

## INTERLOCAL AGREEMENT

**THIS INTERLOCAL AGREEMENT** is made and entered into pursuant to Chapter 39.34 of the Revised Code of Washington, by and between Cowlitz County, Washington, a political subdivision of the State of Washington, acting by and through its Board of Commissioners, (the “County”) and the Port of Longview, a municipal corporation organized under the laws of the State of Washington, and wholly situated in Cowlitz County, Washington, (the “Port”), on the date shown below.

### RECITALS

1. County is eligible for and receives sales and use taxes for rural counties authorized in RCW 82.14.370 and imposed in Cowlitz County Code Chapter 3.21, as amended. Such tax is authorized for the purpose of financing public facilities serving economic development purposes in rural areas. County has agreed to pay over to the Port a portion of the proceeds of said tax revenues to assist the Port in financing the costs of construction of rail spur track and site improvements. Said improvements are more particularly described in the Project Information Sheet for Rural County Public Facility Funds, submitted by the Port, and dated March 19, 2010. The contribution to the Port from County tax proceeds for this project will be in the amount of \$300,000.00.

The Port’s rail improvements and industrial site development are noted as “high priority” projects in the Comprehensive Economic Development Strategy for Cowlitz and Lewis Counties 2009-2013 as developed by the Cowlitz and Lewis County Economic Development District (CLEDD). This project is also listed in the County’s Capital Facilities Plan, as amended.

2. The Port has the appropriate statutory authority pursuant to RCW Title 53, and is ready, willing, and able to complete the project described herein, and the parties are entering into this Agreement to carry out such purpose.

3. Entry into this Agreement is authorized under Chapter 39.34 of the Revised Code of Washington, the Interlocal Cooperation Act.

### AGREEMENT

For and in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Effective Date/Duration: This Agreement shall be effective upon execution by both parties.

2. Purpose: The purpose of this Agreement is to allow the County to provide partial funding assistance to the Port for costs to construct a rail spur track and site improvements. Said improvements are more particularly described in the Project Information Sheet for Rural County Public Facility Funds, submitted to the County by the Port, and dated March 19, 2010. (the “project”).

3. Construction: The Port agrees to design, construct and complete the project described herein, no later than February 28, 2011. The County shall have no responsibility for the design, construction or management of said project. The Port shall have the sole authority to determine its design, construction and project management, and to enter into partnerships, contracts, or other legal arrangements with potential investors and/or users thereof to assist in financing and/or construction and permitting, in the manner allowed by law.

4. Financing: Pursuant to this Agreement, County shall pay to the Port the sum of \$300,000.00, on or before August 31, 2010. Such funds shall be invested by the Port until needed for project costs. All funds distributed to the Port pursuant to this agreement, including interest accruing on the investment of such funds, shall be restricted solely for payment of costs incurred in connection with the project.

5. Budget: The total estimated cost for the project is \$631,000.00. The project is anticipated to be completed not later than February 28, 2011. Actual construction costs will be based upon contracts let for public bid pursuant to law. The Port has developed a budget for said project, will maintain the budget, and will account for all expenditures made for the project. In consideration of the above described transfer of funds, the Port hereby warrants and guarantees that the said project shall be completed for use as described herein notwithstanding any cost overruns incurred in the course of design, construction or project management.

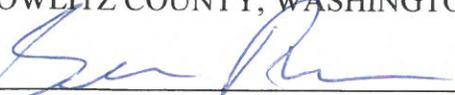
6. Repayment Guarantees: In the event that tax proceeds have been disbursed to the Port and the project does not proceed or is not completed as anticipated, the Port hereby guarantees that it will refund to the County all such proceeds disbursed to it, together with accrued interest at the same rate as if the funds had been invested with the Washington State Local Government Investment Pool, provided that the Port may deduct such amounts as it shall have applied to the project through the date on which a decision is made not to proceed with or to abandon the project.

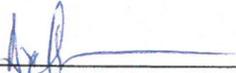
7. Termination: Neither the County nor the Port may terminate this Agreement until the project is complete and payment for said project is fully satisfied.

8. Indemnification: The Port shall be solely responsible for administration of the project. In further consideration of the above described transfer of tax proceeds, the Port shall defend, indemnify and hold harmless the County from and against all claims, whether sounding in contract or in tort, arising out of or in any way related to the project. This paragraph shall survive the completion, expiration, and/or termination of this Agreement.

9. Duty to Submit Agreement to Jurisdictional State Officer or Agency: The requirements of R.C.W. 39.34.050 do not apply to this Agreement as no State Officer or Agency has control over the subject matter of this Agreement.

BOARD OF COMMISSIONERS OF  
COWLITZ COUNTY, WASHINGTON

  
George Raiter, Chair

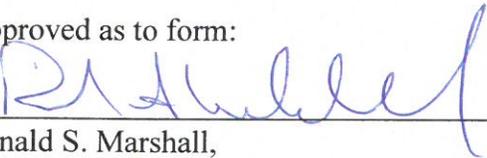
  
Axel Swanson, Commissioner

  
Kathleen A. Johnson, Commissioner

Attest:

  
Vickie M. Musgrove, Clerk of the Board 6-8-10

Approved as to form:

  
Ronald S. Marshall,  
Deputy Prosecuting Attorney

PORT OF LONGVIEW

  
Ken O'Hollaren, Executive Director

Approved as to form:

  
Frank Randolph, Port Legal Counsel