

PORT OF NEWPORT REGULAR MONTHLY COMMISSION MEETING AGENDA

Tuesday, November 19, 2019, 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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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

October 22, 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**

I. CALL TO ORDER

0:00

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: Carrie Lewis, Oregon Coast Aquarium; Doug Cooper, Hampton Lumber; and Dietmar Goebel, Newport City Council.

II. CHANGES TO THE AGENDA

0:10

There were no changes to the Agenda.

III. PUBLIC COMMENT

0:16

There was no public comment at this time.

IV. CONSENT CALENDAR.....

0:28

- A. Minutes 2019
 - 1. Regular Commission Meeting Sep 24
 - 2. Commission Work Session Sep 24
- B. Financial Reports
- C. Contracts
 - 1. 2019 NOAA Demised Area Painting - \$16,050.00

A motion was made by Chuck and seconded by Burke to approve the Consent Calendar. The motion passed 5 – 0.

V. CORRESPONDENCE/PRESENTATIONS.....

0:54

- A. Carrie Lewis – Oregon Coast Aquarium Expansion
Staff Report with Attachments.....

0:57

Miranda introduced the Staff Report and attachments included in the Meeting Packet. She said the City of Newport required Port approval of the project before issuing permits. Miranda introduced

Carrie Lewis from the Aquarium, who made a presentation to the Commission, included as a Meeting Packet Addendum. Lewis commented that the Aquarium completed a Strategic Plan in 2015 out of which came recommendations for the expansion, with the goal of improving the Aquarium and the visitor experience. Lewis said the project would be broken into three phases, the first of which would include construction and renovation on Port property. She reviewed specific changes identified on the slides. Phase one is planned for 2020 pending permitting.

Burke declared a conflict of interest because he is employed by the Aquarium. Miranda recommended the Commission approve the renovations. Sylvia asked if there were any costs or liability issues for the Port; Miranda said she was not aware of any. Lewis said the Aquarium had also worked with the City and the fire department to improve pedestrian access. Miranda said she had attended the City Council and City Planning meetings where the improvements were discussed, which included input from the Fire Chief.

A motion was made by Lackey and seconded by Sylvia to allow the General Manager to prepare a letter of consent allowing the Aquarium to move forward with its renovations as presented. The motion passed 4 – 0, with Burke abstaining.

VI. OLD BUSINESS..... 18:44

A. Items Removed from Consent Calendar

There were no items removed from the Consent Calendar.

B. Accounts Paid 18:50

A motion was made by Chuck and seconded by Lackey to approve the Accounts Paid. The motion passed 5 – 0.

C. Commission Liaisons Update 19:20

Skamser introduced the list included in the Meeting Packet and reviewed the current assignments. She asked that a Commissioner volunteer to replace her as liaison to Cascades West Council of Governments; Sylvia volunteered as liaison. Chuck was added as alternate to the Midcoast Watersheds Council, and asked if the Port was still on the board. Burke said he would follow up on that. For the Newport Vision 2040 Advisory Committee, Sylvia said there was a major committee and several subcommittees. He suggested he could serve both as the education representative (as he had been) and the Port representative. He will follow up. Skamser was added as alternate to the Vision committee. Miranda advised she was appointed to the Board of the Pacific Northwest Waterways Association at the recent conference.

D. CON Building Permit for Property at NIT 26:08

Miranda introduced the revised Staff Report with a revised recommendation included in the Meeting Packet. She remarked that this topic was tabled at the last Commission meeting. Miranda said she had met with several parties and was making headway in finding opportunities. Although the possibility of a log yard may be minimal, the cost of extending the permit for 180 days will give the Port an opportunity to know more about the market and other opportunities. The City did request a plan, which is not in place right now, but Miranda said she would like to meet with the City to discuss an extension. She added building permits are not usually kept open this long without construction. Gil suggested the SDC funds that would be refunded could be used to address

drainage issues on the property. Miranda said this is an important issue, and there are common issues with the neighboring property. She added there are funds currently available that could be appropriated for that purpose. Miranda said she may also request that the City not require moving material during the extension. She suggested there are a lot of “ifs” to discuss with the City. Miranda said she had spoken with Brown about using the refunded SDCs for improving that property, but the decision would ultimately be up to the Commission.

A motion was made by Burke and seconded by Sylvia to have staff work with the City on a possible extension of the Building Permit No. 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 for refunds of the SDCs. The motion passed 5 – 0.

VII. NEW BUSINESS..... 42:57

A. Goal Setting Discussion

Skamser elected to first discuss item VII (C). The discussion of items VII (A), (B) and (C) are combined under (C) below.

B. General Manager (GM) Performance Evaluation Scheduling

C. Commission Year at a Glance Calendar 43:45

Miranda said the annual calendar of events was prepared at the request of Lackey, and she tried to include those items specific to the Commission. Lackey said he considered it a good idea to have Commissioners know what to expect since they haven’t gone through a normal year recently. He asked where it would fit it to review the Strategic Business Plan (SBP). Miranda said there has not been goal setting since she started, and she relied on the SBP to identify priorities. Some of these priorities may switch, and annual goal setting could look at the SBP and budget to consider what to prioritize for the next one to two years, with a complete review of SBP every five years. Sylvia suggested calling these annual objectives rather than goals. Chuck said the goal setting process was established when Greenwood was hired focused on the budget and was used as part of the General Manager’s evaluation, with the SBP as one of the guiding principles. The evaluation process would begin in December with the GM review in January. When meeting with the GM, goals would be reviewed and goals for the Commission and the GM would be developed ahead of setting the budget. The SBP, grants, new projects, and carry over goals would be considered and provided continuity for the Commission and staff. Skamser suggested looking at goal setting and the GM evaluation separately. Miranda said that goals would include items besides capital improvements identified in the SBP like public relations, staff development, and bringing in new business for example. Skamser said she would prefer the performance evaluation to be held in Executive Session, and for goal setting to be in a public meeting. Chuck suggested it was valuable to review goals along with the budget. Regardless of goals, budget reality needs to be considered. Sylvia suggested the GM evaluation should not just link to goals but to the entire performance of the GM. Burke commented that goals could flesh out what would happen over the course of the year based on objectives and the SBP. Miranda said without specific goals set she would continue to follow the SBP working with staff. She suggested if the Commission picked out specific items from the SBP, it would be easier to evaluate the GM’s performance and to focus efforts.

Skamser suggested considering setting goals in January or February as a stand-alone public meeting. She also suggested it was important to conduct a six month GM review, which would be in November. Skamser said she would prefer this in Executive Session to allow for freer

discussion. An annual GM evaluation could be held in May, with any salary change to go in effect in the new fiscal year. Chuck suggested having the GM evaluation earlier in the year since May was a busy month for budget related activities in May. Miranda said she was reviewing the salary survey, and if the GM evaluation were in April, that information could be included in May's budget materials. Brown said a lot of budget work would have to be done up front. After additional discussion, there was consensus to have the GM six month evaluation on November 20th from 12:00 – 2:00 pm, the day after the November regular meeting. Skamser agreed that Chuck would gather the Commissioners evaluations, which would be completed and picked up by Chuck by November 12th.

After some discussion, there was consensus that staff goals would be turned in to management in January, and dedicated Commission Work Session for goal setting would be scheduled in February. Miranda said she would provide an introduction at that meeting that shows where the Port stood with progress on the SBP, which should be helpful to the Commission in setting goals. Miranda said the intent would be to set goals for the next two years, consistent with the SBP, and review what had been accomplished. Chuck added that some of GM goals would not come from the SBP, for example the Personnel Manual. Sylvia said these would be operational and business goals. Miranda added new rules and requirements may impact goals, as well as some policies and/or procedures that would help staff do a better job. The goals could include more detail than the SBP.

VIII. STAFF REPORTS

- A. Director of Finance & Business Services 1:18:52
1. September Occupancy Report

Brown referred to the Staff Report and Financial Reports included in the Meeting Packet. He commented that reported net operating income excludes capital expenditures. He anticipates showing a loss at year end. He referred to projections in the Staff Report, based on data compiled from the last five years. Brown said he is working on including a statement of cash flow. He commented that in general the Port is doing well. He added that future reports will show administrative expenses transferred out to profit centers; staff expenses are considered operating expenses. He has been evaluating methodologies for this allocation. There was some discussion about lease allocation. He reviewed the current profit/loss status of the different profit centers.

Brown said he was also evaluating financial software, including the Port's current use of QuickBooks. He anticipates efficiencies could be found in changing the system used and by improving internal processes, like service tickets. Brown said he anticipated a few suggestions but no findings in the audit, expected next month. Brown added that he and Miranda are discussing banks used by the Port and expect to put out an RFQ with a goal of getting the best financial return for the Port. Brown is also developing a low risk investment policy to recommend. A policy regarding Oregon Family Leave Law is forthcoming, along with an IT policy that will include PCI compliance. Brown said letters had been sent to customers in South Beach who had skipped paying, and he has made payment arrangement with two of them to date.

Referring to the Occupancy Report, he commented the Marina RV Park remained full through the end of September. Brown said the RV Park reservations for next year followed a new system that worked well, and he noted the pricing may be hitting the "sweet spot." A survey of parks in the area will be completed early to mid-next year. Sylvia said that Brown had done a good job evaluating cost savings for a new financial computer system and asked when there may be cost estimates. Brown said he is currently working on the requirements for the new system, and hopes to have an RFP/RFQ issued by March.

B. Director of Operations.....

1:37:26

Bretz introduced the Staff Report included in the Meeting Packet. He pointed out that he now does not expect to hear about the EDA Grant status until the end of November at the earliest. He said he was making clear to the Agency the need to complete this project during the in-water work period. Regarding the South Beach stormwater outfall issue, Bretz said the consensus was to get permitting first, which will include consultation with the National Marine Fisheries Service. Bretz said he had attended a meeting of the Cascades West Economic District regarding their comprehensive economic strategy. He commented that it will be important to get recognition of how coastal districts help inland economics by bringing in resources from the ocean. Bretz mentioned the Coast Guard WAMS survey meeting to be held in November. Chuck asked if there would be a survey this winter of the NOAA dredge status; Bretz said this was planned for January 2020. Miranda commented that she hoped the risk of a collapsed oil tank would help qualify the SB storm water system repair as an emergency.

C. General Manager

1:44:17

Miranda introduced the Staff Report included in the Meeting Packet. She highlighted that the Port was moving forward with the bonds. She will know the actual savings after closing. Some of these funds could be used as matching funds for grants. Miranda said she is working on the salary survey and addressing deficiencies. The money allocated in the budget this year for this purpose would not meet the need; management will be making a recommendation. Consideration is being given to wage scales, retention of key individuals, and where there are deficiencies when recruiting – turnover can be expensive for the Port. It is important to have appropriately skilled staff and provide training. Sylvia asked if the salary survey addressed state mandated wages or competitive wages. Miranda said the state requires pay equity be implemented by February; she will talk with SDAO for more information. She added job descriptions have been updated to compare with similar jobs in the market. Sylvia said it would be useful when reporting to the Commission to identify the legal requirements and the overall recommendation to make the Port a better workforce. Lackey asked if there were funds available should salaries need to be increased. Miranda said management has been discussing this issue, in particular looking at additional funds from commercial marina services and overall efficiencies at the Port. Skamser asked if there may be grant opportunities from workforce groups. Miranda said she would look into that

Miranda said she had attended conference that were valuable both for information and networking. On Friday, November 1st, both she and Brown will be attending a conference on infrastructure financing through the Association of Pacific Ports.

IX. COMMISSIONER REPORTS/COMMENTS.....

1:57:20

Chuck said he listened in to the September 27th wind energy meeting; it was mostly setting up shop. He added the local representatives had sent a letter to BOEM about having Port Commissioners on the task force, and Chuck had said he would be interested. He thought the task force may be reluctant to add Port Commissioners. Chuck commented that Ports have a lot of interests, including impacts to shipping, shipping lanes, and fishing/recreation. There would be only two opportunities to affect their decisions, at the beginning and the end. There is the possibility that an unsolicited offer could be received and accepted in the interim. He thanked Burke and Sylvia for attending. Chuck said he went to the PNWA Conference with Miranda, where Don Mann received an award. Chuck added he was elected chair of the Ocean Policy Advisory Council.

Burke said he went to the BOEM meeting, and saw part of Sylvia’s presentation.

Lackey echoed Chuck’s comments on BOEM, and commented the task force doesn’t understand all of the impacts.

Sylvia said he went to the OPPA Annual Conference with Miranda, and learned how both amazing similar and different ports were: similar in a broad operating scale, diverse in the issues they faced. Sylvia said he is working on an aquaculture project for the state, which will provide opportunities to ports. He will give periodic reports to the Commission on these opportunities. The project, which looks at estuaries and terrestrial landscapes, should be completed by the end of next year with a possible conference. Miranda added that she and Bretz are in the beginning stages of working with a possible oyster farm at the Port.

X. CALENDAR/FUTURE CONSIDERATIONS..... 2:05:26

Item	2019
Oregon Economic Development Assoc. (OEDA) Annual Conference ...	Oct 27 – 29
https://oeda.biz/event/2019-oeda-annual-conference/	
Fishermen’s Appreciation Day	Nov 8
Veterans’ Day – Port Office Closed.....	Nov 11
November Regular Monthly Commission Meeting.....	Nov 19
Ardor Adventures Turkey Trot	Nov 28
Thanksgiving Holiday – Port Office Closed.....	Nov 28 - 29
December Regular Monthly Commission Meeting	Dec 17
Christmas Holiday – Port Office Closed.....	Dec 25

There were no changes to the Calendar/Future Considerations.

XI. PUBLIC COMMENT..... 2:05:52

Dietmar Goebel said that Steve Rich, Newport’s City Attorney had passed away. The City was considering whether or not to contract this service or hire one in house. He also said that Judy Bateman had passed away.

XII. ADJOURNMENT..... 2:07:10

Having no further business, the meeting adjourned at 8:06 pm.

ATTESTED:

Sara Skamser, President

Walter Chuck, Secretary/Treasurer

Port of Newport - General Operating Fund

Balance Sheet

As of October 31, 2019

	<u>Oct 31, 19</u>	<u>Oct 31, 18</u>	<u>\$ Change</u>
ASSETS			
Current Assets			
Checking/Savings			
11000 · Cash & Equivalents	3,643,206	3,093,452	549,754
Total Checking/Savings	3,643,206	3,093,452	549,754
Accounts Receivable			
11200 · Accounts Receivable	441,171	334,268	106,903
Total Accounts Receivable	441,171	334,268	106,903
Other Current Assets			
11250 · AR Property Tax	86,724	10,335	76,389
11255 · Allow for Bad Debt - CM	(20,000)	(20,000)	0
11260 · Allow for Bad Debt - SB	(10,000)	(10,000)	0
11270 · Undeposited Funds	14,508	35,616	(21,108)
11300 · Prepaid Expenses	84,082	103,333	(19,251)
11400 · Due from Other Funds	24,842	54,382	(29,540)
11480 · PERS - NPA(L)	(1,070,645)	(635,021)	(435,624)
11485 · PERS - Deferred OF	705,254	369,154	336,100
Total Other Current Assets	(185,236)	(92,202)	(93,034)
Total Current Assets	3,899,141	3,335,518	563,622
Fixed Assets			
11500 · Capital Assets	73,425,574	77,538,301	(4,112,727)
Total Fixed Assets	73,425,574	77,538,301	(4,112,727)
TOTAL ASSETS	<u>77,324,714</u>	<u>80,873,819</u>	<u>(3,549,105)</u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
12000 · Accounts Payable	178,052	452,222	(274,170)
Total Accounts Payable	178,052	452,222	(274,170)
Other Current Liabilities			
12010 · Unclaimed Property Payable	2,885	0	2,885
12020 · Lodging/Room Tax Payable	866	1,121	(256)
12100 · Payroll Liabilities	130,156	97,418	32,738
12200 · Due to other Funds	69,378	479	68,899
12250 · Deferred Revenue	192,203	183,437	8,766
12300 · Accrued Interest Payable	16,843	18,037	(1,194)
12350 · Current Portion-Long Term Debt	539,514	528,337	11,177
Total Other Current Liabilities	951,844	828,829	123,016
Total Current Liabilities	1,129,896	1,281,050	(151,154)
Long Term Liabilities			
12380 · 2013 FF&C Bond Premium	107,808	115,146	(7,338)
12400 · Long Term Debt	6,586,840	7,130,463	(543,623)
12900 · PERS - Deferred IF	119,917	109,947	9,970
Total Long Term Liabilities	6,814,565	7,355,555	(540,991)
Total Liabilities	7,944,461	8,636,606	(692,145)

Port of Newport - General Operating Fund

Balance Sheet

As of October 31, 2019

	<u>Oct 31, 19</u>	<u>Oct 31, 18</u>	<u>\$ Change</u>
Equity			
13000 · Fund Balance	62,584,303	64,765,924	(2,181,621)
13050 · FB - Contributed Capital	7,130,788	7,130,788	0
Net Income	<u>(334,838)</u>	<u>340,501</u>	<u>(675,339)</u>
Total Equity	<u>69,380,253</u>	<u>72,237,213</u>	<u>(2,856,960)</u>
TOTAL LIABILITIES & EQUITY	<u><u>77,324,714</u></u>	<u><u>80,873,819</u></u>	<u><u>(3,549,105)</u></u>

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

	Jul - Oct 19	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
14000 · Lease Revenues	221,697	720,000	(498,303)	31%
14100 · Moorage	570,070	1,547,850	(977,780)	37%
14200 · Hoist Dock & Services	299,857	872,150	(572,293)	34%
14300 · Shipping Terminal Revenues	0	3,000	(3,000)	0%
14400 · RV Parks	641,828	1,080,000	(438,172)	59%
14500 · Launch Ramp & Trailer Storage	47,499	92,000	(44,501)	52%
14600 · Miscellaneous Revenue	46,604	116,000	(69,396)	40%
Total Income	<u>1,827,555</u>	<u>4,431,000</u>	<u>(2,603,445)</u>	<u>41%</u>
Gross Profit	1,827,555	4,431,000	(2,603,445)	41%
Expense				
15000 · Personnel Services	530,642	1,735,539	(1,204,897)	31%
16000 · Materials & Services	552,949	2,136,710	(1,583,761)	26%
16990 · Depreciation Expense	1,078,198	0	1,078,198	100%
17000 · Debt Service	19,243	786,890	(767,647)	2%
Total Expense	<u>2,181,031</u>	<u>4,659,139</u>	<u>(2,478,108)</u>	<u>47%</u>
Net Ordinary Income	(353,477)	(228,139)	(125,338)	155%
Other Income/Expense				
Other Income				
18100 · Property Tax Revenue	11,513	116,000	(104,487)	10%
18200 · Interest Income	20,784	60,000	(39,216)	35%
18300 · Grants	0	255,300	(255,300)	0%
18600 · Gain/(Loss) on Sale of Assets	1,100	0	1,100	100%
18700 · Property & Dredge Sales	35,003	10,000	25,003	350%
Total Other Income	<u>68,400</u>	<u>441,300</u>	<u>(372,900)</u>	<u>15%</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%
19902 · UEFB	0	1,209,091	(1,209,091)	0%
Total Other Expense	<u>0</u>	<u>2,663,161</u>	<u>(2,663,161)</u>	<u>0%</u>
Net Other Income	68,400	(2,221,861)	2,290,261	(3)%
Net Income	<u>(285,077)</u>	<u>(2,450,000)</u>	<u>2,164,923</u>	<u>12%</u>

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

	Jul - Oct 19	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
14000 · Lease Revenues	4,437			
14200 · Hoist Dock & Services	961			
14600 · Miscellaneous Revenue	7,155	38,000	(30,845)	19%
Total Income	12,553	38,000	(25,447)	33%
Gross Profit	12,553	38,000	(25,447)	33%
Expense				
15000 · Personnel Services	229,886	736,205	(506,319)	31%
16000 · Materials & Services	146,317	525,468	(379,151)	28%
16990 · Depreciation Expense	1,078,198	0	1,078,198	100%
Total Expense	1,454,401	1,261,673	192,728	115%
Net Ordinary Income	(1,441,848)	(1,223,673)	(218,175)	118%
Other Income/Expense				
Other Income				
18100 · Property Tax Revenue	11,513	116,000	(104,487)	10%
18200 · Interest Income	20,784	60,000	(39,216)	35%
18300 · Grants	0	3,500	(3,500)	0%
Total Other Income	32,297	179,500	(147,203)	18%
Other Expense				
19600 · Contingency	0	10,000	(10,000)	0%
19700 · Transfers Out to Other Funds	0	1,399,770	(1,399,770)	0%
19902 · UEFB	0	1,209,091	(1,209,091)	0%
Total Other Expense	0	2,618,861	(2,618,861)	0%
Net Other Income	32,297	(2,439,361)	2,471,658	(1)%
Net Income	(1,409,551)	(3,663,034)	2,253,483	38%

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

	<u>Jul - Oct 19</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
14000 · Lease Revenues	45,088			
14100 · Moorage	35,572	156,000	(120,428)	23%
14200 · Hoist Dock & Services	127,411	416,000	(288,589)	31%
14300 · Shipping Terminal Revenues	0	3,000	(3,000)	0%
Total Income	<u>208,071</u>	<u>575,000</u>	<u>(366,929)</u>	<u>36%</u>
Gross Profit	208,071	575,000	(366,929)	36%
Expense				
15000 · Personnel Services	28,120	84,484	(56,364)	33%
16000 · Materials & Services	131,355	216,570	(85,215)	61%
17000 · Debt Service	18,888	519,095	(500,207)	4%
Total Expense	<u>178,363</u>	<u>820,149</u>	<u>(641,786)</u>	<u>22%</u>
Net Ordinary Income	<u>29,709</u>	<u>(245,149)</u>	<u>274,858</u>	<u>(12)%</u>
Net Income	<u><u>29,709</u></u>	<u><u>(245,149)</u></u>	<u><u>274,858</u></u>	<u><u>(12)%</u></u>

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

	Jul - Oct 19	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
14000 · Lease Revenues	60,668			
14100 · Moorage	221,470	512,000	(290,530)	43%
14200 · Hoist Dock & Services	123,243	418,000	(294,757)	29%
14600 · Miscellaneous Revenue	5,170	0	5,170	100%
Total Income	<u>410,551</u>	<u>930,000</u>	<u>(519,449)</u>	<u>44%</u>
Gross Profit	410,551	930,000	(519,449)	44%
Expense				
15000 · Personnel Services	102,519	349,974	(247,455)	29%
16000 · Materials & Services	80,400	608,274	(527,874)	13%
17000 · Debt Service	354	7,915	(7,561)	4%
Total Expense	<u>183,274</u>	<u>966,163</u>	<u>(782,889)</u>	<u>19%</u>
Net Ordinary Income	227,277	(36,163)	263,440	(628)%
Other Income/Expense				
Other Income				
18300 · Grants	0	250,000	(250,000)	0%
18600 · Gain/(Loss) on Sale of Assets	1,100	0	1,100	100%
Total Other Income	<u>1,100</u>	<u>250,000</u>	<u>(248,900)</u>	<u>0%</u>
Other Expense				
19000 · Capital Outlay	0	11,800	(11,800)	0%
Total Other Expense	<u>0</u>	<u>11,800</u>	<u>(11,800)</u>	<u>0%</u>
Net Other Income	1,100	238,200	(237,100)	0%
Net Income	<u><u>228,377</u></u>	<u><u>202,037</u></u>	<u><u>26,340</u></u>	<u><u>113%</u></u>

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

	<u>Jul - Oct 19</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Expense				
15000 · Personnel Services	6,039	113,257	(107,218)	5%
16000 · Materials & Services	291	8,000	(7,709)	4%
Total Expense	<u>6,330</u>	<u>121,257</u>	<u>(114,927)</u>	<u>5%</u>
Net Ordinary Income	(6,330)	(121,257)	114,927	5%
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>(6,330)</u>	<u>(136,257)</u>	<u>129,927</u>	<u>5%</u>

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

	<u>Jul - Oct 19</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
14000 · Lease Revenues	145,222			
14100 · Moorage	339,584			
14200 · Hoist Dock & Services	19,595			
14400 · RV Parks	608,492			
14500 · Launch Ramp & Trailer Storage	47,051			
14600 · Miscellaneous Revenue	36,449			
Total Income	<u>1,196,394</u>			
Gross Profit	1,196,394			
Expense				
15000 · Personnel Services	147,618			
16000 · Materials & Services	260,850	0	260,850	100%
17000 · Debt Service	0			
Total Expense	<u>408,468</u>	<u>0</u>	<u>408,468</u>	<u>100%</u>
Net Ordinary Income	787,926	0	787,926	100%
Other Income/Expense				
Other Income				
18700 · Property & Dredge Sales	35,032			
Total Other Income	35,032			
Other Expense				
19000 · Capital Outlay	0			
Total Other Expense	0			
Net Other Income	35,032			
Net Income	<u><u>822,958</u></u>	<u><u>0</u></u>	<u><u>822,958</u></u>	<u><u>100%</u></u>

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

	Jul - Oct 19	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
14000 · Lease Revenues	0	720,000	(720,000)	0%
Total Income	0	720,000	(720,000)	0%
Gross Profit	0	720,000	(720,000)	0%
Expense				
16000 · Materials & Services	0	1,700	(1,700)	0%
17000 · Debt Service	0	47,050	(47,050)	0%
Total Expense	0	48,750	(48,750)	0%
Net Ordinary Income	0	671,250	(671,250)	0%
Net Income	0	671,250	(671,250)	0%

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

	Jul - Oct 19
OPERATING ACTIVITIES	
Net Income	-334,837.56
Adjustments to reconcile Net Income to net cash provided by operations:	
11200 · Accounts Receivable	549.00
11200 · Accounts Receivable:11205 · A/R Leases & Other	-61,755.82
11200 · Accounts Receivable:11210 · A/R Commercial Marina	-46,983.98
11200 · Accounts Receivable:11215 · A/R SB Marina & RV Park	11,181.58
11250 · AR Property Tax	-76,388.90
11300 · Prepaid Expenses:11310 · General Liab. & Property	48,090.16
11300 · Prepaid Expenses:11320 · Docks & Marine	2,926.00
11300 · Prepaid Expenses:11340 · Worker's Comp.	-28,730.54
11300 · Prepaid Expenses:11360 · DSL Lease	4,153.44
11300 · Prepaid Expenses:11370 · Other Prepaid Expenses	-11,757.55
11400 · Due from Other Funds:11406 · Due from Fac. Maint. Res. Fund	-805.00
11400 · Due from Other Funds:11408 · Due From Construction Fund	-3,160.00
11400 · Due from Other Funds:11410 · Due from NOAA Fund	-19,754.48
12000 · Accounts Payable	44,361.25
12020 · Lodging/Room Tax Payable:12022 · City Room Tax Payable	-292.16
12020 · Lodging/Room Tax Payable:12024 · State Lodging Tax Payable	-3,630.64
12100 · Payroll Liabilities:12105 · Accrued Payroll	12,715.55
12100 · Payroll Liabilities:12110 · Accrued PTO	3,955.90
12100 · Payroll Liabilities:12115 · Payroll Tax & Deducts Payable:12118 · Payroll Lia...	7,884.90
12100 · Payroll Liabilities:12115 · Payroll Tax & Deducts Payable:12140 · PERS	1,071.29
12100 · Payroll Liabilities:12115 · Payroll Tax & Deducts Payable:12145 · 125 Plan	223.09
12200 · Due to other Funds:12204 · Due to Bonded Debt Fund	69,378.05
12250 · Deferred Revenue:12260 · Prepaid Moorage:12270 · South Beach Marina	-14,961.20
12250 · Deferred Revenue:12280 · Prepaid RV Park Revenue	-22,211.24
Net cash provided by Operating Activities	-418,778.86
INVESTING ACTIVITIES	
11500 · Capital Assets:11535 · Vehicles & Equipment	-16,240.00
11500 · Capital Assets:11550 · Accum Dep-Land Improvements	157,616.00
11500 · Capital Assets:11555 · Accum Dep - Buildings	173,732.00
11500 · Capital Assets:11560 · Accum Dep - Docks & Piers	719,396.00
11500 · Capital Assets:11565 · Accum Dep - Vehicles & Equip	27,454.00
Net cash provided by Investing Activities	1,061,958.00
FINANCING ACTIVITIES	
12400 · Long Term Debt:12425 · SPWF-Q10001	-21,163.60
12400 · Long Term Debt:12442 · OCB - #10032077	-6,254.98
12400 · Long Term Debt:12453 · 2017 CM Toyota Forklift	-2,283.96
12400 · Long Term Debt:12454 · 2017 NIT Hyster Forklift	-3,428.80
12400 · Long Term Debt:12471 · Oregon Brewing Co-MUA 2016	-9,983.48
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	-161,563.00
Net cash provided by Financing Activities	-43,114.82
Net cash increase for period	600,064.32
Cash at beginning of period	3,057,649.46
Cash at end of period	3,657,713.78

Port of Newport - NOAA Fund

Balance Sheet

As of October 31, 2019

	Oct 31, 19	Oct 31, 18	\$ Change
ASSETS			
Current Assets			
Checking/Savings			
51000 · Cash & Equivalents	5,139,127	5,255,598	(116,471)
Total Checking/Savings	5,139,127	5,255,598	(116,471)
Other Current Assets			
51300 · Prepaid Expenses	34,230	45,130	(10,900)
51400 · Due from Other Funds	0	479	(479)
51480 · PERS - NPA(L)	(37,869)	(45,912)	8,043
51485 · PERS - Derfered OF	18,144	26,690	(8,546)
Total Other Current Assets	14,505	26,387	(11,882)
Total Current Assets	5,153,632	5,281,985	(128,354)
TOTAL ASSETS	5,153,632	5,281,985	(128,354)
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
52000 · Accounts Payable	410	4,214	(3,804)
Total Accounts Payable	410	4,214	(3,804)
Other Current Liabilities			
52105 · Accrued Payroll	0	712	(712)
52110 · Accrued PTO	7,472	6,413	1,059
52115 · Payroll Taxes & Deducts Paya...	0	301	(301)
52200 · Due to Other Funds	19,754	14,281	5,474
52300 · Accrued Interest Payable	429,587	447,306	(17,719)
52350 · Current Portion Long-Term Debt	995,000	945,000	50,000
Total Other Current Liabilities	1,451,813	1,414,012	37,802
Total Current Liabilities	1,452,224	1,418,226	33,998
Long Term Liabilities			
52400 · Long-Term Debt	17,014,446	18,931,284	(1,916,838)
52800 · Less Current Portion LT Debt	(995,000)	(945,000)	(50,000)
52900 · PERS - Deferred IF	6,474	7,949	(1,475)
Total Long Term Liabilities	16,025,920	17,994,233	(1,968,313)
Total Liabilities	17,478,144	19,412,459	(1,934,315)
Equity			
53000 · Fund Balance	(12578293)	(13397667)	819,373
Net Income	253,782	(732,807)	986,589
Total Equity	(12324512)	(14130473)	1,805,962
TOTAL LIABILITIES & EQUITY	5,153,632	5,281,985	(128,354)

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

	<u>Jul - Oct 19</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
54000 · Lease Revenue	848,220	2,545,000	(1,696,780)	33%
Total Income	848,220	2,545,000	(1,696,780)	33%
Expense				
55000 · Personnel Services	26,317	80,495	(54,178)	33%
56000 · Materials & Services	87,253	365,400	(278,147)	24%
57000 · Debt Service	515,024	2,001,500	(1,486,476)	26%
Total Expense	628,593	2,447,395	(1,818,802)	26%
Net Ordinary Income	219,627	97,605	122,022	225%
Other Income/Expense				
Other Income				
58200 · Interest Income	34,155	100,000	(65,845)	34%
58800 · Miscellaneous Revenue	0	1,000	(1,000)	0%
Total Other Income	34,155	101,000	(66,845)	34%
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	0	5,853,605	(5,853,605)	0%
Net Other Income	34,155	(5,752,605)	5,786,760	(1)%
Net Income	253,782	(5,655,000)	5,908,782	(4)%

Port of Newport - Bonded Debt Fund
Profit & Loss Budget vs. Actual
 July through October 2019

	Jul - Oct 19	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
28100 · Bond Levy Proceeds	78,683	832,500	(753,817)	9%
Total Income	78,683	832,500	(753,817)	9%
Gross Profit	78,683	832,500	(753,817)	9%
Expense				
27000 · Debt Service	0	881,000	(881,000)	0%
Total Expense	0	881,000	(881,000)	0%
Net Ordinary Income	78,683	(48,500)	127,183	(162)%
Other Income/Expense				
Other Income				
28200 · Bank Interest Income	163	6,500	(6,337)	3%
Total Other Income	163	6,500	(6,337)	3%
Other Expense				
29902 · UEFB	0	53,000	(53,000)	0%
Total Other Expense	0	53,000	(53,000)	0%
Net Other Income	163	(46,500)	46,663	(0)%
Net Income	78,846	(95,000)	173,846	(83)%

Port of Newport - Construction Fund
Profit & Loss Budget vs. Actual
 July through October 2019

	<u>Jul - Oct 19</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Other Income/Expense				
Other Income				
48200 · Interest Income	8	30	(22)	27%
48300 · Grants	0	1,200,000	(1,200,000)	0%
48900 · Transfers In from Other Funds				
48902 · Transfers In from General Fund	<u>0</u>	<u>1,194,970</u>	<u>(1,194,970)</u>	<u>0%</u>
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	8	2,395,000	(2,394,992)	0%
Other Expense				
49000 · Capital Outlay				
49303 · PD5 Pier Construction	11,052	2,410,000	(2,398,948)	0%
49440 · Licenses, Permits & Fees	435	0	435	100%
49480 · Terminal WIP				
49484 · Terminal WIP Const & Management	<u>970</u>	<u>0</u>	<u>970</u>	<u>100%</u>
Total 49480 · Terminal WIP	<u>970</u>	<u>0</u>	<u>970</u>	<u>100%</u>
Total 49000 · Capital Outlay	12,457	2,410,000	(2,397,543)	1%
49600 · Contingency	<u>0</u>	<u>10,000</u>	<u>(10,000)</u>	<u>0%</u>
Total Other Expense	<u>12,457</u>	<u>2,420,000</u>	<u>(2,407,543)</u>	<u>1%</u>
Net Other Income	<u>(12,449)</u>	<u>(25,000)</u>	<u>12,551</u>	<u>50%</u>
Net Income	<u>(12,449)</u>	<u>(25,000)</u>	<u>12,551</u>	<u>50%</u>

Port of Newport - Facility Maintenance Reserve Fund

Profit & Loss Budget vs. Actual

July through October 2019

	Jul - Oct 19	Budget	\$ Over Budget	% of Budget
Other Income/Expense				
Other Income				
38200 · Interest Income	873	2,700	(1,827)	32%
38900 · Transfers In				
38902 · Transfers In from General Fund	0	204,800	(204,800)	0%
Total 38900 · Transfers In	0	204,800	(204,800)	0%
Total Other Income	873	207,500	(206,627)	0%
Other Expense				
39000 · Capital Outlay				
39306 · PD5 & 7 Pile Replacement	805	120,000	(119,195)	1%
Total 39000 · Capital Outlay	805	120,000	(119,195)	1%
39600 · Contingency	0	10,000	(10,000)	0%
39900 · Reserved for Future Expenditure	0	65,000	(65,000)	0%
39902 · UEFB	0	150,000	(150,000)	0%
Total Other Expense	805	345,000	(344,195)	0%
Net Other Income	68	(137,500)	137,568	(0)%
Net Income	68	(137,500)	137,568	(0)%



CONSENT CALENDAR AGENDA ITEM

DATE: *14 November 2019*
RE: *Approval for Additional Work, South Beach Siding*
TO: *Port of Newport Board of Commissioners*
ISSUED BY: *Aaron Bretz, Director of Operations*

BACKGROUND

In July, the Port Commission approved funding to re-side the South Beach men and women's shower complex not to exceed \$19,679. The final work came in \$1,500 more than the 'not to exceed' amount, and I am requesting that the Port Commission approve the additional cost.

DETAIL SUPPORTING

When the old siding was removed, we found a few sections where the plywood sheeting underneath needed to be repaired. Prior to the contractor replacing the rotted sheeting I inspected the old material. The unsatisfactory condition of the sheeting that was replaced was unquestionable, and the work needed to be done. Since the cost of the additional work was less than 25% over the original approved amount and the work was absolutely necessary, I authorized the contractor to proceed and finish the project. While the additional 25% was allowable under current Port procurement policy, in reading the wording on the original authorization, I did not write in that potential 25% difference.

BUDGET IMPLICATIONS

South Beach has \$13,567 left in the budget available for this item. I am requesting authorization to pay \$1,500 out of that \$13,567 toward this project.

RECOMMENDATION

I recommend that a Commissioner make a **MOTION TO AUTHORIZE THE GM TO PAY AN ADDITIONAL \$1,500 TO JBQ QUALITY CONSTRUCTION FOR WORK PERFORMED.**



**Operating Fund
October 2019**

Date	Num	Name	Memo	Class	Amount
10/15/2019	41482	G & K Floors	Janitorial services - Port office, SB and customs trailer		
09/23/2019	100119		Janitorial services - SB	South Beach:SB Admin	3,760.00
			Janitorial services - Customs trailer	Administration	120.00
			Janitorial services - Port office	Administration	200.00
					<u>4,080.00</u>
10/10/2019	41483	Silver Bay Seafoods	Refund		
07/31/2019	091000357	(CA Seafood)	Overpayment		835.25
					<u>835.25</u>
10/10/2019	41484	Silver Bay Seafoods	Refund		
08/15/2019	0991000370	(CA Seafood)	Overpayment		68.75
					<u>68.75</u>
10/10/2019	41485	Char-Millee -Sold Boat	Refund moorage		
10/31/2018	Credit		Sold boat and never brought in	Commercial Marina	1,496.00
					<u>1,496.00</u>
10/16/2019	41486	Christie Lee -SOLD BOAT	Refund moorage		
10/01/2019	Ann Refund		Sold boat and shortened stay	Commercial Marina	567.00
					<u>567.00</u>
10/22/2019	41487	Lisa Melinda - 584360	Refund moorage		
10/22/2019	Refund		Overpayment	Commercial Marina	4,452.80
					<u>4,452.80</u>
10/23/2019	41488	ACE Hardware	Yard equipment repairs		
10/16/2019	1081/1		Bad gas in blower and spark plugs in riding mower	South Beach:SB Operations	87.48
					<u>87.48</u>
10/23/2019	41489	Advanced Remediation Tech	Update stormwater pollution protection plan		
09/30/2019	2029		For 1200Z permit compliance	International Terminal	435.00
					<u>435.00</u>



**Operating Fund
October 2019**

Date	Num	Name	Memo	Class	Amount
10/23/2019	41490	AIMS Companies			
09/30/2019	92360		CCTV inspection of main and lateral outfall drainage lines	South Beach:SB Operations	2,720.00
					<u>2,720.00</u>
10/23/2019	41491	Alan Brown Tire Center			
09/27/2019	72500375723		Full set of tires for SB Ranger truck E266701	South Beach:SB Operations	394.96
					<u>394.96</u>
10/23/2019	41492	Allstart Auto Electric			
08/29/2019	61139		Rims and tires for electric golf cart	South Beach:SB Operations	150.00
					<u>150.00</u>
10/23/2019	41493	Alsco			
09/04/2019	LPOR2381530		Shop towels, shirt, and mats	Administration	34.43
09/06/2019	LPOR2383167		SB mats	South Beach:SB Admin	67.67
09/11/2019	LPOR2385519		Shop towels, shirt, and mats	Administration	34.43
09/13/2019	LPOR2387197		SB mats	South Beach:SB Admin	67.67
09/18/2019	LPOR2389401		Shop towels, shirt, and mats	Administration	34.43
09/20/2019	LPOR2391070		SB mats	South Beach:SB Admin	67.67
09/25/2019	LPOR2393448		Shop towels, shirt, and mats	Administration	34.43
09/26/2019	LPOR2394265		NIT towels	International Terminal	32.95
09/27/2019	LPOR2395147		SB mats	South Beach:SB Admin	67.67
					<u>441.35</u>
10/23/2019	41494	Alsea Bay Power Products			
09/05/2019	297732		Lawn mower blades	South Beach:SB Operations	137.94
					<u>137.94</u>



**Operating Fund
October 2019**

Date	Num	Name	Memo	Class	Amount
10/23/2019	41495	Amazon Capital Services			
09/23/2019	1Y6M-LLR6-YTMX		Emergency lighting backup batteries	South Beach:SB Operations	159.98
10/03/2019	11XN-DV7T-VKKQ		Storage bins for supply room	Administration	96.65
10/17/2019	1PWJ-P4CF-CYFP		Writing pads	Administration	19.90
			Charging cables	Administration	13.05
10/21/2019	1X43-JT9F-41K9		Stamp and classification folders	Administration	36.98
			Wireless keyboard and mouse	Administration	35.99
					<u>362.55</u>
10/23/2019	41496	American Red Cross			
09/25/2019	22227109		Adult and pediatric First Aid/CPR/AED training	South Beach:SB Operations	292.50
			Adult and pediatric First Aid/CPR/AED training	South Beach:SB Admin	146.25
			Adult and pediatric First Aid/CPR/AED training	Administration	146.25
			Adult and pediatric First Aid/CPR/AED training	Commercial Marina	585.00
					<u>1,170.00</u>
10/23/2019	41497	Barrelhead Supply			
09/06/2019	275483		Galvanized hardware for dock repairs	South Beach:SB Operations	83.48
09/11/2019	275766		Galvanized hardware for rehanging electrical line on D dock	South Beach:SB Operations	29.70
09/12/2019	275864		SS screws for inventory	South Beach:SB Operations	21.02
			SS screws for repair to damage on lower portion of garage door	South Beach:SB Operations	21.02
09/19/2019	276161		Putty roof patch to repair SB Ops office roof	South Beach:SB Operations	10.95
					<u>166.17</u>
10/23/2019	41498	Brenda Fitzgerald			
09/26/2019	Reimburse		Reimburse for property damage at RV Park	South Beach:SB Operations	67.95
					<u>67.95</u>



**Operating Fund
October 2019**

Date	Num	Name	Memo	Class	Amount
10/23/2019	41499	Business Oregon - OBDD	Loan payments		
09/16/2019	655-36-02Q1001 10-19		Principle - Oct 2019	International Terminal	5,358.60
			Interest - Oct 2019	International Terminal	2,441.40
10/17/2019	655-36-02Q1001 11-19		Principle - Nov 2019	International Terminal	5,290.86
			Interest - Nov 2019	International Terminal	2,509.14
					<u>15,600.00</u>
10/23/2019	41500	Cardinal Services			
09/30/2019	1172052		Wages for temp services	South Beach:SB Operations	1,881.60
10/09/2019	1172536		Wages for temp services	South Beach:SB Operations	1,215.20
					<u>3,096.80</u>
10/23/2019	41501	Century Link			
10/05/2019	5412659651245B-10/19		Telephone	International Terminal	201.48
10/05/2019	5412657758840B-10/19		Telephone	Administration	212.92
					<u>414.40</u>
10/23/2019	41502	CenturyLink - Business Service			
09/30/2019	1477797887		Telephone	Administration	55.25
					<u>55.25</u>
10/23/2019	41503	City of Newport Room Tax			
09/30/2019	Sept 2019 Room Tax		Transient room tax - Sept 2019	South Beach:Main RV Park	9,942.84
					<u>9,942.84</u>
10/23/2019	41504	City of Newport Water/Sewer			
09/30/2019	172421.00-09-19		Water and sewer for RV Dump Station	South Beach:Main RV Park	85.10
09/30/2019	94861.00-09-19		Water on G and H docks	South Beach:SB Marina	294.25
					<u>379.35</u>



**Operating Fund
October 2019**

Date	Num	Name	Memo	Class	Amount
10/23/2019	41505	Coastal Paper & Supply			
09/04/2019	564483		Paper products and cleaning supplies	South Beach:SB Operations	428.82
			Shipping	South Beach:SB Operations	4.00
09/10/2019	564770		Paper products	South Beach:SB Operations	433.20
			Shipping	South Beach:SB Operations	4.00
09/17/2019	565119		Paper products and cleaning supplies	South Beach:SB Operations	493.54
			Shipping	South Beach:SB Operations	4.00
09/24/2019	565434		Paper products and cleaning supplies	South Beach:SB Operations	483.22
			Shipping	South Beach:SB Operations	4.00
					<u>1,854.78</u>
10/23/2019	41506	Coastal Refrigeration Heating & AC			
08/27/2019	1187-11643		Replace capasitor for AC blower motor	South Beach:SB Operations	185.85
					<u>185.85</u>
10/23/2019	41507	CoastCom			
10/15/2019	0299000117 10-19		Internet - Oct 2019	South Beach:SB Admin	1,039.52
			Internet - Oct 2019	Administration	500.00
					<u>1,539.52</u>
10/23/2019	41508	Copeland Lumber Yards			
09/17/2019	1909-002311		Pressure treated lumber for dock repairs	Commercial Marina	8.16
09/23/2019	1909-005866		Screws for AC installation in server network room	Administration	11.59
					<u>19.75</u>
10/23/2019	41509	Creative Landscape & Maintenance			
10/15/2019	1145-816 8/19-9/19		Landscape maintenance	Administration	990.00
					<u>990.00</u>
10/23/2019	41510	Dan Lais Equipment Surgery			
10/13/2019	019696		Trash compactor repair	Commercial Marina	2,029.30
					<u>2,029.30</u>



**Operating Fund
October 2019**

Date	Num	Name	Memo	Class	Amount
10/23/2019	41511	Design Space			
09/20/2019	1097672-IN		Customs office lease	Administration	217.00
10/04/2019	1100269-IN		Temporary office rental	Administration	877.00
					<u>1,094.00</u>
10/23/2019	41512	Ebb Tide Arts			
10/10/2019	31416		Refurbish PON PD7 sign	Administration	750.00
					<u>750.00</u>
10/23/2019	41513	Ecolube Recovery			
10/01/2019	9865092519		Used oil recovery	South Beach:SB Operations	80.20
					<u>80.20</u>
10/23/2019	41514	Edge Analytical			
10/01/2019	19-35361		Storm water testing	International Terminal	338.00
					<u>338.00</u>
10/23/2019	41515	Englund Marine Supply			
09/10/2019	955272		Rain gear	Administration	118.54
09/12/2019	955418		Rain gear and boots	South Beach:SB Operations	337.35
			Spool of tuna cord	South Beach:SB Operations	39.83
					<u>495.72</u>
10/23/2019	41516	Fastenal Company			
09/25/2019	ORNEW137180		Traffic cones for Dry Camp lot	South Beach:SB Operations	326.46
					<u>326.46</u>
10/23/2019	41517	Fidelis Screening Solutions			
10/01/2019	5245		Background checks	South Beach:SB Admin	104.65
					<u>104.65</u>



**Operating Fund
October 2019**

Date	Num	Name	Memo	Class	Amount
10/23/2019	41518	Fred Meyer Customer Charges			
08/15/2019	108739		Dish soap for weed killer	International Terminal	13.38
08/22/2019	108759		30-Second Cleaner	South Beach:SB Operations	64.95
					<u>78.33</u>
10/23/2019	41519	G & K Floors	Janitorial services - Port office, SB and customs trailer		
10/21/2019	110119		Janitorial services - SB	South Beach:SB Admin	1,880.00
			Janitorial services - Customs trailer	Administration	120.00
			Janitorial services - Port office	Administration	200.00
					<u>2,200.00</u>
10/23/2019	41520	GenXsys Solutions			
10/15/2019	11332		365 Business Essential - Nov 2019	Administration	10.00
					<u>10.00</u>
10/23/2019	41521	Greater Newport Chamber of Commerce			
09/27/2019	31467		Treasures of the Sea 2019	South Beach:SB Admin	135.00
					<u>135.00</u>
10/23/2019	41522	HR Answers			
09/06/2019	SeptWebinars		HR policy webinars	Administration	98.00
10/10/2019	43203		Professional services - salary survey and job descriptions	Administration	2,534.00
					<u>2,632.00</u>
10/23/2019	41523	Hyak			
09/05/2019	100510		Reboot internet due to UPS throwing an error in the lift shack	Administration	80.40
			Late fee	Administration	10.00
					<u>90.40</u>
10/23/2019	41524	IconiPro Security and Alarms			
10/01/2019	29908		NIT/FWT fire and security monitoring	International Terminal	251.94
					<u>251.94</u>



**Operating Fund
October 2019**

Date	Num	Name	Memo	Class	Amount
10/23/2019	41525	Idea Print Works			
10/17/2019	8087		PON clothing	Commercial Marina	1,002.10
			PON clothing	South Beach:SB Operations	733.35
10/17/2019	8239		PON clothing	International Terminal	117.00
					<u>1,852.45</u>
10/23/2019	41526	Industrial Welding Supply			
09/25/2019	66496		Cylinder 1-year lease	South Beach:SB Operations	364.00
09/25/2019	66762		Service charge	Administration	1.00
					<u>365.00</u>
10/23/2019	41527	Jim Seyler			
10/08/2019	7540331		Refund RV - cancelled reservation	South Beach:Main RV Park	35.09
					<u>35.09</u>
10/23/2019	41528	Employee			
10/15/2019	Travel Reimbursement		PCC meetings in Everett, WA - mileage	Commercial Marina	387.44
					<u>387.44</u>
10/23/2019	41529	Lance P Stimely			
09/30/2019	917053		Diving - changing electrical panel under D and E docks	South Beach:SB Operations	550.00
					<u>550.00</u>
10/23/2019	41530	Lincoln County Public Works			
10/01/2019	6000		Fuel for trucks	South Beach:SB Operations	179.70
			Fuel for trucks	Commercial Marina	131.12
			Fuel for trucks	Maintenance Dept	32.84
					<u>343.66</u>
10/23/2019	41531	MacPherson Gintner & Diaz			
09/30/2019	80959		Professional services	Administration	1,987.50
					<u>1,987.50</u>



**Operating Fund
October 2019**

Date	Num	Name	Memo	Class	Amount
10/23/2019	41532	Employee			
10/22/2019	Reimburse 10-19		Reimburse - coffee	Administration	59.98
					<u>59.98</u>
10/23/2019	41533	Mark Rimmer			
09/27/2019	7380152		Refund RV Annex - cancelled monthly reservation	South Beach:Annex	735.00
					<u>735.00</u>
10/23/2019	41534	National Business Solutions			
09/16/2019	IN64515		IT contract charge plus Symantec	Administration	1,086.09
10/08/2019	IN65513		IT contract charge plus Symantec	Administration	1,086.09
					<u>2,172.18</u>
10/23/2019	41535	Neofunds			
09/26/2019	7900044060368887 Sep		Late fee	Administration	47.55
					<u>47.55</u>
10/23/2019	41536	Newport Booster Club			
09/17/2019	1930		Business sign at NHS football field	Administration	75.00
					<u>75.00</u>
10/23/2019	41537	Newport Rental Service			
09/10/2019	W4793		Choke lever replacement for power washer	International Terminal	19.95
					<u>19.95</u>
10/23/2019	41538	NW Natural			
09/17/2019	1584561-3 9-19		SB gas for shop	South Beach:SB Operations	20.36
09/18/2019	1584562-1 9-19		SB gas	South Beach:Main RV Park	113.06
10/17/2019	1584562-1 10-19		SB gas	South Beach:Main RV Park	143.35
10/17/2019	1584561-3 10-19		SB gas for shop	South Beach:SB Operations	104.46
					<u>381.23</u>



**Operating Fund
October 2019**

Date	Num	Name	Memo	Class	Amount
10/23/2019	41539	OR Government Ethics Commission			
10/03/2019	AIE10974		Annual OR Ethics commission fee	Administration	658.64
					<u>658.64</u>
10/23/2019	41540	Orkin			
09/26/2019	189725311		Pest control	Administration	45.00
					<u>45.00</u>
10/23/2019	41541	Pacific Coast Lock & Safe			
10/07/2019	8586		Repair Marina washer coinbox lock - toothpick lodged in lock	South Beach:SB Operations	95.00
					<u>95.00</u>
10/23/2019	41542	Papé Material Handling Exchange			
09/11/2019	4701008		Installed window frame for small hyster	International Terminal	402.00
			Freight	International Terminal	74.90
09/24/2019	4703354		Annual forklift maintenance - H250	International Terminal	369.04
09/24/2019	4703355		Annual forklift maintenance - H90	International Terminal	333.84
					<u>1,179.78</u>



**Operating Fund
October 2019**

Date	Num	Name	Memo	Class	Amount
10/23/2019	41543	Petty Cash			
09/20/2019	Petty Cash - SB		Barrelhead - nuts/bolts/washers	Maintenance Dept	4.28
			Spare keys for maintenance locker	South Beach:SB Operations	9.45
			Barrelhead Supply - concrete/wedge anchors	South Beach:SB Operations	3.01
			Launch overpayment refund	South Beach:SB Marina	10.00
			Englund Marine - letters for golf cart	South Beach:SB Operations	3.84
			Shower refund	South Beach:SB Marina	1.50
			WalMart - grommets for boat flags	South Beach:SB Admin	9.94
			Fred Meyer - cloth tape for boat flags	South Beach:SB Admin	29.97
			Ace Hardware - touch up paint for washing machines	South Beach:Main RV Park	13.18
			Barrelhead - hose clamps	South Beach:SB Operations	19.69
			Barrelhead - split-lock washers	South Beach:SB Operations	1.75
			Newport Marine & RV - propane for office grill	South Beach:SB Admin	10.54
			Napa Auto Parts - mirror for golf cart	South Beach:SB Operations	6.29
10/17/2019	Petty Cash - CM		SB office quarter supply for summer	South Beach:SB Admin	99.56
			Reimburse employee for balance paid	Commercial Marina	0.47
			OR DEQ - stormwater reporting postage	International Terminal	4.63
			OR DEQ - stormwater reporting postage	International Terminal	4.78
			Beverages for safety committee meeting	Administration	7.73
			Flypaper for office	Administration	11.91
			Donuts for CPR training class	Administration	13.84
			Postage to return left items to guest	South Beach:SB Admin	4.37
			Lincoln County Tax Office - property tax report fee for auditors	Administration	1.99
			"Bosses Day" cake for 3 directors	Administration	28.36
			Correct refund of CM RR entry error	Commercial Marina	17.92
			Cash over/short	Administration	0.02
					<u>319.02</u>



**Operating Fund
October 2019**

Date	Num	Name	Memo	Class	Amount
10/23/2019	41544	Pioneer Connect			
10/01/2019	Office 1019		Telephone	South Beach:SB Admin	228.20
10/01/2019	Shop 1019		Telephone	South Beach:SB Operations	41.45
					<u>269.65</u>
10/23/2019	41545	Pioneer Printing			
10/04/2019	70418		#10 regular envelopes	Administration	207.70
10/04/2019	70417		#10 window envelopes	Administration	224.55
					<u>432.25</u>
10/23/2019	41546	Platt Electric Supply			
09/09/2019	X047669		Zip ties	South Beach:SB Operations	47.71
09/11/2019	X075702		60' 1" electrical conduit for site lights	South Beach:SB Operations	22.28
					<u>69.99</u>
10/23/2019	41547	Sherwin-Williams			
09/24/2019	22090		Stain for PD7 sign posts	Administration	37.54
					<u>37.54</u>
10/23/2019	41548	Siuslaw Broadband			
10/19/2019	19185		Web filtering	Administration	200.00
					<u>200.00</u>
10/23/2019	41549	Smart Foodservice - Cash & Carry			
09/10/2019	5410540025829		Water	International Terminal	32.76
					<u>32.76</u>
10/23/2019	41550	Special Districts Association of Oregon			
09/30/2019	Membership 2020		SDAO membership and OPPA annual dues	Administration	15,666.35
					<u>15,666.35</u>



**Operating Fund
October 2019**

Date	Num	Name	Memo	Class	Amount
10/23/2019	41551	Special Districts Insurance Services			
10/01/2019	Nov Health-Dental-Lf		Monthly health-dental-life insurance	Administration	5,815.60
			Monthly health-dental-life insurance	Commercial Marina	1,652.14
			Monthly health-dental-life insurance	South Beach:SB Admin	2,087.65
			Monthly health-dental-life insurance	South Beach:SB Operations	3,429.71
			Monthly health-dental-life insurance	International Terminal	447.35
			Excel rounding issue	Administration	0.01
10/07/2019	WC 2019-2020		Remaining Work Comp 2019-2020	Administration	7,201.21
					<u>20,633.67</u>
10/23/2019	41552	Staples			
08/30/2019	2348189451		USB printer cables	Administration	72.98
09/14/2019	2356712151		Office supplies	Administration	68.66
09/25/2019	2362244581		Office supplies	Administration	10.38
09/25/2019	2362244661		Office supplies	Administration	17.99
09/27/2019	FC 0919		Credit plan finance charge	Administration	67.54
					<u>237.55</u>
10/23/2019	41553	Streamline			
10/14/2019	102068		Website monthly fee	Administration	450.00
					<u>450.00</u>
10/23/2019	41554	Summit Public Relations Strat			
10/03/2019	678		Communication support services for Aug and Sept 2019	Administration	2,700.00
					<u>2,700.00</u>



**Operating Fund
October 2019**

Date	Num	Name	Memo	Class	Amount
10/23/2019	41555	T & L Septic Tank Service			
08/26/2019	147042		Chemical toilet rental - Bay Front	Commercial Marina	260.00
08/26/2019	147043		Chemical toilet rental - Bay Front	Commercial Marina	200.00
08/26/2019	147044		Chemical toilet rental - SB south restroom	South Beach:SB Operations	80.00
08/26/2019	147045		Chemical toilet rental - Marina & RV Park	South Beach:SB Operations	80.00
08/26/2019	147046		Chemical toilet rental - NIT	International Terminal	80.00
08/26/2019	147047		Chemical toilet rental - SB Dry Camp	South Beach:SB Operations	80.00
08/26/2019	146981		Chemical toilet - Bay Front - clean up vandalism	Commercial Marina	61.00
08/29/2019	146939		Chemical toilet - Bay Front - clean up vandalism	Commercial Marina	25.00
					866.00
10/23/2019	41556	TCB Security Services			
10/01/2019	228052		Monthly security contract - SB Marina	South Beach:SB Marina	2,055.87
			Monthly security contract - SB RV	South Beach:Main RV Park	2,055.87
			Monthly security contract - CM	Commercial Marina	2,055.87
			Monthly security contract - NIT	International Terminal	1,088.39
					7,256.00
10/23/2019	41557	Thompson's Sanitary Service			
09/30/2019	13499 9-2019		Trash disposal	Commercial Marina	1,528.87
09/30/2019	12058 9-2019		Trash disposal	International Terminal	1,628.26
					3,157.13
10/23/2019	41558	Toyota Industries Commercial Finance			
10/07/2019	4002556730-17		2017 CM forklift - principal	Commercial Marina	574.38
			2017 CM forklift - interest	Commercial Marina	85.17
					659.55



**Operating Fund
October 2019**

Date	Num	Name	Memo	Class	Amount
10/23/2019	41559	Toyota Lift NW	Forklift operation class		
10/03/2019	11008090		Train the trainer	Commercial Marina	799.00
			Train the trainer	South Beach:SB Operations	799.00
					<u>1,598.00</u>
10/23/2019	41560	Troyer's Marine Supply			
08/31/2019	252798		Grade 8 bolts for trash compactor	Commercial Marina	16.95
					<u>16.95</u>
10/23/2019	41561	True Cut Engraving			
09/05/2019	1479		Name plates and tag	Administration	19.50
					<u>19.50</u>
10/23/2019	41562	Verizon Wireless			
09/12/2019	9837955442		Monthly cell phone - Admin	Administration	49.65
			Monthly cell phone - CM	Commercial Marina	33.10
			Monthly cell phone - NIT	International Terminal	37.23
			Monthly cell phone - SB	South Beach:SB Operations	66.71
			Monthly MiFi - SB Admin	South Beach:SB Admin	10.02
			Monthly cell phone plan - Admin	Administration	136.50
			Monthly cell phone - Maint	Maintenance Dept	16.55
10/12/2019	9839982297		Monthly cell phone - Admin	Administration	49.65
			Monthly cell phone - CM	Commercial Marina	33.10
			Monthly cell phone - NIT	International Terminal	37.26
			Monthly cell phone - SB	South Beach:SB Operations	66.73
			Monthly MiFi - SB Admin	South Beach:SB Admin	10.02
			Monthly cell phone plan - Admin	Administration	136.50
			Monthly cell phone - Maint	Maintenance Dept	16.55
					<u>699.57</u>



**Operating Fund
October 2019**

Date	Num	Name	Memo	Class	Amount
10/23/2019	41563	VISA - AB			
07/12/2019	OR State Lands		APP0061436 2019 Base Fee Fill renewal fee PD5 and 7 pile replacement	Commercial Marina	805.00
09/11/2019	BOLI		BOLI Employment Law Conference registration	Administration	499.00
09/14/2019	Adobe Acropro		Adobe Acrobat subscription	Administration	89.94
09/18/2019	Nye Beach Cafe		Lunch for CPR training	Administration	118.00
09/25/2019	Hotel Indigo-Gibson		Lodging for PCC Conference	Commercial Marina	607.76
09/25/2019	Hotel Indigo-Bretz		Lodging for PCC Conference	Administration	455.82
09/30/2019	OR DAS		ORCPP annual fees	South Beach:SB Admin	500.00
10/02/2019	Courtyard - B Thomas		Lodging for electrician training	Commercial Marina	389.72
10/02/2019	Courtyard - S Cronin		Lodging for electrician training	Commercial Marina	389.72
10/02/2019	Courtyard - A Meats		Lodging for electrician training	South Beach:SB Operations	389.72
10/04/2019	SHRM		SHRM annual membership dues	Administration	189.00
					<u>4,433.68</u>
10/23/2019	41564	VISA - PM			
09/13/2019	PNWA		2019 PNWA Annual Convention registration	Administration	830.00
09/14/2019	Local Ocean Seafoods		Lunch with Port of Astoria	Administration	115.20
10/02/2019	Clearwater		Lunch with NOAA	Administration	23.00
10/05/2019	Riverfront Lodge		Lodging for OPPA Conference	Administration	228.55
					<u>1,196.75</u>
10/23/2019	41565	Voya (State of Oregon Plan)			
10/01/2019	Oct - 2019		Monthly employee contributions	Administration	50.00
					<u>50.00</u>
10/23/2019	41566	Walter Chuck	PNWA Conference in Vancouver, WA expenses		
10/11/2019	PNWA Conference Oct		Hotel for PNWA Conference in Vancouver, WA - 1 night	Administration	111.30
			Travel to/from Vancouver, WA - 260 miles	Administration	150.80
					<u>262.10</u>



**Operating Fund
October 2019**

Date	Num	Name	Memo	Class	Amount
10/23/2019	41567	Wells Fargo Financial Leasing			
10/03/2019	5007536459		Copier lease - North office	Administration	141.50
			Copier lease - SB office	South Beach:SB Admin	141.50
					<u>283.00</u>
10/23/2019	41568	Western Fishboat Owners Association			
10/08/2019	Membership 2020		Supporting membership dues	Administration	100.00
					<u>100.00</u>
10/23/2019	41571	Wiggins Hauling Works			
09/21/2019	2664-2234		Brush cutting on 9-acre lot	International Terminal	1,000.00
					<u>1,000.00</u>
10/23/2019	41572	WSP USA			
08/27/2019	889077		Strategic Business Plan - final update	Administration	462.74
					<u>462.74</u>
				Total	<u>136,427.94</u>



**NOAA Fund
October 2019**

Date	Num	Name	Memo	Amount
10/23/2019	13604	Bill's Pest Control		
10/09/2019	8481		Pest control	135.00
				<u>135.00</u>
10/23/2019	13605	Grainger		
09/20/2019	9300153567		Hose adapters and splitters	65.76
			Freight	12.25
				<u>78.01</u>
10/23/2019	13606	Idea Print Works		
10/17/2019	8239		NOAA clothing	91.50
				<u>91.50</u>
10/23/2019	13607	Lincoln Plumbing		
09/17/2019	19075		Replace drain primer valve in office	216.40
				<u>216.40</u>
10/23/2019	13608	MC Dean		
10/04/2019	194140081001		APC power module for data system battery backup	1,634.00
				<u>1,634.00</u>
10/23/2019	13609	Mulder Sheet Metal		
09/16/2019	26336		Replacement fire suppression cabinet for canister	2,900.00
				<u>2,900.00</u>
10/23/2019	13610	OR Dept of State Lands	APP0045552	
10/15/2019	21538		APP0061588 2019 Base Fee Fill Renewal fee	805.00
				<u>805.00</u>
10/23/2019	13611	Performance System Integration		
09/30/2019	682165		Annual sprinkler and hydrant inspection	1,575.00
				<u>1,575.00</u>



**NOAA Fund
October 2019**

Date	Num	Name	Memo	Amount
10/23/2019	13612	Pioneer Connect		
10/01/2019	October 2019		Telephone	241.74
				<u>241.74</u>
10/23/2019	13613	Proctor Sales		
09/23/2019	0274892-IN		Annual inspection and maintenance on boiler	1,476.41
				<u>1,476.41</u>
10/23/2019	13614	Special Districts Insurance Services		
10/01/2019	Nov Health-Dental-Lf		Monthly health-dental-life insurance	745.59
				<u>745.59</u>
10/23/2019	13615	Thompsons Sanitary Service		
09/30/2019	22644 9-2019		September service	410.20
				<u>410.20</u>
10/23/2019	13616	Verizon Wireless		
09/12/2019	9837955442		Phone charges and MiFi	26.57
10/12/2019	9839982297		Phone charges and MiFi	26.57
				<u>53.14</u>
			Total	<u>\$ 10,361.99</u>



OLD BUSINESS AGENDA ITEM

DATE: *14 November 2019*
RE: *Rogue Lease Amendment*
TO: *Port of Newport Board of Commissioners*
ISSUED BY: *Aaron Bretz, Director of Operations*

BACKGROUND

Rogue is working with the Oregon Liquor Control Commission to line up the address for the Rogue Distillery and rearrange their distillery tasting privileges at their Newport locations. Additionally, they need to ensure that the addresses on their federal permit for the distillery and brewery properly show what activity is happening and where. They are requesting that we approve the attached lease amendment that makes absolutely no changes to the leasehold, but simply documents the correct address for the distillery.

DETAIL SUPPORTING

The previous address in the lease lists “property improvements” that were performed at 2150 SE Marine Science drive, which is most accurately described as a location closer to the brewery. The address of 2160 Marine Science (otherwise known as 2160 OSU Drive), is actually the address of the distillery.

BUDGET IMPLICATIONS

None

RECOMMENDATION

I recommend that a Commissioner make a **MOTION TO AUTHORIZE THE GM TO SIGN THE LEASE AMENDMENT FOR THE ROGUE DISTILLERY CHANGING THE ADDRESS TO 2160 SE MARINE SCIENCE DRIVE (OTHERWISE KNOWN AS 2160 OSU DRIVE).**

AMENDMENT TO LEASE AGREEMENT

DATE: November __, 2019

LESSOR: Port of Newport
A Port District duly authorized and existing under ORS 777.
600 SE Bay Boulevard
Newport, OR 97365

LESSEE: Oregon Brewing Company
An Oregon Corporation
2320 SE OSU Drive
Newport, OR 97365

This amendment (the "Amendment") to the Agreement for Lease of Business Premises dated April 25, 2006 (the "Lease") is by and between Oregon Brewing Company, an Oregon Corporation, hereinafter referred to as "Lessee", and the Port of Newport, a municipal corporation of the State of Oregon, hereinafter referred to as "Lessor".

RECITALS

Lessor and Lessee entered into a certain lease, dated April 26, 2006 for the real property and improvements located at the designated address of 2150 SE Marine Science Drive. The lease included the north 2,400 square feet of real property for ten (10) years and an option to extend for another ten (10) years. (Assessor Map No. 11-11-17-00-00111-L3).

Lessor and Lessee amended the lease agreement on July 1, 2008 to include the south 2,400 square feet of real property and improvements incorporating the entire premises (4,800 sq. ft.). (Assessor Map No. 11-11-17-00-00111-L2).

Lessor and Lessee further amended the lease agreement on March 25, 2014 to add an additional 10,500 square feet of land for the expansion of existing distillery operations, including a barrel storage area, finished goods storage area, and a coopeage.

The Lessee wishes to amend the lease by changing the address designation for the real property and improvements described above from 2150 SE Marine Science Drive, to 2160 SE Marine Science Drive (otherwise known as OSU Drive) Newport, Oregon. This amendment does not change any of the property leased, only the designated address for that property. The parties agree that both the old and new address refer to the same location.

All other terms and conditions of the original agreement remain in full force and effect as written.

In witness, Lessor and Lessee have executed this Amendment to Lease as of the day, month, and year, first written above.

LESSOR: Port of Newport

LESSEE: Oregon Brewing Company

Paula Miranda, General Manager

Dharma Tamm, President



STAFF REPORT

DATE: *November 19, 2019*
RE: *NOAA and GO Bonds Preliminary Official Statements*
TO: *Port of Newport Board of Commissioners*
ISSUED BY: *General Manager*

BACKGROUND

During the September Commission meeting the Commissioners authorized Staff to proceed with the refinance of the NOAA and GO Bonds.

Staff with the assistance of SDAO Advisory Services have selected Baird Robert W. Baird & Co. to underwrite the Bonds.

As part of the process the Underwriter requires that the government body have a chance to review the disclosure documents before making the information available to investors.

Staff, Port's Municipal Advisor and Port Bond Counsel have reviewed the attached document.

RECOMMENDATION

I recommend a review by each commissioner. Should commissioners have any questions or comments, please provide them to Staff, so we can make sure to pass that along to the appropriate parties. Otherwise, I would recommend **A MOTION AUTHORIZING THE GENERAL MANAGER TO COMPLETE AND EXECUTE THE DEEMED FINAL LETTER AS PRESENTED.**

PRELIMINARY OFFICIAL STATEMENT – DATED NOVEMBER 20, 2019

NEW ISSUE - NEGOTIATED
BOOK-ENTRY ONLYRATING: MOODY'S “__”
(See “RATING” herein)

\$18,060,000*
Port of Newport
Lincoln County, Oregon
Taxable Lease Revenue Refunding Bonds
(National Oceanic and Atmospheric Administration Project)
Series 2019

DATED: December 17, 2019 (estimated “Date of Delivery”)

DUE: August 1, as shown on the inside cover

The Port of Newport, Lincoln County, Oregon Taxable Lease Revenue Refunding Bonds (National Oceanic and Atmospheric Administration Project), Series 2019 (the “Series 2019 Bonds”), will be issued by the Port of Newport, (the “Port”), in book-entry only form in denominations of \$5,000 or integral multiples thereof. The Series 2019 Bonds are registered bonds issued in the name of CEDE & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. See “BOOK-ENTRY SYSTEM ONLY” herein. Interest is payable semiannually on February 1* and August 1* of each year, commencing February 1, 2020,* through the principal corporate trust offices of the registrar and paying agent of the Port, currently U.S. Bank National Association, Portland, Oregon (the “Paying Agent”).

The Series 2019 Bonds are being issued to refinance outstanding bonds and to pay the costs of issuance of the Series 2019 Bonds. See “THE SERIES 2019 BONDS – Purpose” herein. Principal and interest due on the Series 2019 Bonds are payable from and are secured by Lease Revenues (defined herein) from Contract No. 09WSA0200C dated August 7, 2009, as amended, between the Port and the United States of America for homeporting of the National Oceanic and Atmospheric Administration’s (“NOAA”) Marine Operations Center – Pacific (“MOC-P”) on Port property (the “Lease”), and any other lease revenues from the 2010 Project (defined herein), as provided for in Resolution No. 2019-14, adopted by the Port on September 24, 2019 (the “Resolution”) and the Amended and Restated Master Lease Revenue Bond Declaration expected to be executed and dated as of December 17, 2019 (the “Master Declaration”). The Series 2019 Bonds are special obligations of the Port that are payable solely from the Lease Revenues (defined herein), the Revenue Bond Reserve Account, and enforcement of any remedies under the Deed of Trust (defined herein). NOAA RECEIVES APPROPRIATIONS THROUGH AN ANNUAL BUDGET PROCESS FOR THE DEPARTMENT OF COMMERCE. RENTAL PAYMENTS FOR THIS LEASE WILL BE MADE FROM THE “OPERATIONS, RESEARCH AND FACILITY” ACCOUNT THROUGH WHICH NOAA RECEIVES FUNDS FOR THE OFFICE OF MARINE AND AVIATION OPERATIONS’ CONTINUING MARINE OPERATIONS, MAINTENANCE, AND MARINE SERVICES (SEE “THE LEASE” AND “BONDHOLDER RISKS” HEREIN). **The Series 2019 Bonds are not general obligations of the Port or the State of Oregon or of any political subdivision of the State of Oregon. Neither the full faith and credit nor the taxing power of the Port are pledged to the payment of the Series 2019 Bonds. Principal of, premium, if any, and interest on the Series 2019 Bonds are payable solely from the Lease Revenues, the Revenue Bond Reserve Account and enforcement of any remedies under the Deed of Trust. UNDER CERTAIN CIRCUMSTANCES, THE PORT IS AUTHORIZED TO ISSUE ADDITIONAL PARITY INDEBTEDNESS (AS DEFINED IN THE MASTER DECLARATION) THAT IS SECURED ON A PARITY OF LIEN WITH THE SERIES 2019 BONDS.** See “SECURITY FOR AND PAYMENT OF THE SERIES 2019 BONDS – Additional Parity Indebtedness Test” here in. Investment in the Series 2019 Bonds is subject to certain risks. See “BONDHOLDER RISKS” herein.

MATURITY SCHEDULE – SEE INSIDE COVER

The Series 2019 Bonds are subject to redemption prior to maturity as described herein. See “THE SERIES 2019 BONDS” herein.

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Port (“Bond Counsel”), interest on the Series 2019 Bonds is not excludable from gross income for federal income tax purposes under existing law. In the opinion of Bond Counsel, interest on the Series 2019 Bonds is exempt from State of Oregon personal income tax under existing law. See “TAX MATTERS” herein for a discussion of the opinion of Bond Counsel.

The Series 2019 Bonds are offered when, as and if issued by the Port and accepted by the Underwriter, subject to the approving legal opinion of Hawkins Delafield & Wood LLP, Portland, Oregon, Bond Counsel. The Municipal Advisor to the Port is SDAO Advisory Services LLC. Certain legal matters will be passed upon for the Underwriter by their counsel, Mersereau Shannon LLP, and for the Port by their counsel Macpherson Gintner & Diaz. It is expected that the Series 2019 Bonds will be available for delivery to the Paying Agent on behalf of DTC by Fast Automated Securities Transfer (“FAST”) on or about the Date of Delivery.

*Preliminary, subject to change.

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

\$18,060,000*
Port of Newport
Lincoln County, Oregon
Taxable Lease Revenue Refunding Bonds
(National Oceanic and Atmospheric Administration Project)
Series 2019

Dated: the Date of Delivery

Due: August 1, as shown below

MATURITY SCHEDULE*

Maturity August 1	Principal Amount	Interest Rate	Yield	CUSIP ⁽¹⁾
2020	\$1,480,000			
2021	1,345,000			
2022	1,370,000			
2023	1,400,000			
2024	1,425,000			
2025	1,455,000			
2026	1,490,000			
2027	1,525,000			
2028	1,565,000			
2029	1,605,000			
2030	1,645,000			
2031	1,755,000			

*Preliminary, subject to change.

⁽¹⁾ The above-referenced CUSIP numbers have been assigned by an independent company not affiliated with the Port or the Underwriter, and are included solely for the convenience of the holders of the Bonds. Neither the Port nor the Underwriter is responsible for the selection or uses of such CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject change after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities.

**Port of Newport
Lincoln County, Oregon**

600 SE Bay Boulevard
Newport, OR 97365
(541) 265-7758

Board of Commissioners

Sara Skamser, President
Jim Burke, Vice President
Walter Chuck, Secretary
Jeff Lackey, Commissioner
Gil Sylvia, Commissioner

Appointed Officials

Paula J. Miranda, General Manager
Aaron Bretz, Director of Operations
Mark A. Brown, Director of Finance and Business Services

Professional Services

Hawkins Delafield & Wood LLP	Bond Counsel
Robert W. Baird & Co.	Underwriter
SDAO Advisory Services LLC	Municipal Advisor
Macpherson Gintner & Diaz	Port Counsel
Mersereau Shannon LLP	Underwriter's Counsel
U.S. Bank National Association	Paying Agent/Registrar/Escrow Agent

NOTICE TO INVESTORS

This Official Statement is being distributed in connection with the sale of the Bonds referred to in this Official Statement and may not be used, in whole or in part, for any other purpose. No dealer, broker, salesman or other person is authorized to make any representations concerning the Bonds other than those contained in this Official Statement, and if given or made, such other information or representations may not be relied upon as statements of the Port of Newport, Lincoln County, Oregon (the "Port"). This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful to make such an offer, solicitation or sale.

Unless otherwise indicated, the Port is the source of the information contained in this Official Statement. Certain information in this Official Statement has been obtained by the Port or on its behalf from The Depository Trust Company and other non-Port sources that the Port believes to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information. Except for the reoffering prices or yields on the Bonds and the information in the section title "UNDERWRITING," nothing contained in this Official Statement is a promise of or representation by the Municipal Advisor or the Underwriter. The Municipal Advisor and the Underwriter have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor and the Underwriter do not guarantee the accuracy or completeness of such information. The information and opinions expressed in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale made under this Official Statement shall, under any circumstances, create any implication that there has been no change in the financial condition or operations of the Port or other information in this Official Statement, since the date of this Official Statement.

This Official Statement contains statements that are "forward-looking statements" as that term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. When used in this Official Statement, the words "estimate," "intend," "project" or "projection," "expect" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are subject to risks and uncertainties, some of which are discussed herein, that could cause actual results to differ materially from those contemplated in such forward-looking statements. Investors and prospective investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this Official Statement.

This Official Statement should be considered in its entirety. No one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, resolutions, reports or other documents are referred to in this Official Statement, reference should be made to those documents for more complete information regarding their subject matter.

The Bonds will not be registered under the Securities Act of 1933, as amended, or the securities laws of any state of the United States, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity shall have passed upon the accuracy or adequacy of this Official Statement.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OR MAY NOT OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT NOTICE. THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER THE BONDS ARE RELEASED FOR SALE AND THE BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE BONDS INTO INVESTMENT ACCOUNTS.

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OFFICIAL STATEMENT

\$18,060,000*
Port of Newport
Lincoln County, Oregon
Taxable Lease Revenue Refunding Bonds
(National Oceanic and Atmospheric Administration Project)
Series 2019

The Port of Newport, Lincoln County, Oregon (the “Port”), a political subdivision duly organized and existing under and by virtue of the laws of the State of Oregon furnishes this Official Statement in connection with the offering of \$18,060,000* principal amount of Port of Newport, Lincoln County, Oregon Taxable Lease Revenue Refunding Bonds (National Oceanic and Atmospheric Administration Project), Series 2019 (the “Series 2019 Bonds”). This Official Statement, which includes the cover page, inside cover page, table of contents, and appendices, provides information concerning the issuance by the Port of the Series 2019 Bonds.

Capitalized terms used in this Official Statement that are not specifically defined herein have the meanings as set forth in the Amended and Restated Master Lease Revenue Bond Declaration expected to be executed and dated as of December 17, 2019 (the “Master Declaration”). The Master Declaration amends and restates the Master Lease Revenue Bond Declaration executed by the Port on and dated July 14, 2010 (the “Original Declaration”).

The information contained herein should not be construed as representing all conditions affecting the Series 2019 Bonds. Additional information may be obtained from the Port. Statements in this Official Statement relating to documents or contracts are in summarized form and in all respects are subject to and qualified in their entirety by express reference to provisions of such documents in their complete forms.

THE SERIES 2019 BONDS**PRINCIPAL AMOUNT, DATE, INTEREST PAYMENT AND MATURITIES**

The Series 2019 Bonds will be issued in the aggregate principal amount of \$18,060,000* and will be dated and bear interest from the Date of Delivery. The Series 2019 Bonds will mature on the dates and in the principal amounts and will bear interest payable semiannually on February 1* and August 1* commencing February 1, 2020,* at the respective rates as set forth on the inside cover of this Official Statement. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. Record date is the 15th day of the month immediately preceding a payment date, whether or not a business day.

PAYING AGENT AND REGISTRATION FEATURES

The Port has appointed U.S. Bank National Association, Portland, Oregon, paying agent and registrar (the “Paying Agent”) for the Series 2019 Bonds. While the Series 2019 Bonds are in book-entry only form, the Paying Agent will pay Series 2019 Bond principal, interest and any redemption price to DTC or its nominee which, in turn, will remit such principal and interest to the beneficial owners of the Series 2019 Bonds. While the Series 2019 Bonds are in book-entry only form, the Paying Agent shall pay Series 2019 Bond principal, interest, and any redemption price to DTC or its nominee, in accordance with the Letter of Representations the Port has executed with DTC. See “APPENDIX F – Book Entry Only System” attached hereto for additional information.

DELIVERY OF THE SERIES 2019 BONDS – BOOK-ENTRY FORM

The Series 2019 Bonds will be initially issued in book-entry only form through The Depository Trust Company of New York, New York (“DTC”). DTC will act as securities depository for the Series 2019 Bonds. The ownership of one fully registered bond for each maturity of the Series 2019 Bonds, as set forth on the inside cover of this Official Statement, each in the aggregate principal of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. See “APPENDIX F – Book Entry Only System” attached hereto for additional information.

*Preliminary, subject to change.

Individual purchases and sales of the Series 2019 Bonds may be made in book-entry form only in minimum denominations of \$5,000 within a single maturity and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Series 2019 Bonds.

PROCEDURE IN THE EVENT OF REVISIONS OF BOOK-ENTRY TRANSFER SYSTEM

If the Port discontinues maintaining the Series 2019 Bonds in BEO form, the Port shall cause the Paying Agent to authenticate and deliver to the beneficial owners or their nominees replacement Series 2019 Bonds in fully registered form in the denomination of \$5,000 or any integral multiples; thereafter the provisions set forth in the Master Declaration regarding registration, transfer and exchange of the Series 2019 Bonds shall apply.

SELECTION OF BONDS FOR REDEMPTION

For as long as the Series 2019 Bonds are in book-entry only form, if fewer than all of the Series 2019 Bonds of a maturity are called for redemption, the selection of the Series 2019 Bonds within a maturity to be redeemed shall be made by DTC in accordance with its operational procedures then in effect. If the Series 2019 Bonds are no longer held in BEO form, then the Paying Agent would select the Series 2019 Bonds for redemption by lot.

OPTIONAL REDEMPTION*

The Series 2019 Bonds maturing in years [___ through ___], inclusive, are not subject to optional redemption prior to maturity. The Port reserves the right to redeem all or any portion of the Series 2019 Bonds maturing on or after [_____] at the option of the Port on [_____] and 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 Series 2019 Bonds maturing on _____, 20__ are subject to mandatory redemption (in such manner as the Paying Agent and DTC will determine or by lot by the Paying Agent) on [___] of the following years in the following principal amounts, at a price of par, plus accrued interest to the date of redemption.

	Series 2019 Bonds
	Maturing [20__]
[___]	Amount

]

*Preliminary, subject to change.

SPECIAL OPTIONAL REDEMPTION

At the option of the Port, the Series 2019 Bonds are subject to redemption prior to the stated maturity of the principal thereof, at a price equal to the principal amount thereof, without premium, plus interest accrued, if any, to the redemption date, in the case of entire or partial destruction of the Mortgaged Property (as defined in the Master Declaration). Under the Master Declaration, money collected from insurance against accident to or destruction of the physical Mortgaged Property will be used for repairing or rebuilding the damaged or destroyed Mortgaged Property, or applied to the payment or redemption of the Bonds at the written direction of the Port, and for such purpose paid into the Revenue Bond Account in, either case, as allowed by the Lease and Deed of Trust, Security Agreement, Fixture Filing and Assignment of Leases and Rents dated as of July 14, 2010 by and among the Port as Trustor, U.S. Bank Trust Company, National Association as Deed of Trust Trustee, and Owners of Bonds and any Bond Trustee required under the Original Declaration, as it may be amended, as Beneficiaries (the “Deed of Trust”).

NOTICE OF REDEMPTION

Notice of Redemption (BEO). So long as the Series 2019 Bonds are in book-entry only form and unless DTC consents to a shorter period, the Paying Agent shall notify DTC of an early redemption not less than 20 days and not more than 60 days prior to the date fixed for redemption, and shall provide such information in connection therewith as required by the Letter of Representation. Official written notice of redemption will be given by the Port to the Paying Agent at least five calendar days prior to the date the notice is scheduled to be sent to DTC.

Notice of Redemption (Non-BEO). During any period in which the Series 2019 Bonds are not in book-entry only form, unless waived by any Owner of the Series 2019 Bonds to be redeemed, official notice of any redemption of Series 2019 Bonds shall be given by the Paying Agent on behalf of the Port by mailing a copy of an official redemption notice in a form generally accepted in the municipal markets by first class mail, postage prepaid, at least 30 days and not more than 60 calendar days prior to the date fixed for redemption, to the Owners of the Series 2019 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Owner to the Paying Agent. Official written notice of redemption will be given by the Port to the Paying Agent at least five calendar days prior to the date the notice is scheduled to be sent to Owners of the Series 2019 Bonds.

Conditional Notice. Any notice of optional redemption to the Paying Agent or to the Owners may state that the optional redemption is conditional upon receipt by the Paying Agent of moneys sufficient to pay the redemption price of such Series 2019 Bonds or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Paying Agent to affected Owners of Series 2019 Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event.

AUTHORIZATION

The Port is authorized by Oregon Revised Statutes (“ORS”) Sections 287A.360 through 287A.375 to refund outstanding borrowings. The Series 2019 Bonds are issued pursuant to the laws of the State of Oregon (the “State”), Resolution No. 2019-14, adopted by the Board of Commissioners of the Port on September 24, 2019 (the “Resolution”), and the Master Declaration.

PURPOSE

The Series 2019 Bonds are being issued (i) to refund all or a portion of the outstanding Port of Newport, Lincoln County, Oregon Taxable Lease Revenue Bonds (National Oceanic and Atmospheric Administration Project) Series 2010 (the “Series 2010 Bonds”), and (ii) to pay certain costs of issuing the Series 2019 Bonds.

The Series 2010 Bonds were issued to finance capital improvements to real property as set forth in Contract No. 09WSA0200C dated August 7, 2009, between the Port and the United States of America for homeporting of the NOAA Marine Operations Center – Pacific (“MOC-P”) on Port property (the “Lease”), and related improvements (the “2010 Project”).

REFUNDING PLAN

The Series 2019 Bonds are being issued so that the Port can obtain a benefit of savings in total debt service requirements of all or a portion of the Series 2010 Bonds (the “Refunded Bonds”).

A portion of the proceeds of the Series 2019 Bonds, along with certain excess amounts in the Revenue Bond Reserve Account, will be used to fund an irrevocable escrow account (the “Escrow Account”) consisting of cash and direct obligations of or obligations guaranteed by the United States of America (the “Government Obligations”). The Escrow Account will be held by U.S. Bank National Association, Portland Oregon (the “Escrow Agent”), pursuant to the escrow deposit agreement (the “Escrow Agreement”) to refund the Refunded Bonds as shown below.

REFUNDED BONDS*

Refunded Bonds	Refunded Maturities	Amount Outstanding	Amount Refunded	Redemption Date	Redemption Price
Series 2010 Bonds	2020-2031	\$17,165,000	\$17,165,000	August 1, 2020	100%

*Preliminary, subject to change.

In order to defease the Refunded Bonds pursuant to the terms of the Master Declaration the Port will deposit funds in an irrevocable escrow with the Escrow Agent pursuant to an Escrow Deposit Agreement. Remaining proceeds of the Series 2019 Bonds not placed in the irrevocable escrow shall be deposited with the Port to pay cost of issuance of the Series 2019 Bonds. Unspent proceeds of the Series 2019 Bonds are pledged to the holders of the Series 2019 Bonds and the lien of such pledge shall be superior to all other claims as permitted by ORS 287A.310.

All payments of principal of and interest on the Refunded Bonds will thereafter be provided for solely from funds and Government Obligations on deposit with the Escrow Agent under the Escrow Agreement. The lien, pledges and covenants of the Refunded Bonds under the Master Declaration will terminate and be discharged and released.

VERIFICATION OF MATHEMATICAL CALCULATIONS

Casey Demgen & Moore P.C., as Verification Agent, will verify the accuracy of the mathematical computations illustrating the adequacy of the maturing principal of and interest on the Government Obligations and the uninvested cash to be deposited in the Escrow Account created under the Escrow Agreement to pay the principal of and interest on the Refunded Bonds through and including their respective redemption dates. Such verification will be based in part upon schedules supplied to the Verification Agent by the Underwriter.

SOURCES AND USES OF FUNDS

The proceeds from the Series 2019 Bonds are as follows:

Sources of Funds*	
Principal Amount	\$18,060,000
Released Reserve	
Original Issue Discount/Premium	
Total Sources of Funds	
Uses of Funds*	
Deposit to Escrow Fund	
Costs of Issuance ⁽¹⁾	
Total Uses of Funds	

* Preliminary, subject to change. Amounts will be provided in the Final Official Statement.

(1) Includes, but is not limited to, Underwriter’s discount, costs of bond delivery, costs of printing and distributing the Preliminary and Final Official Statements, and the fees and charges of Bond Counsel, Underwriter’s Counsel, Paying Agent, and Rating Agency.

PROJECTED DEBT SERVICE REQUIREMENTS*

Date	Principal	Interest	Total ⁽¹⁾
02/01/2020			
08/01/2020	\$ 1,480,000		
02/01/2021			
08/01/2021	1,345,000		
02/01/2022			
08/01/2022	1,370,000		
02/01/2023			
08/01/2023	1,400,000		
02/01/2024			
08/01/2024	1,425,000		
02/01/2025			
08/01/2025	1,455,000		
02/01/2026			
08/01/2026	1,490,000		
02/01/2027			
08/01/2027	1,525,000		
02/01/2028			
08/01/2028	1,565,000		
02/01/2029			
08/01/2029	1,605,000		
02/01/2030			
08/01/2030	1,645,000		
02/01/2031			
08/01/2031	1,755,000		

*Principal amounts are provided for illustrative purposes only. Amounts and structure are preliminary, subject to change. Interest amounts will be provided in the Final Official Statement.

⁽¹⁾Totals may not foot due to rounding.

SECURITY FOR AND PAYMENT OF THE SERIES 2019 BONDS

PLEDGE OF LEASE REVENUES

The Series 2019 Bonds are special limited obligations of the Port payable solely from all fees, rentals and other charges obtained by the Port from the Mortgaged Property (as defined in the Master Declaration), including the Lease (the "Lease Revenues"), the Revenue Bond Reserve Account and enforcement of any remedies under the Deed of Trust executed by the Port for the benefit of the Owners, securing payment of all amounts payable by the Port under the Series 2019 Bonds and the Master Declaration.

The Port pledges the Lease Revenues to the payment of principal and interest on all Bonds. The Lease Revenues pledged and received by the Port are subject to the lien of such pledge without any physical delivery, filing or further act, and the lien of the pledge shall be superior to all other claims and liens to the fullest extent permitted by ORS 287A.310. This pledge is valid and binding from the time of execution of the Master Declaration and applies to the Series 2019 Bonds issued under the Master Declaration and the Resolution.

As long as any Bonds remain issued and Outstanding, moneys in the Lease Revenue Fund shall be used solely to pay the following amounts in the following order:

- (A) To credit the Revenue Bond Account to pay Bond principal and interest,
- (B) To credit the Revenue Bond Reserve Account to eliminate any deficiency in the Required Reserve, and
- (C) For any other lawful Port purpose, but only if all deposits and payments having a higher priority have been made.

THE SERIES 2019 BONDS ARE NOT GENERAL OBLIGATIONS OF THE PORT OR THE STATE OF OREGON OR OF ANY POLITICAL SUBDIVISION OF THE STATE OF OREGON. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE PORT ARE PLEDGED TO THE PAYMENT OF THE SERIES 2019 BONDS. PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2019 BONDS ARE PAYABLE SOLELY FROM THE LEASE REVENUES AND ENFORCEMENT OF ANY REMEDIES UNDER THE DEED OF TRUST.

DEED OF TRUST AND ASSIGNMENT OF LEASE

General Clause 4 of the Lease provides that the Lease is subject and subordinate to any and all mortgages, deeds of trust and other liens now or hereafter existing on the 2010 Project premises. General Clause 26 of the Lease authorizes the Port to assign its rights to be paid amounts due or to be come due as a result of performance of the Lease to a bank, trust company, or other financing institution pursuant to the Assignment of Claims Act.

The Deed of Trust creates a security interest in the Mortgaged Property and rents, income, receipts, insurance proceeds, revenue and profits arising from use of the property and secures payment of all amounts payable by the Port under the Master Declaration and the Bonds.

The following are Events of Default under the Deed of Trust: (1) failure by the Port to make any payment of money required by the Deed of Trust, if nonpayment continues for ten (10) days after mailing of a notice to the Port by the Beneficiaries; (2) breach of, or failure by the Port to observe and perform, any other covenant, warranty, representation, condition, term or covenant under the Deed of Trust for a period of sixty (60) days after mailing of a notice thereof to the Port by the Beneficiaries or a Bond Trustee appointed pursuant to the Master Declaration specifying such default and requesting that it be remedied, unless otherwise agreed by the Beneficiaries or a Bond Trustee appointed pursuant to the Master Declaration; (3) any Event of Default defined in the Master Declaration that has occurred and is continuing.

So long as no Event of Default has occurred the Port shall administer the property and collect rent for its use. However, in the Event of a Default a Bond Trustee appointed pursuant to the Master Declaration may collect and apply all rents, income, receipts, revenue, proceeds and profits from the Mortgaged Property with or without court assistance and with or without the appointment of a receiver. The Beneficiaries may also, in the Event of a Default, exercise the following remedies in accordance with the procedures described in the Master Declaration: (1) any remedy available under the Master Declaration, including, but not limited to, petitioning a court of competent jurisdiction for the appointment of a receiver to take possession of and manage and operate the Mortgaged Property for the benefit of the Beneficiaries; (2) any appropriate actions at law or equity, including, but not limited to, actions for specific performance or foreclosure; (3) sale of the Mortgaged Property at public auction or private sale and convey the same to the purchaser in fee simple in

the manner provided by law; (4) with respect to any Equipment which may be included in the Mortgaged Property, elect to enforce all of the rights and remedies provided by the Oregon Uniform Commercial Code, including the right to proceed under the Uniform Commercial Code provisions governing default as to the affected equipment.

Upon full performance by the Port of its obligations under the Deed of Trust, the Master Declaration and the Bonds, the Deed of Trust Trustee shall, on demand of the Port, reconvey the Mortgaged Property, or so much of it as is then held under this Deed of Trust, to the persons legally entitled thereto.

See “APPENDIX D - Deed of Trust, Security Agreement, Fixture Filing and Assignment of Leases and Rents” herein.

FUNDS AND ACCOUNTS CREATED UNDER THE MASTER DECLARATION

Lease Revenue Fund. Under the Master Declaration, the Port must deposit all Lease Revenues in the Lease Revenue Fund promptly after the Port receives the Lease Revenues.

Revenue Bond Account. The Port established and maintains the Revenue Bond Account as a special trust fund and amounts credited to the Revenue Bond Account must be held in trust by the Port or the Bond Trustee for the benefit of the Owners.

Under the Master Declaration, the Port covenanted with the Owners of the Bonds that so long as any Bonds remain Outstanding, it will make the following deposits from the Lease Revenues into the Revenue Bond Account: (a) not less than ten days prior to each Bond interest payment date, the Port will deposit into the Revenue Bond Account an amount equal to the amount necessary to pay Bond interest; and (b) not less than ten days prior to a Bond principal payment date, the Port will deposit into the Revenue Bond Account an amount equal to the amount necessary to pay Bond principal.

Revenue Bond Reserve Account. The Port established and maintains the Revenue Bond Reserve Account (the “Reserve Account”) in the Lease Revenue Fund as a special trust fund and amounts credited to the Revenue Bond Reserve Account must be held in trust by the Port or the Bond Trustee for the benefit of the Owners.

The Port must maintain a balance in the Reserve Account at least equal to the Required Reserve. Moneys required to be maintained in the Reserve Account will be used only to pay Bond principal and interest and redemption charges, if any, and only in the event that the Lease Revenues and moneys in the Revenue Bond Account are insufficient to pay Bond principal and interest when due.

Under the Master Declaration, the Port covenanted with the Owners of the Bonds that it will, on each Bond payment date so long as any Bonds remain Outstanding, deposit from the Lease Revenues into the Reserve Account an amount such that the balance in the Reserve Account will at least equal the Required Reserve. In the event the amount on deposit in the Reserve Account is less than the Required Reserve, the deficiency shall be eliminated from amounts for such purpose available from the Lease Revenue Fund, in proportionate monthly payments so that the Required Reserve is achieved within twelve months from the date of any deficiency. In the event the amount on deposit in the Reserve Account is more than the Required Reserve, any such excess may be transferred to the Revenue Bond Account.

The Required Reserve means the greatest Annual Debt Service on all Outstanding Bonds. The Annual Debt Service is the amount required in a Fiscal Year to pay scheduled debt Service on Outstanding Bonds, calculated as follows (i) interest which is to be paid from proceeds of Bonds shall be subtracted; (ii) Bonds which are subject to scheduled, noncontingent redemption or tender shall be deemed to mature on the dates and in the amounts which are subject to mandatory redemption or tender and only the amount scheduled to be Outstanding on the final maturity date shall be treated as maturing on that date; (iii) Bonds which are subject to contingent redemption or tender shall be treated as maturing on their stated maturity dates.

Moneys in the Reserve Account may be invested only as described in the Master Declaration.

The Required Reserve for the Series 2019 Bonds is \$_____,* which is less than the Required Reserve for the Refunded Bonds. Excess amounts in the Reserve Account, will be used to fund a portion of the Escrow Account. See “THE SERIES 2019 BONDS – REFUNDING PLAN” herein.

* Amount will be provided in Final Official Statement.

ADDITIONAL PARITY INDEBTEDNESS TEST

Pursuant to the Master Declaration, the Port may incur Additional Parity Indebtedness having a lien and charge on the Lease Revenues and the Deed of Trust equal to that of the Series 2019 Bonds and Outstanding Bonds if:

(i) the Additional Parity Indebtedness is incurred for the purpose of funding capital improvements of additions to the Mortgaged Property; and

(ii) the Port certifies that the principal amount of all Bonds when Outstanding, including the principal amount of Additional Parity Indebtedness to be incurred, but excluding the outstanding principal amount of any Bonds to be refinanced by such Additional Parity Indebtedness, will not exceed 75% of the value of the Mortgaged Property; and

(iii) the Port either (1) certifies that the Additional Parity Indebtedness to be incurred shall not cause the Debt Service Coverage Ratio with respect to all Bonds then Outstanding, including the Additional Parity Indebtedness to be incurred, but excluding any Bonds to be refinanced by such Additional Parity Indebtedness to fall below 120% for either of the two immediately preceding fiscal years of the Port, based on the audited financial statements of the Port for such two preceding fiscal years; or (2) delivers a certificate of a certified public accountant concluding that the Debt Service Coverage Ratio of all Bonds then Outstanding, including the Additional Parity Indebtedness to be incurred, but excluding any Bonds to be refinanced by such Additional Parity Indebtedness, will not be less than 125% for the three preceding consecutive years based on the projected Lease Revenues of the Mortgaged Property after any new facilities to be financed by such Additional Parity Indebtedness are placed in service.

By purchasing the Series 2019 Bonds, the Owners of the Series 2019 Bonds are deemed to have consented to certain amendments the Original Declaration, including amendments permitting the Port to issue Additional Parity Indebtedness to refund Outstanding Bonds without complying with (i) through (iii) above, if the refunded Bonds are defeased on the date of delivery of the refunding Additional Parity Indebtedness and if the Annual Debt Service on the refunding Additional Parity Indebtedness does not exceed the Annual Debt Service on the refunded Bonds in any Fiscal Year by more than \$5,000. See "SECURITY AND PAYMENT OF THE SERIES 2019 BONDS – OWNERS OF SERIES 2019 BONDS DEEMED TO CONSENT TO AMENDMENTS TO ORIGINAL DECLARATION" herein.

SUBORDINATE OBLIGATIONS

Under the Master Declaration, the Port may issue Subordinate Obligations with a lien on the Lease Revenues which is subordinate to the lien of the Bonds to provide funds for any purpose authorized by law, provided no default has occurred and is continuing.

GENERAL COVENANTS

A complete description of the Master Declaration covenants is provided in "APPENDIX B – Form of Amended and Restated Master Lease Revenue Bond Declaration." Select covenants for the benefit of the Owners of the Bonds follow:

The Port shall, to the extent the Lease Revenues are sufficient, promptly cause the principal and interest on the Bonds to be paid as they become due.

The Port shall maintain complete books and records relating to the operation of the Mortgaged Property, and all Port funds and accounts in accordance with generally accepted accounting principles, and will cause such books and records to be audited annually at the end of each Fiscal Year, and an audit report prepared by the Auditor and made available for the inspection of Owners.

The Port shall not issue bonds or other obligations having a claim superior to the claim of the Bonds upon the Lease Revenues.

The Port shall promptly deposit into all funds and accounts all sums required to be so deposited and all such funds and accounts shall be invested in Permitted Investments.

The Port shall cause all portions of the Mortgaged Property to be operated at all times in a safe, sound, efficient and economic manner in compliance with all health, safety, environmental laws, regulatory body rules, regulatory body orders and court orders applicable to the Port's ownership of the Mortgaged Property.

The Port shall cause the Mortgaged Property that contribute materially to the Lease Revenues to be maintained, preserved, reconstructed, expanded and kept, with all appurtenances and every part and parcel thereof, in good working order and condition, and shall from time to time to be made, without undue deferral, all necessary and proper repairs, replacements and renewals so that at all times the operation of the Mortgaged Property shall be properly and advantageously conducted.

The Port shall cause to be maintained with responsible insurers all such insurance on the Mortgaged Property as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to such works or properties. The Port shall maintain rental interruption insurance on the Mortgaged Property to protect against abatement in an amount equal to at least two years of Lease Revenues. The money collected from insurance against accident to or destruction of the physical Mortgaged Property will be used for repairing or rebuilding the damaged or destroyed Mortgaged Property, or applied to the payment or redemption of the Bonds at the written direction of the Port, and for such purpose paid into the Revenue Bond Account in, either case, as allowed by the Lease and Deed of Trust. Any such insurance must be in the form of policies or contracts for insurance with insurers of good standing and shall be payable to the Port, or in the form of self-insurance by the Port. The Port shall establish such fund or funds or reserves as are necessary to provide for its share of any such self-insurance.

Except as set forth in the Lease and the Deed of Trust, the Port will not, nor will it permit others to, sell, mortgage, lease or otherwise dispose of or encumber all or any portion of the Mortgaged Property unless the Port pays all Bonds or defeases them pursuant to the Master Declaration.

The Port covenants that, to the extent that it has discretion under the terms of the Lease or as part of its inherent contracting authority to adjust the rental rate for the Lease, the Port will not consent to any reduction in rent that impairs its capacity to make debt service payments to the Owners from Lease Revenues; provided nothing in the Master Declaration shall be construed to require payment by the Port except from Lease Revenues.

EVENTS OF DEFAULT AND REMEDIES UNDER THE MASTER DECLARATION

The following shall constitute Events of Default under the Master Declaration:

- (A) Failure to pay Bond principal or interest when due; or
- (B) Failure to perform any other obligation of the Port imposed by the Master Declaration or the Bonds, but only if:
 - (1) The failure continues for a period of more than sixty (60) days after demand has been made on the Port by the Bondowners or Trustee to remedy the failure; and
 - (2) The Port fails to take reasonable steps to remedy the failure within that sixty-day period; or
- (C) The occurrence of an event of default as defined in the Deed of Trust; or
- (D) Imposition of a receivership upon, or liquidation of, the Lease Revenue Fund; or,
- (E) Written admission by the Port that the Port is unable to pay its debts as they become due.

Whenever any Event of Default under the Master Declaration exists, the Bond Trustee (if a Bond Trustee has been appointed pursuant to the Master Declaration), or the Owners representing 51 percent or more of Outstanding Bonds (if no Trustee has been appointed pursuant to the Master Declaration), may, without any further demand or notice, exercise any remedy available at law or in equity including under the Deed of Trust. HOWEVER, THE BONDS SHALL NOT BE SUBJECT TO ACCELERATION.

BOND TRUSTEE

A trustee will be required under the Master Declaration only if an Event of Default has occurred and is continuing and Owners representing 51 percent or more of the Outstanding principal amount of Bonds notify the Paying Agent and the Port in writing that the Paying Agent is required to begin serving as Trustee.

OWNERS OF SERIES 2019 BONDS DEEMED TO CONSENT TO AMENDMENTS TO ORIGINAL DECLARATION

As outlined in Section 1 of the form of Master Declaration attached as Appendix B hereto, by purchasing the Series 2019 Bonds, the Owners of the Series 2019 Bonds are deemed to have consented to the amendments described therein.

THE LEASE

The following is limited, select information about the Lease. For more Lease information see “APPENDIX C – Summary of Certain Lease Provisions,” attached hereto. The Port and the Government have entered into a 20 year term lease that began on May 1, 2011 through April 30, 2031.

Under the Lease, the Port shall furnish and lease to the Government premises to be used for a Marine Operations Center and other Government uses, including:

1. A total of 37,491 ANSI/BOMA Office Area square feet (“USF”) (28,205 USF of base requirement and 9,286 USF of additional warehouse requirement) of space (equal to 40,852 rentable square feet (“RSF”) consisting of 17,100 RSF of office space, 14,002 RSF of warehouse and related space, and 9,750 RSF additional warehouse space.
2. A total of 30,000 square-feet (“SF”) of paved equipment laydown and outdoor storage area located in accordance with the attached site plan.
3. Two (2) 35 foot wide piers serving a single wharf that is 35 feet (equal to 33 useable feet) wide and 1,300 feet long.
4. A small boat dock that is ten (10) feet wide by 225 feet long and constructed with concrete floats.
5. A minimum of one hundred and eighty-three (183) on-site parking spaces, at least one hundred (100) of which will be secured and lit in accordance with Solicitation for Offer 09WSA0200C.
6. All other space, service and supply requirements outlined in the Program of Requirements and Solicitation for Offers 09WSA0200C dated November 24, 2008, including but not limited to the hazardous material storage building, contractors shed, guard station, and the totem pole structure.

The Government has agreed to pay to the Port annual rent of \$2,533,439.48 at the rate of \$211,119.96 per month in arrears which includes a base rate for Operating Expenses to be adjusted annually for cost inflation or deflation, computed as set forth in the Lease. The rent does not include interior utilities and interior janitorial services which are paid by the Government as specified in the Lease. Real estate taxes, Insurance, and Department of State Lands (DSL) Land Lease costs are included in the annual rent and will be adjusted and paid annually on the anniversary date of the Lease in accordance with the Lease. The current rent under the Lease \$_____.

The rent includes a tenant improvement allowance of \$3,243,575.00 which will be amortized over the term of the lease at 6.5%. The Government may return any unused portion of the tenant improvement allowance in exchange for a decrease in rent. If the Government anticipates spending more than its allotted allowance, the Government, at its sole discretion, has the right to borrow an additional \$20.00 per BOASF which shall be amortized over the term of the lease at 6.5%.

The Government makes lease payments to the Port by electronic funds transfer. The use of Lease Revenues by the Port is set forth in the Master Declaration.

TABLE OF PROJECTED LEASE REVENUES, DEBT SERVICE AND LEASE REVENUES AVAILABLE FOR OPERATION AND MAINTENANCE*

Fiscal Year	Projected Lease Revenues	Projected Debt Service on the Series 2019 Bonds	Effect of Debt Service Reserve Fund	Excess Lease Revenues Over Debt Service ⁽¹⁾	Debt Service Coverage	Debt Service Coverage Plus Previous Years Excess Lease Revenues	Cumulative Excess Lease Revenues for Operation and Maintenance and Other Port Uses ⁽¹⁾
2020-21	\$2,533,440	\$1,744,458.13	-	\$788,981.39	1.45		\$ 788,981.39
2021-22	2,533,440	1,742,198.00	-	791,241.52	1.45	1.91	1,580,222.91
2022-23	2,533,440	1,741,239.50	-	792,200.02	1.45	1.91	2,372,422.93
2023-24	2,533,440	1,744,250.50	-	789,189.02	1.45	1.91	3,161,611.95
2024-25	2,533,440	1,740,970.50	-	792,469.02	1.46	1.91	3,954,080.97
2025-26	2,533,440	1,740,760.50	-	792,679.02	1.46	1.91	4,746,759.99
2026-27	2,533,440	1,743,459.50	-	789,980.02	1.45	1.91	5,536,740.01
2027-28	2,533,440	1,743,295.50	-	790,144.02	1.45	1.91	6,326,884.03
2028-29	2,533,440	1,745,323.00	-	788,116.52	1.45	1.90	7,115,000.55
2029-30	2,533,440	1,744,789.50	-	788,650.02	1.45	1.90	7,903,650.57
2030-31	2,533,440	1,741,615.00	-	791,824.52	1.45	1.91	8,695,475.09
2031-32	2,533,440	1,805,719.50	(\$1,805,719.50)	2,533,439.52	-	-	11,228,914.61

*Preliminary, subject to change.

⁽¹⁾Does not take into account projected operations and maintenance expenses required to be made by the Port under the Lease. May not foot due to rounding.

THE 2010 PROJECT

In 2009, the Port was the successful bidder in NOAA’s (National Oceanic and Atmospheric Administration) solicitation for the construction of its Pacific fleet’s Marine Operations Center and homeport (“MOC-P”). The MOC-P construction was completed in 2011 and consists of the Marine Operations Center – Pacific office space, pier, warehouse, parking and related facilities, all as required by the Lease. The MOC-P occupies approximately 5.5 acres near NOAA’s existing Fisheries Building and the Oregon State University (“OSU”) Hatfield Marine Science Center, located on South Beach at the southern portion of Yaquina Bay in Newport. As of November 12, 2019, there are 54 federal employees stationed at the center and the facility has capacity for 87. In 2015, the U.S. Commerce Department moved the entire national marine operations command from Maryland to Newport.

The proceeds from the Series 2010 Bonds in an approximate amount of \$19,244,000 were a partial source of funding for construction of the 2010 Project. The remaining portion for the 2010 Project was funded by a grant from the State of Oregon, acting by and through its Department of Administrative Services, in the amount of \$19,500,000.

The MOC-P is comprised of the following buildings, open spaces and related improvements:

- Pier to accommodate up to 6 ocean-going NOAA research ships;
- Small boat dock to accommodate smaller boats;
- 2 story administrative office building approximately 18,500 sq. ft, providing space for reception, general office, lab, health center, lockers/showers/exercise rooms and related spaces;
- Security building approximately 144 sq. ft;
- Hazardous materials (hazmat) building approximately 300 sq. ft;
- Single story warehouse approximately 25,500 sq. ft., providing space for maintenance, wood and machine shops, boat shed and contractor area;

- Open parking with sheltered access to the administration offices for guests, secured parking for staff (Combined parking approximately 183 vehicles);
- Open lay down and staging spaces between the office and warehouse for equipment and supplies;
- Warehouse loading/unloading area for long-haul delivery trucks;
- Open dockside areas for equipment staging & loading the ships; and
- Site access roads and walkways.

MOC-P is LEED® Silver rating sustainable design standards.



Aerial view of MOC-P, Newport, Oregon.

THE GOVERNMENT AND THE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

The United States Department of Commerce is a cabinet level department of the United States Government. The historic mission of the United States Department of Commerce is “to foster, promote, and develop the foreign and domestic commerce” of the United States. This has evolved, as a result of legislative and administrative additions, to encompass broadly the responsibility to foster, serve, and promote the Nation's economic development and technological advancement.

The National Oceanic and Atmospheric Administration (NOAA), an agency in the Department of Commerce, is the principal federal agency responsible for monitoring, describing, and predicting changes in the Earth's environment through its atmospheric and oceanic programs, protecting lives and property by issuing weather and climate warnings and forecasts, and conserving and managing the Nation's coastal and marine resources to ensure sustainable economic opportunities.

NOAA's comprehensive system for acquiring observations – from satellites to ships to radars – provides the quality data and information critical for the safe conduct of daily life and the basic functioning of a modern economy. This national infrastructure, supports essential products like nautical charts, fisheries statistics, daily weather warnings and forecasts, longer-term climate outlooks, ice forecasts in the polar region, and oil spill response information. NOAA plays a key role in a department whose structure encourages the integration of economics, environmental stewardship, technology, and information.

Although NOAA was formed in 1970, the agencies that came together at that time are among the oldest in the Federal Government. The agencies included the United States Coast and Geodetic Survey formed in 1807, the Weather Bureau formed in 1870, and the Bureau of Commercial Fisheries formed in 1871. Individually these organizations were

America's first physical science agency, America's first agency dedicated specifically to the atmospheric sciences, and America's first conservation agency. Much of America's scientific heritage resides in these agencies. They brought their cultures of scientific accuracy and precision, stewardship of resources, and protection of life and property to the newly formed agency.

The Office of Marine and Aviation Operations (OMAO) is a significant operational arm of NOAA. OMAO develops plans and administers the use, operation, maintenance, and upgrade of NOAA ships and aircraft used by to accomplish the agency's mission goals, including data acquisition. OMAO includes the Marine Operations Center-Atlantic (Norfolk, VA), Marine Operations Center-Pacific (currently Seattle, WA), and the Aircraft Operations Center (on MacDill Air Force Base, Tampa, FL). OMAO's operations are supported by a combination of personnel systems including: general schedule civilians, wage mariners, and officers of the NOAA Commissioned Corps, one of the Nation's seven uniformed services.

The NOAA Marine Operations Center-Pacific (MOC-P) serves as a homeport for two NOAA ships and provides administrative, engineering, maintenance, and logistical support to NOAA's Pacific fleet. The Newport facility also houses the Marine Operations directorate, which oversees the Pacific, Pacific-Islands, and Atlantic marine centers and all NOAA ship operations.

Under the terms of the Lease, NOAA will pay the Port an annual rent of \$2,533,439.48 at a rate of \$211,119.96 per month, in arrears. The Lease has a twenty year term, and contains no cancellation or termination provisions that are not Lessor-performance related. Operating expenses under the Lease will be adjusted annually on the anniversary date of the Lease. Similarly, real estate taxes, insurance and Department of State Lands lease costs will be adjusted and paid annually on the anniversary date of the Lease.

NOAA receives appropriations through an annual budget process for the Department of Commerce. When DOC receives its appropriation, it releases funds to NOAA in accordance with the appropriations law enacted. NOAA receives appropriations in its Operation, Research and Facilities (ORF) account, its procurement, acquisition and construction (PAC) account, and four other accounts. Rental payments for the Lease are made from the ORF account through which NOAA receives funds for OMAO's continuing marine operations, maintenance, and marine services.

Unlike NOAA's PAC account under which major asset acquisitions are funded, DOC is not involved in directing or redirecting the Lease funds. DOC may request a funds transfer of a certain percentage of funds appropriated, and such a transfer must be approved by the appropriators through a reprogramming request to the Congressional appropriators.

Generally, a continuing resolution (CR) provides budget authority for agencies to continue operations until the regular appropriations acts are passed. Typically, agencies spend as if they were operating under the previous appropriation.

The effect of a Government shutdown on the Lease Revenues is unknown and depends on numerous factors including whether administrative officials are allowed to work and process the payments. However, late payments are subject to the Prompt Payment Act, 31 U.S.C. 3901 et seq. which applies to any obligation that NOAA is required to pay. If NOAA were delayed in making a payment under the Lease, the Port expects it would eventually receive the funds with interest at rates set by the U.S. Treasury under the Prompt Payment Act.

The Office of Financial Management of the Department of Commerce posts Performance and Accountability Reports and financial statements on its website at http://www.osec.doc.gov/ofm/OFM_Publications.html, which is incorporated by reference herein. SUCH INCORPORATED INFORMATION IS NOT UNDER CONTROL OF THE PORT AND THE PORT DISCLAIMS ANY LIABILITY OR RESPONSIBILITY FOR THE ACCURACY OF THE ELECTRONIC ADDRESS ABOVE OR THE ACCURACY OR COMPLETENESS OF THE CONTENT CONTAINED IN SUCH INCORPORATED INFORMATION OR THE ACCURACY OR COMPLETENESS OF ANY OTHER INFORMATION ON NOAA, OMAO, MOC-P ORF OR PAC.

BONDHOLDER RISKS

GENERAL

The purchase and ownership of the Series 2019 Bonds involve certain investment risks that are discussed throughout this Official Statement. Each prospective purchaser of the Series 2019 Bonds (or a beneficial ownership interest therein) should make an independent evaluation of the information presented in this Official Statement.

Certain factors that could affect the Series 2019 Bonds and the future financial condition of the 2010 Project, the Port and the Government are described in this Official Statement. A purchase of the Series 2019 Bonds includes many risk factors and the list of risk factors contained in this Official Statement is not intended to be comprehensive.

LIMITED REVENUE OBLIGATIONS

The Series 2019 Bonds are special limited obligations of the Port payable solely from all fees, rentals and other charges obtained by the Port from the Mortgaged Property (as defined in the Master Declaration), including the Lease (the "Lease Revenues"), the Revenue Bond Reserve Account and enforcement of any remedies under the Deed of Trust executed by the Port for the benefit of the Owners, securing payment of all amounts payable by the Port under the Series 2019 Bonds and the Master Declaration. **THE SERIES 2019 BONDS ARE NOT GENERAL OBLIGATIONS OF THE PORT OR THE STATE OF OREGON OR OF ANY POLITICAL SUBDIVISION OF THE STATE OF OREGON. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE PORT ARE PLEDGED TO THE PAYMENT OF THE SERIES 2019 BONDS.**

RISKS RELATED TO THE GOVERNMENT AND THE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

Source of Payment for the Bonds. The Series 2019 Bonds are special limited obligations of the Port payable solely from all fees, rentals and other charges obtained by the Port from the Mortgaged Property (as defined in the Master Declaration), including the Lease (the "Lease Revenues"), the Revenue Bond Reserve Account and enforcement of any remedies under the Deed of Trust executed by the Port for the benefit of the Owners, securing payment of all amounts payable by the Port under the Series 2019 Bonds and the Master Declaration.

Failure by the Government to make the Lease payments will adversely affect the ability of the Port to pay the principal of and interest on the Series 2019 Bonds as they become due.

Generally, a continuing resolution (CR) provides budget authority for agencies to continue operations until the regular appropriations acts are passed. Typically, agencies spend as if they were operating under the previous appropriation. Congress did not complete action on appropriations before the end of the fiscal year on Sept. 30, 2019. The House and Senate passed, and President Trump signed on September 27, 2019, a continuing resolution that funds the government through November 21, 2019. Negotiations continue on full appropriations for the rest of FY 2020, including the Commerce, Justice, Science, and Related Agencies Appropriations Act, 2020. The Port cannot predict how the appropriations process may affect the availability of Lease Revenues.

The effect of a Government shutdown on the Lease Revenues is unknown and depends on numerous factors including whether administrative officials are allowed to work and process the payments. However, late payments are subject to the Prompt Payment Act, 31 U.S.C. 3901 et seq. which applies to any obligation that NOAA is required to pay. If NOAA were delayed in making a payment under the Lease, the Port expects it would eventually receive the funds with interest at rates set by the U.S. Treasury under the Prompt Payment Act.

General. See "THE GOVERNMENT AND THE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION," and "BONDHOLDER RISKS – Risks Related to the Lease" herein.

REVENUE BOND RESERVE ACCOUNT

The amount on deposit in the Revenue Bond Reserve Account on the date of issuance of the Series 2019 Bonds will be equal to \$_____* (the “Required Reserve”). There is no assurance that the amounts on deposit in the Revenue Bond Reserve Fund for the Series 2019 Bonds will always be available if needed for payment on the Series 2019 Bonds in the full amount of the Required Reserve because the market value of the securities deposited therein may fluctuate or the Port may not be able to repay amounts, if any, transferred from that fund to the Revenue Bond Fund to pay principal and interest on the Series 2019 Bonds or to replenish that fund to the extent that, upon a valuation of the fund, it is determined that amounts on deposit are not equal to the Required Reserve.

The Required Reserve for the Series 2019 Bonds is less than the Required Reserve for the Refunded Bonds. Excess amounts in the Reserve Account will be used to fund a portion of the Escrow Account. See “THE SERIES 2019 BONDS – REFUNDING PLAN” herein.

*Amount will be provided in the Final Official Statement.

SECONDARY MARKET

Although the Underwriter intends, but is not obligated, to make a market for the Series 2019 Bonds, there can be no assurance that there will be a secondary market for the Series 2019 Bonds, and the absence of such a market for the Series 2019 Bonds could result in investors not being able to resell the Series 2019 Bonds should they need or wish to do so.

RISK OF EARLY REDEMPTION

The Series 2019 Bonds are subject to redemption prior to the stated maturity of the principal thereof, a price equal to the principal amount thereof, without premium, plus interest accrued, if any, to the redemption date, in the case of entire or partial destruction of the Mortgaged Property. An event of accident to or destruction of the physical Mortgaged Property may cause the Series 2019 Bonds to be redeemed from the proceeds of an insurance claim payment, to the extent those proceeds are not used to repair or rebuild the damaged or destroyed Mortgaged Property. See “THE SERIES 2019 BONDS – Special Optional Redemption” and “APPENDIX B – Form of Amended and Restated Master Lease Revenue Bond Declaration” herein.

THE MASTER DECLARATION

For information about the Master Declaration see “APPENDIX B – Form of Amended and Restated Master Lease Revenue Bond Declaration” herein. The Port may make certain amendments to the Master Declaration without the consent of the Owners of the Series 2019 Bonds. In addition certain amendments may be made by the Port if approved by Owners of not less than 51% in aggregate principal amount of the Bonds Outstanding. Such amendments may adversely affect the security of the Owners of the Series 2019 Bonds. By purchasing the Series 2019 Bonds the Owners of the Series 2019 Bonds are consenting to certain amendments to the Original Declaration. See “SECURITY AND PAYMENT OF THE SERIES 2019 BONDS – OWNERS OF THE 2019 BONDS DEEMED TO CONSENT TO AMENDMENTS TO ORIGINAL DECLARATION” herein.

A Trustee shall be required under the Master Declaration only if an Event of Default has occurred and is continuing and Owners representing 51 percent or more of the Outstanding principal amount of the Bonds notify the Paying Agent and the Port in writing that the Paying Agent is required to begin serving as Trustee. See “APPENDIX B – Form of Amended and Restated Master Lease Revenue Bond Declaration” herein.

RISKS RELATED TO THE LEASE

Amendments to the Lease. The Port and the Government may make certain amendments to the Lease without the consent of the Owners of the Series 2019 Bonds. Amendments or supplements may adversely affect the security of the Owners of the Series 2019 Bonds.

Damage or Destruction. Under the Lease, if the entire 2010 Project is destroyed by fire or other casualty, the Lease immediately terminates. In the case of partial destruction or damage, the Government may terminate the Lease by giving written notice to the Port within 15 calendar days of the fire or other casualty. If the Lease terminates or is terminated, no Lease Revenues will accrue to the Port. If the Lease is not terminated in the case of partial destruction or damage, Lease Revenues will be reduced proportionately by a supplemental agreement.

Lease Revenues. As more fully described under “BONDHOLDER RISKS – RISKS RELATED TO THE GOVERNMENT AND THE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION” and “THE GOVERNMENT AND THE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION” herein.

FACILITIES RISKS

The operation of the 2010 Project is subject to the normal risk associated with facilities of a similar kind. These risks include, but are not limited to the destruction of or damage of the 2010 Project due to forces beyond the control of the Port or the Government, insufficient insurance proceeds collected upon destruction of or damage to the 2010 Project, and inability of the Port to obtain Lease Revenues due to destruction of or damage of the 2010 Project. Without limitation, payment of interest on and principal of the Series 2019 Bonds is dependent upon the ability of the Government to pay the Lease Revenues. No assurance can be given that there will not be events in the future that negatively affect the utility of the 2010 Project or that if the Government defaults under the Lease, the Port will be able to find a qualified user willing to pay rent or charges equal to the Lease Revenues.

AVAILABILITY OF REMEDIES

The practical realization of any rights of the Owners upon any default will depend on the exercise of various remedies specified in the Lease, the Deed of Trust and the Master Declaration. These remedies, in certain respects, may require judicial action, which is often subject to discretion and delay. Under existing law, certain of the remedies specified in the Lease, the Deed of Trust, and the Master Declaration may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in these documents. There is no assurance that in the event of default the trustee will be able to obtain possession of the 2010 Project and there is no assurance that it will be able to generate revenue that will be sufficient to pay principal of and interest on the Series 2019 Bonds when due. The uninterrupted payment of the principal and interest on the Series 2019 Bonds in accordance with their terms is dependent upon payments received from the Government under the Lease.

NO CREDIT ENHANCEMENT

There is no credit enhancement facility securing the Series 2019 Bonds, nor is there any provision for a credit enhancement facility to be provided to secure any of the Series 2019 Bonds. The Port has not obtained a letter of credit or municipal bond insurance policy to secure payment of debt service on the Series 2019 Bonds.

VALUE OF PROPERTY

Security for the Series 2019 Bonds includes the Deed of Trust in favor of the Owners. Attempts for foreclose under the Deed of Trust may result in protracted litigation and/or bankruptcy proceedings which could cause delays. Thus, there can be no assurance that upon the occurrence of an Event of Default, the Trustee will be able to obtain possession of the 2010 Project and generate revenue in a timely fashion. Because of the special nature, location, restrictions and other factors relating to the 2010 Project, there can be no assurance that revenues derived from use of the 2010 Project upon default and foreclosure of the Deed of Trust would be sufficient to pay the principal of and interest on the Series 2019 Bonds. Furthermore, the Deed of Trust contains Permitted Encumbrances, to be described therein, and expected to consist of the title insurance exceptions listed below under “Title Risk.”

TITLE RISK

Western Title & Escrow Company, Newport, Oregon, an agent of Lawyers Title Insurance Corporation, issued a \$24,500,000 ALTA Extended Lender’s Policy title insurance in connection with the Mortgaged Property. The Policy lists certain exceptions from coverage including: (1) Any encroachment (of existing improvements located on the subject land onto adjoining land or of existing improvements located on adjoining land onto the subject land), encumbrance,

violation, variation or adverse circumstance affecting the title that would be disclosed by an accurate and complete land survey of the subject land; (2) Any lien, or right to lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records; (3) 2009-2010 Taxes; (4) 2010-2011 taxes a lien in an amount to be determined, but not yet payable; (5) Subject property is either situated within the urban renewal boundaries or within the shared area of the City of Newport and is subject to the terms and provisions thereof; (6) Any adverse claim based upon the assertion that some portion of said lands is tide, submerged or submersible lands, or has been created by artificial means or has accreted to such portion so created; (7) Rights of the public and of the State of Oregon in the ocean shore and dry sand area defined as lying between the mean high tide and visible line of vegetation or as defined by ORS 390.605-770; (8) The rights of the public in and to that portion of the herein described property lying within the limits of roads and highways; (9) Covenant dated August 7, 1973, and recorded in Book 43, page 1738 of the Lincoln County Records; (10) The interest of the State of Oregon, owner of the underlying fee, and all rights which the State of Oregon may have or claim in and to that portion of the premises lying Northerly of the 1912 Tidelands Survey mean high tide line; (11) Easement recorded in Document 200308617 of Lincoln County Records for Submerged Land Fiber Optic Communication Cable and 2 Unused Innerducts; (12) Unrecorded easements for access to leased areas as disclosed by the Lincoln County Assessor's Office; (13) Unrecorded lease, dated August 7, 2009, Lessor Port of Newport, Lessee National Oceanic and Atmospheric Administration. In addition, the title is subject to the following which is subordinate to the lien or charged of the insured mortgage: Financing Statement document no. 201007116 recorded in Lincoln County Records on July 14, 2010, from Port of Newport to U.S. Bank Trust Company, National Association.

ENVIRONMENTAL MATTERS

Natural Forces. Natural forces can affect the 2010 Project and the Port. The Port and the 2010 Project are located in the Pacific Northwest, a region subject to periodic significant earthquakes. Such an earthquake and/or tsunami could cause extensive damage to structures and infrastructure along the Pacific coast, including the 2010 Project, and could disrupt transportation, communications, water and sewer systems, power and gas delivery and fuel supplies along the Pacific coast and within the Port. The Port cannot predict how such seismic activity could impact its revenue sources, including Lease Revenues. Other natural or man-made disasters, such as flood, fire, toxic dumping, acts of terrorism or climate change, could also adversely affect the Port's revenues, including Lease Revenues.

Phase I Environmental Assessment. A Phase I Environmental Assessment of the Mortgaged Property was obtained, dated January 23, 2009, and prepared by Fernwood Environmental Services. Based upon the investigation performed, no recognized environmental conditions were identified for the subject property with respect to the range of contaminants identified within the scope of the Comprehensive Environmental Response, Compensation and Liability Act (CERLA), including petroleum products, under the definition contained in the report. The Assessment concluded that no further action regarding environmental conditions for this property is needed for the purposes of the appropriate inquiry. A Phase II Environmental Assessment was not recommended.

MAINTENANCE RISK AND RISK RELATED TO THE PORT

The operation of the 2010 Project is subject to normal risks associated with projects of a similar kind, including, but not limited to the destruction or damage of the 2010 Project due to forces beyond the control of the Port and the Government, and insufficient insurance proceeds collected upon destruction of or damage to the 2010 Project. The 2010 Project is located adjacent to the open ocean; corrosion and water intrusion in buildings this close to the open ocean with high winds and heavy rainfall can lead to high maintenance costs and possible water intrusion. Pier utilities may be susceptible to damage due to storm surge or high tides.

The Port has experience managing lease properties as set forth under "The Port" herein. There is no assurance that the Port's management of the 2010 Project will not adversely affect the security of the Owners of the Series 2019 Bonds. The Port is obligated under the Lease to maintain and repair the 2010 Project regardless of the costs of such maintenance and repairs.

Market Demand Risk. No assurance can be given that if the Port or Government default under the Lease, the Port will be able to find a tenant willing to pay rent or charges equal to the Lease Revenues.

Insurance. The Port maintains hazard and liability coverage on the buildings and piers. The tenant is responsible for contents coverage, as well as any liability arising from their occupancy of the facility. There can be no assurance that any insurance proceeds, if available, will be sufficient to repair the 2010 Project if damaged or destroyed, or to redeem the Series 2019 Bonds. [Port to confirm.]

Cybersecurity. The Port, like other public and private entities, relies on a large and complex technology environment to conduct its operations, and consequently faces the threat of cybersecurity incidents. Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Port’s information technology systems to misappropriate assets or information or to cause operational disruption and damage.

PORT OF NEWPORT

GENERAL

Incorporated in 1910, the Port of Newport (the “Port”) is a political subdivision of the State formed under ORS Chapter 777. The Port serves an area of approximately 59 square miles. With the Pacific Ocean to the west, the boundaries of the Port reach south to Seal Rock, north to Otter Rock and east up to six miles. The estimated population within the Port is 10,800 people. Commercial and sport fishing, fish processing, shipping, tourism recreation, and lumber and wood processing are the major industries in the Port.

Based in Yaquina Bay, the Port was constructed as a deep-water port to provide shipping services to local, regional and international vessels and to service one of the largest commercial fishing fleets on the Oregon coast.

BOARD OF COMMISSIONERS

<u>Name</u>	<u>Title</u>	<u>Occupation</u>	<u>Term Expires</u>
Sara Skamser	President	Fishing Net Business Owner	6/30/2021
Jim Burke	Vice President	Marine Biologist	6/30/2023
Walter Chuck	Secretary	Water Utility Operator	6/30/2023
Jeff Lackey	Commissioner	Mechanical Engineer	6/30/2021
Gil Sylvia	Commissioner	Retired University Executive	6/30/2021

Source: the Port

ADMINISTRATION

The Port employs a manager, who is responsible for all management and administrative functions. The manager has a staff of 24 full-time equivalent employees to assist in administrative and facility maintenance activities. The Port does not currently have any bargaining agreements.

KEY ADMINISTRATIVE OFFICIALS

Ms. Paula Miranda, General Manager. Prior to joining the Port of Newport in May of 2019, Ms. Miranda spent 12 years as the deputy executive director and real estate and business development manager for what was formerly known as the Port of St. Helens and rebranded as the Port of Columbia County in 2018. During her tenure, she worked as interim director on two occasions. Before the Port of Columbia County, Ms. Miranda spent five years working at the Port of Portland in the areas of contract administration, property management, and tenant negotiation while providing support in many other areas of port development work. Through the course of her career, she has spent 25 years in the real estate field, with 17 of those in the port industry.

Aaron Bretz, Director of Operations. Mr. Bretz joined the Port of Newport in [redacted], after retiring from the U.S. Coast Guard with 21 years of service. His service included capital projects, search-and-rescue team leading and training, and streamlining of operating procedures. In addition to his experience in the maritime sector, he holds a B.S. in Applied Management from Ohio University.

Mark A. Brown, Director of Finance and Business Services. Prior to joining the Port of Newport in August of 2019, Mr. Brown spent 3 years as the Financial Services Manager for the Oregon Department of Environmental Quality. As the Financial

Services Manager his responsibilities included accounting, budget, procurement (contracts), travel, bonds, federal grant management, cash management, and payroll. Prior to DEQ, Mr. Brown worked at the Oregon Health Authority and the University of Oregon where his responsibilities included budget, contract administration, providing management and executives with the analysis and information they need to make major operational, financial, and strategic decisions. Mr. Brown also has over 15 years in the private sector, in operational, sales, and administrative roles.

PORT FACILITIES AND OPERATIONS

The Port's primary business centers are the international shipping terminal, the commercial fishing marina, and the recreational marina and vehicle parks, with leased property at all three of those locations.

The International Terminal facilities include 17 acres with over 1,000 feet of waterfront, 605-foot shipping berth, roll-on/roll-off concrete pad, 265-foot wooden barge berth, nine-acre log yard and covered storage. The site also includes both land and building leases. Trident Seafoods leases land for their fish meal plant as well as storage space in a Port owned building. A couple of fishing businesses have built gear storage facilities on Port owned land. Foulweather Trawl leases building space from the Port for their net building and repair business. J. Lamb Marine Electric and Northern Refrigeration, both offering support services to the fishing fleet, lease shop space from the Port. There is still 20 acres of vacant industrial land with utilities available for development and 30 acres of bulk cargo storage available adjacent to the terminal. In an effort to revitalize its international pier and generate additional income, the Port decided to renovate and enhance its facility to better accommodate the local fishing fleet as well as deep draft vessels including ocean-going cargo and cruise vessels. The initial phase includes removal of site contaminants, environmental remediation, capital construction and improvements.

The facilities at the Bay Boulevard commercial harbor include 1,400 feet of waterfront property, a 300 foot fixed hoist dock with four hoists, 200 feet of floating docks for dockside vessel repair, moorage for approximately 200 commercial fishing vessels, and operations/maintenance and administration buildings. Upland property includes approximately two acres dedicated to crab gear storage and another three acres slated for water-dependent/water-related development. At the commercial harbor, the Port leases land to Englund Marine Supply, Yaquina Bay Yacht Club and the fuel concession. Bayfront properties include Captains Charters and Pacific Seafood. US Customs leases office space from the Port.

In South Beach, the Port's holdings include approximately 50 acres leased to the OSU Hatfield Marine Science Center and 40 acres to the Oregon Coast Aquarium. The OSU Hatfield Marine Science Center has sub-leased space to state and federal agencies such as NOAA (National Oceanic and Atmospheric Administration), the Environmental Protection Agency, US Fish and Wildlife and Oregon Department of Fish and Wildlife. See "PORT OF NEWPORT – OTHER DEVELOPMENT IN AND AROUND THE PORT" herein. The Oregon Coast Aquarium recently announced a fundraising campaign for an \$18 million renovation, which would remodel existing facilities and add a marine rehabilitation center, as well as an outdoor play area.

Facilities at the 55-acre Port of Newport Marina & RV Park include: 522 moorage slips including a facility designed to accommodate up to five large transient vessels; a new four-lane launch ramp and new parking facility; a public fishing pier; 144 full hook-up RV spaces, including 92 spaces in a newly rebuilt modern park with 50 AMP service and 52 with 30 AMP service; and a dry camp with no services. Marina leases include Oregon Brewing Company's brewery and their Brewer's on the Bay restaurant housed in a 24,000 square foot building in addition to office and shipping space and a distillery; a full-service fuel dock; Newport Marina Store & Charters; and the Newport Belle Bed and Breakfast.

The Port of Newport has a history of managing leased properties. In the past eight years lease revenue has seen a 14% increase through several means. The Port has found businesses to build on Port owned property, has constructed buildings for lessees, has leased out unused facilities and encouraged leaseholder improvements.

Current leases generate over \$3.1 million per year or nearly 74% of the Port's operating revenue. These include businesses that provide services to the commercial fishing fleet and recreational boaters; a convenience store; two fishing charter operations; a brewery/distillery/restaurant; a yacht club; and a floating bed & breakfast operation.

In July 2019, the Port completed an update to its Strategic Business Plan and Capital Facilities Plan. [update to follow.]

OTHER DEVELOPMENT IN AND AROUND THE PORT

South Beach Urban Renewal. The City of Newport has adopted an Urban Renewal Plan for the South Beach area. Projects are scheduled in a three phase plan over the next 10 years and include on-going street improvements, addition of sidewalks as well as pedestrian and bicycle paths, burying existing and expanded utilities and development of neighborhood parks and green space. Phase One scheduled from 2009 – 2012 includes new sidewalks extending to the area of the NOAA MOC-P site. Future phases will see development of more community facilities and affordable housing, a Gateway to South Beach, street trees and furniture with extensive landscaping, and storefront façade development.

Wilder Development. The Wilder Development broke ground in Spring of 2010. The Wilder Development is a several hundred acre, approx 1300 homes, mixed density housing project, with approximately seven acres of commercial area next to the new Oregon Coast Community College campus. The Wilder Development is environmentally sustainable as to site design, home construction and greenspace development.

South Beach Peninsula Transportation. The South Beach Peninsula Transportation Analysis will study all modes, patterns and uses of transportation both current and potential. Parking, landscaping, road and pathway lighting, better management during peak usages, are among the issues to be considered. The City of Newport, the Port, and the Hatfield Marine Science Center are working together on the South Beach Peninsula Transportation Analysis.

Hatfield Marine Science Center. Located on the shores of Yaquina Bay in Newport, Oregon State University's Hatfield Marine Science Center (HMSC) is internationally recognized for its interdisciplinary approaches to research on ocean and coastal ecosystems, fisheries and other marine resource management issues. OSU has outgrown its building at its Newport campus and is building a 72,000-square-foot new structure set to open in 2020. The new Marine Studies Initiative home is expected to help draw as many as 500 students to the coast each school year. The \$58 million building at OSU's Hatfield Marine Science Center in Newport represents an increase in space, resources and ambition that the school hopes will result in a similar jolt in interest in the fate of the ocean, marine life and coastal communities. It is already one of the leading marine laboratories in the U.S., serving as a national model for academic-government-industry collaboration in research, education, and outreach. Five federal and state agencies have research labs and offices on the 49-acre campus, fostering collaborative research among OSU and its partner agencies: NOAA, ODFW, USDA, USEPA, and USFWS. These university and agency-sponsored programs represent an employment base of more than 300 people and a combined budget of over \$40 million in operations based in Newport. The Hatfield Center welcomes over 140,000 annual visitors, including students, visiting scientists and the general public. The first new Regional Class Research Vessel being constructed with funds from the National Science Foundation to bolster the nation's aging U.S. Academic Research Fleet will be called Taani (pronounced "tahnee"), is under construction by Gulf Island Shipyards, LLC in Louisiana, the vessel is scheduled for delivery to OSU in the spring of 2021, and will be fully operational after a year of outfitting and testing.

U.S. Department of Energy confirmed a competitively awarded grant of \$1.25 million annually in funding that can be renewed for up to five years for the Northwest National Marine Renewable Energy Center based at the Hatfield Marine Science Center. This will be combined with funds from the Oregon legislature, OSU, the Oregon Wave Energy Trust, the University of Washington and other sources to create a total of \$13.5 million over five years, that will help move the generation of energy from waves, ocean currents and tides from the laboratory to part of the nation's alternative energy future. This support will primarily be used to build a floating "test berth" to test wave energy technology on the Oregon Coast near Newport, as well as fund extensive environmental impact studies, community outreach and other initiatives. In December of 2016 Oregon State University's Northwest National Marine Renewable Energy Center was awarded up to \$40 million from the U.S. Department of Energy, to create the world's premier wave energy test facility in Newport which is anticipated to be the world's most advanced wave energy test facility. The NNMREC facility, known as the Pacific Marine Energy Center South Energy Test Site, or P MEC-SETS, is planned to be operational by 2020.

Oregon Coast. State and federal investment in ocean-related research has occurred along the Oregon coast, much of it based in Newport.

- In 2008, Oregon State University won a grant from the U.S. Department of Energy for establishment of the Northwest National Marine Renewable Energy Center to ramp up research and development of wave energy technologies, including testing devices in waters off the coast of Newport, and research on potential ecological impacts of wave energy development.
- In 2009, the National Science Foundation announced a major investment for the Ocean Observatories Initiative (OOI), which funds development of a global network of ocean monitoring devices and stations, including a line

extending out from Newport to beyond the continental shelf. Deployment and servicing of that data-gathering infrastructure, which includes seafloor platforms, ocean moorings, and undersea gliders, will utilize OSU's ship operations facility at the HMSC and other support facilities on Yaquina Bay. Approximately \$14 million in funding from the Ocean Observatories Initiative is going to OSU for this work over the next five years.

- Detailed mapping of the seafloor within Oregon's territorial sea boundary (up to 3 miles from shore) has received \$7.3 million in funding from NOAA and the Oregon state legislature, and is currently underway involving OSU researchers, private contractors, and commercial fishing boats based in Newport.
- In December of 2016 Oregon State University's Northwest National Marine Renewable Energy Center was awarded up to \$40 million from the U.S. Department of Energy, to create the world's premier wave energy test facility in Newport which is anticipated to be the world's most advanced wave energy test facility. The NNMREC facility, known as the Pacific Marine Energy Center South Energy Test Site, or PMEC-SETS, is planned to be operational by 2020.

DEBT MANAGEMENT

The Port defaulted on certain payments due in 1986 on revenue bonds issued to finance construction of its recreational marina due to occupancy levels not meeting original estimates and defaults by private operators hired to operate the marina. The Port sought and received voter approval in 1988 to issue general obligation bonds to retire the revenue bonds. Other than the preceding, the Port has no record of default in the payment of principal and interest on its bonds and other indebtedness when due.

FUTURE DEBT PLANS

Other than the anticipated issuance on December 17, 2019, of the Port of Newport, Lincoln County, Oregon General Obligation Refunding Bonds, Series 2019 (Federally Taxable) in the amount of \$5,355,000*, the Port does not plan on issuing any Additional Parity Indebtedness or Subordinate Obligations secured by the Lease Revenues.

INVESTMENT POLICY

ORS 294.035 authorizes Oregon municipalities to invest in obligations, ranging from U.S. Treasury obligations and Agency securities to municipal obligations, bankers' acceptances, commercial paper, certificates of deposit, corporate debt and guaranteed investment contracts, all subject to certain size and maturity limitations. No municipality may have investments with maturities in excess of 18 months without adopting a written investment policy which has been reviewed by the Oregon Short Term Fund Board. ORS 294.052 authorizes Oregon municipalities to invest proceeds of bonds or certificates of participation and amounts held in a fund or account for such bonds or certificates of participation under an investment agreement if such agreement: (i) produces a guaranteed rate of return; (ii) is fully collateralized by direct obligations of, or obligations guaranteed by, the United States; and (iii) requires that the collateral be held by the municipality, an agent of the municipality or a third-party safekeeping agent.

Municipalities are also authorized to invest approximately \$49.5 million (adjusted for inflation) in the Local Government Investment Pool of the Oregon Short-Term Fund, which is managed by the State Treasurer's office. Such investments are managed in accordance with the "prudent person rule" (ORS 293.726) and administrative regulations of the State Treasurer which may change from time to time. Eligible investments presently include all of those listed above, as well as repurchase agreements and reverse repurchase agreements. A listing of investments held by the Oregon Short-Term Fund is available on the Oregon State Treasury website under "OTHER OSTF REPORTS – OSTF DETAILED MONTHLY REPORTS" at www.ost.state.or.us/about/boards/OSTF/About.htm (this inactive textual reference to the website is not a hyperlink and the website, by such reference, is not incorporated herein).

The Port currently invests its funds in accordance with State law. It currently has no investments that exceed 18 months in duration.

* Preliminary, subject to change.

CONFLICT OF INTEREST

Some or all of the fees of the Underwriter, Underwriter's Counsel and Bond Counsel are contingent upon the issuance and sale of the Series 2019 Bonds. Bond Counsel may from time to time serve as counsel to the Underwriter with respect to issuers other than the Port and transactions other than the issuance of the Series 2019 Bonds. Underwriter's Counsel from time to time serves adverse to the Underwriter as bond counsel with respect to financing transactions other than the issuance of the Series 2019 Bonds. None of the Commissioners or other officers of the Port have interests in the issuance of the Series 2019 Bonds that are prohibited by applicable law.

LITIGATION

Except as disclosed herein, there is no action pending questioning the validity of the Series 2019 Bonds or the power and authority of the Port to issue the Series 2019 Bonds. Except as disclosed herein, there is no action pending which would materially affect the Lease Revenues, the finances of the Port or affect the Port's ability to meet debt service requirements on the Series 2019 Bonds. See "BONDHOLDER RISKS" herein.

TAX MATTERS

OPINION OF BOND COUNSEL

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Port ("Bond Counsel"), interest on the Series 2019 Bonds (i) is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the "Code") and (ii) is exempt, under existing statutes, from personal income taxes imposed by the State of Oregon.

The following discussion is a brief summary of the principal United States federal income tax consequences of the acquisition, ownership and disposition of Series 2019 Bonds by original purchasers of the Series 2019 Bonds who are "U.S. Holders", as defined herein. This summary (i) is based on the Code, Treasury Regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the Series 2019 Bonds will be held as "capital assets"; and (iii) does not discuss all of the United States federal income tax consequences that may be relevant to a U.S. Holder in light of its particular circumstances or to U.S. Holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Series 2019 Bonds as a position in a "hedge" or "straddle", U.S. Holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, U.S. Holders who acquire Series 2019 Bonds in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Certain taxpayers that are required to prepare certified financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Series 2019 Bonds at the time that such income, gain or loss is taken into account on such financial statements instead of under the rules described below.

U.S. Holders of Series 2019 Bonds should consult with their own tax advisors concerning the United States federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Series 2019 Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

ORIGINAL ISSUE DISCOUNT

In general, if Original Issue Discount ("OID") is greater than a statutorily defined *de minimis* amount, a U.S. Holder of a Series 2019 Bond having a maturity of more than one year from its date of issue must include in federal gross income (for each day of the taxable year, or portion of the taxable year, in which such U.S. Holder holds such Series 2019 Bond) the daily portion of OID, as it accrues (generally on a constant-yield method) and regardless of the U.S. Holder's method of accounting. "OID" is the excess of (i) the "stated redemption price at maturity" over (ii) the "issue price". For purposes of the foregoing: "issue price" means the first price at which a substantial amount of the Series 2019 Bond is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers); "stated redemption price at maturity" means the sum of all payments, other than "qualified stated interest", provided by such Series 2019 Bond; "qualified stated interest" is stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single

fixed rate; and “*de minimis* amount” is an amount equal to 0.25 percent of the Series 2019 Bond’s stated redemption price at maturity multiplied by the number of complete years to its maturity. A U.S. Holder may irrevocably elect to include in gross income all interest that accrues on a Series 2019 Bond using the constant-yield method, subject to certain modifications.

[ACQUISITION DISCOUNT ON SHORT-TERM BONDS

Each U.S. Holder of a Series 2019 Bond with a maturity not longer than one year (a “Short-Term Bond”) is subject to rules of Sections 1281 through 1283 of the Code, if such U.S. Holder is an accrual method taxpayer, bank, regulated investment company, common trust fund or among certain types of pass-through entities, or if the Short-Term Bond is held primarily for sale to customers, is identified under Section 1256(e)(2) of the Code as part of a hedging transaction, or is a stripped bond or coupon held by the person responsible for the underlying stripping transaction. In any such instance, interest on, and “acquisition discount” with respect to, the Short-Term Bond accrue on a ratable (straight-line) basis, subject to an election to accrue such interest and acquisition discount on a constant-interest-rate basis using daily compounding. “Acquisition discount” means the excess of the stated redemption price of a Short-Term Bond at maturity over the U.S. Holder’s tax basis therefor.

A U.S. Holder of a Short-Term Bond not described in the preceding paragraph, including a cash-method taxpayer, must report interest income in accordance with the U.S. Holder’s regular method of tax accounting, unless such U.S. Holder irrevocably elects to accrue acquisition discount currently.]

BOND PREMIUM

In general, if a Series 2019 Bond is originally issued for an issue price (excluding accrued interest) that reflects a premium over the sum of all amounts payable on the Series 2019 Bond other than “qualified stated interest” (a “Taxable Premium Bond”), that Taxable Premium Bond will be subject to Section 171 of the Code, relating to bond premium. In general, if the U.S. Holder of a Taxable Premium Bond elects to amortize the premium as “amortizable bond premium” over the remaining term of the Taxable Premium Bond, determined based on constant-yield principles (in certain cases involving a Taxable Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the highest yield on such bond), the amortizable premium is treated as an offset to interest income; the U.S. Holder will make a corresponding adjustment to the U.S. Holder’s basis in the Taxable Premium Bond. Any such election is generally irrevocable and applies to all debt instruments of the U.S. Holder (other than tax-exempt bonds) held at the beginning of the first taxable year to which the election applies and to all such debt instruments thereafter acquired. Under certain circumstances, the U.S. Holder of a Taxable Premium Bond may realize a taxable gain upon disposition of the Taxable Premium Bond even though it is sold or redeemed for an amount less than or equal to the U.S. Holder’s original acquisition cost.

DISPOSITION AND DEFEASANCE

Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Series 2019 Bond, a U.S. Holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such U.S. Holder’s adjusted tax basis in the Series 2019 Bond.

The Port may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Series 2019 Bonds to be deemed to be no longer outstanding (a “defeasance”). For federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Series 2019 Bonds subsequent to any such defeasance could also be affected.

INFORMATION REPORTING AND BACKUP WITHHOLDING

In general, information reporting requirements will apply to non-corporate U.S. Holders of the Series 2019 Bonds with respect to payments of principal, payments of interest, and the accrual of OID on a Series 2019 Bond and the proceeds of the sale of a Series 2019 Bond before maturity within the United States. Backup withholding may apply to U.S. Holders of Series 2019 Bonds under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner’s United States federal income tax provided the required information is furnished to the Internal Revenue Service.

U.S. HOLDERS

The term “U.S. Holder” means a beneficial owner of an Series 2019 Bond that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

MISCELLANEOUS

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series 2019 Bonds under state law and could affect the market price or marketability of the Series 2019 Bonds.

Prospective purchasers of the Series 2019 Bonds should consult their own tax advisors regarding the foregoing matters.

APPROVAL OF COUNSEL

Legal matters incident to the authorization, issuance and sale of the Series 2019 Bonds are subject to the approving legal opinion of Hawkins Delafield & Wood LLP, Portland, Oregon, Bond Counsel. A form of the opinion of Bond Counsel is attached hereto as Appendix A. Bond Counsel has reviewed this document only to confirm that the portions of it describing the Series 2019 Bonds and the authority to issue them conform to the Series 2019 Bonds and the applicable laws under which they are issued. Certain legal matters in connection with the Series 2019 Bonds will be passed upon for the Port by Macpherson Gintner & Diaz, and for the Underwriter by Mersereau Shannon LLP.

RATING

Moody’s Investors Service, Inc. (“Moody’s”) has assigned its municipal bond rating of “_____” to the Series 2019 Bonds. Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Undertaking described under the heading “CONTINUING DISCLOSURE UNDERTAKING,” neither the Port nor the Underwriter undertakes responsibility to bring to the attention of the owners of the Series 2019 Bonds any proposed change in or withdrawal of such rating or to oppose any such revision or withdrawal.

UNDERWRITING

Robert W. Baird & Co. (the “Underwriter”) has agreed, subject to the terms of a Purchase Agreement, to purchase the Bonds from the Port at an aggregate purchase price of \$_____, representing the par amount of the Bonds, [plus/less] a net original issue [premium/discount] of \$_____ and less an underwriter's discount of \$_____. The prices at which the Bonds are offered to the public by the Underwriter (and the yield resulting thereof) may vary from the initial public reoffering prices appearing on the inside cover of this Official Statement. In addition, the Underwriter may allow concessions or discounts from such initial offering prices to dealers and others. The initial reoffering prices are subject to change after the date hereof.

CONTINUING DISCLOSURE UNDERTAKING

The Port will undertake in a Continuing Disclosure Certificate for the benefit of registered and beneficial owners of the Bonds to provide to the MSRB, on an annual basis, not later than nine months days after the end of the Port's preceding Fiscal Year, commencing with the Fiscal Year ending June 30, 2019, certain specified financial information and operating data, and timely notice of certain events (collectively, "Continuing Disclosure") to the MSRB through its Electronic Municipal Market Access ("EMMA") system (so long as such method of disclosure continues to be approved by the Securities and Exchange Commission ("SEC") for such purposes). This undertaking is to assist the Underwriter in complying with Rule 15c2-12 of the SEC (the "Rule"). A copy of the form of the Port's Continuing Disclosure Certificate with respect to the Bonds is attached hereto as Appendix E.

Prior Undertakings. During the last five fiscal years, the Port was obligated to provide Continuing Disclosure filings for its General Obligation Bonds, Series 2007; General Obligation Bonds, Series 2008; Taxable Lease Revenue Bonds, Series 2010; General Obligation Bonds, Series 2011; Full Faith and Credit Obligations, Series 2013; and General Obligation Refunding Bonds, Series 2016 (collectively, the "Outstanding Debt"). Other than as noted below, the Port has complied in all material respects with its continuing disclosure requirements under the Rule in the past five years.

Compliance with Prior Undertakings – Audited Financial Statements. The Port's continuing disclosure undertakings associated with its Outstanding Debt, included language stating that the Port's annual report, inclusive of its audited financial statements, would be filed not later than 270 days (or nine months for the 2016 Bonds) after the end of the Issuer's fiscal year. The Port failed to timely file on the EMMA website the Port's annual reports for fiscal year 2015 for all Outstanding Debt except the 2016 Bonds, and fiscal years 2017 and 2018 for all Outstanding Debt.

Compliance with Prior Undertakings – Annual Financial Information/Operating Data. Each of the Port's undertakings has a different list of financial information which the Port agreed to update annually. Certain annual financial information was not included in the audited financial statements for the past five years and was subsequently filed by the Port on November 12, 2019.

The Port has implemented post issuance compliance procedures to maintain compliance in the future.

PRELIMINARY OFFICIAL STATEMENT

The Port has deemed "final" this Preliminary Official Statement as of its date, except for the omission of information dependent upon the pricing of the issue, such offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, the delivery date and other terms of the Series 2019 Bonds that are dependent on such matters for the purposes of compliance with the Securities and Exchange Commission Rule 15c2-12.

This Preliminary Official Statement is the Port's disclosure document. The information set forth herein has been furnished by the Port and other sources deemed reliable by the Port. The Underwriter makes no representation, warranty or guaranty as to accuracy or completeness of such information and nothing contained in this Preliminary Official Statement is or should be relied upon as a promise or representation of the Underwriter.

CONCLUDING STATEMENT

The summaries and descriptions of provisions of the Series 2019 Bonds, the Master Declaration, the Resolution, the Lease, and the Deed of Trust, and all references to other materials not purporting to be quoted in full, are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof. The attached Appendices are integral parts of this Official Statement and must be read together with all of the foregoing statements.

While taken from sources considered reliable, the Underwriter or the Port does not guarantee all estimates, assumption, statistical information and other statements contained herein. So far as any statement herein includes matters of opinion, or estimates of future expenses and income, whether or not expressly so stated, they are intended merely as such and not representations of fact.

The information contained herein should not be construed as representing all conditions affecting the Port or the Series 2019 Bonds. Additional information may be obtained from the Port. The statements relating to legal documents are in summarized form, and in all respects are subject to and qualified in their entirety by express reference to the provisions of such document in its complete form.

The Port has supplied information with respect to the Port set forth in this Official Statement. At the time of the original delivery of and payment for the Series 2019 Bonds, the Port will deliver a certificate of its Authorized Representative addressed to the Underwriter to the effect that he has examined this Official Statement and the financial and other data, concerning the Port contained herein and that, to the best of his knowledge and belief, (i) the Official Statement, except for the matters relating to DTC and its book-entry system, the Paying Agent, the information in the heading "Underwriting" and the statement regarding the Underwriter in the capitalized paragraph on the inside cover page, both as of its date and as of the date of the delivery of the Series 2019 Bonds, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and (ii) between the date of this Official Statement and the date of delivery of the Series 2019 Bonds, there has been no material adverse change in the affairs (financial or other), financial condition or results of operations of the Port except as set forth in the Official Statement or an amendment thereto.

The agreements of the Port are set forth in such documents, and the information assembled herein is not to be construed as a contract with purchasers or holders of the Series 2019 Bonds. The Port has supplied information with respect to the Port set forth in this Official Statement, and the Underwriter has relied on the Port with respect to the accuracy and sufficiency of such information.

PORT OF NEWPORT

By: _____
Authorized Representative

APPENDIX A

FORM OF BOND COUNSEL OPINION

APPENDIX B

FORM OF AMENDED AND RESTATED MASTER LEASE REVENUE BOND DECLARATION

APPENDIX C

SUMMARY OF CERTAIN LEASE PROVISIONS

Summary of Certain Lease Provisions

U.S. Government Lease for Real Property Lease No. 09 WSA 0200C between the Port of Newport (“Lessor”) and United State of America (“Government”) dated August 7, 2009 (the “Lease”).

The Lease consists of the following documents (the “Lease Documents”):

1. Port of Newport Resolution 5 – 2009 Resolution Approving Lease for Real Property with the United States of America.
2. U.S. Government Lease for Real Property Lease No. 09WSA0200C.
3. Additional Provisions to Lease No. 09WSA0200C.
4. Solicitation for Offers 09WSA0200C, dated November 24, 2008.
5. Amendment No. 1 to SFO No. 09WSA0200C, dated December 19, 2008.
6. Amendment No. 2 to SFO No. 09WSA0200C, dated January 12, 2009.
7. Amendment No. 3 to SFO No. 09WSA0200C, May 4, 2009.
8. Marine Operations Center – Pacific (MOC-P) Program of Requirement, dated November 21, 2008.
9. Attachment #1 – Rate Structure.
10. Attachment #1 – Rate Structure – Additional Warehouse Space.
11. GSA Form 1217 – Lessor’s Annual Cost Statement, dated June, 4, 2009.
12. GSA Form 12000 – Fire Protection and Life Safety, dated May 2005.
13. Pre-Lease Building Security Plan.
14. Construction Schedule, dated May 30, 2009.
15. Building and Pier Seismic Certification.
16. GSA Form 3518 – Certifications and Representations, July 2004.
17. GSA Form 3517 B – General Clauses, November 2005.
18. Parking Plan and Narrative.
19. Site Plan
20. Building Design Drawings and Narrative.
21. Pier Design Drawings and Narrative.
22. Supplemental Lease Agreement No. 1 dated April 29, 2011.
23. Supplemental Lease Agreement No. 2 dated July 1, 2011.
24. Supplemental Lease Agreement No. 3 dated October 1, 2011.
25. 4?
26. Supplemental Lease Agreement No. 5 dated June 11, 2012.
27. Supplemental Lease Agreement No. 6 dated June 28, 2013.
28. Lease Amendment No. 7 dated April 21, 2014.
29. Lease Amendment No. 8 dated May 20, 2014.
30. Lease Amendment No. 9 dated September 23, 2014.
31. Lease Amendment No. 10 dated September 23, 2014.
32. Lease Amendment No. 11 dated April 3, 2015.
33. Lease Amendment No. 12 dated August 20, 2015.
34. Lease Amendment No. 13 dated April 22, 2016.
35. Lease Amendment No. 14 dated April 22, 2016.
36. Lease Amendment No. 15 dated June 1, 2016.
37. Lease Amendment No. 16 dated August 3, 2016.
38. Lease Amendment No. 17 dated August 5, 2016.
39. Lease Amendment No. 18 dated November 21, 2017.
40. Lease Amendment No. 19 dated December 15, 2017.
41. Supplemental Lease Agreement No. 20 dated May 15, 2018.

A SUMMARY OF CERTAIN PROVISIONS OF THE LEASE FOLLOWS. THE SUMMARY DOES NOT CONTAIN A SUMMARY OF ALL OF THE LEASE DOCUMENTS. WITHOUT LIMITATION, DESIGN AND CONSTRUCTION PROVISIONS, DRAWINGS AND CERTAIN OTHER PROVISIONS INCLUDED IN THE LEASE ARE NOT SUMMARIZED HEREIN.

Summary of Lease Document No. 2

U.S. Government Lease for Real Property Lease No. 09WSA0200C, Date of Lease: August 7, 2009.

The Lease, made and entered into by and between: Port of Newport whose address is 600 SE Bay Boulevard, Newport, OR 97365, and whose interest in the property hereinafter described is that of Owner, hereinafter called the Lessor, and the UNITED STATES OF AMERICA, hereinafter called the Government:

WITNESSETH: The parties hereto for the considerations hereinafter mentioned, covenant and agree as follows:

1. The Lessor leases to the Government the following described premises to be used for a Marine Operations Center and other Government uses: A total of 37,491 ANSI/BOMA Office Area square feet (USF) (28,205 USF of base requirement and 9,286 USF of additional warehouse requirement) of space (equal to 40,852 rentable square feet (RSF) consisting of 17,100 RSF of office space, 14,002 RSF of warehouse and related space, and 9,750 RSF additional warehouse space. The office space shall be located in a two-story steel frame tilt-up concrete building with configuration and design in accordance with the drawings attached hereto and the specifications set forth in Solicitation for Offers 09WSA0200C; and a single-story warehouse steel frame tilt-up concrete building with configuration and design in accordance with the drawings attached hereto and the specifications set forth in Solicitation for Offers 09WSA0200C.

A total of 30,000 square-feet of paved equipment laydown and outdoor storage area located in accordance with the site plan attached to the Lease.

Two (2) 35 foot wide piers serving a single wharf that is 35 feet (equal to 33 useable feet) wide and 1,300 feet long. The west end of the wharf shall be double loaded for berths 1 and 2 (see attached Dimensional Layout Base Plan C1.1. The remaining four (4) berths will be single loaded on the channel (north) side of the wharf. The pier load capacity must be equal to or greater than 500 pounds live load per square foot for all berths. Further, the piers must meet all requirements outlined in Section 1.2 C of Solicitation for Offers 09WSA0200C. The location of the piers and wharf shall be in accordance with the attached Dimensional Layout Base Plan C1.1.

A small boat dock that is ten (10) feet wide by 225 feet long and constructed with concrete floats. The dock shall be double loaded and will have a single aluminum gangway connection to the fixed pier in accordance with the attached drawings. The location of the small boat dock shall be in accordance with the site plan attached to the Lease.

All other space requirements outlined in the Program of Requirements and Solicitation for Offers 09WSA0200C including but not limited to the hazardous material storage building, contractors shed, guard station, and the totem pole structure. All structures shall be constructed and located in accordance with the Program of Requirements, Solicitation for Offers 09WSA0200C, and the drawings and plans attached to the Lease.

The site is located west of OSU Drive on the Yaquina Bay in accordance with the attached site plans. The approximate latitude and longitude of the site is 44° 37'31" North, 124°02' 50" West.

2. TO HAVE AND HOLD the said premises with their appurtenances for a 20 year firm term beginning on July 1, 2011 through June 30, 2031. The parties will execute a Supplemental Lease Agreement (SLA) following the lease execution date to confirm the commencement and expiration dates, if different from the dates indicated above.

3. The Government shall pay the Lessor an annual rent of \$2,533,439.48 (equal to \$86.80 for 28,205 USF of base requirement and \$9.18 for 9,286 USF of additional warehouse requirement) at the rate of \$211,119.96 per month in arrears. The rent includes a tenant improvement allowance of \$3,243,575.00 or \$115.00 per BOASF equal to 28,205 X \$115.00 BOASF (USF)). The tenant improvement allowance shall be amortized over the term of the lease at 6.5%. The Annual Rent does NOT include interior utilities and interior janitorial; however the annual rent does include the Operating Expenses (line 27 of GSA form 1217). Rent for a lesser period shall be prorated. Rent shall be made payable to: The Port of Newport. 600 SE Bay Boulevard, Newport, OR 97365. Rent shall be paid via Electronic Funds Transfer (Direct Deposit).

4. This paragraph has been deleted prior to execution.

5. This paragraph has been deleted prior to execution.

6. The Lessor shall furnish to the Government, as part of the rental consideration, the following:

- a. Space, services, and supplies as set forth in Solicitation for Offers (SFO) 09WSA0200C, dated November 24, 2008, with all amendments and additional provisions, which are incorporated and made a part of the Lease.
- b. A minimum of one hundred and eighty-three (183) on-site parking spaces, at least one hundred (100) of which will be secured and lit in accordance with Solicitation for Offer 09WSA0200C. Of the one hundred and eighty-three (183) parking spaces a certain number must be reserved for the handicapped; this number shall be in accordance with local code. The parking spaces shall be located in accordance to the site plan attached hereto. In the event local code requires a greater amount and type of parking spaces than referenced above, then the amount and type of spaces required by local code shall be provided.

c. The Government is entitled to a tenant improvement allowance equal to \$3,243,575.00 or \$115.00 per BOASF (equal to 28,205 X \$115.00 BOASF (USF)). The amortized cost of the tenant improvement allowance is included in the annual rent stated herein; however, the Government may return any unused portion of the tenant improvement allowance in exchange for a decrease in rent, as further outlined in Paragraph 3.3 of the SFO. Further, if the Government anticipates spending more than its allotted allowance, the Government, at its sole discretion, has the right to borrow an additional \$20.00 per BOASF which shall be amortized over the term of the lease at 6.5%.

The collective total of fees associated with the Lessor's administrative, general contractor, overhead and profit, general conditions, and architectural/engineering costs for the Government's tenant improvements shall not exceed twenty-one percent (21%). All of these fees shall be paid out of the tenant improvement allowance. For purposes of clarification, any costs associated with the Lessor's building shell requirements as further outlined in the SFO shall be at the sole expense of the Lessor.

d. In accordance with Paragraph 7.12 of the SFO, the Lessor is required to paint the demised premises every four (4) years and required to paint the public areas at least every three (3) years.

e. The Lessor is responsible for exterior maintenance and janitorial cleaning of the premises, property and grounds as specified in Paragraphs 4.7, 4.8 and 4.9 of the SFO, and as may be stated elsewhere in the SFO.

f. In accordance with GSA Form 3517B, Clause No. 20, of the Lease, the Government shall have the right to measure the space to confirm the amount of space delivered to the Government. In the event that the usable square footage is less than 37,491 USF the annual rent shall be revised to reflect the lower square footage amount. However, payment will not be made for delivered space which is in excess of the maximum USF solicited unless otherwise agreed to by the Government. Should the rental rate then vary from that stated in Article 3 of the Standard Form 2 of the Lease, the revised rental will be established by a supplemental lease agreement to the Lease.

7. The First Year rental consideration is \$86.80 for 28,205 USF of the base requirement and \$9.18 for 9,286 USF of additional warehouse requirement; of the \$86.80 for 28,205 USF of base requirement, \$5.55 per NUSF is attributed to operating expenses (line 27 of the 1217). Operating expenses will be adjusted annually on the anniversary date of the lease in accordance with SFO paragraph 4.3. The base for operating expenses is \$156,600.00, excluding utilities and interior janitorial services which will be paid by the Government as specified in Solicitation for Offers 09WSA0200C. Real estate taxes, Insurance, and Department of State Lands (DSL) Land Lease costs are included in the annual rent and

will be adjusted and paid annually on the anniversary date of the lease in accordance with Solicitation for Offers 09WSSA0200C as amended. The base year insurance is the insurance premium for the first full 12-month period coincident with Government occupancy of leased space in its entirety.

**Summary of Lease Document No. 3
Standard Form – 2 Additional Provisions Attached to and Forming a Part of Lease No. 09WSA0200C.**

10. The Lease is net of water, sewer, phone, cable, electrical, gas, and steam utilities to the Government’s Premises, which are separately metered or submetered. If separately metered, the Government will pay the utility company(s) directly for actual utility costs attributable to the Premises. If submetered, the Government will reimburse the Lessor (or authorized vendor) for actual utility costs attributable to the Premises provided the following: i) Lessor submits proper invoices acceptable to the Government identifying such charges within 60 calendar days following the last day of a lease year, and ii) Lessor submits proper documentation (identifying the costs) acceptable to the Government with such invoice.

11. At the time of the Government’s final inspection of the space, and prior to acceptance by the Government, the Lessor shall ensure that all public utilities are connected to the premises and all systems which require these utilities in order to operate, i.e., air conditioning, heat, ventilation, electricity, gas, hot and cold running water, sewer, telephone, cable are operable, and are in compliance with all other applicable provisions of the SFO.

12. The Lessor shall provide the Government in writing the names of those persons authorized to act, contractually or otherwise, on behalf of the Lessor.

13. The terms National Oceanic Administration (NOAA) and Government are interchangeable throughout the Lease.

**Summary of Certain Provisions of Lease Document No. 4
Solicitation for Offers dated November 24, 2008.**

United States Department of Commerce, National Oceanic & Atmospheric Administration
Contracting Officer: Jim Barrows
Contracting Officer’s Real Estate Services Contractor: Brad Seifert, Public Properties LLC; Joe Callahan, Public Properties LLC; Ben Butler, Public Properties LLC

1.1 AMOUNT AND TYPE OF SPACE (AUG 2008)

A. The National Oceanic and Atmospheric Administration (NOAA) / Government is interested in leasing 31,100 rentable square feet (“RSF”) of office, warehouse and related space to yield 17,100 rsf of office space and 14,000 rsf of warehouse and related space. Refer to the “Measurement of Space” paragraph in the UTILITIES, SERVICES AND LEASE ADMINISTRATION section of this Solicitation for Offers (SFO).

***Additionally, sites located more than 50 miles from 7600 Sand Point Way NE, Seattle, WA must provide an additional 4,875 rentable square feet of warehouse and related space for a total of 10,275 rsf (5,400 + 4,875); and sites located more than 100 miles from 7600 Sand Point Way NE, Seattle, WA must provide an additional 9,750 rentable square feet of warehouse space for a total of 15,150 rsf (5,400 + 9750).

B. The Government requires seventy-five (75) to one hundred (100) on-site reserved parking spaces. Of the seventy-five (75) to one hundred (100) spaces, fifty (50) spaces shall be secured and lit in accordance with the Security Section in this Solicitation. The cost of such parking shall be included as part of the rental consideration. Handicap parking shall be provided by the Lessor in accordance with local code (See Section 6.1).

***Additionally, sites located more than 50 miles from 7600 Sand Point Way NE, Seattle, WA must provide 50 additional parking spaces to be secured and lit in accordance with the Security Section of this Solicitation. The cost of the additional parking shall also be included as part of the rental consideration.

C. The Government requires 1,560 useable linear feet of large ship pier space, 400 useable linear feet of small boat pier space, and 20,000 square feet of exterior equipment laydown space; these features will be further defined in the Solicitation. The cost of these features shall be included as part of the rental consideration.

***Additionally, sites located more than 10 driving miles from 7600 Sand Point Way NE, Seattle, WA must provide 10,000 square feet of outdoor storage space. This space may be provided on-site or within 10 driving miles of the site. If the storage space is provided off-site the space must be fenced and secured with a pad lock or similar device.

D. The offer shall 1) be for space located in a quality building of sound and substantial construction as described in this SFO, 2) have a potential for efficient layout, 3) be within the ANSI BOMA Office Area (ABOA) (see Section 4.1 of this SFO for definition) square footage range to be considered, and 4) be in compliance with all of the Government's minimum requirements set forth herein.

E. Attached to this SFO is a Program of Requirements (POR) describing the multiple uses of the space and additional requirements.

F. The design of the space offered shall be conducive to efficient layout and good utilization as determined by the Government. To demonstrate potential for efficient layout, the Offeror is required to provide a test fit layout at the Offeror's expense. The Government will review the test fit for space efficiencies to include, but not limited to, the following:

1. Narrow column spacing;
2. Atriums, light wells, or other areas interrupting contiguous spaces;
3. Extremely long, narrow runs of space;

- 4. Irregular space configurations; or
- 5. Other unusual building features.

6. The Government will advise the Offeror if the test fit layout demonstrates that the Government's requirement cannot be accommodated within the space offered. The Offeror will have the option of increasing the ANSI/BOMA Office Area square footage offered, provided that it does not exceed the maximum rentable square feet allowed in this SFO. If the Offeror is already providing the maximum rentable square footage and cannot house the Government's space requirements efficiently, then the Government will advise the Offeror that the offer is unacceptable.

Note that the Government has the right to make design changes to the Lessor's test fit following award and during the development of design intent drawings.

- G. Unless otherwise noted, all references in this SFO to square feet shall mean ANSI/BOMA Office Area square feet (ABOA). The terms ANSI/BOMA Office Area (ABOA) and usable square feet (usf) are used interchangeably throughout this SFO and its attachments.
- H. As part of this space requirement, the Government will require use of the building roof, at no cost to the Government, for the installation of antenna(s). Further specifications regarding the type of antenna(s) and mounting requirements are included as an attachment to this SFO.
- I. Approximately 250 square feet of the ANSI/BOMA Office Area space required above will be used for the operation of a vending facility(ies) by the blind under the provisions of the Randolph-Sheppard Act (United States Code 20 USC 107 et. seq.). The Government will control the number, kind, and locations of vending facilities and will control and receive income from all automatic vending machines. The Lessor is required to provide necessary utilities and to make related alterations. The cost of the improvements will be negotiated, and payment will be made by the Government either on a lump basis or a rental increase.

The Government will not compete with other facilities having exclusive rights in the building. The Offeror shall advise the Government if such rights exist. During the term of the lease, the Lessor may not establish any vending facilities within the leased space that will compete with the Randolph-Sheppard vending facilities.

1.3 LEASE TERM (SEP 2000)

The lease term is for up to 20 years and it is NOAA's intention to make an award based upon an operating lease. All of the terms and conditions contained herein shall prevail throughout the term of the lease.

1.6 SERVICES, UTILITIES, MAINTENANCE: GENERAL (AUG 2008)

Services, utilities, and maintenance shall be provided by the Lessor as part of the rental consideration, with the exception that the cost of water, sewer, phone, cable, electrical, gas, steam, and janitorial services as determined by NOAA shall be contracted with / paid directly to each provider by the Government. The Lessor shall have an onsite building superintendent or a locally designated representative available to promptly respond to deficiencies, and immediately address all emergency situations. Contact information for the onsite building superintendent or locally designated representative shall be provided to the Contracting Officer within 30 days of award.

1.9 OCCUPANCY DATE (AUG 2008)

A. Occupancy is required by May 1, 2011.

3.2 TENANT IMPROVEMENTS INCLUDED IN OFFER (AUG 2008)

A. The Tenant Improvement Allowance is \$115.00 per ANSI/BOMA Office Area square foot. (Tenant improvements are the finishes and fixtures that typically take space from the "shell" condition to a finished, usable condition.) The Tenant Improvement Allowance shall be used for the buildout of the Government-demised area in accordance with the Government-approved design intent drawings. All Tenant Improvements required by the Government for occupancy shall be performed by the successful Offeror as part of the rental consideration, and all improvements shall meet the quality standards and requirements of this solicitation and its attachments.

B. The Tenant Improvement Allowance shall include all the Offeror's administrative costs, general contractor fees, subcontractor's profit and overhead costs, Offeror's profit and overhead, design costs, and other associated project fees necessary to prepare construction documents and to complete the tenant improvements. It is the successful Offeror's responsibility to prepare all documentation (working/construction drawings, etc.) required to receive construction permits. NO COSTS ASSOCIATED WITH THE BUILDING SHELL SHALL BE INCLUDED IN THE TENANT IMPROVEMENT PRICING.

C. The project tenant improvements shall incorporate any necessary design parameters for the space to meet the requirements of LEED®-CI (Leadership in Energy and Environmental Design for Commercial Interiors) into the Working Construction Drawings.

In accordance with the "Unique Requirements" paragraph in the SUMMARY section of this SFO, the Lessor must coordinate the requirements to meet LEED®-CI Certified level for the tenant improvements with the building shell requirements.

3.3 TENANT IMPROVEMENT RENTAL ADJUSTMENT (AUG 2008)

A. All Tenant Improvements shall be identified after award of the contract in accordance with the provisions established in the "Design Intent Drawings" subparagraph in the "Construction Schedule of Tenant Improvements" paragraph in the DESIGN, CONSTRUCTION, AND OTHER POST AWARD ACTIVITIES section and elsewhere throughout this SFO

1. The Government, at its sole discretion, shall make all decisions as to the usage of the Tenant Improvement Allowance. The Government may use all or part of the Tenant Improvement Allowance. The Government may return to the Lessor any unused portion of the Tenant Improvement Allowance in exchange for a decrease in rent according to the amortization rate over the firm term.

2. The Government reserves the right to make cash payments for any or all work performed by the Lessor. Prior to occupancy, the Government, at its sole discretion, may choose to pay lump sum for any or all of the Tenant Improvement Allowance. If, prior to occupancy, the Government

elects to make a lump sum payment for any portion of the Tenant Improvement Allowance, the payment of the Tenant Improvement Allowance by the Government will result in a decrease in the rent. At any time after occupancy and during the firm term of the lease, the Government, at its sole discretion, may choose to pay lump sum for any part or all of the remaining unpaid amortized balance of the Tenant Improvement Allowance if the original occupant agency vacates the space. If the Government elects to make a lump sum payment for the Tenant Improvement Allowance after occupancy, the payment of the Tenant Improvement Allowance by the Government will result in a decrease in the rent according to the amortization rate over the firm term of the lease.

3.If it is anticipated that the Government will spend more than the allowance identified above, the Government reserves the right to either 1) reduce the Tenant Improvement requirements, 2) pay lump sum for the overage upon completion and acceptance of the improvements, or 3) increase the rent according to the negotiated amortization rate over the firm term of the lease.

4.Payment will not be made by the Government in instances where the Government accepts fixtures and/or other Tenant Improvements already in place. However, the Lessor will be reimbursed for costs to repair or improve the fixture(s) and/or any other improvements already in place.

5.Notwithstanding the terms of this Section 3.3, following occupancy, the Lessor shall make any remaining Tenant Improvement Allowance, subject to the same amortization rate stated in the signed Lease, available for use of the Government until the end of the second lease year. Any TI monies used following occupancy shall be amortized over the remaining lease term and will be established in a Supplemental Lease Agreement (SLA).

4.3 OPERATING COSTS (AUG 2008)

A.The base for the operating costs adjustment will be established during negotiations based upon ANSI/BOMA Office Area square feet.

1.Except as excluded per Section 1.6 of this document, beginning with the second year of the lease and each year thereafter, the Government shall pay annual incremental adjusted rent for changes in costs for cleaning services, supplies, materials, maintenance, trash removal, landscaping, water, sewer charges, heating, electricity, and certain administrative expenses attributable to occupancy. Applicable costs listed on GSA Form 1217, Lessor's Annual Cost Statement, when negotiated and agreed upon, will be used to determine the base rate for operating costs adjustment.

2.The amount of adjustment will be determined by multiplying the base rate by the annual percent of change in the Cost of Living Index. The percent change will be computed by comparing the index figure published for the month prior to the lease commencement date with the index figure published for the month prior which begins each successive 12-month period. For example, a lease which commences in June of 2005 would use the index published for May of 2005, and that figure would be compared with the index published for May of 2006, May of 2007, and so on, to determine the percent change. The Cost of Living Index will be measured by the Department of Labor revised Consumer Price Index for urban wage earners and clerical workers, U.S. city average, all items figure, (1982 to 1984 = 100) published by the Bureau of Labor Statistics. Payment will be made with the monthly installment of fixed rent. Rental adjustments will be effective on the anniversary date of the lease; however payment of the adjusted rental rate will become due on the first workday of the second month following the publication of the Cost of Living Index for the month prior to the commencement of each 12-month period.

3.In the event of any decreases in the Cost of Living Index occurring during the term of the occupancy under the lease, the rental amount will be reduced accordingly. The amount of such reductions will be determined in the same manner as increases in rent provided under this paragraph.

4.The offer shall clearly state whether the rental is firm throughout the term of the lease or if it is subject to annual adjustment of operating costs as indicated above. If operating costs will be subject to adjustment, those costs shall be specified on GSA Form 1364, Proposal to Lease Space, referenced in this solicitation.

4.4 ADJUSTMENT FOR VACANT PREMISES, GSAR 552.270-16 (VARIATION) (DEC 2005)

A.If the Government fails to occupy any portion of the leased premises or vacates the premises in whole or in part prior to expiration of the term of the lease, the rental rate (i.e., the base for operating cost adjustments) will be reduced.

B.The rate will be reduced by that portion of the costs per ANSI/BOMA Office Area square foot of operating expenses not required to maintain the space. This rate will be negotiated and incorporated into the lease. Said reduction shall occur after the Government gives 30 calendar days' prior notice to the Lessor and shall continue in effect until the Government occupies the vacant premises or the lease expires or is terminated.

4.6 UTILITIES SEPARATE FROM RENTAL BUILDING OPERATING PLAN (AUG 2008)

The Government shall specify which utilities, if any, are excluded from the rental consideration (See Section 1.6). If any such utilities are excluded, the Offeror shall obtain a statement from a registered professional engineer stating that all HVAC, plumbing, and other energy-intensive building systems can operate under the control conditions stated in this SFO. The statement shall also identify all building systems which do not conform to the system performance values, including the "recommended" or "suggested" values of ANSI/ASHRAE Standard 90.1, *Energy Efficient Design of New Buildings Except Low-Rise Residential Buildings*, or more restrictive state/local codes.

B.The Lessor shall provide and install as part of shell rent, separate meters for utilities. Submeters are not acceptable. The Lessor shall furnish in writing to the Contracting Officer, prior to occupancy by the Government, a record of the meter numbers and verification that the meters measure Government usage only. Proration is not permissible. In addition, an automatic control system shall be provided to assure compliance with heating and air conditioning requirements. Refer to the MECHANICAL, ELECTRICAL, PLUMBING section of this SFO.

C.The Offeror shall submit a building operating plan with the offer. Such plan shall include a schedule of startup and shutdown times for operation of each building system, such as lighting, HVAC, and plumbing. Such plan shall be in operation on the effective date of the lease.

4.7 JANITORIAL SERVICES (AUG 2008)

A. The Government will contract separately for all internal janitorial requirements.

B.The Lessor shall maintain the leased premises, including outside areas, in a clean condition and shall provide supplies and equipment for the term of the lease. Within one week of acceptance of the leased premises the Lessor, or a representative, will meet with the Contracting Officer and a NOAA tenant representative to review and finalize a janitorial schedule. Schedule will include all exterior janitorial and may include other items outlined below.

1. *Daily*. Police sidewalks, parking areas, and driveways. Sweep loading dock areas and platforms. Clean glass entry doors to the Government-demised area.

2. *Weekly*. Sweep sidewalks, parking areas, and driveways (weather permitting).

3. *Twice a Year*. Wash all exterior windows and other exterior glass surfaces.

4. *Annually*. Clean balconies, ledges, courts, areaways, and flat roofs.

5. *As Required*. Properly maintain plants and lawns. Remove snow and ice from entrances, exterior walks, and parking lots of the building by the beginning of the normal working hours and continuing throughout the day. Provide initial supply, installation, and replacement of light bulbs,

tubes, ballasts, and starters. Replace worn floor coverings (this includes the moving and returning of furnishings). Provide and empty exterior ash cans and clean area of any discarded cigarette butts.
Control pests as appropriate, using Integrated Pest Management techniques, as specified in the GSA Environmental Management Integrated Pest Management Technique Guide (E402-1 001).

4.8 SCHEDULE OF PERIODIC SERVICES (DEC 2005)

Within 60 days after occupancy by the Government, the Lessor shall provide to the Contracting Officer with a detailed written schedule of all periodic services and maintenance to be performed other than daily, weekly, or monthly.

4.9 LANDSCAPE MAINTENANCE (AUG 2008)

A. Landscape maintenance shall be performed during the growing season at not less than a weekly cycle and shall consist of watering, weeding, mowing, and policing the area to keep it free of debris. Pruning and fertilization shall be done on an as-needed basis. In addition, dead, dying, or damaged plants shall be replaced.

B. See additional information in the "Landscaping" paragraph in the GENERAL ARCHITECTURE section of this solicitation.

4.10 MAINTENANCE AND TESTING OF SYSTEMS (AUG 2008)

A. The Lessor is responsible for the total maintenance and repair of the leased premises. Such maintenance and repairs include the site, piers, upland structures, and private access roads. All equipment and systems shall be maintained to provide reliable, energy-efficient service without unusual interruption, disturbing noises, exposure to fire or safety hazards, uncomfortable drafts, excessive air velocities, or unusual emissions of dirt. The Lessor's maintenance responsibility includes initial supply and replacement of all supplies, materials, and equipment necessary for such maintenance. Maintenance, testing, and inspection of appropriate equipment and systems shall be done in accordance with current applicable codes, and inspection certificates shall be displayed as appropriate. Copies of all records in this regard shall be forwarded to the GSA Field Office Manager or a designated representative.

Without any additional charge, the Government reserves the right to require documentation of proper operations or testing prior to occupancy of such systems as fire alarm, sprinkler, standpipes, fire pumps, emergency lighting, illuminated exit signs, emergency generator, etc. to ensure proper operation. These tests shall be witnessed by a designated representative of the Contracting Officer.

4.11 NOVATION AND CHANGE OF NAME (AUG 2008)

A. In the event of a transfer of ownership of the lease premises, an assignment of lease or a change in the Lessor's legal name, the Lessor must comply with the requirements of Subpart 42.12 of the Federal Acquisition Regulations (FAR).

B. The Government and the Lessor may execute a Change of Name Agreement where only a change of the Lessor's name is involved and the Government's and the Lessor's rights and obligations remain unaffected. A sample form is found at FAR 42.1205

C. The Government, the Lessor and the successor in interest may execute a Novation Agreement when the Lessor's rights or obligations under the lease are legally transferred.

D. In addition to all documents required by Far 42.1204, the Contracting Officer may request additional information (i.e., copy of the deed, bill of sale, certificate of merger, contract, court decree, articles of incorporation, operation agreement, partnership certificate of good standing, etc.) from the transferor or transferee to validate the proposed changes.

E. The transferee must submit a new GSA Form 3518, Representations and Certifications.

F. Any separate agreement between the transferor and transferee regarding the assumption of liabilities shall be referenced specifically in the Novation Agreement.

G. When it is in the best interest of the Government not to concur in the transfer of a contract from one entity to another, the original contractor remains under contractual obligation to the Government. The applicability of novation agreements is detailed at FAR 42.1204.

H. When executed on behalf of the Government, a Novation Agreement will be made part of the lease via Supplemental Lease Agreement.

I. In the event of a change in ownership, rent will continue to be paid to the prior Lessor until the Supplemental Lease Agreement is executed by the Government. New Lessors must comply with all provisions of this Lease, including but not limited to, Central Contractor Registration and the provision of all information required by the Contracting Officer.

J. Notwithstanding anything to the contrary in this Lease, the Government has no obligation to recognize a change of ownership or interest until (1) the payment of rent has commenced; and (2) any amounts due and owing to the Government hereunder have been paid in full or completely set off against this Lease.

5.8 RESPONSIBILITY OF THE LESSOR AND LESSOR'S ARCHITECT/ENGINEER (AUG 2008)

A. The Lessor shall be responsible for the professional quality, technical accuracy, and the coordination of all designs, drawings, specifications, and other services furnished by the Lessor under this contract. The Lessor shall, without additional compensation, correct or revise any errors or deficiencies in its designs, drawings, specifications or other services.

B. THE LESSOR REMAINS SOLELY RESPONSIBLE FOR DESIGNING, CONSTRUCTING, OPERATING, AND MAINTAINING THE LEASED PREMISES IN FULL ACCORDANCE WITH THE REQUIREMENTS OF THE LEASE. The Government retains the right to review and approve many aspects of the Lessor's design, including without limitation, review of the Lessor's design and construction drawings, shop drawings, product data, finish samples, and completed Base Building and Tenant Improvement construction. The Government shall work closely with the Lessor, in an integrated manner, to identify potential design flaws, to minimize costly misdirection of effort, and to assist the Lessor in its effort to monitor whether such design and construction comply with applicable laws and satisfy all Lease requirements.

C. Neither the Government's review, approval or acceptance of, nor payment through rent of the services required under this contract, shall be construed to operate as a waiver of any rights under this contract or of any cause of action arising out of the performance of this contract, and the Lessor shall be and remain liable to the Government in accordance with applicable law for all damages to the Government caused by the Lessor's negligent performance of any of the services required under this contract.

D. Design and construction and performance information is contained throughout several of the documents which will comprise a resulting lease. The Lessor shall provide to space planners, architects, engineers, construction contractors, etc., all information required whether it is found in this SFO, Special Requirements and Attachments, Price Lists or Design Intent Drawings. Reliance upon one of these documents to the exclusion of any other may result in an incomplete understanding of the scope of the work to be performed and/or services to be provided.

5.9 LIQUIDATED DAMAGES (AUG 2008)

In case of failure on the part of the Lessor to complete the work within the time fixed in the lease contract, the Lessor shall pay the Government as fixed and agreed liquidated damages, pursuant to this paragraph, the sum of **\$1,300.00** for each and every calendar day that the delivery is delayed beyond the date specified for delivery of all the space ready for occupancy by the Government. This remedy is not exclusive and is in addition to any other remedies which may be available under this lease or at law. This liquidated sum is not meant as a penalty, but as an approximation of actual damages that would be suffered by the Government as a result of the Lessor's delay.

5.17 WAIVER OF RESTORATION (AUG 2008)

The Lessor hereby waives, releases and discharges, and forever relinquishes any right to make a claim against the Government for waste, damages, or restoration arising from or related to (a) the Government's normal and customary use of the leased premises during the term of the lease (including any extensions thereof), as well as (b) any initial or subsequent alteration to the leased premises, including cabling, or removal thereof, during the term of this lease (including any extensions thereof), where such alterations or removals are performed by the Lessor or by the Government with the Lessor's consent, which shall not be unreasonably withheld, The Government may, at its sole option, abandon property in the leased space following expiration of the Lease, in which case the property will become the property of the Lessor and the Government will be relieved of any liability in connection therewith.

5.18 BUILDING SYSTEMS COMMISSIONING

Commissioning is an interdisciplinary process involving the Lessor, the Design Professionals, the Contractors, and the Lessee. Building commissioning is defined as a systematic quality assurance process for achieving, verifying, and documenting the interactive performance of the building systems in meeting the design Intent and the occupants' operational needs.

The Commissioning Process shall begin at the project's inception and continue through the first year of occupancy by the Government. The commissioning process shall document NOAA's criteria for system function, performance, and maintenance ability; and shall verify and document compliance with these criteria throughout the construction, start up, and initial period of operation. Complete Operation and Maintenance (O&M) Manuals; and Commissioning Systems Concepts and Maintenance Manuals; and onsite training of building operators in the operation, operating strategies, sequence of control, schedule, and emergency override of building systems shall be provided to ensure that the building will continue to operate as intended.

The major building systems to be commissioned are:

HVAC
 Plumbing
 Electrical System
 Lighting
 Fire Alarm System
 Building Envelope: roofing, waterproofing, flashings, sealants, moisture barriers, vapor barriers

The Lessor shall be responsible for securing and paying for an independent certified Commissioning Provider. The Commissioning Provider shall be certified by NEBB or MBC. The Lessor shall submit the qualification of the Commissioning Provider to the Contracting Officer prior to the second Design Development Review Submittal.

The Commissioning Provider shall be involved in this project from the start of Design Development through the warranty phase. In general, the commissioning process shall be in accordance with ASHRAE Guide 1.0. The documentation, methodology, and the completed forms shall be in accordance with NEBB Standards. The Commissioning Provider shall edit the Construction Documents to mandate the level of cooperation and participation of various contractors, suppliers, and vendors in the commissioning process. The Lessor shall ensure compliance by the contractors, suppliers, and vendors.

THE LESSOR IS RESPONSIBLE FOR ANY ADJUSTMENT REPAIR MODIFICATION OR REPLACEMENT OF SYSTEMS THAT ARE DETERMINED BY THE COMMISSIONING PROVIDER TO NOT BE OPERATING CORRECTLY

**Summary of Certain Provisions of Lease Document No. 7
 Amendment No. 3 to SFO No. 09WSA0200C, May 4, 2009.**

Solicitation for Offers No. 09WSA0200C issued November 21, 2008 for the National Oceanic and Atmospheric Administration's requirement for approximately 31,100 rentable square feet of office, warehouse, and related space.

The following amendments and clarifications are hereby made to the above-referenced Solicitation for Offerors. All Offerors must acknowledge receipt of this Amendment NO.3 in their Final Revised Proposals due June 4, 2009.

4. The following shall be added as Section 3.8 - Department of Natural Resources Lease Payments (if applicable): The Government shall 1) make a single annual lump sum payment to the Lessor for its share based on the percent of occupancy of any increase in Department of Natural Resources (DNR) ground leases during the lease term over the amount established as the base year premium, or 2) receive a lump sum payment for its share of any annual decreases for the duration of the DNR ground lease.

The amount of lump sum payment shall be based upon evidence of ground lease payment submitted by the Lessor to the Contracting Officer. The Government shall be responsible for payment of any DNR ground lease increase over the base year only if the proper invoice and evidence of payment is submitted by the Lessor within 90 calendar days after the date the payment is due from the Lessor to the Department of Natural Resources. Base year ground lease costs as referred to in this paragraph are the charges for the first 12-month period coincident with Government occupancy of leased space in its entirety. As the base year sets after the first 12-month period coincident with Government occupancy of leased space, the estimated rate for the first 12 months shall be reflected in Section II of Form 1217 (if applicable please add this cost on an attached sheet to the 1217 as it is not currently a line item). The adjustment to the estimated rate will be accomplished by Supplemental Lease Agreement after the first 12 months of Government occupancy of the leased space in its entirety.

5. The following shall be added as Section 3.9 - Insurance: The Government shall 1) make a single annual lump sum payment to the Lessor for its share based on the percent of occupancy of any increase in hazard and liability insurance premiums during the lease term over the amount established as the base year premium, or 2) receive a lump sum payment for its share of any annual decreases for the duration of the lease in the insurance premium established as the base year premium.

The amount of lump sum payment shall be based upon evidence of insurance policy and payment submitted by the Lessor to the Contracting Officer. The Government shall be responsible for payment of any insurance premium increase over the base year only if the proper invoice and evidence of payment is submitted by the Lessor within 90 calendar days after the date the insurance premium is due from the Lessor to the insurance company. Base year insurance premium as referred to in this paragraph is the insurance premium for the first 12-month period coincident with Government occupancy of leased space in its entirety. The estimated rate for the first 12 months will be reflected in Section II of Form 1217. The adjustment to the estimated rate will be accomplished by Supplemental Lease Agreement after the first 12 months of Government occupancy of the leased space in its entirety.

The Government will not pay for any portion of "terrorism insurance" (Terrorism Risk Insurance Act of 2002) obtained by the Lessor.

**Summary of Lease Document No. 9
Solicitation Attachment #1 – Rate Structure – Base Pier Design**

Solicitation Attachment #1
Rate Structure
Base Pier Design
Building: All Term: 20 years Space/Area: 28,205

BOMA Office Area Square Feet Offered:	All Offered Space
1. Base Rate: The INITIAL firm term base rate per ANSI/BOMA Office Area square foot (USF) for the Building Shell (excluding the cost of services and utilities in line item #2 below). The base rate shall be flat over the firm term.	\$70.96
2. The Base Year operating costs for services and utilities per USF. The equals line 27A of the GSA Form 1217 divided by the Total USF in the building.	\$5.55
3. Tenant Improvements: (a) The annual cost to amortize the Tenant Improvement allowance, such allowance being \$115.00 per USF for evaluation. Such amortization is to be compounded monthly over the INITIAL term of the lease. (b) The annual percentage interest rate, compounded monthly, to be used by the Lessor to amortize the cost of the Tenant Improvements up to \$115.00 per USF over the INITIAL term of the lease. (c) The annual percentage interest rate, compounded monthly, to be used by the Lessor to amortize the cost of the Tenant Improvements above \$115.00 per USF over the INITIAL term of the lease up to \$135.00 per USF.	\$10.29 6.5% n/a%
4. The lease rate per USF for: (a) The INITIAL term including a \$115.00 per USF Tenant Improvement allowance. This equals the sum of lines 1, 2, and 3(a) above.	\$86.80
5. The number of months of free rent without any payment of base rent, operating expenses, or amortization of \$115.00 per USF initial term Tenant Improvement allowance for: (a) The INITIAL term.	0 mos.
6. Lessor/Construction Markups. The total cost of markups evaluated against the tenant improvement allowance up to \$115.00 per USF, shall not exceed: - Offeror's General Contractor's Overhead and Profit 5% - General Contractor's General Conditions 7% - Offeror's Project Management Fee 0% - Architectural and Engineering Fee 9%	

**Summary of Lease Document No. 10
Solicitation Attachment #1 – Rate Structure – Additional Warehouse Space – Base Pier Design**

Solicitation Attachment #1
Rate Structure – Additional Warehouse Space
Base Pier Design
Building: Additional/Warehouse Term: 20 years Space/Area: 9,286

BOMA Office Area Square Feet Offered:	All Offered Space
1. Base Rate: The INITIAL firm term base rate per ANSI/BOMA Office Area square foot (USF) for the Building Shell (excluding the cost of services and utilities in line item #2 below). The base rate shall be flat over the firm term.	\$9.18
2. The Base Year operating costs for services and utilities per USF. The equals line 27A of the GSA Form 1217 divided by the Total USF in the building.	\$0
3. The lease rate per USF for: (a) The INITIAL term; this equals the sum of lines 1 and 2 above.	\$9.18
4. The number of months of free rent without any payment of base rent, operating expenses for: (a) The INITIAL term.	0 mos.
5. Lessor/Construction Markups. The total cost of markups evaluated against the tenant improvement allowance up to \$115.00 per USF, shall not exceed:	

<ul style="list-style-type: none"> - Offeror's General Contractor's Overhead and Profit 5% - General Contractor's General Conditions 7% - Offeror's Project Management Fee 0% - Architectural and Engineering Fee 9% 	
<p>*Note that Tenant Improvements to the additional warehouse space will be paid for with the Allowance included in the 31,000RSE.</p>	

**Summary of Certain Provisions of Lease Document No. 11
GSA Form 1217 – Lessor's Annual Cost Statement, dated June, 4, 2009**

Section I: Estimated annual cost of services and utilities furnished by Lessor as part of rental consideration total is \$156,600. This includes cleaning, janitor and/or char service, heating, electrical, plumbing, air conditioning, elevators, and miscellaneous (building engineer and/or manager, lawn and landscaping maintenance, and other) categories.

Section II: Estimated annual cost of ownership exclusive of capital charges total is \$120,944. This includes real estate taxes, insurance, building maintenance and reserves for replacement, and management categories. \$5,424 of the total represents rental costs for a "Submerged and Submersible Land Lease from Oregon's Department of State Lands (DSL). This amount will be subject to an annual lump sum payment for any increase in rent over the life of the lease. Conversely, the Government will receive a lump sum payment from the Port for any decreases in this amount. \$46,000 of the total is for hazard and liability insurance. This amount will be subject to an annual lump sum payment for any increase in insurance premiums over the life of the Lease. Conversely, the Government will receive a lump sum payment from the Port for any decreases to this amount.

**Summary of Certain Provisions of Lease Document No. 15
Building and Pier Seismic Certification**

Letter from Craig Totten, PE, SE, KPFF Consulting Engineers Principal to Don Mann, Port of Newport General Manager, dated March 10, 2009, Re: Request for Clarification for NOAA Solicitation for Offers (SFO) No. 09SWA0200C

The following is in response to structural engineering related questions in the March 2, 2009 letter from Pacific Properties, LLC requesting clarification for the Port's offer for this facility.

- Section 1.2.C.4: The design live load for the new piers is 500 psf and HS-20 truck loading as required by the SFO.

- Section 2.1.B.2: Wind and wave action – please see attached memorandum from Coast and Harbor Engineering dated March 9, 2009.

- Section 2.2: Seismic design for the new buildings and piers is in accordance with the 2007 Oregon Structural Specialty Code (OSSC) which is based on the requirements of the 2006 International Building Code (IBC). These code requirements will meet or exceed the ASCE/SEI 31 Tier 1 Evaluation criteria for existing structures required by the SFO.

- Section 3.6: The buildings and piers will be designed and constructed based on a life expectancy of 50 years, however this could be extended with a program of regular maintenance.

 All construction will be new, types will be as follows:

 Piers: Concrete deck on steel pipe piles
 Office Buildings: Steel frames with concrete floors on metal deck and tilt-up concrete walls
 All other buildings: Steel frame with tilt-up concrete walls

Attachment:

All plans will be designed to meet or exceed the seismic standards outlined in UFC 4-152-01. Unified Facilities Criteria Design, Piers and Wharves – SUG1

**Summary of Certain Provisions of Lease Document No. 17
GSA Form 3517 B – General Clauses, November 2005**

GENERAL CLAUSES
(Acquisition of Leasehold Interests in Real Property)

1. 552.270-4 DEFINITIONS (SEP 1999) (VARIATION)

The following terms and phrases (except as otherwise expressly provided or unless the context otherwise requires) for all purposes of this lease shall have the respective meanings hereinafter specified:

- (a) "Commencement Date" means the first day of the term.

- (b) "Contract" and "Contractor" means "Lease" and "Lessor," respectively.

- (c) “Contracting Officer” means a person with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings. The term includes certain authorized representatives of the Contracting Officer acting within the limits of their authority as delegated by the Contracting Officer.
- (d) “Delivery Date” means the date specified in or determined pursuant to the provisions of this lease for delivery of the premises to the Government, improved in accordance with the provisions of this lease and substantially complete, as such date may be modified in accordance with the provisions of this lease.
- (e) “Delivery Time” means the number of days provided by this lease for delivery of the premises to the Government, as such number may be modified in accordance with the provisions of this lease.
- (f) “Excusable Delays” mean delays arising without the fault or negligence of Lessor and Lessor's subcontractors and suppliers at any tier, and shall include, without limitation:
 - (1) acts of God or of the public enemy,
 - (2) acts of the United States of America in either its sovereign or contractual capacity,
 - (3) acts of another contractor in the performance of a contract with the Government,
 - (4) fires,
 - (5) floods,
 - (6) epidemics,
 - (7) quarantine restrictions,
 - (8) strikes,
 - (9) freight embargoes,
 - (10) unusually severe weather, or
 - (11) delays of subcontractors or suppliers at any tier arising from unforeseeable causes beyond the control and without the fault or negligence of both the Lessor and any such subcontractor or supplier.
- (g) “Lessor” means the sub-lessor if this lease is a sublease.
- (h) “Lessor shall provide” means the Lessor shall furnish and install at Lessor's expense.
- (i) “Notice” means written notice sent by certified or registered mail, Express Mail or Comparable service, or delivered by hand. Notice shall be effective on the date delivery is accepted or refused.
- (j) “Premises” means the space described on the Standard Form 2, U.S. Government Lease for Real Property, of this lease.
- (l) “Substantially complete” and “substantial completion” means that the work, the common and other areas of the building, and all other things necessary for the Government's access to the premises and occupancy, possession, use and enjoyment thereof, as provided in this lease, have been completed or obtained, excepting only such minor matters as do not interfere with or materially diminish such access, occupancy, possession, use or enjoyment.
- (m) “Usable square feet” means the ANSI/BOMA Z65.1-1996 definition for BOMA usable office area, which means “The area where a tenant normally houses personnel and/or furniture, for which a measurement is to be computed.”
- (n) “Work” means all alterations, improvements, modifications, and other things required for the preparation or continued occupancy of the premises by the Government as specified in this lease.

2. 552.270-5 SUBLETTING AND ASSIGNMENT (SEP 1999)

The Government may sublet any part of the premises but shall not be relieved from any obligations under this lease by reason of any such subletting. The Government may at any time assign this lease, and be relieved from all obligations to Lessor under this lease excepting only unpaid rent and other liabilities, if any, that have accrued to the date of said assignment. Any assignment shall be subject to prior written consent of Lessor, which shall not be unreasonably withheld.

3. 352.270-11 SUCCESSORS BOUND (SEP 1999)

This lease shall bind, and inure to the benefit of, the parties and their respective heirs, executors, administrators, successors, and assigns.

4. 552.270-23 SUBORDINATION, NONDISTURBANCE AND ATTORNMENT (SEP 1999)

- (a) Lessor warrants that it holds such title to or other interest in the premises and other property as is necessary to the Government's access to the premises and full use and enjoyment thereof in accordance with the provisions of this lease. Government agrees, in consideration of the warranties and conditions set forth in this clause, that this lease is subject and subordinate to any and all recorded mortgages, deeds of trust and other liens now or hereafter existing or imposed upon the premises, and to any renewal, modification or extension thereof. It is the intention of the parties that this provision shall be self-operative and that no further instrument shall be required to effect the present or subsequent subordination of this lease. Government agrees, however, within twenty (20) business days next following the Contracting Officer's receipt of a written demand, to execute such instruments as Lessor may reasonably request to evidence further the subordination of this lease to any existing or future mortgage, deed of trust or other security interest pertaining to the premises, and to any water, sewer or access easement necessary or desirable to serve the premises or adjoining property owned in whole or in part by Lessor if such easement does not interfere with the full enjoyment of any right granted the Government under this lease.

- (b) No such subordination, to either existing or future mortgages, deeds of trust or other lien or security instrument shall operate to affect adversely any right of the Government under this lease so long as the Government is not in default under this lease. Lessor will include in any future mortgage, deed of trust or other security instrument to which this lease becomes subordinate,

or in a separate nondisturbance agreement, a provision to the foregoing effect. Lessor warrants that the holders of all notes or other obligations secured by existing mortgages, deeds of trust or other security instruments have consented to the provisions of this clause, and agrees to provide true copies of all such consents to the Contracting Officer promptly upon demand.

- (c) In the event of any sale of the premises or any portion thereof by foreclosure of the lien of any such mortgage, deed of trust or other security instrument, or the giving of a deed in lieu of foreclosure, the Government will be deemed to have attorned to any purchaser, transferee or transferees of the premises or any portion thereof and its or their successors and assigns, and any such purchasers and transferees will be deemed to have assumed all obligations of the Lessor under this lease, so as to establish direct privity of estate and contract between Government and such purchasers or transferees, with the same force, effect and relative priority in time and right as if the lease had initially been entered into between such purchasers or transferees and the Government; provided, further, that the Contracting Officer and such purchasers or transferees shall, with reasonable promptness following any such sale or deed delivery in lieu of foreclosure, execute all such revisions to this lease, or other writings, as shall be necessary to document the foregoing relationship.
- (d) None of the foregoing provisions may be deemed or construed to imply a waiver of the Government's rights as a sovereign

5. 552.270-24 STATEMENT OF LEASE (SEP 1999)

- (a) The Contracting Officer will, within thirty (30) days next following the Contracting Officer's receipt of a joint written request from Lessor and a prospective lender or purchaser of the building, execute and deliver to Lessor a letter stating that the same is issued subject to the conditions stated in this clause and, if such is the case, that (1) the lease is in full force and effect; (2) the date to which the rent and other charges have been paid in advance, if any; and (3) whether any notice of default has been issued.
- (b) Letters issued pursuant to this clause are subject to the following conditions:
 - (1) That they are based solely upon a reasonably diligent review of the Contracting Officer's lease file as of the date of issuance;
 - (2) That the Government shall not be held liable because of any defect in or condition of the premises or building;
 - (3) That the Contracting Officer does not warrant or represent that the premises or building comply with applicable Federal, State and local law; and
 - (4) That the Lessor, and each prospective lender and purchaser are deemed to have constructive notice of such facts as would be ascertainable by reasonable prepurchase and precommitment inspection of the Premises and Building and by inquiry to appropriate Federal, State and local Government officials.

6. 552.270-25 SUBSTITUTION OF TENANT AGENCY (SEP 1999)

The Government may, at any time and from time to time, substitute any Government agency or agencies for the Government agency or agencies, if any, named in the lease

7. 552.270-26 NO WAIVER (SEP1999)

No failure by either party to insist upon the strict performance of any provision of this lease or to exercise any right or remedy consequent upon a breach thereof, and no acceptance of full or partial rent or other performance by either party during the continuance of any such breach shall constitute a waiver of any such breach of such provision.

8. 552.270-27 INTEGRATED AGREEMENT (SEP 1999)

This Lease, upon execution, contains the entire agreement of the parties and no prior written or oral agreement, express or implied, shall be admissible to contradict the provisions of the Lease.

9. 552.270-28 MUTUALITY OF OBLIGATION (SEP 1999)

The obligations and covenants of the Lessor, and the Government's obligation to pay rent and other Government obligations and covenants, arising under or related to this Lease, are interdependent. The Government may, upon issuance of and delivery to Lessor of a final decision asserting a claim against Lessor, set off such claim, in whole or in part, as against any payment or payments then or thereafter due the Lessor under this lease. No setoff pursuant to this clause shall constitute a breach by the Government of this lease.

10. 552.270-17 DELIVERY AND CONDITION (SEP 1999)

- (a) Unless the Government elects to have the space occupied in increments, the space must be delivered ready for occupancy as a complete unit. The Government reserves the right to determine when the space is substantially complete.
- (b) If the premises do not in every respect comply with the provisions of this lease the Contracting Officer may, in accordance with the Failure in Performance clause of this lease, elect to reduce the rent payments.

11. 552.270-18 DEFAULT IN DELIVERY-TIME EXTENSIONS (SEP 1999) (VARIATION)

- (a) With respect to Lessor's obligation to deliver the premises substantially complete by the delivery date, time is of the essence. If the Lessor fails to work diligently to ensure its substantial completion by the delivery date or fails to substantially complete the work by such date, the Government may by notice to the Lessor terminate this lease. Such termination is effective when received by Lessor. The Lessor and the Lessor's sureties, if any, are jointly and severally liable for any damages to the Government resulting from such termination, as provided in this clause. The Government shall be entitled to the following damages:

- (1) The Government's aggregate rent and estimated real estate tax and operating cost adjustments for the firm term and all option terms of its replacement lease or leases, in excess of the aggregate rent and estimated real estate tax and operating cost adjustments for the term. If the Government procures replacement premises for a term (including all option terms) in excess of this term, the Lessor is not liable for excess Government rent or adjustments during such excess lease term.
- (2) All administrative and other costs the Government incurs in procuring a replacement lease or leases.
- (3) Other, additional relief provided for in this lease, at law, or in equity.
- (b) Damages to which the Government is entitled to under this clause are due and payable thirty (30) days following the date Lessor receives notice from the Contracting Officer specifying such damages.
- (c) Delivery by Lessor of less than the minimum ANSI/BOMA Office Area square footage required by this lease shall in no event be construed as substantial completion, except as the Contracting Officer permits.
- (d) The Government shall not terminate this lease under this clause nor charge the Lessor with damages under this clause, if (1) the delay in substantially completing the work arises from excusable delays and (2) the Lessor within 10 days from the beginning of any such delay (unless extended in writing by the Contracting Officer) provides notice to the Contracting Officer of the causes of delay. The Contracting Officer shall ascertain the facts *and* the extent of delay. If the facts warrant, the Contracting Officer shall extend the delivery date, to the extent of such delay at no additional costs to the Government. A time extension is the sole remedy of the Lessor.

12. 552.270-19 PROGRESSIVE OCCUPANCY (SEP 1999)

The Government shall have the right to elect to occupy the space in partial increments prior to the substantial completion of the entire leased premises, and the Lessor agrees to schedule its work so as to deliver the space incrementally as elected by the Government. The Government shall pay rent commencing with the first business day following substantial completion of the entire leased premise unless the Government has elected to occupy the leased premises incrementally. In case of incremental occupancy, the Government shall pay rent pro rata upon the first business day following substantial completion of each incremental unit. Rental payments shall become due on the first workday of the month following the month in which an increment of space is substantially complete, except that should an increment of space be substantially completed after the fifteenth day of the month, the payment due date will be the first workday of the second month following the month in which it was substantially complete. The commencement date of the firm lease term will be a composite determined from all rent commencement dates.

13. 552.270-21 EFFECT OF ACCEPTANCE AND OCCUPANCY (SEP 1999)

Neither the Government's acceptance of the premises for occupancy, nor the Government's occupancy thereof, shall be construed as a waiver of any requirement of or right of the Government under this Lease, or as otherwise prejudicing the Government with respect to any such requirement or right.

14. 552.270-6 MAINTENANCE OF BUILDING AND PREMISES-RIGHT OF ENTRY (SEP 1999) (VARIATION)

Except in case of damage arising out of the willful act or negligence of a Government employee, Lessor shall maintain the premises, including the building, building systems, and all equipment, fixtures, and appurtenances furnished by the Lessor under this lease, in good repair and condition so that they are suitable in appearance and capable of supplying such heat, air conditioning, light, ventilation, safety systems, access and other things to the premises, without reasonably preventable or recurring disruption, as is required for the Government's access to, occupancy, possession, use and enjoyment of the premises as provided in this lease. For the purpose of so maintaining the premises, the Lessor may at reasonable times enter the premises with the approval of the authorized Government representative in charge.

15. 552.270-10 FAILURE IN PERFORMANCE (SEP 1999)

The covenant to pay rent and the covenant to provide any service, utility, maintenance, or repair required under this lease are interdependent. In the event of any failure by the Lessor to provide any service, utility, maintenance, repair or replacement required under this lease the Government may, by contract or otherwise, perform the requirement and deduct from any payment or payments under this lease. then or thereafter due the resulting cost to the Government, including all administrative costs. If the Government elects to perform any such requirement, the Government and each of its contractors shall be entitled to access to any and all areas of the building, access to which is necessary to perform any such requirement, and the Lessor shall afford and facilitate such access. Alternatively, the Government may deduct from any payment under this lease, then or thereafter due, an amount which reflects the reduced value of the contract requirement not performed. No deduction from rent pursuant to this clause shall constitute a default by the Government under this lease. These remedies are not exclusive and are in addition to any other remedies which may be available under this lease or at law.

16. 552.270-22 DEFAULT BY LESSOR DURING THE TERM (SEP 1999)

- (a) Each of the following shall constitute a default by Lessor under this lease:
 - (1) Failure to maintain, repair, operate or service the premises as and when specified in this lease, or failure to perform any other requirement of this lease as and when required provided any such failure shall remain uncured for a period of thirty (30) days next following Lessor's receipt of notice thereof from the Contracting Officer or an authorized representative.
 - (2) Repeated and unexcused failure by Lessor to comply with one or more requirements of this lease shall constitute a default notwithstanding that one or all such failures shall have been timely cured pursuant to this clause.
- (b) If a default occurs, the Government may, by notice to Lessor, terminate this lease for default and if so terminated, the Government shall be entitled to the damages specified in the Default in Delivery-Time Extensions clause.

17. **555.2707 FIRE AND CASUAL TY DAMAGE (SEP 1999)**
 If the entire premises are destroyed by fire or other casualty, this lease will immediately terminate. In case of partial destruction or damage, so as to render the premises untenable, as determined by the Government, the Government may terminate the lease by giving written notice to the Lessor within 15 calendar days of the fire or other casualty; if so terminated, no rent will accrue to the Lessor after such partial destruction or damage; and if not so terminated, the rent will be reduced proportionately by supplemental agreement hereto effective from the date of such partial destruction or damage. Nothing in this lease shall be construed as relieving Lessor from liability for damage to or destruction of property of the United States of America caused by the willful or negligent act or omission of Lessor.
18. **552.270-8 COMPLIANCE WITH APPLICABLE LAW (SEP 1999)**
 Lessor shall comply with all Federal, state and local laws applicable to the Lessor as owner or Lessor, or both, of the building or premises, including, without limitation, laws applicable to the construction, ownership, alteration or operation of both or either thereof, and will obtain all necessary permits, licenses and similar items at Lessor's expense. The Government will comply with all Federal, State and local laws applicable to and enforceable against it as a tenant under this lease; provided that nothing in this lease shall be construed as a waiver of any sovereign immunity of the Government. This lease shall be governed by Federal law.
19. **552.270-12 ALTERATIONS (SEP 1999)**
 The Government shall have the right during the existence of this lease to make alterations, attach fixtures, and erect structures or signs in or upon the premises hereby leased, which fixtures, additions or structures so placed in, on, upon, or attached to the said premises shall be and remain the property of the Government and may be removed or otherwise disposed of by the Government. If the lease contemplates that the Government is the sole occupant of the building, for purposes of this clause, the leased premises include the land on which the building is sited and the building itself. Otherwise, the Government shall have the right to tie into or make any physical connection with any structure located on the property as is reasonably necessary for appropriate utilization of the leased space.
20. **552.270-29 ACCEPTANCE OF SPACE (SEP 1999) (VARIATION)**
 (a) When the Lessor has completed all alterations, improvements, and repairs necessary to meet the requirements of the lease, the Lessor shall notify the Contracting Officer. The Contracting Officer or designated representative shall promptly inspect the space.
 (b) The Government will accept the space and the lease term will begin after determining that the space is substantially complete and contains the required ANSI/BOMA Office Area square footage as indicated in. the paragraph of this solicitation entitled "Amount and Type of Space."
21. **552.270-9 INSPECTION-RIGHT OF ENTRY (SEP 1999)**
 (a) At any time and from time to time after receipt of an offer (until the same has been duly withdrawn or rejected), after acceptance thereof and during the term, the agents, employees and contractors of the Government may, upon reasonable prior notice to Offeror or Lessor, enter upon the offered premises or the premises, and all other areas of the building access to which is necessary to accomplish the purposes of entry, to determine the potential or actual compliance by the Offeror or Lessor with the requirements of the solicitation or this lease, which purposes shall include, but not be limited to:
 (1) inspecting, sampling and analyzing of suspected asbestos-containing materials and air monitoring for asbestos fibers;
 (2) inspecting the heating, ventilation and air conditioning system, maintenance records, and mechanical rooms for the offered premises or the premises;
 (3) inspecting for any leaks, spills, or other potentially hazardous conditions which may involve tenant exposure to hazardous or toxic substances; and
 (4) inspecting for any current or past hazardous waste operations, to ensure that appropriate mitigative actions were taken to alleviate any environmentally unsound activities in accordance with Federal, State and local law.
 (b) Nothing in this clause shall be construed to create a Government duty to inspect for toxic materials or to impose a higher standard of care on the Government than on other lessees. The purpose of this clause is to promote the ease with which the Government may inspect the building. Nothing in this clause shall act to relieve the Lessor of any duty to inspect or liability which might arise as a result of Lessor's failure to inspect for or correct a hazardous condition.
22. **52.204.7 CENTRAL CONTRACTOR REGISTRATION (OCT 2003) (VARIATION)**
 (a) Definitions. As used in this clause-
 "Central Contractor Registration (CCR) database" means the primary Government repository for Contractor information required for the conduct of business with the Government.
 "Data Universal Numbering System (DUNS) number" means the 9-digit number assigned by Dun and Bradstreet, Inc. (D&B) to identify unique business entities.
 "Data Universal Numbering System +4 (DUNS+4) number" means the DUNS number assigned by D&B plus a 4-character suffix that may be assigned by a business concern. (D&B has no affiliation with this 4-character suffix.) This 4-character suffix may be assigned at the discretion of the business concern to establish additional CCR records for identifying alternative Electronic Funds Transfer (EFT) accounts for the same parent concern.
 "Offeror" means the owner of the property offered, not an individual or agent representing the owner.

“Registered in the CCR database” means that:-

- (1) The Contractor has entered all mandatory information, including the DUNS number or the DUNS+4 number, into the CCR database; and
- (2) The Government has validated all mandatory data fields and has marked the record “Active.”
- (b) (1) By submission of an offer, the Offeror acknowledges the requirement that a prospective awardee must be registered with D&B and in the CCR database prior to award, during performance, and through final payment of any contract resulting from this solicitation.
- (2) The Offeror shall enter in the appropriate block, on the GSA Form 3518, entitled Representations and Certifications, the legal entity's name and address, followed by the DUNS or DUNS +4 number that identifies the Offeror's name and address exactly as stated in the offer. The DUNS number will be used by the Contracting Officer to verify that the Offeror is registered in the CCR database.
- (c) If the Offeror does not have a DUNS number, it should contact Dun and Bradstreet directly to obtain one.
 - (1) An Offeror may obtain a DUNS number-
 - (i) If located within the United States, by calling Dun and Bradstreet at 1-866-705-5711 or via the Internet at <http://www.dnb.com>; or
 - (ii) If located outside the United States, by contacting the local Dun and Bradstreet office.
 - (2) The Offeror should be prepared to provide the following information:
 - (i) Company legal business.
 - (ii) Tradestyle, doing business, or other name by which your entity is commonly recognized.
 - (iii) Company Physical Street Address, City, State, and ZIP Code.
 - (iv) Company Mailing Address, City, State and ZIP Code (if separate from physical).
 - (v) Company Telephone Number.
 - (vi) Date the company was started.
 - (vii) Number of employees at your location. (viii) Chief executive officer/key manager.
 - (ix) Line of business (industry).
 - (x) Company Headquarters name and address (reporting relationship within your entity).
- (d) If the Offeror does not become registered in the CCR database in the time prescribed by the Contracting Officer, the Contracting Officer will proceed to award to the next otherwise successful registered Offeror.
- (e) Processing time, which normally takes 48 hours, should be taken into consideration when registering. Offerors who are not registered should consider applying for registration immediately upon receipt of this solicitation.
- (f) The Contractor is responsible for the accuracy and completeness of the data within the CCR database, and for any liability resulting from the Government's reliance on inaccurate or incomplete data. To remain registered in the CCR database after the initial registration, the Contractor is required to review and update on an annual basis from the date of initial registration or subsequent updates its information in the CCR database to ensure it is current, accurate and complete. Updating information in the CCR does not alter the terms and conditions of this contract and is not a substitute for a properly executed contractual document.
- (g) (1) (i) If a Contractor has legally changed its business name, “doing business as” name, or division name (whichever is shown on the contract), or has transferred the assets used in performing the contract, the Contractor shall comply with the requirements of Subpart 42.12 of the Federal Acquisition Regulations (FAR) and provide the responsible Contracting Officer a fully revised and initialed/signed GSA Form 3518, entitled Representations and Certifications, along with written notification of its intention to (A) change the name in the CCR database; and (B) provide the Contracting Officer with sufficient documentation to verify and confirm the legally changed name or change in ownership.
- (ii) If the Contractor fails to comply with the requirements of paragraph (g)(1)(i) of this clause, or fails to perform the agreement at paragraph (g)(1)(i)(C) of this clause, and, in the absence of a properly executed novation or change-of-name agreement, the CCR information that shows the Contractor to be other than the Contractor indicated in the contract will be considered to be incorrect information within the meaning of the “Suspension of Payment” paragraph of the electronic funds transfer (EFT) clause of this contract.
- (2) The Contractor shall not change the name or address for EFT payments or manual payments, as appropriate, in the CCR record to reflect an assignee for the purpose of assignment of claims. Assignees shall be separately registered in the CCR database. Information provided to the Contractor's CCR record that indicates payments, including those made by EFT, to an ultimate recipient other than that Contractor will be considered to be incorrect information.
- (h) Offerors and Contractors may obtain information on registration and annual confirmation requirements via the internet at <http://www.ccr.gov> or by calling 1-888-227-2423, or 269-961-5757.

23. 552.232-75 PROMPT PAYMENT (SEP 1999)

The Government will make payments under the terms and conditions specified in this clause. Payment shall be considered as

being made on the day a check is dated or an electronic funds transfer is made. All days referred to in this clause are calendar days, unless otherwise specified.

(a) *Payment due date.*

(1) *Rental payments.* Rent shall be paid monthly in arrears and will be due on the first workday of each month, and only as provided for by the lease.

(i) When the date for commencement of rent falls on the 15th day of the month or earlier, the initial monthly rental payment under this contract shall become due on the first workday of the month following the month in which the commencement of the rent is effective.

(ii) When the date for commencement of rent falls after the 15th day of the month, the initial monthly rental payment under this contract shall become due on the first workday of the second month following the month in which the commencement of the rent is effective.

(2) *Other payments.* The due date for making payments other than rent shall be the later of the following two events:

(i) The 30th day after the designated billing office has received a proper invoice from the Contractor.

(ii) The 30th day after Government acceptance of the work or service. However, if the designated billing office fails to annotate the invoice with the actual date of receipt, the invoice payment due date shall be deemed to be the 30th day after the Contractor's invoice is dated, provided a proper invoice is received and there is no disagreement over quantity, quality, or Contractor compliance with contract requirements.

(b) *Invoice and inspection requirements for payments other than rent.*

(1) The Contractor shall prepare and submit an invoice to the designated billing office after completion of the work. A proper invoice shall include the following items:

(i) Name and address of the Contractor.

(ii) Invoice date.

(iii) Lease number.

(iv) Government's order number or other authorization.

(v) Description, price, and quantity of work or services delivered.

(vi) Name and address of Contractor official to whom payment is to be sent (must be the same as that in the remittance address in the lease or the order).

(vii) Name (where practicable), title, phone number, and mailing address of person to be notified in the event of a defective invoice.

(2) The Government will inspect and determine the acceptability of the work performed or services delivered within 7 days after the receipt of a proper invoice or notification of completion of the work or services unless a different period is specified at the time the order is placed. If actual acceptance occurs later, for the purpose of determining the payment due date and calculation of interest, acceptance will be deemed to occur on the last day of the 7-day inspection period. If the work or service is rejected for failure to conform to the technical requirements of the contract, the 7 days will be counted beginning with receipt of a new invoice or notification. In either case, the Contractor is not entitled to any payment or interest unless actual acceptance by the Government occurs.

(c) *Interest Penalty.*

(1) An interest penalty shall be paid automatically by the Government, without request from the Contractor, if payment is not made by the due date.

(2) The interest penalty shall be at the rate established by the Secretary of the Treasury under Section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611) that is in effect on the day after the due date. This rate is referred to as the "Renegotiation Board Interest Rate," and it is published in the *Federal Register* semiannually on or about January 1 and July 1. The interest penalty shall accrue daily on the payment amount approved by the Government and be compounded in 30-day increments inclusive from the first day after the due date through the payment date.

(3) Interest penalties will not continue to accrue after the filing of a claim for such penalties under the clause at 52.233-1, Disputes, or for more than 1 year. Interest penalties of less than \$1.00 need not be paid.

(4) Interest penalties are not required on payment delays due to disagreement between the *Government* and Contractor over the payment amount or other issues involving contract compliance or on amounts temporarily withheld or retained in accordance with the terms of the contract. Claims involving disputes, and any interest that may be payable, will be resolved in accordance with the clause at 52.233-1, Disputes.

24. **552.232-76 ELECTRONIC FUNDS TRANSFER PAYMENT (MAR 2000) (VARIATION)**

(a) The Government will make payments under this lease by electronic funds transfer (EFT). The Lessor must, no later than 30 days before the first payment:

- (1) Designate a financial institution for receipt of EFT payments.
 - (2) Submit this designation to the Contracting Officer or other Government official, as directed.
- (b) The Lessor must provide the following information:
- (1) The American Bankers Association 9-digit identifying number for Automated Clearing House (ACH) transfers of the financing institution receiving payment if the institution has access to the Federal Reserve Communications System.
 - (2) Number of account to which funds are to be deposited.
 - (3) Type of depositor account (“C” for checking, “S” for savings).
 - (4) If the Lessor is a new enrollee to the EFT system, the Lessor must complete and submit Form SF 3881, ACH Vendor/Miscellaneous Payment Enrollment Form, before payment can be processed.
- (c) If the Lessor, during the performance of this contract, elects to designate a different financial institution for the receipt of any payment, the appropriate Government official must receive notice of such change and the required information specified above no later than 30 days before the date such change is to become effective.
- (d) The documents furnishing the information required in this clause must be dated and contain the:
- (1) Signature, title, and telephone number of the Lessor or the Lessor's authorized representative.
 - (2) Lessor's name.
 - (3) Lease number.
- (e) Lessor's failure to properly designate a financial institution or to provide appropriate payee bank account information may delay payments of amounts otherwise properly due.
25. **552.232-70 INVOICE REQUIREMENTS (SEP 1999) (VARIATION)**
(This clause is applicable to payments other than rent.)
- (a) Invoices shall be submitted in an original only, unless otherwise specified, to the designated billing office specified in this contract or order.
- (b) Invoices must include the Accounting Control Transaction (ACT) number provided below or on the order.
- ACT Number (to be supplied on individual orders)
- (c) If information or documentation in addition to that required by the Prompt Payment clause of this contract is required in connection with an invoice for a particular order, the order will indicate what information or documentation must be submitted.
26. **52.232-23 ASSIGNMENT OF CLAIMS (JAN 1986)**
(Applicable to leases over \$2,500.)
- (a) The Contractor, under the Assignment of Claims Act, as amended, 31 U.S.C. 3727, 41 U.S.C. 15 (hereafter referred to as “the Act”), may assign its rights to be paid amounts due or to become due as a result of the performance of this contract to a bank, trust company, or other financing institution, including any Federal lending agency. The assignee under such an assignment may thereafter further assign or reassign its right under the original assignment to any type of financing institution described in the preceding sentence.
 - (b) Any assignment or reassignment authorized under the Act and this clause shall cover all unpaid amounts payable under this contract, and shall not be made to more than one party, except that an assignment or reassignment may be made to one party as agent or trustee for two or more parties participating in the financing of this contract.
 - (c) The Contractor shall not furnish or disclose to any assignee under this contract any classified document (including this contract) or information related to work under this contract until the Contracting Officer authorizes such action in writing.
27. **552.270-20 PAYMENT (SEP 1999) (VARIATION)**
- (a) When space is offered and accepted, the ANSI/BOMA Office Area square footage delivered will be confirmed by:
 - (1) the Government's measurement of plans submitted by the successful Offeror as approved by the Government, and an inspection of the space to verify that the delivered space is in conformance with such plans or
 - (2) a mutual on-site measurement of the space, if the Contracting Officer determines that it is necessary.
 - (b) Payment will not be made for space which is in excess of the amount of ANSI/BOMA Office Area square footage stated in the lease.
 - (c) If it is determined that the amount of ANSI/BOMA Office Area square footage actually delivered is less than the amount agreed to in the lease, the lease will be modified to reflect the amount of Usable space delivered and the annual rental will be adjusted as follows:

Usable square feet not delivered multiplied by the ANSI/BOMA Office Area square foot (USF) rate equals the reduction in annual rent. The rate per USF is determined by dividing the total annual rental by the Usable square footage set forth in the lease.

USF Not Delivered X Rate per USF = Reduction in Annual Rent.

28. 552.203-5 COVENANT AGAINST CONTINGENT FEES (FEB 1990)
(Applicable to leases over \$100,000.)

(a) The Contractor warrants that no person or agency has been employed or retained to solicit or obtain this contract upon an agreement or understanding for a contingent fee, except a bona fide employee or agency. For breach or violation of this warranty, the Government shall have the right to annul this contract without liability or, in its discretion, to deduct from the contract price or consideration, or otherwise recover the full amount of the contingent fee.

(b) "Bona fide agency," as used in this clause, means an established commercial or selling agency (including licensed real estate agents or brokers), maintained by a Contractor for the purpose of securing business, that neither exerts nor proposes to exert improper influence to solicit or obtain Government contracts nor holds itself out as being able to obtain any Government contract or contracts through improper influence.

"Bona fide employee," as used in this clause, means a person, employed by a Contractor and subject to the Contractor's supervision and control as to time, place, and manner of performance, who neither exerts nor proposes to exert improper influence to solicit or obtain Government contracts nor holds out as being able to obtain any Government contract or contracts through improper influence.

"Contingent fee," as used in this clause, means any commission, percentage, brokerage, or other fee that is contingent upon the success that a person or concern has in securing a Government contract.

"Improper influence," as used in this clause, means any influence that induces or tends to induce a Government employee or officer to give consideration or to act regarding a Government contract on any basis other than the merits of the matter.

29. 52.203-7 ANTI-KICKBACK PROCEDURES (JUL 1995)
(Applicable to leases over \$100,000 average net annual rental, including option periods.)

(a) *Definitions.*

"Kickback," as used in this clause, means any money, fee, commission, credit, gift, gratuity, thing of value, or compensation of any kind which is provided, directly or indirectly, to any prime Contractor, prime Contractor employee, subcontractor, or subcontractor employee for the purpose of improperly obtaining or rewarding favorable treatment in connection with a prime contractor in connection with a subcontract relating to a prime contract.

"Person," as used in this clause, means a corporation, partnership, business association of any kind, trust, joint-stock company, or individual.

"Prime contract," as used in this clause, means a contract or contractual action entered into by the United States for the purpose of obtaining supplies, materials, equipment, or services of any kind.

"Prime Contractor," as used in this clause, means a person who has entered into a prime contract with the United States.

"Prime Contractor employee," as used in this clause, means any officer, partner, employee, or agent of a prime Contractor.

"Subcontract," as used in this clause, means a contract or contractual action entered into by a prime Contractor or subcontractor for the purpose of obtaining supplies, materials, equipment, or services of any kind under a prime contract.

"Subcontractor," as used in this clause, (1) means any person, other than the prime Contractor, who offers to furnish or furnishes any supplies, materials, equipment, or services of any kind under a prime contract or a subcontract entered into in connection with such prime contract, and (2) includes any person who offers to furnish or furnishes general supplies to the prime Contractor or a higher tier subcontractor.

"Subcontractor employee," as used in this clause, means any officer, partner, employee, or agent of a subcontractor.

(b) The Anti-Kickback Act of 1986 (41 U.S.C. 51-58) (the Act), prohibits any person from

- (1) Providing or attempting to provide or offering to provide any kickback;
- (2) Soliciting, accepting, or attempting to accept any kickback; or
- (3) Including, directly or indirectly, the amount of any kickback in the contract price charged by a prime Contractor to the United States or in the contract price charged by a subcontractor to a prime Contractor or higher tier subcontractor.

(c) (1) The Contractor shall have in place and follow reasonable procedures designed to prevent and detect possible violations described in paragraph (b) of this clause in its own operations and direct business

relationships.

- (2) When the Contractor has reasonable grounds to believe that a violation described in paragraph (b) of this clause may have occurred, the Contractor shall promptly report in writing the possible violation. Such reports shall be made to the inspector general of the contracting agency, the head of the contracting agency if the agency does not have an inspector general, or the Department of Justice.
- (3) The Contractor shall cooperate fully with any Federal agency investigating a possible violation described in paragraph (b) of this clause.
- (4) The Contracting Officer may (i) offset the amount of the kickback against any monies owed by the United States under the prime contract and/or (ii) direct that the Prime Contractor withhold from sums owed a subcontractor under the prime contract, the amount of the kickback. The Contracting Officer may order that monies withheld under subdivision (c)(4)(ii) of this clause be paid over to the Government unless the Government has already offset those monies under subdivision (c)(4)(i) of this clause. In either case, the Prime Contractor shall notify the Contracting Officer when the monies are withheld.
- (5) The Contractor agrees to incorporate the substance of this clause, including paragraph (c)(5) but excepting paragraph (c)(1), in all subcontracts under this contract which exceed \$100,000.

30. 52.223-6 **DRUG-FREE WORKPLACE (MAY 2001)**

(a) *Definitions.* As used in this clause-

“Controlled substance” means a controlled substance in schedules I through V of section 202 of the Controlled Substances Act (21 U.S.C. 812) and as further defined in regulation at 21 CFR 1308.11 - 1308.15.

“Conviction” means a finding of guilt (including a plea of *nolo contendere*) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes.

“Criminal drug statute” means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, possession, or use of any controlled substance.

“Drug-free workplace” means the site(s) for the performance of work done by the Contractor in connection with a specific contract where employees of the Contractor are prohibited from engaging in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance.

“Employee” means an employee of a Contractor directly engaged in the performance of work under a Government contract.

“Directly engaged” is defined to include all direct cost employees and any other Contractor employee who has other than a minimal impact or involvement in contract performance.

“Individual” means an Offeror/Contractor that has no more than one employee including the Offeror/Contractor.

(b) The Contractor, if other than an individual, shall-within 30 days after award (unless a longer period is agreed to in writing for contracts of 30 days or more performance duration), or as soon as possible for contracts of less than 30 days performance duration –

- (1) Publish a statement notifying its employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Contractor's workplace and specifying the actions that will be taken against employees . for violations of such prohibition;
- (2) Establish an ongoing drug-free awareness program to inform such employees about –
 - (i) The dangers of drug abuse in the workplace;
 - (ii) The Contractor's policy of maintaining a drug-free workplace;
 - (iii) Any available drug counseling, rehabilitation, and employee assistance programs; and
 - (iv) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
- (3) Provide all employees engaged in performance of the contract with a copy of the statement required by paragraph (b)(1) of this clause;
- (4) Notify such employees in writing in the statement required by paragraph (b)(1) of this clause that, as a condition of continued employment on this contract, the employee will-
 - (i) Abide by the terms of the statement; and
 - (ii) Notify the employer in writing of the employee's conviction under a criminal drug statute for a violation occurring in the workplace no later than 5 days after such conviction;
- (5) Notify the Contracting Officer in writing within 10 days after *receiving* notice under subdivision (b)(4)(ii) of this clause, from an employee or otherwise receiving actual notice of such conviction. The notice shall include the position title of the employee;

- (6) Within 30 days after receiving notice under subdivision (b)(4)(ii) of this clause of a conviction, take one of the following actions with respect to any employee who is convicted of a drug abuse violation occurring in the workplace:
 - (i) Taking appropriate personnel action against such employee, up to and including termination; or
 - (ii) Require such employee to satisfactorily participate in a drug abuse assistance or rehabilitation program approved for such purposes by a, Federal, State, or local health, law enforcement, or other appropriate agency; and
 - (7) Make a good faith effort to maintain a drug-free workplace through implementation of paragraphs (b)(1) through (b)(6) of this clause.
 - (c) The Contractor, if an individual, agrees by award of the contract or acceptance of a purchase order, not to engage in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance while performing this contract.
 - (d) In addition to other remedies available to the Government, the Contractor's failure to comply with the requirements of paragraph (b) or (c) of this clause may, pursuant to FAR 23.506, render the Contractor subject to suspension of contract payments, termination of the contract or default, and suspension or debarment.
31. **552.203-70 ADJUSTMENT FOR ILLEGAL OR IMPROPER ACTIVITY (SEP 1999)**
(Applicable to leases over \$100,000.)
- (a) If the head of the contracting activity (HCA) or his or her designee determines that there was a violation of subsection 27(a) of the Office of Federal Procurement Policy Act, as amended (41 U.S.C. 423), as implemented in the Federal Acquisition Regulation, the *Government*, at its election, may-
 - (1) Reduce the monthly rental under this lease by 5 percent of the amount of the rental for each month of the remaining term of the lease, including any option periods, and *recover* 5 percent of the rental already paid;
 - (2) Reduce payments for alterations not included in monthly rental payments by 5 percent of the amount of the alterations agreement; or
 - (3) Reduce the payments for violations by a Lessor's subcontractor by an amount not to exceed the amount of profit or fee reflected in the subcontract at the time the subcontract was placed.
 - (b) Prior to making a determination as set forth above, the HCA or designee shall provide to the Lessor a written notice of the action being considered and the basis therefor. The Lessor shall have a period determined by the agency head or designee, but not less than 30 calendar days after receipt of such notice, to submit in person, in writing, or through a representative, information and argument in opposition to the proposed reduction. The agency head or designee may, upon good cause shown, determine to deduct less than the above amounts from payments.
 - (c) The rights and remedies of the *Government* specified herein are not *exclusive*, and are in addition to any other rights and remedies provided by law or under this lease.
32. **52.215-10 PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA (OCT 1997)**
(Applicable when cost or pricing data are required for work or services over \$500,000.)
- (a) If any price, including profit or fee, negotiated in connection with this contract, or any cost reimbursable under this contract, was increased by any significant amount because:
 - (1) The Contractor or a subcontractor furnished cost or pricing data that were not complete, accurate, and current as certified in its Certificate of Current Cost or Pricing Data;
 - (2) A subcontractor or prospective subcontractor furnished the Contractor cost or pricing data that were not complete, accurate, and current as certified in the Contractor's Certificate of Current Cost or Pricing Data; or
 - (3) Any of these parties furnished data of any description that were not accurate, the price or cost shall be reduced accordingly and the contract shall be modified to reflect the reduction.
 - (b) Any reduction in the contract price under paragraph (a) of this clause due to defective data from a prospective subcontractor that was not subsequently awarded the subcontract shall be limited to the amount, plus applicable overhead and profit markup, by which:
 - (1) The actual subcontract, or
 - (2) The actual cost to the Contractor, if there was no subcontract, was less than the prospective subcontract cost estimate submitted by the Contractor; *provided*, that the actual subcontract price was not itself affected by defective cost or pricing data.
 - (c) (1) If the Contracting Officer determines under paragraph (a) of this clause that a price or cost reduction should be made, the Contractor agrees not to raise the following matters as a defense:

- (i) The Contractor or subcontractor was a sole source supplier or otherwise was in a superior bargaining position and thus the price of the contract would not have been modified even if accurate, complete, and current cost or pricing data had been submitted.
- (ii) The Contracting Officer should have known that the cost or pricing data in issue were defective even though the Contractor or subcontractor took no affirmative action to bring the character of the data to the attention of the Contracting Officer.
- (iii) The contract was based on an agreement about the total cost of the contract and there was no agreement about the cost of each item procured under the contract.
- (iv) The Contractor or subcontractor did not submit a Certificate of Current Cost or Pricing Data.
- (2) (i) Except as permitted by subsection (c)(2)(ii) of this clause, an offset in an amount determined appropriate by the Contracting Officer based upon the facts shall be allowed against the amount of a contract price reduction if:
 - (A) The Contractor certifies to the Contracting Officer that, to the best of the Contractor's knowledge and belief, the Contractor is entitled to the offset in the amount requested; and
 - (B) The Contractor proves that the cost or pricing data were available before the "as of" date specified on its Certificate of Current Cost or Pricing Data, and that the data were not submitted before such date.
- (ii) An offset shall not be allowed if:
 - (A) The understated data were known by the Contractor to be understated before the "as of" date specified on its Certificate of Current Cost or Pricing Data; or
 - (B) The Government proves that the facts demonstrate that the contract price would not have increased in the amount to be offset even if the available data had been submitted before the "as of" date specified on its Certificate of Current Cost or Pricing Data.
- (d) If any reduction in the contract price under this clause reduces the price of items for which payment was made prior to the date of the modification reflecting the price reduction, the Contractor shall be liable to and shall pay the United States at the time such overpayment is repaid:
 - (1) Simple interest on the amount of such overpayment to be computed from the date(s) of overpayment to the Contractor to the date the Government is repaid by the Contractor at the applicable underpayment rate effective for each quarter prescribed by the Secretary of the Treasury under 26 U.S.C. 6621(a)(2); and
 - (2) A penalty equal to the amount of the overpayment, if the Contractor or subcontractor knowingly submitted cost or pricing data that were incomplete, inaccurate, or noncurrent.

33. 552.270-13 PROPOSALS FOR ADJUSTMENT (SEP 1999)

- (a) The Contracting Officer may, from time to time during the term of this lease, require changes to be made in the work or services to be performed and in the terms or conditions of this lease. Such changes will be required under the Changes clause.
- (b) If the Contracting Officer makes a change within the general scope of the lease, the Lessor shall submit, in a timely manner, an itemized cost proposal for the work to be accomplished or services to be performed when the cost exceeds \$100,000. The proposal, including all subcontractor work, will contain at least the following detail:
 - (1) Material quantities and unit costs;
 - (2) Labor costs (identified with specific item or material to be placed or operation to be performed);
 - (3) Equipment costs;
 - (4) Workers' compensation and public liability insurance;
 - (5) Overhead;
 - (6) Profit; and
 - (7) Employment taxes under FICA and FUTA.
- (c) The following Federal Acquisition Regulation (FAR) provisions also apply to all proposals exceeding \$500,000 in cost:
 - (1) The Lessor shall provide cost or pricing data including subcontractor cost or pricing data (48 CFR 15.403-4) and
 - (2) The Lessor's representative, all Contractors, and subcontractors whose portion of the work exceeds \$500,000 must sign and return the "Certificate of Current Cost or Pricing Data" (48 CFR 15.406-2).

- (d) Lessors shall also refer to 48 CFR Part 31, Contract Cost Principles, for information on which costs are allowable, reasonable, and allocable in Government work.

34. 552.270-13 CHANGES (SEP 1999) (VARIATION)

- (a) The Contracting Officer may at any time, by written order, make changes within the general scope of this lease in anyone or more of the following:
 - (1) Specifications (including drawings and designs);
 - (2) Work or services;
 - (3) Facilities or space layout; or
 - (4) Amount of space, provided the Lessor consents to the change.
- (b) If any such change causes an increase or decrease in Lessor's cost of or the time required for performance under this lease, whether or not changed by the order, the Contracting Officer shall modify this lease to provide for one or more of the following:
 - (1) A modification of the delivery date;
 - (2) An equitable adjustment in the rental rate;
 - (3) A lump sum equitable adjustment; or
 - (4) An equitable adjustment of the annual operating costs per ANSI/BOMA Office Area square foot specified in this lease.
- (c) The Lessor shall assert its right to an adjustment under this clause within 30 days from the date of receipt of the change order and shall submit a proposal for adjustment. Failure to agree to any adjustment shall be a dispute under the Disputes clause. However, nothing in this clause shall excuse the Lessor from proceeding with the change as directed.
- (d) Absent such written change order, the Government shall not be liable to Lessor under this clause.

35. 552.215-70 EXAMINATION OF RECORDS BY GSA (FEB 1996)

The Contractor agrees that the Administrator of General Services or any duly authorized representative shall, until the expiration of 3 years after final payment under this contract, or of the time periods for the particular records specified in Subpart 4.7 of the Federal Acquisition Regulation (48 CFR 4.7), whichever expires earlier, have access to and the right to examine any books, documents, papers, and records of the Contractor involving transactions related to this contract or compliance with any clauses thereunder. The Contractor further agrees to include in all its subcontracts hereunder a provision to the effect that the subcontractor agrees that the Administrator of General Services or any duly authorized representatives shall, until the expiration of 3 years after final payment under the subcontract, or of the time periods for the particular records specified in Subpart 4.7 of the Federal Acquisition Regulation (48 CFR 4.7), whichever expires earlier, have access to and the right to examine any books, documents, papers, and records of such subcontractor involving transactions related to the subcontract or compliance with any clauses thereunder. The term "subcontract" as used in this clause excludes (a) purchase orders not exceeding \$100,000 and (b) subcontracts or purchase orders for public utility services at rates established for uniform applicability to the general public.

36. 52.215-2 AUDIT AND RECORDS-NEGOTIATION (JUN 1999)

- (a) As used in this clause, "records" includes books, documents, accounting procedures and practices, and other data, regardless of type and regardless of whether such items are in written form, in the form of computer data, or in any other form.
- (b) *Examination of costs.* If this is a cost-reimbursement, incentive, time-and-materials, labor-hour, or price redeterminable contract, or any combination of these, the Contractor shall maintain and the Contracting Officer, or an authorized representative of the Contracting Officer, shall have the right to examine and audit all records and other evidence sufficient to reflect properly all costs claimed to have been incurred or anticipated to be incurred directly or indirectly in performance of this contract. This right of examination shall include inspection at all reasonable times of the Contractor's plants, or parts of them, engaged in performing the contract.
- (c) *Cost or pricing data.* If the Contractor has been required to submit cost or pricing data in connection with any pricing action relating to this contract, the Contracting Officer, or an authorized representative of the Contracting Officer, in order to evaluate the accuracy, completeness, and currency of the cost or pricing data, shall have the right to examine and audit all of the Contractor's records, including computations and projections, related to-
 - (1) The proposal for the contract, subcontract, or modification;
 - (2) The discussions conducted on the proposal(s), including those related to negotiating;
 - (3) Pricing of the contract, subcontract, or modification; or
 - (4) Performance of the contract, subcontract or modification.

- (d) *Comptroller General.*
 - (1) The Comptroller General of the United States, or an authorized representative, shall have access to and the right to examine any of the Contractor's directly pertinent records involving transactions related to this contract or a subcontract hereunder.
 - (2) This paragraph may not be construed to require the Contractor or subcontractor to create or maintain any record that the Contractor or subcontractor does not maintain in the ordinary course of business pursuant to a provision of law.
- (e) *Reports.* If the Contractor is required to furnish cost, funding, or performance reports, the Contracting Officer or an authorized representative of the Contracting Officer shall have the right to examine and audit the supporting records and materials, for the purpose of evaluating-
 - (1) The effectiveness of the Contractor's policies and procedures to produce data compatible with the objectives of these reports; and
 - (2) The data reported.
- (f) *Availability.* The Contractor shall make available at its office at all reasonable times the records, materials, and other evidence described in paragraphs (a), (b), (c), (d), and (e) of this clause, for examination, audit, or reproduction, until 3 years after final payment under this contract or for any shorter period specified in Subpart 4.7, Contractor Records Retention, of the Federal Acquisition Regulation (FAR), or for any longer period required by statute or by other clauses of this contract. In addition-
 - (1) If this contract is completely or partially terminated, the Contractor shall make available the records relating to the work terminated until 3 years after any resulting final termination settlement; and
 - (2) The Contractor shall make available records relating to appeals under the Disputes clause or to litigation or the settlement of claims arising under or relating to this contract until such appeals, litigation, or claims are finally resolved.
- (g) The Contractor shall insert a clause containing all the terms of this clause, including this paragraph (g), in all subcontracts under this contract that exceed the simplified acquisition threshold, and
 - (1) That are cost-reimbursement, incentive, time-and-materials, labor-hour, or price redeterminable type or any combination of these;
 - (2) For which cost or pricing data are required; or
 - (3) That require the subcontractor to furnish reports as discussed in paragraph (e) of this clause.

The clause may be altered only as necessary to identify properly the contracting parties and the Contracting Officer under the Government prime contract.

37. 52.233-1 **DISPUTES (JUL 2002)**

- (a) This contract is subject to the Contract Disputes Act of 1978, as amended (41 U.S.C. 601-613).
- (b) Except as provided in the Act, all disputes arising under or relating to this contract shall be resolved under this clause.
- (c) "Claim," as used in this clause, means a written demand or written assertion by one of the contracting parties seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of contract terms, or other relief arising under or relating to this contract. However, a written demand or written assertion by the Contractor seeking the payment of money exceeding \$100,000 is not a claim under the Act until certified. A voucher, invoice, or other routine request for payment that is not in dispute when submitted is not a claim under the Act. The submission may be converted to a claim under the Act, by complying with the submission and certification requirements of this clause, if it is disputed either as to liability or amount or is not acted upon in a reasonable time.
- (d)
 - (1) A claim by the Contractor shall be made in writing and, unless otherwise stated in this contract, submitted within 6 years after accrual of the claim to the Contracting Officer for a written decision. A claim by the Government against the Contractor shall be subject to a written decision by the Contracting Officer.
 - (2)
 - (i) The Contractor shall provide the certification specified in paragraph (d)(2)(iii) of this clause when submitting any claim exceeding \$100,000.
 - (ii) The certification requirement does not apply to issues in controversy that have not been submitted as all or part of a claim.
 - (iii) The certification shall state as follows: "I certify that the claim is made in good faith; that the supporting data are accurate and complete to the best of my knowledge and belief; that the amount requested accurately reflects the contract adjustment for which the Contractor believes the Government is liable; and that I am duly authorized to certify the claim on behalf of the Contractor."
 - (3) The certification may be executed by any person duly authorized to bind the Contractor with respect to the claim.
- (e) For Contractor claims of \$100,000 or less, the Contracting Officer must, if requested in writing by the Contractor, render a

decision within 60 days of the request. For Contractor-certified claims over \$100,000, the Contracting Officer must, within 60 days, decide the claim or notify the Contractor of the date by which the decision will be made.

- (f) The Contracting Officer's decision shall be final unless the Contractor appeals or files a suit as provided in the Act.
- (g) If the claim by the Contractor is submitted to the Contracting Officer or a claim by the Government is presented to the Contractor, the parties, by mutual consent, may agree to use alternative dispute resolution (ADR). If the Contractor refuses an offer for ADR, the Contractor shall inform the Contracting Officer, in writing, of the Contractor's specific reasons for rejecting the offer.
- (h) The Government shall pay interest on the amount found due and unpaid from (1) the date that the Contracting Officer receives the claim (certified, if required); or (2) the date that payment otherwise would be due, if that date is later, until the date of payment. With regard to claims having defective certifications, as defined in FAR 33.201 interest shall be paid from the date that the Contracting Officer initially receives the claim. Simple interest on claims shall be paid at the rate, fixed by the Secretary of the Treasury as provided in the Act, which is applicable to the period during which the Contracting Officer receives the claim and then at the rate applicable for each 6-month period as fixed by the Treasury Secretary during the pendency of the claim.
- (i) The Contractor shall proceed diligently with performance of this contract, pending final resolution of any request for relief, claim, appeal, or action arising under the contract, and comply with any decision of the Contracting Officer.

38. 52.222-26 EQUAL OPPORTUNITY (APR 2002)
(Applicable to leases over \$10,000.)

- (a) *Definition.* "United States," as used in this clause, means the 50 States, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, Guam, the U.S. Virgin Islands, and Wake Island.
- (b) If, during any 12-month period (including the 12 months preceding the award of this contract), the Contractor has been or is awarded nonexempt Federal contracts and/or subcontracts that have an aggregate value in excess of \$10,000, the Contractor shall comply with paragraphs (b)(1) through (b)(11) of this clause, except for work performed outside the United States by employees who were not recruited within the United States. Upon request, the Contractor shall provide information necessary to determine the applicability of this clause.
 - (1) The Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. However, it shall not be a violation of this clause for the Contractor to extend a publicly announced preference in employment to Indians living on or near an Indian reservation, in connection with employment opportunities on or near an Indian reservation, as permitted by 41 CFR 60-1.5.
 - (2) The Contractor shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. This shall include, but not be limited to-
 - (i) Employment;
 - (ii) Upgrading;
 - (iii) Demotion;
 - (iv) Transfer;
 - (v) Recruitment or recruitment advertising;
 - (vi) Layoff or termination;
 - (vii) Rates of pay or other forms of compensation; and
 - (viii) Selection for training, including apprenticeship.
 - (3) The Contractor shall post in conspicuous places available to employees and applicants for employment the notices to be provided by the Contracting Officer that explain this clause.
 - (4) The Contractor shall, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.
 - (5) The Contractor shall send, to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, the notice to be provided by the Contracting Officer advising the labor union or workers' representative of the Contractor's commitments under this clause, and post copies of the notice in conspicuous places available to employees and applicants for employment.
 - (6) The Contractor shall comply with Executive Order 11246, as amended, and the rules, regulations, and orders of the Secretary of Labor.
 - (7) The Contractor shall furnish to the contracting agency all information required by Executive Order 11246, as amended, and by the rules, regulations, and orders of the Secretary of Labor. The Contractor shall also file Standard Form 100, (EEO-1), or any successor form, as prescribed in 41 CFR part 60-1. Unless the Contractor has filed within the 12 months preceding the date of contract award, the Contractor shall, within 30 days after contract award, apply to either the regional Office of Federal Contract Compliance Programs (OFCCP) or the local office of the Equal Employment Opportunity Commission for the necessary forms.
 - (8) The Contractor shall permit access to its premises, during normal business hours, by the contracting agency

or the OFCCP for the purpose of conducting on-site compliance evaluations and complaint investigations. The Contractor shall permit the Government to inspect and copy any books, accounts, records (including computerized records), and other material that may be *relevant* to the matter under investigation and pertinent to compliance with Executive Order 11246, as amended, and rules and regulations that implement the Executive Order.

- (9) If the OFCCP determines that the Contractor is not in compliance with this clause or any rule, regulation, or order of the Secretary of Labor, this contract may be canceled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts, under the procedures authorized in Executive Order 11246, as amended. In addition, sanctions may be imposed and remedies invoked against the Contractor as provided in Executive Order 11246, as amended; in the rules, regulations, and orders of the Secretary of Labor; or as otherwise provided by law
 - (10) The Contractor shall include the terms and conditions of paragraphs (b)(1) through (11) of this clause in every subcontract or purchase order that is not exempted by the rules, regulations, or orders of the Secretary of Labor issued under Executive Order 11246, as amended, so that these terms and conditions will be binding upon each subcontractor or vendor.
 - (11) The Contractor shall take such action with respect to any subcontract or purchase order as the Contracting Officer may direct as a means of enforcing these terms and conditions, including sanctions for noncompliance, provided, that if the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of any direction, the Contractor may request the United States to enter into the litigation to protect the interests of the United States.
- (c) Notwithstanding any other clause in this contract, disputes relative to this clause will be governed by the procedures in 41 CFR 60-1.1.

39. 52.222-24 PREAWARD ON-SITE EQUAL OPPORTUNITY COMPLIANCE EVALUATION (FEB 1999)
(Applicable to leases over \$10,000,000.)

If a contract in the amount of \$10 million or more will result from this solicitation, the prospective Contractor and its known first-tier subcontractors with anticipated subcontracts of \$10 million or more shall be subject to a preaward compliance evaluation by the Office of Federal Contract Compliance Programs (OFCCP), unless, within the preceding 24 months, OFCCP has conducted an evaluation and found the prospective Contractor and subcontractors to be in compliance with Executive Order 11246.

40. 52.222-21 PROHIBITION OF SEGREGATED FACILITIES (FEB 1999)
(Applicable to leases over \$10,000.)

- (a) “Segregated facilities,” as used in this clause, means any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees, that are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, sex, or national origin because of written or oral policies or employee custom. The term does not include separate or single-user rest rooms or necessary dressing or sleeping areas provided to assure privacy between the sexes.
- (b) The Contractor agrees that it does not and will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not and will not permit its employees to perform their services at any location under its control where segregated facilities are maintained. The Contractor agrees that a breach of this clause is a violation of the Equal Opportunity clause in this contract.
- (c) The Contractor shall include this clause in every subcontract and purchase order that is subject to the Equal Opportunity clause of this contract.

41. 52.222-35 EQUAL OPPORTUNITY FOR SPECIAL DISABLED VETERANS, VETERANS OF THE VIETNAM ERA, AND OTHER ELIGIBLE VETERANS (DEC 2001)
(Applicable to leases over \$25,000.)

(a) *Definitions.* As used in this clause-

“All employment openings” means all positions except executive and top management, those positions that will be filled from within the Contractor's organization, and positions lasting 3 days or less. This term includes full-time employment, temporary employment of more than 3 days duration, and part-time employment.

“Executive and top management” means any employee-

- (1) Whose primary duty consists of the management of the enterprise in which the individual is employed or of a customarily recognized department or subdivision thereof;
- (2) Who customarily and regularly directs the work of two or more other employees;
- (3) Who has the authority to hire or fire other employees or whose suggestions and recommendations as to the hiring or firing and as to the advancement and promotion or any other change of status of other employees will be given particular weight;
- (4) Who customarily and regularly exercises discretionary powers; and

- (5) Who does not devote more than 20 percent or, in the case of an employee of a retail or service establishment, who does not devote more than 40 percent of total hours of work in the work week to activities that are not directly and closely related to the performance of the work described in paragraphs (1) through (4) of this definition. This paragraph (5) does not apply in the case of an employee who is in sole charge of an establishment or a physically separated branch establishment, or who owns at least a 20 percent interest in the enterprise in which the individual is employed.

“Other eligible veteran” means any other veteran who served on active duty during a war or in a campaign or expedition for which a campaign badge has been authorized.

“Positions that will be filled from within the Contractor's organization” means employment openings for which the Contractor will give no consideration to persons outside the Contractor's organization (including any affiliates, subsidiaries, and parent companies) and includes any openings the Contractor proposes to fill from regularly established “recall” lists. The exception does not apply to a particular opening once an employer decides to consider applicants outside of its organization.

“Qualified special disabled veteran” means a special disabled veteran who satisfies the requisite skill, experience, education, and other job-related requirements of the employment position such veteran holds or desires, and who, with or without reasonable accommodation, can perform the essential functions of such position.

“Special disabled veteran” means:

- (1) A veteran who is entitled to compensation (or who but for the receipt of military retired pay would be entitled to compensation) under laws administered by the Department of Veterans Affairs for a disability-
 - (i) Rated at 30 percent or more; or
 - (ii) Rated at 10 or 20 percent in the case of a veteran who has been determined under 38 U.S.C. 3106 to have a serious employment handicap (I.e., a significant impairment of the veteran's ability to prepare for, obtain, or retain employment consistent with the veteran's abilities, aptitudes, and interests); or
- (2) A person who was discharged or released from active duty because of a service-connected disability.

“Veteran of the Vietnam era” means a person who-

- (1) Served on active duty for a period of more than 180 days and was discharged or released from active duty with other than a dishonorable discharge, if any part of such active duty occurred-
 - (i) In the Republic of Vietnam between February 28, 1961, and May 7, 1975; or
 - (ii) Between August 5, 1964, and May 7, 1975, in all other cases; or
- (2) Was discharged or released from active duty for a service-connected disability if any part of the active duty was performed-
 - (i) In the Republic of Vietnam between February 28, 1961, and May 7, 1975; or
 - (ii) Between August 5, 1964, and May 7, 1975, in all other cases

(b) *General.*

(1) The Contractor shall not discriminate against the individual because the individual is a special disabled veteran, a veteran of the Vietnam era, or other eligible veteran, regarding any position for which the employee or applicant for employment is qualified. The Contractor shall take affirmative action to employ, advance in employment, and otherwise treat qualified special disabled veterans, veterans of the Vietnam era, and other eligible veterans without discrimination based upon their disability or veterans' status in all employment practices such as:

- (i) Recruitment, advertising, and Job application procedures;
- (ii) Hiring, upgrading, promotion, award of tenure, demotion, transfer, layoff, termination, right of return from layoff and rehiring;
- (iii) Rate of pay or any other form of compensation and changes in compensation;
- (iv) Job assignments, job classifications, organizational structures, position descriptions, lines of progression, and seniority lists;
- (v) Leaves of absence, sick leave, or any other leave;
- (vi) Fringe benefits available by virtue of employment, whether or not administered by the Contractor;
- (vii) Selection and financial support for training, including apprenticeship, and on-the-job training under 38 U.S.C. 3687, professional meetings, conferences, and other related activities, and selection for leaves of absence to pursue training;
- (viii) Activities sponsored by the Contractor including social or recreational programs; and
- (ix) Any other term, condition, or privilege of employment.

(2) The Contractor shall comply with the rules, regulations, and relevant orders of the Secretary of Labor issued under the Vietnam Era Veterans' Readjustment Assistance Act of 1972 (the Act), as amended (38 U.S.C. 4211 and 4212).

(c) *Listing openings.*

(1) The Contractor shall immediately list all employment openings that exist at the time of the execution of this contract and those which occur during the performance of this contract, including those not generated by this contract, and including those occurring at an establishment of the Contractor other than the one where the

contract is being performed, but excluding those of independently operated corporate affiliates, at an appropriate local public employment service office of the State wherein the opening occurs. Listing employment openings with the U.S. Department of Labor's America's Job Bank shall satisfy the requirement to list jobs with the local employment service office.

- (2) The Contractor shall make the listing of employment openings with the local employment service office at least concurrently with using any other recruitment source or effort and shall involve the normal obligations of placing a bona fide job order, including accepting referrals of veterans and non-veterans. This listing of employment openings does not require hiring any particular job applicant or hiring from any particular group of job applicants and is not intended to relieve the Contractor from any requirements of Executive orders or regulations concerning nondiscrimination in employment.
- (3) Whenever the Contractor becomes contractually bound to the listing terms of this clause, it shall advise the State public employment agency in each State where it has establishments of the name and location of each hiring location in the State. As long as the Contractor is contractually bound to these terms and has so advised the State agency, it need not advise the State agency of subsequent contracts. The Contractor may advise the State agency when it is no longer bound by this contract clause.
- (d) *Applicability.* This clause does not apply to the listing of employment openings that occur and are filled outside the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, American Samoa, Guam, the Virgin Islands of the United States, and Wake Island.
- (e) *Postings.*
 - (1) The Contractor shall post employment notices in conspicuous places that are available to employees and applicants for employment.
 - (2) The employment notices shall-
 - (i) State the rights of applicants and employees as well as the Contractor's obligation under the law to take affirmative action to employ and advance in employment qualified employees and applicants who are special disabled veterans, veterans of the Vietnam era, and other eligible veterans; and
 - (ii) Be in a form prescribed by the Deputy Assistant Secretary for Federal Contract Compliance Programs, Department of Labor (Deputy Assistant Secretary of Labor), and provided by or through the Contracting Officer.
 - (3) The Contractor shall ensure that applicants or employees who are special disabled veterans are informed of the contents of the notice (e.g., the Contractor may have the notice read to a visually disabled veteran, or may lower the posted notice so that it can be read by a person in a wheelchair).
 - (4) The Contractor shall notify each labor union or representative of workers with which it has a collective bargaining agreement, or other contract understanding, that the Contractor is bound by the terms of the Act and is committed to take affirmative action to employ, and advance in employment, qualified special disabled veterans, veterans of the Vietnam era, and other eligible veterans.
- (f) *Noncompliance.* If the Contractor does not comply with the requirements of this clause, the Government may take appropriate actions under the rules, regulations, and relevant orders of the Secretary of Labor issued pursuant to the Act.
- (g) *Subcontracts.* The Contractor shall insert the terms of this clause in all subcontracts or purchase orders of \$25,000 or more unless exempted by rules, regulations, or orders of the Secretary of Labor. The Contractor shall act as specified by the Deputy Assistant Secretary of Labor to enforce the terms, including action for noncompliance.

42. 52.222-36 AFFIRMATIVE ACTION FOR WORKERS WITH DISABILITIES (JUN 1998)
(Applicable to leases over \$10,000.)

- (a) *General.*
 - (1) Regarding any position for which the employee or applicant for employment is qualified, the Contractor shall not discriminate against any employee or applicant because of physical or mental disability. The Contractor agrees to take affirmative action to employ, advance in employment and otherwise treat qualified individuals with disabilities without discrimination based upon their physical or mental disability in all employment practices such as-
 - (i) Recruitment, advertising, and job application procedures;
 - (ii) Hiring, upgrading, promotion, award of tenure, demotion, transfer, layoff, termination, right of return from layoff, and rehiring;
 - (iii) Rates of pay or any other form of compensation and changes in compensation;
 - (iv) Job assignments, job classifications, organizational structures, position descriptions, lines of progression, and seniority lists;
 - (v) Leaves of absence, sick leave, or any other leave;
 - (vi) Fringe benefits available by virtue of employment, whether or not administered by the Contractor;
 - (vii) Selection and financial support for training, including apprenticeships, professional meetings, conferences, and other related activities, and selection for leaves of absence to pursue training;
 - (viii) Activities sponsored by the Contractor, including social or recreational programs; and

- (ix) Any other term, condition, or privilege of employment.
- (2) The Contractor agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor (Secretary) issued under the Rehabilitation Act of 1973 (29 U.S.C. 793) (the Act), as amended.
- (b) *Postings.*
 - (1) The Contractor agrees to post employment notices stating-
 - (i) the Contractor's obligation under the law to take affirmative action to employ and advance in employment qualified individuals with disabilities and
 - (ii) the rights of applicants and employees.
 - (2) These notices shall be posted in conspicuous places that are available to employees and applicants for employment. The Contractor shall ensure that applicants and employees with disabilities are informed of the contents of the notice (e.g., the Contractor may have the notice read to a visually disabled individual, or may lower the posted notice so that it might be read by a person in a wheelchair). The notices shall be in a form prescribed by the Deputy Assistant Secretary for Federal Contract Compliance of the U.S. Department of Labor (Deputy Assistant Secretary) and shall be provided by or through the Contracting Officer.
 - (3) The Contractor shall notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the Contractor is bound by the terms of Section 503 of the Act and is committed to take affirmative action to employ, and advance in employment, qualified individuals with physical or mental disabilities.
- (c) *Noncompliance.* If the Contractor does not comply with the requirements of this clause, appropriate actions may be taken under the rules, regulations, and relevant orders of the Secretary issued pursuant to the Act.
- (d) *Subcontracts.* The Contractor shall include the terms of this clause in every subcontract or purchase order in excess of \$10,000 unless exempted by rules, regulations, or orders of the Secretary. The Contractor shall act as specified by the Deputy Assistant Secretary to enforce the terms, including action for noncompliance.

43. 52.222-37 **EMPLOYMENT REPORTS ON SPECIAL DISABLED VETERANS, VETERANS OF THE VIETNAM ERA, AND OTHER ELIGIBLE VETERANS (DEC 2001)**

(Applicable to leases over \$25,000.)

- (a) Unless the Contractor is a State or local government agency, the Contractor shall report at least annually, as required by the Secretary of Labor, on-
 - (1) The number of special disabled veterans, the number of veterans of the Vietnam era, and other eligible veterans in the workforce of the Contractor by job category and hiring location; and
 - (2) The total number of new employees hired during the period covered by the report, and of the total, the number of special disabled veterans, the number of veterans of the Vietnam era, and the number of other eligible veterans; and
 - (3) The maximum number and the minimum number of employees of the Contractor during the period covered by the report.
- (b) The Contractor shall report the above items by completing the Form VETS-100, entitled "Federal Contractor Veterans' Employment Report (VETS-100 Report)."
- (c) The Contractor shall submit VETS-100 Reports no later than September 30 of each year beginning September 30, 1988.
- (d) The employment activity report required by paragraph (a)(2) of this clause shall reflect total hires during the most recent 12-month period as of the ending date selected for the employment profile report required by paragraph (a)(1) of this clause. Contractors may select an ending date-
 - (1) As of the end of any pay period between July 1 and August 31 of the year the report is due; or
 - (2) As of December 31, if the Contractor has prior written approval from the Equal Employment Opportunity Commission to do so for purposes of submitting the Employer Information Report EEO-1 (Standard Form 100).
- (e) The Contractor shall base the count of veterans reported according to paragraph (a) of this clause on voluntary disclosure. Each Contractor subject to the reporting requirements at 38 U.S.C. 4212 shall invite all special disabled veterans, veterans of the Vietnam era, and other eligible veterans who wish to benefit under the affirmative action program at 38 U.S.C. 4212 to identify themselves to the Contractor. The invitation shall state that-
 - (1) The information is voluntarily provided;
 - (2) The information will be kept confidential;
 - (3) Disclosure or refusal to provide the information will not subject the applicant or employee to any adverse treatment; and

- (4) The information will be used only in accordance with the regulations promulgated under 38 U.S.C. 4212.
 - (f) The Contractor shall insert the terms of this clause in all subcontracts or purchase orders of \$25,000 or more unless exempted by rules, regulations, or orders of the Secretary of Labor.
44. **52.209-6 PROTECTING THE GOVERNMENT'S INTEREST WHEN SUBCONTRACTING WITH CONTRACTORS DEBARRED, SUSPENDED, OR PROPOSED FOR DEBARMENT (JAN 2005)**
(Applicable to leases over \$25,000.)
- (a) The Government suspends or debar Contractors to protect the Government's interests. The Contractor shall not enter into any subcontract in excess of \$25,000 with a Contractor that is debarred, suspended, or proposed for debarment unless there is a compelling reason to do so.
 - (b) The Contractor shall require each proposed first-tier subcontractor, whose subcontract will exceed \$25,000 to disclose to the Contractor, in writing, whether as of the time of award of the subcontract, the subcontractor; or its principals, is or is not debarred, suspended, or proposed for debarment by the Federal Government
 - (c) A corporate officer or a designee of the Contractor shall notify the Contracting Officer, in writing, before entering into a subcontract with a party that is debarred, suspended, or proposed for debarment. (see FAR 9.404 for information on the Excluded Parties List System). The notice must include the following:
 - (1) The name of the subcontractor.
 - (2) The Contractor's knowledge of the reasons for the subcontractor being in the Excluded Parties List System.
 - (3) The compelling reason(s) for doing business with the subcontractor notwithstanding its inclusion in the Excluded Parties List System.
 - (4) The systems and procedures the Contractor has established to ensure that it is fully protecting the Government's interests when dealing with such subcontractor in view of the specific basis for the party's debarment, suspension, or proposed debarment.
45. **52.215-12 SUBCONTRACTOR COST OR PRICING DATA (OCT 1997)**
(Applicable when the clause at FAR 52.215-10 is applicable.)
- (a) Before awarding any subcontract expected to exceed the threshold for submission of cost or pricing data at FAR 15.403-4, on the date of agreement on price or the date of award, whichever is later; or before pricing any subcontract modification involving a pricing adjustment expected to exceed the threshold for submission of cost or pricing data at FAR 15.403-4, the Contractor shall require the subcontractor to submit cost or pricing data (actually or by specific identification in writing), unless an exception under FAR 15.403-1 applies.
 - (b) The Contractor shall require the subcontractor to certify in substantially the form prescribed in FAR 15.406-2 that, to the best of its knowledge and belief, the data submitted under paragraph (a) of this clause were accurate, complete, and current as of the date of agreement on the negotiated price of the subcontract or subcontract modification.
 - (c) In each subcontract that exceeds the threshold for submission of cost or pricing data at FAR 15.403-4, when entered into, the Contractor shall insert either-
 - (1) The substance of this clause, including this paragraph (c), if paragraph (a) of this clause requires submission of cost or pricing data for the subcontract; or
 - (2) The substance of the clause at FAR 52.215-13, Subcontractor Cost or Pricing Data Modifications.
46. **52.219-8 UTILIZATION OF SMALL BUSINESS CONCERNS (MAY 2004)**
(Applicable to leases over \$100,000 average net annual rental, including option periods.)
- (a) It is the policy of the United States that small business concerns, veteran-owned small business concerns, service-disabled veteran-owned small business concerns, HUBZone small business concerns, small disadvantaged business concerns, and women-owned small business concerns shall have the maximum practicable opportunity to participate in performing contracts let by any Federal agency, including contracts and subcontracts for subsystems, assemblies, components, and related services for major systems. It is further the policy of the United States that its prime contractors establish procedures to ensure the timely payment of amounts due pursuant to the terms of their subcontracts with small business concerns, veteran-owned small business concerns, service-disabled veteran owned small business concerns, HUBZone small business concerns, small disadvantaged business concerns, and women-owned small business concerns.
 - (b) The Contractor hereby agrees to carry out this policy in the awarding of subcontracts to the fullest extent consistent with efficient contract performance. The Contractor further agrees to cooperate in any studies or surveys as may be conducted by the United States Small Business Administration or the awarding agency of the United States as may be necessary to determine the extent of the Contractor's compliance with this clause
 - (c) *Definitions.* As used in this contract-

“HUBZone small business concern” means a small business concern that appears on the List of Qualified HUBZone Small Business Concerns maintained by the Small Business Administration.

“Service-disabled veteran-owned small business concern”-

- (1) Means a small business concern-
 - (i) Not less than 51 percent of which is owned by one or more service-disabled veterans or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more service-disabled veterans; and
 - (ii) The management and daily business operations of which are controlled by one or more service-disabled veterans or, in the case of a service-disabled veteran with permanent and severe disability, the spouse or permanent caregiver of such veteran.
- (2) Service-disabled veteran means a veteran, as defined in 38 U.S.C. 101 (2), with a disability that is service connected, as defined in 38 U.S.C. 101(16).

“Small business concern” means a small business as defined pursuant to Section 3 of the Small Business Act and relevant regulations promulgated pursuant thereto.

“Small disadvantaged business concern” means a small business concern .that represents, as part of its offer that:

- (1) It has received certification as a small disadvantaged business concern consistent with 13 CFR part 124, Subpart B;
- (2) No material change in disadvantaged ownership and control has occurred since its certification;
- (3) Where the concern is owned by one or more individuals, the net worth of each individual upon whom the certification is based does not exceed \$750,000 after taking into account the applicable exclusions set forth at 13 CFR 124.104(c)(2); and
- (4) It is identified, on the date of its representation, as a certified small disadvantaged business in the database maintained by the Small Business Administration (PRO-Net).

“Veteran-owned small business concern” means a small business concern-

- (1) Not less than 51 percent of which is owned by one or more veterans (as defined at 38 U.S.C. 101(2)) or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more veterans; and
- (2) The management and daily business operations of which are controlled by one or more veterans.

“Women-owned small business concern” means a small business concern-

- (1) That is at least 51 percent owned by one or more women, or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and
 - (2) Whose management and daily business operations are controlled by one or more women.
- (d) Contractors acting in good faith may rely on written representations by their subcontractors regarding their status as a small business concern, a veteran-owned small business concern, a service-disabled veteran-owned small business concern, a HUBZone small business concern, a small disadvantaged business concern, or a women-owned small business concern.

47. 52.219-9 SMALL BUSINESS SUBCONTRACTING PLAN (JUL 2005)
(Applicable to leases over \$500,000.)

- (a) This clause does not apply to small business concerns.
- (b) *Definitions.* As used in this clause-

“Commercial item” means a product or service that satisfies the definition of commercial item in section 2.101 of the Federal Acquisition Regulation.

“Commercial plan” means a subcontracting plan (including goals) that covers the Offeror's fiscal year and that applies to the entire production of commercial items sold by either the entire company or a portion thereof (e.g., division, plant, or product line).

“Individual contract plan” means a subcontracting plan that covers the entire contract period (including option periods), applies to a specific contract, and has goals that are based on the Offeror's planned subcontracting in support of the specific contract, except that indirect costs incurred for common or joint purposes may be allocated on a prorated basis to the contract.

“Master plan” means a subcontracting plan that contains all the required elements of an individual contract plan, except goals, and may be incorporated into individual contract plans, provided the master plan has been approved.

“Subcontract” means any agreement (other than one involving an employer-employee relationship) entered into by a

Federal Government prime Contractor or subcontractor calling for supplies or services required for performance of the contract or subcontract.

- (c) The Offeror, upon request by the Contracting Officer, shall submit and negotiate a subcontracting plan, where applicable, that separately addresses subcontracting with small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business concerns, small disadvantaged business, and women-owned small business concerns. If the Offeror is submitting an individual contract plan, the plan must separately address subcontracting with small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns, with a separate part for the basic contract and separate parts for each option (if any). The plan shall be included in and made a part of the resultant contract. The subcontracting plan shall be negotiated within the time specified by the Contracting Officer. Failure to submit and negotiate the subcontracting plan shall make the Offeror ineligible for award of a contract.
- (d) The Offeror’s subcontracting plan shall include the following:
 - (1) Goals, expressed in terms of percentages of total planned subcontracting dollars, for the use of small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns as subcontractors. The Offeror shall include all subcontracts that contribute to contract performance, and may include a proportionate share of products and services that are normally allocated as indirect costs.
 - (2) A statement of-
 - (i) Total dollars planned to be subcontracted for an individual contract plan; or the Offeror's total projected sales, expressed in dollars, and the total value of projected subcontracts to support the sales for a commercial plan;
 - (ii) Total dollars planned to be subcontracted to small business concerns;
 - (iii) Total dollars planned to be subcontracted to veteran-owned small business concerns;
 - (iv) Total dollars planned to be subcontracted to service-disabled veteran-owned small business;
 - (v) Total dollars planned to be subcontracted to HUBZone small business concerns;
 - (vi) Total dollars planned to be subcontracted to small disadvantaged business concerns; and
 - (vii) Total dollars planned to be subcontracted to women-owned small business concerns.
 - (3) A description of the principal types of supplies and services to be subcontracted, and an identification of the types planned for subcontracting to
 - (i) Small business concerns;
 - (ii) Veteran-owned small business concerns;
 - (iii) Service-disabled veteran-owned small business concerns;
 - (iv) HUBZone small business concerns;
 - (v) Small disadvantaged business concerns; and
 - (vi) Women-owned small business concerns.
 - (4) A description of the method used to *develop* the subcontracting goals in paragraph (d)(1) of this clause.
 - (5) A description of the method used to identify potential sources for solicitation purposes (e.g., existing company source lists, the Procurement Marketing and Access Network (PRO-Net) of the Small Business Administration (SBA), veterans service organizations, the National Minority Purchasing Council Vendor Information Service, the Research and Information Division of the Minority Business Development Agency in the Department of Commerce, or small, HUBZone, small disadvantaged, and women-owned small business trade associations). A firm may rely on the information contained in PRO-Net as an accurate representation of a concern's size and ownership characteristics for the purposes of maintaining a small, veteran-owned small, service-disabled veteran-owned small, HUBZone small, small disadvantaged, and women-owned small business source list. Use of PRO-Net as its source list does not relieve a firm of its responsibilities (e.g., outreach, assistance, counseling, or publicizing subcontracting opportunities) in this clause.
 - (6) A statement as to whether or not the Offeror included indirect costs in establishing subcontracting goals, and a description of the method used to determine the proportionate share of indirect costs to be incurred with:
 - (i) Small business concerns;
 - (ii) Veteran-owned small business concerns;
 - (iii) Service-disabled veteran-owned small business concerns;
 - (iv) HUBZone small business concerns;
 - (v) Small disadvantaged business concerns; and
 - (vi) Women-owned small business concerns.
 - (7) The name of the individual employed by the Offeror who will administer the Offeror's subcontracting program, and a description of the duties of the individual.
 - (8) A description of the efforts the Offeror will make to assure that small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns have an equitable opportunity to compete for subcontracts.
 - (9) Assurances that the Offeror will include the clause of this contract entitled “Utilization of Small Business

Concerns” in all subcontracts that offer further subcontracting opportunities, and that the Offeror will require all subcontractors (except small business concerns) that receive subcontracts in excess of \$500,000 (\$1,000,000 for construction of any public facility) to adopt a subcontracting plan that complies with the requirements of this clause.

- (10) Assurances that the Offeror will-
 - (i) Cooperate in any studies or surveys as may be required;
 - (ii) Submit periodic reports so that the Government can determine the extent of compliance by the Offeror with the subcontracting plan;
 - (iii) Submit Standard Form (SF) 294, Subcontracting Report for Individual Contracts, and/or SF 295, Summary Subcontract Report, in accordance with paragraph (j) of this clause. The reports shall provide information on subcontract awards to small business concerns, veteran-owned small business concerns, service-disabled veteran-owned small business concerns, HUBZone small business concerns, small *disadvantaged* business concerns, women-owned small business concerns, and Historically Black Colleges and Universities and Minority Institutions. Reporting shall be in accordance with the instructions on the forms or as provided in agency regulations.
 - (iv) that its subcontractors agree to submit SF 294 and SF 295.
- (11) A description of the types of records that will be maintained concerning procedures that have been adopted to comply with the requirements and goals in the plan, including establishing source lists; and a description of the Offeror's efforts to locate small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns and award subcontracts to them. The records shall include at least the following (on a plant-wide or company-wide basis, unless otherwise indicated):
 - (i) Source lists (e.g., PRO-Net), guides, and other data that identify small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns.
 - (ii) Organizations contacted in an attempt to locate sources that are small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, or women-owned small business concerns.
 - (iii) Records on each subcontract solicitation resulting in an award of more than \$100,000, indicating-
 - (A) Whether small business concerns were solicited and, if not, why not;
 - (B) Whether veteran-owned small business concerns were solicited and, if not, why not;
 - (C) Whether service-disabled veteran-owned small business concerns were solicited and, if not, why not;
 - (D) Whether HUBZone small business concerns were solicited and, if not, why not;
 - (E) Whether small disadvantaged business concerns were solicited and, if not, why not;
 - (F) Whether women-owned small business concerns were solicited and, if not, why not; and
 - (G) If applicable, the reason award was not made to a small business concern.
 - (iv) Records of any outreach efforts to contact-
 - (A) Trade associations;
 - (B) Business development organizations;
 - (C) Conferences and trade fairs to locate small, HUBZone small, small disadvantaged, and women- owned small business sources; and
 - (D) Veterans service organizations.
 - (v) Records of internal guidance and encouragement provided to buyers through-
 - (A) Workshops, seminars, training, etc.; and
 - (B) Monitoring performance to evaluate compliance with the program's requirements.
 - (vi) On a contract-by-contract basis, records to support award data submitted by the Offeror to the Government, including the name, address, and business size of each subcontractor. Contractors having commercial plans need not comply with this requirement.
- (e) In order to effectively implement this plan to the extent consistent with efficient contract performance, the Contractor shall perform the following functions:
 - (1) Assist small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns by arranging solicitations, time for the preparation of bids, quantities, specifications, and delivery schedules so as to facilitate the participation by such concerns. Where the Contractor's lists of potential small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business subcontractors are excessively long, reasonable effort shall be made to give all such small business concerns an opportunity to compete over a period of time.

- (2) Provide adequate and timely consideration of the potentialities of small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns in all “make-or buy” decisions.
 - (3) Counsel and discuss subcontracting opportunities with representatives of small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business firms.
 - (4) Confirm that a subcontractor representing itself as a HUBZone small business concern is identified as a certified HUBZone small business concern by assessing the Central Contractor Registration (CCR) database or by contacting SBA.
 - (5) Provide notice to subcontractors concerning penalties and remedies for misrepresentations of business status as small, veteran-owned small business, HUBZone small, small disadvantaged, or women-owned small business for the purpose of obtaining a subcontract that is to be included as part of or all of a goal contained in the Contractor’s subcontracting plan.
- (f) A master plan on a plant or division-wide basis that contains all the elements required by paragraph (d) of this clause, except goals, may be incorporated by reference as a part of the subcontracting plan required of the Offeror by this clause; provided –
- (1) The master plan has been approved;
 - (2) The Offeror ensures that the master plan is updated as necessary and provides copies of the approved master plan, including evidence of its approval, to the Contracting Officer; and
 - (3) Goals and any *deviations* from the master plan deemed necessary by the Contracting Officer to satisfy the requirements of this contract are set forth in the individual subcontracting plan.
- (g) A commercial plan is the preferred type of subcontracting plan for contractors furnishing commercial items. The commercial plan shall relate to the Offeror’s planned subcontracting generally, for both commercial and Government business, rather than solely to the *Government* contract. Commercial plans are also preferred for subcontractors that provide commercial items under a prime contract, whether or not the prime contractor *is* supplying a commercial item.
- (h) Prior compliance of the Offeror with other such subcontracting plans under previous contracts will be considered by the Contracting Officer in determining the responsibility of the Offeror for award of the contract.
- (i) The failure of the Contractor or subcontractor to comply in good faith with –
- (1) The clause of this contract entitled “Utilization Of Small Business Concerns”, or
 - (2) An approved plan required by this clause, shall be a material breach of the contract.
- (j) The Contractor shall submit the following reports:
- (1) *Standard Form 294, Subcontracting Report for Individual Contracts.* This report shall be submitted to the Contracting Officer semiannually and at contract completion. The report covers subcontract award data related to this contract. This report is not required for commercial plans.
 - (2) *Standard Form 295, Summary Subcontract Report.* This report encompasses all of the contracts with the awarding agency. It must be *submitted* semi-annually for contracts with the Department of Defense and annually for contracts with civilian agencies. If the reporting *activity* is *covered* by a commercial plan, the reporting *activity* must report annually all subcontract awards under that plan. All reports submitted at the close of each fiscal year (both individual and commercial plans) shall include a breakout, in the Contractor’s format, of subcontract awards, in whole dollars, to small disadvantaged business concerns by North American Industry Classification System (NAICS) Industry Subsector. For a commercial plan, the Contractor may obtain from each of its subcontractors a predominant NAICS Industry Subsector and report all awards to that subcontractor under its predominant NAICS Industry Subsector.

48. 52.219-16 LIQUIDATED DAMAGES – SUBCONTRACTING PLAN (JAN 1999)
 (Applicable to leases over \$500,000.)

- (a) *Failure to make a good faith effort to comply with the subcontracting plan*, as used in this clause, means a willful or intentional failure to perform in accordance with the requirements of the subcontracting plan approved under the clause in this contract entitled “Small Business Subcontracting Plan,” or willful or intentional action to frustrate the plan.
- (b) Performance shall be measured by applying the percentage goals to the total actual subcontracting dollars or, if a commercial plan is involved, to the pro rata share of actual subcontracting dollars attributable to Government contracts covered by the commercial plan. If, at contract completion or, in the case of a commercial plan, at the close of the fiscal year for which the plan is applicable, the Contractor has failed to meet its subcontracting goals and the Contracting Officer decides in accordance with paragraph (c) of this clause that the Contractor failed to make a good faith effort to comply with its subcontracting plan, established in accordance with the clause in this contract entitled “Small Business Subcontracting Plan,” the Contractor shall pay the Government liquidated damages in an amount stated. The amount of probable damages attributable to the Contractor’s failure to comply shall be an amount equal to the actual dollar amount by which the Contractor failed to achieve each subcontract goal.

- (c) Before the Contracting Officer makes a final decision that the Contractor has failed to make such good faith effort, the Contracting Officer shall give the Contractor written notice specifying the failure and permitting the Contractor to demonstrate what good faith efforts have been made and to discuss the matter. Failure to respond to the notice may be taken as an admission that no valid explanation exists. If, after consideration of all the pertinent data, the Contracting Officer finds that the Contractor failed to make a good faith effort to comply with the subcontracting plan, the Contracting Officer shall issue a final decision to that effect and require that the Contractor pay the Government liquidated damages as provided in paragraph (b) of this clause.
- (d) With respect to commercial plans, the Contracting Officer who approved the plan will perform the functions of the Contracting Officer under this clause on behalf of all agencies with contracts covered by the commercial plan.
- (e) The Contractor shall have the right of appeal, under the clause in this contract entitled, Disputes, from any final decision of the Contracting Officer.
- (f) Liquidated damages shall be in addition to any other remedies that the Government may have.

49. ENVIRONMENTAL

NOAA agrees to remediate, at its sole cost, all hazardous/toxic substance contamination on the acquired premises that is found to have occurred as a direct result of the installation, operation, and/or maintenance of NOAA's equipment and/or facilities. The Lessor agrees to remediate or have remediated, at its sole cost, any and all other hazardous / toxic substance contamination found on the acquired premises. The Lessor also agrees to save and hold NOAA harmless for any and all costs, liabilities and/or claims by third parties that arise out of hazardous/toxic contamination found on the acquired premises which are not directly attributable to the installation, operation and/or maintenance of NOAA's equipment and/or facilities

**Summary of Certain Provisions of Lease Document No. 22
Supplemental Lease Agreement No. 1 dated April 29, 2011**

The purpose of Supplemental Lease Agreement (SLA) No. 1 is to reflect the acceptance of 37,491 ANSI/BOMA Office Area square feet (USP) (28,205 USP of base requirement and 9,286 USP of additional warehouse requirement) of space (equal to 40,852 rentable square feet (RSP)) consisting of 17,100 RSP of office space, 14,002 RSP of warehouse and related space, and 9,750 RSP additional warehouse space, 30,000 square-feet of paved equipment laydown and equipment storage area, three of the six berths located on two (2) 35 foot wide piers serving a single wharf that is 35 feet (equal to 33 useable feet) wide and 1,300 feet long, a small boat dock that is ten (10) feet wide by 225 feet long, and all other space requirements outlined in in the Program of Requirements and Solicitation for Offers 09WSA0200C including but not limited to the hazardous material storage building, contractors shed, and guard station. In addition the Port shall also provide temporary access to one berth located at the Oregon State University (OSU) pier adjacent to the National Oceanic and Atmospheric Administration (NOAA) site; the exact location of the pier is indicated on Attachment C to SLA No 1. The lease commencement date for these items shall be May 1, 2011. The twenty (20) year firm term shall be May 1, 2011 through April 30, 2031.

As a point of clarification the only items outlined in the Lease that are not to be provided at this time are three (3) berths on the large pier and wharf. The acceptance of these three berths, which must be delivered to the Government no later than July 1, 2011, will be memorialized in a separate Supplemental Lease Agreement.

1. The Government shall pay the Lessor an annual rent of \$2,532,875.38 (equal to \$86.78 for 28,205 USF of base requirement and \$9.18 for 9,286 USF of additional warehouse requirement) at the rate of \$211,072.95 per month in arrears. The Rent includes a tenant improvement allowance of \$3,238,943.00 or \$114.84 per BOASP (equal to 28,205 X \$114.84) amortized over the term of the lease at 6.5% which equals \$7.46 per NUSF, per annum; a summary of tenant improvement costs is attached hereto as Exhibit B to SLA No. 1.
2. Rent checks shall be made payable to: Port of Newport, 600 SE Bay Boulevard, Newport, OR 97365.
3. The highlighted items on the tenant improvement (TI) costs summary (Exhibit B) attached hereto, which may be base building or Tenant Improvement requirements in the POR and SFO, are no longer a requirement of the lease. The costs of these items have been credited to the Government and are included in the TI cost summary.
4. It is expressly agreed within the lease agreement that the rent payable by the Government has been established to reflect the savings below market rent resulting from the exemption from taxation.
5. The legal description and survey map attached to SLA No. 1 for the leased premises (Exhibit A) are made a part of the lease.
6. The Port of Newport is allowing the Government to access, without consent from any party, the portion of the property that they currently lease from The Department of State Lands (DSL). The Port of Newport acknowledges that the Government will freely use this portion of the property prior to the Port of Newport, DSL, and the Government executing the Consent to Sublease form. This form will be executed by all parties no later than July 1, 2011 and will become a part of the Lease through a separate Supplemental Lease Agreement.
7. The following items from the Lease shall be amended:
 - a. Previously the west end of the wharf was to be double-loaded; this has been amended, the east end of the wharf is to be the end that is double-load.
 - b. The float system for the small boat dock was to be concrete; this has been amended, the material for the floats is now HDPE.
8. The Site Plan attached to SLA No. 1 shall replace the current site plan in the Lease.
9. The Government accepts the space, and rent shall commence, with the understanding that the Port of Newport must complete all remaining punchlist items; the list of remaining punchlist items is attached as Exhibit E to SLA No. 1. In the event all punchlist items are not completed, and approved by the Contracting Officer or a designated representative, by July 1, 2011 the Government has the right to withhold rent until such time as the punchlist items are completed and approved as outlined.
10. The following are attached to SLA No. 1 and made a part of SLA No. 1:
 - a. EXHIBIT "A" - Legal Description and Survey Map
 - b. EXHIBIT "B" - TI Cost Summary
 - c. EXHIBIT "C" - Map with Location of OSU Berth
 - d. EXHIBIT "D" - Site Plan

e. EXHIBIT "E" - List of Remaining Punchlist Items

**Summary of Certain Provisions of Lease Document No. 23
Supplemental Lease Agreement No. 2 dated July 1, 2011**

SLA No. 2 provides that the Lease is amended, effective July 1, 2011, as follows: The purpose of this SLA No. 3 [sic] is to reflect the acceptance of the last three (3) of six (6) berths located on two (2) 35 foot wide piers serving a single wharf that is 35 feet (equal to 33 usable feet) wide and 11300 feet long.

**Summary of Certain Provisions of Lease Document No. 24
Supplemental Lease Agreement No. 3 dated October 1, 2011**

SLA No. 3 provides that the Lease is amended effective October 1, 2011, as follows: 1. The purpose of SLA No. 3 is to acknowledge the execution of the Consent to Sublease form (Attachment), allowing the Government to use the portion of property the Port of Newport is leasing from the Department of State Lands (OSL Lease 45552-ML). 2. The lands subject to the provisions of the consent to sublease are described in Attachment 2, legal description, and map excerpts from DSL Lease 45552-ML. 3. It was the intent of the parties, under SLA No. 1, to execute the consent to lease no later than July 1, 2011. The consent to sublease was executed by the Government September 6, 2011. Said late execution has no affect on the terms and conditions of the lease.

Attachment 1 – State of Oregon Department of Lands Consent to Sublease. For good and valuable consideration received, the Port of Newport hereby requests the Department of State Lands consent to sublease on the terms and conditions of the attached sublease agreement. This request is made in accordance with lease number ML-45552 dated June 29, 2011, by and between the State of Oregon, acting by and through the Department of State Lands, as Lessor, and Port of Newport, as Lessee, covering the use of the real property and improvements described therein, situated in Lincoln County, State of Oregon and the applicable Oregon Administrative Rules. This consent is not valid until the Department of State Lands issues its written consent by executing this document. Lessee affirms that the attached agreement is a full and complete copy. Dated August 25, 2011.

National Oceanic and Atmospheric Administration hereby acknowledge(s) waterway lease ML-45552 and agree(s) to be bound by all the terms, conditions, obligations, and liabilities in any way connected with the lease, except as provides in exhibit A, and to faithfully perform all provisions therein contained.

The State of Oregon, acting by and through the Department of State Lands in the above-mentioned lease acknowledges and consents to the sublease agreement dated September 26, 2011.

Exhibit A to Attachment 1 - Consent to Sublease Clarifications/Exceptions: 1. Paragraph 3.7 Liability. The Government is self-insured. The Government agrees to the following substitute provision; "NOAA agrees to promptly consider and adjudicate any and all claims which may arise out of use of the lessor's premises by NOAA or duly authorized representatives or contractors of NOAA and to pay for any damage or injury as may be required by Federal law. Such adjudication will be pursued under the Federal Torts Claim Act, 28 U.S.C. 2671 et seq. or other such legal authority as may be pertinent. NOAA also agrees to consider and adjudicate any claims for damage or injury sustained by NOAA personnel in the performance of their official duties while on lessor's premises. Such adjudication will be made pursuant to the Federal Compensation Act. 5 U.S.C. 8101 et seq. or other such legal authority as may be pertinent." 2. Paragraph 5.4 Public Access and Recreational Use. The Government reserves the right to control access for safety and security purposes. 3. Paragraph 10.5 Governing Law: Venue - The Subleasee is a Federal agency and the Governing law/venue will be controlled by Federal law and provisions of the Contract Disputes Act 40 U.S.C 601-613.

4. Paragraph 10. 10 Attorneys Fees - The Federal government operates under the American Rule regarding attorney's fees.

**Summary of Certain Provisions of Lease Document No. 25
Supplemental Lease Agreement No. 4 dated _____**

**Summary of Certain Provisions of Lease Document No. 26
Supplemental Lease Agreement No. 5 dated June 11, 2012**

SLA No. 5 provides that the Lease is amended, effective May 1, 2012, as follows: Pursuant to Paragraph 4.3, Operating Expenses. Page 27 of Solicitation for Offers No. 09WSA0200C, attached to the Lease, and pursuant to Paragraph 7, page 3 of Standard Form 2, the annual rental fee is adjusted as follows: 1. The Consumer Price Index (W-U.S. City Wide Average) for the established base year of the lease [April 2011] is compared to the current year [April 2012] . The percent change is computed: April 2011 = 221.743; April 2012 = 227.012; Cumulative Percent change [12]= (227.012- 221.743) / 221.743 = 2% or 0.0237617. 2. The percent change is then applied to the operating base rate of \$156,600.00, as established in Paragraph 7 of Standard Form 2: 0.0237617* \$156,600.00 = \$3,721.09 = cumulative rent change [12]. 3. The annual rent increase is added to the present annual rent: \$3,721.09 + \$2,532,875.38 = \$2,536,596.42 = new annual rental amount [12]. 5. [sic] The new monthly rental amount [12] = \$2,536,596.42 / 12 = \$211,383.04. The new monthly rental amount is effective as of May 1, 2012. If the rent payment for May, 2012 is paid at the old [11] rate, the next month's payment will be increased by \$310.09, calculated as follows \$211,072.95 [11 rate]-\$211,383.04 (12 rate)= \$310.09. This will be added to the next month's rental payment. This amount may be increased if subsequent months' rental checks are issued at the old rate.

**Summary of Certain Provisions of Lease Document No. 27
Supplemental Lease Agreement No. 6 dated June 28, 2013**

SLA No. 6 provides that the Lease is amended, effective May 1, 2013, as follows: Pursuant to Paragraph 4.3, Operating Expenses, Page 27 of Solicitation for Offers No. 09WSA0200C, attached to the Lease, and pursuant to Paragraph 7, page 3 of Standard Form 2, the annual rental fee is adjusted as follows: 1. The Consumer Price Index (W-U.S. City Wide Average) for the established base year of the lease [April 2011] is compared to the current year [April 2013]. The percent change is computed: April 2011 = 221.743; April 2013 = 228.949; Cumulative Percent change [13]= (228.949- 221.743) / 221.743 = 3% or 0.0324971. 2. The percent change is then applied to the operating base rate of \$156,600.00, as established in Paragraph 7 of Standard Form 2: 0.0324971 * \$156,600.00 = \$5,089.04 = cumulative rent change [13]. 3. Less amount from 2012 adjustment:

\$5,089.04 - \$3,721.09 = \$1,367.95 annual rent adjustment (for May 1, 2013 through April 30, 2014). 4. The annual rent increase is added to the present annual rent: $\$1,367.95 + \$2,537,964.37 = \$2,537,964.37 =$ new annual rental amount [13]. 5. The new monthly rental amount [12] = $\$2,537,964.37 / 12 = \$211,497.03$. The new monthly rental amount is effective as of May 1, 2013. If the rent payment for May, 2013 is paid at the old [12] rate, the next month's payment will be increased by \$113.91, calculated as follows $\$211,383.04 [12 \text{ rate}] - \$211,497.03 [13 \text{ rate}] = \113.91 . This will be added to the next month's rental payment. This amount may be increased if subsequent months' rental checks are issued at the old rate.

**Summary of Certain Provisions of Lease Document No. 28
Lease Amendment No. 7 dated April 21, 2014**

Lease Amendment (LA) No. 7 provides that the Lease is amended as follows: Pursuant to Solicitation for Offers (SFO) No. 09WSA0200C, Amendment No. 3, and the Lease (Standard Form 2), the base year for Insurance and State of Oregon, Department of State lands (DSL) land lease are established in this Supplemental Lease Agreement (now titled Lease Amendment): Background: Supplemental Lease Agreement No.1 established the Lease commencement date as May 1, 2011. Therefore, the first 12-month period coincident with Government occupancy of lease space in its entirety is May 1, 2011 through April, 30 2012. Insurance: SFO Section 3.6 (BUILDING AND SITE INFORMATION SUBMITTALS (AUG 2008)), B.3 (page 23) states the following: "Within 30 days of space acceptance by the Government, the Lessor must submit a copy of their insurance coverage demonstrating full coverage for all improvements, both in water and upland, on the site. Throughout the term of the lease and any extension thereafter, the lessor must insure the full value of all facilities on the site. Annually the lessor shall furnish to the Contracting Officer copies of all insurance records." Due to Circumstances, insurance for the full value of all improvements and facilities was not obtainable by lessor. Therefore, it was agreed that the Lessor shall comply with this insurance requirement to the maximum extent possible. In addition, all of the applicable insurance was not obtained by Lessor by May 1, 2011. Amendment No. 3, Section S (page 6) states the following for the first paragraph: The following shall be added as Section 3.9-Insurance: The Government shall 1) make a single annual lump sum payment to the Lessor for its share based on the percent of occupancy of any increase in hazard and liability Insurance premiums during the lease term over the amount established as the base year premium, or 2) receive a lump sum payment for its share of any annual decrease for the duration of the lease in the insurance premium established as the base year premium." The second paragraph states, in part, the following: "Base year insurance premium as referred to in this paragraph is the insurance premium for the first 12-month period coincident with Government occupancy of leased space in its entirety." Section 7 of the Lease (page 3) states, in part, the following: "The base year insurance is the insurance premium for the first full 12-month period coincident with Government occupancy of leased space in its entirety." The amount established as the base year insurance premium is: $\$126,365.96 + \$47,075.21 + \$77,251.50 + \$887.00 + \$1,152.25$. State of Oregon Department of State Lands (DSL) Underwater Land Lease: Amendment No 3, Section 4 (pages 5 and 6), Paragraph 2, states, in part, the following: "The Government shall be responsible for payment of any [DSL] ground lease increase over the base year only if the proper invoice and evidence of payment is submitted by the Lessor within 90 calendar days after the date the payment is due from the lessor to [DSL]. Base year ground lease costs as referred to in this paragraph are the charges for the first 12-month period coincident with Government occupancy of leased space in its entirety." [Note: The lease documents refer to the Underwater Land lease as "DNR". However, it shall now be correctly referred to as "DSL."] The amount established as the base year rate of the DSL lease is: $\$7,630.14 + \595.59 per month for May 1, 2011 through October 31, 2011 and $\$676.10$ per month for November 1, 2011 through April 30, 2012].

**Summary of Certain Provisions of Lease Document No. 29
Lease Amendment No. 8 dated May 20, 2014**

LA No. 8 provides that the Lease is amended, effective May 1, 2014, as follows: Pursuant to Paragraph 4.3, Operating Expenses, Page 27 of Solicitation for Offers No. 09WSA0200C, attached to the Lease, and pursuant to Paragraph 7, page 3 of Standard Form 2, the annual rental fee is adjusted as follows: 1. The Consumer Price Index (W-U.S. City Wide Average) for the established base year of the lease [April 2011] is compared to the current year [April 2014]. The percent change is computed: $\text{April 2011} = 221.743$; $\text{April 2014} = 233.443$; $\text{Cumulative Percent change [14]} = (233.443 - 221.743) / 221.743 = 5\%$ or 0.0527638. 2. The percent change is then applied to the operating base rate of $\$156,600.00$, as established in Paragraph 7 of Standard Form 2: $0.0527638 * \$156,600.00 = \$8,262.81 =$ cumulative rent change [14]. 3. Less amount from 2012 and 2013 adjustment: $\$8,262.81 - (\$1,367.95 + \$3,721.09) = \$3,173.77$ annual rent adjustment (for May 1, 2013 through April 30, 2014). 4. The annual rent increase is added to the present annual rent: $\$3,173.77 + \$2,537,964.37 = \$2,541,138.14 =$ new annual rental amount [14]. 5. The new monthly rental amount [14] = $\$2,541,138.14 / 12 = \$211,761.51$. The new monthly rental amount is effective as of May 1, 2014. If the rent payment for May, 2014 is paid at the old [13] rate, the next month's payment will be increased by \$264.48, calculated as follows $\$211,497.03 [13 \text{ rate}] - \$211,761.51 [14 \text{ rate}] = \264.48 . This will be added to the next month's rental payment. This amount may be increased if subsequent months' rental checks are issued at the old rate.

**Summary of Certain Provisions of Lease Document No. 30
Lease Amendment No. 9 dated September 23, 2014**

LA No. 9 provides that the Lease is amended, as follows: Pursuant to Solicitation for Offers No. 09WSA0200C (Paragraph 3.6 (BUILDING AND SITE INFORMATION SUBMITTALS (AUG 2008)), 8.3, Page 23), Amendment No. 3 (Sections 4 and 5 (pages 5 and 6)), the Lease (Standard Form 2, Section 7 (page 3)), and Lease Amendment No. 7, the amounts for the insurance premium and DSL Lease for May 1, 2012 through April 30, 2013 are reconciled so that the amount of \$822.36 will be reduced by the Government from the next month's rental payment.

**Summary of Certain Provisions of Lease Document No. 31
Lease Amendment No. 10 dated September 23, 2014**

LA No. 10 provides that the Lease is amended, as follows: Pursuant to Solicitation for Offers No. 09WSA0200C (Paragraph 3.6 (BUILDING AND SITE INFORMATION SUBMITTALS (AUG 2008)), 8.3, Page 23), Amendment No. 3 (Sections 4 and 5 (pages 5 and 6)), the Lease (Standard Form 2, Section 7 (page 3)), and Lease Amendment No. 7, the amounts for the insurance premium and DSL Lease for May 1, 2013 through April 30, 2014 are reconciled so that the amount of \$271.74 will be reduced by the Government from the next month's rental payment.

**Summary of Certain Provisions of Lease Document No. 32
Lease Amendment No. 11 dated April 3, 2015**

LA No. 11 provides that the Lease is amended, as follows: Pursuant to Solicitation for Offers No. 09WSA0200C (Paragraph 3.6 (BUILDING AND SITE INFORMATION SUBMITTALS (AUG 2008)), 8.3, Page 23), Amendment No. 3 (Sections 4 and 5 (pages 5 and 6)), the Lease (Standard Form 2, Section 7 (page 3)), and Lease Amendment No. 7, the amounts for the insurance premium and DSL Lease for May 1, 2014 through April 30, 2015 are reconciled so that the amount of \$4,379.03 will be reduced by the Government from the next month's rental payment.

**Summary of Certain Provisions of Lease Document No. 33
Lease Amendment No. 12 dated August 20, 2015**

LA No. 12 provides that the Lease is amended, effective August 20, 2015, as follows: The Lessor agrees to provide all permits, labor, equipment and materials to complete the construction and installation of a Waiting Shelter near the main entrance to the Administration Building, as described on the Estimate Sheet (attached as Exhibit A to LA No. 12) and shown in the Site Plan (attached as Exhibit B to LA No. 12) and Shelter Drawing (attached as Exhibit C to LA No. 12), for a total of \$19,025, to be paid after completion.

**Summary of Certain Provisions of Lease Document No. 34
Lease Amendment No. 13 dated April 22, 2016**

LA No. 13 provides that the Lease is amended, effective April 22, 2016, as follows: NOAA, OMAO is electing to waive the first 5 year (2016) carpet replacement requirement described in 7.13.A.4 of the Lease.

**Summary of Certain Provisions of Lease Document No. 35
Lease Amendment No. 14 dated April 22, 2016**

LA No. 14 provides that the Lease is amended, effective April 22, 2016, as follows: The Lessor agrees to provide all permits, labor, equipment, materials, and costs to complete the construction and installation of a Store Front type sliding glass door to room 143 in the Administration Building, as described in the Estimate Sheet (attached as Exhibit A to LA No. 14) and shown in the Drawing (attached as Exhibit B to LA No. 14) and Photo Drawing (attached as Exhibit C to LA No. 14).

**Summary of Certain Provisions of Lease Document No. 36
Lease Amendment No. 15 dated June 1, 2016**

LA No. 15 provides that the Lease is amended at no additional lease cost, effective June 1, 2016, as follows: 1. NOAA may install an oil boom system for the purpose of booming ships at the Pier. 2. NOAA will maintain and repair the Installed boom system and its attachments to the camel system. 3. NOAA will provide the Port of Newport with unimpeded water access to the underside of the pier, which may require detachment or removal of the boom system, for wharf system maintenance, Inspections and repairs. 4. NOAA will be responsible for removal of debris caught in or caused to be caught by the boom system. 5. NOAA will be responsible for any damage to their permanent boom system.

**Summary of Certain Provisions of Lease Document No. 37
Lease Amendment No. 16 dated August 3, 2016**

LA No. 16 provides that the Lease is amended, effective May 25, 2016, as follows: Pursuant to Paragraph 4.3, Operating Expenses. Page 27 of Solicitation for Offers No. 09WSA0200C, attached to the Lease, and pursuant to Paragraph 7, page 3 of Standard Form 2, the annual rental fee is adjusted as follows: 1. The Consumer Price Index (W-U.S. City Wide Average) for the established base year of the lease [April 2011] is compared to the current year [April 2015]. The percent change is computed: $\text{April 2011} = 221.743$; $\text{April 2015} = 231.520$; $\text{Cumulative Percent change [15]} = (231.520 - 221.743) / 221.743 = 4\%$ or 0.0441. 2. The percent change is then applied to the operating base rate of \$156,600.00, as established in Paragraph 7 of Standard Form 2: $0.0441 * \$156,600.00 = \$6,904.74 = \text{cumulative rent change [15]}$. 3. Less amount from 2012, 2013, 2014 adjustment: $\$6,904.74 - (\$1,367.95 + \$3,721.09 + \$3,173.77) = -\$1,358.07 = \text{annual rent adjustment (for May 1, 2014 through April 30, 2015)}$; 4. The annual rent decrease is added to the present annual rent: $-\$1,358.07 + \$2,541,138.14 = \$2,539,780.07 = \text{new annual rental amount [15]}$. 5. The new monthly rental amount [15] = $\$2,539,780.07 / 12 = \$211,648.34$. The monthly rental amount is effective as of May 1, 2015. Rent payments for May, 2015 were paid at the rate of \$211,761.51 [14 rate]. The difference between the 14 rate and the 15 rate = $\$1,358.04$ [$\$211,761.51 - \$211,648.34 = \$113.17 \times 12 = \$1,358.04$]. The amount of \$1,358.04 is owed to the Government and will be deducted from the next payment, described below. 6. The Consumer Price Index (W-U.S. City Wide Average) for the established base year of the lease [April 2011] is compared to the current year [April 2016]. The percent change is computed: $\text{April 2011} = 221.743$ $\text{April 2016} = 233.438$. $\text{Cumulative Percent change [16]} = (233.438 - 221.743) / 221.743 = 5\%$ or 0.0527. 7. The percent change is then applied to the operating base rate of \$156,600.00, as established in Paragraph 7 of Standard Form 2: $0.0527 * \$156,600.00 = \$8,259.28 = \text{cumulative rent change [16]}$. 8. Less amount from 2012, 2013, 2014, 2015 adjustment: $\$8,259.28 - (\$1,367.95 + \$3,721.09 + \$3,173.77 - \$1,358.07) = \$1,354.54 = \text{annual rent adjustment (for May 1, 2015 through April 30, 2016)}$. 9. The annual rent increase is added to the present annual rent: $\$1,351.01 + \$2,539,780.07 = \$2,541,134.61 = \text{new annual rental amount [16]}$. 10. The new monthly rental amount [16] = $\$2,541,134.61 / 12 = \$211,761.22$. The new monthly rental amount is effective as of May 1, 2016. Rent payments for May 2016 were paid at the rate of \$211,761.51 [14 rate]. The difference between the 14 rate and the 16 rate = $\$1.16$ [$\$211,761.51 - \$211,761.22 = \$0.29 \times 4$]. The amount of \$1.16 is owed to the Government and will be deducted from the next payment as follows: The rent payment for August, 2016 will be paid in the amount of \$210,402.02 [$\$211,761.22 \times 16$] - $\$1,358.04$ [15 owed] - $\$1.16$ [16 owed]. Beginning September, 2016, the new rate of \$211,761.22 will be paid.

**Summary of Certain Provisions of Lease Document No. 38
Lease Amendment No. 17 dated August 5, 2016**

LA No. 17 provides that the Lease is amended, as follows: Pursuant to Solicitation for Offers No. 09WSA0200C (Paragraph 3.6 (BUILDING AND SITE INFORMATION SUBMITTALS (AUG 2008)), 8.3, Page 23), Amendment No. 3 (Sections 4 and 5 (pages 5 and 6)), the Lease (Standard Form 2, Section 7 (page 3)), and Lease Amendment No. 7, the amounts for the insurance premium and DSL Lease for May 1, 2015 through April 30, 2016 are reconciled so that the amount of \$6,474.32 will be reduced by the Government from the next month's rental payment.

**Summary of Certain Provisions of Lease Document No. 39
Lease Amendment No. 18 dated November 21, 2017**

LA No. 18 provides that the Lease is amended, effective May 25, 2017, as follows: Pursuant to Paragraph 4.3, Operating Expenses. Page 27 of Solicitation for Offers No. 09WSA0200C, attached to this lease and pursuant to Paragraph 7, page 3 of Standard Form 2, the annual rental fee is adjusted as follows: 1. The Consumer Price Index (W-U.S. City Wide Average) for the established base year of the lease [April 2011] is compared to the current year [April 2015]. The percent change is computed: April 2011 = 221.743; April 2017 = 238.432; Cumulative Percent change [17]= $(238.432 - 221.743) / 221.743 = 7\%$ or 0.0753. 2. The percent change is then applied to the operating base rate of \$156,600.00, as established in Paragraph 7 of Standard Form 2: $0.0753 * \$156,600.00 = \$11,786.16 =$ cumulative rent change [17]. 3. Less amount from 2012, 2013, 2014, 2015, 2016 adjustment: $\$11,786.16 - (\$1,367.95 + \$3,721.09 + \$3,173.77 + -\$1,358.07 + 1,354.54) = 3,526.88$ annual rent adjustment (for May 1, 2016 through April 30, 2017). 4. The annual rent increase is added to the present annual rent: $\$3,526.88 + \$2,541,134.61 = \$2,544,661.49 =$ new annual rental amount [17] 5. The new monthly rental amount [17] = $\$2,544,661.49 / 12 = \$212,055.12$. The monthly rental amount is effective as of May 1, 2017. Rent payments for May through November, 2017 were paid at the rate of \$211,761.22 [16 rate]. The difference between the 16 rate and the 17 rate = $\$293.90$ [$\$212,055.12 - \$211,761.22 = \$293.90$]. The amount of \$2,057.33 is owed to the Lessor and will be added to the next payment. Rent beginning December, 2017 will be at the rate of \$212,055.12.

**Summary of Certain Provisions of Lease Document No. 40
Lease Amendment No. 19 dated December 15, 2017**

LA No. 19 provides that the Lease is amended, as follows: Pursuant to Solicitation for Offers No. 09WSA0200C (Paragraph 3.6 (BUILDING AND SITE INFORMATION SUBMITTALS (AUG 2008)), 8.3, Page 23), Amendment No. 3 (Sections 4 and 5 (pages 5 and 6)), the Lease (Standard Form 2, Section 7 (page 3)), and Lease Amendment No. 7, the amounts for the insurance premium and DSL Lease for May 1, 2016 through April 30, 2017 are reconciled so that the amount of \$12,490.75 will be reduced by the Government from the next month's rental payment.

**Summary of Certain Provisions of Lease Document No. 41
Supplemental Lease Agreement No. 20 dated May 15, 2018**

SLA No. 20 provides that the lease is amended, effective April 20, 2018, as follows: 1 The Lessor agrees to provide all permits, labor, equipment, materials, and costs to complete the construction and installation of a Glass door to a room in the Administration Building, as described in the Estimate Sheet (attached as Exhibit A1 to SLA No. 20) and shown in the Drawing (attached as Exhibit A2 to SLA No. 20) and Photo Drawings (Attached as Exhibit A3,4, & 5 to SLA No. 20), for a total of \$4,680.00, to be paid after completion.

APPENDIX D

**DEED OF TRUST, SECURITY AGREEMENT, FIXTURE FILING
AND ASSIGNMENT OF LEASES AND RENTS**

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX F

BOOK ENTRY ONLY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (the "*1934 Act*"). DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other bond transactions in deposited bonds, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of bond certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. bond brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission (the "*Commission*"). More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each 2013 Obligation ("*Beneficial Owner*") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the note documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may

wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Port as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Port or the Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar, or the Port, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Port or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Port or the Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, note certificates are required to be printed and delivered.

The Port may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, and the Port takes no responsibility for the accuracy thereof.

The Port will have no responsibility or obligation to any Securities Depository, any Participants in the Book-Entry System or the Beneficial Owners with respect to (i) the accuracy of any records maintained by the Securities Depository or any Participant; (ii) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption price of, or interest on, any Bonds; (iii) the delivery of any notice by the Securities Depository or any Participant; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (v) any other action taken by the Securities Depository or any Participant.

PRELIMINARY OFFICIAL STATEMENT – DATED NOVEMBER 20, 2019

**NEW ISSUE - NEGOTIATED
BOOK-ENTRY ONLY**

RATING: S&P “_”
(See “RATING” herein)



\$5,355,000*
Port of Newport
Lincoln County, Oregon
General Obligation Refunding Bonds, Series 2019
(Federally Taxable)

DATED: December 17, 2019 (estimated “Date of Delivery”)

DUE: January 1, as shown on the inside cover

The Port of Newport, Lincoln County, Oregon General Obligation Refunding Bonds, Series 2019 (Federally Taxable) (the “Bonds”), will be issued in fully registered form under a book-entry only system in denominations of \$5,000 or integral multiples thereof. The Bonds will be registered in the name of Cede & Co., as owner and nominee of The Depository Trust Company (“DTC”), New York, New York. Purchasers will not receive certificates representing their interests in the Bonds purchased.

The Bonds are being issued for the purpose of (i) refunding certain obligations of the Port, and (ii) paying the costs of issuance of the Bonds. See “PURPOSE” herein.

Interest on the Bonds will be payable semiannually on January 1* and July 1* of each year, commencing January 1, 2020,* to the maturity of the Bonds through the principal corporate trust offices of the paying agent and registrar of the Port, currently U.S. Bank National Association, Portland, Oregon (the “Paying Agent” or “Registrar”) to DTC which, in turn, is required to permit such principal and interest components to its participants (the “DTC Participants”) for subsequent disbursement to the owners of the Bonds.

The Bonds are general obligations of the Port. Pursuant to ORS 287A.315, the Port has pledged its full faith and credit and taxing power to pay the Bonds. The Port covenants for the benefit of the Owners to levy annually, as necessary, a direct ad valorem tax upon all of the taxable property within the Port which is sufficient, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes and other legally available amounts, to pay all Bond principal and interest when due. This tax shall be in addition to all other taxes of the Port, and this tax shall not be limited in rate, amount or otherwise, by Sections 11 or 11b of Article XI of the Oregon Constitution. The Bonds do not constitute a debt or indebtedness of the State of Oregon, or any political subdivision thereof other than the Port.

[Insurance]

MATURITY SCHEDULE – SEE INSIDE COVER

The Bonds are subject to redemption as described herein. See “THE BONDS” herein.

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Port (“Bond Counsel”), interest on the Bonds is not excludable from gross income for federal income tax purposes under existing law. In the opinion of Bond Counsel, interest on the Bonds is exempt from State of Oregon personal income tax under existing law. See “TAX MATTERS” herein for a discussion of the opinion of Bond Counsel.

The Bonds are offered when, as and if issued by the Port and accepted by the Underwriter, subject to the approving legal opinion of Hawkins Delafield & Wood LLP, Portland, Oregon, Bond Counsel. The Municipal Advisor to the Port is SDAO Advisory Services LLC. Certain legal matters will be passed upon for the Underwriter by their counsel, Mersereau Shannon LLP, and for the Port by their counsel Macpherson Gintner & Diaz. It is expected that the Bonds will be available for delivery to the Paying Agent on behalf of DTC by Fast Automated Securities Transfer (“FAST”) on or about the Date of Delivery.

* Preliminary, subject to change.

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



\$5,355,000*
Port of Newport
Lincoln County, Oregon
General Obligation Refunding Bonds, Series 2019
(Federally Taxable)

Dated: the Date of Delivery

Due: January 1, as shown below

MATURITY SCHEDULE*

Maturity January 1	Principal Amount	Interest Rate	Yield	CUSIP ⁽¹⁾
2020	\$ 70,000			
2021	40,000			
2022	120,000			
2023	115,000			
2024	120,000			
2025	125,000			
2026	125,000			
2027	130,000			
2028	135,000			
2029	140,000			
2030	135,000			
2031	145,000			
2032	155,000			
2033	155,000			
2034	165,000			
2035	160,000			
2036	170,000			
2037	175,000			
2038	485,000			
2039	800,000			
2040	830,000			
2041	860,000			

*Preliminary, subject to change.

⁽¹⁾ The above-referenced CUSIP numbers have been assigned by an independent company not affiliated with the Port or the Underwriter, and are included solely for the convenience of the holders of the Bonds. Neither the Port nor the Underwriter is responsible for the selection or uses of such CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject change after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities.

**Port of Newport
Lincoln County, Oregon**

600 SE Bay Boulevard
Newport, OR 97365
(541) 265-7758

Board of Commissioners

Sara Skamser, President
Jim Burke, Vice President
Walter Chuck, Secretary
Jeff Lackey, Commissioner
Gil Sylvia, Commissioner

Appointed Officials

Paula J. Miranda, General Manager
Aaron Bretz, Director of Operations
Mark A. Brown, Director of Finance and Business Services

Professional Services

Hawkins Delafield & Wood LLP
Robert W. Baird & Co.
SDAO Advisory Services LLC
Macpherson Gintner & Diaz
Mersereau Shannon LLP
U.S. Bank National Association

Bond Counsel
Underwriter
Municipal Advisor
Port Counsel
Underwriter's Counsel
Paying Agent/Registrar/Escrow Agent

NOTICE TO INVESTORS

This Official Statement is being distributed in connection with the sale of the Bonds referred to in this Official Statement and may not be used, in whole or in part, for any other purpose. No dealer, broker, salesman or other person is authorized to make any representations concerning the Bonds other than those contained in this Official Statement, and if given or made, such other information or representations may not be relied upon as statements of the Port of Newport, Lincoln County, Oregon (the "Port"). This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful to make such an offer, solicitation or sale.

Unless otherwise indicated, the Port is the source of the information contained in this Official Statement. Certain information in this Official Statement has been obtained by the Port or on its behalf from The Depository Trust Company and other non-Port sources that the Port believes to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information. Except for the reoffering prices or yields on the Bonds and the information in the section title "UNDERWRITING," nothing contained in this Official Statement is a promise of or representation by the Municipal Advisor or the Underwriter. The Municipal Advisor and the Underwriter have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor and the Underwriter do not guarantee the accuracy or completeness of such information. The information and opinions expressed in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale made under this Official Statement shall, under any circumstances, create any implication that there has been no change in the financial condition or operations of the Port or other information in this Official Statement, since the date of this Official Statement.

This Official Statement contains statements that are "forward-looking statements" as that term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. When used in this Official Statement, the words "estimate," "intend," "project" or "projection," "expect" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are subject to risks and uncertainties, some of which are discussed herein, that could cause actual results to differ materially from those contemplated in such forward-looking statements. Investors and prospective investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this Official Statement.

This Official Statement should be considered in its entirety. No one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, resolutions, reports or other documents are referred to in this Official Statement, reference should be made to those documents for more complete information regarding their subject matter.

The Bonds will not be registered under the Securities Act of 1933, as amended, or the securities laws of any state of the United States, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity shall have passed upon the accuracy or adequacy of this Official Statement.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OR MAY NOT OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT NOTICE. THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER THE BONDS ARE RELEASED FOR SALE AND THE BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE BONDS INTO INVESTMENT ACCOUNTS.

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OFFICIAL STATEMENT

\$5,355,000*

Port of Newport

Lincoln County, Oregon

General Obligation Refunding Bonds, Series 2019

(Federally Taxable)

The Port of Newport, Lincoln County, Oregon (the "Port"), a political subdivision duly organized and existing under and by virtue of the laws of the State of Oregon furnishes this Official Statement in connection with the offering of \$5,355,000* principal amount of General Obligation Refunding Bonds, Series 2019 (Federally Taxable) (the "Bonds"). This Official Statement, which includes the cover page, inside cover page, table of contents, and appendices, provides information concerning the issuance by the Port of the Bonds.

Capitalized terms used in this Official Statement that are not specifically defined herein have the meanings as set forth in the Resolution. The information contained herein should not be construed as representing all conditions affecting the Bonds. Additional information may be obtained from the Port. Statements in this Official Statement relating to documents or contracts in summarized form and in all respects are subject to and qualified in their entirety by express reference to provisions of such documents in their complete forms.

THE BONDS

PRINCIPAL AMOUNT, DATE, INTEREST PAYMENT AND MATURITIES

The Bonds will be issued in the aggregate principal amount of \$5,355,000* and will be dated and bear interest from the Date of Delivery. The Bonds will mature on the dates and in the principal amounts and will bear interest payable semiannually on January 1* and July 1,* commencing January 1, 2020,* at the respective rates as set forth on the cover of this Official Statement. Capitalized terms used in this Official Statement that are not specifically defined herein have the meanings as set forth in the Bond Resolution (as defined below).

Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. Record date is the 15th day of the month immediately preceding a payment date, whether or not a business day.

PAYING AGENT AND REGISTRATION FEATURES

The Port has appointed U.S. Bank National Association, Portland, Oregon, paying agent and registrar (the "Paying Agent") for the Bonds. While the Bonds are in book-entry only form, the Paying Agent will pay Bond principal, interest and any redemption price to DTC or its nominee which, in turn, will remit such principal and interest to the beneficial owners of the Bonds.. See Appendix A attached hereto for additional information.

DELIVERY OF THE BONDS – BOOK-ENTRY FORM

The Bonds will be initially issued in book-entry only form through The Depository Trust Company of New York, New York ("DTC"). DTC will act as securities depository for the Bonds. The ownership of one fully registered bond for each maturity of the Bonds, as set forth on the inside cover of this Official Statement, each in the aggregate principal of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. While the Bonds are in book-entry only form, the Paying Agent shall pay Bond principal, interest, and any redemption price to DTC or its nominee, in accordance with the Letter of Representations the Port has executed with DTC. See "APPENDIX A – Book Entry Only System" attached hereto for additional information.

Individual purchases and sales of the Bonds may be made in book-entry form only in minimum denominations of \$5,000 within a single maturity and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds.

*Preliminary, subject to change.

PROCEDURE IN THE EVENT OF REVISIONS OF BOOK-ENTRY TRANSFER SYSTEM

Should the book-entry-only security system be discontinued, the Bonds shall be issued in the form of fully registered Bonds without coupons in the denominations of \$5,000 or any integral multiple thereof. Such Bonds may be exchanged for Bonds of the same aggregate principal amount, or integral multiples thereof.

SELECTION OF BONDS FOR REDEMPTION

For as long as the Bonds are in book-entry only form, if fewer than all of the Bonds of a maturity are called for redemption, the selection of Bonds within a maturity to be redeemed shall be made by DTC in accordance with its operational procedures then in effect. If the Bonds are no longer held in book-entry only form, then the Paying Agent would select the Bonds for redemption by lot.

OPTIONAL REDEMPTION

The Bonds maturing in years [___ through ___], 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 [___] at the option of the Port on [___] 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 _____, 20__ are subject to mandatory redemption (in such manner as the Paying Agent and DTC will determine or by lot by the Paying Agent) on [___] of the following years in the following principal amounts, at a price of par, plus accrued interest to the date of redemption.

Bonds Maturing _____
Amount

(1) Final maturity.

]

NOTICE OF REDEMPTION

Notice of Redemption (Book-Entry). So long as the Bonds are in book-entry only form and unless DTC consents to a shorter period, the Paying Agent shall notify DTC of an early redemption not less than 20 days and not more than 60 days prior to the date fixed for redemption, and shall provide such information in connection therewith as required by the letter of representation. Official written notice of the redemption will be given by the Port to the Paying Agent at least five calendar days prior to the date the notice is scheduled to be sent to DTC.

Notice of redemption (No Book-Entry). During any period in which the Bonds are not in book-entry only form, unless waived by any Bondowners of the Bonds to be redeemed, official notice of any redemption of Bonds shall be given by the Paying Agent on behalf of the Port by mailing a copy of an official redemption notice in a form generally accepted in the municipal markets by first class mail, postage prepaid, at least 30 calendar days and not more than 60 calendar days prior to the date fixed for redemption, to the Bondowners of the Bonds to be redeemed at the address shown on the bond register or at such other address as is furnished in writing by such Bondowner to the Paying Agent. Official written notice of redemption will be given by the Port to the Paying Agent at least five calendar days prior to the date the notice is scheduled to be sent to the Bondowners.

Conditional Notice. Any notice of optional redemption to the Paying Agent or to the Bondowners may state that the optional redemption is conditional upon receipt by the Paying Agent of moneys sufficient to pay the redemption price of such Bonds or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Paying Agent to affected Bondowners of Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event.

*Preliminary, subject to change.

AUTHORIZATION

The Port is authorized by Oregon Revised Statutes (“ORS”) Sections 287A.360 through 287A.380 to refund outstanding borrowings. The Bonds are issued in compliance with Oregon Revised Statutes (“ORS”) Chapters 287A and 777 and Resolution No. 2019-15 adopted by the Port's Board of Commissioners on September 24, 2019 (the “Bond Resolution”).

PURPOSE

The Bonds are being issued for the purpose of (i) refunding certain obligations of the Port, and (ii) paying the costs of issuance of the Bonds (the “Project”).

REFUNDING PLAN

The Bonds are being issued so that the Port can obtain a benefit of savings in total debt service requirements of all or a portion of its General Obligation Bonds, Series 2011, dated May 3, 2011 (the “Refunded Bonds”). The advance refunding of the Refunded Bonds is contingent upon approval of the State Treasurer of the advance refunding plan.

A portion of the proceeds of the Bonds will be used to fund an irrevocable escrow account (the “Escrow Account”) consisting of cash and direct obligations of the United States of America (the “Government Obligations”). The Escrow Account will be held by U.S. Bank National Association, Portland Oregon (the “Escrow Agent”), pursuant to the escrow deposit agreement (the “Escrow Agreement”) to refund the Refunded Bonds as shown below.

REFUNDED BONDS*

Refunded Bonds	Refunded Maturities	Amount Outstanding	Amount Refunded	Redemption Date	Redemption Price
2011 Bonds	2026, 2031, 2036, 2041	\$4,995,000	\$4,855,000	January 1, 2021	100%

All payments of principal of and interest on the Refunded Bonds will thereafter be provided for solely from funds and Government Obligations on deposit with the Escrow Agent under the Escrow Agreement.

VERIFICATION OF MATHEMATICAL CALCULATIONS

Causey Demgen & Moore P.C., as Verification Agent, will verify the accuracy of the mathematical computations illustrating the adequacy of the maturing principal of and interest on the Government Obligations and the uninvested cash to be deposited in the Escrow Account created under the Escrow Agreement to pay the principal of and interest on the Refunded Bonds through and including their respective redemption dates. Such verification will be based in part upon schedules supplied to the Verification Agent by the Underwriter.

* Preliminary, subject to change.

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SOURCES AND USES OF FUNDS*

Sources of Funds	Amount
Principal Amount	\$5,355,000
Net Original Issue Premium/(Discount)	
Total Sources of Funds	
Uses of Funds	
Deposit to Escrow Fund	
Costs of Issuance ⁽¹⁾	
Total Uses of Funds	

(1) Includes, but is not limited to, Underwriter’s discount, costs of bond delivery, costs of printing and distributing the Preliminary and Final Official Statements, and the fees and charges of Bond Counsel, Underwriter’s Counsel, Paying Agent, and Rating Agency.

* Preliminary, subject to change. Amounts will be provided in Final Official Statement.

SECURITY FOR AND PAYMENT OF THE BONDS

The Bonds are general obligations of the Port. Pursuant to ORS 287A.315, the Port has pledged its full faith and credit and taxing power to pay the Bonds. The Port covenants for the benefit of the Owners to levy annually, as necessary, a direct ad valorem tax upon all of the taxable property within the Port which is sufficient, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes and other legally available amounts, to pay all Bond principal and interest when due. This tax shall be in addition to all other taxes of the Port, and this tax shall not be limited in rate, amount or otherwise, by Sections 11 or 11b of Article XI of the Oregon Constitution. The Bonds do not constitute a debt or indebtedness of the State of Oregon, or any political subdivision thereof other than the Port.

INSURANCE

[TO FOLLOW]

DEFAULT AND REMEDIES

EVENTS OF DEFAULT

The occurrence of one or more of the following constitutes an Event of Default under the Bond Resolution:

1. Failure by the Port to pay Bond principal, interest or premium when due (whether at maturity, or upon redemption after a Bond has been properly called for redemption); or
2. Failure by the Port to observe and perform any covenant, condition or agreement on its part to be observed or performed for the benefit of Owners of Bonds, for a period of 60 days after written notice to the Port by the Owners of fifty-one percent (51%) or more of the principal amount of Bonds then Outstanding specifying such failure and requesting that it be remedied; provided however, that if the failure stated in the notice cannot be corrected within such 60 day period, it shall not constitute an Event of Default so long as corrective action is instituted by the Port within the 60 day period and diligently pursued, and the default is corrected as promptly as practicable after the written notice; or
3. The Port is adjudged insolvent by a court of competent jurisdiction, admits in writing its inability to pay its debts generally as they become due, files a petition in bankruptcy, or consents to the appointment of a receiver for the payments.

The Owners of fifty-one percent (51%) or more of the principal amount of Bonds then Outstanding may waive any Event of Default and its consequences, except an Event of Default described in (1) above.

REMEDIES

Upon the occurrence and continuance of any Event of Default under the Bond Resolution the Owners of fifty-one percent (51%) or more of the principal amount of Bonds then Outstanding may take whatever action may appear necessary or desirable to enforce or to protect any of the rights of the Owners of Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in the Bond Resolution or the Bonds or in aid of the exercise of any power granted in the Bond Resolution or the Bonds or for the enforcement of any other legal or equitable right vested in the Owners of Bonds by the Bond Resolution or the Bonds or by law. However, the Bonds shall not be subject to acceleration.

PORT OF NEWPORT

GENERAL

Incorporated in 1910, the Port of Newport (the "Port") is a political subdivision of the State formed under ORS Chapter 777. The Port serves an area of approximately 59 square miles. With the Pacific Ocean to the west, the boundaries of the Port reach south to Seal Rock, north to Otter Rock and east up to six miles. The estimated population within the Port is 10,800 people. Commercial and sport fishing, fish processing, shipping, tourism recreation, and lumber and wood processing are the major industries in the Port.

Based in Yaquina Bay, the Port was constructed as a deep-water port to provide shipping services to local, regional and international vessels and to service one of the largest commercial fishing fleets on the Oregon coast.

BOARD OF COMMISSIONERS

Name	Title	Occupation	Term Expires
Sara Skamser	President	Fishing Net Business Owner	6/30/2021
Jim Burke	Vice President	Marine Biologist	6/30/2023
Walter Chuck	Secretary	Water Utility Operator	6/30/2023
Jeff Lackey	Commissioner	Mechanical Engineer	6/30/2021
Gil Sylvia	Commissioner	Retired University Executive	6/30/2021

ADMINISTRATION

The Port employs a manager, who is responsible for all management and administrative functions. The manager has a staff of 24 full-time equivalent employees to assist in administrative and facility maintenance activities. The Port does not currently have any bargaining agreements.

KEY ADMINISTRATIVE OFFICIALS

Ms. Paula Miranda, General Manager. Prior to joining the Port of Newport in May of 2019, Ms. Miranda spent 12 years as the deputy executive director and real estate and business development manager for what was formerly known as the Port of St. Helens and rebranded as the Port of Columbia County in 2018. During her tenure, she worked as interim director on two occasions. Before the Port of Columbia County, Ms. Miranda spent five years working at the Port of Portland in the areas of contract administration, property management, and tenant negotiation while providing support in many other areas of port development work. Through the course of her career, she has spent 25 years in the real estate field, with 17 of those in the port industry.

Aaron Bretz, Director of Operations. Mr. Bretz joined the Port of Newport in [REDACTED] after retiring from the U.S. Coast Guard with 21 years of service. His service included capital projects, search-and-rescue team leading and training, and streamlining of operating procedures. In addition to his experience in the maritime sector, he holds a B.S. in Applied Management from Ohio University.

Mark A. Brown, Director of Finance and Business Services. Prior to joining the Port of Newport in August of 2019, Mr. Brown spent 3 years as the Financial Services Manager for the Oregon Department of Environmental Quality. As the Financial Services Manager his responsibilities included accounting, budget, procurement (contracts), travel, bonds, federal grant management, cash management, and payroll. Prior to DEQ, Mr. Brown worked at the Oregon Health Authority and the University of Oregon where his responsibilities included budget, contract administration, providing management and executives with the analysis and information they need to make major operational, financial, and strategic decisions. Mr. Brown also has over 15 years in the private sector, in operational, sales, and administrative roles.

PORT FACILITIES AND OPERATIONS

The Port's primary business centers are the international shipping terminal, the commercial fishing marina, and the recreational marina and vehicle parks, with leased property at all three of those locations.

The International Terminal facilities include 17 acres with over 1,000 feet of waterfront, 605-foot shipping berth, roll-on/roll-off concrete pad, 265-foot wooden barge berth, nine-acre log yard and covered storage. The site also includes both land and building leases. Trident Seafoods leases land for their fish meal plant as well as storage space in a Port owned building. A couple of fishing businesses have built gear storage facilities on Port owned land. Foulweather Trawl leases building space from the Port for their net building and repair business. J. Lamb Marine Electric and Northern Refrigeration, both offering support services to the fishing fleet, lease shop space from the Port. There is still 20 acres of vacant industrial land with utilities available for development and 30 acres of bulk cargo storage available adjacent to the terminal. In an effort to revitalize its international pier and generate additional income, the Port decided to renovate and enhance its facility to better accommodate the local fishing fleet as well as deep draft vessels including ocean-going cargo and cruise vessels. The initial phase includes removal of site contaminants, environmental remediation, capital construction and improvements.

The facilities at the Bay Boulevard commercial harbor include 1,400 feet of waterfront property, a 300 foot fixed hoist dock with four hoists, 200 feet of floating docks for dockside vessel repair, moorage for approximately 200 commercial fishing vessels, and operations/maintenance and administration buildings. Upland property includes approximately two acres dedicated to crab gear storage and another three acres slated for water-dependent/water-related development. At the commercial harbor, the Port leases land to Englund Marine Supply, Yaquina Bay Yacht Club and the fuel concession. Bayfront properties include Captains Charters and Pacific Seafood. US Customs leases office space from the Port.

In South Beach, the Port's holdings include approximately 50 acres leased to the OSU Hatfield Marine Science Center and 40 acres to the Oregon Coast Aquarium. The OSU Hatfield Marine Science Center has sub-leased space to state and federal agencies such as NOAA (National Oceanic and Atmospheric Administration), the Environmental Protection Agency, US Fish and Wildlife and Oregon Department of Fish and Wildlife. See "PORT OF NEWPORT – OTHER DEVELOPMENT IN AND AROUND THE PORT" herein. The Oregon Coast Aquarium recently announced a fundraising campaign for an \$18 million renovation, which would remodel existing facilities and add a marine rehabilitation center, as well as an outdoor play area.

Facilities at the 55-acre Port of Newport Marina & RV Park include: 522 moorage slips including a facility designed to accommodate up to five large transient vessels; a new four-lane launch ramp and new parking facility; a public fishing pier; 144 full hook-up RV spaces, including 92 spaces in a newly rebuilt modern park with 50 AMP service and 52 with 30 AMP service; and a dry camp with no services. Marina leases include Oregon Brewing Company's brewery and their Brewer's on the Bay restaurant housed in a 24,000 square foot building in addition to office and shipping space and a distillery; a full-service fuel dock; Newport Marina Store & Charters; and the Newport Belle Bed and Breakfast.

The Port of Newport has a history of managing leased properties. In the past eight years lease revenue has seen a 14% increase through several means. The Port has found businesses to build on Port owned property, has constructed buildings for lessees, has leased out unused facilities and encouraged leaseholder improvements.

Current leases generate over \$3.1 million per year or nearly 74% of the Port's operating revenue. These include businesses that provide services to the commercial fishing fleet and recreational boaters; a convenience store; two fishing charter operations; a brewery/distillery/restaurant; a yacht club; and a floating bed & breakfast operation.

In July 2019, the Port completed an update to its Strategic Business Plan and Capital Facilities Plan. [update to follow.](#)

OTHER DEVELOPMENT IN AND AROUND THE PORT

Marine Operations Center – Pacific. In 2011, the Port of Newport secured a 20-year lease with the National Oceanic and Atmospheric Administration (NOAA) to provide a six-acre marine operations facility including a 18,500 square feet administration building and a 25,500 square feet warehouse facility. As of November 12, 2019, there are 54 federal employees stationed at the facility and the facility has a capacity for 87. In 2015, the U.S. Commerce Department moved the entire national marine operations command from Maryland to Newport.

South Beach Urban Renewal. The City of Newport has adopted an Urban Renewal Plan for the South Beach area. Projects are scheduled in a three phase plan over the next 10 years and include on-going street improvements, addition of sidewalks as well as pedestrian and bicycle paths, burying existing and expanded utilities and development of neighborhood parks and green space. Phase One scheduled from 2009 – 2012 includes new sidewalks extending to the area of the NOAA MOC-P site. Future phases will see development of more community facilities and affordable housing, a Gateway to South Beach, street trees and furniture with extensive landscaping, and storefront façade development.

Wilder Development. The Wilder Development broke ground in Spring of 2010. The Wilder Development is a several hundred acre, approx 1300 homes, mixed density housing project, with approximately seven acres of commercial area next to the new Oregon Coast Community College campus. The Wilder Development is environmentally sustainable as to site design, home construction and greenspace development.

South Beach Peninsula Transportation. The South Beach Peninsula Transportation Analysis will study all modes, patterns and uses of transportation both current and potential. Parking, landscaping, road and pathway lighting, better management during peak usages, are among the issues to be considered. The City of Newport, the Port, and the Hatfield Marine Science Center are working together on the South Beach Peninsula Transportation Analysis.

Hatfield Marine Science Center. Located on the shores of Yaquina Bay in Newport, Oregon State University's Hatfield Marine Science Center (HMSC) is internationally recognized for its interdisciplinary approaches to research on ocean and coastal ecosystems, fisheries and other marine resource management issues. OSU has outgrown its building at its Newport campus and is building a 72,000-square-foot new structure set to open in 2020. The new Marine Studies Initiative home is expected to help draw as many as 500 students to the coast each school year. The \$58 million building at OSU's Hatfield Marine Science Center in Newport represents an increase in space, resources and ambition that the school hopes will result in a similar jolt in interest in the fate of the ocean, marine life and coastal communities. It is already one of the leading marine laboratories in the U.S., serving as a national model for academic-government-industry collaboration in research, education, and outreach. Five federal and state agencies have research labs and offices on the 49-acre campus, fostering collaborative research among OSU and its partner agencies: NOAA, ODFW, USDA, USEPA, and USFWS. These university and agency-sponsored programs represent an employment base of more than 300 people and a combined budget of over \$40 million in operations based in Newport. The Hatfield Center welcomes over 140,000 annual visitors, including students, visiting scientists and the general public. The first new Regional Class Research Vessel being constructed with funds from the National Science Foundation to bolster the nation's aging U.S. Academic Research Fleet will be called Taani (pronounced "tahnee"), is under construction by Gulf Island Shipyards, LLC in Louisiana, the vessel is scheduled for delivery to OSU in the spring of 2021, and will be fully operational after a year of outfitting and testing.

U.S. Department of Energy confirmed a competitively awarded grant of \$1.25 million annually in funding that can be renewed for up to five years for the Northwest National Marine Renewable Energy Center based at the Hatfield Marine Science Center. This will be combined with funds from the Oregon legislature, OSU, the Oregon Wave Energy Trust, the University of Washington and other sources to create a total of \$13.5 million over five years, that will help move the generation of energy from waves, ocean currents and tides from the laboratory to part of the nation's alternative energy future. This support will primarily be used to build a floating "test berth" to test wave energy technology on the Oregon Coast near Newport, as well as fund extensive environmental impact studies, community outreach and other initiatives. In December of 2016 Oregon State University's Northwest National Marine Renewable Energy Center was awarded up to \$40 million from the U.S. Department of Energy, to create the world's premier wave energy test facility in Newport which is anticipated to be the world's most advanced wave energy test facility. The NNMREC facility, known as the Pacific Marine Energy Center South Energy Test Site, or PMEC-SETS, is planned to be operational by 2020.

Oregon Coast. State and federal investment in ocean-related research has occurred along the Oregon coast, much of it based in Newport.

- In 2008, Oregon State University won a grant from the U.S. Department of Energy for establishment of the Northwest National Marine Renewable Energy Center to ramp up research and development of wave energy technologies, including testing devices in waters off the coast of Newport, and research on potential ecological impacts of wave energy development.
- In 2009, the National Science Foundation announced a major investment for the Ocean Observatories Initiative (OOI), which funds development of a global network of ocean monitoring devices and stations, including a line extending out from Newport to beyond the continental shelf. Deployment and servicing of that data-gathering infrastructure, which includes seafloor platforms, ocean moorings, and undersea gliders, will utilize OSU's ship operations facility at the HMSC and other support facilities on Yaquina Bay. Approximately \$14 million in funding from the Ocean Observatories Initiative is going to OSU for this work over the next five years.
- Detailed mapping of the seafloor within Oregon's territorial sea boundary (up to 3 miles from shore) has received \$7.3 million in funding from NOAA and the Oregon state legislature, and is currently underway involving OSU researchers, private contractors, and commercial fishing boats based in Newport.
- In December of 2016 Oregon State University's Northwest National Marine Renewable Energy Center was awarded up to \$40 million from the U.S. Department of Energy, to create the world's premier wave energy test facility in Newport which is anticipated to be the world's most advanced wave energy test facility. The NNMREC facility, known as the Pacific Marine Energy Center South Energy Test Site, or PMEC-SETS, is planned to be operational by 2020.

DEBT AND FINANCIAL OBLIGATIONS

DEBT MANAGEMENT

The Port defaulted on certain payments due in 1986 on revenue bonds issued to finance construction of its recreational marina due to occupancy levels not meeting original estimates and defaults by private operators hired to operate the marina. The Port sought and received voter approval in 1988 to issue general obligation bonds to retire the revenue bonds. Other than the preceding, the Port has no record of default in the payment of principal and interest on its bonds and other indebtedness when due.

DEBT LIMITATION

General Obligation Bonds. Ports formed under ORS Chapter 777 are limited in the total amount of general obligations that they may incur. At no time is the aggregate amount of general obligation bonds to exceed two and one-half percent (2.50%) of the Real Market Value ("RMV") of the port. The Bonds are general obligation bonds. The calculation of debt capacity is as follows:

General Obligation Bonds Debt Capacity	
Real Market Value (fiscal year 2019-20)	\$3,455,695,536
General Obligation Debt Capacity (2.50% of RMV)	\$86,392,388
Outstanding Obligations Subject to Limitation (including this issue)*	12,545,000
Remaining Debt Capacity	<u>\$73,847,388</u>
Percent of Debt Capacity Limit Outstanding	85.48%
Percent of Debt/Real Market Value	0.36%

Source: The Port.

*Preliminary, subject to change. Includes the Bonds; does not include the Refunded Bonds.

Full Faith and Credit Obligations/Limited Tax Obligations. A public body (as defined under ORS 287A.001), such as the Port, or council of government may pledge their lawfully available funds for the financing of real or personal property under ORS 271.390. The Oregon Constitution and statutes do not limit the amount of full faith and credit debt the Port may incur. Full faith and credit obligations can take the form of bonds, certificates of participation, notes or capital leases. The Bonds are not limited tax obligations, but the full faith and credit of the Port is pledged to the Bonds.

Revenue Bonds. In addition to the authority to issue general obligation bonds and full faith and credit obligations, a port may issue revenue bonds payable from and secured by a lien and pledge of all or any part of the revenues derived by the port from the facilities constructed from the proceeds of the bonds. The Bonds are not revenue bonds.

SHORT-TERM BORROWING

The Port currently has no short-term borrowing outstanding.

CAPITAL LEASES

The Port currently has capital leases for certain equipment including forklifts outstanding in the approximate principal amount of \$84,211.

FUTURE DEBT PLANS

Other than the anticipated issuance on December 17, 2019, of the Port of Newport, Lincoln County, Oregon Taxable Lease Revenue Refunding Bonds (National Oceanic and Atmospheric Administration Project), Series 2019, in the amount of \$18,060,000,* the Port presently has no additional borrowing plans in the next 12 months.

LONG-TERM BORROWING (AS OF THE DATE OF DELIVERY)⁽¹⁾

Series	Obligation	Date of Issue	Date of Maturity	Amount Issued	Outstanding Principal
<u>Revenue Bonds</u>					
2010	Taxable Lease Revenue Bonds (less refunded bonds)* ⁽²⁾	07/14/2010	08/01/2031	\$24,095,000	\$17,165,000 (17,165,000)
2019	Taxable Lease Revenue Refunding Bonds* Total Revenue Bonds*	12/17/2019	08/01/2031*	18,060,000*	18,060,000 \$18,060,000
<u>General Obligation Bonds⁽³⁾</u>					
2011	General Obligation Bonds (less refunded bonds)*	05/03/2011	01/01/2041	\$5,452,000	\$4,995,000 (4,855,000)
2016	General Obligation Refunding Bonds	06/16/2016	01/01/2037	7,610,000	7,050,000
2019	General Obligation Refunding Bonds* Total General Obligation Bonds*	12/17/2019	01/01/2041	5,355,000	5,355,000 \$12,545,000
<u>Full Faith & Credit Obligations</u>					
2004	Special Public Works Fund Loan L00012	06/30/2004	12/01/2024	86,683	36,916
2012	Oregon Business Development Promissory Note	07/15/2012	Pending	400,000	400,000
2013	Full Faith & Credit Obligations	04/15/2013	12/01/2033	\$3,410,000	\$3,210,000
2013	Special Public Works Fund Loan Q10010	06/01/2013	06/01/2032	1,300,000	1,007,081
2013	Oregon Infrastructure Finance Authority Loan L12005	08/13/2013	07/01/2034	3,000,000	2,448,365
2010	Oregon Coast Bank	08/17/2010	07/15/2025	415,352	299,761
2016	City of Newport – SDC ⁽⁴⁾	05/06/2016	12/05/2035	124,140	93,678
2017	Oregon Brewing Company	09/15/2017	12/01/2021	210,295	135,419
	Total Full Faith & Credit Obligations				\$7,631,220

(1) Does not include capital leases.

(2) The Port is planning the refunding of its Taxable Lease Revenue Bonds, expected December 17, 2019. Preliminary, subject to change.

(3) Also secured by the full faith and credit of the Port.

(4) If the International Terminal log yard development permit is canceled, the loan is expected to be partially refunded. See “PORT OF NEWPORT – PORT FACILITIES AND OPERATIONS” herein.

Source: the Port.

* Preliminary, subject to change.

**PORT OF NEWPORT
GENERAL OBLIGATION BOND DEBT SERVICE REQUIREMENTS**

Fiscal Year	Outstanding General Obligation Bonds		Less Refunded Bonds		General Obligation Bonds, Series 2019*		Total Debt Service*(1)
	Principal	Interest	Principal	Interest	Principal	Interest ⁽¹⁾	
2020	\$ 350,000	\$ 528,655	-	-	\$ 70,000		
2021	355,000	517,455	-	-	40,000		
2022	375,000	505,705	\$ 80,000	\$ 256,855	120,000		
2023	390,000	490,305	80,000	253,255	115,000		
2024	405,000	474,193	85,000	249,543	120,000		
2025	425,000	457,455	90,000	245,605	125,000		
2026	440,000	440,005	90,000	241,555	125,000		
2027	455,000	421,605	95,000	237,155	130,000		
2028	475,000	402,205	105,000	232,155	135,000		
2029	500,000	382,030	110,000	226,780	140,000		
2030	520,000	360,930	110,000	221,280	135,000		
2031	545,000	338,780	120,000	215,530	145,000		
2032	565,000	315,335	130,000	209,085	155,000		
2033	590,000	290,913	135,000	202,063	155,000		
2034	620,000	265,293	145,000	194,643	165,000		
2035	645,000	238,608	145,000	186,958	160,000		
2036	675,000	210,658	155,000	179,008	170,000		
2037	700,000	186,413	165,000	170,363	175,000		
2038	475,000	152,763	475,000	152,763	485,000		
2039	800,000	117,700	800,000	117,700	800,000		
2040	845,000	72,463	845,000	72,463	830,000		
2041	<u>895,000</u>	<u>24,613</u>	<u>895,000</u>	<u>24,613</u>	<u>860,000</u>		
Total	\$12,045,000	\$7,194,082	\$4,855,000	\$3,889,372	\$5,355,000		

* The principal amortization schedule for the Bonds is provided for illustrative purposes only and is preliminary and subject to change.

(1) Amounts will be provided in the Final Official Statement.

Source: *The Port*.

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**PORT OF NEWPORT
BONDED DEBT RATIOS**

Real Market Value (2019-20) ⁽¹⁾		\$3,455,695,536
Estimated Population		10,800
Per Capita Real Market Value		\$319,972
Debt Information		
	Gross Direct Debt⁽²⁾	Net Direct Debt⁽³⁾
Port Direct Debt ⁽⁴⁾	\$20,176,220	\$20,176,220
Overlapping Direct Debt	<u>79,278,734</u>	<u>71,102,180</u>
Total Direct and Overlapping Obligations ⁽⁴⁾	\$99,454,954	\$91,278,400
Bonded Debt Ratios⁽⁴⁾		
Direct Debt to Real Market Value	0.58%	0.58%
Direct and Overlapping Debt to Real Market Value	2.88%	2.64%
Per Capita Direct Obligations	\$1,868	\$1,868
Per Capita Direct and Overlapping Obligations	\$9,209	\$8,452

(1) Value represents the total Real Market Value of taxable properties, not including the reduction in Real Market Value of specially assessed properties such as farm and forestland.

(2) Gross Direct Debt includes all debt with an unlimited (general obligation bonds) and limited (full faith and credit obligations) tax pledge. Limited tax pension obligations are included.

(3) Net Direct and Net Overlapping Debt includes all tax-supported obligations; self-supporting obligations are excluded.

(4) Includes the Refunded Bonds; does not include the Bonds. Preliminary, subject to change.

Source: Debt Management Division, Oregon State Treasury, the Port and Lincoln County Department of Assessment and Taxation.

**PORT OF NEWPORT
OVERLAPPING DEBT SCHEDULE
AS OF OCTOBER 14, 2019**

Overlapping Issuer	Real Market Valuation	Percent Overlapping	OVERLAPPING	
			Gross Overlapping Bonded Debt ⁽¹⁾	Net Overlapping Direct Debt ⁽²⁾
Beverly Beach Water District	\$ 33,516,150	100.00%	\$ 1,125,626	\$ 570,349
City of Newport	2,017,551,499	100.00%	24,438,297	21,480,326
Depoe Bay RFPD	1,605,971,860	6.34%	30,488	30,488
Lincoln City Unified SD	10,337,142,964	26.74%	19,035,640	19,035,640
Oregon Coast Community College	10,279,417,947	26.89%	3,340,784	2,905,205
Pacific Communities Health District	5,123,661,330	53.90%	25,282,989	25,282,989
Seal Rock Water District	823,699,653	53.13%	<u>6,024,910</u>	<u>1,797,183</u>
TOTAL OVERLAPPING			<u>\$79,278,734</u>	<u>\$71,102,180</u>

(1) Gross Bonded Debt includes all Unlimited Tax General Obligation bonds and full faith and credit borrowings.

(2) Net Direct Debt is Gross Bonded Debt less Self-Supporting General Obligation and full faith and credit borrowings.

Source: Municipal Debt Advisory Commission, Oregon State Treasury.

* Preliminary, subject to change.

FINANCIAL INFORMATION

BASIS OF ACCOUNTING

The Port's financing statements are presented on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded at the time they are earned and expenses are recorded at the time liabilities are incurred.

FISCAL YEAR

The Port's fiscal year runs from July 1 through June 30.

INDEPENDENT AUDIT

The Oregon Municipal Audit Law (ORS 297.405 - 297.555) requires an audit and examination to be made of the accounts and financial affairs of every municipal corporation at least once a year. Municipalities having annual expenditures of less than \$500,000, with the exception of counties and school districts, are exempt from this requirement. All Oregon counties and school districts, regardless of amount of annual expenditures, must obtain an audit annually. The required audit may be performed by the State Department of Audits or by an independent public accountant certified by the State as capable of auditing municipal corporations.

The Port's Annual Financial Report for fiscal year ended June 30, 2019, was prepared by Grimstad & Associates, Certified Public Accountants, Newport, Oregon (the "Auditor"). The auditor's report indicates that the financial statements present the Port's financial picture fairly and are in conformance with generally accepted accounting principles applied on a consistent basis. The Annual Financial Report for the year ended June 30, 2019, is attached as Appendix E hereto. Past financial statements are available upon request from the Port.

Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The Port has not requested the Auditor to perform any additional examination, assessment or evaluation with respect to such financial statements since the date thereof. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the Port since the date of the financial statements, in connection with the issuance of the Bonds, the Port represents that there has been no material adverse change in the financial position or results of operations of the Port, nor has the Port incurred any material liabilities, which would make such financial statements misleading.

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**PORT OF NEWPORT
STATEMENT OF NET POSITION
AS OF JUNE 30**

Assets:	2015	2016	2017	2018	2019
Current Assets:					
Cash and cash equivalents	\$7,582,482	\$8,288,041	\$8,349,084	\$8,940,005	
Investment	60,118	60,419	60,722	61,056	
Accounts receivable, net of allowances	170,053	311,246	262,841	351,361	
Property taxes receivable	97,670	97,260	97,260	97,260	
Prepaid expenses	75,719	71,856	161,304	156,009	
Other assets	-	-	9,346	-	
Total Current Assets	7,986,042	8,828,822	8,940,557	9,605,691	
	-	-	-	-	
Capital Assets:					
Land	-	20,221,521	20,221,521	20,221,521	
Construction in progress	-	183,397	307,009	378,172	
Buildings and equipment, net of depreciation	-	62,202,423	59,996,774	56,938,608	
Total capital assets	0	82,607,341	80,525,304	77,538,301	
Other Assets:					
Capital assets, net of depreciation	85,670,011	-	-	-	
Net pension asset	170,613	-	-	-	
Bond issue costs, net of amortization	91,334	4,662	2,916	2,916	
Total other assets	85,931,958	4,662	2,916	2,916	
Total Assets	93,918,000	91,440,825	89,468,777	87,146,908	
Deferred Outflows of Resources					
Pension contribution	21,005	17,803	395,844	354,244	
Advanced refunding outflows, net of amortization	-	436,957	416,150	395,342	
Total deferred outflows resources	21,005	454,760	811,994	749,586	
Total Assets and Deferred Outflows	<u>\$93,939,005</u>	<u>\$91,895,585</u>	<u>\$90,280,771</u>	<u>\$87,896,494</u>	
Liabilities and Net Position					
Current Liabilities:					
Accounts payable	\$103,876	\$69,714	\$133,948	\$97,661	
Accounts payable from restricted assets	12,054	13,869	28,391	-	
Accrued expenses	28,654	6,390	-	-	
Accrued interest payable	11,693	6,209	16,533	18,037	
Accrued interest payable from restricted assets	499,410	476,972	462,477	447,306	
Unearned grant revenue	103,630	-	-	-	
Accrued payroll expense	-	102,035	155,118	124,031	
Unearned revenue	-	136,664	185,507	225,074	
Current portion - loans and capital leases payable	353,377	406,827	268,179	328,340	
Current portion - bonds payable from restricted assets	1,140,000	-	-	-	
Current portion - bonds payable	-	1,335,000	1,425,000	1,485,000	

Total Current Liabilities	2,252,694	2,553,680	2,675,153	2,725,449
Long-Term Liabilities:				
Bonds, loans and capital leases payable	4,747,033	-	-	-
Bonds payable from restricted assets, net of discount	37,631,814	-	-	-
Loan and capital leases payable, net	-	7,726,953	4,702,831	7,330,460
Bonds payable, net	-	33,514,519	35,108,905	30,694,402
Net pension liability	-	163,496	680,933	739,360
Total Long-Term Liabilities	42,378,847	41,404,968	40,492,669	38,764,222
Total Liabilities	44,631,541	43,958,648	43,167,822	41,489,671
Deferred Inflows of Resources				
Pension related inflows	-	151,723	117,896	126,391
Total liabilities and deferred inflows of resources	<u>\$44,631,541</u>	<u>\$44,110,371</u>	<u>\$43,285,718</u>	<u>\$41,616,062</u>
Net Position:				
Invested in capital assets, net of related debt	41,797,787	-	-	-
Invested in capital assets	-	40,060,999	39,020,389	37,700,099
Restricted	4,342,245	-	-	-
Debt service	-	4,103,035	3,666,765	3,706,287
Maintenance reserve	-	305,789	273,350	-
Unrestricted	2,801,849	3,315,391	4,034,549	4,874,046
Total Net Position	<u>\$48,941,881</u>	<u>\$47,785,214</u>	<u>\$46,995,053</u>	<u>\$46,280,432</u>

Source: Port of Newport Audited Financial Statements.

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PORT OF NEWPORT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
AS OF JUNE 30

	2015	2016	2017	2018	2019
Operating Revenues					
Moorage and leases	\$4,325,049	\$4,385,639	\$4,448,988	\$4,533,404	
R.V. park	688,922	767,746	785,972	969,120	
Terminals	10,116	19,287	22,252	15,181	
Hoist dock	506,056	542,140	620,766	680,053	
Launch ramp	75,385	73,596	65,910	78,812	
Pension income	163,924	-	-	-	
Other	88,995	117,445	71,967	129,339	
Total Operating Revenue	5,858,447	5,905,853	6,015,855	6,405,909	
Operating Expenses					
Salaries and wages	731,123	966,420	1,012,114	941,963	
Payroll taxes and fringe benefits	281,791	294,972	302,931	429,408	
Administration, promotion and marketing	101,959	97,047	130,967	132,870	
Maintenance	78,237	150,368	305,640	179,640	
Utilities	407,487	674,201	499,184	516,353	
Professional fees	97,200	60,571	85,666	164,598	
Insurance	273,533	282,721	278,801	247,294	
Service fees	479,500	267,680	257,016	324,197	
Supplies	93,187	78,462	78,020	55,943	
Operating fees	63,003	62,144	60,841	102,594	
Other	72,662	65,753	83,452	61,222	
Depreciation	3,325,972	3,267,515	3,206,692	3,234,980	
Total Operating Expenses	6,005,654	6,267,854	6,301,324	6,391,062	
Gain From Operations (Loss)	(147,207)	(362,001)	(285,469)	14,847	
Non-Operating Revenues/Expenses					
Property taxes	1,060,147	1,073,295	1,086,112	1,096,240	
Grants	206,982	1,800	37,269	2,772	
Grant expense	-	-	(60)	-	
Interest earned	17,995	19,014	20,628	24,935	
Gain (loss) on sale of equipment	-2,457	1,318	(5,856)	20,158	
Interest expense	-2,114,034	(1,871,959)	(1,912,066)	(1,873,573)	
Amortization	(18,323)	(18,134)	(20,807)	-	
Miscellaneous	-	-	35,290	-	
Total Non-Operating Revenues	(849,690)	(794,666)	(759,490)	(729,468)	
Income (loss) before contribution	(996,897)	(1,156,667)	(1,044,959)	(714,621)	
Capital Contribution	9,000	-	218,878	-	
Change in net position	(987,897)	(1,156,667)	(826,081)	(714,621)	
Net Position, Beginning	49,929,778	48,941,881	47,785,214	46,995,053	
Prior Period Adjustment	(358,894)	-	35,920	-	
Net Position, Ending	<u>\$48,941,881</u>	<u>\$47,785,214</u>	<u>\$46,995,053</u>	<u>\$46,280,432</u>	

Source: Port of Newport Audited Financial Statements.

BUDGETING PROCESS AND CONTROL

The Port prepares an annual budget in accordance with the Oregon Local Budget Law. Chapter 294 of the ORS provides standard procedures for the preparation, presentation, administration and appraisal of budgets for all Oregon local governments. The law mandates public involvement in the budget preparation and public exposure of its proposed programs. The law also requires that the budget be balanced.

The Port's Budget Officer evaluates the budget requests of the departments of the Port to determine the funding levels of the operating and public service programs. The budget is presented to the public through public hearings held by a budget committee consisting of Commission members and lay-persons. After due consideration to the input received from the citizens, the Port Commissioners adopt a resolution which adopts the budget, authorizes the levying of taxes and sets appropriations. The budget resolution must be adopted not later than July 30 of each fiscal year. Two copies of the budget are submitted to the Assessor's office before July 15 so that the tax levy may be certified.

The budget may be amended during the applicable fiscal year through the adoption of a supplemental budget. Supplemental budgets may be adopted through the same process used for the adoption of the regular budget, including the use of public hearings.

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**PORT OF NEWPORT
SUMMARY OF GENERAL FUND BUDGETS**

Resources	2018	2019	2020
Net working capital	\$1,572,138	\$1,729,218	\$2,450,000
Previously levied taxes	7,100	4,000	10,000
Interest	5,000	8,000	60,000
Leases	665,178	687,000	720,000
International terminal moorage	100,000	100,000	156,000
International terminal services	278,000	314,600	419,000
ILWU labor	10,000	-	-
Bay front moorage	460,000	454,800	512,000
Bay front marina services	324,000	342,500	418,000
South beach moorage	700,000	746,400	850,000
South beach services	-	21,800	42,000
Liveaboard revenue	14,000	20,100	26,000
Launch ramp	70,000	86,200	72,000
Boat and trailer storage	-	26,000	20,000
RV park space rentals	830,000	1,041,700	1,158,000
Miscellaneous revenues	71,000	34,800	38,000
Grants & other	122,500	88,050	256,300
Capital contributions	-	34,500	-
Property & dredge sales	2,000	-	10,000
Loan proceeds	96,000	-	-
Taxes to be received	91,400	98,000	105,000
Total Resources	<u>\$5,418,316</u>	<u>\$5,842,668</u>	<u>\$7,322,300</u>
Expenditures			
Personal services	\$1,349,370	\$1,597,956	\$1,735,539
Materials and services	1,626,550	1,677,199	2,136,710
Capital Outlay	101,900	341,261	44,300
Debt service	708,680	883,714	786,890
Transfers out	160,000	809,617	1,399,770
Operating contingency	100,000	300,000	10,000
Unappropriated fund balance	1,275,816	232,921	1,209,091
Total Requirements	<u>\$5,322,316</u>	<u>\$5,842,668</u>	<u>\$7,322,300</u>

Source: the Port's Adopted Budgets.

PENSION PLAN

[Consider timing of when PERS system and district valuations are scheduled to come out in relation to posting POS.]

General. The Port participates in a retirement pension benefit program under the State of Oregon Public Employees Retirement System (“PERS” or the “System”). After six full calendar months of employment Port employees are required to participate in PERS. Detailed information about the System, its costs and assumptions for actuarial valuations can be found in **Note 9 of the Port’s 2019 audited financial statements** which are included in this Official Statement as Appendix E.

T1/T2 Pension Programs. Employees hired before August 29, 2003 participate in the “Tier 1” and “Tier 2” pension programs (the “T1/T2 Pension Programs”). The benefits provided through the T1/T2 Pension Programs are based primarily on a defined benefit model and provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Different benefit structures apply to participants depending on their date of hire. Effective January 1, 2004, T1/T2 Pension Program employee (participant) contributions fund individual retirement accounts under the separate defined contribution program known as the Individual Account Program (the “IAP”). For the T1/T2 Pension Programs, independent employers’ actuarial analysis is performed on its employee base, school districts are valued as an actuarial pool (the “School District Pool”), and State agencies, certain Oregon local governments, including the Port, and all community college public employers are valued as an actuarial pool (the “State and Local Government Rate Pool” or “SLGRP”).

OPSRP. Employees hired on or after August 29, 2003 participate in the Oregon Public Service Retirement Plan (“OPSRP”) unless membership was previously established in the T1/T2 Pension Programs. OPSRP is a defined benefit pension plan, but also provides access to the IAP. OPSRP’s assets and liabilities are pooled on a system-wide basis. These assets and liabilities are not tracked or calculated on an employer basis. The Port’s allocated share of OPSRP’s assets and liabilities is based on the Port’s proportionate share of OPSRP’s pooled payroll (the “Port’s Allocated OPSRP UAL”).

Actuarial Valuation. Oregon statutes require an actuarial valuation of the System at least once every two years. Based on the biennial actuarial valuation as of December 31 of odd-numbered years the Oregon Public Employees Retirement System Board (the “PERB”) establishes the contribution rates that employers will pay to fund the T1/T2 Pension Programs, OPSRP and the PERS-sponsored Retirement Health Insurance Account program (“RHIA”) described herein. Actuarial valuations are performed annually as of December 31 of each year, with the valuations as of December 31 of even-numbered years used for advisory purposes only and valuations as of December 31 of odd-number years used to set payroll contribution rates. Actuarial valuations are performed for the entire System (the “System Valuation”), and for most participating employers, and provide, among other things, the System’s or employer’s unfunded actuarial liability (“UAL”), which is the excess of the actuarially determined present value of the System’s or employer’s benefit obligations to employees over the existing assets available to pay those benefits, and the funded status of PERS or the employer. Such actuarial valuations are based on certain assumptions and methods. See “Actuarial Assumptions” herein. Valuations are released nine to eleven months after the valuation date. PERS’ current actuary is Milliman, Inc. (“Milliman”). Current employer contribution rates are based on the December 31, 2017 Valuation and those rates will extend through June 30, 2021.

Valuation Date	Release Date	Rates Effective
December 31, 2015	September 2016	July 1, 2017 – June 30, 2019
December 31, 2016	December 2017	Advisory only for July 1, 2019-June 30, 2021
December 31, 2017	October 2018	July 1, 2019 – June 30, 2021
December 31, 2018	Expected by December 2019	Advisory only for July 1, 2021-June 30, 2023

The funded status of PERS and of the Port as reported by Milliman, will change over time depending on a variety of factors, including the market performance of the securities in which the Oregon Public Employees Retirement Fund (“OPERF”) is invested, future changes in compensation and benefits of covered employees, demographic characteristics of members, methodologies and assumptions used by the actuary in estimating the assets and liabilities of PERS, and other actions taken by the PERB.

The Port’s Valuation. The Port’s T1/T2 Pension Programs assets and liabilities are based the Port’s proportionate share of the State and Local Government Pool’s pooled payroll. Changes in pool participants’ relative payroll will cause the Port’s Allocated T1/T2 UAL to shift. The Port’s Allocated T1/T2 UAL may increase if other pool participants fail to pay their full employer contributions.

Changes in the Port’s relative growth in payroll will cause the Port’s Allocated OPSRP UAL to shift. According to the 2017 System Valuation, as of December 31, 2017, the SLGRP funded status was 73 percent without taking into account offsets for deposits made by individual employers from bond proceeds or cash on hand in side accounts, which is an increase above the 69 percent funded level as reported in the 2016 System Valuation. See “2017 System Valuation” and “Actuarial Assumptions” herein.

Some jurisdictions have issued pension bonds and/or used other cash resources to make lump sum payments to PERS. For most jurisdictions, these lump sum payments have been deposited into a “side account” that is amortized over a fixed period and used to reduce the contribution rates of the jurisdiction that makes the deposit. Jurisdictions that issued pension bonds in order to make a lump sum deposit also have debt service due on their bonds. The Port has made not made such a deposit.

The Port’s net unfunded pension UAL is the total of the Port’s Allocated T1/T2 UAL and the Port’s Allocated OPSRP UAL. The Port’s net unfunded pension UAL as reported in the Port’s actuarial valuation report as of December 31, 2016 and December 31, 2017 is shown in the following table.

Port of Newport Pension Plan Actuarial Valuations

	Actuarial Valuation as of	
	December 31, 2017	December 31, 2016
Allocated pooled SLGRP T1/T2 UAL	\$1,062,731	\$1,547,934
Allocated pre-SLGRP pooled liability/(surplus) ⁽¹⁾	0	0
Transition liability/(surplus)	(651,382)	(696,571)
Allocated pooled OPSRP UAL	83,947	123,614
Side account	0	0
Net unfunded pension actuarial accrued liability	495,296	947,977
Combined valuation payroll	557,083	718,008
Net pension UAL as a percentage of payroll	89%	136%
Pre-SLGRP pooled rate	0.00%	0.00%
Transition rate	(14.07%)	(10.79%)
Side account rate relief	0.00%	0.00%
Allocated pooled RHIA UAL	(\$6,383)	(\$98)
Allocated pooled RHIPA UAL	0	0

⁽¹⁾ UAL amounts for the various pools (SLGRP Tier 1/Tier 2 Pension, OPSRP, RHIA and RHIPA) are allocated pro-rata based on the ratio of an employer’s combined valuation payroll to that of the applicable pool. This allocation differs from the proportionate share of the Net Pension Liability (NPL) that will be allocated to employers under GASB 68.

Source: Port Actuarial Valuation Report - Milliman, Inc. – October, 2018.

Actuarial Assumptions – Significant actuarial assumptions and methods used in the 2017 System Valuation included (a) the Entry Age Normal method, (b) asset valuation method based on market value, (c) the assumed earnings rate (the “Assumed Earnings Rate”) on the investment of present and future assets of 7.20 percent, (d) payroll growth rate of 3.50 percent, (e) consumer price inflation of 2.50 percent per year, (f) UAL amortization method of a level percentage of payroll over 20 years (fixed) for all T1/T2 UALs derived from the 2013 System Valuation and thereafter, and through 2033 for all T1/T2 UALs derived from the 2007, 2009 and 2011 valuations, and 16 years (fixed) from the date of the first rate-setting valuation at which the UAL is recognized for OPSRP, and (g) a rate collar to limit increases or decreases in employer contribution rates from biennium to biennium (the “Rate Collar”) (see “Rate Collar” below). Significant actuarial assumptions to be used in the 2018 System Valuation were considered by the PERS board at their July 2019 meeting, were submitted to the legislature and are expected to be generally unchanged from the 2017 System Valuation except pursuant to SB 1049, current T1/T2 UAL will be re-amortized over 22 years.

December 31, 2018 Valuation. At the PERS Board meeting on October 4, 2019, the PERS Board reviewed summary valuation results for T1/T2 and OPSRP retirement programs, RHIA and RHIPA from Milliman as of December 31, 2018. The summary showed that the System funded status fell from 73% as of December 31, 2017, to 69% as of December 31, 2018, in large part due to investment returns of 0.5%, which was less than the assumed rate of 7.2%. Including side account assets, the System funded status fell from 80% as of December 31, 2017, to 75% as of December 31, 2018. Based on the 2018 investment returns (not reflective of the effects of 2019 investment returns), employer contributions are anticipated to increase in 2021-2023. See “Pension System – 2019 Legislative Session - Senate Bill 1049” herein. The December 31, 2018 System-Wide Actuarial Valuation Report is expected to be available from Milliman later this year. The effect of the December 31, 2018 Valuation on the Port’s portion of the UAL is currently unknown and will not likely be known until the Port’s actuarial valuation report is available, expected later this year.

Rate Collar. In January 2010, the PERB adopted a rate collar to limit increases in employer contribution rates from biennium to biennium (the “Rate Collar”) to smooth the impact of significant increases or decreases from one valuation to the next. The Rate Collar limits increases in employer contribution rates before rate reductions from side accounts are deducted, and does not cover

charges associated with RHIA. Under normal conditions, when an employer’s funded status is between 70 and 130 percent, the Rate Collar is the greater of three percent of payroll (the “3 percent parameter”) or 20 percent of the current base rate (the “20 percent parameter”). However, at a funded status of 60 percent or less, or 140 percent or more, the limitation doubles to 6 percent of payroll or 40 percent of the base rate, whichever is greater. At a funded status of between 60 and 70 percent, or 130 and 140 percent, the limitation increases in increments between 3 and 6 percent of payroll, or between 20 and 40 percent of the base rate, whichever is greater. According to the 2017 System Valuation, as of December 31, 2017, the SLGRP funded status was 73 percent.

Employer Contribution Rates. Employer contribution rates are calculated as a percent of covered payroll. The rates are based on the current and projected cost of benefits and the anticipated level of funding available from the OPERF, including anticipated investment performance of the fund. Contribution rates are subject to future adjustment based on factors such as the result of subsequent actuarial valuations, litigation, decisions by the PERB and changes in benefits resulting from legislative modifications. Pursuant to ORS 238.225, all participating employers are required to make their contribution to PERS based on the employer contribution rates set by the PERB. Employees are required to contribute six percent of their annual salary to the IAP. Employers are allowed to pay the employees’ contribution in addition to the required employers’ contribution. Port employees currently pay all of the employee portion.

Port Contribution Rates. The table below shows the Port’s employer contribution rates for the 2019-21 biennium.

Employer Contribution Rates as a Percentage of Payroll Valuations

2017 Port Actuarial Valuation ⁽¹⁾	Tier 1/Tier 2			OPSRP	
	Default All T1/T2 Payroll	Optional Separate Rates		General Service	Police & Fire
		General Service	Police & Fire		
Pension					
Normal cost rate	16.19%	16.19%	20.83%	8.40%	13.03%
Tier 1/Tier 2 UAL Rate ⁽²⁾	10.36%	10.36%	10.36%	10.36%	10.36%
OPSRP UAL rate	1.45%	1.45%	1.45%	1.45%	1.45%
Pre-SLGRP pooled liability rate	0.00%	0.00%	0.00%	0.00%	0.00%
Transition liability/(surplus) rate ⁽³⁾	(14.07%)	(14.07%)	(14.07%)	(14.07%)	(14.07%)
Side account relief rate ⁽³⁾	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Net Pension Contribution Rate	13.93%	13.93%	18.57%	6.14%	10.77%
Retiree Healthcare					
Normal cost rate	0.06%	0.06%	0.06%	0.00%	0.00%
UAL rate	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Net Retiree Healthcare Rate	0.06%	0.06%	0.06%	0.00%	0.00%
Total Net Employer Contribution Rate	13.99%	13.99%	18.63%	6.14%	10.77%

⁽¹⁾ Covers the period from July 1, 2019 through June 30, 2021.

⁽²⁾ Includes Multnomah Fire City #10 rate.

⁽³⁾ The transition liability/(surplus) rate and side account rate relief shown may be reduced for each individual payroll such that the net pension contribution rate for that payroll does not go below 0.00%

Source: Port Actuarial Valuation Reports - Milliman, Inc. – October, 2018.

Port Contributions. The Port’s historical and projected annual contributions to PERS are provided in the following table.

Port Pension Contributions

Fiscal Year	Port Contribution
2019	\$ _____
2018	42,074
2017	2,682
2016	9,108
2015	21,371

Source: The Port and Port Audited Financial Statements.

GASB 67 and GASB 68. GASB Statements No. 67 and No. 68 modify the accounting and financial reporting of pensions by state and local governments and pension plans. Statement No. 67 (“GASB 67”), Financial Reporting for Pension Plans, addresses financial reporting for state and local government pension plans. Statement No. 68 (“GASB 68”), Accounting and Financial Reporting for Pensions, establishes new accounting and financial reporting requirements for governments that provide their

employees with pensions. The System is subject to GASB 67; each participating employer, including the Port is subject to GASB 68. GASB 67 was effective for Fiscal Year 2014 and GASB 68 was effective for Fiscal Year 2015. PERS contracted with Milliman to provide information for local governments to use in their financial statements. For Fiscal Year 2019, the Port recognized a pension expense of \$_____. As of June 30, 2019, the Port recognized a net pension liability of \$_____. The Port's audited financial statement for Fiscal Year 2019 is attached hereto as Appendix E, with Note 9 on PERS.

2019 Legislative Session - Senate Bill 1049. In June 2019, the Legislature adopted and the Governor signed Senate Bill 1049 which makes a number of changes to PERS, many centered on funding and financing of the System's benefits. SB 1049 changes the amortization period for Tier 1 and Tier 2 benefits, modifies benefits, broadens retired workers ability to return to work, provides for unamortized lump sum side account deposits, provides Individual Account member choice in selecting investment options, provides for enhanced review of local government Pension Obligation Bond issuances, and requires the PERS Board to report to the Legislature on changes to actuarial methods and assumptions. SB 1049 is expected to lower average statewide public employer rates an estimated 5.4% starting in 2021-23. The impact on the Port's contribution rates is unknown. SB 1049 provides for an expedited review by the Oregon Supreme Court. In August 2019, nine public employees filed a petition with the Oregon Supreme Court challenging SB 1049. The Port cannot predict what the impact of this legislation might be and cannot predict if SB 1049 will be subject to additional legal challenges.

Legislative Changes. Future legislative changes to PERS may have a financial impact on the Port. The Port cannot predict what these changes or financial impact will be or if any changes will be subsequently challenged in court.

OTHER POST-EMPLOYMENT BENEFITS

GASB 45. GASB 45 requires the Port to determine the extent of its liabilities for post-employment benefits ("OPEBs") and record the liability in its financial statements on an actuarial basis. This includes the requirement under ORS 243.303 of offering the same healthcare benefits for current employees to all retirees and their dependents until such time as the retirees are eligible for Medicare. GASB 45 refers to this as an "implicit subsidy." 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. 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 total OPEB liability was estimated at June 30, 2018 by Milliman for both plans. At June 30, 2018, the Port's net OPEB liability/(asset) and deferred inflows and outflows were determined by Management not to be material to the financial statements taken as a whole.

Retirement Health Insurance Account. PERS retirees who receive benefits through the Tier 1 and Tier 2 plans and are enrolled in certain PERS administered health insurance programs may receive a subsidy towards the payment of health insurance premiums. Under ORS 238.420, retirees may receive a subsidy for Medicare supplemental health insurance of up to \$60 per month towards the cost of their health insurance premium under the RHIA plan. The RHIA program's assets and liabilities are pooled on a system-wide basis and are not tracked or calculated on an employer basis. The Port's allocated share of the RHIA program's assets and liabilities is based on the Port's proportionate share of the program's pooled payroll. According to the Port's Valuations, the Port's allocated share of the RHIA program's UAL is provided in the "Port of Newport Pension Plan Actuarial Valuations" table.

RISK MANAGEMENT

The Port is exposed to various risks of loss. A description of risks is provided in Note 11 of the Port's Audited Financial Statements for Fiscal Year 2019, which is attached hereto as Appendix E.

Cybersecurity. The Port, like other public and private entities, relies on a large and complex technology environment to conduct its operations, and consequently faces the threat of cybersecurity incidents. Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Port's information technology systems to misappropriate assets or information or to cause operational disruption and damage.

Natural and Economic Forces. Natural and economic forces can affect the assessed value of taxable property in the Port and the Port's collection of revenues. The Port is located in the Pacific Northwest, a region subject to periodic significant earthquakes. Such an earthquake and/or tsunami could cause extensive damage to structures and infrastructure along the Pacific coast and could disrupt transportation, communications, water and sewer systems, power and gas delivery and fuel supplies along the Pacific coast and within the Port. The Port cannot predict how such seismic activity could impact its revenue sources, including property taxes. Other natural or man-made disasters, such as flood, fire, toxic dumping, acts of terrorism, or climate change, could also cause a reduction in the assessed value of taxable property within the Port or adversely affect the Port's revenues. Economic and

market forces, such as a downturn in the economy generally, can also affect assessed values. In addition, the total assessed value can be reduced through the reclassification of taxable property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes).

Tort Claims Against Oregon Governments. The Port's risk of exposure is mitigated by statutory municipal tort limit laws of the State of Oregon (the "Oregon Tort Claims Act" or "OTCA") which is described below. The OTCA (ORS 30.260 to 30.300) limits certain claims against the Port for personal injury, death and property damage or destruction as described below. Claims under federal jurisdiction are not subject to such limitations and the State is subject to different limits.

Personal Injury and Death Claim. Under ORS 30.272, the liability limits of a local public body and its officers, employees and agents acting within the person's employment or duties, to any single claimant for covered personal injury or death claims (and not property claims) arising out of a single accident or occurrence may not exceed \$749,000 for causes of action arising on or after July 1, 2019, and before July 1, 2020. The liability limits to all claimants for covered personal injury or death claims (and not property claims) arising from a single accident or occurrence is \$1,498,000 for the same period. For causes of action arising on or after July 1, 2020, the liability limits for both a single claimant and all claimants will be adjusted based on a determination by the State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided in the formula in ORS 30.272. The adjustment may not exceed three percent for any year.

Property Damage or Destruction Claim. Under ORS 30.273, the liability of a public body and its officers, employees and agents acting within the scope of the person's employment or duties, for covered claims for damage to and destruction of property, including consequential damages, that arise from a single accident or occurrence for causes of action arising on or after July 1, 2019, and before July 1, 2020, are as follows: (a) \$122,900 for any single claimant and (b) \$614,300 to all claimants. These liability limits are adjusted based on a determination by the State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided in the formula in ORS 30.273. The adjustment may not exceed three percent for any year.

REVENUE SOURCES

PROPERTY TAXES

Most local governments, school districts, education service districts and community college districts ("local governments") have permanent authority to levy property taxes for operations ("Permanent Rates") up to a maximum rate (the "Operating Tax Rate Limit"). Local governments that have never levied property taxes may request that the voters approve a new Operating Tax Rate Limit. The Port's permanent tax rate is \$0.0609/\$1,000 of assessed value.

Local governments may not increase their Operating Tax Rate Limits; rather they may only request that voters approve limited term levies for operations or capital expenditures ("Local Option Levies") or levies to repay general obligation bonded indebtedness ("General Obligation Bond Levies").

Local Option Levies that fund operating expenses are limited to five years, and Local Option Levies that are dedicated to capital expenditures are limited to ten years. The Port has no local option levies.

Local governments impose property taxes by certifying their levies to the county assessor of the county in which the local government is located. Property taxes ordinarily can only be levied once each Fiscal Year. The local government ordinarily must notify the county assessor of its levies by July 15.

Valuation of Property – Real Market Value. "Real Market Value" is the minimum amount in cash which could reasonably be expected by an informed seller acting without compulsion, from an informed buyer acting without compulsion, in an "arms-length" transaction during the period for which the property is taxed.

Property subject to taxation includes all privately owned real property (land, buildings and improvements) and personal property (machinery, office furniture and equipment) for non-residential taxpayers. There is no property tax on household furnishings (exempt since 1913), personal belongings, automobiles (exempt since 1920), crops, orchards, business inventories or intangible property such as stocks, bonds or bank accounts, except for centrally assessed utilities, for which intangible personal property is subject to taxation.

Property used for charitable, religious, fraternal and governmental purposes is exempt from taxation. Special assessments that provide a reduction in the taxable Real Market Value may be granted (upon application) for veterans' homesteads, farm and forest land, open space and historic buildings. The Real Market Value of specially assessed properties is often called the "Taxable Real Market Value" or "Measure 5 Real Market Value." The assessment roll, a listing of all taxable property, is prepared as of January 1 of each year.

VALUATION OF PROPERTY – ASSESSED VALUE

Property taxes are imposed on the assessed value of property. The assessed value of each parcel cannot exceed its Taxable Real Market Value, and ordinarily is less than its Taxable Real Market Value. The assessed value of property was initially established in 1997 as a result of a constitutional amendment. That amendment (now Article XI, Section 11, often called "Measure 50") assigned each property a value and limited increases in that assessed value to three percent per year, unless the property is improved, rezoned, subdivided, or ceases to qualify for exemption. When property is newly constructed or reassessed because it is improved, rezoned, subdivided, or ceases to qualify for exemption, it is assigned an assessed value that is comparable to the assessed value of similar property.

The Oregon Department of Revenue ("ODR") appraises and establishes values for utility property, forestland and most large industrial property for county tax rolls. It collects taxes on harvested timber for distribution to schools, county taxing districts, and State programs related to timber. Certain properties, such as utilities, are valued on the unitary valuation approach. Under the unitary valuation approach, the taxpaying entity's operating system is defined and a value is assigned for the operating unit using the market value approach (cost, market value and income appraisals). Values are then allocated to the entities' operations in Oregon, and then to each county the entity operates in and finally to site locations.

Generally speaking, industrial properties are valued using an income approach, but ODR may apply additions or retirements to the property value through a cost of materials approach. Under the income and cost of materials approaches, property values fluctuate from year-to-year.

TAX RATE LIMITATION – MEASURE 5

A tax rate limitation was established in 1990 as the result of a constitutional amendment. That amendment (now Article XI, Section 11b, often called "Measure 5") separates property taxes into two categories: one to fund the public school system (kindergarten through grade twelve school districts, education service districts and community college districts, collectively, "Education Taxes") and one to fund government operations other than the public school system ("General Government Taxes"). Education Taxes are limited to \$5 per \$1,000 and General Government taxes are limited to \$10 per \$1,000 of the Taxable Real Market Value of property (the "Measure 5 Limits"). If the taxes on a property exceed the Measure 5 Limit for Education or General Government, then tax rates are compressed to the Measure 5 Limit. Local Option Levy rates compress to zero before there is any compression of Permanent Rates. **In Fiscal Year 2019, there was no compression loss in the Port due to Article XI, Section 11b.**

Taxes imposed to pay the principal and interest on the following bonded indebtedness are not subject to Measure 5 Limits: (1) bonded indebtedness authorized by a specific provision of the Oregon Constitution; and (2) general obligation bonded indebtedness incurred for capital costs approved by the electors of the issuer and bonds issued to refund such bonds. **Property taxes imposed to pay the principal of and interest on the Bonds are not subject to the limitations of Article XI, Sections 11 and 11b.**

In 2007, the Oregon Supreme Court determined that taxes levied by general purpose governments (such as cities and counties) may be subject to the \$5 per \$1,000 limit if those taxes are used for educational services provided by public schools.

PROPERTY TAX COLLECTIONS

Each county assessor is required to deliver the tax roll to the county tax collector in sufficient time to mail tax statements on or before October 25 each year. All tax levy revenues collected by a county for all taxing districts within the county are required to be placed in an unsegregated pool, and each taxing district shares in the pool in the same proportion as its levy bears to the total of all taxes levied by all taxing districts within the county. As a result, the tax collection record of each taxing district is a *pro-rata* share of the total tax collection record of all taxing districts within the county combined.

Under the partial payment schedule, taxes are payable in three equal installments on the 15th of November, February and May of the same Fiscal Year. The method of giving notice of taxes due, the county treasurer's account for the money collected, the division of the taxes among the various taxing districts, notices of delinquency, and collection procedures are all specified by detailed statutes. The lien for property taxes is prior to all other liens or encumbrances of any kind on real or personal property subject to taxation. By law, a county may not commence foreclosure of a tax lien on real property until three years have passed since the first delinquency.

A Senior Citizen Property Tax Deferral Program (1963) allows certain homeowners to defer taxes until death or sale of the home. A similar program is offered for Disability Tax Deferral (2001), which does not have an age limitation.

Property Tax Exemption Programs. Oregon statutes authorize a wide variety of full and partial property tax exemptions, including exemptions for property owned or used by cities, counties, schools and other local governments, property of the federal government, property used by religious and charitable entities, property used for low-income housing, historical property and transit oriented property.

The Oregon Enterprise Zone program is a State economic development program that allows for property tax exemptions for three to five years. In exchange for receiving property tax exemption, participating firms are required to meet the program requirements set by State statutes and the local sponsor.

The Strategic Investments Program ("SIP") was authorized by the Legislative Assembly in 1993 to provide tax incentives for capital investments by "traded-sector" businesses, including manufacturing. SIP recipients receive a 15 year property tax exemption on new construction over \$25 million outside of urban areas, and over \$100 million in urban areas. The exemption value (\$25 million or \$100 million) then increases three percent per year. SIP recipients pay an annual Community Service Fee which is equal to 25 percent of the value of the tax break, which is allocated to local governments through local negotiations. The Community Service Fee is not considered a property tax and thus is outside of the Measure 5 Limit. There are no SIP Agreements within the Port's boundaries.

GASB 77. Beginning with the Fiscal Year 2017 financial statements, GASB Statement No. 77 requires local governments to disclose information related to tax abatement programs and amounts abated. Tax abatements result from agreements entered into by the reporting government, as well as those that are initiated by other governments, which reduce the reporting government's tax revenues. The Port does not administer any tax abatement programs, however, overlapping jurisdictions (cities, the County) may offer tax abatement programs which impact the Port's assessed value and property tax collections. **In Fiscal Year 2019, the Port did not report a loss of tax revenues due to tax abatement programs.**

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The following tables represent historical tax information for the Port.

**PORT OF NEWPORT
TAX RATE HISTORY AND TAX COLLECTION RECORD**

Fiscal Year	Real Market Value ⁽¹⁾	Taxable Assessed Value ⁽²⁾	Net Tax Imposed	Permanent Rate Per \$1,000 of Taxable Assessed Value	Bond Levy Rate ⁽³⁾	Percent Collected as of	
						Year of Levy	June 30, 2019
2019-20	\$3,455,695,536	\$1,926,349,531	\$917,410	\$0.0609	\$0.3728		
2018-19	3,162,795,021	1,848,633,483	632,615	0.0609	0.2528		
2017-18	2,985,449,599	1,788,165,243	1,109,050	0.0609	0.5080		
2016-17	2,993,551,006	1,729,196,391	1,105,521	0.0609	0.5287		
2015-16	2,748,581,217	1,683,723,348	1,102,687	0.0609	0.5487		

(1) Value represents the Real Market Value of taxable properties, including special assessed properties such as farms. This value is also commonly referred to as the “Measure 5 value” by county assessors.

(2) Assessed Value used to compute levy rates is the total Assessed Value of property in the City, excluding urban renewal and any other offsets.

(3) Bond Levy Rate is the voter-approved levy rate for obligation bonds outside of the tax limitation measure.

(4) In process of collection.

Source: Lincoln County Assessor’s Office, March, 2016 and Lincoln County Comprehensive Annual Financial Report for year ended June 30, 2018.

The following table presents the 2019-2020 tax rates for the Port and other taxing jurisdictions within Lincoln County that overlap the Port. The Port’s Operating Tax Rate Limit is \$0.0609 per \$1,000 of assessed property value. The Operating Tax Rate Limit was calculated in conjunction with the implementation of Measure 50 in 1997. The Permanent Rates shown in the following table are the rates that are actually applied to the assessed value of the taxing district. The Permanent Rates may be different from the Operating Tax Rate Limit of the taxing district due to the decision by the taxing district to levy less than its Operating Tax Rate Limit.

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**PORT OF NEWPORT
LINCOLN COUNTY
2019-2020 CONSOLIDATED TAX RATES PER \$1,000
TAX CODE AREA: 104 (AV \$1,034,162,667)
REPRESENTS 48.19% OF PORT'S ASSESSED VALUE ON ROLL**

General Government	Permanent Rate	Bond Levy Rate	Local Option Rate	Consolidated Rate
Lincoln County	\$2.4136	-	-	\$2.4136
Lincoln County Animal Services	0.0944	-	-	0.0944
Lincoln County Extension	0.0387	-	-	0.0387
Lincoln County Transportation	0.0836	-	-	0.0836
Port of Newport	0.0522	\$0.3728	-	0.4250
City of Newport	4.8423	1.6886	-	6.5309
H-Pac Community Health	0.3104	0.7758	-	1.0862
Newport Urban Renewal Agency	2.0317	-	-	2.0317
Total Government	\$9.8669	\$2.8372	-	\$12.7041
Education				
Lincoln School District	\$4.2013	\$0.6464	-	\$4.8477
ESD Linn-Benton	0.2610	-	-	0.2610
Oregon Coast Community College	0.1505	0.2147	-	0.3652
Total Schools	\$4.6128	\$0.8611	-	\$5.4739
Total Tax Rate	\$14.4797	\$3.6983	-	\$18.1780

NOTE: County assessors report levy rates by tax code. Levy rates apply to taxable "assessed" property value. Tax rate limitations are based upon "real market" value and are reported in total dollar amount of compression, if any, for each taxing jurisdiction. (see "Tax Rate Limitation – Real Market Value" herein).

There are 44 tax code areas within the Port, of which tax code area 104 has the highest reported total assessed value. Reported total assessed values within in the Port range from a low of \$10.0938 to a high of \$20.9991.

Source: Lincoln County Department of Assessment and Taxation.

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The following tables contain information concerning major taxpayers in the County and the Port. Tax amounts are the total taxes paid by the taxpayer within the boundaries of the taxing jurisdiction. These amounts are distributed to individual local governments by the County.

**LINCOLN COUNTY MAJOR TAXPAYERS
2019-20 FISCAL YEAR**

Owner of Record (Taxpayer)	Total Assessed Value	% of Total County Assessed Value	Taxes Imposed	% of All County-wide Taxes Imposed
Georgia Pacific Toledo LLC	\$215,961,840	2.62%	\$3,338,458	2.84%
Central Lincoln PUD	103,124,000	1.25%	1,457,527	1.24%
Northwest Natural Gas Co.	56,140,000	0.68%	912,907	0.78%
Weyerhaeuser	68,095,660	0.83%	820,408	0.70%
Charter Communications	41,910,700	0.51%	680,854	0.58%
Devil's Lake Road LLC	39,072,150	0.47%	649,182	0.55%
Worldmark The Club	42,631,550	0.52%	548,313	0.47%
Nestucca Forest LLC	35,714,830	0.43%	436,286	0.37%
Centurylink	28,773,000	0.35%	415,243	0.35%
Hallmark Inns & Resorts Inc.	19,821,000	0.24%	360,308	0.31%
Total - Top Ten Taxpayers in the County	\$651,244,730	7.89%	\$9,619,486	8.18%
Remaining County Taxpayers	7,598,608,148	92.11%	108,037,416	91.82%
Total County	\$8,249,852,878	100.00%	\$117,656,902	100.00%

Source: Lincoln County Department of Assessment and Taxation.

**PORT OF NEWPORT MAJOR TAXPAYERS
2019-20 FISCAL YEAR**

Owner of Record (Taxpayer)	Total Assessed Value	Taxes Imposed	Percentage of Total Assessed Value
Central Lincoln PUD	\$52,864,000	\$842,601.72	2.74%
Northwest Natural Gas Co	34,670,000	626,665.30	1.80%
Hallmark Inns & Resorts Inc	19,821,110	360,308.13	1.03%
RV Agate Beach LLC	14,157,830	257,361.06	0.73%
Shilo Inn Newport LLC	13,329,920	242,311.29	0.69%
Charter Communications	13,126,000	227,025.94	0.68%
Fred Meyer Stores Inc	11,785,000	214,227.71	0.61%
Wal Mart Real Estate	10,325,770	187,701.86	0.54%
E Y Inc & E W & J B Inc	9,555,900	173,707.13	0.50%
LC Apartements LLC	7,386,490	134,365.97	0.38%
Top Ten Taxpayers in the Port	\$187,022,020	\$3,266,276.11	9.71%
Remaining Port Taxpayers	1,739,327,511		90.29%
Total Port Taxpayers	\$1,926,349,531		100.00%

Source: Lincoln County Assessor's Office.

OTHER TAXES

The Legislative Assembly generally has the authority to limit or prohibit local governments from imposing taxes, and has limited a number of local government taxes, including transient room taxes and real estate transfer taxes. Each local government has its own mix of taxes, as well as fees and other revenue sources.

LOCAL GOVERNMENT FEES

Oregon cities and counties generally have broad authority to impose and collect fees for services. Many cities and counties collect sewer, water, electric and other enterprise fees, building permit fees, and surface water management fees. Other local governments, such as special purpose districts, generally require legislative authorization to impose fees for services. Local governments that are authorized to operate utility systems generally are authorized to impose fees for services that are sufficient to pay for their costs of operating and financing their utility systems. The Legislative Assembly generally has the authority to limit or prohibit local governments from imposing fees for services. Cities are currently authorized to collect franchise fees from utilities, while other local governments are prohibited from doing so.

INVESTMENT POLICY

ORS 294.035 authorizes Oregon municipalities to invest in obligations, ranging from U.S. Treasury obligations and Agency securities to municipal obligations, bankers' acceptances, commercial paper, certificates of deposit, corporate debt and guaranteed investment contracts, all subject to certain size and maturity limitations. No municipality may have investments with maturities in excess of 18 months without adopting a written investment policy which has been reviewed by the Oregon Short Term Fund Board. ORS 294.052 authorizes Oregon municipalities to invest proceeds of bonds or certificates of participation and amounts held in a fund or account for such bonds or certificates of participation under an investment agreement if such agreement: (i) produces a guaranteed rate of return; (ii) is fully collateralized by direct obligations of, or obligations guaranteed by, the United States; and (iii) requires that the collateral be held by the municipality, an agent of the municipality or a third-party safekeeping agent.

Municipalities are also authorized to invest approximately \$49.5 million (adjusted for inflation) in the Local Government Investment Pool of the Oregon Short-Term Fund, which is managed by the State Treasurer's office. Such investments are managed in accordance with the "prudent person rule" (ORS 293.726) and administrative regulations of the State Treasurer which may change from time to time. Eligible investments presently include all of those listed above, as well as repurchase agreements and reverse repurchase agreements. A listing of investments held by the Oregon Short-Term Fund is available on the Oregon State Treasury website under "OTHER OSTF REPORTS – OSTF DETAILED MONTHLY REPORTS" at www.ost.state.or.us/about/boards/OSTF/About.htm (this inactive textual reference to the website is not a hyperlink and the website, by such reference, is not incorporated herein).

The Port currently invests its funds in accordance with State law. It currently has no investments that exceed 18 months in duration.

LEGISLATIVE REFERRALS

Referrals are proposed laws that originate from the Legislature to be voted on by the people. In Oregon, both houses of the Legislature must vote to refer a statute or constitutional amendment for a popular vote. Such referrals cannot be vetoed by the governor.

THE INITIATIVE AND REFERENDUM PROCESS

The Oregon Constitution, Article IV, Sec. 1, reserves to the people of the State (1) the initiative power to amend the State constitution or to enact State legislation by placing measures on the statewide general election ballot for consideration by voters and (2) the referendum power to approve or reject at an election any act passed by the Legislative Assembly that does not become effective earlier than 90 days after the end of the legislative session. The Legislative Assembly may also refer an act to the voters for approval or rejection.

State law permits any person to file a proposed initiative with the Secretary of State’s office. Although a large number of initiative measures are submitted to the Secretary of State’s office, a much smaller number of petitions contain sufficient signatures to be placed on the ballot. Because many proposed initiative measures are submitted that do not qualify for the ballot, the State does not formally or systematically monitor the impact of those measures or estimate their financial effect prior to the time the measures qualify for the ballot. Consequently, the State does not ordinarily disclose information about proposed initiative measures that have not qualified for the ballot.

PROPOSED INITIATIVE MEASURES THAT QUALIFY TO BE PLACED ON THE BALLOT

To place a proposed initiative on a general election ballot, the proponents must submit to the Secretary of State initiative petitions signed by the number of qualified voters equal to a specified percentage of the total number of votes cast for all candidates for governor at the gubernatorial election at which a governor was elected for a term of four years next preceding the filing of the petition with the Secretary of State.

The initiative petition must be submitted to the Secretary of State not less than four months prior to the general election at which the proposed measure is to be voted upon. As a practical matter, proponents of an initiative have approximately two years in which to gather the necessary number of signatures. State law permits persons circulating initiative petitions to pay money to persons obtaining signatures for the petition. For the 2016 general election, the requirement was 8% for a constitutional amendment measure and 6% for a statutory initiative. Any elector may sign an initiative petition for any measure on which the elector is entitled to vote.

The initiative petition must be submitted to the Secretary of State not less than four months prior to the general election at which the proposed measure is to be voted upon. As a practical matter, proponents of an initiative have approximately two years in which to gather the necessary number of signatures. State law permits persons circulating initiative petitions to pay money to persons obtaining signatures for the petition.

Once an initiative measure has gathered a sufficient number of signatures and qualified for placement on the ballot, the State is required to prepare a formal estimate of the measure’s financial impact. Typically, this estimate is limited to an evaluation of the direct dollar impact. Historically, a larger number of initiative measures have qualified for the ballot than have been approved by the electors.

HISTORICAL INITIATIVE MEASURES

According to the Elections Division of the Oregon Secretary of State, the number of initiative petitions that have qualified for the ballot and the number that have been approved in the general elections for the past ten years are as follows:

Historical Initiative Measures		
Year of General Election	Number of Initiatives that Qualified	Number of Initiatives that Passed
2018	4	0
2016	4	3
2014	4	2
2012	7	2
2010	4	2

Note: The Secretary of State posts a listing of initiatives on its web site: www.sos.state.or.us.

Source: Elections Division, Oregon Secretary of State.

REFERENDUM PETITIONS AND LEGISLATIVE REFERRALS

Within 90 days after the end of a legislative session, any person may file a petition seeking to have any act passed by the Legislative Assembly that does not become effective earlier than 90 days after the end of the legislative session referred to the voters for their approval or rejection at the next general election, or at a special election provided for by the Legislative Assembly. To place a proposed referendum on the ballot, the proponents must submit to the Secretary of State within 90 days after the end of the legislative session referendum petitions signed by the number of qualified voters equal to 4% of the total number of votes cast for all candidates for governor at the gubernatorial election at which a governor was elected for a term of four years next preceding the filing of the petition with the Secretary of State. Any elector may sign a referendum petition for any measure on which the elector is entitled to vote. An act approved by the voters through the referendum process becomes effective 30 days after the date of the election at which it was approved. A referendum on part of an act does not prevent the remainder of the act from becoming effective as provided in the act.

CONFLICT OF INTEREST

Some or all of the fees of the Underwriter, Underwriter's Counsel and Bond Counsel are contingent upon the issuance and sale of the Bonds. Bond Counsel may from time to time serve as counsel to the Underwriter with respect to issuers other than the Port and transactions other than the issuance of the Bonds. Underwriter's Counsel from time to time serves adverse to the Underwriter as bond counsel with respect to financing transactions other than the issuance of the Bonds. None of the Commissioners or other officers of the Port have interests in the issuance of the Bonds that are prohibited by applicable law.

LITIGATION

Except as disclosed herein, there is no action pending questioning the validity of the Bonds or the power and authority of the Port to issue the Bonds. Except as disclosed herein, there is no action pending which would materially affect the finances of the Port or affect the Port's ability to meet debt service requirements on the Bonds.

TAX MATTERS

OPINION OF BOND COUNSEL

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Port ("Bond Counsel"), interest on the Bonds (i) is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the "Code") and (ii) is exempt, under existing statutes, from personal income taxes imposed by the State of Oregon.

The following discussion is a brief summary of the principal United States federal income tax consequences of the acquisition, ownership and disposition of Bonds by original purchasers of the Bonds who are "U.S. Holders", as defined herein. This summary (i) is based on the Code, Treasury Regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the Bonds will be held as "capital assets"; and (iii) does not discuss all of the United States federal income tax consequences that may be relevant to a U.S. Holder in light of its particular circumstances or to U.S. Holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Bonds as a position in a "hedge" or "straddle", U.S. Holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, U.S. Holders who acquire Bonds in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Certain taxpayers that are required to prepare certified financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Bonds at the time that such income, gain or loss is taken into account on such financial statements instead of under the rules described below.

U.S. Holders of Bonds should consult with their own tax advisors concerning the United States federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

ORIGINAL ISSUE DISCOUNT

In general, if Original Issue Discount (“OID”) is greater than a statutorily defined *de minimis* amount, a U.S. Holder of a Bond having a maturity of more than one year from its date of issue must include in federal gross income (for each day of the taxable year, or portion of the taxable year, in which such U.S. Holder holds such Bond) the daily portion of OID, as it accrues (generally on a constant-yield method) and regardless of the U.S. Holder’s method of accounting. “OID” is the excess of (i) the “stated redemption price at maturity” over (ii) the “issue price”. For purposes of the foregoing: “issue price” means the first price at which a substantial amount of the Bond is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers); “stated redemption price at maturity” means the sum of all payments, other than “qualified stated interest”, provided by such Bond; “qualified stated interest” is stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate; and “*de minimis* amount” is an amount equal to 0.25 percent of the Bond’s stated redemption price at maturity multiplied by the number of complete years to its maturity. A U.S. Holder may irrevocably elect to include in gross income all interest that accrues on a Bond using the constant-yield method, subject to certain modifications.

[ACQUISITION DISCOUNT ON SHORT-TERM BONDS

Each U.S. Holder of a Bond with a maturity not longer than one year (a “Short-Term Bond”) is subject to rules of Sections 1281 through 1283 of the Code, if such U.S. Holder is an accrual method taxpayer, bank, regulated investment company, common trust fund or among certain types of pass-through entities, or if the Short-Term Bond is held primarily for sale to customers, is identified under Section 1256(e)(2) of the Code as part of a hedging transaction, or is a stripped bond or coupon held by the person responsible for the underlying stripping transaction. In any such instance, interest on, and “acquisition discount” with respect to, the Short-Term Bond accrue on a ratable (straight-line) basis, subject to an election to accrue such interest and acquisition discount on a constant-interest-rate basis using daily compounding. “Acquisition discount” means the excess of the stated redemption price of a Short-Term Bond at maturity over the U.S. Holder’s tax basis therefor.

A U.S. Holder of a Short-Term Bond not described in the preceding paragraph, including a cash-method taxpayer, must report interest income in accordance with the U.S. Holder’s regular method of tax accounting, unless such U.S. Holder irrevocably elects to accrue acquisition discount currently.]

BOND PREMIUM

In general, if a Bond is originally issued for an issue price (excluding accrued interest) that reflects a premium over the sum of all amounts payable on the Bond other than “qualified stated interest” (a “Taxable Premium Bond”), that Taxable Premium Bond will be subject to Section 171 of the Code, relating to bond premium. In general, if the U.S. Holder of a Taxable Premium Bond elects to amortize the premium as “amortizable bond premium” over the remaining term of the Taxable Premium Bond, determined based on constant-yield principles (in certain cases involving a Taxable Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the highest yield on such bond), the amortizable premium is treated as an offset to interest income; the U.S. Holder will make a corresponding adjustment to the U.S. Holder’s basis in the Taxable Premium Bond. Any such election is generally irrevocable and applies to all debt instruments of the U.S. Holder (other than tax-exempt bonds) held at the beginning of the first taxable year to which the election applies and to all such debt instruments thereafter acquired. Under certain circumstances, the U.S. Holder of a Taxable Premium Bond may realize a taxable gain upon disposition of the Taxable Premium Bond even though it is sold or redeemed for an amount less than or equal to the U.S. Holder’s original acquisition cost.

DISPOSITION AND DEFEASANCE

Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Bond, a U.S. Holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such U.S. Holder’s adjusted tax basis in the Bond.

The Port may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Bonds to be deemed to be no longer outstanding (a “defeasance”). For federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Bonds subsequent to any such defeasance could also be affected.

INFORMATION REPORTING AND BACKUP WITHHOLDING

In general, information reporting requirements will apply to non-corporate U.S. Holders of the Bonds with respect to payments of principal, payments of interest, and the accrual of OID on a Bond and the proceeds of the sale of a Bond before maturity within the United States. Backup withholding may apply to U.S. Holders of Bonds under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the required information is furnished to the Internal Revenue Service.

U.S. HOLDERS

The term "U.S. Holder" means a beneficial owner of a Bond that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

MISCELLANEOUS

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under state law and could affect the market price or marketability of the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

APPROVAL OF COUNSEL

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Hawkins Delafield & Wood LLP, Portland, Oregon, Bond Counsel. A form of the opinion of Bond Counsel is attached hereto as Appendix C. Bond Counsel has reviewed this document only to confirm that the portions of it describing the Bonds and the authority to issue them conform to the Bonds and the applicable laws under which they are issued. Certain legal matters in connection with the Bonds will be passed upon for the Port by Macpherson Gintner & Diaz and for the Underwriter by Mersereau Shannon LLP.

RATING

Standard & Poor's Financial Services LLC has assigned its municipal bond rating of "_____" to the Bonds. Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Undertaking described under the heading "CONTINUING DISCLOSURE UNDERTAKING," neither the Port nor the Underwriter undertakes responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such rating or to oppose any such revision or withdrawal.

UNDERWRITING

Robert W. Baird & Co. (the "Underwriter") has agreed, subject to the terms of a Purchase Agreement, to purchase the Bonds from the Port at an aggregate purchase price of \$_____, representing the par amount of the Bonds, [plus/less] a net original issue [premium/discount] of \$_____ and less an underwriter's discount of \$_____. The prices at which the Bonds are offered to the public by the Underwriter (and the yield resulting thereof) may vary from the initial public reoffering prices appearing on the inside cover of this Official Statement. In addition, the Underwriter may allow concessions or discounts from such initial offering prices to dealers and others. The initial reoffering prices are subject to change after the date hereof.

CONTINUING DISCLOSURE UNDERTAKING

The Port will undertake in a Continuing Disclosure Certificate for the benefit of registered and beneficial owners of the Bonds to provide to the MSRB, on an annual basis, not later than nine months days after the end of the Port's preceding Fiscal Year, commencing with the Fiscal Year ending June 30, 2019, certain specified financial information and operating data, and timely notice of certain events (collectively, "Continuing Disclosure") to the MSRB through its Electronic Municipal Market Access ("EMMA") system (so long as such method of disclosure continues to be approved by the Securities and Exchange Commission ("SEC") for such purposes). This undertaking is to assist the Underwriter in complying with Rule 15c2-12 of the SEC (the "Rule"). A copy of the form of the Port's Continuing Disclosure Certificate with respect to the Bonds is attached hereto as Appendix B.

Prior Undertakings. During the last five fiscal years, the Port was obligated to provide Continuing Disclosure filings for its General Obligation Bonds, Series 2007; General Obligation Bonds, Series 2008; Taxable Lease Revenue Bonds, Series 2010; General Obligation Bonds, Series 2011; Full Faith and Credit Obligations, Series 2013; and General Obligation Refunding Bonds, Series 2016 (collectively, the "Outstanding Debt"). Other than as noted below, the Port has complied in all material respects with its continuing disclosure requirements under the Rule in the past five years.

Compliance with Prior Undertakings – Audited Financial Statements. The Port's continuing disclosure undertakings associated with its Outstanding Debt, included language stating that the Port's annual report, inclusive of its audited financial statements, would be filed not later than 270 days (or nine months for the 2016 Bonds) after the end of the Issuer's fiscal year. The Port failed to timely file on the EMMA website the Port's annual reports for fiscal year 2015 for all Outstanding Debt except the 2016 Bonds, and fiscal years 2017 and 2018 for all Outstanding Debt.

Compliance with Prior Undertakings – Annual Financial Information/Operating Data. Each of the Port's undertakings has a different list of financial information which the Port agreed to update annually. Certain annual financial information was not included in the audited financial statements for the past five years and was subsequently filed by the Port on November 12, 2019.

The Port has implemented post issuance compliance procedures to maintain compliance in the future.

PRELIMINARY OFFICIAL STATEMENT

The Port has deemed "final" this Preliminary Official Statement as of its date, except for the omission of information dependent upon the pricing of the issue, such offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, the delivery date and other terms of the Bonds that are dependent on such matters for the purposes of compliance with the Securities and Exchange Commission Rule 15c2-12.

This Preliminary Official Statement is the Port's disclosure document. The information set forth herein has been furnished by the Port and other sources deemed reliable by the Port. The Underwriter makes no representation, warranty or guaranty as to accuracy or completeness of such information and nothing contained in this Preliminary Official Statement is or should be relied upon as a promise or representation of the Underwriter.

CONCLUDING STATEMENT

While taken from sources considered reliable, the Underwriter or the Port does not guarantee all estimates, assumption, statistical information and other statements contained herein. So far as any statement herein includes matters of opinion, or estimates of future expenses and income, whether or not expressly so stated, they are intended merely as such and not representations of fact.

The information contained herein should not be construed as representing all conditions affecting the Port or the Bonds. Additional information may be obtained from the Port. The statements relating to legal documents are in summarized form, and in all respects are subject to and qualified in their entirety by express reference to the provisions of such document in its complete form.

The Port has supplied information with respect to the Port set forth in this Official Statement. At the time of the original delivery of and payment for the Bonds, the Port will deliver a certificate of its Authorized Representative addressed to the Underwriter to the effect that he has examined this Official Statement and the financial and other data, concerning the Port contained herein and that, to the best of his knowledge and belief, (i) the Official Statement, except for the matters 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 “Insurance,”] both as of its date and as of the date of the delivery of the Bonds, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and (ii) between the date of this Official Statement and the date of delivery of the Bonds, there has been no material adverse change in the affairs (financial or other), financial condition or results of operations of the Port except as set forth in the Official Statement or an amendment thereto.

The agreements of the Port are set forth in such documents, and the information assembled herein is not to be construed as a contract with purchasers or holders of the Bonds. The Port has supplied information with respect to the Port set forth in this Official Statement, and the Underwriter has relied on the Port with respect to the accuracy and sufficiency of such information.

PORT OF NEWPORT

By: _____
Authorized Representative

APPENDIX A

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (the "*1934 Act*"). DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other bond transactions in deposited bonds, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of bond certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. bond brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission (the "*Commission*"). More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each 2013 Obligation ("*Beneficial Owner*") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the note documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Port as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Port or the Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar, or the Port, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Port or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Port or the Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, note certificates are required to be printed and delivered.

The Port may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, and the Port takes no responsibility for the accuracy thereof.

The Port will have no responsibility or obligation to any Securities Depository, any Participants in the Book-Entry System or the Beneficial Owners with respect to (i) the accuracy of any records maintained by the Securities Depository or any Participant; (ii) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption price of, or interest on, any Bonds; (iii) the delivery of any notice by the Securities Depository or any Participant; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (v) any other action taken by the Securities Depository or any Participant.

APPENDIX B

FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX C

FORM OF BOND COUNSEL OPINION

**APPENDIX D
SUMMARY OF THE PORT OF NEWPORT AREA**

GENERAL INFORMATION

The Port is located on the central Oregon coast in the City of Newport, Lincoln County (the “County”) seat and major business/economic hub of the area, and encompasses approximately 59 square miles. Port boundaries reach north to Otter Rock, east to six miles inland, south to Seal Rock, and west to the Pacific Ocean. Commercial and sport fishing, fish processing, shipping, tourism, recreation, and lumber and wood processing are the area’s major industries.

With miles of beach and coastline, Lincoln County is one of the most popular visitor destinations on the Oregon Coast. Named for President Abraham Lincoln, Lincoln County was created by the Oregon Legislature in 1893. Lincoln County has a very temperate climate with an average temperature of 43.4° in January and 56.9° in July and an annual precipitation of 74.62 inches. Several County areas receive less than one inch of rain during the months of July and August.

Depoe Bay is known as “the whale watching capital of the world.” Lincoln City offers more than 2,000 hotel/motel/bed and breakfast rooms, and resorts as well as the Siletz Tribe’s Chinook Winds Casino; Newport, known as Oregon’s oceanography research center, features numerous interpretive centers and the Oregon Coast Aquarium, along with a large fishing fleet and working bay front; Siletz is the home of the Administration Center and reservation of the Confederated Tribes of Siletz Indians of Oregon; Toledo is known as Lincoln County’s industrial center and Waldport features the Alsea Bay Interpretive Center.

POPULATION ESTIMATES

The Port estimates its population at approximately 10,800. The following table shows the historical population of the City of Newport, the State of Oregon and the County.

Population Estimates			
Year	City of Newport	Lincoln County	State of Oregon
2018	10,125	48,210	4,195,300
2017	10,215	47,960	4,141,100
2016	10,190	47,735	4,076,350
2015	10,165	47,225	4,013,845
2014	10,095	46,890	3,962,710

Source: Center for Population Research and Census, Portland State University, October 16, 2019.

THE ECONOMY

The economy of the County is based primarily on the area's natural resources, including lumber and wood products, fishing and seafood processing and tourism. The importance to the local economy is reflected in the predominance of tourism related industries.

Employment within the County is described in the tables below.

Labor Force & Employment Lincoln County			
	<u>2016</u>	<u>2017</u>	<u>2018</u>
Civilian Labor Force	20,904	21,112	21,215
Unemployment	1,171	1,007	1,031
% of Labor Force	5.6%	4.8%	4.9%
Total Employment	19,733	20,105	20,184

Source: State of Oregon Employment Department, October 16, 2019.

Lincoln County Annual Average Distribution of Employment By Industry, By Place of Employment			
	2016	2017	2018
Non-Farm Payroll Employment	18,020	18,310	18,600
Total Private	13,920	14,170	14,730
Mining and Logging	150	150	150
Construction	90	760	800
Manufacturing	1,030	1,010	1,100
Trade Transportation and Utilities	3,300	3,390	3,380
Information	170	160	150
Financial Activities	740	770	800
Professional and Business Services	1,100	1,090	1,050
Educational and Health Services	1,780	1,780	2,120
Leisure and Hospitality	4,390	4,530	4,680
Other Services	570	530	500
Government	4,100	4,150	3,870

Source: State of Oregon Employment Department, October 1, 2019.

Major Employers Lincoln County		
Company	Line of Business	Employees
Confederated Tribes of the Siletz	Tribal government operations, programs and enterprises	1,266
Samaritan Health Services	Health care	872
Lincoln County School District	Education	500
Lincoln County	Government	421
Georgia-Pacific/Koch	Manufacturer of corrugated paper	390
OHSU/Hatfield Marine Science Center	Marine research station and public visitor center	396
Walmart	Retail	213
Fred Meyer	Retail	200
Safeway	Retail	179
City of Newport	Government	143

Source: Lincoln County Comprehensive Annual Financial Report for June 30, 2018.

In the table below, personal income includes wages and salaries, other labor-related income (such as employer contributions to pension funds), proprietors' income, rental income, dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance).

Year	Lincoln County		State of Oregon Total	
	Total Personal Income (000)	Per Capita Income	Personal Income (000)	Per Capita Income
2017	2,027,614	41,448	199,422,200	48,137
2016	1,944,404	40,596	189,644,200	46,413
2015	1,865,146	39,641	181,022,258	45,069
2014	1,760,737	37,989	167,977,534	42,411
2013	1,675,819	36,181	156,644,028	39,964

Source: U.S. Department of Commerce, Bureau of Economic Analysis October 16, 2019.

The following table presents new single family and multi-family building permit data for the County:

**Lincoln County
Annual New Privately-Owned Residential Building Permits
Residential Building Permit Estimates with Imputation**

Year	New Single Family		New Multi Family		Total Construction Cost
	Number	Construction Cost	Units	Construction Cost	
2018	169	\$37,801,786	65	\$6,051,014	\$43,852,800
2017	161	33,647,473	6	1,064,385	34,711,858
2016	130	26,984,309	37	3,921,079	30,905,388
2015	132	25,857,792	18	1,918,530	27,776,322
2014	115	24,637,158	29	4,476,037	29,113,195

Source: U.S. Census Bureau, October 16, 2019.

Tourism. Lincoln County has developed its tourism base through advertising and improvements, additions and new construction to local facilities. Major retail and lodging places have been constructed in recent years in the coastal communities of Newport and Lincoln City. Some 60 state, county and city parks are maintained in Lincoln County, half of which are state parks developed along the Pacific Ocean.

Transportation. U.S. Highway 101, the coastal highway in Oregon, is the main north/south transportation route through the County. Extensions from Highway 101 from the coast to the Willamette Valley include Highway 18, north of Lincoln City, Highway 20 from Newport through Toledo and Highway 34 from Waldport. The Lincoln County Transit provides bus service within the County. Willamette-Pacific Railroad provides railroad freight service in the County. The Newport Municipal Airport is located three miles south of Newport on Highway 101. Three other small airports service the County.

The County ports of Newport, Depoe Bay, Alesa and Toledo, in addition to the sport and commercial fishing industry, are open with over 1,300 moorages available, public docks, and home base for the Coast Guard Stations. Yaquina Bay, housing the Port of Newport and the Port of Toledo, is serviced by a full service Coast Guard station with a helicopter air rescue facility located at the airport.

Education. The Lincoln County Unified School District serves the educational needs of the entire County. The school district currently operates eight elementary schools, five junior high schools and five senior high schools. In 1987, the electors approved the formation of the Oregon Coast Community college, a two year institution. Four higher educational institutions serve the County which include Oregon State University in Corvallis, the University of Oregon in Eugene, Willamette University in Salem and Western Oregon State College in Monmouth.

Services. Major public water and sanitary systems are located in each of the incorporated cities within the County. Unincorporated portions of the County are serviced by water districts or by privately owned wells. Sanitary service districts serve the remaining portions of the County. Police and fire protection is provided by the city departments. The unincorporated areas are serviced by rural fire protection districts and the County Sheriff. Telephone service throughout the County is provided by CenturyLink, Pioneer Telephone Company and Sprint. The Central Lincoln People's Utility District, Pacific Power and Light and Consumers Power Inc. provide for the County's electrical needs.

CENSUS 2017 AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES

	Lincoln County		State of Oregon	
	Number	Percent	Number	Percent
General Characteristics				
Total population	47,307	(X)	4,025,127	(X)
Average household size	2.26	(X)	2.5	(X)
Average family size	2.8	(X)	3.1	(X)
Total housing units	31,200	(X)	1,733,041	(X)
Occupied housing units	20,674	66.3	1,571,631	90.7
Owner-occupied housing units	13,145	42.1	969,453	55.9
Renter-occupied housing units	7,529	24.1	602,178	34.7
Vacant housing units	10,526	33.7	161,410	9.3
Social Characteristics				
Population 25 years and over	36,212	76.5	2,797,953	69.5
High school graduate or higher	32,386	68.5	2,524,260	62.7
Bachelor's degree or higher	8,722	18.4	902,927	22.4
Economic Characteristics				
In labor force (population 16 years and over)	20,236	42.8	2,026,747	50.4
Mean travel time to work in minutes (workers 16 years and over)	18.9	(X)	23.5	(X)
Median household income in 2017 (inflation adjusted dollars)	43,291	(X)	56,119	(X)
Median family income in 2017 (inflation adjusted dollars)	52,530	(X)	69,031	(X)
Per capita income in 2017 (inflation adjusted dollars)	25,782	(X)	30,410	(X)
Families below poverty level		12.4		9.8
Individuals below poverty level		18.4		14.9
Housing Characteristics				
Owner-occupied homes	13,145	42.1	969,453	55.9
Median value of owner-occupied homes (dollars)	227,700	(X)	265,700	(X)
Median of selected monthly owner costs:	(X)	(X)	(X)	(X)
With a mortgage (dollars)	1,360	(X)	1,594	(X)
Not mortgaged (dollars)	429	(X)	497	(X)

(X) Not applicable

Source: U.S. Census Bureau, 2017 American Community Survey 5-Year Estimates, October 16, 2019.

INFORMATION SOURCES

In Oregon, economic and demographic data is frequently available for counties and also, to a somewhat lesser degree, for cities and other local governments but data for the Port is not readily available, in certain circumstances. Historical data has been collected from generally accepted standard sources, usually from public bodies. All estimates, assumption, statistical information and other statements contained herein, while taken from sources considered reliable, are not guaranteed by the Underwriter or the Port.

APPENDIX E

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2019

[Issuer's letterhead]

[DATE], (This should be the date that the deemed final POS has been reviewed by the Authorized Representative)

Craig Hrinkevich – Municipal Underwriter
Baird
777 E. Wisconsin Ave.
Milwaukee, WI 53202

**Re: Port of Newport Preliminary Official Statements for:
General Obligation (“GO”) Refunding Bonds, Series 2019 (Federally Taxable)
Taxable Lease Revenue Refunding Bonds (“NOAA”), Series 2019A**

To Whom it May Concern:

Robert W. Baird & Co. is serving as underwriter on the above captioned issue. As Authorized Representative of **Port of Newport** (the “Issuer”), I hereby certify as follows:

- a) A copy of both the GO and NOAA Preliminary Official Statement Drafts dated “11.13.192” and “11.14.19” (“POS Drafts”) were circulated to each of the Board Members on **November __, 2019** for their review. **I/We** have reviewed multiple versions of the POS Drafts as well and provided comments;
- b) To the best of **my/our** knowledge and belief, after due review of the POS Drafts distributed on **November 14, 2019**, except for **comments which are attached (if applicable)** and matters relating to DTC, as of the date hereof, does not contain any untrue statements of a material fact or omit any statements or information which is necessary to make the statements therein, in the light of the circumstances under which made, not misleading;
- c) The copy of the Preliminary Official Statement **attached hereto and/or distributed on November 14, 2019** is hereby “deemed final” (except for the omission of the following information: offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings, other terms of the securities depending on such matters for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1); and,
- d) Robert W. Baird & Co. is authorized to distribute and otherwise utilize the Preliminary Official Statements in connection with the marketing of the Bonds.

Sincerely,

NAME
TITLE

November 14, 2019

To: PORT OF NEWPORT
Ms. Paula J. Miranda, General Manager
Mr. Mark Brown, Director of Finance

CC: Port of Newport Board of Commissioners

From: Robert W. Baird & Co.

**RE: Port of Newport Preliminary Official Statements
General Obligation (“GO”) Refunding Bonds, Series 2019 (Federally Taxable)
Taxable Lease Revenue Refunding Bonds (“NOAA”), Series 2019A**

Ladies and Gentlemen:

As part of the underwriting of municipal securities, authorized representatives of political subdivisions that issue publicly offered securities, such as bonds, obligations or financing agreements, are responsible to review the contents of their disclosure document, in the Port’s case documents, (the “Preliminary Official Statements,” or “POSs”), including their financial statements. Further, upon review, they must **“deem final”** the documents to allow us, the Underwriter, to distribute to investors. The POS is similar to a prospectus in a corporate offering, providing investors with information about whether to invest in your General Obligation Refunding Bonds, Series 2019 (Federally Taxable) and Taxable Lease Revenue Refunding Bonds, Series 2019A (collectively “the Bonds”). It is recommended that the governing body of the issuer be provided with a substantially completed draft (in the Port’s case, drafts) of the Preliminary Official Statements to review before distribution so any misstatements or omissions of material facts can be corrected.

The disclosure documents or POSs are the Port’s documents. Although municipal securities are exempt from registration under the Securities and Exchange Act of 1933, they are subject to the anti-fraud provisions of the Securities and Exchange Commission (“SEC”) rules. The SEC is of the opinion and recommends that the governing body, such as the Board or Council, is provided with a copy the disclosure document(s) prior to its distribution to potential investors in connection with the marketing of the Bonds. Please make sure the enclosed documents are distributed to Board Members and Board Members have an opportunity to review and provide comments if needed. If and when comments are received, please provide them to us at Baird and to Underwriter’s Counsel, Mersereau Shannon LLP, as soon as possible. Baird cannot provide the POS to investors until this process has occurred.

Additionally, we have attached a “Deemed Final Letter” for a Port authorized representative to provide at your earliest convenience but no later than November 21, 2019. Please take the form of the letter and place it on the Port’s letterhead. Then have a Port Authorized Representative sign the letter and then fax to 414.298.7354 or email the letter to either one of your Baird financing partners, Craig Hrinkevich or Johanna Roslawski.

Should you have any questions regarding this issue please do not hesitate to contact Bond Counsel, Ann Sherman, your advisor, David Ulbricht, or us at Baird. Thank you for time and consideration.

Sincerely,



Craig A. Hrinkevich, Managing Director
Robert W. Baird & Co., Inc.
(732) 576-4425 | chrinkevich@rwbaird.com

**PORT OF NEWPORT
RESOLUTION NO. 2019-**

A RESOLUTION ADOPTING A FAMILY AND MEDICAL LEAVE POLICY

WHEREAS, the Port of Newport Board of Commissioners By-laws states in section 2 that the Board of Commissioners shall adopt policies for the governance of the Port; and

WHEREAS, Port staff recognizes the need to comply with the Oregon Family Leave Act; and

WHEREAS, Family and Medical Leave is not specifically addressed in the current Personnel Manual; and

WHEREAS, the Port of Newport recognized the need to inform employees of their rights under the law and the policies of the Port; and

WHEREAS, Port staff has prepared a Port of Newport Family and Medical Leave Policy document, attached hereto as Exhibit A, that outlines policies and procedures for Family and Medical Leave;

NOW THEREFORE,

THE PORT OF NEWPORT BOARD OF COMMISSIONERS RESOLVES AS FOLLOWS:

Section I. The Port of Newport Family and Medical Leave Policy, attached hereto as Exhibit A, is hereby adopted by reference.

Section II. The Policies and Procedures may be modified by Resolution or may be modified administratively to follow best practices, for example, to update items to comply with Port Personnel Policy, or to incorporate new laws and rules.

Section II. Staff is directed to codify this policy according to past administrative practices.

APPROVED AND ADOPTED BY THE BOARD OF COMMISSIONERS this
19th day of November, 2019.

ATTEST:

Sara Skamsner, President

Walter Chuck, Secretary/Treasurer



Family and Medical Leave Policy

*Adopted by Resolution XXXX
[DATE]*

Family & Medical Leave Policy DRAFT 2019.11.19

PORT OF NEWPORT FAMILY & MEDICAL LEAVE POLICY

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Chapter 1. General Provisions

1.1 Title. This Policy and any amendments hereto shall be called, collectively, the Port of Newport Family & Medical Leave Policy.

1.2 Intent. This policy addresses leave for:

- (a) Serious health condition of employee or family member
- (b) Parental leave
- (c) Sick Child leave
- (d) OFLA Bereavement leave.

1.3 Disclosure. Please read this statement before proceeding.

- (a) This document is a summary of Family and Medical Leave policy and procedures. In all cases applicable state law, rules and policies govern the employee's and the Port of Newport's (Port) rights and obligations, not this document.
- (b) The law requires the Port to provide these entitlements.
- (c) State law prohibit retaliation against an employee with respect to hiring or any other term or condition of employment because the employee asked about, requested or used Family and Medical Leave.
- (d) For more information refer to the Port of Newport Personnel Policy and Payroll administration.

1.4 State Law. This policy follows:

- (a) The Oregon Family Leave Act as amended.
- (b) Oregon Revised Statutes (ORS) 659.A.150 through 659A.186 and ORS 659A.306
- (c) Oregon Administrative Rules (OAR) 839-009-0200 THROUGH 839-009-0320; OAR 166-300-0010 THROUGH 166-300-0045; OAR 101-030-0005 through 101-030-0027; and OAR 839-009-0370 through 839-009-0460.

1.5 Interpretation. If any section or part of this policy is found to be inconsistent with any laws of the State of Oregon or of the United States, or any rule, regulation or standard established pursuant thereto, such section, or part thereof shall be interpreted in the manner most consistent with its original intent that is not

inconsistent with any laws of the State of Oregon or the United States or any rules, regulations or standards established pursuant thereto. Nothing contained in this policy shall be construed as a limitation of any rights, privileges, or remedies previously existing under any applicable laws or as a limitation of the powers of the Port Commission or management.

- 1.6 Severability.** Should any portion or the application thereof to any person or property be found invalid for any reason, the validity of the remainder of these provisions or the application of such remainder to other persons or property shall not be affected.

Chapter 2. Family and Medical Leave

2.1 Oregon Family Leave Act.

- (a) The Oregon Family Leave Act (OFLA) protects an eligible employee's absence from work under certain conditions. State law determine eligibility, if your absence qualifies as OFLA, and how much leave you can take.
- (b) This policy specifically addresses OFLA leave for:
 - (1) Leave for your serious health condition
 - (2) Leave for the serious health condition of your family member
 - (3) Parental leave
 - (4) OFLA Bereavement leave
 - (5) OFLA Sick Child leave
- (c) Other OFLA leave types can be found in the state law cited above. Information on the Oregon Military Family Leave law can be found here: https://www.oregon.gov/boli/TA/Pages/TA_FAQ_ORMilitaryLeaveAct.aspx.

2.2 Eligibility.

To be eligible for OFLA leave you must meet the following requirements:

- (a) To qualify for **Parental leave** (leave to care for a newborn child or newly placed adopted or foster child) employee must have been employed by the Port for a period of 180 calendar days immediately preceding the date leave begins.
- (b) To qualify for **leave for a Serious Health Condition, OFLA Bereavement leave or Sick Child leave** (to care for the employee's child with a non-serious health condition requiring home care), in addition to the 180-day requirement above, the employee must have worked an average of 25 hours per week or more.
- (c) To qualify for OFLA **Military Family leave**, the employee must have worked an

average of 20 hours per week or more (there is no 180-day requirement).

2.3 Qualifying Purposes. The following are the qualifying purposes for OFLA leave.

- (a) To recover from or seek treatment for your own **serious health condition** that renders you incapacitated. This includes pregnancy related disability and absence for prenatal care.
- (b) To tend to the **serious health condition** of your:
 - (1) Spouse or same-sex domestic partner as defined under Oregon state law
 - (2) Parent: your biological or adoptive mother or father, or an individual who stood in loco parentis (in place of a parent) when you were a child, and the parent of your spouse or same-sex domestic partner.
 - (3) Son or daughter (child) (of any age); your biological, adopted, foster or stepchild, a legal ward, or a child of whom you stand in loco parentis, and the child of your same-sex domestic partner.
 - (4) Grandparent or grandchild.
- (c) **Parental leave:** to care for your newborn, newly adopted child or newly placed foster child.
- (d) **OFLA Bereavement leave:** to deal with the death of your:
 - (1) Spouse or same-sex domestic partner as defined under Oregon state law.
 - (2) Parent: your biological or adoptive mother or father, or an individual who stood in loco parentis (in place of a parent) when you were a child, and the parent of your spouse or same-sex domestic partner.
 - (3) Son or daughter (child) (of any age); your biological, adopted, foster or stepchild, a legal ward, or a child of whom you stand in loco parentis, and the child of your same-sex domestic partner.
 - (4) Grandparent or grandchild.

2.4 Serious Health Condition. A serious health condition is an illness, injury, impairment, or physical or mental condition that involves one or more of the following:

- (a) **Hospital care:** Inpatient care (i.e., an overnight stay) in a hospital, hospice, or residential medical care facility, including any period of incapacity or subsequent treatment in connection with or as a consequence of inpatient care.
- (b) **Absence plus treatment:** A period of incapacity of more than three consecutive calendar days, including any subsequent treatment or period of incapacity relating to the same condition, that also involves one or both of the following:

- (1) Treatment received in person, two or more times by a health care provider, a nurse, or a physician's assistant under direct supervision of a health care provider, or a provider of health care services (e.g., physical therapist) under orders of or referred by a health care provider.
 - (2) Treatment by a health care provider on at least one occasion resulting in a regimen of continuing treatment under the supervision of the health care provider.
- (c) **Regimen of Continuing Treatment:** includes a course of prescription medication such as an antibiotic or physical therapy requiring special equipment to resolve or alleviate the health condition. A regimen of continuing treatment does not include taking over-the-counter medications such as aspirin, antihistamines or salves, bed-rest, drinking fluids, exercise, and other similar activities that could be initiated without a visit to a health care provider.
- (d) **Any period of incapacity** for pregnancy, pregnancy-related illness, or for prenatal care (pregnancy disability). The following absences related to pregnancy disability qualify:
- (1) Part-day or full-day absences for severe morning sickness.
 - (2) Periods of bed rest ordered by the physician of the pregnant employee.
 - (3) A reduced work schedule because of pregnancy complications.
 - (4) Routine prenatal visits to the doctor.
 - (5) Leave following childbirth if the employee is incapacitated since the definition of pregnancy disability includes incapacity due to pregnancy or childbirth. Pregnancy is a temporary condition and not a covered disability that requires reasonable accommodation under the Americans with Disabilities Act Amendments Act (ADAAA).
- (e) **Chronic conditions:** A chronic condition is one which:
- (1) Requires periodic in-person treatments by a health care provider, or by a nurse or physician's assistant under direct supervision of a health care provider.
 - (2) Continues over an extended period of time, including recurring episodes of a single underlying condition.
 - (3) May cause episodic rather than a continuing period of incapacity; for example, asthma, diabetes, epilepsy.
- (f) **Permanent or long-term conditions requiring supervision:** A period of incapacity that is permanent or long-term due to a condition for which

treatment is potentially ineffective. The employee or family member is under supervision of a health care provider, not necessarily receiving active treatment. Examples are Alzheimer's disease, a severe stroke, the terminal stages of a disease.

- (g) **Multiple treatments (non-chronic conditions):** Any period of absence to receive multiple treatments (including any period of recovery) by a health care provider or by a provider of health care services under orders of, or on referral by a health care provider for one or both of the following reasons:
 - (1) Restorative surgery after an accident or other injury.
 - (2) For a condition that in the absence of treatment or medical intervention, will likely result in a period of incapacity of more than three consecutive calendar days. For example: chemotherapy or radiation for cancer, physical therapy for severe arthritis, dialysis for kidney disease.

2.5 Leave Entitlement. Under OFLA you are entitled to:

- (a) Up to 12 weeks of leave in a leave year, January through December, if you meet the eligibility and purpose requirements.
- (b) OFLA may entitle you to additional leave under the following circumstances:
 - (1) An employee who takes any amount of leave for their own pregnancy-related disability, may take up to an additional 12 weeks of OFLA leave for any OFLA-qualifying purpose.
 - (2) An employee who uses a full 12 weeks of Parental leave under OFLA, may take up to 12 additional weeks of OFLA leave in the same leave year for Sick Child leave.
- (c) If you are a part-time employee, your leave entitlement is pro-rated. For example, if you normally work 30 hours per week, you are entitled to up to 12 weeks of leave at 30 hours per week. Leave taken on an intermittent basis is calculated by the hour. If you are a full-time employee working 40 hours per week, you are entitled to up to 480 hours of leave. A part-time employee's hourly entitlement is pro-rated. For example, if you normally work 30 hours per week, your hourly entitlement is 360 hours.
- (d) You may need OFLA leave for more than one qualifying condition or purpose at the same time or in the same leave year. Having more than one qualifying condition does not extend the amount of your entitlement.
- (e) If you and a family member both work for the Port, you may not take OFLA leave at the same time except under one of the following circumstances:

- (1) One of you needs to care for the other who has a serious health condition.
 - (2) One of you needs to care for a child with a serious health condition while the other is suffering from a serious health condition.
 - (3) You both have a serious health condition.
 - (4) The Port grants an exception under special circumstances.
- (f) If you are on time loss due to workers' compensation and your claim is denied, OFLA leave will immediately begin if you meet eligibility requirements. If you have disabling compensable injury and refuse an offer of transitional work, OFLA leave will immediately begin if you meet eligibility and purpose requirements.
- (g) There are three types of OFLA leave schedules:
- (1) Continuous leave: leave taken in a block of time. For example, you take six weeks of leave due to a serious health condition.
 - (2) Intermittent leave: Leave taken sporadically. For example, you miss five days of work a month due to a serious health condition.
 - (3) Reduced schedule leave: Leave taken where you are scheduled to work less than your normal work hours in a day or week. For example, you are normally scheduled to work eight hours a day, instead work six hours and take the remaining two hours as OFLA leave due to a serious health condition.

Chapter 3. Requesting Leave

3.1 *Submitting a Request.*

- (a) Generally, you must give a 30 calendar day notice for planned absences (paid or unpaid) related to OFLA leave. Follow Port procedures for submitting a request for leave. If you are unable to request leave in advance due to an emergency or unforeseeable event, let the Port know as soon as possible. You are not required to specifically state the leave is for OFLA, but you must provide enough information so the Port can determine if the leave qualifies. The Port may ask for more information, if necessary.

3.2 *Determination of Eligibility*

- (a) **Notice of Eligibility:** After you make a request for Family and Medical leave, the

Port will generally let you know within five business days if you are eligible for the leave entitlement and if the Port needs more information, such as a medical certification.

- (b) **Medical Certification:** If you are required to provide a medical certification for your own or your family member's serious health condition, the Port will give you a Medical Certification form to take to your medical provider. The Port uses this information to determine if your reason for leave qualifies under OFLA. The medical certification must be returned within 15 days or your leave can be denied. Denied leave means you do not have job protection under OFLA. You may be asked to provide an updated medical certification under certain circumstances. In some circumstances, the Port may have enough information to designate OFLA leave without requesting medical certification.
- (c) **Final Determination:** The Port will inform you once it has enough information to determine whether your absence qualifies as OFLA leave. The Port will tell you how much OFLA leave time you have available, requirements to use your paid leave, information about insurance, your reinstatement rights, and if the Port will require you to provide a Fitness for Duty Certification before returning to work if your absence is for your own serious health condition.

Chapter 4. Additional Provisions

4.1 *Parental Leave.*

- (a) Parental leave is time for you to bond with your child after the child's birth, adoption or foster placement in your home. Parental leave must be completed within one year of the birth, adoption or placement.
- (b) You may take intermittent Parental leave prior to the adoption or placement of a foster child if your presence is required to affect the adoption or placement.
- (c) In other situations, Parental leave must be taken in a continuous block unless the Port allows you to take it on an intermittent or reduced schedule that is agreed to by the Port and you.

4.2 *Sick Child Leave*

- (a) OFLA Sick Child leave is part of your 12-week OFLA entitlement. It is used intermittently. Follow normal call in procedures each time you are absent for OFLA Sick Child leave to care for your child 17 years of age or younger (or incapable of self-care due to a mental or physical disability), who has a non-

serious health condition (i.e. head cold, ear ache, flu), requiring home care. The Port will inform you whether you qualify for OFLA Sick Child leave. The Port may require you to provide a medical certification after the third time you take OFLA Sick Child leave in the leave year.

4.3 OFLA Bereavement Leave

- (a) OFLA Bereavement leave is time for you to deal with the death of a family member by attending the funeral or alternative to a funeral, making arrangements necessitated by the death, or grieving. An eligible employee may take up to two weeks of leave in a block of time or intermittently. The leave must be completed within 60 days of the date on which the eligible employee receives notice of the death of a family member.
- (b) Employees are entitled to take multiple periods of OFLA bereavement leave if more than one family member of the employee dies. OFLA Bereavement leave is deducted from the employee's overall (up to 12 weeks) OFLA entitlement, and cannot exceed the yearly entitlement.
- (c) Two or more eligible family members who are employees are allowed to take OFLA bereavement leave at the same time for the same family member.

4.4 Pay During OFLA Leave

- (a) OFLA is unpaid leave. Except for the reason below, while on OFLA leave, you must use all your paid leave (except compensatory time) before going into leave without pay. You may choose whether to use your compensatory time. All paid and unpaid leave used for OFLA purposes counts against your OFLA entitlement.
- (b) For any OFLA absence during which you are receiving payments from your disability insurance provider, you are not required to use your paid leave except as required by the disability insurance contract.
- (c) Your OFLA leave needs to be entered correctly using the appropriate timesheet code. If you are unable to enter your own time, your supervisor will do it for you. Stop coding your timesheet as OFLA when your OFLA entitlement ends. Also, stop coding your time as OFLA if you were absent to provide care for a family member and that person dies. Seek approval from your supervisor to use other leave or leave without pay as necessary. Refer questions about tracking your time to your supervisor, manager, or payroll administration.

4.5 Insurance During OFLA Leave

- (a) If you use any amount of OFLA leave in a month, the Port pays its share of premiums for your medical, dental and other health insurance for that month. If

you normally pay a portion of the premiums for your health insurance, you must continue timely payments during the leave period to avoid cancellation, including premium payments through payroll.

- (b) If you exhaust your OFLA leave entitlements, are in leave without pay and not in a current Affordable Care Act (ACA) stability period, you have the option of continuing coverage under COBRA. You will be notified by a third party administrator regarding how to continue your health and dental insurances while on leave without pay.
- (c) Your insurance resumes normally if you return from OFLA leave immediately following your OFLA absence. If you return beyond that timeframe, you must work a minimum of 80 hours in the month to receive the employer contribution for the following month, unless you are in a current ACA stability period.
- (d) If you do not return to work following OFLA leave, you may be required to reimburse the Port for the full premium cost of health care coverage paid on your behalf, unless a recurrence, continuation, or onset of a serious health condition or a serious illness or injury of a covered employee occurs or the reason for not returning is beyond your control.

4.6 *Returning to Work*

- (a) Before returning to work from OFLA leave for your own serious health condition, the Port may require you to provide a statement from your medical provider verifying you are able to return to work, and if you have any limitations.
- (b) If returning from OFLA leave, you have a right to be restored to the position you held prior to your leave. The following exception apply:
 - (1) If your position was eliminated through a Port layoff process, you must be treated as if you were not on OFLA leave and will be treated the same as similarly situated employees according to Port policy.
 - (2) If you are a temporary or limited duration employee, the Port will return you to your position to the extent the placement or position still exists.
 - (3) If you are unable to perform an essential function of your position and reasonable accommodations are not appropriate, OFLA job protection ends. You may be subject to termination under an applicable law, rule, or policy.
- (c) If you are unable to return to work following OFLA leave or cannot perform all essential functions of your job, you may request an extension of your absence.

The Port may grant an extension when continuing your leave does not impose an undue hardship for the Port and complies with law, policy, and reasonable accommodation provisions of the Americans with Disabilities Act Amendments Act (ADAAA).

References

Reserved.

**PORT OF NEWPORT
RESOLUTION NO. 2019-**

A RESOLUTION ADOPTING AN IT SECURITY POLICY

WHEREAS, the Port of Newport Board of Commissioners By-laws states in section 2 that the Board of Commissioners shall adopt policies for the governance of the Port; and

WHEREAS, Port staff recognizes the need to protect the security and access to electronic media and data; and

WHEREAS, the Port of Newport presently does not have an enumerated policy with regard to IT security; and

WHEREAS, Port staff has prepared a Port of Newport IT Security Policy document, attached hereto as Exhibit A, that outlines policies and procedures for IT Security;

NOW THEREFORE,

THE PORT OF NEWPORT BOARD OF COMMISSIONERS RESOLVES AS FOLLOWS:

Section I. The Port of Newport IT Security Policy, attached hereto as Exhibit A, is hereby adopted by reference.

Section II. The Policies and Procedures may be modified by Resolution or may be modified administratively to follow best practices, for example, to update items to comply with Port Personnel Policy, to adapt to changing technology or software, or to incorporate new laws and rules.

Section II. Staff is directed to codify this policy according to past administrative practices.

APPROVED AND ADOPTED BY THE BOARD OF COMMISSIONERS this
19th day of November, 2019.

ATTEST:

Sara Skamser, President

Walter Chuck, Secretary/Treasurer



IT Security Policy

*Adopted by Resolution XXXX
[DATE]*

IT Security Policy DRAFT 2019.11.19

PORT OF NEWPORT IT SECURITY POLICY

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Chapter 1. Passwords

1.1 Overview

- (a) Passwords are an important aspect of computer security. A poorly chosen password may result in unauthorized access and/or exploitation of the Port of Newport's (Port) resources. All users, including contractors and vendors with access to port systems, are responsible for taking the appropriate steps, as outlined below, to select and secure their passwords.

1.2 Purpose

- (a) The purpose of this section is to establish a standard for creation of strong passwords, the protection of those passwords, and the frequency of change.

1.3 Scope

- (a) The scope of this section includes all personnel, contractors, consultants, temporary and other workers, including all personnel affiliated with third parties who have or are responsible for an account (or any form of access that supports or requires a password) on any system that resides at any the Port's facility, has access to the Port network, or stores any public or non-public Port information. This guideline applies to all passwords including but not limited to user-level accounts, system-level accounts, web accounts, e-mail accounts, screen saver protection, voicemail, and local router logins.

1.4 Password Creation

- (a) All user-level and system-level passwords must conform to the Password Construction guidelines included in this Policy.
- (b) Users must not use the same password for Port accounts as for other non-Port access (for example, personal ISP account, option trading, benefits, and so on).
- (c) Where possible, users must not use the same password for various Port access needs.
- (d) User accounts that have system-level privileges granted through group memberships must have a unique password from all other accounts held by that user to access system-level privileges.
- (e) Where Simple Network Management Protocol (SNMP) is used, the community strings must be defined as something other than the standard defaults of public, private, and system and must be different from the passwords used to log in interactively. SNMP community strings must meet password construction guidelines.

1.5 Password Change

- (a) All user-level passwords (for example, email, web, desktop computer, and so on) must be changed at least every six months. The recommended change interval is every four months.

- (b) Statement of Password Guidelines:

Strong passwords are long, the more characters you have the stronger the password. The Port recommends a minimum of 10 characters, preferably 14 in your password. In addition, we highly encourage the use of passphrases, passwords made up of multiple words. Examples include *"It's time for vacation"* or *"block-curious-sunny-leaves"*. Passphrases are both easy to remember and type, yet meet the strength requirements. Poor, or weak, passwords have the following characteristics, and shall not be used at the Port:

- Contain eight characters or less.
- Contain personal information such as birthdates, addresses, phone numbers, or names of family members, pets, friends, and fantasy characters.
- Contain number patterns such as aaabbb, qwerty, zyxwvuts, or 123321.

Are some version of "Welcome123" "Password123" "Changeme123"

- (c) Every work account should have a different, unique password. To enable users to maintain multiple passwords, the Port will investigate 'password manager' software and once authorized will provide this to users in the Port. Whenever possible, the Port encourages the use of multi-factor authentication.

Chapter 2. Software Installation

2.1 Overview

- (a) Allowing personnel to install software on company computing devices may open the organization up to unnecessary exposure. Conflicting file versions or DLLs which can prevent programs from running, the introduction of malware from infected installation software, unlicensed software which could be discovered during audit, and programs which can be used to hack the organization's network are examples of the problems that can be introduced when personnel install software on company equipment.

2.2 Purpose

- (a) The purpose of this section is to outline the requirements around installation software on the Port of Newport (Port) computing devices. This is intended to minimize the risk of loss of program functionality, the exposure of sensitive information contained

within the Port's computing network, the risk of introducing malware, and the legal exposure of running unlicensed software.

2.3 Scope

- (a) This section applies to all Port personnel, contractors, vendors and agents with a Port-owned mobile devices. This section covers all computers, servers, smartphones, tablets and other computing devices operating within the Port.

2.4 Policy

- (a) Personnel may not install software on the Port's computing devices operated within the Port network, without proper authorization from the Port General manager or delegate.
- (b) Software requests must first be approved by the requester's Director and then be made to the Port General Manager in writing or via email.
- (c) Software must be selected from an approved software list, maintained by the Port General Manager's delegate, unless no selection on the list meets the requester's need.
- (d) The delegate will obtain and track the licenses, test new software for conflict and compatibility, and perform the installation.
- (e) Personnel may not use a web based software for Port business that is not preauthorized by the Port. With or without authorization, all information input into the database during business hours is considered Port property and subject to the State retention schedule.

Chapter 3. Email

3.1 Overview

- (a) Electronic email is pervasively used in almost all industries and is often the primary communication and awareness method within an organization. At the same time, misuse of email can pose many legal, privacy and security risks, thus it is important for users to understand the appropriate use of electronic communications.

3.2 Purpose

- (a) The purpose of this email section is to ensure the proper use of the Port of Newport's (Port) email system and make users aware of what the Port deems as acceptable and unacceptable use of its email system. This section outlines the minimum requirements for use of email within the Port's Network.

3.3 Scope

- (a) This section covers appropriate use of any email sent from a Port email address and applies to all personnel, vendors, and agents operating on behalf of the Port.

3.4 Policy

- (a) All use of email must be consistent with the Port's policies and procedures of ethical conduct, safety, compliance with applicable laws and proper business practices.
- (b) A Port email account should be used primarily for business-related purposes; personal communication is permitted on a limited basis, but non-Port related commercial uses are prohibited.
- (c) All Port data contained within an email message or an attachment must be secured according to the Data Protection Standard.
- (d) Email shall be retained according to State of Oregon Record Retention Schedule.
- (e) The Port email system shall not to be used for the creation or distribution of any disruptive or offensive messages, including offensive comments about race, gender, hair color, disabilities, age, sexual orientation, pornography, religious beliefs and practice, political beliefs, or national origin. Personnel who receive any emails with this content from any Port personnel should report the matter to their supervisor (or Port General Manager) immediately.
- (f) Users are prohibited from automatically forwarding Port email to a third party email system (noted in 4.7 below). Individual messages which are forwarded by the user must not contain Port confidential or above information.
- (g) Users are prohibited from using third-party email systems and storage servers such as Google, Yahoo, and MSN Hotmail etc. to conduct Port business, to create or memorialize any binding transactions, or to store or retain email on behalf of the Port. Such communications and transactions should be conducted through proper channels using port- approved documentation.
- (h) Using a reasonable amount of Port resources for personal emails is acceptable, but non-work related email shall be saved in a separate folder from work related email. Sending chain letters or joke emails from a Port email account is prohibited.
- (i) Port personnel shall have no expectation of privacy in anything they store, send or receive on the company's email system.
- (j) The Port may monitor messages without prior notice. The Port is not obliged to monitor email messages.

Chapter 4. Acceptable Use

4.1 Overview

- (a) The Port of Newport's intentions for publishing an Acceptable Use Policy are not to impose restrictions that are contrary to the Port of Newport's established culture of

openness, trust and integrity. The Port of Newport is committed to protecting its personnel, partners and the company from illegal or damaging actions by individuals, either knowingly or unknowingly.

- (b) Internet/Intranet/Extranet-related systems, including but not limited to computer equipment, software, operating systems, storage media, network accounts providing electronic mail, WWW browsing, and FTP, are the property of the Port of Newport. These systems are to be used for business purposes in serving the interests of the Port of Newport, and of our clients and customers in the course of normal operations.
- (c) Effective security is a team effort involving the participation and support of every Port of Newport personnel and affiliate who deals with information and/or information systems. It is the responsibility of every computer user to know these guidelines, and to conduct their activities accordingly.

4.2 Purpose

- (a) The purpose of this section is to outline the acceptable use of computer equipment at the Port of Newport. These rules are in place to protect the personnel and the Port of Newport. Inappropriate use exposes the Port of Newport to risks including virus attacks, compromise of network systems and services, and legal issues.

4.3 Scope

- (a) This section applies to the use of information, electronic and computing devices, and network resources to conduct the Port of Newport business or interact with internal networks and business systems, whether owned or leased by the Port of Newport, Port personnel, or a third party. All personnel, contractors, consultants, temporary, and other workers at the Port of Newport and its subsidiaries are responsible for exercising good judgment regarding appropriate use of information, electronic devices, and network resources in accordance with the Port of Newport's policies and standards, and local laws and regulation. Exceptions to this section are documented in section 5.2.
- (b) This section applies to personnel, contractors, consultants, temporaries, and other workers at the Port of Newport, including all personnel affiliated with third parties. This section applies to all equipment that is owned, rented or leased by the Port of Newport.

4.4 General Use and Ownership

- (a) The Port of Newport proprietary information stored on electronic and computing devices whether owned or leased by the Port of Newport, Port personnel or a third party, remains the sole property of the Port of Newport. You must ensure through legal or technical means that proprietary information is protected in accordance with the Data Protection Standard.
- (b) You have a responsibility to promptly report the theft, loss or unauthorized disclosure of the Port of Newport proprietary information.

- (c) You may access, use or share the Port of Newport proprietary information only to the extent it is authorized and necessary to fulfill your assigned job duties.
- (d) Personnel are responsible for exercising good judgment regarding the reasonableness of personal use. Individual departments are responsible for creating guidelines concerning personal use of Internet/Intranet/Extranet systems. In the absence of such policies, personnel should be guided by departmental policies on personal use, and if there is any uncertainty, personnel should consult their supervisor or manager.
- (e) For security and network maintenance purposes, authorized individuals within the Port of Newport may monitor equipment, systems and network traffic at any time.
- (f) The Port of Newport reserves the right to audit networks and systems on a periodic basis to ensure compliance with this policy.

4.5 Security and Proprietary Information

- (a) All mobile and computing devices that connect to the internal network must comply with the Minimum Access Policy.
- (b) System level and user level passwords must comply with the Password Policy. Providing access to another individual, either deliberately or through failure to secure its access, is prohibited.
- (c) All computing devices must be secured with a password-protected screensaver with the automatic activation feature set to 10 minutes or less. You must lock the screen or log off when the device is unattended.
- (d) Postings by personnel from a Port of Newport email address to newsgroups should contain a disclaimer stating that the opinions expressed are strictly their own and not those of the Port of Newport, unless posting is in the course of business duties.
- (e) Personnel must use extreme caution when opening e-mail attachments received from unknown senders, which may contain malware. Personnel shall report suspicious email to their Supervisor or Manager.

4.6 Unacceptable Use

- (a) The following activities are, in general, prohibited. Personnel may be exempted from these restrictions during the course of their legitimate job responsibilities (e.g., systems administration staff may have a need to disable the network access of a host if that host is disrupting production services).
- (b) Under no circumstances are Port of Newport personnel authorized to engage in any activity that is illegal under local, state, federal or international law while utilizing the Port of Newport-owned resources.
- (c) The lists below are by no means exhaustive, but attempt to provide a framework for activities which fall into the category of unacceptable use.

- (d) The following activities are strictly prohibited:
- (1) Violations of the rights of any person or company protected by copyright, trade secret, patent or other intellectual property, or similar laws or regulations, including, but not limited to, the installation or distribution of "pirated" or other software products that are not appropriately licensed for use by the Port of Newport.
 - (2) Unauthorized copying of copyrighted material including, but not limited to, digitization and distribution of photographs from magazines, books or other copyrighted sources, copyrighted music, and the installation of any copyrighted software for which the Port of Newport or the end user does not have an active license.
 - (3) Accessing data, a server or an account for any purpose other than conducting the Port of Newport business, even if you have authorized access.
 - (4) Exporting software, technical information, encryption software or technology, in violation of international or regional export control laws, is illegal. The appropriate management should be consulted prior to export of any material that is in question.
 - (5) Introduction of malicious programs into the network or server (e.g., viruses, worms, Trojan horses, e-mail bombs, etc.).
 - (6) Revealing your account password to others or allowing use of your account by others. This includes family and other household members when work is being done at home.
 - (7) Using a Port of Newport computing asset to actively engage in procuring or transmitting material that is in violation of sexual harassment or hostile workplace laws in the user's local jurisdiction.
 - (8) Making fraudulent offers of products, items, or services originating from any Port of Newport account.
 - (9) Making statements about warranty, expressly or implied, unless it is a part of normal job duties.
 - (10) Effecting security breaches or disruptions of network communication. Security breaches include, but are not limited to, accessing data of which the personnel is not an intended recipient or logging into a server or account that the personnel is not expressly authorized to access, unless these duties are within the scope of regular duties. For purposes of this section, "disruption" includes, but is not limited to, network sniffing, pinged floods, packet spoofing, denial of service, and forged routing information for malicious purposes.
 - (11) Port scanning or security scanning is expressly prohibited, unless prior authorization has been received by the Port General Manager.

- (12) Executing any form of network monitoring which will intercept data not intended for the personnel's host, unless this activity is a part of the personnel's normal job/duty.
- (13) Circumventing user authentication or security of any host, network or account.
- (14) Introducing honeypots, honeynets, or similar technology on the Port of Newport network.
- (15) Interfering with or denying service to any user other than the personnel's host (for example, denial of service attack).
- (16) Using any program/script/command, or sending messages of any kind, with the intent to interfere with, or disable, a user's terminal session, via any means, locally or via the Internet/Intranet/Extranet.
- (17) Providing information about, or lists of, the Port of Newport personnel to parties outside the Port of Newport, except as required by law.

8.12 *Email and Communication Activities*

- (a) When using company resources to access and use the Internet, personnel must realize they represent the company. Whenever personnel state an affiliation to the Port, they must also clearly indicate that "the opinions expressed are my own and not necessarily those of the Port".
- (b) The following activities are strictly prohibited:
 - (1) Sending unsolicited email messages, including the sending of "junk mail" or other advertising material to individuals who did not specifically request such material (email spam).
 - (2) Any form of harassment via email, telephone or paging, whether through language, frequency, or size of messages.
 - (3) Unauthorized use, or forging, of email header information.
 - (4) Solicitation of email for any other email address, other than that of the poster's account, with the intent to harass or to collect replies.
 - (5) Creating or forwarding "chain letters", "Ponzi" or other "pyramid" schemes of any type.
 - (6) Use of unsolicited email originating from within the Port of Newport's networks of other Internet/Intranet/Extranet service providers on behalf of, or to advertise, any service hosted by the Port of Newport or connected via the Port of Newport's network.
 - (7) Posting the same or similar non-business-related messages to large numbers of Usenet newsgroups (newsgroup spam).

4.8 *Blogging and Social Media*

- (a) Blogging by personnel, using the Port of Newport's property and systems is prohibited.
- (b) The Port of Newport's Confidential Information policy also applies to blogging. As such, personnel are prohibited from revealing any Port of Newport confidential or proprietary information, trade secrets or any other material covered by Port of Newport's Confidential Information policy when engaged in blogging.
- (c) Personnel shall not engage in any blogging that may harm or tarnish the image, reputation and/or goodwill of the Port of Newport and/or any of its personnel. Personnel are also prohibited from making any discriminatory, disparaging, defamatory or harassing comments when blogging or otherwise engaging in any conduct prohibited by the Port of Newport's Non-Discrimination and Anti-Harassment policy.
- (d) Personnel may also not attribute personal statements, opinions or beliefs to the Port of Newport when engaged in blogging. If personnel is expressing his or her beliefs and/or opinions in blogs, the personnel may not, expressly or implicitly, represent themselves as personnel or representative of the Port of Newport. Personnel assume any and all risk associated with blogging.
- (e) Apart from following all laws pertaining to the handling and disclosure of copyrighted or export controlled materials, the Port of Newport's trademarks, logos and any other the Port of Newport intellectual property may not be used in connection with any blogging activity.

Chapter 5. Data Breach Response

5.1 *Purpose*

- (a) The purpose of the section is to establish the goals and the vision for the breach response process. This section will clearly define to whom it applies and under what circumstances, and it will include the definition of a breach, staff roles and responsibilities, standards and metrics (e.g., to enable prioritization of the incidents), as well as reporting, remediation, and feedback mechanisms. The policy shall be well publicized and made easily available to all personnel whose duties involve data privacy and security protection.
- (b) The Port of Newport's intentions for publishing a Data Breach Response Policy are to focus significant attention on data security and data security breaches and how the Port of Newport's established culture of openness, trust and integrity should respond to such activity. The Port of Newport is committed to protecting the Port's personnel, partners and the company from illegal or damaging actions by individuals, either knowingly or unknowingly.

5.2 *Background*

- (a) This section mandates that any individual who suspects that a theft, breach or exposure of the Port of Newport protected data or sensitive data has occurred must immediately provide a description of what occurred via e-mail to dirfin@PortofNewport.com, or by calling 541-265-7758. The designated party will be responsible for contacting the information system support team to investigate all reported thefts, data breaches and exposures to confirm if a theft, breach or exposure has occurred. If a theft, breach or exposure has occurred, the appropriate procedure will be followed.

5.3 Scope

- (a) This applies to all whom collect, access, maintain, distribute, process, protect, store, use, transmit, dispose of, or otherwise handle personally identifiable information (PII) or protected information (PI) of the Port of Newport personnel.

5.4 Confirmed theft, data breach or exposure of Port of Newport protected data or Port of Newport sensitive data

- (a) As soon as a theft, data breach or exposure containing Port of Newport protected data or Port of Newport sensitive data is identified, the process of removing all access to that resource will begin.
- (b) The Port General Manager will chair an incident response team to handle the breach or exposure.
- (c) The team will include members from:
 - IT Support Team (team that maintains servers)
 - The Internet Service Provider (provides Firewall for the Port)
 - The President of the Port Commission (or delegate)
 - Director of Operations
 - Director of Finance
 - Legal (if applicable)
 - Communications (if applicable)
 - Additional individuals as deemed necessary the Port General Manager

9.10 Confirmed theft, breach or exposure of Port of Newport data

- (a) The Port General Manager (GM) or delegate will be notified of the theft, breach or exposure. The Port's Internet Service Provider and/or Internet Service Provider along with the designated contractor (Forensic Investigators), will analyze the breach or exposure to determine the root cause.
- (b) The Port GM or delegate will work with Forensic Investigators.
- (c) As provided by Port of Newport cyber insurance, the insurer will need to provide access to forensic investigators and experts that will determine how the breach or exposure occurred; the types of data involved; the number of internal/external individuals and/or

organizations impacted; and analyze the breach or exposure to determine the root cause.

- (d) The Port GM or delegate will develop a communication plan.
- (e) The Port GM or delegate will work with Port of Newport communications, legal, and Board of Commissioners to decide how to communicate the breach to: a) personnel, b) the public, and c) those directly affected.

9.11 Ownership and Responsibilities

- (a) Roles & Responsibilities
 - (1) Sponsors - Sponsors are those members of the Port of Newport personnel or contractor that have primary responsibility for maintaining any particular information resource. Sponsors may be designated by any member of the Port General Manager in connection with their administrative responsibilities, or by the actual sponsorship, collection, development, or storage of information.
 - (2) Information Security Administrator is that individual of the Port of Newport community, designated by the port General Manager, who provides administrative support for the implementation, oversight and coordination of security procedures and systems with respect to specific information resources in consultation with the relevant Sponsors.
 - (3) Users include virtually all members of the Port of Newport personnel to the extent they have authorized access to information resources, and may include personnel, trustees, contractors, consultants, interns, temporary personnel and volunteers.

9.12 Enforcement

- (a) Any Port of Newport personnel found in violation of this section may be subject to disciplinary action, up to and including termination of employment. Any third party partner company found in violation may have their network connection terminated.

9.13 Definitions

- (a) **Denial of Service Attack** - A Denial-of-Service (DoS) attack is an attack meant to shut down a machine or network, making it inaccessible to its intended users.
- (b) **Encryption or Encrypted Data** – The most effective way to achieve data security. To read an encrypted file, you must have access to a secret key or password that enables you to decrypt it. Unencrypted data is called plain text.
- (c) **Forged Routing** - Sending packets to a router with the intent of changing or corrupting the contents of its routing table or other databases, which can degrade the functionality of the router and the network.
- (d) **Honeynet** - A network set up with intentional vulnerabilities; its purpose is to invite attack, so that an attacker's activities and methods can be studied and that information

used to increase network security. A Honeynet contains one or more honey pots, which are computer systems on the Internet expressly set up to attract and "trap" people who attempt to penetrate other people's computer systems.

- (e) **Honeypot** – A network-attached system set up as a decoy to lure cyberattackers and to detect, deflect or study hacking attempts in order to gain unauthorized access to information systems.
- (f) **Hacker** – A slang term for a computer enthusiast, i.e., a person who enjoys learning programming languages and computer systems and can often be considered an expert on the subject(s).
- (g) **Information Resource** - The data and information assets of an organization, department or unit.
- (h) **Network Sniffing** - A network sniffer (also known as a network analyzer, protocol analyzer or packet analyzer) is a software or hardware tool that can intercept and log traffic on a digital network. As data flows across the network, the sniffer captures each packet and, if necessary, decode the packet's raw data.
- (i) **Packet Sniffing or Packet Spoofing** - The act of capturing packets of data flowing across a computer network.
- (j) **Ping Flood** - A ping flood is a denial-of-service attack in which the attacker attempts to overwhelm a targeted device with ICMP echo-request packets, causing the target to become inaccessible to normal traffic.
- (k) **Protected Health Information (PHI)** - Under US law is any information about health status, provision of health care, or payment for health care that is created or collected by a "Covered Entity" (or a Business Associate of a Covered Entity), and can be linked to a specific individual.
- (l) **Personally Identifiable Information (PII)** - Any data that could potentially identify a specific individual. Any information that can be used to distinguish one person from another and can be used for de-anonymizing anonymous data can be considered PII.
- (m) **Personnel** – Includes all Port of Newport full-time, part-time and temporary employees, volunteers, consultants, and Commissioners. This term is used both to mean individuals and the collective group.
- (n) **Plain Text** – Unencrypted data.
- (o) **Protected Data** - See PII and PHI
- (p) **Safeguards** - Countermeasures, controls put in place to avoid, detect, counteract, or minimize security risks to physical property, information, computer systems, or other assets. Safeguards help to reduce the risk of damage or loss by stopping, deterring, or slowing down an attack against an asset.

- (q) **Sensitive Data** - Data that is encrypted or in plain text and contains PII or PHI data. See PII and PHI above.

9.14 Policy Compliance

- (a) Compliance Measurement - The Port IT contractor and identified staff will verify compliance to this policy through various methods, including but not limited to, periodic walk-thrus, video monitoring, business tool reports, internal and external audits, and feedback to the policy owner.

9.15 Exceptions

- (a) Any exception to the Policy must be approved by the Port General Manager or delegate in advance.

9.16 Non-Compliance

- (a) Personnel found to have violated this policy may be subject to disciplinary action, up to and including termination of employment.

References

Reserved

**PORT OF NEWPORT
RESOLUTION NO. 2019-**

**A RESOLUTION ADOPTING A TECHNOLOGY REPLACEMENT AND UPGRADE
POLICY**

WHEREAS, the Port of Newport Board of Commissioners By-laws states in section 2 that the Board of Commissioners shall adopt policies for the governance of the Port; and

WHEREAS, the Port recognizes that adequate computer and network hardware and software are essential to the delivery of services to the Ports of Newport's customers, proper accounting, tracking of projects, the reporting of financial information, and efficient running of port operations.; and

WHEREAS, the Port recognizes that rapid changes in technology require that a well-managed port have a systematic plan for upgrading and replacing technology to ensure that it offers access to the most basic services; and

WHEREAS, The Port recognizes the value of additional productivity gains by users after upgrading to higher-performance devices or devices that increase employee mobility; and

WHEREAS, the Port of Newport presently does not have an enumerated policy with regard to technology replacement and upgrades; and

WHEREAS, Port staff has prepared a Port of Newport Technology Replacement and Upgrade Policy document, attached hereto as Exhibit A, that outlines policies and procedures;

NOW THEREFORE,

THE PORT OF NEWPORT BOARD OF COMMISSIONERS RESOLVES AS FOLLOWS:

Section I. The Port of Newport Technology Replacement and Upgrade Policy, attached hereto as Exhibit A, is hereby adopted by reference.

Section II. The policy and procedures may be modified by Resolution or may be modified administratively to follow best practices, for example, to update items to reflect changes to technology, or to incorporate new laws and rules.

Section II. Staff is directed to codify this policy according to past administrative practices.

APPROVED AND ADOPTED BY THE BOARD OF COMMISSIONERS this
19th day of November, 2019.

ATTEST:

Sara Skamsner, President

Walter Chuck, Secretary/Treasurer



Technology Replacement and Upgrade Policy

*Adopted by Resolution XXXX
[DATE]*

Port of Newport Technology Replacement Policy [date]

PORT OF NEWPORT

Technology Replacement and Upgrade Policy

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Chapter 1. General Provisions

- 1.1 Title.** This Policy and any amendments hereto shall be called, collectively, the Technology Replacement and Upgrade Policy.
- 1.2 Purpose and Scope.** Adequate computer and network hardware and software are essential to the delivery of services to the Ports of Newport's customers, proper accounting, tracking of projects, the reporting of financial information, and efficient running of port operations. Rapid changes in technology require that a well-managed port have a systematic plan for upgrading and replacing technology to ensure that it offers access to the most basic services.
- 1.3 Productivity Gains.** The Port recognizes the value of additional productivity gains by users after upgrading to higher-performance devices or devices that increase employee mobility.
- 1.4 Older Computers.** The port recognizes that older computer technology equipment operates more slowly, requires more frequent repairs, may lack security to protect the Port's interest, may require the user to troubleshoot issues, and with rapid change in technology, after 3-5 years older equipment is functionally obsolete.
- 1.5 Technology Replacement.** This document defines the Port of Newport (Port) policy regarding the replacements of all port owned technology equipment at the end of its life cycle and upgrades of port-wide software.
- 1.6 Variances.** The General Manager shall have the discretion to vary or modify the strict application of the provisions of the policy in any case in which the strict application of said provisions would result in practical difficulties or unnecessary hardships.
- 1.7 Interpretation.** If any section or part of this policy is found to be inconsistent with any laws of the State of Oregon or of the United States, or any rule, regulation or standard established pursuant thereto, such section, or part thereof shall be interpreted in the manner most consistent with its original intent that is not inconsistent with any laws of the State of Oregon or the United States or any rules, regulations or standards established pursuant thereto. Nothing contained in this policy shall be construed as a limitation of any rights, privileges, or remedies previously existing under any applicable laws or as a limitation of the powers of the Port Commission or management.
- 1.8 Severability.** Should any portion or the application thereof to any person or property be found invalid for any reason, the validity of the remainder of these provisions or the application of such remainder to other persons or property shall not be affected.

Chapter 2. Scope

- 2.1 Application.** This Policy applies to all Port-owned workstations, laptop computers, desktop peripherals (printers, scanners, projectors, and interactive whiteboards), network hardware (servers, switches, routers, bridges, and other key network devices), cable plant and physical infrastructure, and the institution-wide software (Microsoft Operating System, Microsoft Office Suite, and other site-licensed desktop applications) running on those devices.

Chapter 3. Roles and Responsibilities

- 3.1 Director/Port General Manager** Each Director is responsible for identifying any exceptions (earlier or delayed replacements/upgrades) necessary to ensure an employee can effectively perform his/her job duties. The Port of Newport General Manager is responsible for reviewing and approving requested exceptions and divisional budgets.
- 3.2 Finance Department.** This group is responsible for generating and monitoring for replacements and upgrades and executing equipment replacements and upgrades to port-wide software according to the replacement cycle.

This group in coordination with the Port IT services provider and in consultation with the Port General Manager makes technical decisions on equipment and software standards, upgrades and replacements based on industry trends, software development cycles, costs, and risks to systems stability.

Chapter 4. Hardware Purchases

- 4.1 Purchases.** All purchases of hardware used for Port purposes shall be purchased through the approved IT support vendor for the Port of Newport, or through the State of Oregon Computer hardware contract (found at <https://orpin.oregon.gov>), and shall have a minimum warranty of 3 years.

Chapter 5. Policy Statement

- 5.1 Purpose.** The Port of Newport will maintain modern computer and network hardware and software capable of supporting its business activities.
- 5.2 Schedule.** To accomplish this, technology hardware and software will be budgeted for replacement through the Port budget, and replaced and upgraded according to the following schedule.

Hardware and Software Replacement Schedule

Category	Description	Replacement Timeframe
Laptop Computers	This category encompasses all laptop systems and includes all associated docking stations and monitors as a single unit.	Fiscal year immediately after 4 th year of use or upon failure
Workstation Computers	This category encompasses all desktop computer systems and includes the CPU and monitor as a single combined unit.	Fiscal year immediately after 4 th year of use or upon failure
Servers	This category encompasses all servers not classified as "high-performance". These servers provide mission-essential services and perform activities supporting the academic, service and business goals of the institution.	Fiscal year immediately after 6 th year of use or upon failure
Network Hardware	Network hardware includes repeaters, routers, switches, bridges, access points and other communication devices.	Fiscal year immediately after 5 th year of use or upon failure
Desktop Peripherals	Desktop peripherals include printers, scanners, and projectors.	Fiscal year immediately after 7 th year of use or upon failure
Cable Plant and Physical Infrastructure	The copper and fiber optic wires that connect data/information stations together and comprise the network infrastructure are the components identified in this last category.	Fiscal year immediately after 10 th year of use or upon failure
Monitors, mice, keyboard		As required, or upon failure
Computer Software	Computer applications used in the daily work of staff throughout the port	As required, and approved by the Port General Manager



CONSENT CALENDAR AGENDA ITEM

DATE: *14 November 2019*
RE: *Bergerson Construction License*
TO: *Port of Newport Board of Commissioners*
ISSUED BY: *Aaron Bretz, Director of Operations*

BACKGROUND

Bergerson Construction has been contracted to remove the Undersea Gardens and dismantle the barge, then transport the material to approved disposal facilities. They have consulted the necessary agencies and put together a plan to pull the barge on Rondys property at McLean Point. That property is still under a lease with the Port, so we would be the ones to authorize use of the area. We have consulted with Rondys and they have voiced no objections to the effort.

DETAIL SUPPORTING

Bergerson plans to winch the barge into the “bite” at McLean Point and to protect the bottom in the process. There will be no dredging, excavating, or in-water work at the site; all work will be done on Rondys property after conducting minor site preparations. We have verified their insurance certificate.

The start-date for the overall project was 01 NOV, but they will move over to McLean Point as their work schedule allows. The end-date for the project is 01 FEB.

BUDGET IMPLICATIONS

We will charge Bergerson Construction a rate of \$0.13 per square foot per month for the upland usage area, and \$0.15 per square foot after 01 FEB. This will be a total of \$10,140 for the scheduled time and area.

RECOMMENDATION

This is for informational purposes.

PORT OF NEWPORT LICENSE

This License, effective 01 November, 2019 through 01 February, 2020 from the Port of Newport, organized and existing under the laws of the State of Oregon, hereinafter referred to as "Port", is granted to Bergerson Construction Inc., hereinafter referred to as "Licensee."

The Port hereby grants permission to Licensee to remove and dispose of the Undersea Gardens barge in accordance with the plan depicted in EXHIBITS A & B. For this purpose, the Port grants Licensee permission to use up to 26,000 square feet of land and a 27,000 square foot parcel of submerged land owned by the Port (both depicted in EXHIBIT C). The Licensee shall attain and maintain any permits required by local, state, and federal law, and perform their work in accordance with legal requirements at the local, state, and federal level including but not limited to all safety and environmental rules and regulations. Licensee shall be required to provide fencing and barricades to clearly mark and keep the demolition area secure, shall inform the Port of Newport of the schedule and location of weekly staff meeting to involve Port Staff, and shall neither block the access road leading out the western edge of McLean Point nor the Port's gear storage area immediately adjacent to the licensed location. At all times, Licensee shall keep the area in and about the premises free and clear of rubbish, debris and obstructions of every kind during and upon termination of Licensee's period of occupancy. Upon such termination, the Licensee shall return the property to a similar grade to its previous state, and remove the 6" layer of rock that will be installed for the duration of the operation and dispose of properly offsite. The licensed property shall be re-seeded with grass over the disturbed area.


License is subject to the rules, regulations, and ordinances of the Port of Newport, which can be found on the Port's website portofnewport.com, and subject to the following terms and conditions:

- 1. **Usage Fee:** \$0.13 per square foot per month for the upland usage area, total \$10,140 for the licensed time with no charge for the submerged land due to the unique and temporary nature of the project. If the project extends past the licensed date, the rate will be \$0.15 per square foot per month.
- 2. **Reservation of Rights:** Port reserves the right to alter or amend the terms and conditions of this License.
- 3. **Liability, indemnity of Port:** Licensee agrees to exercise due care in the activities described above and to abide by all Port rules, regulations and ordinances. Licensee shall indemnify and hold Port harmless from and against all claims, actions, proceedings, damages, and liabilities, including attorney fees, arising from or connected with Licensee's use of Port facilities. Licensee will carry a comprehensive general liability insurance policy with limits of \$2,000,000.00 per occurrence and \$2,000,000.00 in aggregate. If \$2 million per occurrence is not available, a \$1 million umbrella on top of \$1 million per occurrence will be acceptable. Licensee will provide the Port with a Certificate of Insurance naming the Port as an additional insured. The certificate must be received prior to operations commencing.
- 4. **Condition of Premises.** Licensee acknowledges that Licensee has inspected the grounds and related facilities and is satisfied that these facilities are adequate for safe use for the above-described purpose. This License is not a contract. Port's liability is limited to its sole negligence. Port's employees will make reasonable efforts to contact Licensee and notify Licensee of conditions requiring Licensee's attention, but Port assumes no responsibility for Licensee's use of the Port's facilities. At all times, Licensee shall keep the area in and about the premises free and clear of rubbish, debris and obstructions of every kind during and upon termination of Licensee's period of occupancy. Licensee agrees, excepting only acts of God and other conditions and occurrences beyond the control of the Licensee, that Licensee will leave the premises in a condition substantially equivalent or better than they were found.
- 5. **Nontransferability/Term.** This License is nontransferable. This License expires at 11:59 pm 31 JAN, 2020.

IN WITNESS WHEREOF, the Port has caused this License to be issued on the date indicated above.

Port of Newport:

Accepted By:



Aaron T. Bretz, Director of Operations

SIGNER

Port of Newport

TITLE

ATTACHMENT: Exhibit A, Exhibit B, Exhibit C



FINANCE DEPARTMENT MONTHLY REPORT

DATE: November 19, 2019
PERIOD: October 2019
TO: Paula Miranda, General Manager
ISSUED BY: Mark Brown, Director of Finance and Business Services

October 2019 Financial Reports

Financial reports as of October 31, 2019 are included.

Preliminaries and General Comments:

- We are in the fourth month of the fiscal year, the year is 33% complete, The projections are now becoming more accurate.
- As suggested last month, the balance sheets have been removed from the packet, as the changes month to month are minimal, you will see the balance sheets in the January meeting.
- A statement of cash flows has been added to your packet, I can walk you through the cash flow statement.
- As previously mentioned the budget has been entered into QuickBooks on straight-line basis and summer is a revenue producer, this brings about the appearance of a strong revenue, but the revenues will even out over the fiscal year.
- Utilizing the ERP consultant funds, a consultant will be contracted to develop “AS-IS” and “To-Be” for financial software replacement. This is an important step in determining the requirements for financial software, and how we can eliminate manual processes.
- The RFP for banking services has been disbursed to financial institutions with a local branch. Since our deposits exceed \$250,000, we are required to use a depository which is qualified by the Oregon Public Funds Collateralization Program (PFCP). There were a total of 10 institutions.

- Update on Bond Refinancing:
 - The Port was over 6 years behind on annual filing of reports, we are now current on all filings. New systems are being implemented to prevent this in the future. We are required to file certain financial and other documents within 270 days (9 mos.) after the end of our Fiscal year.
 - Paula and I, along with Baird, and SDAO had a conference call with Moody's in order to rate the bonds, we should know the outcome prior to thanksgiving.
 - We are in the process of finalizing our sale documents.
 - I have attached a schedule of bond events for your information.

- EAP Program
 - The Budget for 2019-2020 included an EAP program. We have selected the vendor to provide EAP services and will be introducing this to staff shortly.

Profit and Loss - Budget to Actual Reports

General Operating Funds (GOF):

- Leases are now under each Operating program, based on profit center.
- Depreciation expense is now included in in the profit/loss statement
- Lease revenue budget will be placed into each operating subprogram next month.
- General Operating income received year to date by Profit center is shown below:

	Total 1 Administration	Total 3-Commercial Marina (2 North)	4-Maintenance Dept (2 North)	Total 5-International Terminal (2 North)	Total 7-South Beach (6-South)	TOTAL
Income before expenses	12,553	406,530	0	208,071	1,196,394	1,823,548
Percentage of Inc before expenses	0.69%	22.29%	0.00%	11.41%	65.61%	
Operating Income	-1,441,848	223,256	-6,330	29,709	787,926	-407,287
Percentage of OP income	354.01%	-54.82%	1.55%	-7.29%	-193.46%	
Net Income	-1,409,551	224,356	-6,330	29,709	822,958	-338,859
	416%	-66%	2%	-9%	-243%	

- After reviewing the past 5 years of financial statements, I would estimate the following:
 - Income before expenses for the year will be approximately: \$2,585,062
 - Operating Income will be approximately: \$(577,370)
 - (includes depreciation)
 - Depreciation YTD is \$1,078,198

- Total net income as of October 31 is \$(285,174) if depreciation is excluded then net income is \$794,024.

- As you see we have not yet allocated indirect/overhead, but depreciation is included, with the audit taking place, there has not been time to complete this phase,
- Administration is below budget in most areas, even accounting for depreciation expense. All depreciation expense is showing in administration, this will be corrected during the next budget presentation. It is also important to note the current practice for NOAA is to transfer all assets to the General Operating Fund, we are checking with the Auditors to verify this is the appropriate practice.
- The **International Terminal** is an Operating Program within General Operating Funds. Prior to overhead being allocated and depreciation express, the International Terminal the program has earned 29,709, but has only 12% of Net income with 33% of the year passed.
- The **Commercial Marina** is an Operating Program within General Operating Funds. 54% of revenue for the current fiscal year has been derived from moorage the 29% of revenue has been from Hoist and Dock services. The Commercial Marina's Income before expenses is 11% over budget. Total expenses are 19% of budgeted, leading to net income being 111% of budget.
- The **Maintenance department** is a cost center within the General Operating Funds for the Port. These costs should be allocated to the operating programs. These are only costs that cannot be specifically attributable to an Operating Program.
- **South Beach** does not show budget, this is a result of restructuring our profit centers. We will rectify this prior to the next meeting. Suffice it to state South Beach is operating meeting its budget targets.
- Leased properties have all been moved into the appropriate profit centers, we will be realigning budget for the next commission meeting.
- **Statement of cash flows**, QuickBooks uses an indirect methodology for cash flows that means accumulated depreciation, depreciation capital asset additions are shown cash flow. Cash flow shows the inflows and outflows of during the selected period. From July 1, 2019 to October 31 our cash position increased by approximately \$600,000. An organization can improve cash flow while not being profitable, this is due to non-cash expenses (depreciation for example).
- The following are generally General Operating Funds, but internally restricted. I am examining setting up General Ledger accounts within the General Operating Fund to display these accounts, rather than having a separate company set up for

each of these accounts. This will eliminate spreadsheet to track the transfers to and from these accounts, but will allow to track the spending.

- **Construction Fund** – to be used for Port Dock 5 construction, a \$1.2 transfer has not yet occurred, once we know the timeline this will be transferred.
- **Facility Reserve Fund-** No activity. As we build our facility capital maintenance plan this account will be funded to accommodate the plan.
- **NOAA funds** are restricted funds, only after reserves are set aside for the bond payment and capital reserves can excess funds be used for any other purposes. Depreciation expenses for NOAA are all included in the General Operating Fund as stated earlier. We are checking are validating this practice with our Auditors. As I indicated last month NOAA would start to show, as is now the case. Once the bonds are refinanced, the profitability will improve dramatically. Payments for the current bond are made in August and February. This payment schedule will reset after the sale of the bonds.
- **Bonded Debt account** – Received minor payments from the city to be used for bond payments. This account will grow after property tax bills are sent out, and property tax monies are received.

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

The Port is receiving calls from customers who have received past due letters, they are making arrangements to pay for their past due amounts owed. This past month the port had seized a boat, the owner, after several weeks, made a major payment in order to have his boat released. However, the owner still had past due amounts. It was made clear to the owner the amount was still owed, and the owner signed a document agreeing to pay the full amount by February 1 or 30 days after the beginning of crab season or the boat would be seize again. Several other boat owners have come forward with large past due amounts, paid some of the amounts owed, and agreed to pay the balance by the end of crab season, or in one case pay the port every time they offloaded product, until paid in full. One boat owner moved to Coos Bay quite a while ago. I was able to locate this individual in Coos Bay a collections notice was sent. The Port still did not hear from the owner, and the account was sent to collections.

Recreational

Nonpayment is from those who did not pay in advance for their moorage, or did not pay for their trailer storage. Collections letter were drafted and sent out to the boat owners, in some cases the owner called and discussed a payment schedule, if the port did not hear from the customer or the customer did not meet the payment arrangements (especially after further contact), the customer was sent to collections. Bill has asked that we no longer allow for post payment for moorage in the recreational marina. After reviewing policy, the policies indicate approval for post prepayment is at the discretion of staff, which I shared with Bill.

Figure 1- Commercial Marina

2:11 PM
11/14/19

**Port of Newport
A/R Aging Summary
As of October 31, 2019**

	<u>Current</u>	<u>1 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>91 - 120</u>	<u>121 - 150</u>	<u>151 - 180</u>	<u>> 180</u>	<u>TOTAL</u>
TOTAL	<u>268,035.11</u>	<u>52,463.64</u>	<u>22,845.12</u>	<u>-5,461.14</u>	<u>14,730.36</u>	<u>-2,362.63</u>	<u>10,090.01</u>	<u>73,687.56</u>	<u>434,028.03</u>

Annual Audit Services

The Auditors have completed their visit, and met with Paula, Mark Harris, and I. At the point we met, the lead auditor indicated there were no findings, but some minor suggestions. The audit is expected to be completed the first week in December or earlier.

###



Date

Employee Name

Address Line 1

Address Line 2

Dear Employee & Family Members:

We are pleased to announce the addition of a **new free benefit** for you and your family members: an Employee Assistance Program -- or EAP, for short.

Your EAP offers a broad array of tools and services to help with problems that might affect your personal or work life.

Just a few examples of these include:

Marriage & Family ▪ Stress ▪ Legal Problems ▪ Debt ▪ Childcare ▪ Elder Care ▪ Grief
Pet Problems ▪ Education Planning ▪ Scholarships ▪ Depression ▪ Taxes ▪ Wills ▪
Smoking Cessation ▪ Wellness ▪ Adoption ▪ Substance Abuse ▪ Mental Health ▪ Divorce

In addition, your EAP offers hundreds of personal and professional development opportunities, from trainings to one-on-one telephonic coaching in the following areas:

Certified Financial Coaching ▪ Balancing Life at Work & Home ▪ Resilience ▪ Effective Communication ▪
Home Purchasing ▪ Student Debt ▪ Yoga & Relaxation for Beginners ▪
Workplace Conflict ▪ Retirement ▪ Succeeding as a Supervisor

Your EAP also provides a comprehensive Wellness Coaching benefit designed to help you tackle issues that are most detrimental to your overall health and well-being. The program includes assistance with: losing weight, improving nutrition, getting fit, stopping tobacco use, and reducing stress.

To access your EAP, simply call the **toll-free number 1-800-252-4555 or 1-800-225-2527** to talk with a counselor or coach who will work with you to address your issues. You can also visit your EAP online at **www.theEAP.com** for thousands of problem-solving resources and self-help tools.

Your EAP is a free benefit and your confidentiality is assured. No information about your use of the program is given to us as your employer unless you sign a release of information authorizing this. If you have personal difficulties of any kind, we encourage you to take advantage of this no cost, confidential benefit.

Sincerely,



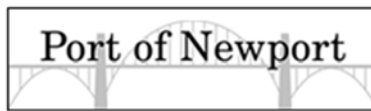
Port of Newport Lincoln County, Oregon
General Obligation Refunding Bonds, Series 2019 (Federally Taxable)
Taxable Lease Revenue Refunding Bonds, Series 2019A
Financing Timeline

October 18, 2019

October 2019							November 2019							December 2019							
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	
			1	2	3	4	5						1	2	1	2	3	4	5	6	7
6	7	8	9	10	11	12	3	4	5	6	7	8	9	8	9	10	11	12	13	14	
13	14	15	16	17	18	19	10	11	12	13	14	15	16	15	16	17	18	19	20	21	
20	21	22	23	24	25	26	17	18	19	20	21	22	23	22	23	24	25	26	27	28	
27	28	29	30	31			24	25	26	27	28	29	30	29	30	31					

Role	Participant	Abbreviation
Issuer	Port of Newport	Port
Municipal Advisor	Special Districts Association of Oregon	SDAO
Special Counsel	Hawkins Delafield & Wood LLP	HDW
Underwriter	Robert W. Baird & Co.	RWB
Underwriter Counsel	Mersereau Shannon LLP	M&S
GOB Rating Agency	Standard and Poor's	S&P
NOAA Rating Agency	Moody's	MDY
Paying Agent	US Bank	US Bank

Date	Task	Responsibility	Status
Friday, October 11, 2019	Baird and Port Engagement Executed	RWB	X
Tuesday, October 15, 2019	Final Port of Newport Resolution Distributed	HDW	
Friday, October 18, 2019	Port returns executed copies of authorizing resolution.	Port	
Thursday, October 24, 2019	Distribute 1 st Draft of Preliminary Official Statements (2) ("POSs")	M&S	
Monday, October 28, 2019	Comments due on 1 st Draft of POS	ALL	
Wednesday, October 30, 2019	Distribute 2 nd Draft of POS Request Rating	M&S SDAO	
Wednesday, October 30, 2019	Due Diligence call and Rating Prep (11:00 AM PT) (Cal-In #?)	Port, SDAO, RWB,M&S	
Thursday, October 31, 2019	Port Returns filled out and signed executed copy of Due Diligence Questionnaire and Continuing Disclosure Attestation	Port	
Monday, November 4, 2019	Distribute Near Final POSs (2) to Port. NOAA Financing Rating Call (12:30 PM PT – <i>Subject to change</i>) GOB Financing Rating Call (1:30 PM PT - <i>Subject to change</i>) Deemed Final Letter Request and Template distributed to Port Port distributed Near Final POSs (2) to Board of Commissioners	M&S Port, SDAO, RWB, MDY Port, SDAO, RWB, S&P SDAO Port	
Wednesday, November 6, 2019	Draft Investor Presentation Distributed Draft of POS Appendices distributed	RWB M&S	
Thursday, November 7, 2019	Comments due on POS Appendices ad Investor Presentation	ALL	
Friday, November 8, 2019	Final POS Appendices provided to M&S	Port/HDW	
Monday, November 11, 2019	Second Draft Investor Presentation	RWB	
Wednesday, November 13, 2019	Ratings Released Investor Presentation Finalized Draft Bond Purchase Agreement(s) distributed	MDY,S&P RWB M&S	
By Thursday, November 14, 2019	Port provides RWB with Deemed Final Letter for both POSs and/or provides any final comments.	Port	



Port of Newport Lincoln County, Oregon
General Obligation Refunding Bonds, Series 2019 (Federally Taxable)
Taxable Lease Revenue Refunding Bonds, Series 2019A
Financing Timeline

October 18, 2019

October 2019							November 2019							December 2019							
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	
			1	2	3	4	5						1	2	1	2	3	4	5	6	7
6	7	8	9	10	11	12	3	4	5	6	7	8	9	8	9	10	11	12	13	14	
13	14	15	16	17	18	19	10	11	12	13	14	15	16	15	16	17	18	19	20	21	
20	21	22	23	24	25	26	17	18	19	20	21	22	23	22	23	24	25	26	27	28	
27	28	29	30	31			24	25	26	27	28	29	30	29	30	31					

Date	Task	Responsibility	Status
	POs printed and distributed Investor Presentation (Slides Only) Posted MDAC Form-1s filed with Oregon State Treasury Comments due on Bond Purchase Agreement	M&S, RWB RWB SDAO Port, SDAO, RWB	
Wednesday, December 4, 2019	1 pm PST Pre-Pricing Conference Call with the Port (Port Representative(s) to be available) Bond Purchase Agreement finalized	Port, SDAO, RWB M&S	
Thursday, December 5, 2019	Bond Pricings Final Pricing Teleconference (10/11 am PST) Port Representative(s) to be available. (An additional call at 12 or 1 pm may be added) Bond Purchase Agreement Signed CUSIPs (Bond Identification Numbers) ordered	Port, SDAO, RWB Port, SDAO, RWB Port, RWB RWB	
Monday, December 9, 2019	Draft and circulate Final Official Statements and closing documents for review and comment. Draft Closing Memo distributed Port provides US Bank with Letter with intent to call Call Notices distributed (Date TBD)	M&S RWB Port US Bank	
Wednesday, December 11, 2019	Comments due on the Final Official Statement	ALL	
Thursday, December 12, 2019	Comments due on closing documents and closing memo(s) Distribute Final Official Statements MDAC Form-2s filed with Oregon State Treasury	ALL M&S SDAO	
Tuesday, December 17, 2019	Bond Closings. Port Representatives should plan on with being present the law offices of HDW for closing or have the signature pages of closing documents sent to HDW by Friday, December 13th Bank Loan Payoffs	Port, SDAO, HDW US Bank	



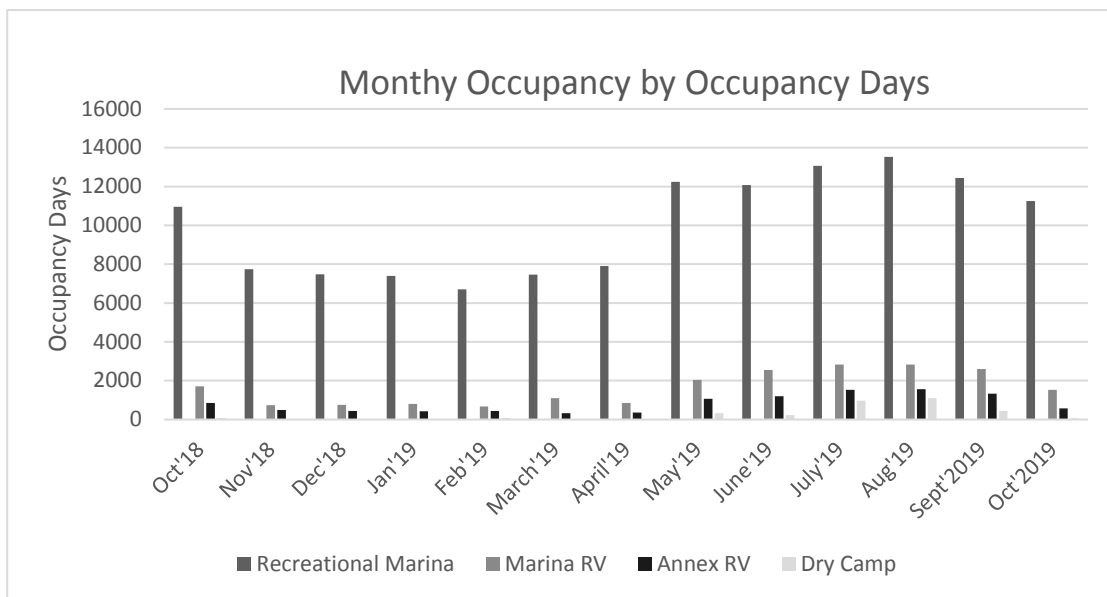
RV PARK & RECREATIONAL MARINA OCCUPANCY REPORT

DATE: *06 November 2019*
RE: *Month Ending 31 October 2019*
TO: *Mark Brown, Director of Finance*
ISSUED BY: *Bill Hewitt, RV Park and Marina Supervisor*

October was our last month of premium pricing, on November first we revert to winter pricing until April 1 2020, the start of summer rates. The Marina continues to attract new customer. The Marina in October was ahead of last year and year to date is ahead of last year. The RV parks and dry camping were behind last October's occupancy numbers and also slightly behind in year to date numbers. But there is good news in the RV parks, we are ahead in revenue by \$90,187.91 over last year due to our price increase and starting the summer season in April instead of May. The Marina is ahead of last year's revenue by \$32,003.08.

OCCUPANCY DAYS MONTH & YTD

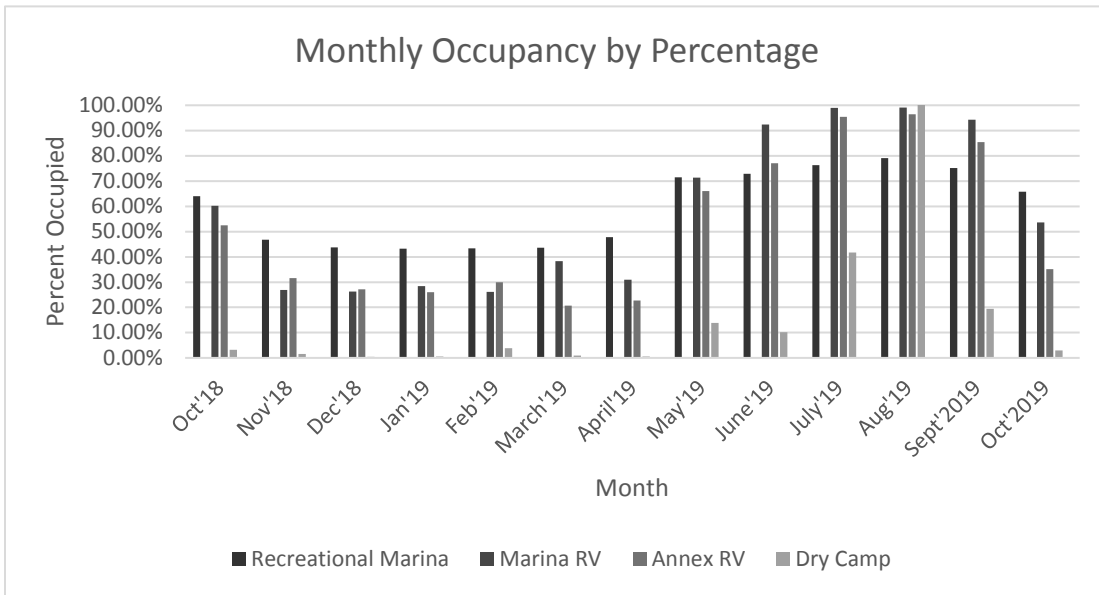
Oct'2019	2018	2019	Change	YTD 2018	YTD 2019	Change
Recreational Marina	10954	11263	2.82%	102134	104095	1.92%
Marina RV	1717	1529	-10.95%	18360	17801	-3.04%
Annex RV	847	566	-33.18%	9042	8802	-2.65%
Dry Camp	74	68	-8.11%	4056	3253	-19.80%





OCCUPANCY PERCENT MONTH & YTD

Oct'2019	2018	2019	Change	YTD 2018	YTD 2019	Change
Recreational Marina	64.01%	65.82%	1.81%	60.86%	62.03%	1.17%
Marina RV	60.20%	53.61%	-6.59%	65.64%	63.64%	-2.00%
Annex RV	52.54%	35.11%	-17.42%	57.19%	55.68%	-1.51%
Dry Camp	3.22%	2.92%	-0.30%	17.79%	14.26%	-3.53%





DIRECTOR OF OPERATIONS REPORT

DATE: 11/14/2019
PERIOD: October 2019 – November 2019
TO: Paula J. Miranda, General Manager
ISSUED BY: Aaron Bretz

OVERVIEW DIROPS

Summary:

I talked with Fritz Graham of Senator Wyden's office who called asking about my understanding of the progress on the EDA Grant. He contacted the Seattle EDA Office as well; I received several phone calls from the EDA shortly thereafter, and they are moving on legal review of the process as quickly as they can. Commercial activity is picking up on the north side, and things are slowing in South Beach, although I've been working on permits and property issues for most of the month. Crab season has been delayed at least until 15 December; we plan to have a second shift available at the hoist dock again this year because it's worked very well in the last two for offloading at the dock while allowing boats to come in and load with pots during the day. I attended a public ODFW meeting on entanglements and potential impacts to the crab fishery in the future. We will stay aware of the issue so that we can react to any impacts well in advance.

Detail:

- **Southbeach Storm Sewer**

It sounds like NMFS will likely not request to be consulted on our permit, we are hopeful that the Army Corps will declare no impact and issue our permit shortly. We are ready to put the project out for bid when permits are issued.

- **Port Dock 5 Project**

We are awaiting word on the grant to make a decision on when to put the project out for bid. The more time that passes, the more pessimistic that I am that we will receive funding quickly enough to get the project completed during this in-water work window. We will still be able to get the project done, it will just be a question of whether it is in this work window or next.

I got a call from Fritz Graham at Senator Wyden's Office, who was following up on progress toward the EDA grant for the Port Dock 5 Pier. I filled him in on everything and he contacted the EDA to see how they are doing with the work of reviewing the request. I still don't anticipate that we will hear anything definitive before the end of November.

- **SDAO Safety and Security Grant**

The Director of Finance completed an SDAO Safety and Security Grant request through SDAO that will augment the installation of a security camera network in the RV Park/Marina in South Beach. We are eligible for a \$5,000 award that would go to the overall project, and South Beach budgeted for this improvement this year.

- **Dock Repair Complete, Port Dock 5**

The Commercial Crew completed the repair of Dock 5B23 which included 6 whalers, 88 thru rods, and 5 cleats. The 2 heavy rubber bumpers were replaced with the A-frame attachment temporarily installed on the bow of the tugboat to lift them into placer.

Newport International Terminal- Don Moon, Supervisor

Billable Services Performed this Period (October)

- Forklift – 37 Hrs
- Moorage – 64 Days
- 30 Ton Hydraulic Crane – 34.5 Hrs
- Hoist Dock Tie Up –55.75 Hrs
- Labor – 59.5 Hrs
- 120V power – 0
- Other (Net Work) – 1 Days
- 208V power – 40 Days

Commercial Marina- Kent Gibson, Harbormaster

Billable Services Performed this Period:

- Forklift – 98.75Hrs
- Hoist Dock Crane(s) – 18Hrs
- 30 Ton Hydraulic Crane - Enter #. Hrs
- Dock Tie Up – 212.5Hrs
- Launch Tickets - Enter #. passes sold
- Other (Labor) – Hrs

Special Projects: *(Not regular maintenance & repair tasks. Enter project name and notes)*

- 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 **The repair of Dock 5B23 which included 6 walers and 88 thru rods and 5 cleats has been repaired. The 2 heavy rubber bumpers were replaced with the A-frame attachment temporarily installed on the bow of the tugboat to lift them into place.**

Other: (Enter issues, events, large purchases and other notable items)

Hoist dock tie-up time was up 48% from last month and up 44% from October 2018. October forklift usage was up 54% over last month and up 20% over October of last year. Crane usage was up 125% from last month but up 500% over last year in October. I think the nice weather we had in October was part of the reason things have spiked up over last year and last month.

Axle fees were also up over last month with a total of 121 axles counted compared to the 84 axles in September, for a 44% increase. This puts our 4 month average at 130.

NOAA MOC-P Jim Durkee, Maintenance Supervisor
Special Projects:

Other:

Vessels Using the Facility Since My Last Report – NOAA vessels Hi’ialikai, Bell M. Shimada, & Oscar Dyson.

Office Occupancy Admin Building – 65 Work Stations Total, 49 Occupied
Warehouse Bldg. – 23 Work Stations Total, 7 Occupied
Occupancy Rate – 64%

- Annual inspection and service of the Cathodic Protection System by Norton Corrosion.
- Oregon Department of Transportation performed a structural inspection of the pier.
- I replaced another bad power unit in the battery back-up for the warehouse data room, returning it to double redundancy.
- We just sent in information for background checks for the painting crew
- I had Associated Cleaning come in to wash the gutters and exterior windows on the office, guard shack, and warehouse.

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
Cathodic protection systems (pier)

Annuals yet to be completed-

Generator
Overhead doors

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

The siding job on the marina shower building is complete.

Received quote from Siuslaw Broad Band on cameras for South Beach.

Backflow preventer inspections complete.

Completed forklift training for employees.

Waiting on permits so we can move forward on the north outfall line.

Waiting on NMFS SLOPES evaluation for the Boat Ramp permit.

Fred Hauert is still out sick with pneumonia hope he gets better soon.

Port Mates Volunteers

The Mates have been working hard on the kiosk that the Port maintains for a mitigation project near the LNG tank at McLean Point. They've attended the site a couple times to keep it tidy, and have been working on ideas for displays in the kiosk.



GENERAL MANAGER MONTHLY REPORT

DATE: 11/19/19
PERIOD: 10/22/19- 11/14/19
TO: Board of Commissioners
ISSUED BY: Paula J. Miranda, General Manager

OVERVIEW

Summary:

After receiving the salary survey, which was completed by HR Answers, the two directors and I have spent a fair amount of time trying to allocate the current budget salary funds to address salary discrepancies. In our efforts we have also tried to address the expectations for next year's budget. There is no doubt that we will be asking for additional funds to address those discrepancies. Along with the request, we will make sure to have some recommendations on how those funds will be covered.

Our director of finance and I have also spent a lot of time working on the NOAA and GO Bonds. Some documents are attached to today's agenda. We have been working with SDAO Advisory Service, Port Counsel, Port Bond Counsel, RW Baird Co. (the Underwriter) and Moody's (the rating entity). We expect to have a better idea of our savings around the week of the 9th of December and Closing on December 17th.

As we are trying to gear up towards prospective new businesses, especially for the International Terminal, we have been doing a fair amount of research on figuring out the needs for different commodities and how the Port can handle them, such as possible cost of new needed equipment and/or if we may need a third party operator.

We have decided to postpone our newsletter until about the week of January 10th to avoid competing with all Thanksgiving and Christmas advertisings. Meanwhile, we most likely will have another e-Blast email to inform stakeholders the final results of the Bonds and possible EDA grant, and/or anything else that may be of interest.

Work Actions:

- Following the Commissioners' request to ask the City to extend the Building Permit for the International Terminal property for another 180 days, I met with Derrick Tokos at the City. I was asked to send a request letter to the City with the caveat that if after 180 days we don't have a project that the Port will terminate the building permit. Please see letter attached.
- I have applied for a small grant for the Ford Family Foundation for personnel training. Training budget is at \$6K; we have requested 80% of that amount. The grant is currently being processed. We should know more in 1-2 months.
- Aaron, Chris and I will be meeting with the Chamber next week to discuss next year's Seafood and Wine festival.

Meetings/Trainings/Summits:

- YBEF Meeting – 10/23
- Oregon Economic Development Association Annual Conference – 10/28-29
- Association of Pacific Ports Seminar– Port Funding Opportunities – 11/01. Mark Brown and I attended this seminar, which was very informative. The Seminar included presentations by the State Infrastructure Finance, the Beckett Group, FCS Group and MARAD.
- Regional Solutions Team (RST) – 11/07. The Regional Solutions Team is a group comprised of State Agencies established by the Governor to work with the unique needs of each Oregon region, and the importance of working locally to identify priorities, solve problems, and seize opportunities to get projects done. Sara Means is our RST representative at the Coast. Although we don't have a particular project being brought to the RST at this time, after a few conversations we decided to have this meeting as they recognized new leadership at the Port as well as the fact that we just completed our Strategic Plan. This meeting was more like an introduction to the new team and discussion of Port's plans moving forward. I believe the meeting was very beneficial to all of us and we appreciate the RST taking their time to visit with us. During that meeting we had the following agencies attend: Business Oregon, DEQ, DSL, ODFW, DLCD, ODOT, as well as Oregon Cascades West Council of Governments. The meeting was also attended by Sara Skamser, Mark Brown and Aaron Bretz. We will have follow up meetings regarding possible funding and other paths forward regarding some of the projects discussed.
- Fishermen's Appreciation Day – 11/08 – We had a great turn out at our Annual Fishermen's Appreciation Day, in which I spent a couple hours flipping burgers and getting to know some of the fishing community. Our thanks goes to the Fishermen's Wives and our Harbormaster Kent Gibson and his crew for all their hard work in putting this together, and our Directors Mark and Aaron for their grill assistance.
- I met with Carrie Lewis of the Oregon Coast Aquarium on 11/12. Carrie asked if I would be willing to sit on the Aquarium's Board, as she thought it was important to have Port representation. They meet about four times during the year. Pending any concerns from the Commission, I would like to accept the invitation. The nominations will not be submitted until January.

Schedule Meetings/Conferences:

- Meeting with Chamber to Discuss Seafood & Wine Festival – 11/18
- Executive Session Evaluation - 11/20
- US Corps Open House – 11/22
- YBEF Meeting – 11/27
- Thanksgiving Holiday – 11/28-29
- Meeting with Pac/West – 12/03
- Yaquina Bay Managers – 12/03
- Vacation - 12/7-14
- Oregon Business Plan Summit (Portland) – 12/16
- Bond Signing – (Portland) 12/16
- Port Tour with NIT Prospect – 12/19

Port of Newport

600 S.E. BAY BOULEVARD NEWPORT, OREGON 97365 PHONE (541) 265-7758 FAX (541) 265-4235 www.portofnewport.com

November 5, 2019

Joseph Lease
Community Development Department
169 SW Coast Hwy
Newport, OR 97365

Re: Validity of Permit No. 13743 for the Development of a Log Export Shipping Yard at
1580 SE Bay Blvd

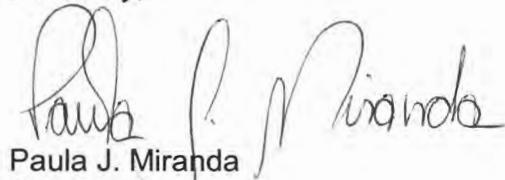
Dear Mr. Lease:

Although the original Log Export Shipping Yard project has not come to fruition, the Port has been working on a few possibilities of bringing new business to our International Terminal. At this time we have not fully eliminated a possibility of bringing another log exporter. Although the possibility seems slim at this time, we would like to keep that potential open for the next six months.

I have discussed your 08/29/19 letter with our Board of Commissioners and they have requested that we work with the City on a possible extension of the building permit no. 13743 for another 180 days. Should no project become feasible for the use of this permit during that period then we will terminate the permit at that time.

I thank you in advance for working with us on this matter.

Sincerely,



Paula J. Miranda
General Manager

cc: Derrick Tokos, City of Newport

Serving the Maritime & Recreational Communities

Newport International Terminal (541) 265-9651 Newport Marina at South Beach (541) 867-3321