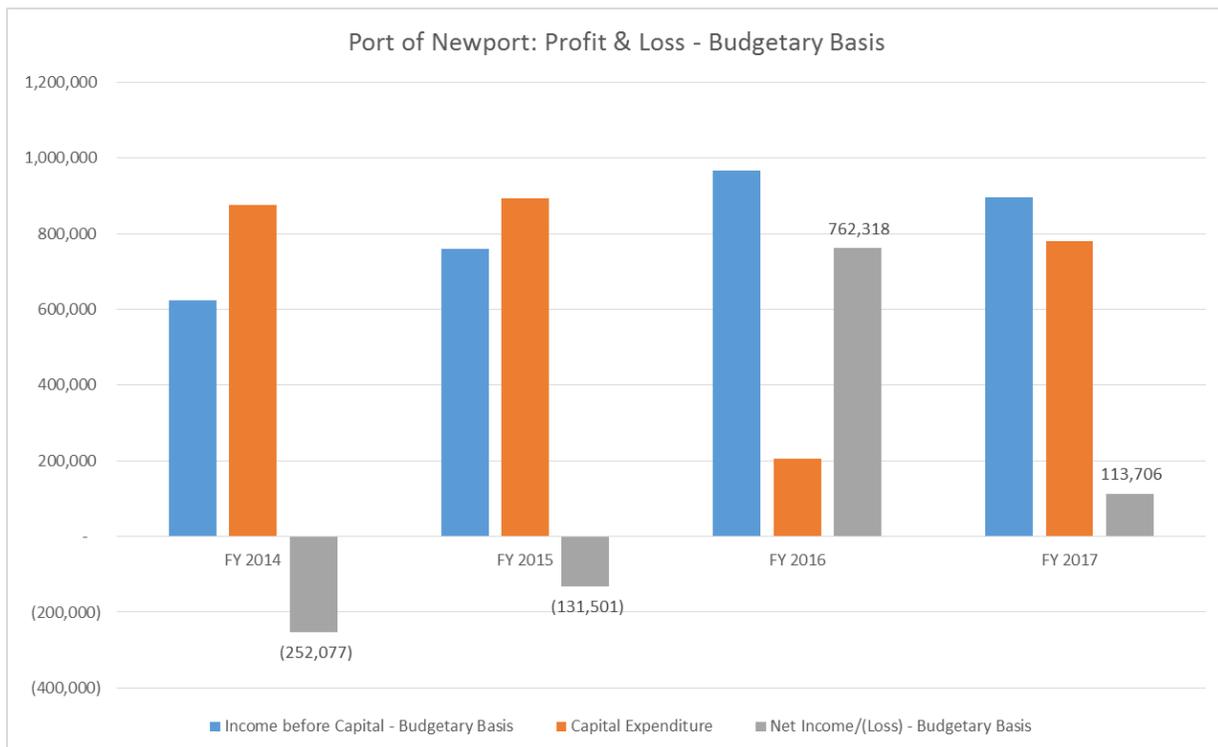




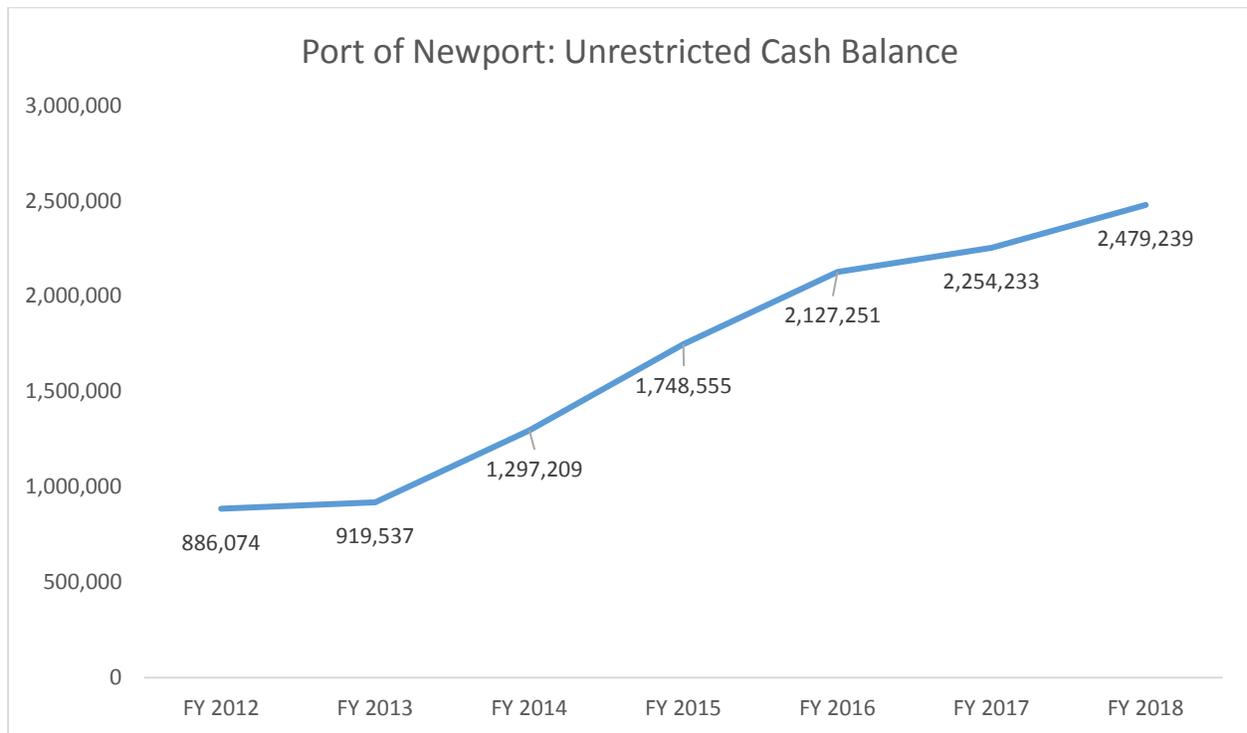
Fiscal Facts

- Over the past 5 fiscal years the Port’s auditor has issued an unqualified or “clean” opinion with each audit report meaning the auditor has concluded that the Port’s financial statements present fairly the results of the Port’s operations and its financial position according to generally accepted accounting principles.
- The Port is in sound fiscal condition. The fiscal year 2016-17 audit report documents a budgetary basis net income (i.e. surplus) of \$113,706.

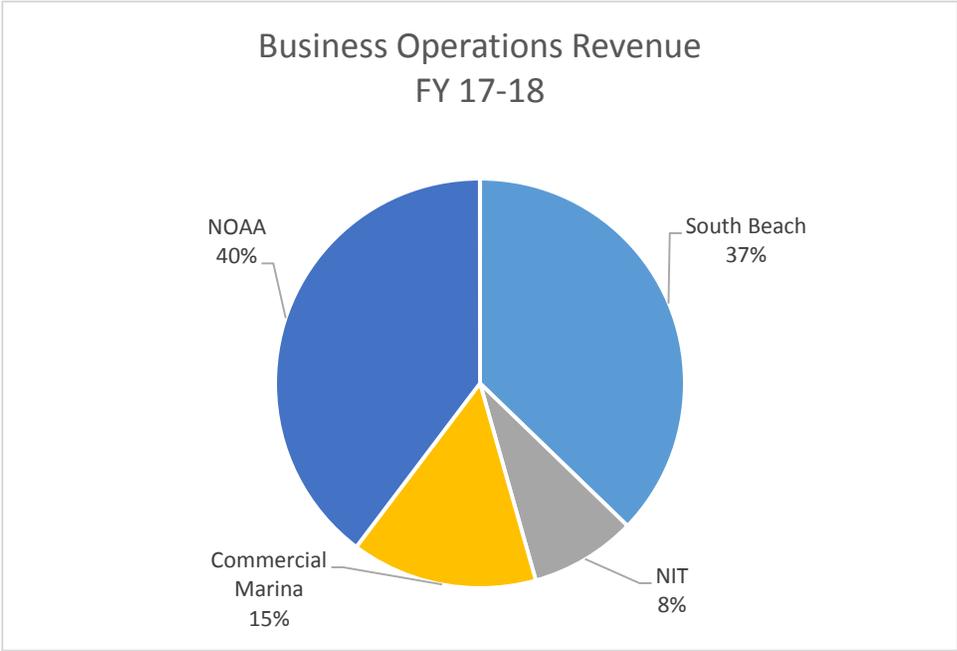
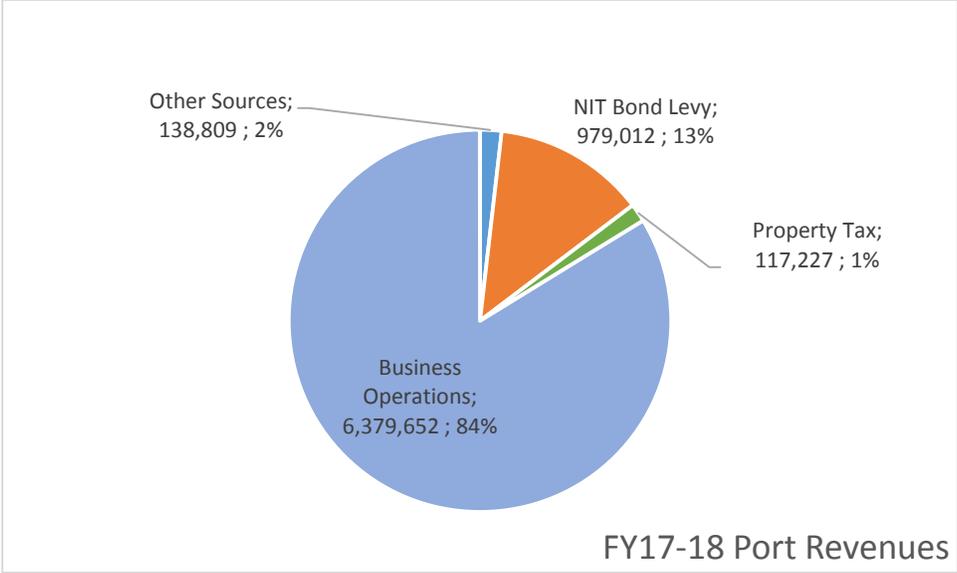


* Figures are calculated from revenues in excess of expenses from the Port's Budgetary statements. The numbers include operating revenues and expenses, and debt service payments. Therefore, this graph represents the amount of funds available for capital improvements and discretionary spending.

- The Port has met all loan payment obligations, managed to make substantial investments into capital improvements while continuously increasing our unrestricted cash fund balances.



* Diagram only includes Unrestricted cash balances. The Port also holds restricted cash of approximately \$5.5M for the NOAA facility (Debt Service and capital maintenance reserve). The amounts represented are balances as of June 30 for the respective year.



Organization and Leadership

In the past 6 months the Commission has become a cohesive, unified board, speaking with one voice. Upon realization and acknowledgement of hiring an unsuitable individual as General Manager in March 2018, the Commission took thoughtful decisive action in the hiring of an interim General Manager, to allow the time to make a more suitable selection of a permanent GM. Recruitment for the GM position, and the position of Director of Finance and Business Services, are a priority and are well under way. The Port Commission is focused on developing continuity in the GM position. We hope to have a permanent GM in place by April

The 5-year update of the Port's Strategic Business Plan and Capital Facilities Plan is on track to be complete by mid-March. The highly experienced team of consultants from BergerABAM, who have completed over a dozen similar plans for port districts in Oregon, are well on their way. The Port invested additional funds to support a deeper look into potential business opportunities for the International Terminal. Upon successful completion of this plan, the Port will enter into an Intergovernmental Agreement with Oregon Infrastructure Financing Authority. This agreement establishes a business relationship with Business Oregon for staff support and funding assistance. The Strategic Business Plan will be the roadmap for the Port's future.

On December 14, 2018, the Commissioners voted to approve the Port's Oregon Pay Equity study and corrective action recommendations for staff effective January 1, 2019. This study and implementation of corrective action meets the compliance requirements established by the State prior to the deadline of December 31, 2018. The Port will review pay equity every 3 years to ensure compliance as defined by the Oregon Pay Equity Law.

The Port has taken an active role in Oregon Public Ports Association, Pacific Northwest Waterways Association, Association of Pacific Ports, Cascades West Council of Governments, Economic Alliance of Lincoln County, Yaquina Bay Economic Foundation, and other similar groups, participating in meetings and developing relationships.

Newport International Terminal



Terminal Specifications:

The entrance channel on the Yaquina Bay Bar is a federal project that is maintained to 40' deep on the outer bar (at mean lower low water), then reducing to 30' deep inside the bar with a 30' deep turning basin inside Yaquina Bay. The turning basin adjacent to the International Terminal is 900' to 1200' feet wide, and 1400' long near McLean Point. The clearance under the Yaquina Bay Bridge is 129' at mean high water (135' at mean low water). The terminal is about 2.5 NM from the YB Buoy; transit time is less than an hour with a pilot aboard. The shipping terminal & dock system consists of 860 linear feet of dock space, a two-ton fixed rotating hoist, paved asphalt surface storage, gravel surface storage, garbage & recycling collection, a storage & maintenance shop, tenant leased buildings, and an undeveloped 9 acre lot. There is currently 3.3 acres of laydown space available to support shipping operations.

Outreach to Potential Shippers:

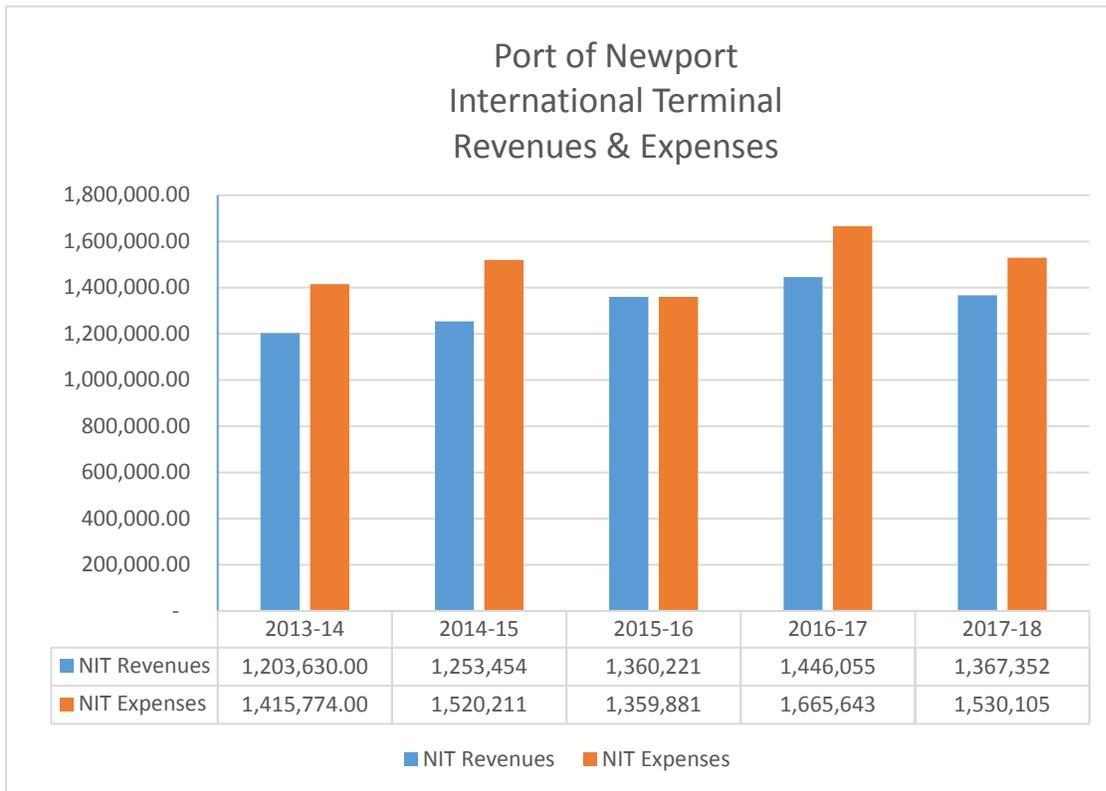
Port staff are actively engaged in talking with Oregon agriculture producers and processors as well as finished lumber companies about the potential for their business to reduce transportation costs and impacts by using the Newport International Terminal (NIT). These conversations are

continuing in an effort to identify new business partners. For the past two months Port staff has been engaged in conversations with Teevin Bros Land and Timber in regards to their inquiry about the potential of one log barge a month using the NIT for shipping. The conversations are still very high level, but the work staff has done to determine the logistics around this inquiry has led to a template for other potential shipping conversations.

Adjacent Private Development:

Rondys Inc. is a privately held property directly adjacent to the Port owned property at the Terminal. This 39.84-acre parcel is currently in various stages of development as Yaquina Industrial Park. The developer has characterized this development as an area where maritime support business and services will be accommodated.

International Terminal Revenue:



NIT Revenues include Bonded Debt proceeds. Expenses include Operating Expenses and Debt Service and Bonded Debt service payments.

International Terminal Renovation Construction Costs:

Per audited financial statements, the actual cost of the International Terminal project was \$25,887,410. The project was mainly funded by \$15,452,000 in G.O. Bonds resulting from the passage of ballot measure 21-114. Additional funding included \$5,673,283 in loans from the State of Oregon, \$3,458,600 in Connect Oregon grants, \$1,100,000 in Port funds, and \$203,527 in additional funding.

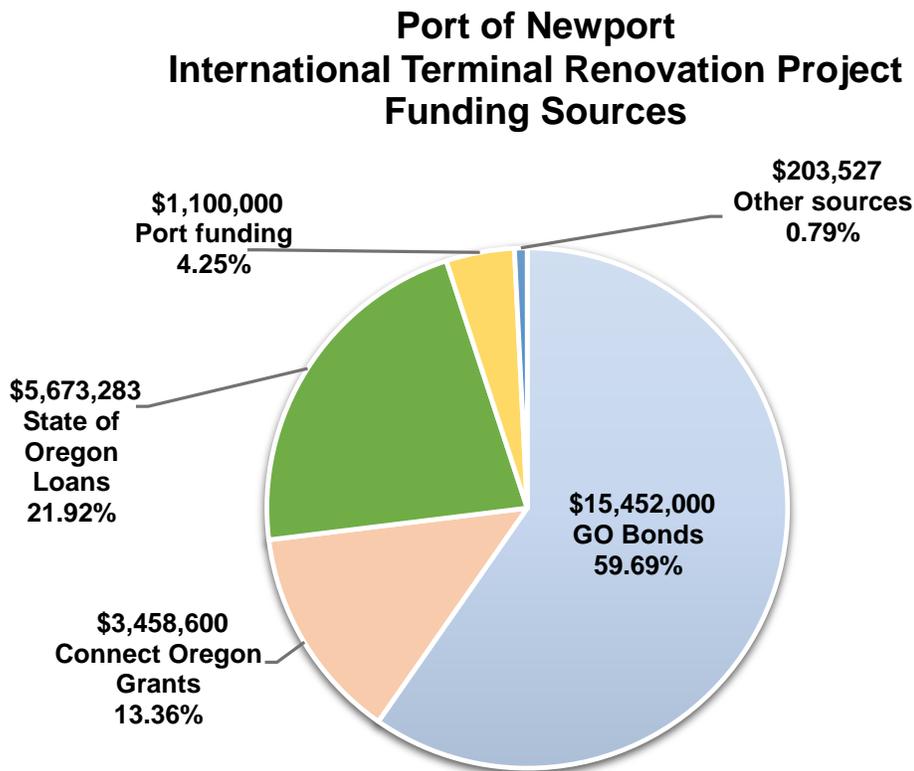


Figure 5. Port of Newport International Terminal Renovation Project Economic Analysis of Completion Phase. Table 1: International Terminal Renovation Project Source-Use Statement. The Research Group, Day CPM, Digital Video Designs (2012), Port loan documents, and Connect Oregon grant agreements.

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