Port of Vancouver USA

2018 PRELIMINARY BUDGET

The Port of Vancouver USA is an economic engine for the entire Southwest Washington region. The port provides quality jobs, international trade connections, a strong industrial land base and economic stability by producing revenue for state and local services. Through the Columbia River and along efficient national rail and road systems, the port connects our community to the global marketplace – a key factor in bringing community prosperity to Clark County.

The port budgets and operates under the laws applicable to a public port district as a municipal corporation under the provisions of Chapter 53 of the *Revised Code of Washington*. The port's focus on long-term strategies provides context for its budget and results. While the port's current financial outlook remains positive, the potential financial impacts of economic uncertainty and volatility in national and global economics, growth and shifts in markets and trade patterns, considerable capital requirements for rail infrastructure, terminal developments and continued regulatory requirements and environmental risks remain challenging.

The port operates principally in two industries: terminal operations and industrial property leases. Terminal operations involve marine-oriented operations, including dockage, cargo handling, storage and related activities. Industrial property leases include facilities leases, industrial activities, and storage. The annual operating and capital budgets are a forecast of expected resources and the purposeful distribution of those resources. This forecast is developed based on historical trends in revenue and expenses, information from customers and tenants, market projections, and key economic and regulatory assumptions. It is also recognized that budget adjustments may be made as the port maintains agility to take advantage of unforeseen opportunities or the need to react to unanticipated market and economic conditions. Given the need to manage overall costs and continue investing in the port's key initiatives, the following issues were considered in preparing the 2018 budget:

- Continued strong marketing efforts in marine and industrial markets through customer contact and trade shows. Diversification of business lines has been important in stabilizing operating revenues.
- 2018 budget volumes are forecasted at 8.4 million tons.
  - Forecasts for the handling of grain and auto volumes are expected to exceed 2017 expected volumes.
  - Anti-dumping and countervailing duties will continue to impact 2018 steel imports.
  - Wind commodities are expected to increase over 2017 volumes.
  - Bulk mineral exports (especially copper concentrates) are expected to grow based on customer expectations and renewed export volumes.
  - New infrastructure in the form of marine and industrial warehouses may be needed to provide additional capacity to meet expected market demands.
- Final construction on the West Vancouver Freight Access Project (WVFA). Priority projects within WVFA include the Grain Unit Train Loop (project 11) and the Bulk Facility Relocation (project 7).
- Marketing of the new warehouse/facility in Centennial Industrial Park.
- Continued partnerships with the City of Vancouver, private sector developers, railroad leaders and government officials as revitalization work continues the Columbia River waterfront.
- Debt services/financing: Debt service on Limited Tax General Obligation will remain relatively flat at $5.7 million, Revenue Bond debt service is $3.9 million. In 2018, the port anticipates issuing long-term financing of approximately $20 million in revenue bonds. Proceeds from these bonds will be to provide funding for some 2018 capital projects.
- Assessed property values in the port district increased approximately ten percent from 2016 to 2017. The port's 2018 certified levy is anticipated to remain the same amount in absolute dollars, causing the millage rate to drop for 2018.

The Port of Vancouver prepares budgets on the cash basis of accounting. In cash basis accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, and expenditures are recorded when paid. Cash basis budgets are often used to assess whether the entity has sufficient cash to fulfill regular operations and/or whether too much cash is being left in unproductive capacities. This is different from the full accrual basis of accounting, also referred to as the Generally Accepted Accounting Principles (GAAP) basis of accounting used for financial statement purposes.

Revenues: The 2018 budget projects operating revenues of $38.22 million, an increase of 3 percent over estimated 2017 operating revenue results. Seventy percent of projected 2018 operating revenue is from marine, terminal and rail operations, and thirty percent from industrial property leases, rail and facilities.

Nonoperating revenues will include approximately $10 million from property tax collections. Fifty-seven percent of property tax receipts will be used for debt service payments on general obligation bonds and the remainder will be used for capital projects and environmental remediation. The nonoperating budget also includes $550 thousand of grants awarded for trail construction and other programs.

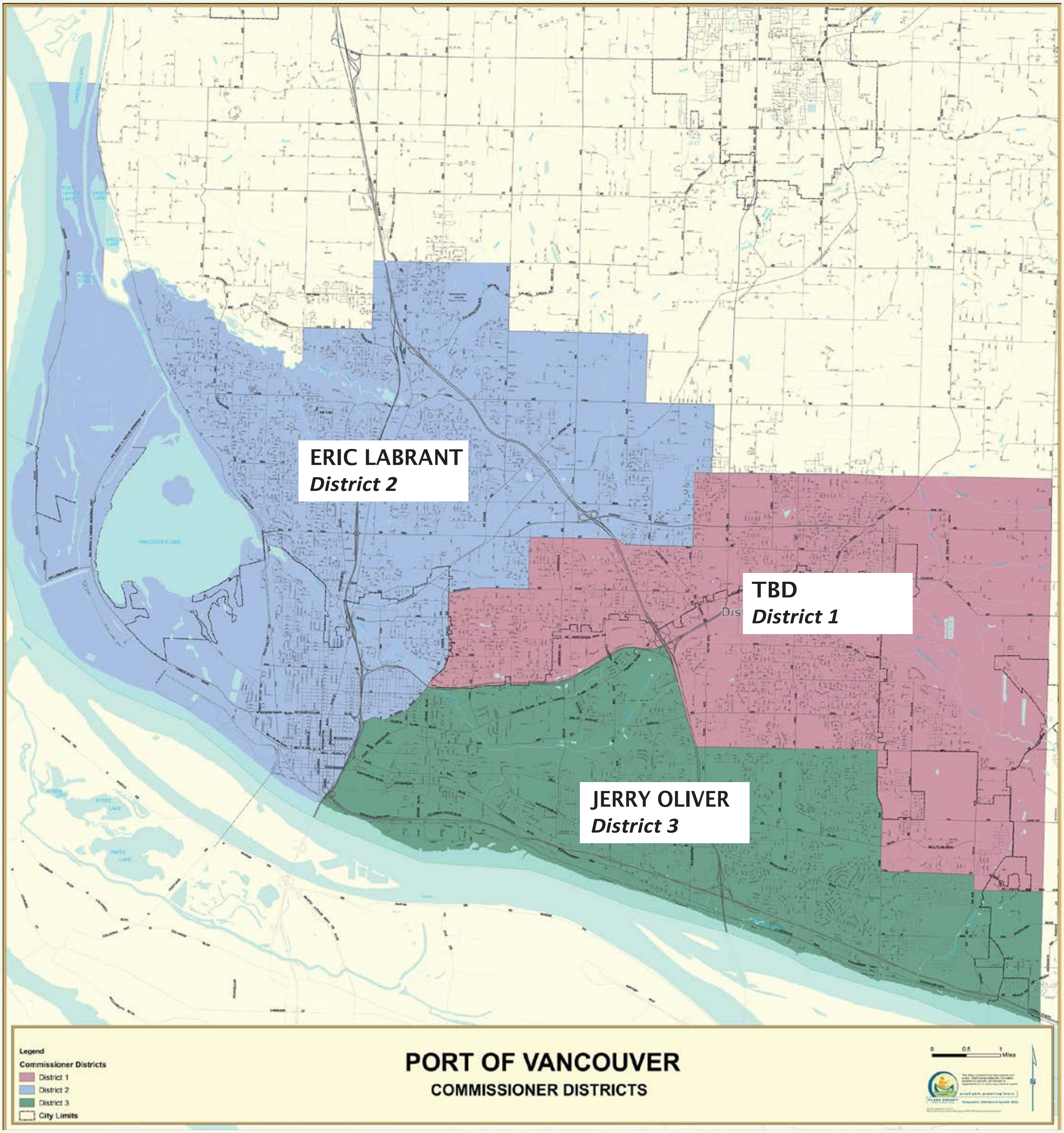
Expenses: The 2018 budget projects operating expenses of $30.32 million, an increase of 10 percent over the estimated 2017 operating expense results. This increase is mainly due to the increase in direct cost of sales related to increased revenue in the 2018 budget. The 2018 nonoperating expenses include debt service of $9.7 million, Crane Settlement of $1.6 million, and continuing costs for environmental remediation of $802 thousand.

Capital Improvement Program (CIP): The 2018 CIP budget of $25 million reflects the port's mission to provide economic benefit to the community. Twenty-two percent of the capital budget is allocated for the continued engineering and completion of the WVFA Project. Thirty-six percent is allocated for maintaining port infrastructure and IT systems. The remainder of the capital budget is allocated to various waterfront, facility and terminal improvements.

Conclusion: Despite the challenging realities of today's global economy, the Port of Vancouver remains committed to its vision and mission. The port's management is confident that the plans outlined in the 2018 budget will help the port and region remain financially strong, competitive and successful.

Port of Vancouver USA

COMMISSIONER DISTRICTS



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Updated 10/04/2017

STRATEGIC PLAN - 2018 BUDGET KEY INITIATIVES

REVENUE

Goal: Generate and Sustain Diversified Revenues

Key Initiatives:

- ☐ *Support permitting efforts and develop the Vancouver Energy project, if approved*
- ☐ *Grow and support our marine cargo mix in agriculture, mined, project and energy products*
- ☐ *Pursue a commitment for the Terminal 5 rail served loop track facility*

WEST VANCOUVER FREIGHT ACCESS

Goals: Develop and Maintain Multi-modal Transportation, Maximize Marine Business and Development, Maximize Industrial Business and Development

Key Initiative:

- ☐ *Complete the West Vancouver Freight Access Project by first quarter 2018*

CENTENNIAL INDUSTRIAL PARK

Goals: Maximize Industrial Business and Development, Generate and Sustain Diversified Revenues

Key Initiatives:

- ☐ *Fully lease new Centennial Industrial Building*

FREIGHT CORRIDORS

Goal: Develop and Maintain Multi-modal Transportation

Key Initiatives:

- ☐ *Support the expansion of I-5 freight capacity and access*
- ☐ *Support efforts and establish adequate Corps funding to maintain 43+ ft. channel depth*

TERMINAL 1

Goals: Create a Destination Waterfront, Generate and Sustain Diversified Revenues

Key Initiatives:

- ☐ *Continue efforts to determine permanent location for public marketplace*
- ☐ *Pursue final development plans for Blocks A & C*
- ☐ *Support hotel development*
- ☐ *Develop solution for waterfront parking*

COLUMBIA GATEWAY – PARCEL 3

Goals: Maximize marine business and development, Maximize industrial business and development, Develop and maintain multi-modal transportation, Generate and Sustain Diversified Revenues

Key Initiatives:

- ☐ *Pursue access for future Columbia Gateway development*
- ☐ *Permit and construct berm with vegetation within 100-foot buffer of Flushing Channel on Parcel 3*

Port of Vancouver USA

2018 Preliminary Budget

SOURCES

Operating Revenues		
15-Rail		840,166
16-Finance		70,000
20-Facilities		10,428,134
21-Marine Operations		19,765,241
22-Security		397,958
40-Marine Terminal		6,714,513
Total Operating Revenues	$	38,216,012
Nonoperating Revenues		
Ad Valorem Taxes		9,986,858
Interest Income		300,000
Grants		550,000
Proceeds from Sale of Property		10,000
Other		53,600
Total Nonoperating Revenues	$	10,900,458
Total Revenues	$	49,116,470
Transfer from General Fund/Financing	$	19,469,036
TOTAL SOURCES	**$**	**68,585,506**

USES

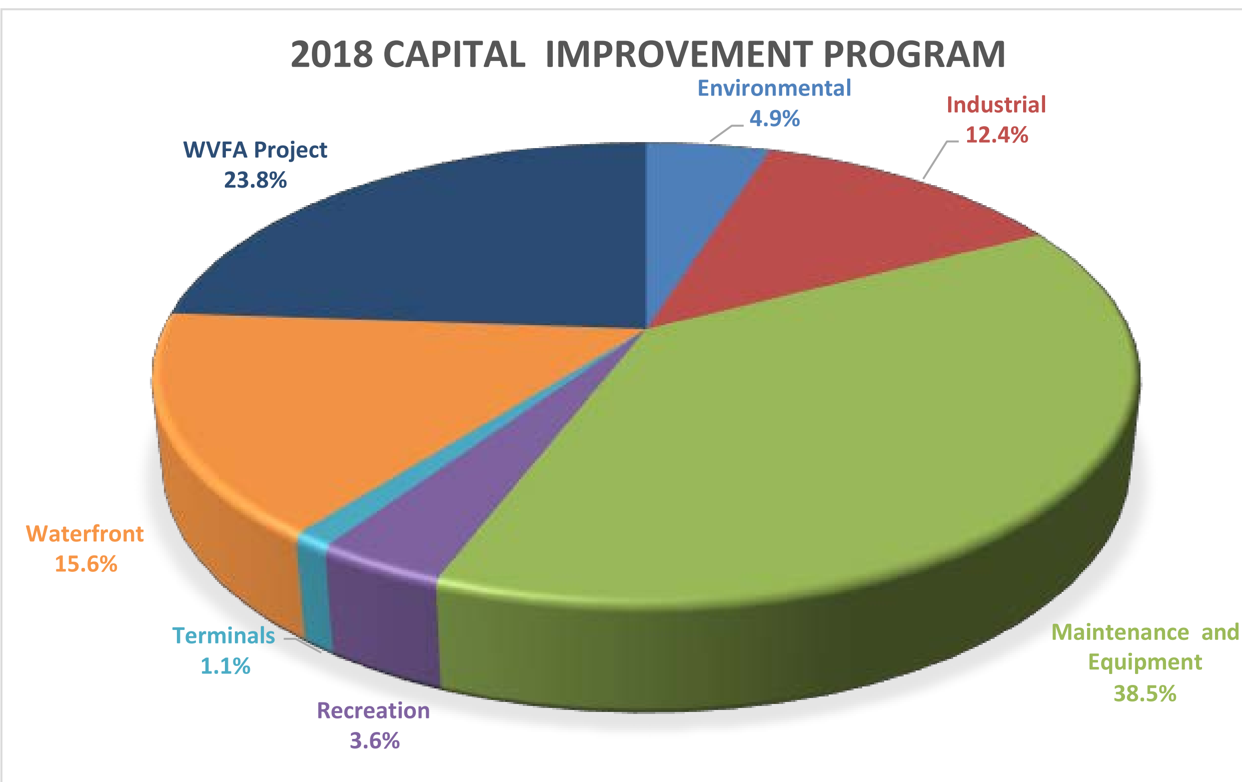
Operating Expenses		
05-Executive		898,142
10-Administration		1,258,404
11-External Affairs		1,822,547
12-Information Technology		1,292,853
13-Contracts		498,877
14-Human Resources		337,693
15-Rail		981,193
16-Finance		1,641,275
17-Sales		2,478,559
20-Facilities		5,771,967
21-Operations		1,450,849
22-Security		2,268,309
32-Environmental		1,036,841
40-Terminal		8,393,196
41-Rail Operations		188,797
Total Operating Expenses	$	30,319,502
Nonoperating Expenses		
Debt Service		9,712,916
Environmental Remediation		802,078
Other Nonoperating Expenses		2,256,956
Total Nonoperating Expenses	$	12,771,950
Total Expenses	$	43,091,452
Capital Projects	$	25,494,054
TOTAL USES	**$**	**68,585,506**

The port invests in the acquisition, development, and maintenance of long-term assets to meet its mission of providing economic benefit to the community and serving its tenants and customers. This investment is evident in the renovation of facilities and terminals, construction of infrastructure, environmental remediation projects, and the acquisition and development of property. The port's continuing commitment to its investment in long-term assets requires a comprehensive long-term capital planning approach.

The port's capital planning process begins by reviewing the existing and anticipated business environment, estimates of tenant and customer demand for facilities, and available resources. A number of additional factors are considered when evaluating and prioritizing specific projects. Among these are number of jobs created, financial performance and rate of return, and safety and environmental impacts. Other aspects may be appropriate to consider based on the port's overall mission, strategic plan and regional opportunities and constraints.

The port's capital improvement program (CIP) is the primary tool used to plan for major capital projects and acquisition needs over a multi-year forecast period. The CIP forecasts expenditures to be incurred for the projects and acquisitions, identifies capital funding sources, and show the impact on future operating budgets. The planning horizon for the capital budgets is 7-10 years. This period enables the port to determine emerging capital needs and estimate project costs as well as allow time to plan projects and arrange funding.

The 2018 capital budget reflects the port's continuing commitment to promoting regional economic activity through the investment of over $25.5 million in the economic development and expansion and renewal of port facilities. In 2018 the Port will complete WVFA, perform tenant improvements of two of industrial buildings, begin a multi-year investment in the port's Waterfront Development, and perform significant maintenance-related improvements to existing port facilities. Financing for the 2018 capital program will come from current revenues, grants, and debt.



CAPITAL PROJECTS	
Description	**2018**
WVFA	
WVFA: 11B Completion	4,700,000
WVFA: Permit Submittal and Project Closeout	200,000
WVFA: Right-of-way acquisition - POV prepaid services in lieu of payment to customer	450,000
WVFA: Washrack Completion	205,000
Total: WVFA	**5,555,000**
Terminals	
Columbia Gateway: Floodplain Analysis	175,000
Columbia Gateway: Pipeline Identification Study	80,000
Total: Terminals	**255,000**
Industrial	
Building: CIP Lot 1 Building Tenant Improvements	1,000,000
Building: 2501 Countrymalt Tenant Improvements	1,450,000
Electric Car Charging Station at Terminal No 1	100,000
Parcel 7: Entitlement - Construction documents, landuse permits, and building permits - 24 months	350,000
Total: Industrial	**2,900,000**
Environmental	
Environmental: Parcel 3 - Berm Construction	1,140,500
Total: Environmental	**1,140,500**
Recreation	
Recreation: Trail Segment 2 from POV offices to Parcel 1A	845,000
Total: Recreation	**845,000**
Waterfront	
Waterfront: Block D Site Prep: Demo, Excavation, Environmental Remediation	485,000
Waterfront: Dock Replacement - Architectual Design to 30% drawing, geotech work and cost est	100,000
Waterfront: New Marketplace Building - Architectural Design	200,000
Waterfront: Renaissance Trail - Design, Permitting, and Construction	1,900,000
Waterfront: Stormwater Relocation	360,000
Waterfront: Terminal No 1 Sign	50,000
Waterfront: Terminal No 1 Dock Repair - Minimal repair under T1 only	540,000
Total: Waterfront	**3,635,000**
Maintenance	
Maintenance: IT - Cabling Rewire of Admin Office	35,000
Maintenance: IT - Network Switches	98,000
Maintenance: IT - Phone System	65,000
Maintenance: IT - Terminal Software	500,000
Maintenance: IT - Touch Panel Computers for Pump and Treatment Station	45,000
Maintenance: Port Vehicles and Equipment	1,000,000
Maintenance: Bank Stabilization, and Permitting	70,000
Maintenance: Buildings - Gutters	120,000
Maintenance: Buildings - Painting	198,000
Maintenance: Buildings - Roofing (Building 2501 roof)	1,582,000
Maintenance: Capital Dredging - Berths 8,9, 13, & 14	3,087,477
Maintenance: Docks and Fender Pilings	370,000
Maintenance: Drainage and Utilities, Video and Minor Repairs	232,000
Maintenance: Rail & Turnouts	250,000
Maintenance: Roadways - Paving and Striping	243,000
Maintenance: Tenant Improvements and Lighting Upgrades	150,000
Maintenance: Water - System Improvements Phase 2 (Tank Replacement)	901,000
Maintenance: Water - System Improvements Phase 3 (Liquid Chlorinator)	30,000
Total: Maintenance	**8,976,477**
Total: Capital Projects	**23,306,977**
Labor Capitalization	2,187,077
Total: Capital Projects + Labor Capitalization	**25,494,054**

TAX BUDGET SUMMARY

- The port's 2018 certified levy is $9,986,858. The levy limit is based on the lower of the implicit price deflator (IPD) of 1.553% or 1% per Initiative I-747. However, the port commission approved a levy at 100% of the prior year. The 2017 certified levy was $9,986,858.
- In 1998, the Port of Vancouver Board of Commissioners adopted a resolution establishing a separate account for the deposit of tax receipts. The Board of Commissioners also approved Resolution No. 4-02 which authorizes tax levy proceeds to be used only for payment of debt service, capital improvements, and environmental remediation. The 2018 levy will be used for:

Debt Service (GO Bonds)	$ 5,714,941	57.2%
Environmental Remediation	802,078	8.0%
Capital Projects	3,469,839	34.7%
Total	$ 9,986,858	100.0%

TAX LEVY SOURCES

Regular Tax Levy (RCW 53.36.020)

In the State of Washington, the county assessors ("Assessor") determine the value of all real and personal property throughout their respective counties that is subject to *ad volorem* taxation. The assessor's duties and methods of determining value are prescribed and controlled by statute and by detailed regulations promulgated by the Department of Revenue. For tax purposes, the assessed value of property is set at 100% of its actual value. All property is subject to revaluation every four years. The property is listed by the assessor on a tax roll at its current value and the tax roll is filed in the assessor's office.

The assessor's determinations are subject to revision by the county Board of Equalization and, for certain property, subject to further revision by the State Board of Equalization. After all administrative procedures are completed; the port commission receives the assessor's final certificate of assessed value of property within the port. The 2017/2018 Taxable Assessed Value increased approximately 8.9% for this tax cycle.

Levy rates determine the amount of tax that a property owner pays per thousand dollars of assessed value. RCW 53.36.020 provides that a district may raise revenue by levy of an annual tax not to exceed forty-five cents per thousand dollars of assessed value. However, the passage of Initiative-747 in 2001 limited the maximum growth in property taxes from existing property to the lesser of the percentage increase in the implicit price deflator (IPD) or 1%.

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Taxes are levied annually on January 1 on property values listed as of the prior May 31. The lien date is January 1. Taxes are due in two equal installments on April 30 and October 31. Collections are distributed monthly to the port by the county treasurer.

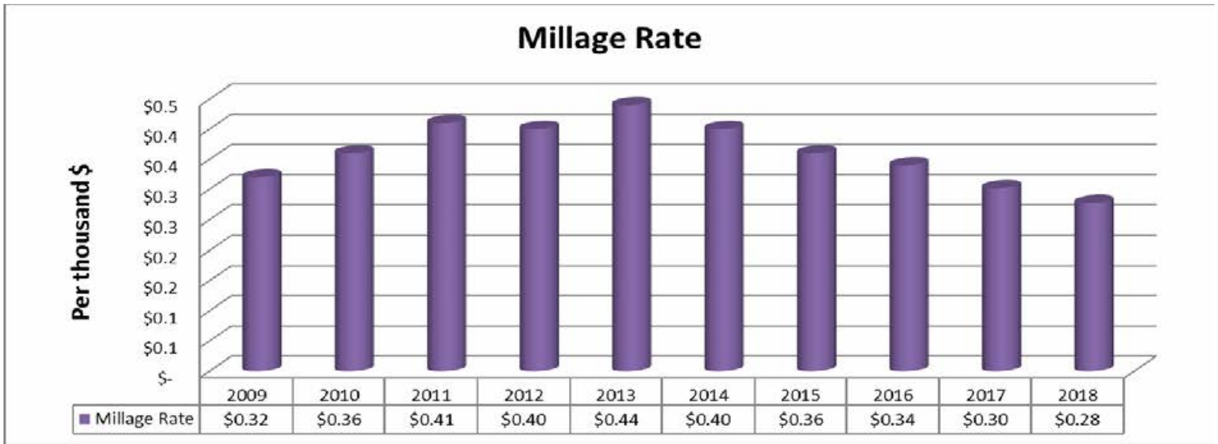
Special Tax Levies (RCW 53.36.070)

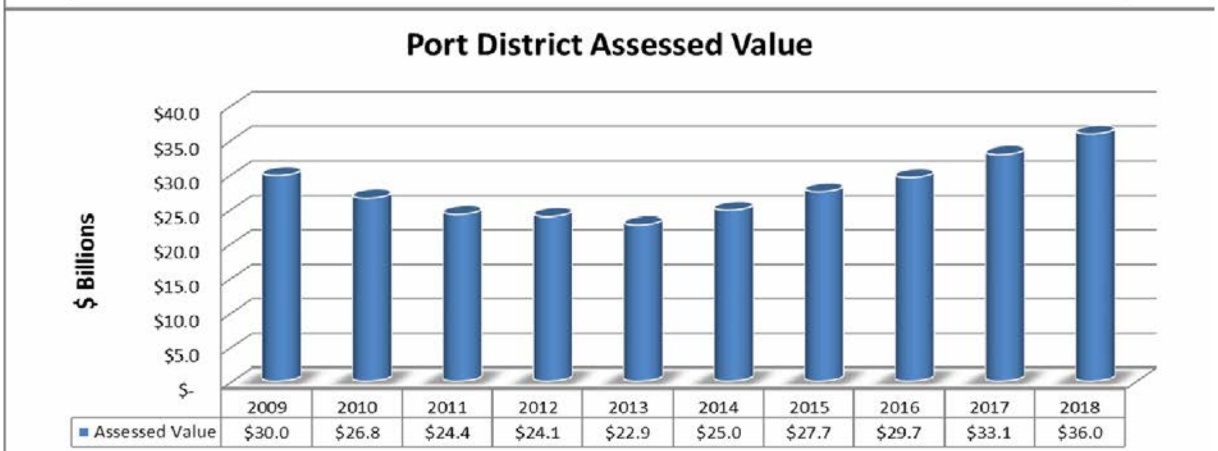
The port can levy property taxes for dredging, canal construction, land leveling or filling purposes. These levies must be approved by the majority of voters within the port district and may not exceed $0.45 per $1,000 of the assessed value of taxable property within the port district. The port has not requested this levy.

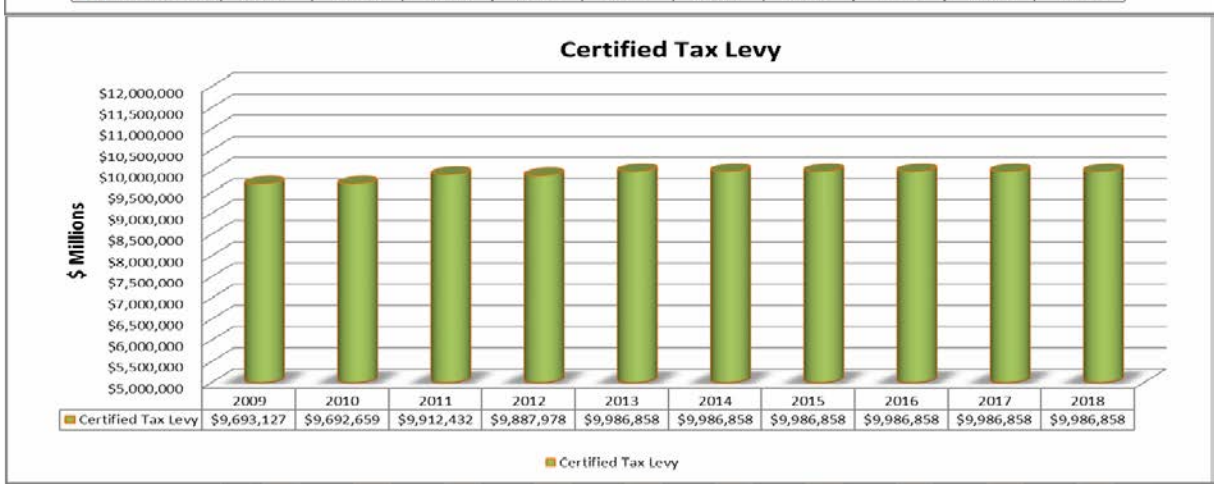
Levy for Industrial Development District (RCW 53.36.100)

A port district having adopted a comprehensive scheme of harbor improvements may levy property taxes for Industrial Development Districts for twelve years only. The levy cannot exceed $0.45 per $1,000 of assessed value of taxable property within the port district. If a port district intends to levy this tax for one or more years after the first six years, the port must publish notice of intent to impose such a levy. If signatures of at least eight percent (8%) of the voters protest the levy, a special election must be held with majority approval required. The port levied the tax for a six-year period between 1958 and 1963 for property acquisition. The port has not levied the seventh through twelfth year period. A ballot measure was defeated in August 2007.

FIGURES







Valuations	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
$ in Billions	29.958	26.756	24.382	24.138	22.931	24.987	27.682	29.673	33.087	36.018
% Change	0.71%	-10.69%	-8.87%	-1.00%	-5.00%	8.97%	10.79%	7.19%	11.50%	8.86%

Tax Levy	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
$ in Millions	9.693	9.693	9.912	9.888	9.987	9.987	9.987	9.987	9.987	9.987
% Change	2.39%	0.00%	2.26%	-0.24%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%

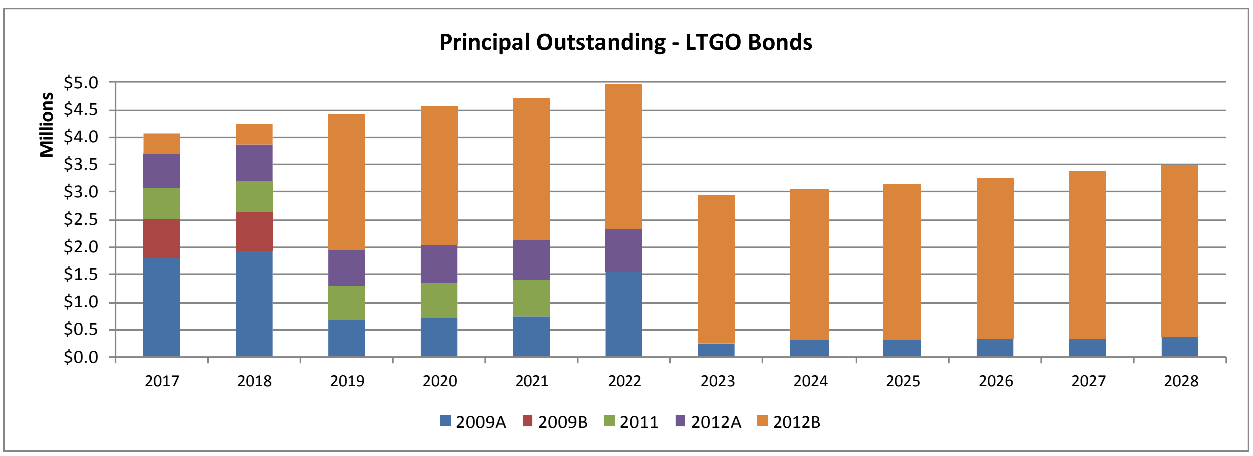
Financing Team: The port employs outside financial specialists to assist in developing a bond issuance strategy, preparing bond documents and marketing bonds to investors. The key players in the port's financing transactions include its financial advisor, bond counsel, the underwriter and the port's finance and accounting team.

Credit Ratings: The Director of Finance & Accounting is responsible for maintaining relationships with the rating agencies that assign ratings to the port's various debt obligations. This effort includes providing periodic updates on the port's general financial condition along with coordinating meetings and presentations in conjunction with a new debt issuance. For the port's LTGO bonds, Moody's Rating Committee has assigned an Aa3 rating and Standard & Poor's has assigned an AA- rating. For the port's Revenue bonds, Standard & Poor's has assigned an A rating.

In addition, Standard & Poor's Ratings Services has also affirmed the Port's 'A' issuer credit rating (ICR) with a stable outlook. This is a separate rating from the port's LTGO bond rating and Revenue bond rating and focuses on the port's overall financial capacity (its creditworthiness) to pay its financial obligations.

LIMITED TAX GENERAL OBLIGATION BONDS
Overview: Limited Tax General obligation (LTGO) bonds are general obligations of the port payable from general (ad valorem) taxes, subject to certain constitutional and statutory limitations. The port plans long-term debt issuance to finance its capital program based on its cash flow needs, sources of revenue, capital construction periods and market conditions. Borrowings by the port mature over a term that does not exceed the economic life of the improvements that they finance.

Outstanding Limited Tax General Obligation Bonds: $42,135,000 LTGO bonds remain outstanding at December 31, 2017.



Obligation	Purpose	Interest Rate	Final Maturity	Original Issue	Balance 12/31/17
2009 Series A	Property Acquisitions	3.0-5.0%	2028	15,000,000	7,545,000
2009 Series B	Refunding Bonds	3.0-5.0%	2018	7,335,000	720,000
2011	Refunding Bonds	2.0-4.0%	2021	5,600,000	2,450,000
2012 Seriers A	Refunding Bonds	2.0-4.0%	2022	5,905,000	3,520,000
2012 Seriers B	Refunding Bonds	0.38-3.614%	2028	29,745,000	27,900,000
			Total GO Bonds	$ 63,585,000	$ 42,135,000

INDEBTEDNESS LIMITATION (RCW 53.36.030)
Under Washington State law the port may incur indebtedness payable from ad valorem taxes in an amount not exceeding one-fourth of one percent of the value of the taxable property in the district without a vote of the people. With the assent of three-fifths of the voters voting thereon, the district may incur additional general obligation indebtedness provided the total indebtedness of the port at any time shall not exceed three-fourths of one percent of the value of the taxable property in the district. The following estimates the 2018 debt limit. The port does have debt capacity to issue additional general obligation bonds.

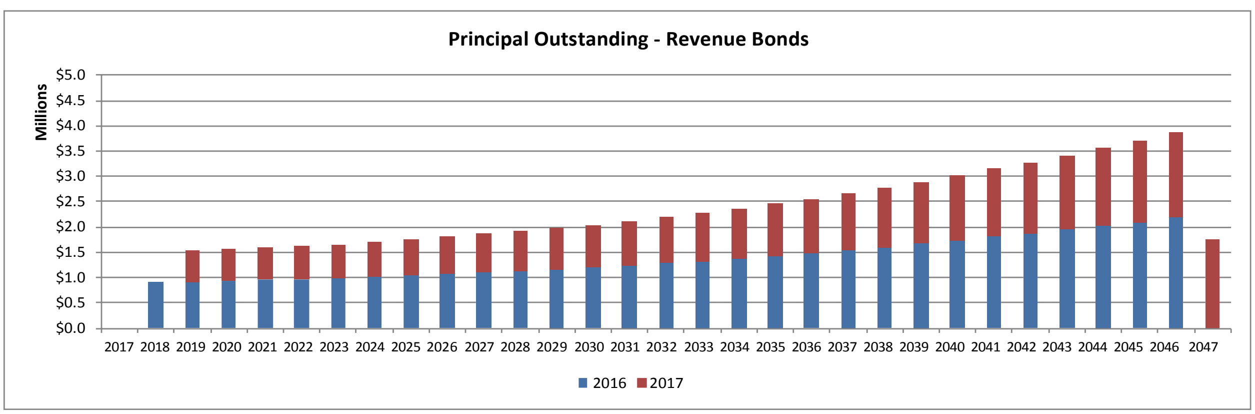
Value of Taxable Property (2018 Collection Year)*	$36,017,954,140
Limited Tax General Obligation Debt Capacity (Non-voted)	
0.25% of Assessed Value	90,044,885
Less: Outstanding Limited Tax GO Debt @12/31/17	(42,135,000)
Remaining Capacity (Non-voted)	$ 47,909,885

* Increase of 8.86% from prior year

SPECIAL FACILITY REVENUE BONDS
Special facility revenue bonds were issued on behalf of United Grain Corporation. A lease agreement provides for unconditional payment of rent equal to the debt service of the special revenue bonds. The bonds are not general obligations of the port, are payable solely from the pledged revenues of the lease and do not constitute a lien on the unpledged revenues of the port. The outstanding special revenue bonds in the principal amount of $25,000,000 are adjustable tender bonds subject to purchase on demand of the holder at a price equal to the principal plus accrued interest under certain notification requirements. The special revenue bonds are supported by direct payment of irrevocable bank letters of credit.

REVENUE BONDS
Overview: Revenue bonds are obligations of the port payable soley from the port's net operating revenues. The port plans long-term debt issuance to finance its capital program based on its cash flow needs, sources of revenue, capital construction periods and market conditions. Borrowings by the port mature over a term that does not exceed the economic life of the improvements that they finance.

Outstanding Revenue Bonds: $70,000,000 Revenue bonds remain outstanding at December 31, 2017.



Obligation	Purpose	Interest Rate	Final Maturity	Original Issue	Balance 12/31/17
2016 Rev Bonds	Property Acquisitions	1.325% - 4.010%	2046	40,000,000	40,000,000
2017 Rev Bonds	Property Acquisitions	2.001% - 4.693%	2047	30,000,000	30,000,000
			Total Revenue Bonds	$ 70,000,000	$ 70,000,000

In 2018, the port anticipates issuing additional senior lien taxable revenue bonds in the amount of $20,000,000 for the purpose of capital improvements to the port's properties and facilities in connection with the West Vancouver Freight Access Project and other capital projects included in the port's 2018 capital program.

LINE OF CREDIT

On September 26, 2017, the Port of Vancouver's Board of Commissioners approved Resolution No. 3-2017, modifying its Series 2013 Taxable Revenue Bond to KeyBank National Association as registered owners. The modification reduces the Line of Credit, extends the maturity date, reduces the interest rate on advances, and the unused commitment fee. The revenue bond restricts a portion of the port's net operating revenue to secure a $35,000,000 Line of Credit. Currently there is no outstanding balance on the Line of Credit

The Line of Credit bears an interest rate equal to the sum of the One month LIBOR Rate for that LIBOR Interest Calculation Period applicable for said advances plus 62 basis points (0.62%). One month LIBOR Rate on October 6, 2017 was 1.24%. The port has agreed to pay the Series 2013 Credit Facility Provider an unused commitment fee in the amount of 25 basis points per annum (0.25%).

The port uses this line of credit as complementary financing to operating cash flows. This agreement matures on September 26, 2019. The maturity date can be extended annually by one-year at the request of the port and the sole consent of Keybank.

DEBT POLICY AND POST ISSUANCE COMPLIANCE POLICY AND PROCEDURES

The port has developed a debt policy and post issuance compliance policy and procedures. The objective of the debt policy is to establish criteria that will protect the port's financial integrity while providing a funding mechanism to meet the port's capital needs. The post issuance compliance policy is designed to support successful debt management and compliance with related laws, rules and regulations and contractual requirements. These policies establish practices that will protect the port's ability to access the bond markets and support future debt financing of the port's capital projects.

NOTES PAYABLE

The State of Washington, Department of Transportation is authorized and empowered under RCW 47.76A to provide financial assistance to cities, counties, ports and railroads for the purposes of acquiring, rebuilding, rehabilitating, or improving rail lines necessary to maintain essential rail services. The Port and the State of Washington negotiated a loan to a not to exceed amount of $250,000 to construct a rail spur consisting of 542 track feet of rail, two #9 turnouts, sub-ballast, and other materials necessary to provide rail service to the Farwest Steel Facility. Total expenditures related to this project are $103,770.

Date	Obligation
7/1/2018	10,377
7/1/2019	10,377
7/1/2020	10,377
7/1/2021	10,377
7/1/2022	10,377
Total	$ 51,885

The port is authorized and empowered under RCW 53.08.010 to acquire all lands, property, property rights, leases and easements necessary to carry out the West Vancouver Freight Access Project. The port and Lafarge North America, Inc. negotiated a comprehensive settlement of $516,000 that allows for the port to move forward with right of way acquisition within and over the property owned by Lafarge North America. Terms of the settlement are as set forth in the Purchase and Sale Agreement with one final installment payment to be paid on December 31, 2018. Prior to the Maturity Date of the Promissory Note, Lafarge has the right to request the port to complete certain work benefitting Lafarge. The costs and expenses incurred by the port in completing a project will reduce the principal balance of the Promissory Note. As of September 30, 2017, the port completed work and subsequently reduced the promissory note in the amount of $63,469.

Date	Obligation
12/31/2018	452,531
Total	$ 452,531

On December 8, 2015, the port approved Settlement Agreement with Columbia River Alliance for Nurturing the Environment (CRANE) and agreement to transfer property with Columbia Land Trust. The agreements accomplish the following goals: Allow the Port of Vancouver to complete its efforts to entitle approximately 450 net acres of marine and industrial development; respond to market demand primarily in the agriculture, dry bulk, liquid bulk, roll on roll off and heavy manufacturing sectors; creation of approximately 540 acres of habitat for Sandhill Cranes and other wildlife in the Vancouver lowlands; participate with the well-known and well respected Columbia Land Trust as steward of the habitat and open space; provide opportunity for substantial job creation and beneficial economic development to Vancouver, Clark County and the greater Portland region. Starting on August 1, 2016, the port will make16 quarterly installments of $345,093.56 to Columbia Land Trust, to fund an endowment totaling $5,521,481 by May 1, 2020. The endowment held in perpetuity by Columbia Land Trust will be utilized for long term maintenance and operations.

Date	Obligation
2/1/2018	345,093
5/1/2018	345,093
8/1/2018	345,093
11/1/2018	345,093
2/1/2019	345,093
5/1/2019	345,093
8/1/2019	345,093
11/1/2019	345,093
2/1/2020	345,093
5/1/2020	345,093
Total	$ 3,450,926

Port of Vancouver USA

2018
Budget Calendar
Updated 6/22/17

August 2017						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

August

1	Distribute preliminary budget documents to departments
3	Mid-Year update and budget kick-off
8	Regular commission meeting
22	Regular commission meeting
30	Departments submit final budgets to finance

September 2017						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

September

6	Finance to distribute consolidated budget documents to Leadership Team
12	Regular commission meeting
13	Leadership Team budget workshop
20	2nd Leadership Team budget workshop (If Necessary)
26	Regular commission meeting
27	3rd Leadership Team budget workshop (If Necessary)

October 2017						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

October

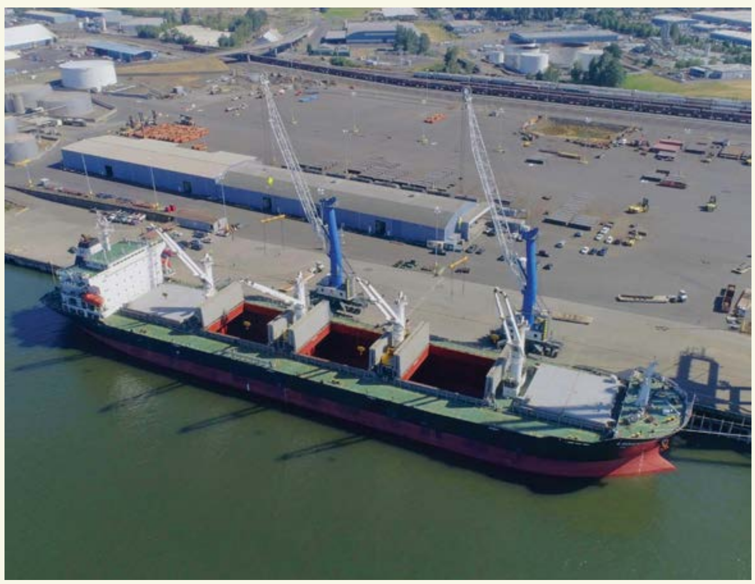
4	4th Leadership Team budget workshop (If Necessary)
10	**Commission budget workshop - after regular meeting**
17	Submit commission agenda item for preliminary budget
24	**Regular commission meeting - approve preliminary budget**
27	1st public notice; preliminary budget prepared/final hearing scheduled
31	Submit commission agenda item for final budget

November 2017						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

November

1	Submit commission agenda item for final budget
3	2nd public notice; final budget
14	**Regular commission meeting - approve final budget**
15	Certify to County Assessor amount of taxes levied; file final budget
28	Regular commission meeting

- **Compound Average Growth Rate** – The year-over-year growth rate of an investment over a specified period of time.
- **Cost of Capital** – The cost of funds used for financing a business.
- **Covenants** – Binding terms between a lender and a borrower in which the borrower agrees to certain financial performance measures by which they must operate their business to.
- **Debt Capacity** - Assessment of the amount of debt an entity can repay in a timely manner without jeopardizing its financial viability. This is typically restricted by loan covenants or board mandated.
- **Debt Service** – Principal and interest payments on debt.
- **Debt Service Coverage Ratio** – Operating income/debt service payments
- Discounted Cash Flow (DCF) – A valuation method used to estimate the attractiveness of an investment opportunity. Discounted cash flow (DCF) analysis uses future free cash flow projections and discounts them to arrive at a present value, which is used to evaluate the potential for investment.
- **Cash Flow** – A revenue or expense stream that changes an entities cash position over a given period. Cash inflows usually arise from one of three activities - financing, operations (revenue) or investing. Cash outflows result from expenses or investments.
- **Present Value** – The current worth of a future sum of money or stream of cash flows given a specified rate of return. Future cash flows are discounted at the discount rate, and the higher the discount rate, the lower the present value of the future cash flows
- **Discount Rate** – The discount rate in s DCF analysis that takes into account not just the time value of money, but also the risk or uncertainty of future cash flows - the greater the uncertainty of future cash flows, the higher the discount rate.
- **Internal Rate of Return (IRR)** – The discount rate where the net present value of all cash flows from a particular project are equal to zero. When comparing various projects, the project with the highest IRR is generally considered the best and is undertaken first.
- **Millage Rate** – The amount per $1,000 that is used to calculate taxes on property.
- **Net Present Value (NPV)** – The difference between the present value of cash inflows and the present value of cash outflows over the life of an investment.
- **Non-operating Expenses** – Expenses from interest expense on debt, environmental remediation, and other non-operating expenditures.
- **Non-operating Revenue** – Revenues from tax levies, interest income, sale of property, and other non-operating revenues.
- **Operating Expenses** – Expenses incurred from operations of the port, excludes depreciation expense.
- **Operating Income** – Operating revenue less operating expenses.
- **Operating Revenue** – Revenue generated from operations of the port includes: dockage, wharfage, storage, rail, and lease income.
- **Parity Debt** – Debt issued with equal rights to one another.
- **Payback Period** – The number of years to payback the initial cost of the investment from the investments cumulative cash flow streams (revenue less expenses).
- **Return on Investment** – A performance measure used to evaluate the efficiency of an investment calculated as: (Gain on investment-cost of investment)/cost of investment.



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