OFFICIAL STATEMENT DATED NOVEMBER 12, 2024

NEW ISSUE – BOOK-ENTRY ONLY

S&P Insured Rating: "AA" (LTGO Bonds)
Moody's Rating: "Aa3" (LTGO Bonds)
Moody's Rating: "A2" (Revenue Bonds)
(See "BOND INSURANCE" and "RATINGS" herein)

In the opinion of K&L Gates LLP, Seattle, Washington ("Bond Counsel"), assuming compliance with certain covenants of the Port, interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, except for interest on any Bonds for any period during which such bond is held by a "substantial user" of the facilities financed or refinanced by the Bonds, or a "related person" to such "substantial user," within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. See "TAX MATTERS" herein for a discussion of the opinion of Bond Counsel.

Port of Grays Harbor
On Washington's Pacific Coast

$20,000,000	**$6,970,000**
Limited Tax General Obligation Bonds, 2024 (AMT)	**Revenue Bonds, 2024 (AMT)**

Dated: Date of Delivery (November 26, 2024) **Due: December 1, as shown on the inside cover pages**

The Port of Grays Harbor, Washington (the "Port") is issuing its Limited Tax General Obligation Bonds, 2024 (AMT) (the "LTGO Bonds") and its Revenue Bonds 2024 (AMT) (the "Revenue Bonds," and together with the LTGO Bonds, the "Bonds") to finance certain acquisitions and improvements to Port facilities, and to pay costs of issuing the Bonds not paid from other legally available funds of the Port.

Interest on the Bonds from their date of delivery is payable on each June 1 and December 1, commencing on June 1, 2025. The fiscal agent of the State of Washington (the "State"), currently U.S. Bank Trust Company, National Association, is the registrar for the Bonds. When issued, the Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book entry form, in denominations of $5,000 and integral multiples thereof within a maturity of a series. Purchasers will not receive certificates representing their interests in the Bonds, except as described herein. So long as DTC or its nominee is the registered owner of the Bonds, payments of principal of and interest on the Bonds will be made directly to DTC or to such nominee. Disbursements of such payments to DTC's Direct Participants are the responsibility of DTC, and disbursements of such payments to the Beneficial Owners are the responsibility of the Direct Participants and the Indirect Participants as more fully described herein.

Maturity Schedules on Inside Cover Pages

The Bonds are subject to redemption prior to their stated maturities as further described herein. See "DESCRIPTION OF THE BONDS—Optional Redemption."

The LTGO Bonds are limited tax general obligations of the Port. The Port has covenanted irrevocably that, unless the principal of and interest on the LTGO Bonds are paid from other sources, it will make annual levies of taxes upon all of the property in the Port subject to taxation within and as a part of the tax levy permitted to port districts without a vote of the electors in amounts sufficient to pay such principal and interest as the same shall become due. The full faith, credit and resources of the Port are irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of such principal and interest. **The LTGO Bonds do not constitute a debt or indebtedness of Grays Harbor County (the "County"), the State of Washington, or any political subdivision thereof other than the Port.**

The Revenue Bonds are special obligations of the Port, and neither the full faith and credit nor the taxing power of the Port is pledged to the payment of the Revenue Bonds. The Revenue Bonds are payable solely from the Revenue Bond Fund, and are payable from and secured by the Gross Revenue, subject only to the payment of costs of administration and maintenance and operation. The Port has pledged that it will not issue any additional bonds which are secured by a lien on the Gross Revenue that is superior to the lien on the Revenue Bonds; however the Port has reserved the right, upon compliance with conditions, to issue Future Parity Bonds. The Revenue Bonds do not constitute a debt or indebtedness of the County, the State or any political subdivision thereof other than the Port. See "SECURITY AND SOURCES OF PAYMENT FOR THE REVENUE BONDS."

The Port has not designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code.

The scheduled payment of principal of and interest on the LTGO Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY INC.

ASSURED GUARANTY

The Bonds are offered when, as and if issued, subject to receipt of the approving legal opinions of K&L Gates LLP, Bond and Disclosure Counsel to the Port. Certain legal matters will be passed upon for the Underwriter by its special counsel, Foster Garvey PC. It is expected that delivery of the Bonds will be made by *Fast Automated Securities Transfer* through DTC in New York, New York, on or about November 26, 2024 (the "Date of Delivery").

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

PIPER | SANDLER

Port of Grays Harbor

$20,000,000
Limited Tax General Obligation Bonds, 2024 (AMT)

$1,590,000 5.000% Term Bond, due December 1, 2034 (priced to yield 4.040%/price 107.841),
CUSIP[1] No. 734166CD1

$1,990,000 4.000% Term Bond, due December 1, 2039 (priced to yield 4.250%/price 97.245),
CUSIP[1] No. 734166CJ8

$7,360,000 4.250% Term Bond, due December 1, 2046 (priced to yield 4.500%/price 96.529),
CUSIP[1] No. 734166CR0

$9,060,000 5.250% Term Bond, due December 1, 2054 (priced to yield 4.620%/price 105.004[2]),
CUSIP[1] No. 734166CZ2

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[2] *Priced to the call date of December 1, 2034*

Port of Grays Harbor

$6,970,000
Revenue Bonds, 2024 (AMT)

$1,710,000 4.000% Term Bond, due December 1, 2034 (priced to yield 4.370%/price 97.024), CUSIP[1] No. 734190BU4

$5,260,000 4.375% Term Bond, due December 1, 2042 (priced to yield 4.600%/price 97.263), CUSIP[1] No. 734190CC3

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PORT OF GRAYS HARBOR

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PORT COMMISSION

Name	Office	Term Expires
Stan Pinnick	Commissioner	December 31, 2027
Tom Quigg	Commissioner	December 31, 2029
Phil Papac	Commissioner	December 31, 2025

CERTAIN EXECUTIVE STAFF

Leonard Barnes, Executive Director

Mike Folkers, Director of Finance and Administration

Chris Hunt, Director of Information Technology

Randy Lewis, Director of Health, Safety, and Environment

Kayla Dunlap, Director of Government and Public Affairs

Ross Read, Director of Operations, Satsop Business Park

BOND AND DISCLOSURE COUNSEL

K&L Gates LLP
Seattle, Washington

MUNICIPAL ADVISOR

Northwest Municipal Advisors
Bellevue, Washington

UNDERWRITER

Piper Sandler & Co.
Seattle, Washington

* This inactive textual reference to the Port's website is not a hyperlink, and the Port's website, by this reference, is not incorporated herein.

No dealer, broker, sales representative or other person has been authorized by the Port to give any information or to make any representations with respect to the Bonds, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Port. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The information set forth herein has been obtained by the Port from Port records and from other sources that are believed by the Port to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of the Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the Port since the date hereof.

This Official Statement is not to be construed as a contract or agreement between the Port and purchasers or owners of any of the Bonds.

Neither the Port's auditor nor any other independent accountants have compiled, examined, or performed any additional procedures with respect to the financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and they assume no responsibility for, and disclaim any association with, the financial information.

The initial public offering prices or yields set forth on the inside cover pages hereof may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Bonds to certain dealers, unit investment trusts or money market funds at prices lower than or at yields higher than the public offering prices or yields stated on the inside cover pages hereof.

Certain statements contained in this Official Statement, including the appendices, reflect not historical facts but forecasts and "forward-looking statements." No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "forecast" and "believe" and similar expressions are intended to identify forward-looking statements. All projections, forecasts, assumptions and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement. All forward-looking statements inherently are subject to a variety of risks and uncertainties that could cause actual results or performance to differ materially from those that have been forecast, estimated or projected. Such risks and uncertainties include, among others, changes in regional, domestic and international political, social and economic conditions, federal, state and local statutory and regulatory initiatives, litigation, population changes, financial conditions of tenants and/or other users of Port facilities, technological change and various other events, conditions and circumstances, many of which are beyond the control of the Port.

Assured Guaranty Inc. ("AG") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading "BOND INSURANCE FOR THE LTGO BONDS" and "Appendix G – Specimen Municipal Bond Insurance Policy".

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OFFICIAL STATEMENT

PORT OF GRAYS HARBOR, WASHINGTON

$20,000,000 Limited Tax General Obligation Bonds, 2024 (AMT)	**$6,970,000 Revenue Bonds, 2024 (AMT)**

INTRODUCTION

The purpose of this Official Statement, which includes the cover page, inside cover pages, table of contents and appendices, is to provide information concerning the issuance by the Port of Grays Harbor, Washington (the "Port") of $20,000,000 Limited Tax General Obligation Bonds, 2024 (AMT) (the "LTGO Bonds") and of $6,970,000 Revenue Bonds, 2024 (AMT) (the "Revenue Bonds," and together with the LTGO Bonds, the "Bonds"). The fiscal agent of the State of Washington (the "State"), currently U.S. Bank Trust Company, National Association, is the registrar, authenticating agent and paying agent (the "Registrar") for the Bonds.

The Port is issuing the Bonds pursuant to Title 53 and Chapter 39.46 of the Revised Code of Washington and pursuant to Resolution No. 3122 for the LTGO Bonds, adopted by the Port Commission (the "Commission") on June 11, 2024 (the "LTGO Resolution"), and Resolution No. 3123 adopted by the Commission on June 11, 2024, as amended by Resolution No. 3136 adopted by the Commission on November 4, 2024, for the Revenue Bonds (the "Revenue Resolution" and together with the LTGO Resolution the "Resolutions"). Capitalized terms used but not defined in this Official Statement have the meanings set forth in the Resolutions, copies of which are included in this Official Statement as Appendix D.

The Port is a municipal corporation of the State and was organized in 1911. The Port owns and operates various maritime, industrial and commercial properties. See "THE PORT OF GRAYS HARBOR."

Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Overview of Security and Sources of Payment for the Bonds

LTGO Bonds. The LTGO Bonds are limited tax general obligations of the Port. The Port has covenanted that, unless the principal of and interest on the LTGO Bonds are paid from other sources, it will make annual levies of taxes upon all of the property in the Port subject to taxation within and as a part of the tax levy permitted to port districts without a vote of the electors in amounts sufficient to pay such principal and interest as the same shall become due. The full faith, credit and resources of the Port are irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of such principal and interest. The LTGO Bonds do not constitute a debt or indebtedness of Grays Harbor County (the "County"), the State, or any political subdivision thereof other than the Port. See "DEBT INFORMATION."

In 2024, the Port's tax levy totaled $3,101,176, approximately half of which was used for debt service on the Port's outstanding limited tax general obligation bonds. Upon issuance of the LTGO Bonds, the Port will have $29,853,580 aggregate principal amount of limited tax general obligation debt outstanding. See "DEBT INFORMATION." The Port may also use the proceeds of the tax levy for operating expenses and capital projects but not for debt service on any revenue bonds, such as the Revenue Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE LTGO BONDS — Statutory Taxing Authority."

In 2023, the Port created a tax increment area. To the extent that the Port receives tax allocation revenues with respect to the tax increment area described, those tax allocation revenues are pledged to the repayment of the LTGO Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE LTGO BONDS—Tax Levy.".

Revenue Bonds. The Revenue Bonds are special obligations of the Port, and neither the full faith and credit nor the taxing power of the Port is pledged to the payment of the Revenue Bonds. The Revenue Bonds are payable solely from the Revenue Bond Fund, and are payable from and secured by the Gross Revenue, subject only to the payment of costs of administration and maintenance and operation. The Port has its Revenue Bond, 2020 (Private Activity –

AMT) outstanding in the principal amount of $1,929,000 (the "Outstanding Parity Bond"). Additional bonds may be issued on a parity of lien with the Outstanding Parity Bond, and the Revenue Bonds, subject to certain conditions described herein (the "Future Parity Bonds"). The Outstanding Parity Bond, the Revenue Bonds and any Future Parity Bonds are referred to herein as "Parity Bonds." The Port has pledged that it will not issue any additional bonds which are secured by a lien on the Gross Revenue that is superior to the lien on the Revenue Bonds. **The Revenue Bonds do not constitute a debt or indebtedness of the County, the State or any political subdivision thereof other than the Port.** See "SECURITY AND SOURCES OF PAYMENT FOR THE REVENUE BONDS."

Miscellaneous

Brief descriptions of the Bonds, the Resolutions and certain statutes and agreements are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to such instruments, documents and statutes and to any other documents, statutes, agreements or other instruments described herein are qualified in their entirety by reference to each such document, statute or other instrument. Appendix D includes copies of the Resolutions.

PLAN OF FINANCE; USE OF PROCEEDS

The Bonds are being issued by the Port to provide funds for certain acquisitions and improvements to Port facilities (as described in "—Use of Proceeds") and to pay all or a portion of the costs incidental to the foregoing and to the issuance of the Bonds.

Estimated Sources and Uses of Bond Proceeds

Sources	**LTGO Bonds**	**Revenue Bonds**
Principal Amount	$20,000,000	$ 6,970,000
Original Issue Net Premium/Discount	267,744	(194,856)
Total Sources	$20,267,744	$ 6,775,144
Uses		
Project Costs	$20,000,000	$ 6,000,000
Deposit to Reserve Account	0	677,514
Costs of Issuance (1)	267,744	97,630
Total Uses	$20,267,744	$ 6,775,144

(1) Represents costs of issuing the Bonds, including, but not limited to, Underwriter's discount, legal fees, fees of the Municipal Advisor, bond insurance premium, contingency and rating agency costs.

Use of Proceeds

The Bonds are being issued by the Port to provide funds for certain acquisitions and improvements to Port facilities. The Port is expanding rail and shipping capacity at Marine Terminal 4 to accommodate growth of dry bulk, breakbulk and roll-on/roll-off cargoes. Ag Processing, Inc. (AGP) a cooperative, an existing tenant of the Port and a leading soybean meal exporter in the United States, has announced its intention to invest $175 million in ship loading infrastructure at Terminal 4 contingent upon the Port's ability to provide the rail, marine, access and port infrastructure to accommodate their expansion.

Providing the transportation link between thousands of United States soybean farmers and international markets, the Grays Harbor Terminal 4 Expansion and Redevelopment Project includes construction of rail, terminal improvements, dock and fendering system upgrades, expanded upland cargo laydown area and associated site improvements at the westernmost mainland port in the United States. This critical public infrastructure will support port resiliency with the private development of a second ship loader, equipped with multiple loading spouts, resulting in increased loading efficiency and movement of goods through the Port. Expansion and redevelopment designs have considered all users of the Port and improve efficiency across all terminals.

As part of the expansion of soybean production and processing, this project will provide opportunities for advanced biofuel production, food security, and employment for a broad geographical range of the United States, including farmers, processing plant staff, and associated workers and support industries in the Midwest, as well as longshore workers, equipment operators, rail workers, and maintenance crews on the Pacific Coast. This spans a broad area of geography, groups of people, and labor opportunities. It will reduce dependency on fossil fuels through the development of advanced biofuel sources, and efficient and low-carbon transport of soybean meal by rail and ship to overseas markets, bolstering United States exports and providing raw protein to developing areas of the world. With widespread geographical and bi-partisan support from the federal, state and local levels, this critical port infrastructure project is a project of national significance.

DESCRIPTION OF THE BONDS

General

LTGO Bonds. The LTGO Bonds are to be dated as of and are to bear interest from their Date of Delivery. Interest on the LTGO Bonds is to be payable on June 1, 2025 and semiannually on each June 1 and December 1 thereafter, at the rates set forth on the inside cover of this Official Statement. The LTGO Bonds are to mature, subject to prior redemption, in the amounts and on the dates set forth on the inside cover of this Official Statement. Interest is to be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Revenue Bonds. The Revenue Bonds are to be dated as of and are to bear interest from their Date of Delivery. Interest on the Revenue Bonds is to be payable on June 1, 2025 and semiannually on each June 1 and December 1 thereafter, at the rates set forth on the inside cover of this Official Statement. The Revenue Bonds are to mature, subject to prior redemption, in the amounts and on the dates set forth on the inside cover of this Official Statement. Interest is to be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Book-Entry Only Form. The Bonds are being issued in fully registered form in denominations of $5,000 and integral multiples thereof within a maturity of a series and when issued will be registered in the name of Cede & Co. (or such other name as may be requested by an authorized representative of DTC), as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases may be made only in book-entry form. Purchasers will not receive certificates representing their interest in the Bonds purchased. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to "Owners," "Bondholders" or "Registered Owners" mean Cede & Co. (or such other nominee) and not the Beneficial Owners of the Bonds. In this Official Statement, the term "Beneficial Owner" means the person for whom its DTC Participant acquires an interest in the Bonds.

So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds are payable by wire transfer to Cede & Co., as nominee for DTC which, in turn, is to remit such amounts to the Direct Participants for subsequent disbursement to the Beneficial Owners. See "DTC AND ITS BOOK-ENTRY SYSTEM" in Appendix C.

Optional Redemption

LTGO Bonds. The LTGO Bonds maturing on or after December 1, 2039, are subject to redemption at the option of the Port on or after December 1, 2034, as a whole or in part on any date, with the maturities to be selected by the Port (and within a maturity in accordance with the operational procedures of DTC then in effect or, if the LTGO Bonds are no longer held in book-entry-only form, as provided in the LTGO Resolution), at a redemption price equal to 100 percent of the principal amount thereof, plus interest accrued to the date fixed for redemption.

Revenue Bonds. The Revenue Bonds maturing on or after December 1, 2042, are subject to redemption at the option of the Port on or after December 1, 2034, as a whole or in part on any date, with the maturities to be selected by the Port (and within a maturity in accordance with the operational procedures of DTC then in effect or, if the Revenue Bonds are no longer held in book-entry-only form, as provided in the Revenue Resolution), at a redemption price equal to 100 percent of the principal amount thereof, plus interest accrued to the date fixed for redemption.

Mandatory Sinking Fund Redemption

The LTGO Bonds maturing on December 1, 2034 (the "Term Bonds"), are subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date fixed for redemption on December 1 in the years and amounts as follows:

LTGO Bonds Maturing December 1, 2034

Year December 1	Principal Amount
2026	$ 80,000
2027	100,000
2028	125,000
2029	145,000
2030	170,000
2031	200,000
2032	225,000
2033	255,000
2034*	290,000

* Maturity.

The LTGO Bonds maturing on December 1, 2039 are Term Bonds subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date fixed for redemption on December 1 in the years and amounts as follows:

LTGO Bonds Maturing December 1, 2039

Year December 1	Principal Amount
2035	$ 325,000
2036	360,000
2037	395,000
2038	435,000
2039*	475,000

* Maturity.

The LTGO Bonds maturing on December 1, 2046 are Term Bonds subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date fixed for redemption on December 1 in the years and amounts as follows:

LTGO Bonds Maturing December 1, 2046

Year December 1	Principal Amount
2040	$ 515,000
2041	560,000
2042	610,000
2043	1,290,000
2044	1,375,000
2045	1,460,000
2046*	1,550,000

* Maturity.

The LTGO Bonds maturing on December 1, 2054 are Term Bonds subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date fixed for redemption on December 1 in the years and amounts as follows:

LTGO Bonds Maturing December 1, 2054

Year December 1	**Principal Amount**
2047	$ 1,645,000
2048	1,765,000
2049	825,000
2050	870,000
2051	915,000
2052	960,000
2053	1,015,000
2054*	1,065,000

* Maturity.

The Revenue Bonds maturing on December 1, 2034 are Term Bonds subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date fixed for redemption on December 1 in the years and amounts as follows:

Revenue Bonds Maturing December 1, 2034

Year December 1	**Principal Amount**
2031	$ 150,000
2032	500,000
2033	520,000
2034*	540,000

* Maturity.

The Revenue Bonds maturing on December 1, 2042 are Term Bonds subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date fixed for redemption on December 1 in the years and amounts as follows:

Revenue Bonds Maturing December 1, 2042

Year December 1	**Principal Amount**
2035	$ 565,000
2036	585,000
2037	615,000
2038	640,000
2039	670,000
2040	695,000
2041	730,000
2042*	760,000

* Maturity.

To the extent that the Port shall have optionally redeemed or purchased any Term Bonds prior to scheduled mandatory redemption of such Term Bonds, the Port may reduce the principal amount of the Term Bonds to be redeemed in like aggregate principal amount. Such reduction may be applied in the year specified by a Designated Port Representative.

Partial Redemption; Notice of Redemption; Cessation of Interest

The Resolutions provide that for so long as the Bonds are held in book-entry form, the selection for redemption of Bonds within a maturity of a series shall be made in accordance with the operational arrangements of DTC then in effect. See "DTC AND ITS BOOK-ENTRY ONLY SYSTEM" in Appendix C. Otherwise, Bonds within a maturity of a series to be redeemed are to be selected as provided in the Resolutions.

The Resolutions also provide that for so long as the Bonds are held in uncertificated form, notice of redemption (which notice, in the case of an optional redemption that is not irrevocable, may be conditional or may be rescinded or revoked at the option of the Port) shall be given in accordance with the operational arrangements of DTC as then in effect, and neither the Port nor the Registrar will provide any notice of redemption to any Beneficial Owners. Thereafter (if the Bonds are no longer held in uncertificated form), unless waived by any owner of Bonds to be redeemed, official notice of any such redemption (which redemption, in the case of an optional redemption that is not irrevocable, shall be conditioned by the Registrar on the receipt of sufficient funds for redemption) shall be given by the Registrar on behalf of the Port by mailing a copy of an official redemption notice by first-class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such Registered Owner to the Registrar.

The Resolutions provide that unless the Port has revoked a notice of optional redemption (or unless the Port provided a conditional notice and conditions for redemption set forth therein are not satisfied), the Port shall transfer to the Registrar amounts that, in addition to other money, if any, held by the Registrar for such purpose, will be sufficient to redeem, on the date fixed for redemption, all the Bonds to be redeemed. If and to the extent that funds have been provided to the Registrar for the redemption of Bonds then from and after the date fixed for redemption for such Bond or portion thereof, interest on each such Bond shall cease to accrue and such Bond or portion thereof shall cease to be outstanding. All Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

Purchase of Bonds

The Port has reserved the right to purchase any of the Bonds offered to the Port at any price deemed reasonable by the Port. The purchase of the Revenue Bonds will be made only from Net Revenue available after providing for the payment of operating expenses and debt service and reserve obligations with respect to Parity Bonds or other available funds.

Defeasance

In the event that money and/or noncallable Government Obligations that are direct obligations of the United States or obligations unconditionally guaranteed by the United States maturing at such time or times and bearing interest to be earned thereon in amounts (together with such money, if necessary) sufficient to redeem and retire part or all of any Bonds in accordance with their terms, are set aside in a special account of the Port to effect such redemption and retirement, and such moneys and the principal of and interest on such obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the LTGO Bond Fund or the Revenue Bond Fund, respectively, (each as defined herein) for the payment of the principal of and interest on the Bonds so provided for. See "SECURITY AND SOURCES OF PAYMENT FOR THE LTGO BONDS — Property Tax Pledge" and "SECURITY AND SOURCES OF PAYMENT FOR THE REVENUE BONDS — Revenue Bond Fund and Reserve Account." Such Bonds shall then cease to be entitled to any lien, benefit or security of the Resolutions except the right to receive the moneys so set aside and pledged and such Bonds shall be deemed not to be outstanding under the Resolutions.

As currently defined in chapter 39.53 RCW, "Government Obligations" means (i) direct obligations of, or obligations the principal and interest on which are unconditionally guaranteed by, the United States of America and bank certificates of deposit secured by such obligations; (ii) bonds, debentures, notes, participation certificates or other obligations issued by the Banks for Cooperatives, the Federal Intermediate Credit Bank, the Federal Home Loan Bank System, the Export-Import Bank of the United States, federal land banks or the Federal National Mortgage Association; (iii) public housing bonds and project notes fully secured by contracts with the United States; and (iv) obligations of financial institutions insured by the Federal Deposit Insurance Corporation or the federal savings and loan insurance corporation, to the extent insured or guaranteed as permitted under any other provision of State law.

The definition of "Government Obligations" in the Resolutions incorporate any future statutory revision.

SECURITY AND SOURCES OF PAYMENT FOR THE LTGO BONDS

Property Tax Pledge

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

In 2023, the Port created a tax increment area. To the extent that the Port receives tax allocation revenues with respect to the tax increment area described, those tax allocation revenues are pledged to the repayment of the LTGO Bonds.

The LTGO Resolution continues the Port of Grays Harbor, Washington, General Obligation Bond Redemption Fund (the "LTGO Bond Fund") to be used for the purpose of paying the principal of and interest on the LTGO Bonds when due.

If moneys on deposit in the LTGO Bond Fund from other sources are sufficient, the Port is not required to deposit tax moneys to make payments on the LTGO Bonds. **The LTGO Bonds do not constitute a debt or an indebtedness of the County, the State or any political subdivision thereof other than the Port.**

Statutory Taxing Authority

The Port has statutory authority to levy property taxes for general purposes of the Port, including the establishment of a capital improvement fund for future capital improvements and the repayment of voted and non-voted general obligation bonds of the Port (the "Tax Levy") to finance certain industrial development activities (the "Industrial Development Levy"), and to fund special projects (the "Dredging Levy").

Tax Levy

Pursuant to its statutory authority, the Port may impose the Tax Levy to fund general purposes of the Port and to pay debt service on its general obligation bonds, and may be used to fund maintenance and operation expenses. The Tax Levy is subject to the 101 percent levy limitation discussed below, except when general obligation bonds have been approved by the voters.

The Commission determines the actual amount of the Port's Tax Levy each year as part of the Port's budgeting process, which includes a funding plan for the Port's capital improvement program. The Port's Tax Levy for collection in 2024 is $0.2453693 per $1,000 of assessed value and is expected to produce tax revenues of approximately $3,101,176.

The Tax Levy Allocable for General Purposes. For general purposes, such as operating expenses and capital improvements, the Tax Levy may equal an amount not to exceed $0.45 per $1,000 of assessed valuation of taxable property within the Port and constitutes an important source of funding for the Port's capital projects.

The Tax Levy Allocable for General Obligation Bond Debt Service. For debt service payments on general obligation bonds, the Tax Levy is not limited to $0.45 per $1,000 of assessed valuation and may be increased to produce funds equal to the principal and interest payments on such general obligation bonds. If other funds legally available for the payment of such debt service are sufficient, the Port is not required to impose the Tax Levy for payment of such debt service.

The Industrial Development Levy. Historically for improvements within industrial development districts created by a port district, an additional \$0.45 per \$1,000 assessed value of taxable property within the port district (the "Industrial Development Levy") may be levied for up to 12 years.

The Washington State Legislature, in the 2015 legislative session, provided an additional multi-year levy option for port districts' industrial development levy (RCW 53.36.160) which the Port could utilize for its second levy period. Port districts, if they meet certain criteria, may levy the industrial development levy for up to three multi-year levy periods. Each multi-year levy period may not exceed 20 years from the date of the first levy in that period. First and second year levy periods do not have to be consecutive, and first and second year levy periods may not overlap. The aggregate revenue that may be collected during each of the first and second year levy period may not exceed the sum of: (i) \$2.72/\$1000 of assessed value multiplied by the assessed valuation for taxes collected in the base year; plus (ii) the difference between (A) the maximum allowable amount that could have been collected under RCW 84.55.010 for the first six years of the collection period and (B) the amount calculated in (i). If a port district elects to use multi-year levy periods, the second multi-year levy period is subject to a petition for an election.

The Dredging Levy. For dredging, canal construction, leveling or filling, upon approval of the majority of voters within a port district, an additional \$0.45 per \$1,000 assessed value of taxable property may be levied. The Dredging Levy is not subject to the 101 percent levy limitation. The Port has not imposed a Dredging Levy and does not anticipate imposing such a levy.

Statutory Tax Limitations. Although port districts are exempt from constitutional levy limitations, their levies are limited by statute to \$0.45 per thousand dollars of assessed value for general port purposes, including the establishment of a capital improvement fund for future capital improvements. For debt service payments on general obligation bonds, the Tax Levy is not limited to \$0.45 per \$1,000 of assessed valuation and may be increased to produce funds equal to the principal and interest payments on such general obligation bonds.

Property taxes also are subject to a limitation on the aggregate dollar amount to be collected. This aggregate dollar amount limitation applies to the general levy (up to \$0.45 per \$1,000) as well as the levy for the payment of debt service on general obligation bonds. The dollar amount of annual property tax levies to be collected may not exceed the following described "101 percent levy limitation."

Pursuant to chapter 84.55 RCW, the Port's tax levy must be set so the regular property taxes payable in the following year do not exceed the "limit factor" multiplied by the amount of regular property taxes lawfully levied for the Port in the highest of the three most recent years in which taxes were levied plus an additional dollar amount calculated by multiplying the increase in assessed value in the Port resulting from new construction and any increase in the assessed value of state assessed property by the regular property tax levy rate of the Port for the preceding year. The "limit factor" is the lesser of 101 percent and inflation, or if inflation is less than one percent, the Port may nonetheless levy the full 101 percent based on a finding of substantial need by the Commission and approval by a majority of the Commission. The new limit factor is effective only for taxes collected the following year.

RCW 84.55.092 provides for setting the property tax levy amount at the level that would be allowed if the property tax levy for taxes due in prior years beginning in 1986 had been set at the full amount allowed under chapter 84.55 RCW. This allows certain taxing districts, such as the Port, to "bank" levy capacity, taxing at a lower rate while reserving the right to tax at the maximum rate allowed by law.

Exception to 101% Limitation for Tax Increment Financing Districts. In 2021, the Washington Legislature adopted ESHB 1189 (the "TIF Act") authorizing the use of tax increment financing. The TIF Act took effect on July 25, 2021. The TIF Act allows counties, cities and port districts (or any combination of the three) to form increment areas to finance public improvement costs. Once the increment area has been formed, the county treasurer is directed to distribute receipts from regular, nonvoted property taxes imposed on real property located in the increment area. Each taxing district will receive that portion of its regular property taxes produced by the rate of tax levied by or for the taxing district on the "tax allocation base value" (the assessed value of real property located within an increment area for taxes imposed in the year in which the increment area is first designated) for that increment area and the sponsoring jurisdiction will receive an additional amount equal to the amount derived from the regular property taxes levied by *or for* each taxing district upon the "increment value" (the increase in property values in the increment area after formation of the increment area).

A sponsoring jurisdiction can create only two, non-overlapping increment areas that are active at any time, and the increment area (or both areas if there are two) may not have an assessed valuation of more than $200 million or more than 20 percent (whichever is less) of the sponsoring jurisdiction's total assessed valuation. The increment areas are subject to a 25-year sunset date. Accordingly, if a sponsoring jurisdiction forms an increment area it will receive regular property taxes representing any increased assessed value within the increment area from its levy as well as the levy of overlapping taxing districts (other than (a) state taxes, and (b) property taxes levied by port districts or public utility districts to the extent necessary for the payments of principal and interest on general obligation debt). The Port could form up to two increment areas and as a sponsoring jurisdiction would receive the property taxes in respect of the increment value thereof that are levied for the other taxing districts and/or the County or any city within the Port could form up to two increment areas and the County or city will receive the property tax revenues allocated to a sponsoring jurisdiction (including taxes that are levied for the Port and other taxing districts).

The Port's tax increment area is 14.522 acres. It includes approximately half of berth at Terminal 4 where the new shiploader will be constructed. The tax increment area also encompasses the associated upland areas where the new rail dump buildings and conveying equipment will be constructed. No other tax increment areas have been formed within the County.

Overlapping Taxing Districts

The overlapping taxing districts within the Port boundaries have the statutory power to levy regular property taxes at the representative rates shown in the below, subject to the limitations provided by chapter 84.55 RCW, and to levy excess voter approved property taxes. For purposes of demonstration, representative levy rates for levy code "OS064 H2" of the County for tax collection year 2024, as well as the statutory levy authority of each type of potential overlapping district, are listed below. Levy code OS064 H2 is wholly within the Port boundaries, however, it does not include all of the property within the Port; as a result, additional taxing districts not listed below may levy taxes within the Port. Other overlapping taxing districts may in the future be created with authority to impose taxes within the Port.

Table 1
Representative Levy Rates

	Representative Levy Rates Per $1,000 of Assessed Value	Statutory Regular Levy Authority Per $1,000 of Assessed Value
Grays Harbor County	$1.0137	$1.8000[1]
Grays Harbor County (Road Levy)	n/a[2]	2.2500
Library District	n/a	0.5000
The Port	0.2454	0.4500
School District	0.5323[3]	--
Hospital District	0.4209	0.7500
City of Ocean Shores	1.3674	3.3750
Cities and Towns	n/a	0.2250[4]
Emergency Medical Services	0.3604	--
State Schools	2.3451	3.6000[5]

Total rate for Grays Harbor County levy code OS064 H2: $6.2851

(1) Pursuant to RCW 84.52.043(1), a county may increase its levy from $1.80 per $1,000 to a rate not to exceed $2.475 per $1,000 for general county purposes if (i) the total levies for both the county and any road district within the county do not exceed $4.05 per $1,000 and (ii) no other taxing district has its levy reduced as a result of the increased county levy.

(2) Grays Harbor County levy code OS064 H2 is included within the incorporated portion of Grays Harbor County and therefore does not have a county road levy. It also does not contain either a fire district or the regional intercounty library district.

(3) School districts are not authorized to impose non-voted regular property tax levies. School district levies are voted excess levies and, as such, are not subject to the rate and amount limitations applicable to regular property tax levies.

(4) RCW 41.16.060. To be used for pension funding purposes, if required; otherwise this tax may be levied and used for any other municipal purpose.

(5) RCW 84.52.043(1). The levy by the State shall not exceed $3.60 per $1,000 assessed value adjusted to the State equalized value in accordance with the indicated ratio fixed by the State Department of Revenue to be used exclusively for the support of the common schools.

Source: Grays Harbor County Assessor for Levy Code OS064 H2.

BOND INSURANCE FOR THE LTGO BONDS

Bond Insurance Policy

Concurrently with the issuance of the LTGO Bonds, Assured Guaranty Inc. ("AG") will issue its Municipal Bond Insurance Policy (the "Policy") for the LTGO Bonds. The Policy guarantees the scheduled payment of principal of and interest on the LTGO Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, Maryland, California, Connecticut or Florida insurance law.

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL" and together with its subsidiaries, "Assured Guaranty"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG ("AGM"), merged with and into AG, with AG as the surviving company (such transaction, the "Merger"). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

Current Financial Strength Ratings

On October 18, 2024, KBRA announced it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

On July 10, 2024, Moody's, following Assured Guaranty's announcement of the Merger, announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

On May 28, 2024, S&P announced it had affirmed AG's financial strength rating of "AA" (stable outlook). On August 1, 2024, S&P stated that following the Merger, there is no change in AG's financial strength rating of "AA" (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Capitalization of AG

At September 30, 2024:

- The policyholders' surplus of AG was approximately $3,644 million.

- The contingency reserve of AG was approximately $1,374 million.

- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately $2,438 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG, and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus, contingency reserve, and net unearned premium reserves and net deferred ceding commission income of AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (filed by AGL with the SEC on February 28, 2024);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 (filed by AGL with the SEC on May 8, 2024);

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 (filed by AGL with the SEC on August 8, 2024); and

(iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2024 (filed by AGL with the SEC on November 12, 2024).

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the LTGO Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG included herein under the caption "BOND INSURANCE FOR THE LTGO BONDS – Assured Guaranty Inc." or included in a document incorporated by reference herein (collectively, the "AG Information") shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AG makes no representation regarding the LTGO Bonds or the advisability of investing in the LTGO Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading "BOND INSURANCE FOR THE LTGO BONDS".

TAX LEVY RATES AND PROCEDURES

Assessed Valuation Determinations

The County Assessor (the "Assessor") determines the value of all real and personal property throughout the County that is subject to *ad valorem* taxation, with the exception of certain public service properties, such as utility and transportation properties, for which values are determined by the State Department of Revenue. The Assessor is an elected official whose duties and methods of determining value are prescribed and controlled by statute and by detailed regulations promulgated by the State Department of Revenue.

For tax purposes, the assessed value of property is 100 percent of the property's actual value. All real property is subject to revaluation at least every four years, although since 1995 the Assessor's policy has been to revalue residential property every year. Personal property (generally only personal property used in the operation of a business) is listed by the Assessor on a roll at its currently assessed value (based in part upon reports provided by the property owners), and the roll is filed in the Assessor's office. Not all property is subject to taxation. Washington statutes provide annual exemptions for property owned by numerous types of nonprofit entities and for farm and historical properties and provide exemptions or deferrals for certain retired or disabled persons whose incomes are below specified limits. In addition, certain improvements to real property are not taxed during the first three years after completion of the improvements. By October 15 of each year, the Assessor is required to file its annual revaluation report with the State Department of Revenue and by November is required to provide its assessed valuation report to each taxing district, including the Port. The Assessor's determinations are subject to revision by the County Board of Appeals and Equalization and, if appealed, are subject to further revision by the State Board of Tax Appeals.

Table 2 shows the assessed valuation for taxable property within the Port district for purposes of the Tax Levy and the maximum and actual Tax Levies in years 2020 through 2024.

Table 2
Recent Tax Levy Activity [(1)]

Tax Year	Port District Assessed Valuation	Total Tax Levy [(2)]	Total Tax Levy Rate [(3)]
2024	$12,638,805,970	$3,101,176	$0.2453693
2023	12,050,602,701	3,000,742	0.2490132
2022	9,426,683,722	2,895,255	0.3071340
2021	8,100,484,687	2,804,619	0.3462286
2020	7,462,133,950	2,733,251	0.3662828

(1) The amounts shown under "Port District Assessed Valuation" are based upon 100 percent of its estimated actual valuation; amount shown includes taxable property.
(2) Tax Levy allocable for general purposes plus the Tax Levy allocable for limited tax general obligation bonds. The Tax Levy amount includes the budgeted tax levy and adjustments made for refunds, new construction and improvements and contributions from state utilities.
(3) Per $1,000 of assessed valuation (as budgeted, without adjustments).
Sources: Grays Harbor County Assessor's Office and the Port.

Tax Collection Procedures

The Commission levies property taxes in specific amounts, and the rates for all taxes levied for all taxing districts in the County are determined, calculated and fixed by the Assessor, based upon the assessed valuation of the taxable property within the various taxing districts in the County. The Assessor extends the tax levied within each taxing district upon a tax roll, which contains the total amounts of taxes levied and to be collected, and assigns a tax account number to each tax lot. The tax roll is delivered to the County Treasurer, who is responsible for the billing and collection of taxes due for each account. Tax bills are required to be sent in February. All taxes are due and payable on April 30 of each tax year, but if the amount due from a taxpayer exceeds $50, one-half may be paid by April 30 and the balance no later than October 31 of that year.

For all nonresidential real property and for all residential real property with more than four units per taxable parcel, delinquent taxes are subject to interest computed on a monthly basis from the date of delinquency until paid at the rate of 12 percent per year. For residential real property with four or fewer units per taxable parcel, delinquent taxes are subject to interest computed on a monthly basis from the date of delinquency until paid at the rate of 9 percent per year. In addition, for nonresidential real property and for residential real property with more than four units per taxable parcel, a penalty of 3 percent is assessed on June 1 of the year in which the tax was due; and 8 percent on December 1 of the year the tax was due. Delinquent taxes for residential real property with four or fewer units per taxable parcel are not subject to penalties. Penalties are credited to the account of the taxing district; interest on delinquent taxes is credited to the County's current expense fund.

Pursuant to State law, the Governor of the State, after proclaiming a state of emergency, may issue an order or orders concerning a waiver or suspension of the application of tax due dates and penalties related to the collection of taxes. During such a state of emergency, the Treasurer may grant extensions of the due date of property taxes as the Treasurer deems proper.

The method of giving notice of payment of taxes due, accounting for the money collected, dividing the taxes collected among the various taxing districts and giving notice of delinquency and collection procedures are all determined by detailed statutes. The County's lien for personal property taxes that have been levied by the Commission prior to filing of federal tax liens is prior to such federal tax liens. In all other respects, and subject to the possible "Homestead Exemption", the lien for property taxes is prior to all other liens or encumbrances of any kind on real or personal property subject to taxation. By law, the County may commence foreclosure of a tax lien on real property after three years have passed since the first delinquency, but may not sell property eligible for deferral of taxes.

The State's courts have not decided whether the Homestead Law (Chapter 6.13 RCW) may give the occupying homeowner a right to retain certain proceeds of the forced sale of the family residence or other "homestead" property for delinquent general property taxes. (See *Algona vs. Sharp*, 30 Wn. App. 837, P.2d 627 (1982), holding the homestead right superior to the improvement district assessment). The United States Bankruptcy Court for the Western District of Washington has held that the Homestead Exemption applies to the lien for property taxes, while the State Attorney General has taken the position that it does not. The amount of proceeds that may be retained by the owner of such property has been increased from time to time and is currently the greater of $125,000 or the county median sale price of a single-family home in the preceding calendar year.

Tax Collection Records

Table 3 shows the Port's Tax Levy for 2020 through August 31, 2024, and the percentages of the tax collected.

Table 3
Tax Collection Record
2020-2024

Collection Year	Amount of Levy [1]	Amount Collected in Year Due	% Collected in Year Due	Amount Collected as of 08/31/2024	% of Levy Collected as of 08/31/2024
2024 [2]	$3,101,176	$ 1,786,985	57.6%	$ 1,786,986	57.6%
2023	3,000,742	2,897,575	96.6	2,947,627	98.2
2022	2,895,255	2,798,154	96.6	2,875,874	99.3
2021	2,804,619	2,712,180	96.7	2,801,022	99.9
2020	2,733,251	2,614,421	95.7	2,725,298	99.7

(1) The amount of the actual Tax Levy varies from the budgeted amount because of adjustments in assessed values and levy rates made by the County.
(2) Partial tax year, information as of August 31, 2024.
Sources: Grays Harbor County Assessor's and Treasurer's Offices.

Principal Taxpayers

Table 4 lists the principal taxpayers in the Port district and the assessed valuation of their real property in the 2024 tax year.

Table 4
Major Taxpayers

Taxpayer	Type of Business	2024 Collection Year Assessed Valuation	% of Port's Total Assessed Valuation
Grays Harbor Energy, LLC	Energy	$ 74,278,816	0.59%
Ag Processing, Inc.	Food Processing	71,400,000	0.56
Ascensus Specialties LLC	Chemical	70,161,089	0.56
Sierra Pacific Industries	Forest Products	57,959,900	0.46
Reg Grays Harbor LLC	Renewable Energy	41,316,355	0.33
Ocean Spray Cranberries, Inc.	Food Processing	36,735,255	0.29
Weyerhaeuser Timber Holdings Inc.	Forest Products	35,106,636	0.28
Wal Mart Real Estate Business	Real Estate	26,378,650	0.21
Comcast Cable Comm'n Mgmt. LLC	Telecommunications	22,607,142	0.18
Contanda Terminals	Bulk Liquid Storage	21,244,000	0.17
Subtotal - Ten of the Port's Largest Taxpayers		466,187,854	3.69
All Other Port Taxpayers		12,172,618,116	96.31
Total Port Taxpayers		$12,638,805,970	100.00%

Source: Grays Harbor County Assessor's Office.

SECURITY AND SOURCES OF PAYMENT FOR THE REVENUE BONDS

The Revenue Bonds are payable solely from the Revenue Bond Fund, and are payable from and secured by Net Revenue of the Port.

Net Revenue, as defined in the Revenue Resolution, means the Gross Revenue less any part thereof used or applied to pay normal costs of maintenance and operation of the Facilities of the Port (other than Special Facilities) and normal costs of administration of the business of the Port not paid from general tax levies, but before depreciation. For purposes of the Revenue Resolution, general tax levies are deemed to be applied to such costs.

Gross Revenue, as defined in the Revenue Resolution, means all income and revenue derived by the Port from time to time from any source whatsoever except: (1) the proceeds of any borrowing by the Port, (2) income and revenue which may not be legally pledged for revenue bond debt service, (3) income and revenue of the Port separately pledged and used by it to pay and secure the payment of the principal of and interest on any issue or series of Special Revenue Bonds of the Port issued to acquire, construct, equip, install or improve part or all of the particular facilities from which such income and revenue are derived, provided that prior to the issuance of such Special Revenue Bonds, a licensed professional engineer experienced in the design and operation of such facilities shall have certified that the amount of such pledged income and revenue will be sufficient to pay and secure the payment of such principal and interest as provided in the resolution of the Port authorizing the issuance of such Special Revenue Bonds, and provided further, that nothing in this subparagraph (3) shall permit the withdrawal from Gross Revenue of any income or revenue derived or to be derived by the Port from any income producing facility which shall have been contributing to Gross Revenue prior to the issuance of such Special Revenue Bonds, and (4) income from investments irrevocably pledged to the payment of bonds issued or to be refunded under any refunding bond plan of the Port.

The Revenue Bonds are revenue obligations of the Port and are not an obligation of the County, the State or any political subdivision thereof other than the Port, and neither the full faith and credit nor the taxing power of the Port is pledged to the payment of the Revenue Bonds. By statute, no tax revenues may be used to pay debt service on revenue bonds such as the Revenue Bonds.

Revenue Fund and Flow of Funds

There has heretofore been established in the office of the Treasurer a special fund of the Port known as the "Port of Grays Harbor Revenue Fund" (the "Revenue Fund"). The Gross Revenue shall be deposited in the Revenue Fund as collected. The Revenue Fund shall be held separate and apart from all other funds and accounts of the Port, and the Gross Revenue deposited therein shall be used only for the following purposes and in the following order of priority:

First, to pay necessary costs of administration of the business of the Port and of maintenance and operation of the Facilities not paid from other sources;

Second, to make all payments required to be made into the Revenue Bond Fund to pay the interest on any Parity Bonds, including reimbursement of credit providers securing the payment of Parity Bonds;

Third, to make all payments, including sinking fund payments, required to be made into the Revenue Bond Fund to pay the principal of any Parity Bonds, including reimbursement of credit providers securing the payment of Parity Bonds;

Fourth, to make all payments required to be made into any reserve account to secure the payment of any Parity Bonds, including reimbursement to the issuer (if any) of Qualified Insurance or Qualified Letters of Credit with respect to a reserve account;

Fifth, to make all payments required to be made into any other revenue bond redemption fund and debt service account or reserve account created therein to pay and secure the payment of the principal of and interest on any revenue bonds or other revenue obligations of the Port having a lien upon the Gross Revenue and the money in the Revenue Fund junior and inferior to the lien thereon for the payment of the principal of and interest on any Parity Bonds; and

Sixth, to retire by redemption or purchase any outstanding revenue bonds or other revenue obligations of the Port as authorized in the various resolutions of the Commission authorizing their issuance or to make necessary additions, betterments, improvements and repairs to or extension and replacements of the Facilities, or any other lawful Port purposes.

Revenue Bond Fund and Reserve Account

Revenue Bond Fund. Principal of, premium, if any, and interest on Parity Bonds is paid from the Revenue Bond Fund, which is held by the Treasurer. The Port has pledged to set aside and pay from the Revenue Fund into the Revenue Bond Fund amounts sufficient to pay the principal of and interest on the Parity Bonds on the respective dates on which such principal or interest becomes due.

Reserve Account. The Revenue Resolution authorized the establishment of a common reserve fund (the "Common Reserve Fund") for the purpose of securing the payment of the principal of, premium, if any, and interest on all Covered Bonds. Covered Bonds include the Revenue Bonds and any Future Parity Bonds secured by the Common Reserve Fund.

The Common Reserve Requirement is defined in the Revenue Resolution as the lowest of (i) maximum Annual Debt Service with respect to Outstanding Covered Bonds; (ii) 125% of average Annual Debt Service with respect to Outstanding Covered Bonds; and (iii) 10% of the proceeds of each series then Outstanding of Covered Bonds. The Common Reserve Requirement shall be determined and calculated as of the date of issuance of each series of Covered Bonds (and recalculated upon the issuance of a subsequent series of Covered Bonds and also, at the Port's option, upon the payment of principal of Covered Bonds) and provided that if, as a result of the issuance of Future Parity Bonds, the increase in the Common Reserve Requirement of Future Parity Bonds would require that an amount be contributed to the Common Reserve Fund that is more than the Tax Maximum, the Common Reserve Requirement shall be adjusted to require a contribution equal to the Tax Maximum.

The Port has covenanted to deposit the following amounts on the following dates into the Common Reserve Fund: (i) on the date of issuance of each series of Covered Bonds, the Port will assure that the amount on hand in the Common Reserve Fund shall be sufficient to meet the Common Reserve Requirement; (ii) if there shall be a deficiency in the Common Reserve Fund by reason of a withdrawal, such deficiency shall be made up within one year after the withdrawal from Qualified Insurance or a Qualified Letter of Credit or out of Net Revenue (or out of any other moneys on hand legally available for such purpose), in 12 equal monthly installments, after first making timely provision for all payments required to be made into the Bond Fund within such year; and (iii) if a deficiency in the Common Reserve Requirement shall exist as a result of a valuation, such deficiency shall be made up within one year after the valuation date thereof.

The Designated Port Representative may decide to utilize Qualified Insurance or Qualified Letter(s) of Credit to satisfy all or a portion of the Common Reserve Requirement. The issuer of a Qualified Letter of Credit must be rated at the time of issuance of the Qualified Letter of Credit in one of the two highest long term rating categories by one or more of Fitch, Inc ("Fitch"), Moody's Investors Service, Inc. ("Moody's") or S&P Global Ratings ("S&P") (collectively the "Rating Agencies"). The issuer of the Qualified Insurance at the time of delivery of issuance of the policy of Qualified Insurance must be rated in one of the two highest long term rating categories by one or more of the Rating Agencies. A "Credit Event" occurs when a Qualified Letter of Credit terminates or the issuer of Qualified Insurance or a Qualified Letter of Credit becomes insolvent or is no in existence.

If a deficiency in the Bond Fund with respect to Covered Bonds shall occur, such deficiency shall be made up from the Common Reserve Fund by the withdrawal of cash therefrom for that purpose and by the sale or redemption of investments held in the Common Reserve Fund, in such amounts as will provide cash in the Common Reserve Fund sufficient to make up any such deficiency with respect to the Covered Bonds, and if a deficiency shall exist immediately prior to an interest payment date and after the transfer of cash from the Common Reserve Fund to the Bond Fund, the Port shall then draw from any Qualified Letter of Credit or Qualified Insurance then credited to the Common Reserve Fund for the Covered Bonds in sufficient amount to make up the deficiency.

If a Credit Event occurs, the Common Reserve Requirement shall be satisfied, at the option of the Port, within one year after the occurrence of such Credit Event with other Qualified Insurance or another Qualified Letter of Credit, out of Net Revenue (or out of other money on hand and legally available for such purpose) after first making necessary provisions for all payments required to be made into the Bond Fund.

In addition, the Port may also establish and provide for the funding of a separate reserve account for any series of Future Revenue Bonds.

The Port will have on deposit in the Common Reserve Fund sufficient funds to meet the Common Reserve Requirement. The Port will deposit $677,514.42 from the proceeds of the Revenue Bonds to fund the Common Reserve Requirement.

Rate Covenant

The Port has covenanted that it will at all times establish, maintain and collect rentals, tariffs, rates, fees, and charges in the operation of all of its businesses as long as any Parity Bonds are Outstanding that will produce in each fiscal year Net Revenue in an amount equal to at least the Rate Covenant.

Rate Covenant, as defined in the Revenue Resolution, means in any year Net Revenue in an amount equal to at least 1.25 times that year's Annual Debt Serve Requirement.

If the Net Revenue in any fiscal year are less than required to fulfill the Rate Covenant, then the Port will retain a Professional Consultant to make recommendations as to operations and the revision of schedules of rentals, tariffs, rates, fees and charges; and upon receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Commission, on the basis of such recommendations and other available information, will establish rentals, tariffs, rates, fees and charges for services and operations which will be necessary to meet the Rate Covenant in the fiscal year during which such adjustments are made. If the Commission has taken the steps set forth in this paragraph and the Net Revenue in the fiscal year nevertheless is not sufficient to meet the Rate Covenant, there shall be no default under this provision during such fiscal year, unless the Port fails to meet the Rate Covenant for two consecutive fiscal years.

Certain Other Covenants

The Port has covenanted and agreed for as long as any Parity Bonds remain outstanding:

Maintenance of Facilities. The Port will at all times keep and maintain all of the Facilities in good repair, working order and condition, and will at all times operate the same and the business or businesses in connection therewith in an efficient manner and at a reasonable cost.

Sale of Certain Facilities. In the event any Facility or part thereof which contributes in some measure to the Gross Revenue is sold by the Port or is condemned pursuant to the power of eminent domain, the Port will apply the net proceeds of such sale or condemnation to capital expenditures upon or for Facilities which will contribute in some measure to the Gross Revenue or to the retirement of Bonds then Outstanding.

Insurance of Facilities. The Port will keep or arrange to keep all Facilities insured, if such insurance is obtainable at reasonable rates and upon reasonable conditions, against such risks, in such amounts, and with such self insurance retention or deductibles as the Commission or the Designated Port Representative shall deem necessary.

Insurance Against Port Liability. The Port will at all times keep or arrange to keep in full force and effect policies of public liability and property damage insurance which will protect the Port against anyone claiming damages of any kind or nature, if such insurance is obtainable at reasonable rates and upon reasonable conditions, in such amounts and with such self insurance retention and deductibles as the Commission or the Designated Port Representative shall deem necessary.

Maintenance of Books and Records. The Port will keep and maintain proper books of account and accurate records of all of its revenue, including tax receipts, received from any source whatsoever, and of all costs of administration and maintenance and operation of all of its business that are in accordance with generally accepted accounting principles as in effect from time to time.

Disposal of Income Properties. In the event of voluntary or involuntary sale, lease, or other conveyance, transfer or disposal of all or substantially all of its Facilities, the Port will require that contemporaneously with such disposition, there will be paid into a special fund a sum which will be sufficient to defease all Parity Bonds then Outstanding; provided, however, that such defeasance will not be required so long as the Port maintains primary responsibility for the management and operation of the affected Facilities and provided further that all Net Revenue from such Facilities continues to be pledged to all Parity Bonds then Outstanding.

Future Parity Bonds

The Port has covenanted that it will not issue any Parity Bonds that constitute a charge and lien upon the Net Revenue equal to the lien thereon of Outstanding Parity Bonds, unless at the time of the issuance of such Parity Bonds the Port is not in default under the Revenue Resolution or any other resolution authorizing the issuance of Parity Bonds then Outstanding, and the Port meets the conditions set below.

Certificate Required. There shall have been delivered prior to or on the date of the issuance of the Parity Bonds, either:

(A) a certificate prepared as provided below and executed by the Designated Port Representative stating that Adjusted Net Revenue during the Base Period was at least equal to 125 percent of Annual Debt Service in each year of the Base Period with respect to all Parity Bonds then Outstanding and then proposed to be issued; or

(B) a Professional Consultant's certificate, prepared as provided below, stating that projected Adjusted Net Revenue will be at least equal to 125 percent of the Maximum Annual Debt Service Requirement in each year with respect to all Parity Bonds then Outstanding and then proposed to be issued.

The Designated Port Representative's certificate, described in (A) above shall be based upon the financial statements of the Port for the Base Period, corroborated by the certified statements of the State Auditor's office, or any successor to the duties thereof, or by an independent certified public accounting firm for the Base Period. If the audited financial statements for the most recently completed fiscal year are not yet available, the Designated Port Representative's certificate may be based on unaudited financial statements certified by the Port's Director of Finance and Administration.

In making the computations of projected Adjusted Net Revenue for the purpose of certifying compliance with the conditions specified in (B) above, the Professional Consultant shall use as a basis the Net Revenue for the Base Period corroborated by the certified statements of the State Auditor's office, or any successor to the duties thereof, or by an independent certified public accounting firm for the Base Period. If the audited financial statements for the most recently completed fiscal year are not yet available, the Professional Consultant's certificate may be based on unaudited financial statements certified by the Port's Director of Finance and Administration. The Professional Consultant shall make such adjustments or modifications to Net Revenue (including those described in establishing Adjusted Net Revenue) in order to compute projected Adjusted Net Revenue as he/she/it deems reasonable as set forth in writing to the Port.

No Certificate Required. A certificate shall not be required as a condition to the issuance of Parity Bonds:

(A) if the Parity Bonds are being issued for refunding purposes upon compliance with the conditions set forth in the Revenue Resolution and summarized below in "Parity Bonds for Refunding Purposes"; or

(B) if the Parity Bonds are being issued to pay costs of construction of Facilities for which indebtedness has been issued previously and the principal amount of such indebtedness being issued for completion purposes does not exceed an amount equal to an aggregate of 15% of the principal amount of indebtedness theretofore issued for such Facilities and reasonably allocable to the Facilities to be completed as shown in a written certificate of a Designated Port Representative, stating that the scope, nature and purpose of such Facilities has not materially changed and that the net proceeds of such indebtedness being issued for completion purposes will be sufficient, together with other available funds of the Port, to complete such Facilities.

Parity Bonds for Refunding Purposes. The Port may issue Parity Bonds for refunding purposes, as follows:

(1) Parity Bonds may be issued at any time for the purpose of refunding (including by purchase) Parity Bonds including amounts to pay principal thereof and redemption premium, if any, and interest thereon to the date of redemption (or purchase), any deposits to a reserve account or to purchase a Qualified Letter of Credit or Qualified Insurance, and the expenses of issuing the Parity Bonds and of effecting such refunding upon delivery of a certificate as provided above. Such refunding Parity Bonds also may be issued without a certificate if:

(A) the latest maturity of the Parity Bonds to be issued is not later than the latest maturity of the Parity Bonds to be refunded (were such refunding not to occur), and the increase in Annual Debt Service as a result of such refunding in any year is less than the greater of (i) $25,000 or (ii) 5% of such Annual Debt Service on the Parity Bonds to be refunded; or

(B) the latest maturity of the Parity Bonds to be issued is later than the latest maturity of the Parity Bonds to be refunded (were such refunding not to occur), and the Maximum Annual Debt Service on all Parity Bonds to be Outstanding after the issuance of the refunding Parity Bonds shall not be greater than Maximum Annual Debt Service were such refunding not to occur.

(2) Parity Bonds may be issued without the requirement of a certificate pursuant to this section for the purpose of refunding (including by purchase) any Parity Bonds at any time within one year prior to their maturity or mandatory redemption date if sufficient Net Revenue or other moneys are not expected to be available for payment at maturity or mandatory redemption.

Liens Subordinate to Parity Bonds. Nothing herein contained shall prevent the Port from issuing revenue bonds or other obligations which are a charge upon the Net Revenue junior or inferior to the payments required by this resolution to be made out of such Net Revenue to pay and secure the payment of any Parity Bonds. Such junior or inferior obligations shall not be subject to acceleration. This prohibition against acceleration shall not be deemed to prohibit mandatory tender or other tender provisions with respect to variable rate obligations.

Supplements and Amendments to Revenue Resolution

The Port has reserved the right to adopt supplements and amendments to the Revenue Resolution in certain cases without the consent of the owners of any of the Parity Bonds.

DEBT INFORMATION

Port District General Obligation Debt Limitation

Under Washington law, the Port may incur general obligation indebtedness payable from *ad valorem* property taxes in an amount not exceeding one-fourth of one percent of the value of the taxable property in the Port district without a vote of the electors. With the assent of three-fifths of the electors voting thereon, subject to a validation requirement, the Port may incur additional general obligation indebtedness, provided the total indebtedness of the Port at any time does not exceed three-fourths of one percent of the value of the taxable property in the Port district. **The LTGO Bonds are issued as non-voted general obligation indebtedness.** After general obligation indebtedness has been incurred, changes in assessed value have no effect on its validity, although declines in assessed value can limit the ability to incur additional general obligation indebtedness. The limit on incurring indebtedness does not apply to obligations payable from revenues (special funds), such as the Revenue Bonds, or assessments.

State law permits municipal corporations to borrow money and issue short-term obligations for any lawful purpose and in anticipation of the receipt of revenues, taxes, grants, or the sale of bonds, if the bonds have been authorized by the governing body or the voters, as applicable. Short-term obligations issued in anticipation of taxes must be repaid within six months after the end of the fiscal year in which they are issued.

Table 5 reflects the current estimated debt limit for the Port, taking into account the planned issuance of the LTGO Bonds.

Table 5
Estimated Debt Limit

Total Assessed Valuation (2024 Collection Year)[1]	$ 12,638,805,970
Debt Limit, nonvoted debt, including limited tax general obligation bonds (0.25% of Value of Taxable Property)	31,597,015
Less: The LTGO Bonds	(20,000,000)
Less: Outstanding Limited Tax General Obligation Bonds	(9,853,580)[2]
Less: Other Outstanding General Obligation Loans	(0)
Remaining Capacity: Limited Tax General Obligation Debt	$ 1,743,435
Debt Limit, Total, voted and nonvoted debt, General Obligation Debt (0.75% of Value of Taxable Property)	$ 94,791,045
Less: The LTGO Bonds	(20,000,000)
Less: Total, nonvoted debt, Limited Tax General Obligation Bonds	(9,853,580)[2]
Less: Total, voted debt, Unlimited Tax General Obligation Bonds	(0)
Remaining Capacity: Total General Obligation Debt	$ 64,937,465

(1) 100 percent of the Port's estimated actual valuation based on values received from the Grays Harbor County Assessor for taxes to be collected in 2024.

(2) Includes all currently outstanding LTGO debt (as described in detail in Table 6 below), excluding the LTGO Bonds, as separately identified above.

Source: The Port.

Outstanding Limited Tax General Obligation Bonds

Upon issuance of the LTGO Bonds, the Port expects to have outstanding the following limited tax general obligation bonds:

Table 6
Outstanding Limited Tax General Obligation Bonds

Bonds	Date of Issue	Date of Maturity	Principal Amount Issued	Principal Amount Outstanding
LTGO & Ref. Bonds, 2021B	10/07/21	12/01/31	$ 7,436,535	$,496,145
LTGO & Ref. Bonds, 2021C	10/07/21	12/01/30	3,357,435	3,357,435
The LTGO Bonds	11/26/24	12/01/54	20,000,000	20,000,000
Limited Tax General Obligation Total			$30,793,970	$29,853,580

Source: The Port.

The Port has no outstanding unlimited tax (voter-approved) general obligation bonds.

Outstanding Parity Bond Debt

Upon the issuance of the Revenue Bonds, the Port expects to have outstanding the following Parity Bonds.

Table 7
Outstanding Parity Bonds

Bonds	Date of Issue	Date of Maturity	Principal Amount Issued	Principal Amount Outstanding
Revenue Bond, 2020 (Private Activity – AMT)	06/23/20	12/01/30	$2,785,000	$1,929,000
The Revenue Bonds	11/26/24	12/01/42	6,970,000	6,970,000
Parity Bond Total			$9,755,000	$8,899,000

Source: The Port.

Other Obligations of the Port

The Port also has outstanding four loans totaling $1,342,095 from the State Community Economic Revitalization Board ("CERB"), which are general obligations of the Port. CERB loans as well a loans from the federal government are permitted by RCW 39.69 to be excluded from statutory debt limit calculations for the Port.

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Direct and Estimated Overlapping Debt

Table 8 shows direct and estimated overlapping debt within the Port district, adjusted to reflect the issuance of the LTGO Bonds.

Table 8
Overlapping General Obligation Debt (As of August 31, 2024[1])

Jurisdiction	Net Debt Outstanding[2]	Percentage Applicable to the Port	Amount of Debt within Port Boundaries
Direct Debt:			
Port of Grays Harbor	$ 29,853,580	100.00%	$ 29,853,580
Overlapping Debt:			
School Districts	24,144,106	100.00	24,144,106
Cities	6,486,906	100.00	6,486,906
County	1,136,749	100.00	1,136,749
Hospital District	--	100.00	--
Fire Districts	3,736,085	100.00	3,736,085
Total Overlapping Debt	**$ 35,503,846**		**$ 35,503,846**
Total Direct and Overlapping Debt	**$ 65,357,426**		**$ 65,357,426**

(1) This table reflects the total general obligation debt of all the taxing entities within the Port. Totals may not foot due to rounding.
(2) Information was obtained from those agencies and the Grays Harbor County Treasurer.
Sources: The Port, Grays Harbor County Treasurer and various taxing entities.

Bonded Debt Ratios

Table 9 shows various ratios of indebtedness to population and assessed valuation for property in the Port district.

Table 9
Bonded Debt Ratios

Total Assessed Valuation (for 2024 taxes)(1)	$	12,638,805,970
Estimated Population (2023)(2)		77,539
Port Limited Tax General Obligation Debt	$	29,853,580
Estimated Overlapping Debt	$	35,503,846
Total Port Limited Tax General Obligation Debt and Estimated Overlapping Debt	$	65,357,426
Port Debt to Assessed Valuation		0.24%
Per Capita Port Debt	$	385
Per Capita Assessed Valuation	$	162,999
Port and Estimated Overlapping Debt to Assessed Valuation		0.52%
Per Capita Port Debt and Estimated Overlapping Debt	$	843

(1) *Source*: Grays Harbor County Assessor's Office. Based upon 100 percent of the Port's estimated actual valuation; amount shown includes taxable property and timber assessed value.
(2) *Source*: Grays Harbor Data Systems.
Source: The Port.

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Projected Limited Tax General Obligation Debt Service Requirements

Table 10 shows the projected limited tax general obligation debt service requirements.

Table 10
Limited Tax General Obligation Bond Debt Service

	Outstanding LTGO Bonds (1)			The LTGO Bonds			
Years	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service	Total Debt Service
2024	$ 1,186,230	$ 134,483	$ 1,320,713	--	--	--	$ 1,320,713
2025	1,203,430	117,283	1,320,713	--	$ 960,710	$ 960,710	2,281,423
2026	1,220,880	99,833	1,320,713	$ 80,000	947,550	1,027,550	2,348,263
2027	1,200,165	120,548	1,320,713	100,000	943,550	1,043,550	2,364,263
2028	1,222,720	97,993	1,320,713	125,000	938,550	1,063,550	2,384,263
2029	1,247,905	72,805	1,320,710	145,000	932,300	1,077,300	2,398,010
2030	1,273,615	47,099	1,320,714	170,000	925,050	1,095,050	2,415,764
2031	1,298,635	22,077	1,320,712	200,000	916,550	1,116,550	2,437,262
2032	--	--	--	225,000	906,550	1,131,550	1,131,550
2033	--	--	--	255,000	895,300	1,150,300	1,150,300
2034	--	--	--	290,000	882,550	1,172,550	1,172,550
2035	--	--	--	325,000	868,050	1,193,050	1,193,050
2036	--	--	--	360,000	855,050	1,215,050	1,215,050
2037	--	--	--	395,000	840,650	1,235,650	1,235,650
2038	--	--	--	435,000	824,850	1,259,850	1,259,850
2039	--	--	--	475,000	807,450	1,282,450	1,282,450
2040	--	--	--	515,000	788,450	1,303,450	1,303,450
2041	--	--	--	560,000	766,562	1,326,562	1,326,562
2042	--	--	--	610,000	742,762	1,352,762	1,352,762
2043	--	--	--	1,290,000	716,837	2,006,837	2,006,837
2044	--	--	--	1,375,000	662,012	2,037,012	2,037,012
2045	--	--	--	1,460,000	603,575	2,063,575	2,063,575
2046	--	--	--	1,550,000	541,525	2,091,525	2,091,525
2047	--	--	--	1,645,000	475,650	2,120,650	2,120,650
2048	--	--	--	1,765,000	389,287	2,154,287	2,154,287
2049	--	--	--	825,000	296,625	1,121,625	1,121,625
2050	--	--	--	870,000	253,312	1,123,312	1,123,312
2051	--	--	--	915,000	207,637	1,122,637	1,122,637
2052	--	--	--	960,000	159,600	1,119,600	1,119,600
2053	--	--	--	1,015,000	109,200	1,124,200	1,124,200
2054	--	--	--	1,065,000	55,912	1,120,912	1,120,912
Total (2)	$ 9,853,580	$ 712,122	$10,565,702	$ 20,000,000	$ 20,213,660	$ 40,213,660	$ 50,779,362

(1) Includes payments made to date.
(2) Totals may not foot due to rounding.

Source: The Port.

Projected Parity Bond Debt Service Requirements

Table 11 shows the projected parity bond debt service requirements.

Table 11
Parity Bond Debt Service

	Outstanding Parity Bonds [1]			The Revenue Bonds			
Years	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service	Total Debt Service
2024	$ 256,000	$ 48,225	$ 304,225	--			$ 304,225
2025	262,000	41,825	303,825	--	$ 302,671	$ 302,671	606,496
2026	268,000	35,275	303,275	--	298,525	298,525	601,800
2027	275,000	28,575	303,575	--	298,525	298,525	602,100
2028	283,000	21,700	304,700	--	298,525	298,525	603,225
2029	289,000	14,625	303,625	--	298,525	298,525	602,150
2030	296,000	7,400	303,400	--	298,525	298,525	601,925
2031	--	--	--	$ 150,000	298,525	448,525	448,525
2032	--	--	--	500,000	292,525	792,525	792,525
2033	--	--	--	520,000	272,525	792,525	792,525
2034	--	--	--	540,000	251,725	791,725	791,725
2035	--	--	--	565,000	230,125	795,125	795,125
2036	--	--	--	585,000	205,406	790,406	790,406
2037	--	--	--	615,000	179,812	794,812	794,812
2038	--	--	--	640,000	152,906	792,906	792,906
2039	--	--	--	670,000	124,906	794,906	794,906
2040	--	--	--	695,000	95,593	790,594	790,594
2041	--	--	--	730,000	65,187	795,187	795,187
2042	--	--	--	760,000	33,250	793,250	793,250
Total [2]	$ 1,929,000	$ 197,625	$ 2,126,625	$ 6,970,000	$ 3,997,784	$ 10,967,784	$ 13,094,409

(1) Includes payments made to date.

(2) Totals may not foot due to rounding.
Source: The Port.

Debt Payment Record

The Port has never defaulted on the payment of principal or interest on any of its bonds or other debt. Additionally, no refunding bonds have been issued for the purpose of preventing an impending default.

Future Financings

The Port has no voter authorized but un-issued debt. The Port has no plans to issue additional debt within the next 12 months.

PORT FINANCIAL MATTERS

General

The Port's audited financial statements for the year ended December 31, 2023, are set forth in Appendix F, together with the auditor's report thereon. See "AUDITING OF PORT FINANCES."

Summary of Operating Results

The tables below present summaries of the Port's Statement of Revenues, Expenses and Change in Net Fund Position and Statement of Assets, Liabilities and Net Position. Additional information that may interpret, clarify, or modify the summaries set forth in the tables may be contained in the Port's audited financial statements, including the accompanying footnotes.

Key highlights from the Port's Management Discussion in its 2022 audited financial statements include:

- In August of 2021, Port tenant Ag Processing, Inc. had a shiploader fail at Terminal 2. The shiploader was repaired and replaced in April of 2022. In 2023, continuous operations at Terminal 2 resumed and loading returned to historic levels.

- Export markets remain strong and the Port predicts another solid year of operations in 2023.

See "Management's Discussion and Analysis" in Appendix F.

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Table 12
Statement of Revenues, Expenses and Change in Net Fund Position
(Fiscal Years Ended December 31[1])

	2024 Budget	2023	2022	2021	2020	2019
OPERATING REVENUES						
Airport Operations	$ 242,684	$ 224,452	$ 267,310	$ 224,868	$ 192,181	$ 89,394
Marina Operations	1,641,019	1,887,398	1,550,957	1,397,764	1,264,211	1,174,890
Marine Terminal Operations	26,534,918	28,269,303	23,090,560	21,305,345	24,419,500	24,099,210
Insurance Proceeds related to Business Interruption	--	--	--	1,234,275	--	--
Property Lease/Rental Operations	3,697,930	3,961,000	2,341,267	3,011,037	3,316,545	2,986,878
Satsop Business Park Operations	2,240,512	2,152,289	2,015,527	2,490,797	1,728,126	1,984,774
Pilotage Operations	1,900,260	2,027,013	1,165,526	1,203,552	1,468,292	1,376,399
Ship Assist Services	3,430,000	4,007,923	2,397,975	1,807,983	1,942,533	1,960,080
Friends Landing Park Operations	135,400	121,833	121,355	137,387	92,365	86,256
Total Operating Revenues	$ 39,880,848	$ 42,651,211	$ 32,950,477	$ 32,813,008	$ 34,423,753	$ 33,757,881
OPERATING EXPENSES						
General operations	$ 32,928,472	$ 36,755,409	$ 29,050,227	$ 24,465,995	$ 27,250,073	$ 26,011,256
Maintenance	3,030,312	3,447,775	2,673,408	2,951,529	2,723,934	2,280,985
General and administrative	2,308,741	2,175,371	2,036,822	866,754	2,455,606	2,112,240
Depreciation	5,214,619	5,602,878	5,731,116	5,643,931	5,733,064	5,944,297
Total Operating Expenses	$ 43,509,143	$ 47,981,433	$ 39,491,573	$ 33,928,209	$ 38,162,677	$ 36,348,778
Operating Income (Loss)	$ (3,601,295)	$ (5,330,222)	$ (6,541,096)	$ (1,115,201)	$ (3,738,924)	$ (2,590,897)
NONOPERATING REVENUES (EXPENSES)						
Investment income	$ 1,500,000	$ 1,408,318	$ 533,150	$ 87,022	$ 236,371	$ 618,122
Interest income from Lease Activity	--	1,927,316	1,647,914	--	--	--
Taxes levied for General Purposes	3,055,669	2,983,974	2,884,722	2,796,854	2,746,165	2,669,453
Timber and Other Taxes	671,500	618,882	860,345	568,906	569,504	630,857
Gain (Loss) on Disposition of Assets	--	(132,705)	17,932	454	19,982	(513,502)
Interest Expense	(630,893)	(238,689)	(224,378)	(408,635)	(598,207)	(742,275)
Election Expense	--	(37,768)	--	--	--	(12,978)
Fisheries Enhancement/Public Facilities	(296,127)	(285,871)	(283,779)	(269,175)	(286,858)	(284,536)
Grays Harbor Navigation Channel Improvement Revenue	--	--	--	--	--	575,078
Grays harbor navigation Channel Improvement Expense	--	(1,763,065)	--	(1,709,952)	(14,756)	(804,376)
Other nonoperating Revenues (Expenses)	(240,200)	8,783	1,363	(85,744)	(46,558)	197,151
Total Nonoperating Revenues (Expenses)	$ 4,059,949	$ 4,489,175	$ 5,435,269	$ 979,730	$ 2,625,643	$ 2,332,994
Income Before Capital Contributions	458,654	(841,047)	(1,105,827)	(135,471)	(1,113,281)	(257,903)
Capital contributions	24,740,630	4,006,191	1,792,443	656,640	1,397,441	4,974,907
Increase (decrease) in net position	25,199,284	3,165,144	686,616	521,169	284,160	4,717,004
Net position-January 1 as previously stated	135,182,440	135,182,440	134,495,824	133,974,655	134,886,223	130,169,219
Prior Period Adjustment[2]	--	--	--	--	(1,195,728)	--
Net position-January 1 as restated						
Net position-end of period	**$ 160,381,724**	**$ 138,347,584**	**$ 135,182,440**	**$ 134,495,824**	**$ 133,974,655**	**$ 134,886,223**

(1) The table above reflects the published Audit Report as audited by the Washington State Auditor's office for fiscal years 2019 through 2023. The 2023 financial report reflects the changes in reporting as promulgated by the adoption of pronouncement #87 of the Government Accounting Standards Board ("GASB").

(2) Beginning in 2019, the published reports reflect the changes in accounting and financial reporting for other post-employment benefits promulgated by pronouncement #75 of GASB.

Source: The Port.

Table 13
Audited Comparative Statement of Assets, Liabilities and Net Position
(Fiscal Years Ended December 31[1])

	2023	2022	2021	2020	2019
ASSETS					
Current Assets					
Cash and cash equivalents	$ 27,025,332	$ 29,754,124	$ 33,805,356	$ 30,737,614	$ 27,704,555
Bar Pilots Retirement	73,605	55,726	74,298	92,419	92,990
Investments	--	--	9,076	11,248	14,691
Restricted assets	1,681,280	1,526,831	4,048,199	--	--
Cash and cash equivalents[2]					
Investments	--	--	--	--	--
Taxes receivable	183,567	176,011	169,298	201,418	183,147
Accounts receivable (net of allowance for uncollectible)	9,738,873	7,286,478	8,173,012	4,907,004	7,160,758
Current portion of lease receivable[1]	2,014,650	2,055,328	--	--	--
Interest receivable	231,193	142,481	2,036	2,322	2,619
Contracts Receivable	--	88,000	88,000	88,000	88,000
Inventory	178,063	221,769	270,324	213,854	255,300
Prepaids	899,088	1,495,368	1,312,134	2,985,156	2,928,021
Total Current Assets	$ 42,025,651	$ 42,802,116	$ 47,951,733	$ 39,239,035	$ 38,430,081
Noncurrent Assets					
Capital assets not being depreciated					
Land	$ 27,802,314	$ 27,524,363	$ 27,524,363	$ 27,524,363	$ 27,524,363
Construction in Progress	5,548,193	2,586,514	160,186	300,683	4,561,061
Capital assets being depreciated					
Buildings	90,273,324	97,152,354	94,344,013	93,325,412	92,379,172
Improvements other than buildings	134,131,289				
Machinery and equipment	9,441,938	9,533,155	9,474,217	9,487,459	9,125,137
Intangible assets	--	--	--	--	--
Intangible right to use assets[1]	--	--	--	--	--
Less: Accumulated Depreciation	(144,186,827)	(154,166,552)	(155,191,611)	(150,065,331)	(144,401,329)
Right to Use Assets being Amortized					
Equipment	56,635	57,239	--	--	--
Less: Accumulated Amortization	(25,691)	(11,895)	--	--	--
SBITAs	80,234	--	--	--	--
Less: Accumulated Amortization	(23,691)	--	--	--	--
Contracts Receivable	--	44,501,795	--	--	--
Other noncurrent assets	47,628,823				
Total Noncurrent Assets	$ 170,726,541	$ 165,717,746	$ 119,237,074	$120,730,781	$ 121,031,207
Total Assets	$ 212,752,192	$ 208,519,862	$ 167,188,807	$159,969,816	$ 160,361,288
DEFERRED OUTFLOWS OF RESOURCES					
Pension deferred outflows	$ 1,394,338	$ 1,514,642	$ 466,340	$ 536,790	$ 473,693
OPEB deferred outflows[3]	39,776	38,567	36,341	30,716	26,497
Total Deferred Outflows of Resources	$ 1,434,114	$ 1,553,209	$ 502,681	$ 567,506	$ 500,190

Table 13 (Continued)
Audited Comparative Statement of Assets, Liabilities and Net Position
(Fiscal Years Ended December 31[1])

	2023	2022	2021	2020	2019
LIABILITIES					
Current Liabilities					
Warrant payable	$ 153,570	$ 43,290	$ 1,053,258	$ 200,488	$ 905,420
Accounts payable	2,438,948	2,290,337	2,222,298	1,918,793	875,983
Compensated Absences	198,184	148,337	145,816	161,468	149,601
Accrued interest payable	51,875	18,055	44,646	38,702	36,781
Current portion of Lease Liability	14,383	14,087	--	--	--
Current portion of SBITAs	26,110				
Current portion of long-term Liabilities	1,772,876	1,654,071	1,609,381	837,574	835,137
Accrued Expenses	784,996	814,713	320,101	649,556	427,033
Grays Harbor Bar Pilots Retirement	73,605	55,726	74,298	92,419	92,990
Pension Liability	96,421	96,421	96,421	96,421	--
OPEB Liability	79,553	77,134	72,681	61,432	--
Other current liabilities	3,014,257	3,261,143	2,847,889	3,068,930	2,882,150
Total Current Liabilities	$ 8,704,778	$ 8,473,917	$ 8,486,789	$ 7,125,783	$ 6,205,095
Noncurrent Liabilities					
Compensated Absences	$ 859,230	$ 668,987	$ 677,515	$ 741,876	$ 601,458
General Obligation Bonds	8,667,350	9,853,580	11,023,420	7,079,197	7,624,523
Revenue bonds	1,673,000	1,929,000	2,178,000	2,421,000	--
Contracts Payable	2,182,177	1,342,095	1,577,326	1,812,116	5,719,737
Net Pension Liability	1,739,184	1,881,122	1,485,668	2,861,224	1,768,259
OPEB Liability	2,496,435	2,960,585	3,436,460	3,881,961	2,921,272
Lease Liability, Non-Current	17,297	31,681	--	--	--
Other Non-Current Liabilities	169,479	175,676	104,063	112,800	121,856
Total Noncurrent Liabilities	$ 17,827,177	$ 18,842,726	$ 20,482,452	$ 18,910,174	$ 18,757,005
Total Liabilities	$ 26,531,955	$ 17,316,643	$ 28,969,241	$ 26,035,957	$ 24,962,100
DEFERRED INFLOWS OF RESOURCES					
Pensions	$ 940,430	$ 1,600,674	$ 4,226,423	$ 526,710	$ 1,013,155
Leases[1]	48,366,337	45,973,314	--	--	--
Total Deferred Inflows of Resources	$ 49,306,767	$ 47,573,988	$ 4,226,423	$ 526,710	$ 1,013,155
NET POSITION					
Net Investment in capital assets	$ 108,721,500	$ 105,929,437	$ 102,298,948	$ 107,942,895	$ 107,025,810
Restricted	4,051,075	4,373,984	9,139,176	--	--
Unrestricted	25,575,009	24,879,019	23,057,700	26,031,760	27,860,413
TOTAL NET POSITION	**$ 138,347,584**	**$ 135,182,440**	**$ 134,495,824**	**$ 133,974,655**	**$ 134,886,223**

(1) The table above reflects the published Audit Report as audited by the Washington State Auditor's office for fiscal years 2019 through 2023. The 2023 financial report reflects the changes in reporting as promulgated by the adoption of pronouncement #87 of the Government Accounting Standards Board ("GASB").

Source: The Port.

THE PORT OF GRAYS HARBOR

Introduction

The Port is a municipal corporation of the State created in 1911 by a vote of the electors of the Port and operates under provisions of the laws of the State, now codified at RCW 53.04.010 *et seq*. The Port district encompasses all of Grays Harbor County, an area of 1,917 square miles. The County includes the incorporated cities of Aberdeen, Cosmopolis, Elma, Hoquiam, McCleary, Montesano, Oakville, Ocean Shores and Westport.

Under State statutes, port districts are authorized to construct and own marine terminals that facilitate the transportation of cargo shipments. These terminals can include docks, wharfs, piers, upland storage facilities, rail tracks and other terminal investments necessary to facilitate the movement of maritime cargoes. Authority is also given to ports in the State to develop, own and operate small boat marinas [airports] and to facilitate economic development and job creation through development and ownership of industrial and mixed-use facilities. Creation of industrial development districts, and ownership and operation of airport terminal facilities are within the scope and power of port districts. Port districts also have the powers of eminent domain and ad valorem taxation upon the real and personal property within the port district.

Commission

The Port is governed by an elected three-member Commission. Commissioners must reside within the Port's boundaries. The Commissioners are elected to six-year terms. Officer positions on the Commission are held for a calendar year and currently are rotated every two years.

Table 14
2024 Commission

Commissioners	Term Expires
Phil Papac	December 31, 2027
Tom Quigg	December 31, 2029
Stan Pinnick	December 31, 2025

Phil Papac, District 1, was appointed to the Port Commission in August 2018. A life-long resident of Grays Harbor and a successful local business owner, Commissioner Papac brings an extensive history of involvement and commitment in the community.

***Tom Quigg, District 2*,** was appointed to the Port Commission in December 2018. Commissioner Quigg brings a solid background in both marine construction and commercial and industrial real estate. Also a life-long Harborite, Commissioner Quigg has an extensive history of involvement throughout the Grays Harbor community and was a founding member of the Grays Harbor Shipping Club.

Stan Pinnick, District 3, was elected to the Port Commission in November 2003. Commissioner Pinnick is a life-long Hoquiam resident and comes from a 35-year career in public education and administration. He brings to the Commission a background in finance, community, and policy development. Commissioner Pinnick provides focused leadership for the Port's industrial and economic development efforts, and recognizes the importance of the success of current businesses in our region and their opportunities to expand.

Key Administrative Staff

***Leonard Barnes, Executive Director*,** has been with the Port of Grays Harbor since 1984. Mr. Barnes has a background in Marine Terminal operations beginning as a Marine Terminal Superintendent in December 1984. Mr. Barnes was promoted from Deputy Executive Director to Executive Director on April 1, 2024. Mr. Barnes has strong forest products industry connections and networks in the international trade arena. Mr. Barnes has helped diversify the Port's business portfolio since joining the Port. A native of Bremerton, Mr. Barnes attended Grays Harbor College.

Mike Folkers, Director of Finance & Administration, has been employed by the Port of Grays Harbor since April 2018. Mr. Folkers has worked in public sector finance for over 23 years, including stretches as the Finance Director with the City of Ocean Shores, the City of Hoquiam and the City of Aberdeen. Mr. Folkers is a graduate of the University of Washington with a B.S. in Aeronautics & Astronautics Engineering and also holds an M.B.A. from Washington State University.

Angela Folkers, ***Successor Accounting Manager/Treasurer***, began employment at the Port of Grays Harbor on May 1, 2024. Mrs. Folkers began working in the public sector in 2002 at the Washington State Auditor's Office, ultimately becoming the Manager for Team Olympia. More recently, she worked as the Finance Director for the City of Ocean Shores from 2016 to 2024. She graduated from St. Martin's University with a B.A. in Accounting.

Port Facilities

The Port facilities consist of a Marine Terminal complex including four ship terminals with five berths, related open storage areas, rail and truck access, transit sheds and covered storage facilities; approximately 1,850 acres of industrial property, 600 acres of which are developed and in use in the Aberdeen, Hoquiam and Westport areas; Satsop Business Park, a 1,700 acre mixed use business and technology Park outside of Elma; the Westport Marina, a moorage and boating facilities for fishing and recreational users located just inside the entrance to Grays Harbor; Friends Landing, a 152 acre recreation facility along the Chehalis River with 18 RV sites and 10 tent sites; and Bowerman Field Airport in the City of Hoquiam.

The Port was established in 1911 as the second port district in the State of Washington. The Port is the only deep-water port on the coast of Washington State, and a total of 1,254 acres of land and buildings located throughout the County are designated as a Foreign Trade Zone ("FTZ"). An FTZ designation allows businesses to store, process and manipulate foreign goods within the FTZ, while duty paid on the goods is deferred until they leave the FTZ. If goods are brought into the FTZ and exported to another country, duty is avoided, because the goods never formally enter United States Customs territory.

Table 15
Operating Income by Business Line*

(Year ending December 31, 2023)	Marine Terminals	Marina	Industrial Leases	Airport	Harbor Services (Pilotage & Ship Assist)	Friends Landing	Total
Operating Revenue	$28,269,303	$1,887,398	$2,460,969	$ 224,452	$6,034,935	$121,834	$38,998,891
Operating Expenses	27,919,045	1,758,647	1,157,023	499,562	6,589,578	137,640	38,061,495
Net Operating Income	**$ 350,258**	**$ 128,751**	**$1,303,946**	**$(275,110)**	**$(554,643)**	**$(15,807)**	**$ 937,396**

*Before depreciation and administrative expenses.
Source: The Port.

AGP's primary export trading partners are all located in Southeast Asia: The Philippines, Vietnam and Thailand. AGP does not export soybean meal into China. Trade disputes have not had a major impact on export activity to date.

Table 16
Sources of Revenue Income* 2019-2023

Customer	2023	2022	2021	2020	2019
Ag Processing, Inc.	$16,355,858.91	$15,782,167.06	$13,370,737.45	$14,523,491.23	$13,315,656.94
Blue Water Shipping	$7,799,612.20	$5,398,847.73	$5,595,928.69	$6,708,072.60	$6,111,533.48
Transmarine Navigation	$2,517,072.35	$1,619,652.08	$1,417,561.11	$1,509,342.40	$1,712,914.53
Norton Lilly International	$1,965,565.89	$831,537.36	$463,352.19	$315,426.23	$735,640.25
Northwest Forest Link	$1,168,059.41	$1,166,512.99	$922,874.92	$0	$0
Southport Agencies, Inc.	$937,404.05	$515,007.47	$460,644.95	$289,363.52	$0
REG Grays Harbor, LLC	$805,884.45	$573,559.96	$457,524.50	$637,494.00	$664,391.07
Southport Lumber Co.	$766,339.03	$469,205.77	$413,886.86	$0	$0
Pasha Stevedore & Terminals	$527,855.26	$2,435.10	$2,340.21	$288,406.62	$1,908,283.56
Grays Harbor County	$370,000.00	$203,272.01	$107,102.91	$139,316.83	$394,716.44
BWC Terminals	$234,664.10	$290,561.78	$91,351.64	$149,704.12	$334,000.00
Willis Enterprises	$152,087.47	$143,677.31	$81,518.78	$301,064.48	$454,845.94
Talon Marine Services	$0	$416,014.36	$256,026.97	$61,811.74	$54,786.60
833rd Transportation Battalion	$0	$0	$0	$1,788,488.09	$497,267.82
Pacific Lumber & Shipping	$0	$0	$0	$255,909.00	$521,066.78
Interport PNW	$0	$0	$0	$182,910.06	$757,180.29

Source: The Port.

Marine Terminal Complex

The Port's Marine Terminal complexes are located in Grays Harbor less than two hours sailing time from the Pacific Ocean and accessible by a deep-water channel maintained by the United States Army Corps of Engineers. The marine facilities include 325 acres of lighted and secure cargo yard storage area, four deep water terminals, cargo yard rail service, fully looped rail, and three warehouse facilities with 104,000 square-feet of total storage space. The three warehouses are adjacent to Terminal 4. The complex is served by the Puget Sound and Pacific short-line railroad with direct service to the BNSF Railway and Union Pacific Railway mainlines. Surface transportation needs are met with a four-lane highway with access directly to the interstate system.

Terminal No. 1. Terminal No. 1 is a deep-water shipping facility capable of handling both barges and Panamax-size vessels with a depth of 40 feet mean low low water ("mllw"). Terminal No. 1 is specially equipped for vessels loading or discharging liquid bulk commodities. This terminal serves two adjoining privately operated facilities: REG Grays Harbor, completed in 2007 and the largest biodiesel production facility in the United States; and the BWC Terminals, a liquid bulk storage and transfer facility which opened in 2009 to serve the Pacific Northwest market.

Terminal No. 2. Terminal No. 2 is a dry bulk export facility specializing in animal feed and grain destined for Pacific Rim markets. Terminal 2 was converted in 2003 to a bulk facility resulting from a public-private partnership with Ag Processing, Inc. ("AGP"), the largest soybean processing cooperative in the world, serving 150 local cooperatives representing over 200,000 farmers throughout the United States Midwest. The berth is equipped to serve Panamax-size vessels which are loaded directly from railcars via conveying equipment installed by AGP and operated by the Port. AGP recently expanded their facility by building four additional storage silos, for a total of twelve, to increase the export capacity at Terminal 2. The primary commodity handled is soybean meal shipped to Pacific Rim markets.

Terminal No. 3. Acquired by the Port in 1999 from Rayonier Inc, Terminal No. 3 includes a 600 foot long and 100 foot wide concrete and steel pier dock with 150 acres of adjacent cargo yard, of which 25 acres is under lease to a wood chip operator. Wood chip barges load at Terminal No. 3 and are destined for United States and Canadian West Coast markets. The Port has remaining cargo yard acreage available for lease and is seeking an import / export use for full utilization of this terminal.

Terminal No. 4. Terminal No. 4 consists of two ship berths with a 1,400 foot long and 100 foot wide concrete and steel pier with a berthing depth of 41 feet mllw. A computerized anti-siltation system helps keep the berths deepened at all times. On-shore facilities consist of 100 acres of open lighted secure storage, all of which is paved. Terminal No. 4 specializes in efficient roll-on/roll-off cargos including automobiles and over-high/wide equipment, breakbulk and log loading, and is a heavy-duty facility suitable for project, breakbulk and neo-bulk cargoes. The large storage area and the handling area are heavily ballasted in order to support heavy loads. This terminal has two 30,000 square foot near-dock transit sheds and an additional 44,000 square feet of warehouse space.

Pilotage & Ship Assist

Any foreign flag vessel over 200 feet long or more than 1,200 gross tons (international) that navigates the Grays Harbor District is required to employ a licensed pilot and pay the pilotage rates. The Port has 3 pilots on its payroll licensed by the Washington State Board of Pilotage Commissioners.

Tug boats are hired on a contract basis to assist the transit of vessels into and out of the Grays Harbor District.

Both pilotage and tug services are supported by tariff charges.

Industrial Areas

The Port currently has six industrial areas.

The Bowerman Industrial Area, 133 acres adjacent to Bowerman Field Airport which is leased to tenants primarily involved in aircraft and transportation-oriented businesses, with Fed Ex the most recent addition.

The Port Industrial Area, north of and adjacent to the marine terminals, contains a 292-acre light industrial park which has over 57 business tenants employing 750 people. The Port headquarters are also located in this area.

Industrial District No. 1, is a 45-acre site located in the city of Hoquiam adjacent to the main navigation channel of Grays Harbor. The undeveloped site is bounded on the north by rail lines, offering easy transfer from shipping to rail transportation and vice versa.

Westport Marina Industrial Area, includes 395 acres of developable land adjacent to the Westport Marina. Tenants at the site include boat builders, fish processing plants, commercial fishing charters and retailers serving the local and tourism industries.

East Aberdeen Industrial Area, consists of a 4.5-acre riverfront site near downtown Aberdeen. Acreage is available for lease for a combination of restaurant and light retail activities.

Satsop Business Park is a 1,700-acre, abandoned and never fully completed, nuclear power site just outside of Elma. The business park offers vacant warehouse space, 600 acres of developable land, robust utilities and a variety of existing private and public tenants. The Park is also surrounded by 1,200 acres of Forest Stewardship Council-certified, sustainably managed forest land.

Westport Marina

The Westport Marina is located on the south shore of the entrance to Grays Harbor. The Marina is the largest coastal marina in the Pacific Northwest and is the west coast hub for commercial fishing and seafood processing. The Marina has a robust recreational and charter fishing fleet and is a regular stopover for pleasure cruisers transiting the west coast. A 3-lane boat launch, fresh water and electrical utilities, pumpout, fuel, boat wash down, fish-filleting station and showers are available for customers. 17 separate concrete floating docks with over 500 slips accommodate vessels ranging from 20 feet to 125 feet in length. 350 tenants lease slips year-round, and between 50 to 250 transient vessels are at the Marina on a short-term basis for recreational and commercial fishing activity. Adjacent to the Marina, the Port has land available for lease for commercial or recreational development.

Bowerman Field Airport

Bowerman Field is located in the City of Hoquiam on a peninsula lying in Grays Harbor. The Airport, the only jet-capable airport on the Pacific Coast in the State, has an all-weather 5,000-foot-long asphalt runway and parallel taxiway, which is 150 feet wide and capable of handling business jets and other aircraft up to 60,000 pounds maximum gross weight. A refueling station handles both jet/helicopter fuel and aviation gasoline; hangars, tie-down spaces and a full-range of aviation services are available.

Tonnage

Once the leading exporter of logs in the country, the Port has adapted to environmental and market changes. The Port's focus is on new lines of business that provide the flexibility and diversity necessary to be competitive in today's global economy. In addition, the importance of public-private partnerships has been recognized and implemented. Private facility development during the past 20 years by companies involved in global trade include AGP, REG Grays Harbor, BWC Terminals, the Pasha Group, and Siem and Glovis Car Carriers. The Port's recent shipping activity is shown in the following table.

Table 17
Cargo Data (Metric Tons)

Cargo volume by Commodity		**2019**	**2020**	**2021**	**2022**	**2023**
Dry Bulk						
	Soybean Meal[(1)]	2,195,369	2,543,801	1,984,765	1,798,086	2,787,740
	Distiller Dried Grains	135,169	84,985	4,773	--	--
	Beet Pulp Pellets	5,245	5,191	--	--	--
	Soy Hull Pellets	--	7,321	--	--	--
Roll-on/Roll-off (RORO)						
	Automobiles	110,482	7,656	--	--	23,256
	High and Wide	11,781	273	--	--	220
Liquid Bulk						
	Biodiesel/oils	48,541	89,516	107,665	164,557	168,427
	Other	--	10,166	5,018	42,409	40,600
Logs		45,906	11,785	97,873	139,627	160,152
Wood Chips		60,743	77,655	27,802	51,944	116,487
Project Cargo		1,309	34,713	91	--	--
Total Cargo MT Volume		**2,614,545**	**2,873,062**	**2,227,987**	**2,196,623**	**3,296,882**

(1) In August of 2021, Port tenant AGP had a shiploader fail at Terminal 2. The shiploader was repaired and replaced in April of 2022. In 2023, continuous operations at Terminal 2 resumed and loading returned to historic levels.

In 2023, Marina operations provided approximately 4.4 percent of the operating revenues generated by the Port.

Commercial Property Leases

The Port owns more than 150 acres of mostly waterfront property, of which 100 acres are developed or planned to be developed.

The Port's major tenants include the following:

Table 18
Major Tenants

Company	Business	Number of Employees	Lease Revenues as of April, 2024	Percent of Operating Revenue
REG Grays Harbor	Biodiesel Processing	41	$359,437	0.8%
Wills Enterprises	Wood Products	20	306,469	0.7
Ocean Cold	Seafood Storage	30	254,023	0.6
BWC Terminals	Liquid Bulk Handling	4	232,886	0.5
Fuller Hill	Manufacturing	55	165,000	0.4
Paneltech International	Manufacturing	25	135,331	0.3
Ag Processing, Inc.	Dry Bulk Exports	2	108,000	0.2
Vaughan	Manufacturing	2	105,075	0.2
Ocean Gold Seafoods	Seafood Processing	210	92,816	0.2
CLN Worldwide	Storage	1	88,922	0.2
Hesco Armor	Manufacturing	50	88,015	0.2
Home Depot	Retail	120	87,961	0.2
Washington Crab Producers	Seafood Processing	153	77,550	0.2
Fred Tebb & Sons	Storage	5	76,017	0.2
Harpo Investments	Wood Products	7	75,000	0.2
Grenville Properties	Retail/Office	30	67,818	0.2
Seabrook Hospitality	Hospitality	10	65,979	0.1
Pape Kenworth	Retail/Service	22	48,679	0.1
US Army Corp of Engineers	Office/Storage	5	41,880	0.1

Source: The Port.

CAPITAL IMPROVEMENT PLAN PROJECTS AND FUNDING

Capital Improvement Plan Projects

The Port maintains a 5-year Capital Plan that is updated annually. The Capital Plan provides a multi-year list of proposed major capital expenditures and associated operating costs for the Port. This plan attempts to set funding strategies not only for the current year, but also to project future needs for major construction, land acquisition and equipment needs that improve the cultural environment, capital infrastructure and recreational opportunities for the citizens of Grays Harbor. Capital expenditures are viewed not only in the context of how much the new project will cost, but also what impact the project will have on the Port's operating budget.

Major projects for 2024 include:

- Bowerman Airport Taxilane and Apron (Funded partially by an FAA Grant)
- Westport Marina Float Reconfiguration (Funded partially by a Washington State Recreation and Conservation Grant)
- Port Industrial Road Overlay (Funded partially by a Washington State DOT Grant)

OTHER MATTERS

Accounting Procedures

The accounting records of the Port are maintained in accordance with methods prescribed by the State Auditor under authority of chapter 43.09 RCW. The Port uses the *Budgeting, Accounting and Reporting System for GAAP Port Districts* in the State.

Funds are accounted for on a cost of services or an economic measurement basis. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their statements of net position. Their reported fund equity (net position) is segregated into investment in capital assets, net of related debt, restricted and unrestricted net assets. Operating statements present increases (revenues and gains) and decreases (expenses and losses) in net position. The Port discloses changes in cash flows by a separate statement that presents the operating, non-capital financing, capital and related financing and investing activities.

The Port uses the full-accrual basis of accounting where revenues are recognized when earned and expenses recognized when incurred. Capital asset purchases are capitalized and long-term liabilities are accounted for.

The Port distinguishes between operating revenues and expenses from nonoperating revenues and expenses. Operating revenues and expenses result from providing services and producing and delivering goods in connection with the Port's principal ongoing operations. The principal operating revenues of the Port are charges to customers for marine terminals, marina and property/industrial leases. Operating expenses for the Port include the cost of labor, administrative expenses and depreciation on capital assets used for the benefit of customers. All revenues and expenses not related to providing services to customers are reported as nonoperating revenues and expenses. Included in the nonoperating expenses are expenses related to the provision of general public access to Port property. This access includes maintaining public access and open spaces, as well as payment of the Port's obligations for navigation dredging, as well as other expenses related to open space and public access.

Investment Policy

The Commission has adopted an investment policy which provides guidance and policy direction for all investments of Port funds. This document, combined with state statutes, which dictate authorized investments, serves as the template for the investment of all Port funds. All investments of the Port's funds are obligations of the US government, agencies of the US government, general obligations of state and municipal governments, deposits in the Washington State Treasurer's local government investment pool or are collateralized deposits with Washington state banks and savings and loan institutions.

The Washington State Local Government Investment Pool operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The fair value of the portfolio is calculated by the master custodian or by an independent pricing service under contract with the State Treasurer's Office. The fair value of the Port's position in the Washington State Local Government Investment Pool is the same as the value of the pool shares.

The Port has deposits at banking institutions where all deposits are entirely covered by federal deposit insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). All bank deposits are valued at book value, which is equivalent to fair value for these investments.

As of March 31, 2024, the Port's investments at market value totaled $30,822,475 invested in:

Cash and Cash Equivalents	
Petty Cash and Cash in bank	$6,346,946
Investments	
Local Government Investment Pool	$24,475,529

Effective in June 2016, chapter 39.59 RCW limits the investment of public funds by local governments to the following authorized instruments: (i) bonds of the State or any local government in the State, (ii) general obligation bonds of any other state or local government thereof which have at the time of investment one of the three highest credit ratings of a nationally recognized rating agency, (iii) registered warrants of a local government in the same county as the local government making the investment, (iv) obligations of the United States government, its agencies and wholly owned corporations, or obligations issued or guaranteed by supranational institutions, provided, that at the time of investment, the United States government must be the largest shareholder of such institution, (v) obligations of the Federal Home Loan Bank, Federal National Mortgage Association ("FNMA" or "Fannie Mae") and other government-sponsored enterprises, (vi) bankers' acceptances, (vii) commercial paper, subject to state investment board policies, and (viii) corporate notes, subject to state investment board policies.

Labor Relations

The Port currently employs 49 full-time and 6 part-time employees. Of these, 22 full-time or part-time employees who perform management, maintenance, security, and other services related to Port operations are represented. The Port conducts wage negotiations with one union, Local No. 24 of the International Longshore and Warehouse Union ("ILWU"), which represents 16 Port employees and a Security Guild, which represents 6 employees. Port management considers labor relations with the ILWU to be constructive.

Longshore and cargo handlers are hired daily on an as-needed basis through the Pacific Maritime Association ("PMA"). The Port remits funds to the PMA weekly to cover the services of the longshore cargo handlers. At present, 52 employees are represented by the ILWU. The Port's working relationship with the union is good. The current bargaining agreements expire on June 30, 2028.

Pension Plans

Public Employees' Retirement System ("PERS"). Substantially all of the Port's full-time and qualifying part-time employees participate in PERS. PERS is a statewide local government retirement system administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer defined benefit and defined contribution retirement plans. PERS includes three plans.

Participants who joined the system by September 30, 1977, are Plan 1 members. The Port has no Plan 1 participants. Those joining thereafter are enrolled in Plan 2. Plan 3 provides members with a defined benefit plan similar to Plan 2 and the opportunity to invest their retirement contributions in a defined contribution plan. Plan 1 members are eligible for retirement at any age after 30 years of service, at age 60 with five years of service, or at age 55 with 25 years of service. The annual benefit is two percent of the average final compensation multiplied by the member's years of service, capped at 60 percent. The average final compensation is the average of the member's 24 highest consecutive service months.

Plan 2 members may retire at age 65 with five years of service or at 55 with 20 years of service. The annual benefit is two percent of the average of the member's 60 highest-paid consecutive service months multiplied by the member's years of service. Plan 2 retirements prior to 65 are actuarially reduced. On July 1 of each year following the first full year of retirement service, the benefit will be adjusted by the percentage change in the Consumer Price Index of Seattle, capped at three percent annually.

Plan 3 is structured as a dual benefit program that will provide members with the following benefits:

- A defined benefit similar to Plan 2 calculated as one percent of the average of the member's 60 highest-paid consecutive service months multiplied by the member's years of service (versus a two percent formula) and funded entirely by employer contributions.

- A defined contribution account consisting of member contributions plus the full investment return on those contributions.

Each biennium, the State Pension Funding Council adopts Plan 1 and Plan 3 employer contribution rates and Plan 2 employer and employee contribution rates and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at six percent and do not vary from year to year. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. Unlike Plan 2, which has a single contribution rate, Plan 3 members choose how much to contribute from multiple contribution rate options. Once an option has been selected, the contribution rate choice is irrevocable unless the employee changes employers.

All employers are required to contribute at the level established by State law. The methods used to determine the contribution requirements are established under State statute in accordance with chapters 41.40 and 41.45 RCW.

The following table outlines the contribution rates of employees and employers under PERS. The Port contributed $642,978 to PERS in 2023, representing 10.1 percent of covered payroll. The Port's contribution represents its full liability under the system. However, while the Port's contributions represent its full current liability under PERS, any unfunded pension benefit obligations within the systems could be reflected in future years as higher contribution rates.

Table 19
PERS Contribution Rates as of September 1, 2023

	PERS Plan 1	**PERS Plan 2**	**PERS Plan 3**
Employer (1)	9.53%	9.53%	%
Employee	6.00%	6.36%	Varies

(1) Includes a 0.20% DRS administration expense rate.
Source: Department of Retirement Systems.

During the years 2001 through 2010, the rates adopted by the Legislature were lower than those that would have been required to produce actuarially required contributions to Plan 1, a closed plan with a large proportion of the retirees. According to a preliminary report issued by the Office of the State Actuary ("OSA") in June 2024 (the "OSA 2023 Report"), and subject to the assumptions therein, as of June 30, 2023, the total unfunded actuarial accrued liability of Plan 1 was $2.140 billion (80 percent funded on an actuarial basis). According to the Preliminary OSA 2023 Report, as of June 30, 2023, the total unfunded actuarial accrued liability of Plans 2 and 3 was $1.653 billion (97 percent funded on an actuarial basis). According to the Preliminary OSA 2023 Report, PERS Liabilities were valued using the Entry Age Normal (EAN) cost method at an interest rate of 7.0 percent. All assets have been valued under the actuarial asset method. The complete Preliminary OSA 2023 Report is available from OSA, and is not incorporated by reference into this Official Statement.

Information regarding PERS is presented in Washington State's Department of Retirement Systems' annual financial report. A copy of the report may be obtained at:

Department of Retirement Systems
P.O. Box 48380
Olympia, WA 98504-8380
Internet Address: www.drs.wa.gov (which is not incorporated herein by reference)

OSA is statutorily required to perform biennial actuarial valuations, although in practice actuarial valuations are performed annually. The final audited actuarial valuation report is typically released in the fall. OSA also is required to recommend contribution rates and to provide actuarial services to the Legislature, the Governor, and to certain boards and state agencies. OSA recommendations are non-binding.

The OSA website (which is not incorporated into this Official Statement by reference) includes information regarding the values, funding levels and investments of these retirement plans. The DRS website (which website is not incorporated by reference into this Official Statement) includes the Participating Employer Financial Information report which contains audited Schedules of Collective Pension Amounts and Employer Allocation Schedules, published in October 2023, as of June 30, 2023, for all of the plans DRS administers, for use by those employers required to implement GASB 68, including the Port.

Pilot Pension - The Port is responsible for making the pension payments of two bar pilots who served the Port prior to October 1, 2001 and who participated in the Amended Retirement Program of Puget Sound Pilots. The benefit is determined by multiplying 1.5% of a participants Retirement Base by the years of service. Upon the death of a retired pilot, a surviving spouse receives ½ the benefit the retired pilot was receiving. The Washington State Legislature passed a bill that provides specific authority for the Port to establish and collect a specific tariff charge to pass through and make Pilot pension payments until such expenses are no longer owed.

Other Post-Employment Benefits

Deferred Compensation. The Port offers its employees a deferred compensation plan created in accordance with Section 457 of Internal Revenue Code of 1986 (the "Code"). The plan permits employees to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The Port has no liability with respect to its Section 457 plan.

In addition to the pension benefits described above, the Port provides other post-employment benefits ("OPEB"). As of December 31, 2023, the Port had an actuarial accrued liability of $2,575,988 for active employees and retirees to participate in the Public Employees Benefit Board (PEBB) health plan administered by the State of Washington Health Care Authority.

GASB 87

For fiscal year 2022, the Port implemented GASB Statement No. 87 Leases. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The Port is a lessor for noncancelable leases. Leases are contracts that convey the right to use the Port's land, buildings, or portions of buildings over a period that exceeds one year.

Environmental Concerns

The Port maintains environmental programs that address (i) development of new projects; (ii) cleanup of historical contamination; (iii) measures to prevent pollution from current operations and facilities; (iv) property protection programs; (v) cost recovery litigation against third parties responsible for historical contamination of Port properties; and (vi) implementation of community environmental programs. The Port's responsibilities for cleanup of historical contamination of land and marine sites; source control of potential ongoing sources of pollution; and Port development projects are discussed below.

Model Toxic Control Act ("MTCA") Cleanup Sites. The Port is actively participating in several MTCA cleanup sites under the formal and voluntary cleanup programs with the Washington State Department of Ecology ("Ecology"). These projects evaluate and address historic contamination and ongoing sources of contamination. A majority of the Port's properties and facilities are located within active or completed cleanup sites. Over the past 12 years, the Port has made significant progress in accomplishing remediation activities. Over this period, it is estimated that approximately 15 percent of the dry land within the Port's cleanup sites have received No-further Action letters and remediation activities occurred at approximately 65 – percent. Four new sites were also added during this period. Due to the complexities of industrial contamination and site characteristics, full cleanups take many years and often include a number of individual activities and cleanup efforts. Based on this, a large majority of the land within the Port's cleanups sites remains to be addressed. These cleanup sites are described below.

Table 20
Cleanup Sites

Site Name	Location	Reason for Listing	Current Status	Activities
Merinos Seafood	Westport	UST Release	Cleanup Completed	NFA Issued 2012
Hungry Whale	Westport	UST Release	Cleanup Started	Soil/Groundwater Remediation Completed
Chevron Storage Tank Farm	Westport	Fuel Release	Cleanup Started	Working with Chevron on Responsibility
Bowerman Airport	Hoquiam	UST Release	Cleanup Completed	NFA Issued 2012
Terminal 3 Uplands	Hoquiam	Former Mill Site	Cleanup Started	Phase 1 & 2 Investigations Completed
IDD1	Hoquiam	Dredge Disposal	Cleanup Started	Phase 1 & 2 Investigations Completed
3115 Port Industrial	Hoquiam	Storage Tank Release	Cleanup Started	Phase 1 & 2 Investigations
820 Myrtle Street	Hoquiam	Fuel Release	Cleanup Started	Phase 1 Investigation
Kenworth NW	Aberdeen	UST Release	Cleanup Started	Ongoing Monitoring & Reporting to Ecology
Harbor Battery	Aberdeen	Chemical Release	Cleanup Started	Completed Characterization & Submitted VCP Application
Kaman Bearing	Aberdeen	UST Release	Cleanup Started	No Activity
Harbor Machine	Aberdeen	Chemical Release	Cleanup Started	Phase 1 Completed
520 Pontoon Site	Aberdeen	Former Sawmill	Cleanup Started	Ongoing Inspections
Sherman Property	Aberdeen	Chemical Release	Cleanup Started	Side Added to Cleanup List
Faber & Sons	Satsop	Scrap Yard/Fluids	Cleanup Started	Conducting Independent Cleanup

The description of this liability can be found in Note 12 of the Port's 2023 Financial Statements attached as Appendix F.

Environmental Compliance and Pollution Source Control

The Port implements several key activities to reduce and/or eliminate the potential for environmental releases and to manage environmental compliance with current environmental regulations. In general, the Port routinely implements professionally recognized best management practices for its own operations (e.g., marina and terminal operations). In addition, the Port urges and in some instances assists its tenants in employing best management practices for their operations as well (e.g., boatyard tenants, marina tenants, property tenants, etc.). The Port manages [individual 4] permits with coverage under the State Industrial Stormwater General Permit that cover approximately 20% of the Port marine terminal and associated upland cargo areas. Management activities include facility inspections, stormwater sampling, analysis and reporting, and the implementation of a Stormwater Pollution Prevention Plan and Spill Prevention Control and Countermeasure Plan. The costs associated with regulatory compliance are contemplated in the Port's normal operating budget process.

Development Projects

Development and construction projects are subject to city and/or County land use regulations and permit approvals. Port development projects are also subject to general requirements of various state and federal legislation, including permitting and habitat mitigation.

INSURANCE

The Port maintains commercial insurance coverage against most normal hazards. General liability coverage is in effect with a limit of $1 million per occurrence / $3 million annual aggregate with a $20,000 deductible. Excess liability coverage is in effect with a limit of $49 million each occurrence over the first $1 million of loss. Excess

Liability insurance includes coverage for terrorism events. Commercial property coverage with a loss limit of $250,000,000 with a deductible of $100,000 is in effect. Property coverage includes coverage for earthquakes ($50,000,000), flood ($50,000,000) and crime exposures. In addition, the Port maintains standard business automobile, course of construction, and boiler and machinery coverage. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The Port also maintains other insurance coverage with various deductibles including Employment Practices Coverage, Cyber Liability, and Public Officials Liability.

The Port provides medical, dental, vision, life, and long-term disability insurance coverage for Port employees through standard plans.

CERTAIN INVESTMENT CONSIDERATIONS

Prospective purchasers of the Bonds should consider the matters set forth below as well as other information contained in this Official Statement in evaluating an investment in the Bonds. This section does not purport to be a comprehensive list or description of all potential risks which, if realized, could adversely affect the payment or the value of the Bonds. The order of presentation of these factors below is not intended to create any implication as to the relative importance of any one risk factor over another.

Factors subject to the Port's control, to some degree, include the contractual terms the Port establishes with its tenants, as well as the contractual terms should the Port choose to establish with banks and other entities liquidity or credit enhancement for Port obligations and whether and when to amend such terms.

There are many factors outside of the Port's control that can affect activity levels in the Port's operating divisions. Some known factors include the level of economic activity both within and outside of the area served by the Port, general demand for commodities, the financial condition of the shipping industries, regulation of the Port, its operations, global health, security and other geopolitical concerns, and natural disasters.

Seismic, Volcanic, Flooding and other Risks

The State is in an area of seismic activity, with frequent small earthquakes and occasionally moderate to larger earthquakes. In addition to the various faults beneath the State, the State is within the Cascadia subduction zone, a fault beneath the Pacific Ocean, which produced a large earthquake several hundred years ago and is thought to be capable of causing extensive damage if another earthquake occurs. There have been four major earthquakes in the last 50 years, the most recent in 2001, which measured 6.8 on the Richter Scale. The occurrence of such an earthquake along the Washington coast or elsewhere in the Pacific could result in a major tsunami. Other natural disasters, such as volcanic eruptions, flooding, mud slides and windstorms, are also possible. Climate change may intensify and increase the frequency of extreme weather events, such as floods, and raise sea levels along the coast.

The loss of life and property damage that could result from a major earthquake, volcanic eruption, flood, public health emergency, or natural disaster could have a material and adverse impact on the Port and its property, economy and financial condition. The Port can give no assurance regarding the effect of any such natural disaster or emergency or that proceeds of insurance carried by the Port would be sufficient, if available, to rebuild and reopen facilities of the Port or that surrounding facilities and infrastructure could or would be rebuilt and reopened in a timely manner.

COVID-19 and other Public Health Pandemics or Outbreaks

Pandemics and health emergencies may adversely impact the Port and its revenues, expenses and financial condition. As discussed herein, the COVID-19 pandemic affected the entire world, including the State and local region. The impact that the COVID-19 pandemic had on commerce, financial markets, the State and region was and may continue to be significant evolving over the next several years. The Port has provided the information contained in this Official Statement to describe some of the impacts that the COVID-19 pandemic and related orders have had on the Port's finances and operations, and to describe some of the actions that the Port took in response. The World Health Organization announced on May 5, 2023, that COVID-19 is no longer a global health emergency although COVID-19 may continue to exist and potentially mutate. It is not possible to predict (i) the geographic spread of the virus as it evolves or whether any other public health pandemics may emerge; (ii) the severity of COVID-19 mutations or other pandemics; (iii) the duration of future pandemics; (iv) actions that may be taken by governmental authorities in the future to contain or mitigate future pandemics; (v) the future development of medical therapeutics or vaccinations; (vi) future travel restrictions; or (vii) the impact of any future pandemics on the local or global economy. Prospective investors should assume that the restrictions and limitations instituted related to future public health pandemics may occur.

Cybersecurity

The Port relies on a complex technology environment to conduct its operations and support the community it serves. A cybersecurity breach could damage Port systems and cause material disruption to operations and services. The cost to remedy such damage or protect against future attacks could be substantial. Security breaches could expose the Port to litigation and other legal risks, which could cause the Port to incur costs related to legal or regulatory claims. Since 2018, the Port has maintained cyber liability insurance and has implemented policy measures to help offset these financial risks.

Initiative and Referendum

Under the State Constitution, the voters of the State have the power of initiative (the ability to initiate legislation) and the power of referendum (referring to the voters' legislation that has been adopted by the Legislature). Initiatives and referenda are submitted to the voters upon receipt of petitions signed by at least eight percent (initiatives) and four percent (referenda) of the number of voters registered and voting for the office of Governor at the preceding regular gubernatorial election. Qualifying initiatives to the voters are submitted at the next state general election and must be approved by a majority of voters to be enacted into law. Initiatives to the Legislature are submitted to the Legislature at its regular session each January. Once submitted, the Legislature must either adopt the initiative as proposed, reject the proposed initiative (in which case the initiative must be placed on the ballot at the next state general election) or approve an amended version of the proposed initiative (in which case both the amended version and the original proposal must be placed on the next state general election ballot). Any initiative approved by a majority of voters may not be amended or repealed by the Legislature within a period of two years following enactment, except by a vote of two–thirds of all the members elected to each house of the Legislature; after two years, the law is subject to amendment or repeal by the Legislature in the same manner as other laws.

Initiative petitions may be filed from time to time. The Port cannot predict whether any initiatives affecting the Port will qualify to be submitted to the people for vote or, if submitted, will be approved.

Limitations on Remedies

Any remedies available to the owners of the Bonds upon the occurrence of an event of default under the Resolutions are in many respects dependent upon judicial actions, which are in turn often subject to discretion and delay and could be both expensive and time-consuming to obtain. If the Port fails to comply with its covenants under the Resolutions or to pay principal of or interest on the Bonds, there can be no assurance that available remedies will be adequate to fully protect the interests of the owners of the Bonds.

In addition to the limitations on remedies contained in the Resolutions, the rights and obligations under the Bonds and the Resolutions may be limited by and are subject to bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, and other laws relating to or affecting creditors' rights, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases.

Municipal Bankruptcy

A municipality such as the Port must be specifically authorized under State law in order to seek relief under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code"). Washington state law permits any "taxing district" (defined to include any municipality or other political subdivision, such as the Port) to voluntarily petition for relief under the predecessor statute to the Bankruptcy Code. A creditor cannot bring an involuntary bankruptcy proceeding against a municipality, including the Port. Under Chapter 9, a federal bankruptcy court may not appoint a receiver for a municipality or order the dissolution or liquidation of the municipality. Unless a municipality in a Chapter 9 proceeding consents or the plan approved by the bankruptcy court so provides, the court may not interfere with (1) any of the political or governmental powers of the municipality, (2) any of the property or revenues of the municipality, or (3) the municipality's use or enjoyment of any income-producing property.

The federal bankruptcy courts have certain discretionary powers under the Bankruptcy Code. Taxing districts in the State, including the Port, are expressly authorized to carry out a plan of readjustment if approved by the appropriate court.

Under Chapter 9, "special revenues" are granted special protection in cases brought by municipalities, including the continuation of the lien to secure legal documents. The definition of "special revenues" includes "receipts derived from the ownership, operation, or disposition of projects or systems of the debtor that are primarily used or intended to be used primarily to provide transportation, utility, or other services, including the proceeds of borrowings to finance the projects or systems." There can be no assurance that a bankruptcy court would order the Port to apply revenues pledged by the Port for the payment of principal of and interest on the Revenue Bonds, and at least one bankruptcy court has declined to apply special revenues to the payment of outstanding indebtedness secured by special revenues.

Under current State law, Article 9 of the Uniform Commercial Code, which governs secured transactions, does not apply to any transfer by a municipality, including the Port.

The Resolutions do not provide for the appointment of a trustee in the event of a bankruptcy; each owner of the Bonds would need to individually participate in the proceeding to protect their respective interests.

No Acceleration

Under the Resolutions, a Bond owner cannot require acceleration of debt service on the Bonds upon the occurrence of an event of default. The Port is liable for principal and interest payments only as they become due. In the event of multiple defaults in payment of principal of or interest on the Bonds, the Bond owners would be required to bring a separate action for each such payment not made. This could give rise to a difference in interests between owners of earlier and later maturing Bonds.

Premium

An amount equal to the excess of the purchase price of a Bond over its stated redemption price at maturity constitutes premium on that Bond. A purchaser of a Bond must amortize any premium over that Bond's term using constant yield principles, based on the Bond's yield to maturity. As premium is amortized, the purchaser's basis in the Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and the state and local tax consequences of owning such Bonds.

Original Issue Discount

The initial public offering price of certain Bonds (the "Original Issue Discount Bonds"), is less than the stated redemption price at maturity. In such case, the difference between (i) the stated amount payable at the maturity of an Original Issue Discount Bond and (ii) the initial public offering price of that Original Issue Discount Bond constitutes original issue discount with respect to that Original Issue Discount Bond in the hands of the owner who purchased that Original Issue Discount Bond at the initial public offering price in the initial public offering of the Bonds. The initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to an Original Issue Discount Bond equal to that portion of the amount of the original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by the initial owner.

In the event of the redemption, sale or other taxable disposition of an Original Issue Discount Bond prior to its stated maturity, however, the amount realized by the initial owner in excess of the basis of the Original Issue Discount Bond in the hands of its initial owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Bond was held by the initial owner) is includable in gross income. Purchasers of Original Issue Discount Bonds should consult their tax advisors regarding the determination and treatment of original issue discount for federal income tax purposes and the state and local tax consequences of owning Original Issue Discount Bonds.

LITIGATION AND ADMINISTRATIVE PROCEEDINGS

No Litigation Concerning the Bonds

As of the date of this Official Statement, there is no litigation, to the knowledge of the Port, pending or threatened, challenging the authority of the Port to issue the Bonds or seeking to enjoin the issuance of the Bonds.

Other Litigation and Administrative Proceedings

The Port is not aware of any legal actions that, in the opinion of Port management, will have a material adverse effect on the financial position, results of operations or cash flows of the Port.

CONTINUING DISCLOSURE

The Port is covenanting for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data (the "Annual Disclosure Report") by not later than the end of nine months following the end of the Port's fiscal year (which currently would be September 30, 2024, for the report for the 2023 fiscal year), and to provide notices of the occurrence of certain enumerated events. The Annual Disclosure Report and notices of listed events are to be filed with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Disclosure Report and in notices of listed events is set forth in Appendix E. These covenants are made by the Port to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

TAX MATTERS

In the opinion of Bond Counsel, interest on the Bonds is excludable from gross income for federal income tax purposes, except for interest on any Bond for any period during which such Bond is held by a "substantial user" of the facilities financed or refinanced by the Bonds, or by a "related person" to such substantial user within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds is an item of tax preference for purposes of the federal alternative tax imposed on individuals and corporations.

Federal income tax law contains a number of requirements that apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the use of proceeds of the Bonds and the facilities financed or refinanced with proceeds of the Bonds and certain other matters. The Port has covenanted to comply with all applicable requirements.

Bond Counsel's opinion is subject to the condition that the Port comply with the above-referenced covenants and, in addition, will rely on representations by the Port and its advisors with respect to matters solely within the knowledge of the Port and its advisors, respectively, which Bond Counsel has not independently verified. If the Port fails to comply with such covenants or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Bonds could be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds, regardless of the date on which the event causing taxability occurs.

Except as expressly stated above, Bond Counsel expresses no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds, which may include tax issues associated with original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Bonds. Bond Counsel expresses no opinion regarding any collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors regarding collateral federal income tax consequences.

Payments of interest on tax-exempt obligations, such as the Bonds, are in many cases required to be reported to the Internal Revenue Service (the "IRS"). Additionally, backup withholding may apply to any such payments made to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Bond Counsel gives no assurance that any future legislation or clarifications or amendments to the Code, if enacted into law, will not cause the interest on the Bonds to be subject, directly or indirectly, to federal income taxation. From time to time, legislation is proposed that, if enacted, could alter the federal income tax consequences described herein or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax status of the interest on the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal legislation, as to which Bond Counsel expresses no view.

Bond Counsel's opinion is not a guarantee of result and is not binding on the IRS; rather, the opinion represents Bond Counsel's legal judgment based on its review of existing law and in reliance on the representations made to Bond Counsel and the Port's compliance with its covenants. The IRS has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includable in gross income for federal income tax purposes. Bond Counsel cannot predict whether the IRS will commence an audit of the Bonds. Owners of the Bonds are advised that, if the IRS does audit the Bonds, under current IRS procedures, at least during the early stages of an audit, the IRS will treat the Port as the taxpayer, and the owners of the Bonds may have limited rights to participate in the audit. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Not Qualified Tax-Exempt Obligations

The Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code.

LEGAL MATTERS

Issuance of the Bonds is subject to receipt of the legal opinions of K&L Gates LLP, Bond Counsel to the Port, and to certain other conditions. See Appendix B for the forms of the opinions of Bond Counsel. Certain legal matters will be passed on for the Underwriter by Foster Garvey PC, Seattle, Washington, special counsel to the Underwriter. Any opinion of such firm will be addressed solely to the Underwriter, will be limited in scope, and cannot be relied upon by investors.

CONFLICTS OF INTEREST

All or a portion of the fees of the Underwriter, Bond and Disclosure Counsel, and the Municipal Advisor, and special counsel to the Underwriter are contingent upon the issuance and sale of the Bonds. In addition, Bond Counsel from time to time serves as counsel to the Underwriter with respect to bonds issued by issuers other than the Port. None of the members of the Commission or other officers of the Port has any conflict of interest in the issuance of the Bonds that is prohibited by applicable law.

RATINGS

S&P is expected to assign the LTGO Bonds an insured rating of "AA/Stable" based upon the issuance of the Policy by AG at the time of delivery of the LTGO Bonds. Moody's Ratings has assigned its rating of "Aa3" to the LTGO Bonds and its rating of "A2" to the Revenue Bonds. Certain information was supplied by the Port to the rating agency to be considered in evaluating the Bonds. The foregoing rating expresses only the view of the rating agency and is not a recommendation to buy, sell or hold the Bonds. An explanation of the significance of the rating may be obtained from the rating agency. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of the rating may have an adverse effect on the market price of the

Bonds. The Port does not have any obligation to take any action, other than file a listed event notification, if the rating on the Bonds is changed, suspended or withdrawn.

THE REGISTRAR

The principal of and interest and redemption premium, if any, on the Bonds are payable by the fiscal agent of the State, currently U.S. Bank Trust Company, National Association (the "Registrar"). For so long as the Bonds remain in a "book-entry only" transfer system, the Registrar will make such payments to DTC, which, in turn, is obligated to remit such principal payments to the DTC participants for subsequent disbursement to the Beneficial Owners of the Bonds. See Appendix C.

MUNICIPAL ADVISOR

Northwest Municipal Advisors has acted as Municipal Advisor to the Port in connection with the issuance of the Bonds. The Municipal Advisor has not audited, authenticated, or otherwise verified the information set forth in this Official Statement or other information available from the Port with respect to the appropriateness, accuracy, and completeness of the disclosure of such information, and the Municipal Advisor makes no guarantee, warranty, or other representation on any matter related to such information.

UNDERWRITING

The LTGO Bonds are to be purchased by Piper Sandler & Co. (the "Underwriter") from the Port at an aggregate purchase price of $20,199,051.10 (the principal amount of the LTGO Bonds, less Underwriter's discount of $68,693,10, and plus net original issue premium of $267,744.20).

The Revenue Bonds are to be purchased by the Underwriter from the Port at an aggregate purchase price of $6,750,248.97 (the principal amount of the Revenue Bonds, less Underwriter's discount of $24,895.23, and less original issue discount of $194,855.80).

The purchase of the Bonds by the Underwriter is subject to the terms of a purchase contract between the Port and the Underwriter (the "Purchase Contract"). The Purchase Contract provides that the Underwriter must purchase all of the Bonds if any are purchased and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel and certain other conditions. The initial public offering prices set forth on the inside cover hereof may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Bonds into unit investment trusts or money market funds, certain of which may be sponsored or managed by the Underwriter, at prices lower than the public offering prices stated on the inside cover hereof.

The Underwriter has entered into a distribution agreement ("Distribution Agreement") with Charles Schwab & Co., Inc. ("CS&Co") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase Bonds from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

AUDITING OF PORT FINANCES

The State Auditor is required to examine the affairs of the Port at least once every three years, however, the Port is audited on an annual basis. The examination must include, among other things, the financial condition and resources of the Port, whether the laws and constitution of the State are being complied with, and the methods and accuracy of the accounts and reports of the Port. Reports of the Auditor's examinations are required to be filed in the Office of the State Auditor and are available at www.sao.wa.gov (which website is not incorporated by reference into this Official Statement).

The audited financial statements of the Port for the year ended December 31, 2023, attached as Appendix F, are incorporated by reference to this Official Statement.

MISCELLANEOUS

The purpose of this Official Statement is to supply information to purchasers of the Bonds. The summaries provided in this Official Statement and in the appendices attached hereto of the Bonds and the documents referred to herein do not purport to be comprehensive or definitive, and all references to the documents summarized are qualified in their entirety by reference to each such document. All references to the Bonds are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the aforesaid documents. Copies of the documents referred to herein are available for inspection during the period of the offering at the principal office of the Port.

Statements in this Official Statement, including matters of opinion, projections and forecasts, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Port and the purchasers of the Bonds.

PORT OF GRAYS HARBOR

By /s/ Mike Folkers
Director of Finance and Administration

APPENDIX A

DEMOGRAPHIC AND ECONOMIC INFORMATION

DEMOGRAPHIC AND ECONOMIC INFORMATION

The Port is located along Washington's Pacific coast in western Washington, approximately 100 miles southwest of Seattle. The Port's district boundaries include all of Grays Harbor County (the "County"), an area of 1,917 square miles.

The County includes the incorporated cities of Aberdeen, Cosmopolis, Elma, Hoquiam, McCleary, Montesano, Oakville, Ocean Shores, and Westport. Historical population of the County and its largest incorporated cities, Aberdeen and Hoquiam, is shown in the following table:

Table 21
Population

Year	Grays Harbor County	City of Aberdeen	City of Hoquiam
2024	77,400	17,100	8,800
2023	77,000	17,080	8,795
2022	76,400	17,040	8,785
2021	76,050	17,050	8,785
2020	75,636	17,013	8,776
2019	75,047	16,748	8,661

Source: Washington State Office of Financial Management estimates.

Industry and Employment

The economy of the County has historically been based on the local natural resources of timber harvesting, wood products processing, fishing and tourism. The County consistently ranks among the top counties in the State with the largest timber harvests, although production in recent years has declined due to environmental concerns and logging restrictions. Tourist attractions include its extensive forest, Pacific Ocean beaches, the Olympic Mountains, a variety of outdoor recreation opportunities, the harbor's Tall Ships attraction and museum, and local festivals.

Table 22
Personal and Per Capita Income

	Grays Harbor County		State of Washington	
Year	Total Personal Income (in thousands)	Per Capita Income	Total Personal Income (in thousands)	Per Capita Income
2024	N/A	N/A	N/A	N/A
2023	N/A	N/A	N/A	N/A
2022	$3,611,396	$46,878	$586,520,188	$75,332
2021	3,632,315	47,304	574,266,835	74,188
2020	3,319,846	43,766	522,713,789	67,674
2019	3,039,564	40,558	484,334,162	63,405
2018	2,872,877	38,982	451,609,165	59,827

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

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Table 23
Median Household Income[1]

Year	Grays Harbor County	State of Washington
2023[2]	$64,341	$94,308
2022[3]	62,258	91,255
2021	55,018	84,155
2020	54,034	80,319
2019	59,346	78,674

(1) Estimates of median household money income for the inter- and post-Census years are based on Bureau of Economic Analysis personal income data and the estimates of household characteristics, at the county level.
(2) Projection.
(3) In addition to the State personal income data published by Bureau of Economic Analysis, the payroll data compiled by the State Employment Security Department are used in the preliminary estimates of 2020 median household income. 2022 Preliminary Estimate and 2023 Projection.

Source: Washington State Office of Financial Management.

Table 24
Taxable Retail Sales

	Grays Harbor County	City of Aberdeen	City of Hoquiam
2023	$1,783,664,645	$657,024,491	$115,763,001
2022	1,709,820,927	618,591,974	118,142,300
2021	1,583,336,287	568,818,302	119,728,924
2020	1,282,930,931	496,276,734	92,348,748
2019	1,231,129,619	473,492,877	93,788,511

Source: Washington State Department of Revenue.

Table 25
Grays Harbor County
Residential Building Permits

	New Single-Family Units		New Multi-Family Units		Total
Year	Number	Construction Cost	Number	Construction Cost	Construction Cost
2024	60	$21,557,620	9	$1,346,728	$ 22,904,348
2023	268	83,533,022	16	1,363,010	84,896,032
2022	379	97,355,736	34	4,305,024	101,660,760
2021	422	99,898,588	10	1,403,412	101,302,000
2020	338	70,928,440	4	651,465	71,579,905

Source: *U.S. Bureau of the Census. 2024 and 2023 data are Year-to-Date as no annual data currently available.*

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Employment within the County is described in the following tables.

Table 26
Grays Habor County
Major Employers

Employer	Type of Business	Number of Employees [1]
Quinault Indian Nation	Tribal – Government	700
Aberdeen School District	Education	450
Quinault Beach Resort & Casino	Tribal – Hospitality	380
Grays Harbor College	Education	350
Hoquiam School District	Education	300
Stafford Creek Corrections Center	Corrections	191
Bank of the Pacific	Banking	188
Hanner Enterprises	Hospitality	180
City of Aberdeen	Government	177
Simpson Door Plant	Manufacturing	164
Grays Harbor Public Library District	Electric and Telecom Utility	160
Coastal Community Action Program	Social Services	150
Ocean Gold Companies	Food Processing	150
City of Hoquiam	Government	140
Sierra Pacific	Manufacturing	132
Washington Crab Producers	Food Processing	116
Ocean Spray	Food Processing	110
Gray Harbor Health & Rehab	Medical	106
Five Star Dealership	Retail	96
Vaughan Company, Inc.	Manufacturing	88
Summit Pacific Medical Center	Medical	83
Quigg Brothers	Construction	80
Timberland Bank	Banking	71
Washington State DOT	Government	54
Masco Petroleum	Retail	47

(1) Number of full-time and part-time employees.
Source: Economic Alliance Grays Harbor County, 2022, and D&B Hoovers data with employee figures.

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Table 27
Grays Harbor County
Nonagricultural Wage & Salary Workers(1)
and Labor Force and Employment Data

	Annual Average					
	2024	**2023**	**2022**	**2021**	**2020**	**2019**
Civilian Labor Force	29,345	28,920	28,800	28,491	28,817	29,378
Total Employment	26,917	27,092	26,955	26,287	25,442	27,292
Total Unemployment	2,428	1,828	1,845	2,204	3,375	2,086
Percent of Labor Force	8.3%	6.3%	6.4%	7.7%	11.7%	7.1%

NAICS Industry (2)	**2024(3)**	**2023**	**2022**	**2021**	**2020**	**2019**
Total Nonfarm	23,430	23,420	23,220	22,430	21,530	23,030
Total Private	16,650	16,750	16,840	16,220	15,340	16,260
Goods Producing	4,110	4,200	4,260	4,030	3,770	3,950
Mining, Logging, and Construction	1,500	1,600	1,600	1,450	1,310	1,320
Manufacturing	2,610	2,600	2,660	2,580	2,460	2,640
Service Providing	19,310	19,210	18,960	18,390	17,760	19,080
Trade, Transportation, and Utilities	3,710	3,730	3,730	3,650	3,450	3,660
Information and Financial Activities	830	830	800	840	820	800
Professional and Business Services	1,300	1,270	1,320	1,400	1,360	1,400
Educational and Health Services	3,030	3,000	3,000	2,950	2,930	2,990
Leisure and Hospitality	2,970	3,000	3,010	2,720	2,330	2,660
Other Services	N/A	N/A	N/A	N/A	N/A	N/A
Government	6,780	6,660	6,390	6,210	6,200	6,770
Federal Government	190	190	180	180	190	180
State and Local Government	6,590	6,480	6,210	6,030	6,010	6,580
Workers in Labor/Management Disputes	0	0	0	0	0	0

(1) Excludes proprietors, self-employed, members of the armed services, workers in private households, and agriculture. Includes all full- and part-time wage and salary workers receiving pay during the pay period including the 12th of the month.
(2) North American Industry Classification System.
(3) Preliminary data through March 2024.
Source: Washington State Employment Security Department.

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APPENDIX B

FORMS OF BOND COUNSEL OPINIONS

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November 26, 2024

Port of Grays Harbor, Washington

Piper Sandler & Co.
Seattle, Washington

Re: Port of Grays Harbor, Washington
Limited Tax General Obligation Bonds, 2024 (AMT) — $20,000,000

Ladies and Gentlemen:

We have acted as bond counsel to the Port of Grays Harbor, Washington (the "Port") and have examined a certified transcript of all of the proceedings taken in the matter of the issuance by the Port of its Limited Tax General Obligation Bonds, 2024 (AMT), dated November 26, 2024, in the aggregate principal amount of $20,000,000 (the "LTGO Bonds"). The LTGO Bonds are issued pursuant to Resolution No. 3122 of the Port Commission adopted on June 11, 2024 (the "LTGO Bond Resolution") for the purpose of financing certain acquisitions and improvements to Port facilities, and paying issuance costs. Capitalized terms used in this opinion which are not otherwise defined shall have the meanings given to such terms in the LTGO Bond Resolution.

The LTGO Bonds are subject to redemption prior to maturity as provided in the LTGO Bond Resolution and the Bond Purchase Agreement dated November 12, 2024.

As to questions of fact material to our opinion, we have relied upon representations of the Port contained in the LTGO Bond Resolution and in the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The LTGO Bonds have been legally issued and constitute valid and binding obligations of the Port, except to the extent that the enforcement of the rights and remedies of such owners of the LTGO Bonds may be limited by laws relating to bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion.

2. The LTGO Bond Resolution is a legal, valid, and binding obligation of the Port, has been duly authorized, executed, and delivered and is enforceable in accordance with its terms, except to the extent that enforcement may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization, or other similar laws of general application affecting the rights of creditors, by the application of equitable principles, and the exercise of judicial discretion.

3. Both principal of and interest on the LTGO Bonds are payable out of annual levies of ad valorem taxes to be made upon all of the taxable property within the Port permitted to be levied without a vote of the electorate in amounts which, together with other available funds, will be sufficient to pay such principal and interest as the same shall become due.

4. Interest on the LTGO Bonds is excludable from gross income for federal income tax purposes, except for interest on any LTGO Bonds for any period during which such LTGO Bonds is held by a "substantial user" of the facilities financed or refinanced by the LTGO Bonds, or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"); however, interest on the LTGO Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in this paragraph is subject to the condition that the Port comply with all requirements of the Code that must be satisfied subsequent to the issuance of the LTGO Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Port has covenanted to comply with all such requirements. Failure to comply with certain of such covenants may cause interest on the LTGO Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the LTGO Bonds.

5. Interest on the LTGO Bonds is taken into account in determining "adjusted financial statement income" of certain corporations for purposes of computing the alternative minimum tax imposed on "applicable corporations."

The Port has not designated the LTGO Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the LTGO Bonds. Owners of the LTGO Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the LTGO Bonds, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

K&L GATES LLP

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November 26, 2024

Port of Grays Harbor, Washington

Piper Sandler & Co.
Seattle, Washington

Re: Port of Grays Harbor, Washington
Revenue Bonds, 2024 (AMT) — $6,970,000

Ladies and Gentlemen:

We have acted as bond counsel to the Port of Grays Harbor, Washington (the "Port") and have examined a certified transcript of all of the proceedings taken in the matter of the issuance by the Port of its Revenue Bonds, 2024 (AMT), dated November 26, 2024, in the aggregate principal amount of $6,970,000 (the "Revenue Bonds"). The Revenue Bonds are issued pursuant to Resolution No. 3123 of the Port Commission adopted on June 11, 2024, as amended by Resolution 3136, adopted on November 4, 2024 (together, the "Revenue Resolution") for the purpose of financing certain acquisitions and improvements to Port facilities, and paying issuance costs. Capitalized terms used in this opinion which are not otherwise defined shall have the meanings given to such terms in the Revenue Resolution.

The Revenue Bonds are subject to redemption prior to maturity as provided in the Revenue Resolution and the Bond Purchase Agreement dated November 12, 2024.

As to questions of fact material to our opinion, we have relied upon representations of the Port contained in the Revenue Resolution and in the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Revenue Bonds have been legally issued and constitute valid and binding obligations of the Port, except to the extent that the enforcement of the rights and remedies of such owners of the Revenue Bonds may be limited by laws relating to bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion. Both principal of and interest on the Revenue Bonds are payable solely out of a special fund of the Port designated as the "Port of Grays Harbor Revenue Bond Fund" (the "Bond Fund") and the Common Reserve Fund.

2. The Revenue Bond Resolution is a legal, valid, and binding obligation of the Port, has been duly authorized, executed, and delivered and is enforceable in accordance with its terms, except to the extent that enforcement may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization, or other similar laws of general application affecting the rights of creditors, by the application of equitable principles, and the exercise of judicial discretion.

3. The Port has obligated and bound itself to set aside and pay into the Bond Fund out of Net Revenue and the money in the Revenue Fund amounts sufficient to pay the principal of and interest on the Revenue Bonds as the same become due. The Port has further bound itself to pay into the Revenue Fund, as collected, all Gross Revenue.

4. The Port has further pledged in the Revenue Resolution that payments to be made out of Gross Revenue and moneys in the Revenue Fund into the Bond Fund and into the Common Reserve Account shall be a first and prior lien and charge upon the Gross Revenue, and equal in rank to the lien and charge upon such Gross Revenue of the amounts required to pay the Outstanding Parity Bond and any other revenue bonds hereafter issued on a parity therewith as provided in the Revenue Bond Resolution. The Port has reserved the right to issue bonds in the future with a lien against the Gross Revenue on a parity with the lien thereon of the Revenue Bonds.

5. Interest on the Revenue Bonds is excludable from gross income for federal income tax purposes, except for interest on any Revenue Bonds for any period during which such Revenue Bonds is held by a “substantial user” of the facilities financed or refinanced by the Revenue Bonds, or a “related person” within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the “Code”); however, interest on the Revenue Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in this paragraph is subject to the condition that the Port comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Revenue Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Port has covenanted to comply with all such requirements. Failure to comply with certain of such covenants may cause interest on the Revenue Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Revenue Bonds.

6. Interest on the Revenue Bonds is taken into account in determining “adjusted financial statement income” of certain corporations for purposes of computing the alternative minimum tax imposed on “applicable corporations.”

The Port has not designated the Revenue Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Revenue Bonds. Owners of the Revenue Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Revenue Bonds, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

K&L GATES LLP

APPENDIX C

DTC AND ITS BOOK-ENTRY SYSTEM

DTC AND ITS BOOK-ENTRY ONLY SYSTEM

The following information has been provided by The Depository Trust Company, New York, New York ("DTC"). The Port makes no representation regarding the accuracy or completeness thereof. Each actual purchaser of a Bond (a "Beneficial Owner") should therefore confirm the following with DTC or the Participants (as hereinafter defined).

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for the aggregate principal amount of each maturity of the Bonds of each series, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the

Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Port as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Port or the Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar, or the Port, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Port or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Port or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

10. To the extent permitted by law, the Port may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Port believes to be reliable, but the Port takes no responsibility for the accuracy thereof.

APPENDIX D

COPIES OF THE RESOLUTIONS

PORT OF GRAYS HARBOR

RESOLUTION NO. 3122

A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF GRAYS HARBOR, WASHINGTON, AUTHORIZING THE ISSUANCE AND SALE OF LIMITED TAX GENERAL OBLIGATION BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $22,000,000, FOR THE PURPOSE OF PROVIDING FUNDS FOR CERTAIN ACQUISITIONS AND IMPROVEMENTS TO PORT FACILITIES; AUTHORIZING A PRELIMINARY OFFICIAL STATEMENT; AND DELEGATING AUTHORITY TO APPROVE FINAL TERMS AND CONDITIONS AND THE SALE OF THE BONDS.

ADOPTED: June 11, 2024

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Seattle, Washington

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WHEREAS, the Port of Grays Harbor, Washington (the "Port"), a municipal corporation of the State of Washington, owns and operates a system of marine terminals and other properties; and

WHEREAS, the Port Commission (the "Commission") of the Port deems it necessary and in the best interest of the citizens of the Port to undertake certain improvements to Port facilities as described herein (the "Projects"); and

WHEREAS, it is in the best interest of the Port to issue limited tax general obligation bonds in the aggregate principal amount of not to exceed $22,000,000 (the "Bonds") in order to obtain long-term financing for the Projects; and

WHEREAS, the Port Commission has held a public hearing on the proposed issuance of the Bonds as required by Section 147(f) of the Internal Revenue Code of 1986, as amended; and

WHEREAS, this Commission has determined to delegate authority to the Port's Executive Director and/or the Director of Finance and Administration (each, the "Designated Port Representative") to negotiate the final terms of the Bonds, including the final principal amounts, date of the bonds, denominations, interest rates, payment dates, redemption provisions, and maturity dates of such bonds under such terms and conditions as are approved herein;

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

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

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

Bond Counsel means a firm of lawyers nationally recognized and accepted as bond counsel and so employed by the Port for any purpose under this resolution applicable to the use of that term.

Bond Fund means the Port of Grays Harbor, Washington, General Obligation Bond Redemption Fund created or maintained pursuant to this resolution.

Bond Insurance Commitment means the commitment(s) of the Bond Insurer, if any, to insure certain principal maturities, of the Bonds.

Bond Insurance Policy means the policy(ies) of municipal bond insurance, if any, delivered by the Bond Insurer at the time of issuance and delivery of Bonds to be insured pursuant to the Bond Insurance Commitment.

Bond Insurer means the municipal bond insurer(s), if any, that has committed to insure certain principal maturities, of Bonds pursuant to the Bond Insurance Commitment.

Bond Purchase Contract means the purchase contract relating to the Bonds between the Port and the Underwriter.

Bond Register means the registration books showing the name, address and tax identification number of each Registered Owner of the Bonds, maintained pursuant to Section 149(a) of the Code.

Bonds mean the Port's Limited Tax General Obligation Bonds, 2024 (AMT), issued for the purpose of financing costs of the Projects and paying related costs of issuance.

Code means the Internal Revenue Code of 1986, as amended, and shall include all applicable regulations and rulings relating thereto.

Commission means the Commission of the Port, or any successor thereto as provided by law.

Continuing Disclosure Undertaking means the undertaking for ongoing disclosure for the Bonds executed by the Port pursuant to Section 13 of this resolution.

Designated Port Representative means the Executive Director of the Port, the Director of Finance and Administration, and any other person appointed in writing by either of them.

Director of Finance and Administration means the Director of Finance and Administration of the Port, or any successor to the functions of the Director of Finance and Administration.

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

Executive Director means the Executive Director of the Port, or any successor to the functions of the Executive Director.

Federal Tax Certificate means the certificate of that name executed and delivered by the Designated Port Representative at the time of issuance and delivery of the Bonds.

Government Obligations means those obligations now or hereafter defined as such in chapter 39.53 RCW, as the same may be amended from time to time, provided that such obligations are noncallable and are obligations issued or unconditionally guaranteed by the United States of America.

Letter of Representations means the blanket issuer letter of representations from the Port to DTC.

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

Official Statement means a final Official Statement delivered to the initial purchasers of the Bonds.

Port means the Port of Grays Harbor, Washington, a municipal corporation of the State of Washington.

Projects has the meaning described in Section 2(a) of this resolution.

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

Registered Owner means the person in whose name ownership of a Bond is identified in the Bond Register.

Registrar means the fiscal agent of the State of Washington, appointed by the Designated Port Representative for the purposes of registering and authenticating the Bonds, maintaining the Bond Register and effecting transfer of ownership of the Bonds. The term ***Registrar*** shall include any successor to the fiscal agent, if any, hereafter appointed by a Designated Port Representative.

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

SEC means the United States Securities and Exchange Commission.

Term Bonds means any Bonds designated by the Underwriter as Term Bonds in the Bond Purchase Contract.

Treasurer means the person currently appointed as the Treasurer of the Port pursuant to RCW 53.36.010, or any successor to the functions of the Treasurer. Currently, the Director of Finance and Administration is the Treasurer of the Port.

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

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

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

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

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

(d) Any headings preceding the text of the several articles and Sections of this resolution, and any table of contents or marginal notes appended to copies hereof, shall be solely

for convenience of reference and shall not constitute a part of this resolution, nor shall they affect its meaning, construction or effect; and

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

Section 2. Plan of Finance; Authorization of Bonds.

(a) *Projects.* The Port intends to undertake capital improvements, repairs, upgrades, and equipment purchases as a part of its comprehensive plan of improvements to the Port, including but not limited to the expansion of the Port's Terminal 4, including expansion of the cargo yard, rail upgrades, upgrades to the stormwater system and replacing the current fendering system (collectively, the "Projects").

(b) *Bonds.* The Port shall issue its limited tax general obligation bonds (the "Bonds") for the purpose of providing the funds to pay a portion of the costs of the Projects and pay all or a portion of the costs of issuance of the Bonds.

Section 3. Bond Details. The Bonds shall be designated as "Port of Grays Harbor, Washington, Limited Tax General Obligation Bonds, 2024 (AMT)," with such description and additional designations for identification purposes as may be approved by a Designated Port Representative, shall be registered as to both principal and interest and shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification, shall be dated as of their date of original issuance and delivery, shall be in the denomination of $5,000 each or any integral multiple of $5,000, provided that no Bond shall represent more than one maturity, shall bear interest from their date until the Bond bearing such interest has been paid or its payment duly provided for, at the rates, payable on the dates, set forth in the Bond Purchase Contract and shall mature on the dates and in the years and in the principal amounts set forth in the Bond Purchase Contract, all as approved by a Designated Port Representative pursuant to Section 10 of this resolution. The Bonds of any of the maturities may be combined and issued as term bonds ("Term Bonds"), subject to mandatory redemption as provided in the Bond Purchase Contract.

Section 4. Registration, Payment and Transfer.

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

(b) *Registered Ownership*. The Port and the Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes (except as provided in the Continuing Disclosure Undertaking), and neither the Port nor the Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as

described in Section 4(h) of this resolution, but such Bond may be transferred as herein provided. All such payments made as described in Section 4(h) of this resolution shall be valid and shall satisfy and discharge the liability of the Port upon such Bond to the extent of the amount or amounts so paid.

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

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

(d) *Use of Depository*.

(1) The Bonds shall be registered initially in the name of "Cede & Co.," as nominee of DTC, with one Bond for each interest rate maturing on each of the maturity dates for

the Bonds in a denomination corresponding to the total principal therein of that interest rate designated to mature on such date. Registered ownership of such immobilized Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by a Designated Port Representative pursuant to subsection (2) below or such substitute depository's successor; or (C) to any person as provided in subsection (4) below.

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

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

(4) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) a Designated Port Representative determines that it is in the best interest of the Beneficial Owners of the Bonds that such owners be able to obtain such Bonds in the form of Bond

certificates, the ownership of such Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully immobilized form. A Designated Port Representative shall deliver a written request to the Registrar, together with a supply of definitive Bonds, to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Registrar of all then outstanding Bonds together with a written request on behalf of a Designated Port Representative to the Registrar, new Bonds shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

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

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

(g) *Registration Covenant*. The Port covenants that, until all of the Bonds have been surrendered and canceled, it will maintain, or cause to be maintained, a system for recording the ownership of such Bonds that complies with the provisions of Section 149 of the Code.

(h) *Place and Medium of Payment*. Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be calculated on the basis of a 360-day year and twelve 30-day months. For so long as all Bonds are in fully immobilized form, payments of principal and interest shall be made to the parties entitled to receive payment as of each Record Date in accordance with the operational arrangements of DTC referred to in the Letter of Representations.

In the event that the Bonds are no longer in fully immobilized form, interest on the Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register as of the Record Date, or upon the written request of a Registered Owner of more than $1,000,000 of Bonds (received by the Registrar at least fifteen (15) days prior to the applicable payment date), such payment shall be made by the Registrar by wire transfer to the account within the continental United States designated by the Registered Owner. Principal of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the principal office of the Registrar.

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

<u>Section 5</u>. <u>Redemption and Purchase of Bonds</u>.

(a) *Optional Redemption*. The Bonds may be subject to optional redemption on the dates, at the prices, and under the terms set forth in the Bond Purchase Contract, all as approved by a Designated Port Representative pursuant to Section 10 of this resolution.

(b) *Mandatory Redemption.* The Bonds may be subject to mandatory redemption to the extent, if any, set forth in the Bond Purchase Contract, all as approved by a Designated Port Representative pursuant to Section 10 of this resolution.

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

(d) *Effect of Optional Redemption/Purchase*. To the extent that the Port shall have optionally redeemed or purchased any Term Bonds prior to scheduled mandatory redemption of such Term Bonds, the Port may reduce the principal amount of the Term Bonds to be redeemed in like aggregate principal amount. Such reduction may be applied in the year specified by a Designated Port Representative.

(e) *Selection of Bonds for Redemption*. For as long as the Bonds are held in book-entry only form, the selection of particular Bonds within a maturity to be redeemed shall be made in accordance with the operational arrangements then in effect at DTC or otherwise as provided in the Official Statement for such Bonds. If the Bonds are no longer held in uncertificated form, the selection of such Bonds to be redeemed shall be made as provided in this subsection (e). If the

Port redeems at any one time fewer than all of the Bonds having the same maturity date, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot (or in such manner determined by the Registrar or otherwise as provided in the Official Statement for such Bonds) in increments of $5,000. In the case of a Bond of a denomination greater than $5,000, the Port and the Registrar shall treat each Bond as representing such number of separate Bonds each of the denomination of $5,000 as is obtained by dividing the actual principal amount of such Bond by $5,000. In the event that only a portion of the principal sum of a Bond is redeemed, upon surrender of such Bond at the principal office of the Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a Bond or Bonds of like maturity and interest rate in any of the denominations herein authorized.

(f) *Notice of Redemption.*

(1) <u>Official Notice</u>. For so long as the Bonds are held in uncertificated form, notice of redemption (which notice, in the case of an optional redemption that is not irrevocable, may be conditional or may be rescinded or revoked at the option of the Port) shall be given in accordance with the operational arrangements of DTC as then in effect, and neither the Port nor the Registrar will provide any notice of redemption to any Beneficial Owners. Thereafter (if the Bonds are no longer held in uncertificated form), notice of redemption shall be given in the manner hereinafter provided. Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption (which redemption, in the case of an optional redemption that is not irrevocable, shall be conditioned by the Registrar on the receipt of sufficient funds for redemption) shall be given by the Registrar on behalf of the Port by mailing a copy of an official redemption notice by first class mail at least twenty (20) days and not more than sixty (60) days prior to the date fixed

for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such Registered Owner to the Registrar.

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

(A) the Bonds being redeemed,

(B) the redemption date,

(C) the redemption price,

(D) if fewer than all outstanding Bonds are to be redeemed, the identification by maturity (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(E) any conditions to redemption, if the notice of redemption is a conditional notice,

(F) unless the notice was conditional and the conditions have not been satisfied or if the Port has not revoked a notice of redemption that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and

(G) if applicable, the place where such Bonds are to be surrendered for payment of the redemption price.

(2) <u>Additional Notice</u>. In addition to the foregoing notice, further notice shall be given by the Port as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus

(A) the CUSIP numbers of all Bonds being redeemed; (B) the date of issue of the Bonds as originally issued; (C) the rate of interest borne by each Bond being redeemed; (D) the maturity date of each Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Bonds being redeemed. Each further notice of redemption may be sent at least twenty (20) days before the redemption date to each party entitled to receive notice pursuant to Section 13, and to such persons (including securities repositories who customarily at the time receive notices of redemption in accordance with rules promulgated by the SEC) and with such additional information as the Port shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

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

(g) *Effect of Redemption*. Unless the Port has revoked a notice of optional redemption (or unless the Port provided a conditional notice and the conditions for redemption set forth therein are not satisfied), the Port shall transfer to the Registrar amounts that, in addition to other money, if any, held by the Registrar for such purpose, will be sufficient to redeem, on the date fixed for redemption, all the Bonds to be redeemed. If and to the extent that funds have been provided to the Registrar for the redemption of Bonds then from and after the date fixed for redemption for such Bond or portion thereof, interest on each such Bond shall cease to accrue and such Bond or portion thereof shall cease to be outstanding. All Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

Section 6. Form of Bonds.

The Bonds shall be in substantially the following form:

[DTC HEADING]
[Statement of Insurance]

UNITED STATES OF AMERICA

NO. _____ $______________

STATE OF WASHINGTON
PORT OF GRAYS HARBOR
LIMITED TAX GENERAL OBLIGATION BOND, 2024 (AMT)

MATURITY DATE: CUSIP NO.: __________

INTEREST RATE: %

REGISTERED OWNER: CEDE & Co.

PRINCIPAL AMOUNT:

THE PORT OF GRAYS HARBOR, WASHINGTON (the "Port"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from ____ __, 2024, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, payable on ________ 1, 20___, and semiannually thereafter on the first days of each succeeding June and December.

Both principal of and interest on this bond are payable in lawful money of the United States of America. Interest shall be paid in accordance with the operational arrangements of The Depository Trust Company ("DTC") referred to in the Blanket Issuer Letter of Representations (the "Letter of Representations") between the Port and DTC. Principal also shall be payable in accordance with the operational arrangements referred to in the foregoing sentence to the Registered Owner or assigns upon presentation and surrender of this bond at the principal office of the fiscal agent of the State of Washington (the "Registrar"). Capitalized terms used in this bond which are not specifically defined have the meanings given such terms in the hereinafter defined Bond Resolution.

This bond is one of an authorized issue of bonds of like date and tenor, except as to number, amount, rate of interest and date of maturity in the aggregate principal amount of $___________, and is issued pursuant to Resolution No. 3122 (the "Bond Resolution") for the purpose of providing long-term financing for certain capital additions and improvements to Port facilities and paying costs of issuance.

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

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

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

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

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

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

IN WITNESS WHEREOF, the Port of Grays Harbor, Washington, has caused this bond to be executed by the manual or facsimile signatures of the President and Secretary of the Port Commission and the seal of the Port imprinted, impressed or otherwise reproduced hereon as of this _____ day of ____________, 2024.

[SEAL]

PORT OF GRAYS HARBOR,
WASHINGTON

By /s/
President, Port Commission

ATTEST:

/s/
Secretary, Port Commission

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

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned Bond Resolution and is one of the Limited Tax General Obligation Bonds, 2024 (AMT), of the Port of Grays Harbor, Washington, dated _______ ___, 2024.

WASHINGTON STATE FISCAL AGENT,
as Registrar

By ________________________________

In the event that any Bonds are no longer in fully immobilized form, the form of such Bonds may be modified to conform to printing requirements and the terms of this resolution.

Section 7. Execution of Bonds. The Bonds shall be executed on behalf of the Port with the manual or facsimile signatures of the President and Secretary of the Port Commission and the seal of the Port impressed, imprinted or otherwise reproduced thereon.

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

In case either of the officers who shall have executed the Bonds shall cease to be an officer or officers of the Port before the Bonds so signed shall have been authenticated or delivered by the Registrar, or issued by the Port, such Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the Port as though those who signed the same had continued to be such officers of the Port. Any Bond may also be signed and attested on behalf of the Port by such persons who are at the actual date of delivery of such Bond the proper officers of the Port although at the original date of such Bond any such person shall not have been such officer of the Port.

Section 8. Bond Fund and Provision for Tax Levy Payments. A fund or account of the Port known as the "Port of Grays Harbor, Washington, General Obligation Bond Redemption Fund" or whatever designation that the Treasurer selects (the "Bond Fund") shall be maintained in the office of the Treasurer of the Port. The Bond Fund shall be drawn upon for the payment of the principal of and interest on general obligation bonds of the Port.

The Port hereby further irrevocably covenants that, unless the principal of and interest on the Bonds are paid from other sources, it will make annual levies of taxes upon all of the property in the Port subject to taxation within and as a part of the tax levy permitted to port districts without a vote of the electors in amounts sufficient to pay such principal and interest as the same shall become due. The full faith, credit and resources of the Port are hereby irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of such principal and interest. As authorized by Chapter 39.114 RCW (the "TIF Act"), the Port has created a tax increment area pursuant to Resolution No. 3588 of the Commission, adopted on May 31, 2023 ("TIA Resolution"). To the extent that the Port receives tax allocation revenues (as described in the TIF Act) with respect to the tax increment area described in the TIA Resolution, those tax allocation revenues are pledged to the repayment of the Bonds.

Section 9. Defeasance. In the event that money and/or noncallable Government Obligations that are direct obligations of the United States or obligations unconditionally guaranteed by the United States maturing at such time or times and bearing interest to be earned thereon in amounts (together with such money, if necessary) sufficient to redeem and retire part or all of the Bonds authorized hereunder in accordance with their terms, are set aside in a special

account of the Port to effect such redemption and retirement, and such moneys and the principal of and interest on such obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Bond Fund of the Port for the payment of the principal of and interest on the Bonds so provided for, and such Bonds shall cease to be entitled to any lien, benefit or security of this resolution except the right to receive the moneys so set aside and pledged, and such Bonds shall be deemed not to be outstanding hereunder.

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

Section 10. Sale of Bonds.

(a) *Bond Sale*. The Commission has been advised by the Port's municipal advisor that the most favorable market conditions may occur on a day other than a regular meeting date of the Commission. The Bonds shall be sold by negotiated sale to the Underwriter. Each Designated Port Representative is hereby authorized to approve the date of sale, interest rates, maturity dates, aggregate principal amount, principal amounts of each maturity and redemption rights for the Bonds in the manner provided hereafter (i) so long as the aggregate principal amount of the Bonds does not exceed $22,000,000, (ii) so long as the true interest cost for the Bonds does not exceed 7.0% per annum and (iii) so long as final maturity is no longer than 31 years from date of issue.

In determining the date of sale, interest rates, prices, maturity dates, aggregate principal amount, principal maturities, redemption rights or provisions of the Bonds for approval, each Designated Port Representative, in consultation with Port staff and the Port's municipal advisor, shall take into account those factors that, in his or her judgment, will result in the most favorable interest cost on the Bonds, including, but not limited to, current financial market conditions and

current interest rates for obligations comparable in tenor and quality to the Bonds. Subject to the terms and conditions set forth in this section, either Designated Port Representative is hereby authorized to execute the final form of the Bond Purchase Contract, upon his/her approval of the final date of sale, interest rates, maturity dates, aggregate principal amount, principal maturities and redemption rights set forth therein. Following the execution of the Bond Purchase Contract, the Designated Port Representative shall provide a report to the Commission, describing the final terms of the Bonds approved pursuant to the authority delegated in this section. The authority granted to the Designated Port Representative by this section shall expire on December 31, 2024. If a Bond Purchase Contract for the Bonds has not been executed by December 31, 2024, the authorization for the issuance of the Bonds shall be rescinded, and the Bonds shall not be issued nor their sale approved unless the Bonds shall have been re-authorized by resolution of the Commission. The resolution reauthorizing the issuance and sale of the Bonds may be in the form of a new resolution repealing this resolution in whole or in part or may be in the form of an amendatory resolution approving a bond purchase contract or extending or establishing new terms and conditions for the authority delegated under this section.

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

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

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

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

Section 11. Disposition of Sale Proceeds. The net proceeds of the Bonds (exclusive of any amounts that may be designated by a Designated Port Representative in a closing certificate to be allocated to pay costs of issuance or any Bond Insurance Policy), together with other available funds of the Port in the amount specified by a Designated Port Representative, shall be held by the Port and used at the direction of a Designated Port Representative for the Projects. The Treasurer shall invest the net proceeds of the Bonds until expended in such obligations as may now or hereafter be permitted to port districts of the State of Washington by law and that will mature prior to the date on which such money shall be needed. Earnings on such investments, except as may be required to pay rebatable arbitrage pursuant to the Federal Tax Certificate, if applicable, may be used for Port purposes or transferred to the Bond Fund for the uses and purposes therein provided.

Section 12. Tax Covenants.

(a) *General.* The Port covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on such Bonds and will take or require to be taken such acts as may reasonably be within its ability and as may from time to time be required under applicable law to continue the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

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

(c) *No Designation under Section 265(b).* The Bonds shall not be "qualified tax-exempt obligations" under Section 265(b)(3) of the Code for banks, thrift institutions and other financial institutions.

Section 13. Undertaking to Provide Ongoing Disclosure. A Designated Port Representative is authorized to execute and deliver a Continuing Disclosure Undertaking regarding ongoing disclosure in order to assist the Underwriter in complying with Section (b)(5) of the Rule.

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

such Bond was actually lost, stolen or destroyed and of his ownership thereof, and upon furnishing the Port with indemnity satisfactory to the Port.

Section 15. Bond Insurance. The payments of the principal of and interest on one or more principal maturities within the Bonds may be insured by the issuance of a Bond Insurance Policy. A Designated Port Representative may solicit proposals from municipal bond insurance companies, and each Designated Port Representative, in consultation with the Port's municipal advisor, is hereby authorized to select the proposal that is deemed to be the most cost effective and further to execute the Bond Insurance Commitment with the Bond Insurer, which may include such covenants and conditions as shall be approved by a Designated Port Representative.

Section 16. Resolution and Laws a Contract with the Bond Owners. This resolution is adopted under the authority of and in full compliance with the Constitution and laws of the State of Washington. In consideration of the purchase and ownership of the Bonds, the provisions of this resolution and of said laws shall constitute a contract with the owners of the Bonds, and the obligations of the Port and its Commission under said laws and under this resolution shall be enforceable by any court of competent jurisdiction; and the covenants and agreements herein and in the Bonds set forth shall be for the equal benefit of the owners of the Bonds.

Section 17. Severability. If any one or more of the covenants or agreements provided in this resolution to be performed on the part of the Port shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Bonds.

Section 18. Effective Date. This resolution shall become effective immediately upon its adoption.

ADOPTED by the Port Commission of the Port of Grays Harbor at a regular meeting held this 11th day of June, 2024.

PORT OF GRAYS HARBOR, WASHINGTON

____
Commissioner

____
Commissioner

____
Commissioner

Attest:

____
Secretary of the Commission

CERTIFICATE

I, the undersigned, Secretary of the Port Commission (the "Commission") of the Port of Grays Harbor (the "Port"), DO HEREBY CERTIFY:

1. That the attached resolution numbered 3122 (the "Resolution") is a true and correct copy of a resolution of the Port, as finally adopted at a meeting of the Commission held on the 11th day of June, 2024, and duly recorded in my office.

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

IN WITNESS WHEREOF, I have hereunto set my hand this 11th day of June, 2024.

____
Secretary of the Commission

PORT OF GRAYS HARBOR, WASHINGTON

RESOLUTION NO. 3123

A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF GRAYS HARBOR, GRAYS HARBOR COUNTY, WASHINGTON, AUTHORIZING THE SALE AND ISSUANCE OF REVENUE BONDS OF THE PORT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $7,000,000 FOR THE PURPOSE OF FINANCING CERTAIN CAPITAL PROJECTS; AUTHORIZING PRELIMINARY AND FINAL OFFICIAL STATEMENTS; AUTHORIZING THE EXECUTIVE DIRECTOR TO APPROVE THE SALE DATE, FINAL PRINCIPAL AMOUNTS, INTEREST RATES, PAYMENT DATES, REDEMPTION PROVISIONS, MATURITY DATES AND PRINCIPAL MATURITIES FOR THE BONDS; PROVIDING FOR CONTINUING DISCLOSURE; AND PROVIDING FOR A NEGOTIATED SALE OF THE BONDS TO PIPER SANDLER & CO.

ADOPTED: JUNE 11, 2024

Prepared by:

K&L GATES LLP
Seattle, Washington

PORT OF GRAYS HARBOR

RESOLUTION NO. 3123

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RESOLUTION NO. 3123

A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF GRAYS HARBOR, GRAYS HARBOR COUNTY, WASHINGTON, AUTHORIZING THE SALE AND ISSUANCE OF REVENUE BONDS OF THE PORT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $7,000,000 FOR THE PURPOSE OF FINANCING CERTAIN CAPITAL PROJECTS; AUTHORIZING PRELIMINARY AND FINAL OFFICIAL STATEMENTS; AUTHORIZING THE EXECUTIVE DIRECTOR TO APPROVE THE SALE DATE, FINAL PRINCIPAL AMOUNTS, INTEREST RATES, PAYMENT DATES, REDEMPTION PROVISIONS, MATURITY DATES AND PRINCIPAL MATURITIES FOR THE BONDS; PROVIDING FOR CONTINUING DISCLOSURE; AND PROVIDING FOR A NEGOTIATED SALE OF THE BONDS TO PIPER SANDLER & CO.

WHEREAS, the Port of Grays Harbor (the "Port"), a municipal corporation of the State of Washington, owns and operates marine facilities, an airport and other properties; and

WHEREAS, the Port Commission (the "Commission") of the Port deems it necessary and in the best interest of the citizens of the Port to undertake certain improvements to Port facilities as described herein (the "Projects"); and

WHEREAS, the Port is authorized to issue its revenue bonds pursuant to RCW chs. 53.40 and 39.44 for the purpose of financing a portion of the costs of financing the Projects, and it is in the best interest of the Port to issue revenue bonds in the aggregate principal amount of not to exceed $7,000,000 (the "Bonds") in order to obtain long-term financing for a portion of the costs of the Projects; and

WHEREAS, the Port Commission has held an open public hearing pursuant to Section 147 of the Internal Revenue Code, as amended, following duly posted or published notice with respect thereto, on the issuance of the Bonds to be authorized herein; and

WHEREAS, pursuant to Resolution No. 3006, the Port has issued its Revenue Bond, 2020 (Private Activity – AMT) under date of June 23, 2020 in the original principal amount of $2,785,000 and currently outstanding in the principal amount of $1,929,000 (the "Outstanding Parity Bond"); and

WHEREAS, Resolution No. 3006 authorizes the issuance of revenue bonds in the future upon compliance with the conditions set forth therein, which conditions the Port has determined will be satisfied prior to the issuance of the Bonds; and

WHEREAS, the Bonds authorized herein shall be sold pursuant to a negotiated sale as herein provided; and

WHEREAS, the Commission wishes to delegate authority to the Executive Director to approve the sale date, the final principal amount of the Bonds, interest rates, principal maturities, and redemption provisions to be fixed under such terms and conditions as are approved by this resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE PORT COMMISSION OF THE PORT OF GRAYS HARBOR, GRAYS HARBOR COUNTY, WASHINGTON, as follows:

Section 1. Definitions. As used in this resolution, unless a different meaning clearly appears from the context:

Adjusted Net Revenue means the Net Revenue of the Port for the Base Period as adjusted and certified by a Professional Consultant to take into consideration additional Net Revenue estimated by such Professional Consultant to be derived by the Port under the following conditions:

(a) the additional Net Revenue which would have been received by the Port if any change in rentals, tariffs, rates and charges adopted prior to the date of such certificate and subsequent to the beginning of the Base Period, had been in force during the full Base Period;

(b) the additional Net Revenue which would have been received by the Port if any Facility which became fully operational after the beginning of the Base Period had been so operating for the entire Base Period;

(c) the additional Net Revenue estimated by the Professional Consultant to be received by the Port as a result of any additions, betterments and improvements to and extensions of any Facilities which are (1) under construction at the time of such certificate or (2) will be constructed from the proceeds of the Future Parity Bonds to be issued; and

(d) the additional Net Revenue to be received by the Port as a result of executed leases or contracts, which Revenue has not been included in (a), (b), or (c) above.

Annual Debt Service Requirement means, with respect to any particular year and to any specified bonds, an amount equal to (i) the principal amount of such bonds due or subject to mandatory redemption during such year and for which no sinking fund installments have been established, (ii) the amount of any payments required to be made during such year into any sinking fund established for the payment of any such bonds, plus (iii) all interest payable during such year on any such bonds outstanding, calculated on the assumption that mandatory sinking fund installments will be applied to the redemption or retirement of such bonds on the earlier of the date specified in such bonds. Such amount shall be net of any interest funded out of bond proceeds. With respect to any Variable Interest Rate Bonds and the certification required under Section 11, an amount for any period equal to the amount which would have been payable for principal and interest on such Variable Interest Rate Bonds during such period computed on the assumption that the amount of Variable Interest Rate Bonds Outstanding as of the date of such computation would be amortized (i) in accordance with the mandatory redemption provisions, if any, set forth in the resolution authorizing the issuance of such Variable Interest Rate Bonds, or

if mandatory redemption provisions are not provided, during a period commencing on the date of computation and ending on the date 30 years after the date of issuance (ii) at an interest rate equal to the yield to maturity set forth in the 40-Bond Index published in the edition of *The Bond Buyer* (or comparable publication or such other similar index selected by the Port with the approval of the Professional Consultant, if applicable) selected by the Port and published within ten days prior to the date of calculation or, if such calculation is being made in connection with the certificate required by Section 11 hereof, then within ten days of such certificate, (iii) to provide for essentially level annual debt service of principal and interest over such period.

Base Period means a period of any 12 consecutive months out of the 30 months immediately preceding the date of delivery of an issue of Future Parity Bonds.

Bond Counsel means a firm of lawyers nationally recognized and accepted as bond counsel and so employed by the Port for any purpose under this resolution applicable to the use of that term.

Bond Fund means the Port of Grays Harbor Revenue Bond Fund maintained in the office of the Treasurer.

Bond Insurance Commitment means the commitment(s) of the Bond Insurer, if any, to insure certain principal maturities, of the Bonds.

Bond Insurance Policy means the policy(ies) of municipal bond insurance, if any, delivered by the Bond Insurer at the time of issuance and delivery of Bonds to be insured pursuant to the Bond Insurance Commitment.

Bond Insurer means the municipal bond insurer(s), if any, that has committed to insure certain principal maturities, of Bonds pursuant to the Bond Insurance Commitment.

Bond Purchase Contract means the Bond Purchase Contract for the Bonds, providing for the purchase of Bonds by the Underwriter and setting forth certain terms approved by the Executive Director as provided in Section 13 of this resolution.

Bond Register means the registration books maintained by the Registrar setting forth the names and addresses of the owners of the Bonds in compliance with Section 149 of the Code.

Bonds mean the Port of Grays Harbor Revenue Bonds, 2024 (AMT) authorized to be issued pursuant to this resolution.

Code means the Internal Revenue Code of 1986, as amended, and all applicable regulations and rulings relating thereto.

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

Common Reserve Fund means the "Common Reserve Fund" established pursuant to Section 9 of this resolution and maintained with the Treasurer pursuant to this resolution.

Common Reserve Requirement means the lowest of (i) maximum Annual Debt Service with respect to Outstanding Covered Bonds; (ii) 125% of average Annual Debt Service with respect to Outstanding Covered Bonds; and (iii) 10% of the initial principal amount of each series then Outstanding of Covered Bonds. The Common Reserve Requirement shall be determined and calculated as of the date of issuance of each series of Covered Bonds (and recalculated upon the issuance of a subsequent series of Covered Bonds and also, at the Port's option, upon the payment of principal of Covered Bonds) and provided that if, as a result of the issuance of Future Parity Bonds, the increase in the Common Reserve Requirement of Future Parity Bonds would require that an amount be contributed to the Common Reserve Fund that is

more than the Tax Maximum, the Common Reserve Requirement shall be adjusted to require a contribution equal to the Tax Maximum.

Continuing Disclosure Undertaking means the undertaking for ongoing disclosure for the Bonds executed by the Port pursuant to Section 16 of this resolution.

Covered Bonds means the Bonds, if so designated by a Designated Port Representative, and those Future Parity Bonds, designated in the resolution authorizing their issuance as Covered Bonds secured by the Common Reserve Fund.

A ***Credit Event*** occurs when (a) a Qualified Letter of Credit terminates, or (b) the issuer of Qualified Insurance or a Qualified Letter of Credit shall become insolvent or no longer be in existence.

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

Director of Finance and Administration means the Director of Finance and Administration of the Port, or any successor to the functions of the Director of Finance and Administration.

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

Executive Director means the Executive Director of the Port, or any successor to the functions of the Executive Director.

Facilities mean all equipment and all property, real and personal, or any interest therein, whether improved or unimproved, now or hereafter (for as long as any revenue bonds of the Port issued pursuant to this resolution or on a parity therewith shall be outstanding) owned, operated, used, leased or managed by the Port and which contribute in some measure to its Gross Revenue as herein defined.

Federal Tax Certificate means the certificate of that name executed and delivered by the Designated Port Representative at the time of issuance and delivery of the Bonds.

Fitch means Fitch Ratings, Inc., organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such organization shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Fitch shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P or Moody's) designated by a Designated Port Representative.

Future Parity Bonds mean those revenue bonds or other revenue obligations issued by the Port in the future as Parity Bonds.

Government Obligations mean those obligations defined as such in chapter 39.53 RCW, as it may be amended from time to time.

Gross Revenue means all income and revenue derived by the Port from time to time from any source whatsoever except:

(1) the proceeds of any borrowing by the Port,

(2) income and revenue which may not be legally pledged for revenue bond debt service,

(3) income and revenue of the Port separately pledged and used by it to pay and secure the payment of the principal of and interest on any issue or series of Special Revenue Bonds of the Port issued to acquire, construct, equip, install or improve part or all of the particular facilities from which such income and revenue are derived, provided that prior to the

issuance of such Special Revenue Bonds, a licensed professional engineer experienced in the design and operation of such facilities shall have certified that the amount of such pledged income and revenue will be sufficient to pay and secure the payment of such principal and interest as provided in the resolution of the Port authorizing the issuance of such Special Revenue Bonds, and provided further, that nothing in this subparagraph (3) shall permit the withdrawal from Gross Revenue of any income or revenue derived or to be derived by the Port from any income producing facility which shall have been contributing to Gross Revenue prior to the issuance of such Special Revenue Bonds, and

(4) income from investments irrevocably pledged to the payment of bonds issued or to be refunded under any refunding bond plan of the Port.

Letter of Representations means the blanket issuer letter of representations from the Port to DTC.

Liquidity Facility means a line of credit, standby purchase agreement or other financial instrument or any combination of the foregoing, which obligates a third party to make payment or to provide funds for the payment of the purchase price of Parity Bonds.

Liquidity Facility Issuer means the issuer of any Liquidity Facility.

Maximum Annual Debt Service means the highest remaining Annual Debt Service Requirement for outstanding Parity Bonds.

Maximum Interest Rate means, with respect to any particular Variable Interest Rate Bond, a numerical rate of interest, which shall be set forth in any resolution authorizing Future Parity Bonds, which shall be the maximum rate of interest such Variable Interest Rate Bond may at any time bear.

Moody's means Moody's Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term Moody's shall be deemed to refer to any other nationally recognized securities rating agency (other than Fitch or S&P) selected by a Designated Port Representative.

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

Net Revenue means the Gross Revenue less any part thereof used or applied to pay normal costs of maintenance and operation of the Facilities of the Port (other than Special Facilities) and normal costs of administration of the business of the Port not paid from general tax levies, but before depreciation. For purposes of this resolution general tax levies are deemed to be applied to such costs.

Official Statement means a final Official Statement delivered to the initial purchasers of the Bonds.

Outstanding, when used as of a particular time with reference to Parity Bonds, means all Parity Bonds except those identified as no longer "Outstanding" under the terms established in the respective resolution authorizing their issuance.

Outstanding Parity Bond has the meaning given such term in the recitals to this resolution.

Parity Bonds mean any revenue bonds or revenue warrants issued by the Port which have a lien upon the Gross Revenue for the payment of the principal thereof and interest thereon equal to the lien created upon Gross Revenue for the payment of the principal of and interest on the Bonds, and the term ***Parity Bonds*** shall mean and include the Outstanding Parity Bond, the Bonds and any Future Parity Bonds.

Parity Conditions mean the conditions to the issuance of Future Parity Bonds set forth in Section 11 of this resolution.

Port means the Port of Grays Harbor, Washington, a municipal corporation duly organized and existing as a port district under and by virtue of the laws of the State of Washington.

Professional Consultant means at any time an independent consultant recognized in marine and aviation matters or an engineer or engineering firm or financial consultant or advisor or other expert appointed by the Port to perform the duties of the Professional Consultant as required by this resolution. For the purposes of delivering any certificate required by Section 11 hereof and making the calculation required by Section 11 hereof, the term Professional Consultant shall also include any independent public accounting firm appointed by the Port to make such calculation or to provide such certificate or the financial advisor appointed by the Port to make such calculation or to provide such certificate.

Projects have the meaning described in Section 2(a) of this resolution.

Qualified Insurance means any non-cancelable municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies) (i) which insurance company or companies are rated at the time of delivery of issuance of the policy of Qualified Insurance in one of the two highest Rating Categories by one or more of the Rating Agencies for unsecured debt or insurance underwriting or claims paying ability or (ii) if as a result of the issuance of its policies, the obligations insured thereby to be rated at the time of issuance of the policy of Qualified Insurance in one of the two highest Rating Categories by one or more of the Rating Agencies.

Qualified Letter of Credit means any irrevocable letter of credit issued by a financial institution, which institution maintains an office, agency or branch in the United States and is rated at the time of issuance of the Qualified Letter of Credit in one of the two highest long-term Rating Categories by one or more of the Rating Agencies.

Rate Covenant means in any year Net Revenue in an amount equal to at least 1.25 times that year's Annual Debt Service Requirement.

Rating Agency means Fitch, Moody's or S&P.

Rating Category means the generic rating categories of a Rating Agency, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

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

Registered Owner means the person in whose name the Bond is registered on the Bond Register.

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

Revenue Fund means the Port of Grays Harbor Revenue Fund heretofore established in the office of the Treasurer.

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

S&P means S&P Global Inc., and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term S&P shall be deemed to refer to any other nationally recognized securities rating agency (other than Moody's or Fitch) selected by the Designated Port Representative.

SEC means the United States Securities and Exchange Commission.

Special Revenue Bonds mean any issue or series of revenue bonds, revenue warrants or other revenue obligations of the Port issued to directly or indirectly acquire (by purchase, lease or otherwise), construct, equip, install or improve part or all of particular facilities and which are payable from and secured by the income and revenue from such particular facilities (herein referred to as "Special Facilities").

Tax Maximum means the maximum dollar amount permitted by the Code to be allocated to a bond reserve account from bond proceeds without requiring a balance to be invested at a restricted yield.

Term Bonds means any Bonds designated by the Underwriter as Term Bonds in the Bond Purchase Contract.

Treasurer means the Treasurer of the Port appointed pursuant to RCW 53.36.010, or any other public officer as may hereafter be designated pursuant to law to have the custody of Port funds. Currently, the Director of Finance and Administration is the Treasurer of the Port.

Uncovered Bonds means the Outstanding Parity Bond, the Bonds (if not designated by a Designated Port Representative as Covered Bonds) and any Future Parity Bonds that will not be secured by the Common Reserve Fund.

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

Variable Interest Rate means a variable interest rate or rates to be borne by a series of Parity Bonds or any one or more maturities within a series of Parity Bonds. The method of computing such variable interest rate shall be specified in the resolution authorizing such Parity Bonds and shall be based on (a) a percentage or percentages or other function of an objectively determinable interest rate or rates (*e.g.*, a prime lending rate) or a function of such objectively determinable interest rate or rates which may be in effect from time to time or at a particular time or times, provided that, such variable interest rate shall be subject to a Maximum Interest Rate and that there may be an initial rate specified, in each case as provided in such resolution or (b) a stated interest rate that may be changed from time to time as provided in such resolution authorizing Parity Bonds, provided that, such interest rate shall be subject to a Maximum Interest Rate. Such resolution authorizing Parity Bonds shall also specify either (1) the particular period or periods of time or manner of determining such period or periods of time for which each value of such variable interest rate shall remain in effect or (2) the time or times upon which any change in such variable interest rate shall become effective.

Variable Interest Rate Bond means any Parity Bond bearing a Variable Interest Rate.

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

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

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

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

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

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

Section 2. Plan of Finance; Authorization of Bonds.

(a) *Projects*. The Port intends to undertake capital improvements, repairs, upgrades, and equipment purchases as a part of its comprehensive plan of improvements to the Port, including but not limited to the expansion of the Port's Terminal 4, including expansion of the cargo yard, rail upgrades, upgrades to the stormwater system and replacing the current fendering system (collectively, the "Projects").

(b) *Bonds*. The Port shall issue its revenue bonds (the "Bonds") for the purpose of providing the funds to finance a portion of the costs of the Projects and pay all or a portion of the costs of issuance of the Bonds.

Section 3. Bond Details. The Bonds shall be designated as "Port of Grays Harbor, Washington, Revenue Bonds, 2024 (AMT)," with such description and additional designations for identification purposes as may be approved by the Designated Port Representative, shall be registered as to both principal and interest and shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification, shall be dated as of their date of original issuance and delivery, shall be in the denomination of $5,000 each or any integral multiple of $5,000, provided that no Bond shall represent more than one maturity, shall bear interest from their date until the Bond bearing such interest has been paid or its payment duly provided for, at the rates, payable on the dates, set forth in the Bond Purchase Contract and shall mature on the dates and in the years and in the principal amounts set forth in the Bond Purchase Contract, all as approved by the Executive Director pursuant to Section 13 of this resolution. The Bonds of any of the maturities may be combined and issued as term bonds ("Term Bonds"), subject to mandatory redemption as provided in the Bond Purchase Contract.

The Bonds shall be obligations only of the Bond Fund and shall be payable and secured as provided herein. The Bonds shall not be general obligations of the Port.

Section 4. Registration, Payment and Transfer.

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

(b) *Registered Ownership*. The Port and the Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes (except as provided in the Continuing Disclosure Undertaking), and neither the Port nor the Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in Section 4(h) of this resolution, but such Bond may be transferred as herein provided. All such payments made as described in Section 4(h) of this resolution shall be

valid and shall satisfy and discharge the liability of the Port upon such Bond to the extent of the amount or amounts so paid.

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

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

(d) *Use of Depository*.

(1) The Bonds shall be registered initially in the name of "Cede & Co.," as nominee of DTC, with one Bond for each interest rate maturing on each of the maturity dates for the Bonds in a denomination corresponding to the total principal therein of that interest rate

designated to mature on such date. Registered ownership of such immobilized Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by a Designated Port Representative pursuant to subsection (2) below or such substitute depository's successor; or (C) to any person as provided in subsection (4) below.

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

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

(4) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) a Designated Port Representative determines that it is in the best interest of the beneficial owners of the Bonds that such owners be able to obtain such Bonds in the form of Bond certificates, the ownership of such Bonds may then be transferred to any person or entity as

herein provided, and shall no longer be held in fully immobilized form. A Designated Port Representative shall deliver a written request to the Registrar, together with a supply of definitive Bonds, to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Registrar of all then outstanding Bonds together with a written request on behalf of a Designated Port Representative to the Registrar, new Bonds shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

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

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

(g) *Registration Covenant*. The Port covenants that, until all of the Bonds have been surrendered and canceled, it will maintain, or cause to be maintained, a system for recording the ownership of such Bonds that complies with the provisions of Section 149 of the Code.

(h) *Place and Medium of Payment*. Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be calculated on the basis of a 360-day year and twelve 30-day months. For so long as all Bonds are in fully immobilized form, payments of principal and interest shall be made as provided to the parties entitled to receive payment as of each Record Date in accordance with the operational arrangements of DTC referred to in the Letter of Representations.

In the event that the Bonds are no longer in fully immobilized form, interest on the Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register as of the Record Date, or upon the written request of a Registered Owner of more than $1,000,000 of Bonds (received by the Registrar at least fifteen (15) days prior to the applicable payment date), such payment shall be made by the Registrar by wire transfer to the account within the continental United States designated by the Registered Owner. Principal of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the principal office of the Registrar.

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

<u>Section 5</u>. <u>Redemption and Purchase of Bonds</u>.

(a) *Optional Redemption*. The Bonds may be subject to optional redemption on the dates, at the prices, and under the terms set forth in the Bond Purchase Contract, all as approved by the Executive Director pursuant to Section 13 of this resolution.

(b) *Mandatory Redemption.* The Bonds may be subject to mandatory redemption to the extent, if any, set forth in the Bond Purchase Contract, all as approved by the Executive Director pursuant to Section 13 of this resolution.

(c) *Purchase of Bonds*. The Port further reserves the right to use at any time any surplus Net Revenue available after providing for the payments required by paragraphs <u>First</u> through <u>Fifth</u> of Section 8 of this resolution, or other available funds, to purchase any of the Bonds that are offered to the Port at any price deemed appropriate by the Port. Any purchase of Bonds may be made with or without tender of Bonds and at either public or private sale.

(d) *Effect of Optional Redemption/Purchase*. To the extent that the Port shall have optionally redeemed or purchased any Term Bonds prior to scheduled mandatory redemption of such Term Bonds, the Port may reduce the principal amount of the Term Bonds to be redeemed in like aggregate principal amount. Such reduction may be applied in the year specified by a Designated Port Representative.

(e) *Selection of Bonds for Redemption*. For as long as the Bonds are held in book-entry only form, the selection of particular Bonds within a maturity to be redeemed shall be

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

(f) *Notice of Redemption.*

(1) <u>Official Notice</u>. For so long as the Bonds are held in uncertificated form, notice of redemption (which notice, in the case of an optional redemption that is not irrevocable, may be conditional or may be rescinded or revoked at the option of the Port) shall be given in accordance with the operational arrangements of DTC as then in effect, and neither the Port nor the Registrar will provide any notice of redemption to any beneficial owners. Thereafter (if the Bonds are no longer held in uncertificated form), notice of redemption shall be given in the manner hereinafter provided. Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption (which redemption shall, in the case of an optional redemption

that is not irrevocable, be conditioned by the Registrar on the receipt of sufficient funds for redemption) shall be given by the Registrar on behalf of the Port by mailing a copy of an official redemption notice by first class mail at least twenty (20) days and not more than sixty (60) days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such Registered Owner to the Registrar.

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

(A) the Bonds being redeemed,

(B) the redemption date,

(C) the redemption price,

(D) if fewer than all outstanding Bonds are to be redeemed, the identification by maturity (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(E) any conditions to redemption, if the notice of redemption is a conditional notice,

(F) unless the notice was conditional and the conditions have not been satisfied or if the Port has not revoked a notice of redemption that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and

(G) if applicable, the place where such Bonds are to be surrendered for payment of the redemption price.

(2) Additional Notice. In addition to the foregoing notice, further notice shall be given by the Port as set out below, but no defect in said further notice nor any failure to give

all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all Bonds being redeemed; (B) the date of issue of the Bonds as originally issued; (C) the rate of interest borne by each Bond being redeemed; (D) the maturity date of each Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Bonds being redeemed. Each further notice of redemption may be sent at least twenty (20) days before the redemption date to each party entitled to receive notice pursuant to Section 16, and to such persons (including securities repositories who customarily at the time receive notices of redemption in accordance with rules promulgated by the SEC) and with such additional information as the Port shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

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

(g) *Effect of Redemption*. Unless the Port has revoked a notice of optional redemption (or unless the Port provided a conditional notice and the conditions for redemption set forth therein are not satisfied), the Port shall transfer to the Registrar amounts that, in addition to other money, if any, held by the Registrar for such purpose, will be sufficient to redeem, on the date fixed for redemption, all the Bonds to be redeemed. If and to the extent that funds have been provided to the Registrar for the redemption of Bonds then from and after the date fixed for

redemption for such Bond or portion thereof, interest on each such Bond shall cease to accrue and such Bond or portion thereof shall cease to be outstanding. All Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

Section 6. Form of Bonds.

The Bonds shall be in substantially the following form:

[DTC HEADING]
[Statement of Insurance]

UNITED STATES OF AMERICA

NO. _____ $______________

STATE OF WASHINGTON
PORT OF GRAYS HARBOR
REVENUE BOND, 2024 (AMT)

MATURITY DATE: CUSIP NO.: __________

INTEREST RATE: %

REGISTERED OWNER: CEDE & Co.

PRINCIPAL AMOUNT:

THE PORT OF GRAYS HARBOR, WASHINGTON a municipal corporation organized and existing under and by virtue of the laws of the State of Washington (the "Port"), promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, solely from the special fund of the Port known as the "Port of Grays Harbor Revenue Bond Fund" (the "Bond Fund") maintained by the Port, the Principal Amount indicated above, together with interest thereon, at the Interest Rate specified above from ____ __, 2024, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, payable on ________ 1, 20___, and semiannually thereafter on the first days of each succeeding ____and ____________.

Both principal of and interest on this bond are payable in lawful money of the United States of America. Interest shall be paid in accordance with the operational arrangements of The Depository Trust Company ("DTC") referred to in the Blanket Issuer Letter of Representations (the "Letter of Representations") between the Port and DTC. Principal also shall be payable in accordance with the operational arrangements referred to in the foregoing sentence to the Registered Owner or assigns upon presentation and surrender of this bond at the principal office of the fiscal agent of the State of Washington (the "Registrar"). Capitalized terms used in this

bond which are not specifically defined have the meanings given such terms in the hereinafter defined Bond Resolution.

This bond is one of an authorized issue of bonds of like date and tenor, except as to number, amount, rate of interest and date of maturity in the aggregate principal amount of $___________, and is issued pursuant to Resolution No. 3123 (the "Bond Resolution") for the purpose of providing long-term financing for certain capital additions and improvements to Port facilities and paying costs of issuance.

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

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

The Port hereby covenants and agrees with the owner and holder of this bond that it will keep and perform all the covenants of this bond and the Bond Resolution.

The Port does hereby pledge and bind itself to set aside from Net Revenue (as defined in the Bond Resolution), and to pay into the Bond Fund the various amounts required by the Bond Resolution to be paid into and maintained in said Funds, all within the times provided by said resolution.

Said amounts so pledged to be paid out of Gross Revenue into said Bond Fund are hereby declared to be a first and prior lien and charge upon such Gross Revenue and equal in rank to the lien and charge upon such Gross Revenue of the amounts required to pay and secure the payment of the Outstanding Parity Bond and any revenue bonds of the Port hereafter issued on a parity with this bond. This bond is payable solely from the Bond Fund.

The Port has further bound itself to maintain all of its properties and facilities which contribute in some measure to such Gross Revenue in good repair, working order and condition, to operate the same in an efficient manner and at a reasonable cost, and to establish, maintain and collect rentals, tariffs, rates and charges in the operation of all of its business for as long as any of the bonds of this issue are outstanding that will make available, for the payment of the principal thereof and interest thereon as the same shall become due, Net Revenue in an amount equal to at least the Rate Covenant.

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

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

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

IN WITNESS WHEREOF, the Port of Grays Harbor, Washington, has caused this bond to be executed by the manual or facsimile signatures of the President and Secretary of the Port Commission and the seal of the Port imprinted, impressed or otherwise reproduced hereon as of this _____ day of ____________, 2024.

[SEAL]

PORT OF GRAYS HARBOR, WASHINGTON

By /s/
President, Port Commission

ATTEST:

/s/
Secretary, Port Commission

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

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned Bond Resolution and is one of the Revenue Bonds, 2024 (AMT), of the Port of Grays Harbor, Washington, dated _______ ___, 2024.

WASHINGTON STATE FISCAL AGENT, as Registrar

By ________________________________

In the event that any Bonds are no longer in fully immobilized form, the form of such Bonds may be modified to conform to printing requirements and the terms of this resolution.

Section 7. Execution of Bonds. The Bonds shall be executed on behalf of the Port with the manual or facsimile signatures of the President and Secretary of the Port Commission and the seal of the Port impressed, imprinted or otherwise reproduced thereon.

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

In case either of the officers who shall have executed the Bonds shall cease to be an officer or officers of the Port before the Bonds so signed shall have been authenticated or delivered by the Registrar, or issued by the Port, such Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the Port as though those who signed the same had continued to be such officers of the Port. Any Bond may also be signed and attested on behalf of the Port by such persons who are at the actual date of delivery of such Bond the proper officers of the Port although at the original date of such Bond any such person shall not have been such officer of the Port.

Section 8. Priority of Use of Gross Revenue. There has heretofore been established in the office of the Treasurer a special fund of the Port known as the "Port of Grays Harbor Revenue Fund" or however otherwise designated by the Treasurer (the "Revenue Fund"). The Gross Revenue shall be deposited in the Revenue Fund as collected. The Revenue Fund shall be held separate and apart from all other funds and accounts of the Port and the Gross Revenue deposited therein shall be used only for the following purposes and in the following order of priority:

First, to pay necessary costs of administration of the business of the Port and of maintenance and operation of the Facilities not paid from other sources;

Second, to make all payments required to be made into the Bond Fund to pay the interest on any Parity Bonds, including reimbursement of credit providers securing the payment of Parity Bonds;

Third, to make all payments, including sinking fund payments, required to be made into the Bond Fund to pay the principal of any Parity Bonds, including reimbursement of credit providers securing the payment of Parity Bonds;

Fourth, to make all payments required to be made into any reserve account(s) to secure the payment of any Parity Bonds, including reimbursements to the issuer (if any) of Qualified Insurance or Qualified Letters of Credit with respect a reserve account;

Fifth, to make all payments required to be made into any other revenue bond redemption fund and debt service account or reserve account created therein to pay and secure the payment of the principal of and interest on any revenue bonds or other revenue obligations of the Port having a lien upon the Gross Revenue and the money in the Revenue Fund junior and inferior to the lien thereon for the payment of the principal of and interest on any Parity Bonds; and

Sixth, to retire by redemption or purchase any outstanding revenue bonds or other revenue obligations of the Port as authorized in the various resolutions of the Port Commission authorizing their issuance or to make necessary additions, betterments, improvements and repairs to or extension and replacements of the Facilities, or any other lawful Port purposes.

Section 9. Bond Fund; Reserve Account .

(a) *Bond Fund.* A special fund of the Port designated the "Port of Grays Harbor Revenue Bond Fund" or however otherwise designated by the Treasurer (the "Bond Fund") is hereby authorized to be created or maintained in the office of the Treasurer for the purpose of paying and securing the payment of Parity Bonds. The Parity Bonds are payable solely from the Bond Fund. The Bond Fund shall be held separate and apart from all other funds and accounts of the Port and shall be a trust fund for the owners, from time to time, of Parity Bonds.

(b) *Reserve Account.* A Designated Port Representative is hereby authorized to determine whether the Bonds will be secured by the hereinafter authorized to be established and designated Common Reserve Fund and if so, the Bonds would be Covered Bonds. The designation may be set forth in the Bond Purchase Contract approved by the Executive Director. The Port may elect to create a different reserve account to secure Future Parity Bonds or to designate Future Parity Bonds as Covered Bonds.

The Treasurer is hereby authorized and directed to establish a Common Reserve Fund for the purpose of securing the payment of the principal of, premium, if any, and interest on all Covered Bonds.

(1) *Deposits into the Common Reserve Fund*. The Treasurer shall deposit the following amounts on the following dates into the Common Reserve Fund:

(i) On the date of issuance of each series of Covered Bonds, the Port will assure that the amount on hand in the Common Reserve Fund shall be sufficient to meet the Common Reserve Requirement; and

(ii) If there shall be a deficiency in the Common Reserve Fund, the Port shall deposit Net Revenue into the Reserve Fund as further provided in this section.

(2) *Disbursements from the Common Reserve Fund.* The Treasurer shall maintain and disburse the balances on hand in the Common Reserve Fund in accordance with the following provisions.

The dollar amount required to be contributed to the Common Reserve Fund as the result of the issuance of Future Parity Bonds that are designated as Covered Bonds shall be no greater than the Tax Maximum. If the dollar amount required to be contributed at the time of issuance of a series of Future Parity Bonds (designated as Covered Bonds) exceeds the Tax Maximum, then the amount required to be contributed shall be equal to the Tax Maximum; the Common Reserve Requirement shall be adjusted accordingly and remain in effect until the earlier of (A) at the Port's option, a payment of principal of Future Parity Bonds (designated as Covered Bonds) or (B) the issuance of a subsequent series of Future Parity Bonds designated as Covered Bonds (when the Common Reserve Requirement shall be re-calculated).

The Common Reserve Requirement shall be maintained by deposits of cash and/or qualified investments, a Qualified Letter of Credit or Qualified Insurance, or a combination of the foregoing. The Designated Port Representative may decide to utilize Qualified Insurance or Qualified Letter(s) of Credit to satisfy all or a portion of the Common Reserve Requirement. Upon such election, the Designated Port Representative is hereby authorized to execute and deliver one or more agreements with issuers of Qualified Insurance or Qualified Letters of Credit to effect the delivery of the appropriate instrument. To the extent that the Port obtains a Qualified Letter of Credit or Qualified Insurance in substitution for cash or securities in the Common Reserve Fund, all or a portion of the money on hand in the Common Reserve Fund shall be transferred to another fund or account of the Port designated by the Treasurer. In computing the amount on hand in the Common Reserve Fund, Qualified Insurance and/or a Qualified Letter of Credit shall be valued at the lower of the face amount thereof and the amount available to be drawn thereunder, and all other obligations purchased as an investment of moneys therein shall be valued by the Port on a marked to market basis, at least once annually. As used

herein, the term "cash" shall include U.S. currency, cash equivalents and evidences thereof, including demand deposits, certified or cashier's check; and the deposit to the Common Reserve Fund may be satisfied by the transfer of investments to such account. If a deficiency in the Common Reserve Requirement shall exist as a result of the foregoing valuation, such deficiency shall be made up within one year after the valuation date thereof.

If the balance on hand in the Common Reserve Fund is sufficient to satisfy the Common Reserve Requirement, amounts in excess of such Common Reserve Requirement shall be applied as provided in the following sentences. Whenever there is a sufficient amount in the Bond Fund and the Common Reserve Fund to pay the principal of, premium, if any, and interest on all Covered Bonds, the money in the Common Reserve Fund may be used to pay such principal and interest. If the balance on deposit in the Common Reserve Fund is at least equal to the Common Reserve Requirement, money in the Common Reserve Fund in excess of the Common Reserve Requirement may be transferred to another fund or account of the Port designated by the Treasurer. If a deficiency in the Bond Fund with respect to Covered Bonds shall occur, such deficiency shall be made up from the Common Reserve Fund by the withdrawal of cash therefrom for that purpose and by the sale or redemption of investments held in the Common Reserve Fund, in such amounts as will provide cash in the Common Reserve Fund sufficient to make up any such deficiency with respect to the Covered Bonds, and if a deficiency still exists immediately prior to an interest payment date and after the transfer of cash from the Common Reserve Fund to the Bond Fund, the Port shall then draw from any Qualified Letter of Credit or Qualified Insurance then credited to the Common Reserve Fund for the Covered Bonds in sufficient amount to make up the deficiency. Such draw shall be made at such times and under such conditions as the agreement for such Qualified Letter of Credit or such Qualified Insurance

shall provide. Reimbursement may be made to the issuer of any Qualified Letter of Credit or Qualified Insurance in accordance with the reimbursement agreement related thereto, and after making necessary provision for the payments required to be made in paragraphs First, Second, and Third of Section 8 of this resolution. If the Port shall have failed to make any payment required to be made under such reimbursement agreement for Covered Bonds, the issuer shall be entitled to exercise all remedies available at law; provided, however, that no acceleration of Covered Bonds shall be permitted, and no remedies that adversely affect Registered Owners of Covered Bonds shall be permitted. Any deficiency created in the Common Reserve Fund by reason of any such withdrawal shall be made up within one year after the withdrawal from Qualified Insurance or a Qualified Letter of Credit or out of Net Revenue (or out of any other moneys on hand legally available for such purpose), in 12 equal monthly installments, after first making timely provision for all payments required to be made into the Bond Fund within such year.

To the extent that the Port has obtained Qualified Insurance or a Qualified Letter of Credit to satisfy its obligations under this Section 9(b), amounts then available to be drawn under such Qualified Insurance or a Qualified Letter of Credit shall be credited against the amounts required to be maintained in the Common Reserve Fund by this Section 9(b) to the extent that such payments and credits are insured by the issuer of such Qualified Insurance, or are to be made or guaranteed by a Qualified Letter of Credit.

If a Credit Event occurs, the Common Reserve Requirement shall be satisfied, at the option of the Port, within one year after the occurrence of such Credit Event with other Qualified Insurance or another Qualified Letter of Credit, out of Net Revenue (or out of other money on

hand and legally available for such purpose) after first making necessary provisions for all payments required to be made into the Bond Fund.

In addition, the Port may also establish and provide for the funding of a separate reserve account for any series of Future Revenue Bonds.

(c) *Pledge of Revenues; Lien.* Said amounts so pledged to be paid into the Bond Fund are hereby declared to be a prior lien and charge upon the Gross Revenue superior to all other charges of any kind or nature whatsoever, except costs of administration and maintenance and operation and except that the amounts so pledged are of equal lien to the lien and charge of any lien and charge that have heretofore and may hereafter be made to pay and secure the payment of the principal of and interest on the Outstanding Parity Bond and Future Parity Bonds.

(d) *Investments.* Money in the Bond Fund not needed to pay the interest or principal and interest next coming due on any outstanding Parity Bonds may be invested in any legal investment for Port funds.

Section 10. Specific Covenants. The Port hereby covenants and agrees with the owners and holders of each of the Bonds for as long as any of the same remain outstanding as follows:

(a) *Rate Covenant.* The Port will at all times establish, maintain and collect rentals, tariffs, rates, fees, and charges in the operation of all of its businesses as long as any Parity Bonds are Outstanding that will produce in each fiscal year Net Revenue in an amount equal to at least the Rate Covenant.

If the Net Revenue in any fiscal year is less than required to fulfill the Rate Covenant, then the Port will retain a Professional Consultant to make recommendations as to operations and the revision of schedules of rentals, tariffs, rates, fees and charges; and upon receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Commission, on the basis of such recommendations and other available information, will establish rentals, tariffs, rates, fees and charges for services and operations which will be necessary to meet the Rate Covenant in the fiscal year during which such adjustments are made. If the Commission has taken the steps set forth in this paragraph and the Net Revenue in the fiscal year nevertheless is not sufficient to meet the Rate Covenant, there shall be no default under this Section 10 (a) during such fiscal year, unless the Port fails to meet the Rate Covenant for two consecutive fiscal years.

(b) *Payment of Debt Service.* The Port will duly and punctually pay or cause to be paid out of the Bond Fund the principal of and interest on the Bonds at the times and places as herein and in said Bonds provided and will at all times faithfully perform and observe any and all covenants, undertakings and provisions contained in this resolution and in the Bonds.

(c) *Maintenance of Facilities.* The Port will at all times keep and maintain all of the Facilities in good repair, working order and condition, and will at all times operate the same and the business or businesses in connection therewith in an efficient manner and at a reasonable cost.

(d) *Sale of Certain Facilities.* In the event any Facility or part thereof which contributes in some measure to the Gross Revenue is sold by the Port or is condemned pursuant to the power of eminent domain, the Port will apply the net proceeds of such sale or condemnation to capital expenditures upon or for Facilities which will contribute in some measure to the Gross Revenue or to the retirement of Bonds then Outstanding.

(e) *Insurance of Facilities*. The Port will keep or arrange to keep all Facilities insured, if such insurance is obtainable at reasonable rates and upon reasonable conditions,

against such risks, in such amounts, and with such self insurance retention or deductibles as the Commission or the Designated Port Representative shall deem necessary.

(f) *Insurance Against Port Liability*. The Port will at all times keep or arrange to keep in full force and effect policies of public liability and property damage insurance which will protect the Port against anyone claiming damages of any kind or nature, if such insurance is obtainable at reasonable rates and upon reasonable conditions, in such amounts and with such self insurance retention and deductibles as the Commission or the Designated Port Representative shall deem necessary.

(g) *Maintenance of Books and Records*. The Port will keep and maintain proper books of account and accurate records of all of its revenue, including tax receipts, received from any source whatsoever, and of all costs of administration and maintenance and operation of all of its business that are in accordance with generally accepted accounting principles as in effect from time to time. On or before 120 days after each fiscal year the Port will prepare or cause to be prepared an operating statement of all of the business of the Port for such preceding fiscal year. Each such annual statement shall contain a statement in detail of the Gross Revenue, tax receipts, expenses of administration, expenses of normal operation, expenses of normal and extraordinary maintenance and repair, and expenditures for capital purposes of the Port for such fiscal year and shall contain a statement as of the end of such year showing the status of all funds and accounts of the Port pertaining to the operation of its business and the status of all of the funds and accounts created by various resolutions of the Commission authorizing the issuance of outstanding bonds and other obligations payable from the Gross Revenue. Copies of such statements shall be placed on file in the main office of the Port and shall be open to inspection at any reasonable time by the owners of Parity Bonds.

(h) *Disposal of Income Properties*. In the event of voluntary or involuntary sale, lease, or other conveyance, transfer or disposal of all or substantially all of its Facilities, the Port shall require that contemporaneously with such disposition, there shall be paid into a special fund a sum which shall be sufficient to defease all Parity Bonds then Outstanding; provided, however, that such defeasance will not be required so long as the Port maintains primary responsibility for the management and operation of the affected Facilities and provided further that all Net Revenue from such Facilities continues to be pledged to all Parity Bonds then Outstanding.

<u>Section 11</u>. <u>Conditions of Issuance of Future Parity Bonds</u>.

(a) *Future Parity Bonds - General Provisions*. All Parity Bonds authorized to be issued, upon fulfillment of the conditions of this resolution, shall be issued on a parity of lien with one another, having an equal lien and charge upon the Net Revenue of the Port.

The Port hereby further covenants and agrees with the owners and holders of each of the Parity Bonds for as long as any of the same remain Outstanding that it will not issue any Parity Bonds that constitute a charge and lien upon the Net Revenue equal to the lien thereon of Outstanding Parity Bonds, unless at the time of the issuance of such Parity Bonds the Port is not in default under this resolution or any other resolution authorizing the issuance of Parity Bonds then Outstanding, <u>and</u> the Port meets the conditions set forth in subsection (b) below <u>or</u> meets either of the conditions described in (1) or (2) below.

(1) <u>Certificate Required</u>. There shall have been delivered prior to or on the date of the issuance of the Parity Bonds, <u>either:</u>

(A) a certificate prepared as provided below and executed by the Designated Port Representative stating that Adjusted Net Revenue during the Base Period was at

least equal to 125 percent of Annual Debt Service in each year of the Base Period with respect to all Parity Bonds then Outstanding and the Future Parity Bonds then proposed to be issued; <u>or</u>

(B) a Professional Consultant's certificate, prepared as provided below, stating that projected Adjusted Net Revenue will be at least equal to 125 percent of the Maximum Annual Debt Service in each year with respect to all Parity Bonds then Outstanding and the Future Parity Bonds then proposed to be issued.

A Designated Port Representative's certificate, described in (A) above shall be based upon the financial statements of the Port for the Base Period, corroborated by the certified statements of the State Auditor's office of the State of Washington, or any successor to the duties thereof, or by an independent certified public accounting firm for the Base Period. If the audited financial statements for the most recently completed fiscal year are not yet available, a Designated Port Representative's certificate may be based on unaudited financial statements certified by the Director of Finance and Administration.

In making the computations of projected Adjusted Net Revenue for the purpose of certifying compliance with the conditions specified in (B) above, the Professional Consultant shall use as a basis the Net Revenue for the Base Period corroborated by the certified statements of the State Auditor's office of the State, or any successor to the duties thereof, or by an independent certified public accounting firm for the Base Period. If the audited financial statements for the most recently completed fiscal year are not yet available, the Professional Consultant's certificate may be based on unaudited financial statements certified by the Director of Finance and Administration. The Professional Consultant shall make such adjustments or modifications to Net Revenue (including those described in establishing Adjusted Net Revenue) in order to compute projected Adjusted Net Revenue as he/she/it deems reasonable as set forth in writing to the Port.

Compliance with the coverage requirements of this Section 11 shall be demonstrated conclusively by a certificate delivered in accordance with this subsection (a).

(2) No Certificate Required. A certificate shall not be required as a condition to the issuance of Parity Bonds:

(A) if the Parity Bonds are being issued for refunding purposes upon compliance with the provisions of subsection (b) of this section; or

(B) if the Parity Bonds are being issued to pay costs of construction of Facilities for which indebtedness has been issued previously and the principal amount of such indebtedness being issued for completion purposes does not exceed an amount equal to an aggregate of 15% of the principal amount of indebtedness theretofore issued for such Facilities and reasonably allocable to the Facilities to be completed as shown in a written certificate of a Designated Port Representative, stating that the scope, nature and purpose of such Facilities has not materially changed and that the net proceeds of such indebtedness being issued for completion purposes will be sufficient, together with other available funds of the Port, to complete such Facilities.

(b) *Parity Bonds For Refunding Purposes*. The Port may issue Parity Bonds for refunding purposes, as follows:

(1) Parity Bonds may be issued at any time for the purpose of refunding (including by purchase) Parity Bonds including amounts to pay principal thereof and redemption premium, if any, and interest thereon to the date of redemption (or purchase), any deposits to a reserve account or to purchase a Qualified Letter of Credit or Qualified Insurance, and the

expenses of issuing the Parity Bonds and of effecting such refunding upon delivery of a certificate as provided in subsection (b)(2) above. Such refunding Parity Bonds also may be issued without a certificate if:

(A) the latest maturity of the Parity Bonds to be issued is not later than the latest maturity of the Parity Bonds to be refunded (were such refunding not to occur), and the increase in Annual Debt Service as a result of such refunding in any year is less than the greater of (i) $25,000 or (ii) 5% of such Annual Debt Service on the Parity Bonds to be refunded; or

(B) the latest maturity of the Parity Bonds to be issued is later than the latest maturity of the Parity Bonds to be refunded (were such refunding not to occur), and the Maximum Annual Debt Service on all Parity Bonds to be Outstanding after the issuance of the refunding Parity Bonds shall not be greater than Maximum Annual Debt Service were such refunding not to occur.

(2) Parity Bonds may be issued without the requirement of a certificate pursuant to this section for the purpose of refunding (including by purchase) any Parity Bonds at any time within one year prior to their maturity or mandatory redemption date if sufficient Net Revenue or other moneys are not expected to be available for payment at maturity or mandatory redemption.

(c) *Liens Subordinate to Parity Bonds*. Nothing herein contained shall prevent the Port from issuing revenue bonds or other obligations which are a charge upon the Net Revenue junior or inferior to the payments required by this resolution to be made out of such Net Revenue to pay and secure the payment of any Parity Bonds. Such junior or inferior obligations shall not be subject to acceleration. This prohibition against acceleration shall not be deemed to prohibit mandatory tender or other tender provisions with respect to variable rate obligations.

Section 12. Defeasance. In the event that money and/or noncallable Government Obligations that are direct obligations of the United States or obligations unconditionally guaranteed by the United States maturing at such time or times and bearing interest to be earned thereon in amounts (together with such money, if necessary) sufficient to redeem and retire part or all of the Bonds authorized hereunder in accordance with their terms, are set aside in a special account of the Port to effect such redemption and retirement, and such moneys and the principal of and interest on such obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Bond Fund of the Port for the payment of the principal of and interest on the Bonds so provided for, and such Bonds shall cease to be entitled to any lien, benefit or security of this resolution except the right to receive the moneys so set aside and pledged, and such Bonds shall be deemed not to be outstanding hereunder.

The Registrar shall provide notice of defeasance of Bonds to Registered Owners and to each party entitled to receive notice pursuant to an ongoing disclosure undertaking entered into pursuant to Section 16 of this resolution.

Section 13. Sale of Bonds.

(a) *Bond Sale*. The Commission has been advised by the Port's municipal advisor that the most favorable market conditions may occur on a day other than a regular meeting date of the Commission. The Bonds shall be sold by negotiated sale to the Underwriter. The Executive Director is hereby authorized to approve the date of sale, interest rates, maturity dates, aggregate principal amount, principal amounts of each maturity and redemption rights for the Bonds in the manner provided hereafter (i) so long as the aggregate principal amount of the Bonds does not exceed $7,000,000, (ii) so long as the true interest cost for the Bonds does not exceed 7.0% per annum and (iii) so long as final maturity is no longer than 31 years.

In determining the date of sale, interest rates, prices, maturity dates, aggregate principal amount, principal maturities, redemption rights or provisions of the Bonds for approval, the Executive Director, in consultation with Port staff and the Port's municipal advisor, shall take into account those factors that, in his or her judgment, will result in the most favorable interest cost on the Bonds, including, but not limited to, current financial market conditions and current interest rates for obligations comparable in tenor and quality to the Bonds. Subject to the terms and conditions set forth in this section, either Designated Port Representative also is hereby authorized to execute the final form of the Bond Purchase Contract, upon the Executive Director's approval of the final date of sale, interest rates, maturity dates, aggregate principal amount, principal maturities and redemption rights set forth therein. Following the execution of the Bond Purchase Contract, a Designated Port Representative shall provide a report to the Commission, describing the final terms of the Bonds approved pursuant to the authority delegated in this section. The authority granted to each Designated Port Representative by this section shall expire on December 31, 2024. If a Bond Purchase Contract for the Bonds has not been executed by December 31, 2024, the authorization for the issuance of the Bonds shall be rescinded, and the Bonds shall not be issued nor their sale approved unless the Bonds shall have been re-authorized by resolution of the Commission. The resolution reauthorizing the issuance and sale of the Bonds may be in the form of a new resolution repealing this resolution in whole or in part (only with respect to the Bonds not issued) or may be in the form of an amendatory resolution approving a bond purchase contract or extending or establishing new terms and conditions for the authority delegated under this section.

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

Each Designated Port Representative and other Port officials, agents and representatives are hereby authorized and directed to do everything necessary for the prompt issuance, execution and delivery of the Bonds to the Underwriter and for the proper application and use of the proceeds of sale of the Bonds. In furtherance of the foregoing, each Designated Port Representative is authorized to approve and enter into agreements for the payment of costs of issuance, including Underwriter's discount, the fees and expenses specified in the Bond Purchase Contract, including fees and expenses of the Underwriter and other retained services, including Bond Counsel, disclosure counsel, rating agencies, fiscal agent, financial advisory services, and other expenses customarily incurred in connection with the issuance and sale of bonds.

Either Designated Port Representative is authorized to ratify, execute, deliver and approve for purposes of the Rule, on behalf of the Port, the final Official Statement (and to

approve, deem final and deliver any preliminary official statement) and any supplement thereto relating to the issuance and sale of the Bonds and the distribution of the Bonds pursuant thereto with such changes, if any, as may be deemed by him/her to be appropriate.

Section 14. Disposition of Sale Proceeds. The net proceeds of the Bonds (exclusive of any amounts that may be designated by a Designated Port Representative in a closing certificate to be allocated to pay costs of issuance or any Bond Insurance Policy), together with other available funds of the Port in the amount specified by a Designated Port Representative, shall be held by the Port and used at the direction of a Designated Port Representative for the Projects. The Treasurer shall invest the net proceeds of the Bonds until expended in such obligations as may now or hereafter be permitted to port districts of the State of Washington by law and that will mature prior to the date on which such money shall be needed. Earnings on such investments, except as may be required to pay rebatable arbitrage pursuant to the Federal Tax Certificate, if applicable, may be used for Port purposes or transferred to the Bond Fund for the uses and purposes therein provided.

Section 15. Tax Covenants.

(a) *General.* The Port covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on such Bonds and will take or require to be taken such acts as may reasonably be within its ability and as may from time to time be required under applicable law to continue the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(b) *Arbitrage Covenant.* The Port hereby covenants that it will not make any use of the proceeds of sale of the Bonds or any other funds of the Port which may be deemed to be

proceeds of such Bonds pursuant to Section 148 of the Code which will cause the Bonds to be "arbitrage bonds" within the meaning of said section and said Regulations. The Port will comply with the requirements of Section 148 of the Code (or any successor provision thereof applicable to the Bonds) and the applicable Regulations thereunder throughout the term of the Bonds.

(c) *No Designation under Section 265(b).* The Bonds shall not be "qualified tax-exempt obligations" under Section 265(b)(3) of the Code for banks, thrift institutions and other financial institutions.

Section 16. Undertaking to Provide Ongoing Disclosure. Each Designated Port Representative is authorized to execute and deliver a Continuing Disclosure Undertaking regarding ongoing disclosure in order to assist the Underwriter in complying with Section (b)(5) of the Rule.

Section 17. Lost, Stolen or Destroyed Bonds. In case any Bond or Bonds shall be lost, stolen or destroyed, the Registrar may execute and deliver a new Bond or Bonds of like date, number and tenor to the owner thereof upon the owner's paying the expenses and charges of the Port in connection therewith and upon his filing with the Port evidence satisfactory to the Port that such Bond was actually lost, stolen or destroyed and of his ownership thereof, and upon furnishing the Port with indemnity satisfactory to the Port.

Section 18. Bond Insurance. The payments of the principal of and interest on one or more principal maturities within the Bonds may be insured by the issuance of a Bond Insurance Policy. A Designated Port Representative may solicit proposals from municipal bond insurance companies, and a Designated Port Representative, in consultation with the Port's municipal advisor, is hereby authorized to select the proposal that is deemed to be the most cost effective

and further to execute the Bond Insurance Commitment with the Bond Insurer, which may include such covenants and conditions as shall be approved by a Designated Port Representative.

Section 19. Supplements and Amendments.

(a) The Commission from time to time and at any time may adopt a resolution or resolutions supplemental hereof, which resolution or resolutions thereafter shall become a part of this resolution, for any one or more or all of the following purposes:

(1) To add to the covenants and agreements of the Port in this resolution contained other covenants and agreements thereafter to be observed, which shall not adversely affect the interests of the owners of any Parity Bonds, or to surrender any right or power herein reserved to or conferred upon the Port.

(2) To make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision contained in this resolution or any resolution authorizing Parity Bonds in regard to matters or questions arising under such resolutions as the Commission may deem necessary or desirable and not inconsistent with such resolutions and which shall not adversely affect the interest of the owners of Parity Bonds.

Any such supplemental resolution of the Commission may be adopted without the consent of the owners of any Parity Bonds at any time outstanding, notwithstanding any of the provisions of subsection (b) of this section.

(b) With the consent of the owners of not less than a majority in aggregate principal amount of the Parity Bonds at the time outstanding, including any Parity Bonds authorized to the issued at the time of the adoption of the supplemental resolution, the Commission may adopt a resolution or resolutions supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this resolution or of any supplemental resolution; provided, however, that no such supplemental resolution shall:

(1) Extend the fixed maturity of any Parity Bonds, or reduce the rate of interest thereon, or extend the time of payments of interest from their due date, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof without the consent of the owner of each Bond so affected; or

(2) Reduce the aforesaid percentage of owners of Bonds required to approve any such supplemental resolution, without the consent of the owners of all of the Parity Bonds then outstanding.

It shall not be necessary for the consent of the Bondowners under this subsection (b) to approve the particular form of any proposed supplemental resolution, but it shall be sufficient if such consent shall approve the substance thereof. For purposes of executing consents to the supplemental resolution, the issuers of a bond insurance policy with respect to Parity Bonds shall be deemed to be the Bondower of such Parity Bonds.

(c) Upon the adoption of any supplemental resolution pursuant to the provisions of this section, this resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the Port under this resolution and all owners of Parity Bonds outstanding hereunder shall thereafter be determined, exercised and enforced thereunder, subject in all respects to such modification and amendments, and all the terms and conditions of any such supplemental resolution shall be deemed to be part of the terms and conditions of this resolution for any and all purposes.

(d) Parity Bonds executed and delivered after the execution of any supplemental resolution adopted pursuant to the provisions of this section may have a notation as to any matter

provided for in such supplemental resolution, and if such supplemental resolution shall so provide, new bonds so modified as to conform in the opinion of the Commission, to any modification of this resolution contained in any such supplemental resolution, may be prepared by the Port and delivered without cost to the owners of any affected Parity Bonds then outstanding.

Section 20. Resolution and Laws a Contract with the Bond Owners. This resolution is adopted under the authority of and in full compliance with the Constitution and laws of the State of Washington. In consideration of the purchase and ownership of the Bonds, the provisions of this resolution and of said laws shall constitute a contract with the owners of the Bonds, and the obligations of the Port and its Commission under said laws and under this resolution shall be enforceable by any court of competent jurisdiction; and the covenants and agreements herein and in the Bonds set forth shall be for the equal benefit of the owners of the Bonds.

Section 21. Severability. If any one or more of the covenants or agreements provided in this resolution to be performed on the part of the Port shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Bonds.

Section 22. Effective Date. This resolution shall become effective immediately upon its adoption.

ADOPTED by the Port Commission of the Port of Grays Harbor at a regular meeting thereof, held this 11th day of June, 2024, and duly authenticated in open session by the signatures of the Commissioners present and voting in favor thereof.

PORT OF GRAYS HARBOR, WASHINGTON

____
Commissioner

____
Commissioner

____
Commissioner

Attest:

____
Secretary of the Commission

CERTIFICATE

I, the undersigned, Secretary of the Port Commission ("Commission") of the Port of Grays Harbor, Grays Harbor County, Washington (herein called the "Port"), DO HEREBY CERTIFY:

1. That the attached resolution numbered 3123 (herein called the "Resolution") is a true and correct copy of a resolution of the Port, as finally adopted at a regular meeting of the Commission held on the 11th day of June, 2024, and duly recorded in my office.

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

IN WITNESS WHEREOF, I have hereunto set my hand this 11th day of June, 2024.

____
Secretary

RESOLUTION NO. 3136

A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF GRAYS HARBOR, GRAYS HARBOR COUNTY, WASHINGTON, AMENDING RESOLUTION NO. 3123 TO INCREASE THE AUTHORIZED MAXIMUM PRINCIPAL AMOUNT OF REVENUE BONDS TO BE ISSUED UNDER RESOLUTION NO. 3123 AND OTHERWISE CONFIRMING RESOLUTION NO. 3123.

WHEREAS, the Port Commission (the "Commission") of the Port of Grays Harbor (the "Port") approved Resolution No. 3123 on June 11, 2024 authorizing the issuance of revenue bonds of the Port to pay a portion of the costs of certain improvements to its facilities and (the "Projects") and pay costs of issuance in the maximum principal amount of not to exceed $7,000,000 (the "Bonds"); and

WHEREAS, subsequently, it has been determined that bond market conditions have changed; and

WHEREAS, the Commission proposes to increase the maximum principal amount of the Bonds to $7,700,000;

NOW, THEREFORE, BE IT RESOLVED BY THE PORT COMMISSION OF THE PORT OF GRAYS HARBOR, GRAYS HARBOR COUNTY, WASHINGTON, as follows:

Section 1. Amendment to Title. The title to Resolution No. 3123 is hereby amended to read as follows (additions are underscored and deleted text is stricken through):

> A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF GRAYS HARBOR, GRAYS HARBOR COUNTY, WASHINGTON, AUTHORIZING THE SALE AND ISSUANCE OF REVENUE BONDS OF THE PORT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED [$7,700,000][~~$7,000,000~~] FOR THE PURPOSE OF FINANCING CERTAIN CAPITAL PROJECTS; AUTHORIZING PRELIMINARY AND FINAL OFFICIAL STATEMENTS; AUTHORIZING THE EXECUTIVE DIRECTOR TO APPROVE THE SALE DATE, FINAL PRINCIPAL AMOUNTS, INTEREST RATES, PAYMENT DATES, REDEMPTION PROVISIONS, MATURITY DATES AND PRINCIPAL MATURITIES FOR THE BONDS; PROVIDING FOR CONTINUING DISCLOSURE; AND PROVIDING FOR A NEGOTIATED SALE OF THE BONDS TO PIPER SANDLER & CO.

Section 2. Amendment to Section 1. The definition of Common Reserve Requirement in Section 1 of Resolution No. 3123 is hereby amended to read as follows (additions are underscored and deletions are shown as stricken text):

> ***Common Reserve Requirement*** means the lowest of (i) maximum Annual Debt Service with respect to Outstanding Covered Bonds; (ii) 125% of average Annual Debt Service with respect to Outstanding Covered Bonds; and (iii) 10% of the initial proceeds[~~principal amount~~] of each series then Outstanding of Covered Bonds. The Common Reserve Requirement shall be determined and calculated as of the date of issuance of each series of Covered Bonds (and recalculated upon the issuance of a subsequent series of Covered Bonds and also, at the Port's option, upon the payment of principal of Covered Bonds) and provided that if, as a result of the issuance of Future Parity Bonds, the increase in the Common Reserve Requirement of Future Parity Bonds would require that an amount be contributed to the Common Reserve Fund that is more than the Tax Maximum, the Common Reserve Requirement shall be adjusted to require a contribution equal to the Tax Maximum.

Section 3. Amendment to Section 13(a). The first paragraph of Section 13(a) of Resolution No. 3123 is hereby amended to read as follows (additions are underscored and deletions are shown as stricken text):

> Section 13. Sale of Bonds.
>
> (a) *Bond Sale*. The Commission has been advised by the Port's municipal advisor that the most favorable market conditions may occur on a day other than a regular meeting date of the Commission. The Bonds shall be sold by negotiated sale to the Underwriter. The Executive Director is hereby authorized to approve the date of sale, interest rates, maturity dates, aggregate principal amount, principal amounts of each maturity and redemption rights for the Bonds in the manner provided hereafter (i) so long as the aggregate principal amount of the Bonds does not exceed [$7,700,000][~~$7,000,000~~], (ii) so long as the true interest cost for the Bonds does not exceed 7.0% per annum and (iii) so long as final maturity is no longer than 31 years.

Section 4. Confirmation; Ratification. As amended by this resolution, Resolution No. 3123 is hereby ratified, approved and confirmed.

Section 5. Effective Date. This resolution shall become effective immediately upon its adoption.

ADOPTED by the Port Commission of the Port of Grays Harbor at a regular meeting thereof, held this 4th day of November, 2024, and duly authenticated in open session by the signatures of the Commissioners present and voting in favor thereof.

PORT OF GRAYS HARBOR, WASHINGTON

____
Commissioner

____
Commissioner

____
Commissioner

Attest:

____
Secretary of the Commission

CERTIFICATE

I, the undersigned, Secretary of the Port Commission ("Commission") of the Port of Grays Harbor, Grays Harbor County, Washington (herein called the "Port"), DO HEREBY CERTIFY:

1. That the attached resolution numbered 3136 (herein called the "Resolution") is a true and correct copy of a resolution of the Port, as finally adopted at a regular meeting of the Commission held on the 4th day of November, 2024, and duly recorded in my office.

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

IN WITNESS WHEREOF, I have hereunto set my hand this 4th day of November, 2024.

____
Secretary

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Port of Grays Harbor (the "Port") in connection with the issuance of its $20,000,000 aggregate principal amount of its Limited Tax General Obligation Bonds, 2024 (AMT) (the "LTGO Bonds"), and its $6,970,000 aggregate principal amount of its Revenue Bonds, 2024 (AMT) (the "Revenue Bonds," and together with the LTGO Bonds, the "Bonds"). The Port covenants and agrees as follows:

For purposes of the Port's undertaking pursuant to the Rule (the "undertaking"), "beneficial owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond, including persons holding Bonds through nominees or depositories or other intermediaries.

(a) Financial Statements/Operating Data.

(1) *Annual Disclosure Report*. The Port covenants and agrees that not later than the end of nine months after the end of each fiscal year (the "Submission Date"), commencing September 30, 2025 for the fiscal year ending December 31, 2024, the Port shall provide or cause to be provided to the Municipal Securities Rulemaking Board (the "MSRB"), an annual report (the "Annual Disclosure Report") that is consistent with the requirements of part (2) of this subsection (a). The Annual Disclosure Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in part (2) of this subsection (a); provided that any audited annual financial statements may be submitted separately from the balance of the Annual Disclosure Report and later than the Submission Date if such audited financial statements are not available by the Submission Date. If the Port's fiscal year changes, the Port shall give notice of such change in the same manner as notice is to be given of the occurrence of an event listed in subsection (b), and if for any fiscal year the Port does not furnish an Annual Disclosure Report to the MSRB, by the Submission Date, the Port shall send to the MSRB notice of its failure to furnish such report pursuant to subsection (c).

(2) *Content of Annual Disclosure Reports*. The Port's Annual Disclosure Report for the LTGO Bonds shall contain or include by reference the following:

(A) *Audited financial statements*. Annual financial statements, which statements may or may not be audited, showing ending fund balances for the Port's general fund prepared in accordance with the Budgeting Accounting and Reporting System prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute) and generally of the type included in the official statement for the Bonds with respect to the following;

(B) The assessed valuation of the taxable property in the Port;

(C) Ad valorem taxes due;

(D) Property tax levy rate per $1,000 of assessed valuation;

(E) "Outstanding Limited Tax General Obligation Bonds" (Table 6); and

(F) Bond Debt Ratios (Table 9).

Any or all of the listed items may be included by specific reference to other documents, including official statements of debt issues of the Port, or of any related entity, that have been submitted to the MSRB. If the document included by reference is a final official statement, it must be available from the MSRB. The Port shall identify clearly each document so included by reference.

(3) *Content of Annual Disclosure Reports*. The Port's Annual Disclosure Report for the Revenue Bonds shall contain or include by reference the following:

(A) *Audited financial statements*. Annual financial statements, which statements may or may not be audited, showing ending fund balances for the Port's general fund prepared in accordance with the Budgeting Accounting and Reporting System prescribed by the Washington State Auditor pursuant to

RCW 43.09.200 (or any successor statute) and generally of the type included in the official statement for the Bonds under the following;

(B) Outstanding Parity Bonds (Table 7);

(C) Statement of Revenues, Expenses and Changes in Net Fund Position (Table 12);

(D) Actual Parity Bond Coverage (Table 11);

(E) Audited Comparative Statement of Assets, Liabilities and Net Position (Table 13);

(F) "Operating Income by Business Line" (Table 15);

(G) "Sources of Revenue Income" (Table 16);

(H) "Cargo Data (Metric Tons)" (Table 17); and

(I) "Major Tenants" (Table 18).

Any or all of the listed items may be included by specific reference to other documents, including official statements of debt issues of the Port, or of any related entity, that have been submitted to the MSRB. If the document included by reference is a final official statement, it must be available from the MSRB. The Port shall identify clearly each document so included by reference.

(b) *Listed Events*. The Port agrees to provide or cause to be provided to the MSRB, in a timely manner, not in excess of 10 business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to the rights of Bond owners, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Port;
13. The consummation of a merger, consolidation, or acquisition involving the Port or the sale of all or substantially all of the assets of the Port, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the

termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a financial obligation of the Port, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Port, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Port, any of which reflect financial difficulties.

The term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Solely for purposes of information, but without intending to modify the Port's undertaking, with respect to the notice regarding property securing the repayment of the Bonds, no property secures repayment of the Bonds.

(c) *Notice Upon Failure to Provide Financial Data*. The Port agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of its failure to provide the annual financial information described in subsection (a) above on or prior to the Submission Date.

(d) *Format for Filings with the MSRB*. All notices, financial information and operating data required by this undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking must be accompanied by identifying information as prescribed by the MSRB.

(e) *Termination/Modification*. The Port's obligations to provide annual financial information and notices of listed events shall terminate upon the legal defeasance (if notice of such defeasance is given as provided above) or payment in full of all of the Bonds. The undertaking, or any provision hereof, shall be null and void if the Port (1) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require the undertaking, or any such provision, have been repealed retroactively or otherwise do not apply to the Bonds; and (2) notifies the MSRB of such opinion and the cancellation of the undertaking. The Port may amend the undertaking and any provision of the undertaking may be waived, in accordance with the Rule; *provided that* (A) if the amendment or waiver relates to the provisions of subsections (a)(1), (a)(2) or (b) above, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted; (B) the undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (C) the amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the beneficial owners of the Bonds.

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

(f) *Registered Owner's and Beneficial Owners' Remedies Under the Undertaking*. A Registered Owner's and the beneficial owners' right to enforce the provisions of the undertaking shall be limited to a right to obtain specific enforcement of the Port's obligations under the undertaking, and any failure by the Port to comply with the provisions of the undertaking shall not be a default under the Resolutions.

(g) *Additional Information*. Nothing in the undertaking shall be deemed to prevent the Port from disseminating any other information, using the means of dissemination set forth in the undertaking or any other means of communication, or including any other information in any Annual Disclosure Report or notice of occurrence of an event, in addition to that which is required by the undertaking. If the Port chooses to include any information in any Annual Disclosure Report or notice of the occurrence of an event in addition to that specifically required by this undertaking, the Port shall have no obligation under the Resolutions to update such information or to include it in any future Annual Disclosure Report or notice of occurrence of an event.

PORT OF GRAYS HARBOR

By: ________________________________
Designated Port Representative

APPENDIX F

2023 AUDITED FINANCIAL STATEMENTS

Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Port of Grays Harbor

For the period January 1, 2023 through December 31, 2023

Published October 31, 2024

Report No. 1035850

Office of the Washington State Auditor
Pat McCarthy

October 31, 2024

Board of Commissioners
Port of Grays Harbor
Aberdeen, Washington

Report on Financial Statements

Please find attached our report on the Port of Grays Harbor's financial statements.

We are issuing this report in order to provide information on the Port's financial activities and condition.

Sincerely,

Pat McCarthy

Pat McCarthy, State Auditor

Olympia, WA

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

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Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Port of Grays Harbor
January 1, 2023 through December 31, 2023

Board of Commissioners
Port of Grays Harbor
Aberdeen, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the Port of Grays Harbor, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements, and have issued our report thereon dated October 24, 2024.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Port's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Port's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

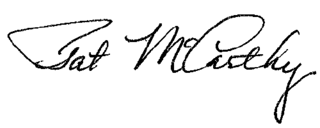
REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Port's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



Pat McCarthy, State Auditor

Olympia, WA

October 24, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Port of Grays Harbor
January 1, 2023 through December 31, 2023

Board of Commissioners
Port of Grays Harbor
Aberdeen, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of the Port of Grays Harbor, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Port of Grays Harbor, as of December 31, 2023, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Port and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the financial section of our report be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2024 on our consideration of the Port's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control over financial reporting and compliance.

Pat McCarthy

Pat McCarthy, State Auditor

Olympia, WA

October 24, 2024

FINANCIAL SECTION

Port of Grays Harbor
January 1, 2023 through December 31, 2023

REQUIRED SUPPLEMENTARY INFORMATION

BASIC FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

Port of Grays Harbor
Management's Discussion and Analysis
December 31, 2023

INTRODUCTION

The following narrative provides an overview and analysis of the Port of Grays Harbor's financial activities for the fiscal year ended December 31, 2023, with selected comparative information for the year ended December 31, 2022. Information contained in this Management's Discussion and Analysis (MD&A) has been prepared by Port management and should be considered in conjunction with the Port's financial statements and notes to the financial statements, which immediately follow this discussion.

The Port of Grays Harbor is a Special Purpose Municipal Government, created by a vote of the people of Grays Harbor County, Washington, in 1911. The Port's primary operations include four deep-water Marine Terminals for receiving and shipping international cargoes, a general aviation Regional Airport, a Marina for recreational and commercial boating, and 1,600 acres of industrial properties to support private business activities.

OVERVIEW OF FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the Port's financial statements. The Port's financial statements include three parts: the Port's basic financial statements; the notes to the financial statements; and the required supplementary information.

The Port's basic financial statements include: the *Statement of Fund Net Position*; the *Statement of Revenues, Expenses and Changes in Fund Net Position*; and the *Statement of Cash Flows*.

Understanding the financial trend of the Port begins with the *Statement of Fund Net Position*, and with the *Statement of Revenues, Expenses and Changes in Fund Net Position*.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Port uses only one fund, an enterprise fund, which is a type of proprietary fund. An enterprise fund reports business type activities.

The *Statement of Fund Net Position* presents information on all of the Port's assets, liabilities and deferred inflows and outflows, with the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Port is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Fund Net Position* shows how the Port's net position changed during the year. These changes are reported as soon as the underlying event occurs regardless of the timing of related cash flows.

The notes to the Port's financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found following this MD&A and the Port's basic financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Port's progress in funding its obligation to provide pension benefits to its employees.

FINANCIAL HIGHLIGHTS

- The assets of the Port and deferred outflows exceeded its liabilities and deferred inflows by $138.3 million at the end of 2023 (reported as net position). Of this amount, $25.6 million represents unrestricted net position, which may be used to meet the Port's ongoing obligations to its customers and creditors, and $108.7 million was invested in capital assets (net of related debt).

- The Port's unrestricted net position increased by $696 thousand from the previous year due to an increase in net income.

- The Port maintained a current ratio (current assets/current liabilities) of 4.8 to 1 at December 31, 2023, with total current assets of $42 million and current liabilities of $8.7 million. This current ratio compares to 5.1 the previous year.

The following table summarizes the Port's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of December 31, 2023, and 2022.

FUND NET POSITION
December 31, 2023 and 2022
(in thousands)

	2023	2022
Assets		
Current and other assets	$42,026	$42,802
Non-current Assets (including Capital Assets, net of depreciation)	170,727	165,718
Total Assets	212,752	208,520
Deferred Outflows of Resources		
Deferred outflow related to pensions	1,394	1,515
Deferred outflow related to OPEB	40	39
Total Deferred Outflows of Resources	1,434	1,553

FUND NET POSITION (continued)

December 31, 2023 and 2022

(in thousands)

	2023	2022
Liabilities		
Current and other liabilities	8,705	8,474
Non-current liabilities	17,827	18,843
Total liabilities	26,532	27,317
Deferred Inflows of Resources		
Deferred inflows related to pensions	940	1,601
Deferred inflows related to OPEB	48,366	45,973
Total Deferred Inflows of Resources	49,306	47,574
Net Position		
Net investment in capital assets	108,722	105,929
Restricted net position	4,051	4,374
Unrestricted net position	25,575	24,879
Total Net Position	$138,348	$135,182

SUMMARY OF FINANCIAL OPERATIONS AND CHANGES IN FUND NET POSITION

The Statement of Revenues, Expenses, and Changes in Fund Net Position shows how the port's net position changed during the current fiscal year as a result of operations. These changes are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, some revenues and expenses reported in this statement will only affect future period cash flows (e.g. uncollected accounts receivable).

- **Revenues:** Port revenues are reported in two categories: operating revenues and non-operating revenues, which include capital contributions.

- **Operating Revenues:** Port operating revenues increased $9.7 million (29.4 percent) over 2022. The increase is a result of a return to normal loading at the Port's grain terminal. The Port had been using temporary loaders for much of 2021 and 2022. The Port's vessel calls, and export cargo handling activity were up and, revenues increased $7.7 million (28.7 percent) in total in the Port's marine terminals, pilotage services and ship assist services divisions. All other divisions (industrial properties, airport and marina) increased $2.1 million (32.6 percent) from the previous year due to a reclassification of lease revenues.

- **Non-Operating Revenues:** 2023 non-operating revenue totaled $6.9 million, an increase of $1 million (16.9 percent) from 2022 due to an increase in investment income due to higher rates.

- **Capital Contributions:** Capital contributions reflect amounts received from federal, state and local sources to provide funding assistance for new Port infrastructure and major renovation projects. 2023 capital contributions totaled

$4 million, up $2.2 million from 2022 and were used to fund 43.0 percent of the Port's 2023 capital asset acquisition and improvement projects.

- **Expenses:** Port expenses are reported in two categories: operating expenses and non-operating expenses.

- **Operating Expenses:** Operating expenses increased $8.5 million (21.5 percent) in 2023. Operating expenses directly relate to services provided by the Port to its customers. (See preceding discussion regarding Port operating revenues and activity.)

- **Non-Operating Expenses:** 2023 non-operating expenses totaled $2.5 million, an increase of $1.9 million (384 percent) from 2022. This increase was caused primarily by the U.S. Army Corps of Engineers Grays Harbor Navigation Improvement Project to deepen the navigation channel serving the Port. The Port's local cost share contribution and expenses in 2023 for the Project totaled $1.8 million.

The following table summarizes the revenues, expenses and change in fund net position for fiscal years ending December 31, 2023, and 2022.

REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Years Ended December 31, 2023 and 2022
(in thousands)

	2023	2022
Operating Revenues	$42,651	$32,950
Non-Operating Revenues	6,947	5,944
Total Revenues	49,598	38,894
Operating Expenses	$47,981	$39,492
Non-Operating Expenses	2,458	508
Total Expenses	50,439	40,000
Increase/(Decrease) in Net Position before Capital Contributions	(841)	(1,106)
Capital Contributions	4,006	1,792
Increase/(Decrease) in Net Position	3,165	686
Net Position at beginning of year	135,182	134,496
Net Position at end of year	138,348	135,182

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Port's investment in capital assets as of December 31, 2023, totaled $123 million (net of accumulated depreciation). The Port's capital assets include land, buildings, improvements (other than buildings), machinery and equipment, and construction in progress. Overall, the net book value of the capital assets increased $2.3 million in 2023. Major capital asset events during 2023 included the following:

Haul Road Erosion Repair	$2,484,821
T4 Pile Cap Spalling	651,599
Marina Gearyard Expansion & Relocation	605,042
Fuller Creek Main Water Crossing	272,876

Additional information on the Port's capital assets can be found in Note 4 of the Port's notes to the financial statements.

Long-Term Liabilities. At December 31, 2023, the Port's total long-term debt outstanding was $20.7 million, of which $2.9 million will mature during 2024. Of the total amount outstanding $9.9 million is for general obligation bonds, $1.9 million for revenue bonds, $2.5 million for long-term contracts payable, $1 million for compensated absences, $769 thousand for contingency reserves, $95 thousand in unearned lease revenue, $725 thousand in DRS net pension liability, $1.1 million in bar pilots retiree pension liability, $2.6 million for OPEB obligations, $32 thousand in leased assets payable, and $49 thousand in Subscription Based Information Technology Arrangements (SBITAs).

Debt service principal payments on the Port's outstanding bonded debt will average $1,475,485 per year over the next five (5) years.

The Port's outstanding general obligation bonds were originally issued in 2011 with a Moody's Investor Service A1 rating for the general obligation bonds. Moody's upgraded the rating for the Port's outstanding bonds to Aa3 on February 15, 2017. The bonds are not rated by Standard & Poor's. These general obligation bonds were refinanced in 2021 as a direct placement with Cashmere Valley Bank and were not rated. The Port's outstanding revenue bonds were issued in 2020 as direct placements with Timberland Bank and were not rated. Additional information on the Port's long-term debt can be found in Note 9 of the Port's notes to the financial statements.

ECONOMIC OUTLOOK

The Port of Grays Harbor's mission is to promote trade and economic development for the region. The Port manages four major areas of operation to achieve this mission: Deep-water marine terminal docks and wharves; industrial (tenant-occupied) lands and buildings; a regional airport (FAA); and a commercial and recreational boat marina. The marine terminal division is the largest Port operation, accounting for 70 percent of the Port's revenues. The industrial property leasing activities, including the Satsop Business Park, account for 14.3 percent of revenues. There are several issues that could impact the future financial condition of the Port, including global economic conditions and changing market demands.

- Marine Terminal Operations: The Port has succeeded in attracting and continues to develop diverse cargo shipment business activities with long-term private industry partners. Primary commodities currently handled by the Port are bulk, break-bulk and roll-on/roll-off (RoRo) cargo. The Port's marine terminal division has experienced tremendous growth since 2009. Global import and export market conditions are highly sensitive to international economic conditions including the relative value of the U.S. dollar to foreign currencies. Following a business peak in 2014, the strong U.S. dollar resulted in a slowing of U.S. exports through the Port.

During 2023, international trade markets stabilized, and marine terminal division operating revenues increased 22% over 2022 as the Port increased dry bulk exports and automobile imports. Below is further discussion of the economic outlook for each commodity and private industry partner currently served by the Port.

- The Port's Terminal No. 2 bulk agricultural commodity export facility was completed in December 2003 and the equipment is privately owned by Ag Processing, Inc. (AGP). AGP expanded their export facility in 2011 by constructing eight storage silos adjacent to the terminal. In 2023, AGP expanded again, adding four more storage silos for a total of twelve. AGP maintains ownership and marketing rights for the facility, and contracts with the Port to operate the facility. Future revenue from Terminal No. 2 activity is expected to grow as AGP continues to expand processing capacity at its U.S. Midwest plants and increase production of commodities that will be exported through the Port. Revenue will continue to be subject to fluctuation depending upon export market conditions. Expenses will adjust with revenues and thereby limit the financial exposure for the Port to such fluctuations.

- In 2007, Imperium Renewables, now known as REG, built the second largest U.S. biodiesel processing plant adjacent to Port Terminal Nos. 1 and 2, selecting the site in order to maintain access to multi-modal transportation systems necessary to their operation. During 2015, the privately owned facility was purchased by Renewable Energy Group, Inc., a leader in the U.S. advanced biofuels industry. In 2022, Chevron completed an acquisition of REG and will operate the plant as a part of the Chevron Renewable Energy Group. Domestically, the biodiesel market is sensitive to both domestic and global market and economic conditions, as well as Government energy policy, including price subsidies for the bio-energy sectors.

- In January 2009, Westway Terminals, now known as BWC Terminals, leased property from the Port and subsequently constructed a liquid bulk storage and transfer facility also adjacent to Port Terminal Nos. 1 and 2. The activity at this facility is subject to fluctuation due to commodity prices and international market conditions.

- In January 2009, the Port entered into agreements with The Pasha Group to market and develop the Port's Marine Terminal No. 4 to handle automobiles, over-high over-wide equipment and break-bulk cargo. Future activity is expected to grow, although will be subject to global import and export market conditions.

- Willis Enterprises conducts barge operations at Port Terminal No. 3 shipping wood chips to West Coast destinations, and log export customers utilize Port Terminal No. 4 to ship logs to the Pacific Rim. Future activity is expected to be stable, although export volumes are subject to commodity pricing and other domestic and global market conditions.

- In 2022, AGP announced their intention to expand their export capacity by constructing a second bulk agricultural commodity export facility at one of the two berths at the Port's Terminal 4. Construction is expected to begin in late 2024 and be in full operation by 2026. AGP will maintain the ownership and marketing rights for the facility, and contract with the Port to operate the facility similar to Terminal 2.

- 2024 Budget and Business Forecast: For 2024, the Port forecasts growth in U.S. import and export activity, and increased financial performance compared to the Port's 2023 fiscal year. Operating revenues are forecast to be $39.9 million compared to $42.7 million in 2023 due to limited activity at Terminal 4 as construction begins.

  During the year, the Port will prepare monthly internal management financial reports and regularly conduct in-depth reviews of global market conditions and other important business indicators. The Port utilizes flexible budgeting practices, updating forecasts and adjusting spending plans quickly as needed throughout the year based upon the outcome of these in-depth market and business analyses.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Port's financial position. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Port of Grays Harbor, Director of Finance and Administration, P.O. Box 660, Aberdeen, WA 98520, or by phoning (360) 533-9528.

PORT OF GRAYS HARBOR

STATEMENT OF FUND NET POSITION

December 31, 2023

	2023
ASSETS	
CURRENT ASSETS	
Cash & Cash Equivalents (Note 1)	$ 27,025,332
Grays Harbor Bar Pilots Retirement (Note 7)	73,605
Accounts Receivable, Net of Reserve for Doubtful	
Accounts of $78,365 (Note 1)	9,738,873
Lease Receivable, Current (Note 8)	2,014,650
Taxes Receivable (Note 13)	183,567
Contracts Receivable (Note 1)	0
Interest Receivable (Note 1)	231,193
Restricted Assets	
Net Pension Asset (Note 11)	1,681,280
Inventory (Note 1)	178,063
Prepaid Expenses (Note 1)	899,088
TOTAL CURRENT ASSETS	42,025,651
NON-CURRENT ASSETS	
Capital Assets (Note 4)	
Land	27,802,314
Construction in Progress	5,548,193
Total Capital Assets Not Being Depreciated	33,350,507
Capital Assets Being Depreciated (Note 4)	
Buildings and Structures	90,273,324
Machinery and Equipment	9,441,938
Improvements	134,131,289
Total Capital Assets Being Depreciated	233,846,551
Less: Accumulated Depreciation	(144,186,827)
Total Net Capital Assets Being Depreciated	89,659,724
Right to Use Assets being Amortized (Notes 4 & 8)	
Equipment	56,635
Less: Accumulated Amortization	(25,691)
SBITAs	80,234
Less: Accumulated Amortization	(23,691)
Total Right to Use Assets Being Amortized	87,487
Total Net Capital Assets	123,097,718
OTHER NON-CURRENT ASSETS	
Contracts Receivable (Note 1)	0
Lease Receivable, Non-Current (Note 8)	47,628,823
Total Other Non-Current Assets	47,628,823
TOTAL NON-CURRENT ASSETS	170,726,541
TOTAL ASSETS	$ 212,752,192

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

PORT OF GRAYS HARBOR
STATEMENT OF FUND NET POSITION
December 31, 2023

		2023
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions (Note 11)	$	1,394,338
Deferred Outflows Related to OPEB (Note 10)		39,776
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$	1,434,114
LIABILITIES		
CURRENT LIABILITIES		
Warrants Payable	$	153,570
Accounts Payable		2,438,948
Compensated Absences (Note 1)		198,184
Accrued Interest Payable (Note 1)		51,875
Current Portion of Lease Liability (Notes 8 & 9)		14,383
Current Portion of SBITAs Liability (Notes 9 & 15)		26,110
Current Portion of Long-Term Liabilites (Note 9)		1,772,876
Accrued Expenses (Note 1)		784,996
Grays Harbor Bar Pilots Retirement (Note 7)		73,605
Pension Liability (Note 11)		96,421
OPEB Liability (Note 10)		79,553
Other Current Liabilities (Note 1)		3,014,257
TOTAL CURRENT LIABILITIES		8,704,778
NON-CURRENT LIABILITIES		
Compensated Absences (Note 1)		859,230
General Obligation Bonds (Note 9)		8,667,350
Revenue Bonds (Note 9)		1,673,000
Contracts Payable (Note 9)		2,182,177
Net Pension Liability (Note 11)		1,739,184
OPEB Liability (Note 10)		2,496,435
Lease Liability, Non-Current (Notes 8 & 9)		17,297
SBITAs Liability, Non-Current (Notes 9 & 15)		23,025
Other Non-Current Liabilities (Note 1)		169,479
TOTAL NON-CURRENT LIABILITIES		17,827,177
TOTAL LIABILITIES	$	26,531,955
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions (Note 11)	$	940,430
Deferred Inflows Related to Leases (Note 8)		48,366,337
TOTAL DEFERRED INFLOWS OF RESOURCES	$	49,306,767

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

PORT OF GRAYS HARBOR
STATEMENT OF FUND NET POSITION
December 31, 2023

	2023
NET POSITION	
Net Investment in Capital Assets	$ 108,721,500
Restricted	4,051,075
Unrestricted	25,575,009
TOTAL NET POSITION	$ 138,347,584

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

PORT OF GRAYS HARBOR
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Year Ended December 31, 2023

		2023
OPERATING REVENUES		
Airport Operations	$	224,452
Marina Operations		1,887,398
Marine Terminal Operations		28,269,303
Property Lease/Rental Operations		3,961,000
Satsop Business Park Operations		2,152,289
Pilotage Operations		2,027,013
Ship Assist Services		4,007,923
Friends Landing Park Operations		121,833
Total Operating Revenues		42,651,211
OPERATING EXPENSES		
General Operations		36,755,409
Maintenance		3,447,775
General and Administrative		2,175,371
Depreciation (Note 4)		5,602,878
Total Operating Expenses		47,981,433
Operating Loss		(5,330,222)
NON-OPERATING REVENUES (EXPENSES)		
Investment Income from Investment		1,408,318
Interest Income from Lease Activity		1,927,316
Taxes Levied for (Note 13)		
General Purposes		2,983,974
Timber and Other Taxes		618,882
Gain (Loss) on Disposition of Assets		(132,705)
Interest Expense		(238,689)
Election Expense		(37,768)
Fisheries Enhancement/Public Facilities (Note 18)		(285,871)
Grays Harbor Navigation Channel Improvement Expense (Note 16)		(1,763,065)
Other Non-Operating Revenues (Expenses)		8,783
Net Non-Operating Revenues		4,489,175
Income Before Capital Contributions		(841,047)
Capital Contributions (Note 1)		4,006,191
Increase in Net Position		3,165,144
Net Position - January 1		135,182,440
Net Position - December 31	$	138,347,584

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

PORT OF GRAYS HARBOR
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023

	2023
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 40,273,380
Payments to suppliers	(20,994,569)
Payments to employees	(21,761,292)
Other payments (Note 18)	(323,639)
Net Cash Provided By Operating Activities	(2,806,120)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Property Taxes for Operations & Debt Service	2,976,419
Cash Received from Timber & Other Taxes	618,882
Interest Income - Other	22,583
Sale of Scrap & Other Non-Operating Revenue	7,975
Grants for Non-Capital Items	94,777
Miscellaneous Non-Operating Expenses	(1,852,881)
Net Cash Provided by Non-Capital Financing Activities	1,867,755
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES	
Proceeds from Capital Debt (Note 9)	1,170,728
Capital Contributions	4,006,191
Purchase of Capital Assets	(8,234,033)
Principal Paid on Capital Debt	(1,578,422)
Interest Paid on Capital Debt	(204,870)
Port as Lessor - Lease Financing	1,143,560
Port as Lessee - Lease Financing	(1,050)
SBITAs	(35,092)
Other Receipts	556,622
Net Cash Used in Capital & Related Financing Activities	(3,176,366)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Expense	(1,513)
Interest Income	1,387,452
Net Cash Provided by Investing Activities	1,385,939
Net Increase in Cash & Cash Equivalents	(2,728,792)
Cash & Cash Equivalents, Beginning of Year	29,754,124
Cash & Cash Equivalents, End of Year	$ 27,025,332

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

PORT OF GRAYS HARBOR
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023

	2023
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Loss	$ (5,330,222)
Adjustments to reconcile Net Operating Income (Loss)	
to Net Cash Provided by Operating Activities:	
Depreciation	5,793,082
Allowance for Uncollectible Accounts	49,768
Change in Assets & Liabilities:	
(Increase) Decrease in Accounts Receivable	(2,501,581)
(Increase) Decrease in Other Current Assets	639,987
Construction in Progress Work Expensed	0
Increase (Decrease) in Accounts & Warrants Payable	83,447
Increase (Decrease) in Other Current Liabilities	112,895
Increase (Decrease) in Other Long-Term Liabilities	(1,329,857)
Adjustment for other activity (Note 18)	(323,639)
Total Adjustments	2,524,102
Net Cash Provided By Operating Activities	$ (2,806,120)

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

N/A

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

PORT OF GRAYS HARBOR
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Port of Grays Harbor (the "Port") have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

A. Reporting Entity - The Port of Grays Harbor is a special purpose government governed by an elected three-member commission. Organized under the laws of the State of Washington applicable to public port districts (RCW Title 53), the Port is authorized to provide for the development and maintenance of harbors and terminals, promote tourism, and foster economic development. The Port may acquire land for sale or lease for industrial or commercial purposes and may create industrial development districts.

Created by the voters of Grays Harbor County in 1911, the Port operates marine terminal, marina, airport and industrial park facilities, providing services to customers and the general public. In 2023, the Port's Marine Terminal facility accounts for 66% of the Port's operating revenue, and includes five deep water berths serving trading partners located throughout the Pacific Rim. Services include intermodal yard management, cargo handling and transfer, and storage services. Primary cargos handled during 2023 were agricultural dry bulk commodities (85%), liquid bulk (6%), automobiles and equipment (1%) and wood products (8%). The Port operates within its corporate boundaries, which are contiguous with those of Grays Harbor County located on Washington's Pacific Coast.

As required by generally accepted accounting principles the financial statements present the Port of Grays Harbor, the primary government, and its component unit. The component unit discussed below is included in the Port of Grays Harbor's reporting entity because of the significance of its operational or financial relationship with the Port.

The Industrial Development Corporation of the Port of Grays Harbor was created in 1982 with the purpose to facilitate the issuance of tax-exempt, nonrecourse revenue bonds to finance qualified private industrial development projects within Port District boundaries. Under Washington law, these bonds are payable solely from revenues derived from the projects financed, are not a direct or contingent liability of the Port, and are not a lien on Port properties or revenues.

The Industrial Development Corporation is governed by a board comprised of the Port's three elected Commissioners. Although legally a separate entity, the Industrial Development Corporation is, in substance, part of the Port's operations, and its account balances and transactions are included as a blended unit within the Port's financial statements.

B. Basis of Accounting and Reporting - The accounting records of the Port of Grays Harbor are maintained in accordance with methods prescribed by the Auditor of the State of Washington under authority of Chapter 43.09 RCW. The Port uses the GAAP *Budgeting, Accounting and Reporting System* in the State of Washington.

The accounts of the Port of Grays Harbor are maintained on an economic resources measurement focus. This means that all assets and liabilities (whether current or non-current) associated with the Port's activities are included on its statement of fund net position (or balance sheet). Total net position is segregated into net investment in capital assets, and restricted and unrestricted components and includes assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources. The statement of revenues, expenses and changes in net position (or operating statement) presents increases (revenues and gains) and decreases (expenses and losses) in net position. The Port discloses changes in cash flows by a separate statement which presents the results of operating, noncapital financing, capital and related financing and investing activities.

The Port of Grays Harbor uses the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred. Capital asset purchases are capitalized and long-term liabilities are recognized.

The Port distinguishes between operating revenues and expenses from non-operating ones. Operating revenues and expenses result from providing services in connection with the Port's principal ongoing operations. The Port's primary operating revenues result from charges to customers for use of Port facilities and services in the Port's Marine Terminal division and Industrial Properties. Other operating revenues also result from the Port's Westport Marina, Bowerman Airport, ship assist, bar pilot and rv park operations. Expenses associated with the generation of these revenues are reported as operating expenses, including cost of services provided, maintenance, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. Assets, Liabilities, Fund Balance, Net Position-

1. Cash and Cash Equivalents - It is the policy of the Port of Grays Harbor to invest all temporary cash surpluses. At December 31, 2023, short-term residual investments of cash totaled $27,025,332. Bank balances and book values do not differ materially. These amounts are classified on the statement of fund net position as cash and cash equivalents.

For purposes of the statement of cash flows, the Port considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

2. Investments – See Note 6 – Deposits and Investments.

3. Receivables - Taxes receivable consist of property taxes plus related interest and penalties (See Note 13 – Property Tax). Because such taxes are considered liens on property, no reserve for doubtful accounts is established. Accrued interest receivable consists of amounts earned on investments, notes and contracts at the end of the year.

Customer accounts receivable consist of amounts owed by private individuals or organizations for services including amounts owed for which billings have not been prepared. Accounts receivable are reported net of estimated uncollectible amounts. Accounts are either written off to the allowance for doubtful accounts when deemed uncollectible and further collection efforts would not be beneficial, or an amount is reserved for a portion or all of the account receivable while collection efforts continue although the probability of successful collection is unlikely.

Contracts, lease receivable and interest receivable consist of amounts owed by private individuals or organizations related to purchase of land from the Port and lease obligations to the Port.

4. Inventories - Inventories of vehicle fuels, rail material, tires and large spare parts are valued by the first-in-first-out method which approximates the market value. It is the policy of the Port of Grays Harbor to expense most spare parts for equipment and facility repairs as acquired. An inventory of such items would not be material in relation to either financial position or results of operations.

5. Prepaid Expenses – Prepaid expenses are those expenses paid in advance and expensed in the period they are incurred. Prepaid expenses consist of insurance premiums, dues and memberships, and other prepaid commitments.

6. Capital Assets (See Note 4 – Capital Assets) – Capital assets are defined by the Port as assets with an initial, individual cost of $5,000 or more and an estimated useful life of five years or more. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset. The costs for normal maintenance and repairs are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The Port has acquired certain assets with funding provided by federal and state government financial assistance programs. Depending on the terms of the agreements involved, the government could retain an equity interest in these assets. However, the Port has sufficient legal interest to accomplish the purposes for which the assets were acquired.

Depreciation expense is charged as an expense to allocate the cost of capital assets over their estimated useful lives using the straight-line method. Buildings and improvements are assigned lives of 20 to 50 years, equipment 5 to 25 years and other improvements 5 to 50 years. See Note 4.

7. Leases and Subscription Based Information Technology Agreements– In June, 2017, GASB issued Statement No. 87 Leases. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirement of this statement is effective for reporting periods beginning after December 15, 2021, as postponed by Statement No. 95, Postponement of Effective Dates of Certain Authoritative Guidance.

The Port is a lessor for noncancelable leases (See Note 8). Leases are contracts that convey control of a right to use the port's land, buildings, or portions of buildings over a period that exceeds one year. For leases with a maximum possible term of 12 months or less at commencement, revenue is recognized based on the provisions of the lease contract. For all other leases, the port recognizes a lease receivable and a deferred inflow of resources when the lease commences.

At the commencement of a lease, the Port initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term using the straight- line basis method.

Key estimates and judgements related to lease include how the Port determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

When the interest rate is not implicit within the lease, the Port uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease liability are composed of fixed payments from the lessee.

The Port concluded that the most appropriate interest rate benchmark is the Port's cost of capital, plus 200 basis points or 2%. The Port issues bonds infrequently and therefore individual Port bond issuances are subject to fluctuations in the market. To eliminate the fluctuations, we are using an industry interest rate benchmark to establish a stable cost of capital for GASB No. 87.

We received the historical rate information from TM3, a Thomson Reuters municipal market website that maintains municipal market data. The Port has identified specific periods for time for determining a market appropriate discount rate for the specific duration of the lease based on the following schedule:

Years	AA GO MMD Rate	+200 Basis Points	Rate
1-5 (5-year rate)	2.62%	200	4.62%
6-10 (10-year rate)	2.82%	200	4.82%
11+ (30 Year rate)	3.94%	200	5.94%

Source: Thomson Reuters Municipal Market - AA GO MMD @ January 3, 2023

The Port used the 5-year rate of 2.62% plus 200 basis point or 4.62% for new leases in 2023 with remaining duration (inclusive of applicable extension options) of 1-5 years, used the 10-year rate of 2.82% plus 200 basis point or 4.82% for new leases in 2023 with remaining duration (inclusive of applicable extension options) of 6-10 years, and used the 30-year rate of 3.94% plus 200 basis point or 5.94% for new leases in 2023 with remaining duration (inclusive of applicable extension options) of 11 years or greater. The rate will be analyzed on the first market open day of each year. When the 10-year rate change exceeds 400 basis points, the Port updates all outstanding leases based on the remaining duration of the lease term.

The Port monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

The Port is a lessee for noncancelable leases (See Note 8). The Port recognizes a lease liability and an intangible right-to-use lease asset when the lease commences.

At the commencement of a lease, the Port initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized using the straight-line basis over its useful life. Key estimates and judgements related to lease include how the Port determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The Port uses the interest rate charged by the lessor as the discount rate. If the implicit interest rate is not readily determinable, the Port's estimated incremental borrowing rate is used. Determining the incremental borrowing rate entails estimating the interest rate the lease that would be charged for borrowing the lease payment amounts during the lease term. Consistent with the Port's methodology for determining implicit interest the port receives historical rate information from information from TM3, a Thomson Reuters municipal market website that maintains municipal market data.

If the lease term includes noncancelable periods of the lease, payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Port is reasonably certain to exercise.

The Port does not have minimal lease capitalization threshold. The port monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

See Notes 2 and 15 for more information on Subscription Based Information Technology Agreements.

8. Deferred Outflows/Inflows of Resources – The Port reports deferred inflows and outflows of resources. Deferred inflows of resources are acquisition of assets by the Port that are applicable to a future reporting period. Deferred outflows of resources are consumption of assets by the Port that are applicable to a future reporting period. Deferred inflows also represent the Port's proportionate share of the difference between expected and actual investment earnings on pension plan investments by the Washington State Department of Retirement Systems (See Notes

10 and 11). For leases, amounts reported as deferred inflows are are resources amortized over the lease term (See Note 8).

9. Compensated Absences - Compensated absences are absences for which employees will be paid, such as vacation and sick leave. The Port records vested unpaid leave for compensated absences as an expense and liability when incurred. The Port does not accrue non-vested sick leave benefits.

Vacation pay, which may be accumulated up to a maximum of 400 hours, is payable upon resignation, termination or death. Sick leave may be accumulated up to a maximum of 720 hours, but is vested or payable upon resignation, termination or death following one year of employment to a maximum of 360 hours. Vested unpaid vacation and sick leave entitlements at December 31, 2023 totaled $1,057,414. See Note 9 for more information.

10. Pensions – For purposes of measuring the net pension liability, net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value (see Note 11).

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Bar Pilots Retiree Benefits (see Notes 7 & 11) have been determined through actuarial analysis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

For purposes of calculating the restricted net position related to the net pension asset, the Port includes the net pension asset only (GASB preferred method).

11. Accrued Interest Payable - Consists of interest accrued on long-term debt issued by the Port. See Note 9.

12. Accrued Expenses - These accounts consist of accrued wages, accrued employee benefits, accrued payroll tax liabilities and accrued accounts payable.

13. Long-Term Debt - See Note 9 – Long-Term Debt

14. Grays Harbor Bar Pilots Retirement – See Note 7 – Special Item–Grays Harbor Bar Pilots Retirement

15. Other Current Liabilities and Other Non-Current Liabilities – Included in Other Current and Other Non-Current liabilities are customer deposits, lease prepayments which do not meet revenue recognition criteria (see Note 17), taxes payable, retainages payable on public works contracts, contingency reserves (see Notes 5 & 9), asset retirement obligations (see Note 3), and pollution remediation obligations (see Note 12).

	Current Portion	Long-term Portion	Bal. Payable 12/31/2023
OTHER LIABILITIES			
Customer Lease Deposits	$ 465,454	$ -	$ 465,454
Retainage Payable	146,079	-	146,079
Taxes Payable	170,472	-	170,472
Contingency Reserves (Note 5)	15,000	-	15,000
Unearned Revenue (Note 17)	1,455,337	86,590	1,541,927
Asset Retirement Obligation (Note 3)	2,705	82,889	85,594
Pollution Remediation Obligations (Note 12)	754,250	-	754,250
Other Liabilities	4,960	-	4,960
Total Other Liabilities	$3,014,257	$169,479	$3,183,736

16. Capital Contributions - Contributions from other entities for capital asset acquisition are assumed from the transferee at their Fair Market Value.

17. Net Position Classification – For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Sometimes the Port will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the Port's financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Port's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

NOTE 2 – ACCOUNTING AND REPORTING CHANGES

In March 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for SBITAs by governments. The requirement of this statement is effective for reporting periods beginning after June 15, 2022. The Port implemented GASB No. 96 on January 1, 2023. See Note 15 for more information on Subscription Based Information Technology Agreements.

NOTE 3 – ASSET RETIREMENT OBLIGATION

The Port leases aquatic lands from the Washington State Department of Natural Resources for a public boat launch at the Friends Landing RV Park. The boat launch consists of a concrete boat launching ramp. Under the terms of the lease, the Port is required to remove the boat launch when the lease terminates on April 1, 2028. The estimated remaining useful life of the boat launch is approximately 10 years. Port Engineers have estimated the Port will incur costs of $100,000 to remove the boat launch in 2028. This liability is reported on the Statement of Net Position at present value of $85,594.

NOTE 4 - CAPITAL ASSETS

A. Major expenditures for capital assets, including capital leases and major repairs that increase useful lives, are capitalized. The Port's policy is to capitalize all assets costing $5,000 or more that have an estimated useful life of 5 years or more. Cost of maintenance, repairs and minor renewals is expensed.

All capital assets are valued at historical cost. The Port of Grays Harbor has acquired certain assets with funding provided by federal and state financial assistance programs. Depending on the terms of the agreements involved, the Federal or State government could retain an equity interest in these assets. However, the Port has sufficient legal interest to accomplish the purposes for which the assets were acquired, and has included such assets within the applicable accounts.

When capital assets are retired or otherwise disposed of, the original cost of the asset, any subsequently capitalized costs and any accumulated depreciation are removed from the capital asset accounts. Any gain or loss on the disposition of the asset is recognized as current income or expense.

During 2023, the Port surplussed and sold, via online auction, capital equipment as well as other equipment expensed at acquisition. Assets originally costing $65,674 were removed from the Port’s capital assets and $65,674 of accumulated depreciation associated with these assets was removed. Net asset disposal proceeds of $6,410 are reported under non-operating activity.

At the end of 2023, completed capital work in process projects were capitalized. Several of these projects replaced older capital assets that were at the end of their useful lives. Assets originally costing $717,713 were removed from the Port’s capital assets and $665,418 of accumulated depreciation associated with theses assets was removed. Net asset disposal loss of $52,295 is reported under non-operating activity.

For the December 31, 2023 year-end, the Port conducted an inventory of capital assets in order to verify existence of the assets and usability. Several assets were found to have been replaced with newer assets, had been disposed of, or were determined to be obsolete to the operations of the Port. Most of these assets were fully depreciated. Assets originally costing $15,128,748 were removed from the Port’s capital assets and $15,041,716 of accumulated depreciation associated with these assets was removed. The difference of $87,033 is a loss on disposal of assets and is reported under non-operating activity.

An allowance for funds used during construction is capitalized as part of the cost of the plant. The procedure is intended to remove the cost of financing construction activity from the statements of revenues, expenses and changes in fund net position, and to treat such cost in the same manner as construction labor and material costs. In 2023 there were no interest costs capitalized for funds borrowed to finance the construction of capital assets.

Depreciation expense is charged to operations to allocate the cost of capital assets over their estimated useful lives. Depreciation is calculated by the straight line method and commences in the year following completion of a project or in the month following acquisition of an asset. The Port utilizes the following useful lives for depreciation calculations:

Buildings & Structures	10 to 50 years
Machinery & Equipment	5 to 20 years
Other Improvements	5 to 50 years

Depreciation expense for the year ended December 31, 2023 totaled $5,793,082, of which $5,602,878 was operating expense and $190,204 was related to non-operating activity (see Note 18).

B. Capital asset activity for the year ended December 31, 2023 was as follows:

	Restated Beginning Balance 1/1/2023	Additions	Deletions	Transfer/Other	Ending Balance 12/31/2023
Capital assets not being depreciated					
Land	$ 27,524,363	$ 119,196	$ -	$ 158,755	$ 27,802,314
Construction in Progress	2,586,514	7,945,291	4,983,612	-	5,548,193
Total capital assets, not being depreciated	**30,110,877**	**8,064,487**	**4,983,612**	**158,755**	**33,350,507**
Capital asset being depreciated					
Buildings & Structures	97,152,354	886,025	7,765,055	-	90,273,324
Machinery & Equipment	9,533,155	200,028	291,245	-	9,441,938
Improvements	138,078,773	4,067,105	7,855,834	(158,755)	134,131,289
Total capital assets, being depreciated	**244,764,282**	**5,153,158**	**15,912,134**	**(158,755)**	**233,846,551**
Less Accumulated Depreciation for:					
Buildings & Structures	64,856,898	2,124,648	7,716,543	-	59,265,003
Machinery & Equipment	8,283,219	200,555	238,950	-	8,244,824
Improvements	81,026,435	3,467,879	7,817,315	-	76,676,999
Total accumulated depreciation	154,166,552	5,793,082	15,772,807	-	144,186,827
Total capital assets being depreciated, net of depreciation	**90,597,730**	**(639,924)**	**139,327**	**(158,755)**	**89,659,724**
Net capital assets	**120,708,607**	**7,424,563**	**5,122,939**	**-**	**123,010,231**
Right to use assets, being amortized*					
Equipment	57,239	-	604	-	56,635
Less accumulated amortization	11,895	14,400	604	-	25,691
SBITAs	-	80,234	-	-	80,234
Less accumulated amortization	-	23,691	-	-	23,691
Total net right to use assets	**45,344**	**42,143**	**-**	**-**	**87,487**
Total net capital assets	**$120,753,951**	**$7,466,706**	**$5,122,939**	**$ -**	**$123,097,718**

C. Construction and Other Significant Commitments - The Port of Grays Harbor has active construction projects and commitments to contractors as of December 31, 2023 as follows:

Project	Expended as of 12/31/2023	Remaining Commitment
Marine Terminal Maintenance Dredging	$ -	$ 1,336,000
T4 Expansion & Redevelopment	5,139,847	697,283
Marina Modernization	201,522	694,712
	$5,341,369	$ 2,727,995

NOTE 5 - CONTINGENCIES AND LITIGATION

The Port of Grays Harbor has recorded in its financial statements all material liabilities, including an estimate for unresolved situations where, based on available information, management believes it is probable that the Port will have to make some payment. In the opinion of management, the Port's insurance policies are adequate to pay all known or pending claims in excess of applicable deductible amounts.

The Port of Grays Harbor participates in a number of federal and state-assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. Management believes that such disallowances, if any, will be immaterial.

The Port's contingent liabilities at December 31, 2023 totaled $769,250 consisting of $754,250 in pollution remedial obligations (see Note 12) and $15,000 in pending claims.

NOTE 6 - DEPOSITS AND INVESTMENTS

A. Deposits - The Port's deposits and certificates of deposit are entirely covered by Federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

B. Investments - As required by State law, all deposits and investments of the Port's funds are obligations of the U.S. Government, U.S. agency issues, obligations of the State of Washington, general obligations of Washington State municipalities, the State Treasurer's Local Government Investment Pool (LGIP), or certificates of deposit with Washington State banks and savings and loan institutions.

Investments in Local Government Investment Pool (LGIP)
The Port is a participant in the Local Government Investment Pool which was authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP advisory Committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the GASB 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at http://www.tre.wa.gov.

Investments Measured at Amortized Cost

As of December 31, 2023, the Port had the following investments at amortized cost:

Investment	Maturity	Amortized Cost
Washington State Local Government Investment Pool	Less than one year	$ 21,988,014
Total		**$ 21,988,014**

Investments Measured at Fair Value

The Port measures and reports investments at fair value using the valuation input hierarchy established by generally accepted accounting principles, as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities
Level 2: These are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
Level 3: Unobservable inputs for an asset or liability

As of December 31, 2023, the Port had no investments.

Custodial credit risk is the risk that in event of a failure of the counterparty to an investment transaction the Port of Grays Harbor would not be able to recover the value of the investment or collateral securities. Of the Port’s total position of $21,988,014 in LGIP, none ($-0-) is exposed to custodial credit risk.

NOTE 7 – SPECIAL ITEM – GRAYS HARBOR BAR PILOTS RETIREMENT

Following a public hearing on August 9, 2001, the Washington State Board of Pilotage Commissioners, by lawful motion, directed “that funds derived from the application of the Grays Harbor Pilotage District tariff (Pension Charge) for the purposes of offsetting a proportionate share of pension expenses will be remitted to Puget Sound Pilots for payment to retirees of the Grays Harbor Pilotage District and that Puget Sound Pilots will include reporting of the revenue and expenses in their annual audited Financial Statements.” On March 15, 2018, Washington State Sentate Bill SB6519 passed and amended RCW 53.08.390, Sec 2, 5(b) mandating that the Grays Harbor pilotage district must include a charge in its pilotage tariff for Grays Harbor to cover costs associated with the pilot retirement agreement expenses for Grays Harbor pilots employed prior to October 1, 2001. Effective April 2018, the Port of Grays Harbor began collecting and accounting for this charge and also began making retirement payments. The Port of Grays Harbor assumes no obligation or liability for the retirement payments but merely acts as the facilitator making retirement payments from dedicated revenues collected through the Grays Harbor Pilotage District Tariff.

Membership & Retirement Benefits

There are three (3) pilots who served the Grays Harbor Pilotage District prior to October 1, 2001. One (1) of the retired plan members (and their beneficiaires) are currently receiving retirement payments. There is still one (1) active plan member who will receive benefits for service from April 1, 1993 through September 30, 2001 upon retirement from piloting in the State of Washington. Retirement benefits are calculated at one and one-half (1.5) percent of the average final compensation (AFC) per year of service. The AFC is the monthly average of the sixty (60) highest paid service credit months for service between April 1, 1993 through Septebmer 30, 2001. The years of service are limited to those between April 1, 1993 and September 30, 2001. The spouse of a retired pilot is eligible to receive 50% of the pension benefit upon the death of the pilot.

Retirement Contributions

The contributions for the retirement payments come from a Pension Charge in the Port of Grays Harbor's pilotage services tariff schedule. The Port collects a dedicated tariff revenue and deposits the revenues in a separate fund. In 2021, the Pension Charge was set by resolution of the Port of Grays Harbor Commissioners at $450 per pilotage assignment For 2023, there were 254 pilotage assignments resulting in retirement contributions of $114,300.

The Port estimates that there will be 208 pilotage assignments in 2024 resulting in total retirement contributions of $93,600. In February of 2024, one of the three remaining former pilots eligible for a pilotage pension passed away and did not have a surviving spouse.

Retirement Payments

For the year ending December 31, 2023, the Port made total retirement payments of $96,421 for the two retired pilots and their beneficiaries. Retirement payments are made near the last day of each month. At December 31, 2023 the balance in the Grays Harbor Bar Pilots Retirement Expense Trust Fund was $73,605.

In 2024, the Port estimates that it will make $63,913 in retirement payments to the one retired pilot and their beneficiaries.

NOTE 8 - LEASES

A. Port as Lessee – As of December 31, 2023, the Port has 5 leases in which it is acting as a lessee. In July of 2020, the Port entered into a five-year lease for an RV Dump in the amount of $150 per month with one five-year option with final year ending June 2030. The Port has also entered into three five-year leases for postage machines at its business locations. Those leases started in November 2019, March 2020 and July 2020 and are in the amounts $96.87, $57.64, and $287.67 per month respectively. In March 2023, the Port entered into a three-year lease for seven Automatic External Defibrillator's placed at various locations. This lease is for $763 per month.

Leased asset activities for the year end December 31, 2023 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Leased assets being amortized				
Leased equipment	$57,239	$-	(604)	$56,635
Total leased assets being amortized	57,239	-	(604)	56,635
Less accumulated amortization				
Leased equipment	(11,895)	(14,401)	604	(25,691)
Total accumulated amortization	(11,895)	(14,401)	604	(25,691)
Net, leased assets	$45,344	($14,401)	$-	$30,944

As of December 31, 2023, outflows of resources from lease activities were as follows:

Principal payments in 2023	$14,087
Interest expense on leased assets	1,099
Total	$15,186

As of December 31, 2023, the principal and interest requirements to maturity are as follows:

Year Ended 12/31	Principal	Interest	Total
2024	$14,383	$716	$15,099
2025	8,043	376	8,419
2026	3,297	229	3,526
2027	1,635	165	1,800
2028	1,688	112	1,800
2029-2033	2,634	66	2,700
Total	$31,680	$1,664	$33,344

B. **Port as Lessor** – The Port of Grays Harbor, as a lessor, enters into operating leases with tenants for the use of land and facilities at the Port Industiral Area, the Westport Marina, Bowerman Airport and its Satsop Business Park, under lease terms of 1 year to 30 years plus lease extensions. In addition, some properties are rented on a month-to-month basis. Port procedure is to negotiate all leases at fair market value, considering market conditions, economic factors, property condition, and location, as well as other factors that may impact negotiating lease prices.

The Port currently has approximately 243 lease arrangements ranging in monthly payments between $10 and $26,000 with either fixed increases from 1 to 3 percent, Consumer Price Index rent escalation clauses, or market rate rent escalation clauses.

As of December 31, 2023, the Port participated as lessor in the following lease agreements:

	Lease Type	Number of Leases	Remaining Exentions	Expiration Date with Extension Terms	Rent Increases	Interest Rate	Monthly Rent Dec 2023
	Land		Three 5-year	04/30/2043	Fair market value every 5 years	3.71%	$25,539.08
	Land		Two 5-year	09/30/2038	CPI increase every 5 years	3.71%	$19,407.18
	Bldg 1 & 2 Lease		One 5-Year	06/30/2037	Annual Increases	3.71%	$17,920.00
	Bldg Lease		Eight 5-year	09/30/2066	Fair market value every renewal	3.71%	$13,750.00
	Land		None	02/29/2076	Fair market value every 5 years	3.71%	$12,703.19
	Land		Two 5-year	05/31/2046	Fair market value every 5 years	3.71%	$11,929.30
	Land		Three 5-year	05/31/2046	CPI increase every 5 years	3.71%	$11,679.76
	Bldg 3 Lease		One 5-year	06/30/2037	Annual Increases	3.71%	$11,016.00
	Land		None	08/31/2030	Fair market value every 5 years	3.16%	$ 9,600.62
	Whs		Two 5-year	11/30/2083	Fair market value every renewal	3.71%	$ 9,000.00
	Land		None	12/31/2026	No annual increase	2.65%	$ 7,734.67
	Bldg Lease		None	08/31/2024	No annual increase	2.65%	$ 7,410.15
	Ofc/Whs/Lab		None	10/31/2026	Fair market value every 5 years	4.62%	$ 7,334.62
	Bldg Lease		One 5-year	07/31/2032	Fair Market Value in 2027 between 10-15%	3.16%	$ 7,052.13
	Lease		One 5-year	04/30/2030	Fair Market Value in 2027 between 10-15%	4.82%	$ 6,761.34
	Bldg Lease		One 2-year	04/30/2029	No annual increase	3.16%	$ 6,574.67
	Whs		One 5-year	08/31/2031	Fair market value every 5 years	3.16%	$ 6,486.42
	Land		Two 5-year	12/31/2039	Fair market value every 5 years	3.71%	$ 6,462.54
	Whs/Ofc		One 5-year	12/31/2029	Fair market value every 5 years	3.16%	$ 6,344.00
	Land		None	03/31/2043	Fair market value every 5 years	5.94%	$ 6,250.00
	Land/Whs		None	08/31/2031	No annual increase	3.16%	$ 6,197.88
	Land		One 5-year	05/31/2072	No Adjustment	3.71%	$ 5,745.13
	Land		Three 5-year	11/30/2083	No annual increase	3.71%	$ 5,717.25
	Land		Nine 5-year	10/31/2072	Fair market value every 5 years	3.71%	$ 5,651.47
	Land/Whs		One 5-year	01/31/2058	Fair market value every 5 years	5.94%	$ 5,498.25
	Land/Whs		One 5-year	08/31/2031	Fair market value every 5 years	3.16%	$ 5,079.70
	Land		One 5-year	01/31/2073	Fair market value every 5 years	5.94%	$ 5,059.22
	Bldg Lease		None	08/31/2023	No annual increase	2.65%	$ 4,658.50
	Outfall		Three 5-year	05/31/2040	Fair market value every 5 years	3.71%	$ 4,583.33
	Land/Ofc		Two 5-year	05/31/2040	No annual increase	3.71%	$ 4,408.75
	Land/Whs/Moorage		Two 1-year	05/31/2024	Fair market value every 5 years	2.65%	$ 3,940.00
	Land		Eleven 5-year	03/31/2079	Fair market value every 5 years	3.71%	$ 3,811.50
	Land		Four 5-year	09/30/2045	Fair market value every 5 years	3.71%	$ 3,384.54
	Whs		One 5-year	08/31/2031	Fair market value every 5 years	3.16%	$ 3,000.00
	Bldg Lease		One 5-year	09/30/2027	FMV every 5 Years	2.65%	$ 2,757.84
	Bldg Lease		One 5-year	09/30/2025	Fair Market Value in 2027 between 10-15%	4.62%	$ 2,541.12
	Land		Eleven 5-year	03/31/2079	Fair market value every 5 years	3.71%	$ 2,475.05
	Land		Three 5-year	10/31/2036	No annual increase	3.71%	$ 2,179.11
	Land/Water		One 5-year	09/30/2036	Fair market value every 5 years	3.71%	$ 2,112.25
	Moorage		Two 5-year	06/30/2033	DNR Formula for water dependent use every 5 years	3.71%	$ 2,090.67
	Land		Eleven 5-year	09/30/2079	Fair market value every 5 years	3.71%	$ 2,031.20
	Land		Eleven 5-year	03/31/2079	Fair market value every 5 years	3.71%	$ 1,989.65
	Land		Four 5-year	06/30/2059	Fair market value every 5 years	3.71%	$ 1,831.80
	Land		One 5-year	09/30/2024	Fair Market Value in 2027 between 10-15%	2.65%	$ 1,740.04
	Colo		Two 10-year	05/31/2023	Annual CPI Increase	2.65%	$ 1,588.00
	Colo		One 5-year	05/31/2028	Fair Market Value in 2027 between 10-15%	4.62%	$ 1,579.50
	Moorage		None	06/30/2025	Fair market value every 5 years	2.65%	$ 1,559.87
	Dock Access		None	04/30/2043	Fair market value every 5 years	3.71%	$ 1,428.00
	Land		None	05/31/2041	Fair market value every 5 years	3.71%	$ 1,380.00
	Land		Four 5-year	12/31/2046	Fair market value every 5 years	3.71%	$ 1,180.93
	Land		Six 5-year	04/30/2054	Fair market value every 5 years	3.71%	$ 1,159.52
	Land		One 5-year	11/30/2083	Fair market value every 5 years	5.94%	$ 1,032.00
	Office		One 5-year	06/30/2043	Fair market value every 5 years	5.94%	$ 1,021.53
	Land		None	05/31/2023	Fair market value every 5 years	2.65%	$ 992.80
Industrial	Land		Eleven 5-year	03/31/2079	Fair market value every 5 years	3.71%	$ 983.13
	Land		Two 5-year	12/31/2073	No annual increase	3.71%	$ 980.00
	Land		Two 5-year	01/31/2030	Fair market value every 5 years	3.16%	$ 943.80
	Land		Two 5-year	06/30/2023	DNR Formula for water dependent use every 5 years	2.65%	$ 937.50
	Land		One 10-year	09/30/2039	Fair market value every 5 years	3.71%	$ 935.00
	Land		Two 1-year	06/30/2050	Fair market value every 5 years	3.71%	$ 800.00
	Land		None	09/30/2025	Fair market value every 5 years	2.65%	$ 770.42
	Land		Four 5-year	11/30/2046	Fair market value every 5 years	3.71%	$ 745.00
	Land		None	07/31/2026	CPI increase every 5 years	2.65%	$ 730.05
	Water		Two 5-year	01/31/2035	Based on moorage	3.71%	$ 718.67
	Land		Two 5-year	10/31/2033	Fair market value every 5 years	3.71%	$ 682.20
	Land		Two 5-Year	10/31/2034	Fair Market Value every 5 years	3.71%	$ 658.85
	Land		None	08/31/2048	Fair market value every 5 years	5.94%	$ 658.85
	Dock		One 10-year	12/31/2039	Fair market value every 5 years	3.71%	$ 656.30
	Moorage		None	06/30/2025	Fair market value every 5 years	2.65%	$ 637.60
	Land/Water/Easement		Eleven 5-year	03/31/2079	Fair market value every 5 years	3.71%	$ 624.96
	Land		Two 5-year	02/29/2036	Fair market value every 5 years	3.71%	$ 607.93
	Land		Four 5-year	11/30/2046	Fair market value every 5 years	3.71%	$ 595.96
	Dock		One 10-year	12/31/2039	Fair market value every 5 years	3.71%	$ 583.34
	Dock		Two 5-year	12/31/2039	Fair market value every 5 years	3.71%	$ 552.67
	Land		Two 5-year	12/31/2034	Fair market value every 5 years	3.71%	$ 518.89
	Land		Two 5-year	03/31/2036	Fair market value every 5 years	3.71%	$ 518.89
	Land		Two 5-year	03/31/2024	Fair market value every 5 years	3.71%	$ 516.97
	Land		Two 5-year	03/31/2034	Fair market value every 5 years	3.71%	$ 509.10
	Land		One 5-year	03/31/2028	Fair market value every 5 years	3.16%	$ 499.13
	Land		Four 5-year	04/30/2053	Fair market value every 5 years	3.71%	$ 492.39
	Whs		None	04/30/2026	Fair market value every 5 years	2.65%	$ 468.00
	Land		None	05/31/2025	Fair market value every 5 years	2.65%	$ 458.97
	Land		Three 5-year	01/31/2042	Fair market value every 5 years	3.71%	$ 450.14
	Land		Five 5-year	03/31/2050	Fair market value every 5 years	3.71%	$ 441.00
	Land		Seven 5-year	10/31/2058	Fair market value every 5 years	3.71%	$ 431.20
	Land		One 5-year	03/31/2048	Fair market value every 5 years	5.94%	$ 413.31
	Land		One 5-year	06/30/2026	Fair Market Value in 2027 between 10-15%	4.62%	$ 400.00
	Colo		None	11/30/2023	No annual increase	2.65%	$ 395.00
	Land		Eleven 5-year	11/30/2078	Fair market value every 30 months	3.71%	$ 391.73
	Dock		Two 5-year	12/31/2039	Fair market value every 5 years	3.71%	$ 373.35
	Water		None	04/30/2024	DNR Formula for water dependent use every 5 years	2.65%	$ 358.80
	Land		One 5-year	04/30/2031	Fair market value every 5 years	4.82%	$ 308.23
	Land		None	01/31/2023	Fair market value every 5 years	2.65%	$ 297.41
	Land		One 5-year	05/31/2030	Fair market value every 5 years	3.16%	$ 296.57
	Land		Ten 5-year	04/30/2052	Fair market value every 5 years	3.71%	$ 270.00
	Land		None	10/31/2025	Fair market value every 5 years	2.65%	$ 252.94
	Land		One 5-year	04/30/2026	Fair market value every 5 years	4.62%	$ 250.00
	Land		None	11/30/2025	Fair market value every 5 years	2.65%	$ 203.37
	Water		One 5-year	12/31/2031	Fair market value every 5 years	3.16%	$ 165.13
	Land		None	12/31/2043	Fair market value every 5 years	3.71%	$ 144.17
	Whs		None	03/31/2025	Fair market value every 5 years	2.65%	$ 141.00
	Water System Lease		Two 10-year	08/31/2052	Annual CPI Increase	3.71%	$ 117.66
	Land		Three 5-year	05/31/2046	No annual increase	3.71%	$ 74.37
	Land		One 5-year	06/30/2102	Fair market value every 5 years	3.71%	$ 10.00
	Land		Two 5-year	01/31/2060	Fair market value every 5 years	3.71%	$ 7,330.15
	Bldg Lease		None	11/30/2027	Fair market value every renewal	3.16%	$ 6,713.34
	Land/Whs		None	10/31/2025	Fair market value every 5 years	2.65%	$ 4,056.62
	Office		Two 5-year	03/31/2038	Fair market value every 5 years	3.71%	$ 3,145.60
Commercial	Office		None	09/30/2023	Fair market value every 5 years	2.65%	$ 775.34
	Office		One 5-year	09/30/2033	Fair market value every 5 years	3.71%	$ 743.69
	Land/Ofc		Two 5-year	12/31/2025	Fair market value every 5 years	2.65%	$ 453.82
	Bldg Lease		Two 10-year	12/31/2023	Annual CPI Increase	2.65%	$ 381.00
	Dock		Two 5-year	12/31/2039	Fair market value every 5 years	3.71%	$ 105.09

Total amount of deferred inflow of resources recognized in 2023 was $4.1 million which includes $2.2 million of lease revenue, and $1.8 million of interest revenue. As of December 31, 2023, minimum future lease revenue receivable principal and interest payments are as follows:

Year Ended 12/31	Principal	Interest	Total
2024	$2,005,370	$1,902,812	$3,908,182
2025	2,000,356	1,831,934	3,832,290
2026	1,967,951	1,760,187	3,728,138
2027	1,895,567	1,690,006	3,585,573
2028	1,851,240	1,620,983	3,472,223
2029-2033	8,329,907	7,122,416	15,452,323
2034-2038	7,884,117	5,549,990	13,434,107
2039-2043	5,377,576	4,213,624	9,591,200
2044-2048	2,877,072	3,361,886	6,238,958
2049-2053	2,343,491	2,881,385	5,224,876
2054-2058	2,645,626	2,380,530	5,026,156
2059-2063	2,431,652	1,878,013	4,309,665
2064-2068	2,438,721	1,393,411	3,832,132
2069-2073	2,342,240	931,613	3,273,853
2074-2078	1,959,390	485,365	2,444,755
2079-2083	1,291,596	147,371	1,438,967
2084-2088	332	268	600
2089-2093	399	201	600
2094-2098	480	120	600
2099-2103	393	27	420
Total	$49,643,473	$39,152,143	$88,795,617

NOTE 9 - LONG-TERM DEBT

A. Long-Term Debt - The Port's long-term debt consists of bonds and loans for facility improvements, asset acquisition and expansion. As of December 31, 2023, contracts payable totaled $2,512,823, revenue bonds payable (direct placements) were $1,929,000 and general obligation bonds payable (direct placements) were $9,853,580.

B. General Obligation and Revenue Bonds -

Bonds issued and outstanding as of December 31, 2023 are as follows:

2021 Limited Tax General Obligation and Refunding Bonds (Series B) (direct placement), par amount $7,436,535, were issued to Cashmere Valley Bank October 7, 2021 to refund the Port's 2011 outstanding LTGO Series C bonds and to finance expansion design of rail and improvements in the Port's marine terminal cargo yard. All issued and outstanding 2011 LTGO Series C bonds were called on October 7, 2021. Proceeds from the 2011 LTGO Series C bonds were used to finance expansion of rail in the Port's marine terminal cargo yard. The 2021 LTGO Series B bonds bear interest payable semi-annually at rates of 1.45% to 1.737%, and are due in annual installments of $124,000 to $1,292,900 through 2030.

2021 Limited Tax General Obligation and Refunding Bonds (Series C), par amount $3,357,435 were issued to Cashmere Valley Bank October 7, 2021 to refund the Port's 2011 outstanding LTGO Series B bonds and to finance improvements at the Satsop Business Park, Port's main office, and Westport Marina, reserved for general government purposes. All issued and outstanding 2011 LTGO Series B bonds were called on October 7, 2021. Proceeds from the 2011 LTGO Series B bonds were used to finance various improvements at the Port's airport and marina, the acquisition of administrative and maintenance equipment, and the acquisition of land in Hoquiam, Washington, reserved for general government purposes. The 2021 LTGO Series C bonds bear interest payable semi-annually at rates of 4.5% to 5.75%, and are due in annual installments of $27,813 to $1,320,712 through December 2031.

The Port's Revenue Bonds from direct placements of $2,785,000, were issued to Timberland Bank June 23, 2020 to finance the purchase of a 55-acre rail-served, industrial waterfront site adjacent to the Port's Marine Terminal 4 in Aberdeen, Washington. The revenue bonds from direct placements bear interest payable semi-annually at 2.5%, and are due in annual installments of $303,275 to $304,700 through 2030.

In 2023, the U.S. Army Corps of Engineers fiscally closed the Deeper Draft Project. As the local sponsor under the Project Partnership Agreement, the Port is obligated to reimburse the U.S. Treasury an amount equal to 10% of the General Navigation Features. The total amount owed to the U.S. Treasury is $1,170,728. The Army Corps of Engineers agreed to a long term amortization of this amount over 30 years.

The following is a summary of bonds payable as of December 31, 2023:

	Current Portion	Long-Term Portion	Bal. Payable 12/31/2023
General Obligation Bonds			
(Direct Placements with Cashmere Valley Bank)			
2021 LTGO Refunding Series B	$1,186,230	$5,309,915	$6,496,145
2021 LTGO Refunding Series C	-	3,357,435	3,357,435
Total GO Bonds	1,186,230	8,667,350	9,853,580
Revenue Bonds (Direct Placements)			
Timberland Bank	256,000	1,673,000	1,929,000
Total Revenue Bonds	256,000	1,673,000	1,929,000
Total Bonds Payable	$1,442,230	$10,340,350	$11,782,580

As of December 31, 2023, the annual debt service requirements to maturity for the general obligation and revenue bonds outstanding are as follows:

Year	GO Bonds		Revenue Bonds (Direct Placements)	
	Principal	Interest	Principal	Interest
2024	$1,186,230	$134,483	$256,000	$48,225
2025	1,203,430	117,283	262,000	41,825
2026	1,220,880	99,833	268,000	35,275
2027	1,200,165	120,548	275,000	28,575
2028	1,222,720	97,993	283,000	21,700
2029-2031	3,820,155	141,981	585,000	22,025
Totals	$9,853,580	$712,121	$1,929,000	$197,625

C. Contracts -

Long-term contracts payable outstanding as of December 31, 2023 are as follows:

	Current Portion	Long-Term Portion	Bal. Payable 12/31/2023
Contracts Payable			
Contracts and Notes			
2004 CERB Loan (Warehouse H Expansion)	$10,043	$10,144	$20,187
2007 CERB Loan (Satsop Warehouse Construction)	69,019	-	69,019
2010 CERB Loan (Terminal 1 Berth Enhancements)	45,500	318,500	364,000
2011 CERB Loan (Marine Terminal Rail, Phase 1)	111,111	777,778	888,889
2023 Army Corps of Engineers (Deeper Draft)	94,972	1,075,756	1,170,728
Total Contracts Payable	$330,646	$2,182,177	$2,512,823

The annual debt service requirements to maturity for long-term contracts payable are as follows:

	Contracts Payable	
Year	Principal	Interest
2024	$330,646	$51,819
2025	199,367	16,238
2026	189,712	15,647
2027	190,209	15,151
2028	190,713	14,647
2029-2051	1,412,177	178,864
TOTALS	$2,512,823	$292,365

D. During the year ended December 31, 2023, the following changes occurred in long-term liabilities:

	Restated Beginning Balance 1/1/2023	Additions	Reductions	Ending Balance 12/31/2023	Due Within One Year
GO Bonds Payable (Direct Placements)	$ 11,023,420	$ -	$ 1,169,840	$ 9,853,580	$ 1,186,230
Revenue Bonds Payable (Direct Placements)	2,178,000	-	249,000	1,929,000	256,000
Premiums/(Discounts)	-	-	-	-	-
Total Bonds Payable	13,201,420	-	1,418,840	11,782,580	1,442,230
Contracts Payable	1,577,325	1,170,728	235,231	2,512,822	330,646
Compensated Absences	817,927	767,764	528,277	1,057,414	198,184
Contingency Reserves	1,136,000	-	366,750	769,250	769,250
Unearned Lease Revenue	104,063	-	8,736	95,327	8,737
DRS Net Pension Liability	880,751	-	155,641	725,110	-
Bar Pilots Retiree Total Pension Liability	1,096,792	110,124	96,421	1,110,495	63,913
Total OPEB Liability	3,037,719	-	461,731	2,575,988	79,552
Leased Asset Payable	45,768	-	14,087	31,680	14,383
SBITA	-	80,234	31,099	49,135	26,110
TOTALS	21,897,766	$ 2,128,850	$ 3,316,813	$ 20,709,801	$ 2,933,005

NOTE 10 – OPEB DEFINED BENEFIT PLAN

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement No. 75 for the year 2023.

Aggregate OPEB Amounts – All Plans	
OPEB liabilities	$2,575,988
OPEB assets	-
Deferred outflows of resources	39,776
Deferred inflows of resources	-
OPEB expenses/expenditures	$ (375,902)

OPEB Plan Description

A. The Port participates in the Public Employees Benefit Board (PEBB) health plan administered by the State of Washington Health Care Authority. It is a multiple employer plan which provides both active employee benefits and elective post-employment benefits. Port retirees are eligible to participate in the group plan on a self-pay basis.

B. Regular full time Port employees and their families are eligible to participate in the PEBB. Benefits include medical/dental insurance, life insurance and long-term disability insurance. Port retirees are eligible to participate in the group plan on a self-pay basis. The benefit terms provided by the Port are established by Resolution and may be amended by the Port Commissioners.

C. At December 31, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	22
Inactive employees entitled to but not yet receiving benefits	-
Active employees	57
Total	79

D. The plan is funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust.

E. Group premium rates are established by the PEBB and paid on a monthly basis by the Port based upon the established rates for its active employee membership. Retirees make premium payments on a self-pay basis. Blending retiree and active employee rates creates an implicit rate subsidy and future post-employment benefit liability.

Assumptions and Other Inputs

The following presents the total OPEB liability of the Port of Grays Harbor calculated using the current healthcare cost trend rate of 6.8 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.8 percent) or 1-percentage point higher (7.8 percent) than the current rate.

	1% Decrease (5.8%)	Current Healthcare Cost Trend Rate (6.8%)	1% Increase (7.8%)
Total OPEB Liability	$2,201,615	$2,575,988	$3,048,006

The following presents the total OPEB liability of the Port of Grays Harbor calculated using the discount rate of 3.5 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.5 percent) or 1-percentage point higher (4.5 percent) than the current rate.

	1% Decrease (2.5%)	Current Discount Rate (3.5%)	1% Increase (4.5%)
Total OPEB Liability	$2,995,732	$3,037,719	$2,235,180

Changes in the Total OPEB Liability

Public Employee Benefits Board OPEB	
Total OPEB Liability at 1/1/2023	**$3,037,719**
Service Cost	82,949
Interest	108,966
Changes in benefit terms	-
Changes in experience data and assumptions	(567,817)
Benefit payments	(85,829)
Other changes	-
Total OPEB Liability as of 12/31/2023	**$2,575,988**

A. The measurement date of the OPEB liability is June 30, 2023. The alternative method was used in place of an actual valuation.
B. A total OPEB expense of ($375,902) was recognized during the reporting period.
C. The balance of deferred outflows of resources related to OPEB is $39,776.
D. Other assumptions include:

Discount Rate [1]	
Beginning of Measurement Year	3.54%
End of Measurement Year	3.65%
Projected Salary Changes	"3.25% + Service-Based Increases"
Healthcare Trend Rates [2]	Initial rate ranges from about 2-16%, reaching an ultimate rate of approximately 3.8% in 2075.
Mortality Rates	
Base Mortality Table	PubG.H-2010 (General)
Age Setback	0 Years
Mortality Improvements	MP-2017 Long-Term Rates
Projection Period	Generational
Inflation Rate[3]	2.35%
Post-Retirement Participation Percentage	60%
Percentage with Spouse Coverage	45%

[1] *Source: Bond Buyer General Obligation 20-Bond Municipal Index*
[2] *Trend rate assumptions vary by medical plan. For additional detail on the healthcare trend rates, please see PEBB OPEB Healthcare Trend Assumptions webpage.*
[3] *Based on the Consumer Price Index (CPI): Urban Wage Earners & Clerical Workers, U.S. City Average, WA-All Items*

The Port used the Alternative Measurement Method (AMM) Tool provided by the Office of the State Acutary that allows employers with fewer than 100 members to determine their OPEB liability under the Governmental Accounting Standards Board Statement No. 75. The AMM Online tool was prepared with a valuation date of June 30, 2023. In order to estimate the total OPEB liability as of the beginning of the measurement period, the total OPEB liability was projected backwards to the measurement date of June 30, 2022. For the backward projection of liability, the AMM Online tool reflected the estimated service cost, assumed interest, and expected benefit payments. The Office of the State Actuary actuarial reports relied upon for purposes of the AMM Online tool are as follows:

- OPEB Actuarial Valuation for the State's June 30, 2023 fiscal year-end.

For information on the above listed reports, refer to: http://leg.wa.gov/osa/additionalservices/Pages/OPEB.aspx

The specific assumptions that the Office of the State Actuary made when developing the Alternative Measurement Method Tool were as follows:

- 3/4 of members select a Uniform Medical Plan (UMP) and 1/4 select a Kaiser Permanente (KP) plan.

- Estimated retirement service for each active member based on the average entry age of 35, with a minimum service of 1 year.
- Assumptions for retirement, disability, termination and mortality are consistent with the most recent PEBB OPEB valuation of the publication date of this tool.
- Assumed Plan 2 decrement rates.
- Assumed all employees are retirement eligible at age 55 and all employees retire by age 70.
- Based on an average expected retirement age of 65, active mortality rates for ages less than 65 and retiree mortality rates for ages 65+ were applied.
- Each member is assumed to be a 50/50 male/female split.
- Assumed a 45% likelihood that current (and future) retirees cover a spouse.
- The age-based members selected were based upon the overall distribution of state employees and retirees that participate in PEBB.
- Dental benefits were not included when calculating the total OPEB liability as they represent less than 2 percent of the accrued benefit obligations when last reviewed. They will continue to be monitored for impact and may be considered in the future updates of the tool.

E. There were no changes in the Benefit Terms that affected the measurement of the total OPEB liability since the the prior measurement date.

At December 31, 2023, the Port of Grays Harbor reported deferred outflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources	
Differences between expected and actual experience	$ -
Changes of assumptions	-
Payments subsequent to the measurement date	39,776
Total	$39,776

Deferred outflows of resources of $39,776 resulting from payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2023.

NOTE 11 - PENSION PLANS

The following table represents the aggregate pension amounts for all plans for the year 2023:

Aggregate Pension Amounts – All Plans	
Pension liabilities	($1,835,605)
Pension assets	$1,681,280
Deferred outflows of resources	$1,394,338
Deferred inflows of resources	($940,430)
Pension expense/expenditures	($317,177)

A. State Sponsored Pension Plans - Substantially all of the Port of Grays Harbor's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The DRS, a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)
PERS members include elected officials; state employees; employees of local governments; and higher education employees not participating in higher education retirement programs.

PERS is composed of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3 and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although employees can be a member of only Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from active status prior to the age of 65 may also receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include an optional cost-of-living adjustment (COLA). PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary, adopted by the Pension Funding Council and is subject to change by the legislature. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2023 were as follows:

PERS Plan 1 Actual Contribution Rates	Employer	Employee
January – June:		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
Total	**10.39%**	**6.00%**
July - August		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.85%	
Administrative Fee	0.18%	
Total	**9.39%**	**6.00%**
September – December:		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.20%	
Total	**9.53%**	**6.00%**

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's AFC times the member's years of service for Plan 2 and one percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The rates are adopted by the Pension Funding Council, and are subject to change by the Legislature. The employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL).

As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits.

The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2023 were as follows:

PERS Plan 2/3 Actual Contribution Rates	Employer 2/3	Employee 2	Employee 3
January – June:			
PERS Plan 2/3	6.36%	6.36%	Varies
PERS Plan 1 UAAL	3.85%		
Administrative Fee	0.18%		
Total	**10.39%**	**6.36%**	
July - August:			
PERS Plan 2/3	6.36%	6.36%	Varies
PERS Plan 1 UAAL	2.85%		
Administrative Fee	0.18%		
Total	**9.39%**	**6.36%**	
September – December :			
PERS Plan 2/3	6.36%	6.36%	Varies
PERS Plan 1 UAAL	2.97%		
Administrative Fee	0.20%		
Total	**9.53%**	**6.36%**	

The Port's actual PERS plan contributions were $221,945 to PERS Plan 1 and $421,033 to PERS Plan 2/3 for the year ended December 31, 2023.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study* and the *2021 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2022 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2023. Plan liabilities were rolled forward from June 30, 2022, to June 30, 2023, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation

- **Salary increases**: In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by service-based salary increase.

- **Investment rate of return:** 7.0%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status (e.g. active, retiree, or survivor), as the base table. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

Methods did not change from the prior contribution rate setting June 30, 2021 Actuarial Valuation Report (AVR).

Discount Rate
The discount rate used to measure the total pension liability for all DRS plans was 7.0 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.0 percent was used to determine the total liability.

Long-Term Expected Rate of Return
The long-term expected rate of return on the DRS pension plan investments of 7.0 percent was determined using a building-block-method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class
The table below summarizes the best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.5%
Tangible Assets	7%	4.7%
Real Estate	18%	5.4%
Global Equity	32%	5.9%
Private Equity	23%	8.9%
	100%	

Sensitivity of Net Pension Liability/(Asset)
The table below presents the Port's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the Port's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0 percent) or 1-percentage point higher (8.0 percent) than the current rate.

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
PERS 1	$1,013,033	$725,110	$473,820
PERS 2/3	$1,828,593	($1,681,280)	($4,564,862)

Pension Plan Fiduciary Net Position
Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2023, the Port reported its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	$ 725,110
PERS 2/3	(1,681,280)
Total	$(956,170)

At June 30, the Port's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/2022	Proportionate Share 6/30/2023	Change in Proportion
PERS 1	0.031632%	0.031765%	0.000133%
PERS 2/3	0.041168%	0.041020%	(0.000148%)

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2023 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

Pension Expense
For the year ended December 31, 2023, the Port recognized pension expense for state-sponsored pension plans as follows:

	Pension Expense
PERS 1	$(751)
PERS 2/3	(206,302)
Total	$(207,053)

Deferred Outflows of Resources and Deferred Inflows of Resources
At December 31, 2023, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	$ -	$ (81,796)
Contributions subsequent to the measurement date	105,620	-
Total	$ 105,620	$ (81,796)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 342,475	$ (18,785)
Net difference between projected and actual investment earnings on pension plan investments	-	(633,608)
Changes of assumptions	705,859	(153,850)
Changes in proportion and differences between contributions and proportionate share of contributions	11,513	(52,391)
Contributions subsequent to the measurement date	228,871	-
Total	$1,288,718	$(858,634)

PERS 1 & PERS 2/3 Combined	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 342,475	$ (18,785)
Net difference between projected and actual investment earnings on pension plan investments	-	(715,404)
Changes of assumptions	705,859	(153,850)
Changes in proportion and differences between contributions and proportionate share of contributions	11,513	(52,391)
Contributions subsequent to the measurement date	334,491	-
Total	$1,394,338	$(940,430)

Deferred outflows of resources related to pensions resulting from the Port's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended 12/31:	PERS 1
2024	$ (55,650)
2025	(69,987)
2026	43,153
2027	689
Total	$(81,796)

Year ended 12/31:	PERS 2/3
2024	$ (310,510)
2025	(376,076)
2026	510,815
2027	182,670
2028	186,145
Thereafter	8,169
Total	$201,213

B. Bar Pilot Retiree Benefits – The Port of Grays Harbor is responsible for making the pension payments of three bar pilots who served the Port prior to October 1, 2001 and who participated in the Amended Retirement Program of Puget Sound Pilots.

The benefit is determined by multiplying 1.5% of a participant's Retirement Base by the years of service. Retirement Base means the average of the last three (3) years of projected annual income for an active pilot. Members are eligible for retirement at any age after having completed at least one (1) year of service. Upon the death of a retired pilot, a surviving spouse receives one-half (1/2) the benefit the retired pilot was receiving until the surviving spouse dies or remarries.

The Bar Pilot Retiree Benefit members include one (1) active and two (2) inactive or retired pilots. These payments constitute a defined benefit pension plan to which the Port makes contributions.

There are no assets accumulated in a qualifying trust:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are not irrevocable.
- Pension plan assets are not dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are not legally protected from the creditors of employers, nonemployter contributing entities, and the pension plan administrator. Plan assets also are not legally protected from creditors of the plan members.

Senate Bill 6519 passed by the Washington State Legislature and signed by the Governor on March 15, 2018 provides specific authority for the Port to establish and collect a specific tariff charge to then pass thru and make retirement expense payments to the former Grays Harbor Bar Pilots with service prior to 2001 until such expenses are no longer owed. The Port paid $96,421 in benefits to Bar Pilot Retirees in 2023.

Contributions

There are no contributions made by the employee or the employer for the Bar Pilot Retiree Benefits. However, the Port does charge a tariff of $450 per pilot assignment to help defray the cost of the Bar Pilot Retiree Benefits. In 2023, there were 254 jobs resulting in $114,300 to help cover Bar Pilot Retiree Benefits.

Actuarial Assumptions

The total pension liability (TPL) for the Bar Pilot Retiree Benefit was determined using the most recent actuarial valuation completed in 2022 with a valuation date of December 31, 2023.

Discount Rate

A discount rate used to measure the total pension liability for the Bar Pilot Retiree Benefit was 3.25 percent.

Sensitivity of Total Pension Liability/Asset

The table below represents the Port's total pension liability for the Bar Pilot Retiree Benefits using the discount rate of 3.25 percent, as well as what the Port's pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.25 percent) or 1-percentage point higher (4.25 percent) than the current rate.

	1% Decrease (2.25%)	Current Discount Rate (3.25%)	1% Increase (4.25%)
Bar Pilots Retiree Benefit	$1,199,843	$1,110,495	$1,032,721

Changes in the Total Pension Liability

At December, 31, 2023, the Port reported total pension liability of $1,110,495 for the Bar Pilot Retiree Benefit.

	Total Pension Liability
Balance at 1/1/2023	$1,096,792
Changes for the year:	
Service Cost	32,187
Interest	40,529
Changes in Benefit Terms	-
Differences between expected and actual experience	-
Changes of assumptions	37,408
Benefit payments	(96,421)
Net Changes	13,703
Balance at 12/31/2023	$1,110,495

Actuarial Methods and Assumptions

Relevant Dates

- Actuarial Valuation Date December 31, 2023
- Measurement Dates December 31, 2023
- Fiscal Year Ends December 31, 2023

Actuarial Cost Method

- Entry Age Normal, level percent of salary

Assumptions

Interest Rate for Discounting Future Liabilities

- December 31, 2023: 3.25% per year, based on all years discounted at a municipal bond rate (based on Bond Buyer 20-Bond General Obligation Index as of December 31, 2023).
- Assumed Form of Payment: 50% Joint & Survivor annuity if married, Life Annuity if single
- Assumed Commencement Date: Termination/retirement date
- Mortality: Pre-Retirement - None. Post-Retirement – RP-2014 Total Dataset Mortality Adjusted to 2006, projected fully generationally with Scale MP-2021.
- Distributive Income Growth: 3% per year
- Turnover Rates: Turnover Table T-1 with a minimum of 0.5% per year.
- Retirement Rates: 55-59 (2%), 60-61 (5%), 62-64 (15%), 65-69 (30%), 70 (100%)
- Disablement Rates: None assumed
- Future Service: All Pilots are expected to complete a full year of service in each future year of employment.

Changes Since Prior Valuation

- The interest rate for discounting future liabilities was increased from 0.5% to reflect current municipal bond rates.
- The mortality improvement scale was updated to reflect the most recently available scale.

At December 31, 2023, the Port did not report deferred outflows of resources or deferred inflows of resources related to pensions from the Bar Pilots Retiree Benefits.

NOTE 12 - POLLUTION REMEDIATION OBLIGATIONS

Costs incurred for pollution remediation that extend the life, increase the capacity, or improve the safety or efficiency of property owned by the Port are capitalized. The Port expenses costs which do not meet these criteria and accrues for obligations associated with such pollution remediation obligations when such losses are probable and reasonably estimable. Accruals for estimated losses from pollution remediation obligations generally are recognized no later than completion of the remedial feasibility study. Such accruals are adjusted as further information develops or circumstances change.

A. Chevron Oil Site (Westport, WA) –Project is to decommission aboveground storage tank (AST) and soils remediation. Since 2022, Chevron has been leading site review, monitoring and cleanup work, with Port receiving quarterly reports.

Chevron is a former tenant of the site, and had been taking full responsibility for all monitoring and cleanup work. During 2014, Chevron asserted that the Port is responsible for the AST removal, and that Chevron's liability is limited to the time they were a tenant. The Port remains in negotiations with Chevron over final cleanup responsilbility, which as been delayed due to Chevron staffing changes. In 2015, the Port commissioned Stantec Consulting Services, Inc. to provide a cleanup plan with cost estimates, which totaled $357,551. This number has been adjusted for inflation to $504,000 and has been recorded as a contingent liability as of December 31, 2023.

The Port will continue to pursue financial participation by Chevron, but we are not able to estimate the outcome of those negotiations. The expected range of participation is $220,000 to $300,000. Negotiations with Chevron have progressed much slower than anticipated. The Port expects to complete negotiations in 2024 and decommission the AST. Final cleanup schedule is not known.

B. Hungry Whale Site (Westport, WA) – This site is currently and has been historically used by tenants operating a vehicle fuel facility. During 2007, the Port of Grays Harbor, in cooperation with the Washington State Department of Ecology (DOE), completed an environmental site assessment and developed the phase 1 remediation plan.

In 2016, the Port worked with DOE on an Updated Administrative Order which calls for additional monitoring and a Feasibility Study to determine current conditions and prepare a proposed Cleanup Action Plan with DOE. In 2017, the Port completed additional groundwater monitoring and developed a draft Remedial Investigation and Feasibility Study (RI/FS) and submitted it to Ecology for review. The Port and Ecology agreed to continue working on approval of the RI/FS but place further efforts on hold until funding could be identified.

Applications for Toxics Cleanup Remedial Action Grant funding were submitted in 2017 and 2019 but were not successful. The RI/FS was finalized and approved in 2020 and the cost for the selected alternative estimated at $1.39 million, with the total project cost including engineering, permitting and administration estimated at $1.6 million. The project was selected for supplemental funding in 2020 and a contract was completed in June 2021 with the Port's share of the project cost estimated to be $400,000.

The Port, working with consultants, completed draft SEPA documents and a cleanup action plan that was submitted to Ecology late in 2021. Ecology completed a public review and comment process in July of 2022 and an updated Agreed Order to authorize the approved cleanup action was signed in August of 2022. The Port's consultant developed a draft Engineering Design Report which was approved in December 2022. Updated cost estimates completed during this process determined the project funding would need to be increased by $800,000 to cover the new construction estimates. The Port submitted a request for the additional funding to Ecology which was approved in October 2022. This increased the Port's share to $600,000.

Remediation of groundwater and soil was completed during August through October 2023. Post cleanup reports, including a monitoring plan was submitted to and approved by Ecology. Five monitoring wells destroyed during cleanup were re-established and an initial round of sampling and analysis completed in December 2023. Post cleanup monitoring and reporting will continue through 2028. The Port is also working to establish the required Environmental Covenants, which are required by the grant. The Remedial Action Grant will pay for activities until June 30, 2025.

Estimated remedial liability is $297,000 to complete the grant required activities, with the Port's share being $74,250. The estimated costs for post grant monitoring are $93,000. A total of $167,250 has been recorded as a contingent liability as of December 31, 2023.

C. Faber & Sons Site (Elma, WA) – This site is located at the Satsop Business Park and was leased to a recycling company. The tenant abandoned the site in late-2013 and the Port took immediate steps to protect and clean the site. Project is in a final monitoring phase. During 2017, a modification of the monitoring program to conduct annual testing was approved by the Department of Ecology. Annual sampling was conducted in 2018 through 2022 with levels of contamination reducing in each round. $8,000 has been recorded as a contingent liability for continued monitoring in 2024.

D. Former Harbor Battery Site (Aberdeen, WA) – The site was previously used for industrial purposes and currently listed by the Department of Ecology. Historical assessments and samples of soil and ground water indicated contaminants were present above regulatory cleanup levels.

In 2017, the Port contracted with an environmental consultant to complete an environmental site assessment including the review of existing documentation, the collection of soil samples at nine locations, and the installation of five monitoring wells with initial groundwater sampling. Lab results indicated that only one groundwater site had arsenic concentrations above the cleanup action levels. All other water and groundwater sites were below cleanup levels.

Four quarters of monitoring below MTCA cleanup levels were completed in 2018 and an application for approval under the voluntary cleanup program submitted in 2019. Initial response from DOE indicated additional research and onsite investigation will be needed before a no further action letter can be received.

Without any proposed development to generate revenue, and based on the determination the site does not pose a threat to human or terrestrial health or the environment, the Port has determined not to move forward with the VCP approval. The estimated costs for the additional research and investigation is $75,000, which has been recorded as a contingent liability as of December 31, 2023.

E. 3115 Port Industrial Road (Hoquiam, WA) – The project is to remediate groundwater and soil contamination on the site which was caused by a previous fuels storage development that has been removed. Contamination consists of the remnants of diesel and gasoline which leaked from above ground storage tanks on the site. The contamination was discovered in 2016 by a consultant working for the Port to conduct a Phase I assessment for a proposed new industrial development.

As a result, the site has been added to Ecology's list of contaminated sites, a Phase II assessment completed, and monitoring wells established. The Port has been working with the potential developer to provide information on the location and intensities of contamination to assist in site planning, and has analyzed several options for potential cleanup activities that may be necessary, with or without the development. The potential developer has tabled their project feasibility work.

Groundwater monitoring and additional delineation activities will continue, with future additional remediation work (such as excavation of contaminated soils and groundwater treatment) defined as more specific development plans are identified. In 2017, a vapor intrusion test and report were developed for an existing office structure that came back negative for harmful vapors. The developer has left and the Department of Ecology has agreed that there is no offsite contamination and no active threat to the environment. Estimated cost in 2024 for ongoing monitoring and remediation work is $0. The project could be picked up in the future depending upon potential development plans.

F. IDD1 Site (Hoquiam, WA) - The project is to remediate Dioxin, Metals, Mercury, and Polynuclear Aromatic Hydrocarbons in groundwater and soil on the site which were likely caused by former onsite and offsite activities. Onsite activities include a shingle mill and electric plant, and offsite activities include a fish product reduction facility and adjacent residential community. The site was created by placing dredge material within constructed dikes, which is also a likely source contamination. The contamination was discovered in 2018 by a consultant working for a developer while investigating the potential for creating a mitigation site for wetland and in water impacts for a proposed potash development.

The consultant completed the installation of five groundwater monitoring wells, dug test pits, and sampled and analyzed soils in June 2018. The Port contracted with a consultant to complete a limited Phase II assessment in December 2018. This included a review and confirmation of the previous consultant's findings and reports. The Department of Ecology was notified after the initial sampling results were received and conducted an initial field investigation in March 2019. As a result, the site was added to Ecology's list of contaminated sites.

The developer conducted quarterly groundwater monitoring until the project was abandoned in September 2021. Prior to the developer leaving, the Department of Ecology agreed there was no offsite contamination and no active threat to the environment. No monitoring or remediation activity is planned for 2024. The project could be picked up in the future depending upon potential development plans.

NOTE 13 - PROPERTY TAXES

The County Treasurer acts as agent to collect property taxes levied in Grays Harbor County for all taxing authorities. Collections are distributed after the end of each month to each taxing district. A revaluation of all property is required annually.

Under Washington law, property taxes are levied and become an enforceable lien against properties on January 1. Tax bills are mailed on February 14, and the first of two equal installment payments is due on April 30 with the second installment being due on October 31. The assessed value of property for the next year's levy is established on May 31 at 100% of market value.

Property taxes are recorded as a receivable and revenue when levied. Property tax collected in advance of the fiscal year to which it applies is recorded as a deferred inflow and recognized as revenue of the period to which it applies. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible. Prior year tax levies were recorded using the same principal, and delinquent taxes are evaluated annually.

The Port of Grays Harbor may levy up to $0.45 per $1,000 assessed valuation in support of general operations. The rate is limited by the Washington State Constitution and Washington State law, RCW 84.55.010.

The Port's regular levy for 2023 was $0.2490 per $1,000 on an assessed valuation of $12,050,602,701 for a total regular levy of $3,000,742.

NOTE 14 - RISK MANAGEMENT

The Port is exposed to various risks of loss related to torts; damage to, theft of and destruction of assets or cargo; natural disasters; and employee injuries. To limit exposure, the Port of Grays Harbor purchases property, liability and related insurance coverage annually through a commercial insurance broker which provides coverage against most normal hazards. In comparison to prior years, there were no significant changes in the type and coverage of insurance policies purchased by the Port in 2023. Settlement claims have not exceeded commercial insurance coverage in any of the past three years.

The Port participates in the State of Washington workman's and unemployment compensation programs. Employee medical, dental, vision, long-term disability and life insurance coverages are provided for all eligible employees through standard plans offered by the Washington State Health Care Authority. The Port of Grays Harbor does not administer any of these plans.

On January 1, 2013, the Port merged with the Grays Harbor Public Development Authority (GHPDA), which was a member of Enduris. The Port elected to become a member of Enduris for the purpose of maintaining property insurance coverage for assets transferred by GHPDA to the Port located at the Satsop Business Park in Elma, WA. Property insurance coverage for all other assets owned by the Port is purchased from a commercial broker and is not included under the Enduris membership agreement.

Enduris was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW. Two (2) counties and two (2) cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to fund their self-insured losses and jointly purchase insurance and administrative services. Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. As of August 31, 2022, there were 527 Enduris members representing a broad array of special purpose districts throughout the state. Enduris provides property and liability coverage as well as risk management services and other related administrative services.

Members make an annual contribution to fund Enduris and share in the self-insured retention of the jointly purchased excess and/or reinsurance coverage. The self-insured retention is:

- $1,000,000 deductible on liability loss - the member is responsible for the first $1,000 of the deductible amount of each claim, while Enduris is responsible for the remaining $999,000 on a liability loss.
- $250,000 deductible on property loss - the member is responsible for the first $1,000 of the deductible amount of each claim, while Enduris is responsible for the remaining $249,000 on a property loss.
- Enduris is responsible for the $4,000 deductible on boiler and machinery loss.

Enduris acquires reinsurance from unrelated insurance companies on a "per occurrence" basis to cover all losses over the self-insured retentions as shown on the policy maximum limits. Liability coverage is for all lines of liability coverage including Public Official's Liability. The Property coverage is written on an "all risk", blanket basis using current Statement of Values. The Property coverage includes but is not limited to mobile equipment, boiler and machinery, electronic data processing equipment, business interruption, course of construction and additions, property in transit, fine arts, cyber and automobile physical damage to insured vehicles. Liability coverage limit is $20 million per occurrence and property coverage limit is $1 billion per occurrence. Enduris offers crime coverage up to a limit of $1 million per occurrence.

Since Enduris is a cooperative program, there is a joint liability among the participating members.

The contract requires members to remain in the Pool for a minimum of one (1) year and must give notice 60 days before terminating participation. The Master Agreement (Intergovernmental Contract) is automatically renewed after the initial one (1) full fiscal year commitment. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in-process claims for the period they were a signatory to the Master Agreement.

Enduris is fully funded by its member participants. Claims are filed by members with Enduris and are administered in house.

The Pool is governed by a Board of Directors which is comprised of seven (7) board members. The Pool's members elect the Board and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for conducting the business affairs of Enduris.

The amount of settlements has not exceeded the Port's insurance coverage for each of the past three fiscal years.

NOTE 15 – SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The Port is committed under various subscription-based IT arrangements (SBITAs). As of December 31, 2023, the Port has 5 qualifying SBITAs under GASB 96 in which it is acting as a lessee. Beginning in January 2023, the Port entered into a three-year agreement with ClearGov for budgeting software, with annual payments ranging from $13,000 to $13,792. The Port has an agreement with EZLease for lease and SBITA software. The term of this agreement is January 2023 through July 2024, with annual payments ranging from $5,145 to $8,820. The Port has two agreements with KnowBe4, one for HR Compliance Training and one for IT Security Awareness Training. The agreements run from March 2023 through February 2026 and January 2023 through May 2024, respectively, with payments of $56.66 per month for HR Compliance and ranging from $86.04 to $101.24 for IT Security Awareness. The Port has also entered into an agreement with Insight Software for spreadsheet server services. This agreement begins in December of 2023 and ends in November 2026, with annual payments ranging from $7,855 to $9,505.

The 5 agreements did not include interest rates, so the discount rates listed in Note 1(C)7 were applied.

SBITA asset activities for the year end December 31, 2023 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
SBITAs assets being amortized				
SBITAs assets	$-	$80,234	$-	$80,234
Total SBITAs assets being amortized	-	80,234	-	80,234
Less accumulated amortization				
SBITAs assets	-	(23,691)	-	(23,691)
Total accumulated amortization	-	(23,691)	-	(23,691)
Net, SBITAs assets	$-	$56,543	$-	$56,543

As of December 31, 2023, outflows of resources from SBITAs activities were as follows:

Principal payments in 2023	$31,099
Interest expense on leased assets	99
Total	$31,198

As of December 31, 2023, the principal and interest requirements to maturity are as follows:

Year Ended 12/31	Principal	Interest	Total
2024	$26,110	$2,240	$28,350
2025	22,914	1,050	23,964
2026	111	1	111
Total	$49,135	$3,291	$52,425

NOTE 16 – SUBSEQUENT EVENTS

A Complaint was filed in Grays Harbor Superior Court against the Port of Grays Harbor on October 23, 2023, by the Quinault Indian Nation, alleging violations of the State Environment Protection Act against the Port, as Lead Agency, on the Port's notice of action for its Terminal 4 Expansion and Redevelopment Project. The allegations were reviewed and denied. The complaint did not contain a claim for money damages, the relief requested was for (1) completion of an Environmental Impact Statement instead of a Mitigated Determination of Non-Significance and (2) injunctive relief. The Port did not report this as a contingent liability as of December 31, 2023 due to the inability to reasonably estimate the liability. In 2023, the Port retained the services of Connie Sue Martin of Schwabe, William & Wyatt who assisted in negotiating a full settlement on September 25, 2024. The settlement includes an initial payment of $7 million and other ongoing payments after the Terminal 4 Expansion and Redevelopment Project has commenced operations. The Port has adequate reserves to cover this settlement.

A 60-day notice of claim was received by the Port of Grays Harbor from Twin Harbors Waterkeepers alleging violations of the Clean Water Act at the Port's Terminal 2 AGP export facility. The notice was received by the Port on January 25, 2024. The allegations were reviewed and, in most instances, challenged. The Port retained the services of Connie Sue Martin of Schwabe, William & Wyatt who assisted in negotiating a full settlement on September 24, 2024 in the amount of $187,500. The Port has adequate reserves to cover this settlement.

NOTE 17 - UNIQUE AND UNUSUAL TRANSACTIONS

A. Major Receivables – In 2023, $24,155,471 (56.6%) of the Port's operating revenues were billed to two major customers.

B. Grays Harbor Navigation Improvement Project – The Port of Grays Harbor is the Local Sponsor of the Grays Harbor Navigation Channel (Channel). As Local Sponsor, the Port is responsible to participate with the U.S. Army Corps of Engineers (Corps) in funding improvments to the Channel.

In 2016, the Corps began construction work on the Grays Harbor Navigation Improvement Project (Project) to deepen the Channel from -36 feet to -38 feet. Total cost of the project was estimated by the Corps at $20 million of which the Port is obligated to fund 25% or $5 million dollars. Before construction began on the Project, the Port was required to transfer its share of the funding to the Corps.

In 2023, the Army Corps of Engineers fiscally closed the Project. A final accounting showed that $17,630,651 was expended on the project with the Port's 25% match being $4,407,662. This left $592,337 remaining as excess Port funding.

As local sponsor under the Project Partnership Agreement the Port is also obligated to reimburse to the U.S. Treasury an amount equal to 10% of the General Navigation Features. A final accounting showed that $17,630,651 was expended on the project with the Port's 10% reimbursement being $1,763,065. When the excess Port funding held by the Army Corps of Engineers was applied to this 10% reimbursement, the total amount owed to the U.S. Treasury was $1,170,728. The Port reached an agreement to reimburse this amount to the U.S. Treasury over a period of 30 years.

NOTE 18 - UNEARNED REVENUE

In accordance with generally accepted accounting principles, the Port has the following unearned receipts which will be amortized over the terms as noted:

Item Description	Issue Year	Amortization Method	Unamortized Amount 12/31/2023
Prepaid lease revenue	1994	Straight-line, 50 year term	$ 34,601
Prepaid lease revenue	1994	Straight-line, 48 1/2 year term	60,726
Prepaid moorage revenue	2022	Straight-line, 1 year term	320,582
Prepaid lease revenue	2022	Straight-line, term varies Based on individual lease terms All 1 year or less	1,126,018
Total Unearned Revenue			**$ 1,541,927**

NOTE 19 – OTHER INFORMATION

A. Operating Divisions – The Port of Grays Harbor groups its operating activity into business divisions, each with identifiable operating revenues, operating expenses and capital assets as follows: marine terminals; marina; airport; industrial properties; Satsop Business Park, pilotage services; ship assist services and an rv park. Other assets, liabilities, net position, nonoperating revenues and nonoperating expenses are recorded on a Port-wide basis only, and are not identifiable to a particular division.

Operating division data for the year ended December 31, 2023 is presented below (in thousands):

	Marine Terminal	Properties	Satsop Business Park	Marina	Airport	Pilotage Services	Other	Total
NET CAPITAL ASSETS:								
Balance 1/1/2023	$ 38,167	$ 19,941	$ 42,768	$ 10,151	$ 4,547	$ 544	$ 4,591	$ 120,709
Depreciation	(2,123)	(838)	(1,713)	(490)	(358)	(47)	(223)	(5,792)
Additions	4,229	17	2,438	1,799	209	28	(488)	8,232
Dispositions	-	-	(87)	-	(36)	(16)	-	(139)
Transfers*	-	-	-	-	-	-	-	-
Balance 12/31/2023	$ 40,273	$ 19,120	$ 43,406	$ 11,460	$ 4,362	$ 509	$ 3,880	$ 123,010
OPERATING ACTIVITY:								
Operating Revenues	$ 28,269	$ 3,961	$ 2,152	$ 1,887	$ 224	$ 2,027	$ 4,131	$ 42,651
Operating Expenses	(26,562)	(2,663)	(2,431)	(1,597)	(460)	(2,438)	(4,052)	(40,203)
General & Admin Expenses	(1,357)	(219)	(162)	(161)	(39)	(154)	(83)	(2,175)
Depreciation	(2,123)	(838)	(1,713)	(490)	(359)	(47)	(33)	(5,603)
Operating Income (Loss)	(1,773)	241	(2,154)	(361)	(634)	(612)	(37)	(5,330)
NON-OPERATING ACTIVITY:								
Tax Revenues	-	-	-	-	-	-	2,984	2,984
Capital Contributions	-	-	-	-	-	-	4,006	4,006
Non-operating Revenues (net of expenses)	-	-	-	-	-	-	1,505	1,505
NET INCOME (LOSS)	$ (1,773)	$ 241	$ (2,154)	$ (361)	$ (634)	$ (612)	$ 8,458	$ 3,165

B. Fisheries Enhancement/Public Facilities – The Port conducts fishery enhancement activities (aka net pen projects) in Westport and provides public access facilities in Montesano, Hoquiam and Westport that do not generate revenues. In order to accurately report operational activities of the Port's business divisions, costs associated with these activities are reported as non-operating, including depreciation associated with the public access facilities' capital assets. For 2023, expenditures of $95,727 and depreciation expense of $190,204 were included in the total of $285,871.

C. Adjustment to Operating Expenses Reported on the Statement of Cash Flows – Election expenses and other non-operating expenses reported as non-operating on the Statement of Revenue, Expenses, and Changes in Net Position are more accurately reported as operating activities on the Statement of Cash Flows. For 2023, this consists of the following:

Fisheries Enhancement/Public Facilities	$285,871
Elections	37,768
Total	$323,639

PORT OF GRAYS HARBOR

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information (RSI) is an integral part of the accompanying financial statements. RSI generally includes schedules, statistical data, and other information.

SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

As of June 30

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
PERS 1										
Employer's proportion of the net pension liability (asset) PERS 1	0.002496%	0.000226%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Employer's proportion of the net pension liability (asset) PERS 1 UAAL	0.036874%	0.034676%	0.034278%	0.034512%	0.034665%	0.033272%	0.031599%	0.031632%	0.031765%	
Employer's proportionate share of the net pension liability (asset)	$2,059,417	$1,874,402	$1,626,518	$1,541,318	$1,332,992	$1,174,681	$385,898	$880,751	$725,110	
Covered payroll**	$4,268,154	$4,167,271	$4,256,539	$4,523,824	$4,748,450	$4,639,578	$4,716,091	$4,926,450	$5,272,980	
Employer's proportionate share of the net pension liability as a percentage of covered payroll	48.25%	44.98%	38.21%	34.07%	28.07%	25.32%	8.18%	17.88%	13.75%	
Plan fiduciary net position as a percentage of the total pension liability	59.10%	57.03%	61.24%	63.22%	67.12%	68.64%	88.74%	76.56%	80.16%	
PERS 2/3										
Employer's proportion of the net pension liability (asset) PERS 2/3	0.047658%	0.044372%	0.044093%	0.044065%	0.044811%	0.043039%	0.040638%	0.041168%	0.041020%	
Employer's proportionate share of the net pension liability (asset)	$1,702,848	$2,234,095	$1,532,021	$752,371	$435,267	$550,444	($4,048,199)	($1,526,831)	($1,681,280)	
Covered payroll**	$4,151,702	$4,086,937	$4,256,539	$4,523,824	$4,748,450	$4,639,578	$4,716,091	$4,926,450	$5,272,980	
Employer's proportionate share of the net pension liability as a percentage of covered payroll	41.02%	54.66%	35.99%	16.63%	9.17%	11.86%	N/A	N/A	N/A	
Plan fiduciary net position as a percentage of the total pension liability	89.20%	85.82%	90.97%	95.77%	97.77%	97.22%	120.29%	106.73%	107.02%	

Notes to Schedules:

*Until a full 10-year trend is compiled, the Port will present information only for those years for which information is available.
**Covered payroll is the payroll on which contributions to a pension plan are based.

SCHEDULES OF EMPLOYER CONTRIBUTIONS

As of December 31

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
PERS 1										
Statutorily or contractually required contributions	$189,367	$200,890	$219,627	$239,605	$251,070	$235,630	$208,202	$201,973	$221,945	
Contributions in relation to the statutorily or contractually required contributions***	$(189,367)	$(200,890)	$(219,627)	$(239,605)	$(251,070)	$(235,630)	$(208,202)	$(201,973)	($221,945)	
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	
Covered payroll**	$4,167,271	$4,163,901	$4,382,453	$4,543,405	$4,753,163	$4,777,652	$4,638,904	$5,152,161	$6,359,984	
Contributions as a percentage of covered payroll	4.54%	4.82%	5.01%	5.27%	5.28%	4.93%	4.49%	3.92%	3.49%	
PERS 2/3										
Statutorily or contractually required contributions	$240,093	$262,390	$307,697	$354,675	$391,803	$389,050	$346,687	$341,939	$421,033	
Contributions in relation to the statutorily or contractually required contributions***	$(240,093)	$(262,390)	$(307,697)	$(354,675)	$(391,803)	$(389,050)	$(346,687)	$(341,939)	($421,033)	
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	
Covered payroll**	$4,142,990	$4,163,901	$4,382,453	$4,543,405	$4,753,163	$4,777,652	$4,638,904	$5,152,161	$6,359,984	
Contributions as a percentage of covered payroll	5.80%	6.30%	7.02%	7.81%	8.24%	8.14%	7.47%	6.64%	6.62%	

Notes to Schedules:

*Until a full 10-year trend is compiled, the Port will present information only for those years for which information is available.
**Covered payroll is the payroll on which contributions to a pension plan are based.
***Contributions are actual employer contributions to the plan. For PERS 1 this includes the portion of PERS 2/3 that fund the PERS 1 UAAL. Contributions do not include employer-paid member contributions.

SCHEDULES OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

Washington State Public Employees Benefits Board Plan
As of June 30

Last 10 Fiscal Years*

	2018	2019	2020	2021	2022	2023	2024-2027
Total OPEB liability – beginning	$2,927,877	$2,963,632	$2,921,272	$3,943,393	$3,509,141	$3,037,719	
Service cost	128,676	111,009	103,190	144,330	138,221	82,949	
Interest	108,679	117,888	104,870	89,521	78,090	108,966	
Changes in benefit terms	0	0	0				
Differences between expected and actual experience	(159,554)	(213,837)	870,912	(593,709)	(623,201)	(567,817)	
Changes of assumptions	0	0	0	0	0	0	
Benefit payments	(42,046)	(57,420)	(56,851)	(74,394)	(64,532)	(85,829)	
Other changes	0	0	0	0	0	0	
Total OPEB liability – ending	$2,963,632	$2,921,272	$3,943,393	$3,509,141	$3,037,719	$2,575,988	
Covered payroll**	4,591,193	4,674,258	4,353,926	4,507,691	5,486,897	6,745,561	
Total OPEB liability as a % of covered payroll	64.55%	62.50%	90.57%	77.85%	55.36%	38.19%	

*Until a full 10-year trend is compiled, the Port will present information only for those years for which information is available.
**Covered payroll is all wages and leave time taken paid to OPEB eligible employees.

SCHEDULES OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS

Bar Pilots Retiree Benefits
For the Year Ended December 31

Last 10 Fiscal Years*

	2020	2021	2022	2023	2024-2029
Total Pension liability – beginning	$1,195,728	$1,232,520	$1,196,191	$1,096,792	
Service cost	29,795	35,877	36,953	32,187	
Interest	32,376	24,402	23,699	40,529	
Changes in benefit terms	0	0	0	0	
Differences between expected and actual experience	0	0	86,517	0	
Changes of assumptions	71,042	0	(150,147)	37,408	
Benefit payments	(96,421)	(96,608)	(96,421)	(96,421)	
Other changes	0	0	0	0	
Total Pension liability – ending	$1,232,520	$1,196,191	$1,096,792	$1,110,495	
Covered payroll**	283,723	292,235	300,079	350,000	
Total Pension liability as a % of covered payroll	434.41%	409.33%	365.50%	317.28%	

*Until a 10-year trend is compiled, only information for those years available is presented.
No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 68.
**Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, par. 5).

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

Stay connected at sao.wa.gov

- Find your audit team
- Request public records
- Search BARS Manuals (GAAP and cash), and find reporting templates
- Learn about our training workshops and on-demand videos
- Discover which governments serve you — enter an address on our map
- Explore public financial data with the Financial Intelligence Tool

Other ways to stay in touch

- Main telephone: (564) 999-0950
- Toll-free Citizen Hotline: (866) 902-3900
- Email: webmaster@sao.wa.gov

APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

ASSURED GUARANTY®

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No.: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By ____________________________________
Authorized Officer