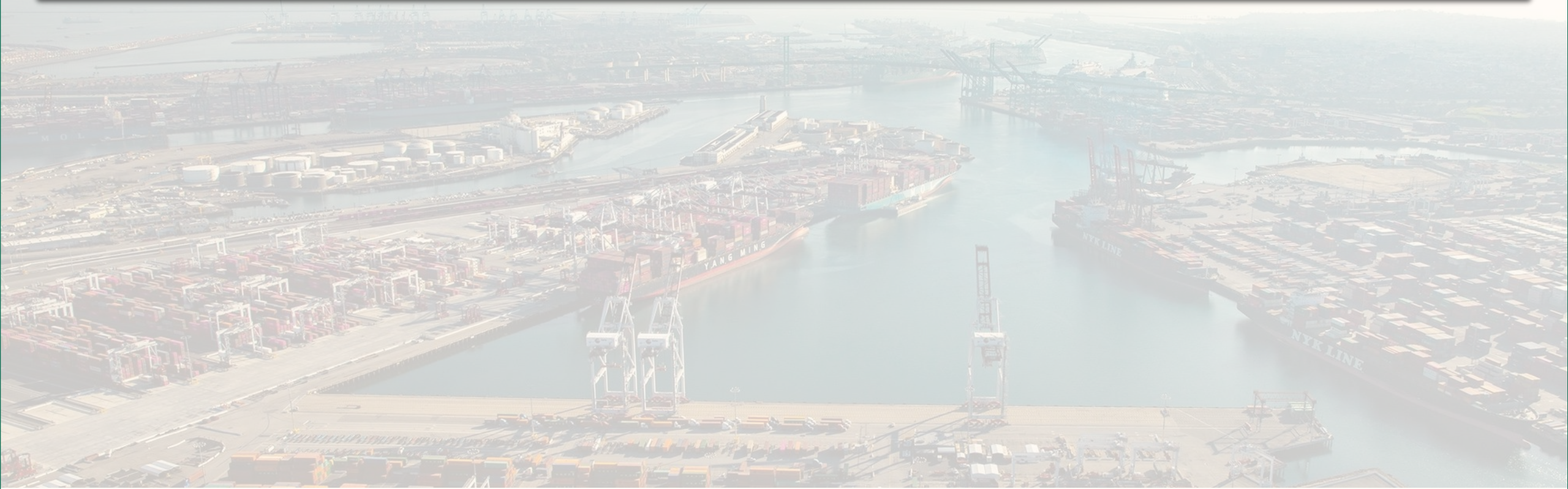




Pasha Stevedoring & Terminals Successor Permits

May 25, 2023

Presented by
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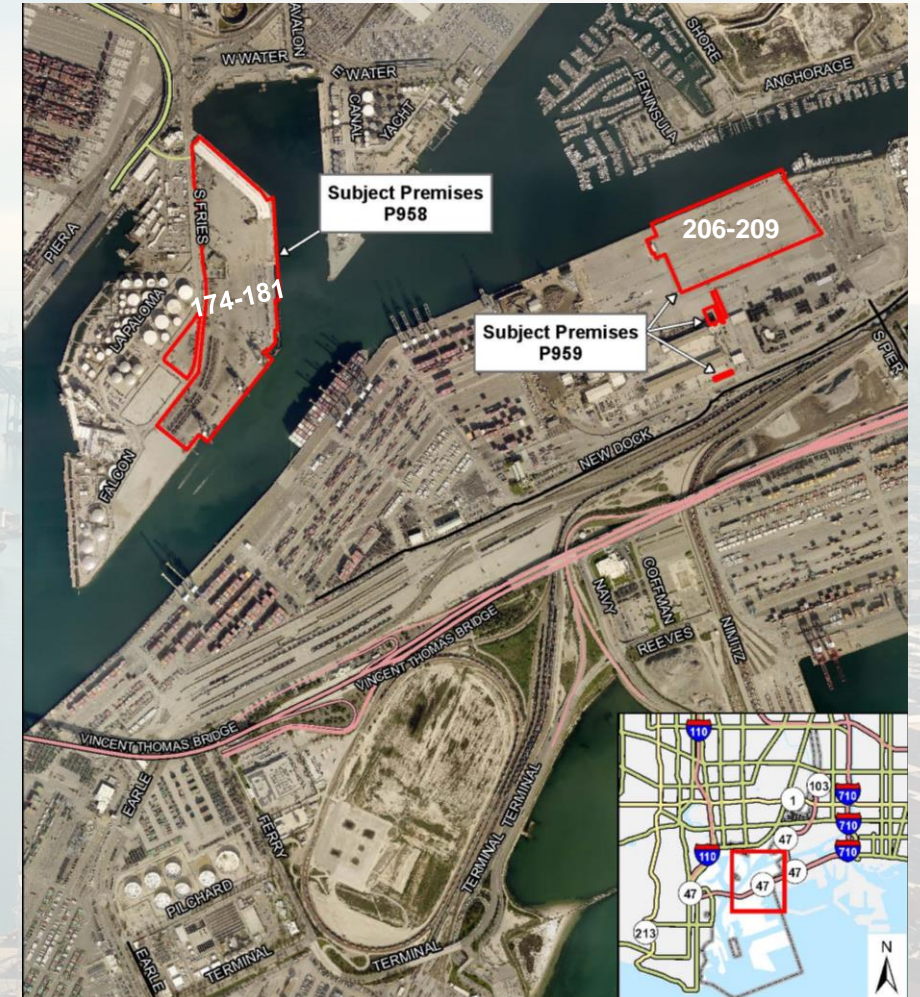
Background

Today's action concerns the Port of L.A.'s breakbulk terminals operated by Pasha Stevedoring & Terminals

- Pasha has been a tenant of the Port of L.A. for nearly 40 years and operates a breakbulk facility, handling steel slabs, steel coils and other steel products
- Provides a critical service that supports infrastructure and construction sectors
- Pasha uses and occupies two locations
 - Berths 174 -181 under Permit 603, on holdover
 - Berths 206 -209 under space assignments

Staff is recommending approval of:

- 1) Two successor permits enabling continuation of operations at both locations for a 5-year term
- 2) Settlement agreement resolving space assignment charges for 2009-2012
- 3) Guarantee agreements furnished by Pasha's parent company



Permit Terms

Permit terms are generally consistent for both locations

- Permit 959 includes an early termination right to preserve flexibility

Term	174-181 – Permit 958	206-209 – Permit 959
Real Estate Entitlement	Term Permit	Same
Use	Break bulk	Same
Term	5 years	Same
Termination	None	POLA can terminate after 3 rd anniversary
Premises	40.07 acres	23.03 acres
Security Instruments	Corporate Guarantee + Security Deposit	Same
Maintenance	POLA responsible for wharves and electrical	Same
Environmental Lease Measures	Consistent with Initial Study/Neg Dec for Pasha	Same
Compensation	MAG + Revenue Sharing Land Rent Revenue	Same

Economic Terms

Compensation framework uses a revenue sharing model, common approach for breakbulk terminals

- Pasha will pay greater of i) a Minimum Annual Guarantee or ii) tariff charges, net of breakpoints
- Model preserves revenue certainty while incentivizing economic productivity
- Total MAG increases from \$4.8M to \$7.6M when compared to current Permit – breakpoints adjusted upward
- Land rent applies to flex parcels

Minimum Annual Guarantee

MAG applies to both locations, with scheduled increases

	2023	2024	2025	2026-2027
Berths 174-181 MAG	\$3,371,760	\$3,505,560	\$3,746,400	+>2% or CPI
Berths 206-209 MAG	\$4,201,320	\$4,364,288	\$4,529,737	+>2% or CPI
Total MAG	\$7,573,080	\$7,869,848	\$8,276,137	+>2% or CPI
Divide by: Acreage	63.1	63.1	63.1	63.1
Equals: Total MAG per Acre	\$120,010	\$124,713	\$131,152	+>2% or CPI

Revenue Sharing Breakpoints

Breakpoints are applied to charges arising from Tariff No. 4

- ❖ Pasha remits % of wharfage and dockage tariff charges on sliding scale
 - 100% of tariff charges up to the first breakpoint,
 - 50% of tariff charges between first and second breakpoint, and
 - 25% of tariff charges thereafter
- ❖ MAG is typically reached once Pasha reaches 25% breakpoint.

Settlement Agreement

In 2020, with guidance from the Board, Pasha agreed to a Settlement Agreement with the Port of L.A. to pay \$1M of disputed charges, over a five-year term

- For the period of January 22, 2009, through June 14, 2012, Pasha occupied approximately 7 acres of Harbor Department property; outstanding invoices were disputed
- Parties agreed to settle the dispute for \$1 million, over a 5-year period
- Execution of a formal settlement agreement was reserved pending the completion of permit negotiations
- Staff recommends the Board approve the settlement under this action

Guarantees

The Pasha Group furnished guarantees for Permits No. 958, 959 and the Settlement Agreement

- Pasha Group is the parent company over Pasha Stevedoring & Terminals
- Pasha Group possesses a reasonable amount of financial wherewithal to fulfill its obligations as guarantor under the proposed Permits and Settlement



Requested Action

Staff recommends that the Board:

Approve Permits No. 958 and 959, the Settlement Agreement, and companion guarantees