



THE PORT
OF LOS ANGELES
Executive Director's
Report to the

Board of Harbor Commissioners

DATE: OCTOBER 30, 2018

FROM: EXECUTIVE OFFICE

SUBJECT: RESOLUTION NO. _____ - AGREEMENT BETWEEN AND AMONG THE CITY OF LOS ANGELES HARBOR DEPARTMENT, GENERAL ELECTRIC COMPANY AND GENERAL ELECTRIC TRANSPORTATION PARTS, LLC FOR THE ASSIGNMENT AND ASSUMPTION OF AGREEMENT NUMBER 17-3518

SUMMARY:

Staff is requesting approval to enter into an Agreement with General Electric Company (GE) and General Electric Transportation Parts, LLC (GETP) for the Assignment and Assumption of Agreement No. 17-3518 (Agreement). The proposed Agreement is due to an internal reorganization within GE as part of its combining of its GE Transportation (GET) business operations with Westinghouse Air Brake Technologies Corporation (Wabtec). All other terms and conditions of Agreement No. 17-3518 remain unchanged.

Agreement No. 17-3518, which the Board of Harbor Commissioners (Board) approved at its August 17, 2017 meeting and the Los Angeles City Council approved at its September 26, 2017 meeting, is for the agreement between the City of Los Angeles Harbor Department (Harbor Department) and GE, through its GE Transportation operating division (GET), for the Data Portal (Portal) project. The Portal is a first-of-its-kind, common user portal to provide a single information window to support enhanced maritime supply chain performance that was jointly developed with GE. Agreement No. 17-3518 is for the revenue allocation and marketing outreach to commercialize the Portal.

The proposed Consent to Assignment and Assumption of Agreement No. 17-3518 will not result in financial expenditures by the Harbor Department.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Find that the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;

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2. Approve the Consent to Assignment and Assumption of Agreement No. 17-3518 with General Electric Company and General Electric Transportation Parts, LLC;
3. Direct the Board Secretary to transmit said Agreement to the Los Angeles City Council for approval pursuant to Section 373 of the Charter of the City of Los Angeles and Section 10.5 of the Los Angeles Administrative Code;
4. Authorize the Executive Director to execute and the Board Secretary to attest the said Agreement for and on behalf of the Board; and
5. Adopt Resolution No. _____

DISCUSSION:

Background and Context – Agreement No. 17-3518, which the Board approved at its August 17, 2017 meeting and the Los Angeles City Council approved at its September 26, 2017 meeting, is for the agreement between the Harbor Department and GE for the Portal project. The Portal is a first-of-its-kind, common user portal to provide a single information window to support enhanced maritime supply chain performance that was jointly developed with GE. Agreement No. 17-3518 is for the revenue allocation and marketing outreach to commercialize the Portal.

On May 21, 2018, GE and Wabtec announced a definitive agreement to combine GET's business operations with Wabtec. The combination will be implemented as follows: (1) GE will sell a portion of the assets of GET to Wabtec (the "Sale"), (2) GE will distribute (the "Distribution") the balance of the assets comprising GET to Transportation System Holdings, Inc. (SpinCo), and (3) immediately following the Distribution, a subsidiary of Wabtec will merge with and into SpinCo and the shares of SpinCo will be converted into shares of Wabtec (the "Merger"). In furtherance of the Distribution and the Merger, GE is undertaking an internal reorganization pursuant to which it will transfer substantially all of the assets and liabilities comprising GET, other than those to be sold pursuant to the Sale, to SpinCo (the "Internal Reorganization").

As requested by GE on September 25, 2018, the proposed Agreement (Transmittal 1) will transfer/assign Agreement 17-3518 to GETP, a dedicated GET entity that is not utilized by other GE businesses. As part of the Internal Reorganization, this entity will be moved to be under the ownership of SpinCo in preparation for the Merger. Upon formal closing of the Merger, this entity will become a subsidiary of Wabtec, and will no longer be affiliated with GE. All other terms and conditions of Agreement No. 17-3518 remain unchanged.

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ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of the Assignment and Assumption of Agreement No. 17-3518, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

The proposed Consent to Assignment and Assumption of Agreement No. 17-3518 is administrative in nature. There is no financial impact associated with the proposed Agreement.

CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the Agreement as to form and legality.

TRANSMITTALS:

- 1. Consent to Assignment and Assumption of Agreement No. 17-3518

FIS Approval: MR (initials)
 CA Approval: CRB (initials)



LANCE KANESHIRO
 Chief Information Officer



THOMAS E. GAZSI
 Chief of Public Safety and
 Emergency Management

APPROVED:



EUGENE D. SEROKA
 Executive Director

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