INTERLOCAL AGREEMENT
BETWEEN THE PORT OF TACOMA AND THE NORTHWEST SEAPORT ALLIANCE REGARDING IMPLEMENTATION OF THE GLOVIS 2020 USE AGREEMENT

This Interlocal Agreement ("Agreement") is entered into by and between the Port of Tacoma ("Port"), a public port district organized under the laws of the State of Washington, and The Northwest Seaport Alliance ("NWSA"), a Washington Port Public Development Authority (collectively, the "Parties"), as authorized by RCW 39.34 (the Interlocal Cooperation Act) and RCW 53.08.240.

RECITALS

WHEREAS, KIA Motors America, Inc. ("KIA"), has imported automobiles through the Port since 1995 through Auto Warehousing Co. ("AWC"); and

WHEREAS, in 1998, Hyundai Motors America, Inc. ("HYUNDAI") purchased a controlling interest in KIA; and

WHEREAS, in 2003, GLOVIS America, Inc., a California Corporation ("GLOVIS"), was formed to manage the logistics of HYUNDAI and KIA; and

WHEREAS, historically, in the Pacific Northwest, HYUNDAI vehicles were imported through the Port of Portland, Oregon, and KIA vehicles through the Port of Tacoma, Washington; and

WHEREAS, WWL Vehicle Services Americas, Inc. ("WWL") processes autos, including KIA and HYUNDAIS for GLOVIS; and

WHEREAS, between 2005 and 2015 the Port and GLOVIS entered into various Use Agreements designating the Port as the sole port of call in the Puget Sound region for vessels engaged in the import or export of vehicles represented by GLOVIS, including the payment of certain business retention incentives to GLOVIS in response to GLOVIS requests for proposals; and

WHEREAS, on February 6, 2018, per Section 2.2.e.iii of the NWSA Charter, the NWSA Managing Members took an action to decline an opportunity presented by WWL to create a new auto processing facility on property owned by the Port of Tacoma and licensed to the NWSA; and

WHEREAS, on February 6, 2018, the Port of Tacoma Commission accepted the opportunity which the NWSA had declined, resulting in the Port developing the Tacoma WWL Auto Facility at its own expense; and

WHEREAS, NWSA, acting as the Port's licensee/agent, and GLOVIS entered into a new Use Agreement dated December 28, 2020, for the importing and exporting of automobiles through the Port of Tacoma at NWSA-licensed property, as amended by a First Amendment To Use Agreement dated April 21, 2021 (the "First Amendment") and the Second Amendment to Use Agreement intended to be effective April 5, 2023 (the "Second Amendment")(collectively, as amended, the "GLOVIS 2020 Use Agreement"), a complete copy of which is attached hereto as **Exhibit A**; and

WHEREAS, the WWL Auto Facility currently processes HYUNDAI vehicles pursuant to a Lease and Operating Agreement between Port of Tacoma and WWL Vehicle Services Americas, Inc. ("WWL") dated March 1, 2018 (the "WWL Lease") which is subject to the GLOVIS 2020 Use Agreement; and

WHEREAS, in 2022, GLOVIS chose to consolidate the HYUNDAI and KIA businesses from the Port of Portland, Oregon and the Port of Tacoma, Washington to a single location at the Port of Tacoma (the "Consolidation"); and

WHEREAS, the GLOVIS 2020 Use Agreement implements the Consolidation by designating the Port as the sole port of call in the Pacific Northwest for all vessels engaged in the import or export of KIA and HYUNDAI vehicles and adopting Business Retention and New Business Incentives; and

WHEREAS, WWL requires additional property in order to accommodate the anticipated increase in auto business resulting from the Consolidation; and

WHEREAS, the Port and the NWSA have been unable to locate suitable and available additional property to accommodate WWL's immediate additional space needs to support the Consolidation; and

WHEREAS, the Port would typically provide Preferential Use space to WWL for low cost in exchange for WWL remitting applicable tariff charges; and

WHEREAS, as a result of the current unavailability of Port or NWSA property to accommodate the additional vehicle volume resulting from the Consolidation, WWL entered into a short-term lease with the Puyallup Tribe of Indians ("Tribal Lease") on March 7, 2023; and

WHEREAS, had WWL not entered into the Tribal Lease, WWL vessels would not have been able to timely unload in the South Harbor; and

WHEREAS, the additional property, and the cost of the Tribal Lease is significantly more expensive for WWL than a lease with the Port or NWSA for additional Preferential Use Area; and

WHEREAS, in light of the increased expense, the Port intends to offset a portion of WWL's temporary lease costs of the Tribal Property until WWL is able to occupy an additional 12 acres of Preferential Use Area at 2901 Taylor Way, Tacoma, Pierce County, Washington (Port of Tacoma Parcel 99A); and

WHEREAS, the Parties desire to memorialize the payments owed by and between them associated with the Business Retention and New Business Incentives described in the GLOVIS 2020 Use Agreement and provide a framework for the Port to offset a portion of WWL's temporary lease costs of the Tribal Property and provide additional Port property as Preferential Use Area necessary to implement the balance and remainder of the Consolidation.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, benefits, and obligations hereinafter set forth and reflected in the GLOVIS 2020 Use Agreement, the Parties agree as follows:

1. Term of Agreement

   This Agreement shall take effect on the Effective Date and will terminate on February 28, 2029 unless NWSA receives notice from GLOVIS America of its intent to terminate vehicle processing services in Tacoma with WWL, in which case, this Agreement will automatically terminate 90 days after such notice. NWSA will provide the Port with a copy of any such notice from GLOVIS within three business days of receipt. This Agreement may be mutually extended by the Parties in writing.

2. Payment and Reimbursement of Incentive Payments

   2.1 Pursuant to the GLOVIS 2020 Use Agreement, NWSA, as licensee/agent for the Port, will pay GLOVIS $14.71 for each KIA vehicle and each HYUNDAI vehicle imported or exported through the Port during each incentive year (the "Business Retention Incentive") and $5.00 for each vehicle that is new business imported or exported through the Port during each Incentive Year (the "New Business Incentive") (collectively, the "Incentive Payments"). These Incentive Payments are each capped respectively at a maximum total of $1,150,000 per manufacturer per Incentive Year.

   2.2 Effective the date of this agreement, the Port will reimburse NWSA the amount Incentive Payments paid by NWSA to GLOVIS under the GLOVIS 2020 Use Agreement for all vehicles processed at the Tacoma WWL Auto Facility, up to a maximum of $1,150,000 per manufacturer per Incentive

Year for each Incentive Payment. Payment from the Port to the NWSA will occur within fifteen days of the payment by the NWSA to GLOVIS.

2.3 If GLOVIS breaches the GLOVIS 2020 Use Agreement and must repay NWSA some or all of the Incentive Payments it received, then NWSA will promptly refund the Port the amount of any corresponding reimbursement for Incentive Payments made by the Port to the NWSA under this Agreement to the extent of any GLOVIS repayment.

3. Reporting. NWSA will monitor volumes under the GLOVIS 2020 Use Agreement on behalf of the Port and report monthly volumes for all HYUNDAI and KIA vehicles delivered by GLOVIS to the Tacoma WWL Auto Facility to the Port.

4. Port Payment of Offset Fee to WWL for Temporary Use of Tribal Property.

The Port will enter into a First Amendment to the WWL Lease incorporating terms and conditions intended to defray the cost to WWL for its temporary lease of Tribal Property for the expanded auto business until the additional Port property described in Section 5 of this Agreement is available for WWL to lease:

4.1. The Port will pay WWL a monthly offset fee of $13 per unit ("Offset Fee") for imported or exported Hyundai vehicles through the WWL auto terminal, up to a maximum equivalent to WWL's monthly lease cost of the Tribal Property. The Offset Fee will be paid retroactive to March 8, 2023, the effective date of the Tribal Lease.

4.2. The Port's obligation to pay the Offset Fee to WWL will continue for a minimum of three (3) months and terminate concurrently with WWL's minimum lease term for the Tribal Property.

4.3. The Port will collect the wharfage, dockage, service and facilities fees as well as storage fees per the NWSA/Port of Tacoma Tariff #300.

4.4. During the term payment of the Offset Fee is required, no later than the 7th of each month, the Port and WWL will reconcile the number of Hyundai imports/exports received during the previous month and the Port will issue WWL a check for the corresponding Offset Fee. Reconciliation for the month of April 2023 will be retroactive to March 8, 2023.

5. Port Expansion of WWL Preferential Use Area.

5.1 Expansion of WWL Preferential Use Area. The Port will provide WWL with approximately 12 acres of additional real property located at 2901 Taylor Way (Port of Tacoma Parcel 99A) Tacoma, Pierce County, Washington,

generally depicted on **Exhibit B** (the "Additional Preferential Use Area") in order to implement the GLOVIS 2020 Agreement through expansion of WWL's lease area. The Additional Preferential Use Area is identified as a Future Expansion property for which WWL has a Right of First Offer in the WWL Lease. The Port will enter into an amendment to the WWL Lease providing the Additional Preferential Use Area to WWL for finished vehicle as well as high and heavy cargo storage and processing from May 1, 2023 through December 31, 2028, unless NWSA receives written notice regarding its intent to terminate vehicle processing services with WWL, in which case, WWL will have 90 days after the termination of its agreement with GLOVIS to vacate the Additional Preferential Use Area.

5.2. Capital Improvements. WWL shall be responsible for any alterations or improvements necessary to make the Additional Preferential Use Area suitable for WWL's use.

6. Miscellaneous.

6.1. No Third-Party Beneficiaries. This Agreement is executed for the sole and exclusive benefit of the Parties. Nothing in this Agreement, whether express or implied, is intended to confer any right, remedy, or other entitlement upon any person other than the Parties hereto. Nothing in this Agreement is intended to relieve or discharge the obligation or liability of any third party, nor shall any provision of this Agreement give any third party a cause or right of action against any Party hereto.

6.2. Binding Effect. This Agreement shall be binding upon and insure to the benefit of the Parties, and their legal representatives, successors, and permitted assigns.

6.3. Severability. Should any word, phrase, clause, sentence, or paragraph of this Agreement or its application be declared invalid or void by a court of competent jurisdiction, the remaining provisions of this Agreement or its applications of those provisions not so declared shall remain in full force and effect.

6.4. Notice. Unless otherwise specified herein, all notices, consents, approvals, reports, designations, requests, waivers, elections and other communications authorized or required to be given pursuant to this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by personal had-delivery, by facsimile transmission, or electronic mail, by mailing the same in a sealed envelope, certified first-class mail, postage prepaid, return receipt requested, or by overnight delivery, sent to the addresses on Schedule 3 of the NWSA Charter (as may be updated from time to time).

6.5. Usage Generally; Interpretation.

6.5.1 The captions and headings of this Agreement are for the convenience of reference only and shall not affect the interpretation of this Agreement.

6.5.2 Any statute or law defined or referred to herein means such statute or law as from time to time amended, modified, or supplemented, including by succession of comparable successor statutes.

6.6. Entire Agreement. This Agreement represents the final, complete, and exclusive statement of the agreement between the Parties with respect to the 2020 GLOVIS Use Agreement. All prior or contemporaneous agreements, promises, negotiations, or representations with respect to the 2020 GLOVIS Use Agreement are merged in and superseded by this Agreement.

6.7. Counterparts. This Agreement may be executed in two or more identical counterparts, including by electronic transmission or facsimile, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

6.8. Amendment. No provision of this Agreement may be amended or supplemented except by agreement, in writing, signed by both Parties.

6.9. Further Assurances. Each Party shall deliver and execute any additional documents and instruments and perform any additional acts that the Parties determine to be necessary or appropriate to effective and perform the provisions of this Agreement.

6.10. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Washington, without regard to the conflicts of law principles thereof. Generally, in the event of a conflict, the following sources of authority shall prevail in descending order of supremacy: (i) Federal law and regulation, including those of the Federal Maritime Commission; (ii) State law and regulation, including the Port Joint Powers statute (RCW 53.08.240) and the Port Development Authority (RCW 53.57); (iii) the NWSA Charter, inclusive of all amendments thereto; (iv) any adopted policies of the NWSA.

6.11. Costs, Fees, and Expenses. Unless otherwise specified herein, each Party shall bear any legal and other costs, fees, and expenses incurred by such party in connection with the negotiation, preparation, and implementation of this Agreement.

6.12. Waivers. No waiver of any breach of the terms of this Agreement shall be effective unless such waiver is made expressly in writing and executed and delivered by the party against whom such waiver is claimed. No waiver of any breach shall be deemed to be a further or continuing waiver of such breach or a waiver of any other or subsequent breach. Except as otherwise expressly provided herein, no failure on the part of any party to exercise, and no delay in exercising, any right, power, or remedy shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power, or remedy by such party preclude any other or further exercise thereof, or the exercise of any other right, power, or remedy.

6.13. Execution and Filing of Agreement. Upon execution by both Parties, each such signed original shall constitute a binding Agreement upon both Parties. In accordance with RCW 39.34.040, a copy of this Agreement shall be recorded in the Office of the Pierce and King County Auditors or posted by both Parties on their respective websites. This Agreement will not take effect until it has been successfully recorded or posted in either location.

6.14. Assignment. Neither Party to this Agreement shall have the right to convey, assign, apportion, or otherwise transfer any and all of its rights, obligations, conditions and interests under this ILA without the prior written approval of the other.

6.15. Limits of Financial Obligations/Property Ownership. Unless otherwise specified above, each Party shall finance its own obligations and responsibilities under this Agreement. No ownership of property will transfer as a result of the Agreement.

6.16. Independent Municipal Governments. The Parties hereto are independent government entities and nothing herein shall be construed to limit the independent powers, authority, or discretion of the governing bodies of each Party.

6.17. Legal Obligations. This Agreement does not relieve either Party of any obligation or responsibility imposed on it by law.

6.18. Records and Audit. During the term of this Agreement, and for a period not less than six (6) years from the date of termination, records and accounts pertaining to this Agreement and accounting therefore shall be kept by each Party and shall be available for inspection and audit by representatives of either Party and any other entity legally entitled to audit such records and accounts. In the event of litigation, claim, or audit, related to this Agreement the records and accounts together with all supporting documents shall be retained until final resolution of the same.

This provision is in addition to and does not supplant, alter, or amend records retention requirements established by applicable state and/or federal law.

6.19. Effective Date. This Agreement shall be binding and effective upon the date signed by both Parties.

6.20. Indemnification and Hold Harmless.

6.20.1 The Port releases the NWSA from and shall defend, indemnify, and hold NWSA, its agents, employees, and officers harmless from any and all injuries, losses, claims, suits, awards of damages, judgments, or costs, including attorney's fees, arising out of or in connection with the performance of this Agreement, unless and except to the extent caused by the negligence or willful misconduct of the Port or its agents, employees, and officers.

6.20.2 NWSA releases the Port and shall defend, indemnify, and hold the Port, its agents, employees, and officers harmless from any and all injuries, losses, claims, suits, awards of damages, judgments, or costs, including attorney's fees, arising out of or in connection with the performance of this Agreement, unless and except to the extent caused by the negligence or willful misconduct of NWSA or its agents, employees, and officers.

6.20.3 In the event of liability based upon the alleged concurrent or joint negligence of the Parties, the Parties shall individually bear their respective liability, including costs, as determined according to RCW 4.22.015.

6.20.4 Each Party specifically assumes liability for actions brought by its own employees against the other Party and for that purpose each Party hereby waives, solely for the benefit of the indemnified Party, any immunity that such indemnifying Party may have under the Industrial Insurance Act, Title 51 RCW.

6.20.5 The Parties recognize that this waiver was the subject of mutual negotiation. In the event any Party incurs attorney's fees, costs, or other legal expenses to enforce the provisions of this Agreement against the other Party, all such fees, costs and expenses shall be recoverable by the prevailing Party.

[SIGNATURE PAGE FOLLOWS]

PORT OF TACOMA

By: Eric D Johnson
Eric Johnson
Executive Director

Date: 4-12-2023

Approved as to form:

Heather L. Burgess
Heather L. Burgess (Apr 18, 2023 17:27 PDT)

By: Heather L. Burgess
General Counsel, Port of Tacoma

THE NORTHWEST SEAPORT ALLIANCE

By:
John Wolfe
Chief Executive Officer

Date: 4/11/2023

Approved as to form:

By: Dana Henderson
General Counsel, NWSA

Exhibit A

GLOVIS 2020 Use Agreement (ATTACHED)

Exhibit B

Additional Preferential Use Area (ATTACHED)

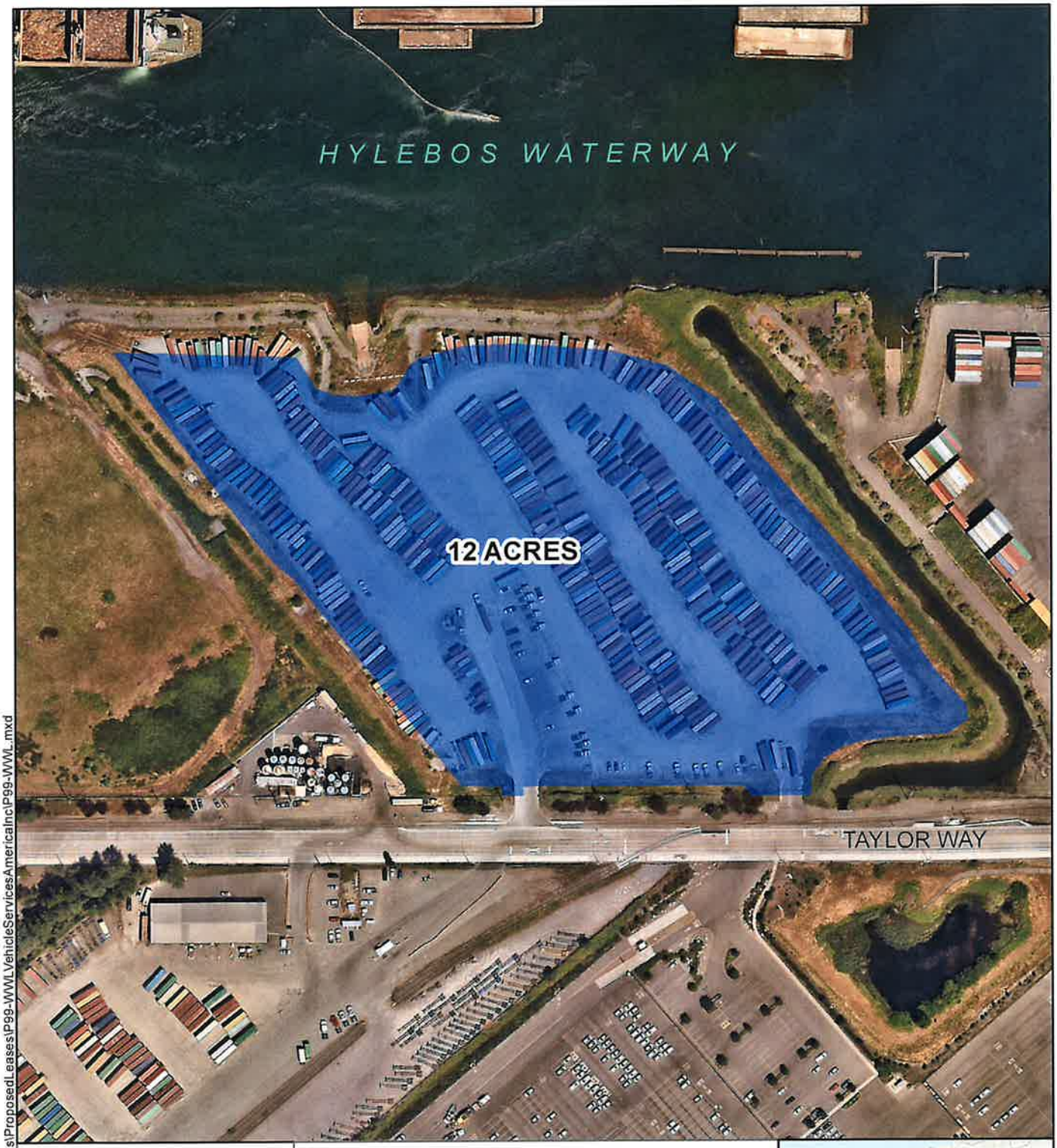

EXHIBIT A

WWL VEHICLE SERVICES AMERICA INC
2901 TAYLOR WAY
TACOMA WA, 98421
PORT PARCEL #: 99

YARD AREA = 12 ACRES

SHEET: 1 OF 1
PURPOSE: INFORMATION
DATE: 3/24/2023
AUTHOR: Brian Archer

0 85 170 340 Feet

DISCLAIMER: The information included on this map has been compiled by Port of Tacoma staff from a variety of sources and is subject to change without notice. These data are intended for informational purposes and should not be considered authoritative for engineering, navigational, legal and other site-specific uses. The Port of Tacoma makes no representations or warranties, express or implied, as to accuracy, completeness, timeliness, or rights to the use of such information .

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