

PORT OF SEATTLE/PORT OF TACOMA
ALLIANCE AGREEMENT

FMC AGREEMENT NO. _____

A Marine Terminal Operator Agreement as defined in 46 C.F.R. 535.201(b)

Original Effective Date:

Expiration Date: None

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ARTICLE I: FULL NAME OF THE AGREEMENT

This Agreement is known as the Port of Seattle/Port of Tacoma Alliance Agreement (“Agreement”).

ARTICLE II: BASIS FOR AGREEMENT

- A. The Ports of Tacoma and Seattle (“Ports”) are separate port districts governed by locally elected port commissioners. They are 30 miles apart on Puget Sound. There are over 75 different ports in Washington. Washington state law provides for local control of port facilities, and also allows each port to exercise any of its powers jointly with any other port by mutual agreement.

- B. The Ports are the two largest ports in Washington state, with extensive investments in their marine facilities, and together are the third largest trade gateway in the United States. Each port handles container and other cargos. The Ports estimate that a significant segment of their import cargo is bound for destinations outside Puget Sound, principally the Midwest. This discretionary cargo is critical for the financial stability of the Ports and the private marine terminal operators who operate the terminals.

- C. The leaders of the Ports believe that recent developments in the shipping industry threaten the future of the United States Pacific Northwest trade. These developments include:
 - 1. The Ports have faced increased competition from other expanding ports across North America, prompting them to explore opportunities for a creative collaboration.

 - 2. Losses in the Pacific trade over the past three years have led shipping lines to consolidate into alliances. Such alliances require ports to craft cooperative responses, where appropriate, to meet shipping lines’ needs.

3. Shipping lines are deploying larger container ships. The size of these ships could lead to fewer port calls, but also signals an opportunity for ports that have the capability to handle these vessels through deeper drafts, stronger aprons and berths, and adequate cranes.
4. The larger container ships entering the shipping trades require significant capital investment by ports and marine terminal operators in infrastructure. Ports must make targeted and strategic infrastructure investments to remain competitive.

D. The Ports, in recognizing these developments, entered into an earlier discussion agreement that became effective as FMC Agreement No. 201222) (“Discussion Agreement”). The purpose of the Discussion Agreement was to set forth a framework in which the Ports would explore the feasibility of entering into an alliance. In conjunction with the Discussion Agreement, the Ports entered into an interlocal agreement that described how the Ports would proceed to determine the feasibility of entering an alliance (that interlocal agreement is referred to as the “Framework ILA”). Following consideration of issues relating to the form, management, and content of an alliance between them, the Ports have now concluded their review under the Discussion Agreement and the Framework ILA and are prepared to move forward with this Agreement and form an alliance between the Ports.

E. The Ports will form the alliance pursuant to the following federal and state authorities: (1) this Alliance Agreement, (2) an interlocal agreement with delegated powers exercised pursuant to the port joint powers statute (RCW 53.08.240) which expressly permits joint operation and investment outside of a port’s district boundaries, (3) RCW 39.34.030, the state Interlocal Cooperation Act, and (4) Title 53.XX RCW, which authorizes the Ports to

create a port development authority (“PDA”) to operate certain marine facilities jointly, to be known as The Northwest Seaport Alliance (“Alliance”).

ARTICLE III: PURPOSE OF THE ALLIANCE AGREEMENT

A. The purpose of this Alliance Agreement (“Agreement”) is to authorize its signatories to meet, discuss, collect and share information, and to coordinate and reach agreement and implement all actions under its authority, and the authority of other agreements approved by the Ports’ Commissions in conjunction with creating and managing the Alliance.

Alliance activities carried out pursuant to this Agreement shall include, but are not limited to, management, operation and use of the facilities designated as within the scope of the Alliance and this Agreement; joint marketing; planning; development and utilization of Alliance facilities; negotiating, setting and approving all terminal rates, charges, rules and regulations, and rates of return; and exploring all development and use options relating to those facilities that the Ports designate as falling within the scope of the Alliance and this Agreement.

B. The Alliance PDA shall be effective August 1, 2015 pursuant to RCW 39.34.030, the Interlocal Cooperation Act, RCW 53.08.240, which expressly permits joint operation and investment outside of a port’s district boundaries and Title 53.XX RCW, which authorizes the Ports to create a PDA to operate certain marine facilities jointly as the Alliance, for a term commencing on August 1, 2015 continuing indefinitely until dissolution in accordance with the provisions of the PDA Charter or as otherwise provided by law.

ARTICLE IV: PARTIES TO THE AGREEMENT

A. The parties to the Agreement are:

1. Port of Seattle
2711 Alaskan Way
Seattle, WA 98121

2. Port of Tacoma
One Sitcum Plaza
Tacoma, WA 98421

B. Both Ports are municipal corporations of the state of Washington, each of which act by and through their respective Commissions.

C. The signatories to this Agreement may from time to time invite outside parties to attend Agreement meetings to consult with or otherwise provide input, information, or expertise on subjects within the Agreement's purposes. Such parties will not participate in the deliberations or any decision-making processes that may be allowed under this Agreement. The signatories to this Agreement may also meet in Executive Session (non-public meetings pursuant to certain exemptions defined in Washington State's Open Public Meetings law Chapter 42.56 RCW); such Executive Sessions are not considered FMC Agreement meetings held pursuant to this Agreement.

ARTICLE V: GEOGRAPHIC SCOPE OF THE AGREEMENT

This Agreement covers all geographic areas served by the Ports of Seattle and Tacoma.

ARTICLE VI: AGREEMENT AUTHORITY

The Ports are authorized to create the Alliance and to discuss, collect and share information and coordinate and reach agreement and implement the following actions:

- A. Management, use and operation of the marine cargo business of the Ports by the Alliance at those facilities placed within the Alliance.
- B. Exercise by the Alliance, acting through the PDA, of its authority to exercise the powers permitted to PDAs, subject to applicable federal and state laws.

C. Facility planning and development for those facilities that the Ports place within the PDA (“Licensed Properties”). The Ports may place or not place facilities within the PDA by agreement so long as they are within the geographical scope identified in Article V.

D. Management, use and operation of the Licensed Properties.

E. Working with federal, state, and local governments and agencies and the private sector to enhance existing or developing regional, port-related transportation infrastructure.

F. Seeking legislation, regulations, and funding from local, state, and federal governments as to any matter within the scope of this Agreement.

G. Establishing and implementing policies to achieving financial returns for the Licensed Properties, based on all terminal rates, charges, and rules and regulations, whether imposed by tariff, marine terminal operator schedule, lease or other contract, or in any other manner.

H. Expenditures of funds for the purposes described in this Agreement.

I. Carrying out all other activities as set forth in the PDA Charter, it’s supporting documents, future amendments, and any subsequent agreements between the Ports relating to the PDA.

ARTICLE VII: ADMINISTRATION AND DELEGATION OF AUTHORITY

A. Administration. The Ports will administer this Agreement through their duly authorized representatives. The Ports may carry out the activities authorized in this Agreement

through meetings, telephone communications, video conferences, electronic mail or other communications means as the signatories choose.

- B. Committees. The Ports may establish committees and subcommittees as they deem desirable to carry out the purposes of this Agreement. All such sub-groups under this Agreement will maintain minutes of their meetings and make those available to the Secretary under this Agreement.
- C. Outside Resources. The Ports may hire and retain consultants, subcontractors, or other third parties to carry out the purposes of this Agreement, subject to the Ports' respective agreement regarding costs in connection with such hiring.
- D. Secretary. The Ports will select one or more secretaries to be responsible for all administrative tasks under this Agreement ("Secretary"). The Secretary will take minutes of all meetings held under this Agreement and a record of all discussions and actions taken within such meetings. The Secretary will file minutes of all meetings conducted under the Agreement and any materials provided to the Ports, committees, or subcommittees with the Commission and provide copies to each Port, provided that Executive Sessions defined herein at Article IV are not considered FMC Discussion Agreement meetings held pursuant to this Agreement.

ARTICLE VIII: DURATION, MODIFICATION, AND TERMINATION

- A. Duration. This Agreement will become effective as of its effective date under the U.S. Shipping Act of 1984, as amended, including under 46 U.S.C. § 40304. This Agreement will have an indefinite term, and will continue in full force until terminated by action of the signatories or the Commission.

B. Modification. The signatories may amend this Agreement if both signatories agree in writing. The Secretary will file the amendments with the FMC and the amendments will be effective as specified under applicable federal law and regulation.

C. This Agreement and each amendment to or republication of this Agreement may be executed in one or more counterparts, and all of such counterparts shall constitute one Agreement, notwithstanding that all signatories have not signed the same counterpart.

IN WITNESS WHEREOF, the parties have executed this Alliance Agreement on the dates below.

PORT OF SEATTLE

By _____

Its _____

Date: _____

PORT OF TACOMA

By _____

Its _____

Date: _____