

PORT OF NEWPORT WORK SESSION AGENDA

Tuesday, March 22, 12:00 noon

South Beach Activities Room, 2120 SE Marine Science Drive, Newport, OR 97365

- I. Call to Order 12:00
- II. Debt Refinancing Options 12:01
- III. Repair and Maintenance Plan Proposal 12:30
- IV. Adjournment 1:00

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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General Obligations Bonds Timeline

As of March 17, 2016

March - 2016						
S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
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April - 2016						
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May - 2016						
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Role	Participant	Abbreviation
Issuer	Port of Newport	Port
Bond Counsel	Hawkins Delafield & Wood LLP	BC
Municipal Advisor	SDAO Advisory Services LLC	MA
Disclosure Counsel	Quarles & Brady LLP	DC
Bond Underwriter	To be determined	UW
Credit Rating Agency	Standard & Poor's Rating Service	CR
Escrow Verification Agent	Tarlow Korvola & Warwick LLP	EVA
Bond Reg./Paying/Escrow Agent	US Bank Corporate Trust	PA

Date	Task	Responsible Participant(s)	Status
March 18, 2016	Board Packets Distributed	Port	
March 22, 2016	Board of Commissioner's Meeting. Authorizing Bond Sale resolution Adopted	Port/MA	
March 25, 2016	Draft Request For Proposals for Investment Banking and Bond Underwriting Services ("RFP") distributed for review and comment.	MA	
March 28, 2016	Comments to MA regarding RFP	All	
March 29, 2016	RFP distributed to investment banking/bond underwriting firms 1 st draft of Preliminary Official Statement ("POS") circulated for review and comment.	MA DC	
March 31, 2016	Comments to POS due. Advance Refunding Plan filed with the State Treasurer's office.	All MA	
April 4, 2016	2 nd Draft of POS circulated for review and comment.	DC	
April 5, 2016	Questions due from investment banking/underwriting firms.		
April 6, 2016	Answers to Questions received from investment banking/underwriting firms distributed along with 2 nd Draft of the POS. Ratings application to Standard & Poor's	MA/Port MA	
April 8, 2016	Comments to 2 nd Draft of POS due	All	
April 12, 2016	Responses due from investment banking/underwriting firms		
Tentative – April 13th	Rating Call - 11:30 am PST 866.866.2244 (Dial-in#); Participant Code: 1626164#	Port/MA/CR	



General Obligations Bonds Timeline

As of March 17, 2016

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S	M	T	W	Th	F	S
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Date	Task	Responsible Participant(s)	Status
April 14, 2016	Review of Underwriting Proposals.	Port/MA	
	3 rd Draft of POS available for review and comment.	DC	
	Nearly Final POS provided to Board of Commissioners for final review. (Start of two-week for Commissioner review of POS).	Port	
April 18, 2016	Underwriter Selection and Award announced. Due Diligence Questionnaire circulated.	Port/MA DC	
April 20, 2016	2 pm PST - Due Diligence Call with Disclosure Counsel Dial-In Number: 866.866.2244; Participant Code: 1626164#	Port/MA/ BC/UW	
April 21, 2016	Executed Due Diligence Questionnaire returned with comments to DC/MA/BC	Port	
	Form of Deemed Final Letter request sent to District.	UW	
April 25, 2016	Rating Received	CR	
April 28, 2016	End of two-week Board review of POS.	Port	
	Deemed Final Letter returned to MA/UW.	Port	
	Final comments due on POS.	All	
	MDAC Form-1 filed with Oregon State Treasury	MA/UW	
May 2, 2016	Print POS mail/electronic distribution.	UW	
	Form of Bond Purchase Agreement Circulated to Group	UW	
May 9, 2016	Pre-Bond Sale Conference Call with the District (District Representative(s) to be available). Dial-in Number: 866.866.2244 Participant Code:162614# CUSIP (Bond) Identification Numbers ordered.	Port/UW/MA	
May 10, 2016	Bond Sale - Order period 7-9 am (subject to change). Bond Purchase Agreement signed (District Representatives to be available). Dial-in Number: 866.866.2244 Participant Code: 1626164#	Port/UW/MA	
May 10, 2016	SLGs Subscribed for	PA	
	Final Numbers to Escrow Verification Agent	UW/MA	
	Escrow Verified	EVA	



General Obligations Bonds Timeline

As of March 17, 2016

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8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Date	Task	Responsible Participant(s)	Status
May 12, 2016	Financing Documents Distributed. Circulate closing documents list.	BC	
	Draft Final Official Statement available for review and comment.	DC	
	Final Advance Refunding Plan filed with the State Treasurer's office	UW/MA	
May 16, 2016	Comments on Financing Documents provided to BC.	All	
	Comments due on the Official Statement.	All	
May 17, 2016	Closing Memorandum Distributed.	MA/UW	
	MDAC Form-2 filed with Oregon State Treasury.	MA/UW	
May 19, 2016	All Final Closing Documents available.	BC	
	Final Official Statement posted.	UW	
May 24, 2016	Bond Closing. District Representatives should be prepared to attend closing in person at Bond Counsel offices.	All	
	Escrow Funded. SLGs Purchased. Redemption Notices Prepared.	PA/BC	
	EMMA Filing RE: Defeasance of 2007 and 2008 Bonds	PA/Port	
July 1, 2016	1st Interest Payment Date due on GO Refunding Bonds, Series 2016.	Port	
NLY July 15, 2016	Adopted Budget to County. Bond Debt Service Levied	Port	
January 1, 2017	1st Principal Payment Due/2nd Interest Payment Due	Port	
NLT March 27, 2017	Annual Audited Financial Statement and other continuing disclosure documents uploaded to EMMA and each year thereafter.	Port	

\$8,505,000 - Port of Newport

General Obligation Refunding Bonds (Refunds Callable Portion of 2007/2008)

Dated: May 1, 2016 (S&P A+.BQ)

Debt Service Schedule

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+	Total
05/01/2016	-	-	-	-	-
07/01/2016	-	-	36,280.83	36,280.83	36,280.83
01/01/2017	90,000.00	0.850%	108,842.50	198,842.50	-
07/01/2017	-	-	108,460.00	108,460.00	307,302.50
01/01/2018	220,000.00	1.000%	108,460.00	328,460.00	-
07/01/2018	-	-	107,360.00	107,360.00	435,820.00
01/01/2019	350,000.00	1.150%	107,360.00	457,360.00	-
07/01/2019	-	-	105,347.50	105,347.50	562,707.50
01/01/2020	355,000.00	1.350%	105,347.50	460,347.50	-
07/01/2020	-	-	102,951.25	102,951.25	563,298.75
01/01/2021	365,000.00	1.500%	102,951.25	467,951.25	-
07/01/2021	-	-	100,213.75	100,213.75	568,165.00
01/01/2022	365,000.00	1.700%	100,213.75	465,213.75	-
07/01/2022	-	-	97,111.25	97,111.25	562,325.00
01/01/2023	370,000.00	1.850%	97,111.25	467,111.25	-
07/01/2023	-	-	93,688.75	93,688.75	560,800.00
01/01/2024	380,000.00	2.050%	93,688.75	473,688.75	-
07/01/2024	-	-	89,793.75	89,793.75	563,482.50
01/01/2025	385,000.00	2.200%	89,793.75	474,793.75	-
07/01/2025	-	-	85,558.75	85,558.75	560,352.50
01/01/2026	395,000.00	2.950%	85,558.75	480,558.75	-
07/01/2026	-	-	79,732.50	79,732.50	560,291.25
01/01/2027	410,000.00	2.950%	79,732.50	489,732.50	-
07/01/2027	-	-	73,685.00	73,685.00	563,417.50
01/01/2028	420,000.00	2.950%	73,685.00	493,685.00	-
07/01/2028	-	-	67,490.00	67,490.00	561,175.00
01/01/2029	430,000.00	2.950%	67,490.00	497,490.00	-
07/01/2029	-	-	61,147.50	61,147.50	558,637.50
01/01/2030	450,000.00	2.950%	61,147.50	511,147.50	-
07/01/2030	-	-	54,510.00	54,510.00	565,657.50
01/01/2031	460,000.00	2.950%	54,510.00	514,510.00	-
07/01/2031	-	-	47,725.00	47,725.00	562,235.00
01/01/2032	470,000.00	2.950%	47,725.00	517,725.00	-
07/01/2032	-	-	40,792.50	40,792.50	558,517.50
01/01/2033	485,000.00	3.150%	40,792.50	525,792.50	-
07/01/2033	-	-	33,153.75	33,153.75	558,946.25
01/01/2034	495,000.00	3.150%	33,153.75	528,153.75	-
07/01/2034	-	-	25,357.50	25,357.50	553,511.25
01/01/2035	520,000.00	3.150%	25,357.50	545,357.50	-
07/01/2035	-	-	17,167.50	17,167.50	562,525.00
01/01/2036	540,000.00	3.150%	17,167.50	557,167.50	-
07/01/2036	-	-	8,662.50	8,662.50	565,830.00
01/01/2037	550,000.00	3.150%	8,662.50	558,662.50	-
07/01/2037	-	-	-	-	558,662.50
Total	\$8,505,000.00	-	\$2,944,940.83	\$11,449,940.83	-

Refund 2016 (2007 & 2008) | Issue Summary | 3/17/2016 | 9:33 PM

SDAO Advisory Services LLC

Salem p McMinnville

Port of Newport Commission Work Session

March 22, 2106

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\$8,505,000 - Port of Newport

General Obligation Refunding Bonds (Refunds Callable Portion of 2007/2008)

Dated: May 1, 2016 (S&P A+.BQ)

Debt Service Schedule

Part 2 of 2

Yield Statistics

Bond Year Dollars	\$102,470.00
Average Life	12.048 Years
Average Coupon	2.8739542%
Net Interest Cost (NIC)	2.9237541%
True Interest Cost (TIC)	2.9081219%
Bond Yield for Arbitrage Purposes	2.8472067%
All Inclusive Cost (AIC)	3.0434454%

IRS Form 8038

Net Interest Cost	2.8739542%
Weighted Average Maturity	12.048 Years

\$8,505,000 - Port of Newport

General Obligation Refunding Bonds (Refunds Callable Portion of 2007/2008)

Dated: May 1, 2016 (S&P A+.BQ)

Total Issue Sources And Uses

Dated 05/01/2016 | Delivered 05/01/2016

	Allocation of 2007	Allocation of 2008	Total Issue Summary
Sources Of Funds			
Par Amount of Bonds	\$4,205,000.00	\$4,300,000.00	\$8,505,000.00
Total Sources	\$4,205,000.00	\$4,300,000.00	\$8,505,000.00
Uses Of Funds			
Total Underwriter's Discount (0.600%)	25,230.00	25,800.00	51,030.00
Costs of Issuance	55,300.59	56,549.91	111,850.50
Deposit to Net Cash Escrow Fund	4,122,013.07	4,219,139.52	8,341,152.59
Rounding Amount	2,456.34	(1,489.43)	966.91
Total Uses	\$4,205,000.00	\$4,300,000.00	\$8,505,000.00

\$8,505,000 - Port of Newport

General Obligation Refunding Bonds (Refunds Callable Portion of 2007/2008)

Dated: May 1, 2016 (S&P A+.BQ)

Detail of Estimated Costs Of Issuance

Dated 05/01/2016 | Delivered 05/01/2016

COSTS OF ISSUANCE DETAIL

SDAOAS - FA Fee	\$25,000.00
Bond Counsel	\$32,500.00
Disclosure Counsel Fee	\$20,000.00
US Bank Bond Registrar/Paying Agent Fee (One-Time)	\$11,000.00
S&P Rating Agency Fee	\$12,500.00
US Bank Escrow Agent Fee	\$1,500.00
Oregon State Treasurer Advance Refunding Fee (2008 Bonds)	\$3,000.00
Oregon State Treasurer MDAC Fee	\$850.50
CPA Verification Fee (Estimated)	\$3,000.00
Miscellaneous	\$2,500.00
TOTAL	\$111,850.50

\$8,505,000 - Port of Newport

General Obligation Refunding Bonds (Refunds Callable Portion of 2007/2008)

Dated: May 1, 2016 (S&P A+.BQ)

Debt Service Comparison

Part 1 of 2

Date	2016 REF Total P+I	Noncallable Portion of 2007/2008	Net New D/S	Old Callable Portion of 2007/2008	Savings	Total
05/01/2016	-	-	-	-	-	-
07/01/2016	36,280.83	7,400.00	43,680.83	172,108.75	128,427.92	128,427.92
01/01/2017	198,842.50	252,400.00	451,242.50	417,108.75	(34,133.75)	-
07/01/2017	108,460.00	2,500.00	110,960.00	167,208.75	56,248.75	22,115.00
01/01/2018	328,460.00	127,500.00	455,960.00	422,208.75	(33,751.25)	-
07/01/2018	107,360.00	-	107,360.00	162,108.75	54,748.75	20,997.50
01/01/2019	457,360.00	-	457,360.00	427,108.75	(30,251.25)	-
07/01/2019	105,347.50	-	105,347.50	156,890.00	51,542.50	21,291.25
01/01/2020	460,347.50	-	460,347.50	436,890.00	(23,457.50)	-
07/01/2020	102,951.25	-	102,951.25	151,283.76	48,332.51	24,875.01
01/01/2021	467,951.25	-	467,951.25	441,283.76	(26,667.49)	-
07/01/2021	100,213.75	-	100,213.75	145,477.51	45,263.76	18,596.27
01/01/2022	465,213.75	-	465,213.75	445,477.51	(19,736.24)	-
07/01/2022	97,111.25	-	97,111.25	139,471.25	42,360.00	22,623.76
01/01/2023	467,111.25	-	467,111.25	454,471.25	(12,640.00)	-
07/01/2023	93,688.75	-	93,688.75	132,993.75	39,305.00	26,665.00
01/01/2024	473,688.75	-	473,688.75	457,993.75	(15,695.00)	-
07/01/2024	89,793.75	-	89,793.75	126,310.63	36,516.88	20,821.88
01/01/2025	474,793.75	-	474,793.75	466,310.63	(8,483.12)	-
07/01/2025	85,558.75	-	85,558.75	119,318.75	33,760.00	25,276.88
01/01/2026	480,558.75	-	480,558.75	474,318.75	(6,240.00)	-
07/01/2026	79,732.50	-	79,732.50	112,018.75	32,286.25	26,046.25
01/01/2027	489,732.50	-	489,732.50	482,018.75	(7,713.75)	-
07/01/2027	73,685.00	-	73,685.00	104,410.00	30,725.00	23,011.25
01/01/2028	493,685.00	-	493,685.00	484,410.00	(9,275.00)	-
07/01/2028	67,490.00	-	67,490.00	96,522.50	29,032.50	19,757.50
01/01/2029	497,490.00	-	497,490.00	496,522.50	(967.50)	-
07/01/2029	61,147.50	-	61,147.50	88,122.50	26,975.00	26,007.50
01/01/2030	511,147.50	-	511,147.50	508,122.50	(3,025.00)	-
07/01/2030	54,510.00	-	54,510.00	79,302.50	24,792.50	21,767.50
01/01/2031	514,510.00	-	514,510.00	514,302.50	(207.50)	-
07/01/2031	47,725.00	-	47,725.00	70,167.50	22,442.50	22,235.00
01/01/2032	517,725.00	-	517,725.00	520,167.50	2,442.50	-
07/01/2032	40,792.50	-	40,792.50	60,717.50	19,925.00	22,367.50
01/01/2033	525,792.50	-	525,792.50	530,717.50	4,925.00	-
07/01/2033	33,153.75	-	33,153.75	50,787.50	17,633.75	22,558.75
01/01/2034	528,153.75	-	528,153.75	540,787.50	12,633.75	-
07/01/2034	25,357.50	-	25,357.50	40,375.00	15,017.50	27,651.25
01/01/2035	545,357.50	-	545,357.50	555,375.00	10,017.50	-
07/01/2035	17,167.50	-	17,167.50	29,431.25	12,263.75	22,281.25
01/01/2036	557,167.50	-	557,167.50	569,431.25	12,263.75	-
07/01/2036	8,662.50	-	8,662.50	17,956.25	9,293.75	21,557.50
01/01/2037	558,662.50	-	558,662.50	577,956.25	19,293.75	-

\$8,505,000 - Port of Newport

General Obligation Refunding Bonds (Refunds Callable Portion of 2007/2008)

Dated: May 1, 2016 (S&P A+.BQ)

Debt Service Comparison

Part 2 of 2

Date	2016 REF Total P+I	Noncallable Portion of 2007/2008	Net New D/S	Old Callable Portion of 2007/2008	Savings	Total
07/01/2037	-	-	-	6,056.25	6,056.25	25,350.00
01/01/2038	-	-	-	291,056.25	291,056.25	-
07/01/2038	-	-	-	-	-	291,056.25
Total	\$11,449,940.83	\$389,800.00	\$11,839,740.83	\$12,743,078.80	\$903,337.97	-

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	639,801.74
Net PV Cashflow Savings @ 2.847% (Bond Yield)	639,801.74
Contingency or Rounding Amount	966.91
Net Present Value Benefit	\$640,768.65
Net PV Benefit / \$7,915,000 Refunded Principal	8.096%
Net PV Benefit / \$8,505,000 Refunding Principal	7.534%

Refunding Bond Information

Refunding Dated Date	5/01/2016
Refunding Delivery Date	5/01/2016

\$8,505,000 - Port of Newport

General Obligation Refunding Bonds (Refunds Callable Portion of 2007/2008)

Dated: May 1, 2016 (S&P A+.BQ)

Debt Service To Maturity And To Call

Part 1 of 2

Date	Refunded Bonds	Interest to Call	D/S To Call	Principal	Interest	Refunded D/S
07/01/2016	-	164,708.75	164,708.75	-	164,708.75	164,708.75
01/01/2017	3,970,000.00	164,708.75	4,134,708.75	-	164,708.75	164,708.75
07/01/2017	-	81,770.00	81,770.00	-	164,708.75	164,708.75
01/01/2018	3,945,000.00	81,770.00	4,026,770.00	130,000.00	164,708.75	294,708.75
07/01/2018	-	-	-	-	162,108.75	162,108.75
01/01/2019	-	-	-	265,000.00	162,108.75	427,108.75
07/01/2019	-	-	-	-	156,890.00	156,890.00
01/01/2020	-	-	-	280,000.00	156,890.00	436,890.00
07/01/2020	-	-	-	-	151,283.76	151,283.76
01/01/2021	-	-	-	290,000.00	151,283.76	441,283.76
07/01/2021	-	-	-	-	145,477.51	145,477.51
01/01/2022	-	-	-	300,000.00	145,477.51	445,477.51
07/01/2022	-	-	-	-	139,471.25	139,471.25
01/01/2023	-	-	-	315,000.00	139,471.25	454,471.25
07/01/2023	-	-	-	-	132,993.75	132,993.75
01/01/2024	-	-	-	325,000.00	132,993.75	457,993.75
07/01/2024	-	-	-	-	126,310.63	126,310.63
01/01/2025	-	-	-	340,000.00	126,310.63	466,310.63
07/01/2025	-	-	-	-	119,318.75	119,318.75
01/01/2026	-	-	-	355,000.00	119,318.75	474,318.75
07/01/2026	-	-	-	-	112,018.75	112,018.75
01/01/2027	-	-	-	370,000.00	112,018.75	482,018.75
07/01/2027	-	-	-	-	104,410.00	104,410.00
01/01/2028	-	-	-	380,000.00	104,410.00	484,410.00
07/01/2028	-	-	-	-	96,522.50	96,522.50
01/01/2029	-	-	-	400,000.00	96,522.50	496,522.50
07/01/2029	-	-	-	-	88,122.50	88,122.50
01/01/2030	-	-	-	420,000.00	88,122.50	508,122.50
07/01/2030	-	-	-	-	79,302.50	79,302.50
01/01/2031	-	-	-	435,000.00	79,302.50	514,302.50
07/01/2031	-	-	-	-	70,167.50	70,167.50
01/01/2032	-	-	-	450,000.00	70,167.50	520,167.50
07/01/2032	-	-	-	-	60,717.50	60,717.50
01/01/2033	-	-	-	470,000.00	60,717.50	530,717.50
07/01/2033	-	-	-	-	50,787.50	50,787.50
01/01/2034	-	-	-	490,000.00	50,787.50	540,787.50
07/01/2034	-	-	-	-	40,375.00	40,375.00
01/01/2035	-	-	-	515,000.00	40,375.00	555,375.00
07/01/2035	-	-	-	-	29,431.25	29,431.25
01/01/2036	-	-	-	540,000.00	29,431.25	569,431.25
07/01/2036	-	-	-	-	17,956.25	17,956.25

\$8,505,000 - Port of Newport

General Obligation Refunding Bonds (Refunds Callable Portion of 2007/2008)

Dated: May 1, 2016 (S&P A+.BQ)

Debt Service To Maturity And To Call

Part 2 of 2

Date	Refunded Bonds	Interest to Call	D/S To Call	Principal	Interest	Refunded D/S
01/01/2037	-	-	-	560,000.00	17,956.25	577,956.25
07/01/2037	-	-	-	-	6,056.25	6,056.25
01/01/2038	-	-	-	285,000.00	6,056.25	291,056.25
Total	\$7,915,000.00	\$492,957.50	\$8,407,957.50	\$7,915,000.00	\$4,438,278.80	\$12,353,278.80

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	5/01/2016
Average Life	13.021 Years
Average Coupon	4.1998864%
Weighted Average Maturity (Par Basis)	13.021 Years
Weighted Average Maturity (Original Price Basis)	12.513 Years

Refunding Bond Information

Refunding Dated Date	5/01/2016
Refunding Delivery Date	5/01/2016

\$8,505,000 - Port of Newport

General Obligation Refunding Bonds (Refunds Callable Portion of 2007/2008)

Dated: May 1, 2016 (S&P A+.BQ)

Refunding Summary

Dated 05/01/2016 | Delivered 05/01/2016

	Allocation of 2007	Allocation of 2008	Total Issue Summary
Sources Of Funds			
Par Amount of Bonds	\$4,205,000.00	\$4,300,000.00	\$8,505,000.00
Total Sources	\$4,205,000.00	\$4,300,000.00	\$8,505,000.00
Uses Of Funds			
Total Underwriter's Discount (0.600%)	25,230.00	25,800.00	51,030.00
Costs of Issuance	55,300.59	56,549.91	111,850.50
Deposit to Net Cash Escrow Fund	4,122,013.07	4,219,139.52	8,341,152.59
Rounding Amount	2,456.34	(1,489.43)	966.91
Total Uses	\$4,205,000.00	\$4,300,000.00	\$8,505,000.00

Flow of Funds Detail

State and Local Government Series (SLGS) rates for Date of OMP Candidates	3/17/2016	3/17/2016	3/17/2016
Primary Purpose Fund Solution Method	Net Funded	Net Funded	Net Funded
Total Cost of Investments	\$4,122,013.07	\$4,219,139.52	\$8,341,152.59
Interest Earnings @ 0.701%	13,864.43	52,940.48	66,804.91
Total Draws	\$4,135,877.50	\$4,272,080.00	\$8,407,957.50

PV Analysis Summary (Net to Net)

Net PV Cashflow Savings @ 2.847%(Bond Yield)	369,262.92	270,538.82	639,801.74
Contingency or Rounding Amount	2,456.34	(1,489.43)	966.91
Net Present Value Benefit	\$371,719.26	\$269,049.39	\$640,768.65
Net PV Benefit / \$7,915,000 Refunded Principal	9.363%	6.820%	8.096%
Net PV Benefit / \$8,505,000 Refunding Principal	8.840%	6.257%	7.534%

Bond Statistics

Average Life	11.883 Years	12.210 Years	12.048 Years
Average Coupon	2.8684617%	2.8791816%	2.8739542%
Net Interest Cost (NIC)	2.9189537%	2.9283229%	2.9237541%
Bond Yield for Arbitrage Purposes	2.8472067%	2.8472067%	2.8472067%
True Interest Cost (TIC)	2.9026888%	2.9133017%	2.9081219%
All Inclusive Cost (AIC)	3.0397332%	3.0469842%	3.0434454%

Refund 2016 (2007 & 2008 | Issue Summary | 3/17/2016 | 9:33 PM

\$4,205,000 - Port of Newport

General Obligation Refunding Bonds (Refunds Callable Portion of 2007)

Dated: May 1, 2016 (S&P A+.BQ)

Detail of Estimated Costs Of Issuance

Dated 05/01/2016 | Delivered 05/01/2016

COSTS OF ISSUANCE DETAIL - ALLOCATED TO 2007 PORTION

SDAOAS - FA Fee	\$12,360.38
Bond Counsel	\$16,068.49
Disclosure Counsel Fee	\$9,888.30
US Bank Bond Registrar/Paying Agent Fee (One-Time)	\$5,438.57
S&P Rating Agency Fee	\$6,180.19
US Bank Escrow Agent Fee	\$741.62
Oregon State Treasurer Advance Refunding Fee	\$1,483.25
Oregon State Treasurer MDAC Fee	\$420.50
CPA Verification Fee (Estimated)	\$1,483.25
Miscellaneous	\$1,236.04
TOTAL	\$55,300.59

\$4,300,000 - Port of Newport

General Obligation Refunding Bonds (Refunds Callable Portion of 2008)

Dated: May 1, 2016 (S&P A+.BQ)

Detail of Estimated Costs Of Issuance

Dated 05/01/2016 | Delivered 05/01/2016

COSTS OF ISSUANCE DETAIL - ALLOCATED TO 2008 PORTION

SDAOAS - FA Fee	\$12,639.62
Bond Counsel	\$16,431.51
Disclosure Counsel Fee	\$10,111.70
US Bank Bond Registrar/Paying Agent Fee (One-Time)	\$5,561.43
S&P Rating Agency Fee	\$6,319.81
US Bank Escrow Agent Fee	\$758.38
Oregon State Treasurer Advance Refunding Fee (2008 Bonds)	\$1,516.75
Oregon State Treasurer MDAC Fee	\$430.00
CPA Verification Fee (Estimated)	\$1,516.75
Miscellaneous	\$1,263.96
TOTAL	\$56,549.91

RESOLUTION NO. [REDACTED]-2016

A RESOLUTION OF PORT OF NEWPORT, LINCOLN COUNTY, OREGON AUTHORIZING THE ISSUANCE, NEGOTIATED SALE AND DELIVERY OF GENERAL OBLIGATION REFUNDING BONDS; DESIGNATING AN AUTHORIZED REPRESENTATIVE, BOND COUNSEL AND MUNICIPAL ADVISOR; DELEGATING THE NEGOTIATION AND APPROVAL OF FINANCIAL DOCUMENTS AND RELATED MATTERS.

THE BOARD OF COMMISSIONERS (THE “BOARD”) OF THE PORT OF NEWPORT, LINCOLN COUNTY, OREGON (THE “DISTRICT”) finds:

SECTION 1. FINDINGS

- a. The District previously issued its General Obligation Bonds, Series 2007 (the “2007 Bonds”) for design, engineering, consulting fees, construction on the District’s terminal-dock access pier and commencement of demolition and/or land-based buildings, which were authorized by approving vote of the electors of the District; and
- b. The District previously issued its General Obligation Bonds, Series 2008 (the “2008 Bonds”) for design, engineering, consulting fees, construction on the District’s terminal-dock access pier and commencement of demolition and/or land-based buildings, which were authorized by approving vote of the electors of the District; and
- c. The District is authorized pursuant to the Oregon Constitution and Oregon Revised Statutes Chapters 287A and 777 to issue refunding bonds for the refunding of all or a portion of its outstanding 2007 Bonds and 2008 Bonds (collectively, the “Refundable Bonds”); and
- d. The District has determined that it is in the best interest of the taxpayers of the District to refund all or a portion of the Refundable Bonds. The Authorized Representative shall select the portion of such Refundable Bonds to be refunded in accordance with Section 9 hereof; and
- e. The District adopts this resolution to provide the terms under which the refunding general obligation bonds may be issued.

SECTION 2. REFUNDING BONDS AUTHORIZED

The District hereby authorizes the issuance of General Obligation Refunding Bonds (the “Refunding Bonds”) in an aggregate principal amount sufficient to refund all or a portion of the Refundable Bonds and to pay the costs related to the authorization, sale, issuance and delivery of the Refunding Bonds.

The Refunding Bonds may be subject to a book-entry only system of ownership and transfer as provided for in Section 7 hereof. The remaining terms of the Refunding Bonds shall be established as provided in Section 9 hereof.

SECTION 3. DESIGNATION OF AUTHORIZED REPRESENTATIVES

The Board designates the President, General Manager and Finance Director (each an “Authorized Representative”) or a designee of the Authorized Representative to act on behalf of the District as specified in Section 9 hereof.

SECTION 4. SECURITY

The Refunding Bonds are general obligations of the District. The full faith and credit of the District are pledged to the successive owners of each of the Refunding Bonds for the punctual payment of such obligations, when due. The District covenants with the Bondowners to levy annually a direct ad valorem tax upon all of the taxable property within the District in an amount without limitation as to rate or amount, and outside of the limitations of Sections 11 and 11b, Article XI of the Oregon Constitution, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes and other monies available for the payment of debt service on the Refunding Bonds, to pay interest, principal and premium, if any, on the Refunding Bonds promptly when and as they become due.

SECTION 5. FORM OF REFUNDING BONDS

The Refunding Bonds may be printed or typewritten, and may be issued as one or more temporary Refunding Bonds which shall be exchangeable for definitive Refunding Bonds when definitive Refunding Bonds are available.

SECTION 6. EXECUTION OF REFUNDING BONDS

The Refunding Bonds shall be executed on behalf of the District with the manual or facsimile signature of the President of the Board and attested to by the manual or facsimile signature of the Secretary of the Board. However, all signatures may be in facsimile form if the Refunding Bonds are authenticated by the manual signature of the Bond Registrar.

SECTION 7. BOOK-ENTRY SYSTEM

During any time that the Refunding Bonds are held in a book-entry only system (the “Book-Entry System”), the registered owner of all of the Refunding Bonds shall be The Depository Trust Company, New York, New York (“DTC”), and the Refunding Bonds shall be registered in the name of Cede & Co., as nominee for DTC. The District has entered into or shall enter into a Blanket Issuer Letter of Representations (the “Letter”) wherein the District represents that it will comply with the requirements stated in DTC’s Operational Arrangements as they may be amended from time to time.

SECTION 8. REDEMPTION

The Refunding Bonds may be subject to optional redemption or mandatory redemption prior to maturity as determined pursuant to Section 9 herein.

SECTION 9. DELEGATION FOR ESTABLISHMENT OF TERMS AND SALE OF THE REFUNDING BONDS

The Authorized Representative is hereby authorized, on behalf of the District and without further action of the Board, to:

- a. determine if the Refunding Bonds shall be placed with a bank or other financial institution or sold through the public markets;
- b. establish the principal and interest payment dates, principal amounts, interest rates, denominations, series designations and all other terms for the Refunding Bonds;
- c. select an underwriter or lender and negotiate terms of a bond purchase agreement;
- d. select the maturities of the Refundable Bonds to be refunded and cause notice of call and redemption to be given as required by law;
- e. appoint an escrow agent for the Refundable Bonds and enter into an escrow deposit agreement, if necessary;
- f. subscribe for and obtain eligible securities to be deposited in an escrow fund for the Refundable Bonds; to the extent that any such action has been taken prior to the date of this Resolution, such action is hereby ratified;
- g. appoint a registrar and paying agent for the Refunding Bonds;
- h. appoint a certified public accounting firm to act as verification agent to produce a report demonstrating the ability of the escrow account to meet all future debt service and related costs relative to the Refundable Bonds, if necessary;
- i. take such actions as are necessary to qualify the Refunding Bonds for the book-entry only system of The Depository Trust Company, if required;
- j. enter into covenants regarding the use of the proceeds of the Refunding Bonds and the projects refinanced with the proceeds of the Refunding Bonds and provide that the Refunding Bonds be issued as federally taxable or tax-exempt bonds;
- k. approve of and authorize the distribution of the preliminary and final official statements for the Refunding Bonds, if required;
- l. submit an advance refunding plan and related documents to the Oregon State Treasurer's office, if required to accomplish the refunding;
- m. obtain one or more ratings on the Refunding Bonds if determined by the Authorized Representative to be in the best interest of the District, and expend Refunding Bond proceeds to pay the costs of obtaining such rating;
- n. obtain municipal bond insurance on the Refunding Bonds if determined by the Authorized Representative to be in the best interest of the District, execute and deliver any agreement required in connection with such insurance, and expend Refunding Bond proceeds to pay any bond insurance premium;
- o. approve, execute and deliver a Continuing Disclosure Certificate pursuant to SEC Rule 15c2-12, as amended (17 CFR Part 240, § 240.15c2-12), if required;
- p. approve, execute and deliver the Refunding Bond closing documents and certificates;
- q. make any clarifying changes or additional covenants not inconsistent with this Resolution; and

- r. execute and deliver a certificate specifying the action taken by the Authorized Representative pursuant to this Section 9 and any other certificates, documents or agreements that the Authorized Representative determines are desirable to issue, sell and deliver the Refunding Bonds in accordance with this Resolution.

SECTION 10. DEFAULT AND REMEDIES.

The occurrence of one or more of the following shall constitute an Event of Default under this Resolution and the Refunding Bonds:

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

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

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

No remedy in the Resolution conferred upon or reserved to Owners of Refunding Bonds is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Owners of Refunding Bonds to exercise any remedy reserved to them, it shall not be necessary to give any notice other than such notice as may be required by this Resolution or by law.

SECTION 11. DEFEASANCE

The District may defease the Refunding Bonds by setting aside, with a duly appointed escrow agent, in a special escrow account irrevocably pledged to the payment of the Refunding Bonds to be defeased, cash or direct obligations of the United States in an amount which, in the opinion of an independent certified public accountant, is sufficient without reinvestment to pay all principal and interest on the defeased Refunding Bonds until their maturity date or any earlier redemption date. Refunding Bonds which have been defeased pursuant to this Section shall be deemed paid and no longer outstanding, and shall cease to be entitled to any lien, benefit or security under this Resolution except the right to receive payment from such special escrow account.

SECTION 12. DESIGNATION OF BOND COUNSEL AND MUNICIPAL ADVISOR

The District hereby designates Hawkins Delafield & Wood LLP as Bond Counsel for the Refunding Bonds and SDAO Advisory Services LLC as Municipal Advisor for the Refunding Bonds.

SECTION 13. REDEMPTION OF REFUNDABLE BONDS

Contingent solely on the issuance of the Refunding Bonds and the deposit of the net proceeds with the Escrow Agent, the District hereby irrevocably calls for redemption the Refundable Bonds which are to be refunded with the proceeds of the Refunding Bonds on the earliest date they are subject to redemption.

SECTION 14. APPROVAL OF POST ISSUANCE COMPLIANCE PROCEDURES

The Board hereby approves the post issuance compliance procedures in substantially the form attached hereto as Exhibit A with such modifications as deemed desirable by the Authorized Representative to assist in the compliance with federal tax and securities law.

SECTION 15. RESOLUTION TO CONSTITUTE CONTRACT

In consideration of the purchase and acceptance of any or all of the Refunding Bonds by those who shall own the Refunding Bonds from time to time (the "Owners"), the provisions of this Resolution shall be part of the contract of the District with the Owners and shall be deemed to be and shall constitute a contract between the District and the Owners. The covenants, pledges, representations and warranties contained in this Resolution or in the closing documents executed in connection with the Refunding Bonds, including without limitation the District's covenants and pledges contained in Section 4 hereof, and the other covenants and agreements herein set forth to be performed by or on behalf of the District shall be contracts for the equal benefit, protection and security of the Owners, all of which shall be of equal rank without preference, priority or distinction of any of such Refunding Bonds over any other thereof, except as expressly provided in or pursuant to this Resolution.

ADOPTED by the Board of Commissioners of the Port of Newport, in Lincoln County, Oregon
this 22nd day of March, 2016.

**PORT OF NEWPORT,
LINCOLN COUNTY, OREGON**

By: _____

President

ATTEST:

By: _____

Secretary

I.

PURPOSE.

The purpose of this Policy is to ensure that the Port of Newport (the “Issuer”) complies with applicable requirements of federal tax and securities laws that apply to any tax-exempt obligations or other debt issued by the Issuer. This Policy is designed to set forth compliance procedures so that the Issuer utilizes the proceeds of all issues of bonds, certificates of participation, bond anticipation notes, bank loans, and tax and revenue anticipation notes (collectively referred to as “Bonds”) in accordance with applicable federal tax and securities law requirements with respect to outstanding Bonds.

The procedures described in II and III describe the federal tax laws and only apply to Bonds to the extent that they are issued as federally tax-exempt obligations. Such procedures do not apply to Bonds issued as federally taxable obligations. To comply with applicable federal tax requirements, the Issuer must confirm that the requirements are met at the time each Bond issue is issued and throughout the term of the Bonds (until maturity or redemption). Generally, compliance should include retention of records relating to the expenditure of the proceeds of each Bond issue, the investment of the proceeds of each Bond issue, and any allocations made with respect to the use of the proceeds of each Bond issue, sufficient to establish compliance with applicable federal tax requirements, including records related to periods before the Bonds are issued (*e.g.*, in the case of reimbursement of prior expenditures) until six (6) years after the final maturity or redemption date of any issue of Bonds.

The procedures described in IV describe the federal securities laws and only apply to Bonds to the extent that there is a disclosure document prepared in connection with a public offering or private placement of the Bonds. For example, they do not currently apply to bank loans or other debt for which an official statement or other disclosure document is not prepared. To comply with applicable federal securities requirements, the Issuer must comply with the anti-fraud rules at the time of issuance and must maintain continuous compliance with its continuing disclosure obligations until the final maturity or redemption of the applicable issue or Bonds.

II.

FEDERAL TAX PROCEDURES.

A. Responsible Official. The **General Manager** of the Issuer will identify the officer or other employee(s) of the Issuer (the “Bond Compliance Officer”) who will be responsible for each of the procedures listed below, notify the current holder of that office of the responsibilities, and provide that person a copy of these procedures. Upon employee transitions, the **General Manager** of the Issuer will advise any newly-designated Bond Compliance Officer of his/her responsibilities under these procedures and will ensure the Bond Compliance Officer understands the importance of these procedures. If employee positions are restructured or eliminated, the **General Manager** of the Issuer will reassign responsibilities as necessary.

B. Issuance of Bonds.

Bond Counsel. The Issuer will retain a nationally-recognized bond counsel law firm (“Bond Counsel”) to assist the Issuer in issuing Bonds. In connection with any tax-exempt Bond issue, Bond Counsel will deliver a legal opinion which will be based in part on covenants and representations set forth in the Issuer’s Tax Certificate (or other closing documents containing the tax representation) (the “Tax Certificate”) and other certificates relating to the Bonds, including covenants and representations concerning compliance with post-issuance federal tax law requirements that must be satisfied to preserve the tax-exempt status of tax-exempt Bonds. As described more fully below, the Issuer will also consult with Bond Counsel and other legal counsel and advisors, as needed, following issuance of each Bond issue to ensure that applicable post-issuance requirements in fact are met, so that tax-exempt status of interest will be maintained for federal income tax purposes so long as any Bonds remain outstanding.

The Bond Compliance Officer and/or other designated Issuer personnel will consult with Bond Counsel and other legal counsel and advisors, as needed, throughout the Bond issuance process to identify requirements and to establish procedures necessary or appropriate so that tax-exempt status of interest will be maintained. Those requirements and procedures shall be documented in a Tax Certificate and other certificates and/or other documents finalized at or before issuance of the Bonds. If there is no document in the transcript titled “Tax Certificate,” the Bond Compliance Officer and/or other designated Issuer personnel will consult with Bond Counsel prior to the closing of the financing to understand which document(s) in the transcript contain the tax representations and covenants. The requirements and procedures in the Tax Certificate shall include future compliance with applicable arbitrage rebate requirements and all other applicable post-issuance requirements of federal tax law throughout (and in some cases beyond) the term of the Bonds.

Documentation of Tax Requirements. The federal tax requirements relating to each Bond issue will be set forth in the Tax Certificate executed in connection with the Bond issue, which will be included in the closing transcript. The certifications, representations, expectations, covenants and factual statements in the Tax Certificate relate primarily to the restriction on use of the Bond-financed facilities by persons or entities other than the Issuer, changes in use of assets financed or refinanced with Bond proceeds, restrictions applicable to the investment of Bond proceeds and other moneys relating to the Bonds, arbitrage rebate requirements, and economic life of the Bond-financed assets.

Information Reporting. The Bond Compliance Officer and/or other designated Issuer personnel will assure filing of information returns on IRS Form 8038-G no later than the 15th day of the second calendar month in the calendar quarter following the calendar quarter in which an issue of Bonds is issued. The Issuer will confirm that the IRS Form 8038-G is accurate and is filed in a timely manner with respect to all Bond issues, including any required schedules and attachments. The IRS Form 8038-G filed with the IRS, together with an acknowledgement copy (if available) or IRS Notice CP152, will be included as part of the closing transcript for each Bond issue, or kept in the records related to the appropriate issue of Bonds.

C. Application of Bond Proceeds.

Use of Bond Proceeds. The Bond Compliance Officer and/or other designated Issuer personnel shall:

- * monitor the use of Bond proceeds and the use of the Bond-financed assets (e.g., facilities, furnishings or equipment) throughout the term of the Bonds (and in some cases beyond the term of the Bonds) to ensure compliance with covenants and restrictions set forth in the applicable Tax Certificate;
- * maintain records identifying the assets or portion of assets that were financed or refinanced with proceeds of each issue of Bonds;
- * consult with Bond Counsel and other legal counsel as needed in the review of any contracts or arrangements involving use of Bond-financed facilities to ensure compliance with all covenants and restrictions set forth in the applicable Tax Certificate;
- * maintain records for any contracts or arrangements involving the use of Bond-financed facilities as might be necessary or appropriate to document compliance with all covenants and restrictions set forth in the applicable Tax Certificate; and

* communicate as necessary and appropriate with personnel responsible for the Bond-financed assets to identify and discuss any existing or planned use of the Bond-financed assets, to ensure that those uses are consistent with all covenants and restrictions set forth in the applicable Tax Certificate.

Timely Expenditure of Bond Proceeds. At the time of issuance of any Bonds issued to fund original expenditures, the Issuer must reasonably expect to spend at least 85% of all proceeds expected to be used to finance such expenditures (which proceeds would exclude proceeds in a reasonably required reserve fund) within three (3) years after issuance of such Bonds.¹ In addition, for such Bonds, the Issuer must have incurred or expect to incur within six months after issuance original expenditures of not less than 5% of such amount of proceeds, and must expect to complete the Bond-financed project (the “Project”) and allocate Bond proceeds to costs with due diligence.² Satisfaction of these requirements allows Project-related Bond proceeds to be invested at an unrestricted yield for three (3) years.³ Bonds issued to refinance outstanding obligations are subject to separate expenditure requirements, which shall be outlined in the Tax Certificate relating to such Bonds. The Issuer’s finance staff will monitor the appropriate capital project accounts (and, to the extent applicable, working capital expenditures and/or refunding escrow accounts) and ensure that Bond proceeds are spent within the applicable time period(s) required under federal tax law.

Capital Expenditures. In general, proceeds (including earnings on original sale proceeds) of Bonds issued to fund original expenditures, other than proceeds deposited in a reasonably required reserve fund or used to pay costs of issuance, should be spent on capital expenditures.⁴ For this purpose, capital expenditures generally mean costs to acquire, construct, or improve property (land, buildings and equipment), or to adapt the property to a new or different use. The property financed or refinanced must have a useful life longer than one (1) year. Capital Expenditures include design and planning costs related to the Project, and include architectural, engineering, surveying, soil testing, environmental, and other similar costs incurred in the process of acquiring, constructing, improving or adapting the property. Capital Expenditures do not include operating expenses of the Project or incidental or routine repair or

¹ In the case of short-term working capital financings (*e.g.*, TRANs), the Issuer’s actual maximum cumulative cash flow deficit as of the close of the six-month period commencing on the issue date must be at least equal to 100% of the issue price of the notes (under the six-month rebate exception, excluding the reasonable working capital reserve) or 90% of the issue price of the notes (under the statutory safe harbor exception) in order for the notes to be exempt from the rebate requirements.

² These requirements do not apply to short-term working capital financings (*e.g.*, TRANs).

³ Proceeds of working capital financings (*e.g.*, TRANs) may be invested at an unrestricted yield for thirteen (13) months.

⁴ Proceeds of working capital financings (*e.g.*, TRANs) need not be spent for capital expenditures.

maintenance of the Project, even if the repair or maintenance will have a useful life longer than one (1) year.

D. Use of Bond-Financed Assets.

Ownership and Use of Project. For the life of a Bond issue, the Project must be owned and operated by the Issuer (or another state or local governmental entity). At all times while the Bond issue is outstanding, no more than 10% (or \$15,000,000, if less) of the Bond proceeds or the Project may used, directly or indirectly, in a trade or business carried on by a person other than a state or local governmental unit (“Private Use”).⁵ In addition, not more than 5% (or \$5 million, if less) of the proceeds of any Bond issue may be used, directly or indirectly, to make a loan to any person other than governmental persons. Generally, Private Use consists of any contract or other arrangement, including leases, management contracts, operating agreements, guarantee contracts, take or pay contracts, output contracts or research contracts, which provides for use by a person who is not a state or local government on a basis different than the general public. The Project may be used by any person or entity, including any person or entity carrying on any trade or business, if such use constitutes “General Public Use”. General Public Use is any arrangement providing for use that is available to the general public at either no charge or on the basis of rates that are generally applicable and uniformly applied.

Management or Operating Agreements. Any management, operating or service contracts whereby a non-exempt entity is using assets financed or refinanced with Bond proceeds (such as bookstore, cafeteria or dining facility, externally-managed parking facilities, gift shops, etc.) must relate to portions of the Project that fit within the allowable private use limitations or the contracts must meet the IRS safe harbor for management contracts. Any replacements of or changes to such contracts relating to Bond-financed assets or facilities, or leases of such assets or facilities, should be reviewed by Bond Counsel. The Bond Compliance Officer shall contact Bond Counsel if there may be a lease, sale, disposition or other change in use of assets financed or refinanced with Bond proceeds.

Useful Life Limitation. The weighted average maturity of the Bond issue cannot exceed 120% of the weighted average economic life of the Bond-financed assets. In other words, the weighted average economic life of the Project must be at least 80% of the weighted average maturity of the Bond issue. Additional state law limitations may apply as well.

⁵ This 10% limitation is limited to 5% in cases in which the Private Use is either unrelated or disproportionate to the governmental use of the financed facility.

G. Investment Restrictions; Arbitrage Yield Calculations; Rebate.

Investment Restrictions. Investment restrictions relating to Bond proceeds and other moneys relating to the Bonds are set forth in the Tax Certificate. The Issuer's finance staff will monitor the investment of Bond proceeds to ensure compliance with applicable yield restriction rules.

Use and Control of Bond Proceeds. Unexpended Bond proceeds (including reserves) may be held directly by the Issuer or by the trustee for the Bond issue under an indenture or trust agreement. The investment of Bond proceeds shall be managed by the Issuer. The Issuer shall maintain appropriate records regarding investments and transactions involving Bond proceeds. The trustee, if appropriate, shall provide regular statements to the Issuer regarding investments and transactions involving Bond proceeds.

Arbitrage Yield Calculations. Investment earnings on Bond proceeds should be tracked and monitored to comply with applicable yield restrictions and/or rebate requirements. Any funds of the Issuer set aside or otherwise pledged or earmarked to pay debt service on Bonds should be analyzed to assure compliance with the tax law rules on arbitrage, invested sinking funds, and pledged funds (including gifts or donations linked or earmarked to the Bond-financed assets).

Rebate. The Issuer is responsible for calculating (or causing the calculation of) rebate liability for each Bond issue, and for making any required rebate payments. Unless Bond Counsel has advised the Issuer that the Bonds are exempt from the rebate requirements described in this section, the Issuer will retain an arbitrage rebate consultant to perform rebate calculations that may be required to be made from time to time with respect to any Bond issue. The Issuer is responsible for providing the arbitrage rebate consultant with requested documents and information on a prompt basis, reviewing applicable rebate reports and other calculations and generally interacting with the arbitrage rebate consultant to ensure the timely preparation of rebate reports and payment of any rebate.

The reports and calculations provided by the arbitrage rebate consultant are intended to assure compliance with rebate requirements, which require the Issuer to make rebate payments, if any, no later than the fifth (5th) anniversary date and each fifth (5th) anniversary date thereafter through the final maturity or redemption date of a Bond issue. A final rebate payment must be made within sixty (60) days of the final maturity or redemption date of a Bond issue.

The Issuer will confer and consult with the arbitrage rebate consultant to determine whether any rebate spending exceptions may be met. Rebate spending exceptions are available for periods of 6

months, 18 months and 2 years. The Issuer will review the Tax Certificate and/or consult with the arbitrage rebate consultant or Bond Counsel for more details regarding the rebate spending exceptions.

In the case of short-term working capital financings, such as tax and revenue anticipation notes, if there is concern as to whether or not the Issuer has met its requisite maximum cumulative cash flow deficit with respect to its short-term working capital notes, the services of a rebate analyst should be engaged to determine whether either the six-month spending exception or the statutory safe harbor exception to the rebate rules is met (in which case no rebate would be owed) or whether the proceeds of the notes are subject, in whole or in part, to rebate.

Copies of all arbitrage rebate reports, related return filings with the IRS (*i.e.*, IRS Form 8038-T), copies of cancelled checks with respect to any rebate payments, and information statements must be retained as described below. The responsible official of the Issuer described in Subsection A of this Part II will follow the procedures set forth in the Tax Certificate entered into with respect to any Bond issue that relate to compliance with the rebate requirements.

F. Record Retention.

Allocation of Bond Proceeds to Expenditures. The Issuer shall allocate Bond proceeds to expenditures for assets, and shall trace and keep track of the use of Bond proceeds and property financed or refinanced therewith.

Record Keeping Requirements. Copies of all relevant documents and records sufficient to support an assertion that the tax requirements relating to a Bond issue have been satisfied will be maintained by the Issuer for the term of a Bond issue (including refunding Bonds, if any) plus six (6) years, including the following documents and records:

- Bond closing transcripts;
- Copies of records of investments, investment agreements, credit enhancement transactions, financial derivatives (*e.g.*, an interest rate swap), arbitrage reports and underlying documents, including trustee statements;
- Copies of material documents relating to capital expenditures financed or refinanced by Bond proceeds, including (without limitation) purchase orders, invoices, trustee requisitions and payment records, as well as documents relating to costs reimbursed with

Bond proceeds and records identifying the assets or portion of assets that are financed or refinanced with Bond proceeds;

- All contracts and arrangements involving private use, or changes in use, of the Bond-financed property;
- All reports and documents relating to the allocation of Bond proceeds and private use of Bond-financed property; and
- Itemization of property financed with Bond proceeds, including placed in service dates.
- In the case of short-term working capital financings, such as tax and revenue anticipation notes, information regarding the Issuer's revenue, expenditures and available balances sufficient to support the Issuer's maximum cumulative cash flow deficit.

III.

POST-ISSUANCE COMPLIANCE.

A. In General. The Issuer will conduct periodic reviews of compliance with these procedures to determine whether any violations have occurred so that such violations can be remedied through the "remedial action" regulations (Treas. Reg. Section 1.141-12) or the Voluntary Closing Agreement Program (VCAP) described in IRS Notice 2008-31 (or successor guidance). If any changes or modifications to the terms or provisions of a Bond issue are contemplated, the Issuer will consult Bond Counsel. The Issuer recognizes and acknowledges that such modifications could result in a "reissuance" of the Bonds for federal tax purposes (*i.e.*, a deemed refunding) and thereby jeopardize the tax-exempt status of the Bonds after the modifications.

The Bond Compliance Officer and/or other designated Issuer personnel will consult with Bond Counsel and other legal counsel and advisors, as needed, following issuance of each issue of the Bonds to ensure that all applicable post-issuance requirements in fact are met, so that interest on the Bonds will be excluded from gross income for federal income tax purposes so long as any Bonds remain outstanding. This will include, without limitation, consultation in connection with future contracts with respect to the use of Bond-financed assets and future contracts with respect to the use of output or throughput of Bond-financed assets.

Whenever necessary or appropriate, the Issuer will engage an expert advisor as arbitrage rebate consultant to assist in the calculation of arbitrage rebate payable in respect of the investment of Bond proceeds.

B. Monitoring Private or Other Use of Financed Assets. The Issuer will maintain records identifying the assets or portion of assets that are financed or refinanced with proceeds of a Bond issue, including the uses and the users thereof (including terms of use and type of use). Such records may be kept in any combination of paper or electronic form. In the event the use of Bond proceeds or the assets financed or refinanced with Bond proceeds is different from the covenants, representations or factual statements in the Tax Certificate, the Issuer will promptly contact and consult with Bond Counsel to ensure that there is no adverse effect on the tax-exempt status of the Bond issue and, where appropriate, will remedy any violations through the “remedial action” regulations (Treas. Reg. Section 1.141-12), the Voluntary Closing Agreement Program (VCAP) described in IRS Notice 2008-31 (or successor guidance), or as otherwise prescribed by Bond Counsel.

C. Ongoing Training

Training shall be made available to the Bond Compliance Officer to support the Bond Compliance Officer’s understanding of the tax requirements applicable to the Bonds. Such training may include, but would not be limited to, attending training sessions at local conferences such as OGFOA, OASBO, and/or SDAO, participation in IRS teleconferences, reading technical guidance materials provided by educational organizations, the IRS, and/or Bond Counsel, and discussing questions and issues with the Issuer’s Bond Counsel and/or arbitrage rebate consultant.

D. Annual Checklist of Tax-Exempt Bond Compliance Checklist. The Bond Compliance Officer will complete the attached “Annual Tax-Exempt Bond Compliance Checklist” with respect to all outstanding Bonds on or before **June 30** of each annual period. The Bond Compliance Officer will retain a copy of each completed and signed checklist in a file that is retained in accordance with the document retention requirements described in Section II.F., above.

• IV.

FEDERAL SECURITIES LAW PROCEDURES.

A. Anti-Fraud Provisions.

Pursuant to the antifraud provisions of the Securities Act of 1933 and the Securities and Exchange Act of 1934, and accompanying regulations, applicable to securities such as the Bonds, if publicly offered, any material provided by the Issuer in connection with the offer or sale of the Bonds may not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

This material may be in the form of an offering circular or offering memorandum for a private placement and, although it is unclear whether such rules apply to these materials, the Bond Compliance Officer should review them with the same standard in mind. For a publicly offered transaction, the disclosure document may be a preliminary official statement or a final official statement and any materials provided to the rating agencies or credit enhancement provider. Such material may also include information provided to a bank or institutional investor about the Issuer or the Bonds in connection with a bank loan or private placement. The antifraud provisions also apply to continuing disclosure discussed below. The Bond Compliance Officer will actively participate in the Bond issuance process to ensure that all information regarding the Issuer described in the official statement or other materials prepared in connection with the initial sale of publicly offered Bonds or bank placements do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

B. Continuing Disclosure.

- In connection with an offering of the Bonds, the Issuer will execute a Continuing Disclosure Agreement, Continuing Disclosure Undertaking, Continuing Disclosure Certificate or such similarly titled document (herein referred to as the “Continuing Disclosure Agreement”). Pursuant to the Continuing Disclosure Agreement, the Issuer may be obligated to provide annual financial disclosure to the secondary market through the Municipal Rulemaking Securities Board’s Electronic Municipal Market Access (“EMMA”) system, as well as notices of certain material events listed in the Continuing Disclosure Agreement. In order to maintain compliance with the Issuer’s obligations in the Continuing Disclosure Agreement, the Bond Compliance Officer will, if and as required by such Continuing Disclosure Agreement:
- Assist in the preparation or review of annual reports (“Annual Reports”) in the form required by the related Continuing Disclosure Agreements.
- Maintain a calendar, with appropriate reminder notifications, listing the filing due dates relating to dissemination of Annual Reports, which annual due date is generally expressed as a date within a certain number of days following the end of the Issuer’s fiscal year (the “Annual Report Due Date”), as provided in the related Continuing Disclosure Agreement.

- Ensure timely dissemination of the Annual Report by the Annual Report Due Date, in the format and manner provided in the related Continuing Disclosure Agreements, which may include transmitting such filing to the Municipal Securities Rulemaking Board ("MSRB") through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB.
- Monitor the occurrence of any "Material Event" (as defined in the Continuing Disclosure Agreement) and timely file notice of the occurrence of any such Material Event in the manner provided under the Continuing Disclosure Agreement. To be timely filed, such notice must be transmitted within 10 days (or such other time period as set forth in the Continuing Disclosure Agreement) of the occurrence of such Material Event.
- Ensure timely dissemination of notice of any failure to perform under a Continuing Disclosure Agreement, if and as required by the Continuing Disclosure Agreement.
- Respond to requests, or ensure that the Issuer contact responds to requests, for information under SEC Rule 15c2-12, as provided in the Continuing Disclosure Agreement.
- Monitor the performance of any dissemination agent(s) engaged by the Issuer to assist in the performance of any obligation under the Continuing Disclosure Agreement.

Form of Annual Tax-Exempt Bond Compliance Checklist

(to be completed by the “Bond Compliance Officer” as described in the Tax-Exempt Bond Post-Issuance Compliance Policy)

Date Completed: _____

	Yes	No
Has there been a sale of all or any portion of a facility financed with tax-exempt bonds (a “Project”)?		
Has there been a lease of all or any portion of a Project to any party other than a state or local government?		
Has the Issuer entered into a new, or amended an already existing, management or service contract related to a Project?		
Has the Issuer entered into a naming rights agreement relating to all or any portion of a Project?		
Has the Issuer entered into any other arrangement with an entity, other than a state or local government, that provided legal rights to that entity with respect to a Project?		
Will there be a rebate/yield restriction arbitrage computation date during the upcoming annual period?		
Is the Issuer out of compliance with the record retention requirements as described in Section IV of the Tax-Exempt Bond Compliance Procedures?		
Has the Issuer failed to make any required filings with EMMA as required by their Continuing Disclosure Agreements?		

If an answer to any question above is “Yes”, or the answer is unclear, the Bond Compliance Officer shall consult with the Issuer’s bond counsel to determine (i) if the event could adversely impact the tax-exemption of the Issuer’s outstanding tax-exempt bonds and/or (ii) whether any action needs to be taken during the upcoming annual period to ensure compliance with the tax-exempt bond or securities law restrictions.

The undersigned is the “Bond Compliance Officer” as described in the Tax-Exempt Bond Compliance Procedures and has completed the above checklist to the best of the knowledge of the undersigned.

Signature of _____ - Bond Compliance Officer
(print name)



Facilities Maintenance & Operations Plan Proposal 2016

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I. Overview

Introduction

The Port of Newport currently has four (4) separate operational departments providing services for the public, fishing industry, recreational tourism, government and terminal shipping industry. Per the 2015 audit provided by Grimstad & Associates, the estimated value of building and equipment assets is \$65MM. Each department operates autonomously with its own office/shop, crew and budget to provide services and maintenance/repairs to the facility. Under the supervision of the Director of Operations, staff personnel currently totals 11.5 Full Time Equivalents (FTE). Each department provides varying types of customer service products as a cooperative source of income summarized as follows:

NORTH COMMERCIAL MARINA: Aging public dock systems, commercial fishing fleet moorage (205 slips), hard surface lot storage, dock services, dock hoist (4) service, forklift service, fish buyer interface, fuel dock, oil recycling center, grounds and landscaping, public restrooms & moorage holders showers, garbage & recycling collection, main admin building, customs office, public walkway, and building lease tenants. Current staff is 5 FTE

SOUTH BEACH MARINA & RV PARK: Aging public marina & dock system (450 slips), recreational boat launch & trailer parking, live aboard boat moorage, fuel dock, full service RV park (140 spaces), RV dry camp area, garbage & recycling collection, picnic bunkers, fish cleaning stations, public restrooms & moorage holders showers, pay laundry service, public walkways, fishing pier, and building lease tenants. Current staff is 4.5 FTE.

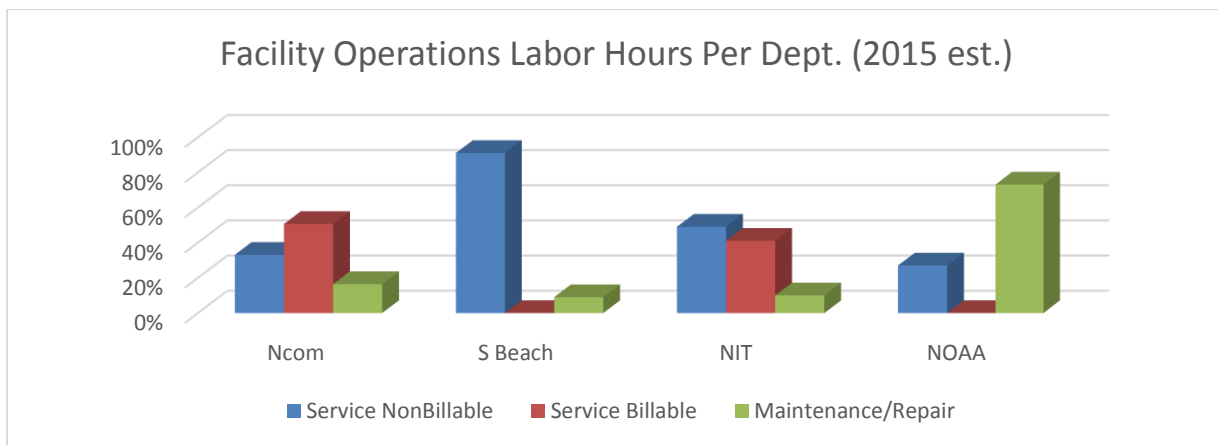
INTERNATIONAL TERMINAL: Newly renovated shipping terminal & dock system with 860 linear feet of dock space, commercial distant water fleet fishing moorage with capacity for 8-16 fishing boats, hard surface lot storage, dock services, , garbage & recycling collection, dock hoist (1) service, forklift service, 30 ton crane service, grounds and landscaping, private net repair shop and building lease tenants, on facility. Current staff is 1 FTE.

NOAA MARINE OPERATIONS CENTER-PACIFIC: Built in 2011, The NOAA Marine Operation Center-Pacific fleet facility (NOAA MOC-P) is leased and operated by the US National Oceanographic and Atmospheric Administration. Under its 20 year lease obligation, the Port of Newport has facility maintenance responsibilities including buildings, grounds and landscaping, wharf, small boat dock, mitigation area, hard surface lot storage, backup power generation, HVAC equipment and security fencing. Staff is required to maintain the exterior public greenbelt area and the open lot to the south. Current staff is 1 FTE.

Because of the varying services, each facility is subject to seasonal labor demand and cycles. With the exception of NOAA MOC-P, facility assets are used by and are highly visible to the public. Currently, each department is responsible for the maintenance, repair and upkeep of their individual areas utilizing the same crew that provides customer and public services. Capital projects, defined as large improvement or replacement type items costing over \$5000, are often included as the

responsibility of the department staff and are often self-performed presuming labor cost savings. Review shows that, in varying degrees, these projects are often started and stopped or are repeatedly interrupted because of the crew demand to provide customer service elsewhere. The self-performed projects take longer than normal to complete and labor costs have not been tracked. Consequently, regularly scheduled facility asset maintenance and repair has been delayed, postponed or has been deferred due to seasonal demands, money and crew constraints. Due to a lack of regular scheduled preventative maintenance, the already aging facility assets degrade and become large capital projects requiring significant work or replacement to bring them back to a safe and serviceable condition.

Reportedly in past years, there was a mobile maintenance department but it was cut due to budget constraints. Maintenance tasks became the responsibility of the individual departments but services remained the focus of the labor force. Until recently, labor classification records have not been kept which would give an analytical understanding of historical labor hours spent on services vs maintenance. In November of 2015, a “best guess” analysis was performed by the department heads to separate services vs maintenance/repair. As you can see from the chart below, service hours as defined in section II of this report, far outweigh maintenance & repair hours. Although this estimate may have an error factor, simply put, the departmental priority remains on servicing the customers and the public.

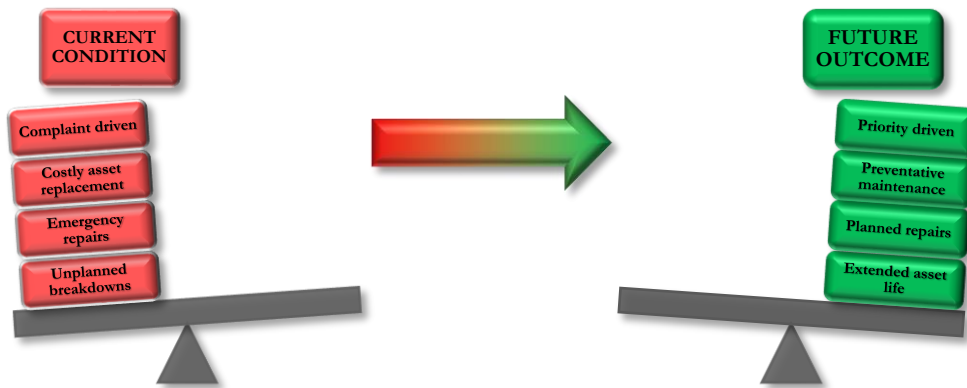


Objective

The Port of Newport Commission has issued direction to the General Manager that facility preventative maintenance (PM) and repair must become a priority in order to protect its infrastructure and economic future. It is therefore the objective of this plan to focus on the requirements needed for PM goals and benefits which is separate from providing for larger capital projects (over \$5,000).

The current system of relying on the individual department operational staff to provide customer service and at the same time respond to the facility capital projects, preventative maintenance and repair has proven to be unsustainable. Deferred maintenance has now become critical, causing

reactionary (crisis) repairs which often cost more and negatively impact our customers' and public perception. The goal is to turn the current condition around. It will take time to see the benefits of regularly scheduled preventative maintenance and it will not replace the current status of capital projects now planned and prioritized. With a successful PM practice in place however, the Port would eventually see reduced expenditures for large replacement projects by extending the useful life of the asset through proper maintenance.



A more common centralized maintenance approach is presented in this plan. The current management and staff have embraced the concept and have voiced their support. Initial costs for the creation of a new department within the general fund can be minimized by utilizing current shop space and equipment but will still require additional budget considerations as outlined later in this report. One existing staff member along with two newly hired skilled employees will make up the three (3) FTE boots on the ground crew needed and as estimated by historical accounts and recent discussion with department managers.

Example of the daily duties performed by the maintenance crew:

- | | |
|---|--|
| ✓ Maintain work orders through CMMS | ✓ Maintain prioritized PM goals |
| ✓ Site and equipment PM inspections | ✓ Regular equipment PM's |
| ✓ Corrosion removal & protection | ✓ Painting and coatings |
| ✓ Carpentry-deck, railings, building, signs | ✓ HVAC/Plumbing system PM's |
| ✓ Emergency repairs-docks, buildings, etc | ✓ Electrical system PM's |
| ✓ Grounds-irrigation, fencing, concrete | ✓ Metals and mobile welding |
| ✓ Lamp replacement, hardware, controls | ✓ Roofing, sidings, gutters |
| ✓ Small projects (under \$5000)** | ✓ Other non-service tasks & coordination |

**Other outside resources will be used to improve the infrastructure on a project by project basis.

Tools for Success

Steps have already been taken to ensure the success of the proposed plan and to modernize the current processes. New and existing technologies are now being used at the crew level which

promote better management of time. The Port utilizes an existing maintenance management system called HippoCMMS® at NOAA and NIT and has recently expanded its use at South Beach. Funding continues to be a challenge but is needed in order to support the goals of this plan. Main key points for the planned success and improvement of facility maintenance are:

- Combine and prioritize past and present facility maintenance assessments & requirements
- Use CMMS to create a benchmark measuring system and create regularly scheduled PM's
- Hire and train competent, skilled maintenance technicians
- Provide the proper tools, guidance, training, and leadership needed
- Continue the expansion and use of HippoCMMS® for scheduling, accountability, costs and documentation
- Improve labor control and tracking methods
- Increase utilization of outside resources
- Identify and procure sustainable funding

II. Implementation

Training & Development

In preparation for maintenance program changes, the current operations staff have been working hard to learn and use computerized timesheets, communications, spreadsheets, and document handling systems. In order to modernize and improve existing policies and procedures, a culture of training is now being practiced at the department and crew level where it was not fostered before. Modern hardware and Information Technology (IT) devices are being used on a regular basis which are saving labor hours. Email, text and photos/video sent by phone are replacing time wasting office visits to accomplish the same tasks. New employees will be hired with proven proficiency in order to use and improve the system that are now in place.

Labor Classification and Tracking

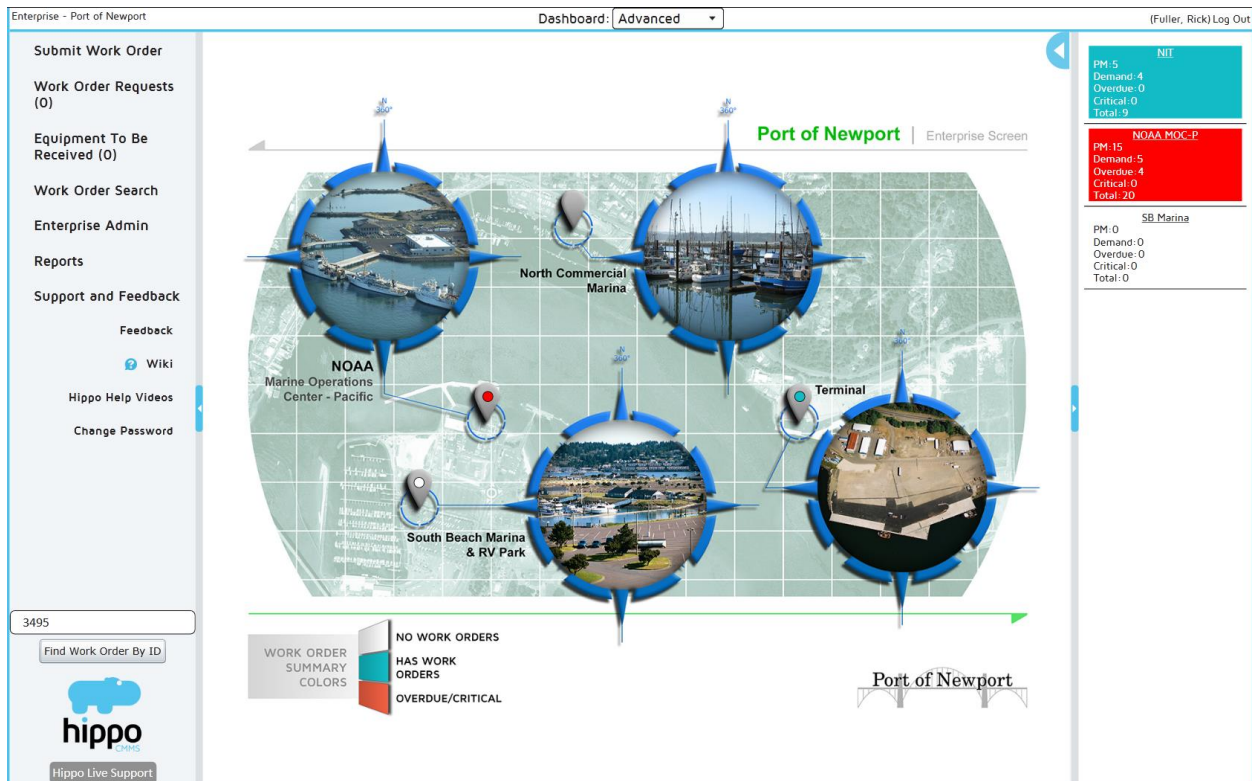
To improve the ability to analyze and manage the actual productive crew hours, in February 2016 a computerized timecard system was implemented requiring the following labor breakdown:

- Service Non Billable – Public/Customer Benefit (cleaning, grounds, dumpsters, pest control)
- Service Billable – Billable labor services to customer (forklift, crane, boat service, other)
- Maintenance/Repair – Facility benefit (maintenance, repair, extends life of assets.)
- Administration – Organizational benefit (supervision, office, training, meetings, etc.)
- Project –. Reserved for specific project assignment # (Small self-performed non-capital projects less than \$5,000)

Because the ADP® time tracking system is web based, department managers now have the capability to view labor reports which can be reviewed and analyzed on a regular basis to meet department budgets and goals. Management training is being provided to increase skills in budget administration, time management and goal setting.

☑ CMMS – Computerized Maintenance Management Software

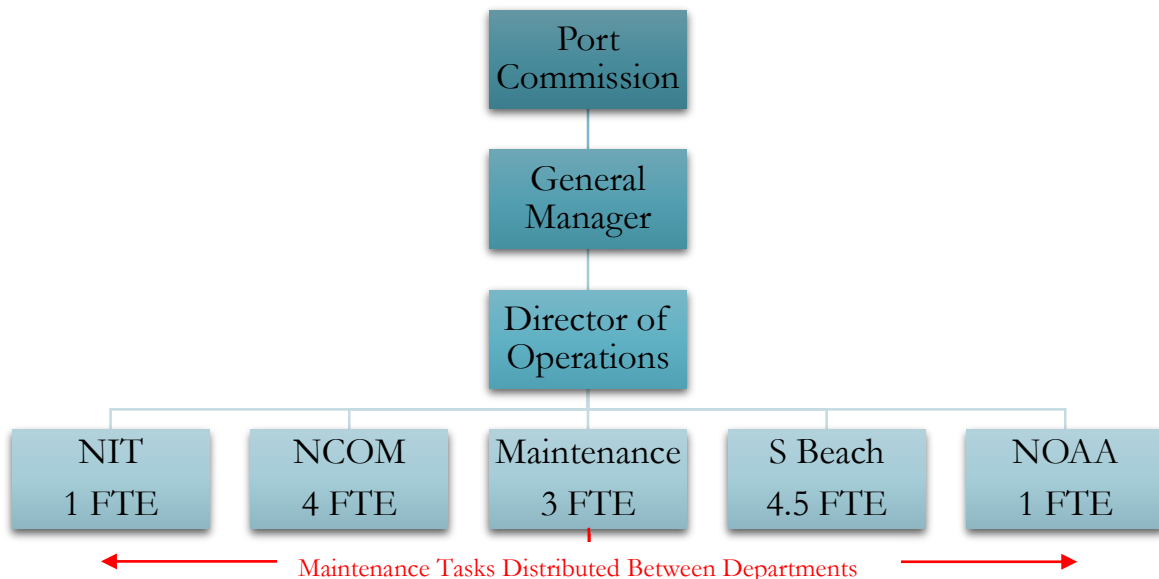
The Port of Newport has been using a Computerized Maintenance Management Software (CMMS) since the closeout of the NOAA Facility construction in 2011. After review, the original software was replaced and the web based service HippoCMMS® was selected and has been in use since 2013. The CMMS system is currently implemented at NOAA, the International Terminal, and now at South Beach. North Commercial will be brought “on line” this summer. Like all CMMS programs, both preventative and on demand work orders are scheduled and tracked within the system. Locations, buildings, equipment, and vehicles are inventoried and associated with a work order. Regularly scheduled preventative maintenance (PM's) work orders are automatically generated and can be assigned to maintenance technicians based on criteria provided by department staff. A work order remains open until closed by the technician providing accountability. Work order history, maintenance trends, costs, inventory, and key performance indicators can be monitored and reviewed by real time reports.



The initial setup requires a complete inventory of locations, equipment, and vehicles along with specific information which is gathered by department staff. The upload of information, implementation and training follow. The system was selected because of its low training curve and intuitive user interface. Acceptance of the system has been very good as we continue to use it at a basic to intermediate level.

□ Organizational Changes

The proposed organizational plan utilizes existing crew structures to maintain the required services that have been typically provided. Using the recent analysis reported above, the North Commercial facility currently spends an estimated 1400 maintenance/repair hours which supports the transfer of 1 FTE in order to create the working lead position required to seed a new maintenance crew with institutional experience. The other departments fall short of the labor hours that would justify a reduction in crew size. It is estimated that a total of 3 FTE will be required to effectively cover most Port wide maintenance needs. Two additional skilled new hires will be needed to fill out the crew. Material costs to support the facility maintenance/repair would be accounted for and remain in the individual department budgets as they are today. The focus of the maintenance crew will be to develop and implement a prioritized preventative maintenance schedule and reverse the trend of emergency repairs and asset depreciation. This approach is commonly labor intensive and does not require large material reserves (ie: sanding, painting, and wrenching). ***It is important to note*** that the existing “service” crew will still be required to provide maintenance and repair work orders on an as needed basis. Furthermore with the reduction of maintenance responsibilities, the quality of services such as grounds keeping is expected to improve. The proposed change to the operations organizational structure follows:



Depending on availability and funding, other labor sources will be utilized to support small to medium size improvement or repair type projects. These types of projects would include dock

cleaning & repair, sign & kiosk maintenance, picnic bunker maintenance, trash enclosures, general painting, grounds beautification, special projects, etc. Outreach to the following labor sources is already in progress:

- Port of Newport “Mates” volunteer group
- US job corps services
- County adult community work crews
- U-Da-Man volunteer organization
- Temp labor pool such as Cardinal Services

Budget Considerations

As previously stated, the startup costs of a new departmental maintenance crew will be minimized by using the existing assets that the Port now owns. Required tools, shop and material storage space will be commonly shared by the other departments. As the maintenance crew will be boots on the ground and considered mobile, minimal office space will be required. The North Commercial or NIT shop is a logical location for a “central communication hub”. Mobile IT equipment and devices will be needed as the crew will be expected to use modern tools to access the CMMS software, internet resources and communicate in an efficient manner. The Port’s geography will require the staff to have a minimum of two fully equipped utility vehicles to carry tools and materials. As previously stated and by its nature, preventative maintenance is typically labor intensive with the cost accounted within its own department. The ensuing material expenses will be accounted for and inventoried within the individual budgets of the facility/departments that are being served. Unless otherwise supported by administrative decision or increased labor efficiencies, the individual department budgets would not see an increase as they have historically budgeted and accounted for material purchases to fund their anticipated needs.

The two proposed budget matrices that follow show one existing staff employee being selected, transferred and serving as lead technician for the maintenance department. The remaining two positions will need to be hired and added to the staff roster. The new hires will be required to have proven facility maintenance and repair skills equal to the Port’s improved quality standards.

Fig. 1 - Maintenance/Repair Department Proposed Budget FY 2016/17 (startup) and subsequent FYs		
Personnel Services	Startup \$\$	Annual \$\$
Lead Maintenance Technician I (transfer from NCom)	41,400	41,400
Maintenance Technician II	32,350	32,350
Maintenance Technician II	32,350	32,350
Payroll burden\benefits	54,700	54,700
Training & development	500	1,500
Materials & Services		
Tablet/computer/printer/etc.	4,000	500
Phone/com devices	350	2,700
Safety equipment & clothing	1,500	1,500
Tools & expendables	1,000	1,500
Utility vehicles (2)	40,000	4000
TOTAL EXPENSES	208,150	172,500

* Fig. 1 assumes zero inflation rate

Fig. 2 - 5 Year Financial Projection with Maintenance Crew								
Year	2014	2015	2016	2017	2018	2019	2020	2021
GF Net Operating Income	359,000	494,000	344,000	258,611	238,026	233,428	254,814	254,183
Maintenance Crew Cost	0	0	0	156,100	111,989	114,849	117,781	120,790
Capital Outlay/Transfers	25,000	23,000	125,000	100,000	100,000	100,000	100,000	100,000
Total	334,000	471,000	219,000	2,511	26,038	18,579	37,032	33,393

* GF Net Operating Income includes the Permanent Rate Property Tax Revenue

The General Fund Net Operating Income is determined by subtracting all operating expenses (personnel costs, materials and service and debt service) from operating income (moorage fees, lease income, service charges, etc.). This does not include non-operating expenses (transfers out or capital outlay) nor income (transfers in, grants, loans, etc.) The standing permanent property tax, for the sake of this discussion, is included as an available revenue source. For the last few years, the Port has

seen annual positive net operating income that has built Port cash reserves, been transferred into the Maintenance Reserve Fund and to complete some capital outlay projects within the General Fund. For future projections, the Director of Finance has estimated a five year trend including a 2.5% annual increase per year for personnel services and increases in debt service. Other cost increases are offset by increases in revenues.

The new maintenance crew costs are lower in Fig. 2 compared to Fig. 1 since the Port already incurs the costs of the one FTE from North Commercial.

The final line shows that there will still be approximately \$100,000 available for non-operating activities such as transfers into the Maintenance Reserve Fund, General Fund Capital Outlay projects and cash accumulation. It should be noted that moving forward, the General Fund will not see growth in cash reserves, but rather making an investment in the ongoing maintenance and repair of Port assets and service. This proposal shows that increased maintenance and repair can be sustainable from net operating activities, but less will be available for cash reserves and capital projects.

III. Conclusion

The maintenance of Port assets has been deferred to the point of critical need. The existing operational structure puts the emphasis and priority of labor resources into the many needs of the public and customers that it serves. This forces the existence of reactive (crisis) repair response vs a professionally managed approach to preventative maintenance including regularly scheduled inspections. In order to separate the conflicting needs of service vs maintenance, it is estimated that three full time skilled maintenance technicians are needed in order to provide the focus on the preventative maintenance tasks for the protection of property and equipment that the Port owns. The four autonomous departments will still maintain the Non Billable services that they have been providing and will continue to provide maintenance support where needed.

The proposed maintenance department will report directly to the Director of Operations and will work from a prioritized task list through the existing CMMS system. Although considered an added overhead expense, with needed funding, the proper implementation of preventative maintenance has the benefit to:

- Accomplish the Port Commission and General Managers goals
- Protect the value of existing assets
- Improve equipment return on investment (ROI)
- Reverse the trend of reactionary crisis management leading to costly emergency repairs
- Improve customer and public perception

- Instill a sense of pride in the Port of Newport organization

Establishing baseline measurements will be key to the success of this plan. The increased use of HippoCMMS® will allow management to report and assess Key Performance Indicators (KPI's) for labor items such as volume of work orders and past due tasks. Following a detailed maintenance assessment of existing assets, comparisons will be made that can measure the amount of labor hours that are being provided and the effectiveness of preventative maintenance in preventing loss of assets. Public, client and administration satisfaction ratings will be compared annually to the operations assessment poll established August 2015. It will take time to see the benefits of regularly scheduled preventative maintenance as deferred maintenance has created a large backlog of priorities and the basic need is more “behind the scene, nuts and bolts work” than are high visibility projects.

Future considerations for the maintenance department may include consolidation of grounds maintenance, and custodial services that are now being provided by contract agreements. Assessment of this plan and the goals of operations will be performed on an annual basis to ensure that it matches the priorities set by the Port Commission and the General Manager.