

PERMIT NO. 916

GRANTED BY THE CITY OF LOS ANGELES

TO

SHELL OIL COMPANY

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EXHIBIT M – WHARF RENT EXPIRATION DATE

THIS PERMIT ("Agreement") is made and entered into this ____ day of _____, 20____, by and between THE CITY OF LOS ANGELES, a municipal corporation ("City") acting by and through its Board of Harbor Commissioners ("Board"), and SHELL OIL COMPANY, a Delaware corporation, 1000 Main Street, Houston, Texas ("Tenant") (individually referred to as "Party" and collectively referred to as "Parties").

ARTICLE 1

Section 1. Agreement.

For good and valuable consideration, the receipt and sufficiency of which are acknowledged by the Parties, City hereby delivers, and Tenant hereby accepts, the Premises hereinafter described, subject to the terms, limitations, conditions, restrictions and reservations contained herein and in the Charter of the City of Los Angeles and the State Tidelands Trust and the terms and conditions provided herein.

Section 2. Premises

2.1 Description. The premises subject to this Agreement are as delineated and more particularly described on Drawing No. 45484-2 ("Premises"). Such drawing is on file in the office of the Chief Harbor Engineer of the Harbor Department ("Harbor Engineer") and is attached hereto as Exhibit "A." The total area of the Premises is 527,287 square feet comprised of total land area of 397,290 square feet and total water/submerged land area of 129,997 square feet.

2.2 Acceptance and Surrender. It is understood and agreed that Tenant accepts the Premises "AS IS", "WHERE IS", with all faults and limitations, provided that nothing herein shall be construed to negate any provision of this Agreement. Tenant agrees to surrender the Premises upon the expiration or earlier termination of this Agreement in conformance with the terms and conditions of this Agreement.

2.3 Existing Improvements. The improvements on the Premises as of the Effective Date and subject to this Agreement are identified with ownership attribution on Exhibit "B", a copy of which is attached hereto. This Agreement refers to the totality of such improvements as "Existing Improvements."

Section 3. Effective Date; Term and Holdover.

3.1 Effective Date. This Agreement shall become effective on the date of its approval by the City Council of City ("Council") pursuant to Section 606 of City's Charter, and execution by the Executive Director of the Harbor Department ("Executive Director"), after approval as to form and legality by the City Attorney of the City of Los Angeles ("Effective Date").

3.2 Term. The Term of this Agreement shall be for Thirty (30) years commencing on the Effective Date and expiring on _____, 20____ ("Expiration Date"), unless sooner terminated in accordance with Agreement.

3.3 Holdover. Should Tenant remain in possession of all or any part of the Premises after the expiration of this Agreement, with or without the express or implied consent of City, such occupancy shall be considered to be a "holdover" from month to month only, and not a renewal of this Agreement nor an extension for any further term, and in such case, rent or other monetary sums due hereunder for such expired Premises shall be payable in the amount of: (i) one hundred fifty percent (150%) of the Rent, as defined in Section 4 (Rent), payable for the last month of the term of this Agreement, or one hundred fifty percent (150%) of the fair market rental, whichever is higher, plus (ii) other charges payable hereunder at the time specified in the Agreement, and such month to month occupancy shall be subject to every other provision, covenant and agreement contained herein, including any applicable Rental Adjustments set forth in Section 4. The foregoing provisions of this Subsection 3.3 are in addition to and do not affect the right of re-entry or any right of City hereunder or as otherwise provided by law, and in no way shall such provisions affect any right which City may otherwise have to recover damages, to the extent permissible by Applicable Law, from Tenant for loss or liability incurred by City resulting from the failure by Tenant to surrender the Premises, or for any other reason. Nothing contained in this Subsection 3.3 shall be construed as consent by City to any holding over by Tenant, and City expressly reserves the right to require Tenant to surrender possession of the Premises to City as provided in the Agreement, and to the extent permissible by Applicable Law, upon the expiration of this Agreement.

Section 4. Rent and Other Tenant Payments.

4.1 Definitions.

4.1.1 Compensation Year. "Compensation Year" shall mean a period of twelve (12) consecutive calendar months commencing on the Effective Date and every twelve month period thereafter. Any period of less than twelve (12) consecutive calendar months shall be a partial year. For any partial year, the Rent shall be prorated on the basis of a three hundred and sixty-five (365) day year.

4.1.2 Tariff Charges. "Tariff Charges" shall mean all charges due and owing by Tenant under the Tariff on account of Tenant's use and occupancy of the Premises.

4.1.3 CPI-U. "CPI-U" shall mean the Consumer Price Index for All Items, All Urban Consumers for the Los Angeles-Long Beach-Anaheim, California area, 1982-84=100 as published by the U.S. Department of Labor, Bureau of Labor Statistics, or a successor index selected by the Executive Director in the Executive Director's sole reasonable discretion.

4.1.4 Base Rent. "Base Rent" shall mean the monetary sum, in U.S. Dollars, Tenant shall pay to City for its use and occupancy of the Premises per Compensation Year, excluding Tariff Charges and other Additional Rent.

4.1.5 Additional Rent. "Additional Rent" shall mean all monetary sums, in U.S. Dollars, Tenant shall pay to City for applicable Tariff Charges, impositions, taxes, liens and fees imposed on the Premises or Tenant's leasehold interest in the Premises, including but not limited to late fees, and any additional monetary payments which Tenant is required to pay to City as more fully set forth in this Agreement.

4.1.6 Minimum Annual Guarantee (MAG). "MAG" shall mean the minimum amount of monetary compensation, calculated as the aggregate amount of Land Rent and Wharf Rent, which compensation Tenant shall pay to City for use of the Premises each Compensation Year and which amount is subject to annual reconciliation. Land Rent and Tariff Charges (excluding wharfage charges for liquid bulk commodities entering and leaving the Premises by truck or pipeline) for wharfage and dockage will be collected in lieu of the MAG and will be subject to annual reconciliation of annual payments and MAG in accordance with Section 4.7, below.

4.2 Base Rent. As consideration for rights granted in this Agreement, Tenant shall pay to City in the manner herein described without abatement, deduction or offset, except as provided herein, the following Base Rent (consisting of Land Rent and Wharf Rent) when due, whether or not an invoice for same has been received:

4.2.1 Land Rent. Rent on surface and subsurface land (excluding Wharf Area) shall be \$_____, equal to One Million Five Hundred Eighty Nine Thousand One Hundred and Sixty Dollars (\$1,589,160.00) plus the annual percentage increase (but in no event decrease) in the CPI-All Urban Consumers for the Los Angeles-Long Beach-Anaheim index as published for the third month immediately preceding the Effective Date. The Land Rent shall be due in equal quarterly installments. Should the Effective Date be later than February 12, 2019, the Land Rent shall be \$_____, equal to the Land Rent under Permit No. 634 on that date.

4.2.2 Wharf Rent. Rent for the Wharf Area in the amount of \$900,000.00 has been calculated based upon the City's Investment, which shall be no more than \$7,500,000.00 per wharf structure, in the New Improvements times Twelve Percent (12%) and shall be payable by Tenant annually within thirty (30) days following each Compensation Year during the Wharf Rent Payment Period. The City's Investment in the New Improvements shall be limited to those items identified on Exhibit C. Annual Wharf Rent is reduced, but not below zero, by the Tariff Charges paid for the Wharf Area usage during each Compensation Year.

4.2.2.1 Wharf Rent Payment Period. Wharf Rent is payable commencing with the Compensation Year in which the construction of the New

Improvements is Complete, until the Wharf Rent Expiration Date, as determined in Section 4.2.2.3, below. Annual Wharf Rent for the first Compensation Year in which the New Improvements is Complete shall be prorated for the number of days from and after the Project Completion in that Compensation Year.

4.2.2.2 Calculation of Annual Wharf Rent Revenue. Not later than the thirtieth (30th) day following the end of each Compensation Year, City shall submit to Tenant the following in writing a calculation of Wharf Rent Revenue, which shall be the greater amount of (a) and (b) below:

(a) The applicable wharfage and dockage charges accrued and paid by Tenant or their invitees under the Tariff (excluding wharfage charges for liquid bulk commodities entering and leaving the Premises by truck or pipeline) for the Compensation Year being reconciled; and

(b) Tenant's Wharf Rent for the Compensation Year being reconciled.

Notwithstanding the foregoing, should the aggregate amount of wharfage and dockage (as those terms are defined in the Tariff) attributable to the Premises (excluding wharfage charges for liquid bulk commodities entering and leaving the Premises by land transportation) during a Compensation Year meets or exceeds the amount of Wharf Rent due and owing for such Compensation Year, Tenant shall be deemed to have met its obligation to pay Wharf Rent for that Compensation Year.

4.2.2.3 Wharf Rent Expiration. The purpose of this process is to determine when Tenant has fully satisfied its obligations to pay Wharf Rent based on the City receiving full compensation including a 12% annual rate on City's Investment. After Tenant shall have fully satisfied its obligations to pay Wharf Rent based on City's Investment as set forth in final Exhibit C based on the calculation method described in Exhibit "M" then Wharf Rent shall expire. To the extent there is any discrepancy between the description of the Wharf Rent Expiration Date in this Agreement and that described in Exhibit "M", then the language of Exhibit "M" shall control.

4.3 Rental Adjustments. It is agreed that the Base Rent shall be adjusted in accordance with the following procedures:

4.3.1 Annual Adjustments. Effective on the first (1st) day of the second (2nd) Compensation Year (which date and subsequent annual anniversaries shall be referred to individually as "Annual Adjustment Date"), and annually thereafter, the Base Rent shall be adjusted as of the Annual Adjustment Date automatically without further notice to reflect the percentage increase (*but in no event decrease*), if any, in the CPI-U, or successor index selected by the Executive Director in the Executive Director's sole reasonable discretion ("Annual Adjustments"). Such adjusted Base Rent shall be equal to

the product obtained by multiplying the Base Rent amount in effect on the Annual Adjustment Date by a fraction, the numerator of which is the CPI-U index for the third month immediately preceding the Annual Adjustment Date, (the "Adjustment Index") and the denominator of which is the CPI-U index as it stood on the same month of the prior year (the "Base Index"). For accounting purposes, the Annual Adjustment shall be rounded to the nearest thousandth.

The formula illustrating the adjustment computation is as follows:

$$\text{Annual Adjusted Rent} = \text{Base Rent as of Annual Adjustment Date} \times \frac{\text{Adjustment Index}}{\text{Base Index}}$$

4.3.2 Five-Year Adjustments of Land Rent.

4.3.2.1 Adjusted Land Rent. In addition to, and not as a substitute for the Annual Adjustments required in Subsection 4.3.1, above, as required pursuant to the Charter Section 607, on every fifth (5th) anniversary of the Effective Date ("Reset Date"), the Land Rent to be paid by Tenant for each five (5) year period, or any portion thereof, following the first five (5) year period of the Term ("Five-Year Adjusted Period") shall be adjusted to reflect the fair market rental for surface and subsurface land, *provided that in no case shall the Land Rent be adjusted downward*. The Adjusted Land Rent shall be mutually agreed upon between the Parties at some time not more than nine (9) months and not less than three (3) months before each Reset Date. If the Parties are able to reach agreement on the Adjusted Land Rent, then said agreement shall be presented as a recommendation to the Board. The Adjusted Land Rent shall be established by order of the Board, provided that if the Adjusted Land Rent has not been determined by the beginning of the Reset Date, the Land Rent for the new Five-Year Adjusted Period, subject to the final Adjusted Land Rent being negotiated or determined by the Appraisal Process, shall be one hundred twenty five percent (125%) of the Land Rent for the former period, and shall be paid in the same manner as provided in this Section 4 until completion of the negotiations or the Appraisal Process procedure set forth below.

4.3.2.2 Appraisal Process. If the Parties cannot agree on the amount of the Adjusted Land Rent by sixty (60) days prior to the Reset Date, the following process to determine the Adjusted Land Rent shall apply (the "Appraisal Process"); provided, however, that the Parties may continue to negotiate during the Appraisal Process period and, if an agreement is reached, the Appraisal Process shall be terminated and the negotiated amount shall be presented as a recommendation to the Board. The Appraisal Process shall be:

- (a) No later than fifty (50) days prior to the Reset Date, the Executive Director shall provide to Tenant a written statement of the Executive Director's determination of the Market Rent for the Five-Year

Adjusted Period ("Determination Due Date"). If Tenant disagrees with the Executive Director's determination, Tenant must provide to City a written objection within ten (10) calendar days of receipt of the Executive Director's determination. The written objection must include (i) the basis for Tenant's objection to the imposition of the new Adjusted Land Rent and (ii) Tenant's election to commence the Appraisal Process. Tenant acknowledges and agrees that Tenant's failure to submit a timely, written objection shall be deemed approval of the Executive Director's determination of the Adjusted Land Rent commencing on, and retroactive to, the Reset Date.

(b) If either (i) City has not provided Tenant with the Executive Director's determination of Market Rent by the Determination Due Date or (ii) Tenant has received the Executive Director's determination but elects to commence the Appraisal Process, within ten (10) calendar days following Tenant's notice of commencement of the Appraisal Process or ten (10) calendar days following the Determination Due Date, whichever is applicable, City and Tenant shall exchange the names and qualifications of three (3) appraisers, which appraisers shall possess the qualifications set forth in the attached Exhibit "D", and the Parties shall utilize best efforts to agree, within ten (10) calendar days, upon a single qualified appraiser from that list whose scope of work shall be to determine the Market Rent as set forth in Exhibit "D-1". The selected appraiser shall be instructed to determine Market Rent within sixty (60) calendar days of the selection. The Parties shall cooperate with the selected appraiser to provide information or documents in their respective custody or control which are reasonably necessary to generate an appraisal in conformity with Exhibit "D-1". City shall retain the selected appraiser; however, the costs incurred for the appraisal shall be borne equally by City and Tenant. Tenant agrees to reimburse City for half the fees and costs for the appraisal within thirty (30) days of receipt of an invoice for payment of same.

(c) If, despite best efforts, City and Tenant cannot agree upon such single appraiser within the aforementioned ten (10) calendar days, or if the selected appraiser fails to transmit the required appraisal report within ninety (90) calendar days following the appraiser's retention, City and Tenant shall each retain their own appraiser, possessing the qualifications set forth in the attached Exhibit "D" to determine the Market Rent pursuant to Exhibit "D-1", within no more than sixty (60) days, unless extended by mutual written agreement of the Parties. Fees and costs of each appraiser shall be borne by the Party retaining that appraiser.

(d) Appraisals generated pursuant to Subsections 4.3.2.2 (b) and (c), above, shall be submitted to the Board along with the Executive

Director's recommendation for the Board's determination of the appropriate Adjusted Land Rent, which determination shall be made at a public meeting. The Board shall review all the relevant facts and evidence, including the appraisals, submitted to it and shall then establish by order the Adjusted Land Rent to apply throughout the Five-Year Adjusted Period.

4.3.2.3 Reconciliation of Rent Payments. The monies paid at the one hundred twenty five percent (125%) rate shall count against the Adjusted Land Rent which shall accrue from the date the Five-Year Adjusted Period commenced. If the Adjusted Land Rent is more than the Land Rent paid at the one hundred twenty five percent (125%) rate, Tenant shall immediately pay City the difference due from the date the Five-Year Adjustment Period commenced to the date the Adjusted Land Rent is paid. If the Adjusted Land Rent is less than the amount paid at the one hundred twenty five percent (125%) rate, Tenant shall be entitled to a credit against future sums owed to City under this Agreement. No interest shall accrue on the amount due to City or Tenant pursuant to this provision except to the extent Tenant fails to pay any deficiency within thirty (30) days of a billing from City. If Tenant's payments are delinquent, a delinquency charge shall accrue at the rate provided in Item No. 270 of the Tariff (or its successor), currently consisting of simple interest of 1/30 of two percent (2%) of the invoice amount remaining unpaid each day.

4.4 Reconciling Rent for Final Measurements. The Parties agree that the Rent shall be adjusted to reflect any changes in the final measurement of the Premises, or any improvements thereon, which are made pursuant to Subsection 102.3 (Modifications of Premises and Documents), without further action of the Board or the Council. City shall inform Tenant of the revised Rent by written notice and affix such notice as an Attachment to this Agreement.

4.5 No Waiver. It is agreed by the Parties that failure by the Parties to comply timely with the Rent adjustment procedures herein shall not be construed to constitute a waiver of the right of City to a Rent adjustment.

4.6 Additional Rent.

4.6.1 Payment; Definition of Rent. In addition to any other consideration under this Agreement, including without limitation any Base Rent, Tenant shall pay to City all Additional Rent, as listed below, when due. Base Rent and Additional Rent shall collectively be referred to herein as "Rent". All Rent shall be paid to City at the address to set forth in Subsection 103.2.2 (Payments), or at such other place as City may from time to time designate.

4.6.2 Tariff. Tenant shall pay City for any applicable Tariff Charges as Additional Rent.

4.6.3 Taxes and Impositions.

(a) Tenant shall timely pay all Taxes imposed with respect to this Agreement, the use or the operation of the Premises, including, without limitation, any documentary or other transfer or sales taxes, property or possessory interest taxes and any City of Los Angeles Business Tax applicable to the use and operation of the Premises. City reserves the right, without being obligated to do so, to pay the amount any such Taxes not timely paid by Tenant, and the amount so paid by City shall be deemed Additional Rent hereunder, due and payable by Tenant immediately upon demand by City.

(b) Tenant hereby agrees to pay as Additional Rent such assessments, fees and charges as shall be set by the Board and that shall be reasonable and not unjustly discriminatory.

(c) Notwithstanding this Subsection 4.6.3, Tenant does not waive its right to seek relief from a court of competent jurisdiction to the extent that such Tax, assessment, fee or charges are contrary to Applicable Law.

4.6.4 Utilities and Services. Tenant shall be liable for and shall pay all charges for services furnished to the Premises, including, without limitation, heat, power, telephone, water, light, janitorial services, security services and trash collection services, and any other services in connection with its occupancy of the Premises, including, without limitation, deposits, connection fees or charges and meter rentals required by the supplier of any such service. If the City at any time provides any of the foregoing services and such services are not separately metered or billed to Tenant, then Tenant shall pay a reasonable proportion, to be mutually agreed by City and Tenant, of all charges jointly metered or billed. There shall be no abatement of Rent and City shall not be liable in any respect whatsoever for the inadequacy, stoppage, interruption or discontinuance of any utility or service due to riot, strike, labor dispute, breakdown, accident, repair or other cause beyond City's reasonable control or in cooperation with governmental request or directions. To the extent such utilities and services are provided by City, payment for same shall be Additional Rent.

4.6.5 Rent for Non-permitted Uses. Use of the Premises for purposes not expressly permitted herein, whether approved in writing by the Executive Director or not, may result in additional charges, including charges required by the Tariff, as it may be amended or superseded. Imposing additional charges and receiving Additional Rent for non-permitted uses shall not waive City's rights to declare a default or limit City's remedies under this Agreement and at law.

4.6.6 Rent on Improvements Not Depicted on Exhibit "B". With respect to additions, improvements or alterations to the structures on the Premises authorized by City and made by Tenant, at Tenant's sole expense, during the Term of this Agreement,

but which are not depicted on Exhibit "B" on the Effective Date, Tenant shall not be charged Rent for the rental value thereof unless and until title to said additions, improvements, or alterations revert to City pursuant to the terms of this Agreement or by operation of law.

4.6.7 Other Amounts. Any amounts due and owing from Tenant that arise from or are related to its undertaking of the Permitted Uses or its occupancy of the Premises, including without limitation, service charges for services provided by the Harbor Department that are incurred by Tenant.

4.6.8 City's Net Return. The Parties intend that this Agreement shall constitute a "triple net lease" so that the Rent shall provide City with a "net" return for the Term, free of any expenses or charges with respect to the Premises, except as specifically provided in the Agreement. Accordingly, Tenant shall pay as Additional Rent and discharge, before delinquency (but subject to the terms of this Agreement, including any applicable cure periods), each and every item of expense, of every kind and nature whatsoever, including Impositions or other amounts customarily paid by a tenant under a "triple net lease" or otherwise payable by Tenant in accordance with the terms of this Agreement.

4.7 Annual Reconciliation of Yearly Payments and MAG. Not later than the thirtieth (30th) day following the end of each Compensation Year, City shall submit to Tenant a written reconciliation that sets forth the following:

(a) The applicable wharfage and dockage charges paid by Tenant under the Tariff (excluding wharfage charges for liquid bulk commodities entering and leaving the Premises by truck or pipeline) for the Compensation Year being reconciled (the "Yearly Paid Charges");

(b) Tenant's MAG for the Compensation Year being reconciled, which MAG shall be the numeric sum represented by the Land Rent plus the Wharf Rent;

If the numeric sum represented by the Yearly Paid Charges is less than the numeric sum represented by the applicable MAG, the written reconciliation shall so state, and shall state the amount of the shortfall. Tenant thereafter shall satisfy its payment obligation to City for the Compensation Year being reconciled by paying the full amount of such shortfall within thirty (30) days of Tenant's receipt of the written reconciliation. If, on the other hand, the numeric sum represented by the Yearly Paid Charges is equal to or greater than the applicable MAG, Tenant's payment of such Yearly Paid Charges shall satisfy its payment obligation to City for the Compensation Year being reconciled.

Section 5. Uses.

5.1 Permitted Uses. The Premises shall be used for the following purposes and no

others: Operation of a marine oil terminal, including: the berthing of vessels; the unloading, loading, storage and distribution of liquid bulk products; and all lawful activities related and incidental thereto ("Permitted Uses"). The liquid bulk products Tenant may unload, load, store and distribute at and from the Premises are set forth on Exhibit "F" hereto, which exhibit Executive Director may from time to time amend consistent with Department's risk management plan set forth in the Port Master Plan (as the same may be amended or superseded), upon written request from Tenant, the granting of which requests shall not be unreasonably withheld, conditioned or delayed. Any such amendments of Exhibit "F" shall be in writing and, upon transmittal to Tenant, shall be deemed incorporated into this Agreement. Such amendments shall be numbered sequentially as follows: Exhibit "F-1", Exhibit "F-2", Exhibit "F-3," etc.

5.2 Limitations on Use. Tenant shall not use or allow the Premises or any part thereof to be used for purposes other than the Permitted Uses without the prior written approval of the Board (which approval may be withheld by the Board in its sole and absolute discretion), and subject to such restrictions, limitations and conditions as may be imposed by the Board.

5.3 Operating Covenant. Tenant shall manage and operate the Premises, or cause them to be managed and operated, as a marine oil terminal facility, in a manner consistent with the manner and standard by which comparable facilities are managed and operated, and shall perform maintenance and capital improvements necessary to maintain the Premises in a manner comparable to that in which comparable facilities are maintained. Tenant shall operate the facilities in a commercially reasonable manner, and in accordance therewith, shall conduct its operations with commercially reasonable frequency.

Section 6. Notices.

The Parties shall send all notices or other communication necessary under this Agreement in writing by personal service, or express mail, Federal Express, DHL, UPS or any other similar form of airborne/overnight delivery service, or mailing in the United States mail, postage prepaid, certified and return receipt requested, addressed to the Parties at their respective addresses as follows:

If to City or its Harbor Department:

Port of Los Angeles
425 South Palos Verdes Street
San Pedro, California 90731
Attn: Executive Director

with copies to:

Los Angeles City Attorney's Office
425 South Palos Verdes Street
San Pedro, California 90731

and to:

Real Estate Division
P.O. Box 151
San Pedro, CA 90733-0151

If to Tenant: Shell Oil Company
1000 Main Street
Houston, TX 77002

Any such notice shall be deemed to have been given upon delivery or two business days after deposit in the mail as aforesaid. Either Party may change the address at which it desires to receive notice upon giving written notice of such request to the other Party.

Section 7. New Improvements and Tenant-Constructed Improvements.

Improvements in addition to the Existing Improvements, consisting of New Improvements and Tenant-Constructed Improvements, are to be constructed on the Premises following the Effective Date. Upon addition of such New Improvements and Tenant-Constructed Improvements to the Premises, the Harbor Engineer shall: (i) revise Exhibit "B" to include both a depiction of such additional improvements and a statement identifying such improvement's ownership; (ii) renumber the revised Exhibit "B" (such that, for example, after any such revision and renumbering, Exhibit "B" becomes "Exhibit "B-1""; and (iii) transmit such revised and renumbered Exhibit "B" to Tenant. Upon City's transmittal to Tenant, and Tenant's written approval of such revision which shall not be unreasonably withheld, such revised and renumbered Exhibit "B" shall be deemed to: (i) be incorporated into this Agreement without further action of the Board or the Council; and (ii) supersede any earlier issued iterations of Exhibit "B".

7.1 New Improvements. Following the Effective Date, City shall commence a bid and award process to retain a construction contractor and then shall cause the construction of the New Improvements, which are identified on Exhibit "C". City shall own all New Improvements. City's construction of New Improvements shall be: (a) paid for by City, subject to the provisions of Section 7.1.1; (b) in a good and workmanlike manner; and (c) in conformity with (i) this Agreement, (ii) standard industry construction practices, (iii) a construction management plan to be mutually agreed upon by the parties after the Effective Date of this Agreement, and (iv) Applicable Laws. City shall complete such construction as soon as reasonably practicable and shall prosecute the same diligently to Completion.

7.1.1 Funding of New Improvements. Exhibit "C" sets forth an estimate of the total cost of the New Improvements, which shall be known as "Estimated New Improvements Cost". The actual total cost of the New Improvements shall be known as "Actual New Improvements Cost". Tenant's contribution towards the Actual New

Improvements Cost ("Tenant's New Improvements Contribution") shall be limited to the lesser of (1) the Estimated New Improvement Cost less \$7,500,000.00; and (2) the Actual New Improvement Costs less \$7,500,000.00. Notwithstanding anything to the contrary herein, City's contribution towards the New Improvements Costs shall equal the Actual New Improvements Cost less Tenant's New Improvement Contribution ("City's Contribution to New Improvements Cost"). City's Contribution to New Improvements Cost shall not exceed a maximum of two (2) separate wharf structures on the Premises, of which the second proposed wharf structure that is not currently described in Exhibit "C", and shall be subject to the process described in Section 7.1.6. Tenant shall pay City the amount identified on Exhibit "C" as "Tenant Contribution to New Improvements" in installments for tasks completed. City shall invoice Tenant for each such installment payment after City receives an invoice from the builder of the New Improvements, and each invoice submitted by City to Tenant shall be in reasonable detail and accompanied with documentation supporting the amount invoiced. The amount invoiced by City to Tenant shall equal the Tenant's Invoice Share (as defined below) of the applicable construction invoice received by the City from the builder, and Tenant shall pay such invoice within thirty (30) days of Tenant's receipt of such invoice. "Tenant's Invoice Share" equals a fraction for which the numerator equals the Estimated New Improvements Cost minus \$7,500,000, and the denominator equals the Estimated New Improvements Cost. Following Completion, should Tenant's New Improvements Contribution be less than the aggregate sum of the invoices paid by Tenant under this Section, then City shall, within ninety (90) days following Completion and final accounting of the total contribution and costs, pay Tenant the difference between such two sums.

7.1.2 Plans and Specifications. Prior to the Effective Date, City caused to be prepared plans and specifications for the construction, erection and installation of New Improvements as described in Exhibit "C," which plans and specifications Tenant, following review, agrees are satisfactory for such purposes. Following the Effective Date, City shall submit to Tenant for review and approval (a) any changes to plans and specifications existing on the Effective Date and (b) any new plans and specifications for the construction, erection and installation of New Improvements, approval of which shall not be unreasonably withheld, conditioned or delayed by Tenant. Should Tenant fail to approve or disapprove in writing changes to existing plans and specifications or new plans and specifications within thirty (30) days following Tenant's receipt thereof, such changes to plans and specifications and plans and specifications shall be deemed approved by Tenant.

7.1.3 Implementation of Plans and Specifications. Following Tenant's actual or deemed approval of plans and specifications, City shall advertise for bids and, within a reasonable period of time after receipt of bids, award a contract or contracts for the work described in approved bid. Tenant acknowledges that the ability to construct improvements, including New Improvements, requires compliance with Applicable Laws and the procurement of certain permits and entitlements. City shall promptly apply for,

diligently pursue and use commercially reasonable efforts to obtain such permits and entitlements. If, after expending such commercially reasonable efforts, City has not obtained such permits and entitlements, City shall not be obligated to proceed with the construction of New Improvements and either Party may terminate this Agreement upon thirty (30) days' written notice to the other.

7.1.4 Allocation of Risk and Responsibility. City represents and warrants that it shall cause the construction of New Improvements in compliance with the plans and specifications referenced in Section 7.1.2 above. City makes no representations, warranties or covenants other than those expressly set forth in this Agreement. If, prior to the first anniversary of Completion, Tenant discovers a material defect in the design, materials or construction of New Improvements, Tenant shall provide City written notice of the defect. City shall determine within a reasonable period of time whether such defect is material and, if so, whether it is covered by a warranty by a designer, material supplier or construction contractor. City shall provide written notice to Tenant of such determination. If warranty coverage is determined to exist, City shall use commercially reasonable efforts to have any necessary repair work performed under such warranty. If warranty coverage is determined not to exist, Tenant may remedy such defect and may request reimbursement of reasonable actual costs from City in writing as soon as reasonably possible, which actual costs shall be substantiated by Tenant with documentation and other information reasonably requested by and satisfactory to City.

If, between the first anniversary and the fifth anniversary of Completion Tenant discovers a material defect in the design, materials or construction of New Improvements, Tenant shall provide City written notice thereof. City and Tenant shall meet and confer within ninety (90) days following City's receipt of such written notice and to determine (a) whether the defect is material, (b) if so, whether the defect results from the design, materials and construction of New Improvements, (c) if so, the nature of the cure for the defect, and (d) the manner in which the costs of cure shall be allocated between the Parties. Notwithstanding the foregoing, this provision is not intended to alter the Tenant's obligations set forth in Section 108 below.

7.1.5 Control of Design and Construction. As between City and Tenant, City shall control design and construction of New Improvements. During construction of New Improvements, Tenant shall give no orders to any contractors constructing New Improvements unless first requested in writing by City to do so and agrees to cooperate fully with contractors in providing all necessary access to the Premises and generally cooperating with the contractor. City and/or its representatives shall coordinate with Tenant to minimize the impact the construction of New Improvements has on Tenant's undertaking of the Permitted Uses.

7.1.6 Tenant Request to Consider Additional Wharf. Tenant shall have a "one-time" right to submit a written request to City within five (5) years of the completion

of the New Improvements to consider development of one (1) additional wharf structure at Berth 169 ("Additional Wharf Project") under the following terms and conditions:

- (a) Tenant shall be in good standing under this Permit with no event of default, including without limitation, defaults or delinquencies in payment of Rent, or delayed or non-performance of obligations under this Permit.
- (b) Tenant's written request to City shall include the following information:
 - i. Project description with sufficient detail to assess its feasibility, including conceptual wharf design and a description of the extent to which the project design and activities are consistent with and/or varies from the project assessed in the Berths 167-169 [Shell] Marine Oil Terminal Wharf Improvements Project Environmental Impact Report ("2018 EIR") certified by the Board of Harbor Commissioners;
 - ii. Justification for development of additional wharf structure including:
 - 1. Existing wharf capacity (wharf, pipeline, and tanks) analysis;
 - 2. Past five (5) Calendar Years' utilization of existing capacity data;
 - 3. Current market analysis related to need for additional capacity; and
 - 4. Projected additional volume resulting from development of additional wharf.
- (c) Conditions precedent to City's agreement to Tenant's request to develop the Additional Wharf Project shall include:
 - i. Tenant's justification for development demonstrates the project need for additional wharf premises in order accommodate current and future cargo demand including City's determination that;
 - 1. The current and projected market analysis demonstrates a need for additional capacity;
 - 2. Existing wharf capacity (wharf, pipeline, and tanks) is not sufficient to meet projected future requirements; and

3. The Additional Wharf Project as defined by the Tenant is feasible, including from engineering, construction, environmental and financial requirements.
- ii. If additional environmental assessment is required in addition to the 2018 EIR, completion and certification of an environmental assessment under the California Environmental Quality Act, National Environmental Policy Act, California Coastal Act, Clean Water Act and all other applicable environmental or land use laws applicable to the proposed wharf development, to be paid for by Tenant.
 - iii. A signed Term Sheet by the Tenant and City under which the parties agree upon the scope of the Additional Wharf Project and the division of costs of construction of such Additional Wharf Project, including the limitation of the City's financial contribution to the cost being limited to a total investment of Seven Million Five Hundred Thousand Dollars (\$7,500,000) towards the Additional Wharf Project, and Tenant to fund all additional cost of construction.
- (d) City shall review the Tenant's request and the evidence provided and shall make a determination regarding the conditions precedent for the additional wharf structure, in the sole and absolute discretion of the City, which may include review by the Harbor Department's Project Development Committee.
 - (e) If the City makes a determination that all conditions precedent had been met, the parties shall enter into an amendment to this Agreement which shall be subject to the authorization requirements of Section 3.1. The amendment shall include a new Exhibit identifying the scope of New Improvement additions and the Tenant's construction payment obligations of Section 7.1.1 shall apply to the new Exhibit's scope of work and corresponding cost estimate. In addition, the rent and compensation terms of Section 4 of this Agreement shall apply and the Wharf Rent amount of Section 4.1.6 shall be increased accordingly for the second City Investment of \$7,500,000.00 for the second wharf, effective upon the completion of the "Additional Wharf Project." The additional City Investment shall be added to total end of year balance described on Exhibit "M" to revise Wharf Rent Expiration calculation described in Section 4.2.2.3.

- (f) This right to request consideration of additional wharf is personal to the original Tenant signatory to this Lease and will not be exercisable by or for the benefit of any assignee or subtenant of Tenant, and any attempted assignment shall be void and of no force and effect.

7.2 Tenant-Constructed Improvements. Tenant shall design and construct any and all improvements necessary to undertake the Permitted Uses, other than the New Improvements (which improvements shall be known as "Tenant-Constructed Improvements") (a) at the sole cost and expense of Tenant; (b) in a good and workmanlike manner; and (c) in conformity with (i) this Agreement, (ii) standard industry construction practices, (iii) a construction management plan to be mutually agreed upon by the parties after the Effective Date of this Agreement, and (iv) Applicable Laws. Tenant shall complete such construction as soon as reasonably practicable and shall prosecute the same diligently to Completion.

7.2.1 Indemnification of City for Design Defects. In accordance with the provisions of California Civil Code § 2782.5, Tenant shall, with respect to every contract awarded for the design of Tenant-Constructed Improvements, indemnify, defend and hold harmless City from any and all liability, claims, demands, costs, damages, actions, proceedings, judgments, and losses of any kind and nature whatsoever arising from any "design defect," as such term is defined in Civil Code § 2784.

7.2.2 Indemnification by Construction Contractors. In accordance with the provisions of California Civil Code § 2782.5, Tenant shall require, as a condition of every construction contract (as defined in Civil Code § 2783) awarded by Tenant for the construction of the Tenant-Constructed Improvements, that the contractor shall indemnify and defend City from any and all liability, claims, demands, costs, damages, actions, proceedings, judgments, and losses of any kind and nature whatsoever, which may arise from or be caused directly or indirectly by any act, omission or negligence of contractor or any of its subcontractors, employees, agents, suppliers, and/or invitees, in the performance of the work required by the construction contract, regardless of whether any act, omission or negligence of City contributed thereto; provided, however, that the obligation of such contractor to indemnify City as set forth above shall not extend to liability arising from the active negligence, sole negligence or willful misconduct of City.

7.2.3 Insurance Requirements. In contracts awarded for the design and construction of Tenant-Constructed Improvements, Tenant shall require its consultants and contractors to obtain and maintain insurance coverage that names the City as an additional insured.

7.2.4 Construction of Tenant-Constructed Improvements. Subject to the requirements set forth in this Section 7, as between City and Tenant, Tenant shall have control over the award of contracts for the construction of the Tenant-Constructed Improvements and the supervision of contractors' work. During construction of the Tenant-Constructed Improvements, City shall give no orders to any contractors

constructing the same, and agrees to coordinate and cooperate fully with Tenant's contractors in the performance of the work. Tenant shall use reasonable efforts to ensure that the work performed by Tenant's contractors shall not unreasonably interfere with any concurrent work performed by contractors engaged in the construction of the New Improvements. Prior to any material alteration or change in any installation or construction made by Tenant, Tenant shall submit the plans and specifications therefore to the Harbor Engineer for approval, and the work shall conform to the plans and specifications as submitted. The approval of Harbor Engineer given as provided in this subsection within not more than seven (7) days, shall not constitute a representation or warranty as to such conformity. Throughout the course of construction, Tenant shall continue to provide City copies of all material design revisions, material modifications to the specifications and other material changes to construction documents, shop drawings, and submittals promptly upon receipt by Tenant. All non-material design revisions, non-material modifications to the specifications and other material changes shall be approved and signed off by the on-site inspector. Tenant shall not permit to be enforced against the premises or any Tenant-Constructed Improvements thereon any mechanics', materialmen's, suppliers', contractors' or subcontractors' liens for labor or material arising from construction of the Tenant-Constructed Improvements and shall hold City harmless with respect thereto pursuant to the provisions of Section 111 of this Permit.

7.2.5 Construction Coordination, Inspection and Progress Meetings. City shall have the right to review all construction schedules, to attend all construction progress meetings, to be informed of material coordination concerns which may impact final quality and timely completion of all Tenant-Constructed Improvements. City shall be entitled to assign, at City's expense, one or more on-site construction inspectors to perform inspection and monitor quality and progress of construction of all Tenant-Constructed Improvements. Tenant shall have the right to attend weekly construction progress meetings for New Improvements.

7.2.6 Notice of Commencement of Construction. Tenant shall give written notice to Harbor Engineer, in advance, of the date it shall commence any construction. Immediately upon the completion of performance of contract(s) for the construction, Tenant shall notify Harbor Engineer of the date of completion and shall, within one hundred eighty (180) days thereafter, file with Harbor Engineer, in a form acceptable to Harbor Engineer, four (4) complete sets of "as built" plans for each element of the Tenant-Constructed Improvements constructed by Tenant.

7.2.7 Completion of Tenant-Constructed Improvements. Completion of Tenant-Constructed Improvements shall be deemed to have occurred upon City's receipt from Tenant of final inspection documents for all Tenant-Constructed Improvements from the applicable federal, state and local agencies.

7.2.8 Ownership. All Tenant-Constructed Improvements shall be and remain the property of Tenant. Trade fixtures placed upon the premises by Tenant shall be and remain the property of Tenant.

ARTICLE 1, Sections 8 to 99, intentionally omitted.

ARTICLE 2 – STANDARD PROVISIONS

Section 100. Applicability of Article 2.

Notwithstanding anything in this Agreement to the contrary, in the case of any inconsistency between Article 1 and Article 2 of this Agreement, the provisions of Article 1 shall be controlling.

Section 101. Definitions.

All capitalized terms used and not defined in Article 1 or Article 2 shall have the meaning ascribed to them in the Glossary of Defined Terms attached hereto and incorporated herein as Attachment 1.

Section 102. Limitations and Additional Provisions Related to Premises.

102.1 Compliance with Applicable Laws; Executive Directives. At all times in its use and occupancy of the Premises and in its conduct of operations thereon, Tenant, at its sole cost and expense, shall comply with all Applicable Laws. In addition to the foregoing, Tenant shall comply immediately upon written or other legally binding form of notice with any and all directives issued by the Executive Director under authority of any such Applicable Law. It is the Parties' intent that Tenant shall make, at Tenant's sole cost and expense, any and all alterations, improvements and changes, whether structural or nonstructural, that are required by Applicable Law.

102.2 Reservations. This Agreement and the Premises are and shall be at all times subject to the reservations and exclusions listed below and additional reservations City may reasonably require after the Effective Date, of which Tenant shall receive advance written notice, for which Tenant shall receive no compensation unless otherwise provided in this Agreement.

102.2.1 Utilities or other Rights-of-Way. Rights-of-way for sewers, pipelines (public or private), conduits for telecommunications, electric, gas, and power lines, as may from time to time be determined to be necessary by the Board, including the right to enter upon, above, below or through the surface to construct, maintain, replace, repair, enlarge or otherwise utilize the Premises for such purpose, without compensation or abatement of Rent and with as minimal interference with the Permitted Uses as possible.

102.2.2 Streets and Highways. Rights-of-way for streets and other highways and for railroads and other means of transportation which are apparent from a visual inspection of the Premises or which shall have been duly established or which are reserved herein, provided that the exercise of such right after the Effective Date does not materially interfere with the Permitted Uses.

102.2.3 Telecommunication and Utility Equipment. Access, temporary occupancy and the right of City or third-parties selected by City in its sole and absolute discretion to install, operate, maintain and repair telecommunication and utility equipment, without compensation or abatement of Rent unless otherwise agreed to in writing by City. City shall minimize any interference with the Permitted Uses to the extent possible.

102.2.4 Homeland Security. Access, temporary occupancy and other rights reasonably necessary to comply with homeland security or related requirements of local, state and federal law enforcement agencies or the Harbor Department. City reserves the right to install, maintain and operate on the Premises equipment related to homeland security and/or public safety with seventy-two (72) hours prior written notice to Tenant without compensation or abatement of Rent unless otherwise agreed to in writing by City.

102.2.5 Environmental Initiatives. Access, temporary occupancy and other rights reasonably necessary to comply with environmental initiatives and/or policies of City, local, state and federal agencies or the Harbor Department, provided that the exercise of such rights do not materially interfere with the Permitted Uses.

102.2.6 Prior Exceptions. All prior exceptions, reservations, grants, easements, leases or licenses of any kind whatsoever that appear of record in the office of the Recorder of Los Angeles County, California, or in the official records of City or any of its various departments.

102.2.7 Mineral Rights Excluded. All minerals and mineral rights of every kind and character now known to exist or hereafter discovered, including, without limiting the generality of the foregoing, oil, gas and water rights, together with the full, exclusive and perpetual rights to explore for, remove and dispose of said minerals, or any part thereof, from the Premises, without, however, the right of surface entry on the Premises.

102.3 Modification of Premises and Documents.

102.3.1 Final Measurement. The Premises may be subject to final measurement by City. To the extent that the final measurements differ from Exhibit "A", the Harbor Engineer shall: (i) revise Exhibit "A" to reflect the correct measurements of the Premises and any improvements thereon; (ii) renumber the revised Exhibit "A" as Exhibit "A-1"; and (iii) transmit Exhibit "A-1" to Tenant. Upon City's transmittal to Tenant, and Tenant's review and written approval thereof or after thirty (30) days, whichever comes first, such revised and renumbered Exhibit "A-1" shall be deemed to: (i) be incorporated into this Agreement without further action of the Board or the Council; and (ii) supersede Exhibit "A".

102.3.2 Modifications. Addition or deletion of Premises for which Tenant is charged, not to exceed a cumulative total of ten percent (10%) of the originally designated Premises, may be made by mutual agreement of the Parties, so long as such

change in area is not a temporary use of substitute premises as set forth in Tariff Item 1035 (or its successor) or not temporary as determined by City in its sole reasonable discretion. Such addition or deletion shall be by written amendment and shall specify appropriate adjustments in Rent and shall not require approval by the Board or the Council unless the modification involves an amount in excess of the Executive Director's contracting authority, as that amount may be amended from time to time, in which case prior Board approval shall be required. The Executive Director shall revise and replace the following: (i) Section 2 (Premises) (ii) Section 4 (Rent and Other Tenant Payments), and (iii) Exhibit "A", as necessary to conform to these modifications.

102.4 Inspection by Tenant; No Warranties by City. Tenant acknowledges that it has inspected the Premises in contemplation of entering into this Agreement and occupying the Premises for the Permitted Uses, including the construction of improvements, if any, and acknowledges and agrees that:

(a) Tenant is accepting the Premises as set forth in Subsection 2.2 (Acceptance and Surrender), that is, without representation or warranty with respect thereto, express or implied, except only as set forth in this Agreement, with regard to the physical or other condition of the Premises, including the presence or absence of archeological or historical remains, and contamination of the adjacent harbor waters, soil, sediment, groundwater or air of the Premises, or of adjacent premises (including soil, sediment, groundwater or air of those adjacent premises) by Environmentally Regulated Material. In regard to the latter, Tenant represents and warrants that it has received a full opportunity to assess the environmental condition of the Premises, and in fact has undertaken such an assessment, which assessment has included receipt and review of studies, reports and other materials pertaining to the environmental condition of the Premises;

(b) Tenant has determined for itself, that the Premises are suitable for the Permitted Uses; and

(c) No individual of, or affiliated with, City has made any representation or warranty with respect to the Premises or improvements existing or planned or to the suitability of the Premises for the Permitted Uses, unless the nature and extent of such representation or warranty is described in writing and attached hereto.

102.5 No Conveyance of Fee Estate. The Parties acknowledge and agree that this Agreement does not transfer or convey the Fee Estate of the Premises, and that any grant or conveyance under this Agreement is solely of the leasehold estate thereto.

102.6 Temporary Assignments. By issuing this Agreement, City does not grant to Tenant the sole or exclusive right to use the Premises. Whenever the Premises, excepting the office building occupied by Tenant, if any, are not being used, in whole or in part, by Tenant for the Permitted Uses or if City requires the Premises on an emergency basis, the Executive Director shall have the right, subject to Tenant's consent (which consent shall not be

unreasonably withheld), to make temporary assignments to other persons, firms and/or corporations to use the Premises, or any part thereof, as provided in the Tariff. Any direct charges accruing against Tenant from the use of the Premises by a temporary user, and the allocated costs of utilities which Tenant furnishes to such temporary user, shall be paid by such temporary user. City and Tenant agree to negotiate in good faith regarding any other terms and conditions of such temporary assignments.

102.7 Waste or Nuisance. Tenant shall not use the Premises in any manner that constitutes waste or nuisance.

102.8 Load Limits. City warrants and represents that wharfs on the Premises will support the load limits specified in Exhibit "B." Tenant shall allow no loading in excess of such limits without the prior written consent of the Harbor Department, which consent may be provided by a Harbor Engineer's Permit or a Heavy Lift Permit. Upon receipt of a notice from City that the load limits on Exhibit "B" have been exceeded, Tenant immediately shall take all appropriate steps to correct such condition and, irrespective of such notice, shall, as between City and Tenant, be solely responsible for any cost, expense or damage resulting from exceeding the load limits.

102.9 Wilmington Truck Route. City and Tenant acknowledge that Tenant does not directly control the trucks serving the Premises. However, Tenant shall make reasonable efforts to notify truck drivers, truck brokers and trucking companies that trucks serving the Premises must confine their route to the designated Wilmington Truck Route ("Wilmington Truck Route" attached hereto as Exhibit "E"). The Wilmington Truck Route may be modified from time to time at the sole and absolute discretion of the Executive Director. The Harbor Department shall provide Tenant with notice of any modifications to the Wilmington Truck Route.

102.10 Maintenance Areas. Tenant shall not conduct or permit any maintenance of mobile or portable equipment on the Premises except in full compliance with all Applicable Laws attendant to the Premises and its use, including without limitation, all Environmental Laws and Mitigation Measures as hereinafter defined.

102.11 Responsibility for Financing. Tenant covenants that any financing required in connection with Tenant's use of the Premises, including without limitation development and operation, shall be the sole responsibility, cost and expense of Tenant.

102.12 Tenant to Supply Necessary Labor and Equipment. Tenant shall, at its sole cost and expense, provide all equipment and labor necessary to undertake the Permitted Uses; provided, however, that nothing contained herein shall prevent Tenant from using such equipment as may be installed by City at the Premises upon the payment to City of all applicable charges.

102.13 Liens; Indemnity. Except where contested by Tenant in good faith in a court of competent jurisdiction, and except for non-delinquent liens arising from taxes or tax assessments, Tenant shall keep the Premises free from liens of any kind or nature arising out of

its use and/or occupancy of the Premises, including any liens arising out of any labor performed for or materials furnished to or on behalf of Tenant on the Premises. Except with respect to the construction of New Improvements, Tenant agrees that it shall at all times defend and indemnify City from and against all claims for labor or materials in connection with the construction, erection or installation of improvements made by Tenant upon the Premises, or from additions or alterations made to any improvements on the Premises, or the repair of the same, by or at the direction of Tenant, and the costs of defending against any such claim, including reasonable attorneys' fees. Except with respect to the construction of New Improvements, if a mechanic's or other similar lien shall at any time be filed against City's interest in the Premises, which is not contested by Tenant in good faith in a court of competent jurisdiction, Tenant shall: (i) cause the same to be discharged of record within thirty (30) days after the date of filing the same; or, (ii) otherwise free the Premises from such claim or lien and any action brought to foreclose such lien; or, (iii) promptly furnish City with a bond in the amount of the lien plus twenty-five percent (25%) thereof issued by a surety company, acceptable to the Executive Director, securing City against payment of such lien and against any and all loss or damage whatsoever in any way arising from the failure of Tenant to discharge such lien.

102.14 Tenant Telecommunications Equipment. Tenant shall coordinate with the Harbor Department and any other applicable Governmental Agencies prior to installing any radio or telecommunications equipment to ensure that frequencies do not interfere with public safety communications or radio frequencies.

102.15 Property of Tenant. All property brought onto the Premises by Tenant, or in the care, custody or control of Tenant, to undertake the Permitted Uses or otherwise shall be and remain the property of Tenant, subject to the terms and conditions contained herein, and shall be there at the sole risk of Tenant. Tenant hereby waives all claims against City with respect to such property, except for injury or damage to such property caused by City's sole negligence or willful misconduct.

102.16 Quiet Enjoyment. City covenants that, so long as this Agreement has not expired or terminated in accordance with its terms and Applicable Laws attendant to the Premises and its use, Tenant shall and may peaceably and quietly have, hold and enjoy the Premises for the Term so long as the Premises are used in compliance with the State Tideland Trust. By such covenant, City makes no representation or warranty as to the condition of title of the Premises or the suitability of the Premises for the Permitted Uses. Tenant's sole remedy for breach of this Subsection 102.16 shall be an action for specific performance.

102.17 Local Job Participation; Living Wage. In furtherance of the policies of the Board and the Council, Tenant shall strive to achieve the goals of local job participation in the use and operation of the Premises and the Living Wage Ordinance of the City of Los Angeles as defined in the City of Los Angeles Administrative Code Section 10.37.

102.18 Provision of Safe Environment. Tenant shall provide for a safe environment on the Premises and follow the Harbor Department's Homeland Security rules and regulations,

including without limitation, Tariff Section 2, item 298, (or its successor) and all other Applicable Laws.

Section 103. Additional Provisions Related to Rent.

103.1 Premises Subject to Tariff. Tenant accepts the Premises and shall undertake the Permitted Uses subject to each and every of the terms and conditions provided in this Agreement, and to each and every of the applicable rates, terms and conditions of the Tariff as it now exists, or as it may be temporarily amended or permanently amended or superseded. Tenant represents and warrants that it has received, read and understands the rates, terms and conditions of the Tariff and covenants that, at all times during the term of this Agreement, it shall maintain a complete and current Tariff at the address set forth in Section 6 (Notices). Except as otherwise set forth in this Agreement, Tenant is contractually bound by all Tariff rates, terms and conditions as if the same were set forth in full herein. City in its sole and absolute discretion shall determine if a conflict exists between a provision of this Agreement and a Tariff provision. In the event of such conflict, this Agreement shall at all times prevail.

103.2 Requirements Applicable to Tenant's Payment of Rent.

103.2.1 Tenant's Obligation to Pay; No Right of Set-Off. Except as provided in Section 4.3.2.3, notwithstanding any other provision of this Agreement, Tenant's obligations to pay Rent to City according to the terms and conditions of this Agreement shall be absolute and unconditional and shall be unaffected by any circumstance, including, without limitation, off-set, counterclaim, recoupment, defense or other right which Tenant may have against City.

103.2.2 Payments. Tenant shall render its payments at the Harbor Department Administration Building or any other place that City from time to time may designate in writing. All payments due to City under this Agreement shall be made in U.S. Dollars, either in the form of a check (drawn on a bank located in the State of California) or via electronically transmitted funds.

103.2.3 Proration of Payments. If any payment by Tenant is for a period shorter than one calendar month, the Rent for that fractional calendar month shall accrue on a daily basis for each day of that fractional month at a daily rate equal to 1/365 of the total annual Rent then due and payable. All other payments or adjustments that are required to be made under the terms of this Agreement and that require proration on a time basis shall be prorated on the same basis.

103.2.4 Labor Disturbance. If, by reason of strikes, other labor disputes, lockouts, or other work stoppages of which Tenant did not directly or indirectly cause and/or to which Tenant is not a party ("Labor Disturbance"), occurring at the Premises and lasting more than (30) days, Tenant is prevented from making substantial use of Premises to undertake the Permitted Uses, the Rent for the period during which the Labor Disturbance occurs shall be proportionately adjusted, commencing the thirty-first (31st)

day after commencement of such Labor Disturbance, provided Tenant has, prior to such date, given City written notice of such Labor Disturbance including its assertion that it has not caused such disturbance, and such reduction shall be applicable from and after said thirty-first (31st) day until Tenant is able to make substantial uses of the Premises to undertake the Permitted Uses.

103.2.5 Force Majeure Not Applicable. Any Force Majeure provision or principle, including, without limitation, the provisions of Section 110 (Force Majeure), shall not apply to any of Tenant's Rent Payment Obligations.

103.2.6 Delinquent Payments. Payments required to be made by this Section 103 which have not been paid within ten (10) calendar days of the date such payments are due shall be subject to a delinquency charge which shall accrue at the rate provided in Item No. 270 of the Tariff, currently consisting of simple interest of 1/30 of two percent (2%) of the amount remaining unpaid each day. Tenant acknowledges that it knows the day of the month its payments hereunder are due and that such payments are due to be made from that date and not the date of City's invoice, if any. The delinquency service charge shall be imposed whether or not a deposit required by Subsection 103.2.6, above, is applied to the amount due. City has the unqualified right, upon thirty (30) days' prior written notice to Tenant, to change the level of the delinquency service charge.

Section 104. Tenant's Environmental Obligations During Term of Agreement.

104.1 Intentionally Blank.

104.2 Tenant Responsibility for Existing Condition of the Premises.

104.2.1 Existing Conditions. Tenant has accepted the Premises in an "AS IS," "WHERE IS" condition as set forth Subsection 2.2 (Acceptance and Surrender). As such, Tenant shall be responsible for remediation of Aggregate Contamination.

104.2.2 Pre-existing Contamination. As between Tenant and City, Tenant accepts and assumes all responsibility for Pre-existing Contamination, and knowingly, voluntarily and irrevocably waives challenging full responsibility for Pre-existing Contamination.

104.3 Tenant Responsibility for Term Contamination.

104.3.1 Remediation. Tenant shall remediate or cause the remediation of any Term Contamination, such that the Premises (and/or areas adjacent to the Premises) affected by any Term Releases are left in an environmental condition that fully complies with the guidelines of, orders of, or directives of the Governmental Agency or Agencies that have assumed jurisdiction, if any, and in conformance with Harbor Department's then existing remediation procedures to levels determined in the sole discretion of the

Executive Director of the Port in conformity with Environmental Laws to the extent such remediation activities or resulting conditions are not in conflict with requirements established by any other Governmental Agency asserting jurisdiction over the Term Contamination, and free of encumbrances, such as deed or land use restrictions, except those that may be imposed as a result of the presence of Environmentally Regulated Material despite Tenant's compliance with the foregoing requirement. As between City and Tenant, Tenant shall bear sole responsibility for all Term Contamination and any costs related thereto.

104.3.2 Tenant Responsibility; Indemnity. Tenant bears sole responsibility for full compliance with any and all Applicable Laws regarding the use, storage, handling, distribution, processing, and/or disposal of Environmentally Regulated Material, regardless of whether the obligation for such compliance or responsibility is placed on the owner of the land, on the owner of any improvements on the Premises, on the user of the land, or on the user of the improvements. Except for conditions of the Premises resulting from City or third-party activities on or about the Premises when Tenant is required by this Agreement to allow City or such third-parties onto the Premises as described above, Tenant agrees that any claims, damages, fines or other penalties asserted against or levied on City and/or Tenant as a result of noncompliance with any Environmental Laws shall be the sole responsibility of Tenant and that Tenant shall indemnify and hold City harmless from any and all such claims, damages, fines and penalties, as well as any costs expended to defend against such claims, damages, fines and penalties, including attorneys' and experts' fees and costs that result from Term Contamination or Tenant's non-compliance with any applicable Environmental Law during the Term regarding the use, storage, handling, distribution, processing and/or disposal of Environmentally Regulated Material. City shall provide Tenant with sixty (60) days' notice to comply with any claims, damages, fines and penalties, or if Tenant has not complied with such claims, damages, fines and penalties, or if Tenant has not requested a meet and confer to discuss compliance within such sixty (60) days, then City, at its sole option, may pay such claims, damages, fines and penalties resulting from Tenant's noncompliance with any of the Environmental Laws, and Tenant shall indemnify and reimburse City for any such payments. As between Tenant and City, City shall indemnify and hold Tenant harmless, to the extent allowed by Applicable Law, from any and all such claims, damages, fines and penalties, including attorneys' and experts' fees and costs, that result from Aggregate Contamination.

104.4 Tenant Obligations in the Event of a Term Release.

104.4.1 Duty to Remediate. Upon discovery of any Term Contamination, Tenant shall, at its sole cost remediate the Term Contamination in accordance with Subsection 104.3 (Tenant Responsibility for Term Contamination).

104.4.2 Compliance with Government Agency Orders. If Applicable Law requires Tenant to report a Term Release to a Governmental Agency, Tenant shall so

report and thereafter, if such Governmental Agency asserts jurisdiction over such Term Release, Tenant shall, at its sole cost and expense as between City and Tenant, manage the Term Release consistent with Environmental Laws and the directives of the Governmental Agencies with jurisdiction, if any. If a schedule for such Term Release management is not prescribed by Environmental Laws, or the directives of the Governmental Agencies with jurisdiction if any, the Harbor Department shall reasonably prescribe such schedule in consultation with Tenant.

104.4.3 Site Characterization. Whether a Governmental Agency asserts jurisdiction over Term Release or Term Contamination or not, Tenant shall characterize (including sampling and analysis) and remediate all Term Contamination in conformity with Environmental Laws to levels determined in the sole discretion of the Executive Director. Relevant and current guidance documents published by regulatory agencies (including but not limited to, the South Coast Air Management District, the Los Angeles Regional Water Quality Control Board, the Los Angeles Fire Department (local CUPA), the California Department Toxics Substances Control, the United States Environmental Protection Agency, and the Occupational Safety and Health Administration) shall be referenced and incorporated into work plans, site investigations and risk evaluations, and during the development and implementation of Term Contamination cleanup measures. Project planning, execution, and documentation shall be compliant with the terms as set forth in the National Contingency Plan (CFR 40, Part 300). The Tenant shall provide copies of project-relevant documents (including Work Plans, Reports, Remedial Action Plans, and Progress Reports) for Harbor Department review and approval prior to implementing field investigations, studies, or cleanups.

104.4.4 Copies to City. Upon request of City, Tenant shall provide copies to City of any reports, plans, filing, or other correspondence required of Tenant (and any third-parties acting for or on its behalf) by any Governmental Agency with jurisdiction regarding all Term Releases and Term Contamination. Tenant shall notify City of occurrence and nature of Term Release as immediately as reasonably practicable.

104.4.5 City's Rights to Remediate. If Tenant fails to wholly or partially fulfill any obligation set forth in Subsection 104.3 (Tenant Responsibility for Term Contamination), City may (but shall not be required to) take all steps it deems necessary to fulfill such obligation. Any action taken by City shall be at Tenant's sole cost and expense and Tenant shall indemnify and pay for and/or reimburse City for any and all costs (including any administrative costs) City incurs as a result of any such action it takes.

104.5 Environmentally Regulated Material on Premises. Tenant shall not cause or permit any Environmentally Regulated Material to be generated, brought onto, handled, used, stored, transported from, received or disposed of (hereinafter sometimes collectively referred to as "handle" or "handled") in or about the Premises, except for: (i) limited quantities of standard office and janitorial supplies containing chemicals categorized as Environmentally

Regulated Material; (ii) Environmentally Regulated Material set forth in Exhibit "G" which are necessary for Tenant to undertake the Permitted Uses; and (iii) Environmentally Regulated Material handled in conformity with all state and federal environmental regulations. Tenant shall handle all such Environmentally Regulated Material in strict compliance with Environmental Laws in effect during the term of this Agreement or any holdover. Tenant shall provide City with a report including an updated Exhibit "G" which reflects all additional Environmentally Regulated Material necessary for Tenant to undertake the Permitted Uses and thus would require an update to Exhibit "G".

104.6 Environmental Compliance.

104.6.1 Generally; Notice. In its use and occupancy of the Premises, Tenant shall comply (and shall immediately halt and remedy any incident of non-compliance) with: (a) Environmental Laws; (b) all applicable environmental policies, rules and directives of the Harbor Department as set forth on Exhibit "H" hereto; and (c) following the certification of the environmental impact report required by the California Environmental Quality Act and the environmental impact statement required by the National Environmental Policy Act for the development project at the Premises intended to implement the improvements necessary to effectuate compliance with the Marine Oil Terminal Engineering and Maintenance Standards ("MOTEMS") and to legally entitle hereunder an additional term of use and occupancy of those premises beyond five (5) years, the environmental mitigation measures ("Mitigation Measures") and Mitigation Monitoring and Reporting Program (or "MMRP") and other Environmental Compliance Requirements, if any, set forth collectively in Exhibit "I" hereto. Tenant shall, immediately upon receipt, provide City with copies of any notices or orders or similar notifications received from any Governmental Agency regarding non-compliance with any Environmental Laws or requiring some action to be taken.

104.6.2 Revision of Mitigation Measures and Environmental Compliance Requirements. Following the Effective Date, upon mutual written agreement of the Board and Tenant, or through other measures incorporated into this Agreement, the Board may revise Exhibit "I".

104.7 Environmental Audits. Tenant shall perform annual written audits of its compliance with the Mitigation Monitoring and Reporting Program and Environmental Compliance Requirements described in Exhibit "I". The results of such audits shall be maintained on Premises for review by City. City shall have the right to conduct, at its sole cost and expense, periodic audits of Tenant's compliance with the Mitigation Monitoring and Reporting Program and Environmental Compliance Requirements described in Exhibit "I". Tenant shall provide access to backup materials necessary for City to conduct such audits. Upon completion of such audits, should Tenant so request in writing, City shall provide Tenant with copies of any written reports or resulting from such audits.

104.8 Waste Disposal. In discharging its obligations under this Section 104, if Tenant disposes of any soil, material or groundwater contaminated with Environmentally Regulated

Material, Tenant shall maintain copies of all records, including a copy of each uniform hazardous waste manifest indicating the quantity and type of material being disposed of, the method of transportation of the material to the disposal site and the location of the disposal site. Tenant shall supply copies of such records to the City within thirty (30) days of the City's request. The name of the City of Los Angeles, the Port of Los Angeles or the Harbor Department shall not appear on any manifest document as a generator of such material.

104.9 Laboratory Testing. In discharging its obligations under this Section 104, all analyses shall be conducted at a laboratory certified for such analyses by the State of California or other similar laboratory of which the Harbor Department shall approve in writing. By signing this Agreement, Tenant agrees to provide City within thirty (30) days of written notice, copies of all of its reports, test results, and data which are prepared in accordance with the requirements of this lease and/or regulatory agencies. Should Tenant fail to provide City with the requested information within thirty (30) days, City seeks the right to obtain such information directly from the laboratory. Tenant hereby irrevocably directs any such laboratory to provide City, upon written request from City, copies of all of its reports, test results, and data gathered. As used in this Subsection 104.9, "Tenant" includes agents, employees, contractors, subcontractors, and/or invitees of the Tenant.

104.10 Survival of Obligations. Except as otherwise provided in this Section 104, this Section 104 and the obligations herein shall survive the expiration or earlier termination of this Agreement.

Section 105. Alteration of Premises by Tenant.

105.1 Alterations Require City Authorization. Tenant acknowledges City's interest in controlling the manner in which physical changes are made to the Premises after the Effective Date and covenants that, other than maintenance and repair undertaken in compliance with Section 108, it shall make no improvements, alterations, additions, modifications, or changes to the Premises including but not limited to the construction of works or improvements or the changing of the grade of the Premises or which effect the structural integrity of the Improvements on the Premises or which substantially change the value or utility of the Improvements ("Alteration") without obtaining the Executive Director's prior written authorization to undertake such Alteration and no Alterations shall be made for the purpose of altering the Permitted Uses unless approved in advance in writing by the Harbor Department which approval shall be in the Harbor Department's sole and absolute discretion.

105.2 Authorization Procedure. When so required, Tenant shall obtain written authorization to undertake an Alteration according to the following procedure:

105.2.1 Application for Port Permits. If Tenant desires to undertake an Alteration, Tenant shall submit to the Harbor Department a complete Application for Port Permits ("APP") that attaches a complete set of drawings, plans, and specifications reflecting the proposed Alteration. Such drawings, plans and specifications shall be

prepared and stamped by a licensed engineer registered in the State of California. Tenant bears sole responsibility for the completeness of such submittal.

105.2.2 Harbor Engineer's General Permit. The Harbor Engineer shall have the right to require changes to the drawings, plans and specifications Tenant submits in connection with such APP. If the Harbor Engineer orders such a change and Tenant believes that such a change will have any detrimental effect on the structural integrity of the works, project or improvements, or increase any hazard to life or property, Tenant shall promptly notify the Harbor Engineer. If Tenant fails to provide such notification, the drawings, plans and specifications shall be treated for all purposes as if they had been originally prepared by Tenant, as changed. The Harbor Engineer's approval of Tenant's submittal, if any, shall be reflected by issuance of a Harbor Engineer's General Permit. The Harbor Engineer's approval of Tenant's submittal and the issuance of a Harbor Engineer's General Permit shall not obligate the Tenant to undertake the proposed Alteration.

105.2.3 Non-Harbor Department Permits. Tenant acknowledges that, in addition to obtaining a Harbor Engineer's General Permit, Tenant additionally may be required to obtain permits and authorizations with respect to the proposed Alteration from City, federal and state bodies ("Non-Harbor Department Permits"), the issuance of which the Harbor Department does not control. In any event, obtaining the Harbor Engineer's General Permit and any Non-Harbor Department Permits necessary to undertake the proposed Alteration is and shall be the sole responsibility of Tenant. Every Alteration made by Tenant shall conform with Applicable Laws, as well as to the plans and specifications as approved by the Harbor Engineer.

105.2.4 Tenant's Obligation to Obtain All Permits. Tenant acknowledges that issuance of the Harbor Engineer's General Permit shall be conditioned upon Tenant's demonstration that it has obtained all Non-Harbor Department Permits with respect to the proposed Alteration as may be required by entities other than the Harbor Department.

105.2.5 Tenant's Obligation to Obtain All Environmental Clearances. Tenant acknowledges that the Alterations may require compliance with all Environmental Laws, including, but not limited to, compliance with CEQA. Except with respect to expenses associated with (i) New Improvements; and (ii) CEQA compliance for Tenant- Constructed Improvements which were previously analyzed in an EIR certified prior to the Effective Date of this Agreement, Tenant shall reimburse City for all expenses it incurs in conjunction with the review and preparation of any needed environmental clearance for the Alterations.

105.2.6 Payment of City Fees and Reimbursement of City Costs. Tenant acknowledges that City shall incur costs in processing Tenant's APP and agrees that such costs are the sole responsibility of Tenant. Tenant shall submit any fees established by the Harbor Department for processing APPs. Additionally, within thirty (30) days of

receiving an invoice by City, Tenant shall reimburse City for any extraordinary costs not covered by such fees, including without limitation, costs incurred in preparing and processing any environmental clearance for the Alteration.

105.2.7 City Inspection; Corrective Action. Tenant acknowledges that City may perform inspections of the Alteration to ensure that such Alteration conforms to the permits issued. Tenant shall undertake any corrective measures reasonably requested by City as a result of such inspections.

105.3 Notice of Commencement and Completion of Work. Tenant shall give advance written notice to the Harbor Engineer of the date it will commence any construction. Within sixty (60) days of completion of construction, Tenant shall provide written notice to the Harbor Engineer of the date of such completion, copies of "as-built" plans for such construction, copies of all permits issued in connection with such construction and copies of all documentation issued in connection with such completed construction, including but not limited to inspection reports and certificates of occupancy.

105.4 Cost of Permits. Tenant, at its sole cost and expense, shall obtain all permits necessary for such construction.

105.5 Cost of Construction. All construction by Tenant pursuant to this Section 105 shall be at Tenant's sole cost and expense. Tenant shall keep the Premises and improvements constructed free and clear of liens for labor and materials and shall hold City harmless from any responsibility in respect thereto.

105.6 Construction Contractors. Tenant shall require by contract that its construction contractors and subcontractors comply with all Applicable Laws.

105.7 Tenant's Cost for Governmental Agency Requirements. Any modification, improvement, or addition to the Premises and any equipment installation required by the City Fire Department, City Department of Building and Safety, Air Quality Management District, California or Regional Water Quality Control Board, United States Coast Guard, Environmental Protection Agency, Department of Homeland Security or any other local, regional, state or federal agency in connection with Tenant's undertaking of the Permitted Uses shall be constructed or installed at Tenant's sole cost and expense.

Section 106. Pipelines and Tanks.

106.1 Pipelines. Tenant shall maintain on the Premises as-built drawings that identify the location of any pipelines, utilities or improvements of any type Tenant places on the Premises, whether placed above or below ground, if any. Upon written notice by the Executive Director, Tenant shall undertake at its sole cost and expense and within the time period required by Applicable Law whatever measures are reasonably necessary, including subsurface exploration for any pipeline or any other substructure under Tenant's control or servicing Tenant's operation within the Premises granted herein, to precisely locate the position of such

items if City considers such as-built drawings insufficient to locate such items. Tenant agrees any work necessary to locate such items or any damage which may result from the location being incorrectly described, whether incurred by Tenant or City, shall be borne exclusively by Tenant. Exploration and preparation of all documentation recording the location of lines or structures shall be completed within the time specified in said notice. The subsurface exploration shall verify the vertical as well as horizontal location of all pipelines and substructures. Documentation reflecting the results of said exploration shall be filed with the Harbor Engineer.

106.2 City's Rights. If Tenant neglects, fails or refuses within the time specified in said notice to begin or fails to prosecute diligently to complete the work of locating any pipeline or any other substructure under Tenant's control or servicing Tenant's operation within the Premises granted herein, the City shall upon reasonable advance written notice to Tenant have the right to enter onto the Premises and perform the work designated in the notice. All subsurface exploration required by the provisions contained herein whether performed by Tenant or City shall be performed at Tenant's expense. In addition, Tenant agrees to bear the cost of any and all damage of whatever nature caused by any act, omission, or negligence of City and any and all of its boards, officers, agents, consultants, and employees in the performance of said subsurface exploration as required by this provision. Work performed by City or City's contractors under this provision does not alter Tenant's obligation to maintain the Premises in a safe condition, both during and after completion of the work.

106.3 Rules Governing Pipelines. After installation, and in any event for the duration of this Agreement, Tenant shall comply with pipeline testing and inspection requirements, as well as the laws and regulations under CFR Title 49, Subtitle B, Chapter 1 Subchapter D, the Pipeline Safety Act, the California Public Utilities Code, the California Public Utilities Commission regulations for pipelines, the California State Lands Commission Marine Facilities Division ("CSLC/MFD"), the State of California Bureau of Conservation/Division of Oil, Gas, and Geothermal Resources ("DOGGR"), and any other federal, state, or local agency not mentioned above, and as required by the California State Fire Marshall ("CSFM") under the Pipeline Safety Act. The City reserves the right to request tests for facilities not under the direct authority of the CSFM, the CSLC/MFD, the DOGGR, the California Public Utilities Commission, and the Federal Office of Pipeline Safety ("FOPS"). Tenant shall provide the Director of Real Estate of the Harbor Department with notification within thirty (30) days if Tenant's existing pipelines are modified and location is changed, or if new pipelines are added to the Tenant's premises; however, this notification shall only be required if as a result of the modification the right-of-way for the existing pipelines is also changed.

106.3.1 Pipeline Tests or Inspections. Tenant shall comply with the following:

(a) Upon written request, Tenant shall provide the Director of Real Estate of the Harbor Department and the Director of Environmental Management of the Harbor Department with a master schedule showing dates for pipeline testing and inspection(s) in accordance with the requirements referenced in

Subsection 106.3. The master schedule shall include an itemized list with corresponding line item reference numbers for each pipeline covered under this Agreement, corresponding required test(s) or inspection(s), date(s) of test(s) or inspection(s), method(s) of test(s) or inspection(s), applicable agency, the frequency of required test(s) or inspection(s), and the California State Fire Marshall Line Number and the California State Fire Marshall Test ID Number, if applicable. If Tenant's existing pipelines are modified, or new pipelines are added to Tenant's Premises, Tenant shall follow the authorization procedure described in Subsection 106.3, and provide an updated master schedule with any addition or subtraction of pipelines. The requirements of this Subsection 106.3.1 shall cover testing or inspection requirements of all agencies mentioned in Subsection 106.3, as well as any other additional required test(s) or inspection(s).

(b) Upon written request, if Tenant's pipeline test(s) or inspection(s) are approved by the applicable agency requiring or overseeing the test(s) or inspections(s), Tenant shall confirm in writing to the Harbor Department approval of the test(s) or inspections(s) and/or submit documentation including master schedule reference number for pipeline(s) being reported on, date(s) of test(s) or inspection(s), method(s) of test(s) or inspection(s) and a general non-technical summary of results.

(c) Upon written request, Tenant shall submit a summary of its certified test or inspection approval results to the Director of Environmental Management of the Harbor Department after they have been approved by the agencies which required the pipeline testing or inspection(s), and the records of such test(s) shall be retained by Tenant for as long as is required by Applicable Law, but in any event not less than three (3) years. Records of all tests will be made available for inspection by the Executive Director.

(d) If Tenant's pipeline test(s) or inspection(s) are disapproved, and/or there are irregularities with Tenant's pipeline test(s) or inspection(s), indicating a leak or other material operational deficiency, Tenant shall notify the Director of Environmental Management of the Harbor Department within seven (7) days of receipt of the final report indicating disapproval and/or receipt of test(s) or inspection(s) results with a non-technical summary of the results including the circumstances that resulted in the disapproval or test(s)/inspection(s) irregularities as well as all test documentation produced and a description and schedule for implementation of corrective action as directed by the applicable agency requiring or overseeing the test(s) or inspection(s).

106.4 Relocation of Pipelines; Harbor Department Right to Relocate. At any time during the term of this Agreement, the Board shall have the right to make any change in the route or location of any pipeline constructed or maintained on the Premises by Tenant pursuant to the authority of this Agreement as may be required or made necessary for the progress of harbor

development or the performance of any work or improvement within the jurisdiction of the Board. If the Board shall determine that any such change or relocation is necessary, the Board shall give at least ninety (90) days' written notice to Tenant and the work of removal and relocation shall be completed within such time after said written notice as shall be fixed in said notice, provided that if Tenant commences such removal and/or relocation promptly after said written notice from City and pursues such removal and/or relocation diligently and continuously to completion, Executive Director, upon written request, may extend such period up to ninety (90) days. The cost of any such removal and relocation shall be borne by Tenant. If Tenant neglects, fails or refuses within the time specified in said notice to begin or fails to prosecute diligently to complete the work of relocating the pipelines, the Harbor Department shall provide written notice to Tenant which shall specify such neglect, failure or refusal. Upon delivery of the notice specifying Tenants, neglect, failure or refusal, Tenant shall have such time as is reasonably necessary to cure such neglect, failure or refusal so long as Tenant commences the cure within a thirty (30) day period and thereafter diligently prosecutes such cure to completion. If Tenant fails to cure in a timely and diligent manner, City shall have the right to enter the Premises and relocate the pipelines. Tenant shall be solely responsible for City Costs associated with the right set forth in this Subsection 106.4 and shall pay City, as Additional Rent, within thirty (30) days of receiving an invoice for payment from City. Tenant hereby waives the provisions of the Water Resources Development Act of 1980, and as amended, pertaining to cost allocation for pipeline relocation.

106.5 Tanks. If storage tanks are located on or below the Premises, Tenant, at its sole cost and expense, shall submit to City an inventory thereof, within sixty (60) days following the Effective Date, indicating the number of tanks, type (atmospheric, etc.), contents, capacity, past historical use, location and the date each tank was last tested for structural integrity and leaks. Tenant shall also, at its sole cost and expense, when required by Applicable Law or at a minimum of every fifteen (15) years, test all storage tanks located on the Premises for structural integrity and leaks. Upon written request, Tenant shall make available to City the results of all such tests. Testing required herein shall be to the reasonable satisfaction of Executive Director and in conformance with Applicable Laws. If during Tenant's occupancy of the Premises a tank or the pipelines servicing a tank containing hazardous material and/or any regulated liquids/material are discovered to be leaking, Tenant shall immediately notify the City and take all steps necessary to repair the tank and/or pipelines and clean up the contaminated area in accordance with this Agreement and Applicable Laws.

106.6 Source Control Program for Pipelines and Tanks. Attached hereto as Exhibit "J" is Tenant's Source Control Program, which has been approved by the City. Tenant shall comply with the Source Control program.

Section 107. Utilities.

107.1 Generally. Tenant shall maintain on the Premises as-built drawings that identify the location of any pipelines, utilities or similar improvements of any type, that Tenant places on the Premises, or which were placed on the Premises by others and accepted by

Tenant for use of the Premises, whether placed above or below ground, (which for the purposes of this Section 107, are collectively referred to as "utilities"). Upon written notice by the Harbor Department, Tenant shall undertake at its sole cost and expense and within the time period required by Applicable law whatever measures are reasonably necessary, including subsurface exploration for any utilities or any other substructure placed on the Premises by Tenant, or placed by others and accepted by Tenant for use of the Premises, to precisely locate the position of such items if the Harbor Department considers the as-built drawings as insufficient to locate such items. Tenant agrees any work necessary to locate such items or any damage which may result from the location being incorrectly described, whether incurred by Tenant or the Harbor Department, shall be borne exclusively by Tenant. Exploration and preparation of all documentation recording the location of lines or structures shall be completed within the time specified in said notice, which time shall be commercially reasonable. The subsurface exploration shall verify the vertical as well as the horizontal location of all utilities and substructures. Documentation reflecting the results of said exploration shall be filed with the Chief Harbor Engineer.

107.2 Harbor Department Right to Locate. If Tenant neglects, fails or refuses within the time specified in said notice to begin or fails to prosecute diligently to complete the work of locating any utilities or any other substructure placed on the Premise by Tenant, or placed by others and accepted by Tenant for use of the Premises, the Harbor Department shall provide written notice to Tenant which shall specify such neglect, failure or refusal. Upon delivery of the notice specifying Tenant's, neglect, failure or refusal, Tenant shall have such time as is reasonably necessary to cure such neglect, failure or refusal so long as Tenant commences the cure within a thirty (30) day period and thereafter diligently prosecutes such cure to completion. If Tenant fails to cure in a timely and diligent manner, City shall have the right to enter the Premises to identify the precise location of any utilities or improvements of any type that Tenant has placed on the Premises, or that were placed by others and accepted by Tenant for use of the Premises, whether placed above or below ground. Tenant shall be solely responsible for City Costs associated with the right set forth in this Subsection 107.2 and shall pay City, as Additional Rent, within thirty (30) days of receiving an invoice for payment from City.

107.3 Relocation of Utilities; Harbor Department Right to Relocate. At any time during the term of this Agreement, the Executive Director shall have the right to make any change in the route or location of any utility constructed or maintained on the Premises by Tenant pursuant to the authority of this Agreement as may be required or made necessary for the progress of harbor development or the performance of any work or improvement within the jurisdiction of the Board. If the Executive Director determines that any such change or relocation is necessary, the Executive Director shall give at least ninety (90) days written notice to Tenant and the work of removal and relocation shall be completed within such time after said written notice as shall be fixed in said notice, provided that if Tenant commences such removal and/or relocation promptly after said written notice from City and pursues such removal and/or relocation diligently and continuously to completion, Executive Director, upon written request, may extend such period up to ninety (90) days. The cost of any such removal and relocation shall be borne by Tenant. If Tenant neglects, fails or refuses within the time specified in said

notice to begin or fails to prosecute diligently to completion the work of relocating the utilities, the Harbor Department shall provide written notice to Tenant which shall specify such neglect, failure or refusal. Upon delivery of the notice specifying Tenant's neglect, failure or refusal, Tenant shall have such time as is reasonably necessary to cure such neglect, failure or refusal so long as Tenant commences the cure within a thirty (30) day period and thereafter diligently prosecutes such cure to completion. If Tenant fails to cure in a timely and diligent manner, City shall have the right to enter the Premises and relocate the utility. Tenant shall be solely responsible for City Costs associated with the right set forth in this Subsection 107.3 and shall pay City, as Additional Rent, within thirty (30) days of receiving an invoice for payment from City.

107.4 Rules Governing Utilities. After installation, and in any event for the duration of this Agreement, Tenant shall comply with the Applicable Laws regarding utilities testing and inspection requirements.

Section 108. Maintenance and Repair.

108.1 Generally. Except as specifically provided below, at all times, Tenant, at its sole cost and expense, shall keep and maintain the Premises, and all buildings, works and improvements of any kind thereon, including without limitation the paving, the improvements existing on the Premises as of the Effective Date, and New Improvements as depicted on Exhibit "C", in good and substantial repair and condition, whether or not the need for such repairs occurs as a result of Tenant's use, any prior use, the elements, or the age of such portion of the Premises or improvements thereon, and shall be responsible for and perform all necessary inspection, maintenance and repair thereof, including preventive maintenance, using materials and workmanship of similar quality to the original improvements, or updated to current standards for such improvements and compliant with MOTEMS as described in Section 108.7. Tenant shall obtain any permits, including but not limited to those issued by City, necessary for such maintenance and repair. City shall reimburse Tenant for any repairs made necessary by use of the Premises by a temporary user pursuant to Subsection 102.6 (Temporary Assignments).

108.2 Rock Slope and Maintenance Dredging. Notwithstanding the provisions of Section 108.1 above, City and Tenant shall utilize the following maintenance dredging procedure to cause to be substantially maintained during the Term an engineered dredge depth of - 40 feet Mean Low Low Water ("-40 Feet") within the area of the Premises immediately adjacent to wharf structure (Berthing Area).

108.2.1 Changes in Dredge Depth. Should Tenant believe that the dredge depth within the Berthing Area either (i) has risen one (1) foot or more above -40 Feet in twenty percent (20%) or more of the Berthing Area, or (ii) two thousand (2,000) or more cubic yards of silting has accumulated over -40 Feet within the Berthing Area, it shall provide written notice thereof to Executive Director together with a request to perform maintenance dredging to return the dredge depth of the Berthing Area to -40 Feet, and with documents and information substantiating such belief and request. Executive Director, in his or her sole reasonable discretion, shall grant or reject Tenant's request in

writing not more than ninety (90) days following receipt thereof. Should Executive Director grant Tenant's request, City, within one hundred and eighty (180) days thereafter, shall submit to the state and/or federal agencies with jurisdiction an application to perform maintenance dredging necessary to return the dredge depth of the Berthing Area to -40 Feet. Any such maintenance dredging performed shall occur not more frequently than every three (3) years.

Notwithstanding the foregoing, Tenant may undertake maintenance dredging of the Berthing Area if:

(i) it desires to supplement any maintenance dredging of City as set forth in Section 108.2.1, in which case Tenant shall bear all costs and expenses of such supplemental maintenance dredging, provided that City shall reimburse Tenant proportionally for any such supplemental maintenance dredging costs if City determines in its sole reasonable discretion that Tenant has demonstrated that City failed to meet its obligations under Section 108.2.1; or

(ii) if City, following approval of a Tenant request by Executive Director, fails to timely submit the application for maintenance dredging to the applicable state and/or federal agencies all as set forth in Section 108.2.1, Tenant may perform the required maintenance dredging and City shall reimburse Tenant any actual and reasonable design, engineering and construction costs incurred to return the dredge depth of the Berthing Area to -40 Feet.

108.3 Failure to Maintain. If Tenant fails to make any repairs or to perform maintenance required by either this Agreement or Applicable Law within ninety (90) days after receipt of notice from City to do so, City may, but shall not be obligated to, make such repairs or perform such maintenance. Tenant shall reimburse City for City's Costs (as defined in Subsection 108.4, below, which costs shall be deemed Additional Rent) within thirty (30) days after receipt of City's invoice for work performed. In the event Tenant shall commence such repairs and diligently prosecute the same to completion or shall begin to perform the required maintenance within the ninety (90) day period, City shall refrain from commencing or prosecuting further any repairs or performing any required maintenance until the work has been completed by Tenant. Tenant shall thereafter pay on demand City's costs incurred pursuant to this Subsection 108.3 prior to Tenant's commencement of repair or maintenance. The making of any repairs or the performance of maintenance by City, which is the responsibility of Tenant, shall in no event be construed as a waiver of the duty or obligation of Tenant to make future repairs or perform required maintenance as herein provided. Repairs deemed by the Executive Director to be "urgent" repairs may shorten the ninety (90) day period described in this section to thirty (30) days.

108.4 City's Costs. "City's costs" for purposes of this Section 108 shall include, in City's sole reasonable discretion, the cost of maintenance or repair or replacement of property

neglected, damaged or destroyed, including direct and allocated costs for labor, materials, services, equipment usage, and other reasonable indirect or overhead expenses arising from or related to maintenance, repair or replacement work performed by or on behalf of City.

108.5 Litter and Debris. Tenant, at its sole cost and expense, shall provide sufficient dumpsters or other like containers for trash collection and disposal and keep the Premises free and clear of rubbish, debris, litter and graffiti at all times. Tenant shall perform periodic inspections and cleaning of the storm water catch basins (including filters), maintenance holes, and drains, and, to the extent applicable to this Agreement, maintaining the submerged land underlying the water berthing area at the Premises free and clear of debris from the wharf and from vessels, and cargo loading and unloading operations of vessels berthed at said berths in connection with Tenant's undertaking of the Permitted Uses. Tenant, at its sole cost and expense, further shall keep and maintain the Premises in a safe, clean and sanitary condition in accordance with all Applicable Laws.

108.6 Fire Protection Systems. All fire protection sprinkler systems, standpipe systems, fire hoses, fire alarm systems, portable fire extinguishers and other fire-protective or extinguishing systems, with the exception of hydrant systems, which have been or may be installed on the Premises shall be maintained and repaired by Tenant, at its cost, in an operative condition at all times.

108.7 MOTEMS. Notwithstanding the provisions of MOTEMS or this Agreement to the contrary, and in consideration of the provisions of this Agreement (including but not limited to the use and compensation provisions), as between City and Tenant, upon Completion of New Improvements depicted on Exhibit "C", Tenant shall be solely responsible for compliance with the MOTEMS and shall bear all costs and expenses arising from or related to compliance with the MOTEMS (including but not limited to the costs of any engineering studies, audits, wharf modifications, reinforcements or upgrades) and any successor laws, rules or regulations regarding engineering and/or maintenance standards for marine oil terminal facilities, including without limitation such facilities' wharves. Following Completion of New Improvements, Tenant acknowledges and agrees that any demands, orders, penalties or other liability for MOTEMS compliance to which the City may become subject shall be Tenant's responsibility; provided that, any demands, claims, orders, penalties or other liability arising from or related to New Improvements prior to Completion of such improvements are the responsibility of the City.

Section 109. Default and Termination.

109.1 Tenant's Default.

109.1.1 Event of Default. The occurrence of any of the following shall constitute a material breach and default by Tenant under this Agreement:

- (a) Tenant's failure to pay when due any Rent required to be paid under this Agreement if the failure continues for thirty (30) business days after written notice of the failure from City to Tenant;

(b) Tenant's failure to comply with any term, provision or covenant of this Agreement other than paying Rent, and, unless otherwise provided in this Permit, does not commence to cure such failure within thirty (30) days after delivery of written notice of the failure from City to Tenant or does not, within the sole reasonable judgment of Executive Director cure the failure within ninety (90) days after delivery of such notice. An extension may be granted by the Executive Director to cure such failure, as long as Tenant commences to cure within thirty (30) days of delivery of the notice and diligently proceeds to cure such default to completion.

(c) Tenant's abandonment of the Premises, including but not limited to (i) Tenant's absence from or failure to use the Premises or any substantial portion thereof for three (3) consecutive days (excluding Saturdays, Sundays, and California legal holidays) while in default of any provision of this Agreement; or (ii) if not in default, Tenant's absence from or failure to use the Premises or any substantial portion thereof for a period of thirty (30) consecutive days unless Tenant, prior to the expiration of any such period of thirty (30) consecutive days, notified the Executive Director in writing that such nonuse is temporary and obtains the written consent of the Executive Director to such nonuse;

(d) To the extent permitted by law:

(1) A general assignment by Tenant or any guarantor of the Agreement for the benefit of the creditors without written consent of City;

(2) The filing by or against Tenant, or any guarantor, of any proceeding under an insolvency or bankruptcy law, unless (in the case of an involuntary proceeding) the proceeding is dismissed within sixty (60) days;

(3) The appointment of a trustee or receiver to take possession of all or substantially all the assets of Tenant or any guarantor, unless possession is unconditionally restored to Tenant or that guarantor within thirty (30) days and the trusteeship or receivership is dissolved; and/or

(4) Any execution or other judicially authorized seizure of all or substantially all the assets of Tenant located on the Premises, or of Tenant's interest in this Agreement, unless that seizure is discharged within thirty (30) days;

(e) The undertaking of a use other than a Permitted Use on the Premises if Tenant fails to discontinue such use within three (3) calendar days after delivery of written notice from City to Tenant demanding that Tenant cease and desist such unpermitted use.

109.1.2 City's Remedies on Tenant's Default. On the occurrence of a default by Tenant, City shall have the right to pursue any one or more of the following remedies in addition to any other remedies now or later available to City at law or in equity. These remedies are not exclusive but are instead cumulative. Any monetary sums that result from application of this Subsection 109.1.2 shall be deemed Additional Rent.

109.1.2.1 Termination of Agreement. City may terminate this Agreement and recover possession of the Premises. Once City has terminated this Agreement, Tenant shall immediately surrender the Premises to City. On termination of this Agreement, pursuant to Civil Code Section 1951.2 or its successor, City may recover from Tenant all of the following:

(a) The worth at the time of the award of any unpaid Rent that had been earned at the time of the termination, to be computed by allowing interest at the rate set forth in Item 270 of the Tariff but in no case greater than the maximum amount of interest permitted by law;

(b) The worth at the time of the award of the amount by which the unpaid Rent that would have been earned between the time of the termination and the time of the award exceeds the amount of unpaid Rent that Tenant proves could reasonably have been avoided, to be computed by allowing interest at the rate set forth in Item 270 of the Tariff but in no case greater than the maximum amount of interest permitted by law;

(c) The worth at the time of the award of the amount by which the unpaid Rent for the balance of the term of the Agreement after the time of the award exceeds the amount of unpaid Rent that Tenant proves could reasonably have been avoided, to be computed by discounting that amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus two percent (2%);

(d) Any other amount necessary to compensate City for all the detriment proximately caused by Tenant's failure to perform obligations under this Agreement, including, without limitation, restoration expenses, expenses of improving the Premises for a new tenant (whether for the same or a different use), brokerage commissions, and any special concessions made to obtain a new tenant;

(e) Any other amounts, in addition to or in lieu of those listed above, that may be permitted by Applicable Law; and

(f) To the extent that Tenant fails to surrender the Premises after Termination, Tenant agrees that the damages to City for such holdover shall be one hundred fifty percent (150%) of the Rent payable for the last month prior to the Termination of this Agreement or one hundred fifty percent (150%) of the fair market rental at the time of the Termination, whichever is greater.

109.1.2.2 Continuation of Agreement in Effect. City shall have the remedy described in Civil Code Section 1951.4, which provides that, when a tenant has the right to sublet or assign (subject only to reasonable limitations), the City may continue the Agreement in effect after the tenant's breach and abandonment and recover Rent as it becomes due. Accordingly, if City does not elect to terminate this Agreement on account of any default by Tenant, City may enforce all of City's rights and remedies under this Agreement, including the right to recover all Rent as it becomes due.

109.1.2.3 Tenant's Subleases. Whether or not City elects to terminate this Agreement on account of any default by Tenant, City may:

(a) Terminate any sublease, license, concession, or other consensual arrangement for possession entered into by Tenant and affecting the Premises; or

(b) Choose to succeed to Tenant's interest in such an arrangement. If City elects to succeed to Tenant's interest in such an arrangement, Tenant shall, as of the date of notice by City of that election, have no further right to, or interest in, the Rent or other consideration receivable under that arrangement.

109.1.3 Form of Payment After Default. If Tenant fails to pay any amount due under this Agreement within thirty (30) days after the due date or if Tenant draws a check on an account with insufficient funds, City shall have the right to require that any subsequent amounts paid by Tenant to City under this Agreement (to cure a default or otherwise) be paid in the form of cash, money order, cashier's or certified check drawn on an institution acceptable to City, or other form approved by City despite any prior practice of accepting payments in a different form.

109.1.4 Acceptance of Rent Without Waiving Rights. City may accept Tenant's payments without waiving any rights under this Agreement, including rights under a previously served notice of default. If City accepts payments after serving a

notice of default, City may nevertheless commence and pursue an action to enforce rights and remedies under the previously served notice of default, including any rights City may have to recover possession of the property.

109.1.5 Cross Default. A material breach of the terms of any other permit, license, lease or other contract held by Tenant and City and, unless otherwise provided in this Permit, Tenant does not commence to cure such failure within thirty (30) days after delivery of written notice of the failure from City to Tenant or does not, within the sole reasonable judgment of Executive Director, cure the failure within ninety (90) days after delivery of such notice shall constitute a material breach and default by Tenant of the terms of this Agreement and shall give City the right to terminate this Agreement for cause in accordance with the procedures set forth in this Section 109. An extension may be granted by the Executive Director to cure such failure, as long as Tenant commences to cure within thirty (30) days of delivery of the notice and diligently proceeds to cure such default to completion.

109.2 City's Defaults.

109.2.1 Event of Default. City's failure to perform any of its obligations under this Agreement, if City fails to commence to cure the failure within sixty (60) days after delivery of written notice of the failure from Tenant to City, or if the failure continues for ninety (90) days after delivery of such notice, unless the failure is such that it cannot be cured in ninety (90) days, in which case if City fails to diligently cure within a reasonable amount of time, shall constitute a default.

109.2.2 Tenant's Remedy on City Default. Tenant's sole remedy for a City default shall be to seek specific performance in a court of competent jurisdiction.

109.3 Replacement of Statutory Notice Requirements. When this Agreement requires service of a notice, that notice shall replace rather than supplement any equivalent or similar statutory notice, including any notices required by Code of Civil Procedure Section 1161 or any similar or successor statute. When a statute requires service of a notice in a particular manner, service of that notice (or a similar notice required by this Agreement) in the manner required by Section 6 (Notices) shall replace and satisfy the statutory service-of-notice procedures, including those required by Code of Civil Procedure Section 1162 or any similar or successor statute. Notwithstanding the foregoing, nothing herein contained shall preclude or render inoperative service of notice in the manner provided by law.

Section 110. Force Majeure.

Except as otherwise provided in this Agreement, whenever a day is established in this Agreement on which, or a period of time, including a reasonable period of time, is designated within which, either Party is required to do or complete any act, matter or thing, the time for the doing or completion thereof shall be extended by a period of time equal to the number of days on or during which such Party is prevented from, or is unreasonably interfered with, the

doing or completion of such act, matter or thing because of acts of God, the public enemy or public riots; failures due to nonperformance or delay of performance by suppliers or contractors; any order, directive or other interference by municipal, state, federal or other governmental official or agency (other than City's failure or refusal to issue permits for the construction, use or occupancy of New Improvements or the Premises); any catastrophe resulting from the elements, flood, fire, explosion; or any other cause reasonably beyond the control of a Party, but excluding strikes or other labor disputes, lockouts or work stoppages ("Force Majeure"); provided, however, that this Section 110 shall not apply to (1) the time for payment of Rent or any other monetary obligation, (2) the insurance provisions set forth in this Agreement, or (3) to extend the term of the Agreement beyond fifty (50) years. In the event of the happening of any of such contingencies events, the Party delayed by Force Majeure shall immediately give the other Party written notice of such contingency, specifying the cause for delay or failure, and such notice from the Party delayed shall be prima facie evidence that the delay resulting from the causes specified in the notice is excusable. The Party delayed by Force Majeure shall use reasonable diligence to remove the cause of delay, and if and when the event which delayed or prevented the performance of a Party shall cease or be removed, the Party delayed shall notify the other Party immediately, and the delayed Party shall recommence its performance of the terms, covenants and conditions of this Agreement.

Section 111. Indemnity and Insurance.

111.1 Indemnity.

111.1.1 Generally. Tenant shall at all times relieve, indemnify, protect and save harmless City and any and all of its boards, officers, agents and employees from any and all claims and demands, actions, proceedings, losses, liens, costs and judgments of any kind and nature whatsoever, including cost of litigation (including all actual litigation costs incurred by the City, including but not limited to, costs of experts and consultants), for death of or injury to persons, or damage to property, including property owned by or under the care and custody of City, and for civil fines and penalties that may arise from or be caused directly or indirectly by:

(a) Any dangerous, hazardous, unsafe or defective condition of, in or on the Premises, of any nature whatsoever, which may exist by reason of any act, omission, neglect, or any use or occupation of the Premises by Tenant, its officers, agents, employees, sublessees, licensees or invitees;

(b) Any operation conducted upon or any use or occupation of the Premises by Tenant, its officers, agents, employees, sublessees, licensees or invitees under or pursuant to the provisions of this Agreement or otherwise;

(c) Any act, error, omission, willful misconduct or negligence of Tenant, its officers, agents, employees, sublessees, licensees or invitees, arising from the use, operation or occupancy of the Premises, regardless of whether any act,

omission or negligence of City, its officers, agents or employees contributed thereto;

(d) Any failure of Tenant, its officers, agents or employees to comply with any of the terms or conditions of this Agreement or any applicable federal, state, regional, or municipal law, ordinance, rule or regulation; or

(e) The conditions, operations, uses, occupations, acts, omissions or negligence referred to in subsections (a) through (d) above, existing or conducted upon or arising from the use or occupation by Tenant or its invitees on any other premises within the "Harbor District," as defined in City's Charter.

This Subsection 111.1.1 shall not be construed to make Tenant responsible for loss, damage, liability or expense to third-parties to the extent caused solely by the negligence or willful misconduct of City.

111.1.2 Term Contamination Losses. Tenant shall also indemnify, defend and hold City harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses (including, without limitation, diminution of the value of the Premises, damages for loss or restriction on use of rentable or useable space or of any amenity of the Premises, damages arising from any adverse impact on marketing of space, and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which arise during or after the Agreement term as a result of Term Contamination for which Tenant is otherwise responsible for under the terms of this Agreement. This indemnification of City by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any clean up, remedial, removal or restoration work required by any federal, state or local governmental agency because of Term Contamination present in the soil or groundwater on or under the Premises.

111.1.3 Survival of Obligations. The indemnity obligations in this Section 111 shall survive the expiration or earlier termination of this Agreement and shall apply regardless of the active or passive negligence of City and regardless of whether liability without fault or strict liability is imposed or sought to be imposed on City.

111.2 Insurance. In addition to, and not as a substitute for, or limitation of, any of the indemnity obligations imposed by this Agreement, Tenant shall procure and maintain at its expense and keep in force at all times during the term of this Agreement the types and amounts of insurance specified on Insurance, Exhibit "K", attached hereto and incorporated by reference herein. The specified insurance shall also, either by provisions in the policies, by City's endorsement form or by other endorsement attached to such policies, include and insure City, its Harbor Department, its Board and all of City's officers, employees, and agents, their successors and assigns, as additional insureds, against the areas of risk described in Exhibit "K" and below, with respect to Tenant's acts or omissions in its operation, use and occupancy of the

Premises or other related functions performed by or on behalf of Tenant in, on or about the Harbor District. The types of insurance which are required must meet the following conditions during the term of this Agreement and any hold-over periods:

111.2.1 Commercial General Liability. Commercial general liability insurance, including contractual liability, auto liability and property damage insurance written by an insurance company authorized to do business in the State of California, or approved by the California Department of Insurance as a surplus lines insurer eligible to do business in California, rated VII, A- or better in Best's Insurance Guide (or an alternate guide acceptable to City if a Best's Rating is not available) with Tenant's normal limits of liability, but not less than set forth in Exhibit "K" for each accident or occurrence. The coverage shall provide first dollar coverage except that the Executive Director may permit a self-insured retention or self-insurance in those cases where, in the Executive Director's judgment, such retention or self-insurance is justified by the net worth of Tenant. The retention or self-insurance provided shall provide that any other insurance maintained by the Department shall be excess of Tenant's insurance and shall not contribute to it. In all cases, regardless of any deductible or retention, said insurance shall contain a defense of suits provision and a severability of interest clause. Where Tenant operates watercraft, liability coverage for such craft must be provided as follows:

(1) Hull and machinery coverage for the value of each vessel which will call at the Premises during the term of this Agreement, if any; and

(2) Protection and indemnity coverage with combined single limits as set forth in Exhibit "K" per occurrence for bodily injury, illness, death, loss of or damage to the property of another, Jones Act risks or equivalent thereto internationally, and pollution liability to which it is agreed that the additional insured and cancellation notice provisions as required and described below must be included. Pollution liability shall include coverage for bodily injury, including death and mental anguish, property damage, defense costs and ~~cleanup~~ costs. Such coverage shall contain a defense of suits provision and a severability of interest clause.

The policy shall, in addition, provide the following coverage either in the original policy or by endorsement substantially as follows:

"Notwithstanding any inconsistent statement in the policy to which this endorsement is attached, or any endorsement or certificate now or hereafter attached hereto, it is agreed that City, Board, their officers, agents and employees, are additional insureds hereunder, and that coverage is provided for all operations, uses, occupations, acts and activities of the insured under Permit No. 916, and under any amendments, modifications, extensions or renewals of said Permit regardless of whether such operations, uses, occupations, acts and activities occur on the Premises or elsewhere within the Harbor District.

"The policy to which this endorsement is attached shall provide a ten (10) days' prior written notice of cancellation for nonpayment of premium, and a thirty (30) days' prior written notice of cancellation for any other reasons to the Harbor Department's Risk Manager;

"The coverage provided by the policy to which this endorsement is attached is primary coverage and any other insurance carried by City is excess coverage;

"In the event of one of the named insureds incurring liability to any other of the named insureds, this policy shall provide protection for each named insured against whom claim is or may be made, including claims by other named insureds, in the same manner as if separate policies had been issued to each named insured. Nothing contained herein shall operate to increase the company's limit of liability; and

"Notice of occurrences or claims under the policy shall be made to the Risk Manager of City's Harbor Department with copies to the City Attorney's Office."

111.2.2 Fire Legal Liability. In addition to and concurrently with the aforesaid insurance coverage, Tenant shall also secure and maintain, either by an endorsement thereto or by a separate policy, fire legal liability insurance in the amounts set forth in Exhibit "K", covering legal liability of Tenant for damage or destruction to the works, buildings and improvements owned by City provided that said minimum limits of liability shall be subject to adjustments by the Executive Director to conform with the deductible amount of the fire insurance policy maintained by the Board, with waiver of subrogation in favor of Tenant so long as permitted by the Board's fire insurance policy, upon thirty (30) days' prior written notice thereof to Tenant at any time during the term of this Agreement.

111.2.3 All Risk Insurance. Fire and extended coverage insurance or self-insurance covering a percentage of the replacement value, as set forth in Exhibit "K", of the works, buildings and improvements erected or owned by Tenant on the Premises, with such provision in the policies issued to cover the same, or in riders attached thereto, as will provide for all losses the amount stated in Exhibit "K" to be payable to Board to be held in trust for reconstruction. In the event of loss or damage by fire to any of such buildings or improvements, Tenant shall undertake replacement or reconditioning of such items within ninety (90) days following any such loss. In the event Tenant shall undertake such replacement or reconditioning within said period of ninety (90) days, such proceeds shall be released by Board to Tenant as payments are required for said purpose. Upon the completion of such replacement or reconditioning

to the satisfaction of the Executive Director, any balance thereof remaining shall be paid to said Tenant forthwith. In the event Tenant fails to undertake such replacement or reconditioning within said period of ninety (90) days, such proceeds shall be retained by City.

111.2.4 Environmental Impairment Liability Insurance. Should Tenant's operations involve the storage or use of any type of hazardous materials or pollutants, the Tenant shall be required to maintain environmental impairment liability insurance which shall include coverage for bodily injury, property damage, including third-party claims for on-site and off-site bodily injury and property damage, clean-up and defense, with a limit of at least the amount set forth in Exhibit "K" per occurrence, which is to remain in effect at least five (5) years after the termination of the Agreement.

111.2.5 Workers' Compensation. Tenant shall secure the payment of compensation to employees injured while performing work or labor necessary for and incidental to performance under this Agreement in accordance with Section 3700 of the Labor Code of the State of California. Tenant shall file with the City one of the following: 1) a certificate of consent to self-insure issued by the Director of Industrial Relations, State of California; 2) a certificate of Workers' Compensation insurance issued by an admitted carrier; or 3) an exact copy or duplicate thereof of the policy certified by the Director or the insurer. Such documents shall be filed prior to delivery of Premises. Where Tenant has employees who are covered by the United States Longshore and Harbor Workers' Compensation Act, Tenant shall furnish proof of such coverage to the City. It is suggested that Tenant consult an insurance professional of its choosing to determine whether its proposed operation methods will render its employees subject to coverage under such Act. All Workers' Compensation insurance submitted to City shall include an endorsement providing that any carrier paying benefits agrees to waive any right of subrogation it may have against City.

111.2.6 Insurance Features. Such insurance procured by Tenant shall include the following features:

111.2.6.1 Notice of Cancellation. Each insurance policy described above shall provide that it shall not be cancelled or reduced in coverage until after the Risk Manager has been given a ten (10) days' written notice of cancellation for nonpayment of premium and a thirty (30) days' written notice of cancellation for any other reason.

111.2.6.2 Acceptable Evidence and Approval of Insurance. Electronic submission is the required method of submitting Tenant's insurance documents. KwikComply is the City's online insurance compliance system and is designed to make the experience of submitting and retrieving insurance information quick and easy. The system is designed to be used primarily by insurance brokers and agents as they submit client insurance certificates directly to the City. It uses the standard insurance industry form known as the ACORD 25 Certificate of Liability

Insurance in electronic format. The advantages of KwikComply include standardized, universally accepted forms, paperless approval transactions (24 hours, 7 days per week), and security checks and balances. Tenant's insurance broker or agent shall obtain access to KwikComply at <https://kwikcomply.org/> and follow the instructions to register and submit the appropriate proof of insurance on Tenant's behalf.

111.2.6.3 **Renewal of Policies.** Prior to the expiration of each policy, Tenant shall show through submitting to KwikComply that the policy has been renewed or extended or, if new insurance has been obtained, submit the appropriate proof of insurance to KwikComply. If Tenant neglects or fails to secure or maintain the required insurance, or if Tenant fails to submit proof of insurance as required above, the City's Harbor Department may, at its option and at the expense of Tenant, may obtain such insurance for Tenant.

111.2.6.4 **Modification of Coverage.** The Executive Director, or designee, at the Executive Director's discretion, may require that Tenant increase or decrease amounts and types of insurance coverage required hereunder at any time during the term hereof by giving ninety (90) days' prior written notice to Tenant. The modification of coverage shall occur no less than every five (5) years of the term to insure that the coverage amounts are consistent with industry standards at the time of the modification for the Permitted Uses of the Premises.

111.2.6.5 **Accident Reports.** Tenant shall report in writing to Executive Director within fifteen (15) days after it, its officers or managing agents have knowledge of any accident or occurrence involving death of or serious injury to any person or persons, or damage in excess of Fifty Thousand Dollars (\$50,000) to property, occurring upon the Premises, or elsewhere within the Harbor District, if Tenant's officers, agents or employees are involved in such an accident or occurrence while undertaking the Permitted Uses. Such report shall contain to the extent available: (1) reasonable verifiable identification and contact information of the persons involved; (2) a general statement as to the nature and extent of injury or damage; (3) the date and hour of occurrence; (4) the reasonable verifiable identification and contact information of known witnesses; and (5) such other material information as may be known to Tenant, its officers or managing agents.

111.2.7 **Right to Self-Insure.** Upon written approval by the Executive Director, Tenant may self-insure if the following conditions are met:

- (a) Tenant has a formal self-insurance program in place prior to execution of this Agreement. If a corporation, Tenant must have a formal resolution of its board of directors authorizing self-insurance;

(b) Tenant agrees to protect the City, its boards, officers, agents and employees at the same level as would be provided by full insurance with respect to types of coverage and minimum limits of liability required by this Agreement;

(c) Tenant agrees to defend the City, its boards, officers, agents and employees in any lawsuit that would otherwise be defended by an insurance carrier;

(d) Tenant agrees that any insurance carried by Department is excess of Tenant's self-insurance and will not contribute to it;

(e) Tenant provides the name and address of its claims administrator;

(f) Tenant submits its most recently filed 10-Q and its 10-K or audited annual financial statements for the three most recent fiscal years prior to the Executive Director's consideration of approval of self-insurance and annually thereafter;

(g) Tenant agrees to inform Department in writing immediately of any change in its status or policy which would materially affect the protection afforded Department by this self-insurance; and

(h) Tenant has complied with all laws pertaining to self-insurance.

111.3 Increased Insurance Risks. Following the Effective Date, should an event occurring in or about the Premises cause either cancellation or increased rates with respect to any insurance that City may have on the Premises or on adjacent premises, or cause either cancellation or increased rates with respect to any other insurance coverage for the Premises or adjacent premises, upon receipt of written notice from City that cancellation of insurance or increased insurance rates is threatened or has occurred, Tenant immediately shall take appropriate steps to ensure that City is not adversely affected. In City's sole reasonable discretion, such steps may include Tenant: correcting the condition; providing any necessary insurance; paying the increased cost of City's insurance; and/or indemnifying City against any uninsured or underinsured loss on a claim.

Section 112. Damage and Destruction to Improvements.

112.1 Notice; No Rent Abatement. Tenant shall promptly give City Notice of any material damage or destruction of any or all of the improvements on the Premises ("Casualty") generally describing the nature and extent thereof. There shall be no abatement or reduction of Rent on account of any Minor Casualty and all obligations of Tenant under this Agreement shall remain unchanged and in full force and effect. In the case of a Major Casualty, provided that the Major Casualty was not caused by the act or omission of Tenant or any of its employees, agents, licensees, subtenants, customers, clients or invitees, until the repair and restoration of

the Premises is completed, Tenant shall be required to pay rent only for that part of the Premises that Tenant is able to use while repairs are being made, based on the ratio that the amount of usable rentable area bears to the total rental area in the Premises.

112.2 Minor Casualty. In the event of any Minor Casualty at any time during the Term, and regardless of whether such Minor Casualty is insured or uninsured, Tenant shall be obligated to repair, rebuild or restore the damaged improvements.

112.3 Casualty Covered by Insurance. If, during the Term of this Agreement, any buildings, structures, or improvements on the Premises are partially or totally destroyed from a risk covered by the insurance required under this Agreement, thereby rendering the Premises partially or totally inaccessible or unusable, Tenant must restore the Premises to substantially the same condition as they were immediately before destruction.

112.4 Casualty Not Covered by Insurance. If, during the Term of this Agreement, improvements on the Premises are partially or totally destroyed from a risk not covered by the fire and extended coverage insurance required under this Agreement thereby rendering said Premises partially or totally inaccessible or unusable, such destruction shall not automatically terminate this Agreement. If, however, the cost of restoration exceeds ten percent (10%) of the full replacement value of improvements, as said value existed immediately before said destruction, Tenant may, at Tenant's option, terminate this Agreement by giving written notice to City within sixty (60) days from the date of destruction. If Tenant elects to terminate as above provided, Tenant shall be obligated, unless otherwise directed by City, to demolish all damaged improvements and remove all debris from the Premises, and otherwise comply with the restoration and surrender obligations contained in Section 117 (Restoration and Surrender of Premises), at Tenant's sole cost. If Tenant fails to exercise its right to terminate this Agreement, this Agreement shall continue in full force and effect for the remainder of the term specified herein and Tenant shall restore the Premises to substantially the same condition as they were in immediately before the damage or destruction.

112.5 Inapplicability of Civil Code Sections. The provisions of California Civil Code Sections 1932(2) and 1933(4), and any successor statutes, are inapplicable with respect to any destruction of any part of the Premises; such sections provide that a lease terminates on the destruction of the Premises unless otherwise agreed between the Parties to the contrary.

112.6 Damage to Wharf. Notwithstanding the foregoing, whether or not there is insurance to cover such Casualty, Tenant shall be responsible, at its sole cost and expense, for all costs, direct or indirect, associated with repairing any damage to the wharf structure on the Premises, including, but not limited to, damage resulting from a collision between a vessel and the wharf while docking or undocking, unless such damage is due to the sole active negligence of City or of a third-party on the Premises pursuant to Subsection 102.6 (Temporary Assignment), or by a secondary assignee to which the Premises are assigned. Tenant shall make any repairs for which it is responsible under this Section, provided that if Tenant fails to commence any repairs within a commercially reasonable time period, then the Harbor Department shall have the option of either making the repairs or requiring Tenant to make the repairs. If the Harbor

Department makes the repairs, Tenant agrees to reimburse the Harbor Department for the City's costs incurred in making the repairs. All damage shall be presumed to be the responsibility of Tenant and Tenant agrees to be responsible for such damage, unless Tenant can demonstrate to the satisfaction of the Executive Director that someone other than Tenant, its officers, agents, employees, customers, contractors, subtenants, licensees or other invitees caused the damage. The sufficiency of proof presented by Tenant to the Harbor Department shall be determined by the Executive Director in the Executive Director's sole judgment.

Section 113. Assignments, Transfers and Subleases.

113.1 Assignment, Transfer and Subletting; City's Consent Required.

113.1.1 Generally. Except as to the Use of the Premises as provided in Subsection 113.1.4, Tenant shall not, in any manner, transfer or assign this Agreement, or any portion thereof or any interest therein, ("Assignment") voluntarily or involuntarily without the prior written consent of the Board, nor sublet or sublease the whole or any part of the Premises, nor license or permit the use of the same, in whole or in part, without the prior written consent of the Executive Director (collectively referred to as a "Transfer").

113.1.1.1 Transfer to **"Shell Midstream Partners, L.P."**. Notwithstanding the foregoing restriction set forth in Section 113.1.1, subject to the requirements and conditions set forth below, and each of them, Tenant may, upon written request to Executive Director and subsequent approval of such written request by Board, in a public meeting (provided that in any such public meeting, the potential transferee shall be referred to generically as an Affiliate of Tenant and shall not be identified by its actual name if such generic reference is permitted by applicable disclosure laws and in accordance with Section 118.25 of this Agreement), and without further action of the Council, transfer its interests in this Agreement to **"Shell Midstream Partners, L.P. or its subsidiary"** (collectively referred to as "SMLP Transfer" and "SMLP," respectively). Tenant's written request shall indicate its desire to effectuate such transfer pursuant to this Section 113.1.1.1, shall address each of the requirements enumerated below, and shall constitute, *inter alia*, (a) its agreement to provide information and documents, or access to information and documents, which are reasonably necessary to facilitate City's confirmation of compliance with such requirements, (b) its representation and warranty that full compliance with the requirements set forth below exists on the date of the written notice's transmittal, (c) its covenant that such full compliance shall exist for the term of this Agreement or any holdover, and (d) its acceptance and assumption of, and covenant to be bound by each and every of the terms and provisions of this Agreement and any amendments thereof, following a SMLP Transfer. City shall undertake reasonable efforts to expedite the review and consideration of such request in a public meeting of Board within forty-five (45)

days following Tenant's submittal of a written request in accordance with this Section 113.1.1.1 (provided that in any such public meeting, the potential transferee shall be referred to generically as an Affiliate of Tenant and shall not be identified by its actual name if such generic reference is permitted by applicable disclosure laws and in accordance with Section 118.25 of this Agreement). Should Board at such public meeting determine that all the requirements and conditions of this Section 113.1.1.1 have been met such that Tenant's request may be granted and does grant the request, the SMLP Transfer shall be deemed effective upon the date of such determination by Board, and shall operate to replace Tenant with SMLP and to assign all of Tenant's interests in this Agreement to SMLP thereafter; provided that, should a material uncured default of this Agreement arise pursuant to Section 109 following such approval, Board may, at its sole option, elect to cancel the prior replacement of Tenant with the SMLP, upon written notice from Executive Director to Tenant, which notice, when transmitted, shall be deemed to have been also provided to SMLP. In such instance, effective as of the date of Executive Director's written notice of cancellation, Tenant automatically shall be deemed to have replaced the SMLP for all purposes under this Agreement, without any further action of Board or the Council, and Tenant's guaranty of SMLP's obligations shall be deemed cancelled.

In order to be approved as set forth above, a SMLP Transfer shall meet the following requirements and each of them:

(a) Following the SMLP Transfer and until expiration or earlier termination of this Agreement, Tenant and/or Royal Dutch Shell plc 1) possesses and maintains a direct or indirect majority ownership of SMLP or is, or controls, SMLP's general partner, and SMLP and 2) SMLP's general partner or an Affiliate of SMLP continues to operate on a day-to-day basis the facilities on the Premises.

(b) Following the SMLP Transfer and until expiration or earlier termination of this Agreement, SMLP possesses an investment grade credit rating of (a) BBB- or higher by Standard and Poor's, or (b) Baa3 or higher by Moody's. Should SMLP possess no credit rating, SMLP shall submit audited financial statements to the City for City's review under this Section.

(c) Tenant has executed in a form satisfactory to City and City's City Attorney a guaranty which secures SMLP's payment and performance of each and every obligation under this Agreement.

113.1.2 Consent Required; Payment of City's Costs. Except for the SMLP Transfer, no Transfer of this Agreement, or any interest therein or any right or privilege thereunder, regardless of whether accomplished by a separate agreement, sale of stock or assets, merger or consolidation or reorganization by, or of, Tenant (or any entity that

directly or indirectly controls or owns fifty percent (50%) or more of Tenant), or accomplished in any other manner, whether voluntary or by operation of law, including but not limited to assignment, sublease, transfer, gift, hypothecation or grant of total or partial control, or any encumbrance of this Agreement, shall be valid or effective for any purpose unless (i) Tenant receives the prior written consent of City and (ii) Tenant satisfies the requirements in Subsection 113.3 (Procedure to Obtain Consent to Transfer). Consent to one Transfer shall not be deemed to be consent to any subsequent Transfer. For purposes of this Subsection 113.1.2, the term "by operation of law" includes but is not limited to: (1) the placement of all or substantially all of Tenant's assets in the hands of a receiver or trustee; or (2) a transfer by Tenant for the benefit of creditors; or (3) transfers resulting from the death or incapacity of any individual who is a Tenant or of a general partner of a Tenant (except as provided in Subsection 113.2.2 (Partnerships)).

Tenant acknowledges and agrees that it shall be required to pay the City for all City Costs incurred to review all documents submitted in response to a request to Transfer including SMLP Transfer.

113.1.3 Transfer of Assets. "Transfer" also shall include the involvement of Tenant or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buyout or otherwise) whether or not there is a formal assignment or hypothecation of this Agreement or Tenant's assets, which involvement results in a reduction of the net worth of Tenant (defined as the net worth of Tenant, excluding guarantors, established by generally accepted accounting principles) by an amount greater than twenty-five percent (25%) of such net worth as it was represented at the time of the execution of this Agreement, or at the time of the most recent Transfer to which City has consented, or as it exists immediately prior to said transaction or transactions constituting such reduction, whichever was or is greater.

113.1.4 Consent to Use. Tenant may, without further consent or approvals, permit Equilon Enterprises LLC d/b/a Shell Oil Products US and/or any of its Affiliates to use the Premises provided that such use is limited to the Permitted Uses.

113.2 Transfers of Ownership.

113.2.1 Ownership or Control. Other than the SMLP Transfer, the transfer of more than twenty-five percent (25%) of the economic interest in Tenant or any entity that directly or indirectly controls or owns fifty percent (50%) or more of Tenant in one or more transactions, regardless of whether Tenant is a publicly or privately held entity, shall constitute a Transfer within the meaning of this Section 113; provided, however, that this Section 113.2.1 shall not apply to SMLP so long as SMLP's general partner is controlled, directly or indirectly, by Tenant and/or Royal Dutch Shell plc.

113.2.2 Partnerships. If Tenant is a partnership, any transfer or attempted transfer by any general partner of Tenant of more than twenty-five percent

(25%) of its partnership interest in Tenant in one or more transactions shall be a prohibited Transfer within the meaning of this Section 113. Notwithstanding the foregoing, if any transfer of a general partner's interest is due to the death of a general partner and results in the transfer to the immediate members of the general partner's family, who will be immediately and personally involved in the operation of the partnership, the City shall not unreasonably withhold its consent to such transfer; provided, however, that this Section 113.2.2 shall not apply to SMLP so long as SMLP's general partner is controlled, directly or indirectly, by Tenant and/or Royal Dutch Shell plc.

113.2.3 Guarantor. If a parent or other entity has guaranteed or otherwise secured any or all of Tenant's obligations under this Agreement and if the ownership, makeup or financial condition of such parent or other entity has, in the sole reasonable discretion of the Executive Director, materially changed at any point during the term of this Agreement, the right is reserved for City to require amendments of such guaranty, the provision of new security, or a combination thereof reasonably required by the Executive Director to maintain the level of security as provided by the original guaranty. Following the Effective Date, Tenant shall have a continuing obligation to notify City in writing of any and all events that do or might constitute a material change within the meaning of this Subsection 113.2.3.

113.3 Procedure to Obtain Consent to Transfer. If Tenant desires to undertake a Transfer other than the SMLP Transfer, it may seek City's consent thereto pursuant to this Section 113.3. Tenant covenants that before entering into or permitting any Transfer, it shall provide to City written notice at least ninety (90) days before the proposed effective date of the Transfer. Notwithstanding the foregoing, City reserves the right to allow Tenant, on a case-by-case basis, to submit to City for City's consent, Transfers that would have become effective but for Tenant's failure to seek City's prior written consent. In any event, Tenant's written request to City for consent shall hereinafter be referred to as "Transfer Notice."

113.3.1 Transfer Notice. Unless otherwise provided by Executive Director in a writing directed to Tenant, Tenant's Transfer Notice shall contain each of the following:

(a) Specific identification of the entity or entities with whom Tenant proposes to undertake the Transfer ("Transferee");

(b) Specific and detailed description of the Transferee's entity type, ownership (including identification of all parent and subsidiary entities), background/history, nature of the Transferee's business, Transferee's character and reputation and experience in the operations proposed;

(c) Specific and detailed description of the type of Transfer proposed (e.g., assignment, sublease, grant of control, etc.) and the rights proposed to be transferred;

(d) Specific and detailed description of the operations proposed to be undertaken at the Premises by Tenant and Transferee if City consents to the Transfer which includes a breakdown of the responsibilities and duties of Tenant and Transferee;

(e) All of the terms of the proposed Transfer, including the total consideration payable by Transferee; the specific consideration (if any) payable by Transferee in connection with the Premises and/or uses under this Agreement if the proposed Transfer is part of an acquisition or purchase that involves assets outside this Agreement; the proposed use of the Premises; the effective date of the proposed Transfer; and a copy of all documentation concerning the proposed Transfer;

(f) The proposed form of a guaranty or guaranties providing greater or substantially the same protection to City as any guaranty in effect prior to or contemporaneous with the proposed Transfer;

(g) A business plan for the Transferee including specific estimates of revenue anticipated under each of the following categories: existing contracts, contracts under negotiation and other specified sources;

(h) A general description of any planned Alterations or improvements to the Premises;

(i) A description of the worth of the proposed Transferee including an audited financial statement;

(j) Any further information relevant to the proposed Transfer that City reasonably requests; and

(k) Written authorization in a form acceptable to City allowing City to inspect and review but not to copy, at times and locations reasonably selected by City, any books and records or other information of Tenant or Transferee (or third-parties acting for or on either of their behalves) reasonably determined by City to be necessary for its assessment of Tenant's request for consent.

113.3.1.1 Executive Director Authority to Modify. The Executive Director shall have the authority, but not the obligation, to unilaterally make reasonable modifications to the foregoing conditions based on the facts of a particular case.

113.3.2 Limitations on City's Consent. If City consents to a Transfer, the following limits apply:

(a) City does not agree to waive or modify the terms and conditions of this Agreement;

(b) Such consent does not constitute either consent to any further or other Transfer by either Tenant or Transferee or a bar disqualifying submittal of additional Transfer Notices in accordance with the terms of this Agreement following such consent;

(c) If, following such consent, Tenant remains a party to this Agreement, Tenant shall remain liable under this Agreement and any guarantor shall remain liable under its guaranty;

(d) Such consent shall not transfer to the Transferee any option granted to the original Tenant by this Agreement unless such transfer is specifically consented to by City in writing;

(e) Tenant may enter into that Transfer in accordance with this Section 113 if: (a) the Transfer occurs within six (6) months after City's consent; (b) the Transfer, in the sole and absolute discretion of the Executive Director, is on substantially the same terms as specified in the Transfer Notice; and (c) Tenant delivers to City promptly after execution an original executed copy of all documentation pertaining to the Transfer in a form reasonably acceptable to City;

(f) If the Transfer occurs more than six (6) months after City's consent or, in the sole and absolute discretion of the Executive Director, the terms of the Transfer materially change from those in the Transfer Notice, Tenant shall submit a new Transfer Notice under this Section 113, requesting City's consent. A material change for purposes of this Section 113 is one where the terms would have entitled City to refuse to consent to the Transfer initially, or would cause, in the sole and absolute discretion of the Executive Director, the proposed Transfer to be more favorable to Transferee than the terms in the original Transfer Notice;

(g) Tenant and/or Transferee, upon City's written request, shall provide proof, in a form satisfactory in the sole reasonable discretion of the Risk Manager of City's Harbor Department, demonstrating that insurance of the type and limits required by Subsection 111.2 (Insurance) is and shall be in full effect at all times in or around the time period in which the proposed Transfer is anticipated to occur. If requested in writing by City, Transferee shall provide a

guaranty agreement in a form acceptable to City obligating Transferee to pay any uninsured or underinsured loss on a claim that, in City's sole and absolute discretion, would have been covered by insurance fully compliant with Subsection 111.2; and

(h) Transferee shall execute and deliver a written acceptance of Transfer in a form acceptable to City in which Transferee expressly assumes all of Tenant's obligations under the Agreement.

113.4 Factors Germane to City Consent. In evaluating any Transfer Notice, it shall not be unreasonable for City to withhold or condition its consent to a Transfer based on the following factors, among others:

(a) The net worth, financial condition and creditworthiness of the Transferee and the existence of any guaranty provided by the Transferee's parent or related entity or entities;

(b) The character, experience and reputation of the Transferee (or its operator) in operating the business contemplated by the Transfer;

(c) Whether the Transfer will negatively impact the short-term or long-term development, land use or other plans of City's Harbor Department, and whether consent to such Transfer would violate any of the legal duties of City's Harbor Department, including duties owed to other tenants;

(d) Whether the proposed Transfer is consistent with the terms and conditions of this Agreement in existence when Tenant submitted the Transfer Notice and with the laws, rules and regulations applicable to the Premises and Tenant's use and occupancy thereof;

(e) Whether the information provided by Tenant in connection with Subsection 113.3.1 (Transfer Notice) justifies such consent;

(f) The Transferee's level of commitment and specific plans to invest to improve the Premises following approval of the proposed Transfer, if any;

(g) Whether there are uncured defaults including, without limitation, unpaid Rent and, if there are, whether the proposed transferee agrees to cure, remedy or otherwise correct any default by Tenant existing at the time of the Transfer, in a manner satisfactory to the Board; and

(h) Whether the Transferee, its operator or any Affiliate of the Transferee or its operator is listed on any of the following lists maintained by the Officer of Foreign Assets Control of the U.S. Department of the Treasury, the Bureau of the Industry and Security of the U.S. Department of Commerce or their successors, or on any other list of Persons with which the City may not do business under Applicable Law: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List, and the Debarred List.

113.5 Additional Conditions for Subleases. If Tenant requests consent to a Transfer consisting of a sublease of all or a portion of the Premises, the following terms and conditions shall also apply:

(a) Notwithstanding Subsection 113.3 (Procedure to Obtain Consent to Transfer), Tenant may request consent for a sublease with less than ninety (90) days' notice.

(b) City reserves the right to recapture any portion of the Premises proposed by Tenant to be subleased (with appropriate amendments to this Agreement) and to undertake the transaction with the proposed Transferee directly;

(c) Tenant in no event shall be allowed to sublet more than twenty percent (20%) of the Premises to any one sublessee unless this Agreement expressly provides otherwise;

(d) Tenant shall owe to City as Additional Rent, fifty percent (50%) of any amount collected from the sublessee as compensation that exceeds, on a pro rata basis, based on the preceding year's Rent, the compensation due City from Tenant under Section 4 (Rent);

(e) Tenant must provide City with a copy of the Sublease Agreement; and a copy of any notice of default or breach of the sublease; and

(f) No sublessee shall further Transfer or sublet all or any part of the Premises without City's prior written consent.

113.6 Assignments for Security Purposes. Tenant's request to assign this Agreement to secure financing of improvements on the Premises will require Board approval and will be considered on a case-by-case basis. Consent to Assignments for security purposes will not be granted unless Tenant and its lenders satisfy the following conditions, among others, which may be reasonably imposed by the Board:

(a) Monies borrowed will be used exclusively to construct improvements or alterations on the Premises.

(b) Monies borrowed must be in a fixed amount. New borrowings or refinancings require further Board approval.

(c) The collateral covered by the security agreement securing Tenant's loan shall cover only Tenant's leasehold interests and interest in improvements on the Premises, not the interests of City in improvements or land, and not any improvements or fixtures which, if removed, would leave the Premises untenable. In this Subsection 113.6, "untenable" means, the removal of improvements or fixtures which, in the City's sole and absolute discretion, would leave the Premises in a condition that prevents City from renting the Premises.

(d) Nothing in the instrument which creates the security interest in the lender shall amend, modify, or otherwise affect the rights of City under this Agreement or any guaranty.

(e) In the event the lender initiates any action to foreclose the interest of Tenant in this Agreement, the lender agrees to deliver to the Board in person or by registered mail a copy of any notice of default sent to Tenant and agrees, ten (10) calendar days in advance of any foreclosure sale, to give written notice to Board by registered mail. Such notices shall be addressed as follows:

Board of Harbor Commissioners
c/o Director of Real Estate Division
P.O. Box 151
San Pedro, CA 90733-0151

Such notice shall specify which of the below alternative courses of action the lender will take with respect to the Agreement and any guaranty. Any and all of the below stated alternatives are contingent upon the Board's approval in accordance with the conditions in subsection (f) below. Lender may:

(1) Assume as principal all of the obligations and duties arising on or after the foreclosure conveyance date under the Agreement; or

(2) Assume as principal all of the obligations and duties arising on or after the foreclosure conveyance date under the Agreement, and hire an operator, acceptable to the Executive Director, who shall operate the Premises pursuant to the Agreement; or

(3) Assume as principal all of the obligations and duties arising on or after the foreclosure conveyance date, and thereafter reassign the Agreement with the consent of Board. Notwithstanding any provision of this Agreement to

the contrary, in the event the lender initiates any action to foreclose the interest of any subsequent assignee of the Agreement, the lender agrees to make the notifications and elections required herein.

The foregoing election by the lender shall be without prejudice to any rights the City may have with respect to Tenant's default of this Agreement; provided, however, that the City shall mail to both Tenant and lender a copy of any written notice of default in the performance of the terms and conditions of the Agreement, by registered mail, return receipt requested, addressed as follows:

(Name and Address of Tenant and lender is to be specified by Tenant. If no lender is specified, notice to Tenant alone is agreed to be sufficient.)

The lender shall have the option to cure such default within the time specified in such notice, provided that if such default is noncurable in nature, City shall have the right to immediately reclaim the Premises and lender shall have no further interest.

(f) Any lender proposal to Transfer its interest in this Agreement or interest therein or right or privilege thereunder requires the Board's consent. The Board may withhold its consent in its reasonable discretion if the Board determines that the proposed transferee cannot meet all of the following conditions, and any other conditions which may be reasonably imposed by the Board:

(1) This Agreement shall be in full force and effect and no default shall exist or the lender shall agree in writing to cure all such defaults before the transfer.

(2) When requesting the Board's consent to such a Transfer, the lender shall demonstrate that: (a) the financial condition of the proposed transferee is as sound as that of Tenant at the time this Agreement was initially entered into or as at the time of the proposed transfer - whichever provides the better financial security to the City; (b) the proposed transferee has the requisite experience and reputation or has retained an operator with the requisite experience and reputation to operate the Premises; and (c) the proposed Transfer will not unfavorably affect the revenues of the City, employment or the services available to the maritime community; and the proposed transferee, its operator or any Affiliate of the proposed transferee or its operator is listed on any of the following lists maintained by the Officer of Foreign Assets Control of the U.S. Department of the Treasury, the Bureau of the Industry and Security of the U.S. Department of Commerce or their successors, or on any other list of Persons with

which the City may not do business under Applicable Law: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List, and the Debarred List.

(3) Even if the Board consents to such a proposed Transfer, the Board may first require that the transferee and the Board agree on a new compensation for the Premises transferred. If the Board modifies the compensation, it shall take into account the then existing Board policy for setting compensation and the prevailing market conditions.

(g) The form of all instruments and documents affecting the City's interests in the Premises shall be acceptable to Executive Director and City Attorney of City in their sole and absolute discretion.

(h) The Board shall have the authority, but not the obligation, to modify any of the foregoing conditions based on the facts of a particular case.

113.7 Assignment Fee. In the case of Assignments other than Assignments for Security Purposes permitted under Section 113.6, above, in recognition of the value added to the Assignment by virtue of the location of the Premises, and in addition to and not as a substitute for the process described in Section 4, Land Rent shall be adjusted effective as of the date of the Assignment using the procedure set forth in Section 4.3.2.

113.8 Charter and Administrative Code. Tenant acknowledges that this Agreement is subject to the Charter of City and the Administrative Code of City and that approval of a Transfer may require action by several separate entities, including but not limited to the Los Angeles City Council.

113.9 Tenant Remedies. If City wrongfully denies or conditions its consent, Tenant may seek only declaratory and/or injunctive relief. Tenant specifically waives any damage claims against City in connection with the withholding or conditioning of consent.

113.10 Indemnity in Favor of City; Tenant's Rights. In addition to and not as a substitute for the indemnities Tenant provides to City pursuant to Subsection 111.1 (Indemnity), Tenant shall indemnify, defend and hold harmless City and any and all of its boards, officers, agents, or employees from and against any and all claims and/or causes of action of any third-party (including but not limited to Transferee) arising out of or related to a proposed Transfer except for claims arising from the sole negligence or willful misconduct of City in withholding its consent in which case Tenant's sole remedy shall be entitled only to seek specific performance.

113.11 Rent or Performance. City, in its sole discretion, may accept Rent or performance of Tenant's obligations under this Agreement from any person other than Tenant pending approval or disapproval of a Transfer or SMLP Transfer. City's exercise of discretion to accept Rent or performance shall be reflected in writing.

113.12 Written Certification. If requested in writing by the Executive Director, Tenant shall, within thirty (30) days of its receipt of such written request, certify under penalty of perjury under California Law whether it has or has not undertaken a purported Transfer or SMLP Transfer.

Section 114. Records, Reports and City's Right of Inspection.

114.1 Operations. Tenant shall keep full and accurate books, records and accounts relating to its operations on the Premises. City shall have the right, through its representatives, at all reasonable times and on reasonable notice, to inspect such books, records and accounts in order to verify the accuracy of the sums due, owing and paid to City hereunder. Tenant agrees that such books, records and accounts shall be made available to City at Tenant's offices in the City of Los Angeles. City shall protect, to the extent permitted by law, the confidentiality of any such books, records and/or accounts so inspected.

114.2 City Right of Inspection. City's authorized representatives shall have access to the Premises (a) with 24-hour notice at any and all reasonable times to determine whether or not Tenant is complying with the terms and conditions of this Agreement, provided that such actions do not unreasonably interfere with the use of the Premises by Tenant as contemplated under this Agreement and (b) at any and all times, with or without notice, for fire, and police/ or homeland security purposes, to investigate any incidents involving personal injury or property damage, or for any other purpose incidental to the rights and/or duties of City. The right of inspection hereby reserved to City shall impose no obligation on City to make inspections to ascertain the condition of the Premises, and shall impose no liability upon City for failure to make such inspection. Tenant shall provide personnel to accompany City's representatives on periodic inspections of the Premises to determine Tenant's compliance with this Agreement.

114.3 Report of Accidents, Casualties or Crimes. Tenant shall give the Executive Director notice in case of serious accidents, crimes, fires or other adverse incidents which have been reported to any other agencies and which have occurred on or are related to operations occurring on the Premises promptly after Tenant is aware of any such event.

Section 115. Condemnation.

115.1 Generally. The Parties agree that if during the Term there is any taking of all or any part of the Premises by Condemnation, the rights and obligations of the Parties shall be determined pursuant to this Section 115.

115.2 Total Taking. Tenant may elect to treat as a Partial Taking any Taking that would otherwise qualify as a Total Taking. If a Total Taking of the Premises shall occur, and Tenant does

not elect by written notice to City, within sixty (60) days thereafter, to treat the same as a Partial Taking, then this Agreement shall terminate as of the effective date of such Total Taking, and the Rent shall be apportioned accordingly. The proceeds of the Total Taking shall be allocated between City and Tenant in accordance with their respective interests.

115.3 Partial Taking.

115.3.1 Effect on Agreement; Award. If a Partial Taking shall occur, then any award or awards shall be applied first to repair, rebuilding or restoration of any remaining part of the Improvements not so taken. Tenant shall perform such repair, rebuilding or restoration in accordance with the applicable requirements of this Agreement. The balance of any such award or awards remaining after the repair, rebuilding or restoration shall be distributed to City and Tenant as if they were proceeds of a Total Taking affecting only a portion of the Premises taken. If the Partial Taking impacts the usable area of the Premises, the City shall abate or reduce the Rent payable hereunder as a result of such Partial Taking. No other sums payable under the Agreement shall be abated or reduced as a result of any Partial Taking.

115.3.2 Improvements. Should Tenant terminate this Agreement pursuant to this Section 115, title to all improvements, additions, alterations constructed or installed by Tenant upon the Premises and which have not already vested in City shall thereupon vest in City.

115.3.3 Waiver of CCP § 1265.130. Each Party waives the provisions of the California Code of Civil Procedure Section 1265.130 allowing either Party to petition the superior court to terminate this Agreement in the event of a partial taking of the Premises.

115.4 Temporary Taking. If a Temporary Taking shall occur with respect to use or occupancy of the Premises for a period greater than 120 days, then Tenant shall, at its option, be entitled to terminate this Agreement effective as of the commencement date of the Temporary Taking. If the Temporary Taking relates to a period of 120 days or less, or if Tenant does not elect within sixty (60) days after the 120th day of the Temporary Taking, to terminate this Agreement, then all proceeds of such Temporary Taking (to the extent attributable to periods within the Term) shall be paid to Tenant, and Tenant's obligations under this Agreement shall not be affected in any way.

115.5 Severance Damages. The entire award of compensation paid for any severance damages, whether paid for impairment of access, for land, buildings, and/or improvements shall be the property of City, regardless of whether any buildings or improvements so damaged are owned or were constructed by City or Tenant. However, should City determine that improvements are to be restored, that portion of the severance damages necessary to pay the cost of restoration shall be paid to Tenant accompanied by evidence that the sum requested has been paid for said restoration and is a proper item of such cost and used for such purpose.

115.6 Other Condemnation. In the event of any condemnation action not resulting in a Taking but creating a right to compensation, this Agreement shall continue in full force and effect without reduction or abatement of Rent, and the award or payment made in connection with such action shall be allocated between City and Lessee in accordance with their respective interests.

115.7 Settlement or Compromise. Neither City, in its Proprietary Capacity under this Agreement, nor Tenant shall settle or compromise any Taking award affecting the interests of the other Party without the consent by such other Party, such consent not to be unreasonably withheld. Each of City and Tenant shall be entitled to appear in all Taking proceedings affecting its respective interest, to participate in any settlement, arbitration or other proceeding involving such a Taking and to claim its Taking award under this Agreement.

115.8 Prompt Notice. If either Party becomes aware of any Taking or threatened or contemplated Taking, then such Party shall promptly give Notice thereof to the other Party.

115.9 Control of Funds after Partial Taking. In the event of a Partial Taking where Tenant is required to, or chooses to, repair, rebuild or restore the damaged improvements, the following provisions regarding control of funds shall apply:

115.9.1 Proceeds Less Than \$1,000,000. All proceeds from any Partial Taking less than \$1,000,000 shall be distributed to Tenant and shall be applied by Tenant in accordance with Subsection 115.3 (Partial Taking).

115.9.2 Proceeds Greater Than \$1,000,000.

115.9.2.1 When Fund Control Mechanism in Leasehold Mortgage Governs. If any Leasehold Mortgage permitted by City and entered into by Tenant contains a fund control mechanism providing that all proceeds from any Partial Taking in excess of \$1,000,000 shall be deposited with such Leasehold Mortgagee or a third party depository specified in such Leasehold Mortgage to be disbursed to repair, rebuild or restore the Premises, the mechanics for fund control set forth in such Leasehold Mortgage shall have priority over the corresponding mechanics for fund control set forth in Subsection 115.9.2.2, below.

115.9.2.2 When Fund Control Mechanism in This Agreement Governs. Subject to Subsection 115.9.2.1, above, if proceeds from any Partial Taking total in excess of \$1,000,000, then upon request of City all such proceeds shall be deposited with the City to be disbursed to repair, rebuild or restore the Premises in accordance with the procedures set forth in Section 102 (Damage or Destruction to Improvements), and the balance, if any, of such proceeds shall be allocated between City and Tenant in accordance with their respective interests.

115.10 Waiver. The provisions of this Agreement governing Takings are intended to supersede the application of Chapter 10, Article 2 of the California Code of Civil Procedure and

all similar Laws, to the extent inconsistent with this Agreement. Nothing in this Section 115 shall be construed to limit City's powers with respect to Takings in its Governmental Capacity.

Section 116. Marks.

116.1 City-Associated Name or Mark. A "City-Associated" name or mark, as used in this Agreement, shall mean any name or Mark that (i) contains, in whole or partly, name(s) and/or mark(s) (including service marks, trademarks, names, titles, descriptions, slogans, insignias, emblems or logos) of the City of Los Angeles or any department, agency or commission thereof; and (ii) imparts the color of authority of the City of Los Angeles; and/or (3) otherwise imparts association with or endorsement by the City of Los Angeles on any goods or services offered by Lessee under such name or mark.

116.2 City Approval of Lessee Name or Mark. City shall have the right of approval of names and marks coined or created by Tenant for use on the Premises to ensure that use of the Premises leased herein under is consistent with that of a public venue leased by a governmental entity. City shall not approve names or marks that impart notions or contain elements that put the City in a false light or that are racist, sexist, derogatory to any legally protected groups/class or unfitting for public facilities.

116.3 No Assignment or Transfer of City's Intellectual Property. Nothing in this Agreement shall be construed to transfer or assign to any party, signatory herein or not, any of the intellectual property rights of the City, including but not limited to trademark rights. Rights not expressly granted by City herein are reserved. Other than as approved by City, Tenant has no right to use any of the City-Associated Marks.

Section 117. Restoration and Surrender of Premises.

117.1 Tenant's Restoration Obligations.

117.1.1 Generally. By the Expiration Date, or any sooner termination of this Agreement, Tenant shall quit and surrender possession of the Premises and shall be obligated to, as directed by the Executive Director, in the Executive Director's sole and absolute discretion, either (i) return the Premises to City in reasonably good and usable condition, said condition to be consistent with a first class facility of similar age as repaired, maintained or upgraded by Tenant, or any Assignor, or Affiliate of Tenant under this Agreement or any prior permit, or by City, or (ii) demolish all Improvements, except those identified in Exhibit "C", on the Premises (both New Improvements and Tenant Improvements, if any) and leave the Premises in a reasonably clean level and usable condition as set forth below, or (iii) demolish some of the Improvements on the Premises, except those identified on Exhibit "C", as designated by City, and leave the area of the Premises where the Improvements were demolished in a clean level and usable condition as set forth below and the remainder of the Premises in reasonably good and usable condition as set forth above or (iv) pay the cost of restoration to City if City chooses to perform the work itself or have the work performed on its behalf. Additionally, in lieu

of demolition, if the City determines that any of the improvements are historical, or eligible for listing as such, the City, in its sole discretion, may require Tenant to pay to City an amount equal to the estimated cost of demolition to be used by the City for the restoration or adaptive reuse of the historical structure or structures. If City terminates this Agreement due to Tenant's default, Tenant is still obligated to restore the Premises as provided in this Section 117 or to pay the cost of restoration if City chooses to perform the work.

117.1.2 Water Restoration (applicable only when the Premises include water use rights). Tenant agrees to remove all debris and sunken hulks from channels, slips and water areas within or fronting upon Premises not solely caused by City. Tenant expressly waives the benefits of the "Wreck Act" (Act of March 3, 1899) 33 U.S.C. Section 401 et seq. and the Limitation of Liability Acts (March 3, 1851, c. 43, 9 Stat. 635) (June 26, 1884, c. 121, Sec. 18, 23 Stat. 57) 46 U.S.C. 189 (Feb. 13, 1893, c. 105, 27 Stat. 445) 46 U.S.C. Sec. 190-196 and any amendments to these Acts if it is entitled to claim the benefits of such Acts.

117.1.3 Restoration Requirements. In connection with Subsections 117.1.1 and 117.1.2, above, Tenant, at its sole cost and expense, shall restore the Premises (including the soil, groundwater and sediment) such that, on the Expiration Date, or earlier termination date, the Premises shall be returned to City:

(a) Free of Aggregate Contamination As between City and Tenant, Tenant shall bear sole responsibility for remediating Aggregate Contamination to levels determined in the sole discretion of the Executive Director and any costs related thereto;

(b) Free of any encumbrances including but not limited to deed or land use restrictions as a result of any Aggregate Contamination and/or any liens (UCC, federal or state tax or otherwise) on the Premises or on fixtures or equipment, or personal property left on the Premises;

(c) Free of all above-ground and below-ground works, structures, improvements and pipelines of any kind, (collectively referred to as "Structures"), placed on the Premises by Tenant, if directed to remove such Structures by City. If the Premises have been improved by a prior tenant or by both City and a prior tenant, then such Structures which were left on the Premises at Tenant's request or for Tenant's benefit shall also be the responsibility of Tenant except as may be otherwise specified by this Agreement; and

(d) In a clean, level, graded and compacted condition with no excavations or holes resulting from Structures removed if City elects to have Tenant remove all Improvements or, if the City elects to retain some of the Improvements, the area of the demolished improvements shall be in a clean, level,

graded and compacted condition with no excavations or holes resulting from any structures the City elects to have removed.

117.2 Restoration Procedure. Tenant, at its sole cost and expense, shall initiate and complete the procedures set forth below in Subsections 117.2.1 through 117.2.3, and comply with any other conditions reasonably imposed by Executive Director for the restoration of the Premises. Provided that Tenant discharges its obligations under this Subsection 117.2 expeditiously and in good faith, City shall reasonably endeavor to ensure that the requirement to discharge its obligations disturbs as little as reasonably possible Tenant's undertaking of the Permitted Uses during the Term of this Agreement. Executive Director may make minor alterations, supplementations, or deletions of the procedures set forth below at his or her sole discretion and shall provide notice to Tenant of such changes. In addition to and not as a substitute for any remedies available at law, equity or under this Agreement, Tenant's uncured failure to perform an obligation under Sections 117.2.3, 117.2.4, and 117.2.5 shall entitle Executive Director, at Executive Director's sole and absolute discretion with ninety (90) days written notice, to increase compensation up to one hundred fifty percent (150%) of the compensation due and owing before such uncured failure occurred.

117.2.1 Site Vacation Plan. Not later than fifty-four months four (54) months before the Expiration Date, Tenant shall submit to City a written plan hereinafter referred to as the "Site Vacation Plan," the sufficiency of which is subject to City's reasonable approval, which includes:

(a) A work plan detailing all work (including sampling and analysis) necessary to generate a written characterization of the nature and extent of contamination (including contamination of air, soil and water) on the Premises and that includes detailed programs for sampling and chemical analysis of soil and groundwater, which programs shall conform with applicable Environmental Law, accepted principles of environmental science, established regulatory protocols and the Port of Los Angeles Site Characterization Guidance Manual. Such work plan shall be developed with specific reference to determining the then-current environmental condition of the Premises and whether any instances of unremediated Aggregate Contamination exist. Such work plan shall identify all consultants Tenant intends to use to generate the written characterization. City shall approve such consultants in its sole reasonable discretion;

(b) A work plan detailing all work necessary to obtain, at Tenant's sole cost and expense, environmental and other entitlements (pursuant to CEQA, NEPA and any other applicable Environmental Laws) necessary to undertake the work contemplated by Article 2, Section 117.2.1(a);

(c) A description of all liens on the Premises, Structures, and/or on fixtures and/or equipment or personal property intended to be left on the Premises following the Expiration Date;

(d) A description of all claims, causes of action, orders or enforcement actions then pending against or in connection with the Premises, the Permitted Uses and/or this Agreement;

(e) All work including but not limited to demolition, grading and disposal, necessary to remove Structures. Tenant shall identify any contractors or consultants proposed to undertake such work, which shall be approved by City in its sole reasonable discretion; and

(f) A written schedule with milestones acceptable to City in its sole reasonable discretion under which entitlements pursuant to Article 2, Section 117.2.1(b) shall be obtained and operations on the Premises shall be ramped-down in advance of their cessation on the Expiration Date and the Premises shall be readied for turnover to the City on the Expiration Date.

117.2.2 Preliminary Site Closure Report. Following City's written approval of Tenant's Site Vacation Plan, and not later than thirty (30) months before the Expiration Date, Tenant shall submit to City a written report hereinafter referred to as the "Preliminary Site Closure Report," the sufficiency of which is subject to City's reasonable approval, that includes:

(a) All findings of the characterization required by Article 2, Section 117.2.1 with substance and format that conforms with the Site Characterization Guidance Manual;

(b) If the characterization required by Article 2, Section 117.2.1 results in a finding that Aggregate Contamination exists, a remediation action plan shall be submitted to City, the sufficiency of which is subject to City's reasonable approval, that addresses remediation of all such Aggregate Contamination and that (i) conforms with Article 2, Section 117.1; (ii) includes a discussion of remedial action alternatives for restoration of the Premises and a timetable for each phase of restoration ("Expiration Remediation Action Plan"); and (iii) provides detailed written cost estimates for each remedial action alternative submitted. The Expiration Remediation Action Plan shall conform to applicable Environmental Law, established regulatory protocols, accepted principles of environmental science and the Site Characterization Guidance Manual. Consultants or contractors selected by Tenant to perform such work shall be subject to City's reasonable written approval;

(c) A report detailing the status of the removal of any liens identified in connection with Article 2, Section 117.2.1;

(d) A report detailing the status of any claims, causes of action, orders or enforcement actions identified in connection with Article 2, Section 117.2.1; and

(e) An updated schedule with milestones acceptable to City in its sole reasonable discretion under which operations on the Premises shall be ramped-down in advance of their cessation on the Expiration Date and the Premises shall be readied for turnover to the City on the Expiration Date.

117.2.3 By Two Years Before Expiration Date. Following City's written approval of Tenant's Preliminary Site Closure Report, and not later than two (2) years before the Expiration Date, Tenant shall:

(a) Commence remediation of any Aggregate Contamination in accordance with the Expiration Remediation Action Plan. Consultants or contractors selected by Tenant to perform such work shall be subject to City's reasonable written approval;

(b) Provide a report detailing the status of the removal of any liens identified in connection with Article 2, Section 117.2.1.

(c) Provide a report detailing the status of any claims, causes of action, orders or enforcement actions identified in connection with Article 2, Section 117.2.1; and

(d) Provide quarterly reports that include updated schedules with milestones acceptable to City in its sole reasonable discretion under which entitlements pursuant to Article 2, Section 117.2.1(b) shall be obtained and operations on the Premises shall be ramped-down in advance of their cessation on the Expiration Date and the Premises shall be readied for turnover to the City on the Expiration Date.

117.2.4 By Two Months Before Expiration Date. Not later than two (2) months before the Expiration Date, Tenant shall have:

(a) Completed the remediation required by the Expiration Remediation Action Plan, and have submitted to City a report certified by the consultant(s) performing the remediation confirming same;

(b) Resolved and removed all liens identified in connection with Article 2, Section 117.2.1 to the reasonable satisfaction of City;

(c) Resolved all claims, causes of action, orders or enforcement actions identified in connection with Article 2, Section 117.2.1 to the reasonable

satisfaction of City and any governmental agencies with jurisdiction over such claims, causes of action, orders or enforcement actions;

(d) Obtained, at its sole cost and expense, all necessary entitlements pursuant to Article 2, Section 117.2.1(b); and

(e) Submitted an updated schedule with milestones acceptable to City in its sole reasonable discretion under which operations on the Premises shall be ramped-down in advance of their cessation on the Expiration Date and the Premises shall be readied for turnover to the City on the Expiration Date.

117.2.5 Adequacy of Restoration. Subject to orders or directives issued by any Governmental Agency with jurisdiction which orders or directives shall take precedence over this Section 117.2.5, the adequacy of Tenant's execution of the Expiration Remediation Action Plan shall be within the sole reasonable discretion of Executive Director. Tenant shall notify Executive Director in writing when it believes it has completed all work contemplated by the Expiration Remediation Action Plan. If, upon review, Executive Director reasonably concludes that additional tasks must be fulfilled in order to complete all work contemplated by such plan, Tenant shall complete such tasks forthwith. Upon fulfillment of such tasks, Tenant again shall notify Executive Director in writing, which shall re-initiate the review of the completion of all work contemplated by the Expiration Remediation Action Plan.

117.3 Restoration Indemnity. In addition to and not as a substitute for any remedies provided by this Agreement or at law or equity, Tenant shall defend, indemnify and hold harmless City from any and all claims and/or causes of action brought against City and from all damages and costs which arise out of or are related to:

(a) Claims brought by holders of liens on the Premises, Structures, and/or on fixtures and/or equipment or property left on the Premises following the Expiration Date; and

(b) Claims, causes of action, orders or enforcement actions pending against or in connection with the Premises, the Permitted Uses and/or this Agreement.

This restoration indemnity is intended to and shall survive the expiration or earlier termination of this Agreement.

117.4 No Relocation Assistance. Nothing contained in this Agreement shall create any right in Tenant or any sublessees of Tenant for relocation assistance or payment from City upon expiration or termination of this Agreement (whether by lapse of time or otherwise). Tenant acknowledges and agrees that it shall not be entitled to any relocation assistance or payment pursuant to the provisions of any state or federal law, including Title 1, Division 7, Chapter 16 of the California Government Code (Sections 7260 et seq.) with respect to any relocation of its

business or activities upon the expiration of the term of this Agreement or upon its earlier termination or upon the termination of any holdover.

117.5 Failure to Restore. If City has directed Tenant to demolish or restore some or all of the improvements on the Premises, or otherwise restore the Premises, and Tenant has failed to do so, or failed to do so to the level required by this Agreement, on or before the earlier to occur of the date of the termination of this Agreement or the Expiration Date, City shall have the right, but not the obligation, to remove and/or demolish the same at Tenant's cost. In that event, Tenant agrees to pay to City, upon demand, City's Costs of any such removal, demolition or restoration and further agrees that such City's Costs shall be deemed Additional Rent.

Section 118. Miscellaneous.

118.1 Titles and Captions. Unless otherwise indicated, references in this Agreement to sections, subsections, paragraphs, clauses, exhibits and schedules are to the same contained in or attached to this Agreement. Additionally, the Parties have inserted the section titles in this Agreement only as a matter of convenience and for reference, and the section titles in no way define, limit, extend or describe the scope of this Agreement or the intent of the Parties in including any particular provision in this Agreement. Unless otherwise specified, references to Section or Subsection are to sections and subsections of this Agreement.

118.2 Exhibits and Attachments. All exhibits and attachments to which reference is made in this Agreement are deemed incorporated in this Agreement, whether or not actually attached. References to sections are to sections of this Agreement unless stated otherwise.

118.3 Construction of Agreement. This Agreement shall not be construed against the Party preparing the same, shall be construed without regard to the identity of the person who drafted such and shall be construed as if all Parties had jointly prepared this Agreement and it shall be deemed their joint work product; each and every provision of this Agreement shall be construed as though all of the Parties hereto participated equally in the drafting hereof; and any uncertainty or ambiguity shall not be interpreted against any one Party. As a result of the foregoing, any rule of construction that a document is to be construed against the drafting Party shall not be applicable.

118.4 Entire Agreement; Amendments. This Agreement and all exhibits referred to in this Agreement constitute the final complete and exclusive statement of the terms of the agreement between City and Tenant pertaining to Tenant's use and occupancy of the Premises and, subject to the provisions of Subsection 118.32 (Prior Permits), supersedes all prior and contemporaneous understandings or agreements of the Parties. Neither Party has been induced to enter into this Agreement by, nor is neither Party relying on, any representation or warranty outside those expressly set forth in this Agreement.

118.5 Modification in Writing. This Agreement may be modified only by written Agreement of all Parties. Any such modifications are subject to all applicable approval processes set forth in City's Charter, City's Administrative Code, or Applicable Laws.

118.6 Waivers. A failure of any Party to this Agreement to enforce the Agreement upon a breach or default shall not waive the breach or default or any other breach or default. All waivers shall be in writing. The subsequent acceptance of Rent by Board shall not be deemed to be a waiver of any other breach by Tenant of any term, covenant or condition of this Agreement, other than the failure of Tenant to timely make the particular Rent payment so accepted, regardless of Board's knowledge of such other breach. No delay, failure or omission of either Party to execute any right, power, privilege or option arising from any default, nor subsequent acceptance of guarantee then or thereafter accrued, shall impair any such right, power, privilege, or option, or be construed to be a waiver of any such default or relinquishment thereof, or acquiescence therein, and no notice by either Party shall be required to restore or revive the time is of the essence provision hereof after waiver by the other Party or default in one or more instances. No option, right, power, remedy or privilege of either Party shall be construed as being exhausted or discharged by the exercise thereof in one or more instances. It is agreed that each and all of the rights, powers, options or remedies given to City by this Agreement are cumulative, and no one of them shall be exclusive of the other or exclusive of any remedies provided by law, in that the exercise of one right, power, option or remedy by City shall not impair its rights to any other right, power, option or remedy.

118.7 Joint and Several Obligations of Tenant. If more than one individual or entity comprises Tenant, the obligations imposed on each individual or entity that comprises Tenant under this Agreement shall be joint and several.

118.8 Time is of the Essence. Time shall be of the essence as to all dates and times of performance, and obligations set forth herein, whether or not a specific date is contained herein. If performance is required by the terms hereof on a Saturday, Sunday or legal holiday in California, the performance shall be made on the next business day.

118.9 Statements of Tenant as Applicant. This Agreement may be granted pursuant to an application filed by Tenant with Board. If the application or any of the attachments thereto contain any material misstatements of fact, Board may cancel this Agreement. Upon any such cancellation of the Agreement granted hereunder, Tenant shall quit and surrender the Premises as provided in Section 117 (Restoration and Surrender of Premises).

118.10 Governing Law and Venue. This Agreement is made and entered into in the State of California and shall in all respects be construed, interpreted, enforced and governed under and by the laws of the State of California, without reference to choice of law rules. Any action or proceeding arising out of or related to this Agreement shall be filed and litigated in the state or federal courts located in the County of Los Angeles, State of California, in the judicial district mandated by applicable court rules. If either Party files or attempts to litigate an action in violation of this Subsection 118.10, the other Party shall be entitled to recover reasonable costs and attorneys' fees incurred to enforce this Subsection 118.10.

118.11 Severability. Should any part, term, condition or provision of this Agreement be declared or determined by any court of competent jurisdiction to be invalid,

illegal or incapable of being enforced by any rule of law, public policy, or charter, the validity of the remaining parts, terms, conditions or provisions of this Agreement shall not be affected thereby, and such invalid, illegal or unenforceable part, term, condition or provision shall be treated as follows: (a) if such part, term, condition or provision is immaterial to this Agreement, then such part, term, condition or provision shall be deemed not to be a part of this Agreement; or (b) if such part, term, condition or provision is material to this Agreement, then the Parties shall revise the part, term, condition or provision so as to comply with the Applicable Law or public policy and to effect the original intent of the Parties as closely as possible.

118.12 Termination by Court. If any court having jurisdiction in the matter renders a final decision which prevents the performance by City of any of its obligations under this Agreement, then either Party may terminate this Agreement by written notice, and all rights and obligations hereunder (with the exception of any undischarged rights and obligations) shall thereupon terminate.

118.13 License Fees and Taxes. Tenant shall pay all taxes and assessments of whatever character levied upon or charged against the interest of Tenant, if any, created by this Agreement in the Premises or upon works, buildings, improvements or other property thereof, or upon Tenant's operations hereunder. Tenant shall also pay all license and permit fees required for the conduct of its operations hereunder. Any sums due and owing to City by Tenant under this Subsection 118.13, or paid by City on Tenant's behalf shall be deemed Additional Rent.

118.14 POSSESSORY INTEREST. TENANT IS AWARE THAT THE GRANTING OF THIS AGREEMENT TO TENANT MAY CREATE A POSSESSORY PROPERTY INTEREST IN TENANT AND THAT TENANT MAY BE SUBJECT TO PAYMENT OF A POSSESSORY PROPERTY TAX IF SUCH AN INTEREST IS CREATED.

118.15 Waiver of Claims. Tenant hereby waives any claim against City and Board and its officers, agents or employees for damages or loss caused by any suit or proceedings directly or indirectly challenging the validity of this Agreement, or any part thereof, or by any judgment or award in any suit or proceeding declaring this Agreement null, void or voidable or delaying the same or any part thereof from being carried out.

118.16 Attorneys' Fees. In any legal action or other proceeding brought to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to "reasonable attorneys' fees" and any other costs and expenses, including but not limited to expert fees, incurred in that proceeding in addition to any other relief to which it is entitled. The "reasonable attorneys' fees" awarded under this Subsection 118.16 shall be determined by calculating the hours reasonably expended by each counsel for the prevailing party multiplied by the prevailing market hourly rate in Southern California for attorneys of comparable skill and experience.

118.17 Conflict of Interest. The Parties to this Agreement have read and are aware of the provisions of Section 1090 et seq. and Section 87100 et seq. of the California Government

Code relating to conflict of interest of public officers and employees, as well as the Conflict of Interest Code of City's Harbor Department. All Parties hereto agree that they are unaware of any financial or economic interest of any public officer or employee of City relating to this Agreement. Notwithstanding any other provision of this Agreement, it is further understood and agreed that if such a financial interest does exist at the inception of this Agreement, City may immediately terminate this Agreement by giving written notice thereof.

118.18 Extent of Water Frontage. In case this Agreement, or any part thereof or any improvements made hereunder, shall be assigned, transferred, leased or subleased and the control thereof be given or granted to any person, firm, or corporation so that such person, firm or corporation shall then own, hold or control more than the length of water frontage permitted or authorized under Section 654(a) of the Charter of City, or if Tenant shall hold or control such water frontage without a four-fifths vote of the Board and a two-thirds vote of the City Council approving the control of such water frontage, then this Agreement and all rights hereunder shall thereupon and thereby be absolutely terminated, and any such attempted or purported assignment, transfer or sublease, or giving or granting of control to any person, firm or corporation, which will then own, hold or control more than such permitted or authorized length of water frontage, shall be void and ineffectual for any purpose whatsoever.

118.19 Business Tax Registration Certification.

118.19.1 Tenant. Tenant represents that it has registered its business with the Office of Finance of the City of Los Angeles and has obtained and presently holds from that Office a Business Tax Registration Certificate, or a Business Tax Exemption Number, required by City's Business Tax Ordinance (Article I, Chapter 2, Sections 21.00 *et seq.* of City's Municipal Code, or its successor). Tenant shall maintain, or obtain as necessary, all such Certificates required of it under said Ordinance and shall not allow any such Certificate to be revoked or suspended during the Term of this Agreement.

118.19.2 Contractors. Tenant represents that it shall require its contractors and subcontractors to register their business with the Office of Finance of the City of Los Angeles and to obtain and hold from that Office a Business Tax Registration Certificate, or a Business Tax Exemption Number, required by City's Business Tax Ordinance (Article 1, Chapter 2, Sections 21.00 *et seq.* of City's Municipal Code, or its successor) for all work done on the Premises.

118.19.3 Subtenants. Tenant represents that it shall include in all its subleases the requirement that the subtenant register its business with the Office of Finance of the City of Los Angeles and obtain and hold from that Office a Business Tax Registration Certificate, or a Business Tax Exemption Number, required by City's Business Tax Ordinance (Article 1, Chapter 2, Sections 21.00 *et seq.* of City's Municipal Code, or its successor) and further require that the subtenant maintain, or obtain as necessary, all such Certificates required of it under said Ordinance and not allow any such Certificate to be revoked or suspended during the Term of its sublease.

118.20 Affirmative Action. Tenant agrees not to discriminate in its employment practices against any employee or applicant for employment because of the employee's or applicant's race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status, domestic partner status or medical condition. All assignments, subleases and transfers of interest in this Agreement under or pursuant to this Agreement shall contain this provision. The provisions of Section 10.8.4 of the Los Angeles Administrative Code as set forth in the attached Exhibit "L" are incorporated herein and made a part hereof.

118.21 Service Contractor Worker Retention Policy and Living Wage Policy Requirements. The Board adopted Resolution No. 5771 on January 3, 1999, agreeing to adopt the provisions of Los Angeles City Ordinance No. 171004 relating to Service Contractor Worker Retention ("SCWR"), Section 10.36 et seq. of the Los Angeles Administrative Code, as the policy of City's Harbor Department. Further, Charter Section 378 requires compliance with the City's Living Wage requirements as set forth by ordinance, Section 10.37 et seq. of the Los Angeles Administrative Code. Tenant shall comply with the policy wherever applicable. Violation of this provision, where applicable, shall entitle the City to terminate this Agreement and otherwise pursue legal remedies that may be available.

118.22 Wage and Earnings Assignment Orders/Notices of Assignments. Tenant is obligated to fully comply with all applicable state and federal employment reporting requirements for the Tenant and/or its employees. Tenant shall certify that the principal owner(s) are in compliance with any Wage and Earnings Assignment Orders/Notices of Assignments applicable to them personally. Tenant shall fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignments in accordance with Cal. Family Code Section 5230 et seq. Tenant shall maintain such compliance throughout the term of this Agreement.

118.23 Equal Benefits Policy. The Board adopted Resolution No. 6328 on January 12, 2005, agreeing to adopt the provisions of Los Angeles City Ordinance No. 172,908, as amended, relating to Equal Benefits, Section 10.8.2.1 et seq. of the Los Angeles Administrative Code, as a policy of City's Harbor Department. Tenant shall comply with the policy wherever applicable. Violation of the policy shall entitle the City to terminate any agreement with Tenant and pursue any and all other legal remedies that may be available.

118.24 State Tidelands Act, Grants and Trusts; City Charter. This Agreement is entered into in furtherance of and as a benefit to the State Tidelands Grant and the trust created thereby. Therefore, this Agreement, the Premises and Tenant's use and occupancy thereof, is at all times subject to the limitations, conditions, restrictions and reservations contained in and prescribed by the Act of the Legislature of the State of California entitled "An Act Granting to the City of Los Angeles the Tidelands and Submerged Lands of the State Within the Boundaries of Said City", approved June 3, 1929 (Stats. 1929, Ch. 651), as amended, ("Act") and provisions of Article VI of the Charter of the City of Los Angeles ("Charter") relating to such lands. Tenant agrees that any interpretation of this Agreement and the terms contained herein must be consistent with such limitations, conditions, restrictions and reservations of the Act

and the Charter. Tenant further agrees that it shall not undertake any use of the Premises, even a Permitted Use, which is or will be inconsistent with such limitations, conditions, restrictions and reservations.

118.25 Disclosure Laws. Tenant acknowledges that City is subject to laws, rules and/or regulations generally requiring it to disclose records upon request, which laws, rules and/or regulations include but are not limited to the California Public Records Act (California Government Code Sections 6250 et seq.) ("Disclosure Laws"). Tenant further acknowledges City's obligation and intent to comply with such Disclosure Laws in all respects. Notwithstanding the foregoing, in the event that City receives a request for disclosure of records in connection with this Agreement which Tenant has designated in writing as confidential, City shall immediately notify Tenant in writing, enclosing a copy of such request, at which point Tenant may take whatever steps deemed appropriate, including but not limited to seeking a protective or other order excusing disclosure from a court of competent jurisdiction. In the absence of such an order from a court of competent jurisdiction excusing City from its disclosure obligations, City shall undertake whatever action is necessary to comply with the requirements imposed by the applicable Disclosure Laws. In the event that any action is filed by Tenant and/or by any requester of information where Tenant elects to challenge all or any part of the requested disclosure, and City is named as a party to that action, Tenant shall defend and hold City and City's former, present and future boards, elected and appointed officials, employees, officers, directors, representatives, agents, departments, subsidiary and affiliated entities, assigns, insurers, attorneys, predecessors, successors, divisions, subdivisions and parents, and all persons or entities acting by, through, under or in concert with any of the foregoing, harmless from any and all defense costs and judgments or settlements in any such action as well as all other losses and expenses arising out of or related to such action.

118.26 Visual Artists' Rights Act.

118.26.1 Generally. Tenant shall not install, or cause to be installed, any work of art subject to the Visual Artists' Rights Act of 1990 (as amended), 17 U.S.C. 106A, et seq., or California Civil Code Section 980, et seq., (hereinafter collectively "VARA") on or about the Premises without first obtaining a waiver in writing, of all rights under VARA, satisfactory to the Executive Director and approved as to form and legality by the City Attorney's Office, from the artist. Said waiver shall be in full compliance with VARA and shall name City as a party for which the waiver applies.

118.26.2 Prohibition. Any work of art installed, or caused to be installed, by Tenant without the prior written authorization of the Executive Director shall be deemed a trespass, removable by City, by and through its Executive Director, upon three (3) days written notice, all costs, expenses and liability therefor to be borne exclusively by Lessee.

118.26.3 Indemnity. Tenant, in addition to other obligations to indemnify and hold City harmless, as more specifically set forth in this Agreement, shall indemnify

and hold harmless City from all liability resulting for Tenant's failure to obtain the artist's waiver of VARA and failure to comply with any portion of this Subsection 118.28.

118.26.4 Cumulative Remedy. The rights afforded the City under this Subsection 118.26 shall not replace any other rights afforded City in this Agreement or otherwise, but shall be considered in addition to all its other rights.

118.27 Supervision of Business Practices. The nature and manner of conducting any and all business activities on the Premises shall be subject to reasonable regulation by the Board. In the event such business is not conducted in a reasonable manner as determined by the Board, it may direct that corrective action be taken by Tenant or its sublessees to remedy such practices and upon failure to comply therewith within thirty (30) days of Tenant receiving such written notice, the Board may declare this Agreement terminated.

118.28 Tenant Name Change. Tenant shall promptly, and in no case later than fifteen (15) days after a change in name, notify the Executive Director in writing of any changes to its name, or contact or delivery information, set forth in the preamble, or the notification sections, of this Agreement.

118.29 Signs. Other than safety related signs and all signs existing on the Premises as of the Effective Date, Tenant shall not erect or display, or agree to be erected or displayed, on the Premises, or upon works, buildings and improvements made by Tenant, any advertising matter of any kind, including signs, without first obtaining the written consent of the Executive Director and a Harbor Engineer's General Permit.

118.30 Ownership of Improvements. During the Term of the Agreement, title to all Tenant Constructed Improvements and all alterations constructed or installed by Tenant on Tenant Constructed Improvements shall remain in Tenant. Upon termination of this Agreement, all Tenant Constructed Improvements or alterations, other than machines, equipment, trade fixtures and similar installations of a type normally removed without structural damage to the Premises, shall become a part of the land upon which they are constructed, or of the building on which they are affixed, and title thereto shall thereupon vest in City unless, however, City upon not less than one-hundred twenty (120) days' notice requests Tenant to remove some or all of said improvements, in which case Tenant shall promptly remove such improvements at Tenant's sole cost and expense. In the event of removal of any improvements, Tenant shall comply with the restoration obligations of Section 111 (Indemnity and Insurance). Notwithstanding the foregoing, in the event that the Harbor Department ascertains a need to acquire Tenant owned assets prior to title to those assets vesting in City, straight-line depreciation shall be applied to determine the purchase price.

118.31 Promotion of Los Angeles Harbor Facilities. Tenant shall in good faith and with all reasonable diligence use commercially reasonable efforts to promote the use of the Premises granted by this Agreement.

118.32 Prior Permits. This Agreement shall supersede and replace prior Permit No. 634 dated February 12, 1988 between the Parties, relating to the property and wharf premises located at Berths 167-170 in Wilmington for operation of a Marine oil terminal. To the extent that Tenant and/or its predecessors or Affiliates used or occupied the Premises pursuant to prior agreements, including Permit No. 634, from and after the Effective Date of this Agreement, Tenant's use and occupancy of the Premises shall be governed by this Agreement; provided, however, that any provisions which survive termination or expiration of such prior agreements by the terms of the prior agreement or operation of law shall continue in full force and effect unless specifically stated otherwise in Article 1 of this Agreement.

118.33 No Third Party Beneficiaries. Nothing in this Agreement shall be deemed to confer upon any Person (other than City, Tenant or Tenant's lender) any right to insist upon, or to enforce against City or Tenant, the performance or observance by either Party of its obligations under this Agreement.

118.34 Successors. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of City and shall be binding upon and inure to the benefit of the successors and permitted assigns and sublessees of Tenant.

118.35 Proprietary Capacity. The capacity of City in this Agreement shall be as lessor only ("Proprietary Capacity"), and any obligations or restrictions imposed by this Agreement on City shall be limited to that capacity and shall not relate to, constitute a waiver of, supersede or otherwise limit or affect the governmental capacities of City, including enacting laws, inspecting structures, reviewing and issuing permits, and all of the other legislative and administrative or enforcement functions of each pursuant to federal, State or local law ("Governmental Capacity"). Whenever not expressly otherwise stated, (a) City, when acting in its Proprietary Capacity, shall not unreasonably withhold its approvals to matters requiring its approval hereunder, (b) Tenant shall not unreasonably withhold its approval to matters requiring its approval hereunder and (c) City, when acting in its Governmental Capacity, shall be permitted to utilize its sole discretion with respect to matters requiring its approval hereunder.

118.36 Executive Director Authority. Whenever this Agreement refers to an action to be taken by the Executive Director, to the extent permitted by Applicable Law, that action may be taken by the Executive Director or the Executive Director's designee.

118.37 Provisions Regarding Anti-Bribery and Corruption. Each Party represents that in connection with this Agreement and related matters it is knowledgeable about Anti-Corruption Laws and the Shell Code of Conduct ([http://www.shell.com/home/content/aboutshell/who we are/our values/code of conduct/](http://www.shell.com/home/content/aboutshell/who_we_are/our_values/code_of_conduct/)) and Los Angeles City Charter Section 20.60.4 reporting requirements relating to fraud, waste and abuse (<https://www.lacity.org/your-government/government-information/city-charter-rules-and-codes>).

[Signature page follows]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date to the left of their signatures.

THE CITY OF LOS ANGELES, by
its Board of Harbor Commissioners

Dated: _____, 20__

By: _____
EUGENE D. SEROKA
Executive Director

Attest: _____
AMBER M. KLESGES
Board Secretary

SHELL OIL COMPANY,
A Delaware Limited Liability
Company

Dated: November 30, 2018

By: M. L. Elmore
M. L. Elmore / Attorney in Fact
(Print/type Name and Title)

Attest: [Signature]

Dulciana Larosa Lord Agent for Shell Republic
(Print/type Name and Title)

APPROVED AS TO FORM AND LEGALITY

_____, 20__
MICHAEL N. FEUER, City Attorney
JANNA B. SIDLEY, General Counsel

By: _____
JOHN T. DRISCOLL, Deputy City Attorney

JTD

ATTACHMENT 1 - Glossary of Terms

“ACTA” means the Alameda Transportation Corridor Authority or its successor entity.

“Additional Rent” means the monetary sum, in U.S. Dollars, Tenant shall pay to City for its use and occupancy of the Premises above the Base Rent as set forth in Article 1, Section 4 of this Agreement.

“Adjusted Land Rent” means the adjustment to the Land Rent which occurs every five (5) years of the Term pursuant to Article 1, Section 4 of this Agreement.

“Affiliate” means, when used with reference to a specified person or entity, any person or entity which directly or indirectly controls, is controlled by or is under common control with the specified person or entity. A person or entity shall be regarded as in control of another entity if it owns or is under common ownership or directly or indirectly controls at least fifty (51%) of the voting stock or other equity interests of the other entity, or in the absence of ownership of at least fifty percent (51%) of the voting securities of an entity, if it possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such entity.

“Aggregate Contamination” means the aggregate of Term Contamination and Pre-existing Contamination, so as to constitute, without regard to source, cause or time, the totality of contamination of improvements, adjacent harbor waters, soil, sediment, groundwater or air of the Premises or of adjacent premises (including soil, sediment, groundwater or air of those adjacent premises) by Environmentally Regulated Material, and contamination that is considered a nuisance under Applicable Laws.

“Alteration” or “Alterations” means improvements, alterations, additions or changes to the Premises including, without limitation, the construction of works or improvements or the changing of the grade of the Premises, except as otherwise stated in this Agreement.

“Annual Adjustment Date” shall have the meaning set forth in Article 1, Subsection 4.3.1.

“Applicable Law” or “Applicable Laws” means any and all federal, state, county or governmental agency laws, statutes, ordinances, standards, codes (including, without limitation, all building codes) rules, requirements, or orders in effect now or hereafter in effect pertaining to the use or condition of the Premises and/or Tenant’s operation and conduct of its business. Applicable Laws shall include, but not be limited to, all environmental laws and regulations in effect now or hereafter in effect including: (a) CERCLA and its implementing regulations; (b) RCRA and its implementing regulations; (c) The Federal Clean Water Act (33 U.S.C. Sections 1251-1376, *et seq.*) its implementing regulations; (d) The California Porter Cologne Water Quality Control Act (California Water Code, Division 7) and its implementing regulations; (e) The Federal Clean Air Act (42 U.S.C. Section 7401-7601) and its implementing regulations; (f) The California Clean Air Act of 1988 and its implementing regulations; (g) The California Lewis-Presley Air Quality Management Act of 1976 and its implementing regulations; and (h) Any other applicable federal,

state, or local law, regulation, ordinance, order, resolution or requirement (including consent decrees and administrative orders imposing liability or standard of conduct) now or hereafter in effect which concerns Environmental Regulated Material, the Premises and/or Tenants use and/or occupancy of the Premises.

“Application for Port Permits” or “APP” means the application required to be submitted by Tenant for all alterations to the Premises. An APP is also required for all non-development projects such as new leases or permits, lease or permit renewals, lease or permit amendments, events, parking requests for events and foreign trade zone agreements. All references to Application for Port Permits or APP shall also mean any successor application process adopted by the Harbor Department.

“Assignment” means the transfer, or assignment of this Agreement, in whole or in part, in any manner including without limitation the involvement of Tenant or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buyout or otherwise) whether or not there is a formal assignment or hypothecation of this Agreement or Tenant’s assets, which involvement results in a reduction of the net worth of Tenant (defined as the net worth of Tenant, excluding guarantors, established by generally accepted accounting principles) by an amount greater than twenty-five percent (25%) of such net worth as it was represented at the time of the execution of this Agreement, or at the time of the most recent Transfer to which City has consented, or as it exists immediately prior to said transaction or transactions constituting such reduction, whichever was or is greater. For purposes of this definition, the term “by operation of law” includes but is not limited to: (1) the placement of all or substantially all of Tenant’s assets in the hands of a receiver or trustee; or (2) a transfer by Tenant for the benefit of creditors; or (3) transfers resulting from the death or incapacity of any individual who is a Tenant of, or a general partner of, a Tenant.

“Assignor” means collectively any transferor or assignor of Tenant’s interest in the Premises, or any portion thereof, including any and all entities that occupied the Premises prior to Tenant and actually or purportedly transferred or assigned its right of occupancy to Tenant either contractually or under operation of law, including any “Transfer” as defined in Article 2, Section 113, whether or not there was a written assignment or approval of the assignment by City.

“Appraisal Process” means the process set forth in Article 1, Subsection 4.3.2.2, to resolve disputed Adjusted Land Rent.

“Backlands” means the land area beyond 200 feet inland from the top of the bank.

“Base Rent” means the monetary sum, in U.S. Dollars, Tenant shall pay to City for its use and occupancy of the Premises per Compensation Year, excluding Tariff Charges and other Additional Rent, as set forth in Article 1, Section 4 of this Agreement.

“Board” means the Board of Harbor Commissioners of the Harbor Department of the City of Los Angeles.

“Casualty” means damage or destruction of the improvements on the Premises.

"CEQA" means the California Environmental Quality Act, Sections 21000 et. seq. of the Public Resources Code and the CEQA Guidelines set forth at 14 California Code of Regulations Sections 15000 et. seq.

"Charter" or "City Charter" means the Charter of the City of Los Angeles as it may be amended from time to time.

"Chief Harbor Engineer" means the Chief Harbor Engineer, Engineering Division of the Harbor Department, or successor designations should that title be renamed or redesignated during the Term.

"City" means the City of Los Angeles, a municipal corporation.

"City Council" means the Council of the City of Los Angeles, the legislative body of the City pursuant to Section 20 of the Charter of the City of Los Angeles.

"City Costs" or "City's Costs" means the costs, determined in the City's sole reasonable discretion, for any work performed by or for City to comply with a Tenant obligation under this Agreement including, without limitation, the cost of maintenance or repair or replacement of property neglected, damaged or destroyed, including direct and allocated costs for labor, materials, services, equipment usage, and other indirect or overhead expenses arising from or related to maintenance, repair or replacement work performed by or on behalf of City; for the processing of any approvals or consents required or requested by Tenant; for the cost of processing an APP for the Tenant's Premises; and, for the cost of complying with any Governmental Agencies' orders which were the responsibility of Tenant.

"Compensation Year" means the twelve (12) month period from the Effective Date and every twelve month period thereafter.

"Complete", "Completed" or "Completion" means that stage of nearly complete construction of the wharf described in Exhibit "C", and New Improvements in accordance with awarded plans and specifications, which allows occupancy and use of such improvements to undertake the Permitted Uses, and excepting minor unfinished work or construction. Minor deficiency items commonly referred to as "punch list" items need not be completed for New Improvements to be Complete so long as lack of completion of such items does not materially interfere with Tenant's use of the Premises and contingent on City's diligent pursuit of completion of such items. The date of Completion shall be the date on which Harbor Department acting in its Proprietary Capacity issues a written acknowledgement that the New Improvements or Non-City Improvements, as the case may be, have reached Completion.

"Condemnation" means the taking of property through acquisition or damage of all or part of the Premises by a Government Agency having the power of eminent domain.

"County" means the County of Los Angeles.

"CPI-U" means the Consumer Price Index for All Items, All Urban Consumers for the Los Angeles-Long Beach-Anaheim, California area, 1982-84=100 as published by the U.S. Department of

Labor, Bureau of Labor Statistics, or a successor index selected by the Executive Director of the Harbor Department in the Executive Director' sole reasonable discretion.

"Effective Date" is the date specified in Article 1, Subsection 3.1 of this Agreement.

"Environmental Compliance Requirements" means the requirements identified in Exhibit "I" as set forth in Article 2, Subsection 104.6.1. Generally this term encompasses the MMRP, Lease Measures, and any other environmental compliance and/or reporting requirements related to Tenant's environmental obligations set forth in Article 2, Section 104 of this Agreement.

"Environmental Agency" means the United State Environmental Protection Agency; the California Environmental Protection Agency and all of its sub-entities including without limitation the Regional Water Quality Control Broad - Los Angeles Region, the State Water Resources Control Board, the Department of Toxic Substances Control and the California Air Resources Board; the City of Los Angeles; the County of Los Angeles; the South Coast Air Quality Management District; the United States Environmental Protections Agency; and/or any other federal, state or local governmental agency or entity that has jurisdiction over releases of Environmentally Regulated Material or the presence, use, storage, transfer, manufacture, licensing, reporting, permitting, analysis, disposal or treatment of Environmentally Regulated Material in, on, under, about or affecting the Property. All references to an Environmental Agency or Agencies shall mean and include any successor Environmental Agency.

"Environmental Laws" means the environmental laws and implementing regulations which are a subset of the Applicable Laws and which are applicable to the Premises and/or Tenant's use and/or occupancy thereof, in their form as of the Effective Date or as subsequently amended, or as may be promulgated during the term of this Agreement or any holdover. Such Environmental Laws include but are not limited to:

- (a) CERCLA and its implementing regulations;
- (b) RCRA and its implementing regulations;
- (c) The federal Clean Water Act (33 U.S.C. Sections 1251–1376, et seq.) and its implementing regulations;
- (d) The California Porter Cologne Water Quality Control Act (California Water Code, Division 7) and its implementing regulations;
- (e) The federal Clean Air Act (42 U.S.C. Sections 7401-7601) and its implementing regulations;
- (f) The California Clean Air Act of 1988 and its implementing regulations;
- (g) The state Lewis Air Quality Act of 1976 and its implementing regulations; and
- (h) Any other applicable federal, state, or local law, regulation, ordinance or requirement (including consent decrees and administrative orders imposing liability or

standard of conduct) now or hereinafter in effect which concerns Environmentally Regulated Material, the Premises and/or Tenant's use and/or occupancy thereof.

"Environmentally Regulated Material" means any hazardous or toxic substance, material, or waste at any concentration that is or becomes regulated by the United States, the State of California, or any local or governmental authority having jurisdiction over the Premises. Environmentally Regulated Material includes but is not limited to:

- (a) Any "hazardous substance" as that term is defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") (42 U.S.C. Sections 9601-9675) in its present or successor form;
- (b) "Hazardous waste" as that term is defined in the Resource Conservation and Recovery Act of 1976 ("RCRA") (42 U.S.C. Sections 6901-6992k) in its present or successor form;
- (c) Any pollutant, contaminant, or hazardous, dangerous, or toxic chemical, material or substance, within the meaning of any other applicable federal, state, or local law, regulation, ordinance or requirement (including consent decrees and administrative orders imposing liability or standard of conduct concerning any hazardous, dangerous or toxic waste, substance or material, now or hereinafter in effect);
- (d) Radioactive material, including any source, special nuclear, or byproduct material as defined in 42 U.S.C. Sections 2011-2297g-4 in its present or successor form;
- (e) Asbestos in any form or condition;
- (f) Polychlorinated biphenyls ("PCBs") and substances or compound containing PCBs; and
- (g) Petroleum products.

"Executive Director" means the Harbor Department's Executive Director referred to in the Charter of the City of Los Angeles and any other person authorized by the Board to act for the Executive Director or the Board or the designee of the Executive Director.

"Existing Improvements" means the improvements existing on the Premises as of the Effective Date of this Agreement.

"Expiration Date" is the date set forth in Article 1, Subsection 3.2 of this Agreement.

"Fair Market Rental " means the most probable rent that a property should bring in a competitive market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions and tenant improvements.

"Five-Year Adjusted Period" means each five (5) year period of the Term of this Agreement which is subject to rental adjustment pursuant to Article 1, Section 4, of this Agreement.

“Force Majeure” shall have the meaning set forth in Article 2, Section 110 of this Agreement.

“Governmental Agency” or “Governmental Agencies” means any and all federal, state, county, municipal and local governmental and quasi-governmental bodies and authorities (including the United States of America, the State of California, the City, the County of Los Angeles, and any political subdivision, public corporation, district or other political or public entity) or departments or joint power authorities thereof having or exercising jurisdiction over the parties, the Premises, or such portions thereof as the context indicates.

“Governmental Authority” means any court, federal, state or local government, department, commission, board, bureau, agency or other regulatory, administrative, governmental or quasi-governmental authority, including the City of Los Angeles, of the United States of America, including any successor agency.

“Governmental Capacity” means City acting in its authorized capacity as the City of Los Angeles, a municipal corporation, as set forth in Article 2, Subsection 118.35.

“Government Entities” or “Governmental Agency or Agencies” means any and all federal, state, county, municipal and local governmental and quasi-governmental bodies and authorities (including the United States of America, the State of California, the City, the County, and any political subdivision, public corporation, district or other political or public entity) or departments or joint power authorities thereof having or exercising jurisdiction over the parties, the Premises, or such portions thereof as the context indicates.

“Harbor Department” or “Department” means the Harbor Department of the City of Los Angeles.

“Harbor District” is as defined in Section 651(a) of City’s Charter or in any successor provision of City’s Charter.

“Chief Harbor Engineer’s General Permit” or “Harbor Engineer’s General Permit” means the permit issued by the Chief Harbor Engineer to undertake works or improvements in the Harbor District.

“Harbor Engineer” means the Chief Harbor Engineer of the Harbor Department of the City of Los Angeles or the Harbor Engineer’s designee.

“Improvement” means, unless otherwise specified, building or buildings, but may be any permanent structure or other development such as, but not limited to, a street or utilities.

“Labor Disturbance” has the meaning set forth in Article 2, Subsection 103.2.4 of this Agreement.

“Land Rent” means rent on surface and subsurface land (excluding Wharf Area).

“Market Rent” means “the most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements.

“Major Casualty” means any casualty, whether covered by insurance or not, whose repair would exceed ten percent (10%) of the replacement cost of the damaged or destroyed improvements.

“Minor Casualty” means any casualty, whether covered by insurance or not, which is not a Major Casualty.

“Mitigation Monitoring and Reporting Program” or “MMRP” means the Mitigation Monitoring and Reporting and Program described in Exhibit “I”, herein.

“MOTEMS” means the Marine Oil Terminal Engineering and Maintenance Standards promulgated by the California States Lands Commission and codified in the California Code of Regulations.

“New Improvements” is as defined in Article 1, Section 7 of this Agreement.

“Non-Harbor Department Permits” means permits issued by entities other than the Harbor Department, which entities include other departments of City, which may be necessary to undertake works or improvements in the Harbor District.

“Partial Taking” means the Condemnation of all or a portion of the Premises which does not substantially impair Tenant’s use of the Premises for the Permitted Uses.

“Party” and “Parties” is defined in the introductory paragraph of this Agreement.

“Permitted Uses” means the uses set forth in Article 1, Section 5 of this Agreement.

“Person” means individuals, partnerships, firms, associations, corporations, trusts and any other form of governmental or business entity, and the singular shall include the plural.

“Port Environmental Policy” means all applicable environmental policies, rules, orders and directives of the Harbor Department as they exist on the Effective Date and as they may be enacted, amended or modified from time to time.

“Pre-existing Contamination” means contamination by Environmentally Regulated Material of improvements, adjacent harbor waters, soil, sediment, groundwater or air of the Premises or of adjacent premises (including soil, sediment, groundwater or air of those adjacent premises), and contamination that is considered a nuisance under Applicable Laws, which contamination exists on the Effective Date.

“Premises” means the land and improvements depicted in Exhibit “A”, and as subsequently may be adjusted pursuant to the terms of this Agreement.

“Proprietary Capacity” is as defined in Article 2, Subsection 118.35, of this Agreement.

“Rent” means the combined Base Rent and Additional Rent due from Tenant to City for the use and occupancy of the Premises.

“Reset Date” means every fifth anniversary of the Effective Date as set forth in Article 1, Subsection 4.2.2.

“Severance Damages” means the compensation due to a property owner for the decrease in value of the remaining property where the Condemnation is for a portion of a larger property whose value has been diminished as a result of severance of the condemned property from the larger property.

“Site Vacation Plan” is as defined in Article 2, Subsection 117.2.1 of this Agreement.

“State Tidelands Act” means the Act of the Legislature of the State of California entitled “An Act Granting to the City of Los Angeles the Tidelands and Submerged Lands of the State Within the Boundaries of Said City” (Stats. 1929, Ch. 651) as amended, and as it may amended from time to time.

“Submerged Lands” means land area that is located underwater from the pierhead line toward the channel line.

“Subsurface Land” means the land area which has a depth of more than three (3) feet beneath the surface.

“Taking” means the acquisition through condemnation, inverse condemnation, or agreement in lieu of condemnation, of the Premises or any part thereof.

“Tariff” means Tariff No. 4 of City of Los Angeles’ Harbor Department as it may be amended or superseded from time to time.

“Tariff Charges” means all charges due and owing by Tenant under the Tariff on account of Tenant’s use and occupancy of the Premises.

“Tax” or “Taxes” means the aggregate of any federal, state or local or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, business, premium, windfall profits, environmental, customs duties, permit fees, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, good and services, water, school, real property, possessory interest, personal property, sales, use, transfer, registration, value added, multi-staged, alternative or add-on minimum, special, estimated or other tax, levy, impost, stamp tax, duty, fee, withholding or similar imposition of any kind whatsoever payable, levied, imposed, collected, withheld or assessed at any time, including any interest, penalty or addition thereto, whether disputed or note, including in each case utility rates or rents, upon, concerning or applicable to the Premises, any fixtures, machinery and equipment installed or maintained on the Premises, the improvements and the use and operation of the Premises by any Governmental Authority.

“Temporary Taking” means the Condemnation of all or a portion of the Premises for a specified period of time.

“Tenant-Constructed Improvements” means those improvements on the Premises which are built by the Tenant and whose ownership has not vested in City.

“Tenant’s use” and “Tenant’s use and occupancy” means, unless otherwise stated or evident from the context in which the term is used, the use of the Premises by Tenant, its employees, contractors, subcontractors, licensees, invitees, suppliers or anyone else present at the Premises pursuant to Tenant’s invitation or permission.

“Term” means the term of this Agreement, which shall commence on the Effective Date and end on the Expiration Date or earlier termination of this Agreement.

“Term Characterization Report” shall mean the written report submitted by Tenant to City, the sufficiency of which is subject to City’s reasonable approval, that details all findings made as a result of performing the Term Characterization Work Plan and that is in conformance with state and federal laws and regulations.

“Term Characterization Work Plan” shall mean the written work plan submitted by Tenant to City, the sufficiency of which is subject to City’s reasonable approval, that details all work (including sampling and analysis) necessary to generate a written characterization of the nature and extent of contamination (including contamination of air, soil, sediment and water) caused by a Term Release or Term Releases and that includes detailed programs for sampling and chemical analysis of soil and groundwater, which programs shall conform with all Environmental Laws, accepted principles of environmental science, established regulatory protocols and the approval of the Harbor Department.

“Term Contamination” shall mean all contamination resulting from any Term release, of improvements, adjacent harbor waters, soil, sediment, groundwater or air of the Premises or of adjacent premises (including soil, sediment, groundwater or air of those adjacent premises) or contamination resulting from any Term Release, that is considered a nuisance under Applicable Laws.

“Term Release” shall mean a spill, discharge or any other type of release of Environmentally Regulated Material that occurs on the Premises during the term of this Agreement or any holdover, whether caused by Tenant or a third-party, including any Assignor (other than invitees under a temporary assignment pursuant to Subsection 102.6 (Temporary Assignments) or third-parties whose access to the Premises has been requested by City pursuant to Subsection 102.2 (Reservations), that contaminates or threatens to contaminate Improvements, adjacent harbor waters, soil, sediment, groundwater or air of the Premises or of adjacent premises (including soil, sediment, groundwater or air of those adjacent premises).

“Term Remediation Action Plan” shall mean the written plan submitted by Tenant to City, the sufficiency of which is subject to City’s reasonable approval, that addresses remediation of all contamination caused by Environmentally Regulated Material in soil, harbor waters, groundwater and sediment as identified in the Term Characterization Report, that conforms with Tenant’s obligations as set forth in Section 104, and that includes a discussion of remedial action alternatives for restoration of the Premises and a timetable for each phase of

restoration. The Term Remediation Action Plan shall comply with Environmental Laws, established regulatory protocols and accepted principles of environmental science.

“Tidelands” means the land between the ordinary high tide and the mean low tide.

“Total Taking” means the Condemnation of all or a substantial portion of the Premises which renders the Premises unsuitable for the Permitted Uses.

“Transfer” means the transfer, assignment or subletting of the Premises as fully defined in Article 2, Section 113 of this Agreement.

“Transferee” means the person, entity or entities with whom Tenant proposes to undertake a Transfer.

“Transfer Notice” means the written notice required to be submitted by Tenant as set forth in Article 2, Subsection 113.3.1 of this Agreement.

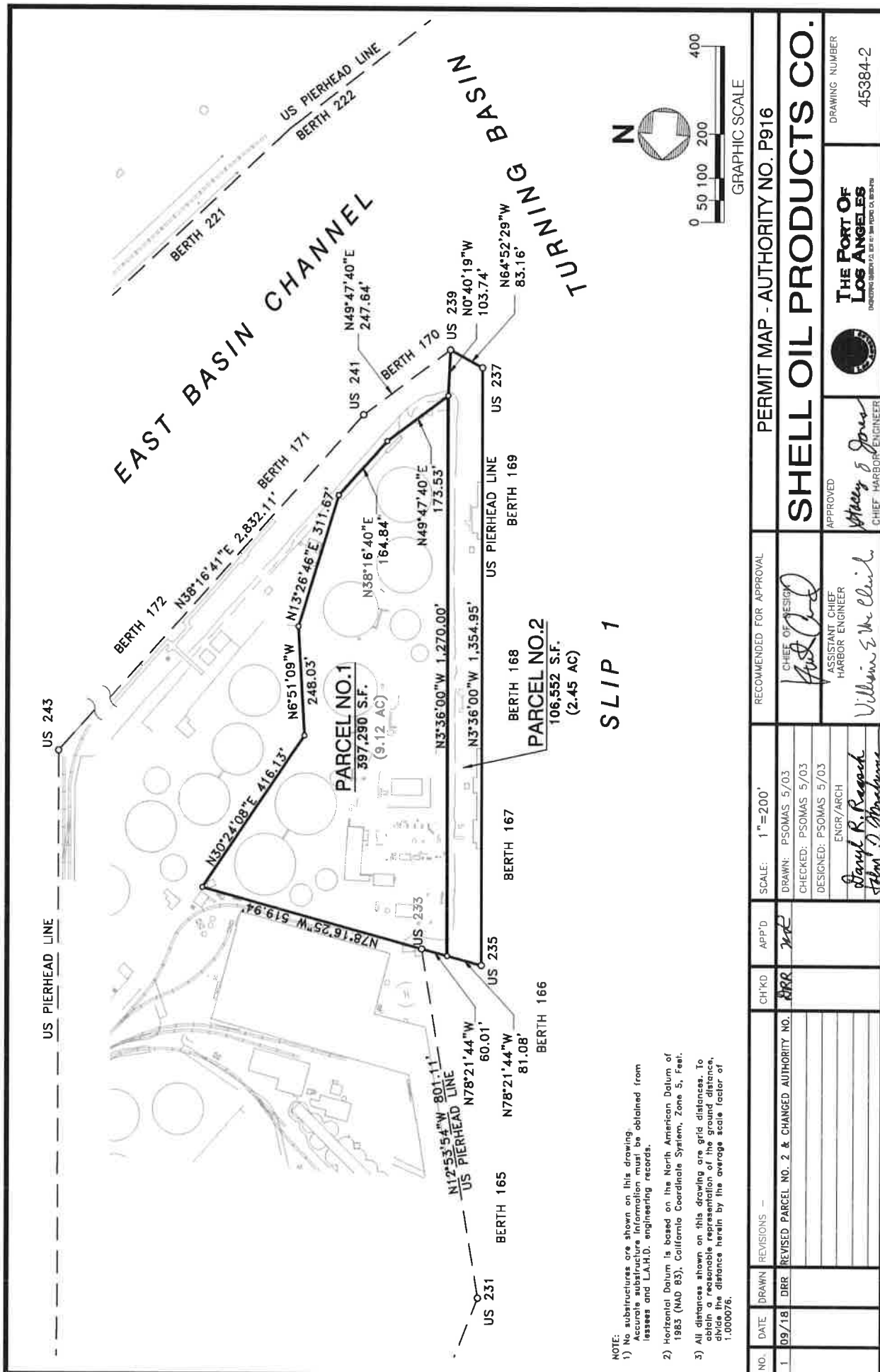
“Transfer of Ownership” means the transfer defined in Article 2, Subsection 113.2 of this Agreement.

“Waterfront Property” means the land area from the pierhead line extending inland to the top of the bank, plus 200 feet inland from the top of the bank.

“Wharf Area” is that portion of the premises identified as “Wharf Area” on Exhibit “B.”

“Wharf Rent” means rent for the Wharf Area.

EXHIBIT A – PREMISES



NO.		DATE	DRAWN	REVISIONS	CH'D	APP'D	SCALE	RECOMMENDED FOR APPROVAL	PERMIT MAP - AUTHORITY NO. P916	
1	09/18	DBR	REVISED	PARCEL NO. 2 & CHANGED AUTHORITY NO.	DBR	nd	1"=200'	CHIEF OF DESIGN <i>Just D. D.</i>	SHELL OIL PRODUCTS CO.	
								CHECKED: PSOMAS 5/03		
								DESIGNED: PSOMAS 5/03		
								ENGR/ARCH <i>David R. Regard</i> <i>Adam D. Strachan</i>		
								ASSISTANT CHIEF HARBOR ENGINEER <i>William E. Mc Clint</i>		
								APPROVED <i>Sherry S. Jones</i> CHIEF HARBOR ENGINEER		
									THE PORT OF LOS ANGELES ENGINEERING DIVISION, 1201 S. MAIN ST., LOS ANGELES, CA 90012	
									DRAWING NUMBER 45384-2	

EXHIBIT B – EXISTING IMPROVEMENTS/LOAD LIMITS

EXHIBIT B - EXISTING IMPROVEMENTS & LOAD LIMITS

Improvements in addition to the Existing Improvements, consisting of New Improvements and Tenant-Constructed Improvements, are to be constructed on the Premises following the Effective Date.

CITY-OWNED IMPROVEMENTS:

City shall own all New Improvements which are identified on Exhibit "C".

Berth 167-169 Wharf only which shall be maintained by tenant at tenant's expense.

TENANT-OWNED IMPROVEMENTS:

All Tenant-Constructed Improvements shall be and remain the property of Tenant. Trade fixtures placed upon the premises by Tenant shall be and remain the property of Tenant.

Upon termination of this Agreement, all Tenant-Constructed Improvements or alterations, other than machines, equipment, trade fixtures and similar installations, shall vest in City unless, City requests Tenant to remove said improvements.

LOAD LIMITS

The Load Limit on the wharf and approach ramps shall not exceed uniform live load of 100psf uniformly distributed.

All vehicles (including automobiles, pick-ups, forklifts, pallet jacks, hose trolleys, and trucks) shall not be allowed to operate or otherwise travel on any portion of the Berths, Wharf or the approach ramps unless exempted in writing by the Harbor Executive Director.

EXHIBIT C – NEW IMPROVEMENTS

MOTEMS COST ESTIMATE (CAPITAL)

Berth 168 (Shell) Phase 1

1/2020 Cost*

ITEM	%	\$
Demolition		\$1,991,039
Loading Platform		\$4,747,796
Approach Trestle		\$2,523,881
Mooring Dolphins		\$1,089,316
Catwalks		\$4,028,357
Electrical		\$634,960
Pipe Supports		\$921,922
Engineering construction estimate		\$15,937,269
Allowance items	10%	1,593,727
Construction contingency	10%	1,753,100
Total Construction		19,284,095
Design+CM+Inspection	28%	5,399,547
Total Project Cost		24,683,642
* 1/2020 Midpoint of Construction of new MOT platform		

MOTEMS COST ESTIMATE (CAPITAL)

Berth 168 (Shell) Phase 2

1/2022 Cost*

ITEM	%	\$
Demolition		\$1,982,626
Loading Platform		\$0
Approach Trestle		\$0
Mooring Dolphins		\$0
Catwalks		\$2,891,384
Electrical		\$583,614
Pipe Supports		\$0
Engineering construction estimate		\$5,457,624
Allowance items	10%	545,762
Construction contingency	10%	600,339
Total Construction		6,603,725
Design+CM+Inspection	28%	1,849,043
Total Project Cost		8,452,768
* 1/2022 Midpoint of Construction of new catwalks and remaining demolition		

EXHIBIT D – APPRAISER QUALIFICATIONS

Any appraisals that provide opinions of market value shall be performed by an appraiser whose business is located in Los Angeles or Orange Counties and hold a Certified General Appraiser classification within the State of California obtained through the qualification procedures set forth by the California Office of Real Estate Appraisers (OREA) and be a member in good standing with the Appraisal Institute and hold the designation of MAI. A copy of all licenses and certifications shall be submitted prior to commencement of work.

Any appraiser selected to perform an appraisal of Harbor Department related properties (total property, land and/or improvements) shall have working knowledge of port related properties that is appropriate for the work being performed.

EXHIBIT D-1 – APPRAISER SCOPE OF WORK

Appraisers performing work under Article 1, Section 4 of this Agreement shall prepare appraisal reports in strict conformity with the scope of work set forth herein ("Appraisal Report"). This scope of work incorporates by reference as if fully set forth herein all terms defined in the Agreement to which it is attached.

Format Requirements for Appraisal Reports:

The Appraisal Report shall be presented in a letter size bound report. The Appraisal Report shall include a confidentiality agreement in a form prepared by the Office of the City Attorney of the City of Los Angeles. The Appraisal Report shall include a letter of transmittal that clearly states all of the real property conclusions and all extraordinary assumptions of the report and the bases underlying each conclusion and assumption. The letter of transmittal shall also contain a brief description of the interest appraised, dates of value, date of report, client, intended use, intended user, type of appraisal, report type and signature. The Appraisal Report shall be self-contained and shall fully comply with the latest edition of the Uniform Standards of Professional Appraisal Practice ("USPAP") and this Appraisal Scope of Work. In addition to the letter of transmittal, the Appraisal Report shall contain an executive summary or summary of salient facts.

Content Requirements for the Appraisal Report:

Subject Property

The premises identified and defined in Article 1, Section 2 of the Agreement, which include land and improvements, if any ("Premises").

Interest Appraised

The Market value and market rent of the Premises. Market value shall be determined for the as is, fee simple interest of the Premises based upon the highest and best use. Market Rent shall be established in accordance with the Leasing Policy of the Harbor Department which defines Market Rent as "the most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions and tenant improvements."

Date of Appraisal

The Appraisal Report shall include the date that the report was completed.

Date of Value

The date of value shall be the date of commencement of the Reset Date for the relevant Five-Year Adjusted Period, as defined in Article 1, Section 4 of the Agreement.

Scope of Appraisal

The Appraisal Report shall determine the market value and rental value of the Premises as stated above under *Interest Appraised*. The opinions of value will be set forth on a value per-square-foot unit of comparison. The Appraisal Report shall contain the following information and analysis:

Externalities: Information, including but not limited to:

- analysis of national, regional and local economic trends and other relevant forces that influence or impact property values;
- descriptions of the immediate and surrounding economic and geographic areas;
- descriptions of the Premises' access features;
- availability and market characteristics of comparable properties;
- impact of Port of Los Angeles and Port of Long Beach activities; and
- a conclusion as to the social, economic, governmental and environmental characteristic of the Premises.

Highest and Best Use

The Appraisal Report shall include a highest and best use analysis of the Premises as improved and as if vacant.

Zoning

The Appraisal Report shall include a discussion of current zoning including designation, height restrictions, permitted uses, setbacks, coverage ratios, FARs, landscaping and parking requirements.

Comparable Information

Each comparable land sale, improved sale, rental comparable and rate of return comparable shall be described in detail on a separate data sheet that shall include the verification date and source, as well as all other important information. Additionally, the Appraisal Report must include an adjustment grid that delineates each item of adjustment as well as the direction and amount of each adjustment made. All adjustments are to be discussed in the pertinent analysis section of the Appraisal Report.

Method of Appraisal

The Appraisal Report shall describe all information analyzed, the appraisal procedures followed, and the reasoning that supports the analysis, opinions and conclusions. All appraisal methods shall be considered and all appropriate appraisal methods shall be applied, however as a minimum, the sales comparison and income approaches to value must be included. If standard approaches to value are not included, the report must contain a discussion of the reason for the exclusions.

The Income Capitalization Approach

This required valuation approach will include an estimate of market rent and market value of the Premises. Values will be estimated base on the direct capitalization approach or a discounted cash flow methodology. Direct land, building and or total property capitalization rates will be derived from verified comparable sale properties with similar characteristics. Discounted cash flow analyses will contain internal rates of return derived from investor surveys and interviews with buyers of verified comparable sales. Comparables will consist of similar use San Pedro Bay properties or industrial zoned properties within a 15 mile radius of the Port of Los Angeles ("POLA-Adjacent Properties").

The Cost Approach

This analysis, if applied, will value the improvements as a whole and will set forth the reproduction cost new, including direct costs, indirect costs, and entrepreneurial profit. Indirect costs shall include, but not be limited to, construction interest and costs, long-term financing costs, insurance, taxes, fees, permits architectural and engineering fees, site costs, land holding costs, utility connection fees and an estimate of construction time. A depreciation analysis will estimate total life, remaining economic life, effective age, and total accrued depreciation from all forms. This approach to market and rental value will reconcile total value for the land, improvements and or total property considered as a whole and the individual estimates for each area of appraised classification. When applied to estimate land value and rent, the analysis will abstract the value the land from the value of the total property by deducting the depreciated value of the improvements.

The Sales Comparison Approach

This required valuation method will include, where relevant, a direct comparison of sales or leases of similar use in San Pedro Bay or POLA-Adjacent Properties. These property types may include: office, retail, R & D and industrial properties as well as arms-length lease comparables from within the Port of Los Angeles.

In identifying similar properties as comparables, the appraiser shall consider factors including, but not necessarily limited to, the following: use (commercial versus noncommercial); size, location, water and non-water access; other occupancy cost and fees, unique taxes, tariffs and levies, operating rules and regulations; and type, quality, condition and function utility or

limitations of land and/or improvements. The appraiser shall also consider general real estate market conditions and trends in the surrounding area.

Reconciliation

The Appraisal Report shall reconcile the results of all approaches employed and provide an analysis that results in a final conclusion of the market value and market rent for the each interest or property classification. The reconciliation will state the effective dates of value, the interests appraised and the properties appraised.

EXHIBIT E – WILMINGTON TRUCK ROUTE

TRUCKS ENTERING AND LEAVING THE PORT MUST USE THE ROUTE SHOWN BELOW.
CAMIONES ENTRANDO Y SALIENDO EL PORTO DEVEN DE USAR LA RUTA INDICADO ABAJO.



EXHIBIT F – LIQUID BULK PRODUCTS

EXHIBIT F – Shell Mormon Island Liquid Bulk Products

- Gasoline and Gasoline Components (e.g. Reformate, Alkylate, Naphtha)
- Diesel
- Jet
- Ethanol

EXHIBIT G – LIST OF ENVIRONMENTAL REGULATED MATERIALS

Hazardous Materials And Wastes Inventory Matrix Report

CERS Business/Org. SPLC/SOPUS		CERS ID 10256620	
Facility Name Shell Oil Products us-Mormon Island Marine Terminal		Facility ID FA0032670	
167-168-169 Berth, Wilmington 90744		Status Submitted on 4/23/2018 11:46 AM	
Chemical Location Lift Stations 394/395, Stormwater Collection Site			
DOT Code/Fire Haz. Class	Common Name	Unit	Quantities
			Max. Daily
			Largest Cont.
			Avg. Daily
			Annual Waste Amount
			Federal Hazard Categories
			Component Name
			% Wt
			EHS CAS No.
DOT: 3 - Flammable and Combustible Liquids	Hydrocarbon Contact Water	Gallons	1300
Flammable Liquid, Class I-B	CAS No	State	3300
	Map: Plot Plan	Liquid	Storage Container
		Type	Other
		Mixture	Days on Site: 365
			Pressure
			Ambient
			Temperature
			Ambient
			Waste Code
			- Health Skin
			Corrosion
			Irritation
			- Health
			Respiratory Skin
			Sensitization
			- Health Serious
			Eye Damage Eye
			Irritation
			Water
			Petroleum Hydrocarbons
			90 %
			10 %

SPLC/SOPUS

Shell Oil Products us-Mormon Island Marine Terminal
167-168-169 Berth, Wilmington 90744

Chemical Location

NE and NW of Main Electrical Building

CERS ID **10256620**

Facility ID FA0032670

Status Submitted on 4/23/2018 11:46 AM

DOT Code/Fire Haz. Class		Common Name	Unit	Max. Daily	Quantities	Annual Waste Amount	Federal Hazard Categories	Component Name	% Wt	EHS CAS No.
		Transformer Oil	Gallons	524	Largest Cont.	524	- Health Skin			
		CAS No	State	Storage Container		Pressure	Corrosion			
			Liquid	Other		Ambient	Irritation			
		Map: Plot Plan	Type			Temperature	- Health Serious			
		Grid: F-2	Pure			Ambient	Eye Damage Eye			
				Days on Site: 365			Irritation			

Hazardous Materials And Wastes Inventory Matrix Report

CERS Business/Org.	SPLC/SOPUS		Chemical Location		CERS ID	10256620				
Facility Name	Shell Oil Products us-Mormon Island Marine Terminal		Pump House		Facility ID	FA0032670				
	167-168-169 Berth, Wilmington 90744				Status	Submitted on 4/23/2018 11:46 AM				
Hazardous Components										
				(for mixture only)						
DOT Code/Fire Haz. Class	Common Name	Unit	Max. Daily	Quantities Largest Cont.	Avg. Daily	Annual Waste Amount	Federal Hazard Categories	Component Name	% Wt	EHS CAS No.
	Shell T-68 Oil	Gallons	110	110	55		- Health Skin	Sol. Ret. Hydrotreated Heavy	95 %	64742-54-7
	CAS No	State	Storage Container		Pressure		Corrosion	Paraffinic Distillate		
	Map: Plot Plan	Liquid	Tote Bin		Ambient		Irritation	Sol. Ret. Hydrotreated Acid	10 %	94742-18-3
		Type			Temperature		- Health Serious			
		Mixture	Days on Site: 365		Ambient		Eye Damage			
							Irritation			

Hazardous Components
(For mixture only)

Hazardous Materials And Wastes Inventory Matrix Report

CERS Business/Org.		SPLC/SOPUS		Chemical Location		CERS ID		10256620	
Facility Name		Shell Oil Products us-Mormon Island Marine Terminal		Storage		Facility ID		FA0032670	
167-168-169 Berth, Wilmington 90744						Status		Submitted on 4/23/2018 11:46 AM	
						Hazardous Components			
						(For mixture only)			
						Component Name		% Wt EHS CAS No.	
DOT Code/Fire Haz. Class		Common Name		Unit		Max. Daily		Quantities	
								Largest Cont.	
								Avg. Daily	
								Annual Waste Amount	

Hazardous Materials And Wastes Inventory Matrix Report

CERS Business/Org.		SPLC/SOPUS		Chemical Location		CERS ID 10256620		Facility ID FA0032670		Submitted on 4/23/2018 11:46 AM	
Facility Name		Shell Oil Products us-Mormon Island Marine Terminal		Storage						Hazardous Components (For mixture only)	
167-168-169 Berth, Wilmington 90744											
DOT Code/Fire Haz. Class		Common Name		Unit		Max. Daily		Quantities		Annual	
								Largest Cont.		Waste	
										Amount	
										Avg. Daily	

Hazardous Materials And Wastes Inventory Matrix Report

CERS Business/Org. SPLC/SOPUS Facility Name Shell Oil Products us-Mormon Island Marine Terminal 167-168-169 Berth, Wilmington 90744		Chemical Location Storage		CERS ID 10256620 Facility ID FA0032670 Status Submitted on 4/23/2018 11:46 AM							
DOT Code/Fire Haz. Class	Common Name	Unit	Max. Daily	Quantities Largest Cont.	Avg. Daily	Annual Waste Amount	Federal Hazard Categories	Component Name	Hazardous Components (For mixture only)	% Wt	EHS CAS No.
	Solids from Separator	Pounds	700	350	700	700	- Health Skin				
	CAS No	State	Storage Container		Pressure	Waste Code	Corrosion				
		Solid	Steel Drum		Ambient	181	Irritation				
		Type			Temperature						
		Waste	Days on Site: 66		Ambient						

Hazardous Materials And Wastes Inventory Matrix Report

CERS Business/Org. SPLC/SOPUS		CERS ID 10256620									
Facility Name Shell Oil Products us-Mormon Island Marine Terminal		Facility ID FA0032670									
167-168-169 Berth, Wilmington 90744		Status Submitted on 4/23/2018 11:46 AM									
Chemical Location Tank M-10, M-24 & M-26		Hazardous Components (For mixture only)									
DOT Code/Fire Haz. Class	Common Name	Unit	Quantities Largest Cont.	Max. Daily	Avg. Daily	Annual Waste Amount	Federal Hazard Categories	Component Name	% Wt	EHS CAS No.	
DOT: 3 - Flammable and Combustible Liquids	De-natured Ethanol CAS No 64-17-5 Map: Plot Plan	Gallons	10958640	4197144	5479320		- Physical				
		State	Storage Container		Pressure		Waste Code	Flammable			
		Liquid	Aboveground Tank		Ambient			- Health Skin			
Flammable Liquid, Class I-B		Type			Temperature		Corrosion				
		Pure	Days on Site: 365		Ambient		Irritation				
							- Health Serious				
							Eye Damage				
							Irritation				

Hazardous Materials And Wastes Inventory Matrix Report

CERS Business/Org. SPLC/SOPUS Facility Name Shell Oil Products us-Mormon Island Marine Terminal 167-168-169 Berth, Wilmington 90744		Chemical Location Tank M-28, TK-2554, TK-2555 & Fire Pump House Tanks 1&2		CERS ID 10256620 Facility ID FA0032670 Status Submitted on 4/23/2018 11:46 AM		
DOT Code/Fire Haz. Class DOT: 3 - Flammable and Combustible Liquids	Common Name Diesel Fuel CAS No 68476-34-6 Map: Plot Plan	Unit Gallons State Liquid Type Pure	Quantities Max. Daily 275480 Storage Container Aboveground Tank Days on Site: 365	Annual Waste Amount 137740 Waste Code Physical Flammable Health Carcinogenicity - Health Acute Toxicity - Health Skin Corrosion Irritation - Health Specific Target Organ Toxicity - Health Aspiration Hazard	Federal Hazard Categories - Physical - Health - Carcinogenicity - Health Acute Toxicity - Health Skin Corrosion Irritation - Health Specific Target Organ Toxicity - Health Aspiration Hazard	Component Name % Wt EHS CAS No.

Hazardous Materials And Wastes Inventory Matrix Report

CERS Business/Org. SPLC/SOPUS		Chemical Location Tank M-5		CERS ID 10256620	Facility ID FA0032670		Status Submitted on 4/23/2018 11:46 AM					
Facility Name Shell Oil Products us-Mormon Island Marine Terminal		167-168-169 Berth, Wilmington 90744		Hazardous Components (for mixture only)								
DOT Code/Fire Haz. Class		Common Name		Unit	Quantities Largest Cont:		Avg. Daily	Annual Waste Amount	Federal Hazard Categories	Component Name	% Wt	EHS CAS No.
DOT: 3 - Flammable and Combustible Liquids	Transmix CAS No Map: Plot Plan	Gallons State Liquid Type Mixture	411222 Storage Container Aboveground Tank Days on Site: 365	411222 205611 Pressure Ambient Temperature Ambient	- Physical Flammable - Health Skin Corrosion Irritation - Health Respiratory Skin Sensitization - Health Serious Eye Damage Eye Irritation	Kerosene Gasoline Diesel Oil Benzene	100 % 100 % 100 % 5 %	8008-20-6 Mixture 68334-30-5 71-43-2				

Hazardous Materials And Wastes Inventory Matrix Report

CERS Business/Org. SPLC/SOPUS		Chemical Location		CERS ID 10256620						
Facility Name Shell Oil Products us-Mormon Island Marine Terminal		Tanks M-1		Facility ID FA0032670						
167-168-169 Berth, Wilmington 90744				Status Submitted on 4/23/2018 11:46 AM						
				Hazardous Components (For mixture only)						
DOT Code/Fire Haz. Class	Common Name	Unit	Max. Daily	Quantities Largest Cont.	Avg. Daily	Annual Waste Amount	Federal Hazard Categories	Component Name	% Wt	EHS CAS No.
DOT: 3 - Flammable and Combustible Liquids	Jet A	Gallons	3339210	3339210	1669605		- Physical	Kerosene	100 %	08008-20-6
	CAS No	State	Storage Container		Pressure		Flammable			
Flammable Liquid, Class I-B	Map: Plot Plan	Liquid	Aboveground Tank		Ambient		- Health Acute	Naphthalene	3 %	91-20-3
		Type			Temperature		Toxicity			
		Mixture	Days on Site: 365		Ambient		- Health Skin Corrosion Irritation			
							- Health Serious Eye Damage Eye Irritation			
							- Health Specific Target Organ Toxicity			

Hazardous Materials And Wastes Inventory Matrix Report

CERS Business/Org. SPLC/SOPUS Facility Name Shell Oil Products us-Mormon Island Marine Terminal 167-168-169 Berth, Wilmington 90744		Chemical Location Tanks M-17 & M-25		CERS ID 10256620 Facility ID FA0032670 Status Submitted on 4/23/2018 11:46 AM							
DOT Code/Fire Haz. Class	Common Name	Unit	Max. Daily	Quantities Largest Cont.	Avg. Daily	Annual Waste Amount	Federal Hazard Categories	Component Name	Hazardous Components (For mixture only)	% Wt	EHS CAS No.
Combustible Liquid, Class III-A	Petroleum Contact Water	Gallons	1602552	1381758	801276		- Physical				
	CAS No	Liquid	Storage Container		Pressure	Waste Code	Flammable				
	Map: Plot Plan		Aboveground Tank		Ambient		- Health Skin				
		Type			Temperature		Corrosion				
		Mixture	Days on Site: 365		Ambient		Irritation				
							- Health				
							Respiratory Skin				
							Sensitization				
							- Health Serious				
							Eye Damage Eye				
							Irritation				

Chemical Location

167-168-169 Berth, Wilmington 90744

Status Submitted on 4/23/2018 11:46 AM

Page 12 of 13

EXHIBIT H – PORT ENVIRONMENTAL POLICIES

APPLICABLE ENVIRONMENTAL POLICIES, RULES AND DIRECTIVES OF CITY'S HARBOR DEPARTMENT

1. Port of Los Angeles Environmental Management Policy, as amended, or its successor policy. Available at: http://www.portofla.org/img/Env_Mgmt_Policy.gif
2. [San Pedro Bay Ports Clean Air Action Plan](http://www.cleanairactionplan.org), as amended, or its successor plan/document. Available at: <http://www.cleanairactionplan.org>.
3. Port of Los Angeles and Port of Long Beach Water Resources Action Plan or its successor plan/document. Available at http://www.portoflosangeles.org/DOC/WRAP_Final.pdf
4. Port of Los Angeles Green Building Policy (2007), as amended, or its successor policy.
5. Port of Los Angeles Sustainable Construction Guidelines (2008), as amended, or its successor document.
6. Resolution No. 5317 – Policy for Operation of Hazardous Waste Transfer, Storage and Disposal (TSD) Facilities on Harbor Department Property and any amendments or successor resolution.

Tenant acknowledges that City has provided copies or made copies available via the Port's website, of the above policies to the Tenant.

EXHIBIT I – ENVIRONMENTAL COMPLIANCE REQUIREMENTS

EXHIBIT I – ENVIRONMENTAL COMPLIANCE REQUIREMENTS

ATTACHMENT 1

MITIGATION MONITORING AND REPORTING PROGRAM

FINAL MITIGATION MONITORING AND REPORTING PROGRAM

Berths 167-169 [Shell] Marine Oil Terminal Wharf Improvements Project



SCH#2015061102 and APP#131007-133, 140806-095, 161013-153, 170321-043

Prepared By:

Environmental Management Division
Los Angeles Harbor Department

425 S. Palos Verdes Street
San Pedro, CA 90731



With assistance from:



July 2018

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Table 1: Mitigation and Lease Measures for the Berths 167-169 [Shell] Marine Oil Terminal Wharf Improvements Project

<i>Mitigation Measure or Lease Measure</i>	<i>Timing and Methods</i>	<i>Responsible Parties</i>
Air Quality and Meteorology: Construction		
MM AQ-1: Fleet Modernization for Harbor Craft Used During Construction. Harbor craft must use U.S. Environmental Protection Agency (EPA) Tier 3 or cleaner engines.	Timing: During construction phases. Methods: LAHD/Shell will include MM AQ-1 in the contract specifications for construction. LAHD will monitor implementation of mitigation measures during construction.	Implementation: LAHD/Shell through Construction Contractor Monitoring and Reporting: Environmental Management Division, Construction Management Division
MM AQ-2: Fleet Modernization for On-road Trucks Used During Construction. Trucks with a Gross Vehicle Weight Rating) of 19,500 pounds (lbs) or greater, including import haulers and earth movers, must comply with EPA 2010 on-road emission standards.	Timing: During construction phases. Methods: LAHD/Shell will include MM AQ-2 in the contract specifications for construction. LAHD will monitor implementation of mitigation measures during construction.	Implementation: LAHD/Shell through Construction Contractor Monitoring and Reporting: Environmental Management Division, Construction Management Division

MM AQ-3: Fleet Modernization for Construction Equipment. All diesel-fueled construction equipment greater than 50 horsepower (hp) must meet EPA Tier 4 off-road emission standards (excluding vessels, harbor craft, on-road trucks, and dredging equipment).	Timing: During construction phases. Methods: LAHD/Shell will include MM AQ-3 in the contract specifications for construction. LAHD will monitor implementation of mitigation measures during construction.	Implementation: LAHD/Shell through Construction Contractor Monitoring and Reporting: Environmental Management Division, Construction Management Division
MM AQ-4: General Mitigation Measure. For mitigation measures MM AQ-1 through MM AQ-3, if a CARB-certified technology becomes available and is shown to be as good as, or better than, the existing measure in terms of emissions performance, the technology	Timing: During construction phases. Methods: LAHD/Shell will include MM AQ-4 in the contract	Implementation: LAHD/Shell through Construction Contractor

<i>Mitigation Measure or Lease Measure</i>	<i>Timing and Methods</i>	<i>Responsible Parties</i>
could replace the existing measure pending approval by LAHD. Measures will be set at the time a specific construction contract is advertised for bid.	specifications for construction. LAHD will monitor implementation of mitigation measures during construction.	Monitoring and Reporting: Environmental Management Division, Construction Management Division
Air Quality and Meteorology: Operation		
MM AQ-5: Vessel Speed Reduction Program (VSRP). 95 percent of vessels calling at Shell Marine Oil Terminal will be required to comply with the expanded VSRP at 12 knots between 40 nm from Point Fermin and the Precautionary Area.	Timing: During operation. Methods: LAHD shall include MM AQ-5 in lease agreement with tenant. LAHD shall monitor implementation of mitigation measures during operation.	Implementation: LAHD and Shell Monitoring and Reporting: Environmental Management Division

LM AQ-1: Periodic Review of New Technology and Regulations. LAHD will require the tenant to review any LAHD-identified or other new emissions-reduction technology, determine whether the technology is feasible, and report to LAHD. Such technology feasibility reviews will take place at the time of LAHD's consideration of any lease amendment or facility modification for the proposed project site. If the technology is determined by LAHD to be feasible in terms of cost and technical and operational feasibility, the tenant will work with LAHD to implement such technology. Potential technologies that may further reduce emissions and/or result in cost-savings benefits for the tenant may be identified through future work on the Clean Air Action Plan (CAAP). Over the course of the lease, the tenant and LAHD will work together to identify potential new technology. Such technology will be studied for feasibility, in terms of cost, technical and operational feasibility, and emissions reduction benefits. As partial consideration for the lease, the tenant will implement not less frequently than once every five years following the effective date of the permit, new air quality technological advancements, subject to mutual agreement on operational feasibility and cost sharing, which will not be unreasonably withheld. The effectiveness of this measure depends on the advancement of new technologies and the outcome of future feasibility or pilot studies.	Timing: During operation, beginning five years after lease agreement if no new purchase or equipment turnover occurs sooner, and then every five years thereafter. Methods: LAHD shall include LM AQ-1 in the lease agreement with tenant. LAHD shall monitor implementation of mitigation measures during operation.	Implementation: LAHD and Shell Monitoring and Reporting: Environmental Management Division
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<i>Mitigation Measure or Lease Measure</i>	<i>Timing and Methods</i>	<i>Responsible Parties</i>
LM AQ-2: At-Berth Vessel Emissions Capture and Control System Study. The Tenant shall evaluate the financial, technical, and operational feasibility of operating barge and land-based vessel emissions capture and control systems and any other systems associated with emission reductions (hereinafter “Control Systems”) that are available within three (3) months after the Effective Date. The City of Los Angeles (City) and Tenant will decide which systems should be considered for the reduction of emissions from all vessels calling at the Premises. The evaluation of feasibility shall consider any potential impacts upon navigation, safety, and emission reductions. Cost Effectiveness (as defined below), and any other factors reasonably determined by Tenant to be relevant shall also be considered. For purposes of the feasibility evaluation, “Cost Effectiveness” shall be defined as the annualized cost (in Dollars per year) of the Control Systems (“Annualized Cost”) based on an agreed time period (the duration of such period determined with reasonable consideration of the Carl Moyer grant guidelines), divided by the annual net emission reductions (unweighted aggregate of net emissions reduction in tons per year of VOC, NOx, and PM₁₀) over the same time period during use of the Control Systems (“Net Annual Emission Reductions”). Annualized Cost shall include all costs associated with the Control Systems, including without limitation, all capital costs associated with design, permitting and construction of the Control Systems and all costs associated with system evaluation, operations and maintenance. Cost Effectiveness (dollars per ton) may be calculated pursuant to the formulas below. • $\text{Cost Effectiveness (\\$/ton)} = \frac{\text{Annualized Cost (\\$/year)}}{\text{Net Annual Emission Reductions (tons/year)}}$ • $\text{Net Annual Emission Reductions} = \frac{\text{Annual Vessel Emission Reductions} - \text{Annual Emissions Generated by Control System and Associated Equipment Operations}}{\text{Net Annual Emission Reductions}}$ If Cost Effectiveness is greater than the Carl Moyer Program Guidelines, as approved by	Timing: During operation. Methods: LAHD shall include LM AQ-2 in the lease agreement with tenant.	Implementation: LAHD and Shell Monitoring and Reporting: Environmental Management Division

the California Air Resources Board as of the Effective Date, then implementation of the Control Systems shall not be considered feasible. Tenant shall provide the Director of Environmental Management Division for the Harbor Department with a written report (the "Report") documenting the findings and conclusions of the feasibility analysis within one year of the Effective Date. The Report's feasibility	
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<i>Mitigation Measure or Lease Measure</i>	<i>Timing and Methods</i>	<i>Responsible Parties</i>
conclusion shall include, but not be limited to, specific findings in the following areas: (1) size constraints; (2) allowance for articulation of the recovery crane/device to service a variety of ship sizes that may reasonably call at the premises during the term of the proposed permit; (3) navigation for terminal operations as well as those of adjacent terminals; (4) compliance with Marine Oil Terminal Engineering and Maintenance Standards; (5) operational safety issues; and (6) compliance with the rules and orders of any applicable regulatory agency. The deadline for Tenant to submit the Report may be extended with the approval of the Board of Harbor Commissioners (Board), provided that such approval shall not be unreasonably withheld. City shall have six months to review and comment on the Report unless the Board reasonably determines that additional time is needed as a result of unanticipated events or any events beyond the reasonable control of the City. The Report and any associated staff comments from the City will be presented by the City to the Board at a public meeting. If the City's review of the Report is delayed beyond one year, then the City shall present this information to the Board at a public meeting along with a proposed new comment deadline for the City. If the Board and Tenant agree that implementation of a Control System(s) is/are feasible, then Tenant shall complete a pilot study ("Pilot Study") within three years of the later of (i) receiving all approvals and permits required by Applicable Laws for such study; (ii) receiving any and all licenses and other intellectual property rights required by Applicable Laws to conduct such study; (iii) commencing with terminal operations upon the completion of all New Improvements and Tenant Constructed Improvements; and (iv) Board providing Tenant with approval to proceed. The deadline for Tenant to complete the Pilot Study may be extended with approval by the Board, provided that such approval shall not be unreasonably withheld. The Pilot Study shall consist of (i) installation of a test control system (the "Test System") for purposes of testing the performance of a Control System; and (ii) testing of the Test System and the collection of data therefrom. At the conclusion of testing, the Tenant shall submit a report (the "Pilot Study Report") to the Board. The Pilot Study Report shall include the following information: vessels tested, operation and maintenance costs, emission reductions, operational considerations and any other information Tenant reasonably determines to		

Mitigation Measures for the Berths 167-169 [Shell] Marine Oil Terminal Wharf

ATTORNEY CLIENT PRIVILEGE – PRIVILEGED AND CONFIDENTIAL

be relevant. The results of the Pilot Study, and any intellectual property rights therein, shall be owned by Tenant. The City and the Board shall use the results and Pilot Study Report only for the evaluation of the Pilot Study. City shall not issue any press releases or make any written public disclosures

<i>Mitigation Measure or Lease Measure</i>	<i>Timing and Methods</i>	<i>Responsible Parties</i>
with respect to the Report or the Pilot Study Report without first providing Tenant with a reasonable opportunity to review such releases or disclosure for accuracy and to ensure that no technical information is disclosed where such public disclosure is not necessary (Tenant understands that nothing herein shall be interpreted to supersede the California Public Records Act and the City's responsibilities thereto). If, based on the results of the Pilot Study set forth in the Pilot Study Report, the City and Tenant determine that all of the issues relating to feasibility and regulatory requirements of the Control System were adequately addressed, then Tenant shall, as soon as reasonably practicable after such determination, implement the Control System(s) into its operations throughout the remainder of the permit. All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the tenant's permit.		
Biological Resources: Construction		

MM BIO-1: Protect marine mammals. Although it is expected that marine mammals will voluntarily move away from the area at the commencement of the vibratory or “soft start” of pile driving activities, as a precautionary measure, pile driving activities will include establishment of a safety zone, by a qualified marine mammal professional, and the area surrounding the operations (including the safety zones) will be monitored for marine mammals by a qualified marine mammal observer.¹ The pile driving site will move with each new pile; therefore, the safety zones will move accordingly. ¹ Marine mammal professional qualifications shall be identified based on criteria established by LAHD during the construction bid specification process. Upon selection as part of the construction award winning team, the qualified marine mammal professional shall develop site specific pile driving safety zone requirements, which shall follow NOAA Fisheries Technical Guidance Assessing the Effects of Anthropogenic Sound on Marine Mammal Hearing (NMF5, 2016) in consultation with the Acoustic Threshold White paper prepared for this purpose by LAHD (LAHD, 2017). Final pile driving safety zone requirements developed by the selected marine mammal professional shall be submitted to LAHD Construction and Environmental Management Divisions prior to commencement of pile driving.	Timing: Throughout pile driving operations. Methods: LAHD shall include BIO-1 in the contract specifications for construction. LAHD shall monitor implementation of mitigation measures during pile-driving construction.	Implementation: LAHD through Construction Contractor Monitoring and Reporting: Environmental Management Division and Construction Management Division.
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<i>Mitigation Measure or Lease Measure</i>	<i>Timing and Methods</i>	<i>Responsible Parties</i>
MM BIO-2: Protect Eelgrass. The proposed Project shall comply with the California Eelgrass Mitigation Policy. Pursuant to the Policy, the following activities shall be performed: • A pre-construction eelgrass survey to map the location and extent of eelgrass that could potentially be affected by wharf demolition and construction; • Use of minimization measures or Best Management Practices, such as silt curtains, to reduce potential effects to eelgrass during Project construction; • A post-construction eelgrass survey to map the location and extent of eelgrass after completion of wharf demolition and construction; • If eelgrass is lost due to Project construction, eelgrass shall be mitigated at a ratio of at least 1.2 to 1. Timing of eelgrass surveys, including the frequency of post-mitigation surveys (if applicable), shall comply with provisions in the California Eelgrass Mitigation Policy.	Timing: Prior to construction, and if eelgrass is present, following completion of construction. If mitigation is required (i.e., eelgrass transplant or other mitigation technique), mitigation site monitoring would be required at specific intervals. Methods: As required in the California Eelgrass Mitigation Policy, including but not limited to visual survey by divers, remotely operated vehicle, or sidescan sonar.	Implementation: LAHD through Construction Contractor Monitoring and Reporting: Environmental Management Division and Construction Management Division
Greenhouse Gas Emissions		

LM GHG-1: GHG Credit Fund. SCAQMD has established a CEQA threshold for greenhouse gas emissions (GHGs) of 10,000 metric tons (MT) per year. The project would exceed this level in year 27 of their 30-year lease by approximately 3,500 MT per year. This is based on the assumption that both berths will be in operation. The Los Angeles Harbor Department (LAHD) shall establish a GHG Mitigation Fund ("Fund"), which may be accomplished through a Memorandum of Understanding with the California Air Resources Board or another appropriate entity, to mitigate project GHG impacts to the maximum extent feasible. The Fund shall be used for GHG-reducing projects and programs on Port of Los Angeles property. Upon completion of the second wharf/berth at the Shell Marine Oil facility, the Tenant shall purchase GHG credits from the LAHD GHG Mitigation Fund to mitigate 3,500 MT at the then existing market rate. Tenant's Fund contribution shall not exceed one percent of the average of the previous five years' rents paid by the Tenant to the LAHD.	Timing: Payable upon substantial completion of Project construction. Methods: LAHD shall include LM GHG-1 in the lease agreement with tenant. LAHD shall monitor implementation of mitigation measures during operation.	Implementation: LAHD and Shell Monitoring and Reporting: Environmental Management Division
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<i>Mitigation Measure or Lease Measure</i>	<i>Timing and Methods</i>	<i>Responsible Parties</i>
If LAHD is unable to establish the fund within a reasonable period of time, the Tenant shall instead purchase credits from an approved GHG offset registry in the same amount.		

ATTACHMENT 2

MITIGATION MONITORING AND REPORTING FORMS

Mitigation Monitoring and Reporting Forms are the documentation to be completed by the Tenant and submitted to the Harbor Department, to certify compliance that the mitigation measures have been implemented. The mitigation monitoring and reporting forms will be submitted to the LAHD at the address below:

Port of Los Angeles - Environmental Management Division

425 S. Palos Verdes Street

San Pedro, CA 90731

Attention: CEQA Compliance Coordinator

With the following identifier:

Berths 167-169 [Shell] Marine Oil Terminal Wharf Improvements Project

State Clearinghouse No. 2015061102

APP #s: 131007-133, 140806-095, 161013-153, and 180321-043

The Tenant shall maintain documents listed and otherwise required demonstrating compliance with each individual measure and shall provide such documentation to the Harbor Department upon request. The Tenant shall identify a representative as being responsible for: 1) verifying implementation of measures, 2) providing backup documentation and information with the Mitigation Monitoring and Reporting Program forms, and 3) ensuring all required documentation is maintained on site. The Tenant may establish their own forms as well. The Harbor Department may request a status report or an audit on the performance of compliance with measures by the Tenant.

MM AQ-1: Fleet Modernization for Harbor Craft Used During Construction

Project: Berths 167-169 [Shell] Marine Oil Terminal Wharf Improvements Project

Tenant: Shell

Application for Port Project (APP) Number: 131007-133, 140806-095, 161013-153, and 180321-043

State Clearinghouse Number: 2015061102

MITIGATION MEASURE:

Harbor craft must use U.S. Environmental Protection Agency (EPA) Tier 3 or cleaner engines.

Mitigation Monitoring Frequency: During construction phases.

Mitigation/Reporting Requirement: Tenant shall include MM AQ-1 in the contract specifications for construction. LAHD will monitor implementation of mitigation measures during construction. The Tenant shall comply with this mitigation measure and shall submit verification documents to the Environmental Management Division during construction phases.

COMPLIANCE STATUS:

Has compliance with the above mitigation measure been met?

_____ Yes (please sign form) _____ No (If no, explain in next sections and sign form)

NON-COMPLIANCE:

Explain and/or discuss. Attach certification documents as well as document coordination with and acceptance of non-compliance or substitute equivalent.

STEPS TAKEN:

COMPLIANCE VERIFICATION:

By signing this form, I signify that I have complied with the measure as stated above.

Name and Title of Responsible Person

Signature

Date

MM AQ-2: Fleet Modernization for On-road Trucks Used During Construction

Project: Berths 167-169 [Shell] Marine Oil Terminal Wharf Improvements Project

Tenant: Shell

Application for Port Project (APP) Number: 131007-133, 140806-095, 161013-153, and 180321-043

State Clearinghouse Number: 2015061102

MITIGATION MEASURE:

Trucks with a Gross Vehicle Weight Rating) of 19,500 pounds (lbs) or greater, including import haulers and earth movers, must comply with EPA 2010 on-road emission standards.

Mitigation Monitoring Frequency: During construction phases.

Mitigation/Reporting Requirement: Tenant shall include MM AQ-2 in the contract specifications for construction. LAHD will monitor implementation of mitigation measures during construction. The Tenant shall comply with this mitigation measure and shall submit verification documents to the Environmental Management Division during construction phases.

COMPLIANCE STATUS:

Has compliance with the above mitigation measure been met?

_____ Yes (please sign form) _____ No (If no, explain in next sections and sign form)

NON-COMPLIANCE:

Explain and/or discuss. Attach certification documents as well as document coordination with and acceptance of non-compliance or substitute equivalent.

STEPS TAKEN:

COMPLIANCE VERIFICATION:

By signing this form, I signify that I have complied with the measure as stated above.

Name and Title of Responsible Person

Signature

Date

MM AQ-3: Fleet Modernization for Construction Equipment

Project: Berths 167-169 [Shell] Marine Oil Terminal Wharf Improvements Project

Tenant: Shell

Application for Port Project (APP) Number: 131007-133, 140806-095, 161013-153, and 180321-043

State Clearinghouse Number: 2015061102

MITIGATION MEASURE:

All diesel-fueled construction equipment greater than 50 horsepower (hp) must meet EPA Tier 4 off-road emission standards (excluding vessels, harbor craft, on-road trucks, and dredging equipment).

Mitigation Monitoring Frequency: During construction phases.

Mitigation/Reporting Requirement: Tenant shall include MM AQ-3 in the contract specifications for construction. LAHD will monitor implementation of mitigation measures during construction. The Tenant shall comply with this mitigation measure and shall submit verification documents to the Environmental Management Division during construction phases.

COMPLIANCE STATUS:

Has compliance with the above mitigation measure been met?

_____ Yes (please sign form) _____ No (If no, explain in next sections and sign form)

NON-COMPLIANCE:

Explain and/or discuss. Attach certification documents as well as document coordination with and acceptance of non-compliance or substitute equivalent.

STEPS TAKEN:

COMPLIANCE VERIFICATION:

By signing this form, I signify that I have complied with the measure as stated above.

Name and Title of Responsible Person

Signature

Date

MM AQ-4: General Mitigation Measure

Project: Berths 167-169 [Shell] Marine Oil Terminal Wharf Improvements Project

Tenant: Shell

Application for Port Project (APP) Number: 131007-133, 140806-095, 161013-153, and 180321-043

State Clearinghouse Number: 2015061102

MITIGATION MEASURE:

For mitigation measures MM AQ-1 through MM AQ-3, if a CARB-certified technology becomes available and is shown to be as good as, or better than, the existing measure in terms of emissions performance, the technology could replace the existing measure pending approval by LAHD. Measures will be set at the time a specific construction contract is advertised for bid.

Mitigation Monitoring Frequency: During construction phases.

Mitigation/Reporting Requirement: Tenant shall include MM AQ-4 in the contract specifications for construction. LAHD will monitor implementation of mitigation measures during construction. The Tenant shall comply with this mitigation measure and shall submit verification documents to the Environmental Management Division during construction phases.

COMPLIANCE STATUS:

Has compliance with the above mitigation measure been met?

_____ Yes (please sign form) _____ No (If no, explain in next sections and sign form)

NON-COMPLIANCE:

Explain and/or discuss. Attach certification documents as well as document coordination with and acceptance of non-compliance or substitute equivalent.

STEPS TAKEN:

COMPLIANCE VERIFICATION:

By signing this form, I signify that I have complied with the measure as stated above.

Name and Title of Responsible Person

Signature

Date

MM AQ-5: Vessel Speed Reduction Program (VSRP)

Project: Berths 167-169 [Shell] Marine Oil Terminal Wharf Improvements Project

Tenant: Shell

Application for Port Project (APP) Number: 131007-133, 140806-095, 161013-153, and 180321-043

State Clearinghouse Number: 2015061102

MITIGATION MEASURE:

Starting on the effective date of the Permit and annually thereafter, 95 percent of vessels calling at Shell Marine Oil Terminal will be required to comply with the expanded VSRP at 12 knots between 40 nm from Point Fermin and the Precautionary Area.

Mitigation Monitoring Frequency: Every six months during the term of the Permit, including during any holdover.

Mitigation/Reporting Requirement: The Tenant shall comply with this mitigation measure and shall submit verification documents to the Environmental Management Division in accordance with the following schedule: January to June data is due by the following month (July). July to December data is due by the following month (January).

COMPLIANCE STATUS:

Has compliance with the above mitigation measure been met?

_____ Yes (please sign form) _____ No (If no, explain in next sections and sign form)

NON-COMPLIANCE:

Explain and/or discuss. Attach certification documents as well as document coordination with and acceptance of non-compliance or substitute equivalent.

STEPS TAKEN:

COMPLIANCE VERIFICATION:

By signing this form, I signify that I have complied with the measure as stated above.

Name and Title of Responsible Person

Signature

Date

ATTACHMENT 3

LEASE MEASURES AND FORMS

Lease Measures and Forms

Other approved environmental requirements such as lease measures that are not mitigation measures under the California Environmental Quality Act but are necessary to further reduce potential adverse environmental impacts, shall be implemented and monitored by the Tenant. The Tenant shall verify compliance according to the timetables established and identified in each reporting form. The Tenant will maintain documents listed and otherwise required demonstrating compliance with each individual measure and shall provide such documentation to the Harbor Department upon request. The Tenant shall identify a representative as being responsible for: 1) verifying implementation of measures, 2) providing backup documentation and information with the forms, and 3) ensuring all required documentation is maintained on site. The Tenant may establish their own forms as well. The Harbor Department may request a status report or an audit on the performance of compliance with measures by the Tenant.

LM AQ-1: Periodic Review of New Technology and Regulations

Project: Berths 167-169 [Shell] Marine Oil Terminal Wharf Improvements Project

Tenant: Shell

Application for Port Project (APP) Number: 131007-133, 140806-095, 161013-153, and 180321-043

State Clearinghouse Number: 2015061102

LEASE MEASURE:

LAHD will require the tenant to review any LAHD-identified or other new emissions-reduction technology, determine whether the technology is feasible, and report to LAHD. Such technology feasibility reviews will take place at the time of LAHD's consideration of any lease amendment or facility modification for the proposed project site. If the technology is determined by LAHD to be feasible in terms of cost and technical and operational feasibility, the tenant will work with LAHD to implement such technology.

Potential technologies that may further reduce emissions and/or result in cost-savings benefits for the tenant may be identified through future work on the Clean Air Action Plan (CAAP). Over the course of the lease, the tenant and LAHD will work together to identify potential new technology. Such technology will be studied for feasibility, in terms of cost, technical and operational feasibility, and emissions reduction benefits. As partial consideration for the lease, the tenant will implement not less frequently than once every five years following the effective date of the permit, new air quality technological advancements, subject to mutual agreement on operational feasibility and cost sharing, which will not be unreasonably withheld.

Measure Monitoring Frequency: During operation, beginning five years after the effective date of Permit if no new purchase or equipment turnover occurs sooner, and then every five years thereafter.

Measure/Reporting Requirement: The Tenant shall comply with this lease measure and shall submit verification documents to the Environmental Management Division.

COMPLIANCE STATUS:

Has compliance with the above lease measure been met?

_____ Yes (please sign form) _____ No (If no, explain in next sections and sign form)

NON-COMPLIANCE:

Explain and/or discuss. Attach certification documents as well as document coordination with and acceptance of non-compliance or substitute equivalent.

STEPS TAKEN:

COMPLIANCE VERIFICATION:

By signing this form, I signify that I have complied with the measure as stated above.

Name and Title of Responsible Person

Signature

Date

LM AQ-2: At-Berth Vessel Emissions Capture and Control System Study

Project: Berths 167-169 [Shell] Marine Oil Terminal Wharf Improvements Project

Tenant: Shell

Application for Port Project (APP) Number: 131007-133, 140806-095, 161013-153, and 180321-043

State Clearinghouse Number: 2015061102

LEASE MEASURE:

The Tenant shall evaluate the financial, technical, and operational feasibility of operating barge and land-based vessel emissions capture and control systems and any other systems associated with emission reductions (hereinafter "Control Systems") that are available within three (3) months after the Effective Date. The City of Los Angeles (City) and Tenant will decide which systems should be considered for the reduction of emissions from all vessels calling at the Premises. The evaluation of feasibility shall consider any potential impacts upon navigation, safety, and emission reductions. Cost Effectiveness (as defined below), and any other factors reasonably determined by Tenant to be relevant shall also be considered. For purposes of the feasibility evaluation, "Cost Effectiveness" shall be defined as the annualized cost (in Dollars per year) of the Control Systems ("Annualized Cost") based on an agreed time period (the duration of such period determined with reasonable consideration of the Carl Moyer grant guidelines), divided by the annual net emission reductions (unweighted aggregate of net emissions reduction in tons per year of VOC, NOx, and PM10) over the same time period during use of the Control Systems ("Net Annual Emission Reductions"). Annualized Cost shall include all costs associated with the Control Systems, including without limitation, all capital costs associated with design, permitting and construction of the Control Systems and all costs associated with system evaluation, operations and maintenance. Cost Effectiveness (dollars per ton) may be calculated pursuant to the formulas below.

- $\text{Cost Effectiveness (\$/ton)} = \text{Annualized Cost (\$/year)} / \text{Net Annual Emission Reductions (tons/year)}$
- $\text{Net Annual Emission Reductions} = \text{Annual Vessel Emission Reductions} - \text{Annual Emissions Generated by Control System and Associated Equipment Operations}$

If Cost Effectiveness is greater than the Carl Moyer Program Guidelines, as approved by the California Air Resources Board as of the Effective Date, then implementation of the Control Systems shall not be considered feasible.

Tenant shall provide the Director of Environmental Management Division for the Harbor Department with a written report (the "Report") documenting the findings and conclusions of the feasibility analysis within one year of the Effective Date. The Report's feasibility conclusion shall include, but not be limited to, specific findings in the following areas: (1) size constraints; (2) allowance for articulation of the recovery crane/device to service a variety of ship sizes that may reasonably call at the premises during the term of the proposed permit; (3) navigation for terminal operations as well as those of adjacent terminals; (4) compliance with Marine Oil Terminal Engineering and Maintenance Standards; (5) operational safety issues; and (6) compliance with the rules and orders of any applicable regulatory agency. The deadline for Tenant to submit the Report may be extended with the approval of the Board of Harbor Commissioners (Board), provided that such approval shall not be unreasonably withheld. City shall have six months to review and comment on the Report unless the Board reasonably determines that additional time is needed as a result of unanticipated events or any events beyond the reasonable control of the City. The Report and any associated staff comments from the City will be presented by the City to the Board at a public meeting. If the City's review of the Report is delayed beyond one year, then

the City shall present this information to the Board at a public meeting along with a proposed new comment deadline for the City.

If the Board and Tenant agree that implementation of a Control System(s) is/are feasible, then Tenant shall complete a pilot study ("Pilot Study") within three years of the later of (i) receiving all approvals and permits required by Applicable Laws for such study; (ii) receiving any and all licenses and other intellectual property rights required by Applicable Laws to conduct such study; (iii) commencing with terminal operations upon the completion of all New Improvements and Tenant Constructed Improvements; and (iv) Board providing Tenant with approval to proceed. The deadline for Tenant to complete the Pilot Study may be extended with approval by the Board, provided that such approval shall not be unreasonably withheld. The Pilot Study shall consist of (i) installation of a test control system (the "Test System") for purposes of testing the performance of a Control System; and (ii) testing of the Test System and the collection of data therefrom. At the conclusion of testing, the Tenant shall submit a report (the "Pilot Study Report") to the Board. The Pilot Study Report shall include the following information: vessels tested, operation and maintenance costs, emission reductions, operational considerations and any other information Tenant reasonably determines to be relevant. The results of the Pilot Study, and any intellectual property rights therein, shall be owned by Tenant. The City and the Board shall use the results and Pilot Study Report only for the evaluation of the Pilot Study. City shall not issue any press releases or make any written public disclosures with respect to the Report or the Pilot Study Report without first providing Tenant with a reasonable opportunity to review such releases or disclosure for accuracy and to ensure that no technical information is disclosed where such public disclosure is not necessary (Tenant understands that nothing herein shall be interpreted to supersede the California Public Records Act and the City's responsibilities thereto).

If, based on the results of the Pilot Study set forth in the Pilot Study Report, the City and Tenant determine that all of the issues relating to feasibility and regulatory requirements of the Control System were adequately addressed, then Tenant shall, as soon as reasonably practicable after such determination, implement the Control System(s) into its operations throughout the remainder of the permit.

All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the tenant's permit.

Measure Monitoring Frequency: Starting within three (3) months after the effective date of the Permit and thereafter in accordance with the timelines described in the lease measure above.

Measure/Reporting Requirement: The Tenant shall comply with this lease measure and shall submit verification documents to the Environmental Management Division.

COMPLIANCE STATUS:

Has compliance with the above lease measure been met?

_____ Yes (please sign form) _____ No (If no, explain in next sections and sign form)

NON-COMPLIANCE:

Explain and/or discuss. Attach certification documents as well as document coordination with and acceptance of non-compliance or substitute equivalent.

STEPS TAKEN:

COMPLIANCE VERIFICATION:

By signing this form, I signify that I have complied with the measure as stated above.

Name and Title of Responsible Person

Signature

Date

LM GHG-1: GHG Credit Fund

Project: Berths 167-169 [Shell] Marine Oil Terminal Wharf Improvements Project

Tenant: Shell

Application for Port Project (APP) Number: 131007-133, 140806-095, 161013-153, and 180321-043

State Clearinghouse Number: 2015061102

LEASE MEASURE:

SCAQMD has established a CEQA threshold for greenhouse gas emissions (GHGs) of 10,000 metric tons (MT) per year. The project would exceed this level in year 27 of their 30-year lease by approximately 3,500 MT per year. This is based on the assumption that both berths will be in operation.

The Los Angeles Harbor Department (LAHD) shall establish a GHG Mitigation Fund ("Fund"), which may be accomplished through a Memorandum of Understanding with the California Air Resources Board or another appropriate entity, to mitigate project GHG impacts to the maximum extent feasible. The Fund shall be used for GHG-reducing projects and programs on Port of Los Angeles property.

Upon completion of the second wharf/berth at the Shell Marine Oil facility, the Tenant shall purchase GHG credits from the LAHD GHG Mitigation Fund to mitigate 3,500 MT at the then existing market rate. Tenant's Fund contribution shall not exceed one percent of the average of the previous five years' rents paid by the Tenant to the LAHD.

If LAHD is unable to establish the fund within a reasonable period of time, the Tenant shall instead purchase credits from an approved GHG offset registry in the same amount.

Measure Monitoring Frequency: Payable upon substantial completion of Project construction.

Measure/Reporting Requirement: The Tenant shall comply with this lease measure and shall submit verification documents to the Environmental Management Division.

COMPLIANCE STATUS:

Has compliance with the above lease measure been met?

_____ Yes (please sign form) _____ No (If no, explain in next sections and sign form)

NON-COMPLIANCE:

Explain and/or discuss. Attach certification documents as well as document coordination with and acceptance of non-compliance or substitute equivalent.

STEPS TAKEN:

COMPLIANCE VERIFICATION:

By signing this form, I signify that I have complied with the measure as stated above.

Name and Title of Responsible Person

Signature

Date

ATTACHMENT 4

OTHER ENVIRONMENTAL COMPLIANCE REQUIREMENTS

EXHIBIT I – Attachment 4 - Environmental Permit Index

Agency	Permits
South Coast Air Quality Management District (SCAQMD)	Title V Facility (ID 117560) Permit
Los Angeles Regional Water Quality Control Board (LARWQCB)	Storm Water Discharge Permit (Order No. R4-2017-0039; NPDES No. CA0064637)
LARWQCB	General Coverage (Hydrotest Water) Discharge Permit (NPDES No. CAG674001, CI-8467)
LARWQCB	Cleanup and Abatement Order 97-121 for Soil and Groundwater
Los Angeles Fire Department (CUPA)	Consolidated Unified Permit (Facility ID FA0032670)
Los Angeles City Department of Public Works (LACDPW)	Industrial Wastewater Permit No. W-494537 (Facility ID IU013112)
US Coast Guard (USCG)	Certificate of Adequacy for Reception Facility
City of Los Angeles	Fire Permit

EXHIBIT J – TENANT’S SOURCE CONTROL PROGRAM

Source Control Plan

Shell Mormon Island Terminal

Wilmington, California

Issue Date : September 28, 2018

Project Number : 31910

Document Number : 31910-SCP-001

Prepared For:

	Shell 20945 S. Wilmington Ave Carson, CA 90810
--	--

Prepared By:

	AECOM 999 Town & Country Road Orange, CA 92868
--	--

Revision	Date	By	Checked	Approved	Issued for	Notes
A	08/21/2017	HG	SG	HG	Review	
B	11/29/2017	HG	TG	TD	Review	
C	01/12/2018	HG	TG	TD	Review	
D	09/28/2018	HG	TG	TD	Issue	

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3	Product Storage Tank Inspections.....	3
4	Pipeline Relocation Above Ground	3
5	Facility Pipeline Inspection Program	4
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5.2	Marine Piping	4
5.3	Underground Pipe Inspection.....	4
6	Site Characterization and Groundwater Monitoring Network.....	4
7	Groundwater Remediation.....	5
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1 Introduction

Shell Oil Company's affiliate Equilon Enterprises LLC dba Shell Oil Products US (Shell) established, observes and maintains a written Source Control Plan (SCP) to facilitate material compliance with the requirements agreed to by the Port of Los Angeles (Port) and Shell in their lease agreement.

2 Jurisdictional Authorities and Major Statues and Regulations

Shell operates the Mormon Island Marine Oil Terminal (Mormon Island) in compliance with all applicable federal and California laws and regulations. Mormon Island maintains policies, procedures and equipment to comply with these laws and regulations.

Jurisdictional Authorities and Responsibilities are outlined below.

Table 1 is a list of the current applicable environmental permits held by Shell to operate this facility.

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Table 1. List of Applicable Permits

Agency	Permits
South Coast Air Quality Management District (SCAQMD)	Title V Facility (ID 117560) Permit
Los Angeles Regional Water Quality Control Board (LARWQCB)	Storm Water Discharge Permit (Order No. R4-2017-0039; NPDES No. CA0064637)
LARWQCB	General Coverage (Hydrotest Water) Discharge Permit (NPDES No. CAG674001, CI-8467)
LARWQCB	Cleanup and Abatement Order 97-121 for Soil and Groundwater
Los Angeles Fire Department (CUPA)	Consolidated Unified Permit (Facility ID FA0032670)
Los Angeles City Department of Public Works (LACDPW)	Industrial Wastewater Permit No. W-494537 (Facility ID IU013112)
US Coast Guard (USCG)	Certificate of Adequacy for Reception Facility
City of Los Angeles	Fire Permit

3 Product Storage Tank Inspections

Mormon Island has 11 product storage tanks. Internal and external tank inspections are performed per the requirements of API 653. In addition, terminal personnel perform routine inspections of tanks.

Cathodic protection systems are inspected on an annual basis per California State Fire Marshall (CSFM) regulations and API Recommended Practice 651.

Tank leak detection controls for the tanks not currently equipped are planned and installed during API 653 turnarounds. The terminal maintains an evergreen schedule for API 653 tank inspections which can be provided upon request. The current schedule can be found in Attachment A.

4 Pipeline Relocation Above Ground

Mormon Island is real estate limited and vehicular access to the parts of the terminal is required for maintenance and emergency response. These limitations restrict the relocation of certain existing piping above ground. The feasibility to relocate below ground piping will be evaluated and included where possible as future projects or modifications are executed. This approach was utilized in the engineering of the new MOTEMS upgrades where approximately half of the

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terminal's buried piping will be brought above grade. Shell's piping inspection program monitors underground piping integrity.

5 Facility Pipeline Inspection Program

Mormon Island's external and internal pipeline inspection program manages risks associated with the storage and handling of clean product in accordance with requirements of API 2611 and API 570 and all applicable regulatory requirements.

5.1 Terminal Piping

Above ground transfer piping not regulated by California State Lands Commission (CSLC) is inspected by an API 570 certified inspector every 10 years (API 2611 Annex B) using conventional Ultrasonic Testing (UT) techniques. A qualified pipeline inspector performs an Atmospheric Corrosion Inspection (ACI) every 3 years.

5.2 Marine Piping

Piping regulated by CSLC (from the Jetty to manifolds upstream of the secondary containment walls for the tank farm) is inspected every 3 years with conventional UT API-570. In addition, piping regulated by the United States Coast Guard (USCG) and CSLC (from the dock platform to the first valve on shore in EPA qualified containment) has a certified static liquid pressure test every 3 years to comply with USCG and CSLC requirements respectively. A qualified pipeline inspector performs ACI every 3 years.

The annual USCG wharf piping pressure test requirement was waived by USCG in 2012 provided that Shell comply with applicable California State regulations for inspection and testing of marine transfer piping per CSLC. See Attachment B.

5.3 Underground Pipe Inspection

Per API 2611, underground piping inspection is completed every 7 years. Alternating Current Voltage Gradient (ACVG) for buried piping allows determination of the external protective coating defects and the effectiveness of Cathodic Protection (CP). The ACFG survey performs soil resistivity to determine corrosion potential.

Use of ACFG or other similar non-intrusive inspection techniques allows condition assessment of the buried piping without major operational disruptions or environmental risks.

Annual cathodic protection survey is performed by a qualified corrosion technician.

6 Site Characterization and Groundwater Monitoring Network

Regular groundwater monitoring and sampling has been ongoing since 1988. Volatile organic compound (VOC) impacts to groundwater and the presence of separate phase hydrocarbons has been detected in several wells. Most of the assessment work has focused on impacts to shallow groundwater rather than soil because the depth to groundwater is shallow at this site. In 1997, the Los Angeles Regional Water Quality Control Board (LARWQCB) issued Cleanup

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and Abatement Order (CAO) 97-121 for Mormon Island. Shell submitted a master work plan dated December 1997 in response to the CAO.

There are currently 74 groundwater monitoring and product recovery wells. Groundwater flow direction at the site is generally southerly, except at the time of the higher of the two daily tides when it is generally inward from the site boundaries where the open bay borders the site.

7 Groundwater Remediation

Three interceptor/barrier French drains are located onsite along the north and northwestern edge of the site. These barriers consist of an approximately 2 foot wide and 10 foot deep trench that was constructed in 1995 with a high density polyethylene (HDPE) liner placed vertically on the ocean side of the trench and sand on the inland side. A series of vertical recovery and monitoring wells was also installed in the French drain and they are screened in the sand backfill. The French drain HDPE barrier liner was designed to prevent separate phase hydrocarbon migration into the bay. Historically, separate phase hydrocarbons were removed from the French drain recovery wells using an active skimmer system. The active skimmer system was discontinued in 2008 after separate phase hydrocarbon recovery diminished and the use of absorbent socks became a more effective remedy.

Separate phase hydrocarbons are currently recovered to the extent practicable using absorbent socks. Any changes to separate phase hydrocarbon recovery due to ongoing evaluation will require approval by the LARWQCB prior to implementation.

Shell will install a biosparging system to treat hydrocarbon related volatile organic compound (VOC) present in groundwater onsite. An Interim Remedial Action Work Plan (IRAP) for a biosparge system was submitted March 15, 2017 for the first of three phases of biosparging planned for the south tank farm area and was approved by the LARWQCB on September 21, 2018. Biosparging is an in-situ remediation technology where air is injected into the saturated zone to increase the dissolved oxygen content, thereby stimulating aerobic biological activity of indigenous microorganisms that degrade VOCs. The system design in the current IRAP is based on results of the pilot study completed in 2011. Separate phase hydrocarbon skimmers are also being added to select boundary wells along the western edge of the Terminal.

8 Soil Management and Remediation

Vadose zone soil at Mormon Island is limited in extent because groundwater occurs at depths of three to nine feet below the ground surface. Potentially impacted soil under and around the existing infrastructure will be further assessed and evaluated upon removal of assets and will be remediated as needed after terminal operations cease in accordance per the terms of the lease.

Excavations at the facility that encounter impacted soil may necessitate additional safety precautions and waste management protocols. Any material generated during construction would be managed according to Shell's policy and procedures, as well as per the terms of the lease.

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**ATTACHMENT A – API 653 TANK INSPECTIONS AND LEAK DETECTION
INSTALLATION SCHEDULE**

Shell Mormon Island Tanks								
Tank #	Type	Capacity (Bbls)	Current Service	Previous Service	Date Last Tested for Structural Integrity and Leaks	API 653 Out-of-Service Inspection	Leak Detection (Yes/No)	Year to Install Leak Detection
1	Fixed Cone Roof	75,040	Jet	Cutter Stock	12/9/2015	12/9/2030	Yes	2016
2	Fixed Cone Roof	76,853	N/A	Jet	6/21/2009	Out of Service - Date TBD	No	TBD
5	IFR with GeoDome	7,805	Transmix	Gasoline	11/7/2016	11/7/2026	Yes	2016
6	External Floating Roof	10,000	N/A	Diesel	2/26/1990	Out of Service - Date TBD	No	TBD
10	IFR with GeoDome	68,598	Ethanol	Gasoline	8/23/2013	8/23/2025	No	2025
17	IFR with GeoDome	5,194	Recovered Oil		4/26/2002	4/26/2022	No	2022
24	IFR with GeoDome	67,090	Ethanol	MTBE	9/3/2002	9/3/2022	No	2022
25	IFR with GeoDome	26,913	Contact Water	Recovered Oil	12/22/2003	12/22/2018	No	2018
26	IFR with GeoDome	87,467	Ethanol	Gasoline	8/28/2013	11/11/2023	Yes	2013
27	IFR with GeoDome	93,302	Gasoline	Alkylate	8/2/2007	8/2/2017	Yes	2017
28	Fixed Cone Roof	6,627	N/A	Diesel	2/20/2009	Out of Service - Date TBD	No	TBD

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ATTACHMENT B – COAST GUARD ANNUAL HYDROTEST WAIVER

U.S. Department of
Homeland Security

United States
Coast Guard



Commander
U.S. Coast Guard
Sector Los Angeles - Long Beach

1001 S. Seaside Ave, Bldg 20
San Pedro, CA 90731
Staff Symbol: WWM
Phone: 310-521-3745
Fax: 310-521-3763
Email: sectorlabfac@uscg.mil

16601/011-12
LOSMS185
March 19, 2012

Shell Oil Products U.S.
Attn: Rick Roper, Marine Terminal Supervisor
Mormon Island Terminal
Berth 167/168/169
Wilmington, CA 90744

Dear Mr. Roper,

On February 29, 2012, my office received your letter concerning the testing of hoses, loading arms, and transfer pipe system required under 33 CFR 156.170. All facilities conducting over the water transfers to or from vessels with an overall capacity of 250 barrels (10,500) are required to conduct annual testing of their transfer systems starting at the first waterside facility connection until the first valve in secondary containment. This Marine Transfer Area as defined in 33 CFR 154.105 is the extent of the Coast Guard jurisdiction for marine bulk cargo transfer operations.

However, upon receipt of this letter, Shell Oil Products U.S. (Mormon Island Terminal) is approved to operate with transfer pipe systems tested and found to be in compliance with California Code of Regulations, Title 2, Division 3, Chapter 1, Article 5.5, Section 2560(d)(2). Records of the approved test results will be required to be maintained for review by Coast Guard inspectors. Any failures in compliance with or violation of the Federal Code of Regulations and/or California Code of Regulations will result in a review and possible removal of this alternative procedure approval.

The testing of all transfer hoses and loading arms will continue to be annually.

This letter shall be maintained and incorporated into your Coast Guard required Facility Operations Manual. If you have any question, please contact our Facilities Division at (310) 521-3745.

Sincerely,

A handwritten signature in black ink, appearing to read "F. Fazio", with a stylized flourish at the end.

F. FAZIO
Lieutenant Commander, U.S. Coast Guard
Chief, Waterways Management Division
By direction

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ATTACHMENT C – SPILL PREVENTION, CONTROL AND COUNTERMEASURE (SPCC) PLAN

The SPCC Plan facilitates efforts to prevent a discharge of oil into navigable waters or the adjoining shoreline. The SPCC Plan ensures compliance and outlines inspection activities, secondary containment engineering to prevent spills, and control and countermeasure for loss of primary containment.

- SPCC Plan meets federal, state, and municipal laws and regulations, including requirements to review and update to the plan.
- SPCC Plan is periodically audited by the Los Angeles City Fire Department (designated CUPA)
- Shell conducts an internal annual review and 5-year certification by the Terminal Manager.

The SPCC Plan is maintained at Mormon Island and is available for review at the site.

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ATTACHMENT D – STORMWATER POLLUTION PREVENTION PLAN (SWPPP)

The SWPPP describes facilities and procedures for managing contact water and stormwater in compliance with applicable laws and regulations. SWPPP specifies best management practice for minimizing potential stormwater pollution.

- SWPPP meets applicable federal, state, and municipal laws and regulations.
- SWPPP is periodically audited by the Los Angeles Harbor Department environmental division.
- Shell conducts an internal 18-month review, which includes site inspections with Shell's environmental representative and consultant in order to identify non-compliances, if any, and potential improvements to the SWPPP or best practices.
- SWPPP is filed with LARWQCB through the California Integrated Water Quality System (CIWQS) computer system.

The SWPPP is maintained at Mormon Island and is available for review at the site.



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ATTACHMENT E – Compliance Matrix

Compliance Requirement	Requirements/Applicability	Shell's Compliance Plan
CFR Title 49, Sub title B, Chapter 1 Subchapter D, the Pipeline Safety Act	Per the Pipeline Safety Act, 195.1(b)(3)(ii), pipelines that serve vessel terminal facilities are exempt from DOT. Additionally, the regulation states that if the pipeline is less than a mile long (measured outside facility grounds) and does not cross an offshore area or a waterway currently used for commercial navigation, it is exempt. The regulation does not cover piping within the facility.	N/A
California Public Utilities Code/ California Public Utilities Commission regulations for pipelines (CPUC)	This code does not apply to liquid petroleum terminal facilities	N/A
California State Lands Commission Marine Facilities Division (CSLC/MFD)	CSLC developed the MOTEMS code for marine facilities. Marine Facility jurisdiction is defined to be from the loading arm, through the dock manifold and transfer hoses to the first valve inside the onshore containment area. MOTEMS Section 3109F.2 requires that pipes within CSLC jurisdiction have valid and certified "Static Liquid Pressure Tests" (hydrotest). This should be the current practice at the facility. CA Code of Regulations Title 2 Division 3 Article V requires CSLC to regulate 3 items that pertain to Source control.	Annual static liquid testing is conducted at the terminal in accordance to CSLC regulations to meet this requirement A 3-year static liquid pressure test is conducted on f piping from the Jetty to first valve on shore in containment A 3-Year API 570 piping inspection is performed including thickness UT of "Marine Transfer Piping" A 1-Year static liquid pressure test of marine Hoses and or loading Arms.
The State of California Bureau of Conservation/Division of Oil/Gas and Geothermal Resources (DOGGR)	DOGGR only applies to oil production facilities.	N/A
As required by the California State Fire Marshall (CSFM) under the Pipeline Safety Act.	For Marine Terminals, CSFM has jurisdiction over the piping from the terminal break-out tank, through the shore-side pumps to the outbound pipelines as an agent of DOT. If the break-out tank is by-passed during transfer into the terminal, then CSFM has jurisdiction over the piping from the designated demarcation valve, through the shore-side pumps to the outbound pipelines as an agent of DOT. CSFM requires integrity testing (leak tests or "stand-up" tests) every five years for buried, in-station piping. Pipelines shall be hydrotested or run with an ILI tool every five years. This should be the current practice at the facility.	Shell Pipelines maintains a CSFM compliant integrity management program in accordance with 40 CFR 195. Hydrotesting and/or ILI inspection is conducted on a minimum 5 year cycle.

EXHIBIT K- INSURANCE REQUIREMENTS

EXHIBIT K – INSURANCE

SHELL SHALL BE SELF-INSURED

EXHIBIT L – LOS ANGELES ADMINISTRATIVE CODE: AFFIRMATIVE ACTION

(These provisions are attached for Tenant's convenience only)

Sec. 10.8.4 Affirmative Action Program Provisions.

Every non-construction contract with or on behalf of the City of Los Angeles for which the consideration is \$100,000 or more and every construction contract with or on behalf of the City of Los Angeles for which the consideration is \$5,000 or more shall contain the following provisions which shall be designated as the AFFIRMATIVE ACTION PROGRAM provisions of such contract:

A. During the performance of a City contract, the contractor certifies and represents that the contractor and each subcontractor hereunder will adhere to an affirmative action program to ensure that in its employment practices, persons are employed and employees are treated equally and without regard to or because of race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.

1. This provision applies to work or services performed or materials manufactured or assembled in the United States.
2. Nothing in this section shall require or prohibit the establishment of new classifications of employees in any given craft, work or service category.
3. The contractor shall post a copy of Paragraph A hereof in conspicuous places at its place of business available to employees and applicants for employment.

B. The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to their race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.

C. As part of the City's supplier registration process, and/or at the request of the awarding authority or the Office of Contract Compliance, the contractor shall certify on an electronic or hard copy form to be supplied, that the contractor has not discriminated in the performance of City contracts against any employee or applicant for employment on the basis or because of race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.

D. The contractor shall permit access to and may be required to provide certified copies of all of its records pertaining to employment and to its employment practices by the awarding authority or the Office of Contract Compliance, for the purpose of investigation to ascertain compliance with the Affirmative Action Program provisions of City contracts, and on their or either of their request to provide evidence that it has or will comply therewith.

E. The failure of any contractor to comply with the Affirmative Action Program provisions of City contracts may be deemed to be a material breach of contract. Such failure shall only be established upon a finding to that effect by the awarding authority, on the basis of its own investigation or that of the Board of Public Works, Office of Contract Compliance. No such finding shall be made except upon a full and fair hearing after notice and an opportunity to be heard has been given to the contractor.

F. Upon a finding duly made that the contractor has breached the Affirmative Action Program provisions of a City contract, the contract may be forthwith cancelled, terminated or suspended, in whole or in part, by the awarding authority, and all monies due or to become due hereunder may be forwarded to and retained by the City of Los Angeles. In addition thereto, such breach may be the basis for a determination by the awarding authority or the Board of Public Works that the said contractor is an irresponsible bidder or proposer pursuant to the provisions of Section 371 of the Los Angeles City Charter. In the event of such determination, such contractor shall be disqualified from being awarded a contract with the City of Los Angeles for a period of two years, or until he or she shall establish and carry out a program in conformance with the provisions hereof.

G. In the event of a finding by the Fair Employment and Housing Commission of the State of California, or the Board of Public Works of the City of Los Angeles, or any court of competent jurisdiction, that the contractor has been guilty of a willful violation of the California Fair Employment and Housing Act, or the Affirmative Action Program provisions of a City contract, there may be deducted from the amount payable to the contractor by the City of Los Angeles under the contract, a penalty of TEN DOLLARS (\$10.00) for each person for each calendar day on which such person was discriminated against in violation of the provisions of a City contract.

H. Notwithstanding any other provisions of a City contract, the City of Los Angeles shall have any and all other remedies at law or in equity for any breach hereof.

I. The Public Works Board of Commissioners shall promulgate rules and regulations through the Office of Contract Compliance and provide to the awarding authorities electronic and hard copy forms for the implementation of the Affirmative Action Program provisions of City contracts, and rules and regulations and forms shall, so far as practicable, be similar to those adopted in applicable Federal Executive Orders. No other rules, regulations or forms may be used by an awarding authority of the City to accomplish this contract compliance program.

J. Nothing contained in City contracts shall be construed in any manner so as to require or permit any act which is prohibited by law.

K. The contractor shall submit an Affirmative Action Plan which shall meet the requirements of this chapter at the time it submits its bid or proposal or at the time it registers to do business with the City. The plan shall be subject to approval by the Office of Contract Compliance prior to award of the contract. The awarding authority may also require contractors and suppliers to take part in a pre-registration, pre-bid, pre-proposal, or pre-award

conference in order to develop, improve or implement a qualifying Affirmative Action Plan. Affirmative Action Programs developed pursuant to this section shall be effective for a period of twelve months from the date of approval by the Office of Contract Compliance. In case of prior submission of a plan, the contractor may submit documentation that it has an Affirmative Action Plan approved by the Office of Contract Compliance within the previous twelve months. If the approval is 30 days or less from expiration, the contractor must submit a new Plan to the Office of Contract Compliance and that Plan must be approved before the contract is awarded.

1. Every contract of \$5,000 or more which may provide construction, demolition, renovation, conservation or major maintenance of any kind shall in addition comply with the requirements of Section 10.13 of the Los Angeles Administrative Code.
2. A contractor may establish and adopt as its own Affirmative Action Plan, by affixing his or her signature thereto, an Affirmative Action Plan prepared and furnished by the Office of Contract Compliance, or it may prepare and submit its own Plan for approval.

L. The Office of Contract Compliance shall annually supply the awarding authorities of the City with a list of contractors and suppliers who have developed Affirmative Action Programs. For each contractor and supplier the Office of Contract Compliance shall state the date the approval expires. The Office of Contract Compliance shall not withdraw its approval for any Affirmative Action Plan or change the Affirmative Action Plan after the date of contract award for the entire contract term without the mutual agreement of the awarding authority and the contractor.

M. The Affirmative Action Plan required to be submitted hereunder and the pre-registration, pre-bid, pre-proposal or pre-award conference which may be required by the Board of Public Works, Office of Contract Compliance or the awarding authority shall, without limitation as to the subject or nature of employment activity, be concerned with such employment practices as:

1. Apprenticeship where approved programs are functioning, and other on-the-job training for non-apprenticeable occupations;
2. Classroom preparation for the job when not apprenticeable;
3. Pre-apprenticeship education and preparation;
4. Upgrading training and opportunities;
5. Encouraging the use of contractors, subcontractors and suppliers of all racial and ethnic groups, provided, however, that any contract subject to this ordinance shall require the contractor, subcontractor or supplier to provide

not less than the prevailing wage, working conditions and practices generally observed in private industries in the contractor's, subcontractor's or supplier's geographical area for such work;

6. The entry of qualified women, minority and all other journeymen into the industry; and
 7. The provision of needed supplies or job conditions to permit persons with disabilities to be employed, and minimize the impact of any disability.
- N. Any adjustments which may be made in the contractor's or supplier's work force to achieve the requirements of the City's Affirmative Action Contract Compliance Program in purchasing and construction shall be accomplished by either an increase in the size of the work force or replacement of those employees who leave the work force by reason of resignation, retirement or death and not by termination, layoff, demotion or change in grade.
- O. Affirmative Action Agreements resulting from the proposed Affirmative Action Plan or the pre-registration, pre-bid, pre-proposal or pre-award conferences shall not be confidential and may be publicized by the contractor at his or her discretion. Approved Affirmative Action Agreements become the property of the City and may be used at the discretion of the City in its Contract Compliance Affirmative Action Program.
- P. This ordinance shall not confer upon the City of Los Angeles or any Agency, Board or Commission thereof any power not otherwise provided by law to determine the legality of any existing collective bargaining agreement and shall have application only to discriminatory employment practices by contractors or suppliers engaged in the performance of City contracts.
- Q. All contractors subject to the provisions of this section shall include a like provision in all subcontracts awarded for work to be performed under the contract with the City and shall impose the same obligations, including but not limited to filing and reporting obligations, on the subcontractors as are applicable to the contractor. Failure of the contractor to comply with this requirement or to obtain the compliance of its subcontractors with all such obligations shall subject the contractor to the imposition of any and all sanctions allowed by law, including but not limited to termination of the contractor's contract with the City.

EXHIBIT M – WHARF RENT EXPIRATION DATE

Wharf Rent Expiration Date Example

	2018	2019	2020	2021	2022	2023	2024	2025	2026
City Payments	\$0	(\$4,000,000)	(\$3,500,000)						
Wharf Rent	\$0	\$0	\$0	\$900,000	\$918,000	\$936,360	\$955,087	\$974,189	\$993,673
Tariff Revenue	\$0	\$0	\$0	\$1,815,000	\$1,888,326	\$1,964,614	\$2,043,985	\$2,126,562	\$2,212,475
Net Revenue	\$0	\$0	\$0	\$1,815,000	\$1,888,326	\$1,964,614	\$2,043,985	\$2,126,562	\$2,212,475
Ending Balance	\$0	\$(4,000,000)	\$(7,980,000)	\$(7,122,600)	\$(6,088,986)	\$(4,855,050)	\$(3,393,671)	\$(1,674,350)	\$337,203

Definitions of Terms

City Payments = Construction costs for the New Improvements incurred by the City for which there is no reimbursement obligation by Tenant under Section 7.1.1 of the Agreement.

Wharf Rent = Estimated Wharf Rent as per Section 4.2.2. of the Agreement based on an assumed estimated annual 2% increase in the CPI-U.

Tariff Revenue = Estimated wharfage and dockage (as those terms are defined in the Tariff) attributable to the Premises (excluding wharfage charges for liquid bulk commodities entering and leaving the Premises by land transportation).

Net Revenue = The greater of (i) Wharf Rent; and (ii) Tariff Revenue.

Ending Balance = For any given year, the Ending Balance is the Ending Balance for the prior year increased by 12%, plus the City Payments in the given year, plus the Net Revenue for the given year.

Calculation of Wharf Rent Expiration Date

The Wharf Rent Expiration Date shall occur on the first day of the year after which the Ending Balance is positive for the first time.

In the example above, construction of the New Improvements commences in the year 2019 and is completed in the year 2020. This is reflected by the construction charges incurred by the City in these two years (\$4,000,000 of City Payments in 2019 and \$3,500,000 of City Payments in 2020).

- The Ending Balance in 2019 was calculated as follows: (i) the prior year's Ending Balance of \$0 increased by 12% (= \$0); (ii) plus City Payments in 2019 of -\$4,000,000; (iii) plus Net Revenue in 2019 of \$0 = Ending Balance of -\$4,000,000.
- The Ending Balance in 2020 was calculated as follows: (i) the prior year's Ending Balance of -\$4,000,000 increased by 12% (= -\$4,480,000); (ii) plus City Payments in 2020 of -\$3,500,000; (iii) plus Net Revenue in 2020 of \$0 = Ending Balance of -\$7,980,000.
- The Ending Balance in 2021 was calculated as follows: (i) the prior year's Ending Balance of -\$7,980,000 increased by 12% (= -\$8,937,600); (ii) plus City Payments in 2021 of \$0; (iii) plus Net Revenue in 2021 of \$1,815,000 = Ending Balance of -\$7,122,600.
- The Ending Balance in 2022 was calculated as follows: (i) the prior year's Ending Balance of -\$7,122,600 increased by 12% (= -\$7,977,312); (ii) plus City Payments in 2022 of \$0; (iii) plus Net Revenue in 2022 of \$1,888,326 = Ending Balance of -\$6,088,986.
- The Ending Balance in 2023 was calculated as follows: (i) the prior year's Ending Balance of -\$6,088,986 increased by 12% (= -\$6,819,664); (ii) plus City Payments in 2023 of \$0; (iii) plus Net Revenue in 2023 of \$1,964,614 = Ending Balance of -\$4,855,050.

- The Ending Balance in 2024 was calculated as follows: (i) the prior year's Ending Balance of -\$4,855,050 increased by 12% (= -\$5,437,656); (ii) plus City Payments in 2024 of \$0; (iii) plus Net Revenue in 2024 of \$2,043,985 = Ending Balance of -\$3,393,671.
- The Ending Balance in 2025 was calculated as follows: (i) the prior year's Ending Balance of -\$3,393,671 increased by 12% (= -\$3,800,911); (ii) plus City Payments in 2025 of \$0; (iii) plus Net Revenue in 2025 of \$2,126,562 = Ending Balance of -\$1,674,349.
- The Ending Balance in 2026 was calculated as follows: (i) the prior year's Ending Balance of -\$1,674,349 increased by 12% (= -\$1,875,271); (ii) plus City Payments in 2026 of \$0; (iii) plus Net Revenue in 2026 of \$2,212,475 = Ending Balance of +\$337,204.

In the example above, the first year in which the Ending Balance is positive is the year 2026. Accordingly, under this example, the Wharf Rent Expiration Date would be January 1, 2027 (the first day of the following year).