

The Port
OF PORT TOWNSEND
SERVING ALL OF JEFFERSON COUNTY

**Port of Port Townsend
2nd Monthly Meeting Agenda
Wednesday, April 25, 2018, 5:30 p.m.
Port Commission Building
333 Benedict Street
Port Townsend, WA**

- I. Call to Order / Pledge of Allegiance
- II. Approval of Agenda
- III. Public Comments
- IV. Consent Agenda
 - A. Approval of Regular Meeting Minutes – April 11, 2018.....1-7
 - B. Approval of Warrants
- V. Second Reading
- VI. First Reading
 - A. Resolution No. 678-18 – Limited Tax General Obligation Bonds, 2018.....8-42
- VII. Regular Business
 - A. March 2018 Financials.....43-48
 - B. Commission Workshop Calendar.....49-51
- VIII. Staff Comments
- IX. Commissioner Comments
- X. Next Special Meeting:
Wednesday, May 2, 2018 at 1:00 pm, Executive Session only, pursuant to RCW 42.30.220 (g),
Port Commission Building, 333 Benedict Street, Port Townsend, WA

Next Regular Meeting:
Wednesday, May 8, 2018 at 9:00 am
Port Commission Building, 333 Benedict Street, Port Townsend, WA
- XI. Executive Session
 - A. Potential Litigation, pursuant to RCW 42.30.110 (i)
- XII. Adjournment

PORT COMMISSION REGULAR MEETING– April 11, 2018

The Port of Port Townsend Commission met in regular session at the Commission Building, 333 Benedict Street, Port Townsend, WA

Present: Commissioners – Tucker, Hanke and Putney
Executive Director Gibboney
Auditor Berg
Director of Operations & Business Development Englin
Director of Planning, In-house Counsel Toews
Communications Coordinator Matej
Attorney Lake
Minutes – Nelson

I. CALL TO ORDER/PLEDGE OF ALLEGIANCE:

Commissioner Tucker called the meeting to order at 1:00 p.m.

II. APPROVAL OF AGENDA:

Commissioner Hanke proposed an addition to Regular Business: 2018 Capital Improvement Plan-Discussion (presented at March 28, 2018 Workshop). This will become item A, and the remaining Items will drop down in order.

Commissioner Putney moved to approve the Agenda as amended.

Commissioner Hanke seconded the motion.

Motion carried by unanimous vote.

III. PUBLIC COMMENTS (00:02:16)

David King spoke in favor of the NWMC Point Hudson lease proposal.

Carol Hasse compared the (Point Hudson south jetty) engineer's "rock box" jetty design with the selected steel jetty design and urged the commission to do further research.

Melinda Bryden spoke about the Port's historical financial data related to Point Hudson, NWMC financial data and lease proposal.

Chris Hanson expressed his beliefs on why he believes the current design is flawed.

NWMC Director, Jake Beattie agrees the relationship between the Port and the NWMC should be a collaborative one. Spoke about the amount of experience put forth in developing the Point Hudson proposal. Sees discrepancies in the two financial analyses presented today.

Ron Hayes thanked Ms. Berg for redoing the financial statements. Spoke in favor of NWMC proposal and partnership with the Port. Discussed debt, revenue, profit, and the Port's similarity to a business.

Ted Shoulberg, discussed effects of wave deflection to rowers, a major issue. Hopes the rock jetty design is selected.

IV. CONSENT AGENDA (00:21:00):

- A. Approval of Public Workshop Minutes – March 28, 2018
Approval of Regular Meeting Minutes – March 28, 2018
- B. Approval of Warrants

Warrant #058953 through #058963 in the amount of \$60,670.10 for Payroll & Benefits
Electronic Payment in the amount of \$105,546.17 for Payroll & Benefits
Warrant #058964 through #059006 in the amount of \$45,522.70 for Accounts Payable
Commissioner Hanke moved to approve the Consent Agenda as presented.
Commissioner Putney seconded the motion.
Motion carried by unanimous vote.

V. SECOND READING (Action Items):

VI. FIRST READING (Discussion Only):

VII. REGULAR BUSINESS:

A. 2018 Capital Improvement Plan (00:22:00):

Commissioner Hanke wanted to clarify that the operating revenue of \$130K for Capital Improvements discussed at the last Workshop, was not approved at the November 21, 2018 budget meeting. These projects were only discussed at the last workshop and the Commission has not agreed to fund those projects.

B. Cash Flow Effects on Bonding for Jetty – Two Scenarios (00:22:30):

Ms. Berg pointed to a correction needed on page 8 of the packet, under “Background”, third paragraph, last sentence – \$3,820,205 is an incorrect amount. Correct to \$4,070,205.

Scenarios are related to Capital Plan presented at previous workshop. Ten-year cash flow projection to show where we might be if these projects are moved forward.

In summary, Ms. Berg stated both scenarios are unrealistic. Scenario 1 would leave us at end of year with total of \$1.2M, with only less than \$300K in unreserved cash. Scenario 2 – many changes in jetty cost – estimate, steel tariff, donations, many moving parts. Staff asked for updated estimate from Mott MacDonald who came back with a figure of \$3.7M, adding to that an estimated \$150K for steel tariff and another \$150K for construction management, plus the remaining balance on engineer’s contract of \$70,205, total project cost estimate \$4,070,205.

Ms. Berg stated when budget was in development in Oct/Nov last year; we were looking at a \$3.2M bond, \$2.7M for project, \$500K to replenish cash used for stormwater project. If we move forward with \$3.2M bond and \$882K left in grant money, that would leave the Port with \$12K in cash, with no replenishment of stormwater cash. She repeated this is an unrealistic situation. Would not allow for any emergencies.

Scenario 2 figures come from Capital Budget, \$75K bond issuance cost not in budget. \$4,070,205 variance-this figure not in budget. If the Coast Seafood roof and WDFWL heat and creosote projects occur, that would leave the Port with \$770K in unreserved cash. She is not comfortable with this scenario either. Discussed revenues, expenses, and debt service principal numbers. Ms. Berg sees the bare minimum amount of unreserved cash needed is \$1M to cover repair projects, grant matches, etc.

Ms. Berg stated the bonding resolution would be presented as a first touch at the next commission meeting.

Commissioner Hanke asked if the runway project could be delayed. Mr. Toews answered this is a question for the FAA.

Commissioner Putney asked about the WSDOT 5% match grant possibility. Discussion ensued on runway project funding.

Commissioner Tucker asked for confirmation that reserves, needed for the bond, are not accessible.

Director Gibboney explained that third quarter, staff will look at development of financial policies including cash reserves and debt. She said this is the beginning of a formation of a "robust" capital improvement plan, and emphasized the plan is always in flux. Three to five year planning provides more stability in budget planning. Commissioner Hanke stated there is zero money and asked how this can be the "beginning" of a capital plan.

C. Resolution No. 677-18 – Establishing the Point Hudson Jetty (South) Donation Fund (00:46:07):

Director Gibboney explained the resolution would allow the creation of a reserve fund to receive donations for use towards south jetty construction only. She stated if funds are collected by a third party, such as the Jefferson Community Foundation, they would then transfer funds into this account. She was informed that donations should be tax deductible, but advised any donors to verify with their tax advisor.

Mr. Toews discussed the Jefferson Community Foundation, who would act as a pass-through. He stressed the fund is established so that the Port will know, with certitude, what funds are available prior to the issuance of the Notice of Intent to the apparent low bidder. Funds include \$2.7M in bond proceeds, plus \$780K remaining in the RCO grant, and any donations made to the reserve fund. Bid opening is 10 am May 7, 2018; Notice of Intent to Award (NOIA) contract, May 15, 2018. Prior to the NOIA Port staff will know if the project is a go or no-go based on available funding, including donations, which need to be received by May 14, 2018. Mr. Toews added that if funding is not sufficient, donations would be returned to the donors.

Ms. Berg clarified this is a "restricted" fund, not a reserve fund and cannot be used for any other purpose.

Commissioner Hanke abstained from a vote.

Commissioner Putney moved to adopt Resolution No. 677-18, establishing the Point Hudson Jetty (South) Donation Fund.

Commissioner Tucker seconded the motion.

Motion carried with two votes for and one abstained.

D. Northwest Maritime Center (NWMC) Lease Proposal (00:56:15):

(Attorney Lake advised the Commission to allow for Public Comment after discussion.)

Commissioner Tucker listed the factors that would be discussed in open session, prior to Executive Session, where the Commission will discuss how these factors will impact the bottom-line price, without making those factors the focus of discussion. He informed that the final decision regarding the leasing of this public property must be taken in a session open to the public.

Ms. Gibboney stated the underlying question that must be considered is, why would the Port proceed with an offer only from the NWMC? The Commission will need to come up with findings to justify a sole-source process at some point.

Commissioner Hanke pointed out that there is no other offer from an entity that is a neighbor of Point Hudson and is sitting on a \$15M asset, with a good pay-off record.

Commissioner Tucker stated there might be other operators interested in taking on the Point Hudson lease, so the question needs answering as to why we would only consider the NWMC proposal.

Commissioner Hanke asked the attorney for an explanation on sole sourcing.

Commissioner began with the factors list:

“Background” of the NWMC’s proposal to lease Point Hudson, which was received by the Port on January 26, 2018. On March 20, 2018, staff was directed by the commission to develop a counter-proposal. Commissioner Tucker made mention of the two Financial Assessments of the proposal, included in the meeting packet.

Ms. Gibboney explained this Memo is to provide a framework of what is hoped to be a set of comprehensive issues.

Discussion ensued amongst the Commission and staff on a punch list and the proposed 50-year lease term.

“Debt Service” - should the NWMC cover Point Hudson’s debt obligations?

Following discussion, the commissioners agreed that the debt service needs to be paid for (included in the deal).

“North Jetty Cost” - Commissioner Tucker, reading from the Memo asked, should the NWMC provide a sufficient capital contribution to cover construction of the North Jetty? If, so what is a reasonable timeframe for the contribution?

Commissioner Hanke asked the “fundamental” question of who is responsible for the cost of the jetty repair. He compared the NWMC paying for the jetty with a renter paying for repairs to a house.

Director Gibboney clarified that both scenarios in the proposal from the NWMC, include provisions for the Port to pay both jetty costs. She asked the question, is it reasonable that the monetary value of the lease be able to cover both south and north jetties?

Commissioner Hanke added the Port is the one to benefit from the repaired breakwaters.

Commissioner Putney stated, the question is, can the Port do a better job of managing this asset.

Mr. Englin commented on this conversation.

“Capital Contribution(s)” - Commissioner Tucker asked, is the contribution subject to leasehold tax. Would the Port be in a better financial position under terms of the NWMC proposal?

“Annual Lease Payment” - Commissioner Tucker suggested quarterly payments instead of annual. Director Gibboney stated the proposals do not account for inflation. She added best practices would include an annual CPI increase or CPI + 1.

Director Gibboney suggested consideration of setting a lower initial lease payment during the “break-in period”.

"Net Income Sharing" – Commissioner Tucker provided an explanation on the difference between "gross" and "net".

Director Gibboney stated the proposal is based on a share of net income, where a more common real estate practice is to base on a share of percentage of gross receipts.

Commissioner Putney suggested the counter proposal establish an expectation of profit sharing as part of the lease payment schedule.

"Term" – what is a reasonable lease term?

Mr. Englin answered that with a longer-term lease, control of the property is basically being "handed over". He asks the commission to consider, what is the actual investment? Total life cycle costs of asset. Keep in mind economic conditions in the market change over time. He added that it is common in leases to allow for re-negotiations every 5-10 years.

Commissioner Hanke asked why a long-term lease increases the risk. Discussion ensued. Commissioner Putney stated that with a 50-year lease, the NWMC would have control of tenant leases and asked who would be responsible for the leases in case the lease terminated early for some reason, such as a disaster. Mr. Englin answered these terms would need to be included in the master lease. Ms. Gibboney puts this in the context of "market", to address the emerging market conditions and to "tweak" (review and adjust) the agreement on a regular basis.

Commissioner Hanke talked about a long-term lease with the NWMC. He asked if a lease with option to purchase was ever considered. Discussion ensued.

"Security" –Attorney Lake stated the commission, by statute, is granted the authority to waive or decrease the security requirement. Responding to a question from Commissioner Tucker, Attorney Lake added security is not limited to finite item of payment, can fashion to full performance.

"Lease Option Payment" – Discussion ensued on the loss of lease agreements for the two vacant buildings at Point Hudson and whether some type of arrangement should be incorporated in the lease to compensate for this. Further discussion was held.

"Building Repair" factor was read by Commissioner Tucker.

"Infrastructure Management and Maintenance" – Commissioner Tucker suggested creating a punchlist.

"Compatibility of Proposed Uses with Zoning, Shoreline and Other Regulations" –

Commissioner Tucker asked, is the City amenable to proposed changes presented by the NWMC? Does the NWMC have experience – Commissioner Putney believes this will be up to the City to decide.

"Experience and Credit Worthiness" – Commissioner Putney stated to contractually protect the People's asset and income. Does not feel like he has the expertise to make this judgment. Commissioner Tucker wondered how much assistance the NWMC would need to manage this asset and how much Port staff time would be consumed and the cost of it all.

Commissioner Hanke discussed the NWMC and their position in the community as opposed to a private entity. Commissioner Putney stated the NWMC has a value to the community and there needs to be a partnership along with the contract. He

recommends a punchlist. Further discussion ensued, including security, experience, a NWMC org chart for Point Hudson operations.

PUBLIC COMMENT ON NWMC LEASE PROPOSAL:

Carol Hasse spoke as an advocate for the NWMC lease. She questioned the Maul Foster study of Point Hudson, commented on collaboration, and expressed her thoughts on Point Hudson's possibilities if the NWMC leases the property.

Liz Hoenig Kanieski spoke to the Commission about "the context of their decision", the Kanieski's project, the "5-step, 5-year plan", focusing on four of the steps, the budget, revenue.

Ted Shoulberg congratulated attorney for allowing for the second comment period. Commented on a punch list, executive session and the minimum price, the long-term lease, the Fort Worden PDA, and performance.

NWMC Director, Jake Beattie thanked the commission for the "open and deliberative" conversation and they look forward to going over the punch list with the Port.

Melinda Bryden asked the commission to consider doing what is best for the entire county, an equitable deal for the Port, cash flow & income difference.

NWMC Board President, Steve Oliver referred to a 1-1/2 year old newspaper article suggesting the Port is in "dire straits and needs help from the community", adding the NWMC is the only one who has put energy into trying to resolve this for the past 1-1/2 years. Need a Letter of Intent, necessary to put the deal together. Negotiate in good faith.

Team Jefferson Director, Brian Kuh appreciates the info shared and is ready to assist – facilitate discussion, etc.

Ron Hayes thanked the NWMC for their energy spent on proposal development. Wants to see the deal happen, doesn't want to see deal go down in flames and looks forward to a partnership.

XI. EXECUTIVE SESSION:

- A. The regular session recessed into Executive Session at 3:31 pm to consider the minimum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause a likelihood of decreased price. However, final action selling or leasing public property shall be taken in a meeting open to the public, pursuant to RCW 42.30.110 (c).

The session began at 3:37 pm, as soon as the public cleared the room.

At 3:38 pm, Ms. Nelson informed those waiting the session was extended twenty minutes.

At 4:58 pm, Ms. Nelson informed the public of a five-minute extension.

RECONVENING OF REGULAR SESSION (00:00:03 – 2nd audio recording):

The meeting reconvened at 5:03 pm. (00:00:03)

Commissioner Hanke moved to direct staff to negotiate a counter offer to the current proposal with the Northwest Maritime Center.

Commissioner Putney seconded the motion.

Motion carried by unanimous vote.

VIII. STAFF COMMENTS (00:00:55):

None

IX. COMMISSIONER COMMENTS (00:01:04):

Commissioner Putney asked the date of completion of the Kidder Mathews study. Director Gibboney answered the target date is April 25, 2018. Commissioner Putney reported he met recently with County Commissioner Kate Dean and City Mayor Deb Stinson, where they discussed jetty funding and a restroom summit. He reported he attended the recent Saturday meeting with the pilots on the runway rehab project. Last, he reported he attended a 3.5 hour County Commissioner meeting on Pleasant Harbor. Commissioner Hanke requested a white board in the admin office, accessible to all commissioners, for meeting preparation.

X. NEXT PUBLIC WORKSHOP AND REGULAR MEETING:

Wednesday, April 25, 2018. Workshop at 1:00 pm and meeting at 5:30 pm in the Port Commission Building, 333 Benedict St, Port Townsend.

XII. ADJOURNMENT:

The meeting adjourned at 5:07 pm there being no further business to come before the Commission.

ATTEST:

William W. Putney, III, Secretary

Stephen R. Tucker, President

Peter W. Hanke, Vice President

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	April 25, 2018
AGENDA ITEM	<input checked="" type="checkbox"/> First Reading <input type="checkbox"/> Second Reading <input type="checkbox"/> Regular Business
AGENDA TITLE	VI. A) Resolution No. 678-18, Limited Tax General Obligation Bonds, 2018
STAFF LEAD	Abigail Berg
REQUESTED	<input type="checkbox"/> Motion <input type="checkbox"/> Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	A. Info Memo B. DRAFT Resolution No. 678-18

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 4/25/2018
TO: Commission
FROM: Abigail Berg
SUBJECT: Resolution No. 678-18, Limited Tax General Obligation Bonds, 2018

PRESENTERS: Scott McJannet of K&L Gates and Scott Bauer of Northwest Municipal Advisors

ISSUE

The Commission is considering a bond issuance to fund the Point Hudson South Jetty Replacement project. As discussed in previous Commission meetings, a bond for \$3.2 million dollars is being considered. The attached bond resolution has a "not to exceed" amount of \$3.4 million which provides cushion to the \$3.2 million amount that allows for changes in market conditions, bond issuance expenses (currently estimated at approximately \$73,000), or for a change in the project proceeds, if the Commission so desires. A cash flow projection scenario was presented at the April 11, 2018 Commission meeting that showed the effects of such bonding for the next 10 years.

RECOMMENDATION

This is the first touch on the bond resolution.

ATTACHMENTS

Resolution No 678-18, Limited Tax General Obligation Bonds, 2018

PORT OF PORT TOWNSEND

LIMITED TAX GENERAL OBLIGATION BONDS, 2018

RESOLUTION NO. 678-18

A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF PORT TOWNSEND, WASHINGTON, PROVIDING FOR THE ISSUANCE AND SALE OF LIMITED TAX GENERAL OBLIGATION BONDS OF THE PORT IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$3,400,000 FOR THE PURPOSE OF FINANCING THE COSTS OF IMPROVEMENTS TO PORT FACILITIES; PROVIDING FOR THE ANNUAL LEVY OF TAXES TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS; AND DELEGATING CERTAIN AUTHORITY TO THE DESIGNATED PORT REPRESENTATIVE TO APPROVE THE FINAL TERMS AND CONDITIONS OF THE BONDS.

ADOPTED: MAY 8, 2018

Prepared By:

K&L GATES LLP
Seattle, Washington

PORT OF PORT TOWNSEND

RESOLUTION NO. 678-18

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* This Table of Contents and the cover page are provided for convenience only and are not a part of this resolution.

RESOLUTION NO. 678-18

A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF PORT TOWNSEND, WASHINGTON, PROVIDING FOR THE ISSUANCE AND SALE OF LIMITED TAX GENERAL OBLIGATION BONDS OF THE PORT IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$3,400,000 FOR THE PURPOSE OF FINANCING THE COSTS OF IMPROVEMENTS TO PORT FACILITIES; PROVIDING FOR THE ANNUAL LEVY OF TAXES TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS; AND DELEGATING CERTAIN AUTHORITY TO THE DESIGNATED PORT REPRESENTATIVE TO APPROVE THE FINAL TERMS AND CONDITIONS OF THE BONDS.

WHEREAS, the Port of Port Townsend, Jefferson County, Washington (the "Port"), a municipal corporation of the State of Washington, owns and operates industrial properties; and

WHEREAS, the Port Commission (the "Commission") of the Port deems it necessary and in the best interest of the citizens of the Port to undertake certain improvements to Port facilities within and as a part of its comprehensive scheme of improvements under RCW 53.20.010 (collectively, the "Projects"); and

WHEREAS, the Port is authorized by RCW 53.36.030 and Ch. 39.46 RCW to borrow money and issue general obligation bonds payable, *inter alia*, from regular tax levies of the Port; and

WHEREAS, it is in the best interest of the Port to issue limited tax general obligation bonds to be sold pursuant to a negotiated sale as herein provided; and

WHEREAS, this Commission has determined to delegate authority to the Port's Executive Director (the "Designated Port Representative") to approve the final principal amount of the bonds, date of the bonds, denominations, interest rates, payment dates, redemption provisions, and maturity dates of such bonds for a limited time;

NOW, THEREFORE, BE IT RESOLVED BY THE PORT COMMISSION OF THE PORT OF PORT TOWNSEND, WASHINGTON, as follows:

Section 1. Definitions. As used in this resolution, the following words shall have the following meanings, unless a different meaning clearly appears from the context.

Beneficial Owner means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

Bond Fund means the Port of Port Townsend General Obligation Bond Redemption Fund maintained in the office of the Treasurer.

Bond Register means the books or records maintained by the Registrar containing the name and mailing address of the owner of each Bond or nominee of such owner and the principal amount and number of Bonds held by each owner or nominee.

Bond Year means each one-year period that ends on the date selected by the Port. The first and last Bond Years may be a shorter period. If no day is selected by the Port before the earlier of the final maturity date of the Bonds or the date that is five years after the Date of Issue of the Bonds, Bond Years end on each anniversary of the Date of Issue and on the final maturity date of the Bonds.

Bonds mean the principal amount of not to exceed \$3,400,000 of the Port's Limited Tax General Obligation Bonds, 2018 issued pursuant to this resolution.

Code means the federal Internal Revenue Code of 1986, as amended from time to time, and the applicable regulations thereunder.

Commission means the Port Commission, as general legislative authority of the Port as the same shall be duly and regularly constituted from time to time.

Date of Issue means the date of issuance and delivery of the Bonds to the Underwriter.

Designated Port Representative means the Executive Director and/or the Director of Finance/Auditor of the Port (or the successor in function to such person) or such other person as may be directed by resolution of the Commission.

DTC means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Bonds pursuant to Section 4 hereof.

Federal Tax Certificate means the certificate with respect to federal tax matters relating to the Bond to be executed by a Designated Port Representative on the Date of Issue of the Bond.

Government Obligations mean those obligations now or hereafter defined as such in chapter 39.53 RCW.

Letter of Representations means the Blanket Issuer Letter of Representations from the Port to DTC.

MSRB means the Municipal Securities Rulemaking Board or any successors to its functions. Until otherwise designated by the MSRB or the United States Securities and Exchange Commission, any information, reports or notices submitted to the MSRB in compliance with the Rule are to be submitted through the MSRB's Electronic Municipal Market Access system, currently located at www.emma.msrb.org.

Net Proceeds, when used with reference to the Bonds, mean the principal amount of the Bonds, plus accrued interest and original issue premium, if any, and less original issue discount.

Port means the Port of Port Townsend, Washington, a municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of Washington.

Private Person means any natural person engaged in a trade or business or any trust, estate, partnership, association, company or corporation.

Private Person Use means the use of property in a trade or business by a Private Person if such use is other than as a member of the general public. Private Person Use includes ownership of the property by the Private Person as well as other arrangements that transfer to the Private Person the actual or beneficial use of the property (such as a lease, management or incentive payment contract or other special arrangement) in such a manner as to set the Private Person apart from the general public. Use of property as a member of the general public includes attendance by the Private Person at municipal meetings or business rental of property to the Private Person on a day-to-day basis if the rental paid by such Private Person is the same as the rental paid by any Private Person who desires to rent the property. Use of property by nonprofit community groups or community recreational groups is not treated as Private Person Use if such use is incidental to the governmental uses of property, the property is made available for such use by all such community groups on an equal basis and such community groups are charged only a *de minimis* fee to cover custodial expenses.

Projects mean the capital projects and improvements authorized in Section 2 hereof.

Purchase Contract means the Purchase Contract relating to the Bonds between the Port and the Underwriter as approved by a Designated Port Representative pursuant to Section 11.

Record Date means the close of business on the 15th day of the month prior to each date on which a payment of interest on the Bonds is due and payable.

Registrar means, initially, the fiscal agent of the State of Washington, for the purposes of registering and authenticating the Bonds, maintaining the Bond Register, effecting transfer of ownership of the Bonds and paying interest on and principal of the Bonds. The term **Registrar** shall include any successor to the fiscal agent, if any, hereinafter appointed by the Treasurer.

Registered Owner means the person named as the registered owner of a Bond in the Bond Register.

Rule means the SEC's Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SEC means the United States Securities and Exchange Commission.

Term Bonds means any Bonds designated as "Term Bonds" in the Purchase Contract for such Bonds.

Treasurer means the Treasurer of Jefferson County, as *ex officio* Treasurer of the Port, or any successor to the functions of such Treasurer.

Underwriter means Piper Jaffray & Co., Seattle, Washington.

Rules of Interpretation. In this resolution, unless the context otherwise requires:

(a) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this resolution, refer to this resolution as a whole and not to any particular article, section, subdivision or clause hereof, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of this resolution;

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(d) Any headings preceding the text of the several articles and sections of this resolution, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this resolution, nor shall they affect its meaning, construction or effect;

(e) All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

Section 2. Authorization of the Projects. As a part of its comprehensive scheme of improvements to the Port’s facilities, the Port intends to finance the acquisition, construction, and capital improvements and repairs to the Port’s Point Hudson South Jetty, including workyard resurfacing and workyard stormwater treatment improvements (collectively, the “Projects”). The costs of the Projects are expected to be paid or reimbursed in part with the proceeds of the Bonds. Any excess costs of the Projects, not paid from proceeds of the Bonds, respectively, will be paid from other Port funds.

Section 3. Authorization of Bonds. For the purpose of paying all or a portion of the costs of the Projects and paying the costs of issuance, the Port shall now issue and sell its limited tax general obligation bonds in the aggregate principal amount of not to exceed \$3,400,000 (the “Bonds”). The Bonds shall be general obligations of the Port; shall be designated “Port of Port Townsend, Washington, Limited Tax General Obligation Bonds, 2018”; shall be registered as to both principal and interest, shall be issued in the aggregate principal amount set forth in the Purchase Contract, and shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification, shall be dated their date of delivery to the Underwriter, and shall be in the denomination of \$5,000 each or any integral multiple of \$5,000 within a maturity. The Bonds shall bear interest from their date of delivery to the Underwriter until the Bonds bearing such interest have been paid or their payment duly provided for, at the rates, payable semiannually on the dates, set forth in the Purchase Contract and shall mature on the dates and in the principal amounts set forth in the Purchase Contract, all as approved by the Designated Port Representative pursuant to Section 11 of this resolution.

Section 4. Registration, Payment and Transfer.

(a) *Registrar/Bond Register.* The Port hereby requests that the Treasurer specify and adopt the system of registration and transfer for the Bonds approved by the Washington State Finance Committee from time to time through the appointment of the state fiscal agent. The Port shall cause a bond register to be maintained by the Registrar. So long as any Bonds remain outstanding, the Registrar shall make all necessary provisions to permit the exchange and registration of transfer of Bonds at its principal corporate trust office. The Registrar may be removed at any time at the option of the Treasurer upon prior notice to the Registrar, DTC, each party entitled to receive notice pursuant to Section 13, and a successor Registrar appointed by the Treasurer. No resignation or removal of the Registrar shall be effective until a successor shall have been appointed and until the successor Registrar shall have accepted the duties of the Registrar hereunder. The Registrar is authorized, on behalf of the Port, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of such Bonds and this resolution and to carry out all of the Registrar's powers and duties under this resolution. The Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Bonds.

(b) *Registered Ownership.* The Port and the Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes (except as provided in Section 13 of this resolution), and neither the Port nor the Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in Section 4(h) hereof, but such Bond may be transferred as herein provided. All such payments made as described in Section 4(h) shall be valid and shall satisfy and discharge the liability of the Port upon such Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letter of Representations.* To induce DTC to accept the Bonds as eligible for deposit at DTC, the Port has executed and delivered to DTC a Letter of Representations.

Neither the Port nor the Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on Bonds, any notice which is permitted or required to be given to Registered Owners under this resolution (except such notices as shall be required to be given by the Port to the Registrar or to DTC (or any successor depository), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Bonds are held in fully immobilized form hereunder, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder (except as provided in Section 13), and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Bonds.

(d) *Use of Depository.*

(1) The Bonds shall be registered initially in the name of "Cede & Co.," as nominee of DTC, with one Bond maturing for each of the maturity dates for the Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the Designated Port Representative pursuant to

subsection (2) below or such substitute depository's successor; or (C) to any person as provided in subsection (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Designated Port Representative to discontinue the system of book-entry transfers through DTC or its successor (or any substitute depository or its successor), the Designated Port Representative may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (A) or (B) of subsection (1) above, the Registrar shall, upon receipt of all outstanding Bonds, together with a written request on behalf of the Designated Port Representative, issue a single new Bond for each maturity of the Bonds then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Designated Port Representative.

(4) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the Designated Port Representative determines that it is in the best interest of the Beneficial Owners of the Bonds that such owners be able to obtain such bonds in the form of Bond certificates, the ownership of such Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully immobilized form. The Designated Port Representative shall deliver a written request to the Registrar, together with a supply of definitive Bonds, to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Registrar of all then outstanding Bonds together with a written request on behalf of the Designated Port Representative to the Registrar, new Bonds shall be issued in the appropriate

denominations and registered in the names of such persons as are requested in such written request.

(e) *Registration of Transfer of Ownership or Exchange; Change in Denominations.*

The transfer of any Bond may be registered and Bonds may be exchanged, but no transfer of any such Bond shall be valid unless such Bond is surrendered to the Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the same date, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and canceled Bond. Any Bond may be surrendered to the Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same date, maturity and interest rate, in any authorized denomination or denominations. The Registrar shall not be obligated to register the transfer or to exchange any Bond during the 15 days preceding the date any such Bond is to be redeemed.

(f) *Registrar's Ownership of Bonds.* The Registrar may become the Registered Owner of any Bond with the same rights it would have if it were not the Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners of Bonds.

(g) *Place and Medium of Payment.* Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be

calculated on the basis of a 360-day year and twelve 30-day months. For so long as all Bonds are in fully immobilized form, payments of principal and interest shall be made as provided to the parties entitled to receive payment as of each Record Date in accordance with the operational arrangements of DTC referred to in the Letter of Representations.

In the event that the Bonds are no longer in fully immobilized form, interest on the Bonds shall be paid by check or draft mailed (or by wire transfer to a Registered Owner of such Bonds in aggregate principal amount of \$1,000,000 or more who so requests) to the Registered Owners of the Bonds at the addresses for such Registered Owners appearing on the Bond Register as of the Record Date, and principal of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the principal office of the Registrar; provided, however, that if so requested in writing by the Registered Owner of at least \$100,000 principal amount of the Bonds, interest will be paid by wire transfer on the date due to an account with a bank located within the United States.

If any Bond shall be duly presented for payment and funds have not been duly provided by the Port on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Bond until such Bond is paid.

Section 5. Redemption and Purchase of Bonds.

(a) *Optional Redemption.* The Bonds may be subject to optional redemption at any time prior to their scheduled maturities under terms approved by the Designated Port Representative in the Purchase Contract pursuant to Section 11 of this resolution, but not greater than 10.5 years from the Date of Issue of the Bonds.

(b) *Mandatory Redemption of Term Bonds and Optional Redemption, if any.* The Bonds may be subject to mandatory redemption at any time prior to scheduled maturity under

terms approved by the Designated Port Representative in the Purchase Contract pursuant to Section 11 of this resolution.

In the event that the Port determines to optionally redeem a portion of any Term Bond maturity, the Port may apply the principal amount so redeemed to reduce a similar amount of mandatory redemption amount(s) in the years designated by the Designated Port Representative.

(c) *Purchase of Bonds.* The Port reserves the right to purchase any Bonds offered to the Port at any price deemed reasonable by the Designated Port Representative.

(d) *Selection of Bonds for Redemption.* As long as the Bonds are held in book-entry only form, the maturities to be redeemed shall be selected by the Port and, within a maturity, the selection of Bonds to be redeemed shall be made in accordance with the operational arrangements in effect at DTC. If the Bonds are no longer held in uncertificated form, the selection of such Bonds to be redeemed shall be made as provided in this subsection (d). If the Port redeems at any one time fewer than all of the Bonds having the same maturity date, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot (or in such other manner determined by the Registrar) in increments of \$5,000. In the case of a Bond of a denomination greater than \$5,000, the Port and the Registrar shall treat each Bond as representing such number of separate Bonds in the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Bond by \$5,000. In the event that only a portion of the principal sum of a Bond is redeemed, upon surrender of such Bond at the principal office of the Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a Bond or Bonds of like maturity and interest rate in any of the denominations herein authorized.

(e) *Notice of Redemption.*

(1) Official Notice. Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption (which notice, in the case of an optional redemption, shall state that redemption is conditioned by the Registrar on the receipt of sufficient funds for redemption) shall be given by the Registrar on behalf of the Port by mailing a copy of an official redemption notice by first-class mail, postage prepaid, at least 20 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such Registered Owner to the Registrar.

All official notices of redemption shall be dated and shall state:

- (A) the redemption date,
- (B) the redemption price,
- (C) if fewer than all outstanding Bonds are to be redeemed, the identification by maturity (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,
- (D) that (unless the notice of redemption is a conditional notice, in which case the notice shall state that interest shall cease to accrue from the redemption date if and to the extent that funds have been provided to the Registrar for the redemption of Bonds) on the redemption date, provided that in the case of optional redemption the full amount of the redemption price is on deposit therefor, the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and
- (E) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Registrar.

Unless the Port has revoked a notice of redemption, on or prior to any redemption date, the Treasurer shall deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

Failure to give notice as to redemption of any Bond or any defect in such notice shall not invalidate redemption of any other Bond.

Notwithstanding the foregoing, if the Bonds are then held in book-entry only form, notice of redemption shall be given only in accordance with the operational arrangements then effect at DTC but not less than 20 days prior to the date of redemption.

(2) Effect of Notice; Bonds Due. Unless the Port has revoked a notice of redemption (or unless the Port provided a conditional notice and the conditions for redemption set forth therein are not satisfied), official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date (unless in the case of optional redemption the Port shall default in the payment of the redemption price), become due and payable at the redemption price therein specified, and from and after such date such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the redemption price. All Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

(3) Additional Notice. In addition to the foregoing notice, further notice shall be given by the Port as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all Bonds being redeemed; (B) the date of issue of the Bonds as

originally issued; (C) the rate of interest borne by each Bond being redeemed; (D) the maturity date of each Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Bonds being redeemed. Each further notice of redemption may be sent at least 25 days before the redemption date to each party entitled to receive notice pursuant to Section 13, and the Underwriter or to its business successors, if any, and to such persons (including securities repositories who customarily at the time receive notices of redemption in accordance with rules promulgated by the SEC) and with such additional information as the Registrar deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

(4) Use of CUSIP Numbers. Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(5) Amendment of Notice Provisions. The foregoing notice provisions of this Section 5(e), including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 6. Form of Bonds. The Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. _____ \$ _____

STATE OF WASHINGTON
PORT OF PORT TOWNSEND

LIMITED TAX GENERAL OBLIGATION BOND, 2018

INTEREST RATE: % MATURITY DATE: CUSIP NO.: _____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

THE PORT OF PORT TOWNSEND, WASHINGTON (the "Port"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from _____, 2018, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, payable on _____ 1, 2018, and semiannually thereafter on the first days of each succeeding June and December.

Both principal of and interest on this bond are payable in lawful money of the United States of America. For so long as the bonds of this issue are held in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company ("DTC") referred to in the Blanket Issuer Letter of Representations (the "Letter of Representations") from the Port to DTC. Initially, the Port has specified and adopted the registration system for the bonds of this issue specified by the State Finance Committee, and the fiscal agent of the state will act as the registrar, authenticating agent and paying agent (the "Registrar"). Capitalized terms used in this bond that are not otherwise defined have the meanings given in such terms in the hereinafter defined Bond Resolution.

This bond is one of an authorized series of bonds of like date, tenor and redemption provisions, except as to number, amount, rate of interest and date of maturity in the aggregate principal amount of \$ _____, and is issued pursuant to Resolution No. ____-18 of the Port Commission (the "Bond Resolution") for the purpose of financing the costs of certain capital improvements to port facilities, and paying costs of issuance.

The bonds of this issue are subject to redemption as set forth in the Bond Resolution and the Purchase Contract.

The bonds of this issue are not "private activity bonds" as such term is defined in the Internal Revenue Code of 1986, as amended (the "Code"). The bonds of this issue have been designated by the Port as "qualified tax-exempt obligations" under Section 265(b) of the Code for banks, thrift institutions and other financial institutions.

The Port hereby irrevocably covenants that it will levy taxes annually upon all the taxable property in the Port within the levy limits permitted to the Port without a vote of the electors and in amounts sufficient, with other monies legally available therefor, to pay the principal of and interest on the bonds of this issue as the same shall become due. The full faith, credit and resources of the Port are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest. The pledge of tax levies may be discharged prior to maturity of the Bonds by making provision for the payment thereof on the terms and conditions set forth in the Bond Resolution.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Registrar or its duly designated agent.

The bonds of this issue are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington and resolutions duly adopted by the Port Commission including the Bond Resolution.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington to exist, to have happened, been done and performed precedent to and in the issuance of this bond and the bonds of this issue have happened, been done and performed and that the issuance of this bond and the bonds of this issue does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the Port may incur.

IN WITNESS WHEREOF, the Port of Port Townsend, Washington, has caused this bond to be executed by the facsimile signatures of the President and Secretary of the Port Commission and the seal of the Port to be impressed, imprinted or otherwise reproduced hereon, as of the ____ day of _____, 2018.

[SEAL]

PORT OF PORT TOWNSEND,
WASHINGTON

By: _____ /s/ manual or facsimile
President, Port Commission

ATTEST:

/s/ manual or facsimile
Secretary, Port Commission

The Registrar's Certificate of Authentication on the Bonds shall be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

Dated of Authentication:

This bond is one of the bonds described in the within-mentioned Bond Resolution and is one of the Limited Tax General Obligation Bonds, 2018 of the Port of Port Townsend, Washington, dated _____, 2018.

WASHINGTON STATE FISCAL AGENT,
as Registrar

By _____
Authorized Signer

Section 7. Execution of Bonds. The Bonds shall be executed on behalf of the Port with the manual or facsimile signature of the President of its Commission, shall be attested by the manual or facsimile signature of the Secretary thereof and shall have the seal of the Port, if any, impressed, imprinted or otherwise reproduced thereon.

Only such Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this resolution.

In case either of the officers who shall have executed the Bonds shall cease to be an officer or officers of the Port before the Bonds so signed shall have been authenticated or delivered by the Registrar, or issued by the Port, such Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the Port as though those who signed the same had continued to be such officers of the Port.

Any Bond may also be signed and attested on behalf of the Port by such persons who are at the actual date of delivery of such Bond are the proper officers of the Port although at the original date of such Bond any such person shall not have been such officer of the Port.

Section 8. Bond Fund and Provision for Tax Levy Payments. A special fund of the Port known as the "Port of Port Townsend General Obligation Bond Redemption Fund" (the "Bond Fund") has been created in the office of the Treasurer. The Bond Fund shall be drawn upon for the sole purpose of paying the principal of and interest on general obligation bonds of the Port.

The Port hereby further irrevocably covenants that, unless the principal of and interest on the Bonds are paid from other sources, it will make annual levies of taxes upon all of the property in the Port subject to taxation within and as a part of the tax levy permitted to port districts without a vote of the electors in amounts sufficient to pay such principal and interest as the same shall become due. The full faith, credit and resources of the Port are hereby irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of such principal and interest.

Section 9. Defeasance. In the event that money and/or noncallable Government Obligations that are direct obligations of the United States or obligations unconditionally guaranteed by the United States maturing at such time or times and bearing interest to be earned thereon in amounts (together with such money, if necessary) sufficient to redeem and retire part or all of the Bonds authorized hereunder in accordance with their terms, are set aside in a special account to effect such redemption and retirement, and such moneys and the principal of and interest on such obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Bond Fund of the Port for the payment of the principal of and interest on the Bonds so provided for, and such Bonds shall cease to be entitled to any

lien, benefit or security of this resolution, except the right to receive the moneys so set aside and pledged, such Bonds shall be deemed not to be outstanding hereunder.

The Registrar shall provide notice of defeasance of Bonds to Registered Owners and to each party entitled to receive notice pursuant an ongoing disclosure undertaking entered into pursuant to Section 13 of this resolution.

Section 10. Application of Bond Proceeds. The proceeds of the Bonds, net of Underwriter's discount, shall be paid into the Project Fund—2018 (hereinafter authorized to be created).

The Treasurer of the Port is hereby authorized and directed to create a special fund or account of the Port, designated as the "Port of Port Townsend Project Fund, 2018" (the "Project Fund—2018"). The money on deposit in the Project Fund—2018 shall be utilized to pay or reimburse the Port for the costs of the Projects and costs incidental thereto, and costs incurred in connection with the issuance and sale of the Bonds, to the extent designated by the Designated Port Representative.

All or part of the proceeds of the Bonds may be temporarily invested in or with such institutions or in such obligations as may now or hereafter be permitted to port districts of the State of Washington by law and that will mature or otherwise be subject to liquidation at the option of the owner thereof prior to the date on which such money shall be needed.

In the event that it shall not be possible or practical to accomplish all of the Projects, the Port may apply the proceeds of the Bonds to pay the costs of such portion thereof or such other projects as the Commission shall determine to be in the best interests of the Port, subject to the limitations set forth in this resolution.

Any part of the proceeds of the Bonds remaining in the Project Fund—2018 after all costs referred to in this section have been paid may be used to make other Port capital

improvements subject to the limitations set forth in this resolution or may be transferred to the Bond Fund for the uses and purposes therein provided.

Section 11. Sale of Bonds.

(a) *Bond Sale.* The Bonds shall be sold at negotiated sale to the Underwriter pursuant to the terms of the Purchase Contract. The Designated Port Representative is hereby authorized to negotiate terms for the purchase of the Bonds and to execute the Purchase Contract, with such terms as are approved by the Designated Port Representative pursuant to this section and consistent with this resolution. The Port Commission has been advised that market conditions are fluctuating and, as a result, the most favorable market conditions may occur on a day other than a regular meeting date of the Commission. The Commission has determined that it would be in the best interest of the Port to delegate to the Designated Port Representative for a limited time the authority to approve the final interest rates, maturity dates, aggregate principal amount, principal amounts and prices of each maturity, redemption rights (provided that the Bonds shall be subject to optional redemption not later than 10.5 years from the Date of Issue) and other terms and conditions of the Bonds. The Designated Port Representative is hereby authorized to approve the final interest rates, maturity dates, aggregate principal amount, principal amounts and prices of each maturity and redemption rights for the Bonds (provided that the Bonds shall be subject to optional redemption not later than 10.5 years from the Date of Issue) in the manner provided hereafter so long as (i) the aggregate principal amount of the Bonds does not exceed the maximum principal amount set forth in Section 3 and (ii) the true interest cost of the Bonds is not greater than 5.50%.

In determining the final interest rates, maturity dates, aggregate principal amount, principal amounts and prices of each maturity and redemption rights of the Bonds (optional redemption not later than 10.5 years from the Date of Issue), the Designated Port Representative,

in consultation with Port staff, shall take into account those factors that, in his or her judgment, will result in the lowest true interest cost on the Bonds to their maturity, including, but not limited to current financial market conditions and current interest rates for obligations comparable in tenor and quality to the Bonds. Subject to the terms and conditions set forth in this section, the Designated Port Representative is hereby authorized to execute the final form of the Purchase Contract. Following the execution of the Purchase Contract, the Designated Port Representative shall provide a report to the Commission, describing the final terms of the Bonds approved pursuant to the authority delegated in this section. The authority granted to the Designated Port Representative by this section shall expire on October 31, 2018. If a Purchase Contract for the Bonds has not been executed by October 31, 2018, the authorization for the issuance of such Bonds shall be rescinded, and such Bonds shall not be issued nor their sale approved unless such Bonds shall have been re-authorized by resolution of the Commission. The resolution reauthorizing the issuance and sale of the Bonds may be in the form of a new resolution repealing this resolution in whole or in part or may be in the form of an amendatory resolution approving a Purchase Contract or establishing terms and conditions for the authority delegated under this section.

(b) *Delivery; Documentation.* Upon the adoption of this resolution, the proper officials of the Port including the Designated Port Representative, are authorized and directed to undertake all other actions necessary for the prompt execution and delivery of the Bonds to the Underwriter and further to execute all closing certificates and documents required to effect the closing and delivery of the Bonds in accordance with the terms of the Purchase Contract.

The Designated Port Representative and other Port officials, agents and representatives are hereby authorized and directed to do everything necessary for the prompt issuance, execution and delivery of the Bonds to the Underwriter and for the proper application and use of the

proceeds of sale of the Bonds. In furtherance of the foregoing, the Designated Port Representative is authorized to approve and enter into agreements for the payment of costs of issuance, including Underwriter's discount, the fees and expenses specified in the Purchase Contract, including fees and expenses of Underwriter and other retained services, including bond counsel, financial advisor, rating agency, fiscal agent, and other expenses customarily incurred in connection with issuance and sale of bonds.

(c) *Preliminary and Final Official Statements.* The Designated Port Representative is authorized to ratify and to approve for purposes of the Rule, on behalf of the Port, the Official Statement (and any Preliminary Official Statement) and any supplement thereto relating to the issuance and sale of the Bonds and the distribution of the Bonds pursuant thereto with such changes, if any, as may be deemed by him/her to be appropriate. The Designated Port Representative is authorized to ratify, execute, deliver and approve for purposes of the Rule, on behalf of the Port, the Official Statement (and to approve, deem final and deliver any Preliminary Official Statement) and any supplement thereto relating to the issuance and sale of the Bonds and the distribution of the Bonds pursuant thereto with such changes, if any, as may be deemed by him/her to be appropriate.

Section 12. Tax Covenants.

(a) *Arbitrage Covenant.* The Port hereby covenants that it will not make any use of the proceeds of sale of the Bonds or any other funds of the Port which may be deemed to be proceeds of such Bonds pursuant to Section 148 of the Code which will cause the Bonds to be "arbitrage bonds" within the meaning of said section and said Regulations. The Port will comply with the requirements of Section 148 of the Code (or any successor provision thereof applicable to the Bonds) and the applicable Regulations thereunder throughout the term of the Bonds.

(b) *Private Person Use Limitation for Bonds.* The Port covenants that for as long as the Bonds are outstanding, it will not permit:

(1) More than 10% of the Net Proceeds of the Bonds to be used for any Private Person Use; and

(2) More than 10% of the principal or interest payments on the Bonds in a Bond Year to be directly or indirectly: (A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (B) derived from payments (whether or not made to the Port) in respect of property, or borrowed money, used or to be used for any Private Person Use.

The Port further covenants that, if:

(3) More than five percent of the Net Proceeds of the Bonds are to be used for any Private Person Use; and

(4) More than five percent of the principal or interest payments on the Bonds in a Bond Year are (under the terms of this resolution or any underlying arrangement) directly or indirectly: (A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (B) derived from payments (whether or not made to the Port) in respect of property, or borrowed money, used or to be used for any Private Person Use, then, (i) any Private Person Use of the projects described in subsection (3) hereof or Private Person Use payments described in subsection (4) hereof that is in excess of the five percent limitations described in such subsections (3) or (4) will be for a Private Person Use that is related to the state or local governmental use of the projects financed or refinanced with Bond proceeds, and (ii) any Private Person Use will not exceed the amount of Net Proceeds of the Bonds used for the state or local governmental use portion of the projects to which the Private Person Use of such portion of such

projects relates. The Port further covenants that it will comply with any limitations on the use of the projects by other than state and local governmental users that are necessary, in the opinion of its bond counsel, to preserve the tax exemption of the interest on the Bonds. The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the Bonds.

(c) *Designation under Code Section 265(b).* The Port hereby designates the Bonds as “qualified tax-exempt obligations” under Section 265(b)(3) of the Code for banks, thrift institutions and other financial institutions. The Port does not anticipate issuing more than \$10,000,000 in qualified tax-exempt obligations during 2018 (excluding obligations permitted by the Code to be excluded for purposes of the Port’s qualification as a qualified small issuer).

(d) *Compliance with Tax Certificate.* The Port covenants to comply with all representations, covenants and assurances contained in the Federal Tax Certificate, which Federal Tax Certificate shall constitute a part of the contract between the Port and the Registered Owners of the Bonds.

Section 13. Undertaking to Provide Ongoing Disclosure.

(a) *Contract/Undertaking.* This section constitutes the Port’s written undertaking for the benefit of the owners of the Bonds as required by Section (b)(5) of the Rule.

(b) *Financial Statements/Operating Data.* The Port agrees to provide or cause to be provided to the Municipal Securities Rulemaking Board (“MSRB”), the following annual financial information and operating data for the prior fiscal year (commencing in 2019 for the fiscal year ended December 31, 2018):

(1) Annual financial statements, which statements may or may not be audited, showing ending fund balances for the Port’s general fund prepared in accordance with the Budgeting Accounting and Reporting System prescribed by the Washington State Auditor

pursuant to RCW 43.09.200 (or any successor statute) and generally of the type included in the official statement for the Bonds under the headings “Comparative Statement of Revenues, Expenses and Changes in Fund Net Position” and “Comparative Statement of Net Position”;

- (2) The assessed valuation of taxable property in the Port;
- (3) Ad valorem taxes due and collected;
- (4) Property tax levy rate per \$1,000 of assessed valuation; and
- (5) Outstanding general obligation debt of the Port.

Items 2-5 shall be required only to the extent that such information is not included in the annual financial statements.

The information and data described above shall be provided within nine months of the end of the Port’s fiscal year. The Port’s current fiscal year ends December 31. The Port may adjust such fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing such annual financial information and operating data, the Port may cross-refer to other documents available to the public on the MSRB’s internet website or filed with the SEC.

If not provided as part of the annual financial information discussed above, the Port shall provide the Port’s audited annual financial statement prepared in accordance with the Budgeting Accounting and Reporting System prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute) when and if available to the MSRB.

(c) *Listed Events.* The Port agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of the occurrence of any of the following events with respect to the Bonds not in excess of ten business days after the occurrence of the event:

- Principal and interest payment delinquencies;
- Non-payment related defaults, if material;

- Unscheduled draws on debt service reserves reflecting financial difficulties;
- Unscheduled draws on credit enhancements reflecting financial difficulties;
- Substitution of credit or liquidity providers, or their failure to perform;
- Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- Modifications to the rights of Bondholders, if material;
- Bond calls, if material, and tender offers;
- Defeasances;
- Release, substitution, or sale of property securing repayment of the Bonds, if material;
- Rating changes;
- Bankruptcy, insolvency, receivership or similar event of the Port;
- The consummation of a merger, consolidation, or acquisition involving the Port or the sale of all or substantially all of the assets of the Port, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Solely for purposes of information, and not intending to modify this undertaking, the Port advises that no debt service reserves, credit enhancement or property secures payment of the Bonds. The Port shall promptly determine whether the events described above are material.

(d) *Notification Upon Failure to Provide Financial Data.* The Port agrees to provide or cause to be provided, in a timely manner to the MSRB notice of its failure to provide the annual financial information described in subsection (b) above on or prior to the date set forth in subsection (b) above.

(e) *Emma; Format for Filings with the MSRB.* Until otherwise designated by the MSRB or the SEC, any information or notices submitted to the MSRB in compliance with the Rule are to be submitted through the MSRB's Electronic Municipal Market Access system ("EMMA"), currently located at www.emma.msrb.org (which is not incorporated into this Official Statement by reference). All notices, financial information and operating data required by this undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking must be accompanied by identifying information as prescribed by the MSRB.

(f) *Termination/Modification.* The Port's obligations to provide annual financial information and notices of listed events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. Any provision of this section shall be null and void if the Port (1) obtains an opinion of nationally recognized bond counsel to the effect that the portion of the Rule that requires that provision is invalid, has been repealed retroactively or otherwise does not apply to the Bonds and (2) notifies the MSRB of such opinion and the cancellation of this section.

The Port may amend this section with an opinion of nationally recognized bond counsel in accordance with the Rule. In the event of any amendment of this section, the Port shall

describe such amendment in the next annual report, and shall include, a narrative explanation of the reason for the amendment and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Port. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a listed event under subsection (c), and (ii) the annual report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

(g) *Bond Owner's Remedies Under This Section.* The right of any bondowner or beneficial owner of Bonds to enforce the provisions of this section shall be limited to a right to obtain specific enforcement of the Port's obligations under this section, and any failure by the Port to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds. For purposes of this section, "beneficial owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories.

Section 14. Lost, Stolen or Destroyed Bonds. In case any Bond or Bonds shall be lost, stolen or destroyed, the Registrar may execute and deliver a new Bond or Bonds of like date, number and tenor to the owner thereof upon the owner's paying the expenses and charges of the Port in connection therewith and upon his or her filing with the Port evidence satisfactory to the Port that such Bond was actually lost, stolen or destroyed and of his or her ownership thereof, and upon furnishing the Port with indemnity satisfactory to the Port, the Registrar and the Treasurer.

Section 15. Severability. If any one or more of the covenants or agreements provided in this resolution to be performed on the part of the Port shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Bonds.

Section 16. Effective Date. This resolution shall become effective immediately upon its adoption.

ADOPTED AND APPROVED at a regular meeting of the Commission of the Port of Port Townsend, Washington held this 8th day of May, 2018.

PORT OF PORT TOWNSEND,
WASHINGTON

By _____
President and Commissioner

By _____
Vice President and Commissioner

By _____
Secretary and Commissioner

CERTIFICATE

I, the undersigned, Secretary of the Port Commission of the Port of Port Townsend, Washington (the "Port") and keeper of the records of the Port Commission (the "Commission"), DO HEREBY CERTIFY:

1. That the attached resolution is a true and correct copy of Resolution No. 678-18 of the Port Commission (the "Resolution"), duly adopted at a regular meeting thereof held on the 8th day of May, 2018.

2. That said meeting was duly convened and held in all respects in accordance with law, due and proper notice of such meeting was given, that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Commission voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of May, 2018.

Secretary, Port Commission

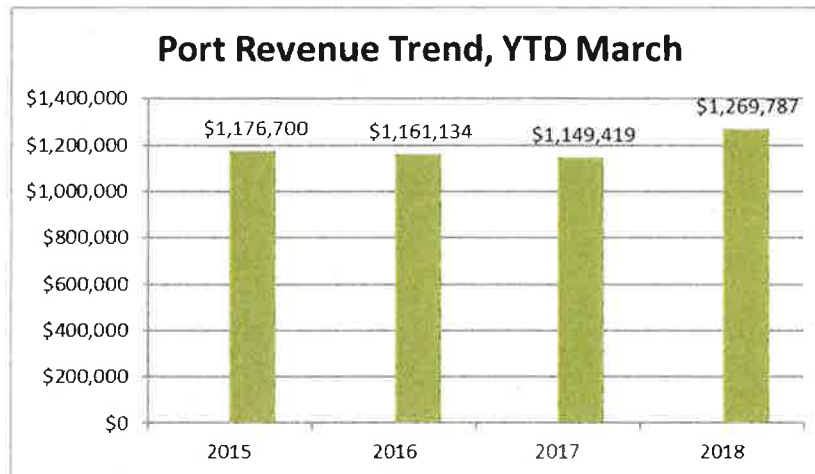
PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	April 25, 2018
AGENDA ITEM	<input type="checkbox"/> First Reading <input type="checkbox"/> Second Reading <input checked="" type="checkbox"/> Regular Business
AGENDA TITLE	VII. A) March 2018 Financials
STAFF LEAD	Abigail Berg, Director of Finance & Administration
REQUESTED	<input type="checkbox"/> Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	A. Port Operating Results as of March 31, 2018 Memo

DATE: April 17, 2018
TO: Commissioners and Directors
FROM: Abigail Berg, Director of Finance & Administration
SUBJECT: Port Operating Results as of March 31, 2018

NOTE: We started reporting a Cashflow report in February, but was unable to complete it in time for this month's report. In May there will be a Cashflow report in the Commission packet.



Revenue Highlights:

- ✓ March YTD is still strong with 2018 Operating Revenues ahead of 2017 by \$120,368 or 10%.
- ✓ Total Operating Revenues are ahead of YTD Budget by \$15,581.
- ✓ Marinas & RV Parks revenue lead prior year by \$91,866 and are ahead of budget by \$54,542.
- ✓ Yard revenues are ahead of the prior year by \$26,028, but short of budget by \$34,883.
- ✓ Ship Yard Hoist revenues are ahead of last year by \$13,416, and ahead of budget by \$7,876.
- ✓ Ship Yard revenues are just barely ahead of last year by \$1,797, and below budget by \$24,707.
- ✓ Increases in the Ship Yard Hoist revenue shows the Port 300 Ton lift activity is solid, however, the Port reduction in the storage capacity from prior years is reflected in the Ship Yard revenue that is just barely ahead of 2017 and short of budget.
- ✓ Work Yard Hoist revenues are ahead of last year by \$6,645 and ahead of budget by \$7,405.
- ✓ Work Yard revenues are less than last year by \$13,290, and short of budget by \$27,612.
- ✓ Similar to the Ship Yard Hoist, the Work Yard Hoist revenue is strong, exceeding the prior year and ahead of budget, however Work Yard revenues continue to lag. Discounts for the Work Yard have been advertised and given for several months with little effect.
- ✓ Property Leases & Use are less than the prior year by \$3,898 and less than budget by \$8,608. This is primarily due to tenant vacancies at Point Hudson (Cupola House and Armory Building).
- ✓ Fuel Sales & Leases are below the prior year by \$1,462.
- ✓ Ramp revenues have leveled off to almost the same as 2017.
- ✓ Utilities Revenue are ahead of last year by \$7,716 and ahead of budget by \$4,746.



Expense Highlights:

- ✓ 2018 Operating Expenses are less than 2017 by \$27,919, and below budget by \$121,660.
- ✓ Most of this budget variance is related to unfilled staff positions (CSR II and Security), the projected use of Contract Services, Consulting Services, Utilities and Facilities & Operations whose timing isn't always predictable.
- ✓ Facilities & Operations expenses are more than 2017 by \$2,799, whereas when compared to budget is less by \$17,060. The bulk of this budget variance is less in Repair & Maintenance Supplies than budgeted.
- ✓ Utilities are slightly higher in 2018 than 2017 (\$12,288) and more than projected budget (\$10,711).
- ✓ Marketing is on par with 2017, though below projected budget by \$6,785.
- ✓ Cost of Goods – Fuel is less in 2018 than 2017 by \$1,515.

Net Operating Income is \$144,268. When including Non-Operating Revenues and Expenses, there is a Net Profit of \$421,739.

Non-Operating Revenues:

- ✓ Capital Contributions / Grants revenue are up from last year due to the increased activity on the Point Hudson South Jetty project and the JCIA Runway Rehabilitation project. Though the actual timing of grant reimbursement receipts are not in alignment with budget, this isn't unusual.
- ✓ The significant driver in a reduction of Miscellaneous Non-Operating Revenue from 2017 to 2018 is an Insurance Recovery received early in 2017.

Non-Operating Expenses:

- ✓ It should be noted that the 2018 budget line item titled "Bond Management, Issuance & Misc. Expense" did not include the bond issuance cost since the decision to bond for the Point Hudson South Jetty project got pushed forward into 2018 and was too late to include in the budget in November.
- ✓ In addition, this line item contained Quilcene Feasibility Study expenses in 2017 (under Miscellaneous Non-Operating expense).

Capital Projects:

This month, the Port expended \$143,639 in WIP (capital project "Work in Progress"). 47% of these expenses are for the Point Hudson South Jetty Project, 32% was for the Stormwater Rx Project, 15% was for the JCIA Runway Rehab Project, and the remainder was spent on the Yard Office Remodel 6%. The Stormwater Rx Project is completed in the field and staff is working on the notification to state agencies to obtain retainage release prior to the Commission approval.

Capital Purchases:

Capital purchases made during the period total \$20,938. This was the balance due on the new laundry equipment for both boat haven and Point Hudson.

Cash & Investment balances:

End of month, the cash and investment balances were \$1,921,942. Reserve balances totaled \$902,234 and Unreserved Cash & Investments totaled \$1,019,708.

Regarding cash balances, it should be noted that the proposed bond issuance for the Point Hudson South Jetty includes up to \$500,000 that can be used to re-build Port cash balances used in the Stormwater Rx Project. The Commission passed Resolution #669-17 allowing the Port to reimburse itself from bond proceeds to replenish cash reserves used for that project.

Port of Port Townsend
Summary of Operating & Non-Operating Revenues & Expenses
2018 Activity with Comparison to Prior Year and Budget

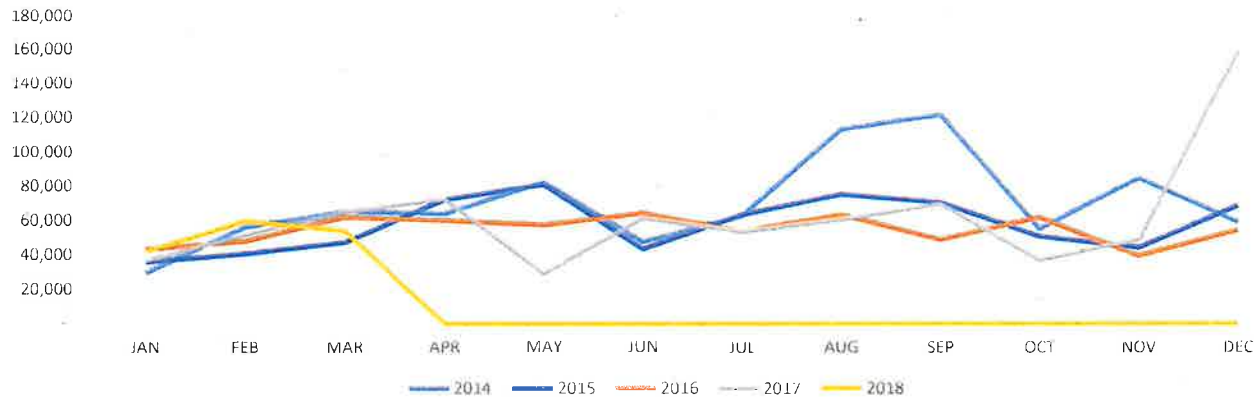
	YTD Mar. 2017	YTD Mar. 2018	Variance to prior year - 2017 v 2018		YTD Budget 2018	Variance to Budget YTD
REVENUES						
Marinas and RV Parks	475,944	567,810	91,866		513,268	54,542
Yard Operations	316,149	342,177	26,028		377,060	(34,883)
Property Leases & Use	273,908	270,010	(3,898)		278,618	(8,608)
Fuel Sales & Leases	7,681	6,219	(1,462)		6,085	134
Ramp Use	11,833	11,951	118		12,300	(349)
Utilities	63,905	71,621	7,716		66,875	4,746
Total Operating Revenues	1,149,419	1,269,787	120,368		1,254,206	15,581
OPERATING EXPENSES						
Salaries & Wages	533,931	498,312	(35,618)		523,180	(24,868)
Payroll Taxes	69,489	51,426	(18,063)		73,488	(22,062)
Employee Benefits	166,510	183,015	16,505		193,665	(10,650)
Uniform Expense	1,993	594	(1,399)		2,336	(1,742)
Contract Services	78,317	45,939	(32,378)		71,588	(25,649)
Consulting Services	1,568	18,683	17,115		41,250	(22,568)
Legal & Auditing	22,597	34,490	11,893		32,400	2,090
Facilities & Operations	152,963	155,762	2,799		172,822	(17,060)
Utilities	108,669	120,956	12,288		110,245	10,711
Marketing	9,458	9,468	10		16,253	(6,785)
Economic Development	-	-	-		-	-
Travel & Training	4,465	5,221	756		6,752	(1,531)
Cost of Goods - Fuel	3,168	1,654	(1,515)		3,200	(1,546)
Community Relations	310	-	(310)		-	-
Total Operating Expenses	1,153,438	1,125,519	(27,919)		1,247,179	(121,660)
Income from Operations w/o Depr	(4,019)	144,268	148,287		7,027	137,241
Non-Operating Revenue						
Capital Contributions/Grants	8,482	73,287	64,804		101,436	(28,149)
Interest	4,144	4,665	521		1,500	3,165
Property & other taxes	250,931	268,164	17,233		259,668	8,496
Misc Non-Operating Revenue	14,120	10,937	(3,182)		6,955	3,982
Total Non-Operating Revenues	277,677	357,053	79,376		369,559	(12,506)
Non-Operating Expenses						
Bond Interest	88,536	79,432	(9,104)		83,034	(3,602)
Bond Mgmt, Issuance & Misc Exp	5,770	150	(5,620)		370	(220)
Election Expense	-	-	-		-	-
Total Non-Operating Expenses	94,306	79,582	(14,724)		83,404	(3,822)
Net Non-Operating Income (Expense)	183,371	277,471	94,099		286,155	(8,684)
Net Income (Loss)	179,352	421,739	242,386		293,182	128,557

Notes: none

5 Year Trend of Facilities & Operations Expenses Monthly as of March 31, 2018

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Total
2014	29,839	56,517	65,559	64,363	82,858	48,211	62,921	113,527	122,041	55,721	84,978	59,474	846,009
2015	36,245	41,069	47,666	72,576	81,413	43,890	63,676	75,664	70,823	51,195	44,727	68,942	697,886
2016	43,158	47,960	61,900	60,036	57,397	64,456	53,711	63,541	49,065	61,925	39,658	54,646	657,453
2017	36,397	51,607	64,959	72,566	29,450	61,584	53,492	60,565	69,786	37,229	49,229	158,891	745,755
2018	41,842	59,782	54,138	-	-	-	-	-	-	-	-	-	155,762

Facilities & Operations Expense Trends



Notes:

1. December 2017 has a sharp increase in this expense line item as the result of the Bad Debt written-off by the Commission in December in the amount of \$97,075. Without this write off, the total line item would be \$648,680 for 2017. The 2017 Bad Debt write-off relates to Revenues recognized in previous years that was identified as uncollectible. The breakdown by year is as follows:

2014	2015	2016	2017	Total
\$ 16,568	\$ 67,315	\$ 6,083	\$ 7,109	\$ 97,075

2. Spike in August 2014 was the settlement payment to Caicos Construction.

3. Spike in September 2014 was an adjustment for expenses erroneously charged to the Point Hudson Breakwater project. These were minor repairs to the breakwater as the result of an accident (paid to Orion Marine Group).

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	April 25, 2018		
AGENDA ITEM	<input type="checkbox"/> First Reading	<input type="checkbox"/> Second Reading	<input checked="" type="checkbox"/> Regular Business
AGENDA TITLE	VII. B) Commisssion Workshop Calendar		
STAFF LEAD	Sam Gibboney		
REQUESTED	<input type="checkbox"/> Motion	<input type="checkbox"/> Action	<input checked="" type="checkbox"/> Discussion
ATTACHMENTS	A. Informational Memo B. Proposed Workshop Calendar		

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 4/25/2018
TO: Commission
FROM: Sam Gibboney
SUBJECT: Commission Workshop Calendar

ISSUE

Proposed calendar for upcoming Commission Workshops.

BACKGROUND

The Commission previously gave direction to staff to revise the schedule of proposed Commission Workshops on the development of a number of policies.

DISCUSSION

Attached is a proposed schedule for May and June. Staff is still developing a schedule for June through September. This schedule will be coordinated with the 2019 budget process and will be forthcoming.

FISCAL IMPACT

None associated with the schedule.

RECOMMENDATION

Give input and recommendations to staff on the proposed schedule.

ATTACHMENTS

May and June proposed workshop schedule.

COMMISSION MEETING	DATE	ISSUES/DECISIONS
Workshop	5/8/2018	Early meeting time due to WPPA. No Workshop until later in month.
Regular Meeting	5/8/2018	Special Meeting due to WPPA Conference.
Workshop	5/23/2018	Policy Discussion Business Practices Leasing Practices
Regular Meeting	5/23/2018	
Workshop	6/13/2018	Five Year Capital Program
Regular Meeting	6/13/2018	First Reading of Business & Leasing Practices
Workshop	6/27/2018	
Regular Meeting	6/27/2018	Second Reading of Business & Leasing Practices