



COMMISSION MEETING

FEBRUARY 14, 2024, 8:30 A.M.

100 E STREET

COLUMBIA CITY, OR 97018

The Port Commission Meeting will be in person. In accordance with state law, the meeting will be accessible via telephone or Zoom. Members of the public may attend the meeting electronically by:

<https://us02web.zoom.us/j/86145188144>

Call-In: (253) 215-8782

Meeting ID: 861 4518 8144

Passcode: 846172

I. CALL MEETING TO ORDER (President, Robert Keyser)

A. Flag Salute

B. Roll Call

II. ADDITIONS TO AGENDA

III. CONSENT AGENDA (Items marked with an asterisk are adopted by a single motion unless a Commissioner requests otherwise.)

A. * Minutes: January 10, 2024

B. * Finance Reports: January 2024

C. * Check Register (A) and electronic payments in the total amount of \$ 444,982.50.

D.* Budget Calendar

IV. COMMENTS FROM THE PUBLIC

(Limited to 2 min. per person unless prior authorization is obtained)

V. OLD BUSINESS

A. Airport Update

B. Port Westward Dock Update

C. Lignetics/Neighbors Update

Lacey Tolles

Elliot Levin

Sean P. Clark

VI. NEW BUSINESS

A. Fiscal Year 2023 Audit Report

B. Resolution 2024-03

Eric Zehntbauer, CPA

Sean P. Clark

A RESOLUTION AUTHORIZING THE PORT TO ENTER INTO A THIRD AMENDMENT TO GROUND LEASE WITH NEXT RENEWABLE FUELS, OREGON, LLC.

VII. EXECUTIVE DIRECTOR'S REPORT

VIII. COMMISSIONER REPORTS



IX. EXECUTIVE SESSION

The Board will hold an Executive Session to consider exempt public records, including written legal advice from Port General Counsel, which is privileged under ORS 40.225, exempt from disclosure under ORS 192.355(9)(a) and ORS 192.660(2)(f).

X. ADJOURNMENT

Upcoming Meetings and Events

Feb. 28	6:00 PM	Port Commission Work Session: <i>Strategic Business Plan Update with WSP</i>
Mar. 5	5:30 PM	Marina Advisory Committee Meeting
Mar. 13	8:30 AM	Port Commission Meeting
Mar. 20	TBD	Port Commission Work Session
Mar. 25	11:30 AM	Agricultural Information Committee Meeting: Clatskanie Food Hub 80 Art Steele St. Clatskanie, OR 97016
Mar. 25	5:00 PM	Airport Advisory Committee Meeting

Agenda times and order of items listed are estimated and are subject to change without notice. This facility is ADA-accessible. If you need special accommodation, please contact the Port office at (503) 397-2888 or TTY (800) 735-1232, at least 48 hours before the meeting.

Pursuant to ORS 192.640 (1) the Port of Columbia County Commission reserves the right to consider and discuss, in either Open Session or Executive Session, additional subjects which may arise after the agenda is published.



**COMMISSION MEETING MINUTES
JANUARY 10, 2024
100 E. STREET
COLUMBIA CITY, OREGON 97018**

The Port of Columbia County held a Board meeting at 8:30 a.m. on Wednesday, January 10, 2024 at the Port office and via Zoom video conferencing with the following present:

Commissioners

Robert Keyser	President
Chip Bubl	Secretary
Brian Fawcett	Vice President
Nancy Ward	2nd Vice President
Nick Sorber	Treasurer

Staff

Sean P. Clark	Executive Director
Robert Salisbury	Port General Counsel
Guy Glenn, Jr.	Executive Finance Mgr.
Elliot Levin	N. County Ops. & Terminal Mgr.
Miriam House	Operations Mgr.
Gina Sisco	Comm. & External Affairs Mgr.

Guests

Jan Schollenberger	Columbia City Resident
Kim Karber	Columbia City Interim Mgr.
Ralph Culpepper	Scappoose Resident
Bob Gadotti	(Zoom)
Doug Bean	(Zoom)
K. Hyllinger	(Zoom)
Alta Lynch	(Zoom)

Elizabeth Millager	Operations Coordinator
Lacey Tolles	Data Res. & Projects Spec. / Interim Airport Manager
Christa Burns	Administrative Asst. II
Susan Tolleshaug	Administrative Asst. (Zoom)

President Robert Keyser called the Port of Columbia County Commission Meeting to order at 8:35 a.m. All Commissioners were present.

This board meeting had a delayed start due to technical difficulties with the Zoom video conferencing platform.

Additions To Agenda

Robert Keyser asked the Commission if there were any additions to the agenda. There were no additions.

Consent Agenda

Mr. Keyser asked for a motion to approve the consent agenda. Nancy Ward moved; Brian Fawcett seconded a motion to adopt consent agenda items A, B, and C: December 13, 2023 Minutes, Financial Reports: December 2023 and Approval of Check Register (A) and electronic payments in the total amount of \$455,549.47. The motion carried unanimously.

Comments From the Public

There were no public comments.

Old Business

Scappoose Bay Marina Update

Port Operations Manager, Miriam House, updated the Commission on the dredging and upland construction improvement projects at Scappoose Bay Marina, which continues to move along on schedule. The Port has received the Department of Environmental Quality (DEQ) water quality permit for dredging. The county building permit for upland construction is expected within the next four weeks. There will be an Invitation to Bid (ITB) for the upland construction.

Data Resource & Project Specialist, and Interim Airport Manager, Lacey Tolles, informed the Commission that the Port has received an Oregon State Marine Board (OSMB) grant for \$427,000 with a 50% required match, for a total budgeted amount of \$824,000. The Commission thanked Ms. House and Ms. Tolles for the updates.

Scappoose Airport Update

Lacey Tolles, Interim Airport Manager, then provided an airport update to the Commission. The Scappoose Fire District's Share and Care program, which provides food, clothing, healthcare items and toys to 160 families in need, will wrap up the project on January 12, 2024. They are thankful to the Port for providing them with space to use at Scappoose Airport at no cost. Four staff members from the Port volunteered, including Sean Clark, Elizabeth Millager, Brittany Scott, and Lacey Tolles.

The Port is in the process of executing a License Agreement with FlightHouse Engineering, an aviation engineering company that develops Unmanned Aircraft Systems (UAS), at the Chinook Building (formerly known as "Sherpa"). They will be building a UAS in the hangar with halo capacity for a company that provides "Uber-like" operation for airplanes. This operation will be used for transferring supplies, food, tools, and passengers. The License Agreement will be for an 8-month term with an option to extend it to one year. Ms. Tolles will be meeting with FlightHouse again today, January 10, 2024. Nancy Ward asked the reason for the short-term, and Ms. Tolles replied that they need space to complete a specific project.

Ms. Tolles stated she will be meeting with Century West on January 11, and she will attend the Port's regularly scheduled meeting with Transwestern Aviation on January 21. The Scappoose Airport Advisory Committee will meet on January 29.

Port Westward Dock Update

Elliot Levin, North County Operations & Terminal Manager, provided a brief update on the progress made to restore service at Port Westward. Since the last update on December 13, 2023, most of the visible dock restoration effort has been centered on removing submerged debris and preparing to drive pile. Mr. Levin presented several PowerPoint slides with photos showing some of the submerged debris removed from the bottom of the river and pipes cut from the remaining section of the downstream approach (about three truckloads of scrap). Debris removal was required by the emergency permit and to enable the spud barge to enter the lagoon to drive piles. After the dock incident on November 12, 2023, power was restored within a day or so through a temporary cable, providing safety and navigation lights throughout the incident. The photos displayed by Mr. Levin also showed the new electrical conduit being placed on the main dock for the permanent electrical line that will run via the upstream approach. Mr. Levin stated that the first of two spud barges arrived on Friday, January 5. The barge was loaded with a crane and the piles for the new pipe bridge. The new pipes will run parallel to the road heading toward the downstream approach and turn left to transition to the pipe bridge. Mr. Clark clarified that the downstream approach access road will not be blocked by pipeline. Pile driving will be completed by the end of this week or the middle of next week, and the project is still on schedule to have the berth back in operation by mid-February. Mr. Keyser commented that the neighbors have reported hearing no

sound from the work being done. Mr. Levin stated that pipes for the Port's new fire line started to arrive on Jan. 9 and pipe for PGE's water discharge line will arrive soon. Ms. Ward asked if CPBR is satisfied with the progress and Mr. Levin replied that CPBR seems to be pleased and everyone is working well together. He added that PGE is impressed by how quickly CPBR has moved things forward. The project is on schedule to be completed by mid-February 2024.

Lignetics/Neighbors Update

Sean P. Clark, Executive Director, provided an update on Lignetics and the Columbia City neighbors. Mr. Clark said Commissioner Sorber contacted Mike Sykes at CRPUD about the transformer. The next step is for Mr. Clark to get together with Mr. Sykes and Steve Nelson to discuss the installation and update the timeline. This applies to Lignetics installing the larger hammermill. The Port continues to work with Lignetics on minimizing the dust issue. The Port is also working with the Oregon Department of Environmental Quality (DEQ) to encourage them to complete an inspection of the Lignetics plant between May and October when the plant is operational, and the testing is more applicable. Mr. Clark will also invite DEQ to attend a Commission meeting to discuss the issue. Columbia City resident, Jan Schollenberger requested an update on the progress. She noted a couple of items on the Lignetics timeline that should have already been completed, such as receiving the permit and awarding a bid. Mr. Clark said Lignetics should provide an update in February if not sooner. Ms. Schollenberger requested to have a representative from both the Port and Lignetics attend a neighborhood meeting at Community Hall. They would like to coordinate a time in February. Mr. Clark said the Port would be happy to attend. Lastly, Ms. Schollenberger asked if there has been any discussion on moving the truck entry back to the previous location at Trestle Beach. Mr. Clark responded that he is not sure it is something Lignetics will implement, depending on how it would affect them operationally. Ms. Schollenberger wanted to know if it is up to Lignetics or if the Port would be involved. Mr. Clark said he likes the idea, but Lignetics would need to address it and it is on their radar. Mr. Keyser added that it would also be beneficial to Lignetics.

Sale of New Hangar Building Update

Sean P. Clark, Executive Director, provided an update on the sale of the new hangar building. Mr. Clark informed the Commission that he spoke with Mr. Freeman on January 9, and he would like to see the building before committing to the purchase. Either Mr. Freeman or his son will travel here from Arkansas depending on current weather conditions and scheduling. They can align their visit to view the building between now and the next Commission meeting. The Port sent a lease document to Mark Smith on December 21, 2023. Mr. Clark will be out of the office next Wednesday through Friday, January 17 – 19, returning Monday, January 22. He will provide another update on the new hangar building sale at the next Commission meeting.

New Business

Approval of 2024 Commission Meeting Schedule

The Board of Commissioners held a brief discussion regarding dates and times for the 2024 Commission meetings and work sessions. Sean Clark noted a work session set for December 25, 2024 which will need to be rescheduled. Brian Fawcett mentioned the November 27, 2024 meeting should also be rescheduled due to the holiday. The Commission agreed to determine those meetings later.

Brian Fawcett moved; Chip Bubl seconded a motion to approve the 2024 Commission Meeting Schedule. The motion carried unanimously.

Committee and Organizations Assignments

The Commission held a brief discussion on the 2024 committee and organization assignments. Brian Fawcett said he could attend the Rainier Chamber of Commerce and Rainier City Council meetings. Mr. Fawcett already attends the Clatskanie PUD meetings. Nick Sorber stated he could potentially attend the Columbia River Steamship Operators Association (CRSOA). Nancy Ward is listed for the Northwest Oregon Area Commission on Transportation (NWACT), Pacific Waterway Association (PNWA), Scappoose Industrial Airport Advisory Committee and the City of Scappoose. Mr. Fawcett pointed out that the Columbia River PUD (CRPUD) is not listed and should be added. Mr. Clark suggested scaling back the association memberships and focusing more financially on the Columbia Economic Team (CET). Mr. Clark also proposed some of the Port's memberships be put on hold temporarily to be more fiscally responsible. Mr. Keyser agreed, stating the Port's priorities have been reset since the dock incident that occurred at Port Westward on November 12, 2023. Mr. Clark stated he is on the executive committee for the Association of Pacific Ports (APP), and he will Zoom in for their executive meeting in January. Ms. Ward would like to see information on the membership costs. Mr. Clark said he will reach out to the Commissioners to further discuss committee assignments and association memberships and provide membership cost information.

Resolution 2024-01

APPROVING THE SELECTION OF PHI CONSTRUCTION FOR THE MAINTENANCE FACILITY PROJECT AT MULTNOMAH INDUSTRIAL PARK

Miriam House, Port Operations Manager, presented Resolution 2024-01. First, Ms. House acknowledged the Port maintenance team for clearing debris from the sidewalks and parking lot at the Port office due to strong gusts of wind which blew down trees and branches on Tuesday, January 9. The maintenance crew was out first thing on Wednesday morning to clean it up. Next, Ms. House explained that plans for a new Port maintenance shop have been in the works for at least 8 years, and this project started a year ago with permitting, designing, and engineering. Ms. House informed the Commission that the Port received six (6) proposals after going out to bid with a Request for Proposals (RFP). Port staff reviewed all the proposals and conducted in-person interviews with each contractor. Competition was tough and proposals came in higher than expected, but there were several qualified proposers. After reviewing all the information provided, Port staff selected PHI Construction at a cost of \$3.2 million with a 10% provision for additional costs. According to ORS (Oregon Revised Statutes) 279B.100, an RFP may be cancelled if the Commission determines it is in the best interest of the Port. Ms. House would still like to advocate for this project, as costs will continue to increase and Port staff are working in poor conditions. If the project is terminated, then alternative solutions will need to be considered. Brian Fawcett stated that while this project has a big impact on the Port's budget during a challenging time, it is a priority. He would be interested in hearing other options. Mr. Clark said some alternatives would be constructing a new mixed-use building, moving the Port's maintenance operations to the Railroad Avenue building once it becomes available, temporarily leasing a new office trailer, or retrofitting the 3-sided building at Winner's Circle for temporary use. Port Executive Finance Manager, Guy Glenn, Jr. came forward to discuss options from a budgetary standpoint and informed the Commission that the planning for the 2024-2025 Capital Budget is coming up soon. Mr. Keyser requested Mr. Glenn provide some financing options at the next Commission meeting. Ms. House will reach out to PHI Construction to find out their availability if the project is delayed for three months. Mr. Fawcett will meet with the Port maintenance team prior to the next Commission meeting. Mr. Clark does not recommend approval of Resolution 2024-01 due to budgetary constraints. The Commissioners would like to discuss viable alternatives at the next Commission meeting.

Resolution 2024-02

APPROVING THE SELECTION OF NORTHEAST ELECTRIC, LLC FOR THE SCAPPOOSE AIRPORT EMERGENCY GENERATOR PROJECT

Lacey Tolles, Interim Airport Manager, presented Resolution 2024-02. Port staff recommend authorizing the execution of a contract for the standby emergency generator project with Northeast Electric, LLC in the amount of \$324,000, with a 10% contingency for additional costs, for a not to exceed total of \$356,400.

Nick Sorber moved; Nancy Ward seconded a motion to adopt Resolution 2024-02. The motion carried unanimously.

Commissioner Reports

Chip Bubl reported things have been quiet for him the last couple of weeks.

Brian Fawcett said he was out of the office during the Port Holiday Party. He said he appreciates all the work the Port staff have been doing, especially recently.

Nick Sorber attended the Port Holiday Party and thanked staff for the invitation. He said the Port staff have been doing a great job and would like to keep the ball rolling with Lignetics.

Nancy Ward also attended the Port Holiday Party and expressed her appreciation for the Port staff. Ms. Ward announced the Agricultural Information Committee has selected Brenda Vassau as a Project Manager. Ms. Vassau will give a presentation at the next Commission meeting. Ms. Ward expressed her gratification for the work between the Port and the Agricultural Information Committee, and also for the collaboration with other agencies and the local community.

Robert Keyser stated he was unable to make the Port Holiday Party and expressed his regrets. Mr. Keyser declared that he is a customer of Lignetics and he buys products from them to sell at his business, Clatskanie Builders Supply. He said this does not change his view and he is very supportive and appreciative of the community's efforts.

Executive Director's Report

Provided and read by Sean Clark. The Report is on file at the Port Office.

Executive Session

Port General Counsel, Robert Salisbury stated that the Executive Session was listed on the Agenda, but the Commission decided there will be no Executive Session.

THERE BEING NO FURTHER BUSINESS BEFORE THE COMMISSION, THE MEETING ADJOURNED AT 9:57 A.M.

President

February 14, 2024

Date Adopted by Commission

Secretary



Finance Report February, 2024

STAFF REPORT

DATE: February 5, 2024
TO: Port Commission Board
FROM: Guy Glenn
Executive Finance Manager
RE: Finance Update: December, 2023 - January, 2024

Discussion:

This agenda item is a preliminary report of the Port's financials as of January 31, 2024.

Income Statement: Due to the timing of this report, the January, 2024 statement will be provided next month; the December 2023 Income Statement has been included.

Cash and Investments as of January 31, 2024: \$11,573,006.55

Checks and electronic payments issued in Jan. 2024 totaled: \$444,982.50.

January Highlights:

The FY25 Budgeting Process is underway and kicked off in January. Several internal meetings on the Capital Budget have been completed, and we will be having several more in February. The port received three letters of interest from new prospective budget committee members. I am including a tentative schedule outlining our budget process through our FY24 fiscal year end. We have also been contributing to the strategic planning process.

A \$1 million initial advance from our insurer was received on January 2nd for the Port Westward Dock claim. A check for our 2024 SDIS insurance premium of \$393,402 was issued on Feb. 1, 2024, and relevant tenants have been invoiced for their respective portion of the total premium.

I will be attending the SDAO Annual Conference Feb. 8-11th and the OGFOA Spring Conference Mar. 10-13th.



Income Statement For the period ending December 31, 2023

	Current	Yr To Date	Annual	%	Prior YTD
	Actual	Actual	Budget	Remaining	Actual
Resources					
Property Taxes	15	1,283	10,000	87.2%	2,711
Licenses and Permits	45,604	277,499	607,905	54.4%	273,626
Rents and Reimbursements	374,677	2,716,095	5,539,770	51.0%	2,738,709
Terminal Services	-	302,602	718,925	57.9%	184,442
Bayport RVPark	4,580	57,741	161,757	64.3%	74,506
Parking Fees	851	18,948	35,191	46.2%	19,104
Launch Fees	836	21,913	59,264	63.0%	19,549
Other Marina Fees	210	1,275	6,556	80.6%	1,741
Grants	194,836	217,086	400,000	45.7%	47,035
Loan Proceeds	-	-	400,000	100.0%	483,186
Interest Earnings	41,741	229,699	200,000	-14.8%	87,958
InterGovernmental Income	-	-	-	0.0%	-
Contributions	-	-	-	0.0%	-
Miscellaneous Income	4,887	32,332	30,000	-7.8%	9,412
Total Resources	668,237	3,876,472	8,169,368	52.5%	3,941,979
Requirements					
Personnel Services	295,093	1,251,578	2,824,265	55.7%	1,064,787
Materials and Services	103,117	894,794	2,295,741	61.0%	1,125,484
Capital Outlay	36,797	430,162	7,295,000	94.1%	189,555
Debt Service	26,801	396,292	785,664	49.6%	419,002
Contingency	-	-	3,062,743	100.0%	-
Total Requirements	461,808	2,972,826	16,263,413	81.7%	2,798,829
Ending Fund Balance	206,429	903,646	(8,094,045)	111.2%	1,143,150

**Port of Columbia County
Vendor Check Register Report - A**

Check Number	Vendor ID	Vendor Name	Document Date	Check Amount
44691	CENT003	CenturyLink	1/3/2024	\$54.14
44692	CHRI002	Chris O Janitorial LLC	1/3/2024	\$1,711.66
44693	CITY003	City of St. Helens	1/3/2024	\$25,453.80
44694	CLAT002	Clatskanie PUD	1/3/2024	\$50.81
44695	COLU008	Columbia River PUD	1/3/2024	\$68.68
44696	COMC002	Comcast Business	1/3/2024	\$3,141.30
44697	COTT001	Sydell Cotton	1/3/2024	\$50.00
44698	FAWC001	Brian Fawcett	1/3/2024	\$83.84
44699	FINE001	Encore Business Solutions	1/3/2024	\$206.25
44700	GLOB001	Global Security	1/3/2024	\$194.85
44701	HRAV001	HRA VEBA Plan	1/3/2024	\$10,500.00
44702	OTAK001	Otak Inc	1/3/2024	\$5,890.00
44703	PACI006	Pacific Energy Group LLC	1/3/2024	\$3,644.43
44704	SCOT001	Brittany Scott	1/3/2024	\$50.00
44705	SONI001	Sound Security, Inc	1/3/2024	\$501.32
44706	STAN002	The Standard	1/3/2024	\$2,081.88
44707	VOYA001	Voya - State of Oregon	1/3/2024	\$4,165.00
44708	WARD001	Nancy Ward	1/3/2024	\$55.02
44709	AMER003	American Metal Corp	1/5/2024	\$815.62
44710	ASHC001	Ash Creek Forest Management, LLC	1/5/2024	\$3,600.00
44711	BANK001	BMO Financial Group	1/5/2024	\$7,773.31
44712	BUBL001	Chip Bubl	1/5/2024	\$150.00
44713	CHRO0001	The Chronicle	1/5/2024	\$70.00
44714	CINT001	Cintas First Aid & Safety	1/5/2024	\$216.00
44715	CINT002	Cintas Corporation No 3	1/5/2024	\$56.71
44716	CITY001	City of Columbia City	1/5/2024	\$248.57
44717	CITY002	City of Scappoose	1/5/2024	\$2,075.76
44718	CITY003	City of St. Helens	1/5/2024	\$164.06
44719	CITY005	City of Clatskanie	1/5/2024	\$85.38
44720	COLU008	Columbia River PUD	1/5/2024	\$4,782.79
44721	COMC001	Comcast	1/5/2024	\$92.80
44722	CSAP001	CSA Planning Ltd.	1/5/2024	\$157.50
44723	DELT001	Delta Fire, Inc	1/5/2024	\$4,640.00
44724	FAWC001	Brian Fawcett	1/5/2024	\$150.00
44725	GBMA001	GB Manchester	1/5/2024	\$540.00
44726	KEYS001	Robert Keyser	1/5/2024	\$150.00
44727	KPFF001	KPFF, Inc	1/5/2024	\$1,470.00
44728	LEIS001	Leisure Holding Inc & Substandard dba	1/5/2024	\$174.15
44729	MYSY001	My System Shield LLC	1/5/2024	\$2,350.00

**Port of Columbia County
Vendor Check Register Report - A**

44730	NWMT001	NWMTA	1/5/2024	\$250.00
44731	OREG003	Oregon DCBS	1/5/2024	\$89.60
44732	PACI006	Pacific Energy Group LLC	1/5/2024	\$439.69
44733	PITN001	Pitney Bowes	1/5/2024	\$402.50
44734	PNWA001	Pacific Northwest Waterways Association	1/5/2024	\$450.00
44735	PORT002	Portland General Electric	1/5/2024	\$7,388.44
44736	QUIL001	Staples Inc dba	1/5/2024	\$327.63
44737	SHRE001	Shred Northwest, Inc	1/5/2024	\$60.00
44738	SORB001	Nick Sorber	1/5/2024	\$150.00
44739	TOLL001	Lacey Tolles	1/5/2024	\$99.27
44740	WARD001	Nancy Ward	1/5/2024	\$150.00
44741	WILC001	Wilson Oil Inc dba	1/5/2024	\$429.28
44742	ACEH001	Ace Hardware - St Helens	1/11/2024	\$422.56
44743	ACEH002	Ace Hardware - Scappoose	1/11/2024	\$100.02
44744	CENT001	CenturyLink	1/11/2024	\$246.49
44745	CINT001	Cintas First Aid & Safety	1/11/2024	\$108.00
44746	CINT002	Cintas Corporation No 3	1/11/2024	\$56.71
44747	CIVI001	CivicPlus LLC	1/11/2024	\$3,175.50
44748	CLAT002	Clatskanie PUD	1/11/2024	\$1,068.52
44749	COMC002	Comcast Business	1/11/2024	\$3,626.69
44750	CONN001	Connecta Satellite Solutions LLC	1/11/2024	\$89.56
44751	COUN001	Country Media	1/11/2024	\$37.20
44752	CSAP001	CSA Planning Ltd.	1/11/2024	\$6,063.75
44753	DAHL001	VASA Hldgs LLC dba	1/11/2024	\$65.18
44754	FINE001	Encore Business Solutions	1/11/2024	\$3,750.14
44755	HELL001	Rob Heller	1/11/2024	\$13.00
44756	HUDS001	Hudson Garbage Service	1/11/2024	\$430.39
44757	MERC001	Merchants Exchange of Portland	1/11/2024	\$980.00
44758	OREG008	Oregon Government Ethics Commission	1/11/2024	\$1,134.82
44759	OREI001	O'Reilly Auto Enterprises LLC	1/11/2024	\$90.54
44760	PACI005	Pacific Office Automation	1/11/2024	\$357.00
44761	PACI007	Pacific Office Automation-Problem Solved	1/11/2024	\$413.97
44762	RICK001	Rick's Hi-School Pharmacy	1/11/2024	\$116.92
44763	RONB001	Ron Brownlow Trucking Inc	1/11/2024	\$800.00
44764	SCAP006	Scappoose Outfitters Inc.	1/11/2024	\$1,401.00
44765	SDIS001	SDIS	1/11/2024	\$1,022.28
44766	SHER001	Sherwin-Williams	1/11/2024	\$150.29
44767	SIER001	Sierra Springs	1/11/2024	\$30.15
44768	STEW001	Stewardship Solutions, Inc	1/11/2024	\$15,908.23
44769	VOYA001	Voya - State of Oregon	1/11/2024	\$4,215.00

**Port of Columbia County
Vendor Check Register Report - A**

44770	WAST002	Waste Management of OR, Inc.	1/11/2024	\$33.45
44771	CHAR001	Charter Communications	1/18/2024	\$217.04
44772	CINT002	Cintas Corporation No 3	1/18/2024	\$170.57
44773	EATO001	Eaton's Tire and Auto Repair LLC	1/18/2024	\$1,106.92
44774	HUDS001	Hudson Garbage Service	1/18/2024	\$249.32
44775	HUDS002	Hudson Portable Toilet Service	1/18/2024	\$252.00
44776	KOLD001	Culligan	1/18/2024	\$72.20
44777	LOWE001	Lower Columbia Engineering	1/18/2024	\$19,640.00
44778	MYSY001	My System Shield LLC	1/18/2024	\$4,180.00
44779	NORW001	Norwest Engineering, Inc	1/18/2024	\$8,843.86
44780	NUIS001	John A. Norvell dba	1/18/2024	\$175.00
44781	NWNA001	NW Natural Gas Company dba	1/18/2024	\$123.85
44782	OREG012	Oregon Dept. of Aviation	1/18/2024	\$100.00
44783	PACI006	Pacific Energy Group LLC	1/18/2024	\$338.99
44784	PORT002	Portland General Electric	1/18/2024	\$10,200.20
44785	QUIL001	Staples Inc dba	1/18/2024	\$135.96
44786	SALI002	Robert Salisbury	1/18/2024	\$41.92
44787	SHRE001	Shred Northwest, Inc	1/18/2024	\$60.00
44788	STEW001	Stewardship Solutions, Inc	1/18/2024	\$982.50
44789	SUPP002	SupplyWorks	1/18/2024	\$104.76
44790	WSPU001	WSP USA Inc	1/18/2024	\$25,485.53
44791	BERG001	Gerald Berger	1/24/2024	\$104.00
44792	CABL001	Cable Huston	1/24/2024	\$5,069.00
44793	CENT001	CenturyLink	1/24/2024	\$101.07
44794	CENT003	CenturyLink	1/24/2024	\$54.61
44795	CINT002	Cintas Corporation No 3	1/24/2024	\$321.47
44796	CITY003	City of St. Helens	1/24/2024	\$27,105.05
44797	CLAT002	Clatskanie PUD	1/24/2024	\$47.91
44798	COLU008	Columbia River PUD	1/24/2024	\$68.68
44799	COMC001	Comcast	1/24/2024	\$2,251.07
44800	FINE001	Encore Business Solutions	1/24/2024	\$337.50
44801	GREAO01	Greater Portland Inc	1/24/2024	\$6,000.00
44802	KPFF001	KPFF, Inc	1/24/2024	\$1,190.00
44803	LCRH001	Lower Columbia Region HSC	1/24/2024	\$500.00
44804	NWNA001	NW Natural Gas Company dba	1/24/2024	\$168.56
44805	PACI006	Pacific Energy Group LLC	1/24/2024	\$367.82
44806	PITN001	Pitney Bowes	1/24/2024	\$456.31
44807	QUIL001	Staples Inc dba	1/24/2024	\$148.49
44808	SHRE001	Shred Northwest, Inc	1/24/2024	\$120.00
44809	TCMS	Trotter & Morton	1/24/2024	\$1,237.50

**Port of Columbia County
Vendor Check Register Report - A**

44810	VOYA001	Voya - State of Oregon	1/24/2024	\$4,215.00
44811	WILC001	Wilson Oil Inc dba	1/24/2024	\$158.11
				\$266,312.17

Electronic Withdrawals

		ADP Payroll Fees January	1/5/2024	\$248.92
		ADP Payroll Fees January	1/19/2024	\$255.98
		ADP Payroll Fees January	1/31/2024	\$274.90
		Regence Blue Cross	1/6/2024	\$30,678.52
		PERS	1/12/2024	\$9,689.85
		PERS	1/26/2024	\$8,964.58
		ADP Payroll	1/24/2024	\$62,123.79
		ADP Payroll	1/11/2024	\$66,433.79
Sub Total				\$178,670.33
Total				\$444,982.50



**Port of Columbia County
Budget Process Calendar
2024-2025**

Internal Capital Budget Meetings	Jan. 18th Feb 13th, Feb 22th
Solicit Input from Commission	Mar 13th After Reg. Mtg
Staff Prepare Proposed Budget	March / April
Notice to Brittany for Budget committee Meeting	Wk. of April 13th
Publish 1st Notice of Budget Committee Meeting (5 to 30 days before the meeting) Prepare Proposed Budget packets	Wk. of April 22th
Budget Committee Meeting #1	May 8th 10:00AM
Budget Committee Meeting #2 (if necessary)	May 22th
Publish Notice of Budget Hearing/Adoption (5 to 30 days before hearing)	Wk. of May 20th
Hold Budget Hearing Enact Resolution to: A. Adopt Budget B. Make Appropriations C. Impose and Categorize Taxes	June 12th
Submit Tax Certification Documents by:	June 26, 2024
Send Copy of All Budget Documents to County Clerk	June 26, 2024

**PORT OF COLUMBIA COUNTY
COLUMBIA COUNTY, OREGON**

FINANCIAL STATEMENTS

Year Ended June 30, 2023



KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

**PORT OF COLUMBIA COUNTY
COLUMBIA COUNTY, OREGON
FOR THE YEAR ENDED JUNE 30, 2023**

BOARD OF COMMISSIONERS

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Nancy Ward PO Box 190 Columbia City, OR 97018	1	June 30, 2023
Chip Bubl PO Box 190 Columbia City, OR 97018	2	June 30, 2023
Chris Iverson PO Box 190 Columbia City, OR 97018	3	June 30, 2023
Robert Keyser PO Box 190 Columbia City, OR 97018	4	June 30, 2025
Brian Fawcett PO Box 190 Columbia City, OR 97018	5	June 30, 2025

Registered Agent and Address:

**Sean P. Clark, Executive Director
P.O. Box 190
Columbia City, OR 97018**

PORT OF COLUMBIA COUNTY

FINANCIAL STATEMENTS

Year Ended June 30, 2023

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**PORT OF COLUMBIA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

This discussion and analysis of the Port of Columbia County (the Port) financial performance provides an overview of the Port's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the Port's financial statements, which follow this section.

Overview of the Financial Statements

This audit report consists of three parts – management's discussion and analysis (this section), the basic financial statements (including notes), and supplementary information. The report is guided by accounting and reporting principles established by the Governmental Accounting Standards Board (GASB). The basic financial statements are prepared on the accrual basis, similar to a private business, whereby revenues are recognized when earned and expenses are recognized when incurred, regardless of when cash is received or paid. The basic financial statements consist of a balance sheet which includes the Port's assets, liabilities, and net position (assets minus liabilities) at year end; statement of revenues, expenses, and changes in net position, which includes all revenues, expenses, and grants received for construction for the year; and statement of cash flows, which represents the sources and uses of cash for the year. The financial statements also includes notes that explain some of the information in the financial statements and provide more detailed data. Following the financial statements is a section of supplementary information, which further explains and supports the information in the financial statements.

Financial Results

The Port is the primary responsible party for an environmental cleanup, and has received a record of decision regarding the remediation required for the site. The amount of the obligation is recorded as a prior period adjustment, beginning net position is restated by the amount of the obligation (\$19,600,000).

The Port's total net position decreased from the prior year from \$25.7M to \$25.5M. Additions to capital assets of \$732K include work related to railroad and dock improvements.

The Port ended the year with a decrease in net position of \$185K, an improvement from prior year's loss of \$899K.

The analysis in Table 1 below focuses on the net position of the Port; Table 2 focuses on the revenues and expenses of the Port.

**PORT OF COLUMBIA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended June 30, 2023**

Table 1 – Net Position

	<u>2023</u>	<u>2022</u>
Assets and deferred outflows		
Current	\$ 9,822,577	\$ 8,331,958
Restricted	-	262,776
Capital assets, net	41,928,277	43,388,464
Other	<u>1,924,289</u>	<u>7,983,516</u>
Total assets and deferred outflows	<u>53,675,143</u>	<u>59,966,714</u>
Liabilities and deferred inflows		
Current	1,578,941	2,521,074
Other liabilities	<u>26,623,685</u>	<u>31,788,023</u>
Total liabilities and deferred inflows	<u>28,202,626</u>	<u>34,309,097</u>
Net position		
Invested in capital assets, net of related debt	35,502,012	31,344,435
Unrestricted	(10,029,495)	(5,949,594)
Restricted	-	262,776
Total net position	<u>\$ 25,472,517</u>	<u>\$ 25,657,617</u>

Table 2 – Revenues and Expenses

	<u>2023</u>	<u>2022</u>
Operating revenues		
Tenant rents	\$ 6,314,856	\$ 5,873,170
Taxes and assessments	11,065	14,944
Intergovernmental income	307,192	314,379
Miscellaneous	<u>41,170</u>	<u>275,513</u>
Total operating revenues	<u>6,674,283</u>	<u>6,478,006</u>
Operating expenses		
Personnel services	2,161,821	1,834,967
Materials and services	2,431,032	3,138,388
Depreciation	<u>2,192,556</u>	<u>2,216,041</u>
Total operating expenses	<u>6,785,409</u>	<u>7,189,396</u>
Total operating income (loss)	<u>(111,126)</u>	<u>(711,390)</u>
Non-operating revenues (expenses)		
Grants	47,034	188,608
Interest income	249,144	132,317
Interest expense	<u>(370,152)</u>	<u>(508,148)</u>
Net non-operating revenues (expenses)	<u>(73,974)</u>	<u>(187,223)</u>
Change in net position	(185,100)	(898,613)
Net position, beginning of year, restated	<u>25,657,617</u>	<u>26,556,230</u>
Net position, end of year	<u>\$ 25,472,517</u>	<u>\$ 25,657,617</u>

**PORT OF COLUMBIA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended June 30, 2023**

Capital Assets

The following table lists the Port's capital assets and their value as of June 30, 2023:

	<u>2023</u>	<u>2022</u>
Capital assets		
Land	\$ 11,087,001	\$ 11,087,001
Construction in progress	1,003,959	720,768
Depreciable costs	<u>63,899,875</u>	<u>63,450,697</u>
Total capital assets	75,990,835	75,258,466
Accumulated depreciation	<u>(34,062,558)</u>	<u>(31,870,002)</u>
Total net capital assets	\$ <u>41,928,277</u>	\$ <u>43,388,464</u>

For further information on the Port's capital assets, see Note E of the financial statements.

Long-Term Obligations

At June 30, 2023, the Port had \$2.5M in notes payable outstanding. In addition, the Port has a special assessment debt with governmental commitments of \$1.5M. A corresponding receivable from other governments has also been recorded for this amount. Including the special assessment debt, the Port reported a net decrease in debt of \$5.6M for the 2022-23 fiscal year; this includes the forgiveness of \$5.4M in assessment debt. Additional information on the Port's long-term debt can be found in Note G of the financial statements.

Construction Line of Credit

On July 22, 2020, the Port entered into a construction financing contract, a non-revolving construction line of credit for \$2M, with Oregon Infrastructure Finance Authority for the development of a Hangar. The contract converts to permanent financing upon completion of construction. Additional information on the Port's line of credit can be found in Note H of the financial statements.

Budgetary Highlights

The Port's budget for the fiscal year 2022-23 was adopted by the Port Commission in June 2022 and certified by the Columbia County Clerk in July 2022. There were no changes to the appropriations during the year.

Economic Factors and Next Year's Budgets and Rates

As part of the Port's strategic planning and business planning process, regional and national economic trends and forecasts are reviewed and forecasted to help produce the annual budget. In the Port's 2023-24 budget, operating expenditures and revenues are forecast to increase from the prior year.

Contacting the Port's Financial Management

This financial report is designed to provide users with a general overview of the Port's finances. If you have questions about this report or need additional information, contact the Port of Columbia County, P.O. Box 190, Columbia City, OR 97018.

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Port of Columbia County
Columbia City, Oregon

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of the business-type activities of Port of Columbia County, Oregon (the Port), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed in the table of contents.

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion section of the report, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Port, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 opinions.

Matter Giving Rise to the Qualified Opinion

Management has not adopted a methodology for applying GASB 87 for lease accounting. Under this statement a lessee is required to recognize right-of-use assets and related liabilities for lease agreements beyond one year, and a lessor is required to recognize a lease receivable and deferred inflow of resources for leased assets, which would increase both assets and liabilities. The amount by which this departure would affect the assets, deferred inflows of resources, fund balances, and expense has not been determined.

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.

PORT OF COLUMBIA COUNTY

To the Board of Commissioners
Port of Columbia County

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 opinions.

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 generally accepted 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.

In performing an audit in accordance with generally accepted auditing standards, we:

- 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.

We are required to 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 budgetary comparison information 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.

To the Board of Commissioners
Port of Columbia County

Required Supplementary Information (Continued)

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 Information

The budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects to the basic financial statements as a whole.

Other Report on State Legal and Regulatory Requirements

In accordance with the *Minimum Standards of Audits of Oregon Municipal Corporations*, we have issued our report dated December 5, 2023 on our consideration of Port of Columbia County, Oregon's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

KERN & THOMPSON, LLC
Certified Public Accountants



Eric A. Zehntbauer, CPA
Partner

Portland, Oregon
December 5, 2023

BALANCE SHEET

June 30, 2023

ASSETS

Current assets

Cash and investments	\$	9,558,074
Receivables, net of allowances		236,708
Prepaid expenses		<u>27,796</u>
Total current assets		<u>9,822,578</u>

Noncurrent assets

Capital assets		
Depreciable capital assets		63,899,875
Non-depreciable capital assets		12,090,960
Accumulated depreciation		<u>(34,062,558)</u>
Capital assets, net		41,928,277
Receivables from other organizations		<u>1,638,711</u>
Total noncurrent assets		<u>43,566,988</u>

Deferred outflows of resources

285,578

Total assets and deferred outflows

\$ = 53,675,143

LIABILITIES AND NET POSITION

Current liabilities

Accounts payable	\$	51,227
Accrued interest payable		77,291
Compensated absences		169,742
Deferred revenue		332,428
Deposits		680,057
Notes payable and assessment debt - current		<u>268,196</u>
Total current liabilities		<u>1,578,941</u>

Noncurrent liabilities

Notes payable		2,208,604
Special assessment debt with government commitment		1,455,970
Construction line of credit		2,493,495
Environmental remediation obligation		19,600,000
Net pension liability		<u>628,835</u>
Total noncurrent liabilities		<u>26,386,904</u>

Deferred inflows of resources

236,781

Net position

Investment in capital assets, net of related debt		35,502,012
Unrestricted		<u>(10,029,495)</u>
Total net position		<u>25,472,517</u>

Total liabilities, deferred inflows and net position

\$ = 53,675,143

See notes to financial statements.

PORT OF COLUMBIA COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year Ended June 30, 2023

Operating revenues	
Tenant rents	\$ 6,314,856
Taxes and assessments	11,065
Intergovernmental income	307,192
Miscellaneous	<u>41,170</u>
Total operating revenues	<u>6,674,283</u>
 Operating expenses	
Personnel services	2,161,821
Materials and services	2,431,032
Depreciation	<u>2,192,556</u>
Total operating expenses	<u>6,785,409</u>
 Operating income (loss)	 <u>(111,126)</u>
 Non-operating revenues (expenses)	
Grants and reimbursements	47,034
Interest income	249,144
Interest expense	<u>(370,152)</u>
Total non-operating revenues (expenses)	<u>(73,974)</u>
 Change in net position	 (185,100)
 Net position, beginning of year (restated)	 <u>25,657,617</u>
 Net position, end of year	 \$ = <u>25,472,517</u>

See notes to financial statements.

PORT OF COLUMBIA COUNTY

STATEMENT OF CASH FLOWS

Year Ended June 30, 2023

Cash flows from operating activities:	
Cash received from tenants	\$ 6,164,201
Cash received from property taxes	11,065
Other cash received	348,362
Payments to vendors	(2,855,923)
Payments to employees	<u>(2,038,102)</u>
Net cash provided by (used in) operating activities	<u>1,629,603</u>
Cash flows from investing activities:	
Interest income	<u>249,144</u>
Cash flows from noncapital financing activities:	
Grant proceeds	<u>47,034</u>
Cash flows from capital and related financing activities:	
Acquisitions of capital assets	(732,369)
Receipts from other organizations	5,999,559
Construction line of credit proceeds	483,186
Payments on notes and bonds payable	(6,100,951)
Interest paid	<u>(421,585)</u>
Net cash provided by (used in) capital and related financing activities	<u>(772,160)</u>
Change in cash and cash equivalents	1,153,621
Cash and cash equivalents	
Beginning of year	<u>8,404,453</u>
End of year	\$ <u>9,558,074</u>
Reported in the Balance Sheet as:	
Unrestricted	\$ 9,558,074
Total	\$ <u>9,558,074</u>
Reconciliation of operating income (loss) to cash provided by (used in) operating activities:	
Operating income (loss)	\$ (111,126)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Intergovernmental revenue pass-through	-
Depreciation and amortization	2,192,556
Net pension obligation	60,638
(Increase) decrease in current assets:	
Operating receivables	(100,593)
Prepaid expenses	26,371
Increase (decrease) in current liabilities:	
Accounts payable and compensated absences	(388,181)
Deferred revenue and deposits	<u>(50,062)</u>
Net cash provided by (used in) operating activities	\$ <u>1,629,603</u>
Supplemental disclosure of non-cash investing and financing activities:	
Interest income passed through from other government	\$ 307,192
Interest expense passed through from other government	\$ 307,192
Payoff of debt passed through from other government	5,845,001
Payoff of receivable passed through from other government	5,845,001

See notes to financial statements.

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A – DESCRIPTION OF ORGANIZATION

The Port of Columbia County, Columbia County, Oregon (the Port) was established in 1940 under ORS Chapter 777 for the purpose of encouraging a healthy diversified economic climate in Columbia County, Oregon. The Port has acquired industrial and commercial property throughout Columbia County and offers it for lease or sale. Port staff markets these properties and provides interested businesses with development and financial assistance.

Control of the Port is vested in its five-member commission. Commissioners are elected to office by voters within the Port District, which encompasses the majority of Columbia County. Administrative functions are delegated to individuals who report to and are responsible to the commission. The chief administrative officer is the executive director.

The accompanying basic financial statements present all funds, for which the Port is considered to be financially accountable. The criteria used in making this determination includes the appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependence on the primary government. Based upon the evaluation of these criteria, the Port is a primary government with no includable component units.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These statements have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

The accounts of the Port are organized on the basis of proprietary fund types, specifically enterprise funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs of providing goods and services be financed or recovered primarily through user charges. The activities of these funds are accounted for with a separate set of self-balancing accounts that comprise the Port's assets, liabilities, net position, revenues and expenses. The Port uses this fund for state legal compliance reported as a unitary enterprise similar to a commercial entity organized for profit for financial reporting. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of an activity; or (ii) that are required by laws and regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these fund types are included on the Balance Sheet. Net position (i.e., total assets net of total liabilities) is segregated into invested in capital assets, net of related debt; restricted for debt service; and unrestricted components.

PORT OF COLUMBIA COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position. Proprietary funds utilize the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with proprietary funds' principal ongoing operations. The principal operating revenues are charges to tenants for rents. Operating expenses for proprietary funds include the costs of services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Port's policy to use restricted resources first, then unrestricted resources as they are needed. The enterprise activities of the Port are accounted for in a single fund.

Departure From Accounting Pronouncement

GASB 87 requires lessees to capitalize the present value of all lease obligations as right-of-use assets and record a corresponding long-term liability for the present value of the contractual lease payments. Additionally, GASB 87 requires lessors to recognize a lease receivable and deferred inflows of resources for the effects of its leasing activities and requires enhanced disclosures for both lessees and lessors. Management has not adopted a methodology for applying GASB 87 for lease accounting. Under this statement a lessee is required to recognize a right-of-use asset and corresponding liability for the present value of future lease payments, and a lessor is required to recognize a lease receivable and deferred inflow of resources for leased assets, which would increase both assets and liabilities. The amount by which this departure would affect the assets, deferred inflows of resources, fund balances, and expense has not been determined. See Note N and Note O for details of the Port's leasing activities.

Budget Policies and Budgetary Control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds except for agency funds. A budget is prepared for each fund in accordance with the modified accrual basis of accounting with certain modifications and legal requirements set forth in the Oregon Local Budget Law (ORS 294.305 to 294.565). The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The Port established the levels of budgetary control at the object (personnel services, material and services, capital outlay, operating contingencies, debt service, and all other requirements) levels for all funds. Appropriations lapse at the end of each fiscal year.

The Port begins its budgeting process by appointing Budget Committee members each year. Budget recommendations are developed by management through early spring, with the budget committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The Board of Commissioners adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over-expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pooled Cash and Investments

The Port maintains common cash and investment pools for all Port funds. All short-term, highly liquid investments, including investments in the State Treasurer's Local Government Investment Pool (LGIP) where the remaining maturity at the time of purchase is one year or less are stated at amortized cost, which approximates fair value. The LGIP's policies provide minimum weighted average credit ratings for the LGIP's holdings: AA and As2 for Standard and Poor's and Moody's, respectively.

On June 30, 2023, the LGIP's weighted average rating was between AA+/Aa1 and AA/Aa2 ratings. Earnings on pooled cash investments are allocated to each fund based on the balance of each participating fund.

All other investments are stated at fair value. Fair value is determined as the quoted market price if available, otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties. Pooled cash and investments have the general characteristics of a demand deposit account in that any participating fund may deposit additional cash at any time and may also withdraw cash at any time without prior notice or penalty.

Cash and Cash Equivalents

For financial statement purposes, the Port considers cash and cash equivalents to include cash on hand, demand deposits, and deposits in the Oregon State Treasurer's Local Government Investment Pool.

Tenant Rent Receivables

Tenant rent receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to tenant rent receivable.

Capital Assets and Depreciation

Capital assets include land and improvements, buildings, and equipment. In addition, certain capital assets purchased may be capitalized regardless of the thresholds established.

Such assets are reported at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are reported at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets and Depreciation

Capital assets are depreciated using the straight-line method according to the following criteria:

<u>Asset Classification</u>	<u>Capitalization Threshold</u>	<u>Useful Life in Years</u>
Buildings	\$ 100,000	50
Improvements	100,000	20
Equipment and fixtures	10,000	5
Vehicles	20,000	5
Infrastructure	50,000	50 - 80

Long-Term Obligations

Long-term obligations are reported at face value, net of applicable discounts. Costs related to the issuance of debt are deferred and amortized over the lives of the various debt issues.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions which affect the reporting amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that apply to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that apply to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Pension Retirement Plan

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 Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. 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.

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE C – CASH AND INVESTMENTS

The Port’s cash and investments are held in bank financial institutions and the Oregon State Local Government Investment Pool (LGIP).

The Port uses the LGIP for its temporary investments. The Port's share of the pool assets is always equal to its deposits plus accrued interest. As such, the Port is not subject to risk of valuation fluctuations in the value of the underlying assets within the pool. The fair value of the Port's position in the LGIP is the same as the value of the pool shares. Amounts on deposit with the Local Government Investment Pool are treated as cash, as the account can be accessed as needed.

Cash and investments are comprised of the following at June 30, 2023:

Deposits with financial institutions:	
Demand deposits	\$ 76,608
State Treasurer's Investment Pool	<u>9,481,466</u>
Total	<u>\$ 9,558,074</u>
Reported in:	
Balance Sheet	
Cash and investments	\$ 9,558,074
Cash restricted for debt payments	<u>-</u>
Total	<u>\$ 9,558,074</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Port does not have a formal policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increases in interest rates. All investments are held in the LGIP.

Credit Risk

Credit risk is the risk that the issuer of an investment fails to fulfill its obligations. Average quality rates are not available for fixed income investments. Oregon statutes authorize the Port to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the State Treasurer's investment pool.

Concentration of Credit Risk

The Port does not have a formal policy that places a limit on the amount that may be invested with any one issuer. The Port's investments are 100% invested in the LGIP.

PORT OF COLUMBIA COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE C – CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits

This is the risk that, in the event of a bank failure, the Port's deposits may not be returned. Deposits with financial institutions are comprised of bank demand deposits. The combined total bank balance is \$76,608. As required by Oregon Revised Statutes, deposits in excess of federal depository insurance were held at qualified depositories for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer. As a result, the Port has no exposure to custodial credit risk for deposits with financial institutions.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of failure of the counterparty, the Port will not be able to recover the value of its investments that are in the possession of an outside party. As of June 30, 2023, all the Port's investments were held in the LGIP.

The LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by the ORS and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds are invested exercising reasonable care, skill and caution. Investments in the LGIP are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establishes diversification percentages and specifies the types and maturities of investments. That portion of the external investment pool, which belongs to local government participants, is reported in an Investment Trust Fund in the State's Comprehensive Annual Financial Report. A copy of the State's Comprehensive Annual Financial Report may be obtained at the Oregon State Treasury, 350 Winter St. NE, Salem, OR 97310-0840.

The Port's position in the LGIP at June 30, 2023 is stated at cost, which approximates fair value.

NOTE D – RECEIVABLES

Summary

Tenant receivables	\$	346,804
Allowance for uncollectible tenant rents		<u>(110,096)</u>
	\$	<u>236,708</u>

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE D – RECEIVABLES (CONTINUED)

Receivables From Other Organizations

The Port has entered into an intergovernmental agreement with the Columbia County Development Agency (CCDA). Under this agreement, the Port was responsible for design and construction of an industrial water system at the Port Westward Industrial Park. The CCDA agreed to make payments for the Port on Oregon Business Development Department (OBDD) Loan #659-14-01 with tax incremental revenues collected from the Port Westward Urban Renewal Agency. As of June 30, 2023, the receivable from CCDA and corresponding debt was forgiven.

Additionally, the Port entered into an agreement with the CCDA to pledge tax increment funds from the Port Westward Urban Renewal District to pay the debt service on the OBDD Loan #659-15-01 if the amount of the payments received from users is insufficient to pay the debt service of the Loan. At present, Columbia Pacific Bio-Refinery is the only user of the rail. Additional users may be added with costs shared proportionately. As of June 30, 2023, the agreement was restructured. The debt to OBDD was replaced by a distribution agreement of the same amount, where the Port's liability is no longer owed to OBDD but directly to the renewal district. The receivable from Columbia Pacific Bio-Refinery however does not change. The amount due from Columbia Pacific Bio-Refinery was \$1,593,710, including accrued interest. This amount is included as a receivable from other organizations on the Balance Sheet.

NOTE E – CAPITAL ASSETS

The following table is a summary of capital assets:

	Balances <u>June 30, 2022</u>	<u>Additions</u>	Transfers/ <u>Deletions</u>	Balances <u>June 30, 2023</u>
Capital assets not depreciated:				
Land	\$ 11,087,001	\$ -	\$ -	\$ 11,087,001
Capital assets being depreciated:				
Construction in process	720,768	685,908	(402,717)	1,003,959
Building and land improvements	62,867,608	-	398,261	63,265,869
Equipment	<u>583,089</u>	<u>46,461</u>	<u>4,456</u>	<u>634,006</u>
Total capital assets being depreciated	64,171,465	732,369	-	64,903,834
Less accumulated depreciation	<u>(31,870,002)</u>	<u>(2,192,556)</u>	<u>-</u>	<u>(34,062,558)</u>
Net capital assets being depreciated	<u>32,301,463</u>	<u>(1,460,187)</u>	<u>-</u>	<u>30,841,276</u>
 Total capital assets, net	 <u>\$ 43,388,464</u>	 <u>\$ (1,460,187)</u>	 <u>\$ -</u>	 <u>\$ 41,928,277</u>

PORT OF COLUMBIA COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023
June 30, 2023

NOTE F – LIABILITY FOR COMPENSATED ABSENCES

The Port has a sick leave policy, which permits full-time employees to accumulate unused sick leave at the rate of one day per month over their working careers. The Port does not compensate the employees for unused accumulations upon termination of employment. Accumulation is limited to 90 days.

Port employees can earn vacation at rates determined by their length of employment. Vacation leave is limited to a maximum accrual of 360 hours (9 weeks).

At June 30, 2023, the liability for vacation leave earned by all Port employees totaled \$169,742, including the employer's share of social security taxes and other payroll related costs.

NOTE G – LONG-TERM OBLIGATIONS

IFA L12003, Issued 06/06/2014 – Original Note: \$1,300,000

The purpose of the issuance was to finance the construction of a commercial building at the Scappoose Industrial Airpark. Note principal and interest payments are due annually on December 1 and the note matures on December 1, 2032. The issuance is secured by the related capital asset acquisitions and other Port capital assets.

OBDD Loan #659-14-01, Issued 01/13/95 – Original Note: \$8,668,500

The purpose of the issuance was to finance construction of an industrial water system for the Port Westward property. Under an intergovernmental agreement, the note payments will be made by the Columbia County Development Agency with tax increment revenues. The note and related receivable were forgiven in December of 2022.

OBDD Loan #659-15-01, Issued 12/01/08 – Replaced by distribution agreement dated 12/21/22

The purpose of the original issuance was to finance construction and rehabilitation of rail track at the Port Westward site forming the Port Westward Railroad System. The original note was replaced by a distribution agreement, with principal and interest payments due annually on December 1st and the agreement matures on December 1, 2032. The issuance is secured by a pledge of tax incremental revenues as defined by the distribution agreement. The Port has entered into an agreement with users of the Rail to make the annual debt service payments. Currently Columbia Pacific Bio-Refinery is the only user. An intergovernmental agreement with Columbia County Development Agency (CCDA) provides that if there is insufficient revenue to make a debt service payment on the loan, CCDA has conditionally agreed to pay the deficiency. The major condition is the availability of tax increment revenue in any given year. If tax increment revenue is insufficient, the Port is obligated to pay the Rail Loan annual payment.

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE G – LONG-TERM OBLIGATIONS (CONTINUED)

OBDD Loan #659-15-01, Issued 12/01/08 – Replaced by distribution agreement dated 12/21/22 (Continued)

The Port entered into an agreement with Cascade Grain Products LLC (CGP) which requires users of the Port Lead Rail to make payments to the Port equal to the Port's scheduled payment of debt service on its OBDD Loan #659-15-01 (Rail Construction Loan) (principal amount \$3M). CGP filed bankruptcy in 2009 and was purchased by Cascade Kelly LLC, who assumed all agreements and leases. Subsequently Global Partners, doing business as Columbia Pacific Bio-Refinery, has acquired the plant and assumed all agreements and leases. Columbia Pacific Bio-Refinery continues to pay the Port under the agreement, and note receivable is described in Note D.

IFA L16008 #659-36, Issued 8/18/2016 – Original Note: \$150,000

The purpose of the issuance was to finance improvements at the Multnomah Industrial Site. Note principal and interest payments are due annually on December 1, and the note matures on December 1, 2037. The issuance is secured by the related capital asset acquisitions and other Port capital assets.

IFA L16011 Loan #659-37, Issued 9/1/2016 – Original Note: \$200,000

The purpose of the issuance was to finance a development project at the Rainshadow warehouse. Note principal and interest payments are due semi-annually on July 1 and October 1 and the note matures on January 1, 2026. The issuance is secured by the related capital asset acquisitions and other Port capital assets.

IFA L19007, Issued 10/17/2019 – Original Note: \$520,000

The purpose of the issuance was to finance the construction of Scappoose Industrial Airpark Water and Sewer Project. Note principal and interest payments are due at the beginning of each quarter and the note matures on April 1, 2045. The issuance is secured by the related capital asset acquisitions and other Port capital assets.

IFA X19001, Issued 2/4/2019 – Original Note: \$900,000

The purpose of the issuance was to finance the construction of Building E at the Multnomah Industrial Park. Note principal and interest payments are due at the beginning of each quarter and the note matures on January 1, 2040. The issuance is secured by the related capital asset acquisitions and other Port capital assets.

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE G – LONG-TERM OBLIGATIONS (CONTINUED)

Transactions for notes payable for the year ended June 30, 2023 were as follows:

Notes Payable	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
#L12003, interest 3.92% Principal	\$ 797,241	\$ -	\$ (63,728)	\$ 733,513	\$ 66,226
#L16008 659-36, interest 3.3% Principal	166,999	-	(8,091)	158,908	8,358
#L16011 659-37, interest 3.37% Principal	178,558	-	(5,926)	172,632	6,129
#L19007, interest 3.96% Principal	496,099	-	(13,516)	482,583	14,060
#X19001, interest 3.43% Principal	<u>825,907</u>	<u>-</u>	<u>(34,483)</u>	<u>791,424</u>	<u>35,681</u>
Total notes payable	<u>\$ 2,464,804</u>	<u>\$ -</u>	<u>\$ (125,744)</u>	<u>\$ 2,339,060</u>	<u>\$ 130,454</u>

Transactions for assessment debt for the year ended June 30, 2023 were as follows:

Assessment Debt	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
OBDD #659-14-01, interest at 5.0%, principal	\$ 5,845,001	\$ -	\$ (5,845,001)	\$ -	-
Distribution agreement 12/21/2022	<u>1,723,915</u>	<u>-</u>	<u>(130,204)</u>	<u>1,593,711</u>	<u>137,742</u>
Total assessment debt	<u>\$ 7,568,916</u>	<u>\$ -</u>	<u>\$ (5,975,205)</u>	<u>\$ 1,593,711</u>	<u>\$ 137,742</u>

Total long-term obligations for the year ended June 30, 2023 were as follows:

Long-Term Obligations	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Total notes payable	\$ 2,464,804	\$ -	\$ (125,744)	\$ 2,339,060	\$ 130,454
Total assessment debt	<u>7,568,916</u>	<u>-</u>	<u>(5,975,205)</u>	<u>1,593,711</u>	<u>137,742</u>
Total long-term obligations	<u>\$ 10,033,720</u>	<u>\$ -</u>	<u>\$ (6,100,949)</u>	<u>\$ 3,932,771</u>	<u>\$ 268,196</u>

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE G – LONG-TERM OBLIGATIONS (CONTINUED)

Future maturities of notes payable as of June 30, 2023 were as follows:

Year Ended June 30,	IFA L16008 #659-36		IFA L16011 #659-37		OBDD #659-14-01	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 8,357	\$ 5,243	\$ 6,128	\$ 5,740	\$ -	\$ -
2025	8,633	4,968	6,337	5,531	-	-
2026	8,918	4,683	6,554	5,315	-	-
2027	9,212	4,388	6,777	5,091	-	-
2028	9,517	4,085	7,009	4,860	-	-
2029-33	52,507	15,501	38,801	20,546	-	-
2034-38	61,764	6,247	45,890	13,457	-	-
2039-43	-	-	55,136	5,531	-	-
2044-48	-	-	-	-	-	-
	<u>\$ 158,908</u>	<u>\$ 45,115</u>	<u>\$ 172,632</u>	<u>\$ 66,071</u>	<u>\$ -</u>	<u>\$ -</u>

Year Ended June 30,	Distribution agreement dated 12/21/2022		IFA #L12003		IFA #L19007	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 137,742	\$ 92,275	\$ 66,226	\$ 28,754	\$ 14,060	\$ 18,903
2025	145,717	84,300	68,822	26,158	14,624	18,338
2026	154,154	75,863	71,520	23,460	15,213	17,750
2027	163,079	66,938	74,324	20,656	15,824	17,138
2028	172,522	57,495	77,237	17,743	16,460	16,503
2029-33	820,497	125,561	375,384	40,854	92,772	72,043
2034-38	-	-	-	-	112,976	51,839
2039-43	-	-	-	-	137,579	27,236
2044-48	-	-	-	-	63,075	2,842
	<u>\$ 1,593,711</u>	<u>\$ 502,432</u>	<u>\$ 733,513</u>	<u>\$ 157,625</u>	<u>\$ 482,583</u>	<u>\$ 242,592</u>

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE G – LONG-TERM OBLIGATIONS (CONTINUED)

Year Ended June 30,	IFA #X19001		Total	
	Principal	Interest	Principal	Interest
2024	\$ 35,681	\$ 26,690	\$ 268,194	\$ 177,605
2025	36,921	25,450	281,054	164,745
2026	38,204	24,168	294,563	151,239
2027	39,531	22,840	308,747	137,051
2028	40,904	21,467	323,649	122,153
2029-33	226,854	85,003	1,606,815	359,508
2034-38	269,097	42,759	489,727	114,302
2039-43	104,232	3,571	296,947	36,338
2044-48	-	-	63,075	2,842
	<u>\$ 791,424</u>	<u>\$ 251,948</u>	<u>\$ 3,932,771</u>	<u>\$ 1,265,783</u>

NOTE H – CONSTRUCTION LINE OF CREDIT

On July 22, 2020 the Port entered into a construction financing contract, a non-revolving construction line of credit, with Oregon Infrastructure Finance Authority for the development of a Hangar. During the construction phase, the line accrues interest at 3.31% annually, with interest added to the balance of the line.

The maximum amount financed is \$2,493,495, as of June 30, 2023 the balance on the line was \$2,493,495. The contract converts to permanent financing upon completion of construction, and will be amortized over the permanent financing period. The loan is secured by real property.

NOTE I – CONDUIT DEBT OBLIGATIONS

From time to time, the Port has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Port nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2023, there was one series of Industrial Revenues Bonds outstanding totaling \$7,750,000. No scheduled principal payments are due until the maturity date of December 1, 2027.

PORT OF COLUMBIA COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE J – PENSION RETIREMENT PLAN

Defined Benefit Pension Plan

General Information about the Pension Plan:

Name of the pension plan: The Oregon Public Employees Retirement System (OPERS) is a cost-sharing multiple-employer defined benefit plan.

Plan description. Employees of the Port are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. OPERS issues a publicly available financial report that can be obtained at:

http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx

Benefits provided under Chapter 238-Tier One / Tier Two:

1. *Pension Benefits.* The ORS 238 Defined Benefit Pension Plan provides benefits to members hired *before* August 29, 2003.

The OPERS retirement benefit is payable monthly for life to covered members upon reaching the minimum retirement age. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60.

2. *Death Benefits.* Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:
 - Member was employed by a OPERS employer at the time of death,
 - Member died within 120 days after termination of OPERS-covered employment,
 - Member died as a result of injury sustained while employed in a OPERS-covered job, or
 - Member was on an official leave of absence from a OPERS-covered job at the time of death.

PORT OF COLUMBIA COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE J – PENSION RETIREMENT PLAN (CONTINUED)

Benefits provided under Chapter 238-Tier One / Tier Two:

3. *Disability Benefits.* A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.
4. *Benefit Changes after Retirement.* Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes.

Benefits provided under Chapter 238A-OPSRP Pension Program (OPSRP DB):

1. *Pension Benefits.* The ORS 238A Defined Benefit Pension Program provides benefits to members hired *on or after* August 29, 2003.

This portion of the OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

General Service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

2. *Death Benefits.* Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.
3. *Disability Benefits.* A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.
4. *Benefit Changes after Retirement.* Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes.

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE J – PENSION RETIREMENT PLAN (CONTINUED)

Contributions:

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum payments to establish side accounts, and their rates have been reduced. The Port has not established any such side accounts.

Employer contributions for the year ended June 30, 2023 were \$60,911, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2023 were: (1) Tier1/Tier 2 – 12.12%, and (2) OPSRP general service – 5.59%.

Actuarial Valuations:

The employer contribution rates effective July 1, 2021, through June 30, 2023, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE J – PENSION RETIREMENT PLAN (CONTINUED)

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study Report	2020, published July 20, 2021
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.40%
Long-term expected rate of return	6.90%
Discount rate	6.90%
Projected Salary Increases	3.40%
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: Pub-2010 Healthy retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active members: Pub-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disable retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

Discount Rate:

The discount rate used to measure the total pension liability was 6.9 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's 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 on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE J – PENSION RETIREMENT PLAN (CONTINUED)

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Cash	0.0 %	3.0 %	0.0 %
Debt Securities	15.0	25.0	20.0
Public Equity	32.5	42.5	37.5
Private Equity	14.0	21.0	17.5
Real Estate	9.5	15.5	12.5
Alternative Equity	0.0	12.5	12.5
Opportunity Portfolio	0.0	3.0	0.0
Total			100.0 %

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2021 the PERS Board reviewed long-term assumptions developed by both the actuary's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors.

The table below shows the actuary's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	9.60 %	4.07 %
Short-Term Bonds	9.60	3.68
Bank Leveraged Loans	3.60	5.19
High Yield Bonds	1.20	5.74
Large / Mid Cap US Equities	16.17	6.30
Small / Micro Cap US Equities	2.70	13.47
Developed Foreign Equities	13.48	6.91
Emerging Market Equities	4.24	7.69
Non-US Small Cap Equities	1.93	7.25
Private Equity	17.50	8.33
Real Estate (Property)	10.00	5.55
Real Estate (REITS)	2.50	6.69
Hedge Funds	1.88	9.65
Timber & Farmland	2.26	11.73
Infrastructure	2.25	6.67
Commodities	1.13	3.79
Assumed Inflation – Mean		2.50

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE J – PENSION RETIREMENT PLAN (CONTINUED)

Sensitivity of the Port’s proportionate share of the net pension liability to changes in the discount rate:

The following presents the Port’s proportionate share of the net pension (liability) asset calculated using the current discount rate as well as the Port’s net pension liability as if it were calculated using a discount rate 1 percentage point lower or higher than the current rate:

	1% Decrease (5.9%)	Current Rate (6.9%)	1% Increase (7.9%)
Proportionate share of the net pension (liability)/asset	\$ 1,115,184	\$ 628,835	\$ 221,783

Pension plan fiduciary net position:

Detailed information about the pension plan’s fiduciary net position is available in the separately issued OPERS financial report.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At June 30, 2023, the Port reported a liability of \$628,835 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 and rolled forward to June 30, 2022. The Port’s proportion of the net pension asset was based on the Port’s projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers.

Rates of every employer have at least two major components:

1. Normal Cost Rate: The economic value, stated as a percent of payroll, for the portion of each active member’s total projected retirement benefit that is allocated to the upcoming year of service. The rate is in effect for as long as each member continues in OPERS-covered employment. The current value of all projected future Normal Cost Rate contributions is the Present Value of Future Normal Costs (PVFNC). The PVFNC represents the portion of the projected long-term contribution effort related to future service.
2. UAL Rate: If system assets are less than the actuarial liability, an Unfunded Actuarial Liability (UAL) exists. UAL can arise in a biennium when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises in a given biennium over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year’s component of the cumulative amortization schedules, stated as a percent of payroll. The present value of all projected UAL Rate contributions is simply the Unfunded Actuarial Liability (UAL) itself. The UAL represents the portion of the projected long-term contribution effort related to past service.

PORT OF COLUMBIA COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE J – PENSION RETIREMENT PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued):

An employer’s PVFNC depends on both the normal cost rates charged on the employer’s payrolls, and on the underlying demographics of the respective payrolls. For OPERS funding, employers have up to three different payrolls, each with a different normal cost rate: (1) Tier 1/Tier 2 payroll, (2) OPSRP general service payroll, and (3) OPSRP police and fire payroll.

Analyzing both rate components, the projected long-term contribution effort is simply the sum of the PVFNC and UAL. The PVFNC part of the contribution effort pays for the value of future service while the UAL part of the contribution effort pays for the value of past service not already funded by accumulated contributions and investment earnings. Each of the two contribution effort components are calculated at the employer-specific level. The sum of these components across all employers is the total projected long-term contribution effort.

At June 30, 2023, the Port’s proportion was 0.00410681 percent, which changed from its proportion measured as of June 30, 2022 of 0.00384814 percent.

For the year ended June 30, 2023, the Port recognized pension expense of \$60,638.

At June 30, 2023, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 30,525	\$ 3,922
Changes of assumptions	98,668	901
Net difference between projected and actual earnings on investments	-	112,424
Changes in proportionate share	136,996	33,080
Differences between employer contributions and proportionate share of contributions	<u>19,389</u>	<u>86,454</u>
Total (prior to post-measurement date contributions)	285,578	236,781
Net Deferred Outflow/(Inflow) of Resources	\$ <u><u>-</u></u>	\$ <u><u>48,797</u></u>

Deferred outflows of resources related to pensions resulting from Port contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year subsequent to June 30, 2023.

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE J – PENSION RETIREMENT PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued):

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post- measurement date contributions)
2024	\$ 35,798
2025	20,800
2026	(45,847)
2027	42,223
2028	(4,177)
Thereafter	-
Total	\$ 48,797

Changes in Plan Provisions Subsequent to Measurement Date:

There were no changes in Plan provisions subsequent to the June 30, 2022 measurement date.

Changes in Assumptions:

There were no key changes implemented since the December 2020 valuation. Additional detail and a comprehensive list of methods and assumptions can be found in the 2020 Experience Study for the System, which was published July, 2021.

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE J – PENSION RETIREMENT PLAN (CONTINUED)

Defined Contribution Plan

OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

Participants in OPERS defined benefit pension plans also participate in the OPSRP Individual Account Program (IAP), a defined contribution pension plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Contributions

The Port has chosen to pay the employees' contributions to the plan. Six percent of covered payroll is paid for general service employees. For fiscal year 2023 the Port paid \$79,355. OPERS contracts with VOYA Financial to maintain IAP participant records.

NOTE K – RISK MANAGEMENT

The Port is exposed to various risks of loss related to: theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Port purchases commercial insurance to minimize its exposure to these risks.

NOTE L – COMMITMENTS AND CONTINGENCIES

Sick Leave

Portions of amounts accumulated at any point in time can be expected to be redeemed before termination of employment; however, such redemptions cannot be reasonably estimated. As of June 30, 2023, employees of the Port had accumulated 481 days of sick leave. It is the Port's policy to not pay unused sick leave upon departure.

PORT OF COLUMBIA COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE M – ENVIRONMENTAL REMEDIATION LIABILITY AND RESTATEMENT OF NET POSITION

An obligating event occurred when the Port was named as Potentially Responsible Party for remediation by the Department of Environmental Quality (DEQ). Prior to the receipt of the Record of Decision (ROD) the Port was unable to measure the liability, it can now do so. Measurement of pollution remediation are required at the beginning of the period so that beginning net assets can be restated. The Port owns real property located at 1550 Railroad Avenue in St. Helens, Oregon. Before the Port purchased the property, it was owned and operated by Pope & Talbot, Inc. (P&T) as a wood treating facility. The wood treating facility was demolished in 1960, and the Port purchased the property in 1963. From 1974 to 1991, the Port leased the Site to the Niedermeyer-Martin Company (Niedermeyer) who operated a pole peeling and pole storage facility at the Site. Niedermeyer declared bankruptcy in August 1993. In April 1994, the Oregon Department of Environmental Quality (DEQ) notified the Port and P&T that they were potentially liable parties (PLP) for remediation at the site. The Port was designated a PLP as the current owner of the property. The primary contaminants found at the site are polycyclic aromatic hydrocarbons, metals and petroleum hydrocarbons, likely resulting from the former wood treating operations at the property.

The Port and P&T entered into a consent order with DEQ requiring the Port and P&T to perform a Remedial Investigation and Feasibility Study (RI/FS). To carry out the RI/FS, the Port and P&T entered into an agreement under which P&T would perform the RI/FS, and the Port would pay P&T for the Port's mutually agreed share of the costs. P&T declared bankruptcy in November 2007 and notified DEQ that it would not perform further work on the RI/FS. As of June 30, 2009, the Port assumed the lead on the RI/FS and was communicating with DEQ regarding the completeness of the RI. DEQ had identified data gaps in the RI that would require further investigation before the Port could move on to complete the FS. DEQ and the Port agreed as to the nature of the investigation required to resolve the data gaps and an initial schedule for completing the RI and the subsequent FS.

In January 2011, DEQ approved the final work plan for the supplemental RI. Work completed under the supplemental RI included identifying the distribution of non-aqueous phase liquids (NAPL) in sediment. The Limited Sediment Investigation (LSI) supplementing previous sediment investigation work under the new schedule was completed in the fall of 2012. In addition to the LSI, DEQ required the delineation of creosote in Scappoose Bay sediment beneath the abandoned Pope & Talbot wood dock structure (Dock Area Investigation (DAI)). The DAI necessitated removal of the deteriorated dock superstructure (decking, joists, and beams) to allow safe access for environmental investigation near and beneath the dock. The superstructure was removed during summer 2013. Field work related to the dock area creosote investigation was completed in October 2013. On May 22, 2014, the Port submitted the supplemental RI Report to the DEQ. The DEQ has reviewed and provided comments on the report. The Port's consultants have completed several phases of the investigation.

PORT OF COLUMBIA COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE M – ENVIRONMENTAL REMEDIATION LIABILITY AND RESTATEMENT OF NET POSITION (CONTINUED)

Based on the results of further 2017/2018 supplemental remedial investigation RI activities, DEQ has indicated a willingness to focus the FS on “priority action areas” along the shoreline of the property versus previously disputed offshore areas in Scappoose Bay. Subsequently, an updated draft supplemental RI report and FS work plan were submitted to DEQ in June and July 2019, respectively. Following completion and DEQ approval of the updated supplemental RI report and FS work plan, the Port prepared and submitted an updated FS to DEQ in December 2021. The FS identified the updated remedial alternatives from which the Port and DEQ will select the remedy for the site. DEQ reviewed and provided comments to the Port on the FS, and the Port responded to these comments. DEQ issued a Record of Decision (ROD) for the site on September 1, 2023. The ROD documents DEQ’s selection of the remedy presented in the Port’s FS. DEQ’s estimated cost of the remedy is \$22.1 million before estimated insurance coverage, as listed below. The liability and restatement of beginning net assets were recorded as of June 30, 2023. Government Accounting Standards (statement 49) requires a weighted average for each component, as listed below. The weights are 100% for each category as the Port has agreed to the ROD.

Area	Remedial Action	Price	Weighted %
Area1 Upland Priority	RAA-4 selected	7,890,000	100%
Area 1 Dock Priority	RAA-2 selected	5,382,000	100%
Area 2 Dock Priority	RAA 4 selected	1,604,000	100%
Cove Area	RAA-4 selected	5,984,000	100%
Upper Milton Creek	RAA 4 selected	1,216,000	100%
	Rounding for estimation	<u>24,000</u>	
	Total, before insurance	22,100,000	

Net position has been restated to add an environmental liability as of June 30, 2022, net of estimated insurance. The cumulative effect of the restatement on the financial statements on beginning balances as of July 1, 2022 was as follows:

	Environmental Remediation Liability	Total Net Position
June 30, 2022		
as previously reported	\$ -	\$ 45,257,617
Corrections to liabilities:		
Increase in liabilities	<u>19,600,000</u>	<u>(19,600,000)</u>
July 1, 2022, as restated	<u>\$ 19,600,000</u>	<u>\$ 25,657,617</u>

NOTE N – OPERATING LEASE

The Port leases submerged and submersible land under five separate agreements with the Oregon State Land Board and Department of State Lands, the last expiring May 31, 2030. The lease terms require an annual rental payment due on the lease anniversary date each year, subject to adjustment in accordance with the provisions of OAR 141-082-011. The agreements may also be renewed for unlimited successive 15-year terms. The amount of lease expense recognized for the year ended June 30, 2023 was \$13,259.

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE N – OPERATING LEASE (CONTINUED)

Future minimum lease payments required under the agreement are as follows:

Year Ending June 30,		
2024	\$	13,880
2025		14,364
2026		15,321
2027		15,321
2028		15,321
2029-2034		70,841
	\$	145,048

NOTE O – FUTURE NON-CANCELABLE LEASES

The Port leases real property, buildings and equipment to tenants under non-cancelable operating leases. The cost and carrying amount of the leased assets at June 30, 2023 are as follows:

	Cost	Accumulated Depreciation	Carrying Amount
Land	\$ 11,087,001	\$ -	\$ 11,087,001
Building and land improvements	62,867,608	(33,581,572)	29,286,036
Equipment	583,089	(481,651)	101,438
	\$ 74,537,698	\$ (34,063,223)	\$ 40,474,475

Future amounts due under non-cancelable operating leases are as follows:

Year ending June 30,		
2024	\$	3,866,702
2025		3,866,702
2026		3,866,702
2027		3,866,702
2028		3,866,702

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE P – OTHER POST EMPLOYMENT BENEFITS

The Port provides other postemployment benefits (“OPEB”) for the benefit of its employees via a contribution to the State of Oregon's PERS cost-sharing multiple-employer defined health insurance benefit plan (RHIA). The total OPEB liability is based on a valuation provided by an independent actuarial firm based on assumptions including inflation rate, projected salary increases, discount rate, medical, dental and vision increases, and mortality rates and other inputs.

The OPEB liability was measured as of June 30, 2022, and was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2022. The Port’s proportionate share of the OPEB liability was based on the Port’s projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers. Based on the Port’s small impact on the state-wide pool, the Port’s proportionate share of the OPEB liability as of June 30, 2023 was \$0, which was insignificant to the Port’s financial statements.

NOTE Q – OVER EXPENDITURE OF APPROPRIATION

The Port overexpended the following fiscal 2023 appropriation:

Materials and services	\$	122,025
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NOTE R – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 5, 2023 which is the date the financial statements were available to be issued.

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2023

REQUIRED SUPPLEMENTARY INFORMATION

PORT OF COLUMBIA COUNTY

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION – PENSION INFORMATION

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**

Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)	0.00410681%	0.00384814%	0.00399606%	0.00238058%	0.00296931%	0.00324460%	0.00414551%	0.00389632%	0.00408633%	0.00408633%
Proportionate share of the net pension liability (asset)	\$ 628,835	\$ 460,487	\$ 872,078	\$ 411,783	449,811	437,373	622,337	\$ 223,706	\$ (92,625)	\$ 208,531
Covered-employee payroll	1,147,376	1,067,363	1,114,830	789,073	789,073	869,839	781,936	740,374	737,966	703,056
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	54.8%	43.1%	78.2%	52.2%	57.0%	50.3%	79.6%	30.2%	-12.6%	29.7%
Plan fiduciary net position as a percentage of the total pension liability	84.5%	87.6%	75.8%	80.2%	82.1%	83.0%	80.5%	91.9%	103.6%	92.0%

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 165,511	\$ 83,176	\$ 89,858	\$ 102,054	\$ 41,277	\$ 33,166	\$ 40,515	\$ 43,766	\$ 37,716	\$ 88,670
Contributions in relation to the contractually required contribution	60,911	89,246	91,870	40,950	79,484	60,197	58,511	43,901	41,680	88,670
Contribution deficiency (excess)	\$ 104,600	\$ (6,070)	\$ (2,012)	\$ 61,104	\$ (38,207)	\$ (27,031)	\$ (17,996)	\$ (135)	\$ (3,964)	\$:
Covered-employee payroll	\$ 1,147,376	\$ 1,067,363	\$ 1,114,830	\$ 789,073	\$ 789,073	\$ 869,839	\$ 781,936	\$ 740,374	\$ 737,966	\$ 703,056
Contributions as a percentage of covered-employee payroll	5.3%	8.4%	8.2%	5.2%	10.1%	6.9%	7.5%	5.9%	5.6%	12.6%

The accompanying notes and independent auditors' report should be read with the supplemental schedules.

PORT OF COLUMBIA COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

Changes in Benefit Terms:

There were no significant changes in benefit terms.

Changes in Assumptions:

Actuarial assumptions and other changes are described in the notes to the accompanying financial statements.

SUPPLEMENTAL INFORMATION

PORT OF COLUMBIA COUNTY

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET TO ACTUAL - ENTERPRISE FUND

Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable) Final to Actual</u>
Revenues				
Property taxes	\$ -	\$ -	\$ 11,065	\$ 11,065
Licenses and permits	563,935	563,935	681,705	117,770
Rents and reimbursements	5,784,327	5,784,327	4,737,732	(1,046,595)
Terminal services	411,202	411,202	578,254	167,052
Bayport RV park	161,996	161,996	158,992	(3,004)
Launch fees	53,456	53,456	83,066	29,610
Other marina fees	36,471	36,471	3,180	(33,291)
Grants	394,627	394,627	47,035	(347,592)
Interest income	38,036	38,036	249,144	211,108
Tenant Capital Reimbursement	250,018	250,018	-	(250,018)
Miscellaneous	28,854	28,854	63,034	34,180
Total revenues	<u>7,722,922</u>	<u>7,722,922</u>	<u>6,613,207</u>	<u>(1,109,715)</u>
Expenditures				
Personnel services	2,177,365	2,177,365	2,038,102	139,263
Material and services	2,037,779	2,037,779	2,159,804	(122,025)
Capital outlay	5,615,000	5,615,000	732,368	4,882,632
Debt service	1,106,682	1,106,682	653,182	453,500
Contingency	4,018,450	4,018,450	271,228	3,747,222
Total expenditures	<u>14,955,276</u>	<u>14,955,276</u>	<u>5,854,684</u>	<u>9,100,592</u>
Excess (deficiency) of revenues over expenditures	<u>(7,232,354)</u>	<u>(7,232,354)</u>	<u>758,523</u>	<u>7,990,877</u>
Other financing sources (uses)				
Collections of tenant notes receivable and capital reimbursements	-	-	437,396	437,396
Loan Proceeds	-	-	483,186	483,186
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>920,582</u>	<u>920,582</u>
Net changes in fund balances	(7,232,354)	(7,232,354)	1,679,105	8,911,459
Fund balance, beginning of year	<u>7,232,354</u>	<u>7,232,354</u>	8,092,245	<u>859,891</u>
Fund balance, end of year	\$ <u> </u> :	\$ <u> </u> :	9,771,350	\$ <u>9,771,350</u>
Reconciliation to GAAP				
Capital assets, net of depreciation			41,928,277	
Notes receivable from other organization			1,638,711	
Deferred outflows of resources			285,578	
Net pension asset (liability)			(628,835)	
Deferred inflows of resources			(236,781)	
Notes, bonds and special assessment debt			(3,932,770)	
Construction line of credit			(2,493,495)	
Accrued interest payable			(77,291)	
Compensated absences			(169,742)	
Deposits and deferred revenue			(1,012,485)	
Environmental remediation obligation			<u>(19,600,000)</u>	
Net position, end of year			\$ = <u>25,472,517</u>	

The accompanying notes and independent auditors' report should be read with the supplemental schedules

REPORT REQUIRED BY OREGON MINIMUM AUDIT STANDARDS

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS**

Board of Commissioners
Port of Columbia County
Columbia City, Oregon

We have audited the basic financial statements of the Port of Columbia County (the Port) as of and for the year ended June 30, 2023, and have issued our report thereon dated December 5, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Port's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).**
- Indebtedness limitations, restrictions and repayment.**
- Budgets legally required (ORS Chapter 294).**
- Insurance and fidelity bonds in force or required by law.**
- Programs funded from outside sources.**
- Authorized investment of surplus funds (ORS Chapter 294).**
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the Port was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

OAR 162-10-0230 Internal Control

In planning and performing our audit of the basic financial statements of the Port as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Port's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 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.

Board of Commissioners
Port of Columbia County
Columbia City, Oregon

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

This report is intended solely for the information and use of the Commissioners and management of the Port of Columbia County and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these specified parties.

KERN & THOMPSON, LLC
Certified Public Accountants

A handwritten signature in black ink, appearing to read "Eric Zehntbauer". The signature is written in a cursive, flowing style.

Eric A. Zehntbauer, CPA
Partner

Portland, Oregon
December 5, 2023



PORT OF
Columbia
County

2024-03

STAFF REPORT

NEXT Third Amendment to Ground Lease

DATE: February 14, 2024
TO: Port Commission
FROM: Sean P. Clark, Executive Director
RE: NEXT Renewable Fuels (“NEXT”): Third Amendment to Ground Lease
Approving Rent Deferral

Discussion

NEXT requested a rent deferral by letter on November 27, 2023. NEXT has paid \$3,522,452.73 to date while making tremendous progress in engineering, permitting, and finalizing various use agreements, easements, and rights of way required for the Project.

Over the last several years, NEXT has continued to work through an extended Environmental Impact Statement (EIS) process with the U.S. Army Corps of Engineers. A current completion date is not expected until 2025.

This Third Amendment allows a temporary rent deferral, lowering the monthly rent payments from \$108,497 per month to \$15,000 per month, retroactive to December 1, 2023. The balance of deferred rent (\$93,497 per month) remains fully due and payable with 18% interest per year that will continue to accrue until NEXT declares a Project Approval Decision, at which time a full lump sum payment is due within 60 days.

Recommendation

Adopt Resolution 2024-03, authorizing the Port Executive Director to sign the attached Third Amendment to Ground Lease.

RESOLUTION NO. 2024-03

A RESOLUTION AUTHORIZING THE PORT TO ENTER INTO A THIRD AMENDMENT TO GROUND LEASE WITH NEXT RENEWABLE FUELS, OREGON, LLC.

WHEREAS, the Port entered into a Ground Lease with NEXT Renewable Fuels, Oregon, LLC (“NEXT”) on September 4, 2019, a First Amendment to Ground Lease on July 8, 2020, and a Second Amendment to Ground Lease on September 14, 2022; and

WHEREAS, NEXT requested a rent deferral by letter on November 27, 2023. Over the last several years, NEXT has continued to work through an extended Environmental Impact Statement (EIS) process with the U.S. Army Corps of Engineers. A current completion date is not expected until 2025; and

WHEREAS, NEXT has made total payments for the Site Development and Option Agreement, Ground Lease and Columbia County Rail Safety Study of \$3,522,452.73 while making tremendous progress in engineering, permitting, and finalizing various use agreements, easements, and rights of way required for the Project; and

WHEREAS, this Third Amendment allows a temporary rent deferral, lowering the monthly rent payments from \$108,497 per month to \$15,000 per month, retroactive to December 1, 2023. The balance of deferred rent (\$93,497 per month) plus 18% interest per year remains fully due and payable and will continue to accrue until NEXT declares a Project Approval Decision, at which time a lump sum payment of deferred rent and accrued interest will be due within 60 days; Now, therefore,

BE IT RESOLVED that the Board authorizes the Port Executive Director to sign the Third Amendment to Ground Lease as presented.

PASSED AND ADOPTED this ____ day of February, 2024 by the following vote:

AYES: _____ **NAYS:** _____
ABSTAIN: _____

Port of Columbia County

By: _____
President

Attested By:

Secretary

RESOLUTION NO. 2024-03

THIRD AMENDMENT TO GROUND LEASE

This **THIRD AMENDMENT TO GROUND LEASE** (“Third Amendment”), entered into this ___ day of **February 2024** (“Effective Date”), by and between THE PORT OF COLUMBIA COUNTY, a Municipal corporation of the State of Oregon (“**the Port**”), and NEXT Renewable Fuels, Oregon, LLC, a limited liability company, (“**NEXT**”) (collectively, “the Parties”).

RECITALS

- A. **Ground Lease 9/4/19.** The Port and NEXT are parties to that certain Ground Lease dated September 4, 2019 (“Ground Lease”), whereby the Port leased to NEXT part of that certain real property commonly known as Port Westward located in Columbia County, Oregon, as legally described in the Ground Lease (the “Premises”). The Port and NEXT each represent and agree that the Ground Lease is a valid lease of the Premises in full force and effect.
- B. **First Amendment 7/8/20.** The Parties amended the Ground Lease on July 8, 2020, to more clearly state that the amount of NEXT’s monthly option and lease payments to the Port increased from \$15,000 per month to \$107,800 per month beginning on September 1, 2021.
- C. **Premises Acknowledgement 3/29/21.** NEXT notified the Port of an increase in the square footage of the Premises to 3,945,426, and as a result the Parties agreed to an increase in Basic Rent from \$107,800 to \$108,497.
- D. **Second Amendment 9/14/22.** The Parties amended the Ground Lease Section 1.1 on September 14, 2022, to allow NEXT the right to produce, store and transfer Sustainable Aviation fuels meeting Renewable Fuel Standards, Low Carbon Fuel Standards or other renewable fuel credit programs.
- E. **Purpose of this Third Amendment: Rent Deferral.** This Third Amendment amends the Ground Lease to allow a temporary rent deferral, lowering the monthly rent payments from \$108,497 per month to \$15,000 per month, retroactive to December 1, 2023. To date, NEXT has made total payments for the Site Development and Option Agreement (“SDOA”), Ground Lease and Columbia County Rail Safety Study of \$3,522,452.73 while making tremendous progress in engineering, permitting, and finalizing various use agreements, easements, and rights of way required for the development of the Premises. NEXT made this request on November 27, 2023 (attached as **Exhibit 1** and incorporated by reference), after a tug-assisted barge destroyed a portion of the Beaver Dock at Port Westward on November 12, 2023.
- F. In consideration of the mutual promises set out in this Third Amendment, and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, Port and NEXT hereby agree as follows:

AMENDMENTS

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree to the following amendments to the Ground Lease:

1. **RECITALS:** The Recitals above are true and correct and incorporated herein by this reference.
2. **INITIAL TERM RENT:** Section 3.1.2 shall be amended to insert the following at the end thereof:

*Notwithstanding the foregoing, commencing on December 1, 2023 and continuing each month thereafter, Lessee shall pay Basic Rent of \$15,000 per month. This is not a rent reduction but a rent deferral based upon a request made by Lessee attached as **Exhibit 1**. The balance of Basic Rent (\$93,497 per month) (“Deferred Rent”) remains fully due and*

payable and shall accrue until Lessee declares a Project Approval Decision under Section 5(f) of the SDOA. Regardless of whether Lessee declares a positive or negative Project Approval Decision, all Deferred Rent is fully due and payable in a single, lump sum payment within 60 days of the Project Approval Decision. If Lessee declares a positive Project Approval Decision, Basic Rent shall revert to \$108,497 per month as calculated herein and the \$108,497 monthly payment will be due and payable beginning on the first day of the first month after the Project Approval Decision. All payments made by Lessee to Lessor, including but not limited to the SDOA and Ground Lease, are nonrefundable. All other provisions of the Lease remain in full force and effect and apply to Deferred Rent, including the Delinquency Charge of 18% per annum.

The remainder of Section 3 remains unchanged.

3. MISCELLANEOUS.

- A. **DEFINED TERMS:** Except as otherwise provided in this Third Amendment, all defined terms as used in this Third Amendment have the same meaning as set forth in the Ground Lease.
- B. **COUNTERPARTS:** This Third Amendment may be executed in any number of duplicate originals or counterparts, each of which when so executed shall constitute in the aggregate but one and the same document.
- C. **FULL FORCE AND EFFECT:** Except as set forth in this Third Amendment, the terms and conditions of the Ground Lease, First Amendment and Second Amendment shall remain unmodified and in full force and effect. In the event of any conflict between the terms, conditions and provisions of the Ground Lease, First Amendment and this Third Amendment, the terms, conditions and provisions of this Third Amendment shall prevail. The Ground Lease and all amendments may be further altered and/or revoked only by an instrument in writing signed by the Parties.

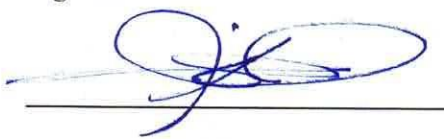
The Parties have executed this Third Amendment as of the Effective Date, as evidenced by the following signatures of authorized representatives of the parties. This Third Amendment shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns:

PORT OF COLUMBIA COUNTY:

NEXT RENEWABLE FUELS, OREGON, LLC:

Signature:

Signature:



Name: Sean P. Clark
Title: Executive Director

Name: Christopher Efirm
Title: Chairperson and CEO of NEXT Renewable Fuels, Inc. the Sole and Managing Member of NEXT Renewable Fuels Oregon, LLC

EXHIBIT 1



November 27, 2023

Mr. Sean Clark
Director
Port of Columbia County
100 E Street
Columbia City, OR
97018

VIA Email and Federal Express

Re: Adjustment of Monthly Site Payment

Dear Sean –

This letter will serve as a formal request by NEXT Renewable Fuels, Inc. ("NXT") to adjust the currently monthly payment NXT makes to the Port of Columbia County ("POCC") for the POCC land at Port Westward on which NXT seeks to build a 750 million gallon per year renewable diesel and sustainable aviation fuel refinery (the "Site").

As you know, under the Site Development Agreement ("SDOA") signed by NXT and the POCC on September 12, 2018, which was then supplemented by the Ground Lease entered into by NXT and the POCC on September 4, 2019 (the "Ground Lease"), NXT paid the POCC a \$ 15,000 option fee while it worked to develop the Site (the "Site Development Option Payment"). This fee was then replaced by a lease fee in the amount of \$ 107,800.00 per month (the "Lease Fee"). Since the execution of the original SDOA, NXT has paid the POCC a total of \$ 3,436,755.73 in Option, Lease, and Deposit fees while it has worked to engineer and permit the Site. Although we feel we have made tremendous progress in this effort, we continue to work through an extended Environmental Impact Statement ("EIS") with the US Army Corp of Engineers while also working with the POCC, Global Partners, and Portland General Electric ("PGE") to finalize all the various use agreements, easements and right of ways required for our development of the Site. It is anticipated that these efforts will likely continue for most of 2024.

Finally, damage inflicted on the Port Westward dock by the tow boat collision on the morning of November 12, 2023, calls into question the ability of NXT to ever operate a refinery at the Site as stipulated under the Ground Lease (Section 1.1 relating to receipt of renewable feedstocks by ocean going vessel and manifest rail). Given the unknown period necessary to bring the dock back into service and the inability of NXT to proceed with engineering until such time as the final dock repairs have been complete, this event renders any existing or estimated timelines void and additional development activities uncertain.

Given all of this, NXT does intend to proceed as possible with its development and permitting activities at the Site. However, and in lieu of the above factors, NXT respectfully requests that its current monthly payments under the SDOA and Ground Lease be reset commencing December 1, 2023 to the \$ 15,000 per month rate specified under the original SDOA. The balance of the monthly Lease Fee (\$ 92,800) would then accrue until such time as NXT were to declare a positive Final Investment Decision ("FID"). Once NXT declared a positive FID, the monthly Lease Fee

would revert to \$ 107,800 and a single, "lump sum" payment would be made of all accrued but unpaid Lease Fees.

NXT appreciated the POCC's consideration of this request and affirms its intention to proceed with the development of the Site and eventual construction and operation of the proposed Port Westward refinery as fast as practical given the current circumstances.

Finally, we value the time that we have spent working with the Port and the wider Columbia County community and look forward to a long and successful relationship going forward.

Sincerely,



Christopher Efir
Chairperson and CEO
NEXT Renewable Fuels, Inc.
(dba NXTClean Fuels, Inc.)