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 law of the State of Washington, and wholly situated in Cowlitz County, Washington, (the “Port”), on the date show below.

RECITALS

1. County has agreed to issue and sell limited tax general obligation bonds, for the repayment of which the County has pledged tax revenues received or to be received under the County’s sales and use tax for rural counties authorized in RCW 82.14.370 and imposed in Cowlitz County Code Chapter 3.21. Such tax is authorized for the purpose of encouraging, among other things, economic development in rural areas through the financing of public facilities. County has agreed to pay over a portion of the proceeds of said bond proceeds to assist the Port in the construction of 9,450 lineal feet of rail track as part of the industrial rail corridor project that will provide additional direct mainline rail access for industrial tenants as well as serve Port marine berths (hereinafter the “project”). The industrial rail corridor is noted as a “high priority” project in both the adopted Comprehensive Economic Development Strategy for Cowlitz and Lewis Counties and by Washington Community Economic Revitalization Team’s (WACERT) list of county-wide projects. The State of Washington ranks the Port’s Industrial Rail Corridor project as number 5 on its statewide Freight Mobility list of over 75 transportation projects. The contribution to the Port from Bond proceeds will be in the amount of $2,000,000.00.

2. The Port has the appropriate statutory authority pursuant to RCW Title 53, and is ready, willing, and able to design and construct such improvements to the Port’s Industrial Rail Corridor, 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.
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 and shall terminate upon repayment of the bonds described herein.

2. **Purpose:** The purpose of this Agreement is to allow the County to provide funding assistance to Port for part of the costs of the design and construction of improvements to the Port Industrial Rail Corridor (the “project”).

3. **Construction:** The Port agrees to design, construct and complete the project described herein, no later than fall/winter, 2003. The County shall have no responsibility for the design or construction of said project. The Port shall have the authority to determine its design, construction, location, acquisition of easements and rights of way, 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 has issued or will issue negotiable, limited tax, general obligation bonds evidencing indebtedness in the principal amount of $5,695,000, plus issuance costs, and will sell or has sold said bonds to a bond underwriter. A portion of the net proceeds from the sale of such bonds will be paid into a special fund in the office of the Cowlitz County Treasurer in accordance with and pursuant to the terms of County Resolution No. 02-135. Thereafter, a portion of such proceeds shall be transferred to Port. Such funds shall be restricted solely for payment of costs incurred in connection with the project.

5. **Budget:** The estimated cost for the project is $21.1 million which project is anticipated to be completed in fall/winter 2003. 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 proceeds, the Port of Longview 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 or construction.

6. **Repayment Guarantees:** In the event that the rural county sales and use tax revenues collected or to be collected by County under Cowlitz County Code Chapter 3.21 shall for any reason fail to satisfy in full the payment and retirement of the limited tax general obligation bonds described above, Port hereby guarantees such repayment and shall therefore reimburse County for any payment required to be made on such bonded obligation from the County general fund, **provided** that County shall have first applied all such rural county sales and use tax revenues to the said bonded indebtedness as and when the same shall become due. **Provided further** that any repayment required hereunder shall be in proportion to the amount the project bears to the total indebtedness of the County for which such rural county sales and use tax revenues have been pledged, both principal and interest, outstanding at the time repayment is
required. In the event Port shall, for any reason, be unable to complete the project, Port shall have the option of returning the bond proceeds transferred hereunder, together with accrued interest, to the County and shall thereafter be released from any further liability under the guarantee contained in this Agreement.

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

8. Indemnification: The Port shall be solely responsible for administration of the project. In further consideration of the above described transfer of bond 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. Recordation: This Agreement will be filed with the Cowlitz County Auditor pursuant to R.C.W. 39.34.040 within five (5) days of the execution of this Agreement. All fees relating to such recording shall be paid by the County. Upon request of the Port of Longview, County agrees to execute a release or other appropriate instruments as shall be necessary to certify compliance with the terms of this Agreement upon full and complete satisfaction of the terms of this Agreement.

10. 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

Jeff M. Rasmussen Chairman

J. Bill Lehning, Commissioner

George Raiter, Commissioner

Port of Longview

Kenneth B. O’Hollaren, Executive Director

Attest: Vickie M. Musgrove, Clerk of the Board

Robin Johnson, Executive Assistant, Port Attorney

Approved as to form: Ron Marshall, Deputy Prosecuting Attorney
required. In the event Port shall, for any reason, be unable to complete the project, Port shall have the option of returning the bond proceeds transferred hereunder, together with accrued interest, to the County and shall thereafter be released from any further liability under the guarantee contained in this Agreement.

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

8. Indemnification: The Port shall be solely responsible for administration of the project. In further consideration of the above described transfer of bond 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. Recordation: This Agreement will be filed with the Cowlitz County Auditor pursuant to R.C.W. 39.34.040 within five (5) days of the execution of this Agreement. All fees relating to such recording shall be paid by the County. Upon request of the Port of Longview, County agrees to execute a release or other appropriate instruments as shall be necessary to certify compliance with the terms of this Agreement upon full and complete satisfaction of the terms of this Agreement.

10. 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

Jeff M. Rasmussen Chairman

PORT OF LONGVIEW

Kenneth B. O’Hollaren, Executive Director

Absent
J. Bill Leitring, Commissioner

George Raiter, Commissioner

Attest:
Vickie M. Musgrove,
Clerk of the Board

Approved as to form:
Ron Marshall,
Deputy Prosecuting Attorney

Approved as to form:

Attest:
Robin Johnson,
Executive Assistant

Approved as to form: