

RESOLUTION FOR TRANSACTION OF BUSINESS

NOVEMBER 16, 2015

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ENVIRONMENTAL PROGRAMS DIRECTOR

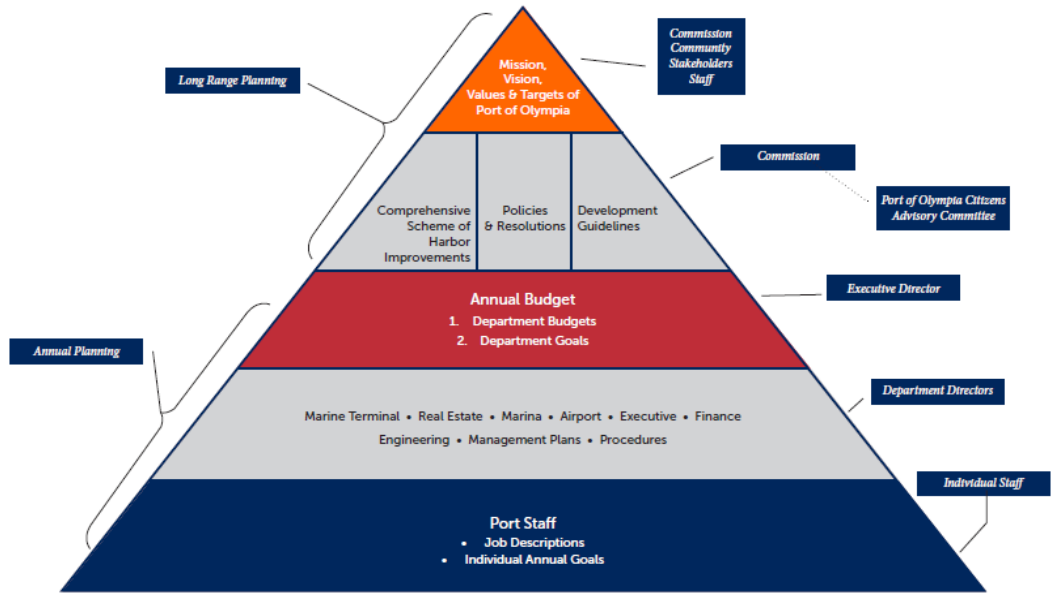
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Agenda

- **Commission Meeting Rules**
- **Financial Policies**

Transaction of Port Business

Port of Olympia Planning



Commission Meetings Rules

Overview

- **By statute, Port Commissions are required to have rules that govern how Commission business is transacted.**
- **These include:**
 - **Organization of the Commission;**
 - **Times and dates of meetings;**
 - **Organization of meetings; Guidelines for decision-making and public comment; etc.**

Commission Meetings Rules

- **The Port of Olympia Commission recently revised its rules Resolution to address public decorum and civility during Commission meetings.**
 - **Modifying sign-in procedures to require the commenter to use his or her real name.**
 - **Clarifying that public comment cannot be used for campaigning or advertising.**
 - **Defining courteous and disruptive behavior.**
 - **Specifying the process for enforcing the rules.**
- **They also added provisions for remote participation by a Commissioner unable to attend a meeting in person.**

Financial Policies

The Port gratefully acknowledges the following firms and individuals for their contribution reviewing these policies:

- Goodstein Law Group
- Barclays
- Piper Jaffray (formerly Seattle-Northwest Securities)
- K&L Gates
- Phillips Burgess

Financial Policies

- Reasons for financial policies
- Explanation of proposed policies
 - Taxation
 - Financial Measures
 - User Fees & Rates
 - Debt
 - Capital Investment

Financial Policies

Define Financial Success



Move the Port toward Financial Success



Resolve issues by an agreed methodology

Financial Policies

Formal

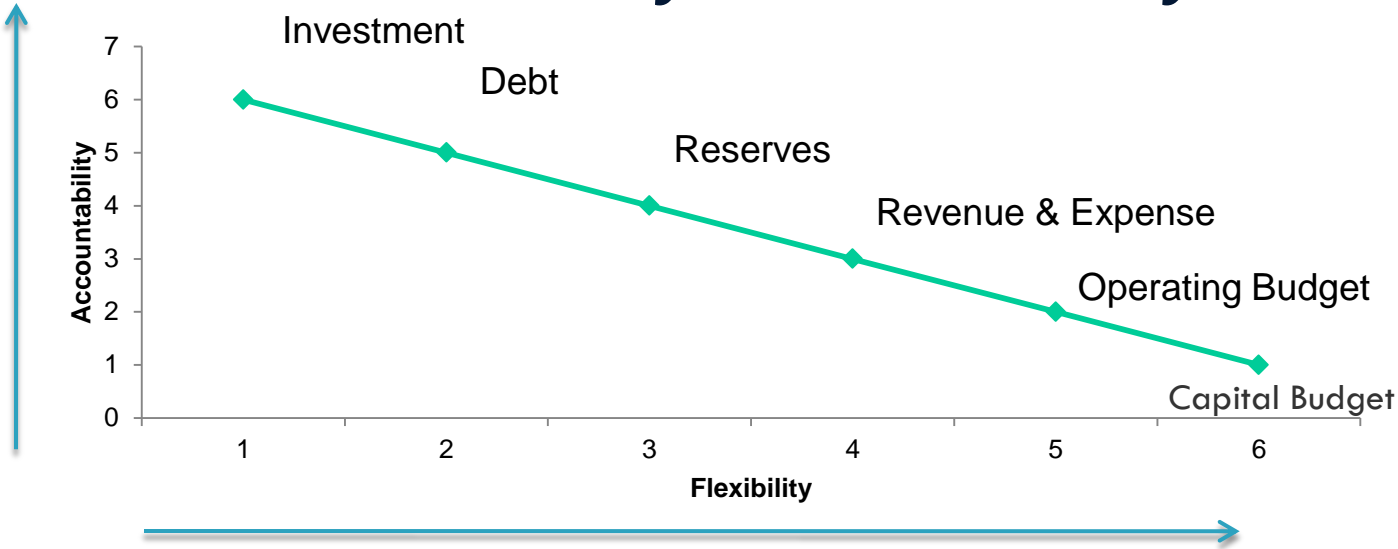
- Outlive creators, promote stability
- Increase efficiency & standardize operations
- Increase stakeholder trust
- Educate decision makers who don't have financial background
- Promotes strategic thinking

Informal

- Vague in application
- May change over time
- Rely on past practice
- Relies more on current leadership
- Lack explicit support of governing body

Financial Policies

Accountability vs. Flexibility



Policy or Procedure

Debt

- Purpose and Use of Debt
- Debt Limitations

- Types of Debt

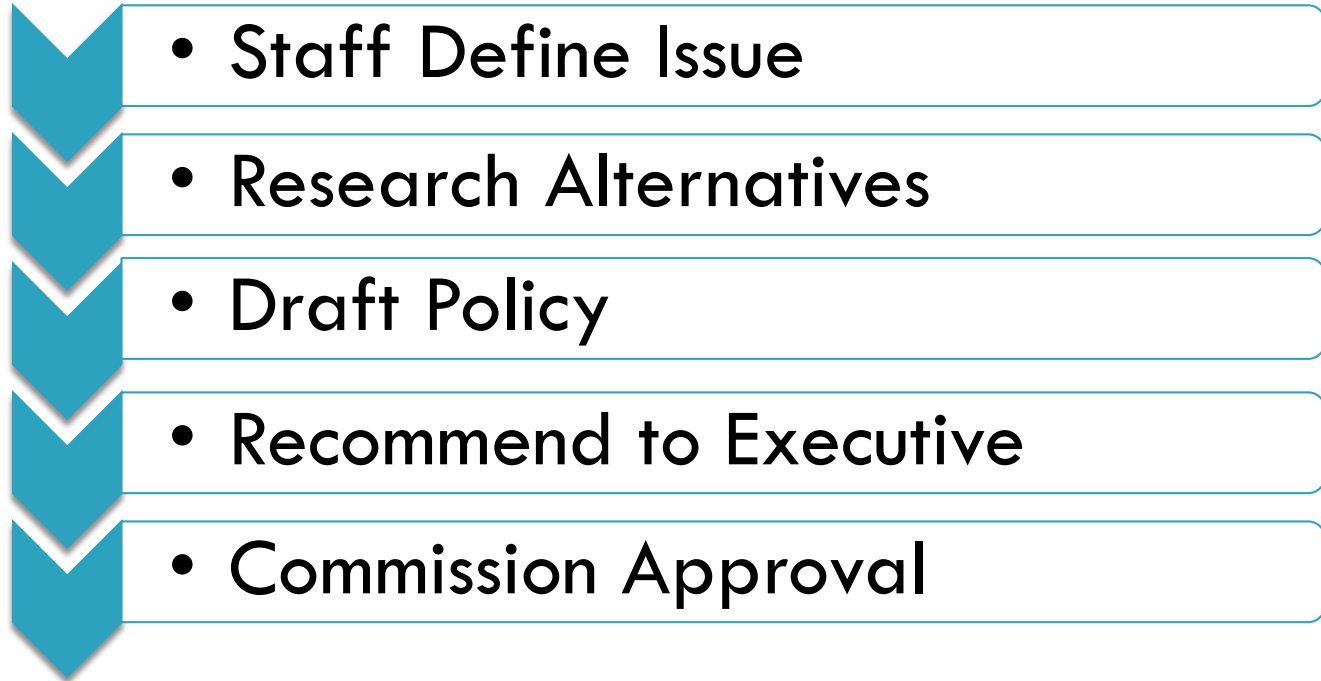
- When to issue Debt
- Refunding Analysis

Commission
Policy

Staff
Procedure

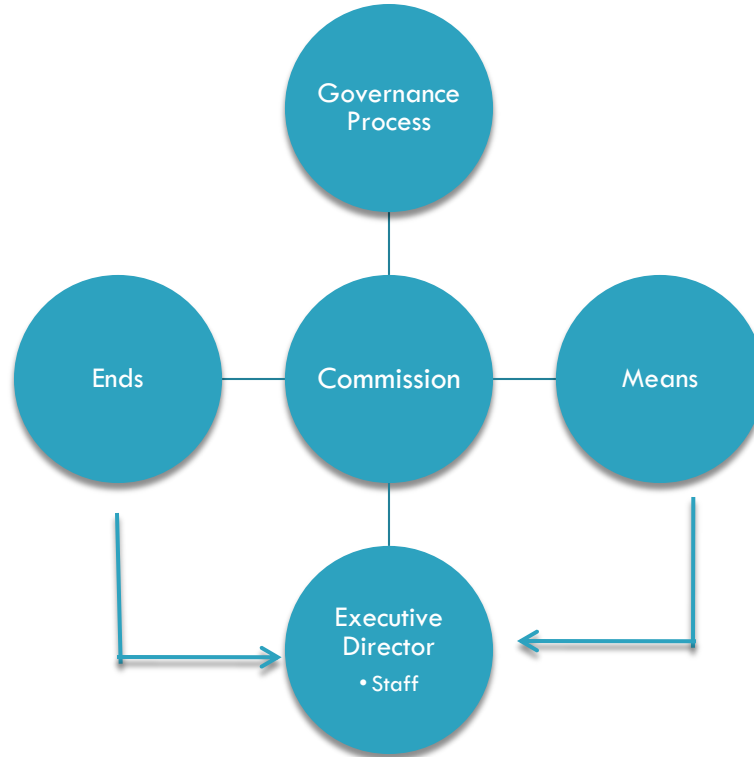
Policy Development

Methodology – Traditional



Development Methodology

Carver



Taxation

Purpose

- Optimize use of levy
- Reserve ability to increase levy
- Clear spending goals



Taxation

Goals

- Maximize funding from commercial operations so as to minimize the need for tax support
- The Port may levy less than its legally authorized maximum tax amount while “banking” its authority.
- The Port may resume taxing up to the full amount as opportunities emerge to pursue worthwhile capital investments.

Taxation

Tax Uses:

- General obligation bond principal and interest payments;
- Environmental costs;
- Capital asset acquisitions
 - *such as Port facilities, public facilities, roads, and infrastructure*
- Public facilities maintenance
- Public spaces and roads maintenance

Financial Measures

Financial Stability

Liquidity

- Current Ratio
- Cash Reserves
- Debt Coverage

Profitability

- Return on Revenue
- Operating Cash Flow
- Earnings before Tax Levy

Sustainability

- Return on Productive Assets
- Maint. Ins. & Environmental
- Financial Capacity
- Economic Value Added

Capital Investment

Project Evaluation - Timing

- Before entry into Capital Budget
- During lease negotiations
- Before Commission approval





Capital Investment

Summary

- Clear Purpose for Capital Spending
- Alignment with Funding Sources
- Agreed Methodology for Decisions
- Sets Priorities
- Agreed upon Measures

Financial Policies – *Application*

Issues

Policies

- Budget Tax Levy
- Performance
- New facility funding
- Rate changes
- Equipment replacement

- Taxation
- Financial Measures
- Debt
- User Fees
- Capital Investment



Policies

Summary

- Lead to success
- Resolve issues by an agreed methodology
- Outlive creators, promote stability
- Increase efficiency & standardize operations
- Increase stakeholder trust