

MAINE STATE LEGISLATURE

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January 30, 2013

The Honorable Mark W. Eves, Speaker of the House of Representatives
2 State House Station
Augusta, ME 04333-0002

The Honorable Justin L. Alford, President of the Maine Senate
3 State House Station
Augusta, ME 04333-0003

Dear Sirs:

Pursuant to P.L. 2011, c. 616: *An Act to Implement the Recommendations of the Office of Program Evaluation and Government Accountability and the Government Oversight Committee Regarding Quasi-independent State Entities*, the Maine Port Authority is pleased to submit the following report to the Legislature as required under section 12023.

The Maine Port Authority maintains a Policies and Procedures Manual ("Manual") that is periodically reviewed and updated by the Board of Directors of the Maine Port Authority and is consistent with the policies and procedures described in section 12022. A copy of the Manual is attached. Specifically:

1. Consistency with authorizing law is covered in the "Preamble" of the Manual
2. Compliance with financial policies and procedures is covered in Section 200 of the Manual
3. Selection of vendors is covered in Section 200-1
 - a. The subject of competitive procurement is covered in Section 200-1
 - b. Conditions under which competitive procurement may be waived is covered in Section 200-1
 - c. Maintenance of written justification and evidence of approval of non-competitive procurement is covered in Section 200-1
4. Contributions are covered in section 200-5 "Promotions and Sponsorships"
 - a. Their relation to mission and activities is covered in 200-5
 - b. The fact that contributions budgeted separately is covered in 200-5
 - c. Maintenance of documentation to support the contribution is covered in 200-5
 - d. Requirement that the governing body approves budget for contributions and is provided periodic reports is covered in 200-5
5. Travel, meals and entertainment are covered in Section 200-3
 - a. Limitation on travel, meal and entertainment costs is covered in Section 200-3
 - b. Description of persons for whom the port authority will pay travel costs and how they will be paid is covered in Section 200-3
 - c. Establishment of requirements for documentation of costs is covered in Section 200-3

- d. The requirement for travel, meal and entertainment costs being budgeted separately is included in Section 200-3
 - e. Governing body approval for travel meal and entertainment costs and periodic reports on actual costs made to them is covered in Section 200-3
6. The language on the retention of lobbyists is included in Section 700

The mission of the Maine Port Authority is to improve the global competitiveness of Maine businesses and to stimulate commerce by developing marine and rail facilities for the intermodal movement of people and cargo in support of economic development. The port authority plays a vital role in serving the interests of the people of Maine. We look forward to working with you to realize these objectives.

Sincerely,

A handwritten signature in blue ink, appearing to read "JHenshaw".

John H. Henshaw
Executive Director



STATE OF MAINE
DEPARTMENT OF TRANSPORTATION
16 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0016

Paul R. LePage
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January 29, 2013

John Henshaw, Executive Director
Maine Port Authority
16 State House Station
Augusta, Maine 04333-0016

Re: Maine Port Authority Policies & Procedures Manual

Dear John:

I have reviewed the Policies & Procedures Manual of the Maine Port Authority, as modified, and it is my opinion that it is in compliance with P.L. 2011, c. 616: An Act to Implement the Recommendations of the Office of Program Evaluation and Government Accountability and the Government Oversight Committee Regarding Quasi-Independent State Entities.

Sincerely,

A handwritten signature in cursive script that reads 'Toni L. Kemmerle'.

Toni L. Kemmerle
Chief Counsel

TLK/jas



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MAINE PORT AUTHORITY

Policies and Procedures Manual

Last Revision:

**January 29, 2013
August 9, 2011
May 24, 2011**

Preamble

Whereas, The Maine Port Authority, as established by Title 5, section 12004-F, subsection 8, is a body both corporate and politic in the State established for the general purpose of acquiring, constructing and operating any kind of port terminal facility and railroad facility within the State with all the rights, privileges and power necessary. And

Whereas, It is declared that the purposes of this chapter (23 M.R.S.A. § 4420) are public and that the Authority is performing a governmental function in carrying out this chapter. And

Whereas, The Authority consists of a seven member Board of Directors, 5 of whom are appointed by the Governor. The President of the Maine International Trade Center serves as an ex-officio member of the Board, as does the Commissioner of Transportation, who shall act as chairman and president. And

Whereas, The Maine Port Authority and the Department of Transportation may enter into such agreements as the Directors and Commissioner determine to be in the best interests of the State for the department to acquire, construct, maintain and operate any or all facilities funded from bonds issued under section 4423. And

Whereas, The Maine Port Authority may provide by resolution from time to time for the issuance of bonds for the purpose of funding the establishment, acquisition or effectuation of port terminal facilities, railroad facilities and things incidental thereto, for construction of proposed facilities and improvement of existing or acquired facilities and for the fulfillment of other undertakings that it may assume. And

Whereas, The bonds of the Maine Port Authority do not constitute a debt of the State, or of any agency or political subdivision thereof, but are payable solely from the revenue of the Authority. And

Whereas, All real and personal property owned by and in the name of the Maine Port Authority shall be considered as property of the State and entitled to the privileges and exemptions of property of the State, And

Whereas, The Maine Port Authority and the Department of Transportation shall agree upon, and from time to time review, the preferred status of property held or controlled by them and necessary to either body's performing its statutory duty and shall arrange to sell, exchange, give or otherwise transfer title or possession of various properties between themselves consistent with sound business management and as may serve the best interest of the State in their opinion; and shall be authorized to execute and record a deed or lease between them to effectuate the transfer.

Therefore in keeping with the aforementioned and the Authority's Mission Statement which reads,

To improve the global competitiveness of Maine businesses, and in concert with public and private organizations, the Maine Port Authority will stimulate commerce by developing marine and rail facilities, in a responsible fashion, for the intermodal movement of people and cargo.

The Board of Directors hereby adopts the following policies and procedures to serve as a guideline for the administration for the Authority's business affairs and to allow assessment of the effectiveness of its operations.

General Policies Manual

Policy Number	Title	Enacted
100	Duties, Responsibilities, Job Descriptions	
100-1	Responsibilities of Board of Directors	
100-2	Responsibilities of Executive Director	
100-3	Ethical Conduct	
200	Fiscal Management, Debt, Credit & Collection	
	Cash Management, Investment	
200-1	Fiscal Management	
200-2	Resolution on Investments	
200-3	Travel, Per Diem, and Expenses	
200-4	Investment Policy	
200-5	Promotions and Sponsorships	
300	Facilities Management, Capital Improvements, Engineering	
300-1	Property Acquisition and Management	
400	General Operations and Safety	
400-1	Safety	
500	Conditions and Terms of Employment	
500-1	Conditions of Employment and Employee Conduct	
500-2	Employee Harassment	
500-3	Drug and Alcohol Policy	
600	Personal Benefits (Vacation, Holidays, Personal Time, Retirement, Vehicle Use, Sick Leave, Medical Benefits)	
600-1	Holidays and Vacations	
600-2	Sick Leave, Maternity Leave, Bereavement Leave	
600-3	Medical Benefits	
600-4	Retirement Benefits	
600-5	Use of Authority Vehicles	
700	Lobbyists	
800	Reserved	
900	Reserved	
Appendix A	Title 23 MRSA § 4420 - 4428	1997
Appendix B	By-Laws	1998
Appendix C	Mission Statement	2003
Appendix D	MOU on Autonomy	2003
Appendix E	Attachments to Investment Policy	2011

Board of Directors:

Organization:

The Maine Port Authority (Authority) was created by the State of Maine to function as a Public Corporation and is solely owned by the State of Maine. The purpose of the Authority is to develop the Seaport and Rail Systems of the State of Maine, to serve Maine Industries, to encourage economic development, and to function as an enterprise organization with sufficient revenues to cover expenses and provide for further investments consistent with the Authority's Mission Statement.

The Board of Directors is appointed by the Governor to serve terms of 4 years, which are made on a rotating basis for the sake of continuity and members may be reappointed as the Governor desires. The Board consists of 7 members. This Board is to act and have the responsibilities of a Corporate Board and not a State Advisory Board. Appointments are made up of private businesspersons with backgrounds in areas of business such as Banking, Finance, Engineering, Construction, Manufacturing, Service Industries, etc. Except for the Commissioner of Transportation who serves as Chairman of the Board, appointments shall *not* include any State employees or appointees, nor shall appointees be made from anyone with direct interest in marine or transportation activities, anyone with a conflict of interest in the port system, a State or Local politician, or owners of businesses that function as a waterborne transportation entity.

The Board shall function as a Corporate Board and be responsible to the Governor and the State of Maine for Fiscal prudence and the effective utilization of funds under its control. Funds entrusted to the Authority shall be managed through Board Policy and disbursed by competent financial employees acting under the Executive Director.

The Board may elect a, Vice-Chairman and Secretary/Treasurer and those offices should be changed biennially. Any officer may be reelected to the same office after 1 year's absence from that position.

The Board, as an organization, shall be held responsible to the Governor and the State for the prudent policies of the Authority and effective service of the port system to the State of Maine.

Duties:

1. The annual election of officers and appointment of sub-committees to oversee various segments of the Authority's activities such as Personnel Policies, Fiscal Policies, Trade Policies, etc.
2. To establish and approve a set of By-Laws under which the Board will meet and function.

3. To appoint, review and replace when necessary an Executive Director to manage the day-to-day operations of the Authority.
4. To establish policies under which the Executive Director will function as the Chief Executive Officer. *Policies include: Fiscal Policy, Personnel Policy, Asset Acquisition Policy, Hiring policies, Operating Scenarios, etc.*
5. The approval of Staff members hired by the Executive Director. *Note: Staff Members are considered persons hired to head various segments of the Authority such as Finance, Engineering, Trade Development, etc.*
6. The determination of the Executive Director's Annual Salary and Compensation Package, and the approval of Salary Increases to Staff Members. Also the approval of annual wage increases (as a total sum) for other salaried and non-salaried employees.
7. The approval of major capital expenditures exceeding \$10,000 and the approval of Operating, or Capital Expenses not included in the Annual Budget. *Note: For expediency any two Board Members may authorize approvals between meetings provided one member is either the Chair or Treasurer.*
8. The approval of the Executive Director's Annual Operating Budget for Operating Revenue and Expense, and the Annual Capital Budget for capital expenditures.
9. The approval of the Executive Director's Annual and Long-Term Goals and Objectives.
10. The approval of Quarterly Financial Statements including the Profit and Loss Statement, Balance Sheet, and Progressive Operating and Capital Budget Report.
11. The Approval of all Leases or Operating Agreements that exceed a 2-year term.
12. The approval of any Land purchase, Structural acquisition, or Grants to the Authority.
13. The approval of all loans, bonds, or other documents that results in an indebtedness to the Authority.
14. To approve the Annual Audit performed by an Independent Auditor. Selection of the Audit firm should be through recommendation of the Executive Director to the Board.
15. The approval of any improvement to any rail line, harbor, or property in the State of Maine, which is under the jurisdiction of the Authority.
16. To approve any construction contract for the Construction of facilities or the Major renovation of such facilities. *Note: Smaller contracts may be signed by the Executive Director provided they are approved in the Budget.*

17. The selection of a Corporate Attorney to advise the Executive Director on contracts entered into by the Authority. *This attorney should be a staff attorney with the Department of Transportation and approved by the Department's Chief counsel.*
18. To approve the establishment of any Trade Development offices operated by the Authority in or out of the State of Maine.
19. Approval of Port Tariffs and annual adjustments in such tariffs as recommended by the Executive Director.
20. The approval of an Insurance Program presented by the Executive Director, for the protection of Authority and State Assets and the protection of Authority employees and directors.
21. To protect the Executive Director and hired Staff from political interference in hiring practices, contractual arrangements, and operating procedures.
22. To exercise any power, which is not in conflict with the State Constitution, the Authority's Enabling Act, laws of the State of Maine, or laws of the United States.

Executive Director:

Reporting Responsibility:

The Executive Director (ED) is appointed by and serves at the pleasure of the Board of Directors. The ED is the Chief Executive Officer of the Authority and reports directly to the Board of Directors. The position is not subject to political appointment and is filled by a person who has a background in management of ports, or similar transportation organizations, and one who is familiar with practices of private enterprise.

Duties:

1. Management and Oversight of all functions of the Maine Port Authority, to include but not limited to, Finance, Trade Development, Operation, Transportation Logistics, Personnel, Engineering, Construction, Asset Acquisition, Asset Maintenance, Security, Public Information and Relations, etc.
2. The preparation of policies to be approved by the Board of Directors such as Personnel policies, Financial policies, Facility Operating policies, Leasing policies, Trade Development policies, Asset Acquisition Policy, etc.
3. Preparation of Meeting agendas for periodic Authority meetings.
4. The preparation of a Planning document including Short-Term and Long-Term Goals and Objectives that create a focus and direction of the Authority.
5. The preparation of Annual Operating and Capital Budgets to support the Short-Term Goals.
6. The preparation of Quarterly Financial Statements and Progressive Budget Reports.
7. Prepare recommendations to the Board for financing projects including the Financial return to the Authority. *Note: Each project should be presented with a complete operating scenario, Profitability, and a Risk assessment.*
8. Establish Internal Controls for protection against fraud and theft of Authority assets. *This may be accomplished in cooperation with the Treasurer.*
9. Establish a State of Maine Tariff for services performed at all Maine Ports (under Authority jurisdiction). This does not include lease of facilities, lease of land, nor does it have jurisdiction over operating contracts. The purpose is to establish rates for services such as Dockage, Wharfage, and other services that will serve as a base for negotiating contracts and a base for reference by Terminal Operators. The tariff should include operating rules and regulations in each port, with as much consistency as possible between ports.

10. Establish a Salary and Wage policy for Board approval to cover non-staff employees.
11. Establish an Insurance program that protects the Authority's facilities, employees, and directors.
12. Establish a Trade and Economic Development Program that will accomplish the goals and objectives approved by the Authority.
13. Establish a Public and Trade Relations program to promote the ports to Trade decision makers and to establish the importance of each port in the mind of the public.
14. Prepare guidelines for Board approval to establish a framework for business opportunities that include a minimum financial return to the Authority.
15. The negotiation of operating contracts on land and facilities under control of the Authority, that meets policy guidelines established by the Board. Establish financial returns on each project that will provide adequate profit and cash flow to pay debt service and return funds to the Authority for expansion of activities.
16. The operation of Authority facilities in accordance with established policy as well as goals and objectives approved by the Board.
17. Establish a working relationship with local port communities to show State interest and to gain local support for Authority efforts in strengthening the statewide port system.
18. Establish a working relationship with State and Federal officials to facilitate Harbor, Road, Rail, and Intermodal development to augment Port Goals.

Perform other duties as assigned from time to time by the Board of Directors.

Note: It should be the determined goal of both the Board and the Executive Director to maintain a healthy separation between Policy and Operation. The Board should approve Policy and the Director should carry out those policies without intervention from the Board or any political body. With strict adherence to this policy the Executive Director can be held responsible for the operating results of the facilities and the Board can protect the Executive Director from outside political pressures.

Ethical Conduct:

MRSA 23 § 4426. Conflict of interest

No member, officer or employee of the Maine Port Authority may acquire any interest, direct or indirect, in any contract or proposed contract of the authority nor may any member, officer or employee participate in any decision on any contract entered into by the authority if he has any interest, direct or indirect, in any firm, partnership, corporation or association which will be party to such contract or financially involved in any transaction with the authority, except this prohibition shall not be applicable to the acquisition of any interest in notes or bonds of the authority issued in connection with any contracts or agreements of the authority or to the execution of agreements by banking institutions for the deposit or handling of authority funds in connection with any contract or to act as trustee under any trust indenture or to utility services, the rates for which are fixed or controlled by a governmental agency.

In addition to those standards set by law (as stated above) no member, officer or employee of the Maine Port Authority shall

1. Use their position in a manner which shall be construed to provide them with a personal or professional gain.
2. Make, or approve, any payment with the intention or understanding that any part of such payment was to be used for any purpose other than that described by the documents supporting the payments.
3. Make, or cause to be made, any form of unrecorded assets or false entries on its books or records.
4. Use the Authority's funds to make political contributions to any candidate, or political party, or allow the use of the Authority's facilities for the promoting of political candidates or parties, or to support issues not related to the Authority's mission.
5. Make, or cause to be made, payments of the Authority's funds for gifts to public officials or customers, other than of a nominal amount, or as part of approved marketing and promotional activities.
6. Accept, for personal benefit, gifts or payments of more than a nominal amount, unless approved in advance by the Board of Directors.
7. Engage in any activity which is in violation of federal, state, or local laws or ordinances.
8. Engage in practices which violate principles of good citizenship, including but not limited to, harassment, privacy, protection of proprietary information, retaliation, prejudice, etc.
9. Release or disclose information, without proper legal authorization, regarding the property, negotiations, or affairs of the Authority, or its business partners, customers, or clients; nor shall such information be used to advance personal, professional, or political interests.

Any member, officer, or employee of the Maine Port Authority shall immediately disclose to the Executive Director and/or the Chair of the Board any relationship they may have which may be construed as a conflict of interest, a potential conflict of interest or which may have the appearance of being a conflict of interest. Such a relationship shall include, but not be limited to, any relationship in which they gain or may gain a pecuniary advantage from their relationship to the Authority.

When a conflict of interest, potential conflict or interest, or appearance of conflict of interest is identified the individual with the conflict will;

1. Agree not to participate in any discussion or cast a vote on the issue.
2. If a Board member, Officer, or a member of Senior Management, the individual will also excuse themselves from the table and, at the discretion of the remaining Board members, may be asked to step from the room during the debate on that item. The Board may also request that the individual remain in the room and answer questions of a technical or procedural nature that will assist the Board in making a fair decision. In such cases the individual will restrict any comments to specific questions asked by the Board.
3. Agree to implement and comply, without delay, with any such other measures the Authority may impose or require to remove completely or to minimize the effect of any such conflict.
4. A Board member may not abstain from voting on an issue unless a conflict of interest has been identified.

Any violation of this policy will be reviewed by the Executive Director and/or Board of Directors and disciplinary action taken, as may be deemed appropriate, on a case-by-case basis.

Fiscal Management

The Board shall periodically review, and authorize changes as necessary to establish such banking and savings accounts as may be prudent for the management of the Authority's liquid assets and investments. The Authority will maintain a checking/savings account to address the regular needs of the Authority's financial affairs. The Authority may also have such other Board approved accounts, investments, and holdings as necessary to maximize return on investments while insuring that key opportunities for growth and development are properly and adequately funded, based on appropriate reviews in accordance with sound business practices.

The Authority shall maintain a liquid asset balance in its checking/savings account suitable to meet the current needs of the Authority. The exact amount of this balance will be monitored and adjusted as necessary by the Board at its discretion, and/or upon recommendation from the Executive Director. Each check issued under the Authority's name and drawn on its accounts must bear two signatures, the Treasurer and the Executive Director, both of which may be provided by signature stamps.

The Authority shall also maintain such agreements for bookkeeping, accounting, and audit services as necessary to insure sound management of the Authority's liquid assets as well as accounting for fixed assets such as land, buildings, and other physical holdings. The Authority's bookkeeping practices will adhere to standard accepted commercial practices, such as GAPP. The Authority shall have an independent audit performed on an annual basis.

Any major capital expenditure (over \$10,000) not pre-approved by the Board as part of a project payment or part of the approved annual budget, must be approved by the Board. Although for expediency between meetings authorization may be given by two Board members provided that one member is either the Chair or the Treasurer, such approval is deemed acceptable if obtained by e-mail. The Executive Director is not authorized to commit the Authority to any expense over \$10,000 without prior approval from the Board, as stated above.

It is the policy of the Maine Port Authority to competitively bid contract awards whenever practicable and will utilize MaineDOT pre-qualified vendors when feasible. For contracts over \$25,000, a formal Request for Proposals (RFP) process will be followed. For contracts under \$25,000, a minimum of three competitive bids will be sought. Exceptions to these policies will be allowed in emergency situations involving safety, security or regarding other time-sensitive issues as determined by the Executive Director and approved by the Chair or when they are consistent with MaineDOT sole-source contracting policies. The Board will be notified in writing of these determinations as soon as is practicable. Equipment repair and maintenance shall be exempted from these policies.

For procurements exceeding \$10,000 that were not competitively sourced, written justification for and evidence of approvals shall be maintained for a period of five years.

The Executive Director and Treasurer will prepare and submit to the Board annual budget projections, for both operations and capital investments, for the Board's consideration. Such proposal is to be submitted in adequate time for the Board to review and discuss the proposal not later than its last regular meeting of the fiscal year.

The Authority shall maintain a relationship with the Finance Authority of Maine (FAME), or a comparable entity, for Credit Analysis and Credit Administrative Services to support a revolving loan portfolio administered by the Authority. The FAME relationship will also serve to provide the Authority with limited legal support for the structuring, perfecting security interests, closing, and collecting Authority revenue bonds and loans, which the Authority may, from time to time, require.

The Board will review at least annually any State of Maine Tariff for services performed at all Maine Ports under Authority jurisdiction. The Board shall also review all operating licenses, leases, and service contracts periodically, particularly when changes in responsibilities, fees, or requirements, as stated in the contract, occur.

The Board of Directors at a duly scheduled meeting must approve any loans, bonds, or other documents that results in an indebtedness of the Authority.

Travel, Per Diem, and Expenses

This Policy applies to the Executive Director, all employees, contractors and members of the Board of Directors.

Travel, per diem and expenses will be limited to those necessary to the fulfillment of the Authority's mission and activities.

The Maine Port Authority will pay directly or reimburse expenses as follows:

Travel

- Using a Personally Owned Vehicle (POV) at the current State allowable rate.
- Air Travel at coach class travel unless specific conditions warrant otherwise. Travel expenses for other than coach class require approval of the Board of Directors prior to payment or reimbursement.
- Other Modes (Bus, Rail, Ship) using reasonable accommodations.
- Auto Rentals for a vehicle suitable for the number of people traveling.
- Public Transport (Subways, Taxis, buses, etc.) when reasonably available should be used. Reimbursement will be at full cost.
- Parking and Tolls will be reimbursed at cost.

Meals and Lodging

- Meals will be reimbursed at cost including reasonable tips and fees.
- Lodging will be paid or reimbursed at cost including reasonable tips and fees. Individuals are encouraged to utilize reasonably priced accommodations at, or reasonably near, the event or meeting location where feasible.

Other Expenses

- Incidentals – A reasonable incidental allowance not-to-exceed \$10.00 per day will be available to cover items not specifically covered elsewhere. Soft drinks, snacks, over-the-counter medical items (aspirin, cough drops) etc. All of which will be subject to verification by receipt.
- Entertainment expenses will be paid or reimbursed at cost. Entertainment shall be limited to meals, small tokens of appreciation, meeting expenses, sponsorships, etc. Any expense greater than \$500.00 must be approved by the Board prior to being paid or reimbursed.

No expense over \$10.00 will be reimbursed without a receipt, excepting certain forms of public transit where a receipt may not be available.

The Executive Director is authorized to travel at his/her discretion in order to fulfill the responsibilities of the position. The Executive Director will be held accountable, to the Board of Directors, for all travel and expenses. All other travel requests must be approved by the Executive Director in advance of the travel, where feasible.

Travel, per diem and expenses shall be budgeted and accounted for separately from the Authority's other expenditures for the purpose of reporting and identification.

The Board of Directors shall approve the annual budget for travel, per diem and expenses and will be provided with periodic reports on actual costs paid directly or reimbursed.

Investment Policy

I. Governing Authority

1. Legality

The investment program shall be operated in conformance with federal, state, and other legal requirements.

II. Scope

This policy applies to the investment of all funds within the Maine Port Authority purview.

III. General Objectives

The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield:

1. Safety

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

A. Credit Risk

The Maine Port Authority will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:

- Limiting investments to the types of securities listed in Section VII of the Investment Policy
- Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the Maine Port authority will do business in accordance with Section V
- Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

B. Interest Rate Risk

The Maine Port Authority will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity

- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy (see section VII).

2. Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). Alternatively, a portion of the portfolio may be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.

3. Yield

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:

- A security with declining credit may be sold early to minimize loss of principal.
- A security swap would improve the quality, yield, or target duration in the portfolio.
- Liquidity needs of the portfolio require that the security be sold.

IV. Standards of Care

1. Prudence

The standard of prudence to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

The “prudent person” standard states that, “Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.”

2. Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio.

3. Delegation of Authority

Authority to manage the investment program is granted to John Henshaw, hereinafter referred to as investment officer, and derived from the following: Maine Revised Statue, Title 23, Chapter 412, Subchapter 2, Section 4420-4430. Responsibility for the operation of the investment program is hereby delegated to the investment officer, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, delivery vs. Payment, investment accounting, repurchase agreements, wire transfer agreements, and collateral/depository agreements. (Please refer to GFOA's Investment Procedures Manual, 2003). No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the investment officer. The investment officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

V. Authorized Financial Institutions, Depositories, & Broker/Dealers

1. Authorized Financial Institutions, Depositories, and Broker/Dealers

A list will be maintained of financial institutions and depositories authorized to provide investment services. In addition, a list will be maintained of approved security broker/dealers selected by creditworthiness (e.g. a minimum capital requirement of \$10,000,000 and at least five years of operation). These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

All financial institutions and broker/dealers who desire to become qualified for investment transactions must supply the following as appropriate:

- Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines
- Proof of National Association of Securities Dealers (NASD) certification (not applicable to Certificate of Deposit counterparties)
- Proof of state registration
- Completed broker/dealer questionnaire (not applicable to Certificate of Deposit counterparties)
- Certification of having read and understood and agreeing to comply with the Maine Port Authority investment policy.
- Evidence of adequate insurance coverage.

An annual review of the financial condition and registration of all qualified financial institutions and broker/dealers will be conducted by the investment officer.

VI. Safekeeping and Custody

1. Delivery vs. Payment

All trades of marketable securities will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds.

2. Safekeeping

Securities will be held by an independent third-party custodian selected by the entity as evidenced by safekeeping receipts in Maine's Port Authority name. The safekeeping institution shall annually provide a copy of their most recent report on internal controls.

3. Internal Controls

The investment officer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Maine Port Authority are protected from loss, theft or misuse. Details of the internal controls system shall be documented in an investment procedures manual and shall be reviewed and updated annually. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

The internal controls structure shall address the following points:

- Control of collusion
- Separation of transaction authority from accounting and recordkeeping
- Custodial safekeeping
- Avoidance of physical delivery securities
- Clear delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers
- Dual authorizations of wire transfers
- Development of a wire transfer agreement with the lead bank and third-party custodian

Accordingly, the investment officer shall establish a process for an annual independent review by an external auditor to assure compliance with policies and procedures or alternatively, compliance should be assured through the Maine Port Authority annual independent audit.

VII. Suitable and Authorized Investments

1. Investment Types

Consistent with the GFOA Policy Statement on State and Local Laws Concerning Investment Practices, the following investments will be permitted by this policy and are those defined by state and local law where applicable:

- U.S. Treasury obligations which carry the full faith and credit guarantee of the United States government and are considered to be the most secure instruments available
- U.S. government agency and instrumentality obligations that have a liquid market with a readily determinable market value
- Certificates of deposit and other evidences of deposit at financial institutions
- Bankers' acceptances
- Commercial paper, rated in the highest tier (e.g. A-1, P-1, F-1, or D-1 or higher) by a nationally recognized rating agency.
- Investment-grade obligations of state, provincial and local governments and public authorities
- Repurchase agreements whose underlying purchased securities consist of the aforementioned instruments
- Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities
- Local government investment pools either state-administered or developed through joint powers statutes and other intergovernmental agreement legislation.

Investment in derivatives of the above instruments shall require authorization by the appropriate governing authority. (See the GFOA Recommended Practice on "Use of Derivatives by State and Local Governments," 2002.)

In addition, equity and bond assets (i.e. stocks, bonds, ETFs, mutual funds) in corporate entities may be appropriate for longer term growth potential of Maine Port Authority funds, but should be limited to a maximum of 10% of holdings.

2. Collateralization

Where allowed by state law and in accordance with the GFOA Recommended Practices on the Collateralization of Public Deposits, full collateralization will be required on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit. (See GFOA Recommended Practices in Appendix.)

3. Repurchase Agreements

Repurchase agreements shall be consistent with GFOA Recommended Practices on Repurchase Agreements. (See GFOA Recommended Practices in Appendix.)

VIII. Investment Parameters

1. Diversification

The investments shall be diversified by:

- Limiting investments to avoid over concentration in securities from a specific issue or business sector (excluding U.S. Treasury securities)
- Limiting investment in securities that have higher credit risks

- Investing in securities with varying maturities
- Continuously investing a portion of the portfolio in readily available funds such as local government investment pools (LGIPs), money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations. (See the GFOA Recommended Practice on “Diversification of Investments in a Portfolio” in Appendix.)

2. Maximum Maturities

To the extent possible, the Maine Port Authority shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Maine Port Authority will not directly invest in securities maturing more than five (5) years from the date of purchase or in accordance with state and local statutes and ordinances. The Maine Port authority shall adopt weighted average maturity limitations (which often range from 90 days to 3 years), consistent with the investment objectives.

Reserve funds and other funds with longer- term investment horizons may be invested in securities exceeding five (5) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of funds. The intent to invest in securities with longer maturities shall be disclosed in writing to the Board. (See the GFOA Recommended Practice on “Maturities of Investments in a Portfolio” in Appendix.)

Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as local government investment pools, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

3. Competitive Bids

The investment officer shall obtain competitive bids from at least two brokers or financial institutions on all purchases of investment instruments purchase on the secondary market.

IX. Reporting

1. Methods

The investment officer shall prepare an investment report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and the individual transactions executed over the last quarter. This management summary will be prepared in a manner which will allow the Maine Port Authority to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report should be provided to the Board and should include the following:

- Listing of individual securities held at the end of the reporting period
- Realized and unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities over one-year

- duration that are not intended to be held until maturity (in accordance with Governmental Accounting Standards Board (GASB) requirements).
- Average weighted yield to maturity of portfolio on investments as compared to applicable benchmarks
- Listing of investment by maturity date
- Percentage of the total portfolio which each type of investment represents.

2. Performance standards

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. A series of appropriate benchmarks shall be established against which portfolio performance shall be compared on a regular basis. The benchmarks shall be reflective of the actual securities being purchased and risks undertaken, and the benchmarks shall have a similar weighted average maturity as the portfolio.

3. Marking to Market

The market value of the portfolio shall be calculated at least quarterly and a statement of the market value of the portfolio shall be issued at least quarterly. This will ensure that review of the investment portfolio, in terms of value and price volatility, has been performed consistent with the FFOA Recommended Practice on “Mark-to-Market Practices for State and Local Government Investment Portfolios and Investment Pools.” (See GFOA Recommended Practices Appendix.)

X. Policy Considerations

1. Exemption

Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

2. Amendments

This policy shall be reviewed on an annual basis. Any changes must be approved by the investment officer and any other appropriate authority, as well as the individuals charged with maintaining internal controls.

XI. Approval of Investment Policy

The investment policy shall be formally approved and adopted by the Maine Port Authority Board and reviewed annually.

XII. List of Attachments

The following documents are attached to this policy:

- Listing of authorized personnel – Attachment A
- Listing of authorized broker/dealers and financial institutions – Attachment B

XIII. Other Documentation (as necessary)

- Agreements

- GFOA Recommended Policies: <http://www.gfoa.org/>

Approved and Adopted by the Maine Port Authority Board April 26, 2011 (recorded in Meeting Minutes).

Promotions and Sponsorships

Promotions and sponsorships shall be permitted so long as they are directly related to the mission and activities of the Authority and are approved by the Board of Directors.

Promotions and sponsorships shall be budgeted separately from other expenditures for identification and reporting purposes.

Documentation of expenditures on promotions and sponsorships shall be required and such documentation shall be kept for a minimum of five years.

The Board of Directors shall approve an annual budget for sponsorships and promotions and will be provided with periodic reports on these expenditures.

Policy Number 300-1

Property Acquisition and Management

It is the policy of the Authority to acquire real property in, and around, port facilities and to manage these properties to meet the economic development needs of the local areas, support Maine businesses, and provide adequate revenue to the Authority.

Safety:

Water Safety - All Personnel will adhere to general marine safety guidelines at all times. US Coast Guard approved Personal Flotation Devices (PFD) are to be utilized by all personnel when engaged in working activities on the water. Marine radio systems are to be kept in working order and emergency response and first aid equipment are to be on all vessels. Authority personnel are expected to respond to disasters and render assistance to the US Coast Guard, local Police, Fire and Rescue departments in accordance with operational capabilities, equipment, and personal training.

Operations Safety - While engaged in efforts in the vicinity of cargo operations including, but not limited to, warehousing, loading/unloading, construction, or staging of equipment and cargo, personnel will wear appropriate safety gear including high visibility clothing, hard hats, adequate footwear, and gloves, depending on the nature of the individual's involvement.

Automotive Safety - When operating any motor vehicle on Authority business, employees shall wear seat belts and observe safe driving procedures. Any citation for violation of traffic regulations and laws, received by an employee while engaged in Authority business shall be the sole responsibility of the individual.

Policy Number 500-1

DRAFT

Conditions of Employment and Employee Conduct

The Authority shall adhere to the guidelines set forth by the State of Maine, Department of Transportation.

Policy Number 500-2

DRAFT

Employee Harassment

The Authority shall adhere to the guidelines set forth by the State of Maine, Department of Transportation.

Drug and Alcohol Policy

This Policy applies to the Executive Director, all employees, and members of the Board of Directors.

I. **SCOPE:** The purpose of this Policy is to state the Authority's position concerning employee use of alcohol or any other drug that may impact on ability to perform duties.

The Federal Drug-Free Workplace Act of 1988, as adopted by the State of Maine in its Drug-Free Workplace Policy of 1989, requires that state agencies eligible for federal funding and/or grant reimbursement, must establish and continue to provide a drug-free workplace for all employees.

Federal Motor Carrier Safety Regulations state that no operator shall have consumed intoxicating beverages within four hours before going on duty or operating a motor vehicle or have any measured concentration or detectable presence of alcohol before going on duty or operating a motor vehicle.

II. **RESPONSIBILITY:** The Board of Directors, the Executive Director, managers and all employees are responsible for insuring compliance with the provisions of this Policy to ensure an alcohol and drug free workplace.

III. **DEFINITION:** Reason to believe that an employee has consumed, or is under the influence of alcohol or drugs means physical, behavioral, speech and/or performance indicators, such as but not limited to the following:

1. Physical indicators – smell of alcohol or marijuana; poor hygiene; decreased coordination; slowed reaction time; drowsiness; lessened concentration; lack of judgment in time or space; mood change.
2. Behavioral indicators – incidents of accidents, falls and other personal injuries; conflict with coworkers; risk taking; erratic behavior; excessive use of restroom.
3. Speech indicators – Slurred speech; excessively fast or slow speech; mispronouncing words.
4. Performance indicators – reduced motivation; lack of productivity; increased rate of errors; repeated unscheduled absences; excessive use of sick leave; taking extended breaks; frequently away from work area without valid reasons.

IV. **GENERAL POLICY:**

1. Any employee who consumes, or is under the influence of, any alcoholic beverage or illegal drug or any other intoxicating substance while on the job, in the workplace, during work hours or in the course of employment has the potential for disrupting his or her own, as well as coworkers', safe and efficient performance of duties.

2. The illegal manufacture, distribution, dispensing, sale, use or possession of narcotics, drugs, or controlled substances is strictly prohibited on the job or in the workplace. Any illegal substance found in the workplace will be turned over to the appropriate law enforcement agency and may result in criminal investigation and/or prosecution.
3. Any employee found to be in violation of these rules will be subject to disciplinary action, up to and including dismissal.

IV. OPERATIONAL POLICY:

Holders of Commercial Driver Licenses.

No person shall

1. consume an intoxicating beverage, regardless of its alcohol content, or be under the influence of an intoxicating beverage, within four hours before going on duty or operating, or having physical control of, a motor vehicle; or
2. consume an intoxicating beverage regardless of its alcohol content, be under the influence of an intoxicating beverage, or have any measured alcohol concentration or any detected presence of alcohol, while on duty, or operating, or in physical control of a motor vehicle; or
3. be on duty or operate a motor vehicle while the driver possesses an intoxicating beverage, regardless of its alcohol content. However, this paragraph does not apply to possession of an intoxicating beverage which is manifested and transported as part of a shipment.

This language, taken directly from Federal Motor Carrier Safety Regulations basically means that if an employee with a Commercial Driver License has consumed any alcohol within the immediately preceding four hours or has any detectable amount of alcohol on his or her person, the employee will not be allowed to work.

All Employees

No employee shall operate any vehicle on Authority business or any vehicle owned by the Authority or State at any time, having consumed any alcoholic beverage or illegal drug. An employee on prescription or over the counter medication which impairs performance should inform his or her supervisor that the employee is taking such medication. In some cases, the impairment may prohibit the employee from operating vehicles or equipment.

Supervisor Responsibility

Any supervisor, or any employee acting in a supervisory capacity who identifies himself or herself as such, who has reason to believe that an employee has consumed, and/or is under the influence of, alcohol or any illegal drug must relieve the employee of all duties immediately and remove the employee from the jobsite. The supervisor must immediately document the incident and notify a higher level of supervision.

The employee must be instructed not to drive a vehicle. If the employee insists on driving, he/she should be informed that the local police will be called and the supervisor must make the call.

Employee Responsibility

Any employee who is relieved of duties under the above provision, whether the employee agrees with the supervisor's judgment or not, must immediately stop all work and surrender all equipment and leave the jobsite. Refusal to comply will result in disciplinary action, up to and including dismissal.

The employee must not drive a vehicle.

Holidays and Vacations

The Authority shall observe and recognize the following Holiday Schedule.

January	New Years Day
	Martin Luther King Day
February	Presidents Day
April	Patriots Day
May	Memorial Day
July	Independence Day
September	Labor Day
October	Columbus Day
November	Veterans Day
	Thanksgiving Day
	Thanksgiving Friday
December	Christmas Day

The Authority shall administer Vacation and Personal Leave time in accordance with the guidelines set forth by the State of Maine, Department of Transportation.

Policy Number 600-2

DRAFT

Sick Leave, Maternity Leave, Bereavement Leave

The Authority shall administer Sick Leave, Maternity Leave, and Bereavement Leave in accordance with the guidelines set forth by the State of Maine, Department of Transportation.

Policy Number 600-3

DRAFT

Medical Benefits

To be developed.

Policy Number 600-4

DRAFT

Retirement Benefits

To be developed.

Use of Authority Vehicles:

Vehicles owned, or leased, by the Authority shall be for business use only; however, de minimis personal use, as defined under IRS publication 15-B, is authorized. Individuals authorized to use Authority vehicles for commuting purposes will be subject to IRS guidelines for such benefits. Any individual operating a vehicle owned by the Authority is required to adhere to the safety requirements of Policy Number 400-1.

The Authority will provide a suitable vehicle for the business use of the Executive Director and requires that the Executive Director use this vehicle for commuting and all business purposes, so much as is reasonably possible.

Policy Number 700

Enacted January 29, 2013

Lobbyists

The Authority shall not retain any person, other than Authority staff, that is required to register as a lobbyist as defined in Title 3, Section 312-A, subsection 10.

**PART 6
CHAPTER 412
WATERBORNE TRANSPORTATION
SUBCHAPTER II
MAINE PORT AUTHORITY**

23 § 4420. Purpose

The Maine Port Authority, as established by Title 5, section 12004-F, subsection 8, is a body both corporate and politic in the State established for the general purpose of acquiring, financing, constructing and operating any kind of port terminal facility and railroad facility within the State with all the rights, privileges and power necessary. Oil pipelines and other oil off-loading facilities are limited to sites in Portland and Searsport harbors.

It is declared that the purposes of this chapter are public and that the authority is performing a governmental function in carrying out this chapter.

23 § 4421. Directors; appointment; president; vacancy

The Maine Port Authority consists of a board of directors, referred to in this section as "the board." The board consists of 7 directors who must be broadly representative of the State and must have a background in international trade, marine transportation, finance or economic development. Five directors are appointed by the Governor, each to serve for 4 years. The Commissioner of Transportation serves as an ex officio member of the board and as chair of the board and president. The president of the Maine International Trade Center serves as an ex officio member of the board. The directors shall elect a vice-chair, treasurer and other officers as the board determines necessary. A vacancy must be filled for an unexpired term by the Governor.

1. Meetings of directors; compensation. All the powers of the Maine Port Authority may be exercised by the board in lawful meeting and a majority of the directors is necessary for a quorum. Regular meetings of the board may be established by bylaw, and notice need not be given to the directors of a regular meeting. Each director, other than those who serve ex officio, is entitled to compensation in the amount of \$100 per board meeting plus expenses, but only if the compensation is provided solely from the revenues of the Maine Port Authority.

2. Actions at law or in equity. Actions at law or in equity in the courts of this State or before the Public Utilities Commission or Industrial Accident Commission may be brought by or against the Maine Port Authority as if it were a private corporation, except that its property may not be attached, trustee or sequestered, but, if a judgment recovered against it is not paid within 30 days, its personal property may be seized on execution.

23 § 4422. Agreements

The Maine Port Authority and the Department of Transportation may enter into such agreements as the directors and commissioner determine to be in the best

interests of the State for the department to acquire, construct, maintain and operate any or all facilities funded from bonds issued under section 4423. The department may not operate a railroad that is constructed or acquired under this chapter. Any agreements must set forth the terms and conditions of the operation and be subject to all the terms and conditions of any trust indenture and covenants relating to revenue bonds. The Maine Port Authority or the department may establish, own, operate and maintain such navigational aids in coastal waters adjacent to the shores and harbors of the State as the directors or commissioner determine essential for safety. Any such navigational aids must conform to and be consistent with any and all federal regulation.

23 § 4423. Bonds

1. Authorization. The Maine Port Authority may provide by resolution from time to time for the issuance of bonds for the purpose of funding the establishment, acquisition or effectuation of port terminal facilities, railroad facilities and things incidental thereto, for construction of proposed facilities and improvement of existing or acquired facilities and for the fulfillment of other undertakings that it may assume. The bonds of the Maine Port Authority do not constitute a debt of the State, or of any agency or political subdivision thereof, but are payable solely from the revenue of the authority, and neither the faith nor credit nor taxing power of the State, or any political subdivision thereof, is pledged to payment of the bonds. Any provision of any law to the contrary notwithstanding, any bonds issued pursuant to this subchapter are fully negotiable. In case any director whose signature appears on the bond or coupons ceases to be a director before the delivery of those bonds, that signature is valid and sufficient for all purposes as if that director had remained a director until delivery.

2. Resolution; prospective issues. The authority may by resolution authorizing prospective issues provide:

- A. The manner of executing the bonds and coupons;
- B. The form and denomination thereof;
- C. Maturity dates;
- D. Interest rates thereon;
- E. For redemption prior to maturity and the premium payable therefor;
- F. The place or places for the payment of interest and principal;
- G. For registration if the authority deems it to be desirable;
- H. For the pledge of all or any of the revenue for securing payment;
- I. For the replacement of lost, destroyed or mutilated bonds;
- J. For the setting aside of reserve and sinking funds and the regulations and disposition thereof;
- K. For limitation on the issuance of additional bonds;
- L. For the procedure, if any, by which the contract with the bondholder may be abrogated or amended;
- M. For the manner of sale and purchase thereof;
- N. For covenants against pledging of any of the revenue of the Maine Port Authority;

- O. For covenants fixing and establishing rates and charges for use of its facilities and services made available so as to provide at all times funds which will be sufficient to pay all costs of operation and maintenance, meet and pay the principal and interest of all bonds as they severally become due and payable; for the creating of such revenues for the principal and interest of all bonds and for the meeting of contingencies and the operation and maintenance of its facilities as the directors determine;
- P. For such other covenants as to rates and charges as the directors determine;
- Q. For covenants as to the rights, liability, powers and duties arising upon the breach by the Maine Port Authority of any covenant, condition or obligation;
- R. For covenants as to the bonds to be issued, as to the issuance of those bonds in escrow and otherwise and as to the use and disposition of the proceeds;
- S. For covenants as to the use of its facilities and their maintenance and replacement, and the insurance to be carried on them, and the use and disposition of insurance money;
- T. For the issuance of such bonds in series;
- U. For the performance of any and all acts as may be in the discretion of the directors necessary, convenient or desirable to secure the bonds, or will tend to make the bonds more marketable; and
- V. To issue bonds on terms and conditions so as to effectuate the purpose of this subchapter.

3. Money received. All money received from any bonds issued must be applied solely for the establishment, acquisition or effectuation of port terminal facilities, railroad facilities and things incidental thereto, for the construction of proposed facilities, improvement of existing or acquired facilities and the fulfillment of other undertakings that are within the power of the authority. There is created a lien upon the money until so applied in favor of the bondholders or any trustee as may be provided in respect of the bonds.

4. Trust indenture. In the discretion of the directors, the bonds may be secured by a trust indenture by and between the Maine Port Authority and a corporate trustee, which may be any trust company or bank having the powers of a trust company, located either within or outside the State. Such a trust indenture may pledge or assign the revenues of the Maine Port Authority or any part of it. Any indenture may set forth the rights and remedies of the bondholders and the trustee, and may restrict the individual right of action of bondholders, and may contain such other provisions as the directors may deem reasonable and proper for the security of bondholders. Expenses incurred in carrying out any trust indenture may be treated as a part of maintenance.

5. Rights of bondholders. Provisions may be made for protecting and enforcing the rights and remedies of the bondholders, including covenants as to acquisition of property, construction, maintenance, operation and repair, insurance and the custody, security and application of all moneys.

6. Depositories. Any trust company or bank having the powers of a trust company and located either within or outside the State may act as depositories of the proceeds of the bonds and revenue and may furnish such indemnity or pledge such securities as may be required by the Maine Port Authority.

7. Tax free. The purposes of this subchapter being public and for the benefit of the people of the State, the Maine Port Authority bonds shall at all times be free from taxation by the State.

8. Revenue refunding bonds. The Maine Port Authority may issue revenue refunding bonds for the purpose of refunding the revenue bonds issued under this subchapter. The issuance of any refunding bonds shall be the same as provided for in this subchapter relating to revenue bonds.

9. Default. In the event of default on the bonds and in the event the default continues for a period of 3 months, action may be brought to enforce the rights of the bondholders by insuring that the operation by the directors be in conformity with the covenants of the bonds or indenture.

23 § 4424. Property of the State

All real and personal property owned by and in the name of the Maine Port Authority shall be considered as property of the State and entitled to the privileges and exemptions of property of the State, except insofar as waived by the duly authorized contract, or other written instrument of the Maine Port Authority or by this subchapter. The Maine Port Authority and the Department of Transportation shall agree upon and from time to time review the preferred status of property held or controlled by them and necessary to either body's performing its statutory duty and shall arrange to sell, exchange, give or otherwise transfer title or possession of various properties between themselves consistent with sound business management and as may serve the best interest of the State in their opinion; and shall be authorized to execute and record a deed or lease between them to effectuate the transfer. The Governor may grant to the Maine Port Authority such rights in submerged land owned by the State and located within harbor limits as may be necessary for the Maine Port Authority to fulfill its powers, duties and obligations.

23 § 4425. Acquisition of land

Land required for improvement to existing facilities or construction of new facilities undertaken by the Maine Port Authority or in cooperation with the Department of Transportation may be acquired for these purposes in the same manner as provided in chapter 3, subchapter III.

23 § 4426. Conflict of interest

No member, officer or employee of the Maine Port Authority may acquire any interest, direct or indirect, in any contract or proposed contract of the authority nor may any member, officer or employee participate in any decision on any contract entered into by the authority if he has any interest, direct or indirect, in any firm, partnership, corporation or association which will be party to such contract or financially involved in any transaction with the authority, except this prohibition shall not be applicable to the acquisition of any interest in notes or

bonds of the authority issued in connection with any contracts or agreements of the authority or to the execution of agreements by banking institutions for the deposit or handling of authority funds in connection with any contract or to act as trustee under any trust indenture or to utility services, the rates for which are fixed or controlled by a governmental agency.

23 § 4427. Environmental laws

Facilities acquired, constructed, operated or maintained under this subchapter, and land upon which the facilities are located is subject to such of the environmental laws of the State as would be applicable to private enterprise were the facilities owned or operated by the private sector and further providing that the Department of Transportation and the Maine Port Authority, its successors or assigns, are subject to Title 38, chapter 3, subchapter II-A.

23 § 4428. Statewide transportation infrastructure strategy

Notwithstanding any other provision of this subchapter, funds repaid to the Maine Port Authority as a result of state investments or loans for the redevelopment of Mack Point must be used by the Maine Port Authority, in cooperation with the Department of Transportation, to undertake projects that link the State's ports and rail systems with the transportation infrastructure throughout the State.

All copyrights and other rights to statutory text are reserved by the State of Maine. The text reflects changes made through the Second Regular Session of the 125th Maine Legislature, is current through September 1, 2012, except that it also includes changes made by b 2011, chapter 1. The text is subject to change without notice. It is a version tht has not been official certified by the Secretary of State. Refer to the Maine Revised Statutes Annotated and supplements for certified text.

**MAINE PORT AUTHORITY
BY-LAWS**

ARTICLE I

Directors

All the powers of the Maine Port Authority may be exercised by, and the property and business of the Authority shall be managed by, the Board of Directors duly appointed and serving under the provisions of 23 M.R.S.A. §4420 et. seq. (as amended). The Commissioner of the Department of Transportation shall serve as Chair of the Board of Directors and may delegate an alternate to act as Chair.

ARTICLE II

Meetings of the Board

Section 1. Regular meetings of the Board of Directors may be held at such time and place as may be designated from time to time, by the Board.

Section 2. Special meetings of the Board may be called by the Chair or by any two directors, upon three days' notice to each director, either personally, by mail or by other electronic means. A meeting may be held without notice, or less than three days' notice, provided all the Directors are present and waive notice in writing.

Section 3. Public notice of all Board meetings shall be given as required by the Freedom of Access law, 1 M.R.S.A. §401 et. seq. (as amended).

Section 4. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board.

Section 5. The Chair shall establish the order of business at meetings of the Board of Directors.

Section 6. In all meetings of the Board, a majority vote shall be decisive of all questions before the meeting, except as may be otherwise provided by law. The Board of Directors shall keep minutes of the proceedings at their meetings.

ARTICLE III

Officers

Section 1. The Directors shall elect a Board Member to be Treasurer. The Directors shall elect a Secretary and such other officers as the Board of Directors may from time to time deem necessary or advisable and who need not be Directors. The offices of Secretary and Treasurer may be held by the same person. The other officers shall hold their respective offices for one year, and until their successors, willing to serve, shall have been elected, unless sooner removed at the pleasure of the Board.

Section 2. The Chair shall, when present, preside at all meetings of the Board of Directors. The Chair may, in his/her discretion, attend any meeting of any committee of the Board. The Chair shall have such other powers and duties as usually devolve upon the President of a corporation, and such further powers and duties as may at any time be prescribed by the Board of Directors.

Section 3. The Treasurer shall have charge of, and be responsible for, the collection, receipt, custody and disbursement of the funds of the Authority and shall deposit its funds in its name, in such banks, trust companies or safe deposit vaults as the Board of Directors may direct. The Treasurer shall have custody of such books, receipted vouchers, and other books and papers as in the practical business operations of the Authority shall naturally belong in the office or custody of the Treasurer, or as shall be placed in the Treasurer's custody by the Board of Directors or by the Chair. The Treasurer shall keep account of the income and expenditures, property and liabilities of the Authority and shall keep and compile all the data necessary for preparation for any annual reports. The Treasurer may be required to give bond to the Authority for the faithful discharge of his/her duties in such form and to such amount and with such sureties as shall be determined by the Board of Directors.

Section 4. The Secretary shall attend all meetings of the Board of Directors, shall keep a true and faithful record and shall have custody and care of the records and minutes of the Authority. The Chair, or Secretary by order of the Chair or of the requisite number of Directors, shall issue all notices required for meetings of the Board of Directors.

ARTICLE IV

Fiscal

Section 1. The funds of the Authority shall be deposited by the Treasurer and shall be drawn out only for the purposes of the Authority, and only upon checks or drafts signed by such officers or employees as shall be designated for the purpose from time to time by resolution of the Board of Directors.

Section 2. No debts shall be contracted, except for current expenses, unless authorized by the Board of Directors.

Section 3. The fiscal year of the Authority shall coincide with the fiscal year of the State of Maine.

ARTICLE V

Amendments

These By-Laws may be altered or repealed by a majority of the Directors at any regular or special meeting of the Board, provided, in each case, notice of the proposed alteration or repeal shall be included in the notice of any such meeting. No such amendment shall be effective unless submitted to all members 20 days in advance of the meeting at which such amendment is to be voted on, unless waived in writing by all directors.

Appendix C

Mission Statement

To improve the global competitiveness of Maine businesses, and in concert with public and private organizations, the Maine Port Authority will stimulate commerce by developing marine and rail facilities, and other viable endeavors in a responsible fashion, for the intermodal movement of people and cargo in support of economic development.

Appendix D

MOU on Autonomy

MEMORANDUM OF UNDERSTANDING
between the
MAINE PORT AUTHORITY
and the
MAINE DEPARTMENT OF TRANSPORTATION

Memorandum of Understanding ("Agreement") made this made this 24th day of February, 2003 by and between the MAINE PORT AUTHORITY, a body both corporate and politic in the State of Maine established for the general purpose of acquiring, constructing and operating any kind of port terminal facility and railroad facility within the State of Maine pursuant to 23 M.R.S.A. § 4420, with its office located in Augusta, Maine (the "Authority"), and the MAINE DEPARTMENT OF TRANSPORTATION, an agency of the State of Maine with a place of business in Augusta, Maine (the "Department").

Whereas, The Authority, as established by Title 5, section 12004-F, subsection 8, is a body both corporate and politic in the State established for the general purpose of acquiring, constructing and operating any kind of port terminal facility and railroad facility within the State with all the rights, privileges and power necessary. And

Whereas, the purposes of this chapter (23 M.R.S.A. § 4420) are public and that the Authority is performing a governmental function in carrying out this chapter. And

Whereas, The Authority consists of a five member Board of Directors, 4 of whom are appointed by the Governor, the fifth being the Commissioner of Transportation who shall act as chairman and president. And

Whereas, The Authority and the Department may enter into such agreements as the Directors and Commissioner determine to be in the best interests of the State for the department to acquire, construct, maintain and operate any or all facilities funded from bonds issued under section 4423. And

Whereas, The Authority may provide by resolution from time to time for the issuance of bonds for the purpose of funding the establishment, acquisition or effectuation of port terminal facilities, railroad facilities and things incidental thereto, for construction of proposed facilities and improvement of existing or acquired facilities and for the fulfillment of other undertakings that it may assume. And

Whereas, The bonds of the Authority do not constitute a debt of the State, or of any agency or political subdivision thereof, but are payable solely from the revenue of the Authority. And

Whereas, All real and personal property owned by and in the name of the Authority shall be considered as property of the State and entitled to the privileges and exemptions of property of the State, And

Whereas, The Authority and the Department shall agree upon, and from time to time review, the preferred status of property held or controlled by them and necessary to either body's performing its statutory duty and shall arrange to sell, exchange, give or otherwise transfer title or possession of various properties between themselves consistent with sound business management and as may serve the best interest of the State in their opinion; and shall be authorized to execute and record a deed or lease between them to effectuate the transfer. And

Whereas, in 1997 the Authority and the Department agreed that the Authority's administrative support functions would be provided initially, by and through the Department. And

Whereas, The Authority and the Department agree that the Authority should transition its administrative support functions from within the Department to the Authority as a separate entity.

Therefore, the Authority and Department have entered into this Agreement for the purpose of defining the process and commitments by which the Authority will move to become an entity separate and distinct from the Department.

1. **Timeline**

It is proposed that the Authority will transition its administrative function over a five-year period beginning with the date of this document and concluding at the end of the state FY 2008. This timeline, or any portion thereof, may be accelerated at the discretion of the Authority's Board of Directors, but may not be extended without mutual agreement from both the Authority and Department.

2. **Administrative Duties and Responsibilities**

The Authority shall have responsibility for the Management and Oversight of all properties, projects, and developments owned, operated by, or entrusted to the Authority, to include but not limited to the aspects of, Finance, Marketing, Trade Development, Operation, Transportation Logistics, Personnel, Engineering, Construction, Asset Acquisition, Asset Maintenance, Security, Public Information and Relations.

The Authority shall assume responsibility for the Maine Port Safety Forum in cooperation with the USCG's Marine Safety Office. The Authority may request reasonable funding support from the Department for this responsibility.

The Department shall retain responsibility for administration of, the Maine Pilotage Commission, the Small Harbors Improvement Program (SHIP), the Industrial Rail Access Program (IRAP), Prioritization of Federal Dredge projects

and other programs not specifically assumed by the Authority. However, upon request from the Department the Authority will agree to provide administrative oversight for these or other programs, provided the Department authorizes the funding of reasonable charges for administrative costs acceptable to the Authority.

The Department will provide Legal, Environmental, and Engineering support services to the Authority so long as the Department's in-house staff can accommodate these services on projects sponsored by the Department and/or funded by the State. Costs for services external to the Department shall be the responsibility of the Authority.

The Authority and Department shall cooperate on the development of capital projects in a manner, which they mutually agree best serves the needs of the State.

These responsibilities shall be effective as of the date of this Agreement.

3. Responsibility for Funding of Operating and Capital Costs

The Authority's Board of Directors shall set the Executive Director's salary. However, if the Board authorizes a salary higher than the applicable level for the current grade and step, then the Authority must assume responsibility for these costs, including appropriate employer related contributions (taxes, Medicare, retirement, etc). The Authority must also assume a percentage of the cost of the base salary, including appropriate employer related contributions, as outlined above, for the Executive Director over the five-year transition period as follows:

FY-04	FY-05	FY-06	FY-07	FY-08
15%	30%	45%	60%	75%

The Department will pay the costs of all insurances and for retirement benefits not paid by the Authority for the Executive Director in accordance with the current State practices for Confidential Employees throughout the transition period. At the end of the transition period all such benefits will be the full responsibility of the Authority.

Until the end of the transition period, the Department will provide office space, equipment, secretarial support, etc., only as is customarily available within the Transportation Building in Augusta (or Winthrop). Any additional office space or support will be the full responsibility of the Authority. The Department will cover, in accordance with standard state practices, the incidental in-state travel and expenses only for the Executive Director and members of the Board of Directors. All out-of-state travel and expenses will be the responsibility of the Authority.

Any non-standard benefits authorized by the Board of Directors will be the full responsibility of the Authority. Any staff or support personnel, other than the

Executive Director, including personal services contracts, will be fully funded by the Authority.

The Development of capital projects will be a joint effort of the Department and the Authority. The Department will serve as the registered lobbyist for the Authority through FY-06, following which the responsibility will fall to the Authority.

4. **Statutory Changes**

In order to complete the transition the following statutory changes will be required at the end of the transition period.

a. Amend to read as follows:

MRSA 23 § 4421. Directors; appointment; president; vacancy

The Maine Port Authority shall consist of a board of 5 directors, who shall be broadly representative of coastal areas of the State. The Governor shall appoint five directors to serve staggered five (5) year terms. The directors shall elect a president, treasurer and such other officers, as the board of directors may from time to time deem necessary. Any vacancy shall be filled for the unexpired term by the Governor.

1. Meetings of directors; compensation. All the powers of the Maine Port Authority may be exercised by the board of directors in lawful meeting and a majority of the directors are necessary for a quorum. Regular meetings of the board of directors may be established by bylaw and no notice need be given to the directors of the regular meeting. Each director shall be compensated according to the guidelines established by the Board so long as compensation is provided solely from the revenues of the Authority.

MAINE DEPARTMENT OF TRANSPORTATION

Carl A. Croce, Acting Commissioner

MAINE PORT AUTHORITY

Brian C. Nutter, Executive Director

Investment Policy – Attachment B

Listing of authorized broker/dealers and financial institutions: (5/23/11)

1.) Financial Northeastern Companies

Ken Perkins, Vice President
100 Passaic Avenue
Fairfield, NJ 07004
(207) 899-4091
kperkins@financialnortheastern.com

2.) Ameriprise Financial Service, Inc.

David R. Chambers,
Financial Advisor
Foreside Place
202 U.S. Route One
Falmouth, ME 04105
(973) 882-9337
david.r.chambers@ampf.com

3.) Edward E. Jones

Kenneth R. Gardiner, AAMS
Financial Advisor
79 Elm Street
Camden, ME 04843-1905
(207) 236-4196
ken.gardiner@edwardjones.com