<u>% Change</u>
ASSETS				
Current Assets				
Checking/Savings				
11000 · Cash & Equivalents	3,599,694	2,861,284	738,411	26%
Total Checking/Savings	3,599,694	2,861,284	738,411	26%
Accounts Receivable				
11200 · Accounts Receivable	445,658	429,129	16,529	4%
Total Accounts Receivable	445,658	429,129	16,529	4%
Other Current Assets				
11250 · AR Property Tax	20,247	10,335	9,912	96%
11255 · Allow for Bad Debt - CM	(20,000)	(20,000)	0	0%
11260 · Allow for Bad Debt - SB	(10,000)	(10,000)	0	0%
11270 · Undeposited Funds	(15,679)	23,228	(38,907)	(168)%
11300 · Prepaid Expenses	47,602	68,819	(21,217)	(31)%
11400 · Due from Other Funds	12,437	124,628	(112,191)	(90)%
11480 · PERS - NPA(L)	(1,070,645)	(635,021)	(435,624)	(69)%
11485 · PERS - Deferred OF	705,254	369,154	336,100	91%
Total Other Current Assets	(330,784)	(68,858)	(261,926)	(380)%
Total Current Assets	3,714,568	3,221,554	493,014	15%
Fixed Assets				
11500 · Capital Assets	48,092,303	77,538,301	(29,445,998)	(38)%
Total Fixed Assets	48,092,303	77,538,301	(29,445,998)	(38)%
TOTAL ASSETS	<u>51,806,871</u>	<u>80,759,855</u>	<u>(28,952,984)</u>	<u>(36)%</u>
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable				
12000 · Accounts Payable	101,176	145,246	(44,071)	(30)%
Total Accounts Payable	101,176	145,246	(44,071)	(30)%
Other Current Liabilities				
12010 · Unclaimed Property Payable	2,885	0	2,885	100%
12020 · Lodging/Room Tax Payable	1,515	1,739	(224)	(13)%
12100 · Payroll Liabilities	120,120	96,870	23,250	24%
12250 · Deferred Revenue	224,794	219,802	4,992	2%
12300 · Accrued Interest Payable	16,843	18,037	(1,194)	(7)%
12350 · Current Portion-Long Term Debt	539,514	528,337	11,177	2%
Total Other Current Liabilities	905,670	864,784	40,886	5%
Total Current Liabilities	1,006,846	1,010,031	(3,184)	(0)%
Long Term Liabilities				
12380 · 2013 FF&C Bond Premium	107,808	115,146	(7,338)	(6)%
12400 · Long Term Debt	6,341,765	7,130,463	(788,698)	(11)%
12900 · PERS - Deferred IF	119,917	109,947	9,970	9%
Total Long Term Liabilities	6,569,490	7,355,555	(786,066)	(11)%
Total Liabilities	7,576,336	8,365,586	(789,250)	(9)%

Port of Newport - General Operating Fund

Balance Sheet

As of December 31, 2019

	<u>Dec 31, 19</u>	<u>Dec 31, 18</u>	<u>\$ Change</u>	<u>% Change</u>
Equity				
13000 · Fund Balance	62,576,223	64,765,924	(2,189,701)	(3)%
13050 · FB - Contributed Capital	7,130,788	7,130,788	0	0%
13300 · FB - Equity Transfers	(25,585,916)	0	(25,585,916)	(100)%
Net Income	109,440	497,557	(388,117)	(78)%
Total Equity	<u>44,230,535</u>	<u>72,394,269</u>	<u>(28,163,734)</u>	<u>(39)%</u>
TOTAL LIABILITIES & EQUITY	<u>51,806,871</u>	<u>80,759,855</u>	<u>(28,952,984)</u>	<u>(36)%</u>

Port of Newport - General Operating Fund
Profit & Loss Budget vs. Actual
July through December 2019

	<u>Jul - Dec 19</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
14000 · Lease Revenues	377,930	720,000	(342,070)	52%
14100 · Moorage	808,493	1,547,850	(739,357)	52%
14200 · Hoist Dock & Services	469,186	872,150	(402,964)	54%
14300 · Shipping Terminal Revenues	0	3,000	(3,000)	0%
14400 · RV Parks	669,182	1,080,000	(410,818)	62%
14500 · Launch Ramp & Trailer Storage	55,247	92,000	(36,753)	60%
14600 · Miscellaneous Revenue	58,583	116,000	(57,417)	51%
Total Income	<u>2,438,621</u>	<u>4,431,000</u>	<u>(1,992,379)</u>	<u>55%</u>
Gross Profit	2,438,621	4,431,000	(1,992,379)	55%
Expense				
15000 · Personnel Services	780,023	1,735,539	(955,516)	45%
16000 · Materials & Services	818,370	2,136,710	(1,318,340)	38%
16990 · Depreciation Expense	833,953	0	833,953	100%
17000 · Debt Service	75,064	786,890	(711,826)	10%
Total Expense	<u>2,507,411</u>	<u>4,659,139</u>	<u>(2,151,728)</u>	<u>54%</u>
Net Ordinary Income	(68,789)	(228,139)	159,350	30%
Other Income/Expense				
Other Income				
18100 · Property Tax Revenue	106,887	116,000	(9,113)	92%
18200 · Interest Income	33,113	60,000	(26,887)	55%
18300 · Grants	1,800	255,300	(253,500)	1%
18600 · Gain/(Loss) on Sale of Assets	423	0	423	100%
18700 · Property & Dredge Sales	35,032	10,000	25,032	350%
Total Other Income	<u>177,255</u>	<u>441,300</u>	<u>(264,045)</u>	<u>40%</u>
Other Expense				
19000 · Capital Outlay	0	44,300	(44,300)	0%
19600 · Contingency	0	10,000	(10,000)	0%
19700 · Transfers Out to Other Funds	0	1,399,770	(1,399,770)	0%
19800 · Transfer-Admin Exp to Programs	(974)	0	(974)	100%
19902 · UEFB	0	1,209,091	(1,209,091)	0%
Total Other Expense	<u>(974)</u>	<u>2,663,161</u>	<u>(2,664,135)</u>	<u>(0)%</u>
Net Other Income	<u>178,229</u>	<u>(2,221,861)</u>	<u>2,400,090</u>	<u>(8)%</u>
Net Income	<u>109,440</u>	<u>(2,450,000)</u>	<u>2,559,440</u>	<u>(4)%</u>

Port of Newport - General Operating Fund
Profit & Loss Budget vs. Actual - Administration
 July through December 2019

	Jul - Dec 19	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
14600 · Miscellaneous Revenue	6,263	38,000	(31,737)	16%
Total Income	6,263	38,000	(31,737)	16%
Gross Profit	6,263	38,000	(31,737)	16%
Expense				
15000 · Personnel Services	328,863	736,205	(407,342)	45%
16000 · Materials & Services	219,793	525,468	(305,675)	42%
16990 · Depreciation Expense	1,409	0	1,409	100%
Total Expense	550,065	1,261,673	(711,608)	44%
Net Ordinary Income	(543,802)	(1,223,673)	679,871	44%
Other Income/Expense				
Other Income				
18100 · Property Tax Revenue	106,887	116,000	(9,113)	92%
18200 · Interest Income	33,113	60,000	(26,887)	55%
18300 · Grants	1,800	3,500	(1,700)	51%
Total Other Income	141,800	179,500	(37,700)	79%
Other Expense				
19600 · Contingency	0	10,000	(10,000)	0%
19700 · Transfers Out to Other Funds	0	1,399,770	(1,399,770)	0%
19800 · Transfer-Admin Exp to Programs	(402,001)	0	(402,001)	100%
19902 · UEFB	0	1,209,091	(1,209,091)	0%
Total Other Expense	(402,001)	2,618,861	(3,020,862)	(15)%
Net Other Income	543,802	(2,439,361)	2,983,163	(22)%
Net Income	0	(3,663,034)	3,663,034	0%

Port of Newport - General Operating Fund
Profit & Loss Budget vs. Actual - International Terminal
 July through December 2019

	<u>Jul - Dec 19</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
14000 · Lease Revenues	77,892	131,137	(53,245)	59%
14100 · Moorage	80,800	156,000	(75,200)	52%
14200 · Hoist Dock & Services	240,523	416,000	(175,477)	58%
14300 · Shipping Terminal Revenues	0	3,000	(3,000)	0%
14600 · Miscellaneous Revenue	1,200	0	1,200	100%
Total Income	<u>400,414</u>	<u>706,137</u>	<u>(305,723)</u>	<u>57%</u>
Gross Profit	400,414	706,137	(305,723)	57%
Expense				
15000 · Personnel Services	64,699	84,484	(19,785)	77%
16000 · Materials & Services	88,493	216,570	(128,077)	41%
16990 · Depreciation Expense	636,155	0	636,155	100%
16995 · Transfer- Admin Exp to Programs	0	0	0	0%
17000 · Debt Service	42,465	519,095	(476,630)	8%
Total Expense	<u>831,812</u>	<u>820,149</u>	<u>11,663</u>	<u>101%</u>
Net Ordinary Income	(431,398)	(114,012)	(317,386)	378%
Other Income/Expense				
Other Expense				
19800 · Transfer-Admin Exp to Programs	14,842	0	14,842	100%
Total Other Expense	<u>14,842</u>	<u>0</u>	<u>14,842</u>	<u>100%</u>
Net Other Income	(14,842)	0	(14,842)	100%
Net Income	<u><u>(446,240)</u></u>	<u><u>(114,012)</u></u>	<u><u>(332,228)</u></u>	<u><u>391%</u></u>

Port of Newport - General Operating Fund
Profit & Loss Budget vs. Actual - Commercial Marina
 July through December 2019

	<u>Jul - Dec 19</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
14000 · Lease Revenues	80,283	150,213	(69,930)	53%
14100 · Moorage	305,322	512,000	(206,678)	60%
14200 · Hoist Dock & Services	205,865	418,000	(212,135)	49%
14600 · Miscellaneous Revenue	7,537	0	7,537	100%
Total Income	<u>599,006</u>	<u>1,080,213</u>	<u>(481,207)</u>	<u>55%</u>
Gross Profit	599,006	1,080,213	(481,207)	55%
Expense				
15000 · Personnel Services	169,758	349,974	(180,216)	49%
16000 · Materials & Services	132,608	608,274	(475,666)	22%
16990 · Depreciation Expense	25,676	0	25,676	100%
17000 · Debt Service	518	7,915	(7,397)	7%
Total Expense	<u>328,560</u>	<u>966,163</u>	<u>(637,603)</u>	<u>34%</u>
Net Ordinary Income	270,446	114,050	156,396	237%
Other Income/Expense				
Other Income				
18300 · Grants	0	250,000	(250,000)	0%
Total Other Income	0	250,000	(250,000)	0%
Other Expense				
19000 · Capital Outlay	0	11,800	(11,800)	0%
19800 · Transfer-Admin Exp to Programs	174,399	0	174,399	100%
Total Other Expense	<u>174,399</u>	<u>11,800</u>	<u>162,599</u>	<u>1,478%</u>
Net Other Income	<u>(174,399)</u>	<u>238,200</u>	<u>(412,599)</u>	<u>(73)%</u>
Net Income	<u><u>96,047</u></u>	<u><u>352,250</u></u>	<u><u>(256,203)</u></u>	<u><u>27%</u></u>

Port of Newport - General Operating Fund
Profit & Loss Budget vs. Actual - Maintenance Department
 July through December 2019

	<u>Jul - Dec 19</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Expense				
15000 · Personnel Services	6,765	113,257	(106,492)	6%
16000 · Materials & Services	357	8,000	(7,643)	4%
Total Expense	<u>7,122</u>	<u>121,257</u>	<u>(114,135)</u>	<u>6%</u>
Net Ordinary Income	(7,122)	(121,257)	114,135	6%
Other Income/Expense				
Other Expense				
19000 · Capital Outlay	0	15,000	(15,000)	0%
Total Other Expense	<u>0</u>	<u>15,000</u>	<u>(15,000)</u>	<u>0%</u>
Net Other Income	0	(15,000)	15,000	0%
Net Income	<u>(7,122)</u>	<u>(136,257)</u>	<u>129,135</u>	<u>5%</u>

Port of Newport - General Operating Fund
Profit & Loss Budget vs. Actual - South Beach
 July through December 2019

	<u>Jul - Dec 19</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
14000 · Lease Revenues	219,755	438,650	(218,895)	50%
14100 · Moorage	422,371	879,850	(457,479)	48%
14200 · Hoist Dock & Services	22,798	38,150	(15,352)	60%
14400 · RV Parks	669,182	1,080,000	(410,818)	62%
14500 · Launch Ramp & Trailer Storage	55,247	92,000	(36,753)	60%
14600 · Miscellaneous Revenue	41,350	78,000	(36,650)	53%
Total Income	<u>1,430,704</u>	<u>2,606,650</u>	<u>(1,175,946)</u>	<u>55%</u>
Gross Profit	1,430,704	2,606,650	(1,175,946)	55%
Expense				
15000 · Personnel Services	209,938	451,619	(241,681)	46%
16000 · Materials & Services	377,120	778,398	(401,278)	48%
16990 · Depreciation Expense	170,713	0	170,713	100%
16995 · Transfer- Admin Exp to Programs	0	0	0	0%
17000 · Debt Service	32,082	259,880	(227,798)	12%
Total Expense	<u>789,852</u>	<u>1,489,897</u>	<u>(700,045)</u>	<u>53%</u>
Net Ordinary Income	640,852	1,116,753	(475,901)	57%
Other Income/Expense				
Other Income				
18300 · Grants	0	1,800	(1,800)	0%
18600 · Gain/(Loss) on Sale of Assets	423			
18700 · Property & Dredge Sales	35,032	10,000	25,032	350%
Total Other Income	<u>35,455</u>	<u>11,800</u>	<u>23,655</u>	<u>300%</u>
Other Expense				
19000 · Capital Outlay	0	17,500	(17,500)	0%
19800 · Transfer-Admin Exp to Programs	211,786	0	211,786	100%
Total Other Expense	<u>211,786</u>	<u>17,500</u>	<u>194,286</u>	<u>1,210%</u>
Net Other Income	<u>(176,331)</u>	<u>(5,700)</u>	<u>(170,631)</u>	<u>3,094%</u>
Net Income	<u>464,521</u>	<u>1,111,053</u>	<u>(646,532)</u>	<u>42%</u>

Port of Newport - NOAA Fund

Balance Sheet

As of December 31, 2019

	<u>Dec 31, 19</u>	<u>Dec 31, 18</u>	<u>\$ Change</u>	<u>% Change</u>
ASSETS				
Current Assets				
Checking/Savings				
51000 · Cash & Equivalents	5,176,363	5,642,034	(465,671)	(8)%
Total Checking/Savings	5,176,363	5,642,034	(465,671)	(8)%
Other Current Assets				
51300 · Prepaid Expenses	11,097	24,405	(13,308)	(55)%
51480 · PERS - NPA(L)	(37,869)	(45,912)	8,043	18%
51485 · PERS - Derfered OF	18,144	26,690	(8,546)	(32)%
Total Other Current Assets	(8,628)	5,183	(13,811)	(267)%
Total Current Assets	5,167,735	5,647,217	(479,482)	(9)%
Fixed Assets				
51500 · Capital Assets	24,803,136	0	24,803,136	100%
Total Fixed Assets	24,803,136	0	24,803,136	100%
TOTAL ASSETS	<u>29,970,871</u>	<u>5,647,217</u>	<u>24,323,654</u>	<u>431%</u>
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable				
52000 · Accounts Payable	8,682	82,733	(74,051)	(90)%
Total Accounts Payable	8,682	82,733	(74,051)	(90)%
Other Current Liabilities				
52110 · Accrued PTO	8,062	5,887	2,175	37%
52200 · Due to Other Funds	6,822	1,340	5,481	409%
52300 · Accrued Interest Payable	429,587	447,306	(17,719)	(4)%
52350 · Current Portion Long-Term ...	995,000	945,000	50,000	5%
Total Other Current Liabilities	1,439,471	1,399,534	39,937	3%
Total Current Liabilities	1,448,153	1,482,267	(34,114)	(2)%
Long Term Liabilities				
52400 · Long-Term Debt	16,665,157	18,931,284	(2,266,127)	(12)%
52800 · Less Current Portion LT Debt	(995,000)	(945,000)	(50,000)	(5)%
52900 · PERS - Deferred IF	6,474	7,949	(1,475)	(19)%
Total Long Term Liabilities	15,676,631	17,994,233	(2,317,602)	(13)%
Total Liabilities	17,124,784	19,476,500	(2,351,716)	(12)%
Equity				
53000 · Fund Balance	(12,578,293)	(13,397,667)	819,373	6%
53300 · FB - Equity Transfers	25,585,916	0	25,585,916	100%
Net Income	(161,535)	(431,616)	270,081	63%
Total Equity	12,846,087	(13,829,283)	26,675,370	193%
TOTAL LIABILITIES & EQUITY	<u>29,970,871</u>	<u>5,647,217</u>	<u>24,323,654</u>	<u>431%</u>

Port of Newport - NOAA Fund
Profit & Loss Budget vs. Actual
July through December 2019

	<u>Jul - Dec 19</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
54000 · Lease Revenue	1,272,331	2,545,000	(1,272,669)	50%
Total Income	<u>1,272,331</u>	<u>2,545,000</u>	<u>(1,272,669)</u>	<u>50%</u>
Expense				
55000 · Personnel Services	40,726	80,495	(39,769)	51%
56000 · Materials & Services	145,086	365,400	(220,314)	40%
56990 · Depreciation Expense	782,780	0	782,780	100%
57000 · Debt Service	515,024	2,001,500	(1,486,476)	26%
Total Expense	<u>1,483,616</u>	<u>2,447,395</u>	<u>(963,779)</u>	<u>61%</u>
Net Ordinary Income	(211,285)	97,605	(308,890)	(216)%
Other Income/Expense				
Other Income				
58200 · Interest Income	48,467	100,000	(51,533)	48%
58800 · Miscellaneous Revenue	1,283	1,000	283	128%
Total Other Income	<u>49,750</u>	<u>101,000</u>	<u>(51,250)</u>	<u>49%</u>
Other Expense				
59000 · Capital Outlay	0	0	0	0%
59600 · Contingency	0	100,000	(100,000)	0%
59700 · Transfers Out to Other Funds	0	0	0	0%
59900 · Reserved for Future Expenditure	0	150,000	(150,000)	0%
59902 · UEFB	0	5,603,605	(5,603,605)	0%
Total Other Expense	<u>0</u>	<u>5,853,605</u>	<u>(5,853,605)</u>	<u>0%</u>
Net Other Income	<u>49,750</u>	<u>(5,752,605)</u>	<u>5,802,355</u>	<u>(1)%</u>
Net Income	<u>(161,535)</u>	<u>(5,655,000)</u>	<u>5,493,465</u>	<u>3%</u>

Port of Newport - Bonded Debt Fund

Balance Sheet

As of December 31, 2019

	<u>Dec 31, 19</u>	<u>Dec 31, 18</u>	<u>\$ Change</u>
ASSETS			
Current Assets			
Checking/Savings			
21000 · Cash & Cash Equivalents	555,046	224,150	330,896
Total Checking/Savings	555,046	224,150	330,896
Other Current Assets			
21270 · Property Tax Receivable	86,925	86,925	0
Total Other Current Assets	86,925	86,925	0
Total Current Assets	641,972	311,075	330,896
Other Assets			
21800 · Bond Issue costs, net of amort.	2,916	2,916	0
21825 · Advance Refunding Valuation	416,150	416,150	0
Total Other Assets	419,066	419,066	0
TOTAL ASSETS	<u>1,061,038</u>	<u>730,141</u>	<u>330,896</u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Other Current Liabilities			
22350 · Bonds Payable - Current	350,000	340,000	10,000
Total Other Current Liabilities	350,000	340,000	10,000
Total Current Liabilities	350,000	340,000	10,000
Long Term Liabilities			
22515 · 2011 Series Bonds	4,948,669	5,018,669	(70,000)
22520 · 2016 Series Bonds	7,043,195	7,320,000	(276,805)
22590 · Bond Premiums	796,865	838,806	(41,941)
22800 · Less Current Portion LTD	(350,000)	(340,000)	(10,000)
22920 · Deferred IF - Refund Valuation	20,808	0	20,808
Total Long Term Liabilities	12,459,537	12,837,475	(377,938)
Total Liabilities	12,809,537	13,177,475	(367,938)
Equity			
23000 · Fund Balance	(12,290,509)	(12,314,927)	24,419
Net Income	542,009	(132,406)	674,416
Total Equity	(11,748,499)	(12,447,334)	698,834
TOTAL LIABILITIES & EQUITY	<u>1,061,038</u>	<u>730,141</u>	<u>330,896</u>

Port of Newport - Bonded Debt Fund

Profit & Loss Budget vs. Actual

July through December 2019

	<u>Jul - Dec 19</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
28100 · Bond Levy Proceeds	724,265	832,500	(108,235)	87%
28190 · Proceeds from Bond Refinance	6,014			
Total Income	<u>730,279</u>	<u>832,500</u>	<u>(102,221)</u>	<u>88%</u>
Gross Profit	730,279	832,500	(102,221)	88%
Expense				
27000 · Debt Service	189,613	881,000	(691,387)	22%
Total Expense	<u>189,613</u>	<u>881,000</u>	<u>(691,387)</u>	<u>22%</u>
Net Ordinary Income	540,666	(48,500)	589,166	(1,115)%
Other Income/Expense				
Other Income				
28200 · Bank Interest Income	1,343	6,500	(5,157)	21%
Total Other Income	<u>1,343</u>	<u>6,500</u>	<u>(5,157)</u>	<u>21%</u>
Other Expense				
29902 · UEFB	0	53,000	(53,000)	0%
Total Other Expense	<u>0</u>	<u>53,000</u>	<u>(53,000)</u>	<u>0%</u>
Net Other Income	<u>1,343</u>	<u>(46,500)</u>	<u>47,843</u>	<u>(3)%</u>
Net Income	<u><u>542,009</u></u>	<u><u>(95,000)</u></u>	<u><u>637,009</u></u>	<u><u>(571)%</u></u>

Port of Newport - Construction Fund

Balance Sheet

As of December 31, 2019

	<u>Dec 31, 19</u>	<u>Dec 31, 18</u>	<u>\$ Change</u>
ASSETS			
Current Assets			
Checking/Savings			
41000 · Cash & Cash Equivalents	14,391	36,007	(21,616)
Total Checking/Savings	<u>14,391</u>	<u>36,007</u>	<u>(21,616)</u>
Total Current Assets	<u>14,391</u>	<u>36,007</u>	<u>(21,616)</u>
TOTAL ASSETS	<u>14,391</u>	<u>36,007</u>	<u>(21,616)</u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
42000 · Accounts Payable	0	4,879	(4,879)
Total Accounts Payable	<u>0</u>	<u>4,879</u>	<u>(4,879)</u>
Total Current Liabilities	<u>0</u>	<u>4,879</u>	<u>(4,879)</u>
Total Liabilities	<u>0</u>	<u>4,879</u>	<u>(4,879)</u>
Equity			
43000 · Fund Balance	30,337	41,932	(11,595)
Net Income	(15,946)	(10,804)	(5,142)
Total Equity	<u>14,391</u>	<u>31,128</u>	<u>(16,737)</u>
TOTAL LIABILITIES & EQUITY	<u>14,391</u>	<u>36,007</u>	<u>(21,616)</u>

Port of Newport - Construction Fund

Profit & Loss Budget vs. Actual

July through December 2019

	<u>Jul - Dec 19</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Other Income/Expense				
Other Income				
48200 · Interest Income	11	30	(19)	36%
48300 · Grants	0	1,200,000	(1,200,000)	0%
48900 · Transfers In from Other Funds				
48902 · Transfers In from General Fund	0	1,194,970	(1,194,970)	0%
Total 48900 · Transfers In from Other Funds	<u>0</u>	<u>1,194,970</u>	<u>(1,194,970)</u>	<u>0%</u>
Total Other Income	11	2,395,000	(2,394,989)	0%
Other Expense				
49000 · Capital Outlay				
49303 · PD5 Pier Construction	14,552	2,410,000	(2,395,448)	1%
49440 · Licenses, Permits & Fees	435	0	435	100%
49480 · Terminal WIP				
49484 · Terminal WIP Const & Management	970	0	970	100%
Total 49480 · Terminal WIP	<u>970</u>	<u>0</u>	<u>970</u>	<u>100%</u>
Total 49000 · Capital Outlay	15,957	2,410,000	(2,394,043)	1%
49600 · Contingency	0	10,000	(10,000)	0%
Total Other Expense	<u>15,957</u>	<u>2,420,000</u>	<u>(2,404,043)</u>	<u>1%</u>
Net Other Income	<u>(15,946)</u>	<u>(25,000)</u>	<u>9,054</u>	<u>64%</u>
Net Income	<u><u>(15,946)</u></u>	<u><u>(25,000)</u></u>	<u><u>9,054</u></u>	<u><u>64%</u></u>

Port of Newport - Facility Maintenance Reserve Fund

Balance Sheet

As of December 31, 2019

	<u>Dec 31, 19</u>	<u>Dec 31, 18</u>	<u>\$ Change</u>
ASSETS			
Current Assets			
Checking/Savings			
31000 · Cash & Cash Equivalents	151,246	131,145	20,101
Total Checking/Savings	<u>151,246</u>	<u>131,145</u>	<u>20,101</u>
Total Current Assets	<u>151,246</u>	<u>131,145</u>	<u>20,101</u>
TOTAL ASSETS	<u>151,246</u>	<u>131,145</u>	<u>20,101</u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
32000 · Accounts Payable	4,642	118,409	(113,767)
Total Accounts Payable	<u>4,642</u>	<u>118,409</u>	<u>(113,767)</u>
Total Current Liabilities	<u>4,642</u>	<u>118,409</u>	<u>(113,767)</u>
Total Liabilities	4,642	118,409	(113,767)
Equity			
33000 · Fund Balance	(2,015)	31,045	(33,060)
33020 · FB - Assigned for Future Expend	150,000	100,000	50,000
Net Income	<u>(1,380)</u>	<u>(118,309)</u>	<u>116,929</u>
Total Equity	<u>146,605</u>	<u>12,736</u>	<u>133,868</u>
TOTAL LIABILITIES & EQUITY	<u>151,246</u>	<u>131,145</u>	<u>20,101</u>

Port of Newport - Facility Maintenance Reserve Fund

Profit & Loss Budget vs. Actual

July through December 2019

	<u>Jul - Dec 19</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Other Income/Expense				
Other Income				
38200 · Interest Income	1,189	2,700	(1,511)	44%
38900 · Transfers In				
38902 · Transfers In from General Fund	<u>0</u>	<u>204,800</u>	<u>(204,800)</u>	<u>0%</u>
Total 38900 · Transfers In	<u>0</u>	<u>204,800</u>	<u>(204,800)</u>	<u>0%</u>
Total Other Income	<u>1,189</u>	<u>207,500</u>	<u>(206,311)</u>	<u>1%</u>
Other Expense				
39000 · Capital Outlay				
39306 · PD5 & 7 Pile Replacement	805	120,000	(119,195)	1%
39309 · SB Boat Ramp Toe Repair	<u>1,764</u>			
Total 39000 · Capital Outlay	<u>2,569</u>	<u>120,000</u>	<u>(117,431)</u>	<u>2%</u>
39600 · Contingency	0	10,000	(10,000)	0%
39900 · Reserved for Future Expenditure	0	65,000	(65,000)	0%
39902 · UEFB	<u>0</u>	<u>150,000</u>	<u>(150,000)</u>	<u>0%</u>
Total Other Expense	<u>2,569</u>	<u>345,000</u>	<u>(342,431)</u>	<u>1%</u>
Net Other Income	<u>(1,380)</u>	<u>(137,500)</u>	<u>136,120</u>	<u>1%</u>
Net Income	<u>(1,380)</u>	<u>(137,500)</u>	<u>136,120</u>	<u>1%</u>



Remittance Address:
 2925 Palmer St. Ste. B
 P.O. Box 4386
 Missoula, Montana 59806
 (406) 721-1000

Invoice # 257602	Page 1 of 1
Account Number	Date
PORTOFN-02	1/7/2020
AMOUNT PAID	Amount Due
	\$85,686.25

**Port of Newport
 600 SE Bay Blvd
 Newport, OR 97365**

Make an electronic payment by visiting
www.paynewest.com
 click I WANT TO: and then click \$ Make A Payment

OR

Make checks payable to PayneWest Insurance and
 return this portion with your payment

Difference in Conditions	PolicyNumber: LHQ425275	Effective: 1/6/2020	to 1/6/2021
--------------------------	-------------------------	---------------------	-------------

Item #	Trans Eff Date	Due Date	Trans	Description	Amount
7143141	1/6/2020	1/7/2020	RENB	Renewal Business CDIC 1/6/2020	\$83,000.00
7143142	1/6/2020	1/7/2020	CFEE	CRC Broker Fee	\$750.00
7143143	1/6/2020	1/7/2020	SPLT	Surplus Lines Tax	\$1,936.25

Total Invoice Balance: \$85,686.25



Jan 07, 2020

**CONFIRMATION OF COVERAGE BOUND
(BINDER CONFIRMATION)**

Laura Flores
PayneWest Insurance, Inc. - Newport
P.O. Box 830811 N. Coast Highway
Newport, OR 97365

Re: Port of Newport
Policy #: LHQ425275
Effective: 1/6/2020 to 1/6/2021

Dear Laura:

We are pleased to confirm the attached binder for DIC including Earthquake, Flood Coverages being offered with **Landmark American Insurance Company**. This carrier is **Non-Admitted** in the state of **OR**. Please note that this binder is based on the coverage, terms and conditions as stated in the attached binder, which may be different from those requested in your original submission. As you are the representative of the Insured, it is incumbent upon you to review the terms of this binder carefully with your Insured, and reconcile any differences from the terms requested in the original submission. CRC Insurance Services, Inc. disclaims any responsibility for your failure to reconcile with the Insured any differences between the terms bound as per the attached and those terms originally requested. This coverage may not be bound without a fully executed CRC brokerage agreement.

NOTE: If insured is located outside your resident state, we must have a copy of your non-resident license on file.

Mailing Address: 600 SE Bay Blvd
Newport, OR 97365

Physical Address: 2002 SE Marine Science Drive,
Newport, OR 97365

Please note:

Surplus Lines Licensee: CRC Insurance Services, Inc.

This is evidence of insurance was procured and developed under the Oregon Surplus Lines laws. It is NOT covered by the provisions of ORS 734.510 to 734.710 relating to the Oregon Insurance Guaranty Association. If the insurer issuing this insurance becomes insolvent, the Oregon Insurance Guaranty Association has no obligation to pay claims under this evidence of insurance.

Coverage as bound per the attached. Premium and Commission are as follows:

Premium:	\$83,000.00
TRIA Premium: - REJECTED	
Broker Fee	\$750.00
Surplus Lines Tax	\$1,675.00
Surplus Lines Service Charge	\$10.00
Fire Marshal Tax	\$251.25
Total:	\$85,686.25

Tax Filings are the responsibility of: CRC

Commission: 10%

Broker Fees & Policy Fees are Fully Earned at Binding

CRC is compensated in a variety of ways, including commissions and fees paid by insurance companies and fees paid by clients. Some insurance companies pay brokers supplemental commissions (sometimes referred to as “contingent commissions” or “incentive commissions”), which is compensation that is based on a broker's performance with that carrier. These supplemental commissions may be based on volume, profitability, retention, growth or other measures. Even if a contingent commission agreement exists with a carrier, we recognize that our responsibility is to promote the best interests of the policyholder in the selection of an insurance company. For more information on CRC's compensation, please contact your CRC broker.

Certificates of Insurance

CRC does not issue any certificates of insurance. It is the responsibility of the issuing party PayneWest Insurance, Inc. - Newport, to issue COIs according to the insurance policy in reference. CRC does not check or review any COI they receive. All copies of COIs received will be destroyed at time of receipt.

Financing Insurance Premiums

Premium financing budgets insurance payments and improves liquidity for other business objectives: working capital, business growth, building expansion.

If your clients choose to pay their insurance in monthly installments, it's fast and easy with AFCO & Prime Rate Insurance Premium Finance Companies, which are affiliates of CRC. AFCO provides premium financing solutions for large and mid-size corporate accounts; Prime Rate offers solutions for smaller commercial and personal lines.

Find out how premium financing works and how it can expand your relationship with your clients by e-mailing premiumfinance@afco.com; or **call toll- free 866-669-0937** and **press 81**. Additional information is available at www.afco.com and www.primeratepfc.com.

Should you have any questions, please feel free to contact our office.

Sincerely,



Natalie Sienkiewicz
(425) 489-4555
nsienkiewicz@crcgroup.com
7830301

CONFIDENTIAL



January 06, 2020

CRC Insurance Services
1909 214th Street, SE
Suite 100
Bothell, WA 98021

ATTENTION: NATALIE SIENKIEWICZ

RE: Property Binder

Policy Number: LHQ425275
Renewal of: LHQ424119
Company: Landmark American Insurance Company
(A.M. Best rating: A+ XIV and S&P rating: A+)
Coverage: Property

Insured: Port of Newport
Newport , OR

Policy Dates: January 06, 2020 - January 06, 2021

Property Limits: \$5,000,000 per occurrence & annual aggregate applying separately to Flood and Earthquake, subject to conditions of the Scheduled Limit of Liability form

Sublimits: \$1,000,000 per occurrence Ordinance or Law - Coverage B & C (Combined)
Sublimits are part of, not in addition to, the Property Limit(s) shown above.

Valuation: Replacement Cost

Total Insured Value: \$17,720,000 per Statement of Values on file with Company submitted 11/27/2019

Coverages:

- Ordinance or Law - Coverage A (Included in Building Limit)
- Ordinance or Law - Coverage B & C (Combined)
- Docks including structures/buildings on the dock

Perils: Difference in Conditions Including Flood & Earthquake

- Excluding Earth Movement Sprinkler Leakage
- Excluding Terrorism

Form: RSUI Forms

Deductible: All Covered Perils - \$25,000 Per Occurrence (Property Damage),
except

Flood - \$500,000 Per Occurrence (Property Damage)

Earthquake - 5.00% *, subject to a minimum of \$50,000 per occurrence (Property Damage)

* If the Deductible is expressed as a percentage (unless otherwise stated), the Deductible is calculated separately for and applies separately to each building that sustains loss or damage, the personal property at each building at which there is loss or damage to personal property, Personal property in the open, Business Income and Extra Expense. If there is damage to both a building and personal property in that building, separate deductibles apply to the building and to the personal property.

Remarks: THE PREMIUM AMOUNT DOES NOT INCLUDE SURPLUS LINES TAX.
YOUR OFFICE IS RESPONSIBLE FOR THE COLLECTION AND FILINGS.

Policy Attachments

- All Risk Perils Exclusion Endorsement
- Cyber, Electronic Data and Systems Exclusion
- Exclusion - Marijuana
- Exclusion And Limited Additional Coverage For Fungus
- Exclusion of Pathogenic or Poisonous Biological or Chemical Material
- Exclusion of Terrorism
- Scheduled Limit Of Liability

Premium Amount

Premium:	\$83,000.00
Gross Premium:	\$83,000.00
Minimum Earned Premium:	25.00%

Comments:

Coverage has been "rejected" by the insured for all acts of terrorism including but not limited to those that are certified by the Secretary of the Treasury under the Terrorism Risk Insurance Act.

Please read all terms and conditions shown above carefully as they may not conform to specifications shown on your submission.

Coverage bound herewith shall be subject to all terms and conditions of the policy to be issued which, when delivered, replaces this binder.

This Binder is valid for 90 days from the effective date.

We greatly appreciate your business.





CONSENT CALENDAR AGENDA ITEM

DATE: *24 January 2019*
RE: *P/C SILVER DOLLAR*
TO: *Port of Newport Board of Commissioners*
ISSUED BY: *Aaron Bretz, Director of Operations*

BACKGROUND

P/C SILVER DOLLAR sank several weeks ago in its slip in the South Beach Marina. Our insurance company has been negotiating with the owner's insurance company to try and come to a settlement. The owner of the vessel is walking away from her responsibilities, and claims that she doesn't have the means or know-how to get the vessel salvaged. She has liability coverage but this point, SDIS has not been successful negotiating a settlement, and has said that we may not be able to get full reimbursement from the owner's insurance company. We are actively working with our lawyer, and SDIS to get payment arrangements, but the boat needs to be removed from the marina. We are refloating the vessel for disposal and will seek reimbursement after-the-fact

DETAIL SUPPORTING

The main issue at hand here is the disposal of the boat. We want to get that work done as inexpensively as possible because we don't know at this time how successful we are going to be recouping the money we spend to remove the vessel. We have clear authority under the Facilities Code to refloat the vessel and have it removed, and the owner has stated that she doesn't have the means to have the boat destroyed.

The Port of Toledo is the only place where the boat can be hauled and disposed of; at 31' (and full of water), it's not safe to pull the boat on the boat ramp. We have a quote for disposal from the Port of Toledo for \$4,000 if there is little or no asbestos in the vessel. If testing for asbestos comes back above the threshold for abatement, the cost will be \$10,000.

It's in the Port's best interest to get the boat disposed of as quickly as possible because leaving the boat in the Port of Toledo's yard will elevate the cost of this work very quickly. In the end, we may or may not be successful recouping all of that cost.

We have \$25,000 in the budget for removal of wrecks and derelicts; at this time, I am seeking authorization to dispose of the vessel if asbestos abatement is required. If no asbestos abatement is required, we need no authorization from the Port Commission.

RECOMMENDATION

I recommend that a Commissioner make a MOTION TO AUTHORIZE THE GM TO CONTRACT WITH THE PORT OF TOLEDO TO HAUL AND DISPOSE OF P/C SILVER DOLLAR IF ASBESTOS ABATEMENT IS REQUIRED NTE \$10,000.

Port of Toledo Boatyard

PO Box 428
 Toledo, OR 97391

Estimate-Quote

Date	Quote
1/3/2020	103B

Name / Address
Debra Gruell: Silver Dollar 31' c/o Port of Newport, OR Attn: Aaron Bretz 208 Holloway Brownsville, OR 973727

Description	Qty	Rate	Total
THIS IS AN ESTIMATE ONLY AND IS NOT ALL INCLUSIVE. THIS ESTIMATE IS GOOD FOR 30 DAYS			
ESTIMATE FOR THE DEMOLITION OF THE "SILVER DOLLAR" OWNED BY DEBRA GRUELL AND REQUESTED BY THE PORT OF NEWPORT, OREGON, AARON BRETS THE DIRECTOR OF OPERATIONS.			
1) OPTION 1 Demolition of Equipment/Vessel - INCLUDES HAUL OUT, BLOCKING, ASBESTOS TESTING, DEMOLITION & DISPOSAL (IF ASBESTOS ABATED LEVELS ARE LOW) OR	1	4,000.00	4,000.00
2) OPTION 2 Demolition of Equipment/Vessel - INCLUDES HAUL OUT, BLOCKING, ASBESTOS TESTING, DEMOLITION & DISPOSAL IF ASBESTOS LEVELS EXCEED ABATED LEVELS.	1	10,000.00	10,000.00
		Total	\$14,000.00



**Operating Fund
December 2019**

Date	Num	Name	Memo	Class	Amount
12/04/2019	41647	Lincoln County Historical Society			
11/21/2019	12/6 Port Party		Deposit for 12/6/19 Holiday Party - Maritime Museum	Administration	100.00
					<u>100.00</u>
12/04/2019	41648	Oregon Department of State Lands			
12/03/2019	55069-SG Renewal		License Renewal - McLean Point Disposal Site	Administration	750.00
					<u>750.00</u>
12/05/2019	41649	Appliance Service Station	Service call/labor		
11/14/2019	19-355		RV washer 5	SB Operations	150.00
					<u>150.00</u>
12/05/2019	41650	City of Newport SDC Financing	Loan Payment		
12/01/2019	SDC 13743 1219		Principle - Dec 2019	International Terminal	5,576.87
			Interest - Dec 2019	International Terminal	2,576.13
					<u>8,153.00</u>
12/05/2019	41651	Coastal Marine & Hydraulic			
11/13/2019	1840		Repair and overhaul compactor hydraulic pump and gauge	SB Operations	1,071.34
					<u>1,071.34</u>
12/05/2019	41652	Craig Burgess	Refund RV		
12/04/2019	8314549		Cancelled reservation	Main RV Park	38.34
					<u>38.34</u>
12/05/2019	41653	Creative Landscape & Maintenance			
11/07/2019	1145-821 10/19		Landscape maintenance	Administration	495.00
					<u>495.00</u>
12/05/2019	41654	Fred Meyer Customer Charges			
09/26/2019	131494		Vacuum for SB office	SB Admin & Overhead	189.99
10/18/2019	131573		Cleaning supplies	Commercial Marina	24.17
					<u>214.16</u>



**Operating Fund
December 2019**

Date	Num	Name	Memo	Class	Amount
12/05/2019	41655	G & K Floors	Janitorial services - Port office, SB and Customs trailer		
11/19/2019	120119		Janitorial services - SB	SB Admin & Overhead	1,880.00
			Janitorial services - Customs trailer	Administration	120.00
			Janitorial services - Port office	Administration	200.00
					<u>2,200.00</u>
12/05/2019	41656	Kevin Hill's Marine Service			
11/07/2019	5339		SS flat bar for Customs' office new vents	CM Leased Property	45.36
					<u>45.36</u>
12/05/2019	41657	Employee			
12/04/2019	11/19 Reimbursement		Employee reimbursement - November mileage	Administration	146.51
					<u>146.51</u>
12/05/2019	41658	Newport Marine & RV Service			
11/26/2019	192915		25' winch strap and single speed 1500# for skiff trailer	Commercial Marina	99.94
					<u>99.94</u>
12/05/2019	41659	Newport Signs			
11/27/2019	10160		Replace signs on HOS building new siding	SB Operations	519.00
			Update decals for grounds signs	SB Operations	63.00
					<u>582.00</u>
12/05/2019	41660	Orkin			
12/01/2019	191915965		Pest control	Administration	45.00
					<u>45.00</u>



**Operating Fund
December 2019**

Date	Num	Name	Memo	Class	Amount
12/05/2019	41661	T & L Septic Tank Service			
10/26/2019	147739		Chemical toilet - Bay Front - clean up vandalism	Commercial Marina	15.00
10/26/2019	147738		Chemical toilet rental - Bay Front	Commercial Marina	200.00
10/26/2019	147737		Chemical toilet rental - Bay Front	Commercial Marina	260.00
10/26/2019	147734		Chemical toilet rental - Marina & RV Park	SB Operations	80.00
10/26/2019	147735		Chemical toilet rental - NIT	International Terminal	80.00
10/26/2019	147733		Chemical toilet rental - SB south restroom	SB Operations	80.00
10/26/2019	147736		Chemical toilet rental - SB Dry Camp	SB Operations	80.00
					<u>795.00</u>
12/05/2019	41662	TCB Security Services			
12/01/2019	228372		Monthly security contract - SB Marina	SB Marina	2,055.87
			Monthly security contract - SB RV	Main RV Park	2,055.87
			Monthly security contract - CM	Commercial Marina	2,055.87
			Monthly security contract - NIT	International Terminal	1,088.39
					<u>7,256.00</u>
12/05/2019	41663	Voya (State of Oregon Plan)			
12/01/2019	Dec - 2019		Monthly employee contributions	Administration	50.00
					<u>50.00</u>
12/05/2019	41664	Wells Fargo Financial Leasing			
11/04/2019	5007925196		Copier lease - North office	Administration	141.50
			Copier lease - SB office	SB Admin & Overhead	141.50
					<u>283.00</u>
12/05/2019	41665	Yaquina Boat Equipment			
11/14/2019	37571		Aluminum bracket welded for SB laundry room	SB Operations	37.50
					<u>37.50</u>



**Operating Fund
December 2019**

Date	Num	Name	Memo	Class	Amount
12/10/2019	41666	City of Newport			
12/10/2019	Land Use Fee		Land Use Certification Signature - DSL ML Mod App	International Terminal	<u>57.00</u>
					57.00
12/13/2019	41667	City of Newport Room Tax			
11/30/2019	Nov 2019 Room Tax		Transient room tax - Nov 2019	Main RV Park	<u>2,297.02</u>
					2,297.02
12/13/2019	41668	Design Space			
12/06/2019	1109668-IN		Temporary office rental	Administration	<u>877.00</u>
					877.00
12/13/2019	41669	Fidelis Screening Solutions			
12/01/2019	5381		Background checks	SB Admin & Overhead	<u>44.85</u>
					44.85
12/13/2019	41670	JBQ Quality Construction			
12/13/2019	2108		Repair dry-rotted siding on fuel dock shack	SB Operations	<u>3,500.00</u>
					3,500.00
12/13/2019	41671	Local Ocean Seafoods			
12/06/2019	72355		Christmas Party catering - remainder after deposit on card	Administration	<u>947.00</u>
					947.00
12/13/2019	41672	MacPherson Gintner & Diaz			
12/03/2019	81079		Professional services	Administration	<u>3,975.00</u>
					3,975.00
12/13/2019	41673	Oregon Department of State Lands			
11/27/2019	21705		Waterway lease - Captains Charters	CM Leased Property	431.24
12/11/2019	11873 ML App Fee		Application fee - change to flat rate	Commercial Marina	375.00
12/11/2019	45751 ML App Fee		Application fee - change to flat rate and increase lease area	International Terminal	<u>750.00</u>
					1,556.24



**Operating Fund
December 2019**

Date	Num	Name	Memo	Class	Amount
12/13/2019	41674	Pioneer Connect			
12/01/2019	Shop 1219		Telephone	SB Operations	41.45
12/01/2019	Office 1219		Telephone	SB Admin & Overhead	231.57
					<u>273.02</u>
12/13/2019	41675	Solmar Hydro			
06/10/2019	PON_4_19		Swede's Dock single-beam bathymetric survey	Commercial Marina	1,900.00
					<u>1,900.00</u>
12/13/2019	41676	Thompson's Sanitary Service			
11/30/2019	13499 11-2019		Trash disposal	Commercial Marina	1,686.23
11/30/2019	12514 11-2019		Trash disposal	SB Admin & Overhead	987.24
11/30/2019	12058 11-2019		Trash disposal	International Terminal	1,759.68
					<u>4,433.15</u>
12/13/2019	41677	Verizon Wireless			
11/12/2019	9842029930		Monthly cell phone - Admin	Administration	49.65
			Monthly cell phone - CM	Commercial Marina	57.82
			Monthly cell phone - NIT	International Terminal	37.26
			Monthly cell phone - SB	SB Operations	66.73
			Monthly MiFi - SB Admin	SB Admin & Overhead	10.02
			Monthly cell phone plan - Admin	Administration	136.50
			Monthly cell phone - Maint	Maintenance Dept	16.55
			Otterbox case for CM's new phone	Commercial Marina	57.98
					<u>432.51</u>



**Operating Fund
December 2019**

Date	Num	Name	Memo	Class	Amount
12/13/2019	41678	VISA - A Bretz			
10/08/2019	McDonald's		Travel lunch - A Bretz	Administration	12.68
10/09/2019	Scuttlebutt Brewing		Travel lunch - A Bretz	Administration	42.89
10/11/2019	Buffalo Wild Wings		Travel lunch - A Bretz	Administration	23.89
10/28/2019	Adobe Acropro		Adobe Acrobat subscription	Administration	89.94
10/29/2019	Cross Town Movers		Move office furniture in admin office	Administration	346.80
11/02/2019	Walmart		Window blinds	Administration	57.97
11/06/2019	Dominos Pizza		Safety meeting lunch	Administration	21.97
11/06/2019	Card Lock Co		Face plate - flush mount card reader for Marina laundry	SB Operations	96.91
					<u>693.05</u>
12/13/2019	41679	VISA - P Miranda			
10/11/2019	FreeDoc		Winter Records Forum 2020 registration	Administration	199.00
10/18/2019	Assoc. Pacific Ports		2019 Fall fly-in, fly-out seminar - P Miranda and M Brown	Administration	363.59
10/31/2019	City of Newport		Land Use Certification Signature - PD1 lease	Administration	57.00
11/01/2019	OfficeSupply.Com		Bookcase	Administration	202.24
			Freight	Administration	74.00
					<u>895.83</u>
12/23/2019	41680	Advance Backflow Testing			
11/24/2019	5347		Backflow testing	SB Operations	695.50
11/24/2019	5348		Backflow testing	Commercial Marina	125.00
11/24/2019	5349		Backflow testing	International Terminal	75.00
					<u>895.50</u>



**Operating Fund
December 2019**

Date	Num	Name	Memo	Class	Amount
12/23/2019	41681	Alsco			
10/24/2019	LPOR2410056		NIT towels	International Terminal	32.95
11/01/2019	LPOR2414696		SB mats	SB Admin & Overhead	67.67
11/06/2019	LPOR2416912		Shop towels, shirt, and mats	Administration	34.43
11/07/2019	LPOR2417689		NIT towels	International Terminal	32.95
11/08/2019	LPOR2418511		SB mats	SB Admin & Overhead	67.67
11/13/2019	LPOR2420772		Shop towels, shirt, and mats	Administration	34.43
11/15/2019	LPOR2422373		SB mats	SB Admin & Overhead	67.67
11/20/2019	LPOR2424587		Shop towels, shirt, and mats	Administration	34.43
11/21/2019	LPOR2425323		NIT towels	International Terminal	32.95
11/22/2019	LPOR2426039		SB mats	SB Admin & Overhead	67.67
11/27/2019	LPOR2428324		Shop towels, shirt, and mats	Administration	34.43
11/29/2019	LPOR2429893		SB mats	SB Admin & Overhead	67.67
					<u>574.92</u>
12/23/2019	41682	Aisea Bay Power Products			
11/13/2019	302167		Repair pressure washer	SB Operations	292.30
11/13/2019	302166		Repair hedge trimmers	SB Operations	109.08
11/13/2019	302168		Oil	SB Operations	27.60
			Trimmer string	SB Operations	29.99
			Spark plugs	SB Operations	9.58
11/20/2019	302563		Repair and parts for mower	SB Operations	147.43
					<u>615.98</u>



**Operating Fund
December 2019**

Date	Num	Name	Memo	Class	Amount
12/23/2019	41683	Amazon			
11/19/2019	14MN-PWL1-3PH6		Turbidity barriers for SB Launch Ramp repairs	SB Marina	760.29
11/27/2019	1D46-HHXC-NXG4		Approved stamps for AP bill process	Administration	33.96
11/27/2019	1H4T-LDXW-MQGT		Rollers for boat trailer	Commercial Marina	120.19
			Freight	Commercial Marina	15.91
11/27/2019	16R1-CQP9-V74K		Rollers for boat trailer	Commercial Marina	28.96
			Freight	Commercial Marina	3.98
11/27/2019	1HX3-XRN9-VRMW		2-way coaxial cable splitters for RV Annex inventory	SB Operations	99.75
11/30/2019	16WF-DMT4-VN1L		Flat free wheelbarrow tires	Commercial Marina	149.94
12/08/2019	16N6-WQRJ-P1P9		Bubbler units for water faucets	Commercial Marina	93.06
			Funnel for coffee pot	Commercial Marina	12.46
			Freight	Commercial Marina	5.99
12/10/2019	1W4P-W3HH-4LP6		Office supplies - wall signs	Administration	17.98
12/11/2019	11KR-4VWC-7QCN		Office supplies - toner, drum, desk fan, and wall pins	Administration	279.96
12/17/2019	1V9D-HTG3-CPJY		Lexan surface-mount hand dryers	SB Operations	784.00
12/20/2019	1GD3-F1MM-RWFJ		Epoxy and applicator for docks	Commercial Marina	159.26
12/21/2019	1L9K-69XN-TFGW		Office supplies - acrylic sign holders for file drawers	Administration	13.98
			Freight	Administration	5.99
					<u>2,585.66</u>
12/23/2019	41684	Barrelhead Supply			
11/05/2019	278544		PVC fittings for hoist dock waterline	Commercial Marina	52.64
11/13/2019	278968		Pik Stik grabbers	International Terminal	76.47
					<u>129.11</u>
12/23/2019	41685	Business Oregon - IFA	Loan payment		
12/01/2019	65541 01/20		Principle - Jan 2020	International Terminal	2,083.33
					<u>2,083.33</u>



**Operating Fund
December 2019**

Date	Num	Name	Memo	Class	Amount
12/23/2019	41686	Business Oregon - OBDD	Loan payment		
12/16/2019	655-36-02Q1001 1-20		Principle - Jan 2020	International Terminal	5,318.14
			Interest - Jan 2020	International Terminal	2,481.86
					<u>7,800.00</u>
12/23/2019	41687	Employee			
12/20/2019	12/19 Reimbursement		Employee reimbursement - rain gear	Commercial Marina	139.00
					<u>139.00</u>
12/23/2019	41688	Cedar Creek Quarries			
12/13/2019	0117535-IN		6"- 0 crushed rock for Mt NOAA access road	SB Operations	1,257.81
					<u>1,257.81</u>
12/23/2019	41689	Century Link			
12/05/2019	5412659651245B-12/19		Telephone	International Terminal	202.75
12/05/2019	5412657758840B-12/19		Telephone	Administration	215.84
					<u>418.59</u>
12/23/2019	41690	CenturyLink - Business Service			
11/30/2019	1481672638		Telephone	Administration	29.07
					<u>29.07</u>
12/23/2019	41691	City of Newport Water/Sewer			
11/30/2019	172421.00-11-19		Water and sewer RV dump station	Main RV Park	74.24
11/30/2019	94861.00-11-19		Water G and H docks	SB Marina	251.32
					<u>325.56</u>



**Operating Fund
December 2019**

Date	Num	Name	Memo	Class	Amount
12/23/2019	41692	Coastal Paper & Supply			
11/05/2019	567356		Paper products and cleaning supplies	Commercial Marina	229.78
			Shipping	Commercial Marina	4.00
11/05/2019	567657		Paper products and cleaning supplies	SB Operations	630.60
			Shipping	SB Operations	4.00
11/20/2019	568249		Paper products and cleaning supplies	SB Operations	676.02
			Shipping	SB Operations	4.00
					<u>1,548.40</u>
12/23/2019	41693	Coastal Refrigeration Heating & AC			
11/01/2019	1187-12057		Semi-annual HVAC and heating maintenance	SB Operations	280.00
					<u>280.00</u>
12/23/2019	41694	CoastCom			
12/15/2019	0299000117 12-19		Internet - Dec 2019	SB Admin & Overhead	1,039.52
			Internet - Dec 2019	Administration	500.00
					<u>1,539.52</u>
12/23/2019	41695	Englund Marine Supply Co			
11/07/2019	957437/6		Shackles for crane repair	International Terminal	67.56
11/13/2019	957709/6		Raingear, gloves, and boots	International Terminal	419.60
11/26/2019	958411/6		Galvanized hardware for skiff trailer	Commercial Marina	12.16
					<u>499.32</u>
12/23/2019	41696	G & K Floors	Janitorial services - Port office, SB and Customs trailer		
12/21/2019	120119A		Janitorial services - SB	SB Admin & Overhead	1,880.00
			Janitorial services - Customs trailer	Administration	120.00
			Janitorial services - Port office	Administration	200.00
					<u>2,200.00</u>



**Operating Fund
December 2019**

Date	Num	Name	Memo	Class	Amount
12/23/2019	41697	Gil Sylvia			
12/19/2019	Reimbursement 10/19		Reimbursement request - lodging and mileage for OPPA meeting	Administration	453.03
					<u>453.03</u>
12/23/2019	41698	Good Sam RV Travel & Savings Guide			
11/30/2019	2020 Edition		Annual directory listing	SB Admin & Overhead	6,622.00
					<u>6,622.00</u>
12/23/2019	41699	Harvey's Lock & Key			
11/18/2019	22488		Storeroom lock repair	Commercial Marina	989.56
11/18/2019	22489		Shop office door lock repair	Commercial Marina	65.00
12/17/2019	21936		Shop door lock repair	Commercial Marina	86.85
					<u>1,141.41</u>
12/23/2019	41700	Hyak			
12/19/2019	19715		Web filtering	Administration	200.00
					<u>200.00</u>
12/23/2019	41701	IconiPro Security and Alarms			
12/01/2019	30592		Cellular security monitoring services	SB Admin & Overhead	136.14
12/11/2019	30757		FWT fire alarm inspection	NIT Leased Prop	225.00
12/11/2019	30756		NIT fire alarm inspection	International Terminal	250.00
					<u>611.14</u>
12/23/2019	41702	Industrial Welding Supply			
11/25/2019	78479		Refill oxygen and acetylene tanks	Commercial Marina	92.59
			Replace fittings on welding hose	Commercial Marina	6.99
11/30/2019	79862		Refill acetylene tank	Commercial Marina	76.84
					<u>176.42</u>



**Operating Fund
December 2019**

Date	Num	Name	Memo	Class	Amount
12/23/2019	41703	Keller Supply Company			
10/29/2019	S013565396.001		Sloan diaphragms, hose bibs, vac breakers, and PVC fittings	SB Operations	259.62
11/19/2019	S013565396.002		Sloan diaphragms	SB Operations	523.68
					<u>783.30</u>
12/23/2019	41704	Lincoln County Public Works			
12/01/2019	6022		Fuel for trucks	Maintenance Dept	33.04
			Fuel for trucks	Commercial Marina	249.59
			Fuel for trucks	SB Operations	204.58
					<u>487.21</u>
12/23/2019	41705	M & E Septic Service			
12/03/2019	1/1046		Pump holding tank	International Terminal	798.00
					<u>798.00</u>
12/23/2019	41706	Employee			
12/18/2019	12/19 Reimbursement		Employee reimbursement - seminar travel and expenses	Administration	312.87
					<u>312.87</u>
12/23/2019	41707	McCammon's Appliance Svc			
12/17/2019	122299		Used refrigerator	Commercial Marina	175.00
					<u>175.00</u>
12/23/2019	41708	National Business Solutions			
11/30/2019	IN67781		Dell OptiPlex PC, monitor, stand, and standing desk	Administration	2,595.00
			Freight	Administration	19.00
12/10/2019	IN68136		IT contract charge plus Symantec	Administration	1,086.09
					<u>3,700.09</u>



**Operating Fund
December 2019**

Date	Num	Name	Memo	Class	Amount
12/23/2019	41709	Neofunds			
11/26/2019	57146452		Lease	Administration	172.32
			Lease FC	Administration	7.37
					<hr/> 179.69
12/23/2019	41710	NW Natural			
12/17/2019	1584561-3 12-19		SB gas for shop	SB Operations	179.99
12/17/2019	1584562-1 12-19		SB gas	Main RV Park	243.89
					<hr/> 423.88
12/23/2019	41711	Old Republic Surety Group			
12/01/2019	W150276725 20-21		Annual sand and gravel license bond	Administration	100.00
					<hr/> 100.00
12/23/2019	41712	Pacific Coast Congress HMPM			
12/01/2019	2012641		2020 membership dues and directory	Administration	275.00
					<hr/> 275.00
12/23/2019	41713	Pioneer Printing			
11/22/2019	71144		#9 return envelopes	Administration	141.15
					<hr/> 141.15
12/23/2019	41714	Sherwin-Williams			
11/26/2019	5737-3		Spray paint for skiff trailer	Commercial Marina	87.48
					<hr/> 87.48



**Operating Fund
December 2019**

Date	Num	Name	Memo	Class	Amount
12/23/2019	41715	Smart Foodservice - Cash & Carry			
11/04/2019	5410540020732		Breakroom supplies - coffee, forks, and water	International Terminal	64.75
11/07/2019	5410540015669		Fisherman's Appreciation Day supplies	Commercial Marina	1,102.97
11/08/2019	5410540015767		Breakroom supplies - water	SB Admin & Overhead	16.38
			Breakroom supplies - coffee, coffee cups, creamer, and water	SB Operations	140.65
			Cleaning supplies - window cleaner	SB Admin & Overhead	2.49
					<u>1,327.24</u>
12/23/2019	41716	Special Districts Insurance Services			
12/02/2019	Jan Health-Dental-Lf		Monthly health-dental-life insurance	Administration	5,219.13
			Monthly health-dental-life insurance	Commercial Marina	2,248.61
			Monthly health-dental-life insurance	SB Admin & Overhead	2,236.77
			Monthly health-dental-life insurance	SB Operations	2,982.36
			Monthly health-dental-life insurance	International Terminal	1,491.18
					<u>14,178.05</u>
12/23/2019	41717	Staples			
11/02/2019	2382655621		Office supplies	Administration	63.98
11/15/2019	2389355331		Office supplies	SB Admin & Overhead	100.74
11/23/2019	FC 11/19		Credit plan finance charge	Administration	32.36
					<u>197.08</u>
12/23/2019	41718	Streamline			
12/14/2019	102800		Website monthly fee	Administration	450.00
					<u>450.00</u>
12/23/2019	41719	Suburban Propane			
11/30/2019	130150		Propane	SB Operations	134.38
11/30/2019	160214		Propane	Commercial Marina	327.32
					<u>461.70</u>



**Operating Fund
December 2019**

Date	Num	Name	Memo	Class	Amount
12/23/2019	41720	Summit Public Relations Strat			
12/05/2019	683		Communication support services for Oct and Nov 2019	Administration	2,062.50
					<u>2,062.50</u>
12/23/2019	41721	Sunbelt Rentals			
11/26/2019	96038485-0001		Forklift rentals for crab push	International Terminal	1,821.31
					<u>1,821.31</u>
12/23/2019	41722	Toyota Industries Commercial Finance			
12/09/2019	4002612395-17		2017 CM forklift - principal	Commercial Marina	578.93
			2017 CM forklift - interest	Commercial Marina	80.62
					<u>659.55</u>
12/23/2019	41723	Traffic Safety Supply			
11/20/2019	INV021045		48" orange tubular markers to outline edges of boat launch	SB Operations	510.39
			Freight	SB Operations	32.59
					<u>542.98</u>
12/23/2019	41724	TWGW Inc NAPA Auto Parts			
09/25/2019	SVC 092519		Service fee	Administration	1.00
11/01/2019	766797		Door handle for dump truck	Commercial Marina	3.70
11/21/2019	770610		Paint for skiff trailer	Commercial Marina	19.98
					<u>24.68</u>
12/23/2019	41725	Umpqua Bank Vendor Finance	VOID		0.00
12/23/2019	41726	VISA - A Bretz			
11/07/2019	Victoria		Glass protector for phone screen	Commercial Marina	55.00
11/12/2019	Fred Meyer		Employee holiday gift cards	Administration	2,700.00
11/14/2019	Adobe Acropro		Adobe Acrobat subscription	Administration	791.81
11/18/2019	OAMR Assoc Member		OAMR Associate Membership for 2020	Administration	60.00



**Operating Fund
December 2019**

Date	Num	Name	Memo	Class	Amount
11/18/2019	Association of OR		No receipt or purchase order	Administration	15.00
11/20/2019	Abby's Pizza		Commission executive session lunch	Administration	76.70
11/26/2019	Vistaprint		Holiday cards, envelopes, and address labels	Administration	218.19
			Freight	Administration	17.99
12/04/2019	USCG NVDC Sylvia		Title search/abstract of title for seizure - F/V Sylvia	Commercial Marina	25.00
12/04/2019	USCG NVDC Nile II		Title search/abstract of title for seizure - F/V Nile II	Commercial Marina	25.00
12/05/2019	Victra		Power/download cord for phone	Commercial Marina	29.99
12/06/2019	CC Fees		Interest charge	Administration	20.49
			Late fee	Administration	17.50
11/13/2019	Smart Foodservice		Soda	International Terminal	7.15
			Cleaning supplies - sponges	International Terminal	23.89
					<u>4,083.71</u>
12/23/2019	41727	VISA - P Miranda			
11/07/2019	JC Market		Snacks for Regional Solutions meeting	Administration	25.98
11/07/2019	Starbucks		Breakfast and coffee for Regional Solutions meeting	Administration	68.50
11/12/2019	Projector Team		Optima EH336 projector	Administration	559.00
			Freight - will be refunded	Administration	20.00
11/22/2019	ACE Parking		Parking for USACE meeting	Administration	14.50
11/22/2019	Buffalo Wild Wings		Lunch during USACE meeting	Administration	16.44
11/27/2019	Local Ocean		Catering for holiday party - deposit	Administration	947.00
12/06/2019	APP Miranda		2020 APP Conference registration - P Miranda	Administration	895.00
12/06/2019	APP Burke		2020 APP Conference registration - J Burke	Administration	895.00
12/06/2019	Four Seasons Burke		Hotel accommodations for APP Conference - J Burke	Administration	894.40
12/06/2019	Four Seasons Miranda		Hotel accommodations for APP Conference - P Miranda	Administration	802.42



**Operating Fund
December 2019**

Date	Num	Name	Memo	Class	Amount
12/06/2019	Abide Edict		Onboarding webinar	Administration	250.00
12/06/2019	CC Fees		Foreign transaction fee	Administration	2.50
			Interest charge	Administration	20.49
			Late fee	Administration	17.50
12/06/2019	OR Business Council		OR Leadership Summit registration	Administration	150.00
					<u>5,578.73</u>
12/23/2019	41728	Wells Fargo Financial Leasing			
12/04/2019	5008310738		Copier lease - North office	Administration	141.50
			Copier lease - SB office	SB Admin & Overhead	141.50
					<u>283.00</u>
12/23/2019	41729	Wessco			
11/30/2019	0062249-IN		Troubleshoot and repair compactor	SB Operations	1,208.50
					<u>1,208.50</u>
12/23/2019	41730	Yaquina Boat Equip			
11/22/2019	37622		Mild steel flat bar for skiff trailer	Commercial Marina	30.15
					<u>30.15</u>
12/26/2019	41731	Amazon			
12/23/2019	1RNY-MYWP-RMPW		Office supplies - bin dividers and AAA batteries	Administration	40.40
					<u>40.40</u>
12/26/2019	41732	Employee			
12/20/2019	12/19 Reimbursement		Employee reimbursement - lodging and meal for training	SB Admin & Overhead	165.21
					<u>165.21</u>
12/26/2019	41733	Design Space			
12/20/2019	1111605-IN		Customs office lease	Administration	217.00
					<u>217.00</u>



Operating Fund
December 2019

Date	Num	Name	Memo	Class	Amount
12/26/2019	41734	Edge Analytical			
12/23/2019	19-46829		Storm water testing	International Terminal	338.00
					<u>338.00</u>
12/26/2019	41735	Maxxum Marine			
12/24/2019	PO 31608		2017 115hp Suzuki outboard motor for skiff	Commercial Marina	8,400.00
					<u>8,400.00</u>
				Total	<u>\$ 126,053.05</u>



**NOAA Fund
December 2019**

Date	Num	Name	Memo	Amount
12/05/2019	13625	All-Ways Painting		
11/08/2019	11/19 Deposit		Interior painting deposit	4,815.00
				<u>4,815.00</u>
12/05/2019	13626	Bill's Pest Control		
11/13/2019	9171		Pest control	135.00
				<u>135.00</u>
12/05/2019	13627	Pacific Habitat Services		
11/25/2019	1-4549-69		Eelgrass monitoring	283.25
				<u>283.25</u>
12/13/2019	13628	Pioneer Connect		
12/01/2019	December 2019		Telephone	241.74
				<u>241.74</u>
12/13/2019	13629	Thompsons Sanitary Service		
11/30/2019	22644 11-2019		November service	410.20
				<u>410.20</u>
12/13/2019	13630	Verizon Wireless		
11/12/2019	9842029930		Phone charges and MiFi	26.57
				<u>26.57</u>
12/13/2019	13631	Vertiv Corporation		
11/14/2019	57754742		Supply and install new exterior Liebert AC unit	12,040.00
				<u>12,040.00</u>
12/23/2019	13632	Amazon		
11/19/2019	1JKN-XVT6-Y6XJ		Air filters for Attu-1 - main air handler for offices	479.61
11/20/2019	1PTC-NGNX-6G7N		PS1400QD emergency light batteries	403.08
				<u>882.69</u>



**NOAA Fund
December 2019**

Date	Num	Name	Memo	Amount
12/23/2019	13633	Bill's Pest Control		
12/11/2019	9823		Pest control	135.00
				<u>135.00</u>
12/23/2019	13634	IconiPro Security & Alarms		
12/01/2019	30592		Quarterly fire alarm monitoring service	85.17
				<u>85.17</u>
12/23/2019	13635	Overhead Door Company of Salem		
12/16/2019	204273		Annual service inspection of 4 commercial doors	757.00
				<u>757.00</u>
12/23/2019	13636	Special Districts Insurance Services		
12/02/2019	Jan Health-Dental-Lf		Monthly health-dental-life insurance	745.59
				<u>745.59</u>
12/23/2019	13637	VISA - A Bretz		
11/21/2019	Rhomar Water		Pro-Tek AL for boiler	545.05
				<u>545.05</u>
			Total	<u>\$ 21,102.26</u>

\$5,320,000
Port of Newport
Lincoln County, Oregon

GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2019
(FEDERALLY TAXABLE)

BOND PURCHASE AGREEMENT

December 11, 2019

Port of Newport
600 SE Bay Boulevard
Newport, OR 97365

Ladies and Gentlemen:

The undersigned, Robert W. Baird & Co. Incorporated (the "Underwriter") offers to enter into the following purchase agreement (this "Bond Purchase Agreement") with the Port of Newport (the "Issuer") which, upon the Issuer's acceptance of this offer, will be binding upon the Issuer and the Underwriter. This offer is made subject to the Issuer's acceptance of this Bond Purchase Agreement, which acceptance shall be evidenced by the execution of this Bond Purchase Agreement by a duly authorized officer of the Issuer, on or before 5:00 P.M., Pacific Time, on the date hereof. Upon such acceptance, execution and delivery, this Bond Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the Issuer and the Underwriter. Except as expressly otherwise defined herein, capitalized terms used herein shall have the same meanings as set forth in the Resolution No. 2019-15 of the Issuer adopted on September 24, 2019 (the "Resolution") or the Preliminary Official Statement (each as defined below).

1. Purchase and Sale. (a) Upon the terms and conditions and based on the representations, warranties and covenants hereinafter set forth, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Underwriter, all (but not less than all) of the \$5,320,000 aggregate principal amount of the Issuer's General Obligation Refunding Bonds, Series 2019 (Federally Taxable) (the "Bonds"), dated the date of payment for and the delivery of the Bonds (such payment and delivery being herein sometimes called the "Closing"). The purchase price for the Bonds shall be \$5,295,338.22 (principal amount of the Bonds, less underwriter's discount of \$24,661.78) (the "Purchase Price"). The Underwriter shall pay the Purchase Price for the Bonds on the day of the Closing by wiring \$5,295,338.22, as directed pursuant to a closing memorandum prepared by the Underwriter.

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Bond Purchase Agreement – Port of Newport, Lincoln County, Oregon \$5,320,000 General Obligation Refunding Bonds, Series 2019 (Federally Taxable)

(b) The Bonds are authorized under the laws and Constitution of the State of Oregon and shall be issued and secured under and pursuant to the provisions of the Resolution.

(c) The Bonds are general obligations of the Issuer secured by an irrevocable pledge of the Issuer's full faith, credit, and taxing power as described in the Preliminary Official Statement. The Bonds shall be dated the date of the Closing, shall mature on the dates and in the amounts, shall bear interest at the rates and shall have the terms stated in Exhibit A attached hereto.

(d) The proceeds received by the Issuer from the sale of the Bonds will be used to defease and refund the outstanding callable principal balance of the Issuer's \$5,452,000 General Obligation Bonds, Series 2011 (the "Refunded Bonds"), and pay costs of issuance.

2. Sale of All the Bonds; Offering. It shall be a condition to the Issuer's obligation to sell and deliver the Bonds to the Underwriter, and to the obligation of the Underwriter to purchase and accept delivery of the Bonds, that the entire principal amount of the Bonds is sold and delivered by the Issuer and accepted and paid for by the Underwriter at the Closing. The Underwriter intends to make a bona fide public offering of all the Bonds at a price or prices not in excess of the initial public offering price or prices set forth on the inside front cover page of the Official Statement. The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts or mutual funds) at prices lower than such public offering prices. The Underwriter reserves the right to make such changes in such prices as the Underwriter shall deem necessary in connection with the offering of the Bonds.

3. Official Statement. The Issuer hereby ratifies and approves the Preliminary Official Statement dated December 3, 2019 (the "Preliminary Official Statement"), and consents to its distribution and use by the Underwriter prior to the date hereof in connection with the public offering and sale of the Bonds. The Issuer confirms that the Preliminary Official Statement was "deemed final" by the Issuer as of its date for purposes of Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule").

Upon acceptance of this offer, the Issuer shall prepare a final Official Statement and shall, within the earlier of seven (7) business days following the date hereof or two business days prior to the Closing Date (as hereinafter defined), deliver to the Underwriter printed copies of such final Official Statement (such final Official Statement, together with any amendment or supplement thereto, being the "Official Statement") in sufficient quantity as may reasonably be required by the Underwriter in order to comply with the Rule and any applicable rules of the Municipal Securities Rulemaking Board (the "MSRB"). The Issuer hereby authorizes and approves the Official Statement and consents to the use and distribution of the Official Statement by the Underwriter in connection with the public offering and sale of the Bonds. At the time of or prior to the Closing, the Underwriter will file, or cause to be filed, the Official Statement with

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Bond Purchase Agreement – Port of Newport, Lincoln County, Oregon \$5,320,000 General Obligation Refunding Bonds, Series 2019 (Federally Taxable)

the MSRB. In addition, the Issuer hereby approves and authorizes the Underwriter to coordinate the printing of the Official Statement and consents to the electronic distribution of the Official Statement.

4. The Issuer hereby represents, warrants and covenants that:

(a) The Issuer is a duly created and existing public body pursuant to the laws and Constitution of the State of Oregon, and has full legal right power and authority pursuant to the laws of the State of Oregon and the Resolution to issue the Bonds.

(b) The Issuer has full legal right, power and authority to (i) adopt the Resolution and irrevocably pledge its full faith, credit, and taxing power as security for the payment of the principal of, premium, if any, and interest on the Bonds; (ii) execute and deliver this Bond Purchase Agreement; (iii) issue, sell and deliver the Bonds to the Underwriter as provided in this Bond Purchase Agreement; (iv) approve and authorize the distribution of the Preliminary Official Statement and the Official Statement; and (v) carry out and consummate all other transactions contemplated by this Bond Purchase Agreement, the Resolution, the Continuing Disclosure Certificate to be dated the date of the Bonds' issuance and delivery, a form of which is attached to the Official Statement (the "Continuing Disclosure Agreement"), and the Official Statement.

(c) The Resolution has been duly adopted by the Issuer, and the Issuer has duly authorized all necessary action to be taken by the Issuer for: (i) the offering, issuance, sale, and delivery of the Bonds upon the terms set forth herein and in the Official Statement, (ii) the execution and delivery by the Issuer of the Bonds, this Bond Purchase Agreement and the Continuing Disclosure Agreement and the performance of its obligations under the Bonds, this Bond Purchase Agreement, the Resolution, the Continuing Disclosure Agreement and any and all such other agreements and documents as may be required to be executed, delivered, and received by the Issuer in order to carry out, give effect to, and consummate the transactions contemplated hereby and by the Official Statement (collectively, the "Issuer Documents"), and (iii) the authorization of the use and distribution of the Official Statement.

(d) The Resolution, this Bond Purchase Agreement and any other instrument or agreement to which the Issuer is a party in connection with the consummation of the transactions contemplated by the foregoing documents, when executed, as applicable, and delivered by the parties hereto, constitute a legal, valid and binding obligation of the Issuer (subject, as to the enforcement of remedies, to the valid exercise of judicial discretion, the sovereign police powers of the State of Oregon and constitutional powers of the United States of America and to any valid applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting the rights of creditors generally and the exercise of judicial discretion in accordance with general principles of equity).

(e) When delivered to and paid for by the Underwriter at the Closing, in accordance with the provisions of this Bond Purchase Agreement, the Bonds will have been duly authorized, executed, authenticated and delivered by the Issuer and will constitute legal, valid and binding general obligations of the Issuer, enforceable in accordance with their terms (subject, as to the enforcement of remedies, to the valid exercise of judicial discretion, the sovereign police powers of the State of Oregon and constitutional powers of the United States of America and to any valid applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting the rights of creditors generally and the exercise of judicial discretion in accordance with general principles of equity) and will be entitled to the benefits of, and secured as provided in, the Resolution.

(f) The Issuer has complied, and will at the Closing be in compliance, in all material respects, with the Resolution and all other agreements relating to projects undertaken by the Issuer or with respect to which the Issuer has assumed responsibility; the Issuer will enter into the Continuing Disclosure Agreement; and, except as disclosed in the Preliminary Official Statement, the Issuer has complied with all of its previous continuing disclosure obligations under the Rule.

(g) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer (or, to the knowledge of the Issuer, any meritorious basis therefor) (i) attempting to limit, enjoin or otherwise restrict or prevent the Issuer from functioning or contesting or questioning the existence of the Issuer or the titles of the present officers of the Issuer to their offices or (ii) wherein an unfavorable decision, ruling or finding would (A) adversely affect the existence or powers of the Issuer or the validity or enforceability of the Bonds, the Resolution, this Bond Purchase Agreement or any agreement or instrument to which the Issuer is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby including, without limitation, the documents described in (B) below or by the aforesaid documents; or (B) materially adversely affect (1) the transactions contemplated by the Issuer Documents or the Official Statement, or (2) the exemption of the interest on the Bonds from State of Oregon income taxation.

(h) The Issuer's adoption of the Resolution, its execution and delivery of the Issuer Documents and the Bonds, and compliance with the provisions thereof and hereof, do not and will not conflict with or constitute, on the Issuer's part, a violation of, breach of or default under any material statute, existing law, administrative regulation, filing, decree or order, state or federal, or any provision of the laws or Constitution of the State of Oregon, or any rule or regulation of the Issuer, or any material indenture, mortgage, lease, deed of trust, note, resolution, or other agreement or instrument to which the Issuer, or its properties, are subject or by which the Issuer, or its properties, are or may be bound or, to the knowledge of the Issuer, any order, rule or regulation of any regulatory body or court having jurisdiction over the Issuer or its activities or properties.

(i) The Issuer is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in default in any material respect under any document or instrument under and subject to which any indebtedness for borrowed money has been incurred which default would affect materially and adversely the transactions contemplated by this Bond Purchase Agreement or the Issuer Documents. No event has occurred or is continuing under the provisions of any such document or instrument that, with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder, which event of default would affect adversely the transactions contemplated by this Bond Purchase Agreement or the Issuer Documents.

(j) The Issuer is not in material breach of or in default under the Resolution, any applicable law or administrative regulation of the State of Oregon or the United States, or any applicable judgment or decree, or any loan agreement, note, resolution or other agreement or instrument to which the Issuer is a party or is otherwise subject, which breach or default would in any way materially adversely affect the authorization or issuance of the Bonds and the transactions contemplated hereby, and no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute such a breach or default.

(k) On and as of the Closing, all authorizations, consents, and approvals of, notices to, registrations or filings with, or actions in respect of any governmental body, agency, or other instrumentality or court required to be obtained, given, or taken on behalf of the Issuer in connection with the execution, delivery and performance by the Issuer of this Bond Purchase Agreement, the Bonds, and any other agreement or instrument to which the Issuer is a party and which has been or will be executed in connection with the consummation of the transactions contemplated by the foregoing documents, will have been obtained, given, or taken and will be in full force and effect.

(l) Any certificate signed by an authorized officer of the Issuer delivered to the Underwriter shall be deemed a representation and warranty by the Issuer to the Underwriter as to the truth of the statements made therein.

(m) The Issuer has and will cooperate with the Underwriter and its counsel in any endeavor to qualify the Bonds for offering and sale under the securities or “Blue Sky” laws of such jurisdictions of the United States as the Underwriter may request; provided, however, that the Issuer will not be required to execute a general or special consent to service of process or qualify to do business in connection with any qualification or determination in any jurisdiction.

(n) The audited financial statements of the Issuer examined by Grimstad & Associates, independent auditors, for the period ended June 30, 2018, present fairly the Issuer’s financial condition as of the date and the results of its operations for the period set forth therein and have been prepared in accordance with generally accepted accounting principles consistently applied. There has been no material adverse change in the financial affairs of the Issuer since June 30, 2018, except as disclosed specifically in the Official Statement.

(o) If between the date of this Bond Purchase Agreement and the date 25 days after the “end of the underwriting period” for the Bonds, as defined in the Rule, any event occurs which might or would cause the Official Statement to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, the Issuer shall promptly provide written notice to the Underwriter thereof, and if, in the opinion of the Issuer or the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Issuer shall at its expense supplement or amend the Official Statement in a form and in a manner approved by the Underwriter. For purposes of this Bond Purchase Agreement, the “end of the underwriting period” shall be deemed to be the Closing Date (as hereinafter defined), unless the Underwriter shall have notified the Issuer to the contrary on or before the Closing Date.

(p) If the Official Statement is supplemented or amended pursuant to subsection (o) of this Section, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subsection) at all times subsequent thereto up to and including the Closing Date, the Issuer shall take all steps necessary to ensure that the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(q) The information in the Preliminary Official Statement, including its attachments and appendices, at the time of acceptance hereof is correct in all material respects, and such Preliminary Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and the information in the Official Statement as of its date and as of the Closing Date, will be true and correct and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; provided, however, that (1) no representation or warranty is made with respect to information within the Preliminary Official Statement or the Official Statement related to DTC and its book-entry system, the Paying Agent, the Insurer, the information in the heading “Underwriting,” the statement regarding the Underwriter in the capitalized paragraph on the inside cover page, and information in the heading “Bond Insurance”; and (2) the representation in this subparagraph with respect to the yields or reoffering prices on the Bonds contained in the Official Statement is limited to a determination by the Issuer that such information is a true and accurate presentation of the information contained in Exhibit A to this Bond Purchase Agreement.

(r) The Issuer shall cause an electronic copy of the transcript of all proceedings relating to the authorization and issuance of the Bonds be delivered to the Underwriter after closing.

The execution and delivery of this Bond Purchase Agreement by the Issuer shall constitute a representation by the Issuer to the Underwriter that the representations, warranties and covenants contained in this Section 4 are true as of the date hereof; provided that no officer of the Issuer shall be individually liable for the breach of any representation, warranty or covenant made by the Issuer in this Section 4.

5. Closing. At 9:00 a.m., Pacific Time, December 17, 2019, or at such other time or date as the Issuer and the Underwriter shall mutually agree upon (the “Closing Date”), the Issuer shall (a) deliver or cause to be delivered, through the custody of The Depository Trust Company, New York, New York (“DTC”), or at such place as the Underwriter and the Issuer shall mutually agree upon, for the account of the Underwriter, the Bonds duly executed by the Issuer in fully registered form, bearing proper CUSIP numbers, and registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds; and (b) deliver or cause to be delivered, to the Underwriter at Milwaukee, Wisconsin, or at such other place as the Issuer and the Underwriter may mutually agree upon, the documents described in Section 6(d) hereof. Concurrently with the delivery of the Bonds and the documents mentioned in Section 6(d) hereof at the Closing, subject to the conditions contained herein, the Underwriter will accept such delivery and will pay the purchase price of the Bonds in the amount set forth in Exhibit A hereof by wire transfer in immediately available funds as provided in the closing memorandum prepared by the Underwriter. The Closing shall take place at the offices of Bond Counsel. The Bonds shall be available for inspection by the Underwriter at least two business days prior to Closing.

6. Closing Conditions/Right to Cancel. The Underwriter enters into this Bond Purchase Agreement in reliance upon the Issuer’s representations and agreements herein and the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Underwriter's obligations under this Bond Purchase Agreement are and shall be subject to the following additional conditions:

(a) At the time of the Closing, the Resolution shall be in full force and effect and neither the Resolution or the Official Statement shall have been amended, modified or supplemented, except as may have been approved in writing by the Underwriter, and the Issuer shall have duly adopted, and there shall be in full force and effect, such other resolutions as, in the opinion of Hawkins Delafield & Wood LLP (“Bond Counsel”), shall be necessary in connection with the transaction contemplated hereby.

(b) The Bonds, as set forth in Section 5, shall be deposited with DTC.

(c) The Underwriter shall have the right to cancel its obligation to purchase the Bonds at the time of Closing if any of the documents, certificates or opinions to be delivered to the Underwriter hereunder is not delivered at the time of Closing or if, between the date hereof and the time of Closing, one or more of the following occurs:

(i) Legislation shall hereafter be enacted or actively considered for enactment or introduction, with an effective date on or prior to the Closing, or a decision by a court of the United States shall be rendered or a stop order, ruling, regulation or proposed regulation by or on behalf of the Securities and Exchange Commission or other agency having jurisdiction shall be made, to the effect that the issuance, sale and delivery of the Bonds, or any other obligations of any similar public body of the general character of the Issuer is in violation of the Securities Act of 1933, as amended, of the Securities Exchange Act of 1934, as amended, or of the Trust Indenture Act of 1939, as amended or with the purpose or effect of otherwise prohibiting the issuance, sale or delivery of the Bonds, as contemplated hereby, or of obligations of the general character of the Bonds; or

(ii) There shall have occurred any outbreak or escalation of hostilities or other national or international calamity or crisis, the effect of such outbreak, calamity or crisis on the financial markets of the United States being such as, in the Underwriter's judgment, would make it impracticable for the Underwriter to deliver the Bonds; or

(iii) There shall be in force a general suspension of trading on the New York Stock Exchange or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction; or

(iv) A general banking moratorium shall have been declared by federal, Oregon or New York authorities having jurisdiction, and be in force, or a major financial crisis or a material disruption in commercial banking or securities settlement or clearances services shall have occurred such as to make it, in the judgment of the Underwriter, impractical or inadvisable to proceed with the offering of the Bonds as contemplated in the Official Statement; or

(v) an event shall occur which makes untrue or incorrect in any material respect, as of the time of such event, any statement or information contained in the Official Statement or which is not reflected in the Official Statement but should be reflected therein in order to make the statements contained therein not misleading in any material respect and requires an amendment of or supplement to the Official Statement and the effect of which, in the judgment of the Underwriter, would materially adversely affect the market for the Bonds or the sale, at the contemplated offering prices (or yields), by the Underwriter of the Bonds; or

(vi) either Fitch Ratings, Moody's Investors Service, Inc. ("Moody's") or Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies, Inc. ("S&P") shall have taken any action to lower, suspend or withdraw their respective

ratings on the Bonds or Assured Guaranty Municipal Corp. (the “Bond Insurer”) or bonds insured by the Bond Insurer or any general obligations of the Issuer and such action, in the opinion of the Underwriter, would adversely affect the market price or marketability of the Bonds; or

(d) At the Closing, the Underwriter shall receive the following documents:

(i) A duly executed copy of the Resolution;

(ii) The approving opinion of Bond Counsel in the form set forth in Appendix C of the Official Statement, and a reliance letter addressed to the Underwriter, each of which shall be dated the Closing Date;

(iii) An opinion of Mersereau Shannon LLP as counsel to the Underwriter dated the Closing Date and addressed to the Underwriter in form and substance satisfactory to the Underwriter;

(iv) A certificate of an authorized officer of the Issuer dated the date of Closing and in form and substance satisfactory to the Underwriter to the effect that:

a. the Issuer is a municipal corporation duly organized and validly existing under the Constitution and laws of the State of Oregon;

b. the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing;

c. there has been no adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise of the Issuer since the date herein;

d. the financial information relating to the Issuer provided to the Underwriter presents fairly the financial position of the Issuer as of the date indicated therein and the results of its operations for the period specified therein and the financial statements from which such information was derived have been prepared in accordance with applicable law with respect to the period involved;

e. no litigation or proceeding against it is pending or, to its knowledge, threatened in any court or administrative body nor is there a basis for litigation which would (1) contest the right of the members or officials of the Issuer to hold and exercise their respective positions, (2) contest the due organization and valid existence of the Issuer, (3) contest the validity, due authorization and execution of the Bonds or the Issuer Documents or (4) attempt

to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and collecting revenues pursuant to the Resolution;

f. the resolutions of the Issuer authorizing the execution, delivery and/or performance of the Official Statement, the Bonds and Issuer Documents have been duly adopted by the Issuer, are in full force and effect and have not been modified, amended or repealed;

g. the execution and delivery of the Issuer Documents and the delivery of the Bonds and compliance with the provisions thereof under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Issuer a breach of or default under any agreement or other instrument to which the Issuer is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the Issuer is subject which breach or default has or may have a material adverse effect on the ability of the Issuer to perform its obligations under the Resolution;

h. no authorization, approval, consent, or other order of the State of Oregon or any other governmental body within the State of Oregon is required for the valid authorization, execution and delivery of the Issuer Documents or the Official Statement by the Issuer or the consummation by the Issuer of the transactions on its part contemplated therein, except such as have been obtained;

i. the Official Statement has been duly authorized, signed and delivered by the Issuer and no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements made therein, in light of the circumstances under which made, not misleading in any respect as of the time of Closing, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the date of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; provided, however, that (1) no representation or warranty is made with respect to information within the Preliminary Official Statement or the Official Statement related to DTC and its book-entry system, the Paying Agent, the Insurer, the information in the heading "Underwriting," the statement regarding the Underwriter in the capitalized paragraph on the inside cover page, and information in the heading "Bond Insurance"; and (2) the representation in this subparagraph with respect to the yields or reoffering prices on the Bonds contained in the Official Statement is limited to a determination by the Issuer that

such information is a true and accurate presentation of the information contained in Exhibit A to this Bond Purchase Agreement; and

j. the Issuer has complied with all agreements and satisfied all the conditions on its part required to be performed or satisfied at or prior to the Closing, other than those specified hereunder that have been waived by the Underwriter;

- (v) A copy of the Official Statement as executed by the Issuer;
- (vi) An executed copy of the Continuing Disclosure Agreement;
- (vii) Specimen Bond;
- (viii) A certificate, dated the date of Closing, of the duly authorized representative(s) or officer(s) of the Issuer to the effect that the information contained in the Official Statement as of the date of Closing is correct in all material respects;
- (ix) Evidence that S&P, has issued ratings for the Bonds of not less than “A+,” underlying and “AA,” insured;
- (x) An opinion of counsel to the Bond Insurer, dated the date of Closing, as to the enforceability of the financial guaranty insurance policy;
- (xi) A financial guaranty insurance policy issued by the Bond Insurer guaranteeing the payment when due of the principal of and interest on the Bonds;
- (xii) A copy of the Escrow Deposit Agreement, executed by the Issuer and the Escrow Agent;
- (xiii) A report from Causey Demgen & Moore P.C., (the “Verification Agent”), verifying the accuracy of sufficient funding of the Escrow Deposit Fund;
- (xiv) A copy of the Blanket Issuer Letter of Representations between DTC and the Issuer;
- (xv) A certificate of the Issuer deeming the Preliminary Official Statement final as of its date, executed by an authorized representative of the Issuer and dated as of that date;
- (xvi) Approval from the State regarding the advance refunding plan;

(xvii) Such additional legal opinions, certificates, proceedings, instruments and other documents, as the Underwriter or legal counsel to the Underwriter may reasonably request to evidence compliance by the Issuer with legal requirements relating to the issuance of the Bonds, the truth and accuracy, as of the date of Closing, of all representations contained herein and the due performance or satisfaction by the Issuer at or prior to the date of Closing of all agreements then to be performed and all conditions then to be satisfied as contemplated under this Bond Purchase Agreement and the Resolution.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriter contained in this Bond Purchase Agreement or if the obligations of the Underwriter shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the Issuer nor the Underwriter shall have any further obligations hereunder, except that Sections (8) and (9) and the representations and warranties of the Issuer contained herein (as of the date made) will continue in full force and effect.

7. Survival. All representations, warranties and agreements of the Issuer set forth in or made pursuant to this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Underwriter and shall survive the delivery of and payment for the Bonds.

8. Payment of Expenses. The Issuer shall pay, out of the proceeds of the Bonds or from its own funds, any expenses incident to the performance of its obligations hereunder, including but not limited to: (i) the cost of the preparation, reproduction, printing, distribution, and mailing, of the Official Statement; (ii) the fees and disbursements of Bond Counsel, counsel for the Issuer, disclosure counsel (if any) and counsel to the Underwriter; (iii) the fees and disbursements of any auditors and other experts retained by the Issuer; (iv) fees charged by the rating agencies for the rating of the Bonds; (v) costs and fees of obtaining CUSIP number(s) assigned for the Bonds; (vi) costs and fees for the Bonds' DTC-eligibility; (vii) IPREO (electronic book-running/sales order system) charges and Municipal Debt Advisory Commission (MDAC) fees (if any); (viii) the cost of qualifying the Bonds under the laws of such jurisdictions as the Underwriter may designate, including filing fees and fees and disbursements of counsel for the Underwriter in connection with such qualification and the preparation of Blue Sky Memoranda; and (ix) all other expenses incident to the performance of its obligations under the offering. If the Bonds are not sold by the Issuer to the Underwriter, the Issuer shall pay all such expenses incident to the performance of the Issuer's obligations hereunder as provided in this Section. Notwithstanding the foregoing, the Underwriter shall be responsible for paying all fees to the MSRB in connection with the issuance of the Bonds.

9. Indemnification. The Issuer agrees to indemnify and hold harmless the Underwriter, the directors, officers, employees and agents of Underwriter and each person who controls any Underwriter within the meaning of either the Securities Act of 1933, as amended

(the “Securities Act”) or the Securities Exchange Act of 1934, as amended (the “Exchange Act”) against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Securities Act, the Exchange Act or other Federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Preliminary Official Statement, the Official Statement (or in any supplement or amendment thereto), except for information relating to DTC and its book-entry system, the Paying Agent, the Insurer, the information in the heading “Underwriting,” the statement regarding the Underwriter in the capitalized paragraph on the inside cover page, and information in the heading “Bond Insurance”, or arise out of or are based upon the omission or alleged omission to state therein a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. This indemnity agreement will be in addition to any liability which the Issuer may otherwise have.

Underwriter agrees to indemnify and hold harmless the Issuer, each of its officials, directors, officers and employees, and each person who controls the Issuer within the meaning of either the Securities Act or the Exchange Act, to the same extent as the foregoing indemnity from the Issuer to Underwriter, but only with reference to written information furnished by the Underwriter to the Issuer or information provided by the Underwriter specifically for inclusion in the Preliminary Official Statement or the Official Statement (or in any amendment or supplement thereto).

Promptly after receipt by an indemnified party of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party, notify the indemnifying party in writing of the commencement thereof; but the failure so to notify the indemnifying party (i) will not relieve it from liability unless and to the extent it did not otherwise learn of such action and such failure results in the forfeiture by the indemnifying party of substantial rights and defenses; and (ii) will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation. The indemnifying party shall be entitled to appoint counsel of the indemnifying party's choice at the indemnifying party's expense to represent the indemnified party in any action for which indemnification is sought provided, however, that such counsel shall be satisfactory to the indemnified party. Notwithstanding the indemnifying party's election to appoint counsel to represent the indemnified party in an action, the indemnified party shall have the right to employ separate counsel (including local counsel), and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest; (ii) the actual or potential defendants in, or targets of, any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party; (iii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the

institution of such action; or (iv) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. An indemnifying party will not, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding.

In the event that the indemnity provided herein is unavailable or insufficient to hold harmless an indemnified party for any reason the Issuer and the Underwriter agree to contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with investigating or defending the same) to which the Issuer and the Underwriter may be subject in such proportion as is appropriate to reflect the relative benefits received by the Issuer on the one hand and by the Underwriter on the other from the offering. If the allocation provided by the immediately preceding sentence is unavailable for any reason, the Issuer and the Underwriter shall contribute in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Issuer on the one hand and of the Underwriter on the other in connection with the statements or omissions which resulted in such Losses, as well as any other relevant equitable considerations. In no case shall Underwriter be responsible for any amount in excess of the purchase discount or fee applicable to the Bonds purchased by Underwriter hereunder. Benefits received by the Issuer shall be deemed to be equal to the total net proceeds from the offering (before deducting expenses) received by it, and benefits received by the Underwriter shall be deemed to be equal to the total purchase discounts and commissions in each case set forth on the inside cover of the Official Statement. Relative fault shall be determined by reference to, among other things, whether any untrue or any alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information provided by the Issuer on the one hand or the Underwriter on the other, the intent of the parties and their relative knowledge, information and opportunity to correct or prevent such untrue statement or omission. The Issuer and the Underwriter agree that it would not be just and equitable if contribution were determined by pro rata allocation or any other method of allocation which does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this paragraph no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. Each person who controls Underwriter within the meaning of either the Securities Act or the Exchange Act and each director, officer, employee and agent of Underwriter shall have the same rights to contribution as Underwriter, and each person who controls the Issuer within the meaning of either the Securities Act or the Exchange Act and each official, director, officer and employee of the Issuer shall have the same rights to contribution as the Issuer, subject in each case to the applicable terms and conditions of this paragraph.

10. Notices. Any notice or other communication to be given to the Issuer under this Bond Purchase Agreement may be given by delivering the same in writing or by telex or telecopy to the address shown below, and any notice under this Bond Purchase Agreement to the Underwriter may be given by delivering the same in writing to the Underwriter as follows:

Port of Newport
600 SE Bay Blvd.
Newport, OR 97365
(Attention: Director of Finance)

Robert W. Baird & Co. Incorporated
One Harding Road, Ste. 207
Red Bank, NJ 07701
(Attention: Managing Director)

11. Governing Law. This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Oregon.

12. Effectiveness. This Bond Purchase Agreement shall become effective upon the acceptance hereof by the Issuer.

13. Arm-Length Transaction. The Issuer acknowledges and agrees that the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between the Issuer and the Underwriter, acting solely as a principal and not as a financial advisor or agent of the Issuer, and that the Underwriter does not have a fiduciary duty to the Issuer and has not assumed a financial advisory responsibility in favor of the Issuer with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the Issuer on other matters) or any other obligation to the Issuer except the obligations expressly set forth in this Bond Purchase Agreement, it being the Issuer's understanding that a financial advisory relationship shall not be deemed to exist when, in the course of acting as an underwriter, a broker, dealer or municipal securities dealer, a person renders advice to an issuer, including advice with respect to the structure, timing, terms and other similar matters concerning a new issue of municipal securities

14. Miscellaneous. (a) If any provision of this Bond Purchase Agreement shall be held or deemed to be or shall, in fact, be inoperative, invalid or unenforceable as applied in any particular case in any jurisdiction or jurisdictions because it conflicts with any provisions of any constitution, statute, rule or public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Bond Purchase Agreement invalid, inoperative or unenforceable to any extent whatever.

(b) This Bond Purchase Agreement may be signed in any number of counterparts, each of which shall be an original, but all of which shall constitute but one and the same instrument.

(c) This Bond Purchase Agreement is made solely for the benefit of is binding on Issuer and the Underwriter (including successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. It is the entire agreement of the parties, superseding all prior agreements, and may not be modified except in writing signed by both of the parties hereto.

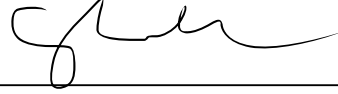
(d) Under this Bond Purchase Agreement, the Underwriter is acting as a principal and not as agent or fiduciary, and the Underwriter's engagement is as an independent contractor and not in any other capacity. The Issuer agrees that it is solely responsible for making its own judgments in connection with the offering of the Bonds regardless of whether the Underwriter has or is currently advising the Issuer on related or other matters.

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Very truly yours,

ROBERT W. BAIRD & CO. INCORPORATED

By:



Craig A. Hrinkevich, Managing Director

- Signature Page -

Bond Purchase Agreement – Port of Newport, Lincoln County, Oregon \$5,320,000 General Obligation Refunding Bonds, Series 2019 (Federally Taxable)

Accepted and agreed to as
of the date first above written:

**PORT OF NEWPORT
LINCOLN COUNTY, OREGON**

By: Mark A. Brown
Mark A. Brown, Director for Finance and Business Services

- Signature Page -

Bond Purchase Agreement – Port of Newport, Lincoln County, Oregon \$5,320,000 General Obligation Refunding
Bonds, Series 2019 (Federally Taxable)

EXHIBIT A

**Principal Amount, Dated Date, Maturities,
Interest Rates, Sources and Uses of Funds and
Optional and Mandatory Redemption
of the Bonds**

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**Port of Newport, Oregon
General Obligation Refunding Bonds, Series 2019 (Federally Taxable)
AR of General Obligation Bonds, Series 2011
First Optional Call: January 1, 2029
*** Final Pricing *****

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SOURCES AND USES OF FUNDS

Port of Newport, Oregon
General Obligation Refunding Bonds, Series 2019 (Federally Taxable)
AR of General Obligation Bonds, Series 2011
First Optional Call: January 1, 2029
***** Final Pricing *****

Dated Date	12/17/2019
Delivery Date	12/17/2019

Sources:

Bond Proceeds:	
Par Amount	5,320,000.00
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	5,320,000.00
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Uses:

Refunding Escrow Deposits:	
Cash Deposit	0.64
SLGS Purchases	<u>5,162,971.00</u>
	5,162,971.64

Cost of Issuance:	
Bond Counsel Fee	40,000.00
Financial Advisor Fee	25,000.00
Underwriter's Counsel Fee	17,500.00
S&P Global Rating Agency Fee	15,000.00
Paying Agent Fee (One Time Upfront)	11,000.00
Oregon State Treasury (AR Fee)	2,750.00
Verification Agent Fee	2,000.00
Escrow Agent Fee	1,200.00
Oregon State Treasury (MDAC Fee)	<u>800.00</u>
	115,250.00

Delivery Date Expenses:	
Underwriter's Discount	24,661.78
AGM Bond Insurance (16.8 bps)	<u>13,652.19</u>
	38,313.97

Other Uses of Funds:	
Rounding Amount	3,464.39
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	5,320,000.00
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SUMMARY OF BONDS REFUNDED

Port of Newport, Oregon
General Obligation Refunding Bonds, Series 2019 (Federally Taxable)
AR of General Obligation Bonds, Series 2011
First Optional Call: January 1, 2029
***** Final Pricing *****

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
General Obligation Bonds, Series 2011:					
TERM26	01/01/2022	4.500%	80,000.00	01/01/2021	100.000
	01/01/2023	4.500%	80,000.00	01/01/2021	100.000
	01/01/2024	4.500%	85,000.00	01/01/2021	100.000
	01/01/2025	4.500%	90,000.00	01/01/2021	100.000
	01/01/2026	4.500%	90,000.00	01/01/2021	100.000
TERM31	01/01/2027	5.000%	95,000.00	01/01/2021	100.000
	01/01/2028	5.000%	105,000.00	01/01/2021	100.000
	01/01/2029	5.000%	110,000.00	01/01/2021	100.000
	01/01/2030	5.000%	110,000.00	01/01/2021	100.000
	01/01/2031	5.000%	120,000.00	01/01/2021	100.000
TERM36	01/01/2032	5.300%	130,000.00	01/01/2021	100.000
	01/01/2033	5.300%	135,000.00	01/01/2021	100.000
	01/01/2034	5.300%	145,000.00	01/01/2021	100.000
	01/01/2035	5.300%	145,000.00	01/01/2021	100.000
	01/01/2036	5.300%	155,000.00	01/01/2021	100.000
TERM41	01/01/2037	5.500%	165,000.00	01/01/2021	100.000
	01/01/2038	5.500%	475,000.00	01/01/2021	100.000
	01/01/2039	5.500%	800,000.00	01/01/2021	100.000
	01/01/2040	5.500%	845,000.00	01/01/2021	100.000
	01/01/2041	5.500%	895,000.00	01/01/2021	100.000
			4,855,000.00		

PRIOR BOND DEBT SERVICE

Port of Newport, Oregon
General Obligation Refunding Bonds, Series 2019 (Federally Taxable)
AR of General Obligation Bonds, Series 2011
First Optional Call: January 1, 2029
***** Final Pricing *****

Period Ending	Principal	Coupon	Interest	Debt Service
07/01/2020			258,655.00	258,655.00
07/01/2021			258,655.00	258,655.00
07/01/2022	80,000	4.500%	256,855.00	336,855.00
07/01/2023	80,000	4.500%	253,255.00	333,255.00
07/01/2024	85,000	4.500%	249,542.50	334,542.50
07/01/2025	90,000	4.500%	245,605.00	335,605.00
07/01/2026	90,000	4.500%	241,555.00	331,555.00
07/01/2027	95,000	5.000%	237,155.00	332,155.00
07/01/2028	105,000	5.000%	232,155.00	337,155.00
07/01/2029	110,000	5.000%	226,780.00	336,780.00
07/01/2030	110,000	5.000%	221,280.00	331,280.00
07/01/2031	120,000	5.000%	215,530.00	335,530.00
07/01/2032	130,000	5.300%	209,085.00	339,085.00
07/01/2033	135,000	5.300%	202,062.50	337,062.50
07/01/2034	145,000	5.300%	194,642.50	339,642.50
07/01/2035	145,000	5.300%	186,957.50	331,957.50
07/01/2036	155,000	5.300%	179,007.50	334,007.50
07/01/2037	165,000	5.500%	170,362.50	335,362.50
07/01/2038	475,000	5.500%	152,762.50	627,762.50
07/01/2039	800,000	5.500%	117,700.00	917,700.00
07/01/2040	845,000	5.500%	72,462.50	917,462.50
07/01/2041	895,000	5.500%	24,612.50	919,612.50
	4,855,000		4,406,677.50	9,261,677.50

SAVINGS

Port of Newport, Oregon
General Obligation Refunding Bonds, Series 2019 (Federally Taxable)
AR of General Obligation Bonds, Series 2011
First Optional Call: January 1, 2029
***** Final Pricing *****

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 12/17/2019 @ 3.4782837%
07/01/2020	258,655.00	203,283.68	55,371.32	54,565.49
07/01/2021	258,655.00	222,416.00	36,239.00	34,248.24
07/01/2022	336,855.00	285,649.00	51,206.00	47,047.08
07/01/2023	333,255.00	278,180.50	55,074.50	48,944.83
07/01/2024	334,542.50	280,608.50	53,934.00	46,302.00
07/01/2025	335,605.00	282,739.00	52,866.00	43,842.10
07/01/2026	331,555.00	279,613.00	51,942.00	41,611.60
07/01/2027	332,155.00	276,373.00	55,782.00	43,223.43
07/01/2028	337,155.00	282,928.00	54,227.00	40,590.40
07/01/2029	336,780.00	284,210.75	52,569.25	38,011.25
07/01/2030	331,280.00	280,120.25	51,159.75	35,732.65
07/01/2031	335,530.00	280,679.00	54,851.00	37,052.71
07/01/2032	339,085.00	285,995.50	53,089.50	34,645.30
07/01/2033	337,062.50	281,150.50	55,912.00	35,283.92
07/01/2034	339,642.50	286,144.00	53,498.50	32,613.89
07/01/2035	331,957.50	285,672.50	46,285.00	27,223.54
07/01/2036	334,007.50	284,810.00	49,197.50	27,987.10
07/01/2037	335,362.50	288,685.00	46,677.50	25,651.32
07/01/2038	627,762.50	582,047.50	45,715.00	24,307.11
07/01/2039	917,700.00	864,340.00	53,360.00	27,517.22
07/01/2040	917,462.50	865,360.00	52,102.50	26,027.02
07/01/2041	919,612.50	865,300.00	54,312.50	26,291.69
	9,261,677.50	8,126,305.68	1,135,371.82	798,719.89

Savings Summary

PV of savings from cash flow	798,719.89
Plus: Refunding funds on hand	3,464.39
	<hr/>
Net PV Savings	802,184.28

SUMMARY OF REFUNDING RESULTS

Port of Newport, Oregon
General Obligation Refunding Bonds, Series 2019 (Federally Taxable)
AR of General Obligation Bonds, Series 2011
First Optional Call: January 1, 2029
***** Final Pricing *****

Dated Date	12/17/2019
Delivery Date	12/17/2019
Arbitrage yield	3.478284%
Escrow yield	1.541177%
Value of Negative Arbitrage	97,945.81
Bond Par Amount	5,320,000.00
True Interest Cost	3.496555%
Net Interest Cost	3.502940%
All-In TIC	3.714492%
Average Coupon	3.472425%
Average Life	15.191
Weighted Average Maturity	15.191
Duration	11.561
Par amount of refunded bonds	4,855,000.00
Average coupon of refunded bonds	5.421349%
Average life of refunded bonds	16.289
Remaining weighted average maturity of refunded bonds	16.304
PV of prior debt to 12/17/2019 @ 3.478284%	6,105,067.70
Net PV Savings	802,184.28
Percentage savings of refunded bonds	16.522848%

BOND DEBT SERVICE

Port of Newport, Oregon
General Obligation Refunding Bonds, Series 2019 (Federally Taxable)
AR of General Obligation Bonds, Series 2011
First Optional Call: January 1, 2029
***** Final Pricing *****

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/17/2019					
01/01/2020	110,000	2.050%	6,813.18	116,813.18	
07/01/2020			86,470.50	86,470.50	203,283.68
01/01/2021	50,000	2.100%	86,470.50	136,470.50	
07/01/2021			85,945.50	85,945.50	222,416.00
01/01/2022	115,000	2.160%	85,945.50	200,945.50	
07/01/2022			84,703.50	84,703.50	285,649.00
01/01/2023	110,000	2.230%	84,703.50	194,703.50	
07/01/2023			83,477.00	83,477.00	278,180.50
01/01/2024	115,000	2.340%	83,477.00	198,477.00	
07/01/2024			82,131.50	82,131.50	280,608.50
01/01/2025	120,000	2.540%	82,131.50	202,131.50	
07/01/2025			80,607.50	80,607.50	282,739.00
01/01/2026	120,000	2.670%	80,607.50	200,607.50	
07/01/2026			79,005.50	79,005.50	279,613.00
01/01/2027	120,000	2.730%	79,005.50	199,005.50	
07/01/2027			77,367.50	77,367.50	276,373.00
01/01/2028	130,000	2.780%	77,367.50	207,367.50	
07/01/2028			75,560.50	75,560.50	282,928.00
01/01/2029	135,000	2.830%	75,560.50	210,560.50	
07/01/2029			73,650.25	73,650.25	284,210.75
01/01/2030	135,000	3.230%	73,650.25	208,650.25	
07/01/2030			71,470.00	71,470.00	280,120.25
01/01/2031	140,000	3.230%	71,470.00	211,470.00	
07/01/2031			69,209.00	69,209.00	280,679.00
01/01/2032	150,000	3.230%	69,209.00	219,209.00	
07/01/2032			66,786.50	66,786.50	285,995.50
01/01/2033	150,000	3.230%	66,786.50	216,786.50	
07/01/2033			64,364.00	64,364.00	281,150.50
01/01/2034	160,000	3.230%	64,364.00	224,364.00	
07/01/2034			61,780.00	61,780.00	286,144.00
01/01/2035	165,000	3.500%	61,780.00	226,780.00	
07/01/2035			58,892.50	58,892.50	285,672.50
01/01/2036	170,000	3.500%	58,892.50	228,892.50	
07/01/2036			55,917.50	55,917.50	284,810.00
01/01/2037	180,000	3.500%	55,917.50	235,917.50	
07/01/2037			52,767.50	52,767.50	288,685.00
01/01/2038	485,000	3.500%	52,767.50	537,767.50	
07/01/2038			44,280.00	44,280.00	582,047.50
01/01/2039	790,000	3.600%	44,280.00	834,280.00	
07/01/2039			30,060.00	30,060.00	864,340.00
01/01/2040	820,000	3.600%	30,060.00	850,060.00	
07/01/2040			15,300.00	15,300.00	865,360.00
01/01/2041	850,000	3.600%	15,300.00	865,300.00	
07/01/2041					865,300.00
	5,320,000		2,806,305.68	8,126,305.68	8,126,305.68

BOND PRICING

Port of Newport, Oregon
General Obligation Refunding Bonds, Series 2019 (Federally Taxable)
AR of General Obligation Bonds, Series 2011
First Optional Call: January 1, 2029
***** Final Pricing *****

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Principal Cost	Takedown
Serial Bond:							
	01/01/2020	110,000	2.050%	2.050%	100.000	110,000.00	3.750
	01/01/2021	50,000	2.100%	2.100%	100.000	50,000.00	3.750
	01/01/2022	115,000	2.160%	2.160%	100.000	115,000.00	3.750
	01/01/2023	110,000	2.230%	2.230%	100.000	110,000.00	3.750
	01/01/2024	115,000	2.340%	2.340%	100.000	115,000.00	3.750
	01/01/2025	120,000	2.540%	2.540%	100.000	120,000.00	3.750
	01/01/2026	120,000	2.670%	2.670%	100.000	120,000.00	3.750
	01/01/2027	120,000	2.730%	2.730%	100.000	120,000.00	3.750
	01/01/2028	130,000	2.780%	2.780%	100.000	130,000.00	3.750
	01/01/2029	135,000	2.830%	2.830%	100.000	135,000.00	3.750
		<u>1,125,000</u>				<u>1,125,000.00</u>	
2034 Term Bond:							
	01/01/2030	135,000	3.230%	3.230%	100.000	135,000.00	3.750
	01/01/2031	140,000	3.230%	3.230%	100.000	140,000.00	3.750
	01/01/2032	150,000	3.230%	3.230%	100.000	150,000.00	3.750
	01/01/2033	150,000	3.230%	3.230%	100.000	150,000.00	3.750
	01/01/2034	160,000	3.230%	3.230%	100.000	160,000.00	3.750
		<u>735,000</u>				<u>735,000.00</u>	
2038 Term Bond:							
	01/01/2035	165,000	3.500%	3.500%	100.000	165,000.00	4.500
	01/01/2036	170,000	3.500%	3.500%	100.000	170,000.00	4.500
	01/01/2037	180,000	3.500%	3.500%	100.000	180,000.00	4.500
	01/01/2038	485,000	3.500%	3.500%	100.000	485,000.00	4.500
		<u>1,000,000</u>				<u>1,000,000.00</u>	
2041 Term Bond:							
	01/01/2039	790,000	3.600%	3.600%	100.000	790,000.00	4.500
	01/01/2040	820,000	3.600%	3.600%	100.000	820,000.00	4.500
	01/01/2041	850,000	3.600%	3.600%	100.000	850,000.00	4.500
		<u>2,460,000</u>				<u>2,460,000.00</u>	
		<u>5,320,000</u>				<u>5,320,000.00</u>	

Dated Date	12/17/2019	
Delivery Date	12/17/2019	
First Coupon	01/01/2020	
Par Amount	5,320,000.00	
Original Issue Discount		
Production	5,320,000.00	100.000000%
Underwriter's Discount	(24,661.78)	(0.463567%)
Purchase Price	5,295,338.22	99.536433%
Accrued Interest		
Net Proceeds	5,295,338.22	

BOND SUMMARY STATISTICS

Port of Newport, Oregon
General Obligation Refunding Bonds, Series 2019 (Federally Taxable)
AR of General Obligation Bonds, Series 2011
First Optional Call: January 1, 2029
***** Final Pricing *****

Dated Date	12/17/2019
Delivery Date	12/17/2019
First Coupon	01/01/2020
Last Maturity	01/01/2041
Arbitrage Yield	3.478284%
True Interest Cost (TIC)	3.496555%
Net Interest Cost (NIC)	3.502940%
All-In TIC	3.714492%
Average Coupon	3.472425%
Average Life (years)	15.191
Weighted Average Maturity (years)	15.191
Duration of Issue (years)	11.561
Par Amount	5,320,000.00
Bond Proceeds	5,320,000.00
Total Interest	2,806,305.68
Net Interest	2,830,967.46
Bond Years from Dated Date	80,816,888.89
Bond Years from Delivery Date	80,816,888.89
Total Debt Service	8,126,305.68
Maximum Annual Debt Service	865,360.00
Average Annual Debt Service	386,251.66

Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	PV of 1 bp change
Serial Bond	1,125,000.00	100.000	2.639%	4.914	11/15/2024	505.35
2034 Term Bond	735,000.00	100.000	3.230%	12.121	01/30/2032	830.55
2038 Term Bond	1,000,000.00	100.000	3.500%	17.024	12/24/2036	1,320.00
2041 Term Bond	2,460,000.00	100.000	3.600%	20.063	01/09/2040	3,591.60
	5,320,000.00			15.191		6,247.50

	TIC	All-In TIC	Arbitrage Yield
Par Value	5,320,000.00	5,320,000.00	5,320,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	(24,661.78)	(24,661.78)	
- Cost of Issuance Expense		(115,250.00)	
- Other Amounts		(13,652.19)	(13,652.19)
Target Value	5,295,338.22	5,166,436.03	5,306,347.81
Target Date	12/17/2019	12/17/2019	12/17/2019
Yield	3.496555%	3.714492%	3.478284%

AVERAGE TAKEDOWN

Port of Newport, Oregon
General Obligation Refunding Bonds, Series 2019 (Federally Taxable)
AR of General Obligation Bonds, Series 2011
First Optional Call: January 1, 2029
***** Final Pricing *****

Dated Date 12/17/2019
 Delivery Date 12/17/2019

Bond Component	Maturity Date	Par Amount	Takedown \$/Bond	Takedown Amount
Serial Bond:				
	01/01/2020	110,000	3.7500	412.50
	01/01/2021	50,000	3.7500	187.50
	01/01/2022	115,000	3.7500	431.25
	01/01/2023	110,000	3.7500	412.50
	01/01/2024	115,000	3.7500	431.25
	01/01/2025	120,000	3.7500	450.00
	01/01/2026	120,000	3.7500	450.00
	01/01/2027	120,000	3.7500	450.00
	01/01/2028	130,000	3.7500	487.50
	01/01/2029	135,000	3.7500	506.25
		<u>1,125,000</u>	<u>3.7500</u>	<u>4,218.75</u>
2034 Term Bond:				
	01/01/2030	135,000	3.7500	506.25
	01/01/2031	140,000	3.7500	525.00
	01/01/2032	150,000	3.7500	562.50
	01/01/2033	150,000	3.7500	562.50
	01/01/2034	160,000	3.7500	600.00
		<u>735,000</u>	<u>3.7500</u>	<u>2,756.25</u>
2038 Term Bond:				
	01/01/2035	165,000	4.5000	742.50
	01/01/2036	170,000	4.5000	765.00
	01/01/2037	180,000	4.5000	810.00
	01/01/2038	485,000	4.5000	2,182.50
		<u>1,000,000</u>	<u>4.5000</u>	<u>4,500.00</u>
2041 Term Bond:				
	01/01/2039	790,000	4.5000	3,555.00
	01/01/2040	820,000	4.5000	3,690.00
	01/01/2041	850,000	4.5000	3,825.00
		<u>2,460,000</u>	<u>4.5000</u>	<u>11,070.00</u>
		<u>5,320,000</u>	<u>4.2378</u>	<u>22,545.00</u>

UNDERWRITER'S DISCOUNT

**Port of Newport, Oregon
General Obligation Refunding Bonds, Series 2019 (Federally Taxable)
AR of General Obligation Bonds, Series 2011
First Optional Call: January 1, 2029
*** Final Pricing *****

Underwriter's Discount	\$/1000	Amount
Average Takedown	4.23778	22,545.00
CUSIP	0.13252	705.00
Disclosure Fee	0.00658	35.00
IPREO Bookrunning	0.03000	159.60
IPREO Wires	0.00564	30.00
IPREO Sales Electronic Order Entry	0.01500	79.80
IPREO Game Day	0.03000	159.60
Dayloan	0.02778	147.78
DTC	0.15038	800.00
	4.63567	24,661.78

ESCROW REQUIREMENTS

**Port of Newport, Oregon
General Obligation Refunding Bonds, Series 2019 (Federally Taxable)
AR of General Obligation Bonds, Series 2011
First Optional Call: January 1, 2029
*** Final Pricing *****

Dated Date 12/17/2019
Delivery Date 12/17/2019

Period Ending	Interest	Principal Redeemed	Total
01/01/2020	129,327.50		129,327.50
07/01/2020	129,327.50		129,327.50
01/01/2021	129,327.50	4,855,000.00	4,984,327.50
	387,982.50	4,855,000.00	5,242,982.50

ESCROW DESCRIPTIONS

Port of Newport, Oregon
General Obligation Refunding Bonds, Series 2019 (Federally Taxable)
AR of General Obligation Bonds, Series 2011
First Optional Call: January 1, 2029
***** Final Pricing *****

Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate	Total Cost
Dec 17, 2019:							
SLGS	Certificate	01/01/2020	01/01/2020	129,327	0.000%		129,327.00
SLGS	Certificate	07/01/2020	07/01/2020	87,403	1.560%	1.560%	87,403.00
SLGS	Note	01/01/2021	07/01/2020	4,946,241	1.540%	1.540%	4,946,241.00
				5,162,971			5,162,971.00

SLGS Summary

SLGS Rates File	11DEC19
Total Certificates of Indebtedness	216,730.00
Total Notes	4,946,241.00
Total original SLGS	5,162,971.00

ESCROW COST DETAIL

Port of Newport, Oregon
General Obligation Refunding Bonds, Series 2019 (Federally Taxable)
AR of General Obligation Bonds, Series 2011
First Optional Call: January 1, 2029
***** Final Pricing *****

Type of Security	Maturity Date	Par Amount	Rate	Total Cost
Global Proceeds Escrow:				
SLGS	01/01/2020	129,327	0.000%	129,327.00
SLGS	07/01/2020	87,403	1.560%	87,403.00
SLGS	01/01/2021	4,946,241	1.540%	4,946,241.00
		5,162,971		5,162,971.00

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost	Yield
Global Proceeds Escrow:				
12/17/2019	5,162,971	0.64	5,162,971.64	1.541177%
	5,162,971	0.64	5,162,971.64	

ESCROW SUFFICIENCY

Port of Newport, Oregon
General Obligation Refunding Bonds, Series 2019 (Federally Taxable)
AR of General Obligation Bonds, Series 2011
First Optional Call: January 1, 2029
***** Final Pricing *****

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
12/17/2019		0.64	0.64	0.64
01/01/2020	129,327.50	129,327.00	(0.50)	0.14
07/01/2020	129,327.50	129,327.80	0.30	0.44
01/01/2021	4,984,327.50	4,984,327.06	(0.44)	
	5,242,982.50	5,242,982.50	0.00	

UNREFUNDED BOND DEBT SERVICE

Port of Newport, Oregon
General Obligation Refunding Bonds, Series 2019 (Federally Taxable)
AR of General Obligation Bonds, Series 2011
First Optional Call: January 1, 2029
***** Final Pricing *****

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/17/2019					
01/01/2020	70,000	4.000%	2,800	72,800	
07/01/2020			1,400	1,400	74,200
01/01/2021	70,000	4.000%	1,400	71,400	
07/01/2021					71,400
	140,000		5,600	145,600	145,600

PROOF OF ARBITRAGE YIELD

Port of Newport, Oregon
General Obligation Refunding Bonds, Series 2019 (Federally Taxable)
AR of General Obligation Bonds, Series 2011
First Optional Call: January 1, 2029
***** Final Pricing *****

Date	Debt Service	PV Factor	Present Value to 12/17/2019 @ 3.4782836837%
01/01/2020	116,813.18	0.998659861	116,656.63
07/01/2020	86,470.50	0.981588642	84,878.46
01/01/2021	136,470.50	0.964809241	131,668.00
07/01/2021	85,945.50	0.948316669	81,503.55
01/01/2022	200,945.50	0.932106023	187,302.51
07/01/2022	84,703.50	0.916172484	77,603.02
01/01/2023	194,703.50	0.900511315	175,332.70
07/01/2023	83,477.00	0.885117860	73,886.98
01/01/2024	198,477.00	0.869987542	172,672.52
07/01/2024	82,131.50	0.855115865	70,231.95
01/01/2025	202,131.50	0.840498405	169,891.20
07/01/2025	80,607.50	0.826130818	66,592.34
01/01/2026	200,607.50	0.812008833	162,895.06
07/01/2026	79,005.50	0.798128251	63,056.52
01/01/2027	199,005.50	0.784484945	156,116.82
07/01/2027	77,367.50	0.771074859	59,656.13
01/01/2028	207,367.50	0.757894007	157,162.59
07/01/2028	75,560.50	0.744938471	56,287.92
01/01/2029	210,560.50	0.732204398	154,173.32
07/01/2029	73,650.25	0.719688003	53,005.20
01/01/2030	208,650.25	0.707385564	147,596.17
07/01/2030	71,470.00	0.695293425	49,692.62
01/01/2031	211,470.00	0.683407991	144,520.29
07/01/2031	69,209.00	0.671725728	46,489.47
01/01/2032	219,209.00	0.660243163	144,731.24
07/01/2032	66,786.50	0.648956882	43,341.56
01/01/2033	216,786.50	0.637863531	138,280.20
07/01/2033	64,364.00	0.626959810	40,353.64
01/01/2034	224,364.00	0.616242479	138,262.63
07/01/2034	61,780.00	0.605708352	37,420.66
01/01/2035	226,780.00	0.595354296	135,014.45
07/01/2035	58,892.50	0.585177234	34,462.55
01/01/2036	228,892.50	0.575174140	131,653.05
07/01/2036	55,917.50	0.565342040	31,612.51
01/01/2037	235,917.50	0.555678011	131,094.17
07/01/2037	52,767.50	0.546179181	28,820.51
01/01/2038	537,767.50	0.536842724	288,696.57
07/01/2038	44,280.00	0.527665866	23,365.04
01/01/2039	834,280.00	0.518645879	432,695.88
07/01/2039	30,060.00	0.509780080	15,323.99
01/01/2040	850,060.00	0.501065835	425,936.02
07/01/2040	15,300.00	0.492500551	7,535.26
01/01/2041	865,300.00	0.484081684	418,875.88
	8,126,305.68		5,306,347.81

Proceeds Summary

Delivery date	12/17/2019
Par Value	5,320,000.00
Arbitrage expenses	(13,652.19)
Target for yield calculation	5,306,347.81

PROOF OF COMPOSITE ESCROW YIELD

Port of Newport, Oregon
General Obligation Refunding Bonds, Series 2019 (Federally Taxable)
AR of General Obligation Bonds, Series 2011
First Optional Call: January 1, 2029
***** Final Pricing *****

All restricted escrows funded by bond proceeds

Date	Security Receipts	PV Factor	Present Value to 12/17/2019 @ 1.5411771488%
01/01/2020	129,327.00	0.999403129	129,249.81
07/01/2020	129,327.80	0.991760734	128,262.23
01/01/2021	4,984,327.06	0.984176780	4,905,458.96
	5,242,981.86		5,162,971.00

Escrow Cost Summary

Purchase date	12/17/2019
Purchase cost of securities	5,162,971.00
Target for yield calculation	5,162,971.00

OPTIONAL REDEMPTION

The Bonds maturing in years 2020 through 2029, inclusive, are not subject to optional redemption prior to maturity. The Port reserves the right to redeem all or any portion of the Bonds maturing on or after January 1, 2030, at the option of the Port on January 1, 2029, and on any date thereafter in whole or in part, in any order of maturity with maturities selected by the Port, at a price of par, plus accrued interest to the date of redemption.

MANDATORY REDEMPTION

If not previously redeemed as described above, the Term Bonds maturing on January 1, in the years 2034, 2038 and 2041 are subject to mandatory redemption (in such manner as the Paying Agent and DTC will determine or by lot by the Paying Agent) on January 1 of the following years in the following principal amounts, at a price of par, plus accrued interest to the date of redemption.

2034 Term Bond	
January 1	Amount
2030	\$135,000
2031	140,000
2032	150,000
2033	150,000
2034 ⁽¹⁾	160,000

2038 Term Bond	
January 1	Amount
2035	\$165,000
2036	170,000
2037	180,000
2038 ⁽¹⁾	485,000

2041 Term Bond	
January 1	Amount
2039	\$790,000
2040	820,000
2041 ⁽¹⁾	850,000

⁽¹⁾ Final maturity.

Exhibit A

Bond Purchase Agreement – Port of Newport, Lincoln County, Oregon \$5,320,000 General Obligation Refunding Bonds, Series 2019 (Federally Taxable)

2020 ANNUAL REPORT TO THE
PORT OF NEWPORT BOARD OF COMMISSIONERS

This Annual Report is filed with the Port of Newport Board of Commissioners by the President, Vice-President, and Secretary/Treasurer

Action	Date	Type	Vote Y/N
Adopted Resolution 2019-01 Opposing HB 2284 (Allows for Governor Appointed Port Commissioners).....	01/16/19	Resolution	5 - 0
Approved SDIS Liability & Property Insurance (\$171,814).....	01/22/19	Contract	4 - 0
Approved Servco Pacific Marine Insurance (\$8,778.00).....	01/22/19	Contract	4 - 0
Approved Payne West NOAA Facilities Earthquake & Flood Insurance (\$77,502.25).....	01/22/19	Contract	4 - 0
Approved 2019 Commission Annual Report.....	01/22/19	Other	
Adopted Resolution 2019-02 for Committing Fund Balance for NOAA Capital Maintenance.....	01/22/19	Resolution	4 - 0
Approved Special Use Permit for Davis Shows Loyalty Days Carnival.....	01/22/19	SUP	4 - 0
Approved Letter of Intent for Port Dock 1 Lot Line Adjustment.....	02/26/19	Other	Consensus
Appointed Sara Skamser as representative and Jeff Lackey as alternate to the Cascades West Area Commission on Transportation.....	02/26/19	Other	5 - 0
Adopted Resolution 2019-03 Amending the Port of Newport Facilities Code to Add a Definition of Regular Hours by Location and Clarify Hoist Dock Usage Standards.....	02/26/19	Resolution	5 - 0
Adopted Resolution 2019-04 Supporting Funding Efforts for the Port Dock 5 Pier.....	02/26/19	Resolution	5 - 0
Approved Special Use Permit for HST Oregon Bus Driver Training.....	02/26/19	SUP	5 - 0
Approved Special Use Permit for CAST for Kids Foundation Fishing/Crabbing Event.....	02/26/19	SUP	5 - 0
contingencies as desired for General Manager with Paula Miranda.....	03/18/19	Personnel	3 - 1
Approved the purchase of HDPE Backer Pipes from ISCO Industries in the amount of \$26,642.70.....	03/26/19	Contract	4 - 0
Authorized the Interim General Manager to contract with Summit Public Relations Strategies, LLC not to exceed \$11,250.....	03/26/19	Contract	4 - 0
Authorized the Interim General Manager to execute Contract Amendment #1 with BergerABAM for Strategic Planning Services not to exceed \$10,000	03/26/19	Contract	4 - 0
Authorized the Interim General Manager to enter into a Special Use License Agreement with Community Ice, LLC, to conduct operations at the Rondys owned laydown storage property through June 25, 2019.....	03/26/19	Contract	4 - 0

Action	Date	Type	Vote Y/N
Accepted the Employment Contract Agreement between the Port of Newport and Paula Jaqueline Miranda with revisions	03/26/19	Personnel	3-0, 1 abstention
Attended Ethics Training presented by the Oregon Ethics Commission.....	03/28/19	Other	
Conducted Board Self-Assessment facilitated by Rob Mills, SDAO.....	04/02/19	Other	
Appointed Fred Postlewait to the Budget Committee and approved the amended Budget Calendar.....	04/09/19	Finance	5 - 0
Approved seeking contractual help in analysis of the personnel matrix not to exceed \$8,000.....	04/09/19	Personnel	5 - 0
Appointed Gil Sylvia to the Budget Committee.....	04/23/19	Finance	5 - 0
Approved a Special Use Permit for the Rogue Brews on the Bay Coastal Brew Fest.....	04/30/19	SUP	5 - 0
Approved a Special Use Permit for the Newport Marathon.....	04/30/19	SUP	5 - 0
Approved a Special Use Permit for the CSC Barrel to Keg Relay.....	04/30/19	SUP	5 - 0
Approved a Special Use Permit for the Newport Fishermen's Wives Blessing of the Fleet.....	04/30/19	SUP	5 - 0
Approved a Special Use Permit for the OSU & SBSA Motorboat Operators Training Course.....	04/30/19	SUP	5 - 0
Authorized the Interim General Manager to executive Contract Amendment #2 with BergerABAM for Strategic Planning Services not to exceed \$1,772.....	04/30/19	Contract	5 - 0
Authorized the Interim General Manager to execute a Contract Amendment with Oregon Brewing Co. to operate a Beer Garden on the west side of the House of Spirits for six months.....	04/30/19	Contract	5 - 0
Authorized the Interim General Manager to enter into a lease with Skyline Sheet Metal	04/30/19	Lease	5 - 0
Adopted Resolution 2019-05 Adopting FY 2019-20 Capital Improvement List.....	05/28/19	Resolution	5 - 0
Adopted Resolution 2019-06 Adopting a Compensation Plan.....	05/28/19	Resolution	5 - 0
Adopted Resolution 2019-07 Setting Rates, Fees & Charges.....	05/28/19	Resolution	5 - 0
Adopted Resolution 2019-08 Adopting Fiscal Management Policies.....	05/28/19	Resolution	5 - 0
Authorized the General Manager to enter into negotiations with Rondys for a gear storage lease.....	05/28/19	Contract	5 - 0
Adopted Resolution 2019-09 Adopting the 2019-2020 Fiscal Year Budget, Making Appropriations, and Levying and Categorizing the Tax.....	06/24/19	Resolution	5 - 0
Approved the PNWA Membership Renewal (\$8010).....	06/24/19	Contract	5 - 0
Authorized the General Manager to contract with Summit Public Relations Strategies LLC and move forward with Option #1, not to exceed \$28,100.....	06/24/19	Contract	5 - 0
Commissioners Walter Chuck, Stewart Lamerdin and Jim Burke sworn into office.....	06/24/19	Other	
Reviewed Special Use Permit for Warm Springs Production, LLC.....	06/24/19	SUP	
Accepted the Resignation of Stewart Lamerdin as Commissioner effective 7/26/2019.....	07/23/19	Other	
Elected Commission Officers: Sara Skamser, President; Jim Burke, Vice-President; Walter Chuck, Secretary/Treasurer	07/23/19	Other	5 - 0
Updated Commission Liaison List to Affiliated Organization.....	07/23/19	Other	Consensus

Action	Date	Type	Vote Y/N
Approved 10 Speed Queen Washers Purchase (\$16,240).....	07/23/19	Contract	5 - 0
Approved House of Spirits Painting Contract (\$14,375).....	07/23/19	Contract	5 - 0
Approved S & P Financial Services, NOAA Lease, Revenue Bonds Annual Surveillance Fee (\$10,000).....	07/23/19	Contract	5 - 0
Approved 2019-20 Workers' Compensation Insurance Renewal (\$36,780.50).....	07/23/19	Contract	5 - 0
Approved Newport International Terminal 30-ton Crane Annual Service (\$7,739).....	07/23/19	Contract	5 - 0
Adopted Resolution 2019-10 Naming a Registered Agent.....	07/23/19	Resolution	5 - 0
Approved the Port of Newport 2019 Strategic Business Plan Update with the proposed change to Strategy 1.1.5, subject to the approval of the amendment by the State	07/23/19	Other	5 - 0
Authorized the General Manager to provide the water easement to the City of Newport substantially in the form provided	07/23/19	Other	5 - 0
Authorized the General Manager to enter into negotiations with Kern & Thompson LLC for the Port's auditing work	07/23/19	Contract	5 - 0
Appointed Gil Sylvia to fill Commission Position #3 through June 30, 2021.....	08/27/19	Other	4 - 0
Approved Engagement Letters with Hawkins, Delafield & Wood LLP as Bond Counsel.....	08/27/19	Contract	5 - 0
Approved contract with Vertiv for NOAA Liebert Air Conditioner Outside Unit.....	08/27/19	Contract	5 - 0
Approved contract with L & R Construction for South Beach Men's & Women's Shower Bldg. Siding.....	08/27/19	Contract	5 - 0
Adopted Resolution 2019-11 Designating Bank Accounts & Authorizing Check Signers.....	08/27/19	Resolution	5 - 0
Adopted Resolution 2019-12 Adopting a Public Records Policy.....	08/27/19	Resolution	5 - 0
Authorized Proceeding with Publication of a Port Newsletter.....	09/24/19	Contract	Consensus
Approved Surplus Property Declaration - 10 Washing Machines.....	09/24/19	Other	4 - 0
Approved Letter to the City of Newport Regarding Parking Policies.....	09/24/19	Other	4 - 0
Adopted Resolution 2019-13 Adopting a Telework Policy.....	09/24/19	Resolution	4 - 0
Adopted Resolution 2019-14 Authorizing the Refunding of Taxable Lease Revenue Bonds, Series 2010 and Amendment of the Master Lease Revenue Bond Declaration.....	09/24/19	Resolution	4 - 0
Adopted Resolution 2019-15 Authorizing the Issuance, Sale and Delivery of General Obligation Refunding Bonds; Designating a Port Official; Delegating the Negotiation and Approval of Financial Document and Related Matters	09/24/19	Resolution	4 - 0
Approved a Quitclaim Deed and Memorandum of Understanding (MOU) with Stephen Webster under 267 SW Bay LLC	09/24/19	Contract	4 - 0
Authorized the General Manager to Proceed with the Work Necessary to Address the Storm Drain Issue Pending Further Evaluation, not to Exceed \$135,000	09/24/19	Contract	4 - 0
Adopted Resolution 2019-16 Setting Rates, Fees & Charges.....	09/24/19	Resolution	4 - 0
Approved a contract with All-Ways Painting for NOAA Demised Area Painting - \$16,050.....	10/22/19	Contract	5 - 0

Action	Date	Type	Vote Y/N
Approved a Letter of Consent Allowing the Aquarium to Move Forward with Renovations.....	10/22/19	Lease	4 - 0, 1 abstention
Approved Staff Working with the City on a Possible Extension of the Building Permit #13743 for another 180 days. Should No Project Become Feasible for the Use of this Permit During that Period, then Staff Should Terminate the Permit and Request Refund of the SDC's	10/22/19	Other	5 - 0
Scheduled a 6-Month General Manager Evaluation.....	10/22/19	Personnel	Consensus
Approved Contract for South Beach Siding Additional Work - JBQ Quality Construction.....	11/19/19	Contract	4 - 0
Adopted Resolution 2019-17 Adopting a Family & Medical Leave Policy.....	11/19/19	Resolution	4 - 0
Adopted Resolution 2019-18 Adopting an IT Security Policy.....	11/19/19	Resolution	4 - 0
Authorized the General Manager to sign the Lease Amendment for Rogue Distillery (address change).....	11/19/19	Lease	4 - 0
Authorized the General Manager to Complete and Execute the Deemed Final Letter for NOAA and GO Bonds Preliminary Official Statement	11/19/19	Finance	4 - 0
Adopted Resolution 2019-19 Adopting a Technology Resplacement and Upgrade Policy with an amendment to Section 5.2 to add "as funds are available"	11/19/19	Resolution	4 - 0
Approved a Contract with Sylvia Media & Events for the 2020 Good Sam Guide.....	12/17/19	Contract	5 - 0
Approved a Contract with Maxxum Marina for a Suzuki Outboard Engine.....	12/17/19	Contract	5 - 0
Authorized the General Manager to contract with Larry Ridgely Consulting for Financial System Analysis.....	12/17/19	Contract	5 - 0

The President, Vice President, Secretary/Treasurer are proud of the work accomplished by our Commission and staff. We look forward to an equally successful 2021. This Annual Report is submitted to the Port of Newport by:

Sara Skamser, President

Jim Burke, Vice President

Walter Chuck, Secretary/Treasurer

at their January 28, 2020 Regular Board Meeting

COMMERCIAL LEASE

THIS LEASE made January 6, 2020, between PORT OF NEWPORT, a Port district and municipal corporation existing under the laws of the State of Oregon, hereinafter referred to as "Lessor" and Newport Belle Bed & Breakfast (the Newport Belle), hereinafter referred to as "Lessee".

1. DEMISE AND DESCRIPTION OF LEASED PREMISES.

Lessor hereby grants to Lessee and Lessee hereby accepts from Lessor the following described premises situated at Port Dock 3, within the Port of Newport's Commercial Marina, hereinafter referred to as the "Leased Premises":

The first 100 feet of Port H-Dock, East End. See attached drawing.

2. TERM.

The term of this Lease shall be for a one (1) year term. The term shall commence on February 1, 2020 and shall end on January 31, 2021. Monthly rental payments shall be due within ten (10) business days of receipt of billing.

3. RENEWAL OPTION.

3.1 If this lease is not in default at the expiration of the existing one (1) year term, this agreement shall renew according to Section 3.3 below for an additional one (1) year term and each consecutive year thereafter, as long as this agreement is not in default and not to exceed more than five (5) years.

3.2 Each of the renewal terms shall commence on the day following expiration of the preceding term.

3.3 The option to renew shall be exercised only by written notice to Lessor given not less than sixty (60) days prior to the last day of the expiring term.' The giving of such notice shall be sufficient to make the lease binding for the renewal term without further act of the parties. Lessor and Lessee shall then be bound to take the steps required in connection with the determination of rent as specified below without further act of the parties. Lessor and Lessee shall then be bound to take the steps required in connection with the determination of rent as specified below.

4. CONDITION OF PREMISES.

Lessee agrees to accept the premises (moorage area) as is for the purpose of use as described in Section 5 below.

5. USE OF LEASED PREMISES.

5.1 Lessee is hereby granted the right and privilege, and exclusive use of the Leased Premises for the operation of the Newport Belle. Lessee shall provide a full service Bed & Breakfast establishment, such service to be operated and attended by Lessee or a qualified employee of Lessee, on a daily basis, during all hours or on call. Lessee shall

not offer products or services not customarily offered by a Bed & Breakfast service without the express written consent of Lessor. Said consent, if granted, can be revoked at any time for any reason whatsoever. Such operation shall be conducted on a non-discriminatory basis, in accordance with and subject to the terms, conditions and requirements imposed by law or by the Port of Newport, City of Newport, or Lincoln County.

5.2 Lessee, as part of its operations, shall at all times provide and maintain on board the solid waste pump equipment and short tie from the vessel to the dock capable of lifting solid waste from the vessel to the top of the pedestrian walkway located near the top of H-Dock. Charges for accepting solid waste disposal shall be the responsibility of Lessor.

5.3 It is understood that the actual dock, equipment, piping, conduit, gangway, and all related equipment are the property of the Lessor, and the Lessor shall be solely responsible for the repairs of same throughout the term hereof. The Leased Premises shall include the first 100 feet of Port H-Dock and the right of access thereto. It is understood that all improvements to the premises and related to Lessee's operations on the premises become the property of Lessor upon installation, and Lessor does not purport to grant any rights with respect to such improvements except for assurances of the continued ability to maintain such improvements in their present location or that alternate locations are available, if needed. Lessor reserves the right, at Lessor's expense, to relocate the Newport Belle operation and other equipment if necessary for the best management of the marina complex. Lessor shall make reasonable efforts to minimize interference with Lessee's operations, but shall not be liable to Lessee for reasonable interference or disruption of such operations during any such relocation.

5.4 In the event Lessor, in its sole discretion, elects to reconfigure, replace, rebuild or reconstruct the docks in the vicinity of the Leased Premises for which this Lease is granted, Lessor shall have the right to terminate this Lease upon not less than 90 days written notice to Lessee. Upon such termination the parties shall negotiate a new Lease on the same terms and conditions of this lease following any reconfiguration, replacement, rebuilding, or reconstruction.

6. RENT AND OTHER CHARGES.

6.1 During this first year of the current lease term, (February 1, 2020-January 31, 2021), the base rent shall be Nine Hundred Dollars (\$900.00) per month. In addition to the base rent, Lessee agrees to pay a monthly utility fee of One Hundred Dollars (\$100.00) per month for the use of sewer, and trash service. The Port will provide Lessee two (2) free parking spaces. Lessee shall pay Lessor an additional \$52.50 per month for any additional space. Lessee has requested a total of seven (7) spaces. Therefore, Lessee shall pay a total of \$262.50 for parking. The total monthly rent, including sewer, trash service and parking utility fee shall be One Thousand Two Hundred Sixty Two and 50/100 Dollars (\$1,262.50) per month.

6.2 The annual lease rate for a renewed term beginning February 1, 2021 by a percentage equal to the percentage change in the Consumer Price Index, Western Region, or the nearest comparable data on changes in the cost of living if such index is no longer published. In no event, however, shall the increase during any renewal term increase more than five percent (5%). The increases for sewer, trash and parking fees shall be based on actual increases for the marina, as published.

6.3 Lessee shall pay eighteen percent (18%) per year interest on all payments of rent required above more than ten (10) days in arrears.

7. COMPLIANCE WITH GOVERNMENTAL RULES.

7.1 Lessee shall at all times during the term of this lease, at its sole cost and expense, comply with all governmental rules, regulations, ordinances, statutes and law now or hereafter in effect pertaining to Lessor or Lessee's operation of its business pursuant to this Lease.

7.2 Lessee shall, at all times during the term hereof, comply with all reasonable rules and regulations which Lessor may at any time establish concerning the use of its facilities, provided, however, that any such rule or regulation so made shall not be so inconsistent with this Lease as to unreasonably interfere with Lessee's operations hereunder.

8. MAINTENANCE OF LEASED PREMISES.

8.1 Lessee shall, at Lessee's own expense, maintain and repair the Newport Belle vessel and the improvements thereon. Lessee shall keep the vessel in a clean and orderly condition. Lessee shall be responsible for any permits, licenses or certification required in its operation. Lessee shall, at Lessee's expense, be responsible for maintaining the proper electrolysis control by providing proper and adequate anodes to be attached to the vessel's hull on an annual or as needed basis.

8.2 Lessee shall prepare an Oil Spill Prevention and Spill Response Plan (OSPSRP) (attachment A), and provide a copy to Lessor, and shall have sole responsibility for implementation of this plan and shall be responsible to comply with the Yaquina Bay Oil Spill Response Plan (YBOSRP) (attachment B). The Lessee as part of the YBOSRP shall within the first hour of any incident contact the Emergency Response Team (attachment C). Lessee shall also be responsible to comply with any requirement of any environmental or other applicable law, rule, regulation, or requirement relating to lessee's facilities or operations.

9. IMPROVEMENTS AND ALTERATIONS.

In the event that Lessee desires to alter or add to the equipment or facilities on the Leased Premises, Lessee shall have the right to do so at their own expense subject to the prior written approval of Lessor of plans and specifications, which approval shall not be unreasonably withheld or delayed.

10. LIENS.

Lessee shall keep the Leased Premises free from liens arising out of the operations of Lessee, including any liens arising out of any labor performed for or materials furnished to Lessee on the Leased Premises. Lessee shall indemnify Lessor against any claims for labor or materials in connection with any construction of any improvements on the Leased Premises, including the costs of defending against the claims. Lessor shall have the right to enter on the Leased Premises at any reasonable time to post notices, if necessary.

11. TITLE AT TERMINATION.

Lessor shall retain upon installation title to all fixtures, equipment, machinery, and other improvements installed on or connected to the Leased Premises by Lessee. Lessee may remove personal property belonging to Lessee on the termination of this Lease, provided that any damage to the Leased Premises that is caused by the removal of the property shall promptly be repaired at the expense of Lessee. Any property that is not removed by Lessee within thirty (30) days after termination of this Lease shall be considered abandoned property.

12. UTILITIES, TAXES AND ASSESSMENTS.

During the term of this lease, Lessee shall be responsible for payment of all utilities used by Lessee on the Leased Premises. Utilities, as used in this lease, include telephone, TV cable service, electricity, water, sewage, and garbage disposal. Lessee shall also pay any taxes that are levied on the Leased Premises and any improvements thereon, and shall pay any assessments levied on the Leased Premises to the extent reasonably applicable to the period of occupancy by Lessee under the terms of this Lease.

13. DESTRUCTION OF LEASED PREMISES.

13.1 If during the term of this Lease, the Leased Premises, or a portion thereof, are destroyed by fire or other casualty, however caused, Lessor shall promptly restore the destroyed facilities (H-Dock and attached utilities) to substantially their original condition. The rental with respect to the Leased Premises shall be abated from the date of the casualty in proportion to the extent that the Leased Premises are not usable by Lessee during the time the restoration is being accomplished.

13.2 If the facilities are destroyed by fire or other casualty to such an extent that they are wholly unfit for the use contemplated, Lessor shall have the option to terminate this Lease without further obligation. On such termination, Lessor shall collect and retain the proceeds of any applicable insurance and upon making itself whole, disburse the remainder, if any, to Lessee.

14. INSURANCE.

14.1 Lessee shall at all times during the term hereof, at its sole cost and expense, obtain and maintain in force and effect a policy or policies of Protection and Indemnity Liability insurance, issued by an insurance carrier approved by Lessor, insuring against loss, damage or liability for injury to or death of persons or loss or **damage to property as the result of the business operations**. Such protection and liability insurance to include, by endorsement, product liability and shall be extended to provide liability extending to the walkways, ramps, wharves, and docks used by guests and customers of the Lessee. Such liability insurance shall be in the minimum amount of \$2,000,000 or as set by State industry standards. Each occurrence and in addition shall provide for payment of all attorneys fees and legal expense arising there from. This insurance shall be written on a form acceptable to the Lessor. Lessor shall be named as an additional insured for Lessor's liability arising out of the operations of the Lessee.

Inasmuch as this Lease agreement is for a short (one year) term and is subject to annual renewal, it is expressly acknowledged by the parties that the foregoing limits of protection and indemnity insurance shall be subject to reasonable increases, based upon the recommendation of the insurance agent of record for Lessor, based upon changes in public liability laws and similar factors.

14.2 Lessee shall, at all times during the term hereof, at its full cost and expense, procure and maintain in force and effect standard forms of hull all risk insurance covering the Lessee's vessel, merchandise, materials, and equipment, as well as the personal property of others in Lessee's possession and care, in, upon or about the vessel, or used by Lessee in connection with its business operated pursuant to this agreement. Such insurance shall be in an amount adequate to cover the costs for replacement of the property. Lessor shall be named an additional insured for this property insurance and the insurer shall waive all rights of subrogation to the Lessor.

14.3 Lessee shall also keep in full force and effect the policy of insurance, insurance against the hazards and liability and environmental hazards, in a form and with coverage limits reasonably satisfactory to the Lessor, in no event less than \$500,000, naming the Lessee and Lessor as named insured for the operations arising out of the operations of the vessel including its operation as a seafood selling operation. It is understood that such limit is relatively low, and in order to minimize risks from pollution and environmental hazards, Lessee shall at all times employ all reasonable precautions to avoid claims arising from pollution and other environmental hazards caused by Lessee's actions or operations. Deductibles shall be the responsibility of the Lessee, and the Lessor shall not be required to contribute toward any deductible.

14.4 If Lessee has employees, Lessee shall furnish evidence of Workers Compensation insurance and Crew Liability insurance with a limit of not less than \$2,000,000, or as set by State industry standards per occurrence. Such insurance shall be endorsed to provide statutory State of Oregon workers compensation benefits and statutory United States Longshore and Harbor Workers Act coverage's. Prior to beginning operation, Lessee shall furnish evidence, as stipulated in 14.2 above, through Certificates of insurance of workers compensation, USL&H, and crew liability insurance.

14.5 To the extent not covered by insurance, Lessee will solely bear all risk of loss, **damage, or claims for pollution and other environmental hazards caused by Lessee's** own actions.

14.6 Lessee shall provide Workers Compensation or Longshoremen and Harbor Workers coverage for Lessee's employees as required by state or federal law.

14.7 Upon execution of this Lease, Lessee shall furnish to Lessor a certificate properly executed by the insurance carrier showing that the foregoing insurance policies are in effect. The policies shall provide that such insurance can be canceled only on thirty (30) days written notice to Lessor. The policies shall evidence the insurance coverage required herein, including an express waiver of rights of subrogation required below.

14.8 Lessee hereby waives any and all rights of recovery against Lessor, its officers, agents and employees, for any loss or damage, including consequential loss or

damage caused by any peril, or perils including negligent acts, enumerated in each insurance policy required to be maintained by Lessee hereunder. This waiver of subrogation shall not apply with respect to any claim by Lessee, if it is in contravention of any term or provision of any insurance policy which would otherwise provide reimbursement to Lessee, so as to render such coverage void. However, Lessee shall make reasonable efforts to obtain a policy or policies of insurance permitting such a waiver of subrogation, or expressly waiving subrogation.

15. INDEMNITY.

15.1 Lessee shall indemnify Lessor or any of the agents or employees of Lessor against claims arising out of any injury to persons, including death or damage to property, sustained as a result of the acts of Lessee. Lessee shall defend any action brought against Lessor or any of the agents or employees of Lessor based on any alleged injury or damage caused by Lessee, and Lessee shall pay all costs, including attorney fees, resulting from the action. Lessee shall not indemnify Lessor against any claims involving the sole negligence or fault of Lessor or any of the agents or employees of Lessor.

15.2 When using the Leased Premises, Lessee shall comply with all applicable federal, state, municipal, and local laws and regulations. Lessee shall indemnify Lessor against any liability that may be imposed by governmental authorities for any violation by Lessee or the agents or employees of Lessee of any laws or regulations.

16. SIGNS.

No signs shall be placed on the Leased Premises without the prior written approval of Lessor.

17. DEFAULT OF LESSEE.

The following occurrences shall be deemed events of default of Lessee:

17.1 Failure to make any payment of rent due pursuant to this Lease within thirty (30) days after the date payment is due, or failure to pay any other service charge or assessment within thirty (30) days after Lessor bills Lessee therefore;

17.2 Failure to proceed with due diligence to remedy any other breach of a condition of this Lease and to fully indemnify Lessor against all liability resulting from the breach within thirty (30) days after Lessor gives notice of the breach to the Lessee; and

17.3 Failure to occupy or abandonment of the Leased Premises.

17.4 On the occurrence of any default described in this section, Lessor may, at its option, in addition to any other remedy given by law, give notice to Lessee that this Lease shall terminate on the date specified in the notice, which date shall not be earlier than thirty (30) days after the giving of the notice.

18. BANKRUPTCY OR INSOLVENCY OF LESSEE.

The occurrence of any of the following shall be deemed a default of Lessee:

18.1 A petition in bankruptcy filed by or against Lessee;

18.2 A petition or answer filed by or against Lessee seeking a reorganization, liquidation, dissolution or other relief of the same or different kind under any provision of the bankruptcy laws;

17.3 Adjudication of Lessee as a bankrupt or insolvent, or insolvency in the bankruptcy equity sense;

17.4 An assignment of all or substantially all of the assets of Lessee for the benefit of creditors;

17.5 A proceeding by or against Lessee for the appointment of a trustee, receiver, conservator, or liquidator of Lessee with respect to all or substantially all of the assets of Lessee;

17.6 A proceeding by or against Lessee for the dissolution or liquidation of Lessee, or the taking of possession of the assets of Lessee by any governmental authority in connection with any dissolution or liquidation; or

17.7 The taking by any person of the leasehold created by this Lease, or any part of the leasehold, on execution, attachment, or other process of law or equity against Lessee.

17.8 On the occurrence of any default described in this section, Lessor shall give Lessee notice of the default. If the default is not corrected or reasonable attempts to cure the default within ten (10) days after date of the notice, Lessor may, in addition to any other remedy or right given under this Lease or by law, give notice to Lessee that this Lease shall terminate on the date specified in the notice, which date shall not be earlier than thirty (30) days after the giving of the notice.

19. RIGHT OF LESSOR TO REENTER LEASED PREMISES ON DEFAULT OF LESSEE.

On termination of this Lease as provided in Section 17 and 18, Lessor may immediately enter on the Leased Premises without further demand or notice. Lessor may retake possession of the Leased Premises by summary proceedings, by action in law or in equity, by force or otherwise, without liability for trespass or for damages. Reentry, resumption of possession, or reletting of the Leased Premises by Lessor shall in no event be deemed to be a surrender of this Lease or a waiver of the rights and remedies of Lessor under this Lease.

20. DISPOSITION OF PERSONAL PROPERTY LOCATED ON LEASED PREMISES.

20.1 On retaking possession of the Leased Premises, Lessor shall at the expense of Lessee hold in storage for Lessee any personal property that is located on the

Leased Premises, regardless of whether the personal property belongs to Lessee or any other person. Lessor may deliver the goods to Lessee or a consignee or any person or concern owning any interest in the property.

20.2 After the expiration of ten (10) days after retaking possession, should any personal property located on the Leased Premises not be claimed by Lessee or its true owner, such property shall be considered abandoned; and Lessee shall bear full responsibility for the disposition of such property by Lessor and shall indemnify and hold Lessor harmless from any and all claims, suits, and demands of true owners of such property disposed of by Lessor, whether such claims, suits, or demands be legitimate or otherwise.

21. EXPENSES TO BE PAID BY LESSEE ON TERMINATION OF LEASE DUE TO DEFAULT OF LESSEE.

21.1 On termination of this Lease for default, as provided in Section 18 or 19, Lessee shall pay to Lessor the expenses, including but not limited to reasonable attorney and other fees, incurred by Lessor in connection with:

- (a) Obtaining possession of the Leased Premises;
- (b) Removal and storage of the property of Lessee and other occupants; and
- (c) Maintenance and repair of the Leased Premises while vacant.

21.2 The expenses shall be deemed prima facie to be the amounts invoiced to Lessor.

21.3 Lessor may sue for the payments as they accrue without waiting for the payment date fixed in this Lease. Any proceeding to recover such payments shall not be deemed a waiver of any other rights of Lessor under law, equity or this Lease.

22. RELETTING PREMISES ON DEFAULT OF LESSEE.

22.1 On termination of this Lease under Section 18 or 19, Lessor shall use reasonable efforts to relet the Leased Premises to a suitable tenant. All the rents or other sums received, if any, from the alternate tenant, after deducting all costs of Lessor specified in Section 20, shall be credited against the total amount due from Lessee. The failure of Lessor to find a suitable tenant, however, shall in no way prejudice the rights of Lessor under this Lease.

22.2 If Lessee has prepaid amounts due under this Lease that are subsequently obtained by Lessor from a new tenant, Lessor shall refund to Lessee the net amount of the overpaid rents or other sums.

23. INSPECTION.

Lessor and the agents and employees of Lessor may at all reasonable times enter

the Leased Premises to inspect and determine whether the Leased Premises are kept in good repair and maintenance in accordance with the terms of the Lease, and to show the Leased Premises to prospective tenants or buyers.

24. ASSIGNMENT AND SUBLETTING.

Lessee shall not assign or sublet any rights or interests under this Lease without the prior written consent of Lessor. Lessor shall not unreasonably delay consent and shall give consent under circumstances where withholding it shall be unreasonable. In determining whether to consent to assignment Lessor may consider the financial ability and business experience of assignee.

25. QUIET ENJOYMENT.

Lessor agrees that Lessee, on paying the rent and other charges in this Lease provided and on observing and keeping all the provisions of this Lease, shall quietly occupy the Leased Premises during the term of this Lease and any renewal hereof without hindrance.

26. COVENANT AGAINST WASTE.

Lessee shall not commit or suffer to be committed any waste on the Leased Premises.

27. FORCE MAJEURE.

27.1 For purposes of this Lease, the term "force majeure" is defined as any act of God, act of a public enemy, strike, fire, storm, flood, civil disturbance, failure or delay of persons from whom the parties to this Lease obtained machinery, equipment, or supplies to make delivery, or other causes beyond the control of either party, regardless of whether the other causes be of the class here specifically set out.

27.2 Neither party shall be responsible for any failure of performance of any of its obligations under this agreement, where the failure is due to force majeure.

28. EFFECT OF WAIVER OF PRIOR BREACH.

No waiver by Lessor of any covenant or condition of this Lease shall be construed as a waiver of any other covenant or condition, nor shall the waiver of any breach of this Lease be construed as waiver of any other or subsequent breach.

29. SEVERABILITY.

Should any provision of this Lease be declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining provisions of this Lease shall not be affected thereby.

30. TIME OF ESSENCE.

Punctual performance by the parties to this Lease of the covenants contained in this Lease is of the essence of this Lease.

31. SECTION TITLES ONLY FOR IDENTIFICATION.

The titles to all sections used in this Lease are for purposes of identification only and shall not vary the context of the sections.

32. MODIFICATION OF LEASE.

No modification of this Lease shall be effective unless agreed to in writing by the parties to this Lease. No modification of one provision of this Lease shall be considered a waiver, breach, or cancellation of any other provision of this Lease.

33. HOLD OVER.

If Lessee remains on the Leased Premises after the expiration of the term of this Lease without exercising the option to renew the Lease, the holding over shall be deemed to create a month-to-month tenancy under the same terms and conditions of this Lease but shall not be construed as a renewal of this Lease.

34. NOTICES.

34.1 Whenever it is required or permitted that notice be given by either party to this Lease to the other party, the notice must be in writing and must be given personally or forwarded by certified mail addressed as follows:

TO Lessor: Port of Newport
600 SE Bay Blvd.
Newport, OR 97365

TO Lessee:

34.2 Unless otherwise specified in this Lease, all notices required to be given under this Lease shall be effective on the date of receipt.

34.3 The addresses to which notices are to be sent may be changed from time to time by notice given according to the terms of this section.

35. ATTORNEYS' FEES.

In addition to the fees provided in Section 21 due to default, should either party hereto institute or be made a party to any action or proceeding in court to enforce any provision hereof or for damages or other relief by reason of an alleged breach of any provision hereof, the prevailing party shall be entitled to receive from

the losing party, in addition to allowable court costs, such amounts as the court may adjudge to be reasonable as attorneys' fees, including any appeal thereof, and such amount may be made a part of the judgment against the losing party.

IN WITNESS WHEREOF, the parties have executed this instrument in duplicate to be effective as of the day and year above set forth, and any corporate signature is af-fixed hereto only pursuant to the board of directors or other governing body thereof.

PORT OF NEWPORT

Newport Belle Bed & Breakfast

General Manager

Owner



STAFF REPORT

DATE: January 21, 2020
RE: South Beach Boat Ramp Toe Repair
TO: Paula Miranda, General Manager
ISSUED BY: Aaron Bretz, Director of Operations

BACKGROUND

Last season, the Port was contacted by the Oregon State Marine Board, who had received some complaints about the condition of the Boat Ramp toe in South Beach. We have had a couple instances of longer trailers getting snagged at the end of the concrete during the lowest tides of the year.

We submitted a plan to OSMB to fill the end of the ramp with rock to provide a more subtle transition to the concrete edge, and we got permits to be able to do the same during this in-water work period. We have made a couple of attempts with Road and Driveway to use low tide windows to place the fill, but with winter storm surge and the winter low tides (which are not as low as springtime tides), the water on the boat ramp has still been too high to safely get an excavator within proximity to do the work. We are getting bids on bringing a long reach excavator in to perform the work, as that appears to be the only way to ensure we can place the rock.

Unfortunately, given these difficulties, it appears that the cost of the project will now be in the realm of \$16K rather than \$4K because of the cost of transporting in a long reach.

I am talking with OSMB currently to check on the current status of funding. Previously, the cost of the project did not warrant the investment of time to apply for grants but we may now need to do that.

We have one opportunity left of FEB 9th to try to fill the boat ramp toe, but if we can't get it done then, we should wait and apply for funding with OSMB and seek a variance if need be to fill the area outside the work window.

RECOMMENDATIONS

None at this time, other than to wait for OSMB funding if we can't complete the work. The bottom of the boat ramp is still in relatively good shape, and there are very few who are affected by the dropoff only at very low tides. We installed signage to mark the end of the ramp last spring in response to the issue.



STAFF REPORT

DATE: January 21, 2020
RE: South Beach Boat Ramp Toe Repair Follow Up
TO: Paula Miranda, General Manager
ISSUED BY: Aaron Bretz, Director of Operations

BACKGROUND

OSMB has given us a \$10,000 grant for the completion of Boat Ramp repairs. We have one chance on February 9th to use a low tide to complete this work, or we will have to turn down the grant and wait until the next opportunity to get the repairs done.

We requested quotes on the work, and two contractors declined to bid; Road and Driveway submitted a proposal to complete the work for \$16,155.71. The port will make the payment on the overall work, but will only fund \$6,155.71 worth of the project with the remainder being provided by OSMB.

RECOMMENDATIONS

I RECOMMEND A MOTION TO AUTHORIZE THE GM TO CONTRACT WITH ROAD AND DRIVEWAY TO CONDUCT BOAT RAMP REPAIRS IN THE AMOUNT OF \$16,155.71.



Port Dock 7 Rebuild Planning

Aaron Bretz

Director of Operations, Port of Newport

January 21, 2020

What Will We Cover?

Purpose for Discussion

Purpose for the Project

Conceptual Design/Features

Potential Mitigation Projects

Features of Mitigation Projects

Timeline

Why are we talking about this now?

- Part of the Port's Strategic Business Plan
- We need to present *concepts* to permitting agencies
- We will need plans and specifics to identify funding sources
- Planning will take multiple years of work
- Army Corps Kaizen meeting with permitting agencies



Project Purpose

- This project can be found on page 43 of the Strategic Business Plan with a timeline
- The Commercial Marina is in need of both new docks, and expanded capacity
- Port Dock 7 design configuration is obsolete; the slip sizes are too small, which causes heavy wear and tear on the fingers

Project	Timeline	Potential Funding Sources	Action	Agency Roles
Port Dock 5 Interim Improvements Interim improvements to replace pier and improve dock. <ul style="list-style-type: none"> • Approach pier replacement • Replace 6 Pilings • Replace Rods, Whalers, Rub Boards, Bumpers and Triangles (PD 5C) • Replace Rods, Bumpers, Rub Boards and 9 Whalers (PD 5B) • Replace Rods and Rub Boards (PD 5X) • New power pedestals 	2019-2021	<ul style="list-style-type: none"> • IFA • P3 • USEDA 	<ul style="list-style-type: none"> • Secure funding • Preliminary design • Permitting • Final engineering • Bid and Construction 	<ul style="list-style-type: none"> • Port (lead) • Business Oregon/FAUSEDA (support) • ODFWUSACE (resource/regulatory)
Port Dock 7 Interim Improvements Interim improvements prior to reconfiguration/replacement <ul style="list-style-type: none"> • Miscellaneous float and pile improvements and electrical improvements • Replace 6 Pilings 	2019-2021	<ul style="list-style-type: none"> • IFA • P3 • USEDA 	<ul style="list-style-type: none"> • Secure funding • Preliminary design • Permitting • Final engineering • Bid and Construction 	<ul style="list-style-type: none"> • Port (lead) • Business Oregon/FAUSEDA (support) • ODFWUSACE (resource/regulatory)
Reconfiguration and Reconstruction of Commercial Marina Complete reconstruction and reconfiguration of commercial marina, including Port Docks 3 and 7 . Upland Improvements, Swede's Dock and Commercial Marina Channel. Dock 3 Improvements: <ul style="list-style-type: none"> • Replace Rods, UHMW Rub Boards Dock 7 Improvements: <ul style="list-style-type: none"> • Furnish and Drive New Steel Piles and Pile Caps (100 piles) • Furnish and Install New Floats (38,093 SF) • Furnish and Install New Gangways (3 @ 220 LF total) • Furnish and Install New Electrical Equipment (33,093 SF) • Dredging PD 7 Berths Swede's Dock: <ul style="list-style-type: none"> • New piling Mitigation Projects: <ul style="list-style-type: none"> • Miscellaneous Mitigation Projects including eelgrass mitigation Channel: <ul style="list-style-type: none"> • Dredging Commercial Marina Channel Upland Improvements:	2019 to 2024	<ul style="list-style-type: none"> • IFA • P3 • USEDA • Connect Oregon 	<ul style="list-style-type: none"> • Program Refinement • Secure funding • Preliminary design • Permitting • Final engineering • Bid and Construction 	<ul style="list-style-type: none"> • Port (lead) • Private Development/ Business Oregon/ ODOT/FAUSEDA (support) • ODFWUSACE (resource/regulatory)

Project Purpose

Condition of Port Dock 7



Shifts in Lincoln County's #1 Industry

- Number of vessels licensed for commercial fishing in Oregon dropped drastically from 1,760 to 1,410 from 2011 to 2018 (20%) *
- Over the past 5 years, there has been a shift in the Commercial Marina from a declining share of revenue from vessels < 50' to vessels > 50' *
- 85% of moorage revenue at the Intl. Terminal is from vessels > 70' *
- There is a well-documented consolidation in the Commercial Fishing Industry ongoing, and it is expected to continue*

*Statistics taken from latest PON Strategic Business Plan

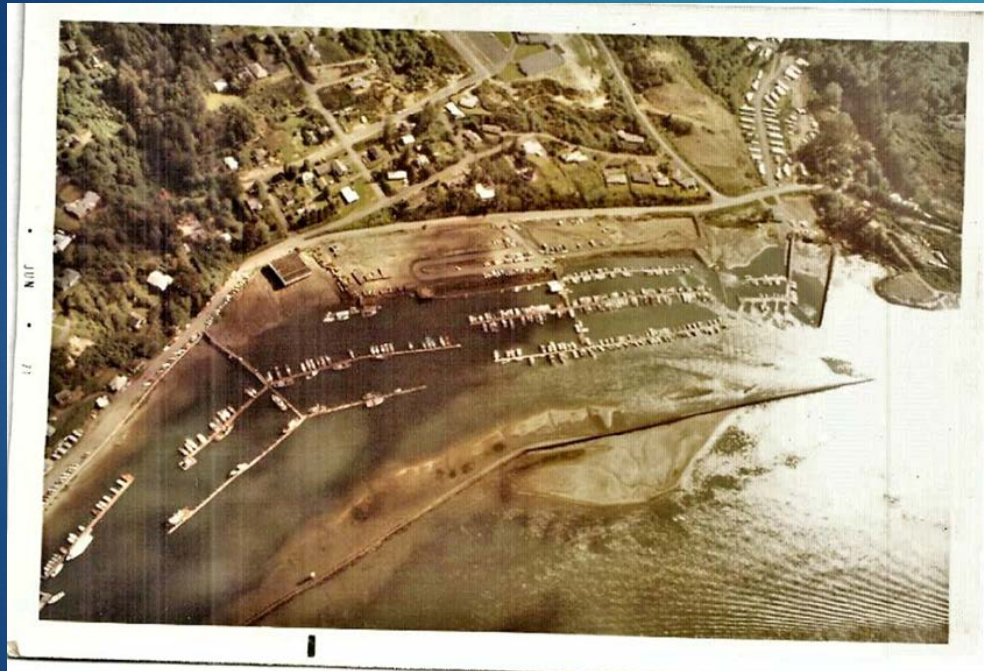
Project Purpose

Obsolete Configuration (1959)

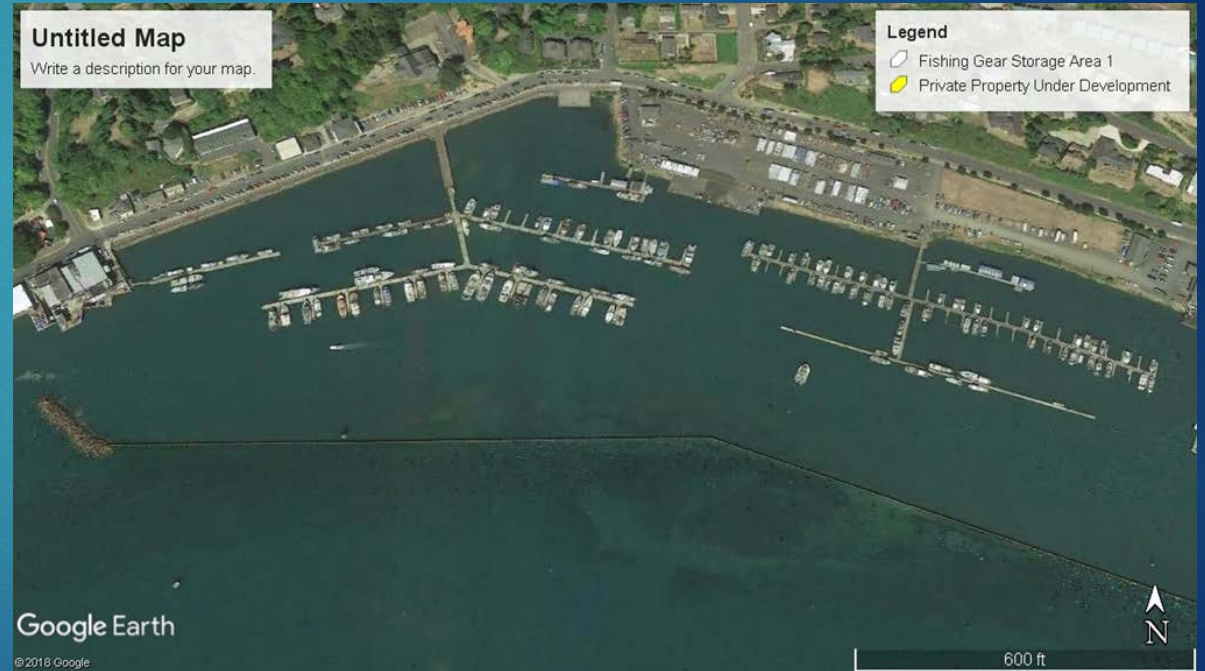


Project Purpose

1971



2018



Project Purpose

Typical Fishing Vessels 1960's



Modern Fishing Vessels



Proposed Concept Features



Proposed Concept Features

- -20' channel as part of Army Corps CAP Section 107 program dredged and maintained by Corps (new-start feasibility study set to start this year)
- 41% increase in linear moorage space
 - Total 7,460' proposed
 - Total 5,265' currently
- Two 360' side tie docks deep enough for large fishing vessels that cannot currently use this area at all
- 50 amp electrical service
- Bilge pump-out station
- Upland work is necessary (additional restrooms, showers, laundry)



Mitigation for Additional Docks and Pilings

- Replace and improve old fishing pier, Southbeach breakwater restoration
- Brings value to the Port because it enables us to expand Port Dock 7, and provides sub-tidal mitigation which is extremely scarce in the estuary
- Without this project, we lack the mitigation credits to expand PD7
- Replacement of the Fishing Pier is necessary, but hard to justify and fund because it earns no revenue. Tying it to PD7 mitigation opens up more funding options and makes the project more valuable to the Port

	Capital Improvements	2019 Cost Estimate	Timeline
	Upland Improvements: • New waste oil collection facility/oil-water separator, pump out station		
Fishing Pier Improvement	Identify replacement strategy and design new fishing pier. • Structural and design improvements to maximize public access for recreational fishing, including ADA improvements	\$2.9 million	2022
Rogue Seawall Repair	• Phase II study of Rogue seawall (geotech and repair alternatives) • Rogue seawall repairs	\$1.36 million	2019-2021
Safety and Security	• South Beach Marina electric load centers • South Beach fuel tank replacement • Relocate/replace hoist dock electrical lines • Consolidate and upgrade total security camera network, port-wide	Safety and Security Total: \$2.56 million • South Beach Marina: \$600,000 • South Beach Fuel Tank: \$300,000 • Hoist Dock Electrical Lines: \$102,000 • Security Camera Network: \$300,000	2019-2024
International Terminal Improvements	• Grading of Port's 9-acre lot (cost does not include wetland mitigation) • Asphalt lot west of shop, behind shop, and near the east entrance • Asphalt northwest corner of laydown area • Installation of waste oil collection tank • Mutually beneficial project(s) as required by development agreement with McLean Point developer	International Terminal Total: \$482,000 • Grading: \$153,000 • Asphalt: \$234,000 • Tank: \$45,000 • Other: \$50,000	2019-2023
RV Annex	• Final plans, new RV Annex • New RV Annex construction	Total: \$2.62 million	2019-2022
Capital Projects Subtotal		\$27.16 million	
Total		\$27.32 million	

Notes:

¹ All cost estimates are planning level and include a 20 percent construction contingency. Costs are provided in 2019 dollars.

² Mitigation Plan cost ranges vary based on level of effort and could include mitigation and regulatory requirements of proposed capital projects and/or an inventory and field work of Port property with mitigation potential.

³ Reconstruction and reconfiguration of commercial marina includes demolition of 7, and Swede's Dock, and construction mobilization; does not include demolition/reconstruction of the Dock 5 trestle. Port Dock 7 costs include 5 percent for engineering and permits and 3 percent for construction management.

⁴ Port Dock 5 and 7 interim improvements include 15 percent for engineering and permitting and 5 percent for construction management.

⁵ Fishing pier improvement costs include 20 percent for engineering and permitting and 8 percent for construction management.

⁶ Yard improvement costs include 15 percent for engineering and permitting and 5 percent for construction management.

Mitigation for Additional Docks and Pilings

Current Pier Configuration



Proposed Pier Configuration



Mitigation Project Public Access Benefits

- New steel pilings eliminate need for cross bracing, which is a significant snag hazard for crab pots
- New pier runs parallel to current, allowing for crabbing and fishing on both sides of pier during flood or ebb currents
- Pathway will complete the walking circuit around the marina, which is a desirable amenity as expressed by OSMB; creates additional funding source
- Provides waterside access throughout entire marina
- At least one third of the existing pier extends over mudflat; this will be an improvement for public access
- Design to focus on accessibility by diverse users; not only ADA compliant, but incorporate every best practice possible



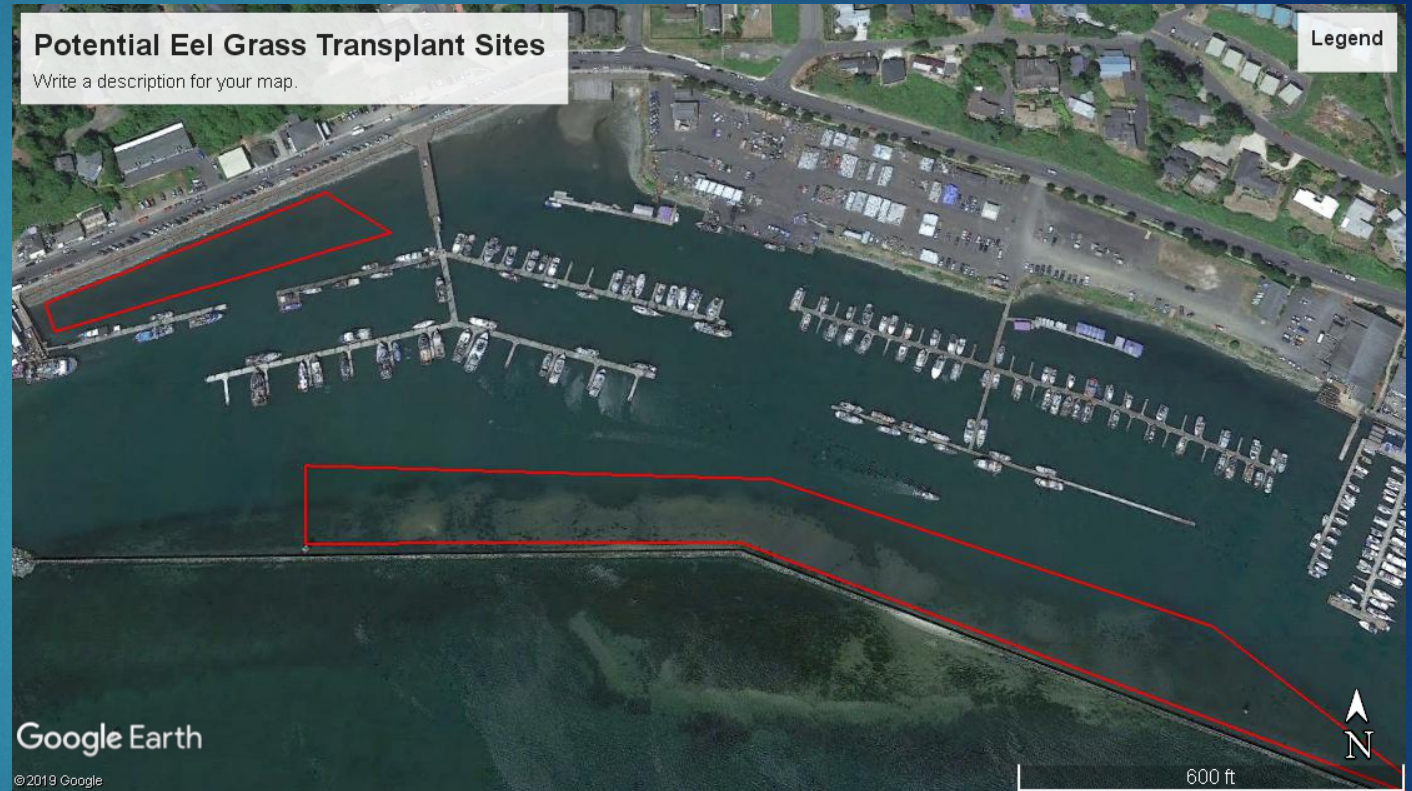
Mitigation Project Environmental Benefits

- Removal of creosote pilings from bay, replacement with environmentally friendly steel pilings
- Reduction of about 75 pilings, which can count toward removal/fill credit for PD7 and/or additional pilings for new PD7
- Reduction of over-water structure by about 7,400 square feet (55%)
- Proposed increase of over water structure at Port Dock 7
- If it's determined that the Port wants to add more fishing pier, we can extend the length over the water



Mitigation Eel Grass

- There is eel grass in the Commercial Marina
- Dredging projects will have to account for eel grass mitigation
- In kind, on site mitigation gets the most credit
- The Port has transplanted eel grass in the past; if we could do something similar in the Commercial Marina, we may be able to get the credit necessary to dredge



Closing

- To make progress on SBP, we need to consider whether permits are viable
- Discuss concepts with permitting agencies (Corps, NMFS, ODFW, etc.)
- Build infrastructure that is designed for the age in which it will be operational
- Incorporate mitigation projects that bring some benefit directly to the Port



Questions?



From: Evan Hall
To: [Aaron Bretz](#); [Paula Miranda](#)
Subject: YIP and moorage bottleneck
Date: Friday, January 10, 2020 3:26:10 PM

Hello Aaron-

Per some of our conversations on the future opportunities for YIP, as well as the Port, I wanted to describe how lack of moorage and associated service could threaten the highest and best use/ build out of what we see for our project. I understand the Port is currently analyzing and considering different concepts for expanded moorage in its harbors. We support these efforts and appreciate the forward thinking and investment in Newport's commercial fishing fleet (as well as the sport/charter boats).

As you know, the vision for Yaquina Industrial Park is to support the regional marine industries centered around Newport. We believe the McLean Point property is ideally suited for this. Our goal is to create a cluster of support services and seafood processing markets to participate in the West Coast commercial seafood industry. One of the biggest threats to this opportunity is that we would not be able to provide layup moorage. We anticipate any docks we could build would be limited to their immediate uses, primarily for product offloading (or ice loading for instance). If we can bring in new processors to the Industrial Park, they would likely bring in new boats that previously called to other Ports. Even if these boats do not need long term moorage, there will be a need for transient layup for provisioning, crew change, weather holds, and delivery schedules. One potential processor we are talking with buys from a fleet of about 20 boats with only a few calling Newport home. I hesitate to speculate on a number of new vessels that may call upon Newport due to YIPs activities, but it is highly likely that it would increase for each new processor/buyer (our conceptual plans provide space for 3 40-60k sf processing plants and multiple, 10k sf or smaller, facilities). Based on 2015 numbers, Newport lands approximately 40% of Oregon's seafood and is home for around 20% of its fleet. We think Newport is ideally situated to capture more of both these demographics (opportunities) as other Ports along the coast struggle to provide the commercial fleets three primary needs of dock infrastructure, trades/services and seafood markets. Community Ice will be an interesting example for how a new opportunity for ice on the coast will draw additional vessels into Newport.

In addition, we consider the close proximity to Port infrastructure to be an asset as it makes it possible for marine services to access the vessels for work. With the services already up in Toledo pulling in new work, its likely that available space for vessels to be serviced in Newport is close to maxed out. The trades and services will follow where the work is, in other words, where the boats are. We have space for their shops shore side, but the boats need to have a place to tie up near by.

The long and short, we think the moorage capacity in the Bay could be a limiting factor for the ultimate build out of Yaquina Industrial Park. We enthusiastically support the Ports efforts to update and expand that infrastructure.

Regards-
-Evan Hall
Rondys Inc



STAFF REPORT

DATE: 28 Jan 2020
RE: 2019 Financial Audit Report
TO: Paula Miranda, General Manager
ISSUED BY: Mark A. Brown, Director of Finance and Business Services

BACKGROUND

ORS 297.425 requires annual audit of the Finance statements by accountants via a contract. The statute requires a review of:

1. The principles of Accounting and methods used in recording, summarizing and reporting its financial transactions, and financial conditions;
2. The accuracy and legality of the transactions, accounts, records, files and financial reports of the officers and employees
3. Compliance with the requirements, orders and regulations of other public officials which pertain to the financial condition or the financial operations of the municipal corporation.

The Secretary of State, in cooperation with the Oregon Board of Accountancy, and in consultation with the Oregon Society of Certified Public Accountants prescribes the minimum standards for conducting audits of municipal corporations, preparing the resulting audit reports and expressing opinions upon the financial condition and results of operation for the period under audit.

As required by statute the Port has been furnished with a written audit report, containing a signed expression of opinion. A copy of the audit report is required to be furnished to each person who was a member of the governing body at the end of the calendar or fiscal year.

DETAIL

I have requested and a copy of the Audit Report has been sent via email to Stewart Lamerdin, as required.

Each member of the commission has been provided a copy of the Audit report. The Governance letter provides with any findings Kern Thompson discovered during the audit. There were no findings, difficulties, misstatements, disagreements, and it was determined that the financial statements were presented in accordance with generally accepted accounting principles.

Kern Thompson made two recommendations:

1. Where the Port has related parties employed, assure the parties do not have related duties, and access to systems is restricted to prevent errors or fraud.

Response: The Port has not authorized access to accounting system and RV park reservation system access has been modified to read only in response to this recommendation.

2. Add documentation of pay rates to the employee files.

Response: The Port has implemented an estimated total compensation spreadsheet, which will be added to the Employee file (see Figure 1), this will be updated each time pay and/or benefits are changed. The port also developed an offer letter (see Figure 2), to be sent to newly hired employees, and is in the process of developing a Personnel Action form to be used when any changes occur or a new staff member is hired.


Port of Newport																																																																						
2019 - 2020 Estimated Total Compensation Package																																																																						
																																																																						
The following is an estimation of your annual compensation in your position of for fiscal year 2020*. Based on your 2019 Performance Evaluation and using the Salary Performance Matrix, you have earned a salary increase of XXXX.																																																																						
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Minimum</th> <th colspan="10"></th> <th style="text-align: right;">Maximum</th> </tr> </thead> <tbody> <tr> <td>\$ 22.93</td> <td>\$ 23.39</td> <td>\$ 23.86</td> <td>\$ 24.33</td> <td>\$ 24.82</td> <td>\$ 25.32</td> <td>\$ 25.82</td> <td>\$ 26.34</td> <td>\$ 26.87</td> <td>\$ 27.40</td> <td>\$ 27.95</td> </tr> </tbody> </table>											Minimum											Maximum	\$ 22.93	\$ 23.39	\$ 23.86	\$ 24.33	\$ 24.82	\$ 25.32	\$ 25.82	\$ 26.34	\$ 26.87	\$ 27.40	\$ 27.95																																					
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Total Compensation	\$ -		\$ -																																																																			
<p>* This is an estimate only and can vary based on many factors including, but not limited to, changes in your insurance coverage, unpaid leaves, and/or changes in the Port's Policy and Procedures. This does not form an employment contract nor create any expectation for future employment. Please refer to the port's Policy and Procedure manual for details on salary.. Employment at the Port of Newport is strictly "at-will" and can be terminated by either party, at any time, with or without reason</p>																																																																						
Employee Signature (acknowledges receipt)																																																																						

Figure 1

MM/DD/YYYY

Candidate First and Last Name

Candidate Address

City, State, Zip

Dear [Candidate Name],

The Port of Newport is delighted to offer you the full-time position of [job title] with an anticipated start date of [start date], contingent upon background check, and drug screening, check and is subject to a six (6) month probationary period.

Keep reading to learn more about this opportunity and – hopefully – answer any lingering questions you may have.

The Port of Newport will start you out at [dollar amount] per [hour, year, etc.]. You can expect to receive your paycheck on the 5th and 20th of each month.

As the [job title], you will report to [manager/supervisor name and title] at [workplace location] from [hours of day, days of week].

You'll be a regular employee of the Port of Newport. After your first full month of employment you will receive the following benefits:

- Medical insurance, Dental and Vision insurance,
- \$50,000 Life Insurance,
- Employee Assistance Program,
- Membership in the Public Employees Retirement System (PERS)
- Training necessary for growth in your position
- 11 paid holidays per year
- 13.33 hours of accrued of paid time off per month, which be used after first three full months of employment.

Please keep in mind, this employment offer is in no way a legally binding contract, and as an at-will employee, both you and the Port of Newport are able to terminate employment for any reason at any time.

The Port of Newport looks forward to bringing you on board! If you have questions, reach out at any time and we'll be more than happy to help you.

Best,

[Your Signature]

[Your Printed Name]

[Your Job Title]

[Your Signature]

Figure 2

Are there any questions or concerns?

**PORT OF NEWPORT
LINCOLN COUNTY, OREGON**

AUDIT LETTERS

Year Ended June 30, 2019

KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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Governance Letter

To the Board of Commissioners
Port of Newport
Newport, Oregon

We have audited the financial statements of Port of Newport for the year ended June 30, 2019, and have issued our report thereon dated below. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our engagement letter to you dated August 6, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Port of Newport are described in Note B to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2019. We noted no transactions entered into by the Port during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

We detected no misstatements as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the attached management representation letter.

To the Board of Commissioners
Port of Newport

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Organization’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Port’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management’s discussion and analysis (the MD&A) and the pension information schedules, which are required supplementary information (collectively the “RSI”) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI, and do not express an opinion or provide any assurance on the RSI.

With respect to the other supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of those in charge of governance and management of Port of Newport and is not intended to be and should not be used by anyone other than these specified parties.

KERN & THOMPSON, LLC

Portland, Oregon
December 18, 2019

Management Letter

To the Board of Commissioners
Port of Newport
Newport, Oregon

During our audit of Port of Newport (the Port) for the year ended June 30, 2019, we noted certain matters that are presented for your consideration. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve internal control or result in other operating efficiencies or improvements. We will be pleased to discuss these comments in further detail at your convenience. Our comments are summarized as follows:

Related Employees

We noted that the Port employs a married couple: one employed in the administrative office and one employed at the south beach office. While there is no prohibition to employing married persons, especially in a small community, a control risk could exist if their duties intersect. Our audit procedures did not detect errors or improprieties involving either party, but we remind the Port to review safeguards in place to prevent opportunities for errors or fraud, especially if either party handles cash or processes financial transactions.

Recommendation

We recommend a review of each of the related parties' duties and responsibilities, and where possible, revise procedures or reassign certain duties to other employees to strengthen the prevention of opportunities for error. Especially as related to cash handling, transaction processing, and routine reporting duties, we recommend reassignment to other employees at least on a rotational basis. We believe this action will not only strengthen controls to prevent errors or fraud, but also protect the integrity of the persons involved.

Authorized Employee Compensation Rates

During our testing of payroll expenses, the employee files are complete with respect to required tax withholding forms, proof of citizenship, and other employment related documents. While wage and salary ranges by classification are reviewed and authorized in the formal budgeting process, the individual employee files do not contain documentation of the authorized pay rate. Documentation of each employee's compensation rate on an annual basis provides assurance that authorized pay rates support the calculations of compensation expense reported in the financial statements. Additionally, specific documentation protects the Port in the event of compensation disputes.

Recommendation

We recommend development of a form to document each employee's authorized annual pay rate. The form should include the employee's name, time period for the rate in effect, and an indication of communication to the employee plus Management's approval. We believe this action will provide better documentation and also protect the parties in the event of disputes.

We appreciate the courtesy and cooperation provided by the employees of the Port during the course of the audit. We will be happy to discuss the details of this report and assist in any way possible. This report is intended solely for the information and use of management, and is not intended to be and should not be used by anyone other than these specified parties.

KERN & THOMPSON, LLC

Portland, Oregon
December 18, 2019



Management Representation Letter

Kern & Thompson, LLC
1800 S.W. First Avenue, Suite 410
Portland, OR 97201

This representation letter is provided in connection with your audit of the financial statements of the Port of Newport, which comprise the statement of net position of the business-type activities as of June 30, 2019, and the respective changes in financial position and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date signed below, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 6, 2019, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates are reasonable.
6. Related party relationships and transactions, if any, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
8. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements. In addition, you have proposed adjusting journal entries that have been posted to the entity's accounts. We are in agreement with those adjustments.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Guarantees, whether written or oral, under which the Port of Newport is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Board of Commissioners or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
16. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or bylaws, or abuse, whose effects should be considered when preparing financial statements.
17. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

18. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware, if any.

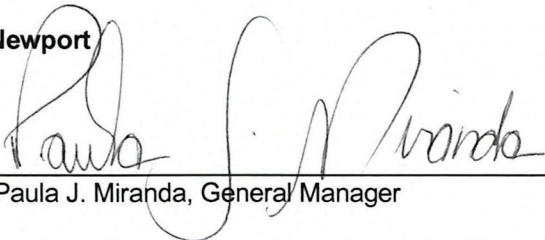
Government-specific

19. We have made available to you all financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.
20. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
21. We have identified to you and previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
22. The Port of Newport has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
23. We are responsible for compliance with the laws, regulations, and provisions of bylaws applicable to us, and we have identified and disclosed to you all laws, regulations and provisions of bylaws that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
24. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
25. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
26. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
27. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
28. As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
29. The Port of Newport has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except as made known to you and disclosed in the notes to the financial statements.

30. The Port of Newport has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
31. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
32. There are no component units. There are no joint ventures with an equity interest, or other joint ventures, or other related organizations.
33. The financial statements properly classify all funds and activities in accordance with GASB No. 34.
34. All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
35. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
36. Invested funds held in the Oregon State Local Government Investment Pool (LGIP) are properly valued.
37. Provisions for uncollectible receivables have been properly identified and recorded.
38. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
39. Revenues are appropriately classified in the statement of revenues, expenses, and changes in net position.
40. Interfund activity and balances have been appropriately classified and reported.
41. Deposits and invested funds are properly classified as to risk and are properly disclosed.
42. Capital assets are properly capitalized, reported, and depreciated.
43. We have appropriately disclosed the Port's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
44. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
45. We acknowledge our responsibility for the required supplementary information ("RSI" – the "Management's Discussion and Analysis" and pension information schedules). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.


46. We acknowledge our responsibility for presenting the supplemental budgetary comparison schedules and schedule of tax collections (the "supplementary information") in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

Port of Newport

By: 

Paula J. Miranda, General Manager

Date: 12/18/19

By: 

Mark A. Brown, Director of Finance

Date: 12/18/2019



**PORT OF NEWPORT
LINCOLN COUNTY, OREGON**

FINANCIAL STATEMENTS

Year Ended June 30, 2019

KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

**PORT OF NEWPORT
LINCOLN COUNTY, OREGON
FOR THE YEAR ENDED JUNE 30, 2019**

BOARD OF COMMISSIONERS

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Walter Chuck Newport, Oregon	1	June 30, 2023
Sara Skamser Newport, Oregon	2	June 30, 2021
Gil Sylvia Newport, Oregon	3	June 30, 2021
Jeff Lackey Newport, Oregon	4	June 30, 2021
Jim Burke South Beach, Oregon	5	June 30, 2023

All Commissioners receive mail at the address below:

Registered Agent and Address:

**Paula J. Miranda, General Manager
600 SE Bay Boulevard
Newport, OR 97365**

PORT OF NEWPORT
FINANCIAL STATEMENTS
Year Ended June 30, 2019

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**PORT OF NEWPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019**

This discussion and analysis of the Port of Newport (the Port) financial performance provides an overview of the Port's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the Port's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS (in thousands)

- Total assets of the Port are \$85,143 with capital assets of \$74,488 net of accumulated depreciation. Current assets are \$9,710 at June 30, 2019.
- The assets of the Port exceeded its liabilities at the close of the fiscal year by \$44,903 (Net Position). Of this amount \$6,613 (unrestricted net position) may be used to meet the Port's ongoing obligations.
- The Port's net position decreased by \$1,376 from June 30, 2018.
- Total operating revenue was \$7,546 which is an increase of 0.3% over the prior year.
- Total operating expenses for the year were \$7,198 which is 1.2% higher than the prior year.

Overview of the Financial Statements

This audit report consists of three parts – management's discussion and analysis (this section), the basic financial statements (including notes), and supplementary information. The report is guided by accounting and reporting principles established by the Governmental Accounting Standards Board (GASB).

The basic financial statements are prepared on the accrual basis, similar to a private business, whereby revenues are recognized when earned and expenses are recognized when incurred, regardless of when cash is received or paid. The basic financial statements consist of a statement of net position which includes the Port's assets, liabilities, and net position (assets minus liabilities) at year end; statement of revenues, expenses, and changes in net position, which includes all revenues, expenses, and grants received for construction for the year; and statement of cash flows, which represents the sources and uses of cash for the year.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. Following the financial statements is a section of supplementary information, which further explains and supports the information in the financial statements.

The analysis in Table 1 following focuses on the net position of the Port; Table 2 focuses on the revenues and expenses of the Port.

**PORT OF NEWPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended June 30, 2019**

Table 1 – Net Position

	<u>2019</u>	<u>2018</u>
Assets and deferred outflows		
Cash and investments	\$ 7,015,255	\$ 5,294,774
Cash restricted for debt payments	2,081,283	3,706,287
Capital assets, net	74,488,528	77,538,301
Other	1,558,029	1,357,132
Total assets and deferred outflows	<u>85,143,095</u>	<u>87,896,494</u>
Liabilities and deferred inflows		
Current	2,830,687	2,725,449
Other liabilities	37,408,436	38,890,613
Total liabilities and deferred inflows	<u>40,239,123</u>	<u>41,616,062</u>
Net position		
Invested in capital assets, net of related debt	36,209,387	37,700,099
Unrestricted	6,613,302	4,874,046
Restricted	2,081,283	3,706,287
Total net position	<u>\$ 44,903,972</u>	<u>\$ 46,280,432</u>

Table 2 – Revenues and Expenses

	<u>2019</u>	<u>2018</u>
Operating revenues		
Tenant rents	\$ 6,908,096	\$ 6,405,909
Taxes and assessments	638,702	1,096,240
Miscellaneous	-	20,158
Total operating revenues	<u>7,546,798</u>	<u>7,522,307</u>
Operating expenses		
Personnel services	1,640,317	1,371,372
Materials and services	2,320,836	1,784,710
Depreciation	3,237,352	3,234,980
Total operating expenses	<u>7,198,505</u>	<u>6,391,062</u>
Total operating income (loss)	<u>348,293</u>	<u>1,131,245</u>
Non-operating revenues (expenses)		
Grants	1,800	2,772
Interest income	103,495	24,935
Interest expense	(1,830,048)	(1,873,573)
Net non-operating revenues (expenses)	<u>(1,724,753)</u>	<u>(1,845,866)</u>
Change in net position	(1,376,460)	(714,621)
Net position, beginning of year	46,280,432	46,995,053
Net position, end of year	<u>\$ 44,903,972</u>	<u>\$ 46,280,432</u>

**PORT OF NEWPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended June 30, 2019**

Capital Assets

The following table lists the Port's capital assets and their value as of June 30, 2019:

	<u>2019</u>	<u>2018</u>
Capital assets		
Land	\$ 20,221,521	\$ 20,221,521
Construction in progress	492,539	378,172
Land improvements	36,146,801	19,681,443
Buildings and docks	54,777,527	72,374,775
Equipment	1,205,102	-
Accumulated depreciation	<u>(38,354,962)</u>	<u>(35,117,610)</u>
Total net capital assets	<u>\$ 74,488,528</u>	<u>\$ 77,538,301</u>

For further information on the Port's capital assets, see Note E of the financial statements.

Long-Term Obligations

The following is a summary of long-term debt obligations of the Port as of June 30:

	<u>2019</u>	<u>2018</u>
Long-Term Debt		
General obligation bonds	\$ 12,045,000	\$ 12,385,000
Revenue bond	18,160,000	19,105,000
Full faith and credit obligations	2,685,000	2,885,000
State of Oregon loans	3,892,214	4,095,834
Bank loans and other	<u>592,255</u>	<u>677,965</u>
Total long-term debt	<u>\$ 37,374,469</u>	<u>\$ 39,148,799</u>

Additional information on the Port's long-term debt can be found in Note G of the financial statements.

Budgetary Highlights

The Port's budget for the fiscal year 2018-19 was adopted by the Port Commission in June 2018 and certified by the Lincoln County Clerk in July 2018. There was one supplemental budget adopted resulting in changes to the appropriations during the year. The budget to actual annual activity is presented for both the original and final budget amounts as required supplementary information.

Economic Factors and Next Year's Budgets and Rates

As part of the Port's strategic planning and business planning process, regional and national economic trends and forecasts are reviewed and forecasted to help produce the annual budget. In the Port's 2019-20 budget, operating expenditures and revenues are forecast to remain consistent with prior years. The capital improvement budget for 2019-20 assumes several capital projects estimated at \$4.2 million.

Contacting the Port's Financial Management

If you have questions about this report or need additional information, contact the Port of Newport, 600 SE Bay Boulevard, Newport, OR 97365.

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Port of Newport
Newport, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Port of Newport, Oregon (the Port), as of and for the year ended June 30, 2019, 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Port of Newport, Oregon as of June 30, 2019, and the changes in its financial position and cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Commissioners
Port of Newport

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through iii, and the pension information schedules on pages 27 to 28, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The budgetary comparison schedule and the schedule of tax collections and unpaid balances, as listed in the Table of Contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated December 18, 2019, on our consideration of the Port's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.

KERN & THOMPSON, LLC
Certified Public Accountants



Richard V. Proulx, CPA
Partner

Portland, Oregon
December 18, 2019

PORT OF NEWPORT
STATEMENT OF NET POSITION

June 30, 2019

ASSETS

Current assets

Cash and investments	\$ 7,015,255
Cash restricted for debt payments	2,081,283
Property tax receivable	97,259
Receivables, net of allowances	313,500
Prepaid expenses	203,605
Total current assets	<u>9,710,902</u>

Noncurrent assets

Capital assets	
Depreciable capital assets	92,129,431
Non-depreciable capital assets	20,714,059
Accumulated depreciation	<u>(38,354,962)</u>
Capital assets, net	74,488,528
Unamortized bond discount	203,690
Total noncurrent assets	<u>74,692,218</u>

Deferred outflows of resources

Advanced refunding outflows, net of amortization	398,256
Pension related outflows	<u>341,719</u>
Total noncurrent assets	<u>739,975</u>

Total assets and deferred outflows **\$ 85,143,095**

LIABILITIES AND NET POSITION

Current liabilities

Accounts payable	\$ 157,084
Accrued payroll	113,284
Accrued interest payable	446,430
Lease deposits	229,375
Notes payable - current	334,514
Bond payable - current	1,550,000
Total current liabilities	<u>2,830,687</u>

Noncurrent liabilities

Notes payable	4,149,955
Bonds payable, net	31,340,000
Unamortized bond premium	904,672
Net pension liability	858,385
Total noncurrent liabilities	<u>37,253,012</u>

Deferred inflows of resources

155,424

Net position

Investment in capital assets, net of related debt	36,209,387
Unrestricted	6,613,302
Restricted for debt payments	2,081,283
Total net position	<u>44,903,972</u>

Total liabilities, deferred inflows and net position **\$ 85,143,095**

See notes to financial statements.

PORT OF NEWPORT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year Ended June 30, 2019

Operating revenues	
Moorages and leases	\$ 4,684,359
RV Park	1,104,050
Terminals	1,560
Hoist dock	875,379
Launch ramp	82,244
Miscellaneous	160,504
Total operating revenues	<u>6,908,096</u>
Operating expenses	
Salary and wage	1,093,359
Payroll tax and benefit	546,958
Administration, promotion and marketing	252,002
Maintenance	491,928
Utilities	580,361
Insurance	278,319
Professional fees	168,707
Service fees	289,718
Supplies	120,069
Other	139,732
Depreciation	3,237,352
Total operating expenses	<u>7,198,505</u>
Operating income (loss)	<u>(290,409)</u>
Non-operating revenues (expenses)	
Property tax	638,702
Grants and reimbursements	1,800
Interest income	103,496
Interest expense	(1,830,049)
Total non-operating revenues (expenses)	<u>(1,086,051)</u>
Change in net position	(1,376,460)
Net position, beginning of year	<u>46,280,432</u>
Net position, end of year	\$ <u><u>44,903,972</u></u>

See notes to financial statements.

PORT OF NEWPORT
STATEMENT OF CASH FLOWS
Year Ended June 30, 2019

Cash flows from operating activities:	
Cash received from tenants	\$ 6,937,269
Cash received from property taxes	632,130
Payments to vendors	(2,674,021)
Payments to employees	(1,104,105)
Net cash provided by (used in) operating activities	<u>3,791,273</u>
Cash flows from investing activities:	
Interest income	<u>103,494</u>
Cash flows from capital and related financing activities:	
Acquisitions of capital assets	(187,580)
Payments on notes and bonds payable	(1,762,749)
Interest paid	(1,848,961)
Net cash provided by (used in) capital and related financing activities	<u>(3,799,290)</u>
Change in cash and cash equivalents	95,477
Cash and cash equivalents	
Beginning of year	<u>9,001,061</u>
End of year	<u>\$ 9,096,538</u>
Reported in the Balance Sheet as:	
Unrestricted	\$ 7,015,255
Restricted	<u>2,081,283</u>
Total	<u>\$ 9,096,538</u>
Reconciliation of operating income (loss) to cash provided by (used in) operating activities:	
Operating income (loss)	\$ (290,409)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation and amortization	3,237,352
Non operating revenues	640,503
(Increase) decrease in current assets:	
Operating receivables	28,414
Prepaid expense	(36,436)
Increase (decrease) in current liabilities:	
Accounts payable and compensated absences	51,266
Pension liabilities	<u>160,583</u>
Net cash provided by (used in) operating activities	<u>\$ 3,791,273</u>

See notes to financial statements.

PORT OF NEWPORT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE A – DESCRIPTION OF ORGANIZATION

The Port of Newport, located in Lincoln County, Oregon (the Port) was established in 1910 pursuant to Section 8 Chapter 31 of the Session Laws of the State of Oregon 1909. The Port's mission is to build and maintain waterfront facilities and promote/support projects and programs in cooperation with other community organizations and businesses that will retain and create new jobs and increase community economic development.

Control of the Port is vested in its five-member commission. Commissioners are elected to office by voters within the Port District, which encompasses the majority of Lincoln County. Administrative functions are delegated to individuals who report to and are responsible to the commission. The chief administrative officer is the general manager.

The accompanying basic financial statements present all funds, for which the Port is considered to be financially accountable. The criteria used in making this determination includes the appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependence on the primary government. Based upon the evaluation of these criteria, the Port is a primary government with no includable component units.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These statements have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The accounts of the Port are organized on the basis of proprietary fund types, specifically enterprise funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs of providing goods and services be financed or recovered primarily through user charges. The activities of these funds are accounted for with a separate set of self balancing accounts that comprise the Port's assets, liabilities, net position, revenues and expenses. The Port uses several individual funds for state legal compliance that are combined and reported as a unitary enterprise similar to a commercial entity organized for profit for financial reporting. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of an activity; or (ii) that are required by laws and regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Basis of Accounting and Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these fund types are included on the Statement of Net Position. Net position (i.e. total assets net of total liabilities) is segregated into invested in capital assets, net of related debt; restricted for debt service; and unrestricted components.

PORT OF NEWPORT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Measurement Focus (Continued)

Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position. Proprietary funds utilize the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Port has defined operating revenues to include lease fees, RV park fees, launch dock, hoist and moorage fees. Operating expenses are defined as those expenses directly related to providing the services reflected within operating revenues including depreciation and administration expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenue and expenses. This includes property taxes, investment interest, gain (loss) on sale of capital assets, and non-operating grant revenue and amortization costs.

When both restricted and unrestricted resources are available for use, it is the Port's policy to use restricted resources first, then unrestricted resources as they are needed.

The following funds collectively comprise the enterprise activities reported by the Port:

General Fund - This fund is used to account for the financial resources of the Port that are not accounted for in any other fund. Principal sources of revenue are from property taxes, service fees and lease revenue. Primary expenditures are for maintenance and personnel services.

Bonded Debt Fund - This fund accounts for the redemption of general obligation bonds and interest thereon. The principal source of revenue is property taxes.

Facilities Maintenance Reserve Fund - This fund is used to account for the accumulation of funds for the maintenance, repairs and capital improvements.

Construction Fund - This fund is used for capital improvements and acquisitions.

NOAA Lease Revenue Fund - This fund accounts for expenditures relating to capital improvements for the NOAA MOC-P facility. Current resources consist primarily of lease payments. This fund services the bond repayment and covers facilities maintenance costs over the term of the lease.

Budget Policies and Budgetary Control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds except for agency funds. A budget is prepared for each fund in accordance with the modified accrual basis of accounting with certain modifications and legal requirements set forth in the Oregon Local Budget Law (ORS 294.305 to 294.565). The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The Port established the levels of budgetary control at the object (personnel services, material and services, capital outlay, operating contingencies, debt service, and all other requirements) levels for all funds. Appropriations lapse at the end of each fiscal year.

PORT OF NEWPORT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget Policies and Budgetary Control (Continued)

The Port begins its budgeting process by appointing Budget Committee members each year. Budget recommendations are developed by management through early spring, with the budget committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The Board of Commissioners adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over-expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

Unexpected additional resources may be added to the budget through the use of a supplemental budget. The supplemental budget process requires hearings before the public, publications in newspapers, and approval by the Board. Only the Board may modify original and supplemental budgets by the use of appropriation transfers between the levels of control. In addition, Oregon Local Budget Law provides certain specific exceptions to the supplemental budget process to increase appropriations. Such transfers and increases require Board's approval by adoption of a resolution.

Cash Deposits and Investments

The Port's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

The Port's investment policies are governed by Oregon statutes. The statutes authorize the Port to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, high-grade commercial paper and the State Treasurer's Local Government Investment Pool (LGIP). See Note C.

Receivables

Terminal, marina, and tenant lease receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivable.

Property taxes are levied and become a lien on all taxable property as of July 1. Property taxes are payable on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Property taxes receivable are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established.

PORT OF NEWPORT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets and Depreciation

Capital assets include land and improvements, buildings, and equipment. In addition, certain capital assets purchased may be capitalized regardless of the thresholds established.

Such assets are reported at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are reported at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method according to the following criteria:

<u>Asset Classification</u>	<u>Capitalization Threshold</u>	<u>Useful Life in Years</u>
Land improvements	\$ 5,000	10 - 20
Buildings	5,000	25 - 40
Docks	5,000	30 - 60
Equipment	5,000	5 - 10

Compensated Absences

Employees are permitted to accumulate earned but unused paid time off (“PTO”). PTO is recognized as expense when earned. Compensated absences are reported and accrued with other payroll liabilities in the Statement of Net Position.

Long-Term Obligations

Long-term obligations are reported at face value, net of applicable discounts. Costs related to the issuance of debt are deferred and amortized over the lives of the various debt issues.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions which affect the reporting amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that apply to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

PORT OF NEWPORT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that apply to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Pension Retirement Plan

For purposes of measuring 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 Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. 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.

Net Position

Net Position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the Port's financial statements. Net position is divided into three components:

Net investment in capital assets - consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net assets - consists of assets that are restricted by the Port's creditors, by enabling legislation, by granters, and other contributors.

Unrestricted - all other net assets reported in this category.

Restricted Assets and Related Liabilities

Assets whose use is restricted for construction related to the marine terminal redevelopment project, the National Oceanic and Atmospheric Administration (NOAA) Marine Operations Center-Pacific (MOC-P) project, the facilities maintenance reserve and the payment of bonded debt service, as well as all related liabilities are segregated on the Statement of Net Position.

Where both restricted and unrestricted resources are available for use, it is the Port's policy to use restricted resources to the limits of the policies and statutes governing them first, then unrestricted resources as they are needed.

PORT OF NEWPORT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE C – CASH AND INVESTMENTS

The Port's cash and investments are held in bank financial institutions listed as qualified bank depositories by the Oregon State Treasurer.

The Port uses money market bank accounts and time certificates of deposit for its temporary investments. Amounts held in such accounts are treated as cash equivalents, as the accounts can be accessed as needed. Cash and investments consist of the following at June 30, 2019:

Deposits with financial institutions:	
Demand deposits	\$ 9,034,461
Time certificate of deposit	<u>62,077</u>
Total	<u>\$ 9,096,538</u>
Reported in:	
Statement of net position	
Cash and investments	\$ 7,015,255
Cash restricted for debt payments	<u>2,081,283</u>
Total	<u>\$ 9,096,538</u>

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 does not have a formal policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increases in interest rates.

Credit Risk

Credit risk is the risk that the issuer of an investment fails to fulfill its obligations. Oregon Statutes limit investments to general obligations of U.S. government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, high-grade commercial paper and the State Treasurer's Local Government Investment Pool. The Port has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

The Port does not have a formal policy that places a limit on the amount that may be invested with any one issuer. The Port's investments are 100% invested in time certificates of deposit.

Custodial Credit Risk

This is the risk that, in the event of a bank failure, the Port's deposits may not be returned. Deposits with financial institutions are comprised of bank demand deposits. The combined total bank balance was \$9,107,034. As required by Oregon Revised Statutes, deposits in excess of federal depository insurance were held at qualified depositories for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer. As a result, the Port has no exposure to custodial credit risk for deposits with financial institutions.

PORT OF NEWPORT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE D – RECEIVABLES

Receivables consist of the following at June 30, 2019:

Property taxes receivable	\$ 97,259
Tenant receivables	343,500
Allowance for uncollectible tenant rents	<u>(30,000)</u>
	<u>\$ 410,759</u>

NOTE E – CAPITAL ASSETS

The following table is a summary of capital assets:

	Balances June 30, 2018	Additions	Transfers/ Deletions	Balances June 30, 2019
Land	\$ 20,221,521	\$ -	\$ -	\$ 20,221,521
Construction in process	378,172	127,645	(13,278)	492,539
Building and land improvements	36,146,801	-	-	36,146,801
Docks & Piers	54,728,432	49,095	-	54,777,527
Equipment	1,180,985	24,117	-	1,205,102
Total property and equipment	<u>112,655,911</u>	<u>200,857</u>	<u>(13,278)</u>	<u>112,843,490</u>
Less accumulated depreciation	<u>(35,117,610)</u>	<u>(3,237,352)</u>	<u>-</u>	<u>(38,354,962)</u>
Total capital assets, net	<u>\$ 77,538,301</u>	<u>\$ (3,036,495)</u>	<u>\$ (13,278)</u>	<u>\$ 74,488,528</u>

NOTE F – TENANT LEASING ACTIVITIES

The Port leases certain properties to tenants under long-term non-cancelable operating leases. The depreciated cost of the leased properties aggregated approximately \$31,334,000 as of June 30, 2019 with annual depreciation expense of approximately \$1,320,000. Tenant leases include a 20-year lease for a MOC-P with the National Oceanic and Atmospheric Administration (“NOAA”). NOAA lease revenue is pledged for the 2010 Revenue Bonds (see Note G). The annual rent under this lease is approximately \$2,545,000 which is included in the schedule below.

The minimum future payments to be received under non-cancelable leases are as follows:

Year Ending June 30,	
2020	\$ 3,270,000
2021	3,250,000
2022	3,250,000
2023	3,250,000
2024	3,230,000
Thereafter	<u>20,230,000</u>
	<u>\$ 36,480,000</u>

PORT OF NEWPORT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE G – LONG-TERM OBLIGATIONS

Bonds and Loans Payable

The general obligation bonds, full faith and credit obligation bond, and State of Oregon loans are direct obligations and pledge the full faith and credit of the Port. The revenue bonds are secured by the NOAA lease revenue and the required reserve was fully funded with bond proceeds. The funds provided by the obligations and the Oregon Coast Bank loans, were and continue to be used for the acquisition, repair and construction of capital assets.

In the fiscal year ending June 30, 2013, the Port obtained financing for construction of the International Terminal. The Port negotiated a \$3,000,000 loan with a \$500,000 grant from the Oregon Infrastructure Finance Authority (IFA). Additional financing was obtained under a forgivable loan from the State of Oregon Business Development in the amount of \$400,000. The no interest loan is secured by a promissory note and was to be forgiven by the State upon meeting the creation of a number of jobs positions by September 2017. That date was not met. Presently the \$400,000 note is being recognized as a no interest obligation, payable over ten years, with the current portion being \$40,000. See Subsequent events - Note 11.

In the fiscal year ending June 30, 2013, the Port refinanced two Special Public Works Fund Community Facility loans outstanding of \$2,624,942 and received new funding of \$890,000 for improvements to the Port's International Terminal.

In December of 2015 the City of Newport issued a building permit to the Port to develop the shipping yard and levied systems development charges of \$117,669, attaching a lien to the Port's real property.

On June 16, 2016 the Port issued Series 2016 refunding bonds for \$7,610,000. The amount of \$8,348,133 was sent to the escrow agent for refunding of GO Bond Series 2007 callable portion in the amount of \$4,135,878 and GO Bond Series 2008 callable portion in the amount of \$4,272,080. The Port realized a net present value savings of approximately \$944,963. As of June 30, 2019, remaining defeased GO bonds consist of 2008 series of \$4,070,000. In 2016 the bonds were legally turned over to an escrow agent with sufficient funding (principal received combined with the earnings on that principal during the time the agent holds the funds) to service this debt due January 1, 2018. Defeased debt is no longer a liability of the Port.

As of June 30, 2019 the defeased General Obligation bonds are as follows:

GO 2007 defeased bonds	\$ 3,705,000
GO 2008 defeased bonds	<u>3,815,000</u>
Total balance of defeased bonds	<u>\$ 7,520,000</u>

In January of 2017 the Port signed a letter of understanding with Oregon Brewing Company on improvements to property. The cost of the improvements were shared with the Port, resulting in the Port recognizing a contribution and a no interest obligation of \$210,295, payable over five years to Oregon Brewing Company.

The Port has various equipment lease purchase contracts aggregating \$63,393 as of June 30, 2019.

PORT OF NEWPORT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE G – LONG-TERM OBLIGATIONS (CONTINUED)

Transactions for notes payable for the year ended June 30, 2019 were as follows:

Bonded Debt Fund	Balance			Due Within One Year			
	June 30, 2018	Additions	Reductions	June 30, 2019	Principle	Interest	Total
General Obligation Bonds							
Series 2011	\$ 5,065,000	\$ -	\$ 70,000	\$ 4,995,000	\$ 70,000	\$ 264,255	\$ 334,255
Series 2016	7,320,000	-	270,000	7,050,000	280,000	265,800	545,800
Total Bonded Debt Fund	\$ 12,385,000	\$ -	\$ 340,000	\$ 12,045,000	\$ 350,000	\$ 530,055	\$ 880,055

General Fund	Balance			Due Within One Year			
	June 30, 2018	Additions	Reductions	June 30, 2019	Principle	Interest	Total
Full Faith and Credit OB							
series 2013	\$ 2,885,000	\$ -	\$ 200,000	\$ 2,685,000	\$ 205,000	\$ 82,608	\$ 287,608
State of Oregon Loans							
Special Public Works Fund Loans							
L00012	41,921	-	5,005	36,916	5,305	2,515	7,820
Q10001	1,069,487	-	62,554	1,006,933	64,304	29,296	93,600
L12005	2,567,225	-	118,860	2,448,365	123,460	94,752	218,212
Promissory	400,000	-	-	400,000	40,000	-	40,000
Oregon Port Revolving Loans	17,201	-	17,201	-	-	-	-
Oregon Coast Bank Loans							
Loan Payable No. 10032077	323,997	-	24,233	299,764	25,704	17,591	43,295
Toyota							
2013 CM Forklift Capital Lease	3,436	-	3,436	-	-	-	-
2017 CM Forklift Capital Lease	29,867	-	6,639	23,228	6,962	953	7,915
Financial Pacific Leasing							
2017 NIT Forklift Capital Lase	50,908	-	10,742	40,166	10,422	1,890	12,312
City of Newport - SDC	104,388	-	10,710	93,678	11,307	4,999	16,306
Oregon Brewing Company	165,369	-	29,950	135,419	47,050	-	47,050
Total Bonded Debt Fund	\$ 7,658,799	\$ -	\$ 489,330	\$ 7,169,469	\$ 539,514	\$ 234,604	\$ 774,118

NOAA Fund	Balance			Due Within One Year			
	June 30, 2018	Additions	Reductions	June 30, 2019	Principle	Interest	Total
Revenue							
Series 2010	\$ 19,105,000	\$ -	\$ 945,000	\$ 18,160,000	\$ 995,000	\$ 1,006,134	\$ 2,001,134
Totals	\$ 39,148,799	\$ -	\$ 1,774,330	\$ 37,374,469	\$ 1,884,514	\$ 1,770,793	\$ 3,655,307

PORT OF NEWPORT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE G – LONG-TERM OBLIGATIONS (CONTINUED)

Future maturities of notes payable as of June 30, 2019 were as follows:

Year Ended June 30,	Full Faith Series 2013		NOAA Series 2010		L00012	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 205,000	82,608	\$ 995,000	1,006,134	\$ 5,305	2,215
2021	210,000	75,357	1,045,000	955,134	5,623	1,897
2022	215,000	68,983	1,100,000	900,959	5,961	1,559
2023	225,000	61,257	1,160,000	843,184	6,318	1,202
2024	235,000	53,233	1,225,000	780,996	6,697	823
2025-29	1,130,000	162,119	7,200,000	2,778,846	7,012	421
2030-34	465,000	28,560	5,435,000	512,509	-	-
2035-39	-	-	-	-	-	-
2040-44	-	-	-	-	-	-
	<u>\$ 2,685,000</u>	<u>\$ 532,117</u>	<u>\$ 18,160,000</u>	<u>\$ 7,777,762</u>	<u>\$ 36,916</u>	<u>\$ 8,117</u>

Year Ended June 30,	Q10001		L12005		Promissory Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 64,304	29,296	\$ 123,460	94,752	\$ 40,000	\$ -
2021	66,260	27,340	128,238	89,974	40,000	-
2022	68,275	25,325	133,200	85,011	40,000	-
2023	70,352	23,248	138,355	79,856	40,000	-
2024	72,491	21,109	143,710	74,502	40,000	-
2025-29	396,902	71,098	806,404	284,654	200,000	-
2030-34	268,349	12,482	974,998	116,060	-	-
2035-39	-	-	-	-	-	-
2040-44	-	-	-	-	-	-
	<u>\$ 1,006,933</u>	<u>\$ 209,898</u>	<u>\$ 2,448,365</u>	<u>\$ 824,809</u>	<u>\$ 400,000</u>	<u>\$ -</u>

Year Ended June 30,	Loan 10032007		Toyota 2017 CM Forklift		Finance Pacific 2017 Forklift	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 25,704	17,591	\$ 6,962	953	\$ 10,422	1,890
2021	27,360	15,935	7,300	615	10,978	1,334
2022	29,071	14,224	7,654	261	11,564	748
2023	30,890	12,405	1,312	8	7,202	158
2024	32,795	10,500	-	-	-	-
2025-29	153,944	9,018	-	-	-	-
2030-34	-	-	-	-	-	-
2035-39	-	-	-	-	-	-
2040-44	-	-	-	-	-	-
	<u>\$ 299,764</u>	<u>\$ 79,673</u>	<u>\$ 23,228</u>	<u>\$ 1,837</u>	<u>\$ 40,166</u>	<u>\$ 4,130</u>

PORT OF NEWPORT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE G – LONG-TERM OBLIGATIONS (CONTINUED)

Year Ended June 30,	City of Newport SDC		Oregon Brewing Company	
	Principal	Interest	Principal	Interest
2020	\$ 11,307	4,999	\$ 47,050	-
2021	11,938	4,368	64,150	-
2022	12,603	3,703	24,219	-
2023	13,306	3,000	-	-
2024	14,048	2,258	-	-
2025-29	30,476	2,123	-	-
2030-34	-	-	-	-
2035-39	-	-	-	-
2040-44	-	-	-	-
	<u>\$ 93,678</u>	<u>\$ 20,451</u>	<u>\$ 135,419</u>	<u>\$ -</u>

Year Ended June 30,	GO 2011		GO 2016	
	Principal	Interest	Principal	Interest
2020	\$ 70,000	264,255	\$ 280,000	265,800
2021	70,000	261,455	285,000	257,400
2022	80,000	258,655	295,000	248,850
2023	80,000	255,055	310,000	237,050
2024	85,000	251,455	320,000	224,650
2025-29	490,000	1,195,050	1,805,000	934,050
2030-34	640,000	1,059,215	2,200,000	528,650
2035-39	1,740,000	854,340	1,555,000	99,350
2040-44	1,740,000	144,925	-	-
	<u>\$ 4,995,000</u>	<u>\$ 4,544,405</u>	<u>\$ 7,050,000</u>	<u>\$ 2,795,800</u>

NOTE H – COMMITMENTS AND CONTINGENCIES

Paid Time Off

As of June 30, 2019, the Port recorded a liability for accumulated unused paid time off (“PTO”) of \$60,508. It is the Port’s policy to pay unused PTO upon retirement or termination of employment.

Risk Management

The Port is exposed to various risks of loss related to theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Port purchases commercial insurance to minimize its exposure to these risks. Settled claims resulting from these risks have historically not exceeded commercial insurance coverage.

PORT OF NEWPORT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE I – PENSION RETIREMENT PLAN

Defined Benefit Pension Plan

General Information about the Pension Plan:

Name of the pension plan: The Oregon Public Employees Retirement System (OPERS) is a cost-sharing multiple-employer defined benefit plan.

Plan description. Employees of the Port are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. OPERS issues a publicly available financial report that can be obtained at:

http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx

Benefits provided under Chapter 238-Tier One / Tier Two:

1. ***Pension Benefits.*** The ORS 238 Defined Benefit Pension Plan provides benefits to members hired *before* August 29, 2003.

The OPERS retirement benefit is payable monthly for life to covered members upon reaching the minimum retirement age. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60.

2. ***Death Benefits.*** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:
 - Member was employed by a OPERS employer at the time of death,
 - Member died within 120 days after termination of OPERS-covered employment,
 - Member died as a result of injury sustained while employed in a OPERS-covered job, or
 - Member was on an official leave of absence from a OPERS-covered job at the time of death.

PORT OF NEWPORT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE I – PENSION RETIREMENT PLAN (CONTINUED)

3. *Disability Benefits.* A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.
4. *Benefit Changes after Retirement.* Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes.

Benefits provided under Chapter 238A-OPSRP Pension Program (OPSRP DB):

1. *Pension Benefits.* The ORS 238A Defined Benefit Pension Program provides benefits to members hired *on or after* August 29, 2003.

This portion of the OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

General Service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit. A member of the OPSRP pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

2. *Death Benefits.* Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.
3. *Disability Benefits.* A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.
4. *Benefit Changes after Retirement.* Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes.

Contributions:

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

PORT OF NEWPORT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE I – PENSION RETIREMENT PLAN (CONTINUED)

Employer contribution rates during the period were based on the December 31, 2016 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2015. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum payments to establish side accounts, and their rates have been reduced. The Port has not established any such side accounts.

Employer contributions for the year ended June 30, 2019 were \$56,028, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2019 were: (1) Tier1/Tier 2 – 13.54%, and (2) OPSRP general service – 4.61%.

Actuarial Valuations:

The employer contribution rates effective July 1, 2016, through June 30, 2018, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

PORT OF NEWPORT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE I – PENSION RETIREMENT PLAN (CONTINUED)

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2016 rolled forward to June 30, 2018
Experience Study Report	2016, published July 26, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Investment Rate of Return	7.20 percent
Projected Salary Increases	3.50 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

Discount Rate:

The discount rate used to measure the total pension liability was 7.20 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, 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 on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

PORT OF NEWPORT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE I – PENSION RETIREMENT PLAN (CONTINUED)

Assumed Asset Allocation:

Asset Class/Strategy	Low Range		High Range		OIC Target	
Cash	0.0	%	3.0	%	0.0	%
Debt Securities	15.0		25.0		20.0	
Public Equity	32.5		42.5		37.5	
Private Equity	13.5		21.5		17.5	
Real Estate	9.5		15.5		12.5	
Alternative Equity	0.0		12.5		12.5	
Opportunity Portfolio	0.0		3.0		0.0	
Total					100.0	%

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both the actuary's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows the actuary's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

PORT OF NEWPORT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE I – PENSION RETIREMENT PLAN (CONTINUED)

Asset Class	Target		Compound Annual Return (Geometric)	
Core Fixed Income	8.00	%	3.49	%
Short-Term Bonds	8.00		3.38	
Bank / Leveraged Loans	3.00		5.09	
High Yield Bonds	1.00		6.45	
Large / Mid Cap US Equities	15.75		6.30	
Small / Micro Cap US Equities	2.62		13.49	
Developed Foreign Equities	13.13		6.71	
Emerging Foreign Equities	4.12		7.45	
Non-US Small Cap Equities	1.88		7.01	
Private Equity	17.50		7.82	
Real Estate (Property)	10.00		5.51	
Real Estate (REITS)	2.50		6.37	
Hedge Funds	3.13		9.95	
Timber & Farmland	3.76		11.77	
Infrastructure	3.75		6.60	
Commodities	1.88		3.84	
Assumed Inflation – Mean			2.50	

Sensitivity of the Port's proportionate share of the net pension liability to changes in the discount rate:

The following presents the Port's proportionate share of the net pension (liability) asset calculated using the current discount rate as well as the Port's net pension liability as if it were calculated using a discount rate 1 percentage point lower or higher than the current rate:

	1% Decrease (6.20%)	Current Rate (7.20%)	1% Increase (8.20%)
Proportionate share of the net pension (liability)/asset	\$ 382,830	\$ 858,385	\$ 1,434,523

Pension plan fiduciary net position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

PORT OF NEWPORT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE I – PENSION RETIREMENT PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At June 30, 2019, the Port reported a liability of \$858,385 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016 and rolled forward to June 30, 2018. The Port's proportion of the net pension asset was based on the Port's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers.

Rates of every employer have at least two major components:

1. Normal Cost Rate: The economic value, stated as a percent of payroll, for the portion of each active member's total projected retirement benefit that is allocated to the upcoming year of service. The rate is in effect for as long as each member continues in OPERS-covered employment. The current value of all projected future Normal Cost Rate contributions is the Present Value of Future Normal Costs (PVFNC). The PVFNC represents the portion of the projected long-term contribution effort related to future service.
2. UAL Rate: If system assets are less than the actuarial liability, an Unfunded Actuarial Liability (UAL) exists. UAL can arise in a biennium when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises in a given biennium over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The present value of all projected UAL Rate contributions is simply the Unfunded Actuarial Liability (UAL) itself. The UAL represents the portion of the projected long-term contribution effort related to past service.

An employer's PVFNC depends on both the normal cost rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For OPERS funding, employers have up to three different payrolls, each with a different normal cost rate: (1) Tier 1/Tier 2 payroll, (2) OPSRP general service payroll, and (3) OPSRP police and fire payroll.

Analyzing both rate components, the projected long-term contribution effort is simply the sum of the PVFNC and UAL. The PVFNC part of the contribution effort pays for the value of future service while the UAL part of the contribution effort pays for the value of past service not already funded by accumulated contributions and investment earnings. Each of the two contribution effort components are calculated at the employer-specific level. The sum of these components across all employers is the total projected long-term contribution effort.

At June 30, 2018 measurement date, the Port's proportionate share of the net pension liability was 0.00566640%, which changed from its proportionate share measured as of June 30, 2017 of 0.00548485%.

PORT OF NEWPORT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE I – PENSION RETIREMENT PLAN (CONTINUED)

For the year ended June 30, 2019, the Port recognized pension expense of \$153,010. At June 30, 2019, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 29,200	\$ -
Changes of assumptions	199,573	-
Net difference between projected and actual earnings on investments	-	38,117
Changes in proportionate share	112,946	25,562
Differences between employer contributions and proportionate share of contributions	<u>-</u>	<u>91,745</u>
 Total	 <u>\$ 341,719</u>	 <u>\$ 155,424</u>

Deferred outflows of resources related to pensions resulting from Port contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year subsequent to June 30, 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:

<u>Employer subsequent fiscal years</u>	<u>Deferred Outflow/(Inflow) of Resources (prior to post- measurement date contributions)</u>
2020	\$ 97,156
2021	82,225
2022	(4,255)
2023	7,113
2024	4,056
Thereafter	<u>-</u>
 Net Deferred Outflow/(Inflow) of Resources	 <u>\$ 186,295</u>

PORT OF NEWPORT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE I – PENSION RETIREMENT PLAN (CONTINUED)

Changes in Plan Provisions Subsequent to Measurement Date:

There were no changes in Plan provisions subsequent to the June 30, 2018 measurement date.

Changes in Assumptions:

There were no key changes implemented since the December 31, 2016 valuation. Additional detail and a comprehensive list of methods and assumptions can be found in the 2016 Experience Study for the System, which was published July 26, 2017.

Defined Contribution Plan

OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

Participants in OPERS defined benefit pension plans also participate in the OPSRP Individual Account Program (IAP), a defined contribution pension plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Contributions

The Port has chosen to pay the employees' contributions to the plan. Six percent of covered payroll is paid for general service employees. For fiscal year 2019 the Port paid \$718,008. OPERS contracts with VOYA Financial to maintain IAP participant records.

PORT OF NEWPORT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE J – OTHER POST EMPLOYMENT BENEFITS

The Port provides other postemployment benefits (“OPEB”) for the benefit of its employees. The Port’s OPEB combines two separate plans. The Port provides an implicit rate subsidy for retiree health insurance premiums administered by the Special District Association of Oregon (SDAO), and a contribution to the State of Oregon’s PERS cost-sharing multiple-employer defined health insurance benefit plan (RHIA). The total OPEB liability is based on a valuation provided by an independent actuarial firm based on assumptions including inflation rate, projected salary increases, discount rate, medical, dental and vision increases, and mortality rates and other inputs.

The OPEB liability for both components was measured as of June 30, 2018, and was determined by an actuarial valuation as of December 31, 2016 rolled forward to June 30, 2018. The Port’s proportionate share of the OPEB liability was based on the Port’s projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers. Based on the Port’s small impact on the state-wide pool, the Port’s proportionate share of the OPEB liability as of June 30, 2019 was \$6,746, which was insignificant to the Port’s financial statements.

NOTE K – OPERATING LEASE

The Port leases submerged and submersible land under five separate agreements with the Oregon State Land Board and Department of State Lands, the last expiring November 30, 2031. The lease terms require an annual rental payment due on the lease anniversary date each year, subject to adjustment in accordance with the provisions of OAR 141-082-011. The agreements may also be renewed for unlimited successive 15-year terms. The amount of lease expense recognized for the year ended June 30, 2019 was \$105,413.

Future minimum lease payments required under the agreements are as follows:

Year ending June 30,	
2020	\$ 64,000
2021	66,000
2022	68,000
2023	70,000
2024	72,000
Thereafter	<u>410,000</u>
	<u>\$ 750,000</u>

NOTE L – SUBSEQUENT EVENT

On December 17, 2019 The Port refunded \$17,165,000 of NOAA revenue bonds series 2010 taxable lease bonds at an average coupon rate of 5.9%. The Port also refunded the series 2011 general obligation bonds in the amount of \$4,855,000 at an average coupon rate of 5.4%.

REQUIRED SUPPLEMENTARY INFORMATION

PORT OF NEWPORT

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION – PENSION INFORMATION

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Fiscal Years***

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Proportion of the net pension liability (asset)	0.00567%	0.00549%	0.00454%	0.00285%	0.00753%	0.00753%	N/A	N/A	N/A	N/A
Proportionate share of the net pension liability (asset)	\$ 858,385	739,360	680,933	\$ 163,496	\$ (170,613)	384,108	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Covered-employee payroll	718,008	817,153	736,082	607,922	689,517	771,581	N/A	N/A	N/A	N/A
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	119.6%	90.5%	92.5%	26.9%	-24.7%	49.8%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	85.0%	83.1%	80.5%	91.9%	103.6%	92.0%	N/A	N/A	N/A	N/A

**SCHEDULE OF CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Fiscal Years***

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 78,769	\$ 42,074	\$ 2,682	\$ 8,986	\$ 21,005	\$ 24,249	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions in relation to the contractually required contribution	34,500	42,074	2,682	9,108	21,371	25,214	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ <u>44,269</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(122)</u>	\$ <u>(366)</u>	\$ <u>(965)</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>
Covered-employee payroll	\$ 718,008	\$ 827,918	\$ 817,153	\$ 736,082	\$ 607,922	\$ 689,517	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions as a percentage of covered-employee payroll	4.8%	5.1%	0.3%	1.2%	3.5%	3.7%	N/A	N/A	N/A	N/A

* GASB # 68 requires ten-year trend information. However, until a full ten-year trend is established, only the information for the years available is presented.

The accompanying notes and independent auditors' report should be read with the supplemental schedules.

PORT OF NEWPORT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019

Changes in Benefit Terms:

There were no significant changes in benefit terms.

Changes in Assumptions:

Actuarial assumptions and other changes are described in the notes to the accompanying financial statements.

SUPPLEMENTAL INFORMATION

PORT OF NEWPORT
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND NET POSITION

June 30, 2019

ASSETS

	General Fund	Bonded Debt Fund	Facilities Maintenance Reserve Fund	Construction Fund	NOAA Lease Revenue Fund	Total Enterprise Funds
Current assets						
Cash and investments	\$ 3,057,649	\$ -	\$ 150,057	\$ 28,582	\$ 3,778,967	\$ 7,015,255
Cash - restricted	-	13,037	-	-	2,068,246	2,081,283
Property tax receivables	10,334	86,925	-	-	-	97,259
Receivables, net of allowances	313,500	-	-	-	-	313,500
Prepaid expense	127,017	-	-	-	76,588	203,605
Due from (due to)	(1,755)	-	-	1,755	-	-
Total current assets	<u>3,506,745</u>	<u>99,962</u>	<u>150,057</u>	<u>30,337</u>	<u>5,923,801</u>	<u>9,710,902</u>
Noncurrent assets						
Capital assets						
Depreciable capital assets	92,129,431	-	-	-	-	92,129,431
Non depreciable capital assets	20,714,059	-	-	-	-	20,714,059
Accumulated depreciation	(38,354,962)	-	-	-	-	(38,354,962)
Capital assets, net	74,488,528	-	-	-	-	74,488,528
Bond discount	-	53,136	-	-	150,554	203,690
Total noncurrent assets	<u>74,488,528</u>	<u>53,136</u>	<u>-</u>	<u>-</u>	<u>150,554</u>	<u>74,692,218</u>
Deferred outflows of resources						
Advanced refunding outflows	-	398,256	-	-	-	398,256
Pension related outflows	324,633	-	-	-	17,086	341,719
Total deferred outflows	<u>324,633</u>	<u>398,256</u>	<u>-</u>	<u>-</u>	<u>17,086</u>	<u>739,975</u>
Total assets and deferred outflows	<u>\$ 78,319,906</u>	<u>\$ 551,354</u>	<u>\$ 150,057</u>	<u>\$ 30,337</u>	<u>\$ 6,091,441</u>	<u>\$ 85,143,095</u>

LIABILITIES AND NET POSITION

Current liabilities						
Accounts payable	\$ 136,101	\$ -	\$ 2,877	\$ -	\$ 18,106	\$ 157,084
Accrued payroll	104,305	-	-	-	8,979	113,284
Accrued interest payable	16,843	-	-	-	429,587	446,430
Lease deposits	229,375	-	-	-	-	229,375
Notes payable and assessment debt - current	334,514	-	-	-	-	334,514
Bonds payable - current	205,000	350,000	-	-	995,000	1,550,000
Total current liabilities	<u>1,026,138</u>	<u>350,000</u>	<u>2,877</u>	<u>-</u>	<u>1,451,672</u>	<u>2,830,687</u>
Noncurrent liabilities						
Notes payable	4,149,955	-	-	-	-	4,149,955
Bonds payable	2,480,000	11,695,000	-	-	17,165,000	31,340,000
Bonds premium	107,807	796,865	-	-	-	904,672
Pension	815,466	-	-	-	42,919	858,385
Total noncurrent liabilities	<u>7,553,228</u>	<u>12,491,865</u>	<u>-</u>	<u>-</u>	<u>17,207,919</u>	<u>37,253,012</u>
Deferred inflows of resources						
	147,653	-	-	-	7,771	155,424
Net position						
Investment in capital assets net of related debt	36,209,387	-	-	-	-	36,209,387
Unrestricted	33,383,500	(12,303,548)	147,180	30,337	(14,644,167)	6,613,302
Restricted for debt reserve	-	13,037	-	-	2,068,246	2,081,283
Total net position	<u>69,592,887</u>	<u>(12,290,511)</u>	<u>147,180</u>	<u>30,337</u>	<u>(12,575,921)</u>	<u>44,903,972</u>
Total liabilities, deferred inflows and net position	<u>\$ 78,319,906</u>	<u>\$ 551,354</u>	<u>\$ 150,057</u>	<u>\$ 30,337</u>	<u>\$ 6,091,441</u>	<u>\$ 85,143,095</u>

The accompanying notes and independent auditors' report should be read with the supplemental schedules.

PORT OF NEWPORT
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended June 30, 2019

	<u>General Fund</u>	<u>Bonded Debt Fund</u>	<u>Facilities Maintenance Reserve Fund</u>	<u>Construction Fund</u>	<u>NOAA Lease Revenue Fund</u>	<u>Total Enterprise Funds</u>
Operating revenues						
Moorages and leases	\$ 2,139,548	\$ -	\$ -	\$ -	\$ 2,544,811	\$ 4,684,359
RV Park	1,104,050	-	-	-	-	1,104,050
Terminals	1,560	-	-	-	-	1,560
Hoist dock	875,379	-	-	-	-	875,379
Launch ramp	82,244	-	-	-	-	82,244
Miscellaneous	155,345	-	-	-	5,159	160,504
Total operating revenues	<u>4,358,126</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,549,970</u>	<u>6,908,096</u>
Operating expenses						
Salary and wage	1,034,785	-	-	-	58,574	1,093,359
Payroll tax and benefit	520,378	-	-	-	26,580	546,958
Administration, promotion and marketing	228,239	-	-	-	23,763	252,002
Maintenance	(48,469)	-	122,091	11,685	406,621	491,928
Utilities	566,009	-	-	-	14,352	580,361
Insurance	157,962	-	-	-	120,357	278,319
Professional fees	155,565	-	-	-	13,142	168,707
Service fees	248,997	-	-	-	40,721	289,718
Supplies	99,568	-	-	-	20,501	120,069
Other	129,830	-	-	-	9,902	139,732
Depreciation	3,237,352	-	-	-	-	3,237,352
Total operating expenses	<u>6,330,216</u>	<u>-</u>	<u>122,091</u>	<u>11,685</u>	<u>734,513</u>	<u>7,198,505</u>
Operating income (loss)	<u>(1,972,090)</u>	<u>-</u>	<u>(122,091)</u>	<u>(11,685)</u>	<u>1,815,457</u>	<u>(290,409)</u>
Non-operating revenues (expenses)						
Property tax	111,416	527,286	-	-	-	638,702
Grants and reimbursements	1,800	-	-	-	-	1,800
Interest income	35,045	4,605	1,406	91	62,348	103,495
Interest expense	(249,186)	(535,411)	-	-	(1,045,451)	(1,830,048)
Total non-operating revenues (expenses)	<u>(100,925)</u>	<u>(3,520)</u>	<u>1,406</u>	<u>91</u>	<u>(983,103)</u>	<u>(1,086,051)</u>
Income (loss) before transfers and other changes in net losses	<u>(2,073,015)</u>	<u>(3,520)</u>	<u>(120,685)</u>	<u>(11,594)</u>	<u>832,354</u>	<u>(1,376,460)</u>
Transfer from other funds	-	-	136,820	-	-	136,820
Transfer to other funds	(136,820)	-	-	-	-	(136,820)
Change in net position	<u>(2,209,835)</u>	<u>(3,520)</u>	<u>16,135</u>	<u>(11,594)</u>	<u>832,354</u>	<u>(1,376,460)</u>
Net position, beginning of year	71,802,722	(12,286,991)	131,045	41,931	(13,408,275)	46,280,432
Net position, end of year	<u>\$ 69,592,887</u>	<u>\$ (12,290,511)</u>	<u>\$ 147,180</u>	<u>\$ 30,337</u>	<u>\$ (12,575,921)</u>	<u>\$ 44,903,972</u>

The accompanying notes and independent auditors' report should be read with the supplemental schedules.

PORT OF NEWPORT
COMBINING SCHEDULE OF CASH FLOWS
Year Ended June 30, 2019

	<u>General Fund</u>	<u>Bonded Debt Fund</u>	<u>Facilities Maintenance Reserve Fund</u>	<u>Construction Fund</u>	<u>NOAA Lease Revenue Fund</u>	<u>Total Enterprise Funds</u>
Cash flows from operating activities:						
Cash received from tenants	\$ 4,387,299	\$ -	\$ -	\$ -	\$ 2,549,970	\$ 6,937,269
Cash received from property taxes	104,843	527,287	-	-	-	632,130
Payments to vendors	(1,876,797)	-	(119,214)	(11,631)	(666,379)	(2,674,021)
Payments to employees	(1,047,161)	-	-	-	(56,944)	(1,104,105)
Net cash provided by (used in) operating activities	<u>1,568,184</u>	<u>527,287</u>	<u>(119,214)</u>	<u>(11,631)</u>	<u>1,826,647</u>	<u>3,791,273</u>
Cash flows from investing activities:						
Interest income	<u>35,045</u>	<u>4,605</u>	<u>1,406</u>	<u>90</u>	<u>62,348</u>	<u>103,494</u>
Cash flows from noncapital financing activities:						
Transfers from other funds	27,560	-	136,820	-	-	164,380
Transfers to other funds	(136,820)	-	-	(1,755)	(25,805)	(164,380)
Net cash provided by (used in) noncapital financing activities	<u>(109,260)</u>	<u>-</u>	<u>136,820</u>	<u>(1,755)</u>	<u>(25,805)</u>	<u>-</u>
Cash flows from capital and related financing activities:						
Property and equipment (additions) deletions	(187,580)	-	-	-	-	(187,580)
Payments on notes and bonds payable	(489,330)	(340,000)	-	-	(933,419)	(1,762,749)
Interest paid	(250,380)	(535,411)	-	-	(1,063,170)	(1,848,961)
Net cash provided by (used in) capital and related financing activities	<u>(927,290)</u>	<u>(875,411)</u>	<u>-</u>	<u>-</u>	<u>(1,996,589)</u>	<u>(3,799,290)</u>
Change in cash and cash equivalents	<u>566,679</u>	<u>(343,519)</u>	<u>19,012</u>	<u>(13,296)</u>	<u>(133,399)</u>	<u>95,477</u>
Cash and cash equivalents, beginning of year	<u>2,490,970</u>	<u>356,556</u>	<u>131,045</u>	<u>41,878</u>	<u>5,980,612</u>	<u>9,001,061</u>
Cash and cash equivalents, end of year	<u>\$ 3,057,649</u>	<u>\$ 13,037</u>	<u>\$ 150,057</u>	<u>\$ 28,582</u>	<u>\$ 5,847,213</u>	<u>\$ 9,096,538</u>
Reported in the Balance Sheet as:						
Unrestricted	\$ 3,057,649	\$ -	\$ 150,057	\$ 28,582	\$ 3,778,967	\$ 7,015,255
Restricted	-	\$ 13,037	-	-	\$ 2,068,246	\$ 2,081,283
Total	<u>\$ 3,057,649</u>	<u>\$ 13,037</u>	<u>\$ 150,057</u>	<u>\$ 28,582</u>	<u>\$ 5,847,213</u>	<u>\$ 9,096,538</u>
Reconciliation of operating income (loss) to cash provided by(used in) operating activities:						
Operating income (loss)	\$ (1,972,090)	\$ -	\$ (122,091)	\$ (11,685)	\$ 1,815,457	\$ (290,409)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation and amortization	3,237,352	-	-	-	-	3,237,352
Non operating revenues	113,216	527,287	-	-	-	640,503
(Increase) decrease in current assets:						
Operating receivables	28,360	-	-	54	-	28,414
Prepaid expenses	(23,210)	-	-	-	(13,226)	(36,436)
Increase (decrease) in current liabilities						
Accounts payable and compensated absences	31,378	-	2,877	-	17,011	51,266
Pension liabilities	153,178	-	-	-	7,405	160,583
Net cash provided by (used in) operating activities	<u>\$ 1,568,184</u>	<u>\$ 527,287</u>	<u>\$ (119,214)</u>	<u>\$ (11,631)</u>	<u>\$ 1,826,647</u>	<u>\$ 3,791,273</u>

The accompanying notes and independent auditors' report should be read with the supplemental schedules.

PORT OF NEWPORT

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET TO ACTUAL – GENERAL FUND**

Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
				<u>Final to Actual</u>
Revenues				
Moorage	\$ 1,321,300	\$ 1,321,300	\$ 1,414,177	\$ 92,877
Leases	687,000	687,000	954,744	267,744
RV park	1,041,700	1,041,700	1,104,050	62,350
Terminals	-	-	-	-
Hoist dock	678,900	678,900	876,939	198,039
Intergovernmental	88,050	88,050	-	(88,050)
Launch Ramp	112,200	112,200	82,244	(29,956)
Property Taxes	102,000	102,000	111,416	9,416
Interest	8,000	8,000	35,045	27,045
Miscellaneous	74,300	74,300	148,772	74,472
Total revenues	<u>4,113,450</u>	<u>4,113,450</u>	<u>4,727,387</u>	<u>613,937</u>
Expenditures				
Personnel services	1,597,956	1,530,000	1,426,296	103,704
Material and services	1,677,199	1,702,200	1,879,391	(177,191)
Capital outlay	341,261	30,000	(162,481)	192,481
Debt service	883,714	883,714	739,710	144,004
Operating Contingency	300,000	150,000	-	150,000
Total expenditures	<u>4,800,130</u>	<u>4,295,914</u>	<u>3,882,916</u>	<u>412,998</u>
Excess (deficiency) of revenues over expenditures	<u>(686,680)</u>	<u>(182,464)</u>	<u>844,471</u>	<u>1,026,935</u>
Other financing sources (uses)				
Loan Proceeds				
Transfers out	(809,617)	(274,792)	(136,820)	137,972
Total other financing sources (uses)	<u>(809,617)</u>	<u>(274,792)</u>	<u>(136,820)</u>	<u>137,972</u>
Net changes in fund balances	(1,496,297)	(457,256)	707,651	1,164,907
Fund balance, beginning of year	1,729,218	1,729,218	2,610,216	880,998
Fund balance, end of year	<u>\$ 232,921</u>	<u>\$ 1,271,962</u>	<u>3,317,867</u>	<u>\$ 2,045,905</u>
Reconciliation to GAAP				
Capital assets, net of depreciation			74,488,528	
Bonds and notes payable			(7,169,469)	
Accrued interest			(16,843)	
Deferred outflows			324,633	
Net pension liability			(815,466)	
Deferred inflows			(147,653)	
Bond premium			(107,807)	
Deposits			(229,374)	
Compensated absences			(51,529)	
Net position, end of year			<u>\$ 69,592,887</u>	

The accompanying notes and independent auditors' report should be read with the supplemental schedules.

PORT OF NEWPORT

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET TO ACTUAL – BONDED DEBT FUND**

Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable) Final to Actual
	Original	Final		
Revenues				
Property Taxes	\$ 513,455	\$ 513,455	\$ 527,291	\$ 13,836
Interest	1,800	1,800	4,605	2,805
Total revenues	515,255	515,255	531,896	16,641
Expenditures				
Debt service	880,955	880,955	875,411	5,544
Total expenditures	880,955	880,955	875,411	5,544
Excess (deficiency) of revenues over expenditures	(365,700)	(365,700)	(343,515)	22,185
Net changes in fund balances	(365,700)	(365,700)	(343,515)	22,185
Fund balance, beginning of year	395,700	395,700	443,475	47,775
Fund balance, end of year	\$ 30,000	\$ 30,000	99,960	\$ 69,960
Reconciliation to GAAP				
Bond cost			2,916	
Deferred outflow, advance refunding valuation			395,342	
Bond discount			53,136	
Bonds and notes payable			(12,841,865)	
Net position, end of year			\$ (12,290,511)	

The accompanying notes and independent auditors' report should be read with the supplemental schedules.

PORT OF NEWPORT

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET TO ACTUAL – FACILITY MAINTENANCE RESERVE FUND**

Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable) Final to Actual</u>
Revenues				
Interest	\$ 100	\$ 100	\$ 1,406	\$ 1,306
Total revenues	<u>100</u>	<u>100</u>	<u>1,406</u>	<u>1,306</u>
Expenditures				
Capital outlay	672,625	259,625	122,091	137,534
Contingency	80,000	10,000	-	10,000
Total expenditures	<u>752,625</u>	<u>269,625</u>	<u>122,091</u>	<u>147,534</u>
Excess (deficiency) of revenues over expenditures	<u>(752,525)</u>	<u>(269,525)</u>	<u>(120,685)</u>	<u>148,840</u>
Other financing sources (uses)				
Transfers in	747,792	264,792	136,820	(127,972)
Total other financing sources (uses)	<u>747,792</u>	<u>264,792</u>	<u>136,820</u>	<u>(127,972)</u>
Reserved for future expenditures	(50,000)	(50,000)	-	50,000
Net changes in fund balances	(4,733)	(4,733)	16,135	20,868
Fund balance, beginning of year	54,733	54,733	131,045	76,312
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,180</u>	<u>\$ 147,180</u>

The accompanying notes and independent auditors' report should be read with the supplemental schedules.

PORT OF NEWPORT

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET TO ACTUAL – CONSTRUCTION FUND**

Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable) Final to Actual</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ 120	\$ 120	\$ 91	\$ (29)
Total revenues	<u>120</u>	<u>120</u>	<u>91</u>	<u>(29)</u>
Expenditures				
Capital outlay	36,000	28,000	11,685	16,315
Contingency	70,000	10,000	-	10,000
Total expenditures	<u>106,000</u>	<u>38,000</u>	<u>11,685</u>	<u>10,000</u>
Excess (deficiency) of revenues over expenditures	<u>(105,880)</u>	<u>(37,880)</u>	<u>(11,594)</u>	<u>9,971</u>
Other financing sources (uses)				
Loan payment	-	-	(480)	(480)
Intergovernmental	-	-	-	-
Transfers in	61,825	10,000	-	(10,000)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>61,825</u>	<u>10,000</u>	<u>(480)</u>	<u>(10,480)</u>
Net changes in fund balances	(44,055)	(27,880)	(12,074)	15,806
Fund balance, beginning of year	44,055	44,055	42,411	(1,644)
Fund balance, end of year	<u>\$ -</u>	<u>\$ 16,175</u>	<u>\$ 30,337</u>	<u>\$ 14,162</u>

The accompanying notes and independent auditors' report should be read with the supplemental schedules.

PORT OF NEWPORT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET TO ACTUAL – NOAA LEASE REVENUE FUND

Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Leases	\$ 2,544,000	\$ 2,544,000	\$ 2,544,811	\$ 811
Interest	12,000	12,000	62,349	50,349
Miscellaneous	950	950	5,159	4,209
Total revenues	2,556,950	2,556,950	2,612,319	55,369
Expenditures				
Personnel services	78,306	78,306	77,750	556
Material and services	750,500	750,500	569,002	181,498
Capital outlay	86,000	86,000	29,831	56,169
Debt service	1,997,271	1,997,271	1,996,589	682
Contingency	100,000	100,000	-	100,000
Total expenditures	3,012,077	3,012,077	2,673,172	338,905
Excess (deficiency) of revenues over expenditures	(455,127)	(455,127)	(60,853)	394,274
Other financing sources (uses)				
Reserve for Future Expenditures	(150,000)	(150,000)	-	150,000
Total other financing sources (uses)	(150,000)	(150,000)	-	150,000
Net changes in fund balances	(605,127)	(605,127)	(60,853)	544,274
Fund balance, beginning of year	5,718,150	5,718,150	5,957,569	239,419
Fund balance, end of year	\$ 5,113,023	\$ 5,113,023	5,896,716	\$ 783,693
Reconciliation to GAAP				
Bonds discount			150,554	
Bonds and notes payable			(18,160,000)	
Accrued interest			(429,587)	
Deferred outflows			17,086	
Net pension liability			(42,919)	
Deferred inflows			(7,771)	
Net position, end of year			\$ (12,575,921)	

The accompanying notes and independent auditors' report should be read with the supplemental schedules.

PORT OF NEWPORT

PORT LEVY

SCHEDULE OF TAX COLLECTIONS AND UNPAID BALANCES

June 30, 2019

	Imposed Levy or Balance Uncollected July 1, 2018	Discounts	Adjustments	Interest	Cash Collection by County Treasurer	Balance Uncollected or Unsegregated June 30, 2019
Current						
2018-2019	\$ 112,799	\$ (2,862)	\$ (106)	\$ -	\$ (106,585)	\$ 3,246
2017-2018	3,860	-	(12)	-	(2,211)	1,637
2016-2017	1,767	-	(9)	-	(812)	946
2015-2016	1,483	-	(9)	-	(734)	740
2014-2015	811	-	(9)	-	(380)	422
2013-2014 and Prior	3,444	-	(20)	-	(81)	3,343
Total years	\$ 124,164	\$ (2,862)	\$ (165)	\$ -	\$ (110,803)	\$ 10,334

The accompanying notes and independent auditors' report should be read with the supplemental schedules.

PORT OF NEWPORT

BOND LEVY

SCHEDULE OF TAX COLLECTIONS AND UNPAID BALANCES

June 30, 2019

	Imposed Levy or Balance Uncollected July 1, 2018	Discounts	Adjustments	Interest	Cash Collection by County Treasurer	Balance Uncollected or Unsegregated June 30, 2019
Current						
2018-2019	\$ 546,617	\$ (13,194)	\$ (486)	\$ -	\$ (491,178)	\$ 41,759
2017-2018	35,410	-	(120)	-	(20,287)	15,003
2016-2017	16,772	-	(100)	-	(7,707)	8,965
2015-2016	14,448	-	(91)	-	(7,155)	7,202
2014-2015	7,983	-	(98)	-	(3,740)	4,145
2013-2014 and Prior	10,648	-	(137)	-	(660)	9,851
Total years	\$ 631,878	\$ (13,194)	\$ (1,032)	\$ -	\$ (530,727)	\$ 86,925

The accompanying notes and independent auditors' report should be read with the supplemental schedules.

REPORT REQUIRED BY OREGON MINIMUM AUDIT STANDARDS

**INDEPENDENT AUDITORS' REPORT
REQUIRED BY OREGON STATE REGULATIONS**

Board of Commissioners
Port of Newport
Newport, Oregon

We have audited the basic financial statements of the Port of Newport (the Port) as of and for the year ended June 30, 2019, and have issued our report thereon dated December 18, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Port's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).**
- Indebtedness limitations, restrictions and repayment.**
- Budgets legally required (ORS Chapter 294).**
- Insurance and fidelity bonds in force or required by law.**
- Programs funded from outside sources.**
- Authorized investment of surplus funds (ORS Chapter 294).**
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the Port was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

OAR 162-10-0230 Internal Control

In planning and performing our audit of the basic financial statements of the Port as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Port's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port's internal control.

Board of Commissioners
Port of Newport
Newport, Oregon

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Port's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

This report is intended solely for the information and use of the Commissioners and management of the Port of Newport and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these specified parties.

KERN & THOMPSON, LLC
Certified Public Accountants



Richard V. Proulx, CPA
Partner

Portland, Oregon
December 18, 2019



FINANCE DEPARTMENT MONTHLY REPORT

DATE: January 28, 2020
PERIOD: December 2019
TO: Paula Miranda, General Manager
ISSUED BY: Mark Brown, Director of Finance and Business Services

December 2019 Financial Reports

Financial reports as of December, 2019 are included in your packet, You will also find an aging report listing those with balances over 90 days past due. You will also find attached the current year to date reports as compared to last year for your information.

Preliminaries and General Comments:

- We have completed the sixth (6th) month of the fiscal year, the year is 50% complete.
- As previously mentioned the budget has been entered into QuickBooks on straight-line basis and summer is a revenue producer for South Beach this brings about the appearance of a strong revenue, revenues for South Beach have declined, and but will begin rising in February to March.
- The contract for a Business Systems Analyst has been executed, the chosen contractor will begin his analysis next week.
- The team scoring the RFP for banking services completed its first round scoring. The top two institutions have been invited for an onsite presentation. Once we have completed the onsite, the team will determine next steps.

Statement of Cash flows

The Statement of cash flows shows we have a positive cash flow for General Operating Funds of \$526,366.05 for the year. For the Month of December the cash flow was -444,211.10. Looking to the future, based on current information, the Port should have a positive cash flow of about 126,000 through the end of February.

GOF Balance Sheet

As mentioned last month, there was a transfer of assets to NOAA which resulted in Equity dropping for the Port, this is reflected in Long term Assets and Equity.

Profit and Loss - Budget to Actual Reports

General Operating Funds (GOF):

- **Income.**

Any number above 50% is ahead of budget. All Operating (Ordinary) income categories are ahead of projections. Based on historical our income will double over the next six month, we should achieve around 4.7-4.8 Million in revenue for the year.

- **Expenses.**

Any number below 50 % is ahead of budget.

Depreciation expense was not included in the current year budget but is included in these Profit and Loss statements.

- **Overall.**

For comparison sake, see the attached income statement. Last year at this point, the Port had a Net Income of \$498K, this year the Ports net income is \$942K (excluding depreciation). The Port is ahead of last year, and income is ahead of expectations, expenses are below expectations.

- General Operating income (income before expenses) by Profit/Cost center is shown below:
-

	South Beach	International Terminal	Commercial Marina	Administration	Total
Total Income	\$ 1,430,704	\$ 400,414	\$ 601,239	\$ 6,263	\$2,438,621

- **Administration. Expenses.**

- Are below budget in all areas, in fact administration is at 44% percent of the budgeted amount. Please note 19800 – Transfer- Admin Exp to Programs. This is allocating administrative expenses to programs, yet the see the total expenditure by category is still displayed.

- **International Terminal. Income.**

Income is ahead of expectations as crab season has begun. We are on a typical trend for the International Terminal, as typically the terminal has 59% percent of its revenue at this point in time. Shipping terminal and misc revenues are below last year, other income categories are above last year (see attached).

Expenses.

Total expenses are below last eyes at this point in time, primarily because of a debt

service payment, we are 23.8% of budget (removing Depreciation Expense).

Net Income.

Without depreciation, the International Terminal is showing a profit of \$189,915 – this is significantly ahead of projections.

○ **Commercial Marina.**

Income.

Income is at or ahead of budget in all income categories. Income is also up from the previous calendar year in for all income types (see attached)

Expenses.

Personal Services are below budget, however the commercial Marina has spent only 34% of its budget.

Net Income.

The Net income for the commercial Marina, excluding Admin Expenses and Depreciation is \$296,123 which is over the budgeted amount for the year, and 125% larger than last year's revenue at this point in time. The port should have a net income of (before depreciation and the admin allocation of \$360-380K for the fiscal year, based on past performance.

Maintenance Department. Currently there is no staff in this division and minimal expenditures.

○ **South Beach.**

Income.

Income is at or ahead of budget in all income categories, except Moorage, which is at 48% of income for the year. This is typical, historical trends indicate we have only received 41-42% revenue at this point in time. Income is also up from the previous calendar year in for all income types, except misc revenue (see attached).

Expenses.

All expenditure categories are below budget for the fiscal year. Total expense, excluding depreciation are \$619,139, which is 41.5% of budget.

Net Income.

Net income is 22% above the previous year's net income at this point in time. Excluding depreciation and Admin expenses, net income for South Beach is \$847,020 which is 76% of budget. Based on historical records, total net income should be in the \$1.6 to \$1.7 million for South Beach this fiscal year. Net income typically is the lowest in November and remains low through March, and begins rises dramatically in April, and reaches its peak in May.

- **NOAA.** Only after reserves are set aside for the bond payment and capital reserves can excess funds be used for any other purposes. As mentioned last month depreciation expenses are now included in the NOAA financial statements. The Auditor agreed this would be best practice.
- **Balance Sheet.**
- The result is an increase in Total Liabilities and Equity on the Balance sheet.

Income Statement

- Depreciation expense is now displaying on the NOAA income statement, as a result YTD shows a loss for NOAA. All expenses and revenues are consistent with the budget and are at or below the budget.
- **Bonded Debt.** We have begun receiving cash from property taxes, thus the line titled 21400 due from other Funds shows a balance.
- **Construction Fund.** This will be used for Port Dock 5 construction, a \$1.2 million transfer has not yet occurred. Once we know the timeline, and it is relatively close the monies will be transferred, we are holding off the transfer to earn interest.
- **Facility Reserve Fund.** No activity. As we build our facility capital maintenance plan this account will be funded to accommodate the plan.

Accounts Receivable:

The Port has two separate Accounts Receivable collection points, South Beach (Hercules) and QuickBooks. Hercules does not integrate with QuickBooks, so a separate report must be run for South Beach customers.

Commercial Marina

Significant progress is being made on receivables.

Staff and I meet monthly to discuss receivables and appropriate actions. Below is a list of those with past due balances exceeding 90 days. The Eclipse will be paying his balance off in the next day or so, Seawater Seafoods just made a large payment, and is expected to continue payments until balance reaches \$0.

Vessel Name - Owner	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL
Midnite -250210	\$ -	\$ -	\$ 1.38	\$ 2.12	\$ 84.00	\$ 87.50
Pursuit -Vanderpool	\$ -	\$ -	\$ 1.43	\$ 1.43	\$ 87.06	\$ 89.92
Long Shot - OR818HC	\$ -	\$ -	\$ 2.07	\$ 2.04	\$ 126.00	\$ 130.11
Silver Sea - 252737	\$ -	\$ -	\$ -	\$ -	\$ 130.25	\$ 130.25
Salmon King - WN1986SF	\$ -	\$ -	\$ 2.66	\$ 2.62	\$ 161.71	\$ 166.99
Chapter II - OR033LR	\$ -	\$ -	\$ 22.27	\$ 120.30	\$ 59.40	\$ 201.97
Brea -OR620ADW	\$ 25.20	\$ 25.20	\$ 29.28	\$ 1.59	\$ 128.34	\$ 209.61
Toby J - 274577	\$ -	\$ -	\$ 4.62	\$ 4.64	\$ 281.00	\$ 290.26
Aloha - 520984	\$ -	\$ -	\$ 265.82	\$ 1.00	\$ 29.40	\$ 296.22
Nichole Lynn - 903821	\$ 450.00	\$ 421.25	\$ 82.83	\$ -	\$ (549.00)	\$ 405.08
Lili-Anne - OR956AFD	\$ 86.25	\$ 86.25	\$ 88.88	\$ 1.00	\$ 160.46	\$ 422.84
Desire - 516518	\$ -	\$ -	\$ 13.79	\$ 6.91	\$ 412.52	\$ 433.22
Luna - SOLD BOAT 532150	\$ -	\$ -	\$ 6.99	\$ 6.89	\$ 425.64	\$ 439.52
Buxtub Too - 974256	\$ -	\$ -	\$ 14.02	\$ 147.08	\$ 336.60	\$ 497.70
Bill's Seafood II	\$ 25.20	\$ -	\$ 14.56	\$ 129.15	\$ 335.34	\$ 504.25
Nancy - 253247	\$ -	\$ -	\$ -	\$ 9.08	\$ 561.39	\$ 570.47
Marne - Doug Caesar	\$ -	\$ -	\$ -	\$ 9.40	\$ 573.25	\$ 582.65
Anna Marie -280452	\$ -	\$ -	\$ 19.04	\$ 9.36	\$ 569.42	\$ 597.82
Instigator - 978135	\$ -	\$ -	\$ -	\$ 10.32	\$ 638.24	\$ 648.56
Caremi - 262161	\$ -	\$ -	\$ -	\$ 12.75	\$ 755.53	\$ 768.28
Oregon Brewing Company	\$ -	\$ -	\$ -	\$ -	\$ 906.58	\$ 906.58
Morning Star II - I509427	\$ 603.83	\$ 227.50	\$ 202.66	\$ -	\$ 1.00	\$ 1,034.99
Gracie Arlene - 563679	\$ 538.59	\$ 200.00	\$ 165.95	\$ 238.07	\$ 152.00	\$ 1,294.61
Glass Slipper - 541256	\$ 634.45	\$ 255.00	\$ 244.00	\$ -	\$ 238.00	\$ 1,371.45
Kathleen - 943407	\$ 557.43	\$ 557.43	\$ 6.15	\$ 218.40	\$ 187.20	\$ 1,526.61
Luna - New Owner	\$ 393.48	\$ 393.48	\$ 12.94	\$ 13.15	\$ 786.96	\$ 1,600.01
Billie Marie - 261145	\$ 443.50	\$ 414.00	\$ 359.80	\$ 494.16	\$ 8.11	\$ 1,719.57
Misty - 636457 (Dustin Blake)	\$ 421.90	\$ -	\$ 1,252.41	\$ -	\$ 116.00	\$ 1,790.31
Nile II - 240741 SEIZED	\$ -	\$ 469.99	\$ 269.99	\$ 22.89	\$ 1,362.65	\$ 2,125.52
Aquarius - 581510 Novelli	\$ 25.20	\$ 25.20	\$ 103.29	\$ 37.58	\$ 2,342.14	\$ 2,533.41
Emery & Sons Construction Group	\$ -	\$ -	\$ -	\$ -	\$ 2,546.20	\$ 2,546.20
Granville - 241539	\$ 2,346.95	\$ 44.00	\$ 45.11	\$ 115.60	\$ 44.00	\$ 2,595.66
Coastal Catch Seafoods	\$ -	\$ -	\$ 89.00	\$ 43.69	\$ 2,662.59	\$ 2,795.28
Custom Cold - Semi Trailers	\$ 235.60	\$ 117.80	\$ 220.52	\$ 50.60	\$ 3,101.41	\$ 3,725.93
Little J - 544607	\$ 2,450.33	\$ 244.75	\$ 301.85	\$ 51.32	\$ 855.12	\$ 3,903.37
Western Hunter - OR936AFK	\$ 1,077.33	\$ 690.65	\$ 18.67	\$ 1,004.76	\$ 1,135.67	\$ 3,927.08
Pacific Rose - 554504	\$ 677.66	\$ 677.66	\$ 62.65	\$ 50.76	\$ 3,213.87	\$ 4,682.60
Valor III - 245645	\$ 399.60	\$ 262.50	\$ 324.35	\$ 287.96	\$ 3,762.70	\$ 5,037.11
City of Newport 2	\$ 2,023.00	\$ -	\$ -	\$ -	\$ 3,913.00	\$ 5,936.00
Captain's Reel Deep Sea Fishing LLC	\$ -	\$ 1,265.57	\$ 1,366.87	\$ 1,306.04	\$ 2,465.76	\$ 6,404.24
Angela June - 581478	\$ -	\$ 579.29	\$ 1,301.41	\$ 649.03	\$ 4,273.11	\$ 6,802.84
Orca - 295549	\$ 406.74	\$ 183.25	\$ 1,160.87	\$ 810.52	\$ 4,449.30	\$ 7,010.68
Norska - 629262	\$ 1,417.74	\$ 1,999.93	\$ 819.38	\$ 113.69	\$ 2,689.46	\$ 7,040.20
Albatross - 980072	\$ 480.92	\$ 480.92	\$ 648.49	\$ 562.79	\$ 5,014.05	\$ 7,187.17
First Hope I - 953627	\$ 675.99	\$ 740.56	\$ 758.49	\$ 808.73	\$ 4,400.72	\$ 7,384.49
Apache - 533118	\$ 313.36	\$ 816.31	\$ 657.14	\$ 2,993.32	\$ 3,543.66	\$ 8,323.79
Ocean Force - 538936	\$ 1,530.04	\$ -	\$ 190.09	\$ 152.32	\$ 7,157.69	\$ 9,030.14
Oregon Mariculture LLC	\$ 4,518.96	\$ 2,106.62	\$ 893.38	\$ 2,876.97	\$ 40.65	\$ 10,436.58
Sylvia - 226282	\$ 806.81	\$ 745.91	\$ 950.24	\$ 894.33	\$ 9,205.72	\$ 12,603.01
Seawater Seafoods Co	\$ 1,134.43	\$ 4,887.81	\$ 3,472.78	\$ 3,858.27	\$ 364.25	\$ 13,716.74
Eclipse - 503045 Biddenger	\$ 3,792.91	\$ 356.80	\$ 316.25	\$ 152.96	\$ 9,230.98	\$ 13,849.90

RV Park and Marina

Collection issues in the RV Park and Marina are all Marina related. The port has seized three vessels in South Beach, a fourth vessel we are working on evicting and individual who refuses to carry issuance on their vessel.

Annual Audit Services

You have been provided with a copy of the audit report.

Grant Received

All grants applied for or received over \$25,000 require Commission approval per Fiscal Management policy (9.1 and 9.2). Those under \$10,000 do not, however, I believe in transparency on all fiscal matters. On January 23rd the port applied for a \$10,000 to reduce the cost of the installation of riprap at and around the South Beach boat ramp toe to provide edge protection. On January 24th the Port received and accepted a \$10,000 grant. It was important to begin this work while the contractor can perform in-water work. A copy of the Grant Agreement is enclosed for your information.

###

**BOATING FACILITY GRANT
INTERGOVERNMENTAL AGREEMENT**
Agreement No. 1920-03

This Agreement is between the State of Oregon acting by and through its State Marine Board (“OSMB”) and Port of Newport (“Recipient”), each a “Party” and, together, the “Parties”.

SECTION 1: AUTHORITY

This Agreement is authorized by ORS 190.110. OSMB is authorized to provide grants for boating facility projects under ORS 830.150 and OSMB has sufficient facility grant funds available within its current biennial budget and has authorized expenditure on the Recipient’s Project as defined below, and the Recipient agrees to comply with Boating Facility Grant Program rules in OAR 250-014 and other OSMB adopted policies and procedures.

SECTION 2: PURPOSE

The purpose of this Agreement is to set forth the obligations of both Parties in the development of recreational boating facilities at *South Beach boat ramp for the installation of riprap at and around the boat ramp toe to provide edge protection*, hereinafter called the “Project,” as described in the Recipient’s Facility Grant Application 1920-03. With this reference, the Facility Grant Application is made part of this Agreement. If a conflict exists between the Facility Grant Application and this Agreement, the Agreement will govern.

SECTION 3: EFFECTIVE DATE AND DURATION

- 3.1 **Term.** This Agreement is effective on the date of the last signature and terminates on the date 20 years after the date of Project completion or the date of final payment issuance, whichever is later, unless terminated earlier in accordance with Section 16.
- 3.2 **Project Completion.** The Project shall be completed, and final billing for the Project shall be submitted to OSMB, on or before March 31, 2020. Unless approved in writing, OSMB shall not be obligated to disburse any payments after this date.

SECTION 4: AUTHORIZED REPRESENTATIVES

- 4.1 OSMB’s Authorized Representative is:
Janine Belleque, Boating Facilities Program Manager
PO Box 14145, 435 Commercial Street NE Suite #400, Salem Oregon 97309
(503) 378-2628 Office Janine.Belleque@oregon.gov
- 4.2 Recipient’s Authorized Representative is:
Aaron Bretz, Director of Operations
600 SE Bay Blvd., Newport, OR 97365
541-265-7758 Office abretz@portofnewport.com
- 4.3 A Party may designate a new Authorized Representative by written notice to the other Party.

SECTION 5: RESPONSIBILITIES OF EACH PARTY

- 5.1 **Responsibilities of Recipient:**

- 5.1.1 Project Timeline.** The Recipient is responsible for maintaining the project timeline for all dates and activities outlined as the Recipient’s responsibility as identified in Attachment “A”.
- 5.1.2 Matching Cash Funds.** The Recipient shall contribute the total sum of *\$6,156 in cash* as described in the Facility Grant Application.
- 5.1.3 Matching Non-cash Resources.** The Recipient shall contribute the total sum of *\$0.00 administrative match*. These are non-reimbursable items.
- 5.1.4 Construction.** The Recipient shall award, and monitor the contractor’s performance under the construction contract or construction consultant contract in such a manner as to insure compliance with Project plans and specifications. The Recipient must notify OSMB immediately of any proposed change in Project design, cost modifications, proposed change orders or modification of scope. The Recipient shall be responsible for all costs associated with unauthorized changes or modifications unless otherwise specifically agreed to in writing by OSMB.
- 5.1.5 Commercial and Other Uses.**
- a. For purposes of this Section 5, Commercial Use means any activity on or affecting the Project that was not described in the Facility Grant Application or not approved pursuant to OSMB Policy 93-06 or 93-02, where the Recipient:
 1. has financial profit as a goal,
 2. charges any fees or receives any benefit to provide services, supplies or goods, or allows third parties to charge any fees or receive any benefit to provide services, supplies or goods.
 - b. Commercial Use is prohibited.
 - c. Recipient must have the capability to make an ordinance, rule, or other regulation to the effect that the Projects are for the benefit of recreational boaters, including, but not limited to prohibiting single cars from parking in boat trailer parking spots. If, in the sole discretion of OSMB, the use by non-recreational boaters such as swimmers, fishermen, divers, crabbers impact recreational boating uses or diminishes the useful life of the Project, then the Recipient must establish and enforce its ordinance, rule, or other regulation.
 - d. If Project funded a pumpout or dump station in a marina or short term tie-up dock, the Recipient must include language in its moorage agreement requiring use of the pumpout and/or dump station if a boat has a holding tank or marine toilet.
 - e. Recipient must restrict use of the Project to only boats that comply with ORS 830.770 and 830.775.
- 5.1.6 Project Sign.** The Recipient shall post in a conspicuous location at the site a sign identifying OSMB’s participation in the Project. The sign will be maintained during the

term of the Agreement. This requirement is waived if the existing credit sign is in good condition.

5.1.7 Publications and Advertising. The Recipient shall include the following statement if publishing any report, news release or publication regarding the project: *“Partial funding was provided by the Oregon State Marine Board Boating Facility Grant Program, investing fees and taxes paid by motorized boaters for boating facility improvements.”*

5.1.8 Public Access to Project. During the term of this Agreement the Recipient shall allow open and unencumbered public access to the Project to all persons without regard to race, color, religious or political beliefs, sex, national origin, or place of primary residence.

5.1.9 User Fees. Recipient shall notify and request written approval from OSMB of any user fees charged to recreational boaters for the use of the improvements described herein throughout the term of this Agreement. Fees charged shall be reasonable and are subject to review and approval by OSMB. If user fees are charged for the use of the completed Project, the Recipient shall maintain sufficient records and accounting procedures that demonstrate all of the gross income from the fees is used to defray direct operational costs (for example, maintenance and repair costs) for the Project. User fees may affect Maintenance Assistance Program, as described in OAR 250-014-0040 eligibility on publicly owned and operated Projects.

5.1.10 Maintenance. The Recipient shall at all times be responsible for the maintenance and operation of the Project and related facilities during the term of the Agreement. This does not restrict the Recipient’s ability to subcontract for the performance of maintenance and operation services. Such subcontractors would be subject to Section 5.1.12, Indemnification by Subcontractors.

5.1.11 Payments. Recipient agrees to:

- a. Make payment promptly as due to all contractors, subcontractors, vendors or any other persons supplying labor or materials for the Project;
- b. All employers, including Recipient that employ subject workers as defined in ORS 656.027, shall comply with ORS 656.017 and shall provide workers’ compensation insurance coverage for those workers, unless they meet the requirement for exemption under ORS 656.126(2). Recipient shall require and ensure that each of its subcontractors complies with these requirements (unless inapplicable as a matter of federal law); and
- c. Not permit any lien or claim to be filed or prosecuted against OSMB, due to any construction or maintenance activities at the Project.

5.1.12 Alternative Dispute Resolution. The Parties should attempt in good faith to resolve any dispute arising out of this agreement. This may be done at any management level, including at a level higher than persons directly responsible for administration of the agreement. In addition, the Parties may agree to utilize a jointly selected mediator or arbitrator (for non-binding arbitration) to resolve the dispute short of litigation.

5.1.13 Indemnification by Subcontractors. The Recipient shall take all reasonable steps to

cause its contractor(s) that are not units of local government as defined in ORS 190.003, if any, to indemnify, defend, save and hold harmless the State of Oregon and its officers, employees and agents ("Indemnitee") from and against any and all claims, actions, liabilities, damages, losses, or expenses (including attorneys' fees) arising from a tort (as now or hereafter defined in ORS 30.260) caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of Recipient's contractor or any of the officers, agents, employees or subcontractors of the contractor ("Claims"). It is the specific intention of the Parties that the Indemnitee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnitee, be indemnified by the contractor from and against any and all Claims.

5.1.14 Boating Facility Operation. The Parties have entered into other grant agreement(s) 473, 574, 575, 651, 956, 1018, 1190, 1261, 1357, 1473, 9900-02, 1112-04, 1314-02, 1415-17, which provide for the Recipient to operate boating facilities, including but not limited to, [restrooms, boat trailer parking, docks, boat ramps]. The Recipient shall continue to operate those boating facilities for the duration of this Agreement, even if the terms of the other grant agreement(s) have expired.

5.2 Responsibility of OSMB:

5.2.1 OSMB shall pay Recipient as described in Sections 6 and 7.

SECTION 6: CONDITIONS TO DISBURSEMENT

6.1 Conditions Precedent to Any Reimbursement. OSMB shall not be obligated to disburse any of the grant funds to reimburse the Recipient for Project costs hereunder unless OSMB has received from the Recipient:

- a. Prior to Project solicitation or construction, the final architectural and engineering plans, specifications, and cost estimate(s) , statement of work, request for proposals or other documentation for the Project, documents must be in form and substance satisfactory to OSMB;
- b. Prior to Project construction a copy of all required, federal, state and local permits or approvals for the Project; and
- c. A copy of the contractor's, vendor's, supplier's bid pricing, unless the Recipient is completing the Project; and
- d. Reimbursement Requests must be submitted on the approved OSMB Boating Facility Grant Reimbursement form along with all supporting documentation. Reimbursements shall be prorated between the Parties based on the percentage of their respective cash contributions as set forth in Section 5 and Section 7.

6.2 Conditions Precedent to Partial Progress Payment(s). OSMB shall not be obligated to make partial progress reimbursement payment(s) hereunder until supporting documentation of the percentage of Project completion has been received, reviewed and approved by OSMB. In no event shall OSMB disburse more than ninety percent (90%) of the amount indicated in Section 7.1. as progress payments.

6.3 Conditions Precedent to Final Payment. OSMB shall not be obligated to make final

payment hereunder until the following have been completed or supplied:

- a. Supporting documentation in form and content determined by OSMB, has been received reviewed and approved by OSMB; and
- b. Recipient provides a minimum of three photographs detailing the completed work. One photo must be of the installed sign crediting OSMB with funding the Project; and
- c. Inspection and approval of the Project by OSMB.

SECTION 7: COMPENSATION AND PAYMENT TERMS

- 7.1 Grant Funds.** Upon approval by its governing body, OSMB shall provide grant funds in the amount of *\$10,000.00* to the Recipient to fund the Project. OSMB shall not provide to the Recipient, and the Recipient shall not use any funds described in this section for administrative or for accounting costs whether or not related to this Agreement.
- 7.2 Payments.** After the Recipient awards the contract for the Project, and activities commence, OSMB shall, upon receipt of the Recipient's request for reimbursement and appropriate documentation all in form and substance satisfactory to OSMB, disburse funds to the Recipient in accordance with Section 6 "CONDITIONS TO DISBURSEMENT".
- 7.3 Overpayment.** In the event that the aggregate amount of OSMB's interim progress payments to the Recipient exceeds the allowable reimbursable costs of the Recipient for the Project, the Recipient agrees to refund to OSMB the amount paid in excess of such allowable expenses within thirty (30) days of final billing by the Recipient or the Project Completion Date, whichever is earlier.
- 7.4 Disallowed Costs.** The Recipient agrees that payment(s) made by OSMB under this Agreement shall be subject to offset or reduction for any amounts previously paid hereunder that are found by OSMB not to constitute allowable costs under this Agreement based on the results of an audit examination. If such disallowed amount exceeds the payment(s), the Recipient shall pay OSMB the amount of such excess within 30 days after written notice of disallowed costs is provided by OSMB.
- 7.5 Cost Savings.** Any cost savings realized on the Project shall be prorated between the Parties based on the percentage of their respective cash contributions as set forth in Section 7.1. and Section 5.1 "RESPONSIBILITIES OF EACH PARTY."

SECTION 8: REPRESENTATIONS AND WARRANTIES

Recipient represents and warrants to OSMB that:

- 8.1** Recipient is a Port duly organized and validly existing. Recipient has the power and authority to enter into and perform this Agreement;
- 8.2** The making and performance by Recipient of this Agreement (a) have been duly authorized by Recipient, (b) do not and will not violate any provision of any applicable law, rule, regulation, or order of any court, regulatory commission, board, or other administrative agency or any provision of Recipient's charter or other organizational document and (c) do not and will not result in the breach of, or constitute a default or require any consent under any other agreement or instrument to which Recipient is party or by which Recipient may be

bound or affected. No authorization, consent, license, approval of, or filing or registration with or notification to any governmental body or regulatory or supervisory authority is required for the execution, delivery or performance by Recipient of this Agreement, other than those that have already been obtained;

- 8.3** This Agreement has been duly executed and delivered by Recipient and constitutes a legal, valid and binding obligation of Recipient enforceable in accordance with its terms;
- 8.4** Recipient has the skill and knowledge possessed by well-informed members of the industry, trade or profession most closely involved in providing the services under this Agreement, and Recipient will apply that skill and knowledge with care and diligence to perform its obligations under this Agreement in a professional manner and in accordance with the highest standards prevalent in the related industry, trade or profession; and
- 8.5** Recipient shall, at all times during the term of this Agreement, be qualified, professionally competent, and duly licensed to perform its obligations under this Agreement.

The representations and warranties set forth in this section are in addition to, and not in lieu of, any other representations or warranties provided by Recipient.

SECTION 9: GOVERNING LAW, CONSENT TO JURISDICTION

This Agreement shall be governed by and construed in accordance with the laws of the State of Oregon without regard to principles of conflicts of law. Any claim, action, suit or proceeding (collectively "Claim") between OSMB or any other agency or department of the State of Oregon, or both, and Recipient that arises from or relates to this Agreement shall be brought and conducted solely and exclusively within the Circuit Court of Marion County for the State of Oregon; provided, however, if a Claim must be brought in a federal forum, then it shall be brought and conducted solely and exclusively within the United States District Court for the District of Oregon. In no event shall this Section be construed as a waiver by the State of Oregon of any form of defense or immunity, whether sovereign immunity, governmental immunity, immunity based on the eleventh amendment to the Constitution of the United States or otherwise, to or from any Claim or from the jurisdiction of any court. RECIPIENT, BY EXECUTION OF THIS AGREEMENT, HEREBY CONSENTS TO THE IN PERSONAM JURISDICTION OF SAID COURTS.

SECTION 10: OWNERSHIP OF WORK PRODUCT

10.1 As used in this Section 10 and elsewhere in this Agreement, the following terms have the meanings set forth below:

- 10.1.1 Project Ownership.** OSMB acknowledges and agrees that the Project is the exclusive property of the Recipient. OSMB is neither responsible nor liable in any manner for the construction, operation or maintenance of the Project.

SECTION 11: NO DUPLICATE PAYMENT

The Recipient shall not be compensated for, or receive any other form of duplicate, overlapping or multiple payments for the same work performed under this Agreement from any agency of the State of Oregon, including, but not limited to, the Oregon Department of Fish and Wildlife, or the United States of America or any other party.

SECTION 12: CONTRIBUTION

- 12.1** If any third party makes any claim or brings any action, suit or proceeding alleging a tort as now or hereafter defined in ORS 30.260 (a “Third Party Claim”) against a Party (the “Notified Party”) with respect to which the other Party (the “Other Party”) may have liability, the Notified Party shall promptly notify the Other Party in writing of the Third Party Claim and deliver to the Other Party, along with the written notice, a copy of the claim, process and all legal pleadings with respect to the Third Party Claim that have been received by the Notified Party. Each Party is entitled to participate in the defense of a Third Party Claim, and to defend a Third Party Claim with counsel of its own choosing. Receipt by the Other Party of the notice and copies required in this Section and a meaningful opportunity for the Other Party to participate in the investigation, defense and settlement of the Third Party Claim with counsel of its own choosing are conditions precedent to the Other Party’s contribution obligation under this Section 12 with respect to the Third Party Claim.
- 12.2** With respect to a Third Party Claim for which OSMB is jointly liable with Recipient (or would be if joined in the Third Party Claim), OSMB shall contribute to the amount of expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by Recipient in such proportion as is appropriate to reflect the relative fault of OSMB on the one hand and of Recipient on the other hand in connection with the events that resulted in such expenses, judgments, fines or settlement amounts, as well as any other relevant equitable considerations. The relative fault of OSMB on the one hand and of Recipient on the other hand shall be determined by reference to, among other things, the Parties' relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances resulting in such expenses, judgments, fines or settlement amounts. OSMB’s contribution amount in any instance is capped to the same extent it would have been capped under Oregon law if the State had sole liability in the proceeding.
- 12.3** With respect to a Third Party Claim for which Recipient is jointly liable with OSMB (or would be if joined in the Third Party Claim), Recipient shall contribute to the amount of expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by OSMB in such proportion as is appropriate to reflect the relative fault of Recipient on the one hand and of OSMB on the other hand in connection with the events that resulted in such expenses, judgments, fines or settlement amounts, as well as any other relevant equitable considerations. The relative fault of Recipient on the one hand and of OSMB on the other hand shall be determined by reference to, among other things, the Parties' relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances resulting in such expenses, judgments, fines or settlement amounts. Recipient’s contribution amount in any instance is capped to the same extent it would have been capped under Oregon law if it had sole liability in the proceeding.

SECTION 13: REMEDIES

- 13.1** In the event Recipient is in default under Section 16.3, OSMB may, at its option, pursue any or all of the remedies available to it under this Agreement and at law or in equity, including, but not limited to: (a) termination of this Agreement under Section 16, (b) reducing or

withholding payment for work or Work Product that Recipient has failed to deliver within any scheduled completion dates or has performed inadequately or defectively, (c) requiring Recipient to perform, at Recipient's expense, additional work necessary to satisfy its performance obligations or meet performance standards under this Agreement, (d) initiation of an action or proceeding for damages, specific performance, or declaratory or injunctive relief, or (e) exercise of its right of recovery of overpayments under Section 14 (in addition to the remedies provided in Section 7.3) of this Agreement or setoff, or both. These remedies are cumulative to the extent the remedies are not inconsistent, and OSMB may pursue any remedy or remedies singly, collectively, successively or in any order whatsoever.

13.2 In the event OSMB is in default under Section 16.3 and whether or not Recipient elects to exercise its right to terminate this Agreement under Section 16, or in the event OSMB terminates this Agreement under Sections 16.1, 16.2, or 16.3, Recipient's sole monetary remedy will be (a) for work compensable at a stated rate, a claim for unpaid invoices for work completed and accepted by OSMB, for work completed and accepted by OSMB within any limits set forth in this Agreement but not yet invoiced, for authorized expenses incurred, and for interest within the limits of ORS 293.462, less any claims OSMB has against Recipient, and (b) for deliverable-based work, a claim for the sum designated for completing the deliverable multiplied by the percentage of work completed on the deliverable and accepted by OSMB, for authorized expenses incurred, and for interest within the limits of ORS 293.462, less previous amounts paid for the deliverable and any claims that OSMB has against Recipient. In no event will OSMB be liable to Recipient for any expenses related to termination of this Agreement or for anticipated profits. If previous amounts paid to Recipient exceed the amount due to Recipient under this Section 13.2, Recipient shall promptly pay any excess to OSMB.

SECTION 14: RECOVERY OF OVERPAYMENTS

In addition to the remedies provided in Section 7.4, if payments to Recipient under this Agreement, or any other agreement between OSMB and Recipient, exceed the amount to which Recipient is entitled, OSMB may, after notifying Recipient in writing, withhold from payments due Recipient under this Agreement, such amounts, over such periods of times, as are necessary to recover the amount of the overpayment.

SECTION 15: LIMITATION OF LIABILITY

EXCEPT FOR LIABILITY ARISING UNDER OR RELATED TO SECTION 12, NEITHER PARTY WILL BE LIABLE FOR INCIDENTAL, CONSEQUENTIAL, OR OTHER INDIRECT DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT, REGARDLESS OF WHETHER THE LIABILITY CLAIM IS BASED IN CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, PRODUCT LIABILITY OR OTHERWISE. NEITHER PARTY WILL BE LIABLE FOR ANY DAMAGES OF ANY SORT ARISING SOLELY FROM THE TERMINATION OF THIS AGREEMENT IN ACCORDANCE WITH ITS TERMS.

SECTION 16: TERMINATION

16.1 Termination for Convenience. The Recipient may terminate this Agreement at any time upon thirty (30) days prior written notice to OSMB; provided, however, that the Recipient shall, within thirty (30) days of such termination, reimburse OSMB for all funds contributed

by OSMB to the Project; provided further that until the Recipient has fully reimbursed OSMB for such funds, the Recipient shall comply with the terms hereof. Delinquent payments shall bear interest at the rate of 8 percent, or, if such rate shall exceed the maximum rate allowed by law, then as such maximum rate, and shall be payable on demand.

16.2 Termination Because of Non-Appropriation or Project Ineligibility. OSMB, as provided in Section 27 “FORCE MAJEURE,” may modify or terminate this Agreement and at any time upon 30 days prior written notice to the Recipient, may modify or terminate this Agreement if:

- a. OSMB fails to receive funding or allotments, appropriations, limitations, or other expenditure authority at levels sufficient to pay for the allowable costs of the Project to be funded hereunder or should any state law, regulation or guideline be modified, changed or interpreted in such a way that the Project, or any portion of the Project, is no longer eligible for facility grant funds as described in ORS 830.150.
- b. In the event insufficient funds are appropriated for the payments under this Agreement and the Recipient has no other lawfully available funds, then the Recipient may terminate this Agreement at the end of its current fiscal year, with no further liability to OSMB. The Recipient shall deliver written notice to OSMB of such termination no later than 30 days from the determination by the Recipient of the event of non-appropriation. OSMB shall pay for all authorized Project costs expended up to the date of written notice of termination.

16.3 Termination for Default. OSMB, at any time upon 30 days prior written notice of default to the Recipient, may modify or terminate this Agreement if:

- a. The design, permitting, or construction of the Project is not pursued with due diligence; or
- b. The Recipient’s fee simple title to or other interest in the construction sites or Project is not sufficient, legal and valid; or
- c. The construction of the Project is not permissible under federal, state, or local law; or
- d. The Recipient, does not abide by the nondiscrimination and affirmative action provisions of this Agreement; or
- e. The Recipient, without the prior written approval of OSMB, uses the funds provided by OSMB hereunder to build any project other than the Project described in the final architectural and engineering drawings approved by OSMB; or
- f. The construction is not completed in a good and workmanlike manner or fails to comply with any required permits; or
- g. During the term of this Agreement, the Recipient fails to perform any obligation or requirement of this Agreement, including, but not limited to, exceeding the length of stay at a short term tie-up dock, allowing non-

recreational boating use such as crabbing, fishing, swimming, diving or other activities to impact a recreational boaters ability to use the Project or coveys the Project or the Project property or any part thereof or converts the use of the Project or the Project property to a use that precludes free and unencumbered recreational public boating access.

h. The Recipient defaults under any other agreement between the Parties.

16.4 Rights and Remedies. The Recipient shall, within 30 days of its receipt of a notice of default, reimburse OSMB for all funds contributed by OSMB to the Project. Further, OSMB shall have any and all rights and remedies available at law or in equity.

SECTION 17: NONAPPROPRIATION

OSMB's obligation to pay any amounts and otherwise perform its duties under this Agreement is conditioned upon OSMB receiving funding, appropriations, limitations, allotments, or other expenditure authority sufficient to allow OSMB, in the exercise of its reasonable administrative discretion, to meet its obligations under this Agreement. Nothing in this Agreement may be construed as permitting any violation of Article XI, section 7 of the Oregon Constitution or any other law limiting the activities, liabilities or monetary obligations of OSMB.

SECTION 18: AMENDMENTS

The terms of this Agreement may not be altered, modified, supplemented or otherwise amended, except by written agreement of the Parties.

SECTION 19: NOTICE

Except as otherwise expressly provided in this Agreement, any notices to be given relating to this Agreement must be given in writing by facsimile, email, personal delivery, or postage prepaid mail, to a Party's Authorized Representative at the physical address, fax number or email address set forth in this Agreement, or to such other addresses as either Party may indicate pursuant to this Section 20. Any notice so addressed and mailed becomes effective five (5) days after mailing. Any notice given by personal delivery becomes effective when actually delivered. Any notice given by email becomes effective upon the sender's receipt of confirmation generated by the recipient's email system that the notice has been received by the recipient's email system. Any notice given by facsimile becomes effective upon electronic confirmation of successful transmission to the designated fax number.

SECTION 20: SURVIVAL

All rights and obligations of the Parties under this Agreement will cease upon termination of this Agreement, other than the rights and obligations arising under Sections 9, 10, 12, 14, 15 and 20 hereof and those rights and obligations that by their express terms survive termination of this Agreement; provided, however, that termination of this Agreement will not prejudice any rights or obligations accrued to the Parties under this Agreement prior to termination.

SECTION 21: SEVERABILITY

The Parties agree that if any term or provision of this Agreement is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions will not be affected, and the rights and obligations of the Parties will be

construed and enforced as if the Agreement did not contain the particular term or provision held to be invalid.

SECTION 22: COUNTERPARTS

This Agreement may be executed in several counterparts, all of which when taken together shall constitute one agreement, notwithstanding that all Parties are not signatories to the same counterpart. Each copy of the Agreement so executed constitutes an original.

SECTION 23: COMPLIANCE WITH LAW

23.1 Compliance with Law Generally. Recipient shall comply with all federal, state and local laws, regulations, executive orders and ordinances applicable to Recipient and the Agreement. **Oregon False Claims Act.** Recipient acknowledges the Oregon False Claims Act, ORS 180.750 to 180.785, applies to any action by Recipient pertaining to this Agreement, including the procurement process relating to this Agreement that constitutes a "claim" (as defined by ORS 180.750(1)). By its execution of this Agreement, Recipient certifies the truthfulness, completeness, and accuracy of any statement or claim it has made, it makes, it may make, or causes to be made that pertains to this Agreement. In addition to other penalties that may be applicable, Recipient further acknowledges that if it makes, or causes to be made, a false claim or performs a prohibited act under the Oregon False Claims Act, the Oregon Attorney General may enforce the liabilities and penalties provided by the Oregon False Claims Act against Recipient. Recipient understands and agrees that any remedy that may be available under the Oregon False Claims Act is in addition to any other remedy available to the State or OSMB under this Contract or any other provision of law.

23.2 Tax Compliance. As set forth on Exhibit B, Recipient has complied with the tax laws of this state and the applicable tax laws of any political subdivision of this state. Recipient shall, throughout the duration of this Agreement and any extensions, comply with all tax laws of this state and all applicable tax laws of any political subdivision of this state. For the purposes of this Section, "tax laws" includes: (i) All tax laws of this state, including but not limited to ORS 305.620 and ORS chapters 316, 317, and 318; (ii) Any tax provisions imposed by a political subdivision of this state that applied to Recipient, to Recipient's property, operations, receipts, or income, or to Recipient's performance of or compensation for any work performed by Recipient; (iii) Any tax provisions imposed by a political subdivision of this state that applied to Recipient, or to goods, services, or property, whether tangible or intangible, provided by Recipient; and (iv) Any rules, regulations, charter provisions, or ordinances that implemented or enforced any of the foregoing tax laws or provisions.

Any failure to comply with the provisions of this subsection 23.3 constitutes a material breach of this Agreement. Further, any failure to comply with Recipient's certifications set forth in Exhibit B also shall constitute a material breach of this Agreement. Any failure to comply shall entitle OSMB to terminate this Agreement, to pursue and recover any and all damages that arise from the breach and the termination of this Agreement, and to pursue any or all of the remedies available under this Agreement, at law, or in equity, including but not limited to:

23.2.1 Termination of this Agreement, in whole or in part;

23.2.2 Offsetting against any amount owed to Recipient, and withholding of amounts

otherwise due and owing to Recipient, in an amount equal to State's setoff right, without penalty; and

23.2.3 Initiation of an action or proceeding for damages, specific performance, declaratory or injunctive relief. OSMB may recover any and all damages suffered as the result of Recipient's breach of this Agreement, including but not limited to direct, indirect, incidental and consequential damages, costs of cure, and costs incurred in securing replacement Services and applications.

In addition, this Agreement will be reported to the Oregon Department of Revenue. The Department of Revenue may take any and all actions permitted by law relative to the collection of taxes due to the State of Oregon or a political subdivision, including (i) garnishing the Recipient's compensation under this Agreement or (ii) exercising a right of setoff against Recipient's compensation under this Agreement for any amounts that may be due and unpaid to the State of Oregon or its political subdivisions for which the Department of Revenue collects debts.

These remedies are cumulative to the extent the remedies are not inconsistent, and OSMB may pursue any remedy or remedies singly, collectively, successively, or in any order whatsoever.

SECTION 24: INDEPENDENT CONTRACTORS

The Parties agree and acknowledge that their relationship is that of independent contracting parties and that Recipient is not an officer, employee, or agent of the State of Oregon as those terms are used in ORS 30.265 or otherwise.

SECTION 25: PERSONS NOT TO BENEFIT

No member of or delegate to Congress, resident commissioner, officer, agent or employee of the United States of America, member of the Oregon Legislative Assembly, elected official of the State of Oregon, or official, agent, or employee of the State of Oregon, or elected member, officer, agent, or employee of any political subdivision, municipality or municipal corporation of the State of Oregon shall be admitted to any share or part of this Agreement or derive any financial benefit that may arise therefrom.

SECTION 26: INTENDED BENEFICIARIES

OSMB and Recipient are the only parties to this Agreement and are the only parties entitled to enforce its terms. Nothing in this Agreement provides, is intended to provide, or may be construed to provide any direct or indirect benefit or right to third persons unless such third persons are individually identified by name herein and expressly described as intended beneficiaries of this Agreement.

SECTION 27: FORCE MAJEURE

Neither Party is responsible for any failure to perform or any delay in performance of any obligations under this Agreement caused by fire, civil unrest, labor unrest, natural causes, or war, which is beyond that Party's reasonable control. Each Party shall, however, make all reasonable efforts to remove or eliminate such cause of failure to perform or delay in performance and shall, upon the cessation of the cause, diligently pursue performance of its

obligations under this Agreement. OSMB may terminate this Agreement upon written notice to Recipient after reasonably determining that the failure or delay will likely prevent successful performance of this Agreement.

SECTION 28: ASSIGNMENT AND SUCCESSORS IN INTEREST

Recipient may not assign or transfer its interest in this Agreement without the prior written consent of OSMB and any attempt by Recipient to assign or transfer its interest in this Agreement without such consent will be void and of no force or effect. OSMB's consent to Recipient's assignment or transfer of its interest in this Agreement will not relieve Recipient of any of its duties or obligations under this Agreement. The provisions of this Agreement will be binding upon and inure to the benefit of the Parties hereto, and their respective successors and permitted assigns.

SECTION 29: SUBCONTRACTS

Recipient shall not, without OSMB's prior written consent, enter into any subcontracts for any of the work required of Recipient under this Agreement. OSMB's consent to any subcontract will not relieve Recipient of any of its duties or obligations under this Agreement.

SECTION 30: TIME IS OF THE ESSENCE

Time is of the essence in Recipient's performance of its obligations under this Agreement.

SECTION 31: MERGER, WAIVER

This Agreement and all exhibits and attachments, if any, constitute the entire agreement between the Parties on the subject matter hereof. There are no understandings, agreements, or representations, oral or written, not specified herein regarding this Agreement. No waiver or consent under this Agreement binds either Party unless in writing and signed by both Parties. Such waiver or consent, if made, is effective only in the specific instance and for the specific purpose given. EACH PARTY, BY SIGNATURE OF ITS AUTHORIZED REPRESENTATIVE, HEREBY ACKNOWLEDGES THAT IT HAS READ THIS AGREEMENT, UNDERSTANDS IT, AND AGREES TO BE BOUND BY ITS TERMS AND CONDITIONS.

SECTION 32: RECORDS MAINTENANCE AND ACCESS

Recipient shall maintain all financial records relating to this Agreement in accordance with generally accepted accounting principles. In addition, Recipient shall maintain any other records, books, documents, papers, plans, records of shipments and payments and writings of Recipient, whether in paper, electronic or other form, that are pertinent to this Agreement in such a manner as to clearly document Recipient's performance. All financial records, other records, books, documents, papers, plans, records of shipments and payments and writings of Recipient, whether in paper, electronic or other form, that are pertinent to this Agreement, are collectively referred to as "Records." Recipient acknowledges and agrees that OSMB and the Oregon Secretary of State's Office and the federal government and their duly authorized representatives will have access to all Records to perform examinations and audits and make excerpts and transcripts. Recipient shall retain and keep accessible all Records for a minimum of six (6) years, or such longer period as may be required by applicable law, following termination of this Agreement, or until the conclusion of any audit, controversy or litigation

arising out of or related to this Agreement, whichever date is later. Subject to foregoing minimum records retention requirement, Recipient shall maintain Records in accordance with the records retention schedules set forth in OAR Chapter 166.

SECTION 33: HEADINGS

The headings and captions to sections of this Agreement have been inserted for identification and reference purposes only and may not be used to construe the meaning or to interpret this Agreement.

SECTION 34: ADDITIONAL REQUIREMENTS

Recipient shall comply with the additional requirements set forth in Exhibit C, attached hereto and incorporated herein by this reference.

SECTION 35: AGREEMENT DOCUMENTS

This Agreement consists of the following documents, which are listed in descending order of precedence: this Agreement less all exhibits, the Facility Grant Application, attached Exhibit A (the Project Timeline), Exhibit B (Certificate of Tax Compliance), and Exhibit C (Additional Requirements).

SECTION 36: SIGNATURES

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the dates set forth below.

STATE OF OREGON acting by and through its State Marine Board.

Larry Warren, Director Date

Port of Newport

Name/Title: _____ Date

Approved for Legal Sufficiency in accordance with ORS 291.047

Approval Authorized by Letter August 2, 2017
Steven Marlowe, Assistant Attorney General Date

EXHIBIT A
PROJECT TIMELINE

Responsibility	Date	Description
Recipient	January 2020	Award contract and manage the process.
Recipient	January 2020	Provide OSMB a copy of the awarded contract.
OSMB	February 2020	Riprap installed.
Recipient	March 2020	Receive contractor invoices, issue payment and request final reimbursement from OSMB.
OSMB	March 2020	Issue final reimbursement, close the grant and term of the grant begins.

EXHIBIT B

CERTIFICATION OF TAX COMPLIANCE

The individual signing on behalf of Recipient hereby certifies and swears under penalty of perjury to the best of the individual's knowledge that:

1. The number shown on this form is Recipient's correct taxpayer identification;

Federal Tax Number : _____

Oregon Tax Number _____

Organizational DUNS _____

2. Recipient is not subject to backup withholding because:

(i) Recipient is exempt from backup withholding,

(ii) Recipient has not been notified by the IRS that Recipient is subject to backup withholding as a result of a failure to report all interest or dividends, or

(iii) the IRS has notified Recipient that Recipient is no longer subject to backup withholding.

3. S/he is authorized to act on behalf of Recipient; s/he has authority and knowledge regarding Recipient's payment of taxes,

4. For a period of no fewer than six calendar years preceding the Effective Date of this Contract, Recipient faithfully has complied with:

(i) All tax laws of this state, including but not limited to ORS 305.620 and ORS chapters 316, 317, and 318;

(ii) Any tax provisions imposed by a political subdivision of this state that applied to Recipient, to Recipient's property, operations, receipts, or income, or to Recipient's performance of or compensation for any work performed by Recipient;

(iii) Any tax provisions imposed by a political subdivision of this state that applied to Recipient, or to goods, services, or property, whether tangible or intangible, provided by Recipient; and

(iv) Any rules, regulations, charter provisions, or ordinances that implemented or enforced any of the foregoing tax laws or provisions.

Recipient Signature _____ Date _____

EXHIBIT C
ADDITIONAL REQUIREMENTS

Port of Newport
Profit & Loss Prev Year Comparison - All General Operating Funds
July through December 2019

	<u>Jul - Dec 19</u>	<u>Jul - Dec 18</u>	<u>\$ Change</u>	<u>% Change</u>
Ordinary Income/Expense				
Income				
14000 · Lease Revenues	377,930	368,928	9,002	2%
Total 14100 · Moorage	808,493	709,985	98,508	14%
Total 14210 · Equipment Rental	154,952	129,778	25,175	19%
Total 14200 · Hoist Dock & Services	469,186	365,750	103,436	28%
Total 14300 · Shipping Terminal Revenues	0	1,560	-1,560	-100%
Total 14400 · RV Parks	669,182	632,068	37,114	6%
Total 14500 · Launch Ramp & Trailer Storage	55,247	49,362	5,886	12%
Total 14600 · Miscellaneous Revenue	58,583	60,228	-1,645	-3%
Total Income	<u>2,438,621</u>	<u>2,187,879</u>	<u>250,742</u>	<u>11%</u>
Gross Profit	2,438,621	2,187,879	250,742	11%
Expense				
Total 15000 · Personnel Services	780,023	649,635	130,388	20%
Total 16000 · Materials & Services	818,370	803,158	15,213	2%
17000 · Debt Service				
Total 17100 · Principal	0	288,402	-288,402	-100%
Total 17600 · Interest Expense	75,064	79,997	-4,932	-6%
Total 17000 · Debt Service	75,064	368,399	-293,335	-80%
Total Expense	<u>1,673,458</u>	<u>1,821,192</u>	<u>-147,734</u>	<u>-8%</u>
Net Ordinary Income	765,164	366,687	398,477	109%
Other Income/Expense				
Other Income				
Total 18100 · Property Tax Revenue	106,887	100,710	6,177	6%
18200 · Interest Income	33,113	7,154	25,959	363%
Total 18300 · Grants	1,800	1,800	0	0%
18600 · Gain/(Loss) on Sale of Assets	423	-8,374	8,797	105%
18700 · Property & Dredge Sales	35,032	54,679	-19,647	-36%
Total Other Income	<u>177,255</u>	<u>155,969</u>	<u>21,286</u>	<u>14%</u>
Other Expense				
Total 19000 · Capital Outlay	0	25,099	-25,099	-100%
19800 · Transfer-Admin Exp to Programs	-974	0	-974	-100%
19997 · Suspense	0	0	0	0%
Total Other Expense	<u>-974</u>	<u>25,099</u>	<u>-26,073</u>	<u>-104%</u>
Net Other Income	178,229	130,870	47,359	36%
Net Income	<u><u>943,393</u></u>	<u><u>497,557</u></u>	<u><u>445,836</u></u>	<u><u>90%</u></u>
16990 · Depreciation Expense	833,953	0	833,953	100%
Net Income	<u><u>109,440</u></u>	<u><u>497,557</u></u>	<u><u>-388,117</u></u>	<u><u>-10%</u></u>

Port of Newport
Profit & Loss Prev Year Comparison - ADMIN
July through December 2019

	<u>Jul - Dec 19</u>	<u>Jul - Dec 18</u>	<u>\$ Change</u>	<u>% Change</u>
Ordinary Income/Expense				
Income				
Total 14600 · Miscellaneous Revenue	6,263.19	7,170.81	-907.62	-12.66%
Total Income	6,263.19	7,170.81	-907.62	-12.66%
Gross Profit	6,263.19	7,170.81	-907.62	-12.66%
Expense				
15000 · Personnel Services				
Total 15000 · Personnel Services	328,863.18	232,786.09	96,077.09	41.27%
16000 · Materials & Services				
Total 16000 · Materials & Services	219,793	190,621	29,172	15.3%
17000 · Debt Service				
Total 17100 · Principal	0	8,473	-8,473	-100.0%
Total 17600 · Interest Expense	0	453	-453	-100.0%
Total 17000 · Debt Service	0	8,926	-8,926	-100.0%
Total Expense	548,656	432,333	116,323	26.91%
Net Ordinary Income	-542,393	-425,162	-117,231	-27.57%
Other Income/Expense				
Other Income				
Total 18100 · Property Tax Revenue	106,887	100,710	6,177	6.13%
18200 · Interest Income	33,113	7,154	25,959	362.86%
Total 18300 · Grants	1,800	0	1,800	100.0%
Total Other Income	141,800	107,864	33,937	31.46%
Other Expense				
19800 · Transfer-Admin Exp to Programs	-402,001	0	-402,001	-100.0%
19997 · Suspense	0	0	0	0.0%
Total Other Expense	-402,001	0	-402,001	-100.0%
Net Other Income	543,802	107,864	435,938	404.16%
Net Income	<u>1,409</u>	<u>-317,298</u>	<u>318,707</u>	<u>100.44%</u>
16990 · Depreciation Expense	1,409	0	1,409	100.0%
Net Income				

Port of Newport
Profit & Loss Prev Year Comparison -Int'l Terminal
July through December 2019

	<u>Jul - Dec 19</u>	<u>Jul - Dec 18</u>	<u>\$ Change</u>	<u>% Change</u>
Ordinary Income/Expense				
Income				
14000 · Lease Revenues	77,892	0	77,892	100.0%
Total 14100 · Moorage	80,800	52,908	27,892	52.72%
Total 14200 · Hoist Dock & Services	240,523	180,955	59,568	32.92%
Total 14300 · Shipping Terminal Revenue	0	1,560	-1,560	-100.0%
Total 14600 · Miscellaneous Revenue	1,200	1,370	-170	-12.41%
Total Income	400,414	236,793	163,622	69.1%
Gross Profit	400,414	236,793	163,622	69.1%
Expense				
Total 15000 · Personnel Services	64,699	40,853	23,847	58.37%
16000 · Materials & Services				
Total 16000 · Materials & Services	88,493	90,193	-1,699	-1.88%
17000 · Debt Service				
Total 17100 · Principal	0	110,817	-110,817	-100.0%
Total 17600 · Interest Expense	42,465	44,534	-2,069	-4.65%
Total 17000 · Debt Service	42,465	155,351	-112,886	-72.67%
Total Expense	195,657	286,396	-90,739	-31.68%
Net Ordinary Income	204,757	-49,604	254,361	512.79%
Other Income/Expense				
Other Income				
18700 · Property & Dredge Sales	0	50,623	-50,623	-100.0%
Total Other Income	0	50,623	-50,623	-100.0%
Other Expense				
Total 19000 · Capital Outlay	0	1,200	-1,200	-100.0%
19800 · Transfer-Admin Exp to Programs	14,842	0	14,842	100.0%
Total Other Expense	14,842	1,200	13,642	1,136.83%
Net Other Income	-14,842	49,423	-64,265	-130.03%
Net Income	<u>189,915</u>	<u>-181</u>	<u>190,096</u>	<u>105,217.15%</u>
16990 · Depreciation Expense	636,155	0	636,155	100.0%
Net Income	<u>-446,240</u>	<u>-181</u>	<u>-446,059</u>	

Port of Newport
Profit & Loss Prev Year Comparison - Commercial Marina
July through December 2019

	<u>Jul - Dec 19</u>	<u>Jul - Dec 18</u>	<u>\$ Change</u>	<u>% Change</u>
Ordinary Income/Expense				
Income				
14000 · Lease Revenues	80,283	6,184	74,099	12
Total 14100 · Moorage	305,322	259,923	45,399	0
Total 14200 · Hoist Dock & Services	205,865	180,340	25,524	0
Total 14600 · Miscellaneous Revenue	7,537	4,660	2,877	1
Total Income	599,006	451,107	147,899	0
Gross Profit	599,006	451,107	147,899	0
Expense				
Total 15000 · Personnel Services	169,758	148,363	21,395	0
Total 16000 · Materials & Services	132,608	150,774	-18,166	-0
17000 · Debt Service				
Total 17100 · Principal	0	6,137	-6,137	-1
Total 17600 · Interest Expense	518	718	-200	-0
Total 17000 · Debt Service	518	6,856	-6,338	-1
Total Expense	302,884	305,992	-3,109	-0
Net Ordinary Income	296,123	145,115	151,008	1
Other Income/Expense				
Other Expense				
Total 19000 · Capital Outlay	0	12,981	-12,981	-1
Total Other Expense	0	12,981	-12,981	-1
Net Other Income	0	-12,981	12,981	1
Net Income	<u>296,123</u>	<u>132,134</u>	<u>163,989</u>	<u>1</u>
16990 · Depreciation Expense	25,676	0	25,676	1
19800 · Transfer-Admin Exp to Programs	174,399	0	174,399	1
Net Income	96,047	132,134	-36,086	-0

Port of Newport
Profit & Loss Prev Year Comparison- South Beach
July through December 2019

	<u>Jul - Dec 19</u>	<u>Jul - Dec 18</u>	<u>\$ Change</u>	<u>% Change</u>
Ordinary Income/Expense				
Income				
14000 · Lease Revenues	219,755	5,772	213,983	3,707.27%
Total 14100 · Moorage	422,371	397,154	25,217	6.35%
Total 14200 · Hoist Dock & Services	22,798	4,454	18,344	411.85%
Total 14400 · RV Parks	669,182	632,068	37,114	5.87%
Total 14500 · Launch Ramp & Trailer Storage	55,247	49,362	5,886	11.92%
Total 14600 · Miscellaneous Revenue	41,350	46,992	-5,642	-12.01%
Total Income	<u>1,430,704</u>	<u>1,135,801</u>	<u>294,903</u>	<u>25.96%</u>
Gross Profit	1,430,704	1,135,801	294,903	25.96%
Expense				
Total 15000 · Personnel Services	209,938	193,702	16,236	8.38%
Total 16000 · Materials & Services	377,120	365,282	11,838	3.24%
17000 · Debt Service				
Total 17100 · Principal	0	148,000	-148,000	-100.0%
Total 17600 · Interest Expense	32,082	34,291	-2,210	-6.44%
Total 17000 · Debt Service	32,082	182,291	-150,210	-82.4%
Total Expense	<u>619,139</u>	<u>741,276</u>	<u>-122,136</u>	<u>-16.48%</u>
Net Ordinary Income	811,565	394,525	417,040	105.71%
Other Income/Expense				
Other Income				
18300 · Grants				
18310 · OSMB-MAP (Maint Asst Prog)	0	1,800	-1,800	-100.0%
Total 18300 · Grants	0	1,800	-1,800	-100.0%
18600 · Gain/(Loss) on Sale of Assets	423	-8,374	8,797	105.05%
18700 · Property & Dredge Sales	35,032	4,056	30,976	763.67%
Total Other Income	35,455	-2,518	37,973	1,508.3%
Other Expense				
Total 19000 · Capital Outlay	0	10,918	-10,918	-100.0%
Total Other Expense	0	10,918	-10,918	-100.0%
Net Other Income	35,455	-13,436	48,891	363.89%
Net Income	<u>847,020</u>	<u>381,090</u>	<u>465,930</u>	<u>122.26%</u>
16990 · Depreciation Expense	170,713	0	170,713	100.0%
19800 · Transfer-Admin Exp to Programs	211,786	0	211,786	100.0%
Net Income	<u>464,521</u>	<u>381,090</u>	<u>83,431</u>	<u>0.22</u>

Port of Newport - NOAA Fund
Profit & Loss Prev Year Comparison NOAA
July through December 2019

	<u>Jul - Dec 19</u>	<u>Jul - Dec 18</u>	<u>\$ Change</u>	<u>% Change</u>
Ordinary Income/Expense				
Income				
54000 · Lease Revenue	1,272,331	1,272,331	0	0.0%
Total Income	<u>1,272,331</u>	<u>1,272,331</u>	<u>0</u>	<u>0.0%</u>
Expense				
55000 · Personnel Services	40,726	35,811	4,915	13.73%
56000 · Materials & Services	145,086	201,820	-56,733	-28.11%
57000 · Debt Service	515,024	1,481,767	-966,743	-65.24%
Total Expense	<u>700,836</u>	<u>1,719,397</u>	<u>-1,018,561</u>	<u>-59.24%</u>
Net Ordinary Income	571,495	-447,067	1,018,561	227.83%
Other Income/Expense				
Other Income				
58200 · Interest Income	48,467	10,291	38,176	370.94%
58800 · Miscellaneous Revenue	1,283	5,159	-3,876	-75.13%
Total Other Income	<u>49,750</u>	<u>15,450</u>	<u>34,300</u>	<u>222.0%</u>
Net Other Income	<u>49,750</u>	<u>15,450</u>	<u>34,300</u>	<u>222.0%</u>
Net Income	<u><u>621,245</u></u>	<u><u>-431,616</u></u>	<u><u>1,052,861</u></u>	<u><u>243.93%</u></u>
56990 · Depreciation Expense	782,780	0	782,780	100.0%
Net Income	<u><u>-161,535</u></u>	<u><u>-431,616</u></u>	<u><u>270,081</u></u>	<u><u>63%</u></u>



RV PARK & RECREATIONAL MARINA OCCUPANCY REPORT

DATE: *06 January 2020*
RE: *Month Ending 31 December 2019*
TO: *Mark Brown, Director of Finance*
ISSUED BY: *Bill Hewitt, RV and Marina Supervisor*

2019 has come to an end and the South Beach operation continues to surpass budget expectations. For the second year in a row the combined revenue of the RV Park and the Marina exceeded two million dollars. Revenue for 2018 was \$2,032,178.78 while revenue for 2019 was \$2,144,634.33, an increase of \$112,455.53. The RV Park revenue was up \$73,894.10 from 2018 and the Marina revenue was up \$38,561.45. These numbers are important because days stayed in the RV Park were down from 2018. The Marina RV Park was 1056 days stayed behind 2018. The Annex RV Park was 506 days stayed behind 2018. Dry camping was 792 days stayed behind last year. The Marina was 2295 days stayed ahead of 2019. When we decided on a price increase we realized days stayed might decline. Days stayed have declined but revenue has increased and we have received less wear and tear on our physical plant. Also with the price increase we have little to know problems with guests. The higher price is keeping away problem campers who are looking for a cheap place to live.

The Marina had its best year ever in 2019 in revenue and number of days stayed. I see no reason why we should not have another good year in the Marina. We need to remember we have great facilities and the bar is one of the easiest to cross in the state. We supply a good product at a fair price, this is certainly one of the drivers of increased Marina business.

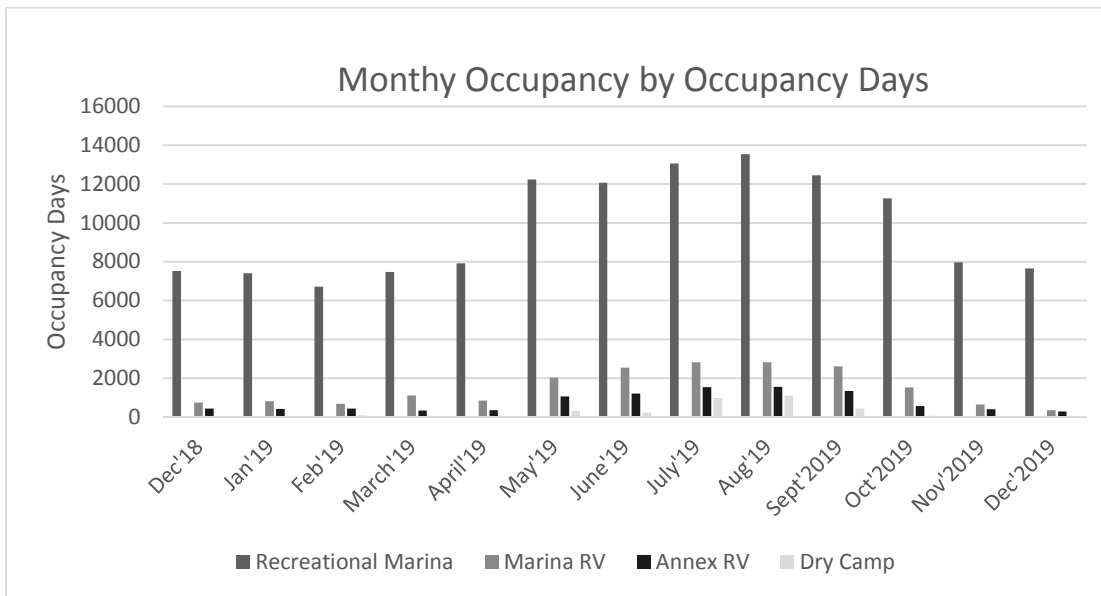
Wine and Seafood tickets go on sale January 6th. We have had much interest from the public about when RV sites go on sale for Wine and Seafood. If we get good weather I am hoping to see a nice increase in day of show dry camping compared to 2019. To promote this we did not raise the dry camping prices for the festival.

Going forward 2020 looks promising with the months of July and August almost full. The Fourth of July weekend is already sold out of hook-up sites with only dry camping remaining.



OCCUPANCY DAYS MONTH & YTD

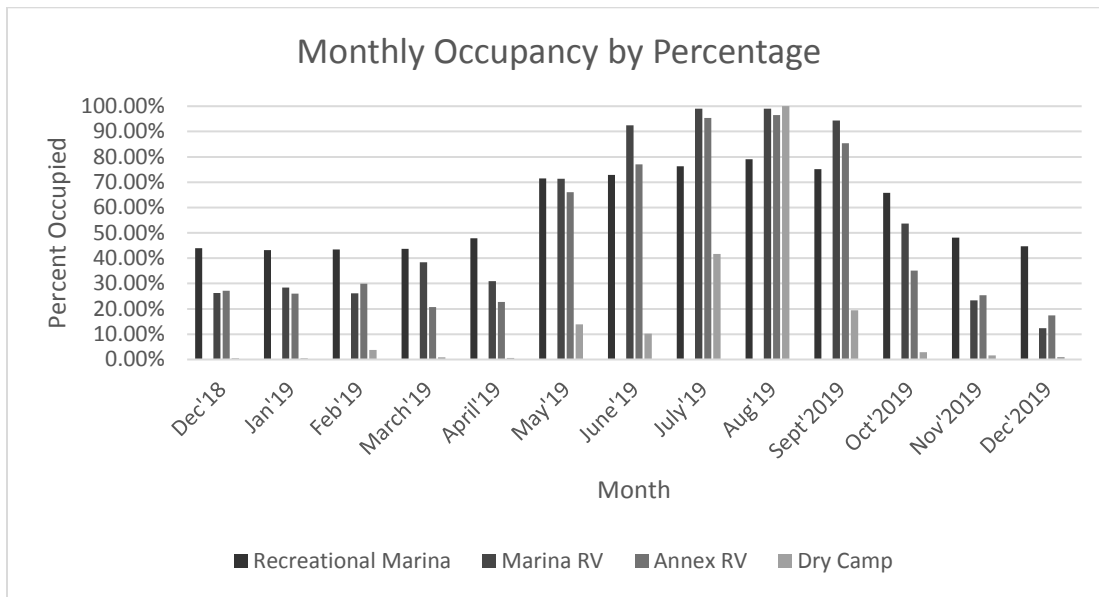
Dec'2019	2018	2019	Change	YTD 2018	YTD 2019	Change
Recreational Marina	7528	7647	1.58%	117438	119733	1.95%
Marina RV	749	351	-53.14%	19852	18796	-5.32%
Annex RV	438	280	-36.07%	9973	9467	-5.07%
Dry Camp	11	22	100.00%	4103	3311	-19.30%





OCCUPANCY PERCENT MONTH & YTD

Dec'2019	2018	2019	Change	YTD 2018	YTD 2019	Change
Recreational Marina	43.99%	44.69%	0.70%	58.29%	59.43%	1.14%
Marina RV	26.26%	12.31%	-13.95%	59.11%	55.97%	-3.14%
Annex RV	27.17%	17.37%	-9.80%	52.54%	49.87%	-2.67%
Dry Camp	0.47%	0.95%	0.48%	14.98%	12.09%	-2.89%





DIRECTOR OF OPERATIONS REPORT

DATE: 01/21/2020
PERIOD: December 2019 – January 2019
TO: Paula J. Miranda, General Manager
ISSUED BY: Aaron Bretz

OVERVIEW DIROPS

Summary:

Crab season is in full swing; the weather has compressed offloads, so we've had long hours at the hoists. The weather is also playing havoc with our boat ramp project due to storm surge; I wrote a report previously on that. I followed up with the EDA about our grant (PD5 Pier), and it's still undergoing procedural review in Washington D.C., but the money has been set aside for it.

Detail:

- **South Beach Storm Sewer**

After consultation with our lawyer, I put the project back out for bid with language that allows for a wider range of acceptable proposals. Also, I project that the cost of the project is going to come in higher than expected so we want to ensure wide dissemination of the RFP.

Depending on the method of the winning proposer, we will seek a variance to complete the project as planned.

- **Port Dock 5 Project**

We are still awaiting official word from Washington D. C., although I have contacted the Seattle EDA office again just to double check. I fully expect that this project will have to be completed during the next in-water work window.

- **South Beach Boat Ramp Repair**

All permits are in place for the repair, and we are awaiting a favorable tide to do the work.

- **New Cameras**

We're getting moving on installation of more cameras in the Commercial Marina, and new cameras in South Beach. Going into the summer, we will have much better security coverage on both sides of the bay, and we're optimistic that this will have a significant impact in South Beach.

- **Cascades West Economic Development District**

I am on the resilience advisory committee for the Cascades West Economic Development District's update to the Comprehensive Economic Development Strategy. I was asked to be a part of the committee after becoming very familiar with the strategic document by preparing the grant request documents for the EDA grant. This strategy informs investment decisions on economic development money that flows into the region through the federal and state governments. The strategy is written with much concern for rural communities, but not so much around anything maritime industry. As I provide my input, I will seek to differentiate between Newport and other inland rural communities. The current focus in the document is to spur investment that brings urban resources to rural communities; as a port community, we would most benefit from investments that treat Newport both as a rural community and as a vast resource for the region and the State because of our proximity to the ocean.

- **NOAA Cathodic Protection**

The cathodes are on order; the Army Corps changed direction on the permit to install the cathodes, however after NMFS had indicated that they would consider the work as covered under the existing opinion. I'm not sure from where that change was initiated, but we are working feverishly to get that permit approved.

- **Parking**

I attended the City Council work session on parking issues and the adoption of the recommendations from the Parking Advisory Committee. I would say that the council is motivated to do something to try and effect change to the parking situation on the Bayfront. This past month has been a good opportunity to see how much of the parking on the Bayfront is occupied by commercial fishermen because tourism is slow, and there is a fair amount of fishing activity on-going. My recommendation is to stay closely aware of planned changes to the decisions that the City is considering because the decisions that the City makes will definitely have an impact on usage of Port parking areas.

Newport International Terminal- Don Moon, Supervisor

Billable Services Performed this Period (February)

- | | |
|---|---|
| <input checked="" type="checkbox"/> Forklift – 75hr | <input checked="" type="checkbox"/> Moorage – 97days |
| <input checked="" type="checkbox"/> 30 Ton Hydraulic Crane – 40hr | <input checked="" type="checkbox"/> Hoist Dock Tie Up – 129hr |
| <input checked="" type="checkbox"/> Labor – 103hr | <input type="checkbox"/> 120V power – 0 |
| <input checked="" type="checkbox"/> Other (Net Work) – | <input checked="" type="checkbox"/> 208V power – 72days |

Commercial Marina- Kent Gibson, Harbormaster

Billable Services Performed this Period:

Forklift – 276Hrs

Hoist Dock Crane(s) – 36.25Hrs

30 Ton Hydraulic Crane - Enter #.Hrs

Dock Tie Up – 355.75Hrs

Launch Tickets - Enter #. passes sold

Other (Labor) – Hrs

Special Projects: *(Not regular maintenance & repair tasks. Enter project name and notes)*

Completed In Progress

Completed In Progress [Click here to enter text.](#)

Completed In Progress [Click here to enter text.](#)

Completed In Progress [Click here to enter text.](#)

Completed In Progress [Click here to enter text.](#)

Completed In Progress

Other: *(Enter issues, events, large purchases and other notable items)*

With crab pot dump day starting on December 28th this year and the crab season opening on the last day of December, forklift and hoist dock use was way up as expected for the opening. The hoist dock tie-up time was up 264% from last month and up 72% over December 2018. December forklift usage was up 361% from last month and also up 112% over December of last year. Crane usage was up 196% from last month and up 168% over last year in December.

Axle fees were down over last month with a total of 30 axles counted compared to the 65 axles in October, for a 53% decrease. I would however expect a huge increase in axle fees in January due to crab season opening on the 31st of December.

Year over year,(2019 over 2018) Forklift usage was up 12.2%, crane usage was up 39% and Tie up time was up 5.1%. Since starting the axle fee, we have had 618 axles for a 103 average per month for the last 6 months of 2019 and revenue of \$4,326.

NOAA MOC-P Jim Durkee, Maintenance Supervisor

Special Projects:

Other:

Vessels Using the Facility Since My Last Report – NOAA vessels Hi’ialikai, & Oscar Dyson. OSU R/V Oceanus

Office Occupancy Admin Building – 65 Work Stations Total, 49 Occupied
Warehouse Bldg. – 23 Work Stations Total, 7 Occupied
Occupancy Rate – 64%

The painters should be starting 1/22/2020. I have their contractor’s key in my office.

AUS Diving has ordered the anodes for replacement on the west zone of the cathodic protection system.

The outside unit of for the Liebert AC replacement is scheduled to ship 1/24/2020.

Other jobs to be completed in this fiscal year (July-June)

Replacement of remaining backer pipes in the pier fender system
Replacement of pier lights with LED's

Annuals Completed-

Boiler
Liebert air conditioner (Data room)
Eelgrass survey
Backflow devices
Fire extinguishers
HVAC
Elevator
FM200 Fire Suppression Systems
Fire alarms and sprinklers
Automatic Transfer Switch (emergency power system)
Storm-water systems
Battery back-up systems
Overhead doors
Cathodic protection systems (pier)

Annuals yet to be completed-

Generator

Other jobs to be completed in this fiscal year (July-June)

Office painting (winter after hours)
Replacement of remaining backer pipes in the pier fender system
Replacement of pier lights with LED's
Replacement of the outside unit of the Liebert air conditioner
Replacement of anodes on the west zone of the pier cathodic protection system

South Beach Marina- Chris Urbach, Harbormaster

242 boat launches at the pay station in December.

The pay station was broke into wright around the first of the year the thieves got 300.00 in cash and did around 2,000.00 in damage. We need cameras.

We were awarded a grant from SDAO to go towards camera installation and we are currently waiting to have that meeting.

The Silver dollar sank at the dock and we had to wait on lifting the boat for the insurance companies to work it out I believe the owner is unknown at this time and the plan is to lift the boat and transport it to Toledo on Thursday the 23 of January.

We had two power issues on the docks this last month one on D dock and the other was on A dock both were main feed lines and both required a diver and electricians to fix. A dock is done and D dock is still on going.

The sink hole at the north outfall continues to get worse.

We were able to get most of the bunker lights at the bunkers under the bridge working this project is ongoing.

We have replaced two restroom doors and trim in the south restrooms due to vandalism.

I purchased new door knobs for all of our public restrooms.

We had a shed roof blow of in the storm in December down at the old cherry farm building.

We continue to sell sand to both the city and other contractors.

Port Mates Volunteers

Several of the Mates are moving away, and will be ending their volunteer time as official volunteers with the Port. Thanks to Wayde and Barb Dudley, and Lee and Candi Fries



GENERAL MANAGER MONTHLY REPORT

DATE: 01/17/2020
PERIOD: 12/17/19 – 01/17/2020
TO: Board of Commissioners
ISSUED BY: Paula J. Miranda, General Manager

OVERVIEW

Summary:

Due to the holidays, our work commitments were a little on the lighter side during this past month. While we continue to incorporate processes to create efficiencies, to hire and properly train the Port staff; we are now in the process of focusing in our next steps to incorporate some of the goals listed on the Strategic Plan by implementing strategies and create a budget that we can soon present to the Board.

Now that we have the NOAA Bond refinance behind us we may have some funds to leverage grant opportunities that may arise, but in order to do that we also need to have the proper plans for our projects in place. Our focus right now is to budget for some of those plans and be ready, so we don't miss those opportunities.

Meetings/Trainings/Summits:

- Weekly meetings with Port Directors
- Port Tour with NIT Prospect – 12/19/19
- Attended OPPA Conference via Phone – 12/19/19
- Met with Jalene Case regarding Personnel Training – 12/30/19
- Out of the Office – December 20-25/19
- Met new owners of the Newport Belle – 01/06/2020
- Attended City of Newport Vision 2040 – 01/06/2020
- Met Matt Frank with TCB (Port Security) – 01/07/2020
- Attended Special Commission Meeting via phone – 01/07/2020
- South Beach Staff Quarterly meeting – 01/08/2020
- Banking RFP Selection Process Meeting – 01/08/2020
- Met prospect in Salem – 01/09/2020
- Ongoing Communication Meetings with Angela Nebel – 01/10/2020
- Department Heads monthly meeting – 01/14/2020
- Port Directors Monthly meeting – 01/14/2020
- Banking RFP Selection Process Meeting – 01/15/2020
- Admin Staff Quarterly Meeting – 01/16/2020

- Met with Heather Mann – 01/16/2020
- Chamber Meeting – 01/17/2020
- Attended APP Conference – 01/22-24

Schedule Meetings/Conferences:

- Meeting with City regarding use of Port Sand – 01/28/2020
- Staff Training with Jalene Case – 01/29/2020 and 02/25/2020
- Chamber Meeting – 01/31/2020
- Commercial Marina Staff Quarterly meeting – 02/02/2020
- SDAO Conference – 02/06-09/2020
- Newport Seafood & Wine Festival – 02/20-23/2020 – SUP has been signed
- Port of Toledo joint Commission meeting – 04/14/2020

Port of Newport

600 S.E. BAY BOULEVARD NEWPORT, OREGON 97365 PHONE (541) 265-7758 FAX (541) 265-4235 www.portofnewport.com

January 15, 2020

Bobbi Price
Greater Newport Chamber of Commerce
555 SW Coast Highway
Newport, OR 97365

Subject: 2020 Seafood & Wine Festival Permission REVISED FINAL

Dear Bobbi,

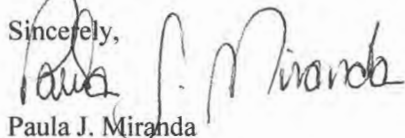
This letter grants the Greater Newport Chamber of Commerce permission to use Port property at the Port of Newport Marina & RV Park in South Beach for the 2020 Seafood & Wine Festival, in accordance with the agreement dated November 30, 2011. As in previous years, this will include property for placing the main activity tent and all ancillary tents, and parking. Please provide us with a current site use plan, and an Insurance Certificate for General Liability naming the Port as an additional insured for an amount not less than \$2MM per occurrence and \$2MM in aggregate. The Chamber fee for this year will be \$5,868.54, which represents a 2% increase as discussed. In addition, there is a refundable clean-up deposit of \$1,000.00 required, which is currently on your account. *The Insurance Certificate was received January 15, 2020.*

It is our understanding that that set up will begin on Monday, January 27, 2020; the Festival will run from Thursday February 20 – Sunday February 23, 2020; and removal and clean-up will be completed by Saturday, February 29, 2020. As a reminder, our agreement calls for, in part, that you will “quit and deliver up said premises and all future erections or additions to or upon the same” in a condition “the same as are now in, or such better condition as the premises hereafter may be put in.” In addition, you agree to pay “all reasonable costs (of) . . . any cleanup, or repair to the premises.” The curbing will be installed with a tar paper underlay in its entirety. The Recreational Harbormaster will approve the paint to be used on the asphalt. Prior to final departure from the site, the Chamber will arrange for a mandatory walk-through of the property with the Recreational Harbormaster and the Director of Operations to assess if any cleanup or repairs need to be made.

As in past years, we understand that the Port of Newport will be listed as a Gold Level sponsor of the Seafood and Wine Festival, and will receive the benefits of that sponsorship. In addition, the Port will provide two dry-camp spaces for use by Festival approved staff checking in on Thursday, February 20, and checking out on Sunday, February 23, 2020, in exchange for 30 additional Festival passes.

We look forward to another successful event. If you need anything further, please do not hesitate to contact me.

Sincerely,



Paula J. Miranda
General Manager

cc: Chris Urbach, Recreational Marina Harbormaster
Bill Hewitt, Recreational Marina & RV Park Supervisor
Aaron Bretz, Director of Operations
Matt Frank, TCB Security

Serving the Maritime & Recreational Communities
Newport International Terminal (541) 265-9651 Newport Marina at South Beach (541) 867-3321