

PORT OF NEWPORT REGULAR COMMISSION MEETING AGENDA

November 17, 2015, 6:00 pm
South Beach Activities Room
2120 SE Marine Science Drive, Newport, OR 97365

Walter Chuck (Pos. #1), President; Ken Brown (Pos. #4), Vice President; David Jincks (Pos. #2), Secretary/Treasurer; Stewart Lamerdin (Pos. #3); Patricia Patrick-Joling (Pos. #5)

- I. Call to Order6:00
- II. Changes to the Agenda6:01
- III. Public Comment6:02
- IV. Consent Calendar.....6:05
 - A. Minutes: Regular Commission Meeting 10/27/2015
 - B. Financial Reports
 - C. Lease to Leslie Lee, Inc. 2016
 - D. Design Space Modular Building Lease
 - E. Special Use Permit & Location Release Original Productions, LLC
 - F. Declaration of Surplus Property
- V. Correspondence/Presentations.....6:08
 - A. Paula Harkin, Newport Bay to Brews
- VI. Old Business
 - A. Items Removed from Consent Calendar
 - B. Accounts Paid6:10
- VII. New Business
 - A. Personal Services Contract with Stuntzner Engineering for Shipping Terminal Consulting6:15
 - B. Review Development Agreement (ORS 94) for Construction of Shipping Terminal6:20
 - C. Review Draft Financial Reports and Management Representation Letter for Annual Audit.....6:25
 - D. Rogue Lease Second Amendment.....6:30
- VIII. Departmental Reports
 - A. Director of Finance.....6:35
 - 1. South Beach Occupancy Report
 - B. Director of Operations6:40
 - 1. Safety Committee Meeting Minutes
 - C. General Manager6:45
 - 1. McLean Point Shipping Facility Power Point
 - 2. USCG Helo Update
 - 3. Deadliest Catch Film Crew
 - 4. PERS Employer Town Hall Meeting Itinerary
- IX. Commissioner Reports6:55
- X. Calendar/Future Considerations7:05
 - A. 11/20 Cape Perpetua Land-Sea Symposium
 - B. 11/26 Newport 4th Annual Turkey Trot
 - C. 11/26 – 11/27 Thanksgiving Holiday – Port Office Closed
 - D. 12/10 Port of Newport Holiday Party
 - E. 12/23 Regular Commission Meeting
 - F. 12/25 Christmas Day, Port Office Closed

XI. Public Comment 7:10
XII. Adjournment 7:13

Regular meetings are scheduled for the fourth Tuesday of every month at 6:00 p.m.

The Port 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.

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PORT OF NEWPORT MINUTES

October 27, 2015

Regular Commission Meeting

I. CALL TO ORDER

Commission President Walter Chuck called the Regular Commission Meeting of the Port of Newport Board of Commissioners to order at 6:10 pm at the South Beach Activities Room, 2120 SE Marine Science Drive, Newport, Oregon.

Commissioners Present: Walter Chuck (Pos. #1), President; David Jincks (Pos. #2), Secretary/Treasurer; and Stewart Lamerdin (Pos. #3). Ken Brown (Pos. #4), Vice President, and Patricia Patrick-Joling (Pos. #5) were excused.

Management and Staff: Kevin Greenwood, General Manager; Stephen Larrabee, Director of Finance; Rick Fuller, Director of Operations; and Karen Hewitt, Administrative Assistant.

Members of the Public and Media: Wayde Dudley; Barb Dudley; Jim Shaw; Pat Ruddiman, ILWU; Yale Fogarty, ILWU; Ralph Busby, Newport City Council; Derrick Tokos, City of Newport staff; Kiera Morgan, KYTE/KNPT; Lee Fries; Jon Conner, Samaritan Health Services; Dennis Anstine, Newport News-Times.

II. CHANGES TO THE AGENDA

There were no changes to the Agenda.

III. PUBLIC COMMENT

Barb Dudley said that on behalf of the U-Da-Man Fishing Derby committee she thanked the Port for their help with the event, which took place on a windy and rainy day. The event was successful with approximately 125 competitors.

Jim Shaw commented that he had wanted to see Greenwood at the Toledo Boat show this year but did not. Shaw hopes that next year Greenwood will participate with a boat constructed by his staff that won't sink. Jim Shaw expressed that Hal Pritchett was sorry he could not be at the meeting; he was in South Carolina. Shaw presented a framed photo to Fuller on behalf of the "Gentlemen's Club" as a congratulations on his promotion.

IV. CONSENT CALENDAR

- A. Minutes:
 - 1. Regular Commission Meeting 9/22/2015
 - 2. Special Commission Meeting 10/13/2015
- B. Financial Reports
- C. Special Use Permit – 4th Annual Newport Turkey Trot
- D. Consent for Partial Street Vacation from City of Newport/Samaritan Pacific Health Services (ORS 271.190)
- E. Res. No. 2015-16 Workers Compensation Coverage for Volunteers
- F. Award Contract for Dumpster Acquisition (\$29,100)

Jincks requested that Consent Calendar item E, Resolution 2015-16 Workers' Compensation Coverage for Volunteers be moved to the Director of Finance Report.

A motion was made by Jincks and seconded by Lamerdin to approve the revised Consent Calendar. The motion passed 3 – 0.

V. CORRESPONDENCE/PRESENTATIONS

Oregon/South Carolina Congressional Delegation re: USCG Air Facility

Greenwood presented the letter from Federal Delegates in Oregon and South Carolina regarding the U.S. Coast Guard air facilities, found in the packet.

VI. OLD BUSINESS

A. Items Removed from Consent Calendar

No additional items were removed from the Consent Calendar.

B. Accounts Paid

Jincks asked for more information on Check 37222 to the City of Newport for Land Use Estuary Review. Fuller advised that was related to the Port Dock 5 pile replacement. Jincks asked about Check 37297 for an amount in excess of \$5000. Greenwood said he would get further information and get back to the Commissioners next month. Lamerdin asked about NOAA Fund Check 12773 to Stay'n Power for Battery Replacement and if this would be an annual fee. Fuller explained that this was for SFO required battery replacement in 4 back-up cabinets for the APC UPS units. He added that this was a good, negotiated price, which paid for rebuilding the batteries rather than a more expensive replacement, and could be expected to be redone every five years.

A motion was made by Jincks and seconded by Lamerdin to approve the Accounts Paid. The motion passed 3 – 0.

VII. New Business

A. Letter of Support for Shipping Facility Connect Oregon VI Grant Application

Greenwood advised the Commissioners that the Port was seeking a \$4 million grant through ConnectOregon VI, and reviewed the staff report included in the packet. Greenwood added there is a workshop for this project scheduled for Thursday with Evan Hall, Ron Stillmaker, representatives from Teevin and the City of Newport, to which Chuck and Jincks are also invited. Greenwood shared the news that the Port was successful in receiving a \$2 million TIGER grant award. Jincks asked about the Port's budget for matching grant awards. Greenwood advised that the ConnectOregon \$6.5 million sought would require a 30% match, and the TIGER award would be eligible for that match.

A motion was made by Lamerdin and seconded by Jincks to authorize the Commission President to sign the Letter of Support and authorize the General Manager to sign the ConnectOregon VI grant application. The motion passed 3-0.

B. Res. 2015-07 Amending Classification and Compensation Plans

Greenwood introduced the resolution as part of the Port's ongoing updates to classification and compensation. Larrabee said, as Director of Finance, he was looking to raise the bar by hiring an accountant rather than a bookkeeper to fill the vacancy. He had researched WorkForce Oregon regarding a job description and salary. The suggested rate is lower than the state median, but would be appropriate for the Port's governmental status. The importance of this position was seen with the audit process. Currently, Larrabee's responsibilities as Director of Finance include Human Resources and Special Projects in addition to other duties. Having a full-cycle accountant on board would allow for long term development of a sustainable staff over time. This position would also encourage bookkeeping staff to get a college degree to perhaps move into this role. Jincks commented that he felt the Port was going in the right direction, but he wants management to give consideration to meeting the staffing needs at the lower end. The biggest costs to the Port is inadequate maintenance, so he cautioned against becoming top-heavy. Greenwood added that the Special Projects position was not being replaced, so this accounting position would give Larrabee needed technical support to be able to assume a role in Special Projects development. Greenwood recommended that the Commissioners adopt resolution 2015-17.

A motion was made by Jincks and seconded by Lamerdin to adopt Resolution 2015-17 Amending the Classification and Compensation Plan for Port Employees. The motion passed 3-0.

VIII. DEPARTMENTAL REPORTS

A. Director of Finance

Larrabee provided an audit update, saying the audit went well, with Brown and Chuck both in attendance. He expects a draft of the audit report the first week in November, and a final report by the next Regular Commission Meeting. Larrabee thanked staff for their hard work and a good relationship with the auditors. Chuck added he heard a good response from the auditors. Greenwood said staff will bring a draft of the finished statements to the Commission for input before the final documents are completed.

Res. No. 2015-16 Workers Compensation Coverage for Volunteers

Jincks said the Volunteer program was important, but there was no budget yet. Jincks would like to see a budget, and identify who would oversee and coordinate the program. Currently Rick Fuller is coordinating and this job is "below his paygrade." In Jincks' previous experience, volunteer programs did not work that weren't well planned. He would like to see the program further developed before it starts; he would like the Commissioners to be presented with a complete program. He would request the Workers' Compensation Insurance be capped for the volunteers. Fuller assured the Commissioners that the Port would proceed cautiously, and will develop bylaws, rules and organization for the volunteers. Greenwood suggested this program be added to goals setting, including how to use volunteers and leverage their help.

A motion was made by Jincks and seconded by Lamerdin to adopt Resolution 2015-16 Extending Workers' Compensation Coverage to Volunteers of PON. The motion passed 3-0.

B. Director of Operations

Fuller reviewed the Director of Operations Monthly Report with the Commissioners. Fuller said he was comfortable with Pete Zerr and Jim Durkee in their new positions, and they had both

completed relevant training. Durkee would be completing advanced training for the NOAA building automation system in December. Fuller was also working with the department heads of a matrix to separate service from maintenance & repairs to help identify and create crew goals. It is apparent that there is a need for more time devoted to maintenance and repairs.

Fuller said he had viewed the Teevin plans in preparation for Thursday's workshop. Traffic plans are not yet prepared and will be needed. In reference to the PD5/PD7 Pile replacement, Fuller added that staff will need to match money with what can be done. For the PON/CBT permanent foundations, the analysis of options will include comparing the temporary solution of foundations to moving the structures and getting another two year permit.

Fuller spoke to the Technical Memorandum for the Port of Newport NOAA Facilities Maintenance Dredging Minimization Study Analyses included in the Meeting Packet. Fuller referred to the recommendations beginning on page 14 of the Technical Memorandum. Options one and two would serve to buy time on the required maintenance, and would require working with the US Army Corps of Engineers. Option three, deflection plates, would restrict water flow creating a faster current and directing sedimentation into the flow lane. Option four, NOAA moving ships, was not practical. The ships were parked where they were for a reason. The other option could be a barge 6 feet or greater to create eddies moving up and down the wharf. Fuller said there is more to look at for an evaluation of these options. He will be meeting with the ACOE about a constant dredge channel line lower than the Ports so that it doesn't fall in. Greenwood added that NOAA was one of the reasons federal funds had been received. Jincks asked why excess dredging was needed. The bar and channel are the main concerns of the community and the fishing fleet; this is the Port's safety concern. NOAA was never considered deep draft. Fuller agreed that in conversations with ACOE the focus is always the bar and channel, other concerns are secondary. Jincks expressed concern how ACOE would agree to dredge at NOAA if tonnage had already been met.

C. General Manager

1. Rogue Presentation

Greenwood presented a power point slide showing the proposed Rogue footprint superimposed over the current status, indicating the overlap and loss of dry camping space, which is approximately 35,373 square feet. This square footage would be regained by patching over the boat launch and marrying the patch to existing dry camp area for a gain of approximately 35,000 square feet. (See slides attached to minutes.) Greenwood said he has spoken with Rogue; they would assume 51% of the costs of improvement, and the Port would assume 49%. The cost to the Port would be manifest as a reduction in rent from Rogue spread out over 3 – 5 years. Rogue would perform the work. Traffic flow and parking are under development. Jincks commented that it is important the Port does not have a net loss in the project. Land is a premium. Greenwood reminded the Commissioners that the Yaquina Bay Fruit Processors' lease is expiring so that income will be lost. Port Operations will look out for Port of Newport's interests in this project. Jincks added that he is still not happy with the loss of the view from Ferry Slip Rd., but this may not be as important to the other Commissioners. Lamerdin also expressed concern about access for kayakers. Greenwood said they would still work on landscaping and murals, and there will be additional materials presented to the Commissioners in November or December.

2. Insurance Renewal – Best Practices

Greenwood presented the completed Best Practices Checklist to the Commissioners for their review and approval. There was a consensus to move forward with submitting the checklist.

3. Goal Setting

Greenwood introduced the goal setting report as much leaner than the Vision Plan previously presented. He reviewed the proposed process, to which the Commissioners responded favorably. Greenwood will send out an email to set a date with the Commissioners for the Goal Setting Session.

4. Annual Performance Evaluation

Greenwood referred to Resolution 2014-15 included in the Meeting Packet which laid out the process for the General Manager's performance evaluation. This process will start in January.

5. PNWA Conference, Oct. 7-9

Greenwood said the conference was a good networking opportunity, as well as a chance to speak with agency representative. The U.S Coast Guard did not provide any additional information about the proposed home port for fast response cutters. The current representative from Shrader's office is moving to Clacamus, and Greenwood has met her replacement.

Jincks stated that Commission has not yet supported the Coast Guard home port in Newport, and there is still a lack of information in order to make a decision. He is concerned that Homeland Security may just declare Newport the home port. Jincks also is concerned about their interaction with NOAA, which he hope doesn't continue and doesn't affect our NOAA lease. Lamerdin agreed support could not be provided without more information. Greenwood advised that at this point the Port is just getting "a seat at the table."

IX. COMMISSIONER REPORTS

Chuck reported he had attended the OSU Board of Trustees retreat on October 15, 2015.

X. CALENDAR/FUTURE CONSIDERATIONS

- A. 11/11 Veterans' Day – Port Office Closed
- B. 11/13 Fishermen's Appreciation Day
- C. 11/17 Regular Commission Meeting (rescheduled)
- D. 11/26 Newport 4th Annual Turkey Trot
- E. 11/26 – 11/27 Thanksgiving Holiday – Port Office Closed

There were no changes to the Calendar/Future Considerations.

XI. PUBLIC COMMENT

Fogarty commented on the dredging issue. When shipping starts, there will be more demands on available dollars. The bar is the first priority for ships; they cannot rely on tides. Skimming from ACOE for NOAA dredging cannot work long term. Fogarty also addressed Workers' Compensation insurance. Based on his experience as a volunteer firefighter, the mentioned low premium of \$350.00 is a concern because volunteers are rated on an "assumed wage," which is typically minimum wage. The volunteers need to know what coverage is provided. He suggested calling Chief Murphy at the Volunteer Fire Department about the additional coverage provided based on paid firefighters' wages.

XII. ADJOURNMENT

Having no further business, the meeting adjourned at 7:37 pm.

ATTESTED:

Walter Chuck, President

David Jincks, Secretary / Treasurer

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DIRECTOR OF FINANCE MONTHLY REPORT

DATE: 11/17/2015
PERIOD: November Board Meeting
TO: Port of Newport Commissioners
ISSUED BY: Stephen J. Larrabee

OVERVIEW

Financials:

October year to date financials are attached.

Finance Operations:

The draft audit has been provided to Port staff and is included in the report.

The Port intends to increase the Live-Aboard Fee from \$48.41 to \$48.50 for the first person and from \$41.97 to \$42.00 for each additional person.

**Port of Newport Operating Fund
 Balance Sheet
 As of October 31, 2015**

	Oct 31, 15	Oct 31, 14	\$ Change
ASSETS			
Current Assets			
Checking/Savings			
Available Cash & Equivalents	1,561,591.54	1,212,628.10	348,963.44
Restricted Cash & Equivalents	420,455.72	455,266.69	-34,810.97
Total Checking/Savings	1,982,047.26	1,667,894.79	314,152.47
Accounts Receivable			
Accounts Receivable	55,243.35	224,595.83	-169,352.48
Total Accounts Receivable	55,243.35	224,595.83	-169,352.48
Other Current Assets			
Allow for Bad Debt - CM	-10,000.00	-10,000.00	0.00
Allow for Bad Debt - SB	-4,000.00	-4,000.00	0.00
AR Property Tax	10,334.60	10,334.60	0.00
Assets Held For Sale	0.00	4,332.10	-4,332.10
Cash Clearing	0.00	2,466.80	-2,466.80
Due from other Port Funds	59,445.78	37,432.15	22,013.63
Prepaid Expenses	98,871.76	107,738.27	-8,866.51
Total Other Current Assets	154,652.14	148,303.92	6,348.22
Total Current Assets	2,191,942.75	2,040,794.54	151,148.21
Fixed Assets			
Capital Assets			
Total Fixed Assets	88,077,059.77	88,077,059.77	0.00
TOTAL ASSETS	90,269,002.52	90,117,854.31	151,148.21
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
Accounts Payable	34,358.27	108,588.85	-74,230.58
Total Accounts Payable	34,358.27	108,588.85	-74,230.58
Other Current Liabilities			
Accrued Interest Payable	12,369.00	12,369.00	0.00
Deferred Revenue	190.95	1,350.00	-1,159.05
Due to other Port Funds	0.00	115,396.40	-115,396.40
Payroll Liability	30,804.92	27,312.54	3,492.38
Total Other Current Liabilities	43,364.87	156,427.94	-113,063.07
Total Current Liabilities	77,723.14	265,016.79	-187,293.65
Long Term Liabilities			
2013 FF&C Bond Premium	118,665.75	118,665.75	0.00
Long Term Debt	8,763,781.74	8,763,781.74	0.00
Total Long Term Liabilities	8,882,447.49	8,882,447.49	0.00
Total Liabilities	8,960,170.63	9,147,464.28	-187,293.65
Equity			
Contributed Capital	7,130,788.00	7,130,788.00	0.00
Fund Balance	-5,664,476.69	-6,166,639.67	502,162.98
Opening Balance Equity	79,446,413.75	79,446,413.75	0.00
Net Income	396,108.84	559,827.95	-163,719.11
Total Equity	81,308,833.90	80,970,390.03	338,443.87
TOTAL LIABILITIES & EQUITY	90,269,004.53	90,117,854.31	151,150.22

**Port of Newport Operating Fund
 Profit & Loss Budget vs. Actual
 July through October 2015**

	<u>Jul - Oct 15</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
Lease Revenues	211,417.61	608,051.00	-396,633.39	34.8%
Shipping Terminal Revenues	4,349.00	15,900.00	-11,551.00	27.4%
Hoist Dock & Services	117,824.34	410,200.00	-292,375.66	28.7%
Moorage	406,634.76	1,081,000.00	-674,365.24	37.6%
Launch Ramp & Trailer Storage	34,486.50	62,000.00	-27,513.50	55.6%
Miscellaneous Revenue	34,051.51	37,200.00	-3,148.49	91.5%
RV Parks	467,215.89	655,000.00	-187,784.11	71.3%
Total Income	<u>1,275,979.61</u>	<u>2,869,351.00</u>	<u>-1,593,371.39</u>	<u>44.5%</u>
Gross Profit	1,275,979.61	2,869,351.00	-1,593,371.39	44.5%
Expense				
Personal Services	314,487.87	1,147,035.00	-832,547.13	27.4%
Materials & Services	392,641.02	1,524,407.00	-1,131,765.98	25.8%
Debt Services	71,379.34	637,033.00	-565,653.66	11.2%
Total Expense	<u>778,508.23</u>	<u>3,308,475.00</u>	<u>-2,529,966.77</u>	<u>23.5%</u>
Net Ordinary Income	497,471.38	-439,124.00	936,595.38	-113.3%
Other Income/Expense				
Other Income				
Property Tax Revenue	1,476.15	92,350.00	-90,873.85	1.6%
Gain/(Loss) on Sale of Assets	20.00			
Grant & Loan Proceeds	0.00	183,000.00	-183,000.00	0.0%
Interest Income	1,472.96	2,500.00	-1,027.04	58.9%
Miscellaneous	480.35			
Property & Dredge Sales	498.00			
Total Other Income	<u>3,947.46</u>	<u>277,850.00</u>	<u>-273,902.54</u>	<u>1.4%</u>
Other Expense				
Contingency	0.00	200,000.00	-200,000.00	0.0%
Capital Outlay	5,310.00	215,000.00	-209,690.00	2.5%
Transfers Out	100,000.00	100,000.00	0.00	100.0%
Total Other Expense	<u>105,310.00</u>	<u>515,000.00</u>	<u>-409,690.00</u>	<u>20.4%</u>
Net Other Income	-101,362.54	-237,150.00	135,787.46	42.7%
Net Income	<u><u>396,108.84</u></u>	<u><u>-676,274.00</u></u>	<u><u>1,072,382.84</u></u>	<u><u>-58.6%</u></u>

Port of Newport Operating Fund
Profit & Loss Budget vs. Actual - Admin
 July through October 2015

	<u>Jul - Oct 15</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
Lease Revenues	211,417.61	608,051.00	-396,633.39	34.8%
Hoist Dock & Services	1,000.00			
Moorage	696.00			
Miscellaneous Revenue	1,163.07	0.00	1,163.07	100.0%
Total Income	<u>214,276.68</u>	<u>608,051.00</u>	<u>-393,774.32</u>	<u>35.2%</u>
Gross Profit	214,276.68	608,051.00	-393,774.32	35.2%
Expense				
Personal Services	131,928.77	474,879.00	-342,950.23	27.8%
Materials & Services	110,741.65	532,650.00	-421,908.35	20.8%
Debt Services	4,463.00	17,851.00	-13,388.00	25.0%
Total Expense	<u>247,133.42</u>	<u>1,025,380.00</u>	<u>-778,246.58</u>	<u>24.1%</u>
Net Ordinary Income	-32,856.74	-417,329.00	384,472.26	7.9%
Other Income/Expense				
Other Income				
Property Tax Revenue	1,476.15	92,350.00	-90,873.85	1.6%
Gain/(Loss) on Sale of Assets	20.00			
Grant & Loan Proceeds	0.00	183,000.00	-183,000.00	0.0%
Interest Income	1,472.96	2,500.00	-1,027.04	58.9%
Total Other Income	<u>2,969.11</u>	<u>277,850.00</u>	<u>-274,880.89</u>	<u>1.1%</u>
Other Expense				
Contingency	0.00	200,000.00	-200,000.00	0.0%
Capital Outlay	0.00	15,000.00	-15,000.00	0.0%
Transfers Out	100,000.00	100,000.00	0.00	100.0%
Total Other Expense	<u>100,000.00</u>	<u>315,000.00</u>	<u>-215,000.00</u>	<u>31.7%</u>
Net Other Income	-97,030.89	-37,150.00	-59,880.89	261.2%
Net Income	<u><u>-129,887.63</u></u>	<u><u>-454,479.00</u></u>	<u><u>324,591.37</u></u>	<u><u>28.6%</u></u>

**Port of Newport Operating Fund
 Profit & Loss Budget vs. Actual - NIT
 July through October 2015**

	<u>Jul - Oct 15</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
Shipping Terminal Revenues	4,215.80	14,500.00	-10,284.20	29.1%
Hoist Dock & Services	50,051.92	147,000.00	-96,948.08	34.0%
Moorage	18,344.80	70,000.00	-51,655.20	26.2%
Miscellaneous Revenue	1,571.65			
Total Income	<u>74,184.17</u>	<u>231,500.00</u>	<u>-157,315.83</u>	<u>32.0%</u>
Gross Profit	74,184.17	231,500.00	-157,315.83	32.0%
Expense				
Personal Services	13,245.20	63,101.00	-49,855.80	21.0%
Materials & Services	27,151.14	104,650.00	-77,498.86	25.9%
Debt Services	62,741.24	441,403.00	-378,661.76	14.2%
Total Expense	<u>103,137.58</u>	<u>609,154.00</u>	<u>-506,016.42</u>	<u>16.9%</u>
Net Ordinary Income	<u>-28,953.41</u>	<u>-377,654.00</u>	<u>348,700.59</u>	<u>7.7%</u>
Net Income	<u><u>-28,953.41</u></u>	<u><u>-377,654.00</u></u>	<u><u>348,700.59</u></u>	<u><u>7.7%</u></u>

**Port of Newport Operating Fund
 Profit & Loss Budget vs. Actual - SB
 July through October 2015**

	<u>Jul - Oct 15</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
Hoist Dock & Services	6,929.14	6,000.00	929.14	115.5%
Moorage	250,693.93	611,000.00	-360,306.07	41.0%
Launch Ramp & Trailer Storage	34,459.10	62,000.00	-27,540.90	55.6%
Miscellaneous Revenue	28,218.46	33,200.00	-4,981.54	85.0%
RV Parks	467,215.89	655,000.00	-187,784.11	71.3%
Total Income	<u>787,516.52</u>	<u>1,367,200.00</u>	<u>-579,683.48</u>	<u>57.6%</u>
Gross Profit	787,516.52	1,367,200.00	-579,683.48	57.6%
Expense				
Personal Services	97,977.82	330,689.00	-232,711.18	29.6%
Materials & Services	187,538.39	587,507.00	-399,968.61	31.9%
Debt Services	0.00	170,823.00	-170,823.00	0.0%
Total Expense	<u>285,516.21</u>	<u>1,089,019.00</u>	<u>-803,502.79</u>	<u>26.2%</u>
Net Ordinary Income	502,000.31	278,181.00	223,819.31	180.5%
Other Income/Expense				
Other Income				
Miscellaneous	300.00			
Property & Dredge Sales	498.00			
Total Other Income	<u>798.00</u>			
Net Other Income	798.00			
Net Income	<u><u>502,798.31</u></u>	<u><u>278,181.00</u></u>	<u><u>224,617.31</u></u>	<u><u>180.7%</u></u>

Port of Newport Operating Fund
Profit & Loss Budget vs. Actual - CM
 July through October 2015

	<u>Jul - Oct 15</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
Shipping Terminal Revenues	133.20	1,400.00	-1,266.80	9.5%
Hoist Dock & Services	59,843.28	257,200.00	-197,356.72	23.3%
Moorage	136,900.03	400,000.00	-263,099.97	34.2%
Launch Ramp & Trailer Storage	27.40			
Miscellaneous Revenue	3,093.33	4,000.00	-906.67	77.3%
Total Income	<u>199,997.24</u>	<u>662,600.00</u>	<u>-462,602.76</u>	<u>30.2%</u>
Gross Profit	199,997.24	662,600.00	-462,602.76	30.2%
Expense				
Personal Services	71,336.08	278,366.00	-207,029.92	25.6%
Materials & Services	67,209.84	299,600.00	-232,390.16	22.4%
Debt Services	4,175.10	6,956.00	-2,780.90	60.0%
Total Expense	<u>142,721.02</u>	<u>584,922.00</u>	<u>-442,200.98</u>	<u>24.4%</u>
Net Ordinary Income	57,276.22	77,678.00	-20,401.78	73.7%
Other Income/Expense				
Other Income				
Miscellaneous	150.00			
Total Other Income	<u>150.00</u>			
Other Expense				
Capital Outlay	5,310.00	200,000.00	-194,690.00	2.7%
Total Other Expense	<u>5,310.00</u>	<u>200,000.00</u>	<u>-194,690.00</u>	<u>2.7%</u>
Net Other Income	<u>-5,160.00</u>	<u>-200,000.00</u>	<u>194,840.00</u>	<u>2.6%</u>
Net Income	<u><u>52,116.22</u></u>	<u><u>-122,322.00</u></u>	<u><u>174,438.22</u></u>	<u><u>-42.6%</u></u>

**Port of Newport - NOAA Fund
Balance Sheet
As of October 31, 2015**

	<u>Oct 31, 15</u>	<u>Oct 31, 14</u>	<u>\$ Change</u>
ASSETS			
Current Assets			
Checking/Savings			
Cash & Equivalents	4,888,610.64	4,877,583.62	11,027.02
Total Checking/Savings	<u>4,888,610.64</u>	<u>4,877,583.62</u>	<u>11,027.02</u>
Other Current Assets			
Prepaid Expenses	3,370.43	25,599.77	-22,229.34
Total Other Current Assets	<u>3,370.43</u>	<u>25,599.77</u>	<u>-22,229.34</u>
Total Current Assets	<u>4,891,981.07</u>	<u>4,903,183.39</u>	<u>-11,202.32</u>
TOTAL ASSETS	<u><u>4,891,981.07</u></u>	<u><u>4,903,183.39</u></u>	<u><u>-11,202.32</u></u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
Accounts Payable	487.62	5,306.09	-4,818.47
Total Accounts Payable	<u>487.62</u>	<u>5,306.09</u>	<u>-4,818.47</u>
Other Current Liabilities			
Vacation Payable	3,902.00	2,021.00	1,881.00
Due to Operations or Const Fund	9,425.66	8,503.47	922.19
Accrued Interest Payable	499,410.00	499,410.00	0.00
Total Other Current Liabilities	<u>512,737.66</u>	<u>509,934.47</u>	<u>2,803.19</u>
Total Current Liabilities	<u>513,225.28</u>	<u>515,240.56</u>	<u>-2,015.28</u>
Long Term Liabilities			
Long-Term Debt	22,357,424.00	22,357,424.00	0.00
Total Long Term Liabilities	<u>22,357,424.00</u>	<u>22,357,424.00</u>	<u>0.00</u>
Total Liabilities	<u>22,870,649.28</u>	<u>22,872,664.56</u>	<u>-2,015.28</u>
Equity			
Opening Balance Equity	-17,758,143.71	-17,758,143.71	0.00
Unrestricted Net Assets	517,765.26	503,621.26	14,144.00
Net Income	-738,289.76	-714,958.72	-23,331.04
Total Equity	<u>-17,978,668.21</u>	<u>-17,969,481.17</u>	<u>-9,187.04</u>
TOTAL LIABILITIES & EQUITY	<u><u>4,891,981.07</u></u>	<u><u>4,903,183.39</u></u>	<u><u>-11,202.32</u></u>

11:41 AM
 11/12/15
 Accrual Basis

**Port of Newport - NOAA Fund
 Profit & Loss Budget vs. Actual
 July through October 2015**

	<u>Jul - Oct 15</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
Lease Income	847,046.04	2,542,000.00	-1,694,953.96	33.3%
Interest Income	3,164.59	10,500.00	-7,335.41	30.1%
Misc Income	303.34			
Total Income	<u>850,513.97</u>	<u>2,552,500.00</u>	<u>-1,701,986.03</u>	<u>33.3%</u>
Expense				
Personal Services	42,333.80	109,660.00	-67,326.20	38.6%
Materials & Service	119,403.05	605,120.00	-485,716.95	19.7%
Debt Service	1,427,066.88	1,999,434.00	-572,367.12	71.4%
Total Expense	<u>1,588,803.73</u>	<u>2,714,214.00</u>	<u>-1,125,410.27</u>	<u>58.5%</u>
Net Ordinary Income	<u>-738,289.76</u>	<u>-161,714.00</u>	<u>-576,575.76</u>	<u>456.5%</u>
Other Income/Expense				
Other Expense				
Capital Outlay	0.00	56,000.00	-56,000.00	0.0%
Fund Transfers Out	0.00	500,000.00	-500,000.00	0.0%
Contingency	0.00	100,000.00	-100,000.00	0.0%
Total Other Expense	<u>0.00</u>	<u>656,000.00</u>	<u>-656,000.00</u>	<u>0.0%</u>
Net Other Income	<u>0.00</u>	<u>-656,000.00</u>	<u>656,000.00</u>	<u>0.0%</u>
Net Income	<u><u>-738,289.76</u></u>	<u><u>-817,714.00</u></u>	<u><u>79,424.24</u></u>	<u><u>90.3%</u></u>

Facility Maintenance Reserve Fund
Balance Sheet
 As of October 31, 2015

	<u>Oct 31, 15</u>	<u>Oct 31, 14</u>	<u>\$ Change</u>
ASSETS			
Current Assets			
Checking/Savings			
Umpqua Bank - Money Market	148,399.12	166,635.26	-18,236.14
Total Checking/Savings	<u>148,399.12</u>	<u>166,635.26</u>	<u>-18,236.14</u>
Total Current Assets	<u>148,399.12</u>	<u>166,635.26</u>	<u>-18,236.14</u>
TOTAL ASSETS	<u><u>148,399.12</u></u>	<u><u>166,635.26</u></u>	<u><u>-18,236.14</u></u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
Accounts Payable	50,727.39	15,234.35	35,493.04
Total Accounts Payable	<u>50,727.39</u>	<u>15,234.35</u>	<u>35,493.04</u>
Total Current Liabilities	<u>50,727.39</u>	<u>15,234.35</u>	<u>35,493.04</u>
Total Liabilities	<u>50,727.39</u>	<u>15,234.35</u>	<u>35,493.04</u>
Equity			
Fund Balance	48,378.36	166,595.95	-118,217.59
Net Income	<u>49,293.37</u>	<u>-15,195.04</u>	<u>64,488.41</u>
Total Equity	<u>97,671.73</u>	<u>151,400.91</u>	<u>-53,729.18</u>
TOTAL LIABILITIES & EQUITY	<u><u>148,399.12</u></u>	<u><u>166,635.26</u></u>	<u><u>-18,236.14</u></u>

**Construction Fund - Port of Newport
 Balance Sheet
 As of October 31, 2015**

	<u>Oct 31, 15</u>	<u>Oct 31, 14</u>	<u>\$ Change</u>
ASSETS			
Current Assets			
Checking/Savings			
Construction Fund Bank Accts	164,441.74	654,187.68	-489,745.94
Total Checking/Savings	<u>164,441.74</u>	<u>654,187.68</u>	<u>-489,745.94</u>
Total Current Assets	<u>164,441.74</u>	<u>654,187.68</u>	<u>-489,745.94</u>
TOTAL ASSETS	<u><u>164,441.74</u></u>	<u><u>654,187.68</u></u>	<u><u>-489,745.94</u></u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
A/P - Construction	0.00	4,289.88	-4,289.88
Total Accounts Payable	<u>0.00</u>	<u>4,289.88</u>	<u>-4,289.88</u>
Total Current Liabilities	<u>0.00</u>	<u>4,289.88</u>	<u>-4,289.88</u>
Total Liabilities	<u>0.00</u>	<u>4,289.88</u>	<u>-4,289.88</u>
Equity			
Fund Balance	183,266.66	750,803.54	-567,536.88
Net Income	-18,824.92	-100,905.74	82,080.82
Total Equity	<u>164,441.74</u>	<u>649,897.80</u>	<u>-485,456.06</u>
TOTAL LIABILITIES & EQUITY	<u><u>164,441.74</u></u>	<u><u>654,187.68</u></u>	<u><u>-489,745.94</u></u>

Bonded Debt Fund - Port of Newport
Balance Sheet
 As of October 31, 2015

	<u>Oct 31, 15</u>	<u>Oct 31, 14</u>	<u>\$ Change</u>
ASSETS			
Current Assets			
Checking/Savings			
Gen Obligation Bond MM-OCB	101,955.95	55,252.33	46,703.62
Total Checking/Savings	<u>101,955.95</u>	<u>55,252.33</u>	<u>46,703.62</u>
Accounts Receivable			
Due from General Operating Fund	0.00	115,288.07	-115,288.07
Total Accounts Receivable	<u>0.00</u>	<u>115,288.07</u>	<u>-115,288.07</u>
Other Current Assets			
Undeposited Funds	0.00	4,273.61	-4,273.61
Property Tax Receivable	76,845.12	76,845.12	0.00
Total Other Current Assets	<u>76,845.12</u>	<u>81,118.73</u>	<u>-4,273.61</u>
Total Current Assets	<u>178,801.07</u>	<u>251,659.13</u>	<u>-72,858.06</u>
Other Assets			
Bond Issue costs, net of amort.	91,334.00	91,334.00	0.00
Total Other Assets	<u>91,334.00</u>	<u>91,334.00</u>	<u>0.00</u>
TOTAL ASSETS	<u><u>270,135.07</u></u>	<u><u>342,993.13</u></u>	<u><u>-72,858.06</u></u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Other Current Liabilities			
Bonds Payable - Current	10,000.00	285,000.00	-275,000.00
Total Other Current Liabilities	<u>10,000.00</u>	<u>285,000.00</u>	<u>-275,000.00</u>
Total Current Liabilities	<u>10,000.00</u>	<u>285,000.00</u>	<u>-275,000.00</u>
Long Term Liabilities			
Less Current Portion LTD	-285,000.00	-285,000.00	0.00
2007 Series Bonds	4,312,682.00	4,312,682.00	0.00
2008 Series Bonds	4,414,908.00	4,414,908.00	0.00
2011 Series Bonds	5,269,811.00	5,269,811.00	0.00
Total Long Term Liabilities	<u>13,712,401.00</u>	<u>13,712,401.00</u>	<u>0.00</u>
Total Liabilities	<u>13,722,401.00</u>	<u>13,997,401.00</u>	<u>-275,000.00</u>
Equity			
Bonded Debt Fund Balance	1,464,547.00	1,189,547.00	275,000.00
Retained Earnings	226,913.11	181,354.05	45,559.06
Opening Balance Equity	-15,156,375.83	-15,156,375.83	0.00
Net Income	12,649.79	131,066.91	-118,417.12
Total Equity	<u>-13,452,265.93</u>	<u>-13,654,407.87</u>	<u>202,141.94</u>
TOTAL LIABILITIES & EQUITY	<u><u>270,135.07</u></u>	<u><u>342,993.13</u></u>	<u><u>-72,858.06</u></u>

LEASE AGREEMENT

THIS AGREEMENT, entered into on this 1st day of January 2016, by and between the Port of Newport, hereinafter referred to as the Lessor, and Leslie Lee, Inc., hereinafter referred to as the Lessee.

WITNESSETH: That the said Lessor in consideration of the covenants herein mentioned, does hereby lease unto the said Lessee or administrators, for a period of one (1) year according to the conditions and provisions below, from January 1, 2016, to and including December 31, 2016, the following described premises, to-wit:

One portioned storage area, 1,440 square feet, marked area C on the attached floor plan, at a rate of .34 per square foot. The Lessee shall have the option to renew this agreement annually, and renewal shall be automatic for as long as Lessee is not delinquent in rent. The Lessee is responsible for the electric and trash utility and for applicable Lincoln County property tax estimated at \$66.00 per month or \$792 per year on the leased premises, which is included in the above lease rate.

The said Lessee does hereby promise and agree to pay said Lessor therefore the rent following, to wit:

Lease rate: \$524.91 (\$514.62 + CPI Portland of 2.0%) per month payable on the first business day of the month. The rent will be adjusted based on the Consumer Price Index (CPI), Portland index, with an annual minimum of 2% but not to exceed 3%.

Trash utility: Lessee's responsibility.

Electric utility: Lessor provides meter base; Lessee's responsibility to contact local server.

Taxes: Lessor will pay annual tax when due. A copy of the actual tax statement will be provided to lessee annually by the Lincoln County Assessor's office.

The lessee agrees to keep the premises clean and orderly, to allow no accumulation of gear or debris to be left or stored in the alleyway between or adjacent to the buildings, and to return said premises at the expiration of said time in as good order and condition as they are now in, reasonable wear and tear, fire and unavoidable casualties excepted.

Any holding over by the Lessee after the expiration of the term of this lease, or any extension thereof, shall be as a tenancy from month to month and not otherwise.

IN WITNESS WHEREOF, said parties have executed this agreement in duplicate.

Kevin Greenwood, General Manager
For Port of Newport, Lessor

Date

Lee Woodward
For Leslie Lee, Inc., Lessee

Date



LEASE AGREEMENT NO: 001248R

CUSTOMER NUMBER: 63-PORTNP

CUSTOMER PO/REF. NUMBER: _____

RETURN EQUIPMENT TO DSMBI:

29336 Airport Road
Eugene, OR. 97402
Phone: 541-461-9122

Equipment Located At	Contact	Phone Number
Port of Newport 600 SE Bay Blvd Newport, OR 97365	Don Mann <u>Portman@portofnewport.com</u> Kevin Greenwood Kgreenwood@portofnewport.com	541-270-3126 541-265-7758
County: Lincoln		

DESIGN SPACE MODULAR BUILDINGS, INC. (DSMBI) hereby leases the equipment specified below (the "Equipment") to:

Lessee Name (Customer) & Address
Port of Newport 600 SE Bay Blvd Newport, OR 97365 Billing Contact: Accounts Payable Ph:

Customer hereby leases Equipment from DSMBI for a minimum period of 24 months (the "Minimum Lease Period") from the start of the lease term in accordance with the terms and conditions of this Lease Agreement including the terms and conditions set forth on the attached page (this "Lease"). Rental month is defined as a thirty-day period. Customer agrees to pay DSMBI without demand and in advance the monthly rental and other charges on the due dates set forth in this Lease. The anticipated delivery date for the Equipment, subject to Section 3(c) on the attached page, will be on or about the 18th of November, 2015

Unit No.	Serial No.	Width	Length	Monthly	Weekly	Daily	Insurance Value
3086/3087	OS1260-2DS05 13630 OS1260 DS05 13631	24	60	877.00	292.33	58.46	87500.00

ONE TIME CHARGES	AMOUNT	MONTHLY CHARGES	AMOUNT
Billed At Time Of Delivery		24X60	877.00
• DELIVERY	1,066.00	(2) STEPS	INC
• PILOT CARS	437.00		
• BLOCK AND LEVEL/SET-UP	2,062.00		
• ANCHORS	1,800.00		
• SKIRTING	2,520.00		
• MODIFICATIONS	985.00		
Billed At Time Of Return			
• RETURN DELIVERY	1,066.00		
• PILOT CARS ON RETURN	437.00		
• KNOCKDOWN	2,062.00		
• ANCHOR REMOVAL	1,080.00		
• SKIRTING REMOVAL	600.00		
• MODIFICATION REMOVAL	450.00		
		TOTAL MONTHLY (Excl Tax)	\$877.00
		DOH/DMV/PPT Tax	EXEMPT

*** Billed at current rate at Termination

Advance Payments	Description of Charges / Payment to be Applied	Amount
Applied to 1 st Invoice(s)		
Applied to Final Invoice(s)		

****Modifications include installing a 46"x39" slider window with shelf and installing a privacy partition in front of restrooms**** Delivery/return rates include (0) pilot cars rates may vary based on O.D.O.T. &/or W.A.D.O.T. routing/requirements. Pilot cars may be needed on delivery or on return and are based upon ODOT county requirements, and city requirements. Pilot cars will be billed out in addition to the delivery fee should they be used. It is drivers discretion should a pilot car be required whether or not they actually use one on either delivery or return and will be billed out accordingly, Wait time accrues after the first initial 15 minutes after arriving at site and is billed at 105.00/per hour. Site is unseen by DSMBI. Customer will provide firm and level ground on no more than six-inch (6") slope from on end to the other for safe and unobstructed installation for the Equipment. A 6"-12" difference will incur a double blocking/teardown charge. 12"-18" will incur triple the blocking/teardown charge. 18"-24" will be four times the blocking/teardown charge. Any site where the equipment will require materials 24" and above will be quoted separately on a per job basis. Should the site change from its original condition from when equipment was delivered, additional removal charges may apply. Should the tongue or axles need to be removed due to the unlevel site additional charge will accrue on both install and removal for said item. Should said equipment need to be slid in order to get into or out of place, sliding charges will accrue at 135.00 for the first 20ft, 10.00 per foot thereafter. Should a unit need to be rolled into place a minimum charge of 275.00 for the first 20 feet will accrue then an additional 15.00 per foot thereafter. Should unit need to be set at same height as another piece of equipment or to a specific height other than the standard height an extra charge of 6.00 per foot over the length of the equipment will apply. Site election is the sole responsibility of Customer. Site is unseen by DSMBI. Security Package includes; interior window bars & deadbolts quoted price does not include purchase. No agent, employee, or representative of DSMBI has any authority to make any representation or warranty concerning the Equipment that is not specifically included in this Lease. Unless specifically identified in this Lease, this Lease supersedes all prior negotiations, proposals and documents. This Lease will not be subject to any additional provision that may be contained in the Customer's purchase order, although the arties may use Customer's purchase order number as a convenient reference for invoicing purposes. Steps not returned are billed at \$650.00/each. Keys not returned are billed at \$65.00/each signed by duly authorized agents, with the intent to be legally bound, this 9th day of November 2015

By: _____
DESIGN SPACE MODULAR BUILDINGS INC.

By: _____
CUSTOMER OR AUTHORIZED AGENT

Name: Dawn Callahan
BRANCH SALES MANAGER

Name: _____
(Please print)

PORT OF NEWPORT SPECIAL USE PERMIT

This permit, effective November 15, 2015, from the Port of Newport, organized and existing under the laws of the State of Oregon, hereinafter referred to as "Port" to Original Productions, LLC, hereinafter referred to as "Permittee",

The Port hereby grants permission to Permittee to use Port Facilities as per the terms of the Location Release, Exhibit A, attached. Use of designated area by Permittee is for "Deadiest Catch: Hell's Dungeon."

Permit is subject to the rules, regulations, and ordinances of the Port of Newport and subject to the following terms and conditions:

1. Deposit. A nonrefundable deposit in the amount of \$100.00.
2. Fees. \$400.00 Permit Fee. Additional Moorage and Service fees may apply.
3. Reservation of Rights. Port reserves the right to alter or amend the terms and conditions of this permit.
4. Liability, indemnity of Port. Permittee agrees to exercise due care in the activities described above and to abide by all Port rules, regulations, and ordinances. Permittee shall indemnify and hold Port harmless from and against all claims, actions, proceedings, damages, and liabilities, including attorney fees, arising from or connected with Permittee's use of Port facilities. Permittee will carry a comprehensive general liability insurance policy with limits of \$1,000,000.00 per occurrence and \$2,000,000.00 in aggregate, and will provide the Port with a Certificate of Insurance naming the Port as an additional insured.
5. Limitation of Port's Liability. Permittee acknowledges that Permittee has inspected the grounds and related facilities and is satisfied that these facilities are adequate for safe use for the above-described purpose. This permit is not a contract. Port's liability is limited to its sole negligence. Port's employees will make reasonable efforts to contact Permittee and notify Permittee of conditions requiring Permittee's attention, but Port assumes no responsibility of Permittee's use of the Port's facilities. Permittee confirms and assures that there are not alcoholic beverages used or provided during this event and that certified and trained emergency response providers are on site.
6. Nontransferability / Term. This permit is nontransferable. This permit expires January 15, 2015.

IN WITNESS WHEREOF, the Port has caused this permit to be issued on the date indicate above.

Port of Newport:

Accepted By:

Kevin Greenwood, General Manager
Port of Newport

Ernie Avila, EVP, Business Affairs
Original Productions, LLC

Original Productions

Location Release

(Name of Location) _____ (Phone) _____

(Address) _____ (the "Property")

_____ ("Owner") hereby grant to Original Productions, LLC ("Producer") and its respective parents, subsidiaries and affiliates, licensees, successors and assigns, for good and valuable consideration, including the opportunity for publicity, receipt of which is hereby acknowledged, permission to enter upon and use the Property and the contents thereof, including all logos, signage, artwork, sculptures, still photography, other visual aspects, and the appurtenances thereto located at the Property (hereinafter "Owner Materials"), for the purpose of photographing and recording certain scenes in connection with a program currently entitled, "Dungeness Crab" (the "Program") and in any related or derivative versions or uses of the Program and/or otherwise, for Discovery Communications, Inc. and/or any other network airing the Program ("Network"), during the production thereof, and as necessary during any extension, reshooting or preparation of publicity, distribution, sale, licensing, marketing, advertising, promotion, exhibition, and other exploitation of the Program in all markets and media (whether now known or hereafter developed), throughout the universe in perpetuity. All physical embodiments of filming, recording and photography on the Property shall hereinafter be known as the "Materials". Owner hereby warrants that Owner is granting said permission to use Property gratis.

Producer may place all necessary facilities and equipment on the Property and agree to remove same after completion of work and leave the Property in as good of condition as when received. Producer will use reasonable care to prevent damage to said Property, and will indemnify the Owner and all other parties lawfully in possession of said Property, and hold each of them harmless from any claims and demands of any person or persons arising out of or based upon personal injuries, death or property damage suffered by such person or persons resulting directly from any act of negligence on Producer's part in connection with Producer's use of the Property.

Owner grants to Producer all rights of every kind in and to the Materials including without limitation the right to exploit the Materials throughout the world, an unlimited number of times, in perpetuity in any and all media, now known or hereafter invented, and in connection with the Program (including, without limitation, all re-airings, specials, compilations, clip shows, flashbacks, etc. featuring the Materials), or otherwise and for advertising and promotional purposes in connection therewith and all rights, including copyright in the Materials shall be and remain vested in Producer, and neither the Owner, nor any tenant, nor other party now or hereafter having an interest in the Property, shall have any right of action against Producer, Network or any other party arising out of any use of said Materials whether or not such use is, or may be claimed to be, defamatory, untrue or censorable in nature.

Owner warrants and represents that Owner has the right to grant all rights granted herein and Producer and/or Network's use of the Property, Materials, and Owner Materials as permitted herein will not infringe on the rights of any third party. Owner acknowledges that Producer is photographing and recording such scenes in express reliance upon the foregoing. In the event that Owner is not the legal owner of the Property or Owner Materials, Owner represents and warrants that Owner has secured from the legal owner the right and authority to enter into this release and to grant Producer all rights provided hereunder. Owner agrees not to make any commercial or any other use of the fact that the Property appeared or may appear in the Program. Producer is not obligated to actually use the Property or produce the Program or include the Materials in the Program for which it was shot or otherwise. Producer may at any time elect not to use the Property, in which case, neither party shall have any obligation hereunder.

Owner agrees that any and all information disclosed to or obtained by Owner concerning or relating to the Program, the individuals and events depicted in the Program, Owner, Network, and the terms and conditions of this release shall be strictly confidential. Additionally, any conversations Owner may have with Producer or Network employees or agents, are confidential and neither Owner nor their representatives shall discuss such

Original Productions

Location Release

matters (except with Owner's attorney/agent/accountant who agree to be bound by this confidentiality provision), nor issue any publicity releases or make any statements, or announcements to the press regarding the Location hereunder and/or the production of the Program without the express prior written permission of an officer of Producer or Network (email sufficient). Owner agrees to maintain the secrecy and confidentiality of any information learned hereunder.

Owner represents and warrants that all information provided on this release is true and accurate. Owner hereby agrees to indemnify and hold Producer and/or Network, their parents, successors, licensees and assigns, harmless from and against any and all expenses, claims, damages, liabilities, costs and expenses arising out of any breach of all representations and warranties made by Owner in this agreement. Owner hereby agrees not to sue and irrevocably and unconditionally releases, waives and forever discharges Producer, Network and each of their past, present and future parents, subsidiaries (whether or not wholly-owned), affiliates, divisions, agents, representatives, employees, successors and assigns, jointly and individually (hereinafter collectively referred to as "Releases"), from any and all manner of liabilities, claims and demands of any kind or nature, whatsoever, in law or equity, whether known or unknown, which Owner ever had, now has, or in the future may have against the Releases, including, but not limited to claims arising out of or related to the Program, the appearance of the Property in the Program and the exercise by Producer, the Network or anyone else of any rights granted under this release. Owner agrees that they shall be liable for any attorneys' fees and costs incurred by Producer in connection with any claim or lawsuit brought in violation of this release.

Owner understands that Producer shall have the right to assign or delegate this release and any or all of its rights or obligations hereunder, in whole or in part, to any third party, but that Owner's obligations hereunder are personal and unique in nature and it may not assign this release or any of its obligations or delegate any of its duties hereunder.

It is expressly understood and agreed that in the event Producer breaches any provision of this release, the damage, if any, caused to Owner thereby will not be irreparable or otherwise sufficient to entitle either party to injunctive or other equitable relief. Owner acknowledge that its rights and remedies in any such event shall be strictly limited to the right, if any, to recover damages in an action at law, and Owner shall not be entitled by reason of any such breach to rescind this release, or to restrain Producer's exercise of any of the rights granted to Producer hereunder, or to enjoin or restrain the production, exhibition, distribution or other exploitation of the Program materials, or any advertising, publicity or promotion in connection therewith.

This release constitutes the complete and binding agreement of the parties, superseding all prior understandings and communications, express or implied, oral or written, with respect to the subject matter hereof, and this release shall not be modified or amended except by a subsequent writing signed by the party to be charged with the modification or amendment. All matters pertaining to this release (including its validity) shall be governed by and construed and enforced in accordance with the laws of the State of California applicable to contracts made and to be performed entirely in the State of California without regard to principles of conflict of laws.

This is the entire agreement. No other authorization is necessary to enable Producer to use the Property for the purpose herein contemplated.

(Signatures on the following page)

Original Productions

Location Release

AGREED AND ACCEPTED BY:

OWNER:

PRINTED NAME:	
SIGNATURE:	
TITLE:	
DATE:	

SPECIAL USE PERMIT APPLICATION

Submit to: Administrative Assistant
Port of Newport
600 SE Bay Blvd.
Newport, Oregon 97365

SUP CHECKLIST	
<input checked="" type="checkbox"/>	Application
<input type="checkbox"/>	\$100 Fee
<input type="checkbox"/>	Insurance Cert
<input type="checkbox"/>	Usage Fee
<input type="checkbox"/>	SUP Issued

This application must be completed, signed, and submitted with a nonrefundable \$100.00 application fee. Any usage fees required of the applicant must be submitted prior to the special use permit being issued by the Port. Any request for a full or partial waiver of the usage fees must be submitted with this application. The criteria used to evaluate a waiver request are listed below. Applications should be submitted far enough in advance of the event to allow the Port to determine the impact of the event on Port property and other Port guests and / or moorage holders. At least 45 days' notice is recommended.

Event Name: Deadliest Catch: Hell's Dungeon

Event Date: November 15, 2015 – January 15, 2016 (Principal Photography)

Location: Port of Newport

Facilities to Be Used: Applicant plans to document approximately 5 crab boats as they conduct typical industry operations. Applicant anticipates filming docks, transit lanes and relevant port facilities used by crab fish crews during normal daily operations.

Set-up Dates and Start Times: TBD

Take-down Dates and End Times: TBD

Estimated Number of Participants: Talent: 5-6 vessels, each with captain and 5-6 vessel crew
Film Crew: Approx. 2 each vessel (Total: 9-10)
Riggers: Approximately 4-5 Field Techs (one week only)

Applicant / Signer: Original Productions, Ernie Avila, EVP, Business Affairs
Mailing Address: Original Productions, 308 W. Verdugo Ave., Burbank, CA 91502
Telephone: 818-295-6966
E-mail: eavila@origprod.com
Contact Person: Jeffrey Berk (Line Producer); Leah Sadallah (Prod. Manager)

Contact Person's address, phone number and e-mail:

Jeffrey Berk
308 W. Verdugo Ave.
Burbank, CA 91502
818-295-6966 x3366
818-822-6807 cell
jberk@origprod.com

Leah Sadallah
308 W. Verdugo Ave.
Burbank, CA 91502
818-295-6966 x3331
216-536-1309
lsadallah@origprod.com

Please provide a detailed description of the event, and attach a map of the location(s) if applicable:

Every winter, Dungeness crab season begins in Oregon. While other commercial fisheries have catch-quotas (like King Crab on the Bering Sea), the Oregon crews have no catch-limits. Hundreds of boats carrying steel crab pots fight for the prized fishing spots while navigating powerful Pacific swells and large waves. Up against this epic backdrop, the U.S. Coast Guard (USCG) heroically works to protect these fishermen.

Please indicate if you are requesting a full or partial waiver of the usage fee, and explain the reasons for the request based upon the criteria described below:

Applicant endeavors to follow similar series structure as "Deadliest Catch". As such, production plans to film the majority of content at sea. Notwithstanding, the series will document crab fishing operations in port and dockside. Applicant is requesting an overall usage fee for entire Event Date that is reasonable for a production of this limited size and with the understanding that Applicant activities will have limited impact on standard Port operation.

The following criteria may be used by the Port management to fully or partially waive the usage fee:

1. Is the applicant a non-profit or a for-profit entity? For-profit
2. Will proceeds from the event be donated to charitable causes? No.
3. What is the Port's cost to provide services for the event? None anticipated.
4. Does the event provide any direct benefit to the Port? The "Deadliest Catch" franchise has had a positive impact to the Ports where it has filmed over 12 Seasons. Series will promote the crab fishing industry and be a beneficial marketing tool bringing more business and revenue to the Port and City of Newport.

USAGE FEE SCHEDULE

PARTICIPANTS	NUMBER	FEE
Attendees, Contestants, Volunteers at Event	1-200	\$400.00
	201-500	\$650.00
	501-1000	\$900.00
	1,001- 5000	\$1400.00
	5,001-10,000	\$1,900.00
	More than 10,000	\$2,400.00
Vendors	N/A	\$40/ per vendor

Permittee will also need to carry comprehensive general liability insurance with limits of \$1,000,000.00 per occurrence and \$2,000,000.00 in aggregate, and will provide the Port with a Certificate of Insurance naming the Port as an additional insured.



To: Port of Newport Commissioners
From: Stephen Larrabee, Director of Finance
Date: November 17th, 2015
Re: Declaration of surplus property

Declaration of Surplus Property

Four vessels were seized during August and December for either delinquent accounts or no Moorage License Agreement.

Vessel	ID#	Amount Owed
Grumpy Dragon	OR907ZJ	\$4,089.92
Fiesta	OR221NR	\$1,804.81
Soper's Sailboat	OR743AEE	\$1,967.26
Rose	OR478ABZ	\$3,085.47

All are recreational vessels moored at the Port of Newport. Three were obtained by the Port of Newport at public auctions on October 13th and November 3rd, 2015, with no bidders other than the Port. One was obtained through the transfer of title.

The goal is to dispose of these vessels, hopefully through sale.

This request is to have the vessels declared surplus property so they may be disposed of.



10-26-2016

Mr. Kevin Greenwood
Port of Newport
Newport, OR

RE: 2015 Recap: Newport Bay to Brews Half Marathon/10K

Dear Mr. Greenwood:

I want to thank you and The Port of Newport for your support of our race, The Newport Bay to Brews Half Marathon & 10K. The race happened on Saturday, October 17, 2015 at Rogue Brewery and The Oregon Coast Aquarium and ran through South Newport, South Beach State Park and along the Jetty.

Our race brought more than 600 participants plus many other friends and family to Newport for the weekend. Many of our participants stayed the weekend filling hotels and restaurants. More than 100 of our participants visited the Oregon Coast Aquarium after the race as participants were offered a discounted entry if they ran or walked the race.

Our course was filled with local volunteers from The Children's Advocacy Center of Lincoln County, Newport High School and Taft High School. We were able to give cash donations to each of these groups. CAC received \$1,360 from our race proceeds and both Newport HS and Taft HS received a \$300 cash donation to their Cross Country Programs.

Rogue Brewery catered our event and Mo's donated chowder. The Newport Police were on site and assisted us with course and traffic management.

We hope to continue our event for the third year in 2016 and are working with The City of Newport to secure our permit. We hope to have the Port of Newport back as a sponsor of our race as we feel like we are building a great community event highlighting the beautiful Central Oregon Coast and giving folks a reason to come and visit and also inspire people to stay fit which is good for everyone.

Our proposed date for 2016 is Saturday, October 15. Thank you for your support and partnership we look forward to working with you again in 2016.

Sincerely,

Paula Harkin
Race Director
Newport Bay to Brews Half Marathon/10K

RECEIVED

NOV 05 2015

PORT OF NEWPORT



Operating Fund

October 21, 2015 through November 12, 2015

Date	Numb	Name	Memo	Amount
10/21/15	37303	Business Oregon-OBDD	Loan 655-36-02 OCT 2015	7,800.00
10/21/15	37304	Central Lincoln PUD	Electric	1,203.86
10/21/15	37305	Design Space	Customs Office	217.00
10/21/15	37306	Englund Marine Supply Co, Inc	Safety Equipment, Spiral Hose Wrap	348.50
10/21/15	37307	HR Inc. Answers	Handbook Review	64.00
10/21/15	37308	Idea Print Works, Inc.	Port Clothing	2,924.00
10/21/15	37309	Petroleum Compliance Services	NIT Cathodic Protection Testing	1,450.00
10/21/15	37310	Pioneer Printing, Inc.	Service Tickets	252.30
10/21/15	37311	Road & Driveway Co Inc	Lot Sweeping	247.00
10/21/15	37312	Toyota Financial Services	Forklift CM	1,044.20
10/21/15	37313	U.G. Cash & Carry	Water, Candy	86.80
10/21/15	37314	Central Lincoln PUD	Electric	3,980.01
10/23/15	37315	Oregon Lodging Tax	3rd quarter Lodging Tax 2015	2,741.15
10/23/15	37316	Petty Cash	Chamber Lunches, Food, Misc. Hardware	166.93
10/29/15	37317	CenturyLink - Business Service	Audio Conferencing	5.95
10/29/15	37318	Fastenal Company	Hardware for Power Boxes	180.06
10/29/15	37319	Fred Meyer Customer Charges	Water, First Aid Supplies, Batteries, Food	382.06
10/29/15	37320	G & K Floors	Janitorial Services SB and Customs Trailer	2,500.00
10/29/15	37321	Keller Supply Company	Shower Hardware	111.22
10/29/15	37322	Lincoln Plumbing Inc	Hot Water Heater for Annex	889.37
10/29/15	37323	NW Natural	SB Gas	144.03
10/29/15	37324	NW Natural	SB Gas	4.44
10/29/15	37325	School Outfitters	Bulletin Board with Glass Door	628.22
10/29/15	37326	Sears Commercial One	Sit/Stand Tote Truck	56.99
10/29/15	37327	Simply Design	Staff Photographs	1,140.00
10/29/15	37328	T & L Chemical Toilet Service	Chemical Toilets Bayfront	436.00
10/29/15	37329	Verizon Wireless	Port cell phones	593.32
11/04/15	37330	Central Lincoln PUD	Electric	1,922.86
11/04/15	37331	City of Newport	Water and Sewer	7,777.39
11/04/15	37332	Direct TV	Cable SB RV Park	899.29
11/04/15	37333	Grimstad & Associates	Audit Report	11,000.00
11/04/15	37334	Home Depot Credit Services	Steel Shelving	370.00
11/04/15	37335	Industrial Welding Supply, Inc	Drill Bit	40.37
11/04/15	37336	O'Laughlin Trade Shows	Boat Show Booth Deposit	375.00
11/04/15	37337	Oregon Coast Aquarium.	Deposit for Holiday Party	250.00
11/04/15	37338	Pacific Habitat Services, Inc	Piling Permit PD5	1,846.25
11/04/15	37339	Pioneer Telephone Cooperative	Telephone	225.65
11/04/15	37340	TCB Security Services, Inc	Monthly Security contract	6,606.00
11/04/15	37341	Xerox Corporation	Copier Rental	389.96
11/04/15	37342	City of Newport	Water and Sewer	4,656.85



Operating Fund

October 21, 2015 through November 12, 2015

11/04/15	37343	Lock Masters	Repair and Replace Deadbolts	500.00
11/09/15	37344	Monarch - 238231	Moorage Refund	607.99
TOTAL				67,065.02



Construction Fund

October 21, 2015 through November 12, 2015

Date	Numb	Name	Memo	Amount
10/23/15	11799	DH Goebel, Architect	Deposit for McLean Point Engineering	1,000.00
10/23/15	11800	SHN Consulting Engineers & Geologists	Old Boat Ramp Fill Project	1,990.91
TOTAL				2,990.91



NOAA Fund

October 21, 2015 through November 12, 2015

Date	Numb	Name	Memo	Amount
10/21/15	12775	Central Lincoln PUD	Electric	74.74
10/21/15	12776	Englund Marine & Industrial Supply	Muck Boots	116.06
10/21/15	12777	Idea Print Works	Port Clothing	150.00
10/21/15	12778	Jim Durkee	Reimbursement Portland BAS Cl:	319.52
10/21/15	12779	Road & Driveway	Street Sweeper at Warf	123.50
10/28/15	12780	AVS Elevator	5 Year Safety Inspection Elevator	2,500.00
10/28/15	12781	G & K Floors	Janitorial Services	450.00
10/28/15	12782	T & L Chemical Toilet Service	Chemical Toilet Service	35.00
10/28/15	12783	Ultimate Pest Control, LLC	Pest Control	125.00
10/28/15	12784	Verizon Wireless	Telephone	61.65
10/28/15	12785	Williams Scotsman Inc	Rent Mobile Office	349.25
10/29/15	12786	Interstate Battery System	Emergency battery	67.80
11/04/15	12787	Pacific Habitat Services, Inc	Eelgrass Monitoring	225.00
11/04/15	12788	Pioneer Telephone Cooperative	Telephone	242.62
11/04/15	12789	TCB Security Services Inc	Elevator Phone Monitoring NOAA	20.00
			TOTAL	4,860.14

DATE: 11/11/2015
TO: Kevin Greenwood
FROM: Rick Fuller
RE: Terminal Shipping Facility - Best Value Analysis, Stuntzner Engineering

OVERVIEW

Since 2012 Teevin Bros. Land and Timber LLC has managed the design and development of the nine acre lot owned by the Port of Newport to the east of the International Terminal at McLean Point. The Port of Newport and Teevin Bros. are currently operating with a lease option agreement for the development of a terminal storage and shipping yard that would utilize the International Terminal dock for shipment of various products of commerce. The engineered design plans developed by Stuntzner Engineering and Forestry, LLC have gone through multiple changes with the latest revision nearing 80%+ completion. It is the intention of the project team to review and complete the plans to a level suitable for plan submission to the Newport building department for a building permit. During the last project meeting held on October 29, 2015 it was decided to have all project documentation represent the Port of Newport as project owner. Although Teevin Bros. has been funding the design engineering fees to date (\$288,000+/-), they have decided to withdraw future funding (11/6/15 email to K. Greenwood) as their costs to date will not be reimbursable with grant monies received by the Port of Newport to construct the project. For continuity of the ongoing project, it is logical to retain Stuntzner Engineering as the design development engineer for the remainder of the process.

DETAIL

The scope of work remaining to submit plans for the building permit are summarized as:

1. Coordinate with City of Newport for submission requirements
2. Modify plans to incorporate new water line location per City and Fire Dept. regulations
3. Define and provide easement descriptions and maps
4. Update construction estimates
5. Provide technical specifications for building permit issuance
6. Coordinate environmental permitting changes

Stuntzner Engineering has provided a quotation for the above scope of work in the amount of \$8,504.00. The expenditure would be pay by the construction fund of which there is \$64,000 available for McLean Point soft costs. Further involvement by SHN Consulting Engineers will be concluded.

CONCLUSION

It is my recommendation that Stuntzner Engineering be retained in the amount of \$8,504.00 as a sole source personal services contract (ORS Chapters 279A, 279B, 279C, PON Resolution 7-2007) for the remainder of this portion of the work scope and be considered for future work as allowed. The main benefits to this approach are project continuity, historical familiarity with project and project contacts, keeping of time sensitive deadlines, locally known entity, and outstanding credentials and resume (attached). Sample motion follows: A MOTION TO APPROVE A PERSONAL SERVICES CONTRACT WITH STUNTZNER ENGINEERING IN THE AMOUNT NOT TO EXCEED \$8504.



TELEPHONE (541) 267-2872
FAX (541) 267-0588
ralphdunham@stuntzner.com

705 SO. 4TH, P.O. BOX 118
COOS BAY, OREGON 97420

COOS BAY - DALLAS - FOREST GROVE

November 11, 2015

Port of Newport
Attn: Kevin Greenwood, General Manager
600 SE Bay Blvd.
Newport, OR 97365

RE: Proposal For Completion of Intermodal Shipping Facility Plans & Specifications, located on the Port of Newport Property S09 T11S R11W.

Dear Mr. Greenwood:

Thank you for the opportunity to provide the Port of Newport (Port) with a recommended scope of work and proposal for completion of the proposed Intermodal Shipping Facility located on TL 101 and office area design. Intent of the plans and specifications is to reach a building permit stage set of plans for submission to the City of Newport by Nov. 15, 2015. Modifications are primarily waterline and traffic circulation issues, along with providing legal descriptions and preliminary specifications. Time is of the essence. The following is a list of tasks and general breakdown of estimated cost for the consulting service.

1. Coordinate with the City of Newport the submission of building permit plans, verify quantities for SDC's and permits, verify site & traffic restrictions and acceptable waterline/hydrant locations. This task although simple in the design detailing end is estimated to take at least one site meeting (going over plans after submission), and multiple coordination calls, submission of backup information to address City concerns.
2. Modify design plans to incorporate new water line location, coordinate with Hall/Rondy's water line location and fire marshall regarding hydrant location. NW Natural connection to be facilitated by yourself where possible.
3. Provide easement descriptions and exhibit maps for the deed incorporation delineating the individual easements, properties boundaries and legal description boundary calls.
4. Update Construction Estimates
5. Provide technical specifications and information to a level which allows issuance of building permits.
6. Coordinate environmental permitting and permit change over as necessary. Note that the 1200Z permit is use specific, and not anticipated to be changed at this time.

Based upon the above listed scope of work, our estimate for these services is \$8,504.

Please review the proposed scope, and if you have any questions or concerns, please feel free to contact me at (541) 267-2872.

Sincerely;

Ralph unham, P , PLS
Project Engineer

PORT OF NEWPORT
INTERMODAL SHIPPING FACILITY DESIGN

CE Services - Port of Newport Shipping Facility.

Item of Work	Principal SPM	Project Manager CPM	Project Inspector CI	EIT Tech. QCCS	Survey Crew 2-MAN	Drafts-Person DS	Clerical	Manhours Subtotal	Computer	Subcontr Expenses	Task Subtotal
CE-1 PM											
Project Management	0	10	0				0.5	10.5			\$1,275
City Reqmnts		4.5	0	0	0	12	0	16.5		\$37	\$1,404
Construction Est		1.5	0	0	0	0	0.5	2	\$0	\$7	\$220
System Design		3	0	0	0	24	1	28	\$0	\$54	\$2,087
Specifications		4	0	0	0	0	0	4	\$0	\$25	\$525
Manhours Subtotal	0	23	0	0	0	36	2	61	\$0	\$123	\$5,510
Cost Est. Subtotal											
CE-2 CA/CEI											
Easements	0	9	0	0	0	0	0.5	9.5	\$0	\$14	\$1,164
Coordination Environ.		2	0	0		4	0	6	\$0	\$0	\$518
Contract Admin.		0	0	0		0	0	0	\$0	0	\$0
Progress Meetings		6	0	0			0	6	\$0	\$160	\$910
Submittal Review		0	0	0			0	0	\$0	\$0	\$0
Consultation (RFI's)		0	0	0			0	0	\$0	\$0	\$0
Claim Support		0	0	0		6	0	6	\$0	\$402	\$402
Manhours Subtotal	0	17	0	0	0	10	0.5	27.5	\$0	\$174	\$2,994
Cost Est. Subtotal											
CE-3 Environmental											
Env. Compliance		0	0				0	0	\$0	\$0	\$0
Inspection		0	0	0		0	0	0	\$0	\$0	\$0
QC Monitoring		0	0	0			0	0	0	0	\$0
Manhours Bid & Des. Cost Subtotal	0	0	0	0	0	0	0	0	\$0	\$0	\$0
CE-4 Surveying											
Coordination & Review		0	0		0		0	0	\$0	\$0	\$0
Const. Survey		0	0	0			0	0	\$0	\$0	\$0
Manhours Bid & Des. Cost Subtotal	0	0	0	0	0	0	0	0	\$0	\$0	\$0

PORT OF NEWPORT
INTERMODAL SHIPPING FACILITY DESIGN

Cost Subtotal									\$0	\$0	\$0	\$0
CE-5 Project Closeout									\$0	\$0	\$0	\$0
Final Insp. & Closeout	5.1	0	0	0	0	0	0	0	\$0	\$0	\$0	\$0
Record Drawings	5.2	0	0	0	0	0	0	0	0	0	0	\$0
Final Documents	5.4	0	0	0	0	0	0	0	0	0	0	\$0
Manhours Bid & Des.		0	0	0	0	0	0	0	\$0	\$0	\$0	\$0
Cost Subtotal									\$0	\$0	\$0	\$0
PROJECT TOTALS		0	40	0	0	0	46	2.5	88.5	\$0	\$0	\$297
Hourly Rates		\$130	\$125	\$67	\$58	\$127	\$67	\$50				
Labor Totals		\$0	\$5,000	\$0	\$0	\$0	\$3,082	\$125	\$8,207			
												\$8,504

STUNTZNER ENGINEERING & FORESTRY, LLC
GENERAL OFFICE INFORMATION

Firm Name: **Stuntzner Engineering & Forestry, LLC**
(Limited Liability Company)

Coos Bay Office	Forest Grove Office	Dallas Office
PO Box 118	2137 19 th Ave.	PO Box 167
705 S. 4 th St.		211 E. Ellendale #9
Coos.Bay, OR 97420	F. Grove, OR 97116	Dallas, OR 97338
(541) 267-2872	(503) 357-5717	(503) 623-9000
(541) 267-0588 fax	(503) 357-5698 fax	(503) 623-0414 fax

Principals:
 Ron Stuntzner, PE, PLS, CWRE Cliff Barnhart, Forester Ralph Dunham, PE, PLS

Other Registered Engineers & Surveyors:	Total Personnel: 22
Bill Flatz, PE, CWRE, LSIT	Forest Technicians 4
John Minor, PLS, CWRE	Engineering/Survey Techs 3
Jeffrey Key, PLS, CWRE	Water Rights Specialist 1
Corey Woodruff, PLS, CFED	Materials Testing Tech 1
Alec Rosenthal, EIT	Biologist/Planners 1
James Terrel, LSIT	Clerical Staff 3

Support:	
AutoCad 2002-2013	Nikon/Leica Total Stations – 6
Atterbury Flips/Super Ace/Racer	Trimble, Ranger & Recon Data Collectors
Arc-Info, Carlson Survey	Criterion & Impulse Lasers.
HP Ink Jet Plotters	Trimble GPS, Dual Frequency & Resource
16' and 24' Boats	Trimble Robotic Total Stations - 2
Cessna 182 Aircraft.	15 company vehicles, all 4WD.
Boart Longear Nuclear Density Gauge	Soils testing lab & field equipment
Smith-Root Electro-Fisher	Digital cameras.
Palm-top/Lap-top/Table-top Computers	GPS Interfaced Pipeline Locator

Website:
www.stuntzner.com

Insurance:

General Liability:	\$1,000,000	\$2,000,000 Aggregate/w Add'l Umbrella
Professional Liability:	\$2,000,000.	\$2,000,000 Aggregate
Auto Liability	\$1,000,000	

STUNTZNER ENGINEERING & FORESTRY, LLC
ENGINEERING/SURVEY PROJECT REFERENCES

City of North Bend On-Call Engineering Services. 1998 — present: Stuntzner Engineering has provided engineering and surveying services, including construction services as requested, to the City of North Bend to rehabilitate existing roadways and miscellaneous small projects. Work has included overlay/reconstruction of six roadway projects, replacement of two drainage systems, a large single basin storm water study, wastewater improvements, wastewater rate studies and wetland delineations. Agency contact is Bob Dillard, Public Works Supervisor, P.O. Box B, North Bend, OR 97459. Phone (541) 756-8586. Email treated@northbendcity.org

Oregon International Port of Coos Bay: Stuntzner Engineering has provided miscellaneous engineering and survey services for the Port of Coos Bay on an “on-call” basis since the mid 1980’s. Projects range in scope from simple repairs of structures to the North Spit Rail project. Projects have included land use planning, surveying and engineering including construction services. Contact is Martin Callery, CCO, P.O. Box 1215, Coos Bay, OR, 97420. Phone (541) 267-7678. Email mcallery@portofcoosbay.com.

Coos Bay-North Bend Water Board: Stuntzner Engineering again has been the consultant of record for forestry and surveying (intermittently) for the Coos Bay-North Bend Water Board since the early 1990’s. Engineering, materials testing and land use planning services have also been provided on an individual contract basis. Contact is Ron Hoffine, PE, Operations Director, P.O. Box 539, Coos Bay, OR. 97420. Phone (541) 267-3128. Email ron_hoffine@cbnbh2o.com.

Confederated Tribes of the Coos, Lower Umpqua and Siuslaw Indians (CTCLUSI): Stuntzner Engineering recently (2008 to present) has been working with CTCLUSI on the redevelopment of their Tribal Hall and Coos Head site projects consisting of the installation of new utilities for both sites, along with cultural and access development at Tribal Hall, both projects in Coos Bay. Project contact is Jeff Stump, Tribal Planner, 1245 Fulton Ave., Coos Bay, OR 97420. Phone (541) 888-9577. Email jstump@ctclusi.org.

Coquille Indian Tribe: Stuntzner Engineering has worked with the Coquille Indian Tribe on multiple projects throughout since its reinstatement of tribal status nearly 20 years ago. Projects have included site development(s) for tribal housing, settlement monitoring of 4th creek reservoir, boundary survey, forestry, and other improvements. Primary contact is Todd Tripp, Director of Planning, Realty and Community Services, 3050 Tremont St., North Bend, OR 97459. Phone (541) 751-2008. Email toddtripp@coquilletribe.org

Rick Fuller

From: Eric Oien <eoien@teevinbros.com>
Sent: Friday, November 06, 2015 7:28 PM
To: Kevin Greenwood; Rick Fuller
Cc: Ralph Dunham; Paul Langner
Subject: Fwd: Revised Building Plans for Teevin Brothers Log Yard

Kevin, I think since the plans are now going to be submitted in your name and the City is working directly with you and Rick on design/construction items it's probably time for you and I to talk about turning over billing to you as well, especially since the City is determined to belabor issues that we've already dealt with. I can't justify spending more money on traffic flow plans (over \$100K to date), the location of the City's pump station, and master water line, etc. I'll instruct Ralph to draw up a new contract with you for plan revisions from here forward. It's time for us to step out as the bank on this project, especially given that the funds might not be reimbursed. I'm going to ask that we do the same with John Van Stavern. Thanks

Sent from my U.S. Cellular® Smartphone

----- Original message -----

From: Derrick Tokos <D.Tokos@NewportOregon.gov>

Date: 11/06/2015 5:07 PM (GMT-08:00)

To: Kevin Greenwood <kgreenwood@portofnewport.com>

Cc: Eric Oien <eoien@teevinbros.com>, "Ralph Dunham ralph@stuntzner.com" <ralph@stuntzner.com>, Timi Gross <T.Gross@NewportOregon.gov>, Robert Murphy <R.Murphy@NewportOregon.gov>, Rick Fuller <rfuller@portofnewport.com>

Subject: Revised Building Plans for Teevin Brothers Log Yard

Hi Kevin,

I had a chance to meet with our Public Works Director, Tim Gross and Fire Chief, Rob Murphy to review the revised plans for the log yard and offer the following comments:

1. The general location for a future lift station is good; however, the irregular shaped strip of land that you identified for it is too small. We will need an 80-ft x 100-ft footprint for the lift station and appurtenant utilities. It would be helpful if we could reach agreement as to its location on the plans and can address timing for when it might be constructed in the development agreement.
2. The proposed public water line to create a looped system needs to be located to the south, along the south line of the lease area. The design should look very similar to what we conceptually agreed upon with the last set of building plans that the City reviewed in 2014. Service lines would be stubbed from there to where you need them. This will also provide Rondys with access to the City main.
3. Each fire hydrant serves a 500-foot radius and our Fire Department wants to make sure that the entire yard is covered. With this in mind, it appears that the hydrant at the northeast corner of the site will need to be relocated or an additional hydrant placed to ensure the southeast corner of the property is covered. Our Fire Chief is looking into how other departments are setup to serve log yards and may have additional comments during plan review.

4. I understand that this new plan will direct truck traffic through the eastern access. This is different than the previous plans and Traffic Impact Analysis (TIA), which indicate that the westernmost driveway approach will be the main access. The haul route to the site is US 20, to John Moore, to Bay Boulevard. Please advise if that has changed. It is important that the flow of traffic to and from the site align as close as possible to assumptions made in the Traffic Impact Analysis. The more you deviate, the greater the risk somebody may challenge the project as being inconsistent with that approval.
5. The road approaches that you will be constructing and the internal vehicle circulation pattern should be depicted on the plans. The eastern access crosses privately owned property, so we will need a copy of the access easement to demonstrate that there is a right-of-access at that location. Queuing is an issue and having trucks back up onto the Bay Road is something we do not want to see. The plan you provided in the TIA was for a larger site with multiple internal driveway accesses and ample room for trucks to park and que off the public right-of-way. Queuing of vehicles is something that is covered by our TIA standards and we did not anticipate it to be an issue with the plan that was presented to us at the time that decision was rendered. We are open to working with you on this new plan that deviates from the original layout, but ask that you work with us to provide areas on the property for trucks to park as they wait to access the log yard.

When we met, Tim mentioned that the DEQ 1200C permit may be your critical path. This is something you might want to check on to make sure the permit is in order.

I'll follow-up separately with an estimated cost of the permit and other fees.

Derrick I. Tokos, AICP
Community Development Director
City of Newport
169 SW Coast Highway
Newport, OR 97365
ph: 541.574.0626 fax: 541.574.0644
d.tokos@newportoregon.gov

NEW BUSINESS AGENDA ITEM

DATE: 11/17/2015
RE: Review Development Agreement (ORS 94)
TO: Port of Newport Board of Commissioners
ISSUED BY: Kevin Greenwood, General Manager

BACKGROUND

[No attachments in packet] The City of Newport issued a permit for the Teevin Log Yard Traffic Impact Analysis on December 30, 2013 (File No. 1-TIA-13) which was to expire on June 30, 2015. Teevin Bros. asked for and received an extension by the City on June 8th through the end of this calendar year.

In order to avoid re-applying for the land use permit, the Port will need to submit the building permit application by the middle of November to ensure that the Port's TIA is intact. Normally, a large number of fees are assessed by the permitting agency upon receipt of a building permit application. In this case, the System Development Charges will be close to \$200,000 a School District Construction Excise Fee, and Building Permit review fees could push the costs close to \$250,000. The City has not submitted to the Port firm numbers on what these actual costs will be.

NEED FOR DEVELOPMENT AGREEMENT

These "soft costs" would normally be eligible for reimbursement through both federal (TIGER) and state (ConnectOregon) grant programs, however, the Port won't have access to those funds until 3Q 2016, several months after the permit fees are required, and, hence, would not be eligible for reimbursement. ORS 94.504 allows property owners to enter into development agreements with cities or counties issuing building permits. There are several criteria that would need to be met, but two elements that would be beneficial for the Port would be:

- Set a schedule for all fees and charges. ORS 94.504(2)(f)
- Set a schedule for compliance review. ORS 94.504(2)(g)
- Provisions for dedication of land for public purposes. ORS 94.504(2)(e)

This would allow the City the ability to put off the SDC requirements (and to a lesser degree the building permit fees) until a future date, specifically when grant funds are obligated in 3Q 2016. This could save the Port over \$200,000 in costs that would be pulled from NOAA reserves. I estimate that the Port will still need to pay approximately \$20,000 to the City before the end of the year to cover the City's third party plan review costs. This would also allow us to identify future placement for City utilities, etc.

PROCESS

The DA will need to be approved by the City Council and their next meeting for review will be December 8th. Depending on when Derrick provides the Port with a draft agreement, the Commission may need to schedule a meeting to review the document.

BUDGET IMPLICATIONS

The cost for the remaining building permit fees (\$20,000) would come out of the Construction Fund where there is approximately \$64,000 available toward soft costs related to the McLean Point Shipping Facility project. All costs are estimate as of this report.

RECOMMENDATION

None at this time. Report is for information only, however, staff will coordinate with the Commission Chair to schedule a special meeting in December.

-###-

DRAFT

**PORT OF NEWPORT
OREGON**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2015

DRAFT

Prepared By
SIGNE GRIMSTAD
Certified Public Accountant
530 NW 3rd, Suite E
PO Box 1930
Newport, Oregon 97365

PORT OF NEWPORT, OREGON

BOARD OF COMMISSIONERS

Walter Chuck, President
Newport, Oregon
Position No. 1

Serving since November 22, 2011
Term Expires June 30, 2015

Dean Fleck, Vice-President
Newport, Oregon
Position No. 5

Serving since May 17, 2007
Term Expires June 30, 2017²⁰¹⁵

Ken Brown, Secretary/Treasurer
Newport, Oregon
Position No. 4

Serving since January 13, 2015
Term Expires June 30, 2015

JoAnn Barton
Newport, Oregon
Position No. 3

Serving since July 1, 2007
Term Expires June 30, 2015

David Jincks
South Beach, Oregon
Position No. 2

Serving since May 19, 2009
Term Expires June 30, 2017

REGISTERED AGENT

Kevin Greenwood, General Manager
Serving since February 1, 2015
600 SE Bay Boulevard
Newport, OR 97365

PORT OF NEWPORT, OREGON

TABLE OF CONTENTS

INTRODUCTORY SECTION

- Title Page
- List of Officers
- Table of Contents

	<u>Page</u>
FINANCIAL SECTION	
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-8
Basic Financial Statements	
<i>Statement of Net Position</i>	9
<i>Statement of Revenues, Expenses and Changes in Net Position</i>	10
<i>Statement of Cash Flows</i>	11
Notes to Financial Statements	12-34

REQUIRED SUPPLEMENTAL SECTION

Schedule of the Port's Proportionate Share of the Net Pension Liability - Oregon Public Employee Retirement System	35
Schedule of the Port's Contributions - Oregon Public Employee Retirement System	36
Notes to the Schedules of the Port's Proportionate Share of the Net Pension Liability (Asset) and Contractually Required Contributions	37-38

SUPPLEMENTAL SECTION

Description of Budgetary Funds	39
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
<i>General Operating Fund</i>	40
<i>Bonded Debt Fund</i>	41
<i>Facilities Maintenance Fund</i>	42
<i>Construction Fund</i>	43
<i>NOAA Lease Revenue Fund</i>	44
Reconciliation of Revenues and Expenditures (Budgetary Basis) to the Statement of Revenues, Expenses and Changes in Net Position	45
Schedule of Property Tax Transactions	46

COMPLIANCE SECTION

Independent Auditor's Report Required by Oregon State Regulations	47-48
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November 6, 2015

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Port of Newport
Newport, Oregon

Report on the Financial Statements

I have audited the accompanying financial statements of the business-type activities of Port of Newport (Port) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Port as of June 30, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port of Newport's basic financial statements. The accompanying supplemental information, and budget schedules, budget schedules reconciled to GAAP, and schedule of property taxes, listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, this supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

SIGNE GRIMSTAD
Certified Public Accountant

**PORT OF NEWPORT
Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

As management of the Port of Newport, Oregon, we offer readers this narrative overview and analysis of the financial activities of the Port for the fiscal year ended June 30, 2015. The readers are encouraged to read this narrative overview in conjunction with the accompanying financial statements.

FINANCIAL HIGHLIGHTS

- Total assets of the Port are \$96,939,005 with Capital assets of \$85,670,011 net of accumulated depreciation. Current assets are \$8,156,656 at June 30, 2015.
- The assets of Port exceeded its liabilities at the close of the fiscal year by \$48,941,881 (Net Position). Of this amount \$2,972,462 (unrestricted net position) may be used to meet the Port's ongoing obligations.
- The Port's net position decreased by \$1,346,791 from June 30, 2014: Adoption of GASB 68 and 71 accounting for pensions impacted the net position by \$358,894. See Note 1.
- Total operating revenue was \$5,858,447 which is an increase of 5% over the prior year.
- Total operating expenses for the year were \$6,005,654. This figure is 10% higher than the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Port of Newport's basic financial statements. The Statement of Net Position presents information on all of the Port's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Port is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the Port's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing when the related cash flows occur. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e., uncollected taxes and earned but unused vacation leave).

Notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the Port's statements. The notes can be found on pages 12 through 34 of this report.

**PORT OF NEWPORT
Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS

PORT-WIDE FINANCIAL STATEMENTS

**Statement of Net Position
(in thousands)**

	<u>2015</u>	<u>2014</u>
Assets		
Current assets	\$ 8,156	\$ 7,746
Other assets	112	520
Capital assets	<u>85,670</u>	<u>88,077</u>
Total assets	<u>93,938</u>	<u>96,343</u>
Liabilities		
Current liabilities	2,253	2,195
Noncurrent liabilities	<u>42,744</u>	<u>43,859</u>
Total liabilities	<u>44,997</u>	<u>46,054</u>
Net Position		
Net invested in capital assets	41,798	42,840
Restricted	4,172	3,846
Unrestricted	<u>2,971</u>	<u>3,602</u>
Total net position	<u>\$ 48,941</u>	<u>\$ 50,288</u>

By far the largest portion of the Port's net position (85%) reflects its investment in capital assets (i.e., land, dock infrastructure, marina, recreational vehicle park, construction in progress, etc.) less related outstanding debt used to acquire those assets. The Port uses these capital assets to provide services to facility patrons; consequently, these assets are not available for future spending. Although the Port's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**PORT OF NEWPORT
Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS

PORT-WIDE FINANCIAL STATEMENTS - Continued

**Statement of Revenues, Expenses and Changes in Net Position
(in thousands)**

	<u>2015</u>	<u>2014</u>
Revenues		
Operating revenue from services	\$ 5,858	\$ 5,582
Nonoperating revenue:		
Grants and contributions	207	2
Property taxes	1,060	1,071
Interest	18	17
Gain (loss) on sale of equipment	<u>(2)</u>	<u>20</u>
Total revenues	<u>7,141</u>	<u>6,692</u>
Expenses		
Operating expenses	6,006	5,474
Other	<u>2,132</u>	<u>1,221</u>
Total expenses	<u>8,138</u>	<u>6,695</u>
Excess (def) of revenue over expenses before contribution	(997)	(3)
Capital contribution	<u>9</u>	<u>0</u>
Change in net position	(988)	(3)
Net position - restated beginning of year	<u>49,930</u>	<u>50,291</u>
Net position - end of year	<u><u>\$ 48,942</u></u>	<u><u>\$ 50,288</u></u>

The Port recognized a loss in net position during the most recent fiscal year of \$(998). Operating revenues from moorages, leases, RV Park operations, hoist dock revenue, and other services all increased compared to the prior fiscal year. Property taxes increased to cover debt service on General Obligation Bonds issued in 2007, 2008 and 2011 approved by voters to reconstruct the Newport International Terminal. Operating expenses increased as a result of increased operational services and projects.

**PORT OF NEWPORT
Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE PORT'S FUNDS

The Port operates as a special-purpose entity, reporting all of its activities as a single enterprise function. It accounts for various activities in separate funds to ensure and demonstrate compliance with finance-related legal and budget requirements.

The Port rolls all of its individual funds together for a single presentation in the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, as well as the Statement of Cash Flows for Port-wide presentation.

GENERAL FUND BUDGETARY HIGHLIGHTS

A review of the Port's General Operating Fund indicates total revenues exceeded budgeted projections and total expenses were 87.5% of budgeted levels.

A supplemental budget was passed by the Port's Board of Commissioners during the current year ending June 30, 2015.

CAPITAL ASSETS

The following table lists the Port's capital assets and their values, net of depreciation, as of June 30:

	<u>2015</u>	<u>2014</u>
Land	\$ 20,222	\$ 20,222
Construction	40	3,020
Land improvements	10,794	10,486
Buildings and docks	54,168	53,970
Equipment	<u>446</u>	<u>379</u>
Total	<u>\$ 85,670</u>	<u>\$ 88,077</u>

As shown in the table above, the Port's net capital assets decreased by \$2,407 during the current year.

Current year activity includes dredging, improvements to a hoist crane, purchase of industrial water heaters, washers and dryers for South Beach Park and a new launch pay station.

For further information relating to the Port's capital assets, see Note 5 of the Notes to Basic Financial Statements.

**PORT OF NEWPORT
Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS

DEBT OUTSTANDING

Figures presented in the following table illustrate balances outstanding at June 30, 2015 and 2014.

	<u>2015</u>	<u>2014</u>
General obligation bonds	\$ 13,780	\$ 14,065
Revenue bond	21,725	22,540
Full faith and credit obligations	3,380	3,410
State of Oregon loans	4,655	4,832
Bank loans	409	476
Capital leases	<u>36</u>	<u>46</u>
Total	<u>\$ 43,985</u>	<u>\$ 45,369</u>

In the fiscal year 2013, full faith and credit obligations of \$3,410 were issued to pay off two State of Oregon loans of \$2,523 at a lower interest rate and provide \$890 additional resources for the International Terminal project. An additional \$3,400 State of Oregon loans were taken out for the International Terminal reconstruction. Reductions in debt year to year represent scheduled principal payments.

For further information relating to the Port's debt, see Note 7 of the Notes to Basic Financial Statements.

KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE

The Port is limited by State constitutional limits on property taxes. This limits the ability of the Port to increase property tax receipts. In addition, the impact of local economic conditions tends to limit increases in other revenues. During the budget process, these factors were considered in the preparation and adoption the Port's 2014-15 fiscal year budget. The goals of that budget were therefore to maintain the existing level of expenditure to serve customers in the most professional, accountable and efficient manner possible.

The largest goal for 2014-15 will be the completion of dredging and mitigation related to the International Terminal construction project. Components of the project that are remaining are the berth dredging to 35 feet, armament of the under wharf slope, mitigation removal of earthen dikes behind the Oregon Coast Aquarium and mitigation upgrade of a culvert connecting Yaquina Bay and a decommissioned log pond in the same area. The cost of these projects will total \$700,000 and will be completed out of the Construction Fund.

Upon completion of the terminal, the Port will be prepared to serve customers interested in shipping primarily raw logs to Asian markets, though the Port will be recruiting other users as well. The fiscal 2014-15 budget does not account for any income related to this activity. That income, when realized, will accumulate in the cash reserves (unappropriated ending fund balance) and will be a point of discussion during the fiscal year 2015-16 budget development.

The NOAA enterprise fund will continue to see pressure from unforeseen dredging needs and eel grass mitigation requirements. In fiscal year 2014-15, an additional \$225,000 will be spent to manage the growth of eel grass required by the installation of the NOAA facility.

**PORT OF NEWPORT
Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS

KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE - Continued

NOAA's unrestricted cash will finance the construction of a new 4,630 sf single level port administration building, site improvements and parking. The building program includes a meeting room sized to accommodate fifty people, three restrooms, an entry vestibule, a kitchenette, eight offices and a mechanical room. The project is scheduled to commence construction in June 2015; and be completed and ready for occupancy by August 2016. The preliminary budget for direct construction cost is approximately \$695,000, though soft costs will bring the overall budget to nearly \$1 million. This project will be expensed through the Construction Fund and depending on other activity within the fund, may require a supplemental budget in fiscal year 2014-15.

NOAA has also contributed greatly to the Maintenance Reserve Fund. The fund was tapped when it was discovered that the gas lines were leaking during an annual inspection. The cost to repair the line was nearly \$80,000. Other projects that will be expended out of the reserve fund will be laundry equipment replacement in South Beach and acquisition of marine materials for maintenance repairs.

The Port's traditional revenue sources from leases, moorage and RV Parks remain the largest percentage of General Fund revenues. Res. No. 2014-06 increased rates for service fees as much as 30% to make up for staff time related to billable hours and equipment depreciation. This may result in a decrease of usage by users of port services.

Moorage rates were modified to be more standard after years of no or minimal increases. Management's hope is to adopt smaller, regular increases that mariners can more easily accommodate. Rate increases will result in more maintenance on commercial docks which are in dire need of replacement.

Other potential issues will be the announced closure of the Yaquina Bay Fruit Processing which will open up a four acre water dependently zoned parcel in South Beach. This lease generated as much as \$40,000 annually for the General Fund. The Port may also need to consider paving almost two acres to the west of the International Terminal office for fisherman storage and significant excavation of dredge spoils at McLean Point as the Port looks to retract from its lease with the Hall family.

REQUESTS FOR INFORMATION

The Port's financial statements are designed to present district taxpayers, customers and creditors with a general overview of the Port's finances and to demonstrate the Port's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Kevin Greenwood, General Manager, Port of Newport, 600 SE Bay Blvd., Newport, Oregon 97365.

PORT OF NEWPORT, OREGON

STATEMENT OF NET POSITION as of June 30, 2015

ASSETS

Current Assets

Cash and cash equivalents	\$ 7,582,482
Investment	60,118
Accounts receivable, net of allowance for doubtful accounts	170,053
Property taxes receivable	97,670
Prepaid expenses	75,719
Net pension asset	<u>170,613</u>
Total current assets	<u>8,156,655</u>

Capital Assets

Land	20,221,521
Buildings and equipment, net of depreciation	<u>65,448,490</u>
Total capital assets	<u>85,670,011</u>

Other Assets

Bond issue costs, net of amortization	<u>91,334</u>
---------------------------------------	---------------

Total assets 93,918,000

Deferred Outflows of Resources

Pension contributions	<u>21,005</u>
-----------------------	---------------

Total assets and deferred outflows resources 93,939,005

LIABILITIES

Current Liabilities

Accounts payable	103,876
Accounts payable from restricted assets	12,054
Accrued expenses	28,654
Unearned revenue	103,630
Accrued interest payable	11,693
Accrued interest payable from restricted assets	499,410
Current portion of loans and capital leases payable	353,377
Current portion of bonds payable	<u>1,140,000</u>
Total current liabilities	<u>2,252,694</u>

Long-term Liabilities

Loans and capital leases payable	4,747,033
Bonds payable	<u>37,631,814</u>
Total long-term liabilities	<u>42,378,847</u>

Total liabilities 44,631,541

Deferred Inflows of Resources

Pension investment return	<u>365,583</u>
---------------------------	----------------

Total liabilities and deferred inflows of resources 44,997,124

Net Position

Invested in capital assets, net of related debt	41,797,787
Restricted	
Debt service	3,921,827
Maintenance reserve	249,805
Unrestricted	<u>2,972,462</u>
Total net position	<u>\$ 48,941,881</u>

See accompanying notes to financial statements

PORT OF NEWPORT, OREGON

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION for the Year Ended June 30, 2015**

OPERATING REVENUES	
Moorages and leases	\$ 4,325,049
RV Park	688,922
Terminals	10,116
Hoist dock	506,056
Launch ramp	75,385
Pension income	163,924
Other	<u>88,995</u>
Total operating revenues	<u>5,858,447</u>
OPERATING EXPENSES	
Salaries and wages	731,123
Payroll taxes and benefits	281,791
Administration, promotion and marketing	101,959
Maintenance	78,237
Utilities	407,487
Insurance	273,533
Professional fees	97,200
Service fees	479,500
Supplies	93,187
Operating fees	63,003
Other	72,662
Depreciation	<u>3,325,972</u>
Total operating expenses	<u>6,005,654</u>
Operating Income (Loss)	<u>(147,207)</u>
NONOPERATING REVENUE (EXPENSES)	
Property taxes	1,060,147
Grants	206,982
Interest income	17,995
Interest expense	(2,114,034)
Gain/loss on sale of equipment	(2,457)
Amortization	<u>(18,323)</u>
Total nonoperating revenue (expense)	<u>(849,690)</u>
Income(loss) before contribution	(996,897)
Contribution	<u>9,000</u>
Change in Net Position	(987,897)
NET POSITION - Beginning of year	
As originally stated	50,288,672
Prior period adjustment - pension	<u>(358,894)</u>
As restated	<u>49,929,778</u>
NET POSITION - End of year	<u>\$48,941,881</u>

See accompanying notes to financial statements

PORT OF NEWPORT, OREGON

STATEMENT OF CASH FLOWS for the Year Ended June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers	\$ 5,661,430
Cash payments for goods and services	(1,631,638)
Cash payments for employees and benefits	<u>(1,036,794)</u>
Net cash provided (used) by operating activities	<u>2,992,998</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Non capital grants	13,874
Property taxes collected	<u>1,049,657</u>
Net cash provided (used) by noncapital financing activities	<u>1,063,531</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(918,923)
Capital grants	169,346
Capital contributions	9,000
Principal paid on debt	(1,383,371)
Interest paid on debt	<u>(2,114,710)</u>
Net cash provided (used) by capital and related financing activities	<u>(4,238,658)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>17,995</u>
Net cash provided (used) by investing activities	<u>17,995</u>
Net increase (decrease) in cash and cash equivalents	(164,134)
Cash and cash equivalents - Beginning of year (restricted \$4,870,935)	<u>7,746,616</u>
Cash and cash equivalents - End of year (restricted \$4,592,764)	<u>\$ 7,582,482</u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (147,207)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation	3,325,972
Pension income	(163,924)
(Increase) decrease in operating assets	
Accounts receivable	(21,169)
Prepaid expenses	56,211
Increase (decrease) in operating liabilities	
Accounts payable	(47,509)
Accrued expenses	2,548
Deferred revenue	<u>(11,924)</u>
Net cash provided (used) by operating activities	<u>\$ 2,992,998</u>

See accompanying notes to financial statements.

PORT OF NEWPORT, OREGON
NOTES TO FINANCIAL STATEMENTS
as of June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting framework and the more significant accounting principles and practices are disclosed below.

Reporting Entity

The Port is organized under the general laws of the State of Oregon. The governing body is a five-member elected Board of Commissioners (the Board). The daily management of the Port is under the supervision of the General Manager, who is appointed by the Board. The Port is the level of government financially accountable for all Port operations within its boundaries. As a result, all related activities have been included in the financial statements. There are various governmental agencies and special service districts that provide services within the Port's boundaries; however, the Port is not financially accountable for any of these entities, and accordingly their financial information is not included in these financial statements.

Measurement Focus, Basis of Presentation and Accounting

The Port is considered to be a single enterprise similar to a commercial entity for financial reporting purposes. Accordingly, these financial statements are maintained on the flow of economic resources measurement focus using the accrual basis of accounting and accounting principles applicable to commercial enterprises. This measurement focus provides that all assets and liabilities associated with operations are included on the Statement of Net Position. The Port's net position is segregated into net position invested in capital assets, restricted net position and unrestricted net position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in net position.

The financial statements of the Port have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when liabilities are incurred.

Operating Revenues, Non-Operating Revenues and Operating Expenses

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

Deposits and Investments

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

The Port's investment policies are governed by Oregon statutes. The statutes authorize the Port to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, high-grade commercial paper and the State Treasurer's Local Government Investment Pool (LGIP). See Note 3.

PORT OF NEWPORT, OREGON
NOTES TO FINANCIAL STATEMENTS
as of June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Receivables

Terminal, marina and lease receivables are shown net of an allowance for doubtful accounts. The allowance is judgmentally determined by management based on a collectability analysis.

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

Capital Assets

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair value on the date received. Interest costs are capitalized as part of the costs of capital assets during the period of construction based on borrowing costs incurred. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. The Port recognizes assets with an initial cost or donated value of more than \$5,000 and an estimated life of over more than one year.

Capital assets constructed with tax-exempt borrowing may include capitalized interest as part of the costs of capital assets. All interest costs of the borrowing less any interest earned on investments acquired with the proceeds of the borrowing are capitalized from the date of the borrowing until the assets are ready for their intended use.

Assets subject to depreciation are depreciated over their estimated useful lives on the straight-line basis. Estimated useful lives for land improvements (marina and RV park) are 10 to 20 years, buildings - 25 to 40 years, docks - 20 to 40 years, and equipment from 5 to 10 years.

Compensated Absences

Employees are permitted to accumulate earned but unused vacation and related employee benefits. Vacation and holiday pay are recognized as expense when earned. Compensated absences are reported with accrued expenses in the Statement of Net Position.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30 are recorded as prepaid items.

Long-Term Liabilities

General obligation bonds are payable from property taxes. All other long-term obligations are payable from operations.

PORT OF NEWPORT, OREGON
NOTES TO FINANCIAL STATEMENTS
as of June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees' Retirement System (PERS) and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions. This statement provides guidance for accounting for net pension liabilities, including definition of balances to be included in deferred inflows and deferred outflows of resources. The specific accounts impacting the District are detailed below.

Adoption of New GASB Pronouncements

Net Pension Liability: Previous standards defined the net pension liability as the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service, net of the pension plan's fiduciary net position.

Deferred Inflows of resources and deferred outflows of resources: Statement No. 68 includes recognition of deferred inflows and outflows of resources arising from the difference between projected and actual earnings on pension plan investments.

In November 2013, the GASB issued Statement No. 71, Pension Transition for Contributions Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. This statement requires that contributions made by participating employers to pension plans after the Measurement Date for the Net Pension Liability but before the end of the financial statement period for the employer be reported as deferred outflows of resources.

Statement No. 68 is effective for financial statement periods beginning after June 15, 2014; Statement No. 71 is to be applied concurrently with Statement No. 68. The effects of the accounting changes are to be applied retroactively by restating the financial statements. See Note 5.

Deferred Outflows/Inflows of Resources

In March 2012, GASB issued Statement 65, Items Previously Reported as Assets and Liabilities, clarifying the reporting of deferred outflows and inflows of resources. The statement is effective for periods beginning after December 15, 2012.

Deferred inflows of resources represents an acquisition of net position applying to a future(s) and so will not be recognized as revenue (inflow of resources) until that time. As required by GASB 68, the Port reports deferred inflows of resources of \$329,214 for its proportionate share of the difference between projected and actual earnings, and \$36,369 for the difference between its contributions to PERS and its proportionate share of the required contributions.

Deferred outflows of resources represents a consumption of net position applying to a future period(s) and so will not be recognized as expense/expenditures until then. As required by GASB 68, the Port reports deferred outflows of \$21,005, which represents contributions to PERS since the measurement date.

PORT OF NEWPORT, OREGON
NOTES TO FINANCIAL STATEMENTS
as of June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Position

Net Position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the Port's financial statements.

Net position is divided into three components:

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

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

Unrestricted - all other net position is reported in this category.

Restricted Assets and Related Liabilities

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

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

Use of Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Law and Practice

The Port legally adopts an annual budget for each proprietary fund prior to July 1 through passage of a resolution in accordance with the legal requirements set forth in the Oregon Local Budget Law. The resolution authorizes fund appropriations at the following control levels: personal services, materials and services, capital outlay, debt service, interfund transactions, operating contingency, and all other requirement levels. Expenditures cannot legally exceed appropriations at these control levels.

Budgets are prepared using the modified accrual basis of accounting. A reconciliation schedule brings the budget basis to full accrual for compliance with generally accepted accounting principles.

PORT OF NEWPORT, OREGON
NOTES TO FINANCIAL STATEMENTS
as of June 30, 2015

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

Budget Law and Practice

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

Budget appropriation amounts shown in the financial statements include the original and revised budget appropriations as approved by the Board. Appropriations are limited to a single fiscal year; therefore, all spending authority of the Port lapse at year end.

Over Expenditures

The funds over expended as follows:

	<u>Balance</u>
General Operating Fund - Debt Service	\$ 944

NOTE 3 - DEPOSITS AND INVESTMENTS

Cash, cash equivalents and investments as of June 30 consist of the following:

	<u>Balance</u>	<u>Unrestricted</u>	<u>Restricted</u>
Cash on hand	\$ 1,275	\$ 1,275	\$ 0
Deposits with financial institutions	7,581,207	2,988,443	4,592,764
Total cash and cash equivalents	7,582,482	2,989,718	4,592,764
Investments - time certificate of deposit	60,118	0	60,118
Total cash, cash equivalents and investments	<u>\$7,642,600</u>	<u>\$ 2,989,718</u>	<u>\$4,652,882</u>

Deposits

At the end of the fiscal year, the Port's total deposits with financial institutions have a bank value of \$7,693,002, of which \$1,000,000 was covered by FDIC. See *Custodial Credit Risk*.

Custodial Credit Risk

As required by Oregon Revised Statutes, deposits in excess of federal depository insurance were held at qualified depositories for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer. As a result the Port has no exposure to custodial credit risk for deposits with financial institutions.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Port does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

PORT OF NEWPORT, OREGON
NOTES TO FINANCIAL STATEMENTS
as of June 30, 2015

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

Credit risk

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

Concentration of Credit Risk

The Port places no limit on the amount the Port may invest in any one investment or issuer. For the current year, the Port held 71% of funds in Oregon Coast Bank.

NOTE 4 - RECEIVABLES

Receivables at year end consist of the following:

	<u>Balance</u>	
Property taxes	\$ 97,670	Restricted
Accounts receivable	170,053	Unrestricted
Total receivables	<u>\$ 267,723</u>	

Terminal, marina, and lease receivables are shown net of an allowance for doubtful accounts. The allowance is judgmentally determined by management based on a collectability analysis.

Property Taxes

Property taxes are levied and become a lien on all taxable property as of July 1. Taxes are levied on November 15 with collection dates: November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30 was as follows:

	<u>7/01 Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30 Balance</u>
Capital assets not being depreciated				
Land	\$ 20,221,521	\$ 0	\$ 0	\$ 20,221,521
Construction in progress	21,189	34,084	(15,189)	40,084
Capitalized interest	2,999,248	0	(2,999,248)	0
Total assets not being depreciated	<u>23,241,958</u>	<u>34,084</u>	<u>(3,014,437)</u>	<u>20,261,605</u>
Capital assets being depreciated				
Land improvements	18,436,626	736,750	0	19,173,376
Buildings and docks	67,631,216	3,012,348	0	70,643,564
Equipment	881,402	150,178	0	1,031,580
Total depreciable at historical cost	<u>86,949,244</u>	<u>3,899,276</u>	<u>0</u>	<u>90,848,520</u>

PORT OF NEWPORT, OREGON

**NOTES TO FINANCIAL STATEMENTS
as of June 30, 2015**

NOTE 5 - CAPITAL ASSETS - Continued

	<u>7/01</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30</u> <u>Balance</u>
Accumulated depreciation				
Land improvements	(7,951,537)	(427,452)	0	(8,378,989)
Buildings and docks	(13,660,527)	(2,814,452)	0	(16,475,088)
Equipment	<u>(502,078)</u>	<u>(83,959)</u>	<u>0</u>	<u>(586,037)</u>
Total accumulated depreciation	<u>(22,114,142)</u>	<u>(3,325,973)</u>	<u>0</u>	<u>(25,440,114)</u>
Total capital assets, net	<u>\$ 88,077,060</u>	<u>\$(2,391,861)</u>	<u>\$ (15,189)</u>	<u>\$ 85,670,011</u>

Depreciation expense for the year was \$3,325,973.

NOTE 6 - LEASE

Leases - Port as Lessor

The Port, as a lessor, leases certain properties with a total approximate net capitalized cost of \$24,450,000 and annual depreciation expense of approximately \$1,290,000 under long-term operating leases. On August 7, 2009, the Port entered into a 20-year lease for a MOC-P with the United States of America, through the NOAA, expiring June 30, 2031, commonly referred to as the NOAA lease. NOAA lease revenue is pledged first to pay bond principal and interest, second to credit the reserve account to eliminate any deficiency in the required reserve and third for any other lawful Port purpose. The annual rent under this lease is approximately \$2,500,000 which is included in the schedule below.

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

<u>Year Ending</u> <u>June 30,</u>	<u>Balance</u>
2016	\$ 3,050,000
2017	2,840,000
2018	2,610,000
2019	2,590,000
2020	2,570,000
Thereafter	<u>27,700,000</u>
Total	<u>\$ 41,360,000</u>

Total minimum future lease payments do not include amounts for lease payments based on the lessee's gross sales. These payments amounted to approximately \$60,000 for the fiscal year. Amounts for future lease extensions are not included as they are cancelable.

PORT OF NEWPORT, OREGON
NOTES TO FINANCIAL STATEMENTS
as of June 30, 2015

NOTE 7 - LONG TERM DEBT

Bonds, Loans and Capital Leases Payable

Bonds, loans and capital leases payable are as follows:

	7/01 Balance	Decreases	6/30 Balance	Due in One Year		
				Principal	Interest	Total
BONDED DEBT FUND						
General Obligation Bonds						
Series 2007	\$ 4,330,000	\$ 115,000	\$ 4,215,000	\$ 120,000	\$ 175,678	\$ 295,678
Series 2008	4,415,000	110,000	4,305,000	115,000	177,940	292,940
Series 2011	5,320,000	60,000	5,260,000	65,000	273,555	338,555
Total Bonded Debt Fund	<u>14,065,000</u>	<u>285,000</u>	<u>13,780,000</u>	<u>300,000</u>	<u>627,173</u>	<u>927,173</u>
GENERAL FUND						
Full Faith and Credit OB						
Series 2013	3,410,000	30,000	3,380,000	120,000	103,308	223,308
State of Oregon Loans						
Special Public Works Fund Loan	4,754,668	162,081	4,592,587	167,306	152,025	319,331
Oregon Port Revolving Loans	76,622	13,555	63,067	14,388	3,464	17,852
Oregon Coast Bank Loans						
Loan payable	68,390	48,024	20,366	20,366	356	20,722
Loan payable	407,758	19,081	388,677	20,142	23,153	43,295
Toyota Financial Services						
Capital lease	17,928	4,781	13,147	5,076	499	5,575
Capital lease	28,414	5,848	22,566	6,105	851	6,956
Total General Fund	<u>8,763,780</u>	<u>283,370</u>	<u>8,480,410</u>	<u>353,383</u>	<u>283,656</u>	<u>637,039</u>
NOAA FUND						
Revenue Bond						
Series 2010	<u>22,540,000</u>	<u>815,000</u>	<u>21,725,000</u>	<u>840,000</u>	<u>1,159,432</u>	<u>1,999,432</u>
Totals	<u>\$45,368,780</u>	<u>\$ 1,383,370</u>	<u>\$43,985,410</u>	<u>\$1,493,383</u>	<u>\$2,070,261</u>	<u>\$3,563,644</u>

* Note that amounts do not represent variable interest debt, but rather stated rates related to various maturities for the respective issuances.

PORT OF NEWPORT, OREGON
NOTES TO FINANCIAL STATEMENTS
as of June 30, 2015

NOTE 7 - LONG TERM DEBT - Continued

Bonds, Loans and Capital Leases Payable

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

In the fiscal year ending June 30, 2013, the Port obtained financing for construction of the International Terminal. The Port negotiated a \$3,000,000 loan with a \$500,000 grant from the Oregon Infrastructure Finance Authority (IFA), fully drawn down by June 30, 2013. Also additional financing was obtained under a forgivable loan from the State of Oregon Business Development in the amount of \$400,000. The no interest loan is secured by a promissory note and will be forgiven by the State upon meeting the creation of a number of jobs positions by September 2017. If that date is not met, Business Oregon indicated they are flexible on the terms.

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

The Port has various capital leases for certain equipment. The balance outstanding on these leases at June 30, 2015 was \$35,663. The cost of leased equipment at year end was \$56,124, with accumulated depreciation of \$13,796 and net book value of \$42,321.

Below is a summary of the Port's obligations:

	<u>Original Issue</u>	<u>Amount</u>	<u>Rates</u>	<u>Payoff Date</u>
GO BONDS				
Series 2007	2007	\$ 5,000,000	4 to 4.25%	7/1/2029
Series 2008	2008	5,000,000	3.5 to 4.25%	7/1/2038
Series 2011	2011	5,452,000	2 to 5.5%	7/1/2041
FULL FAITH AND CREDIT OB				
Series 2013	2013	3,410,000	2.45%	6/1/2034
STATE OF OREGON				
Special Public Works				
Loan Q10001	2013	1,300,000	3%	6/1/2032
Loan L00012	2004	86,683	6%	12/1/2024
Loan L0005	2013	3,000,000	3.87%	7/1/2034
Promissory Note	2012	400,000		9/1/2017
Oregon Port Revolving	1999	366,065	6%	6/15/2019
OREGON COAST BANK				
Loan Payable	2014	79,879	7%	11/15/2015
Loan Payable	2014	412,352	6%	7/15/2025
TOYOTA FINANCIAL SERVICES				
Capital Lease	2012	24,767	4.75%	12/2/2017
Capital Lease	2013	31,357	4.30%	1/1/2019
REVENUE BOND				
Series 2010	2010	24,095,000	3 to 6.125%	7/1/2032

PORT OF NEWPORT, OREGON
NOTES TO FINANCIAL STATEMENTS
as of June 30, 2015

NOTE 7 - LONG TERM DEBT - Continued

Bonds, Loans and Capital Leases Payable

Future maturities are as follows:

Year Ending June 30	General Obligation Bonds	Full Faith & Credit Obl. Bond	State of Oregon Loans	Oregon Coast Bank Loans	Capital Leases	Revenue Bond	Total	Total Interest
2016	\$ 300,000	\$ 120,000	\$ 181,693	\$ 40,503	\$ 11,181	\$ 840,000	\$ 1,493,377	\$ 2,070,262
2017	310,000	185,000	195,336	21,466	11,693	870,000	1,593,495	2,014,596
2018	320,000	190,000	235,924	22,809	9,353	910,000	1,688,086	1,953,450
2019	335,000	200,000	243,471	24,236	3,436	945,000	1,751,143	1,886,064
2020	350,000	205,000	233,069	25,704	0	995,000	1,808,773	1,810,630
2021-25	1,975,000	1,120,000	1,276,459	154,990	0	5,820,000	10,346,449	7,745,909
2026-30	2,435,000	1,125,000	1,319,919	119,409	0	7,615,000	12,614,328	4,998,908
2031-35	3,035,000	235,000	975,024	0	0	3,730,000	7,975,024	1,961,208
2036-40	3,825,000	0	0	0	0	0	3,825,000	866,127
2041-45	895,000	0	0	0	0	0	895,000	49,225
Total	\$13,780,000	\$3,380,000	\$4,660,895	\$ 409,117	\$ 35,663	\$21,725,000	43,990,675	\$25,356,379
							Adjustment - current portion - premium/discounts	(1,493,377) (115,908)
							Total long-term debt, net	\$42,381,390

NOTE 8 - PRIOR PERIOD ADJUSTMENT

As described in Note 1, the Port adopted GASB Statements 68 and 71 in the current year. Accordingly, the Port has restated the amounts of effected balances for the year ended June 30, 2014:

	As originally Reported	As restated	Effect of Change
Statement of net position			
Deferred outflow of resources:			
Payments made to PERS since Measurement date	\$ 0	\$ 25,214	\$ 25,214
Non-current liabilities:			
Net pension liability	0	(384,108)	(384,108)
Net position	\$ 50,288,672	\$ 49,929,778	\$ (358,894)

NOTE 9 - RETIREMENT BENEFITS

Oregon Public Employees Retirement System (PERS)

Plan Description

The Port is a participating employer in the Oregon Public Employee Retirement System (PERS), a cost-sharing multiple employer defined benefit pension plan established by the Oregon legislature pursuant to Oregon Revised Statutes (ORS) 238 and 238A. Oregon PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to: Oregon Public Employees Retirement System, PO Box 23700, Tigard 97281-3700 or on the PERS web site at http://www.oregon.gov/PERS/Pages/section/financial_reports/financials.aspx.

PORT OF NEWPORT, OREGON
NOTES TO FINANCIAL STATEMENTS
as of June 30, 2015

NOTE 9 - RETIREMENT BENEFITS- Continued

Oregon Public Employees Retirement System (PERS)

Plan Description

There are currently two programs with eligibility determined by the date of employment. Those employed prior to August 29, 2003 are PERS Program members. Those employed on or after August 29, 2003 are Oregon Public Service Retirement Plan (OPSRP) Program members. OPSRP is a hybrid retirement plan with two components: (1) the Pension Program (defined benefit; established and maintained as a tax-qualified governmental defined benefit plan), and (2) the Individual Account Program (IAP) (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan).

1. PERS Tier One/Tier Two Pension (Chapter 238)

Public employees who became members of PERS prior to January 1, 1996 received a guarantee that their accounts would be credited with at least the amount that would have been received had the plan assets earned the rate of return assumed in the most recent actuarial valuation for the period, even if the actual rate of return on the plan assets for the period was less than the assumed rate. The 1995 Legislature created a second tier of benefits for those who became members after 1995. The second tier does not have the Tier One assumed earnings rate guarantee.

The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

a. Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options, including survivorship benefits and lump sum refunds. The basic benefit is based on years of service and the final average salary. A percentage (2.0% for fire employees, 1.67% for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for fire members). General service employees may retire after reaching age 55. Fire members may retire after reaching age 50. Tier one general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60.

b. Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided that one or more of the following conditions is met:

PORT OF NEWPORT, OREGON
NOTES TO FINANCIAL STATEMENTS
as of June 30, 2015

NOTE 9 - RETIREMENT BENEFITS - Continued

Oregon Public Employees Retirement System (PERS)

b. Death Benefits

1. The member was employed by a PERS employer at the time of death,
2. The member died within 120 days of after termination of PERS-covered employment,
3. The member died as a result of injury sustained while employed in a PERS-covered job, or
4. The member was on an official leave of absence from a PERS-covered job at the time of death.

c. Disability Benefits

A member with ten or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job related injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty-related disability, service time is computed to age 58 (55 for fire members) when determining the monthly benefit.

d. Benefit Changes After Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360, monthly benefits are adjusted annually through cost of living adjustments (COLAs). The cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25% on the first \$60,000 of annual benefit and 0.15% on annual benefits over \$60,000.

2. OPSRP Pension Program (OPSRP Defined Benefit)

a. Pension Benefits

The ORS Chapter 238A Defined Benefit Pension Program provided benefits to members hired on or after August 29, 2003.

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age. For police and fire employees, 1.8% is multiplied by the number of years of service and the average final salary. For general service employees, 1.5% is multiplied by the number of years of service and the final average salary.

Normal retirement age for fire members is age 60, or age 53 with twenty-five years of retirement credit. To be classified as a fire member, the individual must have been employed continuously as a fire member for at least five years immediately preceding retirement. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the pension program becomes vested on the earliest of the following dates: the date the member completes at least 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

PORT OF NEWPORT, OREGON
NOTES TO FINANCIAL STATEMENTS
as of June 30, 2015

NOTE 9 - RETIREMENT BENEFITS - Continued

Oregon Public Employees Retirement System (PERS)

2. OPSRP Pension Program (OPSRP Defined Benefit)

b. Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50% of the pension that would otherwise have been paid to the deceased member.

c. Disability Benefits

A member who has accrued 10 or more years of retirement credit before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45% of the member's salary determined as of the last full month of employment before the disability occurred.

d. Benefit Changes After Retirement

Under ORS 238A.210, monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25% on the first \$60,000 of annual benefit and .15% on annual benefits over \$60,000.

Contributions:

The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature. PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS defined benefit plan and the other Post-Employment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates, expressed as a percentage of payroll, first became effective July 1, 2013. The Port's contribution rate for the year ended June 30, 2015 was 11.60% of covered Tier One/Tier Two payroll and 11.63% of covered OPSRP payroll; and the Port's contributions were \$70,247, before adjustment for amounts due to amortization of transition liability/surplus from joining the rate pools.

The Port participates in the State and Local Government Rate Pool (SLGRP). The SLGRP was created by legislative act of the State of Oregon and provided local governments the option to pool their PERS Tier One/Tier Two-related assets and liabilities with others that elected to participate in the pool, whereby contribution rates are determined based on the overall experience of the pool versus the potentially more volatile experience of individual employers. OPSRP-related assets and liabilities are mandatorily pooled.

PERS sets the rate for the SLGRP, based on the independent actuarial study that is performed every two years. The amortization method used is a 22 year closed group, fixed term. PERS is reducing the amortization on new liabilities each year until it gets to the 20 year amortization standard it has set in policy.

PORT OF NEWPORT, OREGON
NOTES TO FINANCIAL STATEMENTS
as of June 30, 2015

NOTE 9 - RETIREMENT BENEFITS - Continued

Oregon Public Employees Retirement System (PERS)

Upon joining the SLGRP, a transition liability or surplus was calculated to ensure that each employer entered the pool on a comparable basis. The transition liability is maintained separately from the SLGRP, and is reduced by contributions and increased for interest charges at the assumed interest rate.

The contribution rate adjustment attributable to a transition liability or surplus is determined by amortizing the liability or surplus on the valuation date over a fixed period and expressing the result as a percentage of combined Tier One/Tier Two and OPSRP payroll. For employers that joined the SLGRP prior to December 31, 2009, the fixed period ends December 31, 2027. For all others, the fixed period ends 18 years after the employer joined the SLGRP. For the year ended June 30, 2015, the adjustment to the Port's contribution rate was (8.1%) on covered payroll, which reduced the Port's required contributions by \$49,242.

Net Pension Liability(Asset)

At June 30, 2015, the Port reported a net pension liability (asset) of \$(170,613). The Net Pension Liability (Asset) was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of December 31, 2012, and rolled forward to June 30, 2014. The Port's proportionate share of the total net pension liability (asset) was based on a projection of the Port's long-term share of contributions to the pension plan relative to the projected long-term contributions of all participating employers, actuarially determined. At June 30, 2015, the Port's proportion was 0.00752689%, which was unchanged from its proportion at June 30, 2014.

For the year ended June 30, 2015, the Port recognized pension expense (income) of \$(163,924). At June 30, 2015, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 0	\$ 329,214
Changes in proportions and differences between Port contributions and proportionate share of contributions	0	36,369
Total	\$ 0	\$ 365,583

PORT OF NEWPORT, OREGON

**NOTES TO FINANCIAL STATEMENTS
as of June 30, 2015**

NOTE 9 - RETIREMENT BENEFITS - Continued

Oregon Public Employees Retirement System (PERS)

Deferred outflows of resources of \$21,005 relates to pensions resulting from Port contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other pension amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expenses as follows:

Year ended June 30:	Deferred Outflow/(Inflow) of resources (prior to post-measurement date contributions)
2016	\$ (90,210)
2017	(90,210)
2018	(90,210)
2019	(90,210)
2020	(4,745)
Thereafter	<u>0</u>
Total	<u>\$ (365,583)</u>

Actuarial Valuations

The employer contribution rates effective July 1, 2013 through June 30, 2015 were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by employees during the current service year) and (2), an amount for the amortization of unfunded accrued actuarial liabilities, which are being amortized over a fixed period with new unfunded accrued actuarial liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by employees during the current service year) and (b) an amount for the amortization of unfunded accrued actuarial liabilities, which are being amortized over a fixed period with new unfunded accrued actuarial liabilities being amortized over 16 years.

PORT OF NEWPORT, OREGON
NOTES TO FINANCIAL STATEMENTS
as of June 30, 2015

NOTE 9 - RETIREMENT BENEFITS - Continued

Oregon Public Employees Retirement System (PERS)

Actuarial Valuations

Valuation Date	December 31, 2012, rolled forward to June 30, 2014
Experience Study Report	2012, published September 18, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.75%
Investment Rate of Return	7.75%
Projected Salary Increases	3.75% overall payroll growth; salaries for individuals are assumed to grow at 3.75% plus assumed rates of merit/longevity increases based on service
Mortality	<p>Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.</p>

PORT OF NEWPORT, OREGON
NOTES TO FINANCIAL STATEMENTS
as of June 30, 2015

NOTE 9 - RETIREMENT BENEFITS - Continued

Oregon Public Employees Retirement System (PERS)

Actuarial Valuations

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probabilities of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about future results. Experience studies were performed as of December 31 on even numbered years. The methods and assumptions shown above are based on the 2012 experience study, which reviewed experience for the four year period ending on December 31, 2012.

Assumed Asset Allocation

Asset Class/Strategy	Low Range	High Range	Oregon Investment Council Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0	25.0	20.0
Public Equity	32.5	42.5	37.5
Private Equity	16.0	24.0	20.0
Real Estate	9.5	15.5	12.5
Alternative Equity	0.0	10.0	10.0
Opportunity Portfolio	0.0	3.0	0.0
Total			100.0%

Long-Term Expected Rate of Return

In order to develop an analytical basis for the selection of the long-term expected rate of return assumption, in July of 2013 the PERS Board reviewed long-term assumptions developed by both the capital market assumptions team of the actuary firm (Milliman) engaged to perform the system-wide actuarial valuation of PERS and the investment advisors of the Oregon Investment Council (OIC) which, pursuant to ORS 293.706, has responsibility for oversight and management of investment of all State of Oregon investments, including those of the Public Employees Retirement System. Millimans assumptions for each of the asset classes in which the plan was invested at the time based on the OIC long-term asset allocation was combined with the OIC's long-term asset allocation targets. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the assumed rate of inflation. The assumptions are based on a forward-looking capital market economic model, rather than on historical returns. The target allocation and estimated geometric real rates of return for each asset class are summarized in the following table:

PORT OF NEWPORT, OREGON
NOTES TO FINANCIAL STATEMENTS
as of June 30, 2015

NOTE 9 - RETIREMENT BENEFITS - Continued

Oregon Public Employees Retirement System (PERS)

Target Allocation

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	7.20%	4.50%
Short-Term Bonds	8.00	3.70
Intermediate-Term Bonds	3.00	4.10
High Yield Bonds	1.80	6.66
Large Cap US Equities	11.65	7.20
Mid Cap US Equities	3.88	7.30
Small Cap US Equities	2.27	7.45
Developed Foreign Equities	14.21	6.90
Emerging Foreign Equities	5.49	7.40
Private Equity	20.00	8.26
Opportunity Funds/Absolute Return	5.00	6.01
Real Estate (Property)	13.75	6.51
Real Estate (REITS)	2.50	6.76
Commodities	1.25	6.07
Assumed Inflation - Mean		2.75%

Discount Rate

The discount rate used to measure the total pension liability was 7.75% for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. For future years, PERS has reduced the discount rate from 7.75% to 7.5%, effective January 1, 2016.

PORT OF NEWPORT, OREGON
NOTES TO FINANCIAL STATEMENTS
as of June 30, 2015

NOTE 9 - RETIREMENT BENEFITS - Continued

Oregon Public Employees Retirement System (PERS)

Sensitivity to Discount Rate

The following presents the Port's net pension liability calculated using the discount rate of 7.75%, as well as what the Port's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75%) and one percentage point higher (8.75%) than the current rate:

	Year ended June 30, 2015		
	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net Pension Liability(Asset)	<u>\$ 361,297</u>	<u>\$ (170,613)</u>	<u>\$ (620,484)</u>

Changes in Plan Provisions

Senate Bill 822, signed into law in May 2013, eliminated the SB 656/HB 3349 tax remedy payments for benefit recipients who are not subject to Oregon income tax, because they do not reside in Oregon, and limited the 2013 post-retirement COLA to 1.5% of annual benefit.

Senate Bill 861, signed into law in October 2013, limited post-retirement COLA for years beyond 2013 to 1.25% on the first \$60,000 of annual benefit and 0.15% on annual benefits above \$60,000. The decrease in the Total Pension Liability resulting from Senate Bill 861, measured as of June 30, 2014, created a (\$2,423.6) million reduction in Plan pension liabilities.

Senate Bill 862, signed into law in October 2013, made targeted changes such as allowing garnishment of PERS benefits for convicted felons. These changes do not significantly affect System liabilities and were not reflected in the valuation.

Changes in Assumptions

The Actuarial Cost Method was changed from the Projected Unit Credit cost method to the Entry Age Normal Cost method. This change will allow PERS to use the same cost method contribution rate calculations as required for financial reporting under GASB Statements 67 and 68.

In combination with the change in cost method, the PERS Board chose to re-amortize the outstanding Tier One/ Tier Two UAL as of December 31, 2013. Reamortization is now over a closed period of 20 years as a level percentage of projected payroll gains and losses between subsequent rate-setting valuations to be amortized over a closed 20 year period from the valuation in which they were first recognized.

PORT OF NEWPORT, OREGON
NOTES TO FINANCIAL STATEMENTS
as of June 30, 2015

NOTE 9 - RETIREMENT BENEFITS - Continued

Oregon Public Employees Retirement System (PERS)

Changes in Assumptions

Also in combination with the change in cost method, the "grade-in range" over which the rate collar gradually doubles was modified so that the collar doubles as funded status (excluding side accounts) decreases from 70% to 60% or increases from 130% to 140%. Previously the ranges were from 80% to 70% and from 120% to 130%.

For purposes of allocating Tier One/Tier Two members' actuarial accrued liability among multiple employers, the valuation uses a weighted average of the Money Match and Full Formula methodologies used by PERS when the member retires, with weights determined by the prevalence of each formula among the current tier One/Tier Two population. The Money Match weights were adjusted from 40% for General Service members and 10% for Fire members in the 2010 and 2011 valuations to 30% for General Service members and 5% for Fire members in the 2012 and 2013 valuations, based on projection of the proportion of liability attributable to Money Match benefits at those valuation dates.

The assumed investment return and interest crediting to both regular and variable account balances was reduced to 7.75%. Previously, the assumed investment return and interest crediting to regular account balances was 8.00% and the interest crediting to variable account balances was 8.25%.

Assumed administrative expenses for the OPSRP System were reduced from \$6.6 million per year to \$5.5 million per year.

Mortality assumptions for healthy members, based on RP-2000 generational mortality tables with group-specific class and setback adjustments, were updated to more closely match the results of the 2012 experience study. Mortality assumptions for disabled members were changed from the RP-2000 healthy tables to the RP-2000 disabled tables, with gender-specific adjustments updated to more closely match the results of the 2012 experience study. Rates for disability, retirement, and termination were also adjusted, and termination rates were changed from being indexed upon age to being indexed upon duration from hire.

Salary increase assumptions were also adjusted. Assumed merit increases for school district members were lowered, and unused sick leave and vacation pay rates were adjusted.

Changes in Plan Provisions Subsequent to Measurement Date

On April 30, 2015, the Oregon Supreme Court ruled in *Moro vs. State of Oregon* that the provisions of Senate Bill 861, signed into law in October of 2013, limiting the post-retirement COLA on benefits accrued prior to the signing of the law, was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. PERS members who accrued benefits both before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire. The System will be required to make payments to those members who received benefits between the date of enactment of the legislation and the Oregon Supreme Court decision to restore the amounts that should have been paid. This is a change in benefit terms subsequent to the measurement date of June 30, 2014, and is not included in the proportionate shares of the Net Pension Liability (Asset) provided to employers at June 30, 2015.

PORT OF NEWPORT, OREGON
NOTES TO FINANCIAL STATEMENTS
as of June 30, 2015

NOTE 9 - RETIREMENT BENEFITS - Continued

Oregon Public Employees Retirement System (PERS)

The actuary for the Oregon Public Employee Retirement System has estimated the effect of the *Moro* decision on the Net Pension Liability (Asset) as of the valuation date of June 30, 2014. For purposes of this estimate, it was assumed that the blended COLA for affected PERS members would be determined based on creditable service before and after the effective date. The actuary estimated that the Net Pension Liability (Asset) would change from an asset of \$(2,266,714,685) to a liability of approximately \$2,650,000,000. Based on its proportionate share of the Net Pension Liability of 0.00752689%, the Port's proportionate share of the Net Pension Liability (Asset) would change from an asset of \$(170,613) to a liability of approximately \$199,463.

3. OPSRP IAP (Individual Account Program) Description

The OPSRP IAP program is a defined contribution plan established by the Oregon legislature pursuant to ORS 238A. Employees who participate in the Plan contribute 6% of their wages to IAP. PERS employers may make optional contributions for members.

Beginning January 1, 2004, all employees who are active members of PERS became members of the OPSRP IAP Program. PERS plan member contributions (the employee contribution, whether made by the employee or "picked-up" by the employer) go into the IAP portion of OPSRP. PERS plan members retain their existing PERS accounts, but any future member contributions will be deposited in the member's IAP, not into the member's PERS account.

Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

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

Death Benefits

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

PORT OF NEWPORT, OREGON
NOTES TO FINANCIAL STATEMENTS
as of June 30, 2015

NOTE 9 - RETIREMENT BENEFITS - Continued

Oregon Public Employees Retirement System (PERS)

Record Keeping

PERS contracts with VOYA Financial to maintain IAP participant records.

Retirement Health Insurance Account (RHIA)

Plan Description

As a member of Oregon Public Employees Retirement System (OPERS), the Port contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing, multiple-employer defined benefit other postemployment benefit plan (OPEB) administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, Oregon 97281-3700.

Funding Policy

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS requires that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating municipal corporations are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently .56% for PERS members and .48% for OPSRP of annual covered payroll, respectively. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Port's contributions to RHIA for the years ended June 30, 2015, 2014, and 2013 were paid with contributions for pension, and equaled the required contributions for each year.

PORT OF NEWPORT, OREGON
NOTES TO FINANCIAL STATEMENTS
as of June 30, 2015

NOTE 10 - OTHER INFORMATION

Risk Management

The Port is exposed to various risks of loss related to theft of; damage to and destruction of assets; torts; errors and omissions; injuries to employees; and natural disasters. The Port purchases commercial insurance for such risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Evaluation of Subsequent Events

In October 2015, the Port received a \$2 million grant from the federal Department of Transportation toward rehabilitating the international shipping terminal. The full upgrading project is \$6.5 million for developing a wetlands mitigation site, upgrading the ten acre site and improvements to Southeast Bay Boulevard.

The Port has evaluated subsequent events through November 6, 2015, the date which the financial statements were available to be issued.

**PORT OF NEWPORT
OREGON**

REQUIRED SUPPLEMENTAL INFORMATION

PORT OF NEWPORT, OREGON
SCHEDULE OF THE PORT'S PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY as of June 30, 2015
OREGON PUBLIC EMPLOYEE RETIREMENT SYSTEM

	<u>2015</u>	<u>2014</u>
Port's proportion of the net pension liability (asset)	0.00753%	0.00753%
Port's proportionate share of the net pension liability (asset)	(170,613)	384,108
Port's covered employee payroll	607,922	689,517
Port's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	(28.1)%	55.7%
Plan's net fiduciary position as a percentage of the total pension liability	103.6%	92.0%

PORT OF NEWPORT, OREGON

**SCHEDULE OF THE PORT'S CONTRIBUTIONS
as of June 30, 2015**

OREGON PUBLIC EMPLOYEE RETIREMENT SYSTEM

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 21,405	\$ 24,249
Contributions in relation to the contractually required contribution	<u>21,005</u>	<u>25,214</u>
Contribution deficiency (excess)	<u>\$ 42,410</u>	<u>\$ (965)</u>
District's covered-employee payroll	\$ 607,922	\$ 689,517
Contributions as a percentage of covered-employee payroll	3.46%	3.66%

**PORT OF NEWPORT
Newport, Oregon**

**NOTES TO THE SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (ASSET) AND CONTRACTUALLY REQUIRED
CONTRIBUTIONS for the Year Ended June 30, 2015**

Changes in Plan Provisions Subsequent to Measurement Date

On April 30, 2015, the Oregon Supreme Court ruled in *Moro vs. State of Oregon* that the provisions of Senate Bill 861, signed into law in October of 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. PERS members who accrued benefits both before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire. The System will be required to make payments to those members who received benefits between the date of enactment of the legislation and the Oregon Supreme Court decision to restore the amounts that should have been paid. This is a change in benefit terms subsequent to the measurement date of June 30, 2014, and is not included in the proportionate shares of the Net Pension Liability (Asset) provided to employers at June 30, 2015.

The actuary for the Oregon Public Employee Retirement System has estimated the effect of the *Moro* decision on the Net Pension Liability (Asset) as of the valuation date of June 30, 2014. For purposes of this estimate, it was assumed that the blended COLA for affected PERS members would be determined based on creditable service before and after the effective date. The actuary estimated that the Net Pension Liability (Asset) would change from an asset of \$(2,266,714,685) to a liability of approximately \$2,650,000,000. Based on its proportionate share of the Net Pension Liability of 0.00752689%, the Districts proportionate share of the Net Pension Liability (Asset) would change from an asset of \$(170,613) to a liability of approximately \$199,463.

Changes in Assumptions

The Actuarial Cost Method was changed from the Projected Unit Credit cost method to the Entry Age Normal Cost method. This change will allow PERS to use the same cost method contribution rate calculations as required for financial reporting under GASB Statements 67 and 68.

In combination with the change in cost method, the PERS Board chose to re-amortize the outstanding Tier One/Tier Two UAL as of December 31, 2013 over a closed period of 20 years as a level percentage of projected payroll gains and losses between subsequent rate-setting valuations to be amortized over a closed 20 year period from the valuation in which they were first recognized.

Also in combination with the change in cost method, the "grade-in range" over which the rate collar gradually doubles was modified so that the collar doubles as funded status (excluding side accounts) decreases from 70% to 60% or increases from 130% to 140%. Previously the ranges were from 80% to 70 % and from 120% to 130%.

For purposes of allocating Tier One/Tier Two members' actuarial accrued liability among multiple employers, the valuation uses a weighted average of the Money Match and Full Formula methodologies used by PERS when the member retires, with weights determined by the prevalence of each formula among the current tier One/Tier Two population. The Money Match weights were adjusted from 40% for General Service members and 10% for Fire members in the 2010 and 2011 valuations to 30% for General Service members and 5% for Fire members in the 2012 and 2013 valuations, based on projection of the proportion of liability attributable to Money Match benefits at those valuation dates.

**PORT OF NEWPORT
Newport, Oregon**

**NOTES TO THE SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (ASSET) AND CONTRACTUALLY REQUIRED
CONTRIBUTIONS for the Year Ended June 30, 2015**

Changes in Assumptions

The assumed investment return and interest crediting to both regular and variable account balances was reduced to 7.75%. Previously, the assumed investment return and interest crediting to regular account balances was 8.00% and the interest crediting to variable account balances was 8.25%.

Assumed administrative expenses for the OPSRP System were reduced from \$6.6 million per year to \$5.5 million per year.

Mortality assumptions for healthy members, based on RP-2000 generational mortality tables with group-specific class and setback adjustments, were updated to more closely match the results of the 2012 experience study. Mortality assumptions for disabled members were changed from the RP-2000 healthy tables to the RP-2000 disabled tables, with gender-specific adjustments updated to more closely match the results of the 2012 experience study. Rates for disability, retirement, and termination were also adjusted, and termination rates were changed from being indexed upon age to being indexed upon duration from hire.

Salary increase assumptions were also adjusted. Assumed merit increases for school district members were lowered, and unused sick leave and vacation pay rates were adjusted.

Years Covered in Required Schedules of Proportionate Share of Net Pension Liability (Asset) and Contributions:

GASB Statement No. 68 generally requires that the required supplementary information schedules providing information about the employer's proportionate share of the Net Pension Liability (Asset) and contractually required contribution contain 10 years of data. However, the Statement also provides that, should the information required for the schedules not be available initially or be measured in a manner inconsistent with the provisions of the statement, information should only be presented for those periods for which it is available and is measured in a manner consistent with the provisions of the statement. For this reason, only information for the current and preceding year is presented in the schedules. Prospectively, an additional year of data will be added to the schedules each year until the 10 years required by the standard is reached.

**PORT OF NEWPORT
OREGON**

SUPPLEMENTAL INFORMATION

PORT OF NEWPORT, OREGON

DESCRIPTION OF BUDGETARY FUNDS

Pursuant to the provisions of Oregon Revised Statute, an individual schedule of revenues, expenditures, and changes in fund balances requires budget and actual be displayed for each fund where legally adopted budgets are required:

Budgetary comparison schedules include the following funds:

General Operating Fund

The fund is used to account for the financial resources of the Port that are not accounted for in any other fund. Principal sources of revenue are from property taxes, service fees and lease revenue. Primary expenditures are for maintenance and general administration.

Bonded Debt Fund

The fund is used to account for expenditures for major construction and improvement. Principal sources of revenue are mortgage fees.

Facilities Maintenance Fund

The fund is used to account for the accumulation of funds for the maintenance, repairs and capital improvements.

Construction Fund

The fund is used for capital improvements and acquisitions.

NOAA Lease Revenue Fund

The fund is used for operation and maintenance as authorized by the General Fund Budget. It is reported as a part of the enterprise fund on a generally accepted accounting principles basis.

PORT OF NEWPORT, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL for the Year Ended June 30, 2015**

GENERAL OPERATING FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Moorage	\$ 1,135,000	\$ 1,135,000	\$ 1,185,994	\$ 50,994
Leases	569,438	569,438	601,745	32,307
RV park	510,000	510,000	688,922	178,922
Terminals	147,000	147,000	10,116	(136,884)
Hoist dock	243,000	243,000	506,056	263,056
Intergovernmental	17,200	17,200	13,874	(3,326)
Launch ramp	58,000	58,000	75,385	17,385
Property taxes	88,750	88,750	97,803	9,053
Capital contributions	0	0	9,000	9,000
Loan proceeds	0	150,000	0	(150,000)
Interest	2,500	2,500	5,282	2,782
Miscellaneous	85,600	85,600	86,244	644
Total revenues	<u>2,856,488</u>	<u>3,006,488</u>	<u>3,280,421</u>	<u>273,934</u>
EXPENDITURES				
Personal services	1,124,806	1,124,806	930,855	194,151
Materials and services	1,328,297	1,328,297	1,252,581	75,716
Capital outlay	0	150,000	23,660	126,340
Debt service	578,205	578,205	579,149	(944)
Total expenditures	<u>3,031,308</u>	<u>3,181,308</u>	<u>2,786,045</u>	<u>395,263</u>
Excess (def) of revenues over expenditures	(174,820)	(174,820)	494,376	669,196
OTHER FINANCING SOURCES (USES)				
Transfers in	25,000	25,000	0	(25,000)
Excess (def) of revenues over expenditures	(149,820)	(149,820)	494,376	644,196
Unappropriated ending fund balance	(700,180)	(700,180)	0	700,180
FUND BALANCE - Beginning of year (Budget)	850,000	850,000	1,229,027	379,027
Prior period adjustment	0	0	(308,368)	308,368
FUND BALANCE - Beginning of year - Restated (Budget)	850,000	850,000	920,659	70,659
FUND BALANCE - End of year (Budget)	<u>\$ 0</u>	<u>\$ 0</u>	1,415,035	<u>\$ 1,415,035</u>
GAAP Adjustments				
Capital assets, net			85,670,011	
Accrued interest payable			(11,693)	
Long-term debt			(8,592,303)	
Pension			158,894	
FUND BALANCE - End of year (GAAP)			<u>\$ 78,639,944</u>	

PORT OF NEWPORT, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL for the Year Ended June 30, 2015**

BONDED DEBT FUND

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 917,423	\$ 962,344	\$ 44,921
Interest	150	<u>963</u>	<u>813</u>
Total revenues	917,573	963,307	45,734
EXPENDITURES			
Debt service	<u>917,573</u>	<u>917,573</u>	<u>0</u>
Excess (def) of revenues over expenditures	0	45,734	45,734
FUND BALANCE - Beginning of year (Budget)	<u>0</u>	<u>120,592</u>	<u>120,592</u>
FUND BALANCE - End of year (Budget)	<u>\$ 0</u>	166,326	<u>\$ 166,326</u>
GAAP Adjustments			
Bond issue costs		91,334	
Long-term debt		<u>(13,725,916)</u>	
FUND BALANCE - End of Year (GAAP)		<u>\$ (13,468,256)</u>	

PORT OF NEWPORT, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL for the Year Ended June 30, 2015**

FACILITIES MAINTENANCE FUND

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 125	\$ 140	\$ 15
Loan	93,750	0	(93,750)
Grants	<u>510,000</u>	<u>0</u>	<u>(510,000)</u>
 Total revenues	 <u>603,875</u>	 <u>140</u>	 <u>(603,735)</u>
EXPENDITURES			
Materials and services	220,000	0	220,000
Capital outlay	<u>762,500</u>	<u>118,358</u>	<u>644,142</u>
 Total expenditures	 <u>982,500</u>	 <u>118,358</u>	 <u>864,142</u>
 Excess (def) of revenues over expenditures	 (378,625)	 (118,218)	 260,407
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>125,000</u>	<u>0</u>	<u>(125,000)</u>
 Excess (def) of revenues over expenditures	 (253,625)	 (118,218)	 135,407
 Unappropriated ending fund balance	 (26,375)	 0	 26,375
 FUND BALANCE - Beginning of year (Budget)	 <u>280,000</u>	 <u>166,596</u>	 <u>(113,404)</u>
 FUND BALANCE - End of year (Budget)	 <u>\$ 0</u>	 48,378	 <u>\$ 48,378</u>
 GAAP Adjustments			
Capital outlay		113,358	
Transfer		<u>(113,358)</u>	
 FUND BALANCE - End of Year (GAAP)		 <u>\$ 48,378</u>	

PORT OF NEWPORT, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL for the Year Ended June 30, 2015**

CONSTRUCTION FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Interest	\$ 500	\$ 500	\$ 1,253	\$ 753
Intergovernmental	638,993	638,993	193,108	(445,885)
Loan proceeds	<u>0</u>	<u>693,885</u>	<u>0</u>	<u>(693,885)</u>
Total revenues	639,493	1,333,378	194,361	(1,139,017)
EXPENDITURES				
Capital outlay	<u>1,389,493</u>	<u>1,835,378</u>	<u>761,898</u>	<u>1,073,480</u>
Excess (def) of revenues over expenditures	<u>(750,000)</u>	<u>(502,000)</u>	<u>(567,537)</u>	<u>(65,537)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>0</u>	<u>(248,000)</u>	<u>0</u>	<u>248,000</u>
Total other financing sources (uses)	<u>0</u>	<u>(248,000)</u>	<u>0</u>	<u>(248,000)</u>
Excess (def) of revenues over expenditures	(750,000)	(750,000)	(567,537)	182,463
FUND BALANCE - Beginning of year (Budget)	<u>750,000</u>	<u>750,000</u>	<u>750,804</u>	<u>804</u>
FUND BALANCE - End of year (Budget)	<u>\$ 0</u>	<u>\$ 0</u>	183,267	<u>\$ 183,267</u>
GAAP Adjustments				
Capital outlay			755,645	
Transfer			<u>(755,645)</u>	
FUND BALANCE - End of Year (GAAP)			<u>\$ 183,267</u>	

PORT OF NEWPORT, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL for the Year Ended June 30, 2015**

NOAA LEASE REVENUE FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Leases	\$ 2,538,000	\$ 2,538,000	\$ 2,537,310	\$ (690)
Interest	<u>10,000</u>	<u>10,000</u>	<u>10,651</u>	<u>651</u>
Total revenues	<u>2,548,000</u>	<u>2,548,000</u>	<u>2,547,961</u>	<u>(38)</u>
EXPENDITURES				
Personal services	106,975	106,975	103,264	3,711
Materials and services	382,387	630,387	429,194	201,193
Debt service	2,001,500	2,001,500	2,001,359	141
Contingency	<u>100,000</u>	<u>100,000</u>	<u>0</u>	<u>100,000</u>
Total expenditures	<u>2,590,862</u>	<u>2,838,862</u>	<u>2,533,817</u>	<u>305,045</u>
Excess (def) of revenues over expenditures	<u>(42,862)</u>	<u>(290,862)</u>	<u>14,144</u>	<u>305,006</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	0	248,000	0	(248,000)
Transfers out	<u>(150,000)</u>	<u>(150,000)</u>	<u>0</u>	<u>150,000</u>
Total other financing sources (uses)	<u>(150,000)</u>	<u>98,000</u>	<u>0</u>	<u>(98,000)</u>
Excess (def) of revenues over expenditures	<u>(192,862)</u>	<u>(192,862)</u>	<u>14,144</u>	<u>207,006</u>
Unappropriated ending fund balance	<u>(5,097,138)</u>	<u>(5,097,138)</u>	<u>0</u>	<u>5,097,138</u>
FUND BALANCE - Beginning of year (Budget)	5,290,000	5,290,000	5,602,310	312,310
Prior period adjustment	<u>0</u>	<u>0</u>	<u>(50,526)</u>	<u>(50,526)</u>
FUND BALANCE - Beginning of year - Restated (Budget)	<u>5,290,000</u>	<u>5,290,000</u>	<u>5,551,784</u>	<u>261,784</u>
FUND BALANCE - End of year (Budget)	<u>\$ 0</u>	<u>\$ 0</u>	5,565,928	<u>\$ 5,565,928</u>
GAAP Adjustments				
Accrued interest payable			(499,410)	
Long-term debt			(21,554,005)	
Pension			<u>26,035</u>	
FUND BALANCE - End of year (GAAP)			<u>\$ (16,461,452)</u>	

PORT OF NEWPORT, OREGON

RECONCILIATION OF REVENUES AND EXPENDITURES (BUDGETARY BASIS) TO THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION for the Year Ended June 30, 2015

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Net</u>
Budgetary Basis			
General Operating Fund	\$ 3,280,421	\$ 2,786,045	\$ 494,376
Bonded Debt Fund	963,307	917,573	45,734
Facilities Maintenance Fund	140	118,358	(118,218)
Construction Fund	194,361	761,898	(567,537)
NOAA Lease Revenue Fund	<u>2,547,961</u>	<u>2,533,817</u>	<u>14,144</u>
 Total budgetary basis	 <u>\$ 6,986,190</u>	 <u>\$ 7,117,691</u>	 (131,501)
 Add (Deduct) Items to Reconcile to Net Income on a Financial Reporting Basis			
Payment of long-term debt			1,383,371
Capital outlay			918,923
Accrued interest			676
Amortization of bond premium/discount			(18,323)
Depreciation			(3,325,972)
Pension			<u>184,929</u>
 Change in net position			 <u>(987,897)</u>
 NET POSITION - Beginning of year			50,288,672
As originally stated			(358,894)
Prior period adjustment - pension			<u>49,929,778</u>
As restated			<u>49,929,778</u>
 NET POSITION - End of year			 <u>\$ 48,941,881</u>

PORT OF NEWPORT, OREGON

**SCHEDULE OF PROPERTY TAX TRANSACTIONS
for the Year Ended June 30, 2015**

<u>Levy Year</u>	<u>7/1 Balance</u>	<u>Current Levy</u>	<u>Tax Roll Adjustments</u>	<u>Tax Collection</u>	<u>6/30 Balance</u>
2014-15	\$ 0	\$ 1,085,105	\$ (28,346)	\$ 1,010,816	\$ 45,943
2013-14	45,608	0	(329)	20,059	25,220
2012-13	22,031	0	(306)	6,487	15,238
2011-12	9,281	0	(57)	4,323	4,901
2010-11	5,970	0	(96)	2,824	3,050
Prior Years	<u>4,290</u>	<u>0</u>	<u>(363)</u>	<u>609</u>	<u>3,318</u>
Totals	<u>\$ 87,180</u>	<u>\$ 1,085,105</u>	<u>\$ (29,497)</u>	<u>\$ 1,045,118</u>	<u>\$ 97,670</u>

PROPERTY TAX RECEIVABLE

	<u>Balance</u>
General Operating Fund	\$ 10,745
Bonded Debt Fund	<u>86,925</u>
Total	<u>\$ 97,670</u>

**PORT OF NEWPORT
OREGON**

COMPLIANCE SECTION

November 6, 2015

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS**

Board of Commissioners
Port of Newport
Newport, Oregon

I have audited the basic financial statements of the Port of Newport as of and for the year ended June 30, 2015, and have issued my report thereon November 6, 2015. I conducted my audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Port of Newport financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-330 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion.

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

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

In connection with my testing nothing came to my attention that caused me to believe the Port of Newport was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except for the following as noted below:

General Fund - Debt Service \$ 944

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Port of Newport's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port of Newport's internal control. Accordingly, I do not express an opinion on the effectiveness of Port of Newport's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of This Report

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

SIGNE GRIMSTAD
Certified Public Accountant

**PORT OF NEWPORT
PO Box 921
Newport, OR 97365**

November 6, 2015

Signe Grimstad
Grimstad & Associates
PO Box 1930
Newport, OR 97365

This representation letter is provided in connection with your audit of the financial statements of Port of Newport (Port), which comprise the respective financial position of the business-type activities as of June 30, 2015, and the respective changes in financial position and cash flows for the twelve months then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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

We confirm to the best of our knowledge and belief, as of November 6, 2015, the following representations made to you during your audit.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 28, 2015, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary information in accordance with the applicable criteria.
- The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

- Related party relationships and transactions, including revenues, expenses, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
- We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- Guarantees, whether written or oral, under which the Port is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

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

Government - specific

- The have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial report practices.
- We have made available to you all financial records and related data.
- There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- The Port of Newport has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance.
- As part of your audit, you prepared draft adjusting journal entries to our accounting records. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for recording those adjusting journal entries.
- As part of your audit, you assisted with preparation of the financial statements, management discussion and analysis, and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- The Port has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except as disclosed.
- The Port has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34.
- Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

- Provisions for uncollectible receivables have been properly identified and recorded.
- Expenses have been appropriately classified in or allocated to functions in the statement of activities, and allocations have been made on a reasonable basis.
- Revenues are appropriately classified in the statement of activities within program revenues, general revenues.
- Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- Deposits are properly classified as to risk and are properly disclosed.
- Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- We have appropriately disclosed the Port's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- With respect to the supplementary budget schedules, budget reconciliations and schedule of property tax transactions:
 - We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

Signature: _____
 Walter Chuck, President

Signature: _____
 Ken Brown, Secretary/Treasurer

PORT OF NEWPORT				Initials	Date	
Passed Journal Entries				Prepared By		
FYE 6/30/15				Approved By		
				Tolerable misstatement	455,000	
	W/P	Assets	Liabilities	Fund Balance	Revenue	Expense
Cash	B-1	(90)			90	
Cash	B-2	(48)			48	
Cash	B-3	(157)				157
Cash	B-6	39,580				(39,580)
Cash	B-11	(32,597)				32,597
Accounts receivable	E	(1,266)			(1,266)	
Prepaid expenses	G	1,604				(1,604)
Prepaid expenses	G	1,622				(1,622)
Capital assets	I	121				(121)
Compensated absences	O		612			612
Compensated absences	O		7,540			7,540
Deferred Revenue	Q		6,083			6,083
Bond amortization	R		8,625	(8,625)		
Bond amortization	R	2,722				(2,722)
Bond-prepd ins	R		3,339			3,339
		4,803	26,199	(8,625)	(1,266)	11,505
					NI	(12,771)

PORT OF NEWPORT
Trial Balance

Operating Fund		1 Year Ended Jun 30, 2015		
Account	T	Account Description	Balance	Adjusted Budget
1-1000	A	OCB - Operating Checking	313,180.00	0.00
1-1005	A	OCB - Marina Deposit	546,589.00	0.00
1-1010	A	Columbia Bank - MM	165,134.00	0.00
1-1015	A	OCB - Payroll	8,495.00	0.00
1-1020	A	OCB - PERS	1,622.00	0.00
1-1030	A	Petty Cash	1,275.00	0.00
1-1040	A	OCB MM - SPWF Reserve	707,979.00	0.00
1-1200	A	Accounts Receivable	174,076.00	0.00
1-1250	A	Allowance for B/D	(14,000.00)	0.00
1-1260	A	Grant Receivable	9,977.00	0.00
1-1270	A	Property Taxes Receivable	10,745.00	0.00
1-1300	A	Prepaid Expenses	32,726.00	0.00
1-1450	A	Undeposited Funds	30.00	0.00
1-1500	A	Net Pension Asset	146,594.00	0.00
1-1501	A	Land	20,221,521.00	0.00
1-1502	A	Work in Progress	40,084.00	0.00
1-1503	A	Land Improvements	19,173,376.00	0.00
1-1504	A	Buildings	16,450,127.00	0.00
1-1505	A	Docks & Piers	54,193,437.00	0.00
1-1506	A	Vehicles & Equipment	1,031,580.00	0.00
1-1508	A	Capitalized Interest	0.00	0.00
1-1603	A	A/D - Land Improvements	(8,378,989.00)	0.00
1-1604	A	A/D - Buildings	(4,333,125.00)	0.00
1-1605	A	A/D - Docks & Piers	(12,141,963.00)	0.00
1-1606	A	A/D - Equipment	(586,037.00)	0.00
1-1900	A	Deferred OF - Contrib after MI	18,048.00	0.00
1-2000	L	Accounts Payable	(103,876.00)	0.00
1-2015	L	Compensated Absences	(26,920.00)	0.00
1-2025	L	Prepaid Moorage & Deposits	(103,630.00)	0.00
1-2032	L	Accrued Interest Payable	(11,693.00)	0.00
1-2035	L	Current Portion - LT Debt	(353,377.00)	0.00
1-2040	L	Due to other funds	0.00	0.00
1-2101	L	Full Faith & Credit Debt	(3,380,000.00)	0.00
1-2102	L	Port Rev Loan - #04-161	(63,067.00)	0.00
1-2103	L	SPWF - L0012	(55,299.00)	0.00
1-2104	L	SPWF - Q10001	(1,239,400.00)	0.00
1-2105	L	L/T - L12005	(2,897,888.00)	0.00
1-2106	L	L/T - 11-13-576	(400,000.00)	0.00
1-2121	L	OCB - #10021575	(20,366.00)	0.00
1-2122	L	OCB - #10032077	(388,677.00)	0.00
1-2130	L	N/P - 2012 Forklift	(13,147.00)	0.00
1-2132	L	N/P - 2013 CM Forklift	(22,566.00)	0.00
1-2700	L	Bond Premium	(111,893.00)	0.00
1-2800	L	Current Portion of LT Debt	353,377.00	0.00
1-2900	L	Deferred IF - Invest. Return	(282,866.00)	0.00
1-2910	L	Deferred IF - Proportion/Contri	(31,249.00)	0.00
1-3000	L	Fund Balance	(73,280,483.00)	(850,000.00)
1-3050	L	F/B - Contributed Capital	(7,130,788.00)	0.00
1-3105	L	F/B - F/A Additions	(49,920.00)	0.00
1-3150	L	F/B - Depreciation	3,325,972.00	0.00
1-3200	L	F/B - Debt Principal	(283,371.00)	0.00
1-3275	L	F/B - Accrued Interest	(676.00)	0.00
1-3300	L	F/B - Transfers	(869,003.00)	0.00
1-3600	L	F/B - Amortization	(6,773.00)	0.00
1-3710	L	GAAP - Net Pension Liability	0.00	0.00
1-3720	L	GAAP - Pension Income	(140,846.00)	0.00
1-3730	L	GAAP - Pension Expense	(18,048.00)	0.00
1-3800	L	GAAP - Prior Period Adjustme	308,368.00	0.00
1-4001	R	Lease Revenues	(601,745.00)	(569,438.00)
1-4002	R	Moorage Revenues	(1,185,994.00)	(1,318,000.00)
1-4003	R	Shipping Terminal Revenues	(10,116.00)	(207,000.00)
1-4004	R	Hoist & Dock Services	(506,056.00)	0.00
1-4005	R	RV Parks	(688,922.00)	(510,000.00)
1-4006	R	Launch Ramps	(75,385.00)	(58,000.00)
1-4007	R	Transient Room Tax	0.00	(42,500.00)
1-4100	R	Miscellaneous Revenues	(88,701.00)	(38,100.00)
1-4200	R	Sale of Assets	2,457.00	(5,000.00)

PORT OF NEWPORT
Trial Balance

Operating Fund

1 Year Ended
Jun 30, 2015

<u>Account</u>	<u>T</u>	<u>Account Description</u>	<u>Balance</u>	<u>Adjusted Budget</u>
1-4300	R	Grants	(13,874.00)	(17,200.00)
1-4400	R	Property Taxes - Current	(94,395.00)	(81,750.00)
1-4401	R	Property Taxes - Prior	(3,408.00)	(7,000.00)
1-4500	R	Interest Income	(5,282.00)	(2,500.00)
1-4600	R	Loan Proceeds	0.00	(150,000.00)
1-4800	R	Capital Contributions	(9,000.00)	0.00
1-5000	E	Salaries & Wages	656,049.00	800,000.00
1-5010	E	Payroll Tax Expense	64,234.00	140,706.00
1-5020	E	Health Insurance	129,129.00	154,000.00
1-5030	E	PERS	19,115.00	27,000.00
1-5040	E	Workers' Comp Insurance	42,723.00	0.00
1-5100	E	Other Payroll Expenses	19,405.00	3,100.00
1-6010	E	Insurance	172,389.00	180,000.00
1-6020	E	Professional Fees	79,119.00	71,100.00
1-6030	E	Marketing & Promotion	14,819.00	32,000.00
1-6040	E	Dues & Subscriptions	6,672.00	33,000.00
1-6050	E	Education & Training	8,821.00	5,000.00
1-6060	E	Travel	9,224.00	16,000.00
1-6070	E	Office Expense	55,719.00	53,500.00
1-6075	E	Bad Debt Expense	15,927.00	0.00
1-6080	E	Bank Fees	33,235.00	28,000.00
1-6090	E	Licenses & Permits	8,569.00	7,500.00
1-6100	E	Utilities	398,200.00	454,140.00
1-6110	E	Contract & Support Services	221,176.00	171,992.00
1-6120	E	Repairs & Maintenance	58,972.00	92,000.00
1-6130	E	Equipment & Small Tools	10,921.00	10,100.00
1-6140	E	Operating Supplies & Fuel	79,281.00	72,800.00
1-6150	E	Shipping Expenses	1,798.00	0.00
1-6160	E	DSL & State Land Fees	28,174.00	0.00
1-6170	E	Leases	13,549.00	81,165.00
1-6180	E	Grant Expenses	23,538.00	20,000.00
1-7000	E	Capital Outlay	23,660.00	150,000.00
1-7100	E	Miscellaneous	12,478.00	0.00
1-8010	E	D/S - Principal	283,371.00	578,205.00
1-8020	E	D/S - Interest Expense	295,778.00	0.00
1-9000	R	Transfers In	0.00	(25,000.00)
1-9800	E	Unappropriated End Fund Bala	0.00	700,180.00
		Total	0.00	0.00
		Period Profit/(Loss)	494,376.00	

PORT OF NEWPORT
Trial Balance

Bonded Debt Fund

1 Year Ended
Jun 30, 2015

<u>Account</u>	<u>T</u>	<u>Account Description</u>	<u>Balance</u>	<u>Adjusted Budget</u>
2-1050	A	OCB - MM	79,401.00	0.00
2-1270	A	Property Taxes Receivable	86,925.00	0.00
2-1400	A	Due from Other Funds	0.00	0.00
2-1800	A	Bond Issue Costs	91,334.00	0.00
2-2030	L	Current Portion - LT Debt	(300,000.00)	0.00
2-2201	L	GO Bonds - 2007	(4,215,000.00)	0.00
2-2202	L	GO Bonds - 2008	(4,305,000.00)	0.00
2-2203	L	GO Bonds - 2011	(5,260,000.00)	0.00
2-2700	L	Bond Discounts	54,084.00	0.00
2-2800	L	Current Portion of LT Debt	300,000.00	0.00
2-3000	L	Fund Balance	13,785,475.00	0.00
2-3200	L	F/B - Debt Principal	(285,000.00)	0.00
2-3600	L	F/B - Amortization	13,515.00	0.00
2-4100	R	Miscellaneous Revenue	(294.00)	0.00
2-4400	R	Property Taxes - Current	(935,187.00)	(917,423.00)
2-4401	R	Property Taxes - Prior	(27,157.00)	0.00
2-4500	R	Interest Income	(679.00)	(150.00)
2-6080	E	Bank Fees	10.00	0.00
2-8010	E	D/S - Principal	285,000.00	285,000.00
2-8020	E	D/S - Interest Expense	632,573.00	632,573.00
		Total	<u>0.00</u>	<u>0.00</u>
		Period Profit/(Loss)	<u>45,734.00</u>	

PORT OF NEWPORT
Trial Balance

Facilities Maintenance Fund

1 Year Ended
Jun 30, 2015

<u>Account</u>	<u>T</u>	<u>Account Description</u>	<u>Balance</u>	<u>Adjusted Budget</u>
3-1060	A	Umpqua Bank - MM	48,378.00	0.00
3-3000	L	Fund Balance	(166,596.00)	(280,000.00)
3-3100	L	F/B - F/A Additions	(113,358.00)	0.00
3-3300	L	F/B - Transfers	113,358.00	0.00
3-4500	R	Interest Income	(140.00)	(125.00)
3-4600	R	Loan Income	0.00	(93,750.00)
3-4650	R	Grants	0.00	(510,000.00)
3-6120	E	Repairs & Maintenance	0.00	220,000.00
3-7000	E	Capital Outlay	118,358.00	762,500.00
3-9000	R	Transfers In	0.00	(125,000.00)
3-9800	E	Unappropriated End Fund Bala	0.00	26,375.00
		Total	0.00	0.00
		Period Profit/(Loss)	(118,218.00)	

PORT OF NEWPORT
Trial Balance

Construction fund

1 Year Ended
Jun 30, 2015

<u>Account</u>	<u>T</u>	<u>Account Description</u>	<u>Balance</u>	<u>Adjusted Budget</u>
4-1070	A	OCB - Checking	1,178.00	0.00
4-1075	A	OCB - MM	182,089.00	0.00
4-3000	L	Fund Balance	(750,804.00)	(750,000.00)
4-3100	L	F/B - F/A Additions	(755,645.00)	0.00
4-3300	L	F/B - Transfers	755,645.00	0.00
4-4300	R	Grants	(193,108.00)	0.00
4-4350	R	Loan Proceeds	0.00	(693,885.00)
4-4500	R	Interest Income	(1,253.00)	(500.00)
4-6070	E	Office Expenses	187.00	0.00
4-7000	E	Capital Outlay	761,711.00	1,835,378.00
4-9000	R	Transfers In	0.00	(638,993.00)
4-9050	E	Transfers Out	0.00	248,000.00
		Total	<u>0.00</u>	<u>0.00</u>
		Period Profit/(Loss)	<u>(567,537.00)</u>	

PORT OF NEWPORT
Trial Balance

NOAA Fund		1 Year Ended Jun 30, 2015		
Account	T	Account Description	Balance	Adjusted Budget
5-1080	A	OCB - Checking	1,395,713.00	0.00
5-1085	A	Umpqua Bank - MM	1,953,393.00	0.00
5-1086	A	OCB - Rev Bond Res	2,036,717.00	0.00
5-1087	A	OCB - Maint/Replacement	141,309.00	0.00
5-1088	A	OCB - Assign of Deposit	60,118.00	0.00
5-1300	A	Prepaid Expenses	42,993.00	0.00
5-1400	A	Due from Other Funds	0.00	843,885.00
5-1500	A	Net Pension Asset	24,019.00	0.00
5-1900	A	Deferred OF - Contrib after MI	2,957.00	0.00
5-2000	L	Accounts Payable	(12,054.00)	0.00
5-2015	L	Compensated Absences	(1,734.00)	0.00
5-2032	L	Accrued Interest Payable	(499,410.00)	0.00
5-2035	L	Current Portion - LT Debt	(840,000.00)	0.00
5-2500	L	Revenue Bond - 2010	(21,725,000.00)	0.00
5-2700	L	Bond Discounts	170,995.00	0.00
5-2800	L	Current Portion of LT Debt	840,000.00	0.00
5-2900	L	Deferred IF - Invest. Return	(46,348.00)	0.00
5-2910	L	Deferred IF - Proportion/Contri	(5,120.00)	0.00
5-3000	L	Fund Balance	17,254,524.00	(5,290,000.00)
5-3250	L	F/B - Debt Principal	(815,000.00)	0.00
5-3400	L	F/B - Interfund Loans	0.00	(843,885.00)
5-3600	L	F/B-Amortization	11,581.00	0.00
5-3710	L	GAAP-Net Pension Liability	0.00	0.00
5-3720	L	GAAP-Pension Income	(23,078.00)	0.00
5-3730	L	GAAP-Pension Expense	(2,957.00)	0.00
5-3800	L	GAAP-Prior Period Adjustmen	50,526.00	0.00
5-4001	R	Lease Revenue	(2,537,310.00)	(2,538,000.00)
5-4500	R	Interest Income	(10,651.00)	(10,000.00)
5-5000	E	Salaries & Wages	75,074.00	106,975.00
5-5010	E	Payroll Expenses	22,731.00	0.00
5-5020	E	Health Insurance	7,750.00	0.00
5-5030	E	PERS	3,132.00	0.00
5-6010	E	Insurance	95,721.00	0.00
5-6020	E	Professional Services	2,284.00	630,387.00
5-6070	E	Office Expense	15,741.00	0.00
5-6090	E	Licenses & Permits	432.00	0.00
5-6100	E	Utilities	9,287.00	0.00
5-6110	E	Contracted Services	258,324.00	0.00
5-6140	E	Operating Supplies	13,906.00	0.00
5-6160	E	Office Rent/DSL Leases	12,279.00	0.00
5-7000	E	Capital Outlay	15,797.00	0.00
5-8010	E	D/S - Principal	815,000.00	2,001,500.00
5-8020	E	D/S - Interest Expense	1,186,359.00	0.00
5-9000	R	Transfers In	0.00	(248,000.00)
5-9050	E	Transfers Out	0.00	150,000.00
5-9700	E	Contingency	0.00	100,000.00
5-9800	E	Unappropriated End Fund Bala	0.00	5,097,138.00
		Total	0.00	0.00
		Period Profit/(Loss)	14,144.00	

- Selected Location/Department
 1- Operating Fund
 2- Bonded Debt Fund
 3- Facilities Maintenance Fund
 4- Construction fund
 5- NOAA Fund

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**PORT OF NEWPORT
Adjusting Journal Entries**

PTNEWPORT
Page 1
11/10/15 03:11 PM

Reviewed by _____

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
BU01	Budget	06/30/15					
		1-7000	Capital Outlay	150,000.00			
		1-4600	Loan Proceeds		150,000.00		
		5-1400	Due from Other Funds	150,000.00			
		5-3400	F/B - Interfund Loans		150,000.00		
		4-7000	Capital Outlay	693,885.00			
		4-4350	Loan Proceeds		693,885.00		
		5-1400	Due from Other Funds	693,885.00			
		5-3400	F/B - Interfund Loans		693,885.00		
		4-9050	Transfers Out	248,000.00			
		4-7000	Capital Outlay		248,000.00		
		5-6020	Professional Services	248,000.00			
		5-9000	Transfers In		248,000.00		
						0.00	
			Record supplemental budget				A-12
JE01	Adjusting	06/30/15					
		1-3000	Fund Balance		706.00		
		1-7100	Miscellaneous	706.00			
		2-2030	Current Portion - LT Debt		275,000.00		
		2-3000	Fund Balance	275,001.00			
		2-4100	Miscellaneous Revenue		1.00		
		5-3000	Fund Balance	1.00			
		1-7100	Miscellaneous		1.00		
						(704.00)	
			Reconcile beginning fund balance				S
JE11	Adjusting	06/30/15					
		1-3800	GAAP - Prior Period Adjustment	308,368.00			
		5-3800	GAAP-Prior Period Adjustment	50,526.00			
		1-1900	Deferred OF - Contrib after MD	21,664.00			
		5-1900	Deferred OF - Contrib after MD	3,550.00			
		1-3710	GAAP - Net Pension Liability		330,032.00		
		5-3710	GAAP-Net Pension Liability		54,076.00		
						0.00	
			Prior period adjustment - initial pension liability at prior measurement date				Z
JE12	Adjusting	06/30/15					
		1-1900	Deferred OF - Contrib after MD	18,048.00			
		5-1900	Deferred OF - Contrib after MD	2,957.00			
		1-3730	GAAP - Pension Expense		18,048.00		
		5-3730	GAAP-Pension Expense		2,957.00		
						0.00	
			Reclassification of contributions for FY 2015				Z

**PORT OF NEWPORT
Adjusting Journal Entries**

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
JE13	Adjusting	06/30/15					
		1-3710	GAAP - Net Pension Liability	330,032.00			
		5-3710	GAAP-Net Pension Liability	54,076.00			
		1-1500	Net Pension Asset	146,594.00			
		5-1500	Net Pension Asset	24,019.00			
		1-1900	Deferred OF - Contrib after MD		21,664.00		
		5-1900	Deferred OF - Contrib after MD		3,550.00		
		1-2900	Deferred IF - Invest. Return		282,866.00		
		5-2900	Deferred IF - Invest. Return		46,348.00		
		1-2910	Deferred IF - Proportion/Contrib		31,249.00		
		5-2910	Deferred IF - Proportion/Contrib		5,120.00		
		1-3720	GAAP - Pension Income		140,846.00		
		5-3720	GAAP-Pension Income		23,078.00		
						0.00	Z
			Record pension disclosure				
JE14	Adjusting	06/30/15					
		1-1200	Accounts Receivable		11,124.00		
		1-4401	Property Taxes - Prior	1,216.00			
		1-4500	Interest Income	1.00			
		1-2040	Due to other funds	9,906.00			
		1-4100	Miscellaneous Revenues	1.00			
						(1,218.00)	E
			Reclass for disclosure purposes - GF				
JE15	Adjusting	06/30/15					
		1-1270	Property Taxes Receivable	410.00			
		1-4400	Property Taxes - Current		410.00		
						410.00	E
			Adjust property tax receivable - GF				
JE16	Adjusting	06/30/15					
		2-4401	Property Taxes - Prior	9,899.00			
		2-4500	Interest Income	7.00			
		2-1400	Due from Other Funds		9,906.00		
						(9,906.00)	E
			Reclass for disclosure (JE14) - bonded debt fund				
JE17	Adjusting	06/30/15					
		2-1270	Property Taxes Receivable	10,080.00			
		2-4400	Property Taxes - Current		10,080.00		
						10,080.00	E
			Adjust property tax receivable - bonded debt fund				

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PORT OF NEWPORT
Adjusting Journal Entries

PTNEWPORT
Page 3
11/10/15 03:11 PM

Reviewed by _____

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
JE18	Adjusting	06/30/15					
		1-1260	Grant Receivable	9,977.00			
		1-1200	Accounts Receivable		9,977.00		
						0.00	
			Reclass grant receivable for disclosure - GF				E
JE19	Adjusting	06/30/15					
		1-4007	Transient Room Tax	52,483.00			
		1-6180	Grant Expenses		50,614.00		
		1-2000	Accounts Payable		1,869.00		
						(1,869.00)	
			Reclass transient room tax to liability - GF				X
JE20	Adjusting	06/30/15					
		1-1502	Work in Progress		15,189.00		
		1-1503	Land Improvements	15,189.00			
		1-1506	Vehicles & Equipment	49,920.00			
		1-3105	F/B - F/A Additions		49,920.00		
						0.00	
			Record capital asset additions - GF				I
JE21	Adjusting	06/30/15					
		1-7000	Capital Outlay	9,000.00			
		1-4800	Capital Contributions		9,000.00		
						0.00	
			Record vehicle donated by State of Oregon - GF				I
JE22	Adjusting	06/30/15					
		1-1603	A/D - Land Improvements		427,452.00		
		1-1604	A/D - Buildings		554,426.00		
		1-1605	A/D - Docks & Piers		2,260,135.00		
		1-1606	A/D - Equipment		83,959.00		
		1-3150	F/B - Depreciation	3,325,972.00			
						0.00	
			Record depreciation - GF				I
JE23	Adjusting	06/30/15					
		1-1505	Docks & Piers	2,999,248.00			
		1-1508	Capitalized Interest		2,999,248.00		

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**PORT OF NEWPORT
Adjusting Journal Entries**

PTNEWPORT
Page 4
11/10/15 03:11 PM

Reviewed by _____

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
			Reclassification of capitalized interest on int'l terminal - GF			0.00	I
JE24	Adjusting	06/30/15					
		1-1504	Buildings	13,100.00			
		1-1506	Vehicles & Equipment	100,258.00			
		1-3300	F/B - Transfers		113,358.00		
						0.00	I
			Record capital asset additions & transfer from facilities maint fund - GF				
JE25	Adjusting	06/30/15					
		1-1502	Work in Progress	34,084.00			
		1-1503	Land Improvements	721,561.00			
		1-3300	F/B - Transfers		755,645.00		
						0.00	I
			Record capital asset additions & transfer from constr fund - GF				
JE27	Adjusting	06/30/15					
		3-3100	F/B - F/A Additions		113,358.00		
		3-3300	F/B - Transfers	113,358.00			
						0.00	I
			Record capital asset additions & transfer - fac maint fund				
JE28	Adjusting	06/30/15					
		4-3100	F/B - F/A Additions		755,645.00		
		4-3300	F/B - Transfers	755,645.00			
						0.00	I
			Record capital asset additions & transfer - constr fund				

**PORT OF NEWPORT
Adjusting Journal Entries**

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
JE29	Adjusting	06/30/15					
		1-3600	F/B - Amortization		6,773.00		
		1-2700	Bond Premium	6,773.00			
		1-2101	Full Faith & Credit Debt	30,000.00			
		1-2102	Port Rev Loan - #04-161	13,555.00			
		1-2103	SPWF - L0012	3,965.00			
		1-2104	SPWF - Q10001	56,005.00			
		1-2105	L/T - L12005	102,112.00			
		1-2121	OCB - #10021575	48,024.00			
		1-2122	OCB - #10032077	19,081.00			
		1-2130	N/P - 2012 Forklift	4,781.00			
		1-2132	N/P - 2013 CM Forklift	5,848.00			
		1-3200	F/B - Debt Principal		283,371.00		
		1-2800	Current Portion of LT Debt	353,377.00			
		1-2035	Current Portion - LT Debt		353,377.00		
		1-2032	Accrued Interest Payable	676.00			
		1-3275	F/B - Accrued Interest		676.00		
						0.00	R
			GAAP - adjust bond principal, discounts, accrued interest and current portion - GF				
JE30	Adjusting	06/30/15					
		2-2201	GO Bonds - 2007	115,000.00			
		2-2202	GO Bonds - 2008	110,000.00			
		2-2203	GO Bonds - 2011	60,000.00			
		2-3200	F/B - Debt Principal		285,000.00		
		2-2030	Current Portion - LT Debt		15,000.00		
		2-2800	Current Portion of LT Debt	15,000.00			
		2-3600	F/B - Amortization	13,515.00			
		2-2700	Bond Discounts		13,515.00		
						0.00	R
			GAAP - adjust bond principal, discounts, and current portion - bonded debt fund				
JE31	Adjusting	06/30/15					
		5-2500	Revenue Bond - 2010	815,000.00			
		5-3250	F/B - Debt Principal		815,000.00		
		5-2800	Current Portion of LT Debt	840,000.00			
		5-2035	Current Portion - LT Debt		840,000.00		
		5-3600	F/B-Amortization	11,581.00			
		5-2700	Bond Discounts		11,581.00		
						0.00	R
			GAAP - adjust bond principal, discounts, and current portion - NOAA fund				

Prepared by _____

**PORT OF NEWPORT
Adjusting Journal Entries**

PTNEWPORT
Page 6
11/10/15 03:11 PM

Reviewed by _____

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
JE32	Adjusting	06/30/15					
		1-8010	D/S - Principal	30,481.00			
		1-8020	D/S - Interest Expense		30,481.00		
			Reclass principal payments - GF			0.00	R
		TOTAL		<u>14,305,401.00</u>	<u>14,305,401.00</u>	<u>(3,207.00)</u>	

November 6, 2015

David Jincks
Port of Newport
PO Box 1434
Newport, Oregon 97365

I have audited the financial statements of the business-type activities of Port of Newport for the year ended June 30, 2015. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards. Professional standards also require that I communicate to you the following information related to my audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Port are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies were not changed during the year. I noted no transactions entered into by the Port during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements is:

Management's estimate of the life of the asset is based on historical records. I evaluated the key factors and assumptions used to develop the lives in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit.

Corrected and Uncorrected Misstatements

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

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

Management Representations

I have requested certain representations from management that are included in the management representation letter dated November 6, 2015.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

Restriction on Use

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

Sincerely,

GRIMSTAD & ASSOCIATES

Signe Grimstad
Certified Public Accountant

xc: Kevin Greenwood

NEW BUSINESS AGENDA ITEM

DATE: 11/17/2015
RE: Rogue Lease Second Amendment for Brewery Expansion
TO: Port of Newport Board of Commissioners
ISSUED BY: Kevin Greenwood, General Manager

BACKGROUND

[Rogue Second Amendment, letter to Brett Joyce included in packet] The Port has been negotiating with Rogue on a lease to expand their brewery footprint by over 40,000 s.f. over the course of 2015. As part of this process Chair Chuck appointed Commissioners Jincks and Brown to assist the General Manager through the process. During the year, Brett Joyce and I have kept track of the negotiations through a draft Memo of Understanding (“MOU”). This MOU has periodically been updated and shared with the Commission when progress had been made.

On October 26TH, Jincks, Brown and I had a conference call with Joyce where serious progress was made. The MOU was updated and sent to the Port’s attorney, Pete Gintner. The Lease Amendment crafted by Gintner is included in the packet.

SUMMARY OF THE LEASE AMENDMENT POINTS

- Lease is for 41,220 s.f. footprint.
- A traffic/landscaping/parking plan will provided for city/port review.
- Rogue agreed to pay for the expenses related to filling in the old boat launch and bringing the House of Spirits parking lot to grade with the dry camping lot and to apply an asphalt cap equal to 35,000 s.f. (“offsite improvements”) Port to review these plans.
- Port agrees to rebate 49% of the offsite improvement costs through a decreased annual lease amount over three to five years.
- Expansion would include a mural, approved by Port, on the south side.
- This will be the last expansion at the current South Beach location.
- Provisions of original lease and first amendment are intact.
- Parties agree to work together on the siting of special event activities.
- Term ends June 30, 2037.
- Lease rate is 20-cents per square ft. per month with semi annual CCI adjustments.

CHANGE OF PLANS REQUESTED

During a conversation with Brett Joyce last week, I was informed that Rogue would prefer to phase in the construction of the warehouse extension and, hence, the land lease. With the lease abatement arrangement previously discussed, a phased approach would result in decreased cash flow for the Port. In addition, it is unknown when the second phase would take place, but would result in an additional disruption to South Beach users.

Jincks, Brown and I discussed the proposal and agreed that a phased lease approach would not benefit the Port, however, Rogue could lease the full 41,220 s.f. and phase in construction based upon approved building permits. I submitted a letter to Brett along with the lease amendment.

BUDGET IMPLICATIONS

In year one, the Port would see a gross increase of \$40,000 in lease income, however, that would offset the loss of the Yaquina Bay Fruit Processing lease. YBFP's lease end in March of 2016. The lease allows for a separate agreement to determine the costs of the offsite improvements.

RECOMMENDATION

Assuming Joyce agrees to the lease, I would recommend that a Commissioner make a MOTION TO AUTHORIZE THE GENERAL MANAGER TO SIGN THE SECOND LEASE AMENDMENT WITH OREGON BREWING COMPANY AS PRESENTED [or AMENDED]. I will update the Commission with any new information on Tuesday night.

-###-

November 12, 2015

Brett Joyce
Oregon Brewing Company
2320 SE OSU Drive
Newport, OR 97365

RE: PORT OF NEWPORT / ROGUE LEASE SECOND AMENDMENT

Brett,

Attached to this letter is a draft of our second amendment. I appreciate your time and commitment to working through this lease agreement as I know it's been a long process.

The Port would not support phasing the lease to cover two separate construction periods, however the attached lease for 41,220 sf does not prohibit Rogue from phasing the construction. Rogue though would still be paying for the full square footage either way.

This lease amendment is on the agenda for the Port Commission for review and possible approval at their November 17th regular meeting. If this lease meets your approval, we could have this executed by the end of next week.

My staff looks forward to working with you through this exciting extension of the brewery.

Respectfully,

A handwritten signature in black ink that reads "Kevin M. Greenwood". The signature is written in a cursive, flowing style.

Kevin Greenwood
General Manager

cc: Port Commission

ROGUE LEASE SECOND AMENDMENT

DATE: _____, 2015

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 July 1, 2007 and amended by Rogue Lease Amendment dated January 24, 2012 (the "First Amendment") 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".

Lessor leases to Lessee and Lessee leases from Lessor certain real property and improvements as shown on the attached Exhibit A. Lessee desires to expand its leased footprint and requests to lease an additional 41,220 square feet, more or less, of property adjacent to and east of the current leased property as shown in Exhibit A-1 (the "Additional Footprint Area").

Recital

The Additional Footprint Area will be used to construct an additional warehouse approximately 41,220 square feet in size to provide for product storage, additional cold storage, bottling equipment and brewing capacity; and a truck loading ramp and forklift dock; and incorporate additional employee and customer parking, to be used in accordance with Section 5 of the Lease. The Lessee has leased a total of 73,016 square feet for the brewery warehouse land, bringing the total leased square footage to 114,236. The Lessee agrees to include a mural or murals or other decorative features, as approved by Lessor, to the south side of this additional warehouse. The Lessor also agrees to complete a traffic, landscape and parking plan approved by the Lessor and City. Furthermore all utilities, storm water and civil structures will be designed by a licensed engineer and are subject to review and approval for content by the Lessor. It is agreed that Lessee and Lessor will continue to work together on the siting of special event activities as specified in Section 1 of the Lease. It is also agreed that due to the loss of Lessor's dry camping and storage area of roughly 35,000 square feet, Lessee agrees to pay expenses related to filling in the decommissioned boat launch ramp and bringing the House of Spirits parking lot up to grade with the dry camping area and capping it all with roughly 35,000 square feet of appropriate depth asphalt ("offsite

improvements”). Lessor will abate the rent owed for the first year by \$50,000. The remaining abatement amount will be divided over 2, 3 or 4 years depending on the final construction proposals. The cost of the offsite improvements will be paid for by Lessee, though the Port will abate the lease amount by 49% of the offsite improvement costs over 3, 4 or 5 years depending on the final costs. (For example: if offsite improvement costs are \$300,000, the port will reduce the annual rent amount by 49% divided over 3 years. $[\$300,000 \times .49] - [\$50,000] / 2 = \$48,500$ abatement over years two and three.) It is understood by Lessee that no further expansion of Lessee’s facilities will be allowed in South Beach beyond the terms of the lease as amended herein.

The current Lease sections shall be amended as follows:

A. Section 1. Premises

The following language is hereby added to the end of the third paragraph of Section 1 as amended by the First Amendment:

“The Premises shall include the “Additional Footprint Area” shown in Exhibit A, attached hereto and incorporated herein by reference.”

B. Section 2. Extension of Term.

The second paragraph of Section 2 of the Lease amended by the First Amendment is hereby reaffirmed in its entirety.

C. Section 3. Rent

Section 3.a of the Lease as amended by the First Amendment is hereby modified by adding the following language to the end of said Section 3.a:

In addition to the amounts above, from July 1, 2016, Lessee shall pay to Lessor a base rent of NINETY-EIGHT THOUSAND, NINE HUNDRED AND TWENTY EIGHT AND NO/100 DOLLARS (\$98,928) per annum payable at the rate of EIGHT THOUSAND, TWO HUNDRED FORTY-FOUR AND NO/100 DOLLARS (\$8,244.00) per month, equal to 20 cents per square foot for the additional footage, for a total amount of base rent of ONE-HUNDRED-SEVENTY-ONE THOUSAND, NINE-HUNDRED FORTY-EIGHT AND NO/100 DOLLARS (\$171,948) per annum; payable at the rate of FOURTEEN THOUSAND, THREE HUNDRED AND TWENTY-NINE AND NO/100 DOLLARS (\$14,329.00) per month; payable in advance on or before the first day of each month thereafter during the entire term of this lease, as amended; and that the base rent shall be subject to increase based on the Consumer Price Index (CPI) as hereafter provided. In addition, Lessor will abate rent pursuant to a separate amendment as provided above in regards to construction expenses. This separate amendment will codify the total costs of the offsite improvements and state for how many years the abatement will be spread. For filling in the decommissioned boat ramp, bringing the House of Spirits parking lot up to grade with the dry camping area and capping it all with roughly 35,000 square feet of appropriate depth asphalt.

The Lease as herewith amended by this instrument shall continue in full force and effect subject to the terms and provision of this Amendment to Lease. This Amendment shall bind and inure to the benefit of Lessor, Lessee, and their respective successors and permitted assigns. This Amendment, in conjunction with the Lease and subsequent extension or amendments, sets forth the entire agreement between parties. 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

Kevin M. Greenwood, General Manager

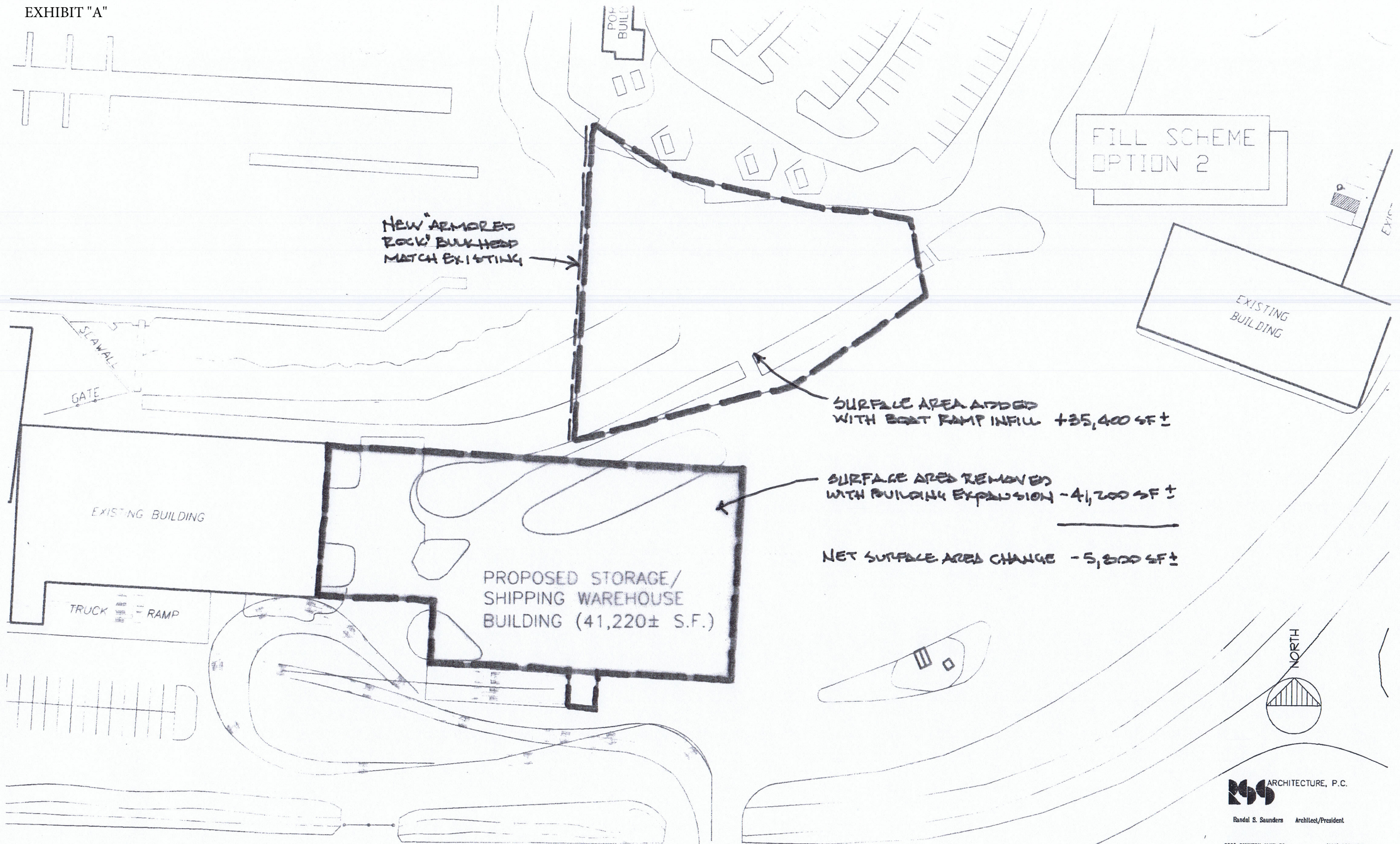
LESSEE: Oregon Brewing Company

Brett Joyce, President/CEO

EXHIBIT A -- PREMISES

EXHIBIT B – SAMPLE OFFSITE IMPROVEMENT ABATEMENT AMENDMENT

EXHIBIT "A"



FILL SCHEME
OPTION 2

NEW ARMORED
ROCK BULKHEAD
MATCH EXISTING

SURFACE AREA ADDED
WITH BOAT RAMP INFILL +35,400 SF ±

SURFACE AREA REMOVED
WITH BUILDING EXPANSION -41,200 SF ±

NET SURFACE AREA CHANGE -5,800 SF ±

PROPOSED STORAGE/
SHIPPING WAREHOUSE
BUILDING (41,220± S.F.)



Randal S. Saunders Architect/President

2225 COUNTRY CLUB RD. (503) 982-1211
WOODBURN, OREGON 97071 (503) 970-2829

PROJECT NO. 1419
OCTOBER 2015

EXHIBIT B

OFFSITE IMPROVEMENT ABATEMENT AMENDMENT

DATE: _____, 2015

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

LESSEE agreed to pay for the offsite improvement costs as part of a lease amendment dated _____.
LESSOR agreed to abate 49% of the improvement costs on the annual lease payment spread out over 3,
4 or 5 years.

- A. FINAL OFFSITE IMPROVEMENT COSTS incurred by LESSEE: \$ _____
- B. ABATEMENT RATIO _____ x .49
- C. TOTAL RENT ABATEMENT (A x B) \$ _____
- D. FIRST YEAR RENT ABATEMENT \$50,000
- E. REMAINING RENT ABATEMENT (C – D) \$ _____
- F. NUMBER OF YEARS DISPERSED (2, 3 or 4) _____
- G. ANNUAL LEASE ABATEMENT (E / F) \$ _____

Abatement begins with the annual lease renewal.

LESSOR: Port of Newport

Kevin M. Greenwood, General Manager

LESSEE: Oregon Brewing Company

Brett Joyce, President/CEO

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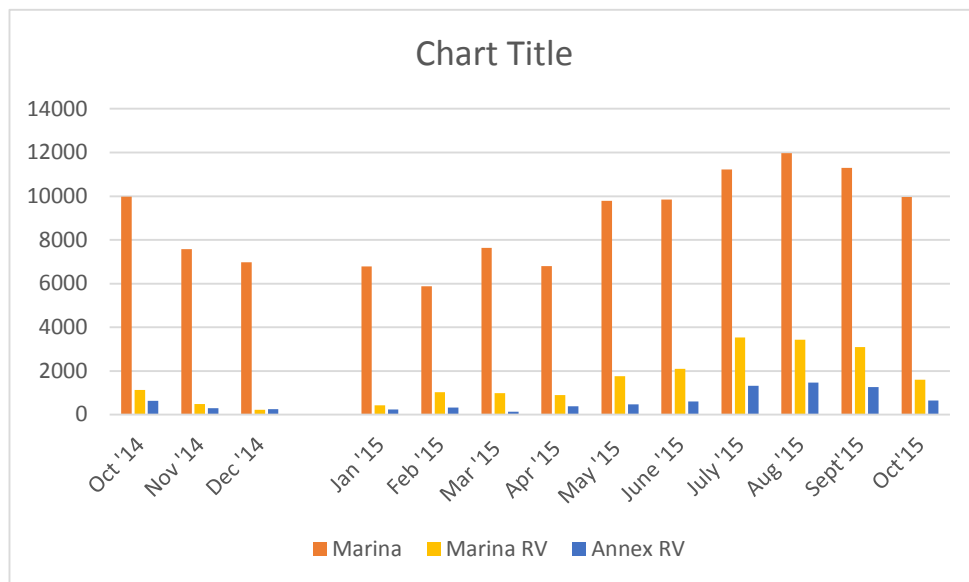
October 2015 Occupancy Report

TO: Port of Newport Board Commissioners
From: Penny, South Beach Marina & RV Park
Date: 11/7/2015

Good clamming tides, great crabbing and the nice weather generated record occupancy numbers in the RV parks for October.

October 1st was the first day guests wanting to stay a month or more could start booking for 2016. In October 670 RV reservations were made booking 3,264 days at \$67,791.49 in revenue for 2016.

Oct	2014	2015	Change		YTD 2014	YTD 2015	Change
Marina	9,974	9,968	-0.06%		85,566	89,862	5.02%
Marina RV	1,128	1,601	41.93%		16,028	18,595	16.02%
Annex RV	641	646	0.78%		5,936	6,500	9.50%
Totals	1,769	2,247	27.02%		21,964	25,095	14.26%





DIRECTOR OF OPERATIONS MONTHLY REPORT

DATE: 11/12/2015
PERIOD: October - November 2015
TO: Kevin Greenwood
ISSUED BY: Rick Fuller

OVERVIEW

Summary:

The Terminal Shipping Facility (former name Teevins Log Yard) project has progressed well in this period with expectations of plan submittal to the city for a building permit within the month. A preliminary schedule was presented including funding variables that shows the completion of the project in the fall of 2017. Rogue Brewery is working on their plans for the warehouse expansion which will include utility relocation and structural fill of the decommissioned boat ramp. New to the project was the proposal of a two phase schedule over multiple years. The JPA for dock 5 pile replacement is under review and remains pending. I continue to have verbal discussions concerning the Coast Harbor Engineering hydrology report for the NOAA wharf sedimentation and dredging issue.

While South Beach is now moved into the slower part of the season, the north commercial and terminal docks are in full swing for the upcoming crab season.

Detail:

- **Terminal Shipping Facility:** There was good forward progress on all fronts regarding the proposed Teevins Log Yard in this period. With the good news of the TIGER grant award, the project team, along with Rondys group and the City Planner Derrick Tokos met on October 29th and made considerable progress with the 85%+ construction plans engineered by Stuntzner Engineering. The goal of the meeting was to finalize the team plan review, identify easement and agreement issues, review future McLean point development needs, and address city requirements for the submission of the permit ready plans to the building department by the middle/end of November. The outcome of the meeting was positive with action items assigned to all parties as necessary. A subsequent phone meeting was held with John Van Staveren (PHS), Evan Hall, Greenwood and Fuller to discuss wetlands permitting, requirements and progress. At this point, funding availability will drive the project schedule which now shows a preliminary end date of Fall 2017 (See the attached preliminary cash flow matrix and project schedule.) With the plan review nearly complete, SHN Consulting Engineers (PON Contract) has completed phase one of their scope of work. Due to the near plan completion and financial role change for Teevins, it is recommended that Stuntzner Engineering work collaboratively with Teevins and the PON under a new contract with the PON. See separate personal services analysis for approval.
- **Rogue Warehouse Expansion:** I attended the first site meeting with Mike Isaacson (Rogue), Bob Farrington (Central Coast Excavating), and Gene Dahl (DSL Const.). We discussed utility relocation, storm water issues, old boat ramp fill and extent of the project. A civil engineer has

not yet been contracted and there are no reliable drawings that can be reviewed. I reiterated to Mike that engineered drawings will need to be provided, reviewed the need to have the agreed additional 35,000sf of usable asphalt surface shown. New to the conversation by Rogue was the idea of building the project into 2 phases over a time span of up to five (5) years. Further review will be required prior to plan approval and final agreement to ensure all utility, fill and grounds work are completed in the first phase. Financial concerns are not addressed in this report.

- **PD5/PD7 Pile replacement:** The JPA remains pending with an acceptance date in January. Currently I am contacting marine engineers in order to organize a scope to provide written specifications leading to a formal request for proposal required for the construction services during the In-Water period ending Feb 15th.
- **NOAA MOC-P hydrology modeling:** I have contacted Pacific Habitat Services (Dredge prism change), and KPFF Engineering (wharf structural) for advice on two of the four options provided in the Coastal Engineering report. The intent is to analyze all options including reduction of future dredging costs. In any case, a dredge permit application will be started by PHS in order to prepare for dredging services during the 2017 winter In-Water work period. I am monitoring the cooperative program of the southern ports regarding a new shared dredge funded by the State for possible expansion/inclusion if the program proves to be successful.
- **Permits:** Two outstanding open permits have been finalized and submitted for completion. Two permits remain open as I progress toward individual requirements and condition completion. All agencies have been contacted and are working with me to close the permits as required. Authorization by NW Natural for the location of the required educational kiosk at McLean point has now been completed and will allow the installation to progress.
- **PON/CBT permanent foundation for mobile structures:** We have received City permit documentation requiring a permanent foundation to be placed under the existing Customs office trailer and the Port Admin office structure. Capri Architecture has provided an estimate for engineered drawings services that are required for the permit application and RFP of construction work. The analysis for the best options and value is ongoing.
- **S. Beach OSP secure dock:** Little progress was made on the design and pricing for the improvements required for the use of the floating dock island south of A dock. A MOU will be drafted once the details are more thoroughly developed. The estimated time for use is fall of 2016.
- **Other:**
 - I attended with Chris Urbach the one day Clean Marina workshop provided by the Oregon State Marine Board (OSMB) and held at the SB meeting room. Topics included; OSMB organizational changes, Clean Marina program updates, Aquatic Invasive species prevention, abandoned and derelict vessel removal, oil and spill prevention and response.
 - I attended 1st stakeholders meeting concerning the Lincoln County natural hazard mitigation plan. The focus of the meeting dealt with what to do before, during and after a flooding event. Coordinator Jenny Demaris & I will be communicating regularly in order to get up to speed with other agencies regarding emergency planning.
 - I am continuing work with department heads to identify separation of services vs. maintenance and repairs.

International Terminal – Pete Zerr, Superintendent

Billable services:

- Forklift - 29 hrs
- 30 Ton Hydraulic crane – 30 hrs
- Moorage – 91 hrs
- Dock Tie Up – 81 hrs
- Labor – 54 hrs

The pace has picked up for gear transfer of the Distant Fishing Fleet. Longshoremen are scheduled for Rogue Brewery container loading.

N. Commercial docks – Kevin Bryant, Harbor Master

Billable services:

- Forklift - 40hrs
- Hoist crane – 7hrs
- Dock Tie Up – 50hrs

Special Projects

- Dock 5D rod & whaler replacement – on hold until after crab push.
- PD5 Pile replacement JPA in progress.

Crab push tasks have begun in earnest with all hands on deck.

NOAA MOC-P – Jim Durkee, Facility Manager

- Warehouse ACU-1-W repair - parts under warranty
- Shore power #1 breaker failure and replacement. Investigating moisture issues.
- Added new cubical spaces to accommodate increased staff. Occupancy rate 69%
- Received all weather wait station. Installation prior to December.

Bar crossings this period:

Bell M. Shimada – at dock for season

Oscar Dyson – at dock for season

Rainier – at dock for season

YTD bar crossing total 1412

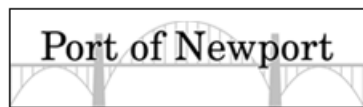
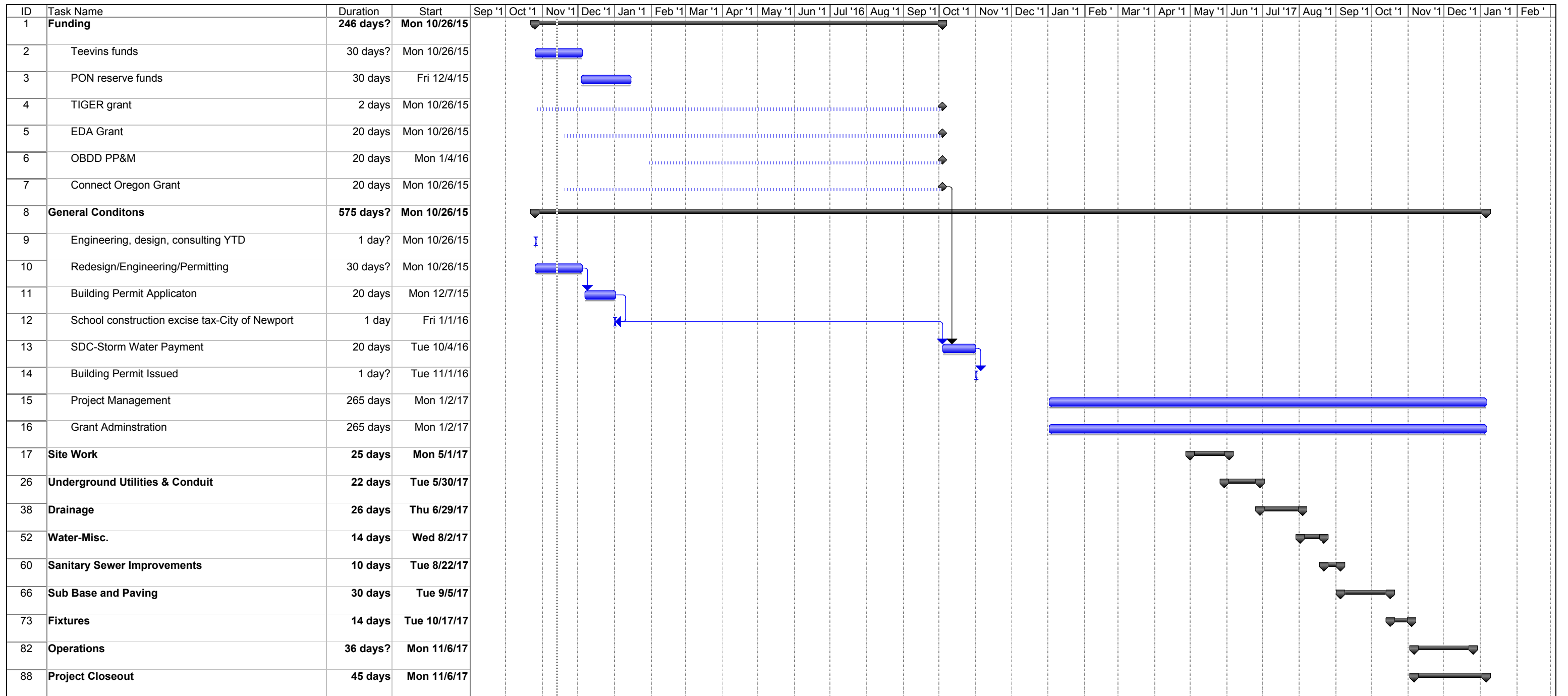
S. Beach Marina & RV – Chris Urbach, Harbor Master

Billable services:

- Launch tickets – 525 tickets sold this period. 5290 tickets sold since new machine installed.

Other

- High tourist season complete. Operations transfers to maintenance tasks.
- Seizure notice on two moored boats in progress.



Project: Teevin Preliminary Schedule Rev2 11-6-15
Date: Fri 11/13/15

Task		Progress		Summary		External Tasks		Deadline	
Split		Milestone		Project Summary		External Milestone			

**PORT OF NEWPORT
MINUTES OF SAFETY COMMITTEE MEETING
October 27th, 2015**

The meeting of the Port of Newport Safety Committee was called to order at 11:30am in Suite 5 at the NIT offices.

Committee members present:

Fred Hauert	Jim Durkee	Rick Fuller
Steve Larrabee	Pete Zerr	

MINUTES OF THE LAST MEETING

Minutes for the August 11th, 2015 Safety Committee meeting were approved as submitted.

NEW BUSINESS

1. Committee Members/Officers – Discussed possible people for the committee with an eye to bringing some new ideas and fresh perspective. Pete Zerr and Jim Durkee are the only representatives from NOAA and NIT so they will remain on the committee. Talked about possible requirements/attributes for committee members and about adding committee service to the Safety Manual or the Employee Manual. Discussed toolbox meetings, their importance and the difference between them and committee meetings. The safety Committee has a hand in policy changes and accident review. For now, the committee will stick to finishing the Safety Manual. Rick suggested Devin for Secretary and Jim for Chair. We will vote next month and position changes will take place in January.

OLD BUSINESS

1. Employee Safety Manual – No changes have been made to the manual since last meeting. Steve Larrabee brought in some good reference materials after looking for CG requirements. Rick Fuller and Pete Zerr got a copy of the Longshore Safety Book which should provide some good insights as well. Discussed the requirements of a work skiff and when PFD's are required. The Longshore Book requires PFDs to be worn when working over the side of a vessel or where the possibility of falling or being pulled in exists. Rick will be working on a draft.
2. HAZCOM – Nothing new on HazCom Training at this point.

INSPECTION REPORTS

2. Quarterly/Monthly Inspections – Received reports from NOAA and South Beach. Still need one from NIT and Commercial.

ACCIDENT/INCIDENT REVIEW

1. None Reported – There should be a couple of incidents to review next month but the reports are not in yet. Jim will send the report forms to Kevin Bryant and Pete Zerr.

OPEN FORUM

1. Marine Mammal sign will be discussed next meeting. Devin had a simple design.
2. Rick expressed his appreciation to the crew for wearing their safety vests. Dave, you'll get one soon...

The next Safety Committee Meeting should be held on Monday, November 9th, 2015 at 11:30am, at the International Terminal.

Jim Durkee, Safety Committee Secretary

GENERAL MANAGER MONTHLY REPORT

DATE: 11/17/2015
RE: November Regular Meeting
TO: Port of Newport Board of Commissioners
ISSUED BY: Kevin Greenwood, General Manager

MC LEAN POINT SHIPPING FACILITY UPDATE

Summary:

I'll be making a Power Point presentation on the Shipping Facility Tuesday evening. This presentation was first made on Nov. 12th at Rotary and received feedback which has been incorporated into this presentation. This presentation will be conducted throughout Newport and Oregon in building support for the project. Ops is working on plan/permitting review and I'll be focusing on the revenue side of the ledger. Capri Architecture is completing 3D marketing graphics/poster boards next week.

Grants:

- ConnectOregonVI – due date Nov. 20. *[timeline included in packet.]* (\$4MM grant)
- IFA Port Planning & Marketing Grant. Will cover soft costs for project before major grants are released. Would also include website updates and other marketing costs for the project. (\$85k grant + \$15k port = \$100k project)
- EDA Public Works. Todd Chase is finalizing updated jobs/GDO numbers to reflect 2016 assumptions. Will apply for \$500k-\$2.5MM.
- Urban Renewal. Will not be significant portion of project, but will refine road/utility improvements for subsequent development.

Memo of Understanding with Rondys Inc:

Received a new MOU from Evan Hall. Anticipate reviewing with Ops to evaluate costs and schedule this week. Focus of agreement will be use/removal of dredge spoils, construction of wetland mitigation site, conservation/access easements and release from some portion of the current lease.

Anticipated Future Board Actions:

- Approve Engineering Contract w/ Stuntzner EngineeringNov. 17, 2015
- Development Agreement w/ City of Newportearly Dec. 2015
- Building Permit Fee (<\$10,000).....early Dec. 2015
- EDA Grant Application.....Dec. 23, 2015
- IFA Grant Application.....Dec. 23, 2015
- NW Natural Gas (for easements) Jan. 2016
- Rondys MOU (for easements, lease removal)..... Jan. 2016
- Grant Administration ContractOct. 2016
- Project Management Contract.....Oct. 2016
- General Contractor Contract Jan. 2017

USCG AIR FACILITY UPDATE (from Ray Buchegar on 11/13/15)

Appropriations: There is money in the House and Senate appropriations bills for the Newport helo air facility. That money will be available if/when the President signs the FY16 Homeland Security Appropriations bill into law. USCG (and the rest of the federal government) is operating under a Continuing Resolution (CR) that expires on December 11. Thanks in large part to a budget deal that John Boehner struck as one of his last acts as Speaker, there is a very good chance the Homeland Security Approps bill will get done by that time. If that is the case, the funding will be there.

CG Authorization Bill/Permanent Solution: Negotiations for the Coast Guard Authorization are hung up on only a few issues, with the Newport helo being one of those issues. Peter DeFazio is holding firm on wanting a permanent fix, and he has made it his top priority – he says he won't budge. Negotiations on this particular issue have been put on the back-burner given that all focus for those committees have turned to the surface transportation bill that passed the House last week and is currently being negotiated by House and Senate leaders. For Congress, the transport bill takes precedence over the CG bill.

PERS TOWN HALL MEETINGS

Walter Chuck asked a month or two ago about training for the Commission regarding new PERS regulations that will be adversely affecting public agency balance sheets. SDAO is not providing training on the topic, but PERS will be conducting a series of Town Hall meetings primarily aimed at practitioners. Unfortunately, SDAO would not count these Town Halls towards our training requirements for insurance premium rate reduction. Regardless, there will be a session on Friday, December 4th starting at 9am. The Port's Dir. of Finance will be attending on behalf of the Port.

DEADLIEST CATCH VIDEO CREW

[Nothing in packet] Just a heads up on an item from the consent calendar that Original Productions Inc. will be in Newport starting this week rigging vessels for a 6-episode "Deadliest Catch"-style show. The show will focus on the Newport Dungeness fleet and will begin filming on Nov. 23rd off and on for about a month. Their filming will be limited to PD-3 and 5. The video team will consist of 8-10 crew members and they will be wearing high viz maverick vests. Ops will be participating with the production company's safety meetings. The vessels that will be highlighted include Excaliber, Winona J, Lady Law, Western Breeze and the Redeemer.

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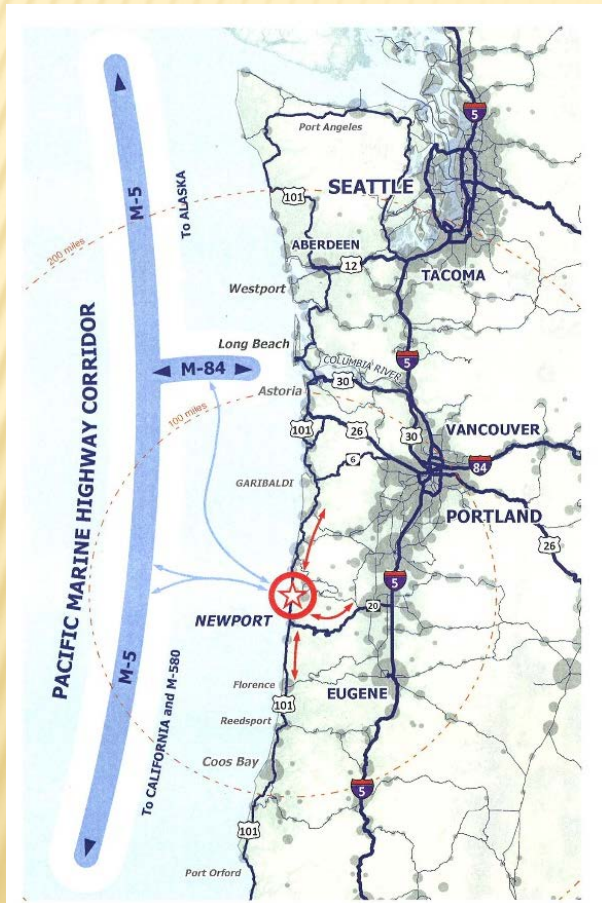
Port of Newport

International Terminal Shipping Facility

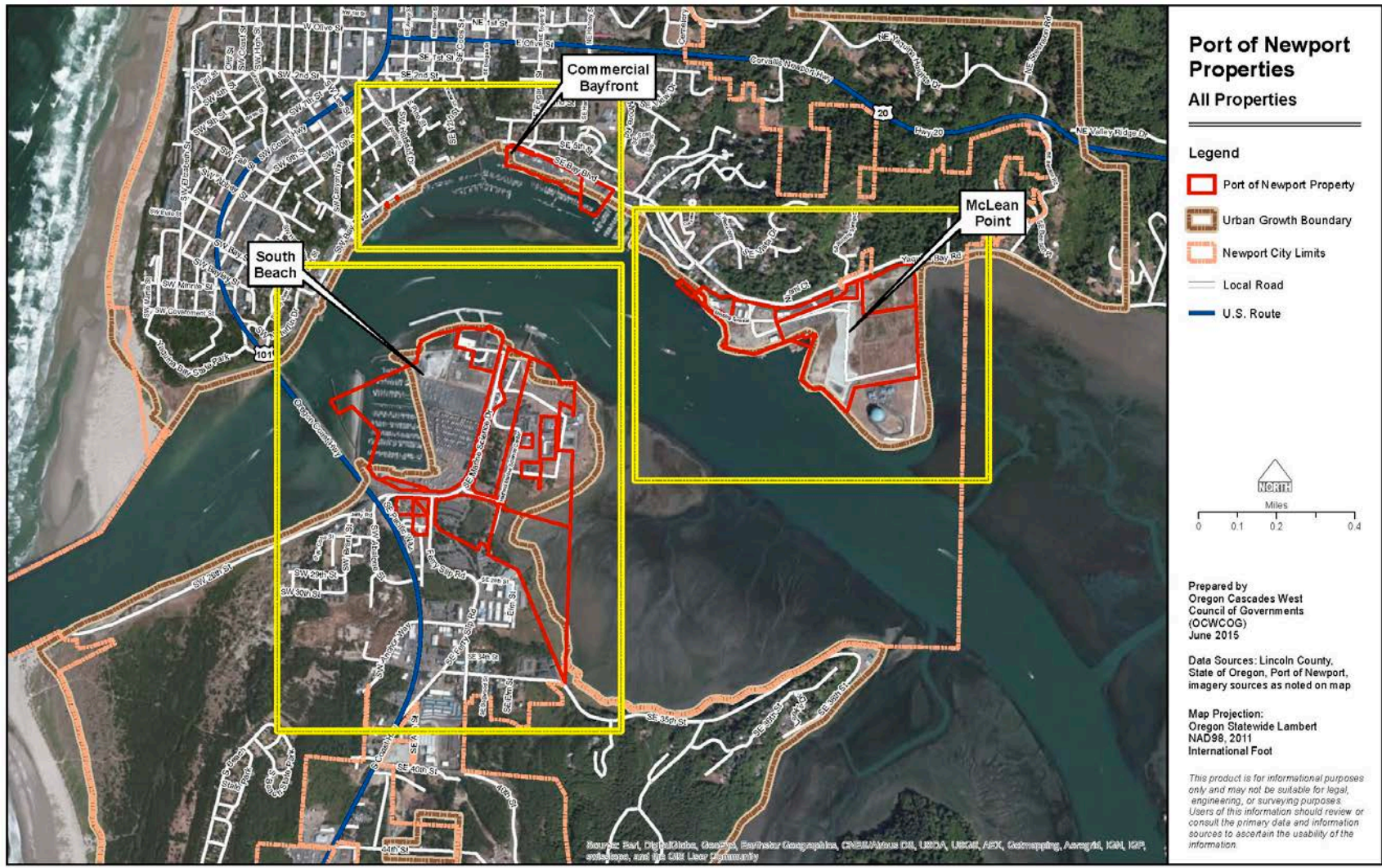
\$6,500,000 Project Estimate

Presented to
Newport Rotary
Nov. 12, 2015

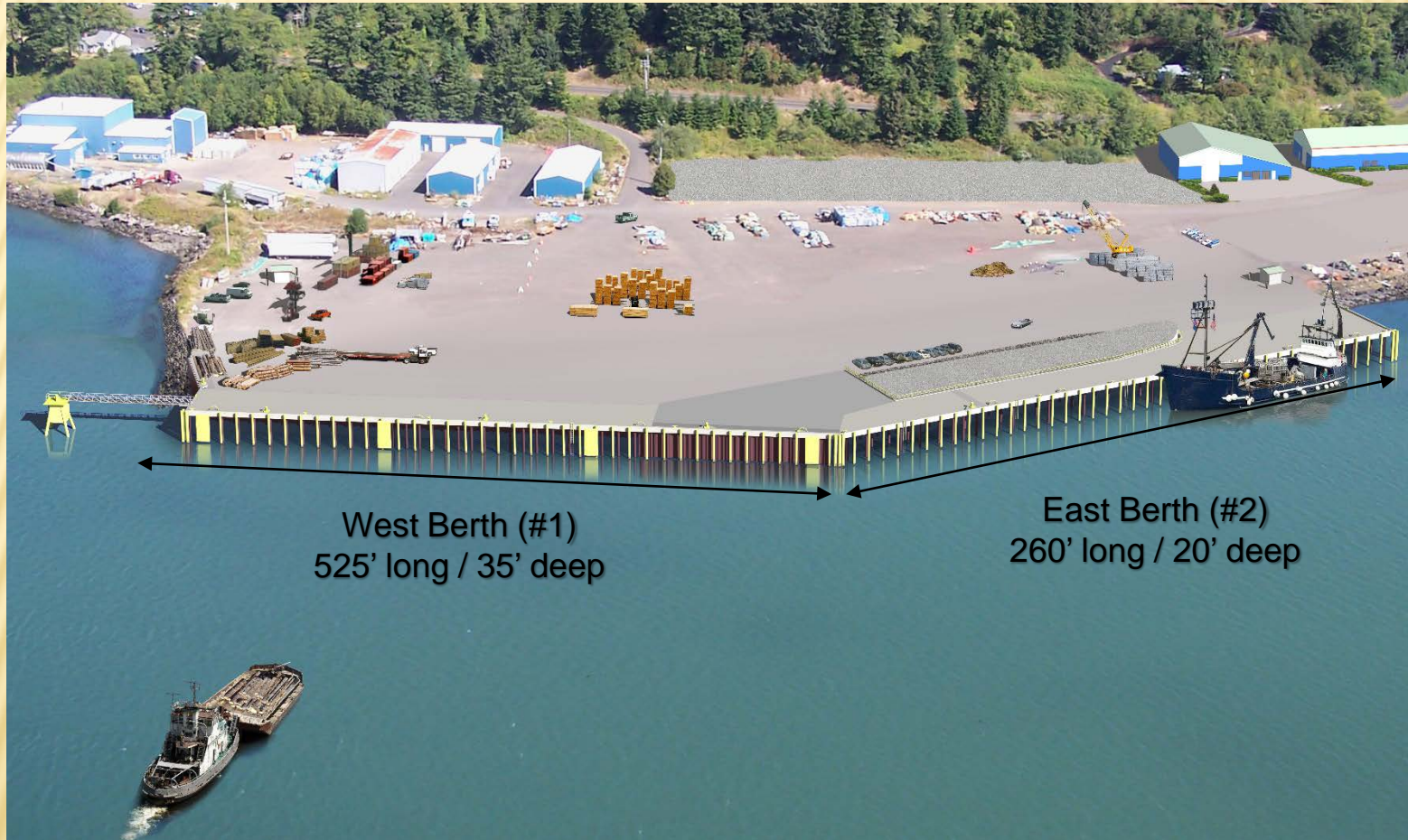
ABOUT THE PORT OF NEWPORT...



- One of only three deep draft ports on the Oregon coast at the confluence of US 101 & US 20.
- National Headquarters of NOAA's Marine Operations.
- Significant annual US Army Corps dredging.
- Near equal nautical distance from both Seattle/Tacoma and Oakland/San Francisco.
- Shipping facility awarded US Dept. of Transportation funds as "rural national priority."
- Finalist for US Dept. of Energy Wave Facility Project.
- Top commercial fishing port on the West Coast.



INTERNATIONAL TERMINAL



West Berth (#1)
525' long / 35' deep

East Berth (#2)
260' long / 20' deep



WHAT IS THE NEED?





WHAT IS THE SOLUTION?



CURRENT CONDITION



Port of Newport

INTERNATIONAL TERMINAL SHIPPING FACILITY

CONCEPTUAL DESIGN

NOVEMBER 11 2015

caprarchitecture
541.961.0503 info@caprarchitecture.com

DHGoebel, Architect
541.270.2758 dietmar@dhgoebel.com

PROPOSED CONDITION

Port of Newport

FUNDING & BUDGET

INCOME (Est. Funding Sources)			EXPENSES (Uses of Funds)		
Port/City/Other	\$ 215,489	1.9%	Site Preparation Work	\$ 1,545,982	13.8%
Connect Oregon/State	\$ 4,000,000	35.7%	Underground Utilities & Conduit	\$ 229,645	2.0%
TIGER VII (federal)	\$ 2,000,000	17.8%	Drainage	\$ 329,782	2.9%
U.S. EDA (federal)	\$ 500,000	4.5%	Water Improvements	\$ 137,636	1.2%
			Sanitary Sewer Improvements	\$ 236,826	2.1%
			Sub Base and Paving	\$ 3,103,429	27.7%
			Fixtures	\$ 95,585	0.9%
			Soft Costs and Contingencies	\$ 1,036,603	9.2%
Construction Total	\$ 6,715,489		Construction Total	\$ 6,715,489	

Only TIGER and Port funds are committed. Other funding opportunities are estimates and may change based upon success of other grant applications.

Other programs for funding include USDA Economic Impact Initiative, USDA Public Works Funding, HUD Community Challenge Grants and Community Development Block Grants, EPA Smart Growth Technical Assistance Grants, ODOT Immediate Opportunity Grants, and EDA Economic Adjustment Assistance.



PHASED APPROACH

- Phase I – 2013 Terminal Remediation \$27,000,000
- Phase II – 2015 Terminal Berth Deepening
and Mitigation Construction \$750,000
- Phase III – 2016 US-20 Hwy. Improvements \$360,000,000
- **Phase IV– 2016 Shipping Facility** **\$6,500,000**
- Phase V – McLean Pt. Industrial Park I \$1,000,000
- Phase VI– McLean Pt. Industrial Park II \$1,500,000
- Phase VII– McLean Pt. Industrial Park III \$2,000,000

Phase II mitigation construction completed at Hatfield Marine Science Center.

McLean Pt. Industrial Park is a private venture owned by Rondys Inc. that would phase in additional warehousing and laydown area on their 30-acre site.

Rondys Inc. would not rely on government assistance but would benefit from the recently adopted City of Newport Urban Renewal District.

ANALYSIS OF JOB CREATION

Port of Newport International Terminal Shipping Facility

Summary of Construction Benefits (discounted 2015 dollars)*				
Impact Type	Jobs	Labor Income	Value Added (GDP)	Output (Sales)
Direct	85	\$5,177,482	\$5,531,855	\$9,270,921
Indirect/Induced	53	\$2,473,518	\$4,162,707	\$7,312,134
Total	138	\$7,651,000	\$9,694,562	\$16,583,054

Summary of Avg. Annual Permanent Benefits Over 30 Years (discounted 2015 dollars)*				
Impact Type	Annual Jobs	Labor Income	Value Added (GDP)	Output (Sales)
Direct	48	\$1,059,639	\$2,104,527	\$5,052,288
Indirect/Induced	146	\$1,608,572	\$4,535,309	\$3,489,856
Total	194	\$2,668,211	\$6,639,836	\$8,542,144

Notes:

* Dollar values assume 3.0% annual discount rate; GDP = gross domestic product.

Economic impact assumptions were created using IMPLAN data for the State of Oregon, with Port of Newport adjustments consistent with the Oregon Infrastructure Finance Authority, Ports model and report titled:

"Economic Benefits of Oregon Public Ports, 2014."

VETTED

- Pacific NW Waterways (PNWA), Policies and Projects List
- South Valley Regional Solutions Team (RST), Priority Project
- Regionally Significant Industrial Area (RSIA), OBDD Designation
- Oregon Public Ports Association (OPPA), Ports Project List
- Oregon Cascades West Economic Development District (OCWEDD), Comprehensive Economic Development Strategy (CEDDS) Project, Appendix B
- Newport Urban Renewal Agency (NURA), Newport Urban Renewal Plan
- Port of Newport, Strategic Business Plan, No. 1 Priority, Res. No. 2015-14

READINESS TO PROCEED...

Work Element	2016 Q1/Q3	2016 Q4	2017 Q1/Q2	2017 Q3	Total
Site Preparation Work	\$ -	\$ -	\$ 1,545,982	\$ -	\$ 1,545,982
Underground Utilities & Conduit	\$ -	\$ -	\$ 229,645	\$ -	\$ 229,645
Drainage	\$ -	\$ -	\$ 329,782	\$ -	\$ 329,782
Water Improvements	\$ -	\$ -	\$ 137,636	\$ -	\$ 137,636
Sanitary Sewer Improvements	\$ -	\$ -	\$ 236,826	\$ -	\$ 236,826
Sub Base and Paving	\$ -	\$ -	\$ -	\$ 3,103,429	\$ 3,103,429
Fixtures	\$ -	\$ -	\$ -	\$ 95,585	\$ 95,585
Soft Costs and Contingencies	\$ 305,564	\$ 333,441	\$ 17,476	\$ 380,123	\$ 1,036,603
Total	\$ 305,564	\$ 333,441	\$ 2,497,347	\$ 3,579,137	\$ 6,715,489

Source: preliminary engineering plans for Newport International Export Terminal.

- For more information contact:

Kevin Greenwood, General Manager
Port of Newport
600 SE Bay Blvd.
(541) 265-7758

- Please view project details at:

<http://portofnewport.com/international-terminal-export-facility.php>

THANK YOU!



PERS Executive Director – Town Hall Meetings with Employers – Fall 2015

Finance and business officers, or policy and decision makers, of any PERS-participating employer are invited to meet with PERS Executive Director Steve Rodeman as he holds town hall meetings around Oregon this fall.

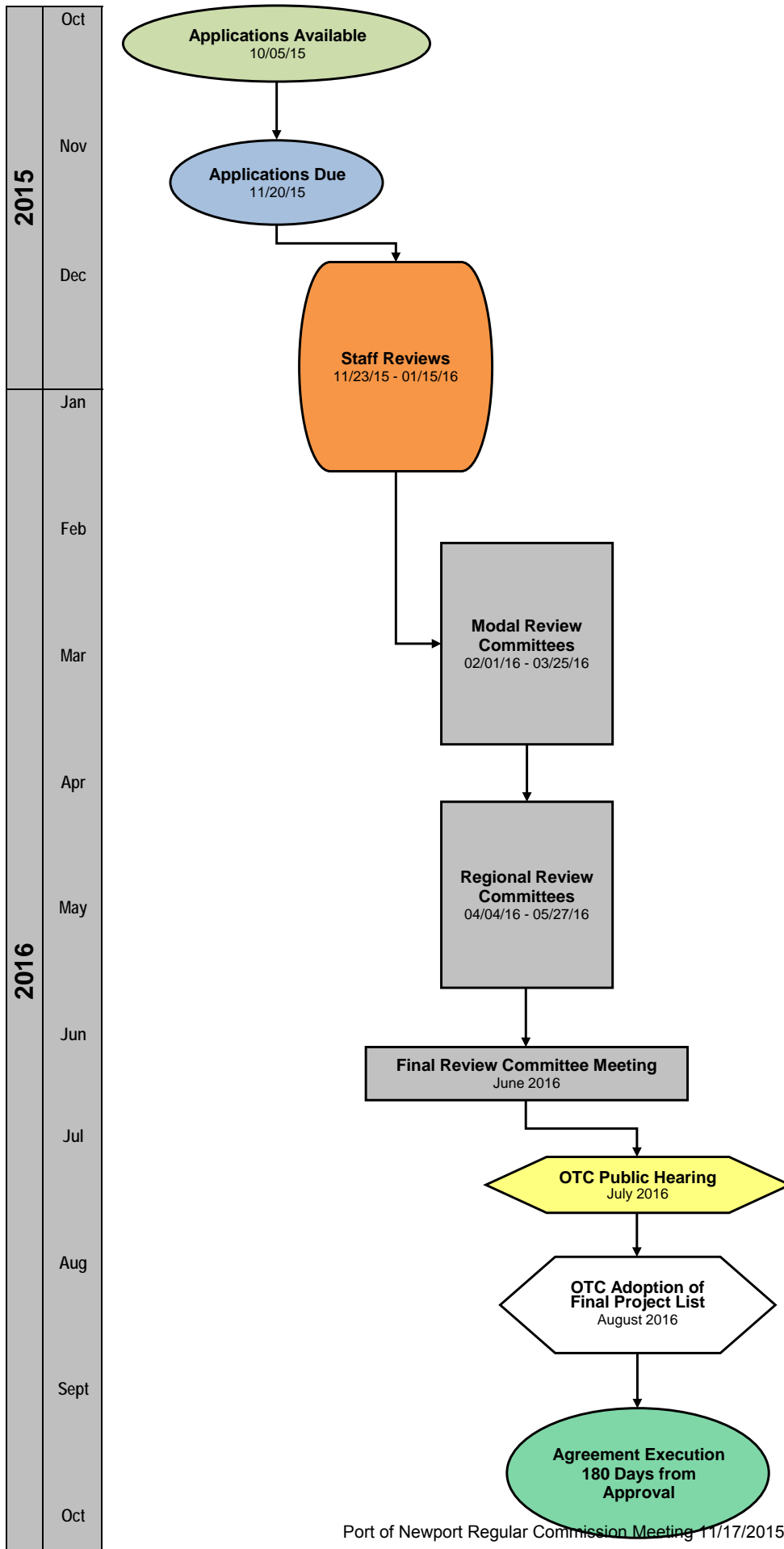
Steve will discuss future employer contribution rates and the dynamics associated with pending changes, including the current system funding status. Meetings will provide an opportunity for local employers to engage in conversation about PERS and gain insight into the system.

If you plan to attend, please RSVP to Senior Policy Director, Marjorie Taylor marjorie.taylor@state.or.us or (503) 431-8902. Additional information is available here:

http://www.oregon.gov/pers/EMP/Pages/section/er_general_information/town_hall_meeting_with_employers.aspx

Meeting Date	Time	Location	Address
NORTH COAST			
Thursday, October 22	10:00am	Rainier – City Council Chamber	106 West B Street
Thursday, October 22	2:30pm	Astoria – Clatsop Co. Boyington Bldg.	759 Commercial St.
Friday, October 23	10:00am	Tillamook – Tillamook Co. Comm. Rm. A/B	201 Laurel Ave.
CENTRAL VALLEY			
Tuesday, October 27	9:30am	Corvallis – Benton Co. Sunset Building	4077 Research Way
Tuesday, October 27	2:00pm	Salem – Marion Co. Senator Room	555 Court St. NE
ONTARIO/VALE			
Thursday, October 29	9:30am	Vale – Malheur Co. ESD Conference Room	363 A Street West
EASTERN OREGON			
Monday, November 2	9:00am	The Dalles – City Council Chamber	313 Court St.
Monday, November 2	2:30pm	Pendleton – Umatilla Co. Commission Room	216 SE 4 th St.
Tuesday, November 3	9:00am	La Grande – Cook Memorial Library	2006 Fourth St.
Tuesday, November 3	2:30pm	John Day – Grant Co. Regional Airport	72000 Airport Rd.
Wednesday, November 4	10:30am	Redmond – City of Redmond Conf. Rm. A/B	716 SW Evergreen Ave.
CENTRAL METRO			
Monday, November 9	1:00pm	Tigard – PERS Headquarters Boardroom	11410 SW 68 th Parkway
WEST METRO			
Tuesday, November 10	9:30am	Forest Grove – Community Auditorium	1915 Main St.
Tuesday, November 10	2:00pm	McMinnville – Civic Hall of McMinnville	200 NE 2 nd St.
EAST METRO			
Tuesday, November 24	9:00am	Gresham – City Council Chamber	1333 NW Eastman Pkwy.
Tuesday, November 24	1:00pm	Canby – Police Dept. Community Room	1175 NW 3 rd Ave.
SOUTHWESTERN OREGON			
Tuesday, December 1	9:30am	Springfield – City Council Chamber	225 5 th St.
Tuesday, December 1	2:30pm	Roseburg – Umpqua Room at Public Safety	700 SE Douglas Ave.
Wednesday, December 2	9:00am	Central Point – City Council Chamber	140 South 3 rd Ave.
Thursday, December 3	9:00am	Coos Bay – City Council Chamber	500 Central Ave.
Thursday, December 3	1:30pm	Florence – City Council Chamber	250 U.S. Hwy 101
Friday, December 4	9:00am	Newport – City Council Chamber	169 SW Coast Hwy.

Connect Oregon VI Application Review Process



CAPE PERPETUA LAND-SEA SYMPOSIUM



NOVEMBER 20, 2015: 5:00-8:30 PM
YACHTS COMMONS



Welcome & Ocean Science Trust Update

Senator Arnie Roblan &
Representative David Gombert

Keynote: The Blob Vs. El Niño:

Impacts & Research of Warm Ocean Events

Laurie Weitkamp, PhD – NOAA Research Biologist

Free and Open to Public:

RSVP online: <http://tinyurl.com/landsea2015>

email: oregon@surfrider.org

Enjoy an evening of research, restoration and monitoring in this special area and a social mixer to get better connections. Over a dozen groups and organizations represented with tables and posters!

Additional Presentations:

Scott Heppell - OSU

Jesse Beers – Confederated Tribes

Kelsey Adkisson – ODFW Marine Reserve Program

Sponsored by the Oregon Marine Reserves Partnership



AGENDA

Cape Perpetua Land/Sea Symposium III

November 20, 2015

Yachats, Oregon—Yachats Commons, 441 Highway 101 North

5:00pm – 8:30pm



The Cape Perpetua Land/Sea Symposium is a community event aimed at promoting local stewardship efforts and raising awareness about current research being conducted within the Cape Perpetua nearshore and adjacent watersheds.

Event Goals:

- Raise awareness of historical and current conservation, research and stewardship of Cape Perpetua region
- Foster and promote a sense of place and stewardship within the community for the Cape Perpetua region
- Promote volunteer opportunities and local organizing to support long-term management and conservation for the Cape Perpetua marine reserve and protected areas
- Create opportunities for people to collaborate on conservation activities within the Cape Perpetua region, especially those focused on the Cape Perpetua marine reserve and protected areas.

5:00-5:30 pm

Doors Open – Social, Poster and Tabling

Appetizers, beverages, mingle and visit tables and posters

5:30pm – 5:35pm

Welcome and Introduction

What makes this place special, why we are here, and what we hope to accomplish tonight

5:35pm – 5:50 pm

Needs and Opportunities for Science in Oregon's Ocean Senator Arnie Roblan & Representative David Gombert



Framing the needs and opportunities for science, research and collaboration in Oregon's ocean the Senator and Representative will provide an update on establishment and progress on the Ocean Science Trust

5:55pm – 6:30pm

Keynote: The Blob vs. El Nino - Impacts and Research of Warm Ocean Events

Laurie Weitkamp, PhD – NOAA Research Fisheries Biologist



Since the warm "blob" first appeared in late 2013, the NE Pacific Ocean and adjacent terrestrial environments have been unusually warm. In spring 2015, an El Niño began to develop at the equator, which will reach full strength during winter 2015/2016 and likely be one of the largest on record. Dr. Weitkamp will provide a review of these two events and describe some of the biological impacts they're having in local waters and across the North Pacific.

6:30pm – 6:45pm

BREAK:

Presentation Shorts:

6:45pm – 7:00pm

Larval Fish Connectivity and Research in Oregon's Marine Reserves



Scott Heppell, PhD – Oregon State University Fisheries Biologist

In the first few days of life, many larval fishes disperse as if they were dandelion seeds in the wind, swept by the sea far away from where they were born. However, the ocean isn't one big open system, and larval fish aren't entirely at the whim of ocean currents. Dr. Heppell will highlight potential larval dispersal paths from Oregon's new marine reserves. Initial results indicate that dispersal distances may be quite short, which may aid in design and placement of future spatial management areas.

7:05pm – 7:20pm

Tribal Historical and Cultural Uses of Cape Perpetua
Jesse Beers – Confederated Tribes of Coos, Lower Umpqua and Siuslaw Cultural Director



Cape Perpetua's ecological and cultural significance was recognized well before western society's federal and state management protections and planning within the forests and nearshore ocean environment. Jesse will provide a historical tribal perspective of this special place, highlighting cultural uses, tools and stewardship of the Cape Perpetua landscape.

7:25pm – 7:40pm

Communicating Science in Oregon's Marine Reserves
Kelsey Adkisson Oregon Department of Fish and Wildlife (ODFW) Marine Reserve Program



Oregon's Marine Reserves Program is doing exciting, but often complicated research that requires long-term monitoring, extensive fieldwork and large academic and community collaborations. Scientists and agency researchers are literally "seeing" and discovering our ocean habitats through a suite of new ocean technologies and monitoring efforts. Kelsey will profile some of the ways agencies and partners are supporting efforts to communicate these new scientific efforts through Oregon's Marine Reserve Program

7:45pm – 8:00pm

Panel Discussion: Q & A
All presenters

8:00pm – 8:30pm

SOCIAL MIXER

Refreshments will be served as attendees have an opportunity to visit themed tables and explore volunteer opportunities in research, recreation/fishing, citizen science, and education and outreach in the Cape Perpetua marine reserve.

8:30pm

ADJOURN



The Cape Perpetua Land-Sea Symposium is sponsored by the Oregon Marine Reserves Partnership.