

INTERGOVERNMENTAL COOPERATION AGREEMENT

THIS AGREEMENT is entered into this 12th day of October, 2004, by and between THE PORT OF PORTLAND, an Oregon Port District ("Portland") and THE PORT OF VANCOUVER, USA, a Washington Port District ("Vancouver"). Portland and Vancouver are hereinafter collectively referred to as the "Parties".

RECITALS

A. The Parties entered into an agreement as of August 11, 1993 ("Auto Agreement;" Portland No. 93-117), by which they agreed to pursue the cooperative development of an automobile import facility at the Port of Vancouver, and to explore the possibility of future opportunities for joint development and operation of maritime facilities and of sharing equally in the costs of the exploration.

B. The Parties have a common interest in facilitating the efficient movement of cargo in the Portland harbor and in the lower Columbia River, in recognition of which the Parties' respective governing bodies met in joint session on December 6, 1995 and adopted separate resolutions providing for discussion of ways to cooperate and to facilitate the movement of cargo through their facilities.

C. The Parties entered into the "Port of Portland/Port of Vancouver Discussion Agreement" ("Discussion Agreement;" FMC No. 224-200978; Portland No. 96-029) effective May 14, 1996, by which the Parties agreed to the exchange of information to facilitate proposals for joint action, including without limitation the cooperative marketing and development of the Parties' facilities.

D. Portland is authorized to enter into this agreement by ORS 190.410 to 190.440.

E. Vancouver is authorized to enter into this agreement by RCW 53.08.240.

F. The Parties wish to expand upon the progress made under the Discussion Agreement and the Auto Agreement, and pursue the cooperative marketing and development of their facilities, including without limitation Vancouver's Columbia Gateway Project, and other undeveloped or under-developed facilities in both Portland and Vancouver.

AGREEMENT

1. TERM

A. The term of this Agreement shall be for one year, commencing when it has been fully executed by the parties and has become effective in accordance with 46 App. USC 1705. This Agreement shall automatically be renewed for additional 1-year terms unless one party has provided the other with notice of termination.

B. Either party may terminate this Agreement upon 90 days written notice to the other. Upon either party giving notice of termination as provided for herein, future performance obligations of the Parties shall be suspended until such time as the Parties further agree or until the Agreement terminates.

C. In the event that either party elects to terminate this Agreement pursuant to this Section, the Parties shall conclude their current activities relating to the Agreement and return all documents evidencing shared information to the originating party.

D. Any termination of this Agreement or suspension of future performance under this Agreement in accordance with this Section shall not relieve the Parties of liability for any obligation previously incurred

2. SCOPE

The purpose of this agreement is to promote cooperation through openness and joint action. To that end, the Parties will engage in joint marketing activities, seek opportunities for joint facility development and sharing of the related development costs and revenue, and share relevant information necessary to accomplish joint marketing and joint facility development

3. PROJECT MANAGERS

A. To provide for consistent and effective communication, the Parties, not later than five (5) days after execution of this Agreement, shall each appoint a named senior representative as a Project Manager. Thereafter, the Project Managers shall meet regularly until the termination of the Agreement. The Project Managers shall meet at least four times per year.

B. Until termination of this Agreement, the Project Managers shall:

- i. Agree upon the goals, targets, and priorities for accomplishing joint marketing activities and joint facility development;
- ii. Agree upon what information should be shared by the Parties to accomplish specific goals; and
- iii. Develop and implement agreed upon strategies for accomplishing the established goals and targets.

C. The Project Managers shall also generally oversee the coordination of efforts being made pursuant to this Agreement. Oversight shall be consistent with the agreed upon goals developed by the Project Managers.

D. Each Project Manager may make recommendations the Project Manager deems warranted to the Executive Director of the Party the Project Manager represents on matters that

the Project Managers generally oversee, including suggestions to avoid potential sources of dispute.

E. Neither party shall make proposals to prospective clients regarding development on property owned by the other party without the other's prior written consent.

4. JOINT DEVELOPMENT AGREEMENTS

The Parties acknowledge that joint development and joint marketing beyond the cooperative exploration of opportunities under this Agreement may require approval from one or both of the Parties' respective boards of commissioners. The Parties contemplate entering into joint development agreements before undertaking joint development projects. Joint development agreements would address a panoply of issues, including without limitation, the sharing of costs and revenues, disposition upon expiration of a joint development agreement, and dispute resolution.

5. COST AND REVENUE SHARING

Costs and revenues related to a joint development project shall be shared in accordance with the following formulae:

ANNUAL NET REVENUE = (GROSS REVENUE) – (OPERATING AND MAINTENANCE COSTS)

$(EA_{POP} + NI_{POP} - RV_{POP}) \div (EA_{POP} + EA_{POV} + NI_{POP} + NI_{POV} - RV_{POP} - RV_{POV}) = \text{POP Share of Annual Net Revenue}$

Where:

EA_{POV} = existing assets contributed by the Port of Vancouver

EA_{POP} = existing assets contributed by the Port of Portland

NI_{POV} = new investment contributed by the Port of Vancouver, including capital and services

NI_{POP} = new investment contributed by the Port of Portland, including capital and services

RV_{POV} = residual, post-development value of assets contributed by the Port of Vancouver

RV_{POP} = residual, post-development value of assets contributed by the Port of Portland

1 – POP Share of Annual Net Revenue = POV Share of Annual Net Revenue

The Parties on a case-by-case basis shall determine residual values and other formula factors. If the Parties cannot agree on a residual value, they shall have the residual value determined by a qualified appraiser agreed upon by the Parties, and the appraiser's determination shall be used for the purposes of this section.

6. SHARED INFORMATION

A. The Parties recognize that the cooperation contemplated by this Agreement will require the exchange of information, including without limitation marketing information, and that some of that information will be sensitive or proprietary. Each party agrees to limit the use of shared information to cooperative activities under this Agreement, and to avoid using the information to compete with the other party. Each party agrees to limit the distribution of shared information to those employees who have a need to know the information in order to carry out the purposes of this Agreement, and to instruct those employees to comply with the confidentiality requirements of this Agreement.

B. If any person or entity requests or demands by subpoena or otherwise any information or materials obtained by a party pursuant to this Agreement, that party or its counsel will immediately notify the counsel who supplied, or whose client supplied, the requested information or materials. The Parties shall take all reasonable steps necessary and appropriate to permit the assertion of all applicable rights and privileges with regard to the information and/or materials requested and/or demanded. The parties shall instruct their respective employees to do the same.

C. If a party believes it is required by law to disclose any privileged or protected information or documents, that party shall provide prompt written notice to the other party so that the other party may seek legal protection for the information. That party required by law to disclose will cooperate with the other party and will use its best efforts to assist in obtaining such protection. If the other party is unable to obtain or fails to seek such protection, that party required to disclose may disclose the information, but only to the extent required by law.

7. NOTICES

A notice required or permitted under this Agreement may be delivered by any commercially reasonable means, including without limitation fax and e-mail, to

The Port of Portland at: Attn: Executive Director
The Port of Portland
121 NW Everett
Portland, Oregon 97209

The Port of Vancouver at: Attn: Executive Director
The Port of Vancouver, U.S.A.
3103 Lower River Road
Vancouver, Washington 98660

8. DISPUTE RESOLUTION

As a condition precedent to either party bringing any suit for breach of this agreement, the complaining party must first notify the other party in writing of the nature of the purported breach and seek in good faith to resolve the dispute through negotiation. If the Parties cannot resolve the dispute through negotiation, they may agree to a mutually acceptable method of non-binding alternative dispute resolution with a qualified third party acceptable to both parties. Each party shall pay 50 percent of any costs for the services provided by such a third party as such costs are incurred. During the dispute resolution process, the Parties shall suspend future performance obligations pursuant to this agreement.

9. INTEGRATION AND MODIFICATION

This Agreement constitutes the Parties' entire agreement regarding the cooperative marketing and development of their facilities, and supersedes all prior and contemporaneous communications and agreements on that subject, provided that the Auto Agreement and Discussion Agreement shall remain in full force and effect. To the extent that this Agreement is in conflict with the Auto Agreement or the Discussion Agreement, the terms and conditions of this Agreement shall control. This Agreement may be modified only by a written amendment signed by the authorized representative of each party.

10. AUTHORITY OF SIGNERS

The individuals signing below each warrants that he or she is authorized to sign for and contractually bind the party for which he or she signs.

PORT OF VANCOUVER
By: *Lawrence Paulson*
(signature)
Name: Lawrence H. Paulson
(print)
Its: Executive Director
(title)
Date: October 12, 2004

PORT OF PORTLAND
By: *Bill Wyatt*
(signature)
Name: Bill Wyatt
(print)
Its: Executive Director
(title)
Date: October 13, 2004

Approved as to Legal Sufficiency for the Port of Vancouver
Alicia L. Love
Counsel for the Port of Vancouver

Approved as to Legal Sufficiency for the Port of Portland
h. J. Kelley
Counsel for the Port of Portland