

THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS
ACTION ITEM

Item No.: 9C
Meeting Date: October 6, 2026

DATE: September 28, 2026

TO: Managing Members

FROM: John Wolfe, CEO

Sponsor: Tong Zhu, Chief Commercial and Strategy Officer
Project Manager: Andre Elmaleh, Director, Non-Container Business
Development

SUBJECT: GLOVIS America Use Agreement Third Amendment and First Amendment to ILA between the Port of Tacoma and The Northwest Seaport Alliance for GLOVIS 2020 Use Agreement

A. ACTION REQUESTED

- (1) Request the Managing Members of The Northwest Seaport Alliance (NWSA) authorize the CEO or his delegate to enter into the Third Amendment to GLOVIS America (GLOVIS) Use Agreement in substantially the same form as presented.
- (2) (Dual Action) Request the Managing Members of The Northwest Seaport Alliance authorize the NWSA CEO or his delegate and the Port of Tacoma Commission authorize the Port of Tacoma's Executive Director or his delegate to execute the First Amendment to the Interlocal Agreement between the Port of Tacoma and The Northwest Seaport Alliance Regarding Implementation of the GLOVIS 2020 Use Agreement in substantially the same form as presented.

B. SYNOPSIS

After consolidating Hyundai volume in Tacoma in late 2022, GLOVIS America encountered significant throughput delays at the WWL auto facility and temporarily reopened its Portland operation to maintain sufficient capacity to reliably deliver vehicles to market. The proposed amendments to both the Use Agreement and the Interlocal Agreement reflect a shift from the originally planned full consolidation to GLOVIS to use another gateway temporarily until it assumes control of processing in late 2028.

GLOVIS is a long-established NWSA customer as their KIA business has used the Marshall Ave. Auto facility since 1995. When GLOVIS chose to consolidate their Auto business, the NWSA provided an incentive program based upon the total volume. Since the Hyundai volume goes through a PoT facility, an ILA is necessary to renumerate the NWSA for the Hyundai portion of any incentive paid out. An amendment to the ILA is necessary to reflect the proposed changes in the Third Amendment to the GLOVIS Use Agreement.

Key changes to both the GLOVIS Use Agreement Third Amendment and the First Amendment to the ILA between the Port of Tacoma and NWSA include:

- Changes the end date of the Agreement from 3/31/2028 to 12/31/2029
- Establishing a 60,000-unit minimum annual Hyundai volume requirement for revenue sharing eligibility.
- Reducing revenue sharing from \$14.78 to \$12.78 per unit.
- Maintaining the maximum Hyundai revenue sharing cap at \$1,150,000 per contract year.
- Requiring GLOVIS to fully consolidate by December 31, 2029, or repay all amounts received plus 4% interest.
- Provides GLOVIS an additional \$800,000 annually if they elect to fully consolidate before the agreement expires, to help offset increased operating costs.

C. BACKGROUND

In 2003, Hyundai Auto Group formed GLOVIS America to provide door-to-door logistics for Hyundai and KIA vehicles. Hyundai had used the Port of Portland since 1986, while KIA had used the Port of Tacoma since 1995. Since its inception, GLOVIS has pursued port consolidation where practical to leverage combined volumes and improve efficiency.

Until 2020, GLOVIS kept each brand at its respective Pacific Northwest port. At that point, GLOVIS determined the timing was right to consolidate.

The choice before the NWSA was clear: either gain Hyundai's business or risk losing KIA's. Fortunately, the WWL auto terminal had capacity for new volume, and the NWSA worked with GLOVIS to establish Tacoma as its long-term gateway. The solution preserved GLOVIS's flexibility to either lease land directly from the NWSA in the future or continue securing capacity through auto processors such as WWL and AWC.

The U.S. auto market remains highly competitive, particularly following the pandemic. If manufacturers cannot move vehicles to market efficiently, they risk losing customers to competing brands.

The GLOVIS Use Agreement allows GLOVIS to use another port of entry without penalty if gateway congestion occurs. After GLOVIS and WWL brought significant new volume to Tacoma, capacity challenges emerged within the first year. To maintain service reliability, GLOVIS reopened Portland for a portion of its Pacific Northwest business at significant cost.

Staff worked with WWL and GLOVIS to bring that volume back to Tacoma. However, because Hyundai experienced prior disruptions, GLOVIS needs assurance that future disruptions can be avoided or that an alternative remains available. A direct agreement with the NWSA would give GLOVIS greater control over operations and allow it to provide Hyundai with that assurance.

D. FINANCIAL IMPLICATIONS

Financial Impact

The Port of Tacoma Auto Line of Business operating income is estimated to increase approximately \$800,000 from \$1.3 million to \$2.1 million in 2027. There is no financial impact to the NWSA.

E. PROPOSED DOCUMENTS

- Third Amendment to GLOVIS Use Agreement
- First Amendment to ILA between the Port of Tacoma and The Northwest Seaport Alliance for the GLOVIS 2020 Use Agreement

F. PREVIOUS ACTIONS OR BRIEFINGS

- 4/4/2023: Second Amendment to GLOVIS Use Agreement
- 4/4/2023: ILA Between the Port of Tacoma and The Northwest Seaport Alliance for the 2020 GLOVIS Use agreement
- 4/6/2021: First Amendment to GLOVIS Use Agreement
- 7/2/2020: 2020 GLOVIS Use Agreement

THIRD AMENDMENT TO USE
AGREEMENT

This Third Amendment to Use Agreement ("Amendment") is between THE NORTHWEST SEAPORT ALLIANCE ("NWSA"), a Washington port development authority, as licensee/agent for the Port of Tacoma, a Washington port district (collectively "Port"), and GLOVIS AMERICA, INC. ("GLOVIS") (together, the "Parties").

Recitals

A. The Port and GLOVIS are parties to a Use Agreement dated December 28, 2020, for the importing and exporting of automobiles through the Port of Tacoma, as amended by a First Amendment to Use Agreement dated April 21, 2021 (the "First Amendment", and with the Use Agreement dated December 28, 2020, the "2020 Agreement") and a Second Amendment to Use Agreement dated April 11, 2023 (the "Second Amendment").

B. The Parties desire to amend the 2020 Agreement as stated below.

C. This Amendment is not intended in any way to modify or interfere with the current agreements or customer relationships between Auto Warehousing Co. ("AWC") and GLOVIS and the Port and AWC.

Agreement

The parties agree as follows:

1. Effective October 7, 2026, Section 1 of the 2020 Agreement regarding Designated Port of Call is deleted in its entirety and replaced with the following:

"DESIGNATED PORT OF CALL

Commencing October 7, 2026 and continuing through the remainder of the term of this 2020 Agreement, except as otherwise provided for herein, the facilities operated by NWSA in the State of Washington ("NWSA Controlled Terminal") shall be the exclusive port of call in the Pacific Northwest for all vessels engaged in the import or export of Kia America, Inc. (KUS) (formerly KIA Motors America, Inc. (KMA)) vehicles ("KUS Vehicles"), and all vessels engaged in the import or export of Hyundai Motors America, Inc. ("HMA Vehicles"). For purposes of this 2020 Agreement, "Pacific Northwest" includes all ports located in Washington, Oregon, and British Columbia.

Notwithstanding the foregoing, vessels importing or exporting HMA Vehicles may call in Portland, Oregon through December 31, 2028 so long as a minimum of 90,000 HMA Vehicles are imported through an NWSA Controlled Terminal. Should HMA Vehicles call outside of an NWSA Controlled Terminal on or after January 1, 2029 or without written consent from NWSA, GLOVIS shall repay to NWSA all incentive amounts previously paid to GLOVIS pursuant to this Agreement, together with interest at a rate of 4.0% per annum on each such incentive payment, accruing from the date such payment was

actually received by GLOVIS and continuing until the date repaid to NWSA, within one hundred twenty (120) calendar days following written notice from NWSA.

GLOVIS shall have no obligation to repay any portion of the incentive if GLOVIS utilizes a non-NWSA Controlled Terminal as a result of an event or condition at the NWSA Controlled Terminal that materially and adversely impairs GLOVIS's ability to receive, process, store, or distribute vehicle volumes through NWSA. As a condition to utilizing any non-NWSA Controlled Terminal, GLOVIS shall provide NWSA with at least fourteen (14) calendar days' prior written notice describing in reasonable detail the event or condition giving rise to the material impairment, the actions GLOVIS believes are necessary to resolve it, and the number of shipments that GLOVIS believes will be impacted as a result of the material impairment. During the fourteen (14) - day notice period, NWSA shall have the opportunity to address and cure the identified event or condition giving rise to the material impairment. If NWSA addresses and cures the identified event or condition within the fourteen (14) - day notice period such that the material impairment no longer exists or the described event and/or condition no longer materially nor adversely impacts GLOVIS, then GLOVIS shall continue utilizing an NWSA Controlled Terminal. If NWSA does not address and/or cure the identified event or condition within the fourteen (14) - day notice period, GLOVIS may utilize a non-NWSA controlled port without any obligation to repay any portion of the incentive so long as utilizing of a non-NWSA controlled port is limited to the number of shipments GLOVIS described in its notice.

If the Parties disagree as to whether (i) an event or condition that materially and adversely impacts GLOVIS exists, (ii) NWSA has adequately cured the identified event or condition, or (iii) GLOVIS is entitled to utilize a non-NWSA Controlled Terminal without repayment of the incentive, such disagreement shall be resolved exclusively in accordance with the dispute resolution provision of this Agreement.

2. Effective October 7, 2026, Section 2 of the 2020 Agreement regarding Term of Agreement is deleted in its entirety and replaced with the following:

"TERM OF AGREEMENT"

The term of this 2020 Agreement shall be from July 1, 2020 (the "Commencement Date") through December 31, 2029 unless terminated sooner pursuant to the terms of this 2020 Agreement. On July 1, 2020, this 2020 Agreement automatically superseded the 2015 Agreement in all respects, including but not limited to the month-to-month term provided for in the Third Amendment to the 2015 Agreement, and the 2015 Agreement including all amendments thereto shall automatically terminate and be of no further force or effect. GLOVIS shall notify the Port no later than January 1, 2028 whether it intends to continue importing or exporting vehicles through the Port after December 31, 2029. Under this 2020 Agreement, "contract year" means January 1 through December 31st of each calendar year with the exception of the first contract year, which will be the effective date of October 7, 2026 through December 31, 2026."

3. Effective October 7, 2026, Section 6 of the 2020 Agreement

regarding Revenue Sharing is deleted in its entirety. Effective October 7, 2026, Section 8(b) of the 2020 Agreement regarding Business Retention and New Business Incentives (as added by Section 1 of the First Amendment) is deleted in its entirety and replaced with the following:

"(b) Business Retention and New Business Incentives.

(i) Business Retention - KUS. For KIA America, Inc. (KUS) business, the Port will provide a Business Retention Incentive of \$14.71 per KUS vehicle imported or exported through the Port during each Incentive Year, as defined below, up to a maximum total of \$1,150,000 per Incentive Year. For purposes of the Business Retention Incentive, only KUS vehicles that are handled at the non-leased terminal wharves of the Port of Tacoma and on which Tariff Fees are collected by the Port will be counted. Payment will be made within 2 months after the end of each Incentive Year.

(ii) Business Retention - HMA. For Hyundai Motors America, Inc. (HMA) business, the Port will provide a Business Retention Incentive of \$12.78 per HMA vehicle imported or exported through the Port during each Incentive Year, as defined below, up to a maximum total of \$1,150,000 per Incentive Year (or 90,000 HMA vehicles (units), whichever is greater), so long as at least 60,000 HMA units are imported or exported through the Port in each Incentive Year. The maximum units requirement will be contingent upon Wallenius Wilhelmsen (WW) and the Port's ability to provide adequate processing and storage capacity. For purposes of the Business Retention Incentive, only HMA vehicles that are handled at the non-leased terminal wharves of the Port of Tacoma and on which Tariff Fees are collected by the Port will be counted. Payment will be made within 2 months after the end of each Incentive Year. Notwithstanding the foregoing, if GLOVIS ceases using Portland, Oregon as a port of call for HMA Vehicles, and commences processing such HMA vehicle volume through the NWSA on or before January 1, 2028, then the NWSA shall revert back to providing GLOVIS a Business Retention Incentive of \$14.71 per HMA vehicle, up to a maximum aggregate amount of \$1,950,000 per Incentive Year, effective as of the date such HMA Vehicles is first processed through the NWSA.

(iii) New Business. For new business, the Port will provide a New Business Incentive of \$5.00 per vehicle imported or exported through the Port during each Incentive Year, as defined below. For purposes of the New Business Incentive, "new business" means vehicles other than KUS or HMA vehicles or any other vehicles imported or exported by GLOVIS or any other entity through the Port as of, or at any time prior to, April 1, 2021, and shall include only those vehicles that are controlled by GLOVIS and are handled at the non-leased terminal wharves of the Port of Tacoma and on which Tariff Fees are collected by the Port. For purposes of this provision, "controlled by GLOVIS" means that GLOVIS obtained the business, and directs the business through the Port of Tacoma. Payment will be made within 2 months after the end of each Incentive Year.

(iv) Term. The duration of the Business Retention Incentives and New Business Incentive described above is from October 7, 2026 through December 31, 2029. For purposes of Section 8(b) of the 2020

Agreement, except as otherwise provided below, "Incentive Year" means the 12-month period from April 1, through the following March 31. If prior to December 31, 2029, GLOVIS relocates (as defined below) its KUS import or export business or HMA import or export business from the Port, then this 2020 Agreement shall terminate immediately, the Business Retention Incentives and New Business Incentive shall terminate immediately, all Business Retention Incentives and New Business Incentive accruals shall cease immediately, any and all Business Retention Incentive and New Business Incentive amounts accrued on or after October 7, 2026 shall be forfeited, no unpaid Business Retention Incentive or New Business Incentive amounts accrued on or after October 7, 2026 shall be paid to GLOVIS, and all Business Retention Incentive and New Business Incentive amounts paid to GLOVIS under Section 8(b) of this 2020 Agreement for Business Retention Incentive and New Business Incentive amounts accrued on or after October 7, 2026 shall be forfeited and shall be refunded to the Port within thirty (30) days from the Port's request, which obligation shall survive the termination of this 2020 Agreement. The remedies in this section are separate from and in addition to the remedies in Section 7 of the 2020 Agreement. For purposes of Section 8(b) of this 2020 Agreement, the term "relocates" shall be temporary and mean the earliest to occur of any of the following: (a) the Port of Tacoma ceases to be the sole port of call in the Pacific Northwest (defined as Washington, Oregon, and British Columbia) for all vessels engaged in the import or export of KUS vehicles, and all vessels engaged in the import or export of HMA vehicles; or (b) GLOVIS imports or exports KUS or HMA vehicles that would have been imported or exported through the Port of Tacoma through another port in the Pacific Northwest, unless the use of such other port is due to the Port's failure to provide sufficient capacity for such vehicles in accordance with Section 4 of this 2020 Agreement; or (c) a change in the vessel schedule redirecting vessels that would have been scheduled to call at the Port of Tacoma to another port, unless such change is due to the Port's failure to provide sufficient capacity for KUS or HMA vehicles imported or exported by GLOVIS in accordance with Section 4 of this 2020 Agreement; provided, however, that GLOVIS may from time to time in isolated instances call on other ports without such call being a relocation or resulting in termination or forfeiture under this 2020 Agreement, provided that each such call occurs only with the prior and written consent of the Port after written request by GLOVIS, which consent will not be unreasonably or untimely withheld. For purposes of the above proviso, (i) GLOVIS shall send its request by email to at least 2 persons at the Port, which shall be Andre Elmaleh aelmaleh@nwseaportalliance.com and Tong Zhu tzhu@nwseaportalliance.com, or such other persons as may be designated in writing by the Port from time to time; and (ii) the Port shall have at least two (2) business days to respond to the request, excluding Saturdays, Sundays, and holidays as observed by the Port.

4. Except to the extent expressly modified by this Amendment, the terms of the 2020 Agreement, as previously amended, shall continue in full force and effect.

SIGNATURES ON FOLLOWING PAGE

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**FIRST AMENDMENT TO INTERLOCAL AGREEMENT
BETWEEN THE PORT OF TACOMA AND THE NORTHWEST SEAPORT ALLIANCE
REGARDING IMPLEMENTATION OF
THE GLOVIS 2020 USE AGREEMENT**

This First Amendment to Interlocal Agreement ("Amendment") is entered into this _____ day of _____ 2026 (the "Effective Date") by and between the Port of Tacoma ("Port"), a public port district organized under the laws of the State of Washington, and The Northwest Seaport Alliance ("NWSA"), a Washington Port Public Development Authority pursuant to RCW 53.57 (individually, "Party" or collectively, the "Parties"), as authorized by RCW 39.34 (the Interlocal Cooperation Act) and the Port Joint Powers authority at RCW 53.08.240.

RECITALS

WHEREAS, the Port and NWSA entered into that certain Interlocal Agreement dated April 12, 2023 (the "Agreement");

WHEREAS, in the Agreement, the Parties memorialized the payments owed by and between them associated with the Business Retention and New Business Incentives described in the GLOVIS 2020 Use Agreement, as defined below, and provide a framework for the leasing and improvement of Port-owned and NWSA licensed properties necessary to implement the balance and remainder of its terms;

WHEREAS, NWSA, acting as the Port's licensee/agent, and Glovis America, Inc., a California corporation, ("GLOVIS") entered into a Use Agreement dated December 28, 2020, for the importing and exporting of automobiles through the Port of Tacoma, as amended by a First Amendment To Use Agreement dated April 21, 2021 (the "First Amendment") and the Second Amendment to Use Agreement dated April 5, 2023 (the "Second Amendment"), and the Third Amendment to Use Agreement with an anticipated effective date of October 7, 2026 (the "Third Amendment"; collectively, as amended, the "GLOVIS 2020 Use Agreement"), a copy of which is attached hereto as Exhibit A; and

WHEREAS, the GLOVIS 2020 Use Agreement implements the GLOVIS consolidation by designating the Port as the sole port of call in the Pacific Northwest for all vessels engaged in the import or export of KIA and HYUNDAI vehicles and adopting Business Retention and New Business Incentives; and

WHEREAS, the WWL Auto Facility currently processes HYUNDAI vehicles which are subject to the GLOVIS 2020 Use Agreement.

NOW, THEREFORE, in consideration of the above stated Recitals and the terms and conditions set forth below, the Parties agree to amend the Agreement as follows:

AGREEMENT

1. Effective October 7, 2026, Section 1 of the Agreement regarding term is deleted in its entirety and replaced with the following:

Term of Agreement

This Agreement shall take effect on April 12, 2023 and will terminate on December 31, 2029, unless NWSA receives notice from GLOVIS of its intent to terminate vehicle processing services in Tacoma with WWL, in which case, this Agreement will automatically terminate ninety (90) days after such notice. NWSA shall provide the Port with a copy of any such notice from GLOVIS within three (3) business days of receipt. This Agreement may be mutually extended by the Parties in writing.

2. Effective October 7, 2026, Section 2 of the Agreement regarding revenue sharing and reimbursement of incentive programs is deleted in its entirety and replaced with the following:

Payment and Reimbursement of Incentive Payments

- 2.1 Pursuant to the GLOVIS 2020 Use Agreement, NWSA, as licensee/agent for the Port, will pay GLOVIS \$14.71 for each KIA vehicle and \$12.78 for each HYUNDAI vehicle imported or exported through the Port during each incentive year (the "Business Retention Incentive") and \$5.00 for each vehicle that is new business imported or exported through the Port during each Incentive Year (the "New Business Incentive") (collectively, the "Incentive Payments"). The Incentive Payments are capped at a maximum total of \$1,150,000 for KIA vehicles per Incentive Year.
- 2.2 GLOVIS vessels importing or exporting HMA Vehicles may call in Portland, Oregon through December 31, 2028 so long as a minimum of 90,000 HMA Vehicles are imported through a NWSA Controlled Terminal. The Incentive Payments are capped at a maximum total of \$1,150,000 for HYUNDAI vehicles per Incentive Year if GLOVIS continues to call in Portland, Oregon. Notwithstanding the foregoing, if GLOVIS ceases using Portland, Oregon as a port of call for HYUNDAI vehicles and commences processing such HYUNDAI vehicle volume through the NWSA on or before January 1, 2028, then the NWSA shall revert back to providing GLOVIS a Business Retention Incentive of \$14.71 per HYUNDAI vehicle,

up to a maximum aggregate of \$1,950,000 per Incentive Year, effective as of the date that all HYUNDAI vehicles are processed through the NWSA.

- 2.3 The Port will reimburse NWSA the amount Incentive Payments paid by NWSA to GLOVIS under the GLOVIS 2020 Use Agreement for all vehicles processed at the Tacoma WWL Auto Facility, up to a maximum of \$1,150,000 for KIA vehicles and up to a maximum of \$1,950,000 per manufacturer for HYUNDAI vehicles per Incentive Year for each Incentive Payment.
- 2.4 If GLOVIS breaches the GLOVIS 2020 Use Agreement and must repay NWSA some or all of the Incentive Payments it received, then NWSA will promptly refund the Port the amount of any corresponding reimbursement for Incentive Payments made by the Port to the NWSA under this Agreement to the extent of any GLOVIS repayment.

3. Effective Date. This Agreement shall be binding and effective upon the date signed by both Parties.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto do hereby execute this Amendment on the dates as set forth below.

PORT OF TACOMA

By: _____
Eric Johnson
Executive Director

Date: _____

Approved as to form:

By: Heather L. Burgess
General Counsel, Port of Tacoma

**THE NORTHWEST SEAPORT
ALLIANCE**

By: _____
John Wolfe
Chief Executive Officer

Date: _____

Approved as to form:

By: Dana Henderson
General Counsel, NWSA

EXHIBIT A
1st AMENDMENT TO ILA
GLOVIS 2020 USE AGREEMENT

See Attached

DRAFT

Item No.: 9C
Meeting Date: October 6, 2026

Third Amendment to GLOVIS Use Agreement and First Amendment to ILA Between the Port of Tacoma and NWSA for the GLOVIS Use Agreement



Andre Elmaleh
Director, Non-Container Business Development

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ACTION REQUESTED

Request the Managing Members of The Northwest Seaport Alliance authorize the CEO or his delegate to enter into the Third Amendment to GLOVIS America Use Agreement in substantially the same form as presented.

(Dual Action) Request the Managing Members of The Northwest Seaport Alliance authorize the NWSA CEO or his delegate and Port of Tacoma Commission authorize the Port of Tacoma's Executive Director or his delegate to execute the First Amendment to the Interlocal Agreement between the Port of Tacoma and The Northwest Seaport Alliance Regarding Implementation of the GLOVIS 2020 Use Agreement in substantially the same form as presented.



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Background

- In 2022 GLOVIS America consolidated their Pacific Northwest Port of Entry for Hyundai and KIA U.S. sales vehicles at the Port of Tacoma
- The WWL Auto Terminal was selected to manage the Hyundai business.
- Due to significantly increased volume, capacity issues arose necessitating GLOVIS to re-open Portland for a portion of their business until GLOVIS can guarantee assurance to Hyundai that capacity disruptions will not occur again
- GLOVIS will fully integrate its auto business before the end of 2029



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Background

- Key Terms:
 - Changes the end date of the Agreement from 3/31/2028 to 12/31/2029
 - Establishing a 60,000-unit minimum annual Hyundai volume requirement for revenue sharing eligibility.
 - Reducing revenue sharing from \$14.78 to \$12.78 per unit.
 - Maintaining the maximum Hyundai revenue sharing cap at \$1,150,000 per contract year.
 - Requiring GLOVIS to fully consolidate by December 31, 2029, or repay all amounts received plus 4% interest.
 - Providing GLOVIS an additional \$800,000 annually if it elects to fully consolidate before the agreement expires, to help offset increased operating costs.



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Financial Implications

The Port of Tacoma Auto Line of Business operating income is estimated to increase approximately \$800,000 from \$1.3 million to \$2.1 million in 2027. There is no financial impact to the NWSA.



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ACTION REQUESTED

Request the Managing Members of The Northwest Seaport Alliance authorize the CEO or his delegate to enter into the Third Amendment to GLOVIS America Use Agreement in substantially the same form as presented.

(Dual Action) Request the Managing Members of The Northwest Seaport Alliance authorize the NWSA CEO or his delegate and Port of Tacoma Commission authorize the Port of Tacoma's Executive Director or his delegate to execute the First Amendment to the Interlocal Agreement between the Port of Tacoma and The Northwest Seaport Alliance Regarding Implementation of the GLOVIS 2020 Use Agreement in substantially the same form as presented.



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