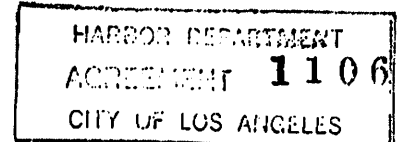


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SETTLEMENT AGREEMENT



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This agreement is made and entered into by and
CITY OF LOS ANGELES
between the CITY OF LOS ANGELES, a municipal corporation
(hereinafter referred to as "City"), and its Board of Harbor
Commissioners (hereinafter referred to as "Board").

WHEREAS, the City of Los Angeles, a municipal
corporation, is the grantee in trust of certain tidelands and
submerged lands by grant from the State of California in
Chapter 656, Statutes of 1911, as subsequently amended and
modified;

WHEREAS, by reason of Section 138 of the Charter of
the City of Los Angeles, the Board of Harbor Commissioners has
the management, supervision and control of all navigable waters
and all tidelands and submerged lands, whether filled or
unfilled, situated below the line of mean high tide northerly
and easterly of the United States Government breakwater at
Los Angeles Harbor and within the limits of the City of Los
Angeles together with all lands purchased by it and all other
lands placed under its management, supervision and control by
ordinance of the City of Los Angeles;

WHEREAS, the State of California as trustor-beneficiary
of said statutory tideland grant possesses the power to alter,
amend, modify or revoke the trust subject to its being
administered in a manner most suitable to the needs of the
people;

1.

TRANSMITTAL 2

WHEREAS the State Lands Commission has been delegated responsibility for general supervision of granted tidelands by Public Resources Code section 6301 and is specifically required and authorized by Chapter 1046, Statutes of 1970, to determine whether the terms and conditions of the City's grant and all other applicable provisions of law concerning these specifically granted lands are being complied with in good faith;

WHEREAS, certain disputes have arisen between the City and the State with respect to the application and interpretation of certain facts and legal principles and to certain accounting practices and procedures employed by the City regarding the harbor revenue fund and the lands described in Charter section 138, to wit:

1. The amount of surplus harbor revenues, if any, that may be transferred to the City general fund pursuant to Charter section 145(4):

2. The City's practice of crediting interest earned on harbor revenue funds to the City general fund prior to 1961 (except for the period between 1928-1931);

3. Claims by the City for reimbursement from harbor revenues for sums expended for retirement costs attributable to Harbor Department employees for the period 1938-1968;

4. Claims by the City for reimbursement from harbor revenues for expenses incurred in providing various services to and for the Harbor Department;

5. The City's use of Harbor Department trust lands for general municipal purposes; and

6. The status of certain lands within the Harbor District, including but not limited to that certain property transferred to the Harbor Department by Ordinance No. 106,107;

7. The commingling of revenues from trust and non-trust assets.

WHEREAS, the State Lands Commission has investigated the facts and circumstances of each of the above referred to disputed matters;

WHEREAS, these disputes have continued unresolved for many years to the prejudice of both the City and the State; and

WHEREAS, it is to the interests of all parties concerned that said disputes be resolved in a reasonable and expeditious manner; and

WHEREAS, the parties have reached an agreement in compromise and settlement of these disputes subject to the approval of the State Lands Commission;

NOW THEREFORE in compromise and settlement of these various unresolved disputes described in paragraphs 1 through 7 above, it is hereby agreed as follows:

1. Transfers to the City General Fund
Pursuant to Charter § 145(4)

(a) Pursuant to Charter Section 145(4) the Board of Harbor Commissioners shall transfer to the general fund, out of surplus funds in the harbor revenue fund, the maximum sum of \$3,126,309 in annual installments not to exceed the sum of \$750,000 in any fiscal year.

(b) In connection with such transfer the sum of \$167,442.95 contained in the four general obligation bond service funds maintained by the Harbor Department with the City Treasurer may be transferred to the general fund and shall not be included in the \$750,000 limitation set forth in subparagraph (a).

2. Segregation of nontrust income from City Proprietary Land

A. The Board of Harbor Commissioners shall institute appropriate accounting procedures which will result in a segregation and separate accounting of nontrust revenues derived from that parcel of land which was the subject of Ordinance No. 106,107 (hereinafter "the land") in a manner so as to preclude the commingling of trust and nontrust revenues. A map depicting the land is attached hereto as Exhibit "A". Said segregation and accounting shall be based on the following principles:

(1) Nontrust revenues are the actual gross revenues attributable to the land and improvements less the sum of the following:

a. A management and administrative fee of 5% of the gross revenues;

b. An amount sufficient to amortize the actual cost of existing and future improvements constructed on the land with harbor revenue funds over the economic life of the improvements, together with a 9% rate of return on the investment of such funds.

(2) Existing improvements on the land constructed with harbor revenue funds, together with the economic life of those improvements, are described in Exhibit "B" hereof.

(3) Repairs to improvements described in Exhibit "B", or to improvements erected on the land following the effective date of this agreement, exceeding \$10,000, paid for by the harbor revenue fund and not reimbursed by tenants or others, shall be added to the capital cost of the improvement repaired.

B. As rent for the use of the land, on and after July 1, 1977, the Board may transfer all or a portion of said segregated nontrust revenues to the general fund. Such rent shall be paid on or about October 1, 1978, and each year thereafter, provided that such payments are consistent with the requirements of Charter Sections 145(1) and 146(d)(3).

C. With the exception of said land, it is understood and agreed that all lands purchased, condemned or acquired by the City, and under the administration of the Harbor Department on July 1, 1977, together with the revenues from such lands, are impressed with the trust created by the grant to the City.

3. Compensation for Use of Trust
Lands by the City

The Board shall bill the City for trust lands used

for general municipal purposes commencing July 1, 1977. Such billings shall be allocated on the basis of benefit for general municipal purposes and tidelands benefit. Those lands used for such purposes as of July 1, 1977, together with the reasonable compensation therefor are described in Exhibit "C" hereof.

4. Compensation for City Services
Provided to the Harbor Department

The City shall bill the Board of Harbor Commissioners for appropriate City services commencing July 1, 1977.

5. Waiver of Claims

All controverted claims involving the harbor revenue fund and the general fund on account of contributions, payments, expenditures, diverted interest moneys, services, benefits, transfers, use of lands and waters for the years prior to fiscal year 1977-78 are hereby waived.

6. Effective Date

This agreement shall become effective upon the occurrence of all of the following:

A. Approval and execution by the Council of the City of Los Angeles and the Board of Harbor Commissioners.

B. Approval by the State Lands Commission.

7. Compromise and Settlement
Limited Effect

This agreement is made in compromise and settlement of the matters set forth herein and shall affect only these matters; it shall have no precedential value for any future dispute. In the event that this agreement does not become effective as provided in paragraph 6, nothing herein shall be an

9. Successors and Assigns

This agreement shall be binding upon the successors and assigns of the parties.

IN WITNESS WHEREOF, each party has caused this agreement to be executed.

DATE: 8 10 1977

CITY OF LOS ANGELES, Attest: B. E. LAYTON , City Clerk
A municipal corporation
By [Signature] , Deputy

By [Signature]
Acting pursuant to Resolution No. 4201 adopted by the City Council of the City of Los Angeles at its meeting held on June 29 , 1977

DATE: JUL 5 1977

CITY OF LOS ANGELES,
A municipal corporation, acting by and through its Board of Harbor Commissioners

By [Signature]
General Manager
Acting pursuant to Resolution No. 4201 adopted by the Board of Harbor Commissioners at its meeting held on June 29 , 1977

APPROVED AS TO FORM:
DATE: 6-30-77

Attest: [Signature]
Secretary
BURT PINES, City Attorney

By [Signature]

The foregoing Agreement was approved by the State Lands Commission pursuant to resolution adopted at its meeting held on July 26 , 1977.

STATE OF CALIFORNIA
STATE LANDS COMMISSION
By [Signature]
Executive Officer

The foregoing Agreement is approved as to form:
DATE: 8-15-77

EVELLE J. YOUNGER, Attorney General
By [Signature]
Deputy Attorney General

PORT OF LOS ANGELES
ACCOUNTING DIVISION

COMPUTATION OF RENTAL PAYMENT TO CITY
FOR USE OF LAND BASED ON MODIFIED STATE PROPOSAL
INCLUDES CAPITAL RECOVERY OF INVESTMENT
BY THE HARBOR DEPARTMENT FOR IMPROVEMENTS AT 9 PERCENT
FOR 25 YEARS AND 50 YEARS
ESTIMATED REVENUE FOR 1976/1977

(1976-1977)

Gross Revenues (Total revenues attributable to City Parcel)

Distribution & Auto Service, Inc. P 1219	\$ 227,102	
Distribution & Auto Service, Inc. O 4377	6,970	
Sun Lumber Company P 1043	198,505	
* East/West Container Terminal A 288 (Sched. II)	465,753	
<p>(Includes revenue from facilities at the East/West Container Terminal within the City Parcel. Computations for determining this Revenue is attached.)</p>		
<hr/>		
Gross Revenues		\$ 898,3
 Less:		
a. Management & Administrative Fees		(44,91)
b. Recovery on improvements based on 25 year and 50 year life		
Improvements at East/West Terminal Facility		
Backland Development - (\$778,659 Total Cost)		
Paving, Fencing with 25 yr. life - \$399,934 c/r .101806	40,716	
Sewers, Storm Drains, & Associated Facilities		
with 50 yr. life - \$378,725 c/r .091227	34,550	
Special Facilities - (\$2,102,241 Total Cost)		
Paving, Fencing with 25 yr. life - \$255,625 c/r .101806	26,024	
Sewers, Storm Drains, & Associated Facilities		
with 50 yr. life - \$1,846,616 c/r .091227	168,461	(269,75)
Other Improvements - \$581,645 Total Cost		
Paving & Fencing		
\$514,552 @ 25 year - life c/r .101806	52,384	
Sewers, storm drains, and associated facilities		
\$ 67,093 @ 50 year - life c/r .091227	6,121	(58,50)
<hr/>		
Total Amount to be Paid to City		\$ 525,1
<hr/>		

Capital Recovery (c/r) at 9%
25 year or 50 year amortization period based on Ellwood Tables
for Real Estate Appraising and Financing.

* Agreement No. 288 was effective 1/1/76. However, land rent was annualized to show the impact of revenue for a full year.

NA:ag
6/14/77

EXHIBIT B

COMPUTATION OF RENTAL DUE HARBOR DEPARTMENT
FROM CITY FOR USE OF STATE TIDELANDS @ 9%

Agency	Location	Authority	Purposes and Uses	Value P/SF	Area Sq. Ft.	Rate P/SF (@ 9%)	Market Value Rental At 9%	% Applicable to Harbor	Adjusted Rental/Yr.
Public Works	Morman Island	B.O. 434	Sewer R/W	\$2.50 x 25%	21,913	5.625¢	\$ 1,233.00	100%	---
Public Works	Pries S/O Pier A	B.O. 2130	Pump Plant	2.50	6,000	22.50¢	1,350.00	39%	824
Public Works	Outer Harbor and West Basin	B.O. 1349	Sewer Lines	2.00 x 25%	77,162	4.50¢	3,472.00	100%	---
Public Works	Berth 36	B.O. 1604	Storm Drain	2.50 x 25%	9,435	5.625¢	531.00	100%	---
Public Works	Pacific & Wilmington San Pedro Road	B.O. 2054	Storm Drain	2.50 x 25%	4,860	5.625¢	273.00	100%	---
Public Works	Battery & Basin	B.O. 2066	Storm Drain	2.50 x 25%	10,618	5.625¢	597.00	100%	---
Public Works	B. 84 to B. 234	B.O. 2225	Sewer Lines	1.00 x 25%	17,700	2.25¢	398.00	100%	---
Public Works	Berth 114	B.O. 2005	Storm Drain	2.50 x 25%	19,000	4.50¢	855.00	100%	---
Public Works	Terminal Way & Tuna	B.O. 2680	Sewer Lines	2.50 x 25%	35,890	5.625¢	2,019.00	39%	1,232
Public Works	Ferry St. & Terminal Way	B.O. 2492	Treatment Plant and R/W	2.50 2.50 x 25%	810,789 256,436	22.50¢ 5.625¢	196,852.00	35%	127,954
Pub. Utilities & Transp.	Berths 174 to 218	R.P. 1050	Pipeline for Communications	1.00 x 25%	12,491/W	2.25¢	326.00	100%	---
Civil Service	Reeves Field	R.P. 960	Auto Driving Testing:	2.50	100,600 Land 29,800 bldg.	22.50¢ \$1.20	22,635.00 35,760.00	---	22,635 35,760
Fire Comm.	Seaside & Tuna	B.O. 2224	Fire Station	2.50	17,662	22.50¢	3,974.00	100%	---
Fire Comm.	Berth 194	B.O. 3290	Fire Station	3.50	52,418	31.50¢	16,512.00	83.36%	2,747
Fire Comm.	Berth 227	B.O. 2093	Fire Station	3.50	20,194	31.50¢	6,361.00	100%	---
Fire Comm.	Berth 259	B.O. 1071	Fire Station	3.50	7,200	31.50¢	2,268.00	100%	---

EXHIBIT C

Agency	Location	Authority	Purposes and Uses	Value P/SF	Area Sq. Ft.	Rate P/SF (@ 9%)	Market Value Rental/Yr. At 9%	% Applicable to Harbor	Adjusted Rental/Yr.
Fire Comm.	Seaside & Tuna	B.O. 3168	Fire Station and Training	\$2.50	112,992	22.50¢	\$ 25,423.00	---	\$ 25,423
Public Works	B St. & Mar Vista	B.O. 3469	Sewer Pump Plants and R/W	3.00 3.00 x 25%	9,000 4,400	27¢ 6.75¢	2,730.00	39%	1,665
Public Works	Badger Avenue and Alameda	B.O. 2564	Storm Drain	2.50 x 25%	34,400	5.625¢	1,939.00	100%	---
Public Works	West Basin	B.O. 2036	Storm Drain	2.50 x 25%	37,967	5.625¢	2,136.00	100%	---
Public Works	Berth 123 to 132	B.O. 1279	Storm Drain	2.50 x 25%	8,784	5.625¢	404.00	100%	---
Public Works	Battery & Wilmington-San Pedro Road	B.O. 2027	Storm Drain	2.50 x 25%	4,308	5.625¢	242.00	100%	---
Public Works	N/O Avalon E/O Southerland	B.O. 1222	Sewer Line	1.50 x 25%	1,792	3.375¢	60.00	100%	---
Public Works	Ways & Seaside	B.O. 579	Pump Plant & R/W	2.50 2.50 x 25%	53,500 99,065	22.50¢ 5.625¢	17,610.00	100%	---
Public Works	Seaside & Harris Place	B.O. 391	Pump Plant	2.50	2,500	22.50¢	562.00	100%	---
Public Works	Sutherland Avenue & Grant St.	B.O. 1222	Sewer Line	1.50 x 25%	1,831	3.375¢	62.00	100%	---
TOTALS							<u>\$ 346,584.00</u>		<u>\$ 218,240</u>

Note: Surface use = 100% fee value
Surface use = 25% of fee value

3/22/77