



GRAYS HARBOR **TERMINAL 4 EXPANSION & REDEVELOPMENT**,
PORT OF GRAYS HARBOR, WASHINGTON
Small Port, Large Project PIDP Grant Application FY2022

Appendix A

www.PortofGraysHarbor.com/pidpFY22

All appendices have been posted to the website.

- Appendix A:
- 1) Statement Committing Match, PGH Resolution 3051 – *attached below*
 - 2) AGP Letter of Intent – *attached below*
 - 3) PGH Balance Sheet - *linked*

RESOLUTION NO. 3051

**A RESOLUTION OF THE PORT OF GRAYS HARBOR COMMISSION
AUTHORIZING THE EXECUTIVE DIRECTOR TO SUBMIT A MARITIME
ADMINISTRATION PORT INFRASTRUCTURE DEVELOPMENT PROGRAM
GRANT APPLICATION FOR THE GRAYS HARBOR TERMINAL 4 EXPANSION
AND REDEVELOPMENT PROJECT; COMMITTING LOCAL PORT MATCHING
FUNDS TO THE PROJECT**

WHEREAS, the Port of Grays Harbor ("Port") is a port district created by the citizens of Grays Harbor County pursuant to the Constitution and the laws of the State of Washington; and

WHEREAS, the Port of Grays Harbor is authorized under RCW 53.08.290 to promote and improve the intermodal transportation of interstate and foreign cargo; and

WHEREAS, the Port recognizes the ability to retain and increase international trade shipments, economic development and tourism to the region is dependent upon the safe and efficient movement of goods and people; and

WHEREAS, existing and new private company projects and expansions are contingent upon the Port's ability to develop additional marine terminal infrastructure; and

WHEREAS, Ag Processing Inc, a cooperative and the Port's largest marine shipping customer, has announced their intention to privately construct a product receiving and ship loading facility at marine terminal 4, more than doubling the dry bulk shipping capabilities of the Port of Grays Harbor, and



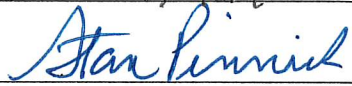
WHEREAS, the Port must make improvements to the public infrastructure serving Terminal 4 in order to provide efficient product movement and competitive pricing for US products shipping through the new facility while maintaining efficiencies for neighboring users, and

WHEREAS, the *Infrastructure Investment and Jobs Act* ("*Bipartisan Infrastructure Law*"), provides opportunity to make grants to improve facilities within, or outside of and directly related to operations of or an intermodal connection to, coastal seaports, inland river ports, and Great Lakes ports, under the Maritime Administration's Port Infrastructure Development Program; and

WHEREAS, the Grays Harbor Terminal 4 Redevelopment and Expansion project qualifies as a large project at a small, coastal seaport; and

NOW, THEREFORE, BE IT RESOLVED that the Port of Grays Harbor Commissioners do hereby authorize Gary G. Nelson, Executive Director of the Port, to submit an application to the USDOT Maritime Administration for a Port Infrastructure Development Program grant for the Grays Harbor Terminal 4 Redevelopment and Expansion Project; and the Port commits to secure up to \$22,000,000 as non-federal matching funds for the construction of the project applied for under PIDP by partnering with state, local and private sources as well as designating the Port's revenues and reserves toward the project.

ADOPTED by the Port Commission of the Port of Grays Harbor this 10th day of May 2022, and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof.

PORT COMMISSIONERS



Port of Grays Harbor

On Washington's Pacific Coast

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May 6, 2022

Chris Schaffer
Ag Processing, Inc.
P. O. Box 2047
Omaha, NE 68103

Re: Letter of Intent for Construction and Operation of Terminal 4 Expansion and Redevelopment Project at the Port of Grays Harbor

Dear Chris:

This letter of intent shall form the basis for further and more detailed discussions and agreements leading to the Port of Grays Harbor (Port) and Ag Processing, Inc. (AGP) establishing a new export loading facility dedicated to bulk agricultural products at Terminal 4 B (T4 B). The purpose of the proposed facility is to allow the Port to expand its existing marine terminal operations, provide AGP with another dedicated export bulk facility, expand market opportunities for AGP members, increase the opportunities for local employment and increase trade for our region.

The past two decades of AGP and Port working together on the Terminal 2 facility have brought great benefits to our local community and helped to increase the export markets for the members of your cooperative. The proven record of performance at Terminal 2 shows that working together we can all benefit by developing this new facility at T4 B. The Port Commission has given its support to this project and the Port has received promises of support from local and federal legislators in its efforts to gain funding for part of the improvements to be made by the Port.

The parties do not intend this letter of intent to create any binding legal obligations with respect to the proposed transaction. Any legal obligations between the parties shall only be as set forth in negotiated and executed agreements. The Parties are in the process of exchanging a draft Option to Lease. The actual agreements shall be in a form and content completely satisfactory to all parties and their counsel. It is contemplated that the Port and AGP will enter into agreements for the T4 B facility that include the following:

1. A Lease between the Port and AGP for acreage at Terminal 4 B and into the cargo yard (Lease);

 Commissioners

Stan Pinnick

Phil Papac

Tom Quigg

 Executive Director

Gary G. Nelson

2. A Management and Operating Agreement between the Port and AGP for the T4 B facility (M&O);
3. Other agreements necessary for rail rates, schedules, and marketing as the Port and AGP may negotiate with the Puget Sound and Pacific Railroad (PSAP).

All of the agreements shall reference the other agreements and the parties shall endeavor to use common definitions and provisions in the agreements; however, the parties shall agree on a manner for resolving any conflicts between agreements.

Lease Agreement

The T4 B Facility shall be constructed by AGP upon Port property leased by AGP (Leased Premises). The T4 B Facility shall be dedicated to handling bulk agricultural products by AGP (Commodity or Commodities). The parties may agree from time to time on the handling of other bulk products through the T4 B Facility.

The Lease shall be for a period of approximately thirty (30) years, with options for renewal extending the term of the Lease up to an additional six (6) five (5) year periods. The Lease premises shall consist of approximately sixty-five (65) acres of land ("Land") and one to three Transit Sheds.

The rental rate for the Lease shall be negotiated between the parties and shall consist of a 1) construction rent rate, 2) operation rent rate, and 3) periodic adjustments beginning in the eleventh (11th) year following the date the receipt of the first shipment of commodities at the T4 B Facility, and, thereafter, at the beginning of each sixth (6th) year.

The Lease shall set forth such terms as are customary for an agreement of this type including, but not limited to the following:

1. AGP's ownership and right to remove leasehold improvements at the expiration of the Lease and/or option(s); and
2. The Lease shall set forth the conditions under which the leasehold improvements shall be rebuilt in the event of an insured or uninsured casualty.

T4 B Facility:

AGP shall design and construct the T4 B Facility on the property leased from the Port. AGP shall consult with and gain the approval of the Port on all phases of the design and construction of the project, including the selection of component parts, specifications, manufacturers, warranties and guarantees. AGP shall comply with the wage laws of Washington and shall use registered and licensed contractors.

Subject to final design and any subsequent modifications, the T4 B Facility will generally include, the following improvements to be constructed by AGP:

- 1) A new ship loading facility at the leased premises using T4 B.
- 2) Rail Receiving Building which will consist of two (2) 120' rail receiving pits that will accommodate two (2) railcars per pit.
- 3) A new electrical service with Receiving Building MCC and Dock MCC.
- 4) An elevated control room to be situated over the two (2) rail receiving pits.
- 5) Two (2) Independent 2,000 TPH lines to transfer product from the receiving pits, through Garner Scales and out to the ship loader system or storage.
- 6) Individual aspiration systems constructed to separate the various areas and functions of the T4 B Facility.
- 7) Three (3) 130' maximum reach Agrico 2,000 TPH ship loaders with dedicated electrical control rooms for each. The ship loaders will have the capability to both slew and shuttle. Ship loaders to include loading spouts with dedicated aspiration systems.
- 8) Storm water systems that drain surface waters from the Leased Premises, and any structures or other improvements constructed by AGP, including any required improvements to the existing storm water systems on T4 B approach, pier, and dock structure.

The T4 B Facility is to be constructed at no expense to the Port. The parties agree to share in the environmental review and permitting.

Rail and Terminal 4 Improvements:

The Port shall be responsible for the design, permitting and construction of the following rail and access improvements within its marine terminal:

- (1) Rail Infrastructure expansion within the marine terminal complex (approximately 50,000 lineal feet of rail). Said rail infrastructure shall include a third rail loop, storage tracks, two (2) leads to and from the AGP dump facility and switches to the PSAP mainline.
- (2) Marine Terminal access within the marine terminal complex.

- (3) Install a new fender system on Terminal 4 dock.
- (4) Secure the gate at the Pontoon site.
- (5) Fill the pontoon site basin.

The Port shall be responsible for dredging and maintaining the berth at T-4 B to a depth of minus 41 feet MLLW and for the permitting of its dredging and construction responsibilities.

Management and Operations Agreement

The Port and AGP shall negotiate a Management and Operations Agreement (M&O) for the T4 B Facility.

General provisions in all Agreements between the Parties

AGP and Port shall include the following terms and provisions in all agreements between the parties:

1. Each party may assign any agreement in the event of merger, acquisition, or consolidation without the prior written consent of the other Parties. Any other assignment shall require the written consent of an authorized executive officer of the other Parties, which shall not be unreasonably withheld.
2. Each party shall have the right to seek "specific performance" of the terms of any agreement.
3. Compliance with all federal, state, and municipal local laws, ordinances, and regulations.
4. All provisions of the Terminal Tariffs of the Port, except where the terms conflict with express provisions of the agreement(s).
5. Within the jurisdiction of the ILWU, the Parties shall employ longshoreman labor to the extent required under agreements between Port and the ILWU. AGP shall honor all labor contracts between the Port and its bargaining units/employees.
6. Dispute resolution under the Commercial Arbitration Rules of the American Arbitration Association. Venue of any dispute shall be in Denver, CO. Washington law shall apply.

Next Steps:

Upon acceptance of this Letter of Intent the Parties shall proceed with good faith negotiations on the final agreements of the parties. The Parties will also proceed with the engineering and design studies, cost analysis, will seek firm construction bids and begin the permit process.

The Port staff and general counsel will negotiate the agreements, subject to the approval of the Port Commission in open session. As you know, all final decisions with regard to this matter must be discussed in open public meetings and voted on by the Commissioners in an open public meeting. I have kept the Commission informed of our discussions thus far and I anticipate their approval if we can come to an agreement on all terms and conditions.

All of us at the Port of Grays Harbor look forward to collaborating with you on this exciting, expanded opportunity for our Port and AGP.

Sincerely,



Gary G. Nelson, Executive Director
Port of Grays Harbor

Agreed and accepted on May 9, 2022

By: 

Title: Chris Schaffer, CEO
Ag Processing Inc



Port of Grays Harbor
Consolidated Statement of Net Position
As of 12/31/21

	Current Balance	Balance Last Month End	Balance Last Year End	Change This Month	Change This Year
ASSETS					
Cash & Investments	14,116,965	16,583,070	17,187,458	(2,466,105)	(3,070,493)
Receivables (net)	7,097,924	5,265,633	5,117,243	1,832,291	1,980,681
Other Current Assets	1,571,821	3,084,050	3,199,010	(1,512,229)	(1,627,188)
Restricted Assets	19,783,744	18,879,367	13,653,240	904,377	6,130,504
Capital Assets (net)	118,761,527	119,586,231	120,092,782	(824,705)	(1,331,256)
Other Non-Current Assets	638,000	638,000	726,000	-	(88,000)
TOTAL ASSETS	161,969,982	164,036,352	159,975,734	(2,066,370)	1,994,248
DEFERRED OUTFLOWS OF RESOURCES					
TOTAL DEFERRED OUTFLOWS	567,506	567,506	567,506	-	-
LIABILITIES					
Current Liabilities	6,481,238	6,105,090	6,049,032	376,148	432,206
G.O. Bonds Payable (net)	12,155,010	12,155,010	7,624,523	-	4,530,487
Revenue Bonds Payable (net)	2,421,000	2,658,000	2,658,000	(237,000)	(237,000)
Contracts Payable	1,812,116	1,812,116	1,867,364	-	(55,248)
Other Long-term Liabilities	7,837,038	7,837,038	7,837,038	-	-
TOTAL LIABILITIES	30,706,402	30,567,254	26,035,957	139,148	4,670,445
DEFERRED INFLOWS OF RESOURCES					
TOTAL DEFERRED INFLOWS	526,710	526,710	526,710	-	-
NET POSITION					
Net Investment in Capital Assets	102,373,400	102,961,105	107,942,896	(587,705)	(5,569,495)
Unrestricted	23,870,349	25,496,713	26,037,677	(1,626,364)	(2,167,328)
TOTAL NET POSITION	126,243,750	128,457,818	133,980,573	(2,214,069)	(7,736,823)