TERMINAL 108 COMMON INTEREST AND COST-SHARING AGREEMENT

BY AND BETWEEN THE PORT OF SEATTLE, THE CITY OF SEATTLE, AND KING COUNTY

This COMMON INTEREST AND COST-SHARING AGREEMENT ("*Agreement*") is made by and between the Port of Seattle (the "*Port*"), the City of Seattle (the "*City*"), and King County (the "*County*"), who are collectively referred to as the "*Parties*," and individually as a "*Party*." In making this Agreement, the Parties acknowledge the following:

RECITALS

WHEREAS, the U.S. Environmental Protection Agency ("*EPA*") seeks to investigate sources and the areal extent of suspected contamination ("*Site Contamination*") at and around the Port property known as Terminal 108 ("*T-108*"), which is located generally at 4525 Diagonal Avenue South, Seattle, Washington (County tax parcels 7666700515 and 7666700510), and which is located within the larger Lower Duwamish Waterway Superfund Site ("*LDW Site*");

WHEREAS, each Party to this Agreement has been identified as a Potentially Responsible Party ("**PRP**") by EPA within the meaning of the federal Comprehensive Environmental Response, Compensation and Liability Act ("**CERCLA**"), 42 U.S.C. § 9601, *et seq.*, in connection with environmental contamination at or associated with the T-108 site (the "*Site*");

WHEREAS, EPA has asked the Parties to enter into an Administrative Settlement and Order on Consent ("ASAOC") for the performance of an Engineering Evaluation and Cost Analysis ("EE/CA") under CERCLA;

WHEREAS, the Parties wish to provide for the performance of the work required to implement the ASAOC in an orderly fashion and defer a final resolution of claims concerning each Party's relative share of responsibility for recoverable response costs at the Site until after the EE/CA has been completed; and

WHEREAS, the Parties share a joint and common interest in cooperating with each other to the extent permitted by law and in sharing certain information otherwise protected from disclosure by the attorney-client privilege and by the attorney work-product doctrine and/or jointdefense privilege in conducting a joint defense against any and all actual and potential claims that may be asserted against them with regard to the Site Contamination.

TERMS OF AGREEMENT

NOW THEREFORE, the Parties mutually agree as follows:

- 1. **DEFINITIONS**.
 - **1.1** "**Performing Parties**" shall mean the Port and the City.
 - **1.2 "Non-Performing Party"** shall mean the County.

2. **JOINT DEFENSE AND COMMON INTEREST.** The Parties may, at the sole option of each, share and exchange intelligence, strategies, research, studies, data, legal theories, technical conclusions, confidences, communications, information and documents ("*Common Interest Materials*") to advance their negotiations with EPA for the performance of work required under the ASAOC. Common Interest Materials shall be clearly designated as such on the face of the document, though materials not so designated are presumed to be covered by this agreement if shared or exchanged regarding or in furtherance of the ASAOC or work required under the ASAOC.

3. ALL PRIVILEGES MAINTAINED. The Common Interest Materials that the Parties exchange shall maintain all privileges from disclosure to adverse or other third parties as a result of the attorney-client privilege, the attorney work-product doctrine, the privileges applicable to parties with common interest, the joint-defense privilege, and other applicable privileges or confidentiality protections to the fullest extent recognized under Washington law and federal law. By this Agreement, the Parties state that in pursuit of their common interests and in joint defense against any and all actual and potential claims that may be asserted against them with regard to Site Contamination, they do not intend to waive any applicable privileges and they intend to preserve to the maximum extent permitted by Washington law and federal law the attorney-client privilege, protection under the attorney work-product doctrine, the joint-defense privilege, and all other privileges and protections that they may have. In the event of any effort by a third party to compel the disclosure of Common Interest Materials, including a request under the Washington Public Records Act, Chapter 42.56 RCW, or the federal Freedom of Information Act, 5 U.S.C. § 552, the Party that is the subject of the records request, subpoena or other form of compulsory process shall promptly notify the other Parties so as to afford such Parties the opportunity to seek protection from the compelled disclosure of Common Interest Materials. Nothing herein shall preclude a party from producing Common Interest Materials as required by law.

4. **CONFIDENTIALITY**. Except as permitted by this agreement or otherwise required by law, the Parties agree not to disclose any Common Interest Materials received from any other Party or its counsel or technical consultants to any person or entity other than (a) attorneys and their staff representing a Party in connection with the ASAOC or EE/CA; (b) experts or consultants retained by the receiving Party in connection with the ASAOC or EE/CA; (c) insurers providing coverage related to the Site with whom a Party has a joint defense and/or confidentiality agreement; (d) employees, officers, directors, executives, or other elected representatives of the receiving Party who have responsibilities with regard to the ASAOC or EE/CA. The Parties and their counsel shall take reasonable steps to protect and preserve the confidentiality of Common Interest Materials received. Individuals permitted access to Common Interest Materials shall be advised that the information is privileged and confidential and subject to this Agreement.

4.1 **NON-CONFIDENTIAL INFORMATION.** Nothing in this Agreement shall prevent the Parties from disclosing to others or using in any manner information which the Party can show:

(a) Was known by a Party prior to the execution of this Agreement, has been published or has become a part of the public domain other than by acts, omissions, or fault of the Parties or their agents or employees in violation of this Agreement;

(b) Has been furnished or made known to a Party by third parties (other than those acting directly or indirectly for or on behalf of the Parties) or was obtained by a Party in some manner other than pursuant to this agreement as a matter of legal right, without any applicable restrictions on its disclosure; or

(c) Was in the Party's possession prior to disclosure thereof by or on behalf of any of the Parties.

5. **FUTURE LITIGATION**. In any litigation between or among Parties, this Agreement shall not preclude discovery of Common Interest Materials, and this Agreement shall not preclude Parties from obtaining disclosure of Common Interest Materials or alter the obligations of Parties to disclose Common Interest Materials under applicable rules of Civil Procedure. In any future litigation, all Parties agree that this Agreement shall not be admissible in any future litigation or other cost allocation proceeding and shall not be used by any Party to as the basis for asserting what any Party's final share of responsibility should be.

6. **ADDITIONAL PARTIES**. By unanimous consent, the Parties may agree to allow other persons or entities who share their joint and common interest in defending any actual or potential claims that may be asserted against them with regard to Site Contamination, and who agree to be bound by the terms of this Agreement, to join the Agreement.

7. **SEPARATE AND INDEPENDENT LEGAL REPRESENTATION**. Nothing in this Agreement shall be construed to affect the separate and independent representation of the Parties by their respective counsel. Each Party understands and acknowledges that each Party is represented exclusively by that Party's own attorneys in the above-referenced matter. While attorneys representing other Parties to this Agreement have a duty not to disclose the information disclosed to them pursuant to this Agreement, they will not act for any Party other than their own clients in the above-referenced matter. Each Party understands and agrees that this Agreement itself does not and will not create any attorney-client relationship with any other Party's attorneys.

8. **PERFORMING PARTY OBLIGATIONS**: The Performing Parties shall be responsible for performing the work required by the ASAOC and for any ASAOC requirements or provisions related to performance (or lack thereof), including, but not limited to, providing notifications, securing insurance, providing financial assurances, assuming the indemnity obligation, and paying any penalties for nonperformance.

9. **DECISION-MAKING BY CONSENSUS**. T-108 decisions, including but not limited to technical decisions, strategic decisions, as well directives to the common consultant and comments to EPA, shall be by consensus, i.e., unanimous vote of all Performing Parties, except as qualified below in this section. Each Performing Party shall be entitled to one vote on all matters to be decided by the T-108 Performing Parties. The Performing Parties shall endeavor in good faith to reach consensus in resolving all matters to be decided and may consider the use of a facilitator or other dispute resolution mechanisms. Notwithstanding this or any other provision of

this MOA, each Performing Party shall have the unilateral right to withdraw from this MOA as provided is Section 15 of this MOA, or to invoke dispute resolution. In the event a party withdraws from this MOA, the confidentiality provisions of Section 4 above shall remain in effect.

10. **INDIVIDUAL CONSULTANTS**. Nothing in this Agreement shall be construed to affect the separate and independent ability of the Parties and their counsel to obtain consulting services, including any environmental consultants, hired directly or indirectly by a Party, or its attorneys, agents, or contractors, in connection with Site Contamination ("*Individual Consultants*"). As may be necessary to effectuate the purposes of this Agreement, the Parties acknowledge that Common Interest Materials may be shared with Individual Consultants as agents and/or representatives of the Parties, to the extent the Party does not otherwise violate the provisions of this Agreement. The Parties intend that the privilege and confidentiality protections in this Agreement shall apply to the maximum extent permitted by law to information generated by and shared with Individual Consultants.

11. **JOINT CONSULTANT.** The Performing Parties will work together in good faith to select a consultant who will perform work associated with negotiating and implementing the ASAOC and the EE/CA ("*Joint Consultant*"). The Joint Consultant's scope of work to complete the EE/CA and a budget for the EE/CA, and any other work required to implement the ASAOC, shall be determined by unanimous consent of the Performing Parties. Following the selection of the Joint Consultant, pursuant to the process described in 9.1 below, and approval of the budget and scope of work, the Performing Parties will endeavor to direct the work required under the ASAOC by unanimous consent. If the Performing Parties fail to reach consensus within a reasonable time, the Performing Parties may proceed only after consultation with and direction from EPA.

10.1 **CONTRACTING.**

(a) Selection. The Port will enter into and oversee contracts with the Joint Consultant. The Port will follow its regular contracting procedures to advertise for and select potential consultants except as described herein. In addition to the Port, the City (as the other Performing Party) shall participate in interviewing potential consultants and each Performing Party shall have equal weight in scoring consultants in the procurement process. The Performing Parties shall select a consultant from the pool of applicants by unanimous consent. Unless otherwise agreed by the Performing Parties, in no event shall the Joint Consultant be a consultant previously retained by any Party in connection with the T-108 Site.

(b) Initial Shared Cost Payments. The Port will pay the initial invoices for Shared Costs in the amount of the Up-front Payments, as defined in Section 11.2 below, provided by the Non-Performing Parties. Following exhaustion of those funds, the Port will begin invoicing the City for its 50 percent share of remaining Shared Costs in accordance with the procedures in Section 9.1(c) below.

(c) Billing. The Port will provide copies of invoices for Shared Costs (including Joint Consultant invoices, EPA oversight invoices, and any other

invoices for Shared Costs) to the Non-Performing Parties for informational purposes. The Port will provide invoices for Shared Costs to the City (as the other Performing Party) prior to payment of each invoice, and will pay each invoice after receiving authorization from the City, provided that any objections to an invoice must be delivered to the Port in writing within ten (10) calendar days of receipt of the invoice by the objecting Party. The Port may presume approval of an invoice if no objection is received within ten (10) calendar days. Following exhaustion of the funds provided to the Port through Up-front Payments, the Port will prepare and submit a final pro rata invoice for the City's portion of the Shared Costs that are to be paid by the City (as the other Performing Party), following the 10-day review period. The City will reimburse the Port for its share of each such invoice within thirty (30) calendar days of receiving the invoice and supporting documentation for the charges indicated on the invoice sufficient to meet the contracting requirements of the Performing Parties. In the event of a timely objection to an invoice, the Performing Parties will confer within fourteen (14) calendar days concerning the objection. Following good faith discussions concerning the objection, if the Port does not agree with the objection and wishes to pay the invoice in full, the City shall reimburse the Port for the City's share of the invoice within thirty (30) days of receiving such invoice. If the Performing Parties reach an agreement on an alternative to paying the invoice in full, the Port shall communicate that agreement to the Joint Consultant, and the City shall pay its share of the revised invoice total within thirty (30) days of the Port's communication of that agreement. In the event the Port does not receive the City's payment by the date required, interest will accrue in the amount of 3% per week.

10.2 ACCESS TO INFORMATION. Each Performing Party shall have full and equal access to the Joint Consultant(s) and to all data, results, reports, and other documents or information supplied to or developed by the Joint Consultant, subject to the confidentiality provisions of this Agreement. For all deliverables except the EE/CA, the Performing Parties shall promptly provide to the Non-Performing Parties copies of the deliverables (but not review drafts) as they are submitted to, or received from, EPA. Prior to submission of the draft EE/CA Report to EPA, the Performing Parties will provide a review draft to the Non-Performing Parties for concurrent review with the Performing Parties before its submission to EPA and, if requested, will meet with the Non-Performing Parties to discuss the draft. If substantial revisions are requested by EPA, the same review process shall be followed with respect to the review draft that incorporates revisions, before resubmission to EPA.

12. **SHARED COSTS**. The Parties will share the costs for work to implement the ASAOC according to the terms of this section.

12.1. "*Shared Costs*" as agreed to under this section shall mean (a) Joint Consultant and other costs approved by the Performing Parties as costs for work required under the ASAOC; (b) EPA oversight costs, if any; (c) the Port's administrative and overhead costs incurred in administering contracts with the Joint Consultant(s) and processing and paying EPA

oversight cost invoices; and (d) any other costs agreed to in writing by the Parties. Shared Costs shall not include any staff time unrelated to contract administration, legal expenses, attorney fees, or other legal or Individual Consultant costs associated with a Party's independent activities relating to the Site. Shared costs do not include any penalties that may be assessed by EPA under the ASAOC, *e.g.*, for non-performance, for which the Participating Parties shall be responsible for paying.

11.2 "Up-Front Payment" shall mean the payment made to the Port by the Non-Performing Parties as agreed to under this section. Each Non-Performing party shall make an Up-Front Payment to the Port in the amount of \$150,000 within thirty (30) days of execution of this agreement. In the case of King County only, the Port shall invoice the County twice, upon issuing NTP to the selected contractor and again on January 1, 2021, and the County shall make corresponding Up-Front Payments in two installments of \$50,000 and \$100,000, respectively, within 30 days of receipt of each invoice. In the event the Port does not receive the County's payment by the date required, interest will accrue in the amount of \$45 per week. The Up-Front Payment will not be refunded in the event that costs to perform the EE/CAA ultimately end up being lower than anticipated. The Non-Performing Parties shall not be responsible for the payment of any penalties assessed by EPA under the ASAOC, *e.g.*, for non-performance.

12.2. The Port shall pay invoices associated with Shared Costs up to the total amount of Up-Front Payments the Port has received from the Non-Performing Parties. Once that amount has been spent (or is anticipated to be spent in the case of a partial invoice), the Port and the City shall share all remaining Shared Costs on a 50/50 basis. The Port will pay invoices and seek reimbursement from the City for its 50% share pursuant to the procedures set forth in 9.1(b) above.

12.3. The framework for paying for Shared Costs set forth in this section in no way reflects any final, negotiated allocation of responsibility for costs associated with investigating and remediating any Site Contamination and shall not be asserted as such by any Party in any future litigation or non-judicial allocation of Shared Costs. The preliminary division of Shared Costs set forth in this section shall not be admissible evidence in any proceeding except to establish that such amounts have in fact been contributed by the respective Parties. The Parties recognize and agree that any amounts or percentages agreed to pursuant to in this section are compromises and do not represent the Parties' view of the ultimate allocation of any liability for any costs associated with investigating and remediating any Site Contamination. Nothing in this section or elsewhere in the Agreement should be construed as an admission of liability by any Party to any percentage or extent.

12.4. A Party's failure to timely pay its share of the Shared Costs constitutes a material breach of this Agreement. A Party in material breach of this Agreement shall no longer participate in any decision-making under the Agreement until and unless such unpaid Shared Costs are resolved.

13. **ALLOCATION/MEDIATION.** The Parties agree that, following completion of the EE/CA and issuance of EPA's remedial action decision, the Parties will enter into good faith negotiations to participate in a streamlined mediation- or arbitration-based process to determine

final shares for the allocation of all recoverable remedial action and response costs for the Site, including but not limited to Shared Costs and the anticipated costs of any further response actions required by EPA.

14. **PAST REMEDIAL ACTION COSTS**. Nothing in this Agreement shall preclude any Party that has incurred response or remedial action costs in connection with the Site prior to execution of this Agreement from seeking recovery of the same, in whole or in part, from any other Party or Parties as allowed by law and equity.

15. COMMUNICATIONS. A Performing Party shall not initiate ex parte communications that do not include the other Performing Party with any employees or representatives of EPA regarding any aspect of the Site, including the ASAOC and the EE/CA, without first notifying the other Performing Party and giving that party an opportunity to participate in the communication. A Non-Performing Party shall not initiate ex parte communications that do not include the Performing Parties with any employees or representatives of EPA regarding any aspect of the Site, including the ASAOC and the EE/CA, without first notifying the Performing Parties and giving them an opportunity to participate in the communication. The Performing Parties shall confer in good faith prior to any planned phone calls or meetings with regulatory authorities to agree on specific talking points, positions, and/or messages to convey. For any major discussion with EPA that involves any Non-Performing Parties, all Parties shall confer in good faith prior to any such discussion to agree on specific talking points, positions, and/or messages to convey. In the event an employee or representative of EPA contacts a Party or its Individual Consultant regarding the Site, that Party shall promptly notify the other Parties and forward any written communications to all Parties.

16. **WITHDRAWAL**. Any Party may withdraw from this Agreement upon prior thirty (30)-day written notice to all other Parties. Any withdrawing Party and that Party's counsel shall continue to be bound by this Agreement with regard to any Common Interest Materials received, learned, or obtained at any time prior to the effective date of the withdrawal, and this Agreement shall continue to protect all applicable privileges and the confidentiality of Common Interest Materials disclosed to both the withdrawing Party and that Party's counsel. Any withdrawing Party shall continue to be responsible for Shared Costs as described in Section 11 above.

17. **EQUITABLE REMEDIES**. The Parties agree that the rights, privileges, and interests intended to be protected by this Agreement are unique and any violation of this Agreement may result in irreparable harm and injury to the other Parties. The Parties specifically agree that the terms of this Agreement may be enforced through appropriate injunctive relief, specific performance, or other equitable relief; provided that no action to enforce this Agreement may be brought by any Party without first having referred the dispute to mediation.

18. **DURATION OF AGREEMENT**. This Agreement, including its provisions on the use and confidentiality of Common Interest Materials, shall remain in full force and effect notwithstanding any settlement or resolution of claims related to Site Contamination. The provisions of this Agreement governing the use and confidentiality of Common Interest Materials shall continue to apply to any employee of any Party or its counsel who ceases to be employed by

that Party, and to any expert, consultant, terminated counsel, agent, or contractor who worked on behalf or under the direction of any Party or its counsel.

19. **USE OF AGREEMENT**. This Agreement, the contents hereof, and the interim division of Shared Costs provided for in this Agreement shall not be admissible evidence in any proceeding without the written consent of all Parties, except as stated in Section 10, and except to enforce the terms of this Agreement, to prove the existence of this Agreement or the common interest or joint defense privilege by providing a copy of this Agreement and asserting the common interest or joint defense privilege to a court of competent jurisdiction, or as required by law or court order.

20. **HEADINGS NOT CONTROLLING**. The section headings included herein are for reference only and are not a part of this Agreement. The headings shall not control or alter the meaning of this Agreement as set forth in the text.

21. **NOTICES.** All notices, requests, consents, claims, demands, waivers, and any other such communications shall be in writing and shall be deemed to have been given (i) when delivered by hand (with written confirmation of receipt); (ii) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (iii) on the date sent by facsimile or e-mail (with confirmation of transmission); or (iv) on the third (3rd) day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 21):

If to the Port of Seattle: Roy Kuroiwa Environmental Program Manger Pier 69, 2711 Alaskan Way P.O. Box 1209 Seattle, WA 98111 Phone: (206) 787-3814 E-mail: kuroiwa.r@portseattle.org

If to the City of Seattle: Pete Rude 700 Fifth Avenue, Suite 4900 Mailstop: SMT 49-00 Seattle, WA 98104 Phone: (206) 733-9179 E-mail: pete.rude@seattle.gov *Copy to:* Elizabeth C. Black Senior Port Counsel Pier 69, 2711 Alaskan Way P.O. Box 1209 Seattle, WA 98111 Phone: (206) 787-4697 E-mail: black.e@portseattle.org

Copy to: Laura Wishik Assistant City Attorney Seattle City Attorney's Office 701 Fifth Ave., Suite 2050 Seattle, WA 98104-7097 Phone: (206)-684-8199 E-mail:Laura.Wishik@seattle.gov

Copy to:
Kristie Elliott
Senior Deputy Prosecuting Attorney
King County Prosecuting Attorney's Off
500 Fourth Avenue, Suite 900
Seattle, WA 98104-2316
Phone: (206) 477-6758
E-mail: Kristie.Elliott@kingcounty.gov

Any Party may change the address to which notices, requests, demands, claims, waivers, and any other such communications under this Agreement are to be delivered by giving the other Parties notice in the manner set forth above. Any Party may make service on the other Parties by sending or delivering a copy of the process to the Parties to be served at the address and in the manner provided for the giving of notices above.

Office

22. **COUNTERPARTS; SIGNATURES**. This Agreement may be executed in any number of identical counterparts, notwithstanding that all Parties have not signed the same counterpart, with the same effect as if all Parties had signed the same document. All counterparts shall be construed as and shall constitute one and the same agreement. Signature images transmitted electronically on this Agreement will be fully binding and effective for all purposes.

23. **AUTHORIZATION AND EXECUTION**. By executing this Agreement, the undersigned certify that they have authority to bind their respective entities to the terms of this Agreement and are signing on behalf of their respective entities as shown below.

24. **FINAL AND COMPLETE EXPRESSION**. This Agreement is the final and complete expression of the Parties concerning the subjects covered by this Agreement and this Agreement supersedes and replaces all prior agreements, discussions, representations, and drafts, all of which are merged into, and superseded by, this Agreement.

25. **AMENDMENT AND SEVERABILITY OF AGREEMENT**. If any provision of this Agreement is found invalid or unenforceable, then the balance of this Agreement shall remain in full force and effect. This Agreement may not be amended or modified except in a writing executed by each Party.

26. **GOVERNING LAW**. This Agreement was entered into under the laws of the State of Washington. If it becomes necessary to interpret any of the Agreement's terms, it is the intent of the Parties that the laws of the State of Washington shall apply, without giving effect to the provisions thereof relating to conflicts of laws or choice of laws.

27. **BINDING EFFECT**. This Agreement is binding upon and inures to the benefit of the Parties and their respective heirs, legatees, representatives, successors, transferees, and assigns. Furthermore, this Agreement shall automatically apply to substitute or associated counsel who may appear on behalf of any Party, which substitute or associated counsel shall thereupon become a party to and be bound by this Agreement.

28. **THIRD PARTIES; NO WAIVER ON DEFAULT**. Nothing in this Agreement shall be construed to waive any rights, claims, or privileges that any Party shall have against any person or entity who is a non-participant in this Agreement, EPA, or any other person or entity. This Agreement is for the sole and exclusive use of the Parties hereto, and none of the provisions of this Agreement shall be deemed to be for the benefit of any other person or entity. A failure to act on any default by any Party shall not be deemed a waiver to protest any future defaults hereunder.

29. **FULL UNDERSTANDING; INDEPENDENT LEGAL COUNSEL**. The Parties each acknowledge, represent, and agree that they have read this Agreement; that they fully understand the terms thereof; that they have been fully advised by their legal counsel and other advisors with respect thereto; that it is executed by them upon the advice and recommendation of their independent legal counsel; and that if any subsequent ambiguity is found in this Agreement it shall not be interpreted against any Party, as all Parties participated in the drafting of this Agreement.

30. **EFFECTIVE DATE**. This Agreement applies to all future exchanges of Common Interest Materials among the Parties and incorporates the prior intent and practices of the Parties, as well as prior exchanges of Common Interest Materials, and is effective as of July 17, 2019.

IN WITNESS WHEREOF, the Parties below have caused this Agreement to be executed effective as of the date set forth in Section 28 above.

PORT OF SEATTLE

CITY OF SEATTLE

Stephen P. Metruck Executive Director Andrew Lee Deputy Director, Seattle Public Utilities

KING COUNTY

Christie True Director, Department of Natural Resources and Parks